



**SOCIEDAD ANÓNIMA, COMERCIAL, INDUSTRIAL,
FINANCIERA, INMOBILIARIA Y AGROPECUARIA**

EINSTEIN 1111 - RIO GRANDE
PROVINCE OF TIERRA DEL FUEGO,
ANTARCTICA AND SOUTH ATLANTIC ISLANDS

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020,
JOINTLY WITH THE INDEPENDENT AUDITORS' REPORT
AND THE STATUTORY AUDIT COMMITTEE'S REPORT

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Translation into English of the Financial Statements originally issued in Spanish – Note 28 to the consolidated Financial Statements)

To the directors of
MIRGOR S.A.C.I.F.I.A.
Registered office: Einstein 1111
Río Grande – Tierra del Fuego
(CUIT (Argentine tax Identification number): 30-57803607-1)

I. Report on the audit of the consolidated financial statements

Opinion

1. We audited the financial statements of MIRGOR S.A.C.I.F.I.A. and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as of December 31, 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as the explanatory information of the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the Group's financial position as of December 31, 2020, its consolidated profit or loss and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Basis for opinion

2. We performed our audit in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities based on these standards are described further under the “Auditor's responsibilities on the audit of the consolidated financial statements” section in our report. We are independent from the Group in accordance with the “International Code of Ethics for Professional Accountants (including International Independence Standards)” issued by the IESBA (International Ethics Standards Board for Accountants) and the requirements applicable to our audit of consolidated financial statements in the City of Buenos Aires, and we have fulfilled our other ethical responsibilities in accordance with such requirements and the IESBA Code.

Key audit matters

3. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter of the current period included further below in this section, the description of how we addressed this matter in our audit is provided in the context of our audit.

4. We fulfilled our responsibilities based described further under the “Auditor’s responsibilities on the audit of the consolidated financial statements” section in our report. Therefore, our audit included the application of procedures designed to respond to our assessment of material risks of misstatements in the consolidated financial statements. The results of our audit procedures, including the procedures applied to address the matter included below, provide the basis for our audit opinion of the accompanying consolidated financial statements.

Accounting for business combinations

Description

5. As mentioned in note 24 to the accompanying consolidated financial statements, in the year ended December 31, 2020, Mirgor S.A.C.I.F.I.A. acquired the shareholding of Brighstar Argentina S.A. and Brighstar Fuegoina S.A., for a total value assigned to the purchase of USD 1 (one US dollar). This transaction was accounted for under IFRS 3 for bargain purchases and gave rise to the recognition of: 1) assets for 9,131,721, representing 16% of consolidated assets; 2) liabilities for 6,447,720 representing 17% of consolidated liabilities, and 3) profit for the acquisition of subsidiaries for about ARS 2.67 billion.

Booking this acquisition was a complex exercise due to the application of significant estimates and judgment in assessing the fair value of assets and liabilities of acquired companies, including the identification and valuation of intangible assets. The Group’s Board made these estimates internally using the valuation methods mentioned in note 2(4)15 to the consolidated financial statements.

We believe that this transaction is a key audit matter due to the significance of the amounts involved and its impact on the consolidated financial statements, the inherent judgment in making estimates at fair value and the complexity of identifying intangible assets.

Treatment of the key audit matter in our audit

6. We performed the following procedures, among others:
- We gained an understanding of Mirgor’s internal administrative processes and policies in assessing the fair value of the assets and liabilities identified, including the assessment of the competence of the personnel assigned to this transaction.
 - We assessed the completeness of the assets and liabilities identified in the transaction by reviewing the relevant purchase-related agreements and gaining an understanding of the structure and purpose of the transaction;
 - We assessed the scope of the procedures conducted by independent third parties at the Board’s request to validate the existence of certain assets and liabilities as of the transaction date. Our procedures also included the physical observation of certain inventories, the review of the procedures executed in the physical observation of inventories in locations we were unable to access, and the employment of connection procedures as of the date of transaction cut-off.
 - We analyzed the fair values added by Management for certain PP&E items (plots of land and real property) by making our own estimate engaging asset valuation specialists. This implied testing the size of plots of land and plants of the companies acquired and comparing the value assessed by the Board with the market values for transactions involving similar assets.

- We assessed the agreement supporting the existence of an intangible asset related to the portfolio of customers added and the assistance of our valuation specialists: we also assessed the internal logic of the discounted cash flow model used by the Group's Board to estimate the fair value of such asset, comparing the data and premises used in making such estimate with independent industry sources of information, and tested the mathematical accuracy of the calculation.
- We assessed the premises used by the Board for the impairment of the acquired companies' tax receivables.
- We compared the provision for contingencies recognized by the Board with reports prepared by independent legal advisors.
- We assessed the proper disclosures made by the Board in note 2(4)15 regarding its acquisitions.

Information other than the consolidated financial statements and related auditors' report ("other information")

7. Other information comprises: a) the information included in the Summary of events filed to meet CNV (Argentine Securities Commission) regulations and b) the information contained in the Letter to the Shareholders. This information differs from the consolidated financial statements and the related auditors' report. The Board is responsible for the other information.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any assurance thereon.

Regarding our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, considering whether there is a material inconsistency between the other information and the financial statements or the auditors' knowledge obtained from the audit or whether there is a material misstatement for any other reason. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board's responsibility for the consolidated financial statements

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

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

Auditor's responsibility for the consolidated financial statements

9. The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high degree of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the evidence obtained through the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Assess the general presentation, structure and content of the consolidated financial statements, including the information disclosed, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence relating to the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the Board in relation to, among other matters, the scope and the timing of the audit planned and the significant audit findings, including any identified significant deficiencies in internal control during the course of our audit.

We also provide the Board with a statement that we have met the ethical requirements applicable related to our independence, and communicate all the relationships and other issues that may reasonably be thought to affect our independence and, as the case may be, the actions taken to eliminate threats or the safeguards applied.

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

II. Report on other statutory and regulatory requirements

10. In compliance with current regulations, we further report that:

- a) In our opinion, the consolidated financial statements as of December 31, 2021, have been transcribed into MIRGOR S.A.C.I.F.I.A.'s Inventory and Financial Statements book and, in our opinion, were prepared in all material respects, in conformity with the applicable Argentine General Business Associations Law and CNV regulations.
- b) The separate financial statements of MIRGOR S.A.C.I.F.I.A. as of December 31, 2020, have been taken from accounting books kept, in all formal respects, in accordance with current legal regulations and the conditions set forth in CNV Resolution No. 18,516 of February 16, 2017.
- c) As of December 31, 2020, liabilities accrued in employee and employer contributions to the Integrated Pension Fund System, as recorded in the Company's books, amounted to ARS 27,807,269, none of which was due and payable as of that date.
- d) We have applied the anti-monetary laundering and anti-terrorist financing procedures provided in the effective professional standards.
- e) During the year ended December 31, 2020, we billed audit services fees to the Company, representing 100% of the total amount billed to MIRGOR S.A.C.I.F.I.A. on any and all accounts, 50% of the total amount of audit services billed to MIRGOR S.A.C.I.F.I.A. and its subsidiaries, and 50% of the total amount billed to MIRGOR S.A.C.I.F.I.A. and its subsidiaries on any and all accounts.

Río Grande - Tierra del Fuego,
March 18, 2021

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
C.P.C.E.T.F. Cámara Río Grande. Vol. 1 – Fo. 3

KARÉN GRIGORIAN
Partner
Certified Public Accountant (U.B.A.)
C.P.C.E.T.F. Cámara Río Grande. Vol. 1 Fo. 237

INDEPENDENT AUDITORS' REPORT

ON THE SEPARATE FINANCIAL STATEMENTS

(Translation into English of the Financial Statements originally issued in Spanish – Note 28 to the consolidated Financial Statements)

To the directors of
MIRGOR S.A.C.I.F.I.A.
Registered office: Einstein 1111
Río Grande – Tierra del Fuego
(CUIT (Argentine tax Identification number): 30-57803607-1)

I. Report on the audit of the separate financial statements

Opinion

1. We audited the financial statements of MIRGOR S.A.C.I.F.I.A. (the “Company”), which comprise the separate statement of financial position as of December 31, 2020, and the separate statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as the explanatory information of the separate financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the Company’s financial position as of December 31, 2020, its separate profit or loss and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Basis for the opinion

2. We performed our audit in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities based on these standards are described further under the “Auditor’s responsibilities on the audit of the separate financial statements” section in our report. We are independent from the Company in accordance with the “International Code of Ethics for Professional Accountants (including International Independence Standards)” issued by the IESBA (International Ethics Standards Board for Accountants) and the requirements applicable to our audit of separate financial statements in Argentina, and we have fulfilled our other ethical responsibilities in accordance with such requirements and the IESBA Code. .

Key audit matters

3. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter of the current period included further below in this section, the description of how we addressed this matter in our audit is provided in the context of our audit.

We fulfilled our responsibilities based described further under the “Auditor’s responsibilities on the audit of the separate financial statements” section in our report. Therefore, our audit included the application of procedures designed to respond to our assessment of material risks of misstatements in the separate financial statements. The results of our audit procedures, including the procedures applied to address the matters included below, provide the basis for our audit opinion of the accompanying separate financial statements.

Accounting for business combinations

Description

4. As mentioned in note 24 to the accompanying consolidated financial statements, referred to in note 4 to the accompanying separate financial statements, in the year ended December 31, 2020, Mirgor S.A.C.I.F.I.A. acquired the shareholding of Brighstar Argentina S.A. and Brighstar Fueguina S.A., for a total value assigned to the purchase of USD 1 (one US dollar). This transaction was accounted for under IFRS 3 for bargain purchases and gave rise to the recognition of: 1) investments in subsidiaries for ARS 2,684,001, accounting for 11% of the Company’s assets, and 2) profit for the acquisition of subsidiaries for about ARS 2.67 billion.

Booking this acquisition was a complex exercise due to the application of significant estimates and judgment in assessing the fair value of assets and liabilities of acquired companies, including the identification and valuation of intangible assets. The Company made these estimates internally using the valuation methods mentioned in note 2(4)15 to the consolidated financial statements.

We believe that this transaction is a key audit matter due to the significance of the amounts involved and its impact on the separate financial statements, the inherent judgment in making estimates at fair value and the complexity of identifying intangible assets.

Treatment of the key audit matter in our audit

We performed the following procedures, among others:

- We gained an understanding of the Company’s internal administrative processes and policies in assessing the fair value of the assets and liabilities identified, including the assessment of the competence of the personnel assigned to this transaction.
- We assessed the completeness of the assets and liabilities identified in the transaction by reviewing the relevant purchase-related agreements and gaining an understanding of the structure and purpose of the transaction;
- We assessed the scope of the procedures conducted by independent third parties at the Board’s request to validate the existence of certain assets and liabilities as of the transaction date. Our procedures also included the physical observation of certain inventories, the review of the procedures executed in the physical observation of inventories in locations we were unable to access, and the employment of connection procedures as of the date of transaction cut-off.
- We analyzed the fair values added by the Board for certain PP&E items (plots of land and real property) by making our own estimate engaging asset valuation specialists. This implied testing the size of plots of land and plants of the companies acquired and comparing the value assessed by the Board with the market values for transactions involving similar assets.

- We assessed the agreement supporting the existence of an intangible asset related to the portfolio of customers added and the assistance of our valuation specialists: we also assessed the internal logic of the discounted cash flow model used by the Company's Board to estimate the fair value of such asset, comparing the data and premises used in making such estimate with independent industry sources of information, and tested the mathematical accuracy of the calculation.
- We assessed the premises used by the Board for the impairment of the acquired companies' tax receivables.
- We compared the provision for contingencies recognized by the Board with reports prepared by independent legal advisors.
- We assessed the proper disclosures made by the Board in note 2(4)15 to the consolidated financial statements regarding its acquisitions.

Information other than the separate financial statements and related auditors' report ("other information")

5. Other information comprises the information contained in the Letter to the Shareholders. This information differs from the separate financial statements and the related auditors' report. The Board is responsible for the other information.

Our opinion on the separate financial statements does not cover other information and we do not provide any assurance thereon.

Regarding our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, considering whether there is a material inconsistency between the other information and the financial statements or the auditors' knowledge obtained from the audit or whether there is a material misstatement for any other reason. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board's responsibility for the separate financial statements

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

In preparing the separate financial statements, the Board is responsible for assessing the Company's capacity to continue as a going concern, disclosing, as the case may be, the matters related to this matter and using this basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the separate financial statements

7. The objectives of our audit are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high degree of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

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

We communicate with the Board in relation to, among other matters, the scope and the timing of the audit planned and the significant audit findings, including any identified significant deficiencies in internal control during the course of our audit.

We also provide the Board with a statement that we have met the ethical requirements applicable related to our independence, and communicate all the relationships and other issues that may reasonably be thought to affect our independence and, as the case may be, the actions taken to eliminate threats or the safeguards applied.

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

II. Report on other statutory and regulatory requirements

8. In compliance with current regulations, we further report that:

- a) In our opinion, the separate financial statements as of December 31, 2021, have been transcribed into MIRGOR S.A.C.I.F.I.A.'s Inventory and Financial Statements book and, in our opinion, were prepared in all material respects, in conformity with the applicable Argentine General Business Associations Law and CNV regulations.
- b) The separate financial statements of MIRGOR S.A.C.I.F.I.A. as of December 31, 2020, have been taken from accounting books kept, in all formal respects, in accordance with current legal regulations and the conditions set forth in CNV Resolution No. 18,516 of February 16, 2017.
- c) As of December 31, 2020, liabilities accrued in employee and employer contributions to the Integrated Pension Fund System, as recorded in the Company's books, amounted to ARS 27,807,269, none of which was due and payable as of that date.
- d) We have applied the anti-monetary laundering and anti-terrorist financing procedures provided in the effective professional standards.
- e) During the year ended December 31, 2020, we billed audit services fees to the Company, representing 100% of the total amount billed to MIRGOR S.A.C.I.F.I.A. on any and all accounts, 50% of the total amount of audit services billed to MIRGOR S.A.C.I.F.I.A. and its subsidiaries, and 50% of the total amount billed to MIRGOR S.A.C.I.F.I.A. and its subsidiaries on any and all accounts.

Río Grande - Tierra del Fuego,
March 18, 2021

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
C.P.C.E.T.F. Cámara Río Grande. Vol. 1 – Fo. 3

KARÉN GRIGORIAN
Partner
Certified Public Accountant (U.B.A.)
C.P.C.E.T.F. Cámara Río Grande. Vol. 1 Fo. 237

STATUTORY AUDIT COMMITTEE'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**To the Shareholders of
MIRGOR S.A.C.I.F.I.A.**

Dear Sirs,

1. As required by the regulations of Listado de Bolsas y Mercados Argentinos S.A. (BYMA), we have examined the letter to the shareholders, inventory and consolidated statement of financial position of MIRGOR S.A.C.I.F.I.A. and its subsidiaries as of December 31, 2020, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the year ended December 31, 2020. In addition, we have reviewed the related "Supplementary information to the notes to the financial statements required under section 12, Chapter III, Title IV of CNV Standards (as amended in 2013)", the filing of which is not required by professional accounting standards effective in the Province of Tierra del Fuego, Antarctica and South Atlantic Islands, Argentina. Such documentation is the responsibility of the Company's Board of Directors in performing their exclusive functions.

2. Our work was based on the audit of the financial statements indicated above conducted by the firm Pistrelli, Henry Martin y Asociados S.R.L., in accordance with the international auditing standards issued by the International Auditing and Assurance Standards Board (IASB), and was limited to verifying the fairness of the significant information included in the documents examined, its consistency with the information on corporate decisions entered in minutes, and the compliance of such decisions with the law and bylaws regarding formal and documentary requirements. We did not perform any control over management decisions or performance and, therefore, we did not assess the business decisions or criteria regarding administrative, financial, marketing or production matters, as these are the exclusive responsibility of the Board of Directors.

3. In our opinion, based on our work and the reports dated March 18, 2021, issued by Karén Grigorian, CPA (a partner of Pistrelli, Henry Martin y Asociados S.R.L.): (a) the accompanying consolidated financial statements for the year ended December 31, 2020, present fairly, in all material respects, the financial position of MIRGOR S.A.C.I.F.I.A. and its subsidiaries, for them to be presented in conformity with the professional accounting standards effective in the Province of Tierra del Fuego, Antarctica and South Atlantic Islands, Argentina, and Argentine General Business Associations Law and the relevant CNV regulations; and (b) the "Supplementary information to the notes to the financial statements required under section 12, Chapter III, Title IV of CNV Standards (as amended in 2013)."

4. We also report that in compliance with current legal requirements, and exercising the control of legality that is our responsibility, during the year, we applied the remaining procedures described in section No. 294, Law No. 19,550, which we considered necessary under the circumstances, with no findings to report in this regard.

5. The consolidated financial statements for the year ended December 31, 2020, result from books kept, in all formal respects, pursuant to current legal requirements, except as mentioned in the Inventory and Financial Statements Book.

6. In compliance with section 4, Part III, Chapter I, Title XII, CNV standards, we report that:

- a) the auditor who issued his audit report on the consolidated financial statements represents that he applied the current auditing standards, which include independence and objectivity requirements, and
- b) this auditor has not made any qualification with regard to the application of the professional accounting standards that contemplate the assessment of MIRGOR S.A.C.I.F.I.A.'s accounting policies.

7. We have also reviewed the information on the level of compliance with the Corporate Governance Code included in the Exhibit of the Letter to the Shareholders under "Report on the level of compliance with the Corporate Governance Code" prepared by MIRGOR S.A.C.I.F.I.A.'s Board of Directors. Pursuant to the tasks performed and as part of our competence, the information provided has been prepared reliably, in all material respects, pursuant to the requirements under CNV General Resolution No. 606/2012 and section 1, Part I, Chapter I, Title IV, CNV standards.

8. Additionally, we have reviewed the situation of compliance with directors' guarantees according to Province of Tierra del Fuego IGJ Regulation No. 60/07 and have no findings to mention.

9. We have applied the anti-monetary laundering and anti-terrorist financing procedures provided in the related professional standards issued by the FACPCE (Argentine Federation of Professional Councils in Economic Sciences).

Río Grande - Tierra del Fuego,
March 18, 2021

On behalf of Statutory Audit Committee

Mr. Julio Cueto Rua
Statutory auditor

STATUTORY AUDIT COMMITTEE'S REPORT ON THE SEPARATE FINANCIAL STATEMENTS

**To the Shareholders of
MIRGOR S.A.C.I.F.I.A.**

Dear Sirs,

1. 1. As required by the regulations of Listado de Bolsas y Mercados Argentinos S.A. (BYMA), we have examined the letter to the shareholders, inventory and separate statement of financial position of MIRGOR S.A.C.I.F.I.A. as of December 31, 2020, and the related separate statements of comprehensive income, changes in equity, and cash flows for the year then ended. In addition, we have reviewed the related "Supplementary information to the notes to the financial statements required under section 12, Chapter III, Title IV of CNV Standards (as amended in 2013)", the filing of which is not required by professional accounting standards effective in the Province of Tierra del Fuego, Antarctica and South Atlantic Islands, Argentina. Such documentation is the responsibility of the Company's Board of Directors in performing their exclusive functions.

2. Our work was based on the audit of the financial statements indicated above conducted by the firm Pistrelli, Henry Martin y Asociados S.R.L., in accordance with the international auditing standards issued by the International Auditing and Assurance Standards Board (IASB), and was limited to verifying the fairness of the significant information included in the documents examined, its consistency with the information on corporate decisions entered in minutes, and the compliance of such decisions with the law and bylaws regarding formal and documentary requirements. We did not perform any control over management decisions or performance and, therefore, we did not assess the business decisions or criteria regarding administrative, financial, marketing or production matters, as these are the exclusive responsibility of the Board of Directors.

3. In our opinion, based on our work and the reports dated March 18, 2021, issued by Karén Grigorian, CPA (a partner of Pistrelli, Henry Martin y Asociados S.R.L.): (a) the accompanying separate financial statements for the year ended December 31, 2020, present fairly, in all material respects, the financial position of MIRGOR S.A.C.I.F.I.A. and its subsidiaries, for them to be presented in conformity with the professional accounting standards effective in the Province of Tierra del Fuego, Antarctica and South Atlantic Islands, Argentina, and Argentine General Business Associations Law and the relevant CNV regulations; and (b) the "Supplementary information to the notes to the financial statements required under section 12, Chapter III, Title IV of CNV Standards (as amended in 2013)."

4. We also report that in compliance with current legal requirements, and exercising the control of legality that is our responsibility, during the year, we applied the remaining procedures described in section No. 294, Law No. 19,550, which we considered necessary under the circumstances, with no findings to report in this regard.

5. The separate financial statements for the year ended December 31, 2020, result from books kept, in all formal respects, pursuant to current legal requirements, except as mentioned in the Inventory and Financial Statements Book.

6. In compliance with section 4, Part III, Chapter I, Title XII, CNV standards, we report that:

- a) The auditor who issued his audit report on the separate financial statements represents that he applied the current auditing standards, which include independence and objectivity requirements, and
- b) this auditor has not made any qualification with regard to the application of the professional accounting standards that contemplate the assessment of MIRGOR S.A.C.I.F.I.A.'s accounting policies.

7. We have also reviewed the information on the level of compliance with the Corporate Governance Code included in the Exhibit of the Letter to the Shareholders under "Report on the level of compliance with the Corporate Governance Code" prepared by MIRGOR S.A.C.I.F.I.A.'s Board of Directors. Pursuant to the tasks performed and as part of our competence, the information provided has been prepared reliably, in all material respects, pursuant to the requirements under CNV General Resolution No. 606/2012 and section 1, Part I, Chapter I, Title IV, CNV standards.

8. Additionally, we have reviewed the situation of compliance with directors' guarantees according to Province of Tierra del Fuego IGJ Regulation No. 60/07 and have no findings to mention.

9. We have applied the anti-monetary laundering and anti-terrorist financing procedures provided in the related professional standards issued by the FACPCE (Argentine Federation of Professional Councils in Economic Sciences).

Río Grande - Tierra del Fuego,
March 18, 2021

On behalf of Statutory Audit Committee

Julio Cueto Rua
Statutory auditor

Translation into English of the Financial Statements originally issued in Spanish - See Note 28 to the consolidated financial statements.

The Company is not enrolled in the Statutory Optional System for the mandatory Acquisition of Public Offerings.

**FISCAL YEAR No. 50 BEGINNING JANUARY 1, 2020
AND ENDED DECEMBER 31, 2020**

LETTER TO THE SHAREHOLDERS

(Information not audited and not covered by the auditor's report)

To the Shareholders:

In compliance with current legal requirements and Company bylaws, we are pleased to submit for your consideration the documentation related to the financial statements for fiscal year No. 50 ended December 31, 2020.

Description of the business and organizational structure

Mirgor S.A.C.I.F.I.A. ("Mirgor" or "the Company") started doing business in 1983, setting up its first industrial plant in the city of Río Grande, Province of Tierra del Fuego. The plant provides air quality and temperature control systems for the auto industry.

In 1995, as a strategic vertical integration decision, Mirgor acquired Interclima S.A. ("Interclima"), its main supplier of heat exchangers. In 2004, the diversification process began, with the production of home air conditioning systems. In 2006, it started providing tire removal services for General Motors in its plant located in Rosario.

In 2006, in line with its diversification of activities, Mirgor acquired CAPDO S.A. ("CAPDO"), which engages in the real estate activity through the lease of its real property.

In 2009, the Company purchased Industria Austral de Tecnología S.A. ("IATEC"), which engages in the electronic consumer goods industry. In 2010, this company signed an agreement with Nokia (currently Microsoft) to produce mobile telephones. In 2011, through the agreement entered into with LG, it began to produce TV sets. In 2012, it started the production of audio and video equipment and, in 2013, the production of notebooks for Dell. Thus, the Company included the production of residential air conditioning units, microwaves, television sets and mobile phones within consumer electronics.

In July 2012, the subsidiaries and other companies based in Tierra del Fuego and engaged in manufacturing electronic products and residential appliances signed an investment agreement, whereby they organized the holding company CIAPEX S.A. and the managing company SAPI S.A. was provided with contributions through the CIAPEXSA guarantee trust in order to promote and fund production projects aimed at exports and/or the replacement of imports. Its main investment was the acquisition of Minera Don Nicolás S.A., engaged in exploiting mining fields. On March 16, 2020, Compañía Inversora Argentina para la Exportación S.A. and its subsidiary Compañía Inversora en Minas S.A. transferred to Cerrado Gold Inc., a Canadian company based in Ontario, Canada, 100% of the shares of Minera Don Nicolás S.A.

In 2014, through its subsidiary IATEC, the Company began negotiations for the production of electronic products for Pioneer-brand automobiles, which finally entered production during the second half of 2015, incorporating it to the automobile segment.

As from July 2014, the subsidiary IATEC started producing Samsung mobile phones. Moreover, during 2015, the Company began to produce Samsung television sets.

In 2014, IATEC started a productive restructuring process and discontinued the production of notebooks. In 2015, it discontinued the production of microwave ovens and in 2016 it suspended the production of residential air conditioning units.

In 2016, information was released about the termination of the agreement for the production of Microsoft-branded cellphones, which did not generate a significant impact for IATEC's activities.

In 2017, it organized GMRA S.A. ("GMRA"), engaged in the retail trade of all types of electronic and electric products and telephones through online channels, points of sale, points of sale in shopping centers and street stores.

In 2019, Mirgor acquired Holdcar S.A. ("Holdcar"), which includes Famar Fueguina S.A. ("Famar") and Electrotécnica Famar S.A.C.I.I.E. ("Electrotécnica"). Famar produces in its plant in Río Grande, Province of Tierra del Fuego, radios, infotainment, electronic control modules and alarms for the automobile industry. It also produces residential modems and mobile telephones. Electrotécnica develops, through its own engineering, the design of the hardware and software embedded in the automobile products manufactured by Famar.

As from 2019, Mirgor started trading grains and oil seeds. In 2020, the Company continued such exports and consolidated its share in Argentine activity.

In October 2020, Mirgor acquired the entire shareholding of Brightstar Argentina S.A. ("BASA") and Brightstar Fueguina S.A. ("BFSA"). BASA is a company engaged in the provision of technical services related to the exchange and repair of mobile telephones, and the trade of various consumer electronic products and accessories from a broad array of brands, among others. BFSA is a company based in Tierra del Fuego that manufactures and trades mobile phones under Samsung and LG brands under the system governed by Law No. 19,640.

In December 2020, Mirgor's Board approved the management to organize a new company in Uruguay to channel new investments in Latin America. Such company will be named Mirgor Internacional once the related formalities are completed.

The group of companies consolidating with Mirgor ("Mirgor Group" or "Group"): Interclima, IATEC, CAPDO, GMRA, Holdcar, Electrotécnica, Famar, BASA and BFSA, is organized into business units (business segments), namely: 1) automotive, 2) electronic consumer goods (including mobile telephones, TV sets, modems and retail), 3) farming, and 4) other services. The business units streamline the use of resources by enhancing management and decision making, focusing on ongoing customer improvement in the Group's operating markets.

As part of its commitment with the region and with Argentina, Mirgor Group continues to seek the economic and social development of the communities in which it operates through its Corporate Social Responsibility program, which is expanded and fueled by the communities' expectations. This allows the Group to be more aware and consistent about its responsible actions and to drive changes, this being a major differentiating factor.

Within the changes in the Group's management, in 2019, the 5S method was adopted in our administrative offices in the City of Buenos Aires. This method had already been used in our plants in Tierra del Fuego and consists of five principles (sort, set, shine, standardize and sustain) to ensure continuous improvement.

