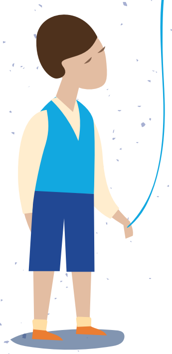
70 YEARS LOOKING TO THE FUTURE

2020 ANNUAL REPORT AND FINANCIAL STATEMENTS

As of December 31, 2020
60th Fiscal Year



ARCOR group

70 Years Looking to the Future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ANNUAL REPORT AND FINANCIAL STATEMENTS

60th Fiscal Year

ARCOR group

MESSAGE FROM OUR PRESIDENT

The year 2020 was marked by a sizable economic crisis and ongoing uncertainty due to the peculiar and unknown scenario brought about by the pandemic and the coronavirus (COVID-19). According to the IMF's estimates, the global economy has experienced an unprecedented decline in the current century, particularly, during the first months of the lockdown. Against this backdrop, global GDP decreased 3.5% during the year.

Similarly, in the United States and Europe, the IMF estimated that in 2020 economic activity will have plummeted by 3.4% and 7.2% of GDP, respectively. The IMF also reported that the Chinese economy's growth rate decreased considerably compared to the last few years and reached 2.3% only. Accordingly, the year ends leaving behind a shadow of uncertainty over international trade and imbalances in the global economic scenario.

According to ECLAC's preliminary overview, the Latin American economy as a whole declined 7.7%. Such an outcome is attributable to the epidemiological situation and the need for implementing social distancing measures and closure of production activities.

These factors led to the worst economic, social and productive crisis ever in the region's recent history.

Locally, the Argentine economy was already experiencing stagflation which, coupled with the pandemic outbreak, made things substantially worse. In line with the figures reported by ECLAC, the Argentine Institute of Statistics and Census (INDEC, as per its initials in Spanish) estimates that in Argentina economic activity declined by around 10%.

As concerns the impacts of the COVID-19 pandemic, the measures adopted by the several countries where the Group operates in order to contain the virus spread included, without limitation, border closures, mandatory social distancing, and interruption of non-essential business activities for a long period of time. In this respect, as the Group is engaged in the production and commercialization of consumer food products and key supplies to other essential industries, its business activity was considered essential and, as such, its operations were not disrupted.

The volumes of the Group's industrial businesses, primarily Packaging, were also affected by the widespread downturn in economic activity, displaying different behaviors across the sectors in which we are engaged. There was a rise in volumes in the cardboard boxes, paper bags and flexible packages targeted at customers manufacturing essential supplies vis-a-vis the previous year.

Regarding Agribusiness, there was a remarkable increase in sales volumes of oil, sugar and alcohol also favored by the context brought about by the pandemic.

At the commercial level, e-commerce gained momentum, becoming a strategic channel under the prevailing circumstances. In Argentina, we launched arcorencasa.com and pursued other selling efforts through digital channels in the region which, together with other tools such as Tokin and Celsius, allowed us to keep offering our products to the consumer in a convenient and agile manner.

Even though the world is emerging from the COVID-19 crisis, the current scenario in terms of economic activity is critical. According to the IMF's estimates, in 2021 global economy would return to a growth path at an annual pace of 5.5%.

In the meantime, we remain focused on taking care of our employees' health in face of the challenge of conducting business under the unprecedented circumstances posed by the pandemic, as well as on strengthening our close bond with the community by means of specific actions, based on the needs that might arise.

In 2021, we will celebrate our 70th anniversary looking to the future, as we always did. Today more than ever, amidst this peculiar context, we reaffirm our commitment to our customers, consumers and the community.

Luis. A. Pagani
Arcor Group's President

A LEADING MULTINATIONAL GROUP

70 YEARS LOOKING TO THE FUTURE

We believe in entrepreneurs who make their dreams come true. At Arcor, we started producing candies 70 years ago. Today, we have expanded into more than 100 countries through our 3 business divisions: Consumer Food Products, Agribusiness and Packaging.

On our 70th anniversary, we continue looking to the future and we imagine a world in which we all have access to what makes us really good— shared enjoyment, tiny moments of pleasure, quality food and a protected environment.

CONSUMER FOOD PRODUCTS

Because we believe that eating means nourishing, gratifying and bonding, we offer more than 1,200 quality, delicious and healthy products to accompany people from all over the world at every moment of the day, according to their preferences and dietary needs. We encourage healthy lifestyle habits, as part of a varied and balanced diet, based on a strategy developed together with the scientific community for the improvement of nutritional profiles and the incorporation of new categories; and to raise awareness on the value of a balanced lifestyle among all our target audiences.

Products for Everyone

- WITHOUT TACC
- LOW OR REDUCED in sodium and sugar
- REDUCED in saturated fats
- SOURCE OF FIBER, Omega 9, vitamins and minerals
- Dietary SUPPLEMENTS
- In the RIGHT PORTION SIZE

- FOOD
- CHOCOLATES
- ICE-CREAMS
- COOKIES AND CRACKERS, SNACKS AND CEREALS
- CONFECTIONERY
- FUNCTIONAL BUSINESSES

AGRIBUSINESS

The Agribusiness Division seeks to add value to agro industrial processes in order to offer new and better solutions to different industries driven by a commitment to quality in all of their products. We have five production units and seven industrial dairy farms.

At Ingenio La Providencia (Sugar mill), we have the capacity to produce 150,000 tons of sugar, and we generate 11 MW of renewable energy through sugar cane bagasse. Besides, it is the first Argentine sugar mill in achieving the Bonsucro certification—a global platform that promotes economic, social and environmental sustainability in the sugarcane sector.

1.4 MILLION TONS OF MILLED SUGAR CANE PER YEAR

1,800 TONS OF GROUND CORN PER DAY

85 THOUSAND LITERS OF ALCOHOL PRODUCED PER DAY

50 THOUSAND LITERS OF MILK PRODUCED PER DAY

PRODUCTS: common and muscovado sugar, milk, ethyl alcohol from cereals, fructose, maltose, glucose, corn starch, corn flour, semolina, corn oil and a significant number of corn by-products used for animal feeding.