The shareholders define the Group strategies and objectives, which are developed by the group's executives as a whole and carried out by the organization. The Company has a Board of Directors made up of 5 full members and a statutory audit committee made up of three full members.

Context of operations during the year

The year 2020 was characterized in a completely atypical and unpredictable manner by the outbreak of the COVID-19 pandemic, declared as such on March 11, 2020, by the World Health Organization. The state of emergency in public health was expanded practically around the world, and the countries took different measures to face it. This emergency and the measures adopted materially damaged the international economic activity weakening many global economy segments.

In Argentina, on March 19, 2020, the Argentine Executive issued Presidential Decree No. 297/2020 introducing the social, preventive and mandatory lockdown, which remained effective through early November. Certain activities and services were authorized over time as the lockdown was gradually loosened differently on each Argentine region, entering into a new phase of social, preventive and mandatory distancing as from November 9, 2020.

In this context, the Group's value chain suffered throughout the year, from production to trade, because it had to cancel all its productive activities in the Province of Tierra del Fuego during several lockdown periods, and its main customers' activity was also undermined.

This situation altered transactions as normal production levels were affected by plant shutdowns or the application of strict protocols to the different production lines and trade volume for lacking the product or having sales channels affected by the restrictions.

Due to the health care emergency lived in Argentina as from the outbreak of the pandemic, two major projects were developed to facilitate Mirgor's contribution to Argentina.

Mirgor launched a project together with a major Argentine car manufacturer and university specialized in technology and engineering to automate a manual resuscitator, which is used in field or emergency hospitals. This development facilitated the delivery of these aids that were donated to the Argentine Ministry of Defense.

Another project was initiated with the same drive, celebrating a treaty by virtue of which, along with a company from the Province of Córdoba, ventilators were manufactured in our Río Grande plant. Production began in June with the possibility of manufacturing 1,000 ventilators per month, to be acquired by Argentine healthcare authorities. In Q3, the Group continued manufacturing and delivering high-complexity ventilators to the Argentine Ministry of Health to mitigate the deficient production of this medical device across Argentina. During such term, 1,282 ventilators were produced for COVID-19 patients. During the entire production period, 1836 units were manufactured.

The general economic activity declined in 2019, which remained stable and then intensified due to the COVID-19 pandemic in 2020. Certain sectors experienced considerable activity drops, including the interruption of operations. Unemployment rates also increased, standing at 11.7% according to the latest information provided by the INDEC (Argentine Statistics and Census Institute) in December 2020. To curb the aforementioned effects, the Argentine government established certain financial aids for companies and extended the prohibition to dismiss employees with no fair cause due to the lack of or reduced work and force majeure through late April 2021.

A silver lining was the agreement reached between foreign private creditors to swap bonds, thus extending the first payments of principal and interest through 2024. This agreement offers better negotiation conditions to reach a new program for settling the payable to the IMF, which is expected to take longer and push for a tax, labor and social security reform.

The BCRA (Central Bank of Argentina), through Communiqué "A" 7030 (05/28/2020), as supplemented, adopted a series of measures that led to the restriction and change in access to the local foreign exchange market. These measures are expected to be temporary after reaching an agreement with bondholders, as well as the reopening of international credit and currency inflow. Should these measures be maintained in the long term, due to the restrictions and operating complexity to access the local foreign exchange market, trade activities with foreign suppliers could be harmed.

The year 2020 was very challenging, even more difficult than in previous years, for the companies consolidating their financial statements with Mirgor and serving markets of durable consumer goods sensitive to these economic variables. Meeting the demand for products with plants shut down during several periods, maintaining investment value, fulfilling obligations and financing the inertia of a high-scale labor-intensive production structure has been a very complex task.

A clear example of the behavior of some economic variables was the devaluation rate that amounted to 40.51% and the inflation rate that stood at 36.14% during the annual period.

Finally, due to a huge optimization and cost saving effort, the Group managed to soften the effects of the pandemic. The Group earned huge profit during the year thanks to the growth of the retail activity and the leveraging of resources and new investments.

Fourth quarter

Sales in Q4 2020 stood at around ARS 35.33 billion, 83.7% higher than sales booked in the same period the prior year, for around ARS 19.23 billion considered in constant currency.

The rise in production of the auto industry for the quarter amounted to 24.5%, thus reversing the downward trend experienced during the year. Mirgor increased its production of air quality and temperature control equipment by 35.9% and decreased its production of car stereos by 9.4% with respect to the same quarter the prior year.

Electronic products sold did not suffer the same drastic consequences as other industrial segments. This is well explained by the growing demand for consumer electronic products during the second half of the year.

Argentine production of mobile phones increased by 66% during the quarter and imports showed a positive 50% evolution, displaying an upward trend with respect to the previous quarter.

In the case of IATEC and the addition of BFSA over the last quarter of the year, the increase stood at 137.1% due to the greater demand for mobile phone products over the year.

The shipments of TV sets from Tierra del Fuego for IATEC grew by 78.2%.

Depreciation stood at 10,46% and inflation at 11.33% in Q4.

The gross margin for the period stood at about ARS 7.04 billion with respect to about ARS 5.08 billion which were booked in Q4 2019 in constant currency.

The operating margin for the period stood at 2%, which increased from about ARS 708,546,000 in Q4 2020 to about ARS 3.61 billion in the same period in 2019.

Profit for the year

Sales for 2020 went up by 28.6% from those booked in the same period of 2019, from about, in restated amounts, ARS 86.01 billion to about ARS 66.86 billion the current year.

The gross margin stood at 21.3%, increasing by almost a point with respect to the prior-year margin, from about ARS 18.33 billion in 2020 to about ARS 13.83 in 2019, up by 32.5%.

Administrative expenses climbed by 79.3%, mainly due to the rise in salaries & wages due to the increased headcount during the year and the inflationary impact on the account. Business expenses experienced a similar increase as sales values. Other operating expenses slipped by 19% with respect to the previous year.

Net profit includes an extraordinary profit related to the acquisition of the shareholding of BASA and BFSA for about ARS 2.67 billion. Total net profit increased to about ARS 5.39 billion from about ARS 2.89 billion the prior year, accounting for 6.3% and 4.3% of revenues in 2020 and 2019, respectively.

Sector behavior

Automotive industry:

Sales of automobiles in Argentina were still greatly affected by the pandemic, undermined consumer confidence and rising prices due to the depreciation of the Argentine peso in 2020. Although there were several months with sales higher than the prior year as from September, it failed to revert poor sales from January to August.

Also, exports were unable to offset the falling domestic market demand by the end of the year. Production amounted to 257,187 units sold by year-end, down by 18.3% with respect to 2019.

This is a worldwide trend, it does not merely affect Argentina.

Exports were greatly affected by the decline in the sector. With a 38.5% fall, 137,891 units were exported in 2020 with respect to the 224,248 units dispatched in 2019.

Accumulated local demand decreased by 16% to 312,789 vehicles, from 372,474 units in 2019.

Mirgor in the auto industry

Mirgor's production of auto air quality and temperature control systems slipped by 23.1% as compared to the previous year, whereas the production of infotainment grew by 97.9% due to the addition the production made by Famar Fueguina in Mirgor during the full year.

Sales of air quality and control systems for cars reached 84,984 units in 2020, as compared to the 123,884 units sold in the same period in 2019, down by 31.4%.

In infotainment, units also increased from 193,354 in 2020 to 97,966 units in 2019. This rise was mainly due to the fact that 2020 was the first year in which the sales made from January through December by Famar Fueguina were added.

In addition, most products delivered in this industry were earmarked to be used in pick-ups. This is a very important detail because Argentina has specialized in pick-ups; they maintain production levels because most of these volumes are exported.

Electronic consumer goods:

Due to the gradual loosening of the mandatory lockdown and the implementation of production plants, the supply of distribution channels was resumed, suffering a marked shortage due to inexistent production.

The dynamics showed by the main electronic products manufactured in Tierra del Fuego for the quarter showed a similar behavior to that of the previous quarter, making a recovery as compared to the first months of the year.

The impact of the factors that greatly affected local production by the effect of COVID-19 and that extended over the previous quarter were corrected in Q4.

Production and sale over the months of the year was quite different based on the several factors influenced by the measures imposed by the government to curb the social, preventive and mandatory lockdown. During the first months of the year, plants were fully shut down and then closed for fewer days due to the sporadic restrictions imposed by the local government of Tierra del Fuego due to the increase in contagion in the City of Río Grande. The demand of intermediate channels and end customers for mobile phones and TV sets was unmet during lockdown, which was reversed during the last months of the year.

The electronic industry in Tierra del Fuego still depends on three products that account for 98% of production, and mobile phones represent the highest percentage.

China was Argentina's major competitor, even when the volume of imports fell. The impossibility of transferring the depreciation of the Argentine peso to prices and consumers' strong preference for well-known brands as Samsung are key in understanding market dynamics.

Television sets

Sales of TV sets in early 2020 grew considerably with respect to 2019; however, this upward trend was halted since, as from the beginning of lockdown in March, the dispatch of TV sets shrank considerably. Therefore, total demand expansion was limited as compared to 2019.

China was Argentina's main competitor, absorbing most TV sets entering the country.

In 2020, IATEC sold 254,671 units, up by 41.9%. In 2020, Samsung's market share was similar to that of 2019. The brand is focusing on TV sets with larger screens, and it is placing much more emphasis on the characteristics of its smart, 4 K and Qled TV sets featuring all the details arising from the technological revolution.

Mobile telephones

The apparent demand for mobile phones declined by 12%, correcting the negative trend of the previous quarter and consolidating the recovery of demand.

From analyzing the supply of main products, the concentration of medium-end, to a greater extent, and low-end products remained.

The Group grew mobile phone production and sale by 9.5% and 18.3%, respectively. The number of units sold in 2020 stood at 3,337,114 units, as compared to 2,820,722 units sold the previous year.

Samsung maintained a strong leadership holding a 62% share. It was followed by Motorola, with a 31% share. The Argentine market is extremely concentrated on these two brands.

GMRA

GMRA maintained its activity levels and addressed the huge challenge faced over the year by promoting its online sale channels and capturing consumer demand thus boosting sales, outperforming previous months.

During the year, the retail mobile phone sales market was hard-hit as the government no longer introduced these productions in the payment-in-installment Ahora 12 program. Thus, companies had to focus their efforts on obtaining other sources of financing with higher costs and a strict business strategy to meet demand while exerting a moderate impact on prices.

Despite the negative variables in 2020, due to the Company's effort and business development, GMRA managed to position itself as the top choice among consumers in terms of sales volume.

Other matters of interest for the Company

The Company's personnel compensation policy is based on an assessment of the salaries considered in line with the market in terms of fixed and variable aspects, always taking into consideration education, capacity and experience, as well as the performance assessment and the fulfillment of set goals, without option plans or other variables. This same policy is applied to the Board of Directors, with higher compensation assigned to those members who also perform technical or administration functions at the Company, and fees approved by the Shareholders' Meeting.

The Company's financial handling is strongly related to the Argentine economy and its needs. The Company carried no financial payables throughout 2020 and was able to obtain an advantage with respect to its competitors. During this fiscal year, the changes in economic and financial conditions in Argentina hardened the market involving payments abroad.

The Company's internal control has procedures and control systems enabling it to analyze and assess, on a regular basis, the operation thereof within the basic internal control guidelines. The Company constantly analyzes control regulations, which are also constantly updated to achieve greater trust in all systems and processes. It also allows us to achieve the international quality certifications required by both suppliers and customers.

Analysis of the consolidated financial statements as of December 31, 2020

Financial position and ratios

	<u>12.31.2020</u>	<u>12.31.2019</u>
Noncurrent assets	6,980,267	5,681,523
Current assets	48,426,896	30,518,213
Total	<u>55,407,163</u>	<u>36,199,736</u>
Shareholders' equity	17,097,116	11,715,778
Noncurrent liabilities	832,817	839,663
Current liabilities	37,477,230	23,644,295
Total liabilities	<u>38,310,047</u>	<u>24,483,958</u>
Total	<u>55,407,163</u>	<u>36,199,736</u>
	<u>12.31.2020</u>	<u>12.31.2019</u>
a) Liquidity	1.29	1.29
b) Solvency	0.45	0.48
c) Tied - up capital	0.13	0.16
d) Return on equity	0.32	0.25

- a) Current assets/current liabilities
- b) Shareholders' equity/total liabilities
- c) Noncurrent assets/total assets
- d) Profit (loss) for the year / shareholders' equity

Total consolidated assets for the fiscal year ended December 31, 2020, amounted to about ARS 55.41 billion which represents a 53.1% year-to-year increase as compared to fiscal 2019.

Noncurrent and current assets grew by 22.9% and 58.7%, respectively.

Inventories went down from around ARS 15.24 billion to around ARS 16.46 billion, which entails a 7.4% decrease.

The item with the highest variation in noncurrent assets was "Other nonfinancial receivables" (related to the Company's tax receivables) and "Deferred assets." It is then followed by "Investments in associates."

The changes in "P&E" and "Intangible assets net of amortization" were similar to those in 2019 and show the importance given by the group of companies to innovation and the new technologies promoting efficiency and the environment.

Current liabilities went up by 58.5% with respect to the amounts booked in 2019 in restated amounts.

Noncurrent liabilities decreased by 0.8% with respect to 2019, mainly provisions for lawsuits and contingencies, which arise from the consolidation of subsidiaries and trade payables.

Equity attributable to the owners of the parent for fiscal 2020 amounts to ARS 17.1 billion, up by 45.9% with respect to 2019.

Profit for the year

	<u>12.31.2020</u>	<u>12.31.2019</u>
Operating profit (loss) from continuing operations	2,340,377	1,135,138
Finance income (expense) and holding gains (losses)	(753,448)	205,174
Gain on exposure to the change in currency purchasing power	1,279,147	3,699,443
Other profit and expenses	(70,492)	(10,054)
Profit from continuing operations, net	<u>2,795,584</u>	<u>5,029,701</u>
Share of profit of associates, net	2,961,915	(1,637,318)
Subtotal	<u>5,757,499</u>	<u>3,392,383</u>
Income tax	(370,686)	(500,212)
Total comprehensive income for the year, net	<u>5,386,813</u>	<u>2,892,171</u>
	<u>12.31.2020</u>	<u>12.31.2019</u>
Attributable to:		
Subsidiary owners	5,385,948	2,891,454
Noncontrolling interests	865	717
Total comprehensive income for the year, net	<u>5,386,813</u>	<u>2,892,171</u>

Sales for the year (including the industrial promotion benefit item) amounted to about ARS 86.01 billion, representing a 28.6% year-to-year increase (about ARS 66.86 billion).

Total net comprehensive income for 2020 stood at about ARS 5.39 billion, whereas the Company earned profit for about ARS 2.9 billion at restated amounts in 2019. In addition, net finance income during the year stood at a loss of ARS 727,824,000, accounting for -0.8% of sales, whereas in 2019 this resulted in an ARS 205,174,000 profit, equivalent to 0.3% of sales. The gain on exposure to the change in currency purchasing power stood at about ARS 1.28 billion, representing a 1.5% on sales, whereas in 2019, profit amounted to about ARS 3.7 billion; that is, 5.5% of sales.

Administrative and selling expenses stood at about ARS 10.49 billion, which represent 12.2% of sales, whereas in 2019, they amounted to about ARS 7.33 billion, equivalent to 11% of sales. Other operating income stood at about ARS 2.3 billion, equivalent to 2.7% of sales, whereas they amounted to about ARS 4.3 billion in 2019, equivalent to 6.4% of sales.

Cash flow

	<u>12.31.2020</u>	<u>12.31.2019</u>
Net cash flows provided by operating activities	6,959,665	3,962,784
Net cash flows (used in) investing activities	(6,079,360)	(1,870,569)
Net cash flows (used in) financing activities	(189,808)	(675,708)
Financial loss arising from cash	(741,220)	(129,020)
Increase (decrease) in cash and cash equivalents, net	<u>(50,723)</u>	<u>1,287,487</u>

Cash flows provided by operating activities in fiscal 2020 stood at about ARS 6.96 billion, whereas they amounted to about ARS 3.97 billion in 2019. The deeper impact results from the variation in trade and other payables, as well as trade and other receivables.

Cash flows used in investment activities stood at about ARS 6.08 billion in 2020, while they stood at about ARS 1.88 billion in 2019.

Cash flows used in investing activities amounted to about ARS 189,808,000 in 2020, while they amounted to ARS 675,708,000 in 2019.

The gain on exposure to the change in currency purchasing power stood at ARS 741,220,000, whereas it amounted to ARS 129,020,000 in 2019.

Prospects

Mirgor's Board will continue enhancing its value chain to maximize the resources employed according to the protocols implemented pursuant to the Argentine or provincial government regulations concerning the social, preventive and mandatory lockdown to ensure the health and safety of its personnel and general community.

The activities conducted by the Group were resumed gradually, enabling the restructuring of industrial processes. As long as its industrial lines remain active, the Group expects to reach pre-pandemic production levels since the activity as from mid-March 2020 was affected by plant shutdowns or the implementation of strict healthcare protocols in production lines. The arrival of the vaccine and the possibility of applying it to the general population is expected to increase habitual manufacturing levels.

There are high expectations regarding the continuity of the industrial promotion system in the Province of Tierra del Fuego as it is effective for three more years and it is the undisputed driver of the provincial economy.

The acquisition of BASA and BFSA enables growth in the sector since the Group is committed to maintaining and developing the industrial activity in Tierra del Fuego, in addition to strengthening and protecting the employment generated in the island, focusing on people development and the improvement of the quality of life of the cities where it conducts its industrial activity. Thus, we will be able to boost mobile phone production, consolidate a new relationship as LG's strategic partner and delve into new business areas such as the provision of technical services related to the exchange and repair of mobile phones and trade of several consumer electronic products and accessories under JBL and Harman Kardon brands.

GMRA expects highly positive changes as new Diggit stores will be opened. This will create the possibility of approaching the end consumer with new and diverse products brands, broadening the offer and generating new challenges for the Company.

Moreover, the Group's market share achieved in 2020 is expected to be enhanced once with the removal of lockdown and the introduction of the new technological specifications for high-end products.

Thanks to the businesses in the region and the organization of the company in Uruguay, new investments are expected in Latin America to expand across the region outside Argentina.

The agricultural segment is working heavily on consolidating its share in grain trade, aiming at generating transactions that create economic benefits other than transactions for hedging.

Mirgor engages in R&D in innovative technological solutions that may be used across the automobile industry to generate new businesses to maintain its leadership and profitability over the past few years.

Finally, Mirgor's Board is undergoing a business reorganization process aimed at simplifying and streamlining the operation of its direct and indirect subsidiaries. This reorganization will allow member companies to reap huge operating and economic advantages related to the achievement of higher operating efficiency and the enhanced use of available resources and technical, administrative and financial structures.

Proposal submitted by the Board of Directors

The changes in "Unappropriated retained earnings" for the year breaks down as follows:

	<u>In thousands</u>
Unappropriated retained earnings at beginning of year	2,891,455
Absorption of the optional reserve	(2,891,455)
Loss for the year	5,386,813
Unappropriated retained earnings at beginning of year	5,386,813

The Regular and Special Shareholders' Meeting held on June 18, 2020, decided to (i) allocate ARS 22,015,000 (restated amount) to increase the statutory reserve; (ii) book a reserve for future dividends for ARS 680,703,000 (restated amount), and (iii) allocate about ARS 2.19 billion (restate amount) to increase the existing optional reserve.

Considering the changes in businesses during the year ended December 31, 2020, and the economic and financial estimates for the following year, the Board proposes that: (i) ARS 122,826,000 from additional paid-in capital be reversed and allocated to the optional reserve; (ii) the reserve for future dividends for ARS 919,325,000 (restated amount) be reversed and allocated to the optional reserve, and (iii) comprehensive income for the year standing at about ARS 5.38 billion be used to increase the optional reserve.

Acknowledgement

The Board of Directors wishes, once again, to express its deep gratitude to the management and employees for their collaboration during the current year as well as the suppliers and customers for the trust in the Group and the support granted, all of which made it possible to achieve these results.

Buenos Aires,
March 18, 2021

Mr. José Luis Alonso
Vice-Chairman
acting as Chairman

BOARD OF DIRECTORS

MIRGOR S.A.C.I.F.I.A.

CHAIRMAN

Mr. Roberto G. Vázquez (*)

VICE-CHAIRMAN

Mr. José Luis Alonso

DIRECTORS

Mr. Martín Basaldúa (*)
Mr. Enrique Spraggon Hernández (*)
Ms. María José Van Morlegan

ALTERNATE DIRECTORS

Mr. Mauricio Blacher
Mr. Eduardo Koroch
Mr. Guillermo Reda
Mr. Sergio Javier Soriano
Mr. Juan Santiago Fraschina

STATUTORY AUDIT COMMITTEE

Statutory Auditors

Mr. Julio Cueto Rua
Mr. Mario Volman
Mr. Alejandro Mario Roisentul Wuillams

Alternate statutory auditors

Mr. Hugo Kaplan
Mr. Gastón Malvarez
Ms. Sandra Auditore

(*) Audit Committee members.

Registered office: Einstein 1111 – Río Grande – Province of Tierra del Fuego, Antarctica and South Atlantic Islands.

Main Business: Manufacturing air conditioning equipment for vehicles and investing in companies.

Date of registration with the Public Registry of Commerce:

- Of the articles of incorporation: June 1, 1971.
- Of the last amendment to bylaws: June 18, 2020, according to the Shareholders' Meeting Minutes of that same date, under registration proceedings with the IGJ (regulatory agency of business associations) of Tierra del Fuego.

Expiration date of the articles of incorporation: May 31, 2070.

FISCAL YEAR No. 48 BEGINNING JANUARY 1, 2020

SUMMARY OF EVENTS (*)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

(Figures stated in thousands of Argentine pesos.
See note 2(2) to the condensed consolidated financial statements)

1. BRIEF COMMENT ON THE COMPANY'S ACTIVITIES FOR THE PERIOD

The year 2020 was characterized in a completely atypical and unpredictable manner by the outbreak of the COVID-19 pandemic, declared as such on March 11, 2020, by the World Health Organization. The state of emergency in public health was expanded practically around the world, and the countries took different measures to face it. This emergency and the measures adopted materially damaged the international economic activity weakening many global economy segments.

In Argentina, on March 19, 2020, the Argentine Executive issued Presidential Decree No. 297/2020 introducing the social, preventive and mandatory lockdown, which remained effective through early November. Certain activities and services were authorized over time as the lockdown was gradually loosened differently on each Argentine region, entering into a new phase of social, preventive and mandatory distancing as from November 9, 2020.

In this context, the Group's value chain suffered throughout the year, from production to trade, because it had to cancel all its productive activities in the Province of Tierra del Fuego during several lockdown periods, and its main customers' activity was also undermined.

This situation altered transactions as normal production levels were affected by plant shutdowns or the application of strict protocols to the different production lines and trade volume for lacking the product or having sales channels affected by the restrictions.

The general economic activity declined in 2019, which remained stable and then intensified due to the COVID-19 pandemic in 2020. Certain sectors experienced considerable activity drops, including the interruption of operations. Unemployment rates also increased, standing at 11.7% according to the latest information provided by the INDEC (Argentine Statistics and Census Institute) in December 2020. To curb the aforementioned effects, the Argentine government established certain financial aids for companies and extended the prohibition to dismiss employees with no fair cause due to the lack of or reduced work and force majeure through late April 2021.

A silver lining was the agreement reached between foreign private creditors to swap bonds, thus extending the first payments of principal and interest through 2024. This agreement offers better negotiation conditions to reach a new program for settling the payable to the IMF, which is expected to take longer and push for a tax, labor and social security reform.

The BCRA (Central Bank of Argentina), through Communiqué "A" 7030 (05/28/2020), as supplemented, adopted a series of measures that led to the restriction and change in access to the local foreign exchange market. These measures are expected to be temporary after reaching an agreement with bondholders, as well as the reopening of international credit and currency inflow. Should these measures be maintained in the long term, due to the restrictions and operating complexity to access the local foreign exchange market, trade activities with foreign suppliers could be harmed.

The year 2020 was very challenging, even more difficult than in previous years, for the companies consolidating their financial statements with Mirgor and serving markets of durable consumer goods sensitive to these economic variables. Meeting the demand for products with plants shut down during several periods, maintaining investment value, fulfilling obligations and financing the inertia of a high-scale labor-intensive production structure has been a very complex task.

A clear example of the behavior of some economic variables was the devaluation rate that amounted to 40.51% and the inflation rate that stood at 36.14% during the annual period.

Finally, due to a huge optimization and cost saving effort, the Group managed to soften the effects of the pandemic. The Group earned huge profit during the year thanks to the growth of the retail activity and the leveraging of resources and new investments.

Sales in Q4 2020 stood at around ARS 35.33 billion, 83.7% higher than sales booked in the same period the prior year, for around ARS 19.23 billion considered in constant currency.

The gross margin for the period stood at about ARS 7.04 billion with respect to about ARS 5.08 billion which were booked in Q4 2019 in constant currency.

The operating margin for the period stood at 2%, which increased from about ARS 708,546,000 in Q4 2020 to about ARS 3.61 billion in the same period in 2019.

Segment evolution over the quarter

Automotive

The rise in production of the auto industry for the quarter amounted to 24.5%, thus reversing the downward trend experienced during the year.

Mirgor increased its production of air quality and temperature control equipment by 35.9% and decreased its production of car stereos by 9.4% with respect to the same quarter the prior year.

Electronic consumer goods

Electronic products sold did not suffer the same drastic consequences as other industrial segments. This is well explained by the growing demand for consumer electronic products during the second half of the year.

Mobile telephones

Argentine production of mobile phones increased by 66% during the quarter and imports showed a positive 50% evolution, displaying an upward trend with respect to the previous quarter.

In the case of IATEC and the addition of BFSA over the last quarter of the year, the increase stood at 137.1% due to the greater demand for mobile phone products over the year.

Television sets

The shipments of TV sets from Tierra del Fuego for IATEC grew by 78.2%.

Depreciation stood at 10,46% and inflation at 11.33% in Q4.

2. CONSOLIDATED EQUITY STRUCTURE

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Noncurrent assets	6,980,267	5,681,523	5,715,138	5,906,428
Current assets	48,426,896	30,518,213	30,030,150	29,345,035
Total assets	<u>55,407,163</u>	<u>36,199,736</u>	<u>35,745,288</u>	<u>35,251,463</u>
Shareholders' equity	<u>17,097,116</u>	<u>11,715,778</u>	<u>9,270,329</u>	<u>10,002,305</u>
Noncurrent liabilities	832,817	839,663	25,921	24,103
Current liabilities	37,477,230	23,644,295	26,449,038	25,225,055
Total liabilities	<u>38,310,047</u>	<u>24,483,958</u>	<u>26,474,959</u>	<u>25,249,158</u>
Total liabilities and shareholders' equity	<u>55,407,163</u>	<u>36,199,736</u>	<u>35,745,288</u>	<u>35,251,463</u>

3. CONSOLIDATED STATEMENT OF INCOME STRUCTURE

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Operating profit (loss) from continuing operations	2,340,377	1,135,138	(2,266,500)	3,458,227
Finance income (loss)	(753,448)	205,174	(193,742)	(867,278)
Share of loss of associates, net	2,961,915	(1,637,318)	(582,540)	(148,904)
Other expense, net	(70,492)	(10,054)	7,653	231,814
Gain on exposure to the change in currency purchasing power	1,279,147	3,699,443	3,369,097	1,006,573
Profit for the year before income tax, net	<u>5,757,499</u>	<u>3,392,383</u>	<u>333,968</u>	<u>1,667,286</u>
Income tax	(370,686)	(500,212)	(501,587)	(173,585)
Total comprehensive income (loss) for the year, net	<u>5,386,813</u>	<u>2,892,171</u>	<u>(167,619)</u>	<u>1,493,701</u>
Noncontrolling interests	865	717	(168)	1,203
Other comprehensive income (loss) for the period	<u>865</u>	<u>717</u>	<u>(168)</u>	<u>1,203</u>
Comprehensive income (loss) for the year, net	<u>5,385,948</u>	<u>2,891,454</u>	<u>(167,451)</u>	<u>1,492,498</u>

4. STATISTICAL DATA (in thousands of units)

	<u>12/31/2020</u>		<u>12/31/2019</u>		<u>12/31/2018</u>		<u>12/31/2017</u>	
	<u>Quart.</u>	<u>Accum.</u>	<u>Quart.</u>	<u>Accum.</u>	<u>Quart.</u>	<u>Accum.</u>	<u>Quart.</u>	<u>Accum.</u>
Production	1,675	3,376	758	3,081	803	3,692	1,201	4,907
Sales (1)	1,802	3,885	850	3,241	811	3,552	1,163	4,787
– Local sales	1,802	3,885	850	3,241	811	3,552	1,163	4,787
– Equipment with air conditioning	32	85	29	124	38	147	49	172
– Mobile phones	1,622	3,337	712	2,821	690	2,986	1,018	4,222
– Media- TV	111	270	65	198	60	334	73	312
– Car radio	36	193	44	98	23	85	24	81

(1) The units sold among companies are not included.

5. RATIOS

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Liquidity	1.29	1.29	1.14	1.16
Solvency	0.45	0.48	0.35	0.40
Tied-up capital	0.13	0.16	0.16	0.17
Return on equity	0.32	0.25	(0.02)	0.15

6. PROSPECTS

Mirgor's Board will continue enhancing its value chain to maximize the resources employed according to the protocols implemented pursuant to the Argentine or provincial government regulations concerning the social, preventive and mandatory lockdown to ensure the health and safety of its personnel and general community.

The activities conducted by the Group were resumed gradually, enabling the restructuring of industrial processes. As long as its industrial lines remain active, the Group expects to reach pre-pandemic production levels since the activity as from mid-March 2020 was affected by plant shutdowns or the implementation of strict healthcare protocols in production lines. The arrival of the vaccine and the possibility of applying it to the general population is expected to increase habitual manufacturing levels.

There are high expectations regarding the continuity of the industrial promotion system in the Province of Tierra del Fuego as it is effective for three more years and it is the undisputed driver of the provincial economy.

The acquisition of BASA and BFSA enables growth in the sector since the Group is committed to maintaining and developing the industrial activity in Tierra del Fuego, in addition to strengthening and protecting the employment generated in the island, focusing on people development and the improvement of the quality of life of the cities where it conducts its industrial activity. Thus, we will be able to boost mobile phone production, consolidate a new relationship as LG's strategic partner and delve into new business areas such as the provision of technical services related to the exchange and repair of mobile phones and trade of several consumer electronic products and accessories under JBL and Harman Kardon brands.

GMRA expects highly positive changes as new Diggitt stores will be opened. This will create the possibility of approaching the end consumer with new and diverse products brands, broadening the offer and generating new challenges for the Company.

Moreover, the Group's market share achieved in 2020 is expected to be enhanced once with the removal of lockdown and the introduction of the new technological specifications for high-end products.

Thanks to the businesses in the region and the organization of the company in Uruguay, new investments are expected in Latin America to expand across the region outside Argentina.

The agricultural segment is working heavily on consolidating its share in grain trade, aiming at generating transactions that create economic benefits other than transactions for hedging.

Mirgor engages in R&D in innovative technological solutions that may be used across the automobile industry to generate new businesses to maintain its leadership and profitability over the past few years.

Finally, Mirgor's Board is undergoing a business reorganization process aimed at simplifying and streamlining the operation of its direct and indirect subsidiaries. This reorganization will allow member companies to reap huge operating and economic advantages related to the achievement of higher operating efficiency and the enhanced use of available resources and technical, administrative and financial structures.

Buenos Aires,
March 18, 2020

Mr. José Luis Alonso
Vice-Chairman
acting as Chairman

(*) Information not covered by the independent auditor's report, except for 2, 3 and 5.

MIRGOR S.A.C.I.F.I.A.

SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

FOR FISCAL YEAR NO. 50,

BEGINNING JANUARY 1 AND ENDED DECEMBER 31, 2020

Registered office: Einstein 1111 – Río Grande – Province of Tierra del Fuego, Antarctica and South Atlantic Islands.

Main business: Manufacturing air conditioning equipment for vehicles and investing in companies.

Date of registration with the Public Registry of Commerce:

- Of the articles of incorporation: June 1, 1971.
- Of the first amendment to by-laws: July 1, 1994.
- Of the last amendment to bylaws: June 18, 2020, according to the Shareholders' Meeting Minutes of that same date, under registration proceedings with the IGJ (regulatory agency of business associations) of Tierra del Fuego.

Registration number with the IGJ (Argentine regulatory agency of business associations): 40,071.

Expiration date of articles of incorporation: May 31, 2070.

CUIT: 30-57803607-1.

Parent company's information:

- Corporate name: IL TEVERE S.A.
- Registered office: Beauvoir 17 – Río Grande – Province of Tierra del Fuego, Antarctica and South Atlantic Islands.
- Main business: Holding company.
- Equity interest: 48.27%.
- Voting rights: 61.5862%.

The Company is not enrolled in the Statutory Optional System for the Mandatory Acquisition of Public Offerings.

CAPITAL STRUCTURE

(Note 17)

	Issued, subscribed, registered and paid-in
180,000,000 shares of common stock, face value ARS 0.10 each	
Class A and B entitled to three votes per share	3,120,000
Class C entitled to one vote per share	14,880,000
	<u>18,000,000</u>

MIRGOR S.A.C.I.F.I.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	Notes	<u>12.31.2020</u> <u>ARS 000</u>	<u>12.31.2019</u> <u>ARS 000</u>
Revenue		72,289,702	55,196,683
Industrial promotion benefit	5	13,722,622	11,665,951
Cost of goods sold and services rendered	22	<u>(67,352,192)</u>	<u>(53,027,526)</u>
Gross profit	6	<u>18,660,132</u>	<u>13,835,108</u>
Other operating profit	8	2,300,520	4,296,792
Administrative expenses	7	(3,884,462)	(2,101,184)
Selling expenses	7	(6,932,808)	(5,228,157)
Other operating expenses	8	<u>(7,803,005)</u>	<u>(9,667,421)</u>
Operating loss		2,340,377	1,135,138
Finance costs	8	(1,590,381)	(1,521,656)
Finance income	8	836,933	1,726,830
Gain on exposure to the change in currency purchasing power		1,279,147	3,699,443
Other (expense) profit, net	8	(70,492)	(10,054)
Beneficial share purchase	24	2,672,562	-
Share of profit (loss) of associates, net	20	<u>289,353</u>	<u>(1,637,318)</u>
Net profit for the year		<u>5,757,499</u>	<u>3,392,383</u>
Income tax	9	<u>(370,686)</u>	<u>(500,212)</u>
Total comprehensive income (loss) for the year, net		<u>5,386,813</u>	<u>2,892,171</u>
Attributable to:			
Subsidiary owners		5,385,948	2,891,454
Noncontrolling interests		865	717
		<u>5,386,813</u>	<u>2,892,171</u>
Profit (loss) per share:			
- basic and diluted, net for the year attributable to ordinary equity holders of the parent's equity		29.92	16.06

MIRGOR S.A.C.I.F.I.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2020

	Notes	<u>12.31.2020</u> ARS 000	<u>12.31.2019</u> ARS 000
Assets			
Noncurrent assets			
Property and equipment	11	5,026,798	4,414,971
Investment property	12	102,831	105,384
Intangible assets	13	112,494	114,370
Investment in associates	20	1,616,717	1,010,335
Other nonfinancial receivables	16	88,509	18,829
Deferred tax assets	9	32,918	17,634
Other financial assets	15	-	-
		<u>6,980,267</u>	<u>5,681,523</u>
Current assets			
Other nonfinancial receivables	16	4,906,441	1,118,664
Inventories	14	15,240,198	16,456,290
Trade and other receivables	15	17,972,494	9,710,267
Other financial assets	15	972,637	-
Cash and short-term deposits	15	9,335,126	3,232,992
		<u>48,426,896</u>	<u>30,518,213</u>
Total assets		<u>55,407,163</u>	<u>36,199,736</u>
Equity and liabilities			
Equity			
Issued capital		18,000	18,000
Capital adjustment		178,582	178,582
Proprietary shares		(120,706)	(120,706)
Additional paid-in capital		122,826	122,826
Accumulated earnings		11,512,466	8,621,011
Unappropriated retained earnings		5,385,948	2,891,455
Equity attributable to owners of the parent		<u>17,097,116</u>	<u>11,711,168</u>
Noncontrolling interests		-	4,610
Total equity		<u>17,097,116</u>	<u>11,715,778</u>
Noncurrent liabilities			
Interest-bearing payables and loans	15	43,918	122,544
Lease liabilities	15	254,550	291,631
Trade and other payables	15	-	188,698
Accrued litigations and contingencies	15	430,744	114,185
Deferred tax liability	9	103,605	122,605
		<u>832,817</u>	<u>839,663</u>
Current liabilities			
Interest-bearing payables and loans	15	96,648	126,453
Lease liabilities	15	184,172	194,146
Trade and other payables	15	37,191,809	23,166,968
Other financial liabilities	15	4,601	156,728
		<u>37,477,230</u>	<u>23,644,295</u>
Total liabilities		<u>38,310,047</u>	<u>24,483,958</u>
Total equity and liabilities		<u>55,407,163</u>	<u>36,199,736</u>

MIRGOR S.A.C.I.F.I.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	Attributable to owners of the parent										
	Other capital accounts convertible into shares				Other shareholders' equity components				Total	Non controlling interest	Total equity
	Capital stock	Capital adjustment	Proprietary shares	Additional paid-in capital	Statutory reserve	Other reserves	Optional reserve	Unappropriated retained earnings			
	ARS 000	ARS 000	(Note 2.6)	ARS 000	ARS 000	(Note 2.6)	(Note 2.6)	(accumulated losses)	ARS 000	ARS 000	ARS 000
As of January 1, 2020	18,000	178,582	(120,706)	122,826	17,301	238,622	8,365,088	2,891,455	11,711,168	4,610	11,715,778
Increase in the statutory, optional and other reserves, as resolved at the Regular Shareholders' Meeting of June 18, 2020	-	-	-	-	22,015	680,703	2,188,737	(2,891,455)	-	-	-
Acquisition of noncontrolling interests	-	-	-	-	-	-	-	-	-	(5,475)	(5,475)
Total comprehensive income (loss) for the year, net	-	-	-	-	-	-	-	5,385,948	5,385,948	865	5,386,813
As of December 31, 2020	18,000	178,582	(120,706)	122,826	39,316	919,325	10,553,825	5,385,948	17,097,116	-	17,097,116

	Attributable to owners of the parent										
	Other capital accounts convertible into shares				Other shareholders' equity components				Total	Non controlling interest	Total equity
	Capital stock	Capital adjustment	Proprietary shares	Additional paid-in capital	Statutory reserve	Other reserves	Optional reserve	Unappropriated retained earnings			
	ARS 000	ARS 000	(Note 2.6)	ARS 000	ARS 000	(Note 2.6)	(Note 2.6)	ARS 000	ARS 000	ARS 000	ARS 000
As of January 1, 2019	18,000	178,582	-	122,826	17,301	564,641	8,532,541	(167,452)	9,266,439	3,893	9,270,332
Purchase of proprietary shares	-	-	(120,706)	-	-	-	-	-	(120,706)	-	(120,706)
Cash dividends distribution provided for by the Board of Directors Meeting held April 26, 2019	-	-	-	-	-	(326,019)	-	-	(326,019)	-	(326,019)
Reversal of the optional reserve, as resolved at the Regular Shareholders' Meeting of April 26, 2019	-	-	-	-	-	-	(167,453)	167,453	-	-	-
Total comprehensive income (loss) for the year, net	-	-	-	-	-	-	-	2,891,454	2,891,454	717	2,892,171
As of December 31, 2019	18,000	178,582	(120,706)	122,826	17,301	238,622	8,365,088	2,891,455	11,711,168	4,610	11,715,778

MIRGOR S.A.C.I.F.I.A.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Operating activities		
Comprehensive income (loss) for the year before income tax	5,757,499	3,392,383
Accrued interest, net	(110,744)	304,184
Adjustments to reconcile the comprehensive net income (loss) for the year with net cash flows		
P&E depreciation	804,741	798,670
Depreciation of investment properties	2,553	1,960
Amortization of intangible assets	79,066	86,843
Impairment of goodwill and P&E	280,000	314,562
Increase in the allowance for inventories obsolescence	27,007	304,998
Beneficial share purchase	(2,672,562)	-
(Profit) loss on share of net profit (loss) of associates	(289,353)	1,637,318
Foreign exchange difference	4,987,400	4,571,652
Foreign exchange difference and long-term loan interest	-	(660,524)
Accrued litigation and contingencies	17,811	114,185
Loss on exposure to the change in currency purchasing power	753,030	129,020
Adjustment of operating assets and liabilities		
Decrease in trade and other receivables, net of intercompany receivables, foreign exchange differences and company acquisition	(3,993,113)	5,017,157
Decrease (increase) in inventories, net of the allowance for obsolescence and company acquisition	4,795,763	1,957,666
(Increase) decrease in other nonfinancial receivables, net of company acquisition	(3,461,450)	(243,157)
Decrease in trade and other payables, net of income tax and minimum presumed income tax	(6,173)	(13,764,133)
Net cash flows provided by operating activities	<u>6,971,475</u>	<u>3,962,784</u>
Investing activities		
P&E additions	(644,674)	(944,372)
P&E retirements	146,610	-
Intangible asset acquisitions	(12,382)	(74,229)
Acquisition of short-term deposits	(5,322,676)	(1,030,802)
(Acquisition) Sale of debt securities	(793,634)	-
Variation of hedging instruments, net	(152,127)	118,121
Acquisition of noncontrolling interests	(5,475)	-
Dividends collected	552,891	-
Increase (decrease) in receivables from/payables to related companies	(38)	(138,729)
Collection of long-term loans	152,145	199,442
Net cash flows used in investing activities	<u>(6,079,360)</u>	<u>(1,870,569)</u>
Financing activities		
Decrease in loans, net	(131,768)	(228,983)
Decrease in lease liabilities, net	(58,040)	-
Purchase of proprietary shares	-	(120,706)
Dividends paid	-	(326,019)
Net cash flows used in financing activities	<u>(189,808)</u>	<u>(675,708)</u>
Loss on exposure to the change in currency purchasing power	<u>(753,030)</u>	<u>(129,020)</u>
Increase (decrease) in cash and cash equivalents, net	<u>(50,723)</u>	<u>1,287,487</u>
Cash and cash equivalents as of January 1	1,896,478	608,991
Increase in cash and cash equivalents for acquisition of companies	830,181	-
Cash and cash equivalents as of December 31	<u><u>2,675,936</u></u>	<u><u>1,896,478</u></u>

MIRGOR S.A.C.I.F.I.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES OF MIRGOR GROUP

The consolidated financial statements of MIRGOR S.A.C.I.F.I.A. (“the Company”) for the fiscal year ended December 31, 2020, were authorized for issue in accordance with a resolution of the Company’s Board of Directors on March 18, 2021.

MIRGOR S.A.C.I.F.I.A. is a “sociedad anónima” (corporation) organized under Argentine laws, with registered domicile at Einstein 1111, Río Grande, Province of Tierra del Fuego, Antarctica and South Atlantic Islands (hereinafter, “Tierra del Fuego”), whose Class C shares are listed in the BCBA (Buenos Aires stock exchange).

The Company mainly engages in manufacturing air quality and temperature control equipment for the automobile sector and in Q3 of the year ended December 31, 2019, it started exporting to the agricultural sector.

Through its subsidiaries (jointly with the Company, the “Mirgor Group”) it also engages in the manufacture and trade of TV sets, mobile phones and car; real estate leases, and the provision of warehousing and technical support services for the automobile and electronic consumer goods industries, among other activities.

Note 4 to these consolidated financial statements discloses operating segment information. Parent company information is included in note 18 to these consolidated financial statements.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Professional accounting standards applied

The Company prepares its consolidated financial statements in accordance with the Argentine professional accounting standards effective in the Province of Tierra del Fuego and current CNV regulations, as approved by General Resolution No. 622 (as amended in 2013), whereby stock and/or corporate bond issuers, subject to certain exceptions, are required to prepare their financial statements under FACPCE Technical Resolution No. 43 (as amended), which set forth the adoption of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), while other entities may opt to use IFRS or the IFRS for SMEs replacing current Argentine professional accounting standards.

2.2. Basis of preparation

These consolidated financial statements for the year ended December 31, 2020, were prepared in accordance with the IFRS as issued by the IASB and the professional accounting standards effective in the Province of Tierra del Fuego.

In preparing these consolidated financial statements, Mirgor Group applied the basis of consolidation, significant accounting policies, judgments, estimates and assumptions described in notes 2.3, 2.4 and 2.5, respectively, to the consolidated financial statements. These consolidated financial statements have been prepared on a cost basis.

These consolidated financial statements are presented in Argentine pesos and all values have been rounded to the nearest thousand (ARS 000), except when otherwise indicated.

MIRGOR S.A.C.I.F.I.A.

2.3. Basis of consolidation

These consolidated financial statements comprise the Company's financial statements as of December 31, 2020. Consolidated subsidiaries and their equity interests as of the relevant dates are:

Subsidiary	(Direct and indirect) equity interest percentage in common stock as of:		Year-end of last financial statements issued
	12.31.2020	12.31.2019	
Interclima S.A.	100	99.9667	12/31/2020
Capdo S.A.	100	100	12/31/2020
IATEC S.A.	100	100	12/31/2020
GMRA S.A.	100	100	12/31/2020
HOLDCAR S.A.	100	100	12/31/2020
Famar Fueguina S.A.	100	100	12/31/2020
Electrotécnica Famar S.A.C.I.I.E.	100	100	12/31/2020
Brightstar Argentina S.A.	100		12/31/2020
Brightstar Fueguina S.A.	100		12/31/2020
Mirgor Internacional S.A.	100		12/31/2020

Control is achieved when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the investor controls an investee if and only if it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns significantly.

In general, it is assumed that a majority of the voting rights gives control. To back this presumption and when the investor has less than a majority of the voting or similar rights of an investee, the investor considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- The existence of a contractual arrangement between the investor and the other vote holders of the investee.
- The rights arising from other contractual arrangements.
- The investor's voting rights, potential voting rights or a combination of both.

The investor re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control previously mentioned. Consolidation of a subsidiary begins when the parent obtains control over the subsidiary and ceases when the parent loses control of the subsidiary. Assets, liabilities, profit and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the parent gains control of the subsidiary until the date the parent ceases to control the subsidiary.

Profit or loss for the year and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, even if non-controlling interests generate losses. When necessary, appropriate adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, profit, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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If the Group loses control over a subsidiary, it derecognizes the carrying amount of the related assets (including goodwill) and liabilities, noncontrolling interest and other equity components, and recognizes in the statement of profit or loss the profit or loss derived from the transaction. Any residual investment is recognized by its fair value.

2.4. Summary of significant accounting policies

The following are the significant accounting policies applied by Mirgor Group in preparing these consolidated financial statements.

Unit of measurement

The financial statements as of December 31, 2020, including prior-year amounts, were restated to consider the changes in the general purchasing power of the Company's functional currency (Argentine peso) pursuant to the provisions in IAS 29 and CNV (Argentine Securities and Exchange Commission) General Resolution No. 777/2018. Thus, the financial statements are stated in the constant measuring unit as of the end of the reporting year.

According to IAS 29, financial statements should be restated when an entity's functional currency is that of a hyperinflationary economy. To define an hyperinflationary economy, IAS 29 offers a series of nonexclusive guidelines, which consist in (i) analyzing the behavior of the population, prices, interest rates and salaries considering the changes in the price indexes and the loss in the currency purchasing power, and (ii) a quantitative indicator –the most considered condition in actual facts– that involves checking whether the three-year cumulative inflation rate is around 100% or more.

To assess this quantitative condition, and to restate the financial statements, the CNV set forth that the series of indexes to be used for adopting IAS 29 is that specified by the FACPCE (Argentine Federation of Professional Councils in Economic Sciences). This series combines the consumer price index published by the INDEC (Argentine Institute of Statistics and Censuses) as from January 2017 (base month: December 2016) with the wholesale domestic price index published by the INDEC up to that date, computed for November and December 2015 since the abovementioned institute published no information concerning the changes in the consumer price index for the City of Buenos Aires during those months.

Considering this index, inflation stood at 36.14% and 53.83% for the years ended December 31, 2020, and 2019, respectively.

Below we summarize the effects of applying IAS 29:

Restatement of the statement of financial position

- (i) Monetary items (those with a fixed nominal value in local currency) will not be restated, as they are no longer stated in the constant currency as of the end of the reporting year. In a hyperinflationary period, maintaining monetary assets will lose purchasing power and maintaining monetary liabilities will gain purchasing power, provided that these items are not subject to an adjustment mechanism that somehow offsets these effects. Monetary gains or losses are included in profit (loss) for the reporting year.
- (ii) Assets and liabilities subject to changes based on specific agreements will be adjusted in accordance with such agreements.
- (iii) Nonmonetary items measured at their current values as of the end of the reporting year are not restated to be filed in the statement of financial position, but the adjustment process should be completed to determine the profit (loss) generated by holding these nonmonetary items in constant pesos.

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- (iv) The nonmonetary items measured at a historical cost or current cost of a date prior to the end of the reporting year will be restated by coefficients that reflect the changes in the general level of prices from the date of acquisition or revaluation until the closing date, and the restated amounts of these assets will then be compared to the recoverable values. The amount charged to profit (loss) for the year for the depreciation of property, plant and equipment and the amortization of intangible assets, or any other consumption of nonmonetary assets, will be determined based on the new restated amounts.

As of December 31, 2020, and 2019, the restated items were as follows: Property and equipment, investment property, intangible assets, investment in associates, inventories, deferred tax assets and liabilities and the items making up shareholders' equity were measured using the restated historical cost basis.

- (v) Upon the capitalization of borrowing costs in nonmonetary assets in conformity with IAS 23, the portion of these costs that are used to compensate the creditor for the effects of inflation will not be capitalized.

This process does not affect the Company, as the application of IAS 23 was not required.

Restatement of the statement of profit or loss

- (i) Expenses and revenues are restated as from their booking date, except for (1) the profit (loss) items that reflect or include in their assessment the consumption of assets measured in pesos reflecting the purchasing power from a date prior to the date when the consumption was booked, which will be restated considering the original date of the asset with which the item is related (depreciation, impairment and other consumption of assets valued at historical cost), and (2) the profit (loss) that arises from comparing two measurements stated in pesos reflecting the purchasing power of different dates, in which case the compared amounts should be identified, restated separately and compared again.
- (ii) The net (loss) profit arising from holding monetary assets and liabilities is disclosed under a separate item under profit (loss) for the year.

Reconciliation of the statement of changes in equity

All equity items restated at the currency as of the beginning of year are restated at year-end currency applying the general price index, and the variation of these components is restated at the currency as of the end of the year as follows: in the case of contributions as from the subscription date; for swap movements affecting retained earnings (accumulated losses), as from the prior year-end if the Regular Shareholders' Meeting treats retained earnings (accumulated losses) in the currency as of that time, whereas if the Regular Shareholders' Meeting treats profit (loss) in the purchasing power currency as of the date of the Regular Shareholders' Meeting, swap movements will be restated as from the date in which such currency is stated, and for decreases in retained earnings (accumulated losses) for amending movements as from the date when the Shareholders' Meeting made the related decision, whereas if they are items of deferred profit (loss) they should be disclosed in real terms.

According to CNV General Resolution No. 777/18, the earnings of the entities under CNV control should be distributed in the currency effective as of the date of the General Shareholders' Meeting using the price index of the month prior to the meeting.

Restatement of the statement of cash flows

IAS 29 requires that all the items within this statement are restated at the unit of measurement current as of the date of the end of the reporting year. Monetary gains (losses) arising from cash and cash equivalents is disclosed in the statement of cash flows separately from the cash flows provided by operating, investment and financing activities, as a specific item of the reconciliation between cash and cash equivalents at the beginning and end of year.

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2.4.1. Current versus non-current assets and liabilities classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when the entity:

- expects to realize the asset or intends to sell or consume it in its normal operating cycle;
- holds the asset primarily for the purpose of trading;
- expects to realize the asset within twelve months after the reporting year; or
- the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

The remaining assets are classified as noncurrent assets.

A liability is current when the entity:

- expects to settle the liability in its normal operating cycle;
- holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting year; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities in all cases.

2.4.2. Foreign currency translation

Functional currency and presentation currency

Mirgor Group's consolidated financial statements are presented in Argentine pesos, which is also the Company's functional currency. Each Mirgor Group entity assesses its own functional currency and the amounts included in the financial statements of each entity are measured using that functional currency. Subsidiaries also defined the Argentine peso as the functional currency.

Transactions and balances in foreign currency

Transactions in foreign currencies are initially recorded by Mirgor Group's companies at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting year-end date.

All foreign exchange differences are taken to statement of comprehensive income under other operating profit or expenses, or under finance income or loss, depending on the nature of assets or liabilities generating those differences.

Nonmonetary items and the result of operations measured in terms of restated historical cost in a foreign currency are converted using the exchange rates as of the dates of the initial transactions.

2.4.3. Recognition of revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to Mirgor Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account terms of payment contractually defined with the customer and excluding taxes or duties.

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Mirgor Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. Mirgor Group concluded that it acts as principal in all its revenue arrangements since it is the main obligor in these arrangements, has the freedom to set prices and is also exposed to inventory and credit risks. The following specific recognition criteria must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods are recognized when the significant risks and benefits inherent to the ownership of the goods have passed to the buyer, usually on delivery of the goods.

In the regular course of business, Mirgor Group renegotiates prices for the manufactured products with the respective customers/providers to maintain certain ratios related to revenues and costs. This renegotiation may give rise to price adjustments to be recognized as additional revenues. These charges are recognized by Mirgor Group once the negotiation is concluded and confirmation is obtained from customers/providers, i.e., once it is likely that the economic benefits will flow towards Mirgor Group and can be measured in a reliable manner.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms, and it is classified as revenue in the statement of profit or loss due to its operating nature.

2.4.4. Industrial promotion benefit

In this item of the consolidated statement of comprehensive income, Mirgor Group recognizes value-added tax benefits from the industrial promotion mentioned in note 22 to these consolidated financial statements.

2.4.5. Taxes

Current income tax

Current income tax assets and liabilities for the year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute those amounts are those that are enacted or substantively enacted, at the end of the reporting year. Mirgor Group's current tax rate in Argentina is 30%.

Management periodically evaluates positions taken by the Group in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in associates, subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and/or the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit;
- In respect of deductible temporary differences associated with investments in associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized (recovered). Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized as charged to comprehensive income to the extent that it has become probable that future taxable profits will allow those deferred tax assets not previously recognized to be utilized (recovered).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets and liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Other taxes related to sales and bank account transactions

Revenues, expenses and assets are recognized net of the amount of any sales tax, such as the value-added tax and turnover tax, or the tax on bank account transactions, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables are stated with the amount of sales tax included, which is charged to customers or paid to vendors.

The net amount of sales tax and the tax on bank account transactions recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position, as the case may be.