PACKAGING

The Arcor Group's Packaging division leads the corrugated cardboard, paper and flexible packaging market in Argentina, while also having strong presence in the region—it is one of the largest packaging solution company in the Southern Cone. With industrial presence in Argentina, Chile and Peru, Arcor is widely recognized for the quality of its products.

Through the brands Cartocor, Converflex, Zucamor, Puntapel and Papel Misionero, it offers customers innovative and sustainable packaging solutions at the forefront of global market trends. It stands out for its special emphasis on customer service, ongoing innovation, productivity, quality, and environment conservation.

260,000 TONS OF PAPER PER YEAR

900 MILLION M² OF CORRUGATED CARDBOARD PER YEAR

23,000 OWN HECTARES FOR FORESTRY DEVELOPMENT

12,000 TN OF FLEXIBLE MATERIAL PER YEAR

150 MILLION UNITS OF INDUSTRIAL BAGS PER YEAR

PRODUCTS: corrugated cardboard, cardboard, paper bags, and flexible packaging using several printing technologies, recycled paper, Kraft Liner Board and Sack Kraft, plastics and bioplastics extrusion, forestry.

ARCOR GROUP TODAY

A LEADING MULTINATIONAL GROUP
focused on Consumer Food Products, Agribusiness and Packaging.

#1 CONFECTIONERY EXPORTER
in Argentina, Chile and Peru

LARGEST PRODUCER
of paper in Argentina and an important player in South America

1st WORLD PRODUCER
of hard candies

3 MILLION
kg of products produced daily

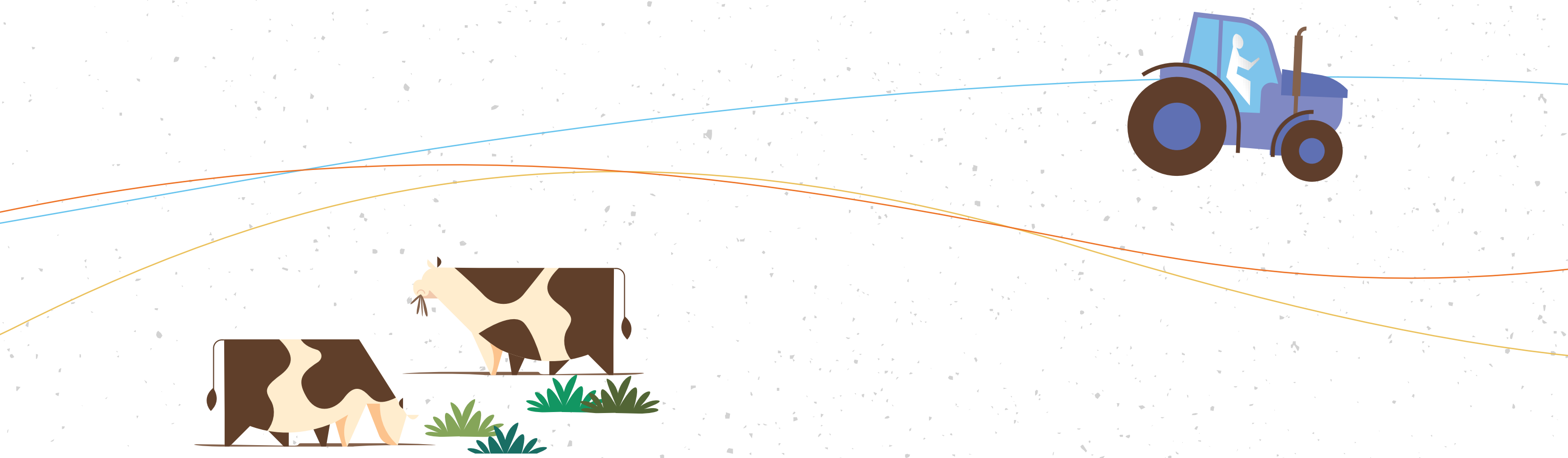
1ST PRODUCER
of maize flour in Argentina

World-class retail
DISTRIBUTION MODEL

ARGENTINE LEADER
in the production of corrugated cardboard

20,000
employees

*Through Bagley Latinoamérica S.A., a partnership with Danone Group for the cookies, crackers, *alfajores* and cereals businesses in Latin America.