Turnover over tax is charged under selling expenses in the statement of comprehensive income. The tax on bank account transactions is charged under administrative expenses in the statement of comprehensive income.

2.4.6. Property, plant and equipment

Property, plant and equipment, except for land, are measured at cost restated at the currency rate in effect as of the closing date, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the criteria to be recognized as assets are met.

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When significant parts of property, plant and equipment are required to be replaced at intervals, Mirgor Group derecognizes the replaced part, and recognizes the new part as an individual asset with its own specific useful life and depreciates it accordingly. Likewise, when a major repair is performed, its cost is recognized in the carrying amount of the asset as a replacement if the criteria to be recognized as an asset are satisfied. All other routine repair and maintenance costs are recognized in the statements of comprehensive income as incurred.

The present value of the expected cost for the decommissioning of an asset after its use period expires is included in the cost of the respective asset if the recognition criteria for the appropriate provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Average depreciation rates are stated in note 11.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time for it to be available for its expected use or sale (so-called "qualifying asset") are capitalized as part of the related cost of the asset.

The remaining borrowing costs are booked as expenses in the year in which they are incurred. Borrowing costs include the interest and other costs incurred by the Group regarding loan agreements.

There are no borrowing costs capitalized in the cost of the assets as of the related dates.

2.4.7. Operating and finance leases

As from the application of IFRS 16, the Group adopted an accounting model for recognizing and measuring all leases. For leases previously identified as finance leases, the Company has not amended the amounts recognized as of the initial application date. In the case of leases previously identified as operating leases, the Company recognized right-of-use assets and lease liabilities, except for such agreements with a duration not exceeding 12 months (short-term leases) and those involving a low-value underlying asset. The resulting assets and liabilities are measured based on the present value. Right-of-use assets were recognized for an amount equal to lease liabilities. Lease liabilities were measured at the present value of the unpaid lease amounts at the Company's incremental lease rate (the lessee) as of the initial date of application.

The breakdown of third-party right-of-use assets is included in note 11 and the breakdown of lease liabilities is contained in note 15.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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2.4.8. Investment property

Investment properties are measured initially at acquisition cost restated at the currency rate in effect as of the closing date, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of investment properties and borrowing costs for long-term construction projects if the recognition criteria are met.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of comprehensive income in the fiscal year of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to property, plant and equipment component, the deemed cost for subsequent accounting is the value of the asset at the date of change in use. If property, plant and equipment becomes an investment property, Mirgor Group accounts for such asset in accordance with the policy stated under property, plant and equipment up to the date of change.

2.4.9. Intangible assets

Intangible assets acquired separately are measured on initial recognition at acquisition cost restated at the currency rate in effect as of year-end. Following initial recognition, intangible assets are carried at restated cost less restated accumulated amortization (should finite useful lives be assigned) and accumulated impairment losses, if any.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting fiscal year.

Changes in the expected useful life or the expected pattern of consumption of the asset is accounted for by changing the amortization period or method, as appropriate, and are treated prospectively as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized.

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2.4.10. Financial instruments: Presentation, recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.4.10.1. Financial assets

Initial recognition and subsequent measurement

Financial assets are classified as financial assets at fair value through profit or loss, loans and accounts receivable, held-to-maturity investments, available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Mirgor Group determines the classification of financial assets at initial recognition.

The classification of financial assets at initial recognition depends on the contractual cash flow and financial asset management model adopted by Mirgor Group. Except for trade payables that do not have a significant financing component or for which the Group applied an exemption provided for in the accounting standards, the Group measures financial assets at fair value through profit or loss including transaction costs. The trade receivables that do not have a significant financing component or for which the Group applied an exemption provided for in the accounting standards are measured at the prices of each transaction as described in note 2(4)3 to the consolidated financial statements.

For a financial asset to be classified and measured at amortized cost or fair value in other comprehensive income, it should give rise to funds that are “solely payments of principal and interest” in the principal yet to be settled. This analysis is known as “SPPI test” and is made at each instrument level. The financial instruments that are SPPI are classified and measured at fair value through profit or loss for the year, irrespective of the business model used.

The Group’s management model is how it manages its financial assets to generate cash flows. The management model determines whether the cash flows will result in the collection of contractual cash flows, the sale of financial assets or both. The financial assets are measured at amortized cost within a business model which objective is to hold assets to collect the contractual cash flows, whereas the financial assets classified and measured at fair value through other comprehensive income are held in a business model which objective is to collect the contractual cash flows or sell the financial assets.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that Mirgor Group commits to purchase or sell the asset.

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through other comprehensive income with recycling to profit or loss for the year
- Financial assets at fair value through other comprehensive income without recycling to profit or loss for the year upon derecognition
- Financial assets at fair value through profit or loss

Mirgor Group’s financial assets include only cash, short-term deposits, debt securities, trade receivables, forward foreign currency contracts, trade payables, loans and other receivables.

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Loans and accounts receivables

Trade receivables are initially recognized at fair value and, after that, at their amortized cost using the effective interest rate method (EIR), less impairment.

Loans and accounts receivable are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Effective interest rate accrual is recognized in the statement of comprehensive income as finance income/expense or as other operating profit/expense, depending on the nature of the asset that gave rise to it. The losses arising from impairment are recognized in the statement of comprehensive income as finance costs or operating expenses, depending on the nature of the asset that gave rise to it.

This category generally applies to trade and other receivables.

They are included in current assets, except for those with maturity exceeding 12 months from the closing date in which they are classified as non-current assets. Loans and accounts receivable are included in "Trade and other receivables" in the consolidated statement of financial position.

Financial assets through profit or loss

Financial assets through profit or loss are disclosed in the statement of financial position at fair value and its net changes in the statement of comprehensive income.

This category includes derivative instruments, which are related to agreements to cover potential depreciation of the legal currency because Mirgor Group carries substantial payables in foreign currency to industrial suppliers abroad.

2.4.10.2. Financial liabilities

Initial recognition and subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings carried at amortized cost, net of directly attributable transaction costs.

Mirgor Group's financial liabilities only comprise trade and other payables, as well as interest-bearing loans and borrowings.

The subsequent measurement of financial liabilities depends on their classification, as described below.

Interest-bearing debts and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized as finance costs in the statement of comprehensive income when the liabilities are derecognized as well as through the accrual process, applying the effective interest rate method (EIR).

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR accrual is recognized as finance costs in the statement of comprehensive income.

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Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized as finance income or costs in the statement of comprehensive income, as the case may be.

Balances and transactions with related parties

The criteria adopted for the treatment of balances and transactions with related parties are described in note 18 to the consolidated financial statements.

2.4.10.3. Fair value assessment

The fair value of financial instruments that are traded in active markets at the end of each reporting fiscal year (if any) is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques according to the circumstances. Such techniques may include using recent arm's length market transactions between duly informed stakeholders; reference to the fair values of other financial instruments that are substantially the same; a discounted cash flow analysis and other appropriate valuation models.

Mirgor Group signed certain agreements through financial hedging instruments measured at fair value and described in note 15(10) to the consolidated financial statements.

2.4.10.4. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position if, and only if, Mirgor Group (i) has a currently enforceable legal right to offset the recognized amounts; and (ii) has an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.4.10.5. Financial assets and liabilities to related parties

Receivables from and payables to related parties are recognized initially at fair value, plus directly attributable transaction costs. To the extent that they arise from transactions not performed at arm's length, any difference arising upon initial recognition between such fair value and the consideration delivered or received is treated as an equity transaction (capital contribution or dividend distribution, depending on whether it is positive or negative.).

2.4.11. Inventories

Inventories are valued at cost restated at the currency rate in effect as of year-end, at the lower of cash prices for habitual purchase volumes or and net realizable value.

The costs incurred to take each product to its current location and give it its current status are booked as follows:

Raw materials

At acquisition cost restated at the currency effective as of year-end on a weighted-average-price basis.

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Finished goods and work in progress

At cost of acquisition of materials and labor restated at the currency rate in effect as of year-end plus a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value of an inventory component is the estimated selling price for that component in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale, estimated as of the reporting year-end. In estimating recoverable values, slower low-turnover component movements are taken into account as well.

2.4.12. Impairment of financial and non-financial assets

Impairment of financial assets

The Group assesses, at each year-end, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has a negative impact on the estimated future cash flows of the financial asset or the group of financial assets, and that negative impact can be reliably estimated.

Evidence of impairment may include, among others, indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as adverse changes in arrears or economic conditions that correlate with defaults.

Charges arising from the impairment of financial assets, net of related recoveries, are booked in the statement of comprehensive income under finance costs and other operating expenses, depending on the nature of the asset from which they arise.

Financial assets at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The asset carrying value is reduced through an impairment allowance account and the loss is recognized in the statement of comprehensive income under finance costs or other operating expenses, depending on the nature of the asset that gave rise to it. Interest income (recorded as finance income or other operating income in the statement of comprehensive income), depending on the nature of the asset that gave rise to it, continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Assets and the related allowance for impairment are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

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If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the impairment allowance account. If a future write-off is later recovered, the recovery is credited to finance costs or other operating expenses in the statement of comprehensive income, based on the nature of the asset that gave rise to it.

Impairment of nonfinancial assets

Inventories

When the net realizable value of an inventory item was lower than its carrying value, it is reduced through an allowance for impairment and the loss amount is recognized as cost of sales in the statement of comprehensive income. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the impairment allowance account. If a future write-off is later recovered, the recovery is credited to cost of sales in the statement of comprehensive income.

The amount for inventories does not exceed their recoverable amount as of the respective dates.

Property, plant and equipment and intangible assets with finite useful lives

The Group assesses at each reporting year-end whether there is an indication that an individual item or a group of property, plant and equipment and/or intangible assets with finite useful lives may be impaired. If any indication exists and the annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of the fair value less costs to sell that asset, and its value in use. That amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets; in that case, the cash flows of the group of assets that form part of the cash-generating unit to which they belong are taken.

Where the carrying amount of an individual asset or CGU exceeds its recoverable amount, the individual asset or CGU, as the case may be, is considered impaired and is written down to its recoverable amount.

In assessing value in use of an individual asset or CGU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the individual asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used depending on the circumstances. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in expense categories consistent with the function of the impaired asset (generally in the cost of sales or other operating expenses), except for a property previously revalued where the revaluation was taken to other statement of comprehensive income. In these cases, the impairment is also recognized in other comprehensive income up to the amount of any previously recognized revaluation.

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In addition, for this type of assets as of each reporting year-end, an assessment is made whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes a new estimate of the individual asset's or cash-generating unit's recoverable amount, as the case may be. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the individual asset's or cash-generating unit's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the individual asset or cash-generating unit does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of the related depreciation or amortization, had no impairment loss been recognized for the individual asset or cash-generating unit in prior years. Such reversal is recognized in the statement of comprehensive income in the same line in which the related impairment charge was previously recognized (generally under the cost of sales or other operating expenses), unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of certain specific categories of intangible assets:

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are tested for impairment annually (as at 31 December) either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

Goodwill

Goodwill is tested for impairment (as of December 31) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized in the statement of profit or loss (generally under the cost of sales or other operating expenses). Impairment losses relating to goodwill cannot be reversed in future periods.

The carrying amounts of property, plant and equipment and intangible assets (including goodwill) do not exceed their recoverable values as of relevant dates.

2.4.13. Cash and cash equivalents

Cash is deemed to include both cash fund and freely-available bank deposits on demand. Cash equivalents are deemed to include short-term investments with significant liquidity and free availability that, subject to no previous notice or material cost, may be easily converted into a specific cash amount that is known with a high degree of certainty upon the acquisition, are subject to a low significant risk of changes in value, maturing up to three months after the date of the related acquisitions, and whose main purpose is not investment or any other similar purpose, but settling short-term commitments. Bank overdrafts are interest-bearing loans, due on demand, which form part of Mirgor Group's treasury management; therefore, they are also similar to cash equivalents.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash at banks and on hand meeting the abovementioned conditions. Bank overdrafts are booked as interest-bearing loans and borrowings.

For purposes of presentation of the consolidated statement of cash flows, cash and cash equivalents include cash at banks and on hand and short-term deposits meeting the abovementioned conditions, net of bank overdrafts, if any.

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2.4.14. Provisions, contingent liabilities and contingent assets

2.4.14.1. Provisions

Recognition and measurement

Provisions are recognized when (i) there is a present obligation (legal or constructive) as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation.

Where some or all of a provision is expected to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. In these cases, the expense related to any provision is disclosed in the statement of comprehensive income under the line that best reflects the nature of the provision, net of any related reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax market rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the statement of comprehensive income.

Lawsuits and claims

As part of its usual course of business, the Group is exposed to different types of claims, including commercial, labor, tax, social security, foreign exchange and customs claims, as well as other contingent situations arising from legislative interpretations, which could generate a loss and materialize depending on the potential occurrence of one or more events. Upon evaluating these situations, Management bases on its own judgment and that of its internal and external legal counsel, as well as further evidence available as of the related dates. If, upon evaluating the contingency, there is a potential loss and the amount can be estimated reliably, a provision for lawsuits and contingencies will be booked as of the reporting year-end.

2.4.14.2. Contingent liabilities

A contingent liability is: (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Mirgor Group; or (ii) a present obligation that arises from past events but is not recognized because: (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is not recognized in these consolidated financial statements; it is reported in notes, unless the possibility of an outflow of resources to settle such liability is remote. For each type of contingent liability as of the relevant reporting year-end dates, Mirgor Group shall disclose (i) a brief description of the nature of the obligation and, if possible, (ii) an estimate of its financial impact; (iii) an indication of the uncertainties about the amount or timing of those outflows; and (iv) the possibility of obtaining potential reimbursements.

2.4.14.3. Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Mirgor Group.

A contingent asset is not recognized in the consolidated financial statements; it is reported in notes only where an inflow of economic benefits is probable. However, whenever the revenue realization was practically certain, the related asset is not contingent and, therefore, it is appropriate to recognize it. For each type of contingent asset as of the relevant reporting year-end dates, Mirgor Group shall disclose (i) a brief description of the nature thereof and, if possible, (ii) an estimate of its financial impact, if applicable.

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2.4.15. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any noncontrolling interest in the acquiree. For each business combination, Mirgor Group elects whether it measures the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition expenses incurred are charged to the statement of profit or loss for the year under "Other operating expenses."

When Mirgor Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at restated cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Mirgor Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.4.16. Economic context

The Argentine macroeconomic context is characterized by the following main situations:

a) Economic activity

The general economic activity declined in 2019, which remained stable and then intensified due to the COVID-19 pandemic in 2020. Certain sectors experience considerable activity drops, including the interruption of operations. Unemployment rates showed a slight improvement in Q3 standing at 11.7%, according to the latest information provided by the INDEC (Argentine Statistics and Census Institute) in December 2020. To curb the aforementioned effects, the Argentine government established certain financial aids for companies and extended the prohibition to dismiss employees with no fair cause due to the lack of or reduced work and force majeure through late April 2021 but sets the cap for double severance pays at ARS 500,000.

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b) Monetary imbalance

This imbalance was mainly driven by the issuance of currency used to finance the increased public expenditure aimed at subsidies to mitigate the COVID-19 pandemic. Those subsidies were granted through different instruments, such as (i) the Labor and Production Aid Program and the Production Recovery Program, aimed at helping companies pay their salaries; (ii) the family emergency payment aimed at offsetting the loss or reduction of revenues for those affected by the pandemic-related emergency; (iii) a credit line for SMEs with a 24% annual subsidized rate, and (iv) a 0% rate credit line for small taxpayers and self-employed workers. The monetary issuance imbalance is also an inflation factor that favors the increase in the foreign exchange gap.

c) International reserves

The decrease in the international reserves of the BCRA (Central Bank of Argentina), along with an increase in its monetary liabilities, hardened foreign exchange regulations, which imposed restrictions on hoarding and the use of foreign currency and payments abroad, which also led to a material gap between the official exchange rate and that of free negotiation markets.

d) Sovereign debt

A positive aspect has been the agreement reached in August 2020 with foreign private credits for the swap of bonds amounting to USD 63.50 billion and maturing from 2029 to 2046, which allowed extending the first principal and interest payments until 2024, representing a saving of about USD 38 billion in the next 10 years. Simultaneously, the Argentine Congress approved Law No. 27,556, which restructured the Argentine State's issued debt under Argentine law. After this restructuring, the country-risk premium measured by JP Morgan dropped 1,000 basis points, and Standard & Poor's increased Argentina's sovereign credit rating for debt under domestic and international law in foreign currency from "selective default" (SD) to CCC + with stable prospects. The agreement with private creditors allows assuming the new debt settlement program with the IMF under better conditions, which is expected to take longer and may lead to a tax, labor and social security reform.

e) Inflation rate

The domestic consumer price index published by the INDEC accumulated 36.14% during the year.

In its last WEO, the IMF excluded prospects related to Argentine fiscal and inflation variables until 2025, as these variables are related significantly to the negotiations aimed at reaching a new agreement with the IMF.

In the first week of January, the BCRA published the December Market Expectations Survey. The median estimates made by the 43 participants to the Survey disclosed an expected inflation of 48.9% for 2021. This estimate exceeds Government's expectations, which estimated inflation to reach 29% in 2021, according to the 2020 federal budget approved by the Congress on November 17, 2020.

f) Energy policy

The Government announced that it will end the power and gas rate freeze policy and that, as from January 2021, it will implement a new price adjustment process, which may exert pressure on inflation, but will also imply less energy subsidies.

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Foreign exchange market

Limits to hoarding and consumption in foreign currency

The low level of reserves in the BCRA caused the Argentine Government to implement a very restrictive foreign exchange control over the purchase of foreign currency at the single and freely-floating exchange market (MULC, in Spanish). Some of the measures aimed at protecting reserves are:

- a) A monthly USD 200-quota (or the equivalent amount in other currencies) continues to be effective for natural persons as the limit to purchase foreign currency for hoarding, the purchase of goods and services and the international transport of passengers. The quota includes all credit card charges in foreign currency or debit card charges against accounts in Argentine pesos. The charges in foreign currency exceeding the monthly USD 200-quota will be deducted from the monthly quotas of the subsequent months.
- b) To discourage the purchase of US dollars despite of that quota, which leads to the decrease in reserves, two taxes were charged –as an emergency and for the term five tax periods– to the official value of the US dollar in the MULC:
 - (1) tax for an inclusive and supportive Argentina (PAÍS, in Spanish), levied at a 30% rate over the acquisition of foreign currency by all Argentine residents –including natural and artificial persons–, which cannot be computed towards any tax; and
 - (2) an additional 35% tax, computed towards income tax and personal assets tax, levied on the purchase of US dollars charged with the PAÍS tax and any other purchase with foreign currency.

Settlement of payables in foreign currency

Apart from setting limits to hoarding and consumption in foreign currency, foreign exchange regulations set adjustments to the purchases by companies in foreign currency to settle payables assumed in the past in foreign currency, and the BCRA has the power to provide or not provide its consent to certain companies' foreign exchange transactions. In this regard:

- a) By virtue of Comunicado "A" 7030 (May 28, 2020) and supplementary regulations, the BCRA set forth that for a financial institution to grant access to a customer to the MULC to pay the imports of goods or services, the payments of principal and interest from financial payables to foreign parties, and the payment of profits and dividends, among other concepts, the BCRA's previous approval is required. Otherwise, a sworn statement may be issued by the customer, and the institutions shall verify whether the information is consistent with that appearing in the BCRA's online system, in compliance with the following requirements:
 - (1) all the amounts held in foreign currency in Argentina are deposited in a local bank account, and it does not have any liquid external assets available; and
 - (2) it agrees to convert into Argentine pesos through the official market, within 5 days from becoming available, the funds received from abroad as a result of collecting loans granted to third parties, the collection of certificates of deposit and the collections from the sale of any other asset, provided that the asset had been acquired, the deposit had been created or the loan had been granted before May 28, 2020.

Apart from the previous comments, Comunicado "A" 7030, as supplemented, sets forth that the BCRA's prior approval is required to access the MULC to (i) prepay the imports of goods or settle the principal of payables arising from the imports of goods, and (ii) settle foreign debt principal if the creditor is related to the debtor. This requirement originally expired on June 30, 2020, but was deferred on several occasions, and Comunicado "A" 7193 extended it up through March 31, 2021.

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- b) By virtue of Communiqué “A” 7106 (September 15, 2020), the BCRA set forth that private companies with scheduled principal maturities from October 15, 2020, through March 31, 2021, in relation to financial payables to a foreign creditor that is not an affiliate, may access the MULC if they file a refinancing plan with the BCRA based on the following criteria: (i) the net amount for which the foreign exchange market is accessed within the original terms shall not exceed 40% of the principal amount that mature, and (ii) the remaining principal must be refinanced with a new foreign debt with an average life of at least 2 years. This shall not apply to any loans granted by international bodies or related agencies or secured by them, or any loans granted to the debtor by official credit agencies or secured by them, or if the amount for which the foreign exchange market is accessed to settle principal in relation to those loans does not exceed an amount equivalent to one million US dollars per calendar month.
- c) By virtue of Communiqué “A” 7133 (October 9, 2020), the BCRA set forth that a debtor may access the MULC to settle principal over the 40% limit established by Communiqué “A” 7106 if the debtor has converted foreign currency in the MULC as from October 9, 2020, for an amount equal to or exceeding the 40% limit in relation to (i) loans granted by foreign parties, (ii) the issuance of debt securities registered in a foreign public registry, or (iii) the issuance of debt securities registered in a national public registry and denominated in foreign currency, meeting the conditions under foreign currency regulations for such issuance.

In the case of debt securities registered in a national or foreign public registry, issued as from October 9, 2020, with an average life of at least two years, delivered to the creditors and thus allowing to reach the parameters under the refinancing plan required by the regulation, the foreign currency settlement requirement shall be deemed to be met to access the foreign currency market to settle principal and interest.

Measures to finance the State

The federal government implemented a series of measures to prevent a hike in the official US dollar exchange rate and its financial parity in alternative markets, as well as in inflation, which are the variables compromising the macroeconomic balance. These measures include attempting to replace the strategy of financing the fiscal deficit through BCRA's remittances with a more genuine financing method consisting in the placement of Treasury debt instruments in local currency and dollar-linked bonds.

The biddings to place debt began in October with a total collection of about ARS 420 billion, and the Argentine Government set a schedule for new biddings.

Foreign trade

In the search for an increase in the supply of US dollars contributing to stability in the foreign exchange market, the Federal Executive established measures in October 2020 to promote exports with an impact on the mining, industrial and agricultural sectors. Those measures are contained in Presidential Decrees 785/2020, 789/2020 y 790/2020 and basically refer to:

- a) A reduction from 12% to 8% in the rate of exports duties for a series of tariff positions related to the mining sector (gold, doré bar, granite and marble, among others), effective through December 31, 2021.
- b) Amendments to export duties and rebates in the industrial sector, with the following effects: (i) a 0% and 3% reduction in the export duties of certain final industrial products and industrial manufactured supplies (intermediate goods), respectively; (ii) 0% reduction in the export duties of final goods in the automobile sector, provided that these are extraordinary incremental exports in the Mercosur; and (iii) an increase in the lower limit of exports rebates by 7% and 5% in industrial final goods and industrial manufactured supplies (intermediate goods), respectively.

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- c) A provisional reduction in certain export duties rates related to a series of soybean products and subproducts, applicable from October 2020 through January 2021, when export duties will be levied at the rates prior to the reduction. The most outstanding products include soybean grains and derivatives, biodiesel and its mixes, crude and refined soybean oils and soybean hulls.

2.4.17. COVID-19 pandemic

On March 11, 2020, the World Health Organization declared the new coronavirus (COVID-19) outbreak a pandemic. The state of emergency in public health was expanded practically around the world, and the countries took different measures to face it. This situation, as well as the measures adopted, affected the global economic activity significantly, with different effects on countries and business sectors.

On March 19, the Executive established the social, preventive and mandatory lockdown through Presidential Decree No. 297/2020. Certain activities and services were authorized over time as the lockdown was gradually loosened differently on each Argentine region.

In this context and considering the effects on the Argentine macroeconomic context, the Company's Board permanently assesses the economic and financial impact that these measures have on the Company's operations, and defines the appropriate actions to be taken.

The Group's value chain suffered throughout the year, from production to trade, because it had to cancel all its productive activities in the Province of Tierra del Fuego during several lockdown periods, and its main customers' activity was also undermined.

The Company's Board estimates that this situation had adverse effects on the Company's transactions; however, the uncertainty of the effects, the extension and duration of this circumstance do not allow estimating such impact reasonably as of the date of issuance of the accompanying financial statements, which will depend on the seriousness of the health emergency and the success of the present and future measures. The Company continues its assessments to adjust its operating structure to current operating volumes, working along with different oversight agencies, such as the different parties of the industry involved.

As the Argentine or provincial governments exempt people engaged in the activities related to its corporate purpose from complying with the social, preventive and mandatory lockdown, Mirgor is adopting all the measures within its reach to redress its chain value and thus minimize the economic and financial impact.

Finally, as of the date of issuance of these financial statements, there are no restrictions directly affecting the Company's activities, even though it continues to operate under strict safety protocols to protect the health of its employees and general citizens.

2.5. Significant accounting judgments, estimates and assumptions

Preparing the consolidated financial statements in accordance with IFRS requires that Management make and consider the significant accounting opinions, estimates and assumptions that affect the reported figures for assets and liabilities, revenues and expenses, as well as the assessment and presentation of contingent assets and liabilities as of the reporting year-end. In this sense, the uncertainties related to the estimates and assumptions adopted could give rise in the future to final results that could differ from those estimates and require significant adjustments to the reported figures of the assets and liabilities affected.

2.5.1. Judgments

In the process of applying the Mirgor Group's accounting policies, Management has made the following judgments, which have a significant effect on the amounts recognized in these consolidated financial statements.

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Leases. Assessment of the lease term and renewal and termination options:

The Group determines the lease term as the noncancellable term of the lease plus any covered period when the lease has an option to extend the lease if it is reasonably certain that it will be exercised, or any covered period when the lease has an option to terminate the lease agreement if it is reasonably certain that it will not be exercised.

The Group has a significant number of lease agreements with extension or termination options. The Group uses its judgment in determining whether it is reasonably certain that it will renew or terminate its leases by exercising these options. In other words, it assesses all the relevant factors that are an incentive for the Group to extend or terminate a lease agreement. After the beginning of the lease, the Group monitors the lease term if there is a relevant event or change in the circumstances under the Group's control hindering its possibilities of deciding whether to exercise its option to extend or terminate a term.

The Group included no renewal options in the cases when there is not a defined price due to the future uncertainty caused by the negotiation of the agreement, since these options are not exercised in all cases. The Group also shortened the lease term of certain agreements based on future plans that changed the circumstances under which these agreements were negotiated.

Leases. Assessment of the incremental borrowing rate:

The Group does not have the information needed to assess the rate of its lease agreements, so it used, for the initial measurement of the lease liabilities, the incremental borrowing rate. The incremental borrowing rate is the interest rate that the Company would have to pay to acquire an asset of similar value over a similar term and under similar economic conditions. The assessment of this rate requires that estimates be used when there are no observable transactions available or they need to be adjusted to reflect the conditions of the lease.

The Group estimates the incremental borrowing rates of its lease agreements using observable market information when available, and making certain estimates to adjust them to the Group's specific situation.