STRATEGIC ALLIANCES WITH LEADING COMPANIES,
such as Danone, Bimbo, and Coca Cola

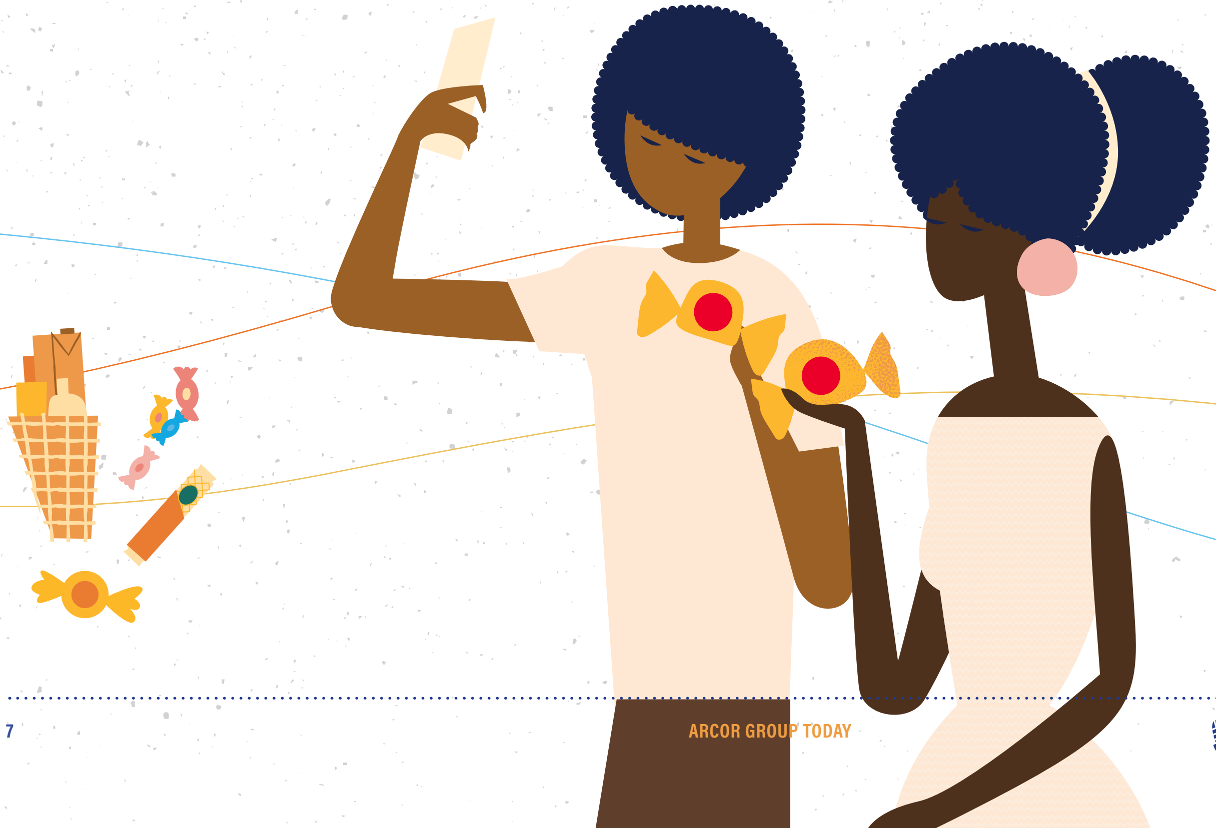
MAIN FOOD COMPANY
in Argentina

MORE THAN 40
industrial plants in Latin America

MAIN MANUFACTURER
of Kraft packaging paper in Argentina

LEADING
cookie, *alfajor* and cereal
COMPANY
in Latin America*

COMMERCIAL OFFICES
in Argentina, Uruguay, Paraguay, Bolivia, Colombia, Ecuador, Mexico, United States, Spain and China

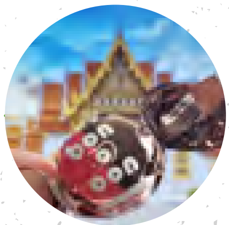


ARCOR AROUND THE WORLD

Presence in More than 100 Countries*

United States - Mexico

The Netherlands - United Kingdom - Georgia - Bulgaria - Spain - Estonia - Sweden

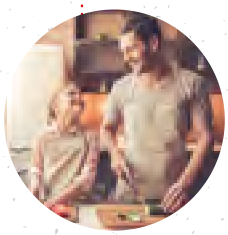


Russia - India - China - Israel - Japan - Thailand - Mongolia - United Arab Emirates - Saudi Arabia - South Korea

Barbados - Honduras - El Salvador - Costa Rica - Guatemala - Haiti - Jamaica - Puerto Rico - Panama - Dominican Republic - Nicaragua

Argentina - Brazil - Chile - Bolivia - Uruguay - Paraguay - Colombia - Peru - Guyana - Trinidad and Tobago - Surinam

Congo - Ghana - Gambia - Mozambique - Madagascar - Angola - Cabo Verde - Cameroon - South Africa



New Zealand

* Main countries listed only.

COMMERCIAL OFFICES

SOUTH AMERICA

Arcor S.A.I.C.
Buenos Aires, Argentina
(Headquarters)

Arcor S.A.I.C.
Córdoba, Argentina (Headquarters)

Industria Dos en Uno de Colombia Ltda.
Bogotá, Colombia (1998)

Unidal Ecuador S.A.
Guayaquil, Ecuador (1998)

Arcor Alimentos Bolivia S.A.
Santa Cruz de la Sierra, Bolivia (2004)

Arcorpar S.A.
Asunción, Paraguay (1976)

Van Dam S.A.
Montevideo, Uruguay (1979)

Gap Regional Services S.A.
Montevideo, Uruguay (2008)

EUROPE

Arcor A.G. (S.A. LTD.)
Barcelona, Spain (2002)

ASIA

Arcor Trading
(Shanghái) CO., LTD.
Shanghai, China (2006)

NORTH AMERICA

Arcor USA Inc.
Miami, USA (1993)

Unidal México S.A. de C.V.
Mexico City, Mexico (2000)

MORE THAN 40 INDUSTRIAL PLANTS IN LATIN AMERICA

MEXICO

MUNDO DULCE
Toluca, State of Mexico

BRAZIL

ARCOR
Recife, Ipojuca, Pernambuco

BAGLEY
Campinas, San Pablo

BAGLEY
Contagem, Minas Gerais

ARCOR
Bragança Paulista, San Pablo

ARCOR
Rio das Pedras, San Pablo

PERU

ARCOR
Chancay, Huaral

CARTOCOR
District of Lurin, Lima

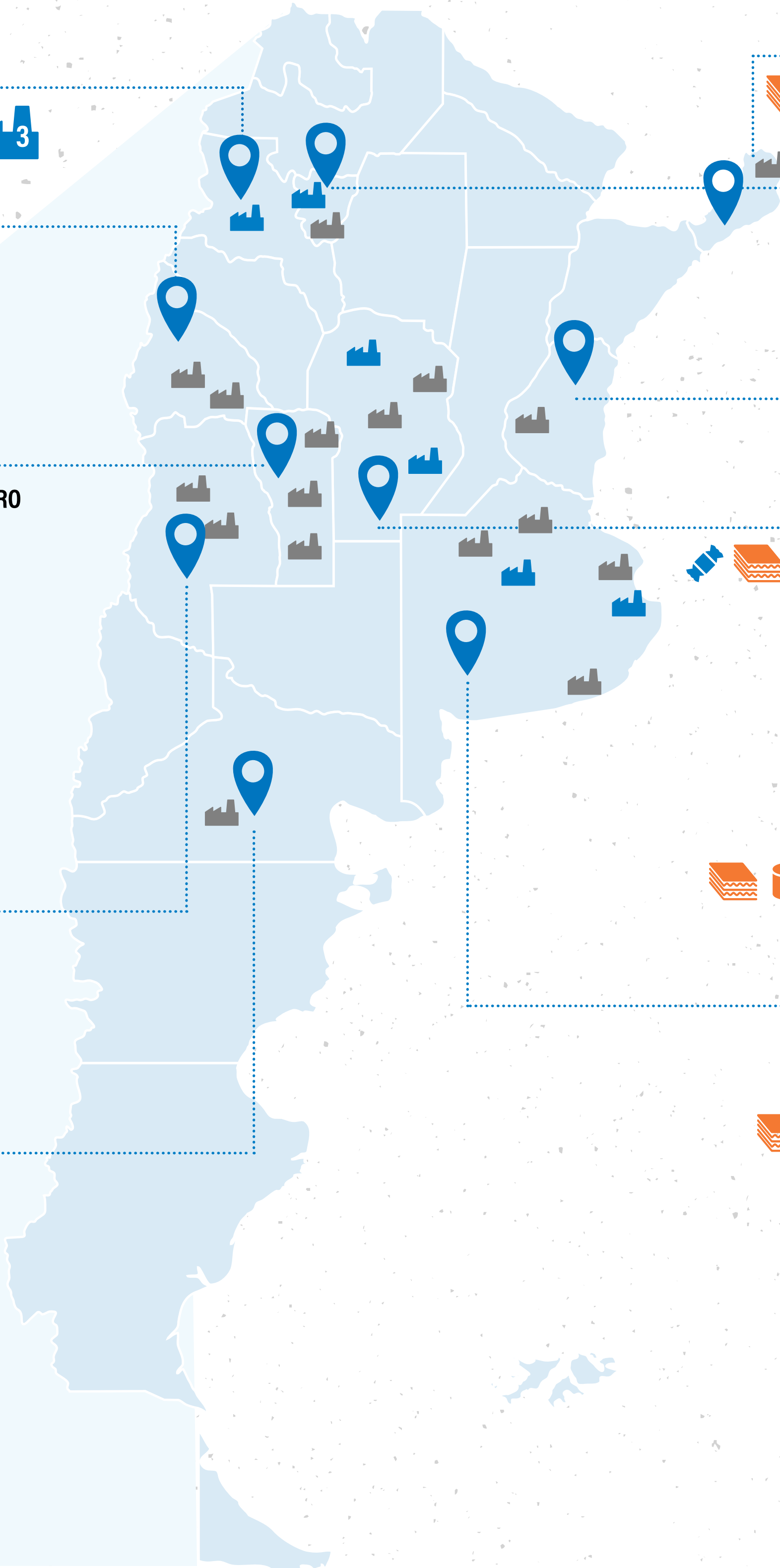
CHILE

BAGLEY
Santiago, Metropolitan Region

ARCOR
Santiago, Metropolitan Region

CARTOCOR
San Francisco de Mostazal, VI Region

ARGENTINA



CATAMARCA
ARCOR
Recreo
3

SAN JUAN
ARCOR
Villa Krause

CARTOCOR
San Juan

SAN LUIS
PAPEL MISIONERO
San Luis

ARCOR
San Luis

ARCOR
Villa Mercedes

BAGLEY
Villa Mercedes

MENDOZA
ARCOR
San Rafael

CARTOCOR
Mendoza

RÍO NEGRO
ARCOR
Choele-Choel

MISIONES
PAPEL MISIONERO
Puerto Mineral

TUCUMÁN
ARCOR
La Reducción
2

ARCOR
Río Seco

ENTRE RÍOS
CARTOCOR
Paraná

CÓRDOBA
CARTOCOR
ARCOR
Arroyito
5

ARCOR
Colonia Caroya

BAGLEY
Córdoba

CARTOCOR
BAGLEY
Villa del Totoral
2

BUENOS AIRES
ARCOR
San Pedro

CARTOCOR
Luján
3

BAGLEY
Salto

ARCOR
Mar del Plata

CARTOCOR
Quilmes

CARTOCOR
Ranelagh
2

FOOD | CHOCOLATES | COOKIES | CONFECTIONERY | AGRIBUSINESS | ENERGY | CARDBOARD/PAPER | FLEXIBLE PAGKAGING | INDUSTRIAL PLANTS | COMPLEXES WITH MORE THAN ONE INDUSTRIAL PLANT

OUR PHILOSOPHY

Mission

To provide people all over the world with the opportunity to enjoy quality, delicious and healthy food and confectionery products that will turn their everyday life into magical moments for gatherings and celebrations.

Vision

To be a leading food and confectionery company in Latin America, as well as in the international market, and to be recognized for our sustainable practices and our ability to venture into new businesses.

Purpose

To make nutrition trends accessible so that everyone can have a better life.

OUR VALUES

Diversity

We are convinced that diversity enriches our knowledge of the world. That is why we promote a diverse internal culture in which the fusion of different views, opinions and perspectives is an opportunity for growth.

Entrepreneurial Spirit

Our pioneers' entrepreneurial spirit, passion and commitment is still our source of inspiration. That is why we promote a diverse internal culture that encourages the initiative for our continuous growth.

Proximity to the Consumer and Commitment Throughout the Value Chain

We are a closely committed company, attentive to our suppliers, employees, shareholders, customers, consumers and the community in general. Our work is based on the strong belief that sustainable growth encompasses the whole value chain.

Integrity

We obtain results through transparent, coherent and responsible behavior.