2.5.2. Significant accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation of uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Mirgor Group based its significant accounting assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or new circumstances arising beyond the control of Mirgor Group. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities that may be recorded in the consolidated statement of financial position cannot be measured according to active market quoted values, their fair value is determined using valuation techniques including the discounted cash flow model.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include the consideration of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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Other significant estimates

The other significant estimates used by Management are mentioned below:

- The collection terms of certain accumulated amounts related to tax credits and their related valuation.
- The useful life, residual values and recoverability of property, plant and equipment, investment properties and intangible assets.
- The likelihood of occurrence and amount of allowances for assets impairment.
- Assumptions used to calculate the fair value of financial assets and liabilities, including credit risk.
- The likelihood of occurrence and amount of contingencies.
- The assumptions used to determine the potential warranty commitments for the products manufactured by Mirgor Group.

2.6. Unappropriated retained earnings (accumulated losses) and own shares

Pursuant to CNV Resolution No. 622/2013, the Company's Board has disclosed the earnings earmarked for the optional reserve separately according to the decisions reached in the respective Shareholders' Meetings. Earnings not specifically appropriated are included in the "Unappropriated retained earnings" account in the statement of changes in equity.

On May 9, 2019, the Company's Board approved the acquisition of its proprietary shares pursuant to section 64 of Capital Market Law and CNV regulations under the terms and conditions detailed below: a) purpose: decrease misstatement between the Company's economic value, measured considering its current businesses and those derived from projects in the pipeline, and the current price of its shares in the market, which harms the Company's and its shareholders' interests; b) maximum amount to be invested: up to ARS 120,000,000 (one hundred and twenty million US dollars), and c) maximum number of shares or equity interest on capital stock to be involved in the acquisition: the maximum percentage of shares to be acquired will be up to 10% of capital stock. Provided that it is consistent with applicable standards, proprietary shares in the Company's portfolio may not exceed, overall, 10% cap of its capital stock. To meet section 64, Law No. 26,831, it is clarified that the shares to be acquired are fully paid-in; d) daily cap for transactions on the Argentine market: according to Law No. 26,831, it will be up to 25% of the average transaction volume per day experienced by shares during the prior 90 (ninety) business days; e) price payable for shares: up to ARS 375 per share in Bolsas y Mercados Argentinos S.A. without compromising its solvency; f) source of funding: the acquisition will be made with realized and liquid income and optional reserves and/or other freely-available reserves; g) term of acquisition: the Company will make the acquisitions for 365 (three hundred and sixty-five) calendar days as from the business day following the disclosure of the purchase in the media, subject to any renewal of the term to be approved by the Board, which will be informed to investors using the same media; h) internal communication: directors, statutory auditors and top managers will be informed that, since the Company's decision to acquire proprietary shares is effective, they cannot sell MIRGOR shares in their possession or held directly or indirectly during the applicable term.

As of December 31, 2020, the Company acquired 2,340,000 shares for a total restated cost of ARS 120,706, which was charged to shareholders' equity.

In addition, on June 18, 2020, the Shareholders' Meeting decided to book an optional reserve for future dividends for 500,000, which, restated as of the date of these financial statements, amounts to 680,703, authorizing the Board to reverse this reserve and decide on the payment of cash dividends as from Q4 if the economic and financial situation so allows, as advised by the Board. On January 12, 2021, the Board approved the reversal of the reserve for 500,000 and the subsequent distribution of cash dividends between Mirgor shareholders proportionately to their holdings.

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2.7. Changes in significant accounting policies

New and amended standards and interpretations

As from the year beginning January 1, 2020, the Group applied, for the first time, certain new and/or amended standards and interpretations as issued by the IASB.

The Group has not applied on an early basis any standard, interpretation or amendment issued but not yet effective as of the date of issuance of these financial statements.

Below is a description of the nature and impact of the abovementioned amendments:

Amendments to IFRS 3 – Definition of a business

In October 2018, the IASB amended the definition of a business in IFRS 3 “Business Combinations” to help entities determine whether an acquired set of activities and assets is a business. It clarifies the minimum requirements to be a business; removes the assessment of a market participant’s ability to replace missing elements; adds guidance to assess whether an acquired process is substantive; reduces the definitions of business and products, and introduces an optional fair value concentration test. The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a process that together significantly contribute to the ability to create outputs.

These amendments were considered in the Group’s financial statements regarding the business combination mentioned in note 24.

Amendments to IFRS 9, IFRS 7 and IAS 39: Interest rate benchmark reform

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 “Financial Instruments: Information to be Disclosed” and concluded the first stage of its work to respond to the potential effects of the IBOR reform on financial reporting. The amendments allow hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate.

These amendments had no impact on the Group’s consolidated financial statements as it has no interest rate hedge transactions.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB published amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” to align the definition of “material information” across the standards and clarify certain aspects of the definition. The new definition establishes that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements. These amendments clarify that materiality will depend on the nature or magnitude of the information, either individually or in combination with other information, in the context of the financial statements.

These amendments had no impact on the Group’s consolidated financial statements.

Amendments to references to the conceptual framework in IFRS standards

The conceptual framework is not a standard and no concept contained therein shall prevail over the concepts or requirements contained in any standard. The purpose of the conceptual framework is to assist the IASB in developing standards, to help financial information preparers to develop consistent accounting policies for areas that are not covered by a standard, and to assist all parties to understand and interpret IFRS. The IASB

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revised a series of standards when it issued the conceptual framework in March 2018, which establishes financial concepts and prepares guidance of standards for financial information preparers to help financial information users better understand it.

These amendments had no impact on the Group's consolidated financial statements.

Amendments to IFRS 16 regarding COVID-19-related rent concessions

In May 2020, the IASB amended IFRS 16 "Leases" that allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether a COVID-19-related rent concession under a lease agreement is a lease modification. A lessee that applies the practical expedient accounts for any change in lease payments from the COVID-19 related rent concession as it would book any change under IFRS 16 if the change were no a lease modification.

These amendments had no impact on the Group's consolidated financial statements.

3. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) ISSUED BUT NOT YET EFFECTIVE

Below are detailed the IFRS which were issued but not effective as of the date of issuance of the Group's consolidated financial statements. In this sense, we include the standards issued that the Group believes will be applicable in the future. The Group intends to adopt these standards when they become effective (not earlier).

IFRS 17 "Insurance Contracts"

In May 2017, the IASB issued IFRS 17 "Insurance Contracts", a new comprehensive accounting standard for insurance contracts covering the recognition, measurement, presentation and disclosure. Once effective, it will replace IFRS 4 Insurance Contracts, issued in 2005. The new standard applies to all types of insurance contracts, regardless of the type of entity issuing them.

IFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Application is allowed provided that the entity also applies IFRS 9 and IFRS 15.

The Company is evaluating the impact that such standard may generate and considers that it will not affect the financial statements significantly.

Amendments to IAS 1: Classification of liabilities as current or noncurrent

In January 2020, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" to clarify requirements for classifying liabilities as current or noncurrent. The amendment clarify: (i) what is meant by a right to defer settlement; (ii) that a right to defer must exist at the end of the reporting period; (iii) that classification is unaffected by the likelihood that an entity will exercise its deferral right, and (iv) that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. These amendments are effective for years beginning January 1, 2023, and should be applied retroactively.

These amendments are not expected to affect the Group's consolidated financial statements.

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Amendments to IFRS 3 – Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 “Business Combinations.” These amendments are mainly intended to replace a reference to the framework for financial reporting, issued in 1989, with a reference to the conceptual framework for financial information issued in March 2018, without changing its requirements drastically. The IASB also added an exception to its recognition principle under IFRS 3 to avoid the problem of day 2 losses or gains from contingent assets and liabilities under the scope of IAS 37 “Provisions, contingent liabilities and contingent assets” or IFRIC 21 “Levies,” should they occur separately. These amendments are effective for years beginning January 1, 2022, and should be applied retroactively.

These amendments are not expected to affect the Group’s consolidated financial statements, unless the Group makes any business combination.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds Before Intended Use

In May 2020, the IASB issued amendments to IAS 16 “Property, plant and equipment”, to prohibit an entity to deduce from the cost of a PP&E item any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, the proceeds from selling such items, together with the costs of producing them, are now recognized in profit or loss. The amendment is effective for years beginning as from January 1, 2022, and should be applied retroactively to PP&E items available for use or after the beginning of the first period filed when the entity applies the amendment for the first time.

The amendment is not expected to affect the Group’s consolidated financial statements.

Amendments to IAS 37 - Onerous Contracts: Cost of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” to specify the costs to be included by an entity upon assessing whether a contract is onerous or generates losses. The amendments apply a directly related cost approach. The costs that are directly related to an agreement to supply the assets or services include incremental costs and allocation of costs that relate directly to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly charged to the counterparty by virtue of the contract. Changes are effective as from the years beginning after January 1, 2022. The Group will apply these amendments to the contracts that have still not met all the obligations at the beginning of the year over which these amendments are applied for the first time.

IFRS 1 Subsidiary as a First-Time Adopter

As part of the 2018-2020 annual improvements to IFRS, the IASB issued an amendment to IFRS 1 “First-Time Adoption of IFRS.” The amendment allows a subsidiary that applies paragraph D16 (a) of IFRS 1 to measure the cumulative translation differences at the amount that would be included in the parent’s financial statements, based on the parent’s date of transition to IFRSs. This amendment also applies to an associate or joint business that applies paragraph D16 (a) of IFRS 1. These amendments are effective for years beginning January 1, 2022, and should be applied retroactively. The amendment is not expected to affect the Group’s consolidated financial statements.

IFRS 9 – Fees in the “10 per cent” Test for Derecognition of Financial Liabilities

As part of the 2018-2020 annual improvements to IFRS, the IASB issued an amendment to IFRS 9 “Financial Instruments.” The amendment clarifies the fees that an entity should include upon assessing whether the terms of a new or amended financial lease are substantially different from the terms of the original financial liability. These fees should only include the fees paid or received between the borrower and lender, including the fees paid or received by the borrower or lender on someone else’s account. An entity will apply the amendment to the financial liabilities that are amended or exchanged at the beginning or after the reporting period when the entity applies the amendment for the first time. These amendments are effective for years beginning

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January 1, 2022, and should be applied retroactively. The Group will apply the amendments to the financial liabilities that are amended or exchanged at the beginning or after the reporting year when the entity applies the amendment for the first time. The amendment is not expected to affect the Group's consolidated financial statements.

IAS 41 – Taxation in fair value measurements

As part of the 2018-2020 annual improvements to IFRS, the IASB issued an amendment to IAS 41 "Agriculture." The amendment removes the requirement contained in paragraph 22 of IAS 41 that the entities exclude cash flows for taxes when they measure the fair value of assets under the scope of IAS 41. These amendments are effective for years beginning January 1, 2022, and should be applied retroactively. This amendment is not applicable to the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, Mirgor Group is organized into business units based on their products and services. Mirgor Group has defined the following segments on which information is provided:

- The auto segment, which produces and trades air conditioning systems and car radios, and provides tire removal services.
- The electronic consumer goods segment, which produces and trades television sets, audio and video equipment and mobile telephones, among other electronic products.
- The agricultural segment.
- The Other services segment that mainly comprises real estate lease activities.

No operating segments have been aggregated to form the above operating segments

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Mirgor Group's financing (including finance costs and finance income) and income tax are managed on a group basis; therefore, they are not allocated to operating segments.

Adjustments and eliminations

Finance income and costs, and fair value gains and losses on financial assets are not charged to individual segments as the underlying instruments are managed on a centralized basis.

Current and deferred income tax charges and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Intersegment revenues and costs, if any, are eliminated upon consolidation.

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The results of each segment and their reconciliation to Mirgor Group's comprehensive income for year ended December 31, 2020, and 2019, are presented below:

Fiscal year ended, December 31, 2020	Automotive ARS 000	Electronics ARS 000	Agriculture ARS 000	Other services ARS 000	Consolidated segments total ARS 000
Revenue	8,934,547	58,231,061	5,101,562	22,532	72,289,702
Industrial promotion benefit	1,359,017	12,363,605	-	-	13,722,622
Total profit	<u>10,293,564</u>	<u>70,594,666</u>	<u>5,101,562</u>	<u>22,532</u>	<u>86,012,324</u>
Profit (loss)					
Depreciation and amortization	(215,190)	(668,618)	-	(2,553)	(886,361)
Operating profit (loss) for the segment	<u>(992,092)</u>	<u>3,094,437</u>	<u>226,411</u>	<u>11,621</u>	<u>2,340,377</u>

Fiscal year ended, December 31, 2019	Automotive ARS 000	Electronics ARS 000	Agriculture ARS 000	Other services ARS 000	Consolidated segments total ARS 000
Revenue	11,330,871	43,816,574	-	49,238	55,196,683
Industrial promotion benefit	2,128,996	9,536,955	-	-	11,665,951
Total profit	<u>13,459,867</u>	<u>53,353,529</u>	<u>-</u>	<u>49,238</u>	<u>66,862,634</u>
Profit (loss)					
Depreciation and amortization	(169,382)	(716,130)	-	(1,961)	(887,473)
Operating profit (loss) for the segment	<u>(514,865)</u>	<u>1,635,857</u>	<u>-</u>	<u>14,146</u>	<u>1,135,138</u>

Assets and liabilities per segment	Automotive ARS 000	Electronics ARS 000	Agriculture ARS 000	Other services ARS 000	Not attributable to a specific business segment ARS 000	Consolidated segments total ARS 000
As of December 31, 2020						
Nonoperating assets						
– Other assets	-	-	-	-	-	-
– Investment in associates	-	-	-	-	1,616,717	1,616,717
– Other financial assets	-	-	-	-	972,637	972,637
– Other nonfinancial receivables	1,192,597	1,868,552	-	382	-	3,061,531
– Deferred tax assets	-	-	-	-	32,918	32,918
– Other financial assets	-	-	-	-	-	-
Total nonoperating assets	<u>1,192,597</u>	<u>1,868,552</u>	<u>-</u>	<u>382</u>	<u>2,622,272</u>	<u>5,683,803</u>
Operating assets	5,534,068	40,293,258	2,061,023	109,910	1,725,101	49,723,360
Total assets	<u>6,726,665</u>	<u>42,161,810</u>	<u>2,061,023</u>	<u>110,292</u>	<u>4,347,373</u>	<u>55,407,163</u>

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Assets and liabilities per segment	Automotive	Electronics	Agriculture	Other services	Not attributable to a specific business segment	Consolidated segments total
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Non-operating liabilities						
– Interest-bearing payables and loans	-	-	-	-	140,566	140,566
– Lease liabilities	-	-	-	-	438,722	438,722
– Provisions for litigation and contingencies	-	-	-	-	430,744	430,744
– Deferred tax liability	-	-	-	-	103,605	103,605
Total non-operating liabilities	-	-	-	-	1,113,637	1,113,637
Operating liabilities	2,973,556	34,220,514	-	2,340	-	37,196,410
Total liabilities	2,973,556	34,220,514	-	2,340	1,113,637	38,310,047
As of December 31, 2019						
Nonoperating assets						
– Investment in associates	-	-	-	-	1,010,335	1,010,335
– Other financial assets	-	-	-	-	-	-
– Other nonfinancial receivables	153,244	179,816	443,400	-	361,033	1,137,493
– Deferred tax assets	-	-	-	-	17,634	17,634
Total nonoperating assets	153,244	179,816	443,400	-	1,389,002	2,165,462
Operating assets	4,728,130	28,752,265	430,406	123,473	-	34,034,274
Total assets	4,881,374	28,932,081	873,806	123,473	1,389,002	36,199,736
Nonoperating liabilities	-					
– Interest-bearing payables and loans	-	-	-	-	248,997	248,997
– Lease liabilities	-	-	-	-	485,777	485,777
– Provisions for litigation and contingencies	-	-	-	-	114,185	114,185
– Deferred tax liability	-	-	-	-	122,605	122,605
Total nonoperating liabilities	-	-	-	-	971,564	971,564
Operating liabilities	1,492,637	22,004,365	-	15,392	-	23,512,394
Total liabilities	1,492,637	22,004,365	-	15,392	971,564	24,483,958

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5. REVENUE

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Sale of goods	67,165,608	55,147,445
Export of assets	5,101,562	-
Lease profit	22,532	49,238
Total revenues from ordinary activities	<u><u>72,289,702</u></u>	<u><u>55,196,683</u></u>

6. COST OF GOODS SOLD AND SERVICES RENDERED

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Stock at beginning of year (*)	12,791,584	16,398,345
Purchases for the year	56,790,369	43,685,538
Operating expenses and services - Note 7	8,146,658	5,769,299
Export duties	935,233	-
Creation of the allowance for inventories obsolescence and impairment in value. Note 14	27,007	304,998
Use of the allowance for inventories obsolescence and impairment in value. Note 14	(131,366)	(339,070)
Stock at end of year (*)	<u>(11,207,293)</u>	<u>(12,791,584)</u>
Cost of goods sold and services rendered	<u><u>67,352,192</u></u>	<u><u>53,027,526</u></u>

(*) Not including raw material in transit or the allowance for impairment in value and obsolescence of inventories (Note 14).

7. OPERATING, ADMINISTRATIVE AND SELLING EXPENSES

	<u>12.31.2020</u>			
	<u>Operating</u>	<u>Administrative</u>	<u>Selling</u>	<u>Total</u>
	<u>expenses and</u>	<u>expenses</u>	<u>expenses</u>	<u>ARS 000</u>
	<u>services</u>	<u>ARS 000</u>	<u>ARS 000</u>	<u>ARS 000</u>
	<u>ARS 000</u>	<u>ARS 000</u>	<u>ARS 000</u>	<u>ARS 000</u>
Salaries & wages	3,726,524	1,090,419	882,760	5,699,703
Payroll taxes and employee benefits	1,105,711	375,484	197,890	1,679,085
Insurance	111,030	354,478	69,719	535,227
Fees	48,554	866,429	213,240	1,128,223
Taxes, rates and assessments	265,573	144,774	2,101,265	2,511,612
Advertising expenses	-	-	579,874	579,874
Credit card commissions	-	-	216,230	216,230
Bank expenses and tax on bank account transactions	-	456,244	-	456,244
Intangible assets amortization	2,763	54,820	21,483	79,066
P&E and investment Facilities depreciations	658,976	92,337	55,981	807,294
Leases and logistics services	35,494	106,453	527,562	669,509
Nationalization and customs clearance expenses	252,368	1,426	325,734	579,528
Maintenance	185,490	29,980	13,081	228,551
Traveling and living expenses	5,520	47,278	3,697	56,495
Transportation, shipping and handling	1,278,275	33,587	729,296	2,041,158
Cleaning and on-premises security expenses	224,543	19,030	22,020	265,593
Royalties	-	-	-	-
Allowance for doubtful accounts	-	-	892,504	892,504
Contingencies	-	66,481	21,741	88,222
Miscellaneous	245,837	145,242	58,731	449,810
Total 12 months	<u><u>8,146,658</u></u>	<u><u>3,884,462</u></u>	<u><u>6,932,808</u></u>	<u><u>18,963,928</u></u>

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	12.31.2019			
	Operating expenses and services	Administrative expenses	Selling expenses	Total
	ARS 000	ARS 000	ARS 000	ARS 000
Salaries & wages	2,561,522	481,111	769,582	3,812,215
Payroll taxes and employee benefits	754,434	179,632	205,930	1,139,996
Insurance	37,636	188,551	50,538	276,725
Fees	42,547	157,682	20,420	220,649
Taxes, rates and assessments	425,179	175,109	1,506,837	2,107,125
Advertising expenses	-	-	108,362	108,362
Credit card commissions	-	-	114,229	114,229
Bank expenses and tax on bank account transactions	49,190	562,713	61,560	673,463
Intangible assets amortization	21,139	51,035	14,669	86,843
P&E and investment Facilities depreciations	581,469	111,538	107,623	800,630
Leases and logistics services	6,520	61,348	274,174	342,042
Nationalization and customs clearance expenses	149,244	9,036	403,312	561,592
Maintenance	140,797	17,185	5,344	163,326
Traveling and living expenses	9,705	32,716	5,127	47,548
Transportation, shipping and handling	627,861	6,023	896,712	1,530,596
Cleaning and on-premises security expenses	169,714	4,610	14,438	188,762
Royalties	-	-	37,414	37,414
Allowance for doubtful accounts	-	-	578,947	578,947
Contingencies	114,185	-	-	114,185
Miscellaneous	78,157	62,895	52,939	193,991
Total 12 months	5,769,299	2,101,184	5,228,157	13,098,640

8. OTHER PROFIT AND EXPENSE

8.1. Other operating profit

	12.31.2020	12.31.2019
	ARS 000	ARS 000
Foreign exchange difference	2,300,520	4,296,792
Total other operating profit	2,300,520	4,296,792

8.2. Other operating expenses

	12.31.2020	12.31.2019
	ARS 000	ARS 000
Foreign exchange difference	(7,287,920)	(8,868,444)
Severance payments	(160,161)	(484,415)
Impairment in value of tax credits	(74,924)	-
Goodwill amortization	-	(314,562)
P&E impairment	(280,000)	-
Total other operating expenses	(7,803,005)	(9,667,421)

8.3. Finance costs

	12.31.2020	12.31.2019
	ARS 000	ARS 000
Interest	(1,236,813)	(304,184)
Foreign exchange difference and net present value	(353,568)	(1,216,374)
Miscellaneous	-	(1,098)
Total finance costs	(1,590,381)	(1,521,656)

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8.4. Finance income

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Profit on short-term deposits	512,816	205,152
Interest	110,442	284,230
Foreign exchange difference and net present value	186,427	1,236,393
Other finance income	27,248	1,055
Total finance income	<u>836,933</u>	<u>1,726,830</u>

8.5. Other expense, net

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Income on sale of P&E	(26,808)	-
Miscellaneous	(43,684)	(10,054)
Total other expense, net	<u>(70,492)</u>	<u>(10,054)</u>

9. INCOME TAX

The major components of income tax expense for the years ended December 31, 2020, and 2019, are:

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Current income tax		
Current income tax charge	(404,970)	(419,260)
Deferred income tax		
Related to the origin and reversal of temporary differences	94,328	94,551
Variation in the allowance for impairment of deferred income tax credit	(60,044)	(175,503)
Income tax for the year	<u>(370,686)</u>	<u>(500,212)</u>

A reconciliation between income tax expense and the product of accounting profit multiplied by the tax rate for years ended December 31, 2020, and 2019, is as follows:

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Profit before income tax	5,757,499	3,392,383
At the 35% statutory tax rate	(1,727,250)	(1,017,715)
Exempt profit due to activities performed in Tierra del Fuego	1,416,608	693,006
Subtotal	<u>(310,642)</u>	<u>(324,709)</u>
Charge from the allowance for impairment of deferred income tax assets	(60,044)	(175,503)
Income tax for the year	<u>(370,686)</u>	<u>(500,212)</u>

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Deferred income tax

Deferred income tax breaks down as follows:

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
	ARS 000	ARS 000	ARS 000	ARS 000
Allowance for impairment in value of inventories	2,639	8	2,631	(3,492)
NOLs to be offset against future taxable income	22,573	64,736	(42,163)	1,557
P&E and investment properties	(6,784)	-	(6,784)	-
Mutual fund valuation	(4,360)	-	(4,360)	-
Present value effect	(4,939)	(1,717)	(3,222)	6,333
Trade receivables	61,569	-	61,569	-
Deferral of the tax adjustment for inflation	270,501	193,745	76,756	-
Inventories valuation	902	10,001	(9,099)	(643)
Allowance for impairment in value of deferred tax asset	(309,183)	(249,139)	(60,044)	(6,185)
Deferred income tax asset	32,918	17,634	15,284	(2,430)
Mutual fund valuation	(4,552)	-	-	-
P&E and investment properties	(99,053)	(122,605)	23,552	(1,214)
Deferred income tax liabilities	(103,605)	(122,605)	23,552	(1,214)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority for the same legal entity.

10. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the fiscal year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding.

Diluted earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary equity holders (after adjusting for interest on the convertible preference shares and other convertible financial instruments that may exist) by the weighted average number of ordinary shares outstanding plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive potential financial instruments, basic and diluted earnings per share coincide.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

	12.31.2020	12.31.2019
	ARS 000	ARS 000
Total net comprehensive income (loss) for the year attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share computations	5,385,948	2,891,454
	12.31.2020	12.31.2019
	In thousands	In thousands
Weighed average number of ordinary shares attributable to basic and diluted earnings per share (in thousands of shares)	177,660	177,660

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting year-end and the date of issuance of these consolidated financial statements.

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11. PROPERTY, PLANT AND EQUIPMENT

Changes in cost of acquisition and accumulated depreciation as of December 31, 2020.

12/31/2020								
Acquisition cost								
Main account	At beginning of year	Additions (1)	Disposals	Adoption of IFRS 16	Addition from acquisition (Note 24)	Transfers	At end of year	
	ARS 000							
Plots of land	41,817	-	-	-	3,089	-	44,906	
Buildings and construction	2,368,820	835	(62,171)	-	1,235,788	-	3,543,272	
Machinery, equipment and tools	6,240,965	238,053	(1,440,591)	-	1,290,707	-	6,329,134	
Vehicles	66,333	112	(107)	-	-	-	66,338	
Furniture and office supplies	309,396	20,676	(89,310)	-	221,286	-	462,048	
Fixtures	1,032,963	24,062	(205,896)	-	-	-	851,129	
Die-stamping	1,160,069	-	(703,133)	-	-	-	456,936	
Computer hardware	529,025	52,790	(13,178)	-	252,803	-	821,440	
Works in process	480,476	180,551	(15,676)	-	6,061	-	651,412	
Rights to use real property	655,197	127,595	(100,945)	-	44,642	-	726,489	
P&E impairment	-	-	-	-	-	-	-	
	<u>12,885,061</u>	<u>644,674</u>	<u>(2,631,007)</u>	<u>-</u>	<u>3,054,376</u>	<u>-</u>	<u>13,953,104</u>	

Depreciation								
Main account	At beginning of year	Average rate	Disposals	Adoption of IFRS 16	Addition from acquisition (Note 24)	Charge for the year	At end of year	Residual value
	ARS 000							
Plots of land	-	-	-	-	-	-	-	44,906
Buildings and construction	638,745	2%	(60,442)	-	285,969	46,111	910,383	2,632,889
Machinery, equipment and tools	4,876,184	10%	(1,414,951)	-	1,083,433	444,781	4,989,447	1,339,687
Vehicles	44,607	20%	(107)	-	1,276	4,658	50,434	15,904
Furniture and office supplies	222,909	20%	(87,642)	-	209,596	33,086	377,949	84,099
Fixtures	807,896	25%	(206,853)	-	-	77,326	678,369	172,760
Die-stamping	1,156,445	20%	(703,062)	-	-	2,414	455,797	1,139
Computer hardware	437,927	20%	(11,340)	-	245,709	63,979	736,275	85,165
Works in process	-	-	-	-	-	-	-	651,412
Rights to use real property	136,567	20%	-	-	29,889	132,386	298,842	427,647
P&E impairment	148,810	-	-	-	-	280,000	428,810	(428,810)
	<u>8,470,090</u>		<u>(2,484,397)</u>	<u>-</u>	<u>1,855,872</u>	<u>1,084,741</u>	<u>8,926,306</u>	<u>5,026,798</u>

(1) Mirgor Group did not capitalize finance costs related to works in progress, as they are considered to be insignificant.

Changes in cost of acquisition and accumulated depreciation as of December 31, 2019.