Human Relations

We believe that the possibility to grow lies in building up trustworthy human relationships. Therefore, we foster a collaborative and closeness work environment, both within the company and towards the community where we carry on our daily activities.

Quality

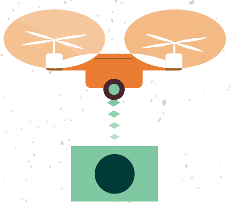
We are devoted to meet high-quality standards, by listening to what our customers and consumers have to say at each stage of the value chain, so that they can have the experience they expect with our products.

Results-Oriented Actions

Our actions are results oriented to ensure the business´ sustainable growth.

Innovation

We integrate science, research and creativity so as to continuously innovate our products and services.



ARCOR AND SUSTAINABILITY

SUSTAINABILITY

Since its foundation, Arcor has firmly believed that its economic development should be in harmony with well-being and social inclusion, while respecting and taking care of the environment.

As a company committed to sustainability, we promote initiatives, projects and programs that seek to create economic, social and environmental value in the long term, managing risks and maximizing opportunities stemming from the business and its environment, together with all stakeholders with whom we relate throughout our value chain.

Within this framework, the Group develops community impact management strategies which seek to foster the comprehensive development of the communities where Arcor Group is present and the sustainable development of the regions where it operates so as to contribute to productive, environmental, human and social capital in different ways.

In terms of social investment, through Arcor Foundation in Argentina and Chile and the Arcor Institute in Brazil, the company champions for education as a tool for equal opportunities for all children. This commitment is part of the Group's Social Investment Policy which, from the perspective of Children's Rights, guides its actions around two areas: Childhood and Healthy Life, and Childhood and Comprehensive Development in Early Childhood.

ARCOR'S SUSTAINABILITY POLICY

In 2010, Arcor Group reaffirmed its commitment to sustainable management with the adoption of a Sustainability Policy, which is made up of a general commitment and five specific commitments to sustainable development.

All of its businesses promote initiatives that seek to make rational use of water; respect and protect Human and Labor Rights; make efficient use of energy and packaging materials; and promote an active lifestyle and healthy nutrition.

After a decade of its first-time adoption, significant milestones were achieved under the policy, which reveal Arcor Group's commitment to the most relevant and priority environmental and social issues to our business and to our stakeholders.

For further information, please refer to www.arcor.com

10 YEARS
BUILDING A BETTER FUTURE

RATIONAL USE OF WATER

ENERGY EFFICIENCY AND MINIMIZING IMPACT ON THE GLOBAL CLIMATE CHANGE

RATIONAL USE OF PACKAGING MATERIALS

RESPECT FOR AND PROTECTION OF HUMAN AND LABOR RIGHTS

ACTIVE LIFE AND HEALTHY NUTRITION

ARCOR SOCIEDAD ANÓNIMA INDUSTRIAL Y COMERCIAL. NOTICE OF SHAREHOLDERS' MEETING

Pursuant to the provisions of the Corporate Bylaws and applicable laws and regulations, the Board of Directors calls on the shareholders of ARCOR SOCIEDAD ANÓNIMA INDUSTRIAL Y COMERCIAL (the "Company"), bearer of Taxpayer ID Number (CUIT) 30-50279317-5, to attend the Ordinary and Extraordinary General Shareholders' Meeting to be held on April 6, 2021, at 11:00 a.m., at the registered office located at Avenida Fulvio S. Pagani 487, Arroyito, Province of Córdoba, Argentina, to consider the following Agenda:

1. Appointment of two shareholders to draft and sign the Minutes of the Shareholders' Meeting.

2. Consideration of the Annual Report and its related Exhibit, Inventory, Consolidated and Separate Financial Statements, Summary of Activity, Auditors' Report and Statutory Audit Committee's Report for fiscal year No. 60 beginning January 1 and ended December 31, 2020.

3. Consideration of the performance of the Board of Directors and Statutory Audit Committee.

4. Ratification of the acts performed by the Board of Directors in connection with the investment made in Mastellone Hermanos S.A.

5. Ratification of the acts performed by the Board of Directors in connection with the creation of the Joint Venture with Ingredion Argentina S.R.L.

6. Consideration of: (i) Unappropriated Retained Earnings and Income for the Year; (ii) creation of the Legal Reserve and/or other Optional Reserves; (iii) total or partial reversal of, or increase in, the Special Reserve for Future Dividends and/or Optional Reserve for Future Investments; (iv) distribution of cash dividends for up to ARS 2,650,000 thousand, payable in two installments, the first one for up to ARS 2,450,000 thousand and payable as from April 14, 2021, and the second one for up to ARS 200,000 thousand, payable as from June 1, 2021.

7. Consideration of the fees payable to the Board of Directors and Statutory Audit Committee.

8. Consideration of the resignations tendered by Mr. Guillermo Ortiz de Rozas and Mr. Alfredo Miguel Irigoin to the position of regular directors. Determination of the number of regular and alternate members of the Board of Directors and, where applicable, appointment of one or more new regular and/or alternate members of the Board of Directors.

9. Appointment of the External Auditor and an alternate External Auditor who will certify the Financial Statements for Fiscal Year No. 61 and establishment of their fees.

NOTE

Copies of the documentation to be discussed and the Board of Directors' motions are available to the shareholders at the registered office, and also at the web site of the National Securities Commission (*Autopista de Información Financiera* or Financial Information Highway). The 6th item of the agenda will be discussed at the Ordinary and Extraordinary General Shareholders' Meeting. In order to attend the meeting, shareholders must confirm their attendance at the registered office located at Avenida Fulvio S. Pagani 487, Arroyito, Province of Córdoba, Argentina, from 9 a.m. to 3 p.m., or by e-mail to notifsociedades@arcor.com, indicating a phone number and an e-mail address, up to and including March 29, 2021. If the required quorum has not been met at the scheduled time, the meeting will be held on second call one hour later. Pursuant to the terms of General Resolution No. 622/2013 of the National Securities Commission, the shareholders are kindly advised that if the scheduled date for the meeting is included within a period during which, by order of the Argentine Executive Branch, or otherwise by operation of law or other regulations, the free circulation of people is generally limited or restricted as a consequence of the health emergency, the Ordinary and Extraordinary General Shareholders' Meeting could be held remotely, via simultaneous transmission of sound, images and voice, through the Cisco Webex platform. Those shareholders who have confirmed their attendance will receive videoconference access instructions. Shareholders will cast their vote after each item of the agenda has been duly discussed. Shareholders attending by proxy will be required to submit to the Company, by regular mail or by e-mail to the respective power of attorney, duly authenticated, up to and including March 25, 2021. If the meeting is held by videoconference through Cisco Webex, prior to considering the above-described items of the agenda, the shareholders will be required to give their consent for the meeting to be held remotely. The shareholders are kindly requested to consider and provide the information set forth in Section 22, Chapter II of Title II and related provisions of the rules approved by General Resolution No. 622/2013, as amended, of the National Securities Commission.

BOARD OF DIRECTORS
ARCOR S.A.I.C.

Luis Alejandro Pagani
Chairman

BOARD OF DIRECTORS AND STATUTORY AUDIT COMMITTEE

BOARD OF DIRECTORS

Chairman:
Mr. Luis Alejandro PAGANI

Vice-Chairman:
Mr. Alfredo Gustavo PAGANI

Regular Directors:
Mr. José Enrique MARTIN
Mr. Alejandro Fabián FERNÁNDEZ
Mr. Víctor Daniel MARTIN
Mr. Guillermo ORTIZ DE ROZAS
Mr. Alfredo Miguel IRIGOIN
Mr. Fernán Osvaldo MARTÍNEZ

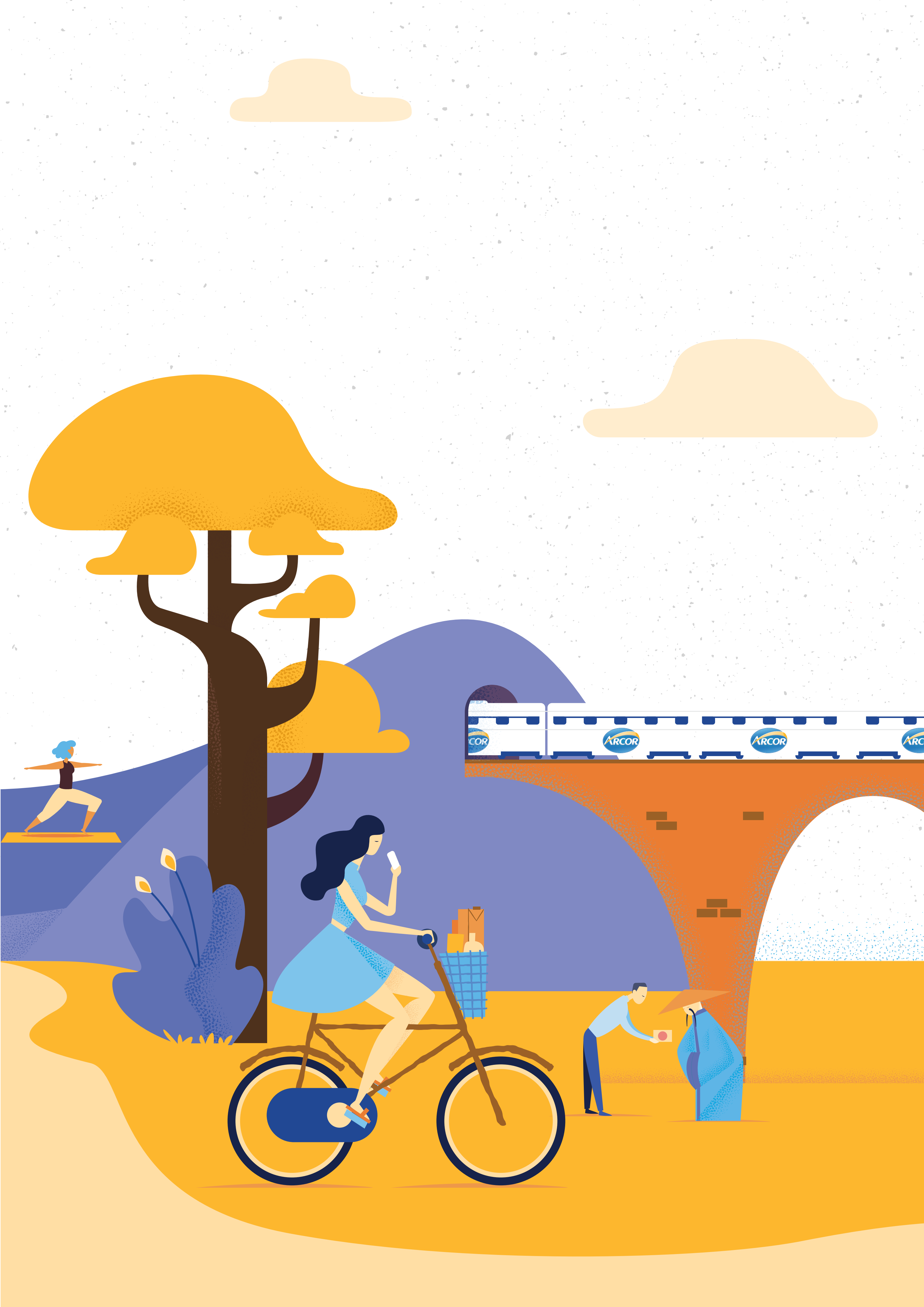
Alternate Directors:
Mrs. Lilia María PAGANI
Mrs. Karina Ana Mercedes PAGANI de CAÑARTE
Mrs. Marcela Carolina GIAI

STATUTORY AUDIT COMMITTEE

Regular Statutory Auditors:
Mr. Víctor Jorge ARAMBURU
Mr. Gabriel Horacio GROSSO
Mr. Carlos Gabriel GAIDO

Alternate Statutory Auditors:
Mr. Hugo Pedro GIANOTTI
Mr. Alcides Marcelo Francisco TESTA
Mr. Daniel Alberto BERGESE


ARCOR


ARCOR
ARCOR

ANNUAL REPORT

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As of December 31, 2020
60th Fiscal Year

TO THE SHAREHOLDERS

The Board of Directors is pleased to submit for your consideration the Annual Report, Inventory Book, Separate Financial Statements, Consolidated Financial Statements, Auditor's Report, Statutory Audit Committee Report, and the proposed allocation of Net Income for Fiscal Year No. 60 beginning on January 1st and ended December 31st, 2020.