12/31/2019							
Acquisition cost							
Main account	At beginning of year	Additions (1)	Disposals	Adoption of IFRS 16	Addition from acquisition (Note 23)	Transfers	At end of year
	ARS 000						
Plots of land	41,817	-	-	-	-	-	41,817
Buildings and construction	1,355,218	9,317	-	-	1,003,931	354	2,368,820
Machinery, equipment and tools	4,468,395	502,012	-	-	1,060,232	210,326	6,240,965
Vehicles	44,276	19,331	-	-	2,726	-	66,333
Furniture and office supplies	189,807	41,836	-	-	71,586	6,167	309,396
Fixtures	836,674	64,589	-	-	130,834	866	1,032,963
Die-stamping	490,651	1,229	-	-	668,189	-	1,160,069
Computer hardware	464,307	63,589	-	-	-	1,129	529,025
Works in process	414,484	242,469	-	-	42,365	(218,842)	480,476
Rights to use real property	-	89,160	(117,630)	683,667	-	-	655,197
P&E impairment	-	-	-	-	-	-	-
	<u>8,305,629</u>	<u>1,033,532</u>	<u>(117,630)</u>	<u>683,667</u>	<u>2,979,863</u>	<u>-</u>	<u>12,885,061</u>

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Main account	Depreciation							
	At beginning of year	Average rate	Disposals	Adoption of IFRS 16	Addition from acquisition (Note 23)	Charge for the year	At end of year	Residual value
	ARS 000		ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Plots of land	-	-	-	-	-	-	-	41,817
Buildings and construction	570,647	2%	-	-	17,005	51,093	638,745	1,730,075
Machinery, equipment and tools	3,333,236	10%	-	-	1,082,655	460,293	4,876,184	1,364,781
Vehicles	36,531	20%	-	-	2,728	5,348	44,607	21,726
Furniture and office supplies	112,245	20%	-	-	69,620	41,044	222,909	86,487
Fixtures	632,400	25%	-	-	112,139	63,357	807,896	225,067
Die-stamping	487,669	20%	-	-	665,908	2,868	1,156,445	3,624
Computer hardware	399,827	20%	-	-	-	38,100	437,927	91,098
Works in process	-	-	-	-	-	-	-	480,476
Rights to use real property	-	20%	-	-	-	136,567	136,567	518,630
P&E impairment	148,810	-	-	-	-	-	148,810	(148,810)
	<u>5,721,365</u>		<u>-</u>	<u>-</u>	<u>1,950,055</u>	<u>798,670</u>	<u>8,470,090</u>	<u>4,414,971</u>

(1) Mirgor Group did not capitalize finance costs related to works in progress, as they are considered to be insignificant.

12. INVESTMENT PROPERTIES

Changes in cost of acquisition and accumulated depreciation as of December 31, 2020

12.31.2020

Main account	Acquisition cost		Average rate	Depreciation		
	At beginning /end of year	At beginning of year		Charges for the year	At end of year	Residual value
	ARS 000	ARS 000		ARS 000	ARS 000	ARS 000
Plots of land	25,881	-	-	-	-	25,881
Buildings and construction	152,878	73,375	2%	2,553	75,928	76,950
	<u>178,759</u>	<u>73,375</u>		<u>2,553</u>	<u>75,928</u>	<u>102,831</u>

Changes in cost of acquisition and accumulated depreciation as of December 31, 2019

12.31.2019

Main account	Acquisition cost		Average rate	Depreciation		
	At beginning /end of year	At beginning of year		Charges for the year	At end of year	Residual value
	ARS 000	ARS 000		ARS 000	ARS 000	ARS 000
Plots of land	25,881	-	-	-	-	25,881
Buildings and construction	152,878	71,415	2%	1,960	73,375	79,503
	<u>178,759</u>	<u>71,415</u>		<u>1,960</u>	<u>73,375</u>	<u>105,384</u>

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Net profit from on investment properties delivered under operating leases for the fiscal years ended December 31, 2020, and 2019, were as follows:

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Profit from leases on investment properties	22,532	49,238
Operating expenses (including repair and maintenance) related to leased investment properties	<u>(23,533)</u>	<u>(12,833)</u>
Subtotal	<u>(1,001)</u>	<u>36,405</u>
Income tax	<u>19,920</u>	<u>(22,259)</u>
Net profit arising from investment properties	<u>18,919</u>	<u>14,146</u>

Mirgor Group has no restrictions on the realizability of its investment property and no contractual obligations to either purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Investment properties are measured as described in note 2(4)8 to these consolidated financial statements.

13. INTANGIBLES ASSETS

Changes in cost of acquisition and accumulated amortization

	Software, agreements, patents and licenses	Goodwill	Total
	ARS 000	ARS 000	ARS 000
Acquisition cost			
As of January 1, 2019	349,444	1,064	350,508
Additions for the year	<u>74,232</u>	<u>314,562 (1)</u>	<u>388,794</u>
As of December 31, 2019	<u>423,676</u>	<u>315,626</u>	<u>739,302</u>
Additions for the year	12,382	-	12,382
Addition from acquisition (Note 24)	<u>358,126</u>	<u>-</u>	<u>358,126</u>
As of December 31, 2020	<u>794,184</u>	<u>315,626</u>	<u>1,109,810</u>
Amortization and impairment in value			
As of January 1, 2019	223,527	-	223,527
Amortization charge for the year	<u>86,843</u>	<u>314,562 (1)</u>	<u>401,405</u>
As of December 31, 2019	<u>310,370</u>	<u>314,562</u>	<u>624,932</u>
Addition from acquisition (Note 24)	293,318	-	293,318
Amortization charge for the year	<u>79,066</u>	<u>-</u>	<u>79,066</u>
As of December 31, 2020	<u>682,754</u>	<u>314,562</u>	<u>997,316</u>
Residual value			
As of December 31, 2019	<u>113,306</u>	<u>1,064</u>	<u>114,370</u>
As of December 31, 2020	<u>111,430</u>	<u>1,064</u>	<u>112,494</u>

(1) Including the recognition and charge for the impairment of goodwill for the acquisition of Holdcar S.A. - Note 23.

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14. INVENTORIES

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ARS 000	ARS 000
Raw materials	7,281,993	6,205,499
Finished goods	3,925,300	6,586,085
Subtotal	11,207,293	12,791,584
Raw material in transit	4,456,689	4,149,625
Allowance for obsolescence and impairment in value of inventories	(423,784)	(484,919)
	<u>15,240,198</u>	<u>16,456,290</u>

The changes in the allowance for inventories impairment and obsolescence as of December 31, 2020, and 2019, as detailed below, have been included in cost of goods sold and services provided in the statement of comprehensive income:

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ARS 000	ARS 000
At beginning of year	(484,919)	(302,360)
Increase (1)	(27,007)	(304,998)
Addition from acquisition- Notes 24 and 23	(43,224)	(216,631)
Use (1) (2)	131,366	339,070
At end of year	<u>(423,784)</u>	<u>(484,919)</u>

(1) Charged to the "Cost of sale of goods and services rendered" account within the statement of comprehensive income.

(2) Use for its specific purpose and effect for the gain (loss) on exposure to changes in the currency purchasing power.

15. FINANCIAL ASSETS AND LIABILITIES

15.1. Trade and other receivables

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ARS 000	ARS 000
Current		
Trade receivables	19,266,501	10,143,100
Trade receivables of associates – Nota 18	87	152,194
Allowance for impairment of doubtful accounts (1)	(1,294,094)	(585,027)
	<u>17,972,494</u>	<u>9,710,267</u>

(1) Changes are detailed in note 15.9.

Trade payables are noninterest bearing and their average collection term is generally from 30 to 120 days. The information on the objectives and policies related to Mirgor Group's credit risk management is included in note 19.2.

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Below is a breakdown of trade receivables by due date:

	Total	Without	To fall due	Past due						
				ARS 000	ARS 000	ARS 000	<30 days	30 - 60	61 - 90	90 - 120
12.31.2020	17,972,494	87	15,645,209	1,505,574	398,183	199,092	224,349			
12.31.2019	9,710,267	152,194	9,456,322	48,621	30,589	10,354	12,187			

15.2. Trade and other payables

	12.31.2020	12.31.2019
	ARS 000	ARS 000
Noncurrent		
Other accounts payable	-	188,563
Security deposits	-	135
	-	188,698
Current		
Trade payables	33,507,131	21,000,384
Salaries & wages and payroll taxes payable	1,882,840	1,109,787
Annual statutory bonus and vacation accrual	210,394	104,824
Income tax accrual, net	68,251	215,116
Health and safety assessment	107,280	16,216
Turnover tax payable and withholdings/additional withholdings to be deposited	403,709	121,029
Value-added tax payables and withholdings/additional withholdings to be deposited	78,455	86,114
Excise taxes payable	3,327	-
Other taxes payable	575,408	354,524
Customer prepayments	144,051	122,129
Other accounts payable	201,030	12,304
Royalties payable	5,773	16,067
Directors' fees payable	4,160	8,474
	37,191,809	23,166,968

Terms and conditions of the above liabilities: (i) trade payables are non-interest bearing and are normally settled on 150-day terms; (ii) the other trade payables are non-interest bearing and are normally settled on 30-day terms.

The information on the objectives and policies related to Mirgor Group's liquidity risk management is included in Note 19.3.

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15.3. Interest-bearing debts and borrowings

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ARS 000	ARS 000
Noncurrent		
Bank loans in local currency	-	53,240
Bank loans in foreign currency	43,918	69,304
Total interest-bearing noncurrent debts and borrowings	<u>43,918</u>	<u>122,544</u>
	<u>12.31.2020</u>	<u>12.31.2019</u>
	ARS 000	ARS 000
Current		
Bank loans in local currency	10,311	14,940
Bank loans in foreign currency	86,337	111,513
Total interest-bearing noncurrent debts and borrowings	<u>96,648</u>	<u>126,453</u>

15.4. Lease payables

Right-of-use asset amounts and lease payables are as follows:

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ARS 000	ARS 000
Right-of-use assets	427,647	518,630
Lease payables	438,722	485,777

For further information on the changes in right-of-use assets for the year ended December 31, 2020, and 2019, please refer to note 11. Below is a breakdown of lease liabilities for the abovementioned periods.

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ARS 000	ARS 000
As of December 31, 2019	485,777	697,132
Finance costs - present value	68,492	102,860
Finance costs - Foreign exchange difference	129,624	230,381
Additions	171,752	89,453
Decreases (1)	(416,923)	(634,049)
As of December 31, 2020	<u>438,722</u>	<u>485,777</u>

(1) Including the effects of the restatement for inflation of balances at beginning, deletions and payments for the year.

15.5. Provisions for lawsuits and contingencies

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ARS 000	ARS 000
Noncurrent		
Provisions for lawsuits and contingencies	430,744	114,185
Total provisions for lawsuits and contingencies	<u>430,744</u>	<u>114,185</u>

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15.6. Other financial assets

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Current		
Debt securities	805,800	-
Mutual guarantee company	166,837	-
	<u>972,637</u>	<u>-</u>

15.7. Other financial liabilities

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Current		
Liabilities for forward exchange transactions	4,601	156,728
	<u>4,601</u>	<u>156,728</u>

15.8. Cash and short-term deposits

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Cash on hand and in banks	2,675,936	1,896,478
Short-term investments	6,659,190	1,336,514
To the consolidated statement of financial position	<u>9,335,126</u>	<u>3,232,992</u>

For the purpose of the consolidated statement of cash flow, cash and cash equivalents comprise the following as of December 31, 2020, and 2019:

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Cash on hand and in banks (1)	2,675,936	1,896,478
To the consolidated statements of cash flows	<u>2,675,936</u>	<u>1,896,478</u>

(1) Including USD 14,200,000 delivered as guarantees according to note 19(5) to the consolidated financial statements.

15.9. Impairment of financial assets

Trade and other receivables

As of December 31, 2020, the value of trade receivables for an original carrying amount of 1,294,094 were impaired and fully booked as allowance. The amounts and changes of the allowance for doubtful accounts are detailed below:

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
As of December 31, 2019	585,027	6,080
(Loss) on exposure to change in currency purchasing power	(155,304)	-
Uses	(28,133)	-
Charge for the period	892,504	578,947
As of December 31, 2020	<u>1,294,094</u>	<u>585,027</u>

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15.10. Information on fair values

As of December 31, 2020, and 2019, Management estimates that the carrying amounts of financial assets do not differ significantly from their fair values.

Fair value hierarchy

Mirgor Group uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As of December 31, 2020, Mirgor Group's financial assets measured at fair value were categorized within Level 1, according the previous description.

Hedging operations

It is Mirgor Group's policy to recognize financial instruments as they are considered to be insignificant. During the years ended December 31, 2020, and 2019, agreements were signed to cover the potential devaluations of the Argentine peso in the amount of about USD 198,852,000 and 199,958,000, respectively, since Mirgor Group carries significant payables in foreign currency to industrial suppliers abroad.

As of December 31, 2020, and 2019, the amount payable disclosed under "Other financial liabilities" is 4,601 and 156,728, respectively. They are related to Mirgor Group's industrial activity and were booked at market value and as described in note 2.4 to these consolidated financial statements.

In the fiscal years ended December 31, 2020, and 2019, profit (loss) for these transactions amounted to 167,164 (profit) and 450,406 (profit), respectively, and was disclosed in "Foreign exchange differences" under "Other operating expenses".

15.11. Changes in liabilities from financing activities

	<u>12.31.2019</u>	<u>Variation (1)</u>	<u>Changes other than cash</u>		<u>12.31.2020</u>
			<u>Foreign exchange difference</u>	<u>Accrued interest</u>	
	<u>ARS 000</u>	<u>ARS 000</u>	<u>ARS 000</u>	<u>ARS 000</u>	<u>ARS 000</u>
Bank loans	248,997	(159,984)	28,216	23,337	140,566
Lease liabilities	485,777	(176,679)	129,624	-	438,722

	<u>12.31.2018</u>	<u>Variation (1)</u>	<u>Changes other than cash</u>		<u>12.31.2019</u>
			<u>Foreign exchange difference</u>	<u>Accrued interest</u>	
	<u>ARS 000</u>	<u>ARS 000</u>	<u>ARS 000</u>	<u>ARS 000</u>	<u>ARS 000</u>
Bank loans	4,376	(240,865)	63,489	21,763	248,997
	-	383,431	102,346	-	485,777

(1) Net of gain (loss) on exposure to the change in currency purchasing power.

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15.12. Consolidated financial assets and liabilities in foreign currency

Mirgor Group's consolidated assets and liabilities in foreign currency as of December 31, 2020, and 2019, break down as follows (the respective amounts in foreign currency and the equivalent amounts translated into the presentation currency are presented):

Item	Amounts in thousands and currency		Effective exchange rate	12.31.2020 ARS 000	12.31.2019 ARS 000
ASSETS					
Noncurrent assets					
Other financial assets	USD	-	83.950	-	2,197
				-	2,197
Total noncurrent assets				-	2,197
Current assets					
Cash on hand and in banks					
Cash	USD	40	83.950	3,359	4,116
Cash in banks	USD	23,768	83.950	1,995,328	1,728,871
				1,998,687	1,732,987
Trade and other receivables					
Trade receivables	EUR	95	103.074	9,768	41,956
	USD	92,776	83.950	7,788,532	5,134,853
				7,798,300	5,176,809
Other nonfinancial receivables					
Prepayments to suppliers for the purchase of goods	EUR	830	103.074	85,513	12,617
	USD	28,408	83.950	2,384,861	10,521
	JPY	3,596	0.813	2,923	53
Funds delivered as security	USD	967	83.950	81,188	-
				2,554,485	23,191
Total current assets				12,351,472	6,932,987
Total assets				12,351,472	6,935,184
Liabilities					
Current liabilities					
Interest-bearing payables and loans					
Bank loans	USD	1,026	84.150	86,337	111,513
Lease liabilities	USD	1,609	84.150	135,426	72,175
				221,763	183,688
Trade and other payables					
Trade payables	USD	347,151	84.150	29,212,769	18,803,926
	EUR	1,073	103.530	111,051	152,522
	BRL	3	17.400	55	25,253
	JPY	554	0.8158	452	-
				29,324,327	18,981,701
Total current liabilities				29,546,090	19,165,389
Noncurrent liabilities					
Interest-bearing debts and borrowings					
Bank loans	USD	542	84.150	45,613	69,304
Lease liabilities	USD	2,492	84.150	209,692	367,558
				255,305	436,862
Trade and other payables					
Other accounts payable	USD	2,200	84.150	185,130	149,725
				185,130	149,725
Total current liabilities				440,435	586,587
Total liabilities				29,986,525	19,751,976

References:

EUR: Euro

JPY: Yen

USD: US dollar

BRL: Brazilian real

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The breakdown above includes the amounts arising from transactions in foreign currency as well as amounts arising from transactions conducted in Argentine pesos which will be collected/settled by applying the original nominal value in foreign currency (assessed at the effective exchange rate as of the date when the instrument was issued in pesos) to the value of the respective currency as of the collection/settlement date.

Receivables and payables in foreign currency, including the abovementioned amounts, were calculated in accordance with the parameters stated in the paragraph above, calculating the current values, provided their effects were significant. These amounts were converted into Argentine pesos at the exchange rate effective as of the year-end for the settlement of the related transactions. Foreign exchange differences were charged to profit or loss for each year.

16. OTHER NONFINANCIAL RECEIVABLES

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Noncurrent		
Loans and advances to personnel	70,408	10,909
Turnover tax withholdings and additional withholdings	38,320	-
Payroll taxes to be recovered	-	765
Miscellaneous	14,584	7,155
Allowance for impairment of tax credits	(34,803)	-
	<u>88,509</u>	<u>18,829</u>
Current		
Prepayments to suppliers for the purchase of goods	3,300,434	333,060
Turnover tax withholdings and additional withholdings	414,932	24,503
Income tax balance in favor and withholdings	705,551	14,879
Loans and advances to personnel	65,517	88,286
Funds delivered as security - Note 19	76,391	-
Insurance to be accrued	147,768	128,115
VAT credit	1,371,488	62,567
Prepayment of export duties	133,003	465,904
Miscellaneous	51,554	1,350
Allowance for impairment of tax credits	(1,360,197)	-
	<u>4,906,441</u>	<u>1,118,664</u>

17. CAPITAL STOCK

17.1. Authorized, issued, subscribed, paid-in and registered capital

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>In thousands</u>	<u>In thousands</u>
Authorized ordinary shares		
Ordinary shares at ARS 0.10 per share	180,000	180,000
	<u>180,000</u>	<u>180,000</u>
	<u>In thousands</u>	<u>ARS 000</u>
Issued, subscribed, paid-in and registered ordinary shares		
As of DECEMBER 31, 2020	<u>180,000</u>	<u>18,000</u>
As of December 31, 2019	<u>180,000</u>	<u>18,000</u>

The issued, subscribed, registered and paid-in capital of 18,000 is registered with the Public Registry of Commerce.

For information on the restriction to the distribution of earnings, see note 21.

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18. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties for the relevant fiscal year:

		<u>Trade and other receivables</u>
		ARS 000
Parent company:		
Il Tevere S.A.	12.31.2020	87
	12.31.2019	49
Associate:		
CIAPEX S.A.	12.31.2020	-
	12.31.2019	-
Minera Don Nicolás S.A.	12.31.2020	-
	12.31.2019	152,145

Main parent company

Parent company: Il Tevere S.A.

Registered office: Beauvoir 17, piso 1 – Río Grande – Province of Tierra del Fuego, Antarctica and South Atlantic Islands.

Main activity: Holding company.

Percentage of voting rights: 61,5862%

Percentage of shares: 48.27%.

Terms and conditions of transactions with related parties

Balances at year-end with related parties are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables.

Balances were booked at nominal value because they have no agreed-upon settlement term.

For the year ended December 31, 2020, Mirgor Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at the end of each reporting year by examining the financial position of the related party and the market in which the related party operates.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main financial liabilities of the Group are trade and other payables. The Group strategically decided to settle its financial payable, which was reduced to immaterial loans from the subsidiary Famar Fueguina S.A.

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The main purpose to maintain and increase trade payables is to develop a sustainable short- and middle-term business model, and support investments to continue expanding the Group's businesses. Mirgor Group has trade and other receivables, and cash that arrive directly from its operations. Mirgor Group entered into hedging transactions during this year to reduce the potential risk of a devaluation of the Argentine peso. However, the Group does not apply hedge accounting.

Due to the nature of its operations, Mirgor Group is exposed to market risk, credit risk and liquidity risk.

Mirgor Group's senior management oversees the management of these risks. For this purpose, senior management is supported by Management, which advises on those risks and the most appropriate financial risk governance framework. Management provides assurance to Mirgor Group's senior management that the financial risk-taking activities are governed by appropriate corporate policies and procedures and that those financial risks are identified, measured and managed in accordance with corporate policies and its risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

19.1. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks applicable to Mirgor Group comprise interest rate risk and currency risk. Financial instruments affected by market risk include interest-bearing loans and borrowings, cash deposits, and trade and other receivables.

Interest rate risk

All the financial loans were borrowed by the subsidiary Famar Fueguina S.A. The annual rate for loans in US dollars stood at 7.5% and loans in Argentine pesos were tied to Badlar + an annual 1.5%.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Mirgor Group's exposure to the risk of changes in foreign exchange rates relates to its operating activities (when revenue or expense is denominated in a different currency from the functional currency of Mirgor Group and its subsidiaries.)

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of Mirgor Group's profit before tax.

	Changes in foreign exchange rate	Effect on comprehensive income before tax
12.31.2020	40%	(6,872,235)
	(40%)	6,872,235

Mirgor Group's Management estimates that the market value of inventories, particularly those of the electronic consumer goods segment, is directly affected by the fluctuations in foreign exchange rates; therefore, they help mitigate the exposure to the risk of fluctuations in foreign exchange rates.

MIRGOR S.A.C.I.F.I.A.

19.2. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss. Mirgor Group is exposed to credit risk from its operating activities, primarily for trade receivables. However, Mirgor Group's Management understands that, as of the date of these consolidated financial statements, the credit risk is properly covered by the related allowances and the rest of the customer portfolio of Mirgor Group is made up of companies with strong financial performance.

Trade and other receivables

The Finance Department is in charge of managing customer credit risk subject to policies, procedures and controls relating to Mirgor Group's credit risk management. Customer receivables are regularly monitored. Note the following concentration of credit risk by business:

Automotive segment: in its usual course of business Mirgor S.A.C.I.F.I.A. grants credit to customers, including car manufacturers that concentrate about 99% of the Company's total sales revenues for fiscal year ended December 31, 2020.

Electronic consumer goods segments: The sales of IATEC S.A. and Brightstar Fueguina S.A. of TV sets, audio and video equipment and mobile telephone equipment are mainly sold through retailer chains and the main telecommunication companies in Argentina and are related to the international brands Samsung and LG.

The maximum credit risk does not differ significantly from the receivable amounts included in the consolidated statement of financial position. The need of booking an impairment was assessed as of each reporting year-end, on an individual basis, for the major customers. Management estimates that the related allowance booked as of December 31, 2020, is sufficient to cover the credit risks that will probably be materialized.

Cash

Credit risk from balances with banks and financial institutions is managed by Mirgor Group's Finance Department in accordance with corporate policy. Investments of surplus funds are made only with approved counterparties; in this case, the risk is limited because high-credit-rating banks are involved.

19.3. Liquidity risk

Mirgor Group manages its liquidity to guarantee the funds required to support its business strategy. Short-term financing needs related to seasonal working capital increases are covered through short- and medium-term bank credit lines.

The table below summarizes the maturity profile of financial liabilities related to Mirgor Group based on the undiscounted amounts arising from the respective agreements:

December 31, 2020	On demand	Less than 3 months	From 3 to 12 months	Total
	ARS 000	ARS 000	ARS 000	ARS 000
Interest-bearing payables and loans	-	-	96,648	96,648
Lease liabilities	-	-	184,172	184,172
Trade and other payables	3,989,506	26,649,700	6,552,603	37,191,809
	3,989,506	26,649,700	6,833,423	37,472,629
As of December 31, 2019	On demand	Less than 3 months	From 3 to 12 months	Total
	ARS 000	ARS 000	ARS 000	ARS 000
Interest-bearing debts and borrowings	-	-	126,453	126,453
	-	-	194,146	194,146
Trade and other payables	3,920,960	18,797,391	637,315	23,355,666
	3,920,960	18,797,391	957,914	23,676,265

MIRGOR S.A.C.I.F.I.A.

19.4. Capital management

The objective of the Mirgor Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

Mirgor Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. During the year ended December 31, 2020, no changes were made in the objectives, policies or processes for managing capital.

Mirgor Group manages capital using a gearing ratio, which is net debt divided by total capital plus net debt. Mirgor Group includes in the net debt interest-bearing loans and trade payables, less cash and cash equivalents.

	12.31.2020	12.31.2019
	ARS 000	ARS 000
Interest-bearing payables and loans	96,648	126,453
Lease liabilities	184,172	194,146
Trade payables	33,507,131	21,000,384
Less: Cash on hand and in banks	<u>(2,675,936)</u>	<u>(1,896,478)</u>
Net debt	31,112,015	19,424,505
Equity	<u>17,097,116</u>	<u>11,715,778</u>
Total capital	<u>17,097,116</u>	<u>11,715,778</u>
Total capital and net debt	48,209,131	31,140,283
Indebtedness ratio	65%	62%

19.5. Guarantees granted

On March 11, 2014, IATEC S.A. accepted an offer from the firm Samsung Electronics Co. Ltd. to manufacture mobile cellular radio communication devices under the "Samsung" brand at the plant in Río Grande, Tierra del Fuego. Under such agreement, the Company will jointly and severally secure IATEC S.A.'s obligations with Samsung Electronics Co. Ltd.

On June 2, 2014, IATEC S.A. made an offer to Pioneer do Brasil Ltd. to manufacture electronic products for automobiles under the "Pioneer" brand at its plant in Río Grande, Tierra del Fuego. The Company will jointly and severally secure IATEC S.A.'s obligations with Pioneer do Brasil Ltd.

In 2017, the company IATEC S.A. granted a joint and several bond for a real estate lease in favor of its subsidiary GMRA S.A.

In October 2016, Famar Fueguina posted as security for the loans received from Banco de Tierra del Fuego its own real property identified as lot of land 1, section 145, subsection E, City of Río Grande.

On November 27, 2017, the subsidiary Electrotécnica decided to deliver as security the real property located in Rodney 70, City of Buenos Aires, to subsidiary Famar Fueguina for a loan from Banco de la Ciudad de Buenos Aires with mortgage loan.

On July 20, 2020, Interclima S.A. made a security deposit to Askey Computer Corporation, ensuring such company transactions with Famar Fueguina S.A.

On July 24, 2020, Interclima S.A. made a security deposit to Montaplast GMBH, ensuring such company transactions with the parent Mirgor S.A.C.I.F.I.A.

On October 20, 2020, Mirgor S.A.C.I.F.I.A. secured the funds that its subsidiaries have deposited at Eurobanco and Brightstar Corp's letters of credit from Citibank N.A. Arg. for USD 14,200,000. These letters of credit secure Brightstar Fueguina S.A.'s agreements with foreign suppliers.

MIRGOR S.A.C.I.F.I.A.

20. INTERESTS IN ASSOCIATES

As of December 31, 2020, investments are related to the equity in CIAPEX S.A.

CIAPEX S.A. was organized in Buenos Aires City on July 27, 2012, through an agreement signed with other companies based in Tierra del Fuego engaged in manufacturing electronic products and domestic appliances whereby they undertook to create CIAPEX S.A. guarantee trust to channel monthly contributions assessed on the basis of the imports made. The contributions were earmarked for CIAPEX S.A., a company which purpose will be to foster and finance production projects for exports and/or import substitution.

On March 21, 2013, by virtue of the investment agreement previously mentioned, Sociedad Administradora de Proyectos de Inversión S.A. (SAPI S.A.) was organized, which intends to perform the following activities on its own account and/or on behalf of third parties and/or associated with third parties: create, administer, propose and manage investment projects, with the possibility of providing advice on investment transactions, planning, executing and controlling the development of investment projects, including the negotiation of investment project terms and conditions, to be carried out by CIAPEX S.A. SAPI S.A. was liquidated as of December 31, 2020.