OVERVIEW

At a global level, the year 2020 was marked by a sizable economic crisis and a high level of uncertainty surrounding the unknown dynamics and evolution of the coronavirus pandemic (COVID-19) that broke out early in the year. According to the IMF's projections contained in "World Economic Outlook Update"[1], the global economy experienced an unprecedented decline in the current century, due to its impact on economic activity, particularly, during the first months of the lockdown. Against this backdrop, global GDP declined 3.5% during the year.

Concerning the United States and Europe, the IMF estimated that in 2020 economic activity will have plummeted by 3.4% and 7.2% of GDP, respectively. The IMF also reported that the Chinese economy's growth rate decreased considerably compared to the last few years, and will just hit 2.3% in 2020.

According to ECLAC's preliminary overview[2], the Latin American economy as a whole will have dropped 7.7% in 2020. Such an outcome is deemed attributable to the epidemiological situation and the need for implementing lockdowns, social distancing measures and closure of production activities. As a result, the health emergency resulted in the worst economic, social and productive crisis ever in the region's recent history.

As estimated by ECLAC, the region's major economies— Brazil and Mexico—will observe a decline in GDP of 5.3% and 9.0%, respectively. In Chile, for instance, GDP is expected to shrink by around 6.0%.

Locally, the Argentine economy was already experiencing stagflation which, coupled with the pandemic outbreak in March 2020, made things substantially worse. Based on the last figures published by INDEC[3], by the end of 2020 Argentina's GDP will have dropped by approximately 10%.

THE ECONOMY AND THE COMPANY

Sales to Argentina-based customers accounted for 68.2% of the Group's consolidated sales, while sales to foreign customers, including exports to third parties, accounted for 31.8% of consolidated sales in 2020.

[1] Source: International Monetary Fund, "World Economic Outlook Update," Davos, January 2021.

[2] Source: Economic Commission for Latin America and the Caribbean (ECLAC), "Balance Preliminar de las Economías de América Latina y el Caribe 2020" (Preliminary Overview of the Economies of Latin America and the Caribbean 2020), (LC/PUB.2020/17-P).

[3] Source: Argentine Institute of Statistics and Census (INDEC, as per its initials in Spanish), "Estimador Mensual Industrial - December 2020" (Monthly Industrial Estimator or EMI, as per its initials in Spanish), February 24, 2021.

As concerns the impacts of the COVID-19 pandemic, the measures adopted by the several countries where the Group operates in order to contain the virus spread included, without limitation, border closures, mandatory social distancing, and interruption of non-essential business activities for a long period of time. In this respect, as the Group is engaged in the production and commercialization of consumer food products and key supplies to other essential industries, its business activity was considered essential and, as such, its operations were not disrupted.

Besides, all the above-described measures had a strong business impact in that they remarkably modified consumers' habits. In this regard, during the year, our mass consumption businesses (Confectionery, Chocolates, Ice-Creams, Cookies & Crackers, Food and Functional Products) experienced a decline in terms of volumes sold, particularly, in on-the-go or impulsive consumption products. Conversely, as consumers had to stay at home, they set out to engage more time to cook, benefiting other food categories, such as, marmalades, polenta, juice powders, family packs, premixes, cookies & crackers and chocolates, among others. Other relevant factor that affected the development of the Group's businesses in Argentina was the price freeze mandated by the Argentine government.

The volumes of the Group's industrial businesses, primarily Packaging, were also affected by the widespread downturn in economic activity, displaying different behaviors across the sectors in which we are engaged. There was a rise in volumes in cardboard boxes, paper bags and flexible packages targeted at customers manufacturing essential supplies vis-a-vis the previous year. Regarding Agribusiness, there was a remarkable increase in sales volumes of oil, sugar and alcohol also favored by the context brought about by the pandemic.

In addition to the fact that all businesses carried out by Arcor Group were designated as essential activities and given the strength and diversity of its product and brand portfolio, there were other factors that contributed to prevent our businesses from being adversely affected by the pandemic and that led us to perform better than the previous year.

At the commercial level, the development of e-commerce gained momentum, becoming a strategic channel under the prevailing circumstances in face of the need for boosting sales. In Argentina, we launched arcorencasa.com and pursued other selling efforts through digital channels in the region which, together with other tools such as Tokin and Celsius, allowed us to keep offering our products to the consumer in a convenient and agile manner.

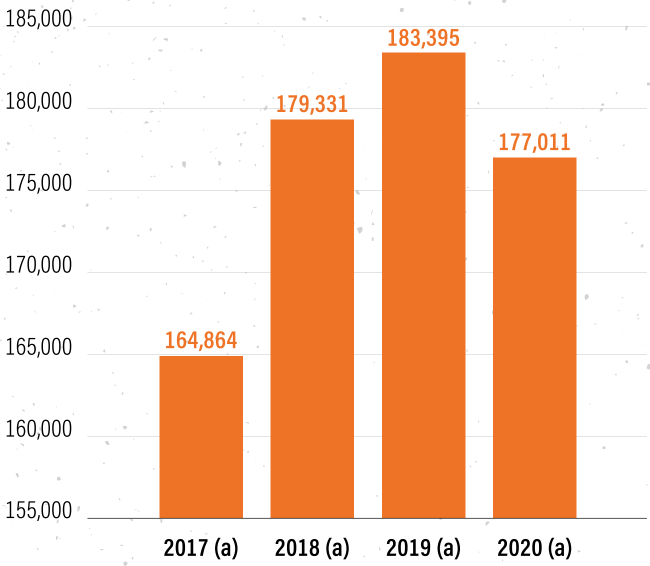
We also completed several other actions entailing operational and industrial rearrangements that had begun in 2019, including the adoption of strong cost containment policies, stringent controls on stock levels, adequate working capital management, a reduction in productive investment and a lower indebtedness level, with the ensuing decline in finance charges. All the afore-mentioned actions provided us with the required liquidity to honor our commitments and the flexibility to tap into market or growth opportunities.