Moreover, the company CIAPEX S.A., through its parent company CIMINAS S.A., has made contributions to the company Minera Don Nicolás S.A., which is mainly engaged in exploiting mining fields. The latter has capitalized all exploration and development costs related to the areas over which it has mining rights, which will be charged to profit as oilfield operation is conducted.

On March 16, 2020, CIAPEX S.A. and its subsidiary CIMINAS S.A. transferred to Cerrado Gold Inc., a Canadian company based in Ontario, Canada, 100% of the shares of Minera Don Nicolás S.A. Cerrado Gold paid USD 15 million upon accepting the offer that formalizes the agreement and undertook to settle the outstanding balance of the agreed-upon price in three equal and consecutive installments of USD 10 million each, falling due within 24 months, 48 months and 60 months as from the aforementioned date, and an installment of USD 2 million within 36 months as of that same date.

Moreover, related to guarantee trust CIAPEX S.A., on December 20, 2019, the parties entered into a record of agreement termination, stating that it is extinguished due to the expiry of the minimum term and its extensions. On May 26, 2020, the interim financial statements for the period ended April 30, 2020, of Fideicomiso de Garantía CIAPEX S.A. (en liquidación) were issued for liquidation and termination. As of the date of these financial statements, the company is liquidated and the registration with the IGJ (Argentine business associations regulatory agency) is cancelled.

The information on the abovementioned entities as of December 31, 2020, and 2019, is as follows:

<u>Company</u>	<u>Business activity</u>	<u>Equity</u>	<u>Profit for the period</u>	<u>Percentage in the capital stock</u>	<u>Carrying amount as of 12.31.2020</u>	<u>Carrying amount as of 12.31.2019</u>
CIAPEX S.A. (1)	Investment and financing	3,239,310	53,853	49.91%	1,616,717	1,009,635
SAPI S.A.	Administrative, advisory and management	-	-	-	-	29
CIAPEXSA guarantee trust	Guarantee trust	-	-	-	-	671
Total					<u>1,616,717</u>	<u>1,010,335</u>

(1) Related to 84,285,232 Class "A" shares, granting one vote each, and 24,497,104 Class "B" shares, granting five votes each. The carrying amount as of December 31, 2019, includes an allowance for impairment for 192,570.

MIRGOR S.A.C.I.F.I.A.

21. EARNINGS DISTRIBUTION

Restriction to the distribution of earnings

According to Argentine General Business Association Law No. 19,550, CNV regulations and the Company's by-laws, 5% of net income for the year shall be used to increase the statutory reserve until this reserve amounts to 20% of the capital stock. The Company reached the aforementioned limit. This reserve will not be available for dividends.

When dividends are paid in cash or in kind, in excess of taxable income assessed as provided for in Income Tax Law, such excess shall be subject to a 35% withholding as single and definitive payment. Earnings which are not subject to income tax as a result of the benefits provided by Law No. 19,640 are not subject to equalization tax. The withholding will no longer apply to dividends related to income accrued for the tax years beginning as from January 1, 2018.

22. MIGOR GROUP'S TAX SITUATION

22.1. Industrial promotion

MIRGOR S.A.C.I.F.I.A.

The Company enjoys the benefits of the Industrial Promotion System provided by Law No. 19,640 as regards the assets and for the activities performed in Tierra del Fuego. Accordingly, the Company is entitled to certain tax and customs duties benefits, which through Presidential Decree No. 1,234/2007, were extended through 2023, and include:

- a) Income tax: The earnings attributable to Tierra del Fuego are subject to a 100% income-tax payment exemption under sections 1 and 4(a) of Law No. 19,640.
- b) Value-added tax: Company sales in Tierra del Fuego are exempt from this tax, while sales made on the Argentine mainland are subject to VAT at the rate for such tax. Customers are charged for this tax. The computable presumed tax credit is equivalent to the one resulting from applying the rate on 100% of the net sale price to the customer on the mainland, while the actual tax credit originated in the Argentine mainland is not computable.
- c) Tax credit certificates: Under Law No. 23,697, the Federal Government suspended the tax benefits during 1989 and 1990. Thus, the Company made payments on account of capital tax and VAT which, under such law, would be reimbursed to the Company through Debt Consolidation Bonds.

DGI (Argentine tax bureau) General Resolution No. 3,838/94 regulated the manner in which the abovementioned bonds would be obtained. On September 17, 1996, the DGI advised the Company of the recognition of an amount in favor of the Company. In addition, the Company recorded a 149 (un-restated historical value) credit related to the reimbursement of VAT to be requested by other procedures.

The Ministry of Economy and Public Services and Works established through Resolution No. 580/96 that the credits against the Federal Government emerging from the suspension of the industrial promotion established in Law No. 23,697 and prior to April 1, 1991, will be settled through the delivery of Debt Consolidation Bonds. On May 19, 1997, the Company was advised that the DGI provisionally recognized the amount indicated above.

- d) Customs duties and statistical rate: Not paid by the Company for all the inputs imported and used in its operations in Tierra del Fuego under Law No. 19,640.

MIRGOR S.A.C.I.F.I.A.

- e) Export rebates in Argentine pesos: Under Law No. 19,640, exports from the mainland to Tierra del Fuego enjoy the benefit of exports rebates. Due to the delay in payment by the Federal Government, the Company filed collection requests with Customs Authorities. Although such requests had unfavorable resolutions at the administrative stages (the proceedings are currently in the Customs Legal and Technical Department awaiting the issuance of the respective formal opinions), the Company's legal counsel and Management understand that the transactions were carried out within the regulatory framework of Law No. 19,640 and, consequently, it would be entitled to collect the rebates that the regulation then-effective established.

INTERCLIMA SA

The subsidiary Interclima S.A. is benefitted by a promotional industrial system that is similar to that of MIRGOR S.A.C.I.F.I.A., with the purpose of manufacturing electronic items.

IATEC SA

The subsidiary IATEC S.A. is included in the system set forth by Presidential Decree No. 490/2003, issued within the framework of Laws No. 19,640 and 25,561, to manufacture TV sets, video recorders and/or players, audio systems, residential and commercial air conditioning systems, microwave ovens, computer screens, radio-communication equipment, mobile and wireless telephones at the industrial plant located in the City of Río Grande, Tierra del Fuego.

Such laws, as amended, provides for promotional benefits for industrial activities involving transformation and assembly processes applied to inputs imported by IATEC S.A. and developed in Tierra del Fuego for sales on the Argentine mainland through December 31, 2023.

The Department of Industry, Commerce and Small- and Medium-Sized Enterprises, of the Ministry of Economy and Production of Argentina, issued Resolution No. 307/2008 and then Resolutions No. 239/2010, 72/2011 and 09/2012, resolving the extension of the project set forth originally by Resolution No. 468/2006 increasing the mobile telephone production cap to 4,000,000 units and maintaining the microwave and television production cap at 300,000 and 180,000 units, respectively, also extending the maximum term within which to start up the project and expanding the plant's investment, minimum production and minimum employee headcount requirements. Resolution No. 579/2014 increased the mobile telephone annual production cap to 5,000,000 units. Through files SO1:0037863/2015 and SO1:0158883, an increase to 7,000,000 and 400,000 mobile telephones and TV sets was requested, respectively, after meeting the commitments related to investment, working capital and minimum headcount contracted as of the date of these financial statements. Moreover, Resolution No. 579/2014 increased the mobile telephone annual production cap to 5,000,000 units.

During the fiscal year ended December 31, 2012, the Department of Industry within the Argentine Ministry of Industry issued Resolution No. 216/2012 allowing IATEC S.A. to manufacture portable computers (notebooks and netbooks), establishing a minimum production of 30,000 units, a production cap of 180,000 units and additional investment and minimum headcount requirements at its industrial plant.

During the fiscal year ended December 31, 2013, the Department of Industry within the Argentine Ministry of Industry issued Resolution No. 307/2013 increasing the quota for video recorder, player and audio system manufacturing, establishing a minimum production of 15,000 units and a production cap of 195,000 units for video recorders and players and 214,000 units for audio systems.

The abovementioned resolutions establish that the promoted project must be carried out through to a total investment of 195,297, out of which 61,097 relate to investments in fixed assets and the rest relates to investments in working capital. IATEC S.A. is partially or totally exempt, as the case may be, from income tax, VAT and customs duties arising from the import of raw materials and the export of finished products from Tierra del Fuego.

Failure to comply with the minimum investment, production and headcount requirements will give rise to the penalties set forth in the abovementioned legislation. The Company's Management understands that there are no breaches of the industrial promotion system.

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FAMAR FUEGUINA S.A.

The subsidiary FAMAR FUEGUINA S.A. is benefitted by a promotional industrial system that is similar to that of MIRGOR S.A.C.I.F.I.A., with the purpose of manufacturing electronic items.

The Department of Industry, reporting to the Ministry of Economy, issued Resolution No. 46/84 that authorizes FAMAR FUEGUINA S.A. to submit to the governors' office of the former Territory of Tierra del Fuego, Antarctica and South Atlantic Islands the final project for the installation of an industrial plant to manufacture several models of car radios. Resolution No. 741 of October 15, 1986, issued by the Ministry of Finance of the aforementioned territory authorizes the benefit granted by the system under Law No. 19,640.

In 1995, an electronics specialization project was approved by Resolution No. 28/1995.

In 1998, through Resolution No. 539/1998, a project to replace Presidential Decree No. 479/1995 was approved to replace AM radios with automotive electronic control modules, that authorizes the production of an annual cap of 1,200,000 units.

In 2002, Resolution No. 9/2002 approved the replacement of Presidential Decree No. 479/1995 to replace auto reverse AM radio cassette players with portable radio communication equipment, that authorizes the production of an annual cap of 900,000 units in three shifts.

In 2019, the project to replace Presidential Decree No. 479/1995 to replace auto reverse AM/FM radio cassette players with modems was approved.

BRIGHTSTAR FUEGUINA S.A.

Subsidiary BRIGHTSTAR FUEGUINA S.A. is benefitted by a promotional industrial system that is similar to that of IATEC S.A.

On June 17, 2004, the Department of Industry, Commerce and SMEs, reporting to the Argentine Ministry of Economy and Production, issued Resolution No. 146/2004, whereby the Company was included in such system.

The Company is partially or totally exempt, as the case may be, from income tax, VAT and customs duties arising from the import of raw material and the export of finished products from the Province of Tierra del Fuego, Antarctica and Southern Atlantic Islands.

Failure to comply with the minimum and maximum investment, production and headcount requirements will give rise to the penalties set forth in the abovementioned legislation. The Board understands that it met all the requirements during the open periods to be entitled to the tax benefits computed.

23. ACQUISITION OF THE EQUITY INTEREST IN HOLDCAR S.A.

To expand its businesses, on August 15, 2019, the Company acquired the control of 100% of Holder S.A.'s shareholding that also includes the shareholding of Famar Fueguina S.A. and Electrotécnica Famar S.A.

Famar Fueguina S.A. is a company domiciled in the Province of Tierra del Fuego, that conducts manufacturing activities and supply of parts to the auto industry, mainly radios and infotainment equipment, as well as other consumer electronics products.

MIRGOR S.A.C.I.F.I.A.

Under IFRS, the following chart discloses the summarized financial information at fair value on the investment as of August 15, 2019, in Holdcar S.A.:

	ARS 000
Property, plant and equipment	1,130,113
Other nonfinancial receivables	276,792
Inventories	406,555
Trade and other receivables	93,245
Cash and short-term deposits	15,287
Total assets	<u>1,921,992</u>
Contingencies	(24,212)
Interest-bearing debts and borrowings	(987,902)
Trade and other payables	(1,057,636)
Total liabilities	<u>(2,069,750)</u>
Total net assets identified at fair value	<u>(147,758)</u>
Goodwill from the acquisition	314,562
Purchase price at present value	<u>166,804</u>

As of December 31, 2019, the Company' Board, based on the recoverability analysis, decided to book an allowance for the impairment in value of goodwill to reduce the value of such asset up to its recoverable value, in order to leverage the operating synergies between Mirgor Group companies and the acquired companies to reverse the situation.

As of year-end, the amount payable related to the acquisition of Holdcar S.A. is disclosed in "Other accounts payable" (current).

Besides, ARS 138,506 are pending payment for the acquisition of Holdcar S.A. as of this year-end. This amount is disclosed in "Other accounts payable" (noncurrent).

24. ACQUISITION OF THE EQUITY INTEREST IN BRIGHTSTAR ARGENTINA S.A. AND BRIGHTSTAR FUEGUINA S.A.

To expand its businesses, on October 22, 2020, the Company acquired the control of 100% of the shareholding of Brightstar Argentina S.A. and Brightstar Fueguina S.A.

Brightstar Fueguina S.A. is a company based in Tierra del Fuego that manufactures and trades mobile phones under Samsung and LG brands under the system governed by Law No. 19,640. Brightstar Argentina S.A. is a company engaged in the provision of technical services related to the exchange and repair of mobile telephones, and the trade of various consumer electronic products and accessories from a broad array of brands, among others.

MIRGOR S.A.C.I.F.I.A.

Under IFRS, the following chart discloses the summarized financial information at fair value on the investment as of October 22, 2020, in Brightstar Argentina S.A. and Brightstar Fuegoína S.A.:

<u>Fair value upon acquisition</u>	
ARS 000	
Property and equipment	1,198,504
Intangible assets	64,808
Investment in associates	869,920
Other nonfinancial receivables	396,007
Trade and other receivables	1,986,620
Other financial assets	179,003
Inventories	3,606,678
Cash and short-term deposits	830,181
Total assets	<u>9,131,721</u>
Lease liabilities	(10,985)
Trade and other payables	(6,136,539)
Other financial liabilities	-
Accrued litigations and contingencies	(298,748)
Deferred tax liability	(1,448)
Total liabilities	<u>(6,447,720)</u>
Total net assets identifiable at fair value	<u>2,684,001</u>
Purchase value (*)	-
Beneficial share purchase	<u>2,684,001</u>

(*) Related to USD 1 (one US dollar).

The fair value of accounts receivable from customers amounts to 1,986,620. The gross amount of accounts receivable from customers stands at 2,012,403 and the total contractual amounts is expected to be collected.

The Group measures its lease liabilities acquired using the present value of remainder lease payments at acquisition date. Right-of-use assets were measured by an amount equal to lease liabilities and adjusted to reflect the favorable lease terms in relation to market conditions.

The Group recognized an impairment of certain tax credits of Brightstar Argentina S.A. and Brightstar Fuegoína S.A., to reduce their carrying amount to the estimated recovery value based on the Group's intended use. The fair value of PP&E was determined based on market valuations of plots of land and buildings of Brightstar Argentina S.A. and Brightstar Fuegoína S.A.

Intangible assets are related to the portfolio of customers added in relation to LG's mobile phone business, which is being added by the Group through the acquisition, and meets the recognition requirements of IAS 38.

Contingent liabilities were recognized at a fair value of 298,748 as of the date of acquisition derived from estimates made the acquired companies' legal advisors.

As from acquisition date, Brightstar Argentina and Brightstar Fuegoína S.A. contributed revenue and the industrial promotion benefit to the Group for 3,868,082 and a net loss after taxes from continuing operations for 100,257. Had the business combination been made at the beginning of the year, revenue and the industrial promotion benefit for continuing operations would have amounted to 14,805,963 and the net loss after taxes would have stood at about 1,383,407.

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25. CORPORATE REORGANIZATION

On December 4, 2020, Mirgor's Board approved Mirgor's merger with Holdcar S.A. ("Holdcar") and Interclima S.A. ("ICSA"), so that Mirgor absorbs all the assets, liabilities, rights and obligations of such companies, which shall be dissolved without liquidation as a result of the merger pursuant to section 82 et. seq., Argentine General Business Associations Law. This would be executed under the tax neutrality terms pursuant to section 80 and related sections, Income Tax Law, as it is a reorganization within a group of companies; therefore, CNV provisions and Bolsas y Mercados Argentinos S.A. listing regulations also apply.

This reorganization will allow member companies to reap huge operating and economic advantages related to the achievement of higher operating efficiency and the enhanced use of available resources and technical, administrative and financial structures. The way in which the companies greatly complement one another will be capitalized to reduce costs from the duplication and overlapping of operating and administrative structures. The existing relationship between Mirgor and its subsidiaries Holdcar and ICSA, derived from the corporate control exerted by Mirgor over such companies, also justifies the aforementioned reorganization, which will also involve a direct equity in Famar Fueguina S.A. and GMRA S.A. and a 100% equity in Industria Austral de Tecnología S.A., removing Holdcar and ICSA, respectively, as intermediate companies which existence is unnecessary.

26. ORGANIZATION OF MIRGOR INTERNACIONAL S.A.

To expand and diversify the Group's businesses in the region, in December 2020, a company was organized in Uruguay to channel new investments in Latin America. To such end, after analyzing several alternatives and to streamline such process, the Company acquired Lorfoy Trading S.A., a vehicle already registered with Uruguayan authorities, which process to change its name to Mirgor Internacional S.A. has already began. The Company will thus be able to centralize in Uruguay its potential expansion across the region.

27. SUBSEQUENT EVENTS

Except for that mentioned in notes 2(6) and 25, no additional relevant events that should be reported took place after year-end.

28. EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH

These Financial statements are the English translation of those issued in Spanish. They are presented in accordance with IFRS.

The Effects of the differences between IFRS and GAAP of countries in which the accompanying financial statements may be used not have been assessed.

MIRGOR S.A.C.I.F.I.A.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	Notes	<u>12.31.2020</u> ARS 000	<u>12.31.2019</u> ARS 000
Revenue	6	9,388,984	6,264,370
Industrial promotion benefit		768,990	1,179,367
Cost of sale of goods	7	<u>(9,245,732)</u>	<u>(5,930,465)</u>
Gross profit		912,242	1,513,272
Other operating profit	9	220,467	23,992
Administrative expenses	8	(583,104)	(440,204)
Selling expenses	8	(1,304,273)	(1,484,673)
Other operating expenses	9	<u>(605,275)</u>	<u>(867,263)</u>
Operating loss		(1,359,943)	(1,254,876)
Finance costs	9	(80,312)	(64,501)
Finance income	9	85,613	77,121
Gain on exposure to the change in currency purchasing power		1,406,388	2,142,172
Other expense, net	9	(3,358)	(16,281)
Beneficial share purchase		2,672,562	-
Share of profit of associates, net	4	<u>2,700,593</u>	<u>2,008,780</u>
Net profit for the year before income tax		5,421,543	2,892,415
Income tax	10	<u>(35,595)</u>	<u>(961)</u>
Total comprehensive income (loss) for the year, net		<u>5,385,948</u>	<u>2,891,454</u>

Earnings per share (Note 11):

– basic and diluted, net income (loss) for the year attributable to ordinary equity holders of the parent's equity	29.92	16.06
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MIRGOR S.A.C.I.F.I.A.

SEPARATE STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2020

	Notes	<u>12.31.2020</u> ARS 000	<u>12.31.2019</u> ARS 000
Assets			
Noncurrent assets			
Property and equipment	12	322,613	586,857
Intangible assets	13	20,347	44,903
Interest in subsidiaries	4	19,642,729	14,416,579
Other nonfinancial receivables	16	33,834	12,230
		<u>20,019,523</u>	<u>15,060,569</u>
Current assets			
Other nonfinancial receivables	16	2,662,077	689,291
Inventories	14	996,231	1,807,210
Trade and other receivables	15	921,723	794,898
Cash and short-term deposits	15	426,505	88,794
		<u>5,006,536</u>	<u>3,380,193</u>
Total assets		<u>25,026,059</u>	<u>18,440,762</u>
Equity and liabilities			
Shareholders' equity			
Issued capital		18,000	18,000
Capital adjustment		178,582	178,582
Own shares		(120,706)	(120,706)
Additional paid-in capital		122,826	122,826
Profit set apart for reserves		11,512,466	8,621,011
Unappropriated retained earnings (accumulated losses)		5,385,948	2,891,455
Total equity		<u>17,097,116</u>	<u>11,711,168</u>
Noncurrent liabilities			
Interest-bearing debts and borrowings	15	28,987	43,138
Provisions for lawsuits and contingencies	15	56,151	44,722
Trade and other payables	15	14,884	201,747
		<u>100,022</u>	<u>289,607</u>
Current liabilities			
Interest-bearing debts and borrowings	15	19,439	16,922
Trade and other payables	15	7,568,831	6,194,402
Interest in subsidiaries	4	240,651	228,663
		<u>7,828,921</u>	<u>6,439,987</u>
Total liabilities		<u>7,928,943</u>	<u>6,729,594</u>
Total equity and liabilities		<u>25,026,059</u>	<u>18,440,762</u>

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**SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

	Attributable to owners								Total equity ARS 000
	Other capital accounts convertible into shares				Other shareholders' equity components				
	Capital stock ARS 000	Capital adjustment ARS 000	Own shares (Note 2.6 to the consolidated financial statements) ARS 000	Additional paid-in capital ARS 000	Statutory reserve ARS 000	Other reserves ARS 000	Optional reserve ARS 000	Unappropriated retained earnings (accumulated losses) ARS 000	
As of January 1, 2020	18,000	178,582	(120,706)	122,826	17,301	238,622	8,365,088	2,891,455	11,711,168
Increase in the statutory, optional and other reserves, as resolved at the Regular Shareholders' Meeting of June 18, 2020	-	-	-	-	22,015	680,703	2,188,737	(2,891,455)	-
Comprehensive income for the year, net	-	-	-	-	-	-	-	5,385,948	5,385,948
As of December 31, 2020	18,000	178,582	(120,706)	122,826	39,316	919,325	10,553,825	5,385,948	17,097,116

	Attributable to owners								Total equity ARS 000
	Other capital accounts convertible into shares				Other shareholders' equity components				
	Capital stock ARS 000	Capital adjustment ARS 000	Own shares (Note 2.6 to the consolidated financial statements) ARS 000	Additional paid-in capital ARS 000	Statutory reserve ARS 000	Other reserves ARS 000	Optional reserve ARS 000	Unappropriated retained earnings (accumulated losses) ARS 000	
As of January 1, 2019	18,000	178,582	-	122,826	17,301	564,641	8,532,541	(167,452)	9,266,439
Purchase of proprietary shares	-	-	(120,706)	-	-	-	-	-	(120,706)
Cash dividends distribution provided for by the Board of Directors Meeting held April 26, 2019	-	-	-	-	-	(326,019)	-	-	(326,019)
Increase in the optional reserve, as resolved at the Regular Shareholders' Meeting of April 26, 2019	-	-	-	-	-	-	(167,453)	167,453	-
Comprehensive income for the year, net	-	-	-	-	-	-	-	2,891,454	2,891,454
As of December 31, 2019	18,000	178,582	(120,706)	122,826	17,301	238,622	8,365,088	2,891,455	11,711,168

MIRGOR S.A.C.I.F.I.A.

SEPARATE STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	<u>12.31.2020</u> ARS 000	<u>12.31.2019</u> ARS 000
Operating activities		
Comprehensive income for the year before income tax and minimum presumed income tax	5,421,543	2,892,415
Accrued interest	10,459	13
Adjustments to reconcile the comprehensive net income (loss) for the year with net cash flows		
P&E depreciation	71,773	105,073
Amortization of intangible assets	26,134	28,881
P&E impairment	180,349	-
Increase in the allowance for inventories obsolescence	30,551	48,850
Goodwill amortization	-	314,562
Beneficial share purchase	(2,672,562)	-
(Profit) loss on share of profit of associates, net	(2,700,593)	(2,008,780)
Loss on exposure to the change in currency purchasing power	132,393	18,476
Adjustment of operating assets and liabilities		
Decrease in trade and other receivables, net of receivables from related companies	(320,792)	367,840
Increase in inventories, net of the obsolescence charge	780,428	(232,116)
Increase in other nonfinancial receivables, net of income tax charge	(2,029,985)	(544,466)
(Decrease) Increase in trade and other payables, net of payables to related companies	519,983	(286,934)
Dividends paid	11,429	-
Net cash flows provided by operating activities	<u>(538,890)</u>	<u>703,814</u>
Investing activities		
Acquisitions of P&E, net	(11,104)	(88,662)
P&E retirements	23,226	-
Intangible asset acquisitions	(1,578)	(41,377)
(Increase) Decreases of short-term deposits	(220,094)	15,622
Capital contributions to subsidiaries	(1,725,099)	-
Dividends collected	1,884,092	-
Net cash flows (used in) arising from investing activities	<u>(50,557)</u>	<u>(114,417)</u>
Financing activities		
Increase in loans, net	(22,093)	16,574
Interest expense	-	(13)
Decrease in receivables from/payables to related companies	861,550	(164,009)
Dividends paid	-	(326,019)
Purchase of own shares	-	(120,706)
Net cash flows used in financing activities	<u>839,457</u>	<u>(594,173)</u>
Gain on exposure to the change in currency purchasing power	<u>(132,393)</u>	<u>(18,476)</u>
Decrease in cash and cash equivalents, net	<u>117,617</u>	<u>(23,252)</u>
Cash and cash equivalents as of January 1	6,086	29,338
Cash and cash equivalents as of DECEMBER 31, 2020	<u>123,703</u>	<u>6,086</u>

MIRGOR S.A.C.I.F.I.A.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES OF THE COMPANY

The separate financial statements of Mirgor S.A.C.I.F.I.A. (hereinafter, “the Company”) for the year ended December 31, 2020, were authorized for issue in accordance with a resolution of the Company’s Board of Directors on March 18, 2021.

MIRGOR S.A.C.I.F.I.A. is a “sociedad anónima” (corporation) organized under Argentine laws, with registered domicile at Einstein 1111, Río Grande, Province of Tierra del Fuego, Antarctica and South Atlantic Islands (hereinafter, “Tierra del Fuego”), whose Class C shares are listed in the BCBA (Buenos Aires stock exchange).

The Company mainly engages in the manufacture of air quality and temperature control equipment for the automobile sector and in Q3 2019, it started exporting to the agricultural sector. Through its subsidiaries (jointly with the Company, the “Mirgor Group”) it also engages in the manufacture and trade of TV sets, mobile phones and car; real estate leases, and the provision of warehousing and technical support services for the automobile and electronic consumer goods industries, among other activities. Note 4 to these consolidated financial statements discloses operating segment information. Parent company information is included in note 18.

2. BASIS OF PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

2.1. Professional accounting standards applied

The Company prepares its separate financial statements in accordance with the Argentine professional accounting standards effective in the Province of Tierra del Fuego and current CNV regulations, as approved by General Resolution No. 622 (as amended in 2013), whereby stock and/or corporate bond issuers, subject to certain exceptions, are required to prepare their financial statements under FACPCE Technical Resolution No. 43 (as amended), which set forth the adoption of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), while other entities may opt to use IFRS or the IFRS for SMEs replacing current Argentine professional accounting standards.

2.2. Basis of preparation

These separate financial statements for the year ended December 31, 2020, were prepared in agreement with the same basis of preparation described in note 2.2. to the consolidated financial statements as of that date.

2.3. Summary of significant accounting policies

The significant accounting policies applied by the Company in preparing its separate financial statements are consistent with the significant accounting policies applied in preparing the Company’s related annual consolidated financial statements as of December 31, 2020, which are described in note 2(4) to such statements.

2.4. Significant accounting judgments, estimates and assumptions

The significant judgments, estimates and assumptions used for the preparation of these separate financial statements are consistent with those described in note 2.5 to the consolidated financial statements as of December 31, 2020.

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3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The IFRS applicable as from January 1, 2020, and those not effective as of the date of issuance of the Company's separate financial statements were described in note 2(7) and 3, respectively, to the consolidated financial statements as of December 31, 2020.

4. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

The Company holds direct and indirect interests in the following subsidiaries:

Subsidiary	(Direct and indirect) equity interest percentage in common stock as of:		Main business activity		
	12.31.2020	12.31.2019			
Interclima S.A.	100	99.9667	Logistics services and investing in companies		
Capdo S.A.	100	100	Real estate agency		
IATEC S.A.	100	100	Electronic products		
GMRA S.A.	100	100	Trading company		
HOLDCAR S.A.	100	100	Investing in companies		
FAMAR FUEGUINA S.A.	100	100	Electronic products for the automobile industry		
ELECTROTÉCNICA FAMAR S.A.C.I.I.E.	100	100	Electronic products for the automobile industry		
BRIGHTSTAR ARGENTINA S.A.	100	-	Electronic products		
BRIGHTSTAR FUEGUINA S.A.	100	-	Electronic products		
MIRGOR INTERNACIONAL S.A.	100	-	Holding company		
	ICSA	CAPDO	IATEC	GMRA	HOLDCAR
	12.31.2020	12.31.2020	12.31.2020	12.31.2020	12.31.2020
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Equity under professional accounting standars	14,645,062	145,640	15,411,842	53,476	(132,327)
Adjustment to reach IFRS values	(229,828)	-	(254,499)	(889)	-
Noncontrolling interests	760,365	-	-	-	(2,608)
Equity under IFRS	15,175,599	145,640	15,157,343	52,587	(134,935)

MIRGOR S.A.C.I.F.I.A.

	<u>FAMAR</u>	<u>BASA</u>	<u>BFSA</u>	<u>INTERNACIONAL</u>
	<u>12.31.2020</u>	<u>12.31.2020</u>	<u>12.31.2020</u>	<u>12.31.2020</u>
	ARS 000	ARS 000	ARS 000	ARS 000
Equity under professional accounting standars	(406,883)	(82,297)	2,480,584	1,725,099
Adjustment to reach IFRS values	-	-	5,179	-
Noncontrolling interests	-	-	-	-
Equity under IFRS	<u>(406,883)</u>	<u>(82,297)</u>	<u>2,485,763</u>	<u>1,725,099</u>

As described in note 24 to the consolidated financial statements, to expand its businesses, on October 22, 2020, the Company acquired the control of 100% of the shareholding of Brightstar Argentina S.A. and Brightstar Fueguina S.A.

Brightstar Fueguina S.A. is a company based in Tierra del Fuego that manufactures and trades mobile phones under Samsung and LG brands under the system governed by Law No. 19,640. Brightstar Argentina S.A. is a company engaged in the provision of technical services related to the exchange and repair of mobile telephones, and the trade of various consumer electronic products and accessories from a broad array of brands, among others. For further detail on the treatment afforded to business combinations, please see note 24 to the consolidated financial statements.

The subsidiaries Holdcar S.A., Famar Fueguina S.A. and Brightstar Argentina S.A. carry negative equity and working capital as of December 31, 2020. The Company's Board stated its commitment to continue supporting the subsidiary financially and taking necessary action to allow it to comply with the requirements under Argentine General Business Associations Law with regard to maintaining certain equity ratios.

5. OPERATING SEGMENT INFORMATION

Operating segment information was presented in note 4 to the consolidated financial statements as of December 31, 2020.

6. REVENUES

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ARS 000	ARS 000
Sale of goods	4,287,422	6,264,370
Export of assets	5,101,562	-
Total revenues from ordinary activities	<u>9,388,984</u>	<u>6,264,370</u>

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7. COST OF GOODS SOLD AND SERVICES RENDERED

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ARS 000	ARS 000
Stock at beginning of year (*)	1,715,603	1,522,675
Purchases for the year	6,140,357	4,661,964
Operating expenses - Note 8	1,380,001	1,437,679
Export duties	935,233	-
Booking of the allowance for inventories obsolescence and impairment in value	30,551	48,850
Use of the allowance for inventories obsolescence and impairment in value	(45,092)	(25,100)
Stock at end of year (*)	<u>(910,921)</u>	<u>(1,715,603)</u>
Cost of sale of goods	<u>9,245,732</u>	<u>5,930,465</u>

(*) Not including raw material in transit or the allowance for impairment in value and obsolescence of inventories.

8. OPERATING, ADMINISTRATIVE AND SELLING EXPENSES

Account	12.31.2020				12.31.2019			
	Operating expenses	Administrative expenses	Selling expenses	Total	Operating expenses	Administrative expenses	Selling expenses	Total
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Salaries & wages	610,842	162,980	395,487	1,169,309	659,567	164,994	389,513	1,214,074
Payroll taxes and employee benefits	152,808	72,094	86,982	311,884	194,937	60,196	71,065	326,198
Insurance	10,082	19,464	2,987	32,533	9,612	6,424	9,262	25,298
Fees	9,705	56,105	386	66,196	22,256	25,593	538	48,387
Taxes, rates and assessments	27,506	79,959	60,753	168,218	13,217	79,208	144,826	237,251
Advertising expenses	-	-	17,349	17,349	-	-	14,741	14,741
Bank expenses and tax on bank account transactions	-	52,778	-	52,778	47,331	15,746	-	63,077
Intangible assets amortization	-	26,134	-	26,134	15,350	13,531	-	28,881
P&E depreciations	56,522	14,577	674	71,773	89,347	14,626	1,100	105,073
Leases and logistics services	17,330	5,079	210,648	233,057	8,265	1,744	72,330	82,339
Nationalization and customs clearance expenses	159,237	-	-	159,237	55,017	8,699	60,979	124,695
Maintenance	30,357	2,196	59	32,612	33,994	4,302	478	38,774
Traveling and living expenses	1,699	10,467	35	12,201	1,781	12,264	549	14,594
Transportation, shipping and handling	225,620	-	526,443	752,063	180,272	10	714,675	894,957
Cleaning and on-premises security expenses	27,749	1,093	-	28,842	37,342	3,994	-	41,336
Contingencies	-	23,301	-	23,301	44,722	-	-	44,722
Miscellaneous	50,544	56,877	2,470	109,891	24,669	28,873	4,617	58,159
Total 12 months	<u>1,380,001</u>	<u>583,104</u>	<u>1,304,273</u>	<u>3,267,378</u>	<u>1,437,679</u>	<u>440,204</u>	<u>1,484,673</u>	<u>-</u>
Total 12 months 12.31.2019	<u>1,437,679</u>	<u>440,204</u>	<u>1,484,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,362,556</u>

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9. OTHER INCOME AND EXPENSE

9.1. Other operating profit

	<u>12.31.2020</u> ARS 000	<u>12.31.2019</u> ARS 000
Foreign exchange difference	220,467	23,992
Total other operating profit	<u>220,467</u>	<u>23,992</u>

9.2. Other operating expenses

	<u>12.31.2020</u> ARS 000	<u>12.31.2019</u> ARS 000
Severance payments	(99,049)	(206,177)
Foreign exchange difference	(325,877)	(346,524)
P&E impairment	(180,349)	-
Goodwill amortization	-	(314,562)
Total other operating expenses	<u>(605,275)</u>	<u>(867,263)</u>

9.3. Finance costs

	<u>12.31.2020</u> ARS 000	<u>12.31.2019</u> ARS 000
Interest accrued on payables and loans	(10,459)	(13)
Present value	(44,229)	(64,488)
Other finance costs	(25,624)	-
Total financial costs	<u>(80,312)</u>	<u>(64,501)</u>

9.4. Finance income

	<u>12.31.2020</u> ARS 000	<u>12.31.2019</u> ARS 000
Present value	217	24,367
Other finance income	85,396	52,754
Total financial income	<u>85,613</u>	<u>77,121</u>

9.5. Other net expenses

	<u>12.31.2020</u> ARS 000	<u>12.31.2019</u> ARS 000
Miscellaneous	(3,358)	(16,281)
Total other income, net	<u>(3,358)</u>	<u>(16,281)</u>

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10. INCOME TAX

Tax Reform Law No. 27,430, as amended by Law No. 27,468, effective for the years beginning on or after January 1, 2018, establishes the following provisions for the tax adjustment for inflation:

- a) The adjustment shall be applied to the fiscal year in which the consumer price index, general level, exceeds 100% over the 36 months preceding the closing of the tax year subject to the calculation.
- b) As to the first, second and third tax year as from the effective date, the procedure shall be applicable if the variation of such index, calculated from the beginning to the end of each of those tax years, exceeds 55%, 30% and 15% in the first, second and third year of application, respectively.
- c) The positive or negative tax adjustment for inflation, as the case may be, is related to the first and second tax years beginning as from January 1, 2018, which is to be calculated in the event that the cases provided for by subsections (a) and (b) above, 1/3 (one third) shall be computed in that such period and the remaining 2/3 (two thirds), in equal parts, in the 2 (two) immediately subsequent tax periods."

In addition, Law No. 27,541 on Social Solidarity and Production Reactivation of December 23, 2019, establishes that the positive or negative adjustment for inflation, as the case may be, for the first year beginning January 1, 2019, to be calculated if the cases mentioned in points (a) and (b) above are met should be charged a sixth to that tax period and the remaining five sixths, in equal parts, to the following five tax periods in nominal currency, whereas the 100% of the adjustment may be deducted in the year in which it is assessed for the years beginning January 1, 2021. This does not bar the computation of the remaining prior-year thirds, mentioned in point (c) above.

A reconciliation between income tax expense and the product of accounting profit multiplied by the tax rate for years ended December 31, 2020, and 2019, is as follows:

	<u>12.31.2020</u> ARS 000	<u>12.31.2019</u> ARS 000
Comprehensive income for the year before income tax	5,421,543	2,892,415
At the 35% statutory tax rate	(1,626,463)	(867,725)
Tax-exempt income from activities carried out in Tierra del Fuego at the statutory tax rate	1,593,129	875,337
Subtotal	(33,334)	7,612
Charge from the allowance for impairment in value of deferred income tax assets	(2,261)	(8,573)
Income tax for the year	(35,595)	(961)

Separate statement of profit or loss

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

11. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the fiscal year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding.

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Diluted earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares and other convertible financial instruments) by the weighted average number of ordinary shares outstanding plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive potential financial instruments, basic and diluted earnings per share coincide.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

	<u>12.31.2020</u> <u>ARS 000</u>	<u>12.31.2019</u> <u>ARS 000</u>
Total net comprehensive income for the year attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share computations	<u>5,385,948</u>	<u>2,891,454</u>
	<u>12.31.2020</u> <u>In thousands</u>	<u>12.31.2019</u> <u>In thousands</u>
Weighed average number of ordinary shares attributable to basic and diluted earnings per share (in thousands of shares)	<u>177,660</u>	<u>177,660</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting year-end and the date of issuance of these separate financial statements.

12. PROPERTY, PLANT AND EQUIPMENT

Changes in cost of acquisition and accumulated depreciation as of December 31, 2020

<u>Main account</u>	<u>12.31.2020</u>					
	<u>Acquisition cost</u>					
	<u>At beginning of year</u> <u>ARS 000</u>	<u>Additions (1)</u> <u>ARS 000</u>	<u>Disposals</u> <u>ARS 000</u>	<u>Transfers</u> <u>ARS 000</u>	<u>Adoption of IFRS 16</u> <u>ARS 000</u>	<u>At end of year</u> <u>ARS 000</u>
Plots of land	3,462	-	-	-	-	3,462
Buildings and construction	455,382	-	(1,572)	-	-	453,810
Machinery, equipment and tools	1,019,445	6,108	(7,266)	-	-	1,018,287
Vehicles	31,595	-	(107)	-	-	31,488
Furniture and office supplies	61,598	58	(193)	-	-	61,463
Fixtures	183,230	322	(564)	-	-	182,988
Die-stamping	358,421	-	(1,228)	-	-	357,193
Computer hardware	294,020	528	(871)	-	-	293,677
Rights to use real property	67,053	-	-	-	-	67,053
Works in process	14,544	4,088	(15,149)	-	-	3,483
P&E impairment	-	-	-	-	-	-
	<u>2,488,750</u>	<u>11,104</u>	<u>(26,950)</u>	<u>-</u>	<u>-</u>	<u>2,472,904</u>

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Main account	12.31.2020						
	Depreciation						
	At beginning of year	Average rate	Disposals	Transfers	Charges for the year	At end of year	Residual value
	ARS 000		ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Plots of land	-	-	-	-	-	-	3,462
Buildings and construction	217,959	2%	(348)	-	6,507	224,118	229,692
Machinery, equipment and tools	810,558	20%	(1,086)	-	36,292	845,764	172,523
Vehicles	31,595	20%	(107)	-	-	31,488	-
Furniture and office supplies	40,948	20%	(253)	-	2,348	43,043	18,420
Fixtures	159,078	25%	(156)	-	4,183	163,105	19,883
Die-stamping	357,316	20%	(1,212)	-	59	356,163	1,030
Computer hardware	270,076	20%	(562)	-	7,983	277,497	16,180
Rights to use real property	14,363	-	-	-	14,401	28,764	38,289
Works in process	-	-	-	-	-	-	3,483
P&E impairment	-	-	-	-	180,349	180,349	(180,349)
	<u>1,901,893</u>		<u>(3,724)</u>	<u>-</u>	<u>252,122</u>	<u>2,150,291</u>	<u>322,613</u>

(1) Mirgor Group did not capitalize finance costs related to works in progress, as they are considered to be insignificant.

Changes in cost of acquisition and accumulated depreciation as of December 31, 2019

Main account	12.31.2019					
	Acquisition cost					
	At beginning of year	Additions (1)	Disposals	Transfers	Adoption of IFRS 16	At end of year
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Plots of land	3,462	-	-	-	-	3,462
Buildings and construction	453,810	1,572	-	-	-	455,382
Machinery, equipment and tools	919,664	58,179	-	41,602	-	1,019,445
Vehicles	31,111	484	-	-	-	31,595
Furniture and office supplies	58,849	2,749	-	-	-	61,598
Fixtures	177,474	5,756	-	-	-	183,230
Die-stamping	357,192	1,229	-	-	-	358,421
Computer hardware	275,327	18,693	-	-	-	294,020
Rights to use real property	-	-	-	-	67,053	67,053
Works in process	56,146	-	-	(41,602)	-	14,544
	<u>2,333,035</u>	<u>88,662</u>	<u>-</u>	<u>-</u>	<u>67,053</u>	<u>2,488,750</u>

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Main account	12.31.2019					
	Depreciation					
	At beginning of year ARS 000	Average rate	Disposals ARS 000	Charges for the year ARS 000	At end of year ARS 000	Residual value ARS 000
Plots of land	-	-	-	-	-	3,462
Buildings and construction	205,983	2%	-	11,976	217,959	237,423
Machinery, equipment and tools	758,359	20%	-	52,199	810,558	208,887
Vehicles	30,472	20%	-	1,123	31,595	-
Furniture and office supplies	37,643	20%	-	3,305	40,948	20,650
Fixtures	153,659	25%	-	5,419	159,078	24,152
Die-stamping	354,709	20%	-	2,607	357,316	1,105
Computer hardware	255,995	20%	-	14,081	270,076	23,944
Rights to use real property	-	-	-	14,363	14,363	52,690
Works in process	-	-	-	-	-	14,544
	<u>1,796,820</u>		<u>-</u>	<u>105,073</u>	<u>1,901,893</u>	<u>586,857</u>

(1) Mirgor Group did not capitalize finance costs related to works in progress, as they are considered to be insignificant.

13. INTANGIBLE ASSETS

Changes in cost of acquisition and accumulated amortization

	Software, patents and licenses ARS 000	Goodwill ARS 000	Total ARS 000
Acquisition cost			
As of January 1, 2019	110,432	1,063	111,495
Additions for the year (1)	41,377	314,562	355,939
As of December 31, 2019	151,809	315,625	467,434
Additions for the period	1,578	-	1,578
As of December 31, 2020	153,387	315,625	469,012
Amortization and impairment in value			
As of January 1, 2019	79,088	-	79,088
Amortization charge for the year (1)	28,881	314,562	343,443
As of December 31, 2019	107,969	314,562	422,531
Amortization charge for the year	26,134	-	26,134
As of DECEMBER 31, 2020	134,103	314,562	448,665
Net carrying amount			
As of December 31, 2019	43,840	1,063	44,903
As of DECEMBER 31, 2020	19,284	1,063	20,347

(1) Including the addition and charge for goodwill impairment from the acquisition of Holdcar S.A., respectively.

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14. INVENTORIES

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Raw materials	562,205	998,723
Finished goods	348,716	716,880
Subtotal	<u>910,921</u>	<u>1,715,603</u>
Raw material in transit	206,613	227,451
Allowance for obsolescence and impairment of inventories	<u>(121,303)</u>	<u>(135,844)</u>
	<u>996,231</u>	<u>1,807,210</u>

The changes in the allowance for inventories impairment and obsolescence as of December 31, 2020, and 2019, as detailed below, have been included in cost of goods sold and services provided in the separate statement of comprehensive income:

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
At beginning of year	(135,844)	(112,094)
Increase (1)	(30,551)	(48,850)
Use (1) (2)	45,092	25,100
At end of year	<u>(121,303)</u>	<u>(135,844)</u>

(1) Charged to the "Cost of sale of goods and services rendered" account within the statement of comprehensive income.

(2) Use for its specific purpose and effect for the gain (loss) on exposure to changes in the currency purchasing power..

15. FINANCIAL ASSETS AND LIABILITIES

15.1. Trade and other receivables

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Current:		
Trade receivables	452,203	131,411
Trade receivables of associates - Note 18	469,520	663,487
	<u>921,723</u>	<u>794,898</u>

For the terms and conditions of receivables from related parties, refer to note 18. Trade payables are non-interest bearing and their average collection term is generally from 30 to 60 days. The information on the objectives and policies related to the Company's risk management is included in note 19.2 to the consolidated financial statements as of December 31, 2020.

Below is a breakdown of trade receivables by due date:

	<u>Total</u>	<u>Without due date</u>	<u>To fall due</u>	<u>Past due</u>		
				<u><30 days</u>	<u>31 - 60 days</u>	<u>61 - 90 days</u>
	<u>ARS 000</u>	<u>ARS 000</u>	<u>ARS 000</u>	<u>ARS 000</u>	<u>ARS 000</u>	<u>ARS 000</u>
12.31.2020	921,723	469,520	340,269	111,934	-	-
12.31.2019	719,841	663,487	-	-	24,640	31,714

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15.2. Trade and other payables

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ARS 000	ARS 000
Noncurrent:		
Trade receivables of associates - Note 18	14,884	13,184
Other accounts payable	-	188,563
	<u>14,884</u>	<u>201,747</u>
Current:		
Trade payables	1,262,812	917,102
Trade payables of associates - Note 18	5,539,576	4,873,693
Salaries & wages and payroll taxes payable	489,286	334,107
Annual statutory bonus and vacation accrual	39,354	28,150
Health and safety assessment	1,939	1,617
Turnover tax payable and withholdings/additional withholdings to be deposited	11,894	4,979
Income tax accrual	27,261	-
Value-added tax payables and withholdings/additional withholdings to be deposited	1,024	15,184
Approved dividends pending payment	-	627
Approved dividends pending payment to associates. Note 18	-	672
Other taxes payable	8,414	12,074
Customer prepayments	118	-
Other accounts payable	185,142	-
Directors' fees payable	2,011	6,197
	<u>7,568,831</u>	<u>6,194,402</u>

Terms and conditions of the above liabilities: (i) trade payables are noninterest bearing and are normally settled on 60-day terms; (ii) the other trade payables are non-interest bearing and are normally settled on 30-day terms, and (iii) interest payable is generally settled on a quarterly basis throughout the year.

The information on the objectives and policies related to the Company's risk management is included in note 19.2 to the consolidated financial statements as of December 31, 2020.

15.3. Lease liabilities

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ARS 000	ARS 000
Noncurrent		
Lease liabilities in foreign currency	28,987	43,138
Total lease liabilities	<u>28,987</u>	<u>43,138</u>
Current		
Lease liabilities in foreign currency	19,439	16,922
Total lease liabilities	<u>19,439</u>	<u>16,922</u>

15.4. Provisions for lawsuits and contingencies

	<u>12.31.2020</u>	<u>12.31.2019</u>
	ARS 000	ARS 000
Noncurrent		
Accrued litigations and contingencies	56,151	44,722
Total accrued litigation and contingencies	<u>56,151</u>	<u>44,722</u>

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15.5. Cash and short-term deposits

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Cash on hand and in banks	123,703	6,086
Short-term investments	302,802	82,708
To the separate statement of financial position	<u>426,505</u>	<u>88,794</u>

For the purpose of the separate statement of cash flows, cash and cash equivalents comprise the following:

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
Cash on hand and in banks	123,703	6,086
To the separate statement of cash flows	<u>123,703</u>	<u>6,086</u>

15.6. Impairment of financial assets

Trade and other receivables

As of December 31, 2020, the Company booked no allowance for doubtful accounts. The changes in the allowance for impairment in value of accounts receivable are detailed below.

	<u>12.31.2020</u>	<u>12.31.2019</u>
	<u>ARS 000</u>	<u>ARS 000</u>
At beginning of year	-	3,101
(Loss) on exposure to change in currency purchasing power	-	(1,085)
Uses	-	(2,016)
At end of year	<u>-</u>	<u>-</u>

15.7. Information on fair values

As of December 31, 2020, and 2019, the carrying amounts of financial assets do not differ significantly from their fair values.

– Derivative transactions

It is the Company's policy to recognize financial instruments as long as they are considered to be immaterial. During the fiscal years ended December 31, 2020, and 2019, the Company did not sign this type of agreements.

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15.8.Reconciliation of liabilities provided by (used in) financing activities

	12.31.2019	Variation (1)	Changes other than cash	12.31.2020
	ARS 000	ARS 000	Accrued interest ARS 000	ARS 000
Lease liabilities	60,060	(22,093)	10,459	48,426

	12.31.2018	Variation (1)	Changes other than cash	12.31.2019
	ARS 000	ARS 000	Accrued interest ARS 000	ARS 000
Bank loans	4,376	16,559	13	-
Lease liabilities	-	60,060	-	60,060

(1) Net of gain (loss) on exposure to the change in currency purchasing power.

15.9.Assets and liabilities in foreign currency

The main financial assets and liabilities stated in foreign currency have been disclosed in note 15.12 to the consolidated financial statements.

16. OTHER NON-FINANCIAL RECEIVABLES

	12.31.2020	12.31.2019
	ARS 000	ARS 000
Noncurrent		
Loans and advances to personnel	14,908	10,909
Payroll taxes to be recovered	-	193
Deferred income tax credit	59,106	56,846
Allowance for impairment in value of deferred income tax credit	(59,106)	(56,846)
Miscellaneous	18,926	1,128
	33,834	12,230
Current		
Prepayments to suppliers for the purchase of goods	2,183,594	153,244
Turnover tax withholdings and additional withholdings	64,255	17,980
Loans and advances to personnel	23,571	22,496
Insurance to be accrued	3,352	-
VAT credit	271,259	47,080
Prepayment of export duties	115,676	443,400
Miscellaneous	370	5,091
	2,662,077	689,291

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17. SOCIAL STOCK, CAPITAL RESERVES AND OTHER EQUITY COMPONENTS

The breakdown of the social stock issued, subscribed and paid-in, capital adjustments, issuances premiums, statutory reserve and other equity components were disclosed in note 17 to the consolidated financial statements as of December 31, 2020.

18. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties for the year ended December 31, 2020, and 2019:

		Accounts receivable *	Accounts payable *	Loans granted net of settled payables	Dividends earned (paid)	Sales. / (Purchases)	Other services	Salaries & wages and severance payments	Fees
		ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Associate:									
Interclima S.A.	12.31.2020	15,110	-	(68,397)	1,795,974	(74,131)	-	-	-
	12.31.2019	113,686	-	(28,305)	-	(58,564)	-	-	-
IATEC S.A.	12.31.2020	-	5,514,253	(1,934,444)	100,633	(10,642)	-	-	-
	12.31.2019	-	4,873,573	(357,109)	-	(4,380)	-	-	-
CAPDO S.A.	12.31.2020	-	14,884	(5,200)	-	-	-	-	-
	12.31.2019	-	13,184	7,320	-	-	-	-	-
GMRA S.A.	12.31.2020	-	25,323	(25,244)	-	(4,700)	-	-	-
	12.31.2019	12	120	4,113	-	-	-	-	-
Il Tevere S.A.	12.31.2020	36	-	-	-	-	-	-	-
	12.31.2019	49	672	(12,104)	(157,369)	-	-	-	-
Famar Fueguina S.A.:	12.31.2020	454,374	8,138	42,433	-	-	-	-	-
	31.12.2019	549,740	-	549,740	-	-	-	-	-
Holdcar S.A. (1)	12.31.2020	-	132,327	-	-	-	-	-	-
	31.12.2019	-	228,663	-	-	-	-	-	-
Brightstar Argentina S.A. (1)	12/31/2020	-	100,186	-	-	-	-	-	-
	12/31/2019	-	-	-	-	-	-	-	-
Key management personnel:									
Directors	12.31.2020	-	-	-	-	-	-	65,243	7,299
	12.31.2019	-	-	-	-	-	-	64,105	8,723

(1) Related to the Company's proportional interest in the negative equity of Holdcar S.A., Famar Fueguina S.A. and Brightstar Argentina S.A.

Main parent company

Parent company: Il Tevere S.A.

Registered office: Beauvoir 17, piso 1 – Río Grande – Province of Tierra del Fuego, Antarctica and South Atlantic Islands.

Main activity: Holding company.

Percentage of voting rights: 61.5862%

Percentage of shares: 48.27%.

Subsidiaries

The Company holds equity in the companies and in the percentages of capital stock disclosed in note 4 to the separate financial statements.

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Terms and conditions of transactions with related parties

The terms and conditions of transactions with related parties was disclosed in note 18 to the consolidated financial statements as of December 31, 2020.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, MARKET RISK, CREDIT RISK, LIQUIDITY RISK, CAPITAL MANAGEMENT AND GUARANTEES GRANTED

The notes on market risk, credit risk, liquidity risk, capital management and guarantees granted are briefly described in the notes 19(1), 19(2), 19(3), 19(4) and 19(5) to the consolidated financial statements as of December 31, 2020.

20. RESTRICTIONS TO THE DISTRIBUTION OF EARNINGS

Restrictions to distribution of earnings were described in note 21 to the consolidated financial statements as of December 31, 2020.

21. TAX SITUATION OF THE COMPANY

The conditions and characteristics of the industrial promotion of the Company were described in note 22.1 to the consolidated financial statements as of December 31, 2020.

22. SAFEGUARDING OF BOOKS

In compliance with effective CNV regulations (General Resolution No. 629/2014), we advise that the corporate books (Shareholders' Meeting Minutes, Board of Directors' Meeting Minutes, Audit Committee's Meeting Minutes, Share Deposit and Shareholders' Meeting Attendance and Statutory Audit Committee Meetings Minutes books) and the statutory accounting records (the journal, auxiliary journals and inventory and financial statements book) are safeguarded at the Company's offices in Miñones 2177, PB, City of Buenos Aires City, and Einstein No. 1111, Río Grande, Tierra del Fuego.

Moreover, we advise that the remaining documents supporting the transactions and the accounting and corporate records are distributed between the Company's administrative offices and the following provider of third-party documentation safekeeping and preservation services: ADEA Administradora de Archivos S.A., CUIT: 30-68233570-6, Address: Ruta Provincial 36, KM 31,5, Florencio Varela, Province of Buenos Aires.

23. SUBSEQUENT EVENTS

The most important subsequent events were described in note 27 to the condensed consolidated financial statements as of December 31, 2020.