OUTLOOK

The world is emerging from the COVID-19 crisis; yet, the current scenario in terms of economic activity is critical. According to the IMF's estimates[4], in 2021 global economy would return to a growth path at an annual pace of 5.5%.

EVOLUTION OF SALES

MILLION ARS



(a) In constant currency of December 2020.

[4] Source: International Monetary Fund, "World Economic Outlook Update," Davos, January 2021.

TO THE SHAREHOLDERS

Against this backdrop, the distribution of vaccines across the countries hit by the pandemic is expected to boost economic growth, with the ensuing rebound in international trade as economic activity rekindles. However, the rebound is expected to be uneven and unequal across regions. Besides, the evolution will depend on the pace of progress in the vaccine campaigns, and on the scope and continuity of the support policies adopted by the several governments.

For the United States, growth is expected to be around 5.1% in 2021 and then 2.5% in 2022. On its part, the Chinese economy is expected to grow by 8.1% in 2021 and by 5.9% in 2022.

As concerns Latin American countries, the ECLAC5 published its preliminary overview in which GDP is estimated to grow by 3.7%, as a result of a rebound in the aftermath of COVID-19. Active macroeconomic policies will play a crucial role in helping the region invigorate growth after 2021, far and beyond its recent years' performance. Without these active policies, it may take several years for economic activity to return to pre-crisis levels, since the business closures and mobility restrictions associated with the pandemic resulted in the loss of production capacity, at a high social cost in terms of rising unemployment, poverty and inequality.

Locally, as stated in the 2021 Budget Law published in the Official Gazette of December 14, 2020, the major macroeconomic variables are expected to perform as follows: GDP is expected to grow by 5.5% and overall inflation is expected to reach 29.0%, with the exchange rate closing the year at ARS 102.0 per dollar, that is, an annual devaluation of approximately 21.2%. On the other hand, the outcome and consequences of the ongoing negotiations with the IMF's mission staff that commenced in 2020 will also be crucial to Argentina.

As a consumer food product and industrial input company, Arcor Group plays a key role in the society, and its industrial plants operate under stringent action plans, in full compliance with applicable laws, regulations and recommendations from several public health and other competent authorities.

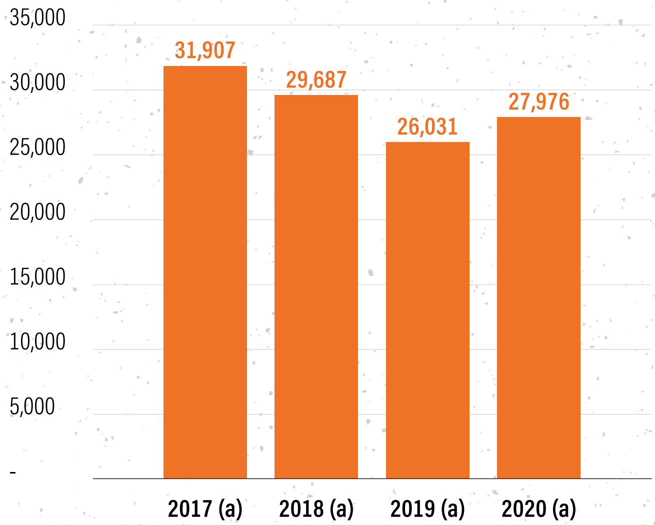
We focused on taking care of our employees' health in face of the challenge of conducting business under the unprecedented circumstances posed by the pandemic, as well as on strengthening our close bond with the community by means of specific actions, addressing the needs arising from the new reality.

In light of the international, regional and domestic economic outlook, our actions are primarily driven by our vision for the coming years: To be the leading food and confectionery company in Latin America, as well as in the international market, and be recognized for our sustainable practices and our ability to venture into new businesses.

'In this vein, we will continue pursuing our strategy to focus on our core businesses: Consumer Food products (Confectionery, Chocolates, Ice-Creams, Cookies and Crackers, Food and Functional Products), Packaging and Agribusiness, together with the development of strategic association projects, always placing liquidity and a healthy financing structure at the core in order to ensure compliance with our obligations and commitments, as well as sound working capital management and contention of fixed costs, in order to secure the funding required to carry on operations and investment projects.

CHANGES IN SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS

MILLION ARS



(a) In constant currency of December 2020.

5 Source: Economic Commission for Latin America and the Caribbean (ECLAC), "Balance Preliminar de las Economías de América Latina y el Caribe 2020" (Preliminary Overview of the Economies of Latin America and the Caribbean 2020), (LC/PUB.2020/17-P).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BUSINESS ANALYSIS

Below is a brief description of the most significant events in Arcor Group's several businesses for the fiscal year ended December 31, 2020.

ARGENTINA : CONFECTIONERY AND CHOCOLATES

In 2020, the Confectionery and Chocolates business recorded sales to third parties in the amount of ARS 40,490.2 million, while in the previous year sales amounted to ARS 44,073.7 million, both figures stated in constant currency.

In an atypical year, in which the prevailing stagflation, combined with the COVID-19 pandemic, led to a decline in consumption, primarily during the second quarter, the Confectionery business experienced a decline in sales volume, particularly in products included in the impulsive and on-the-go consumption categories.

However, as a result of our search for process efficiency and our consistent focus on our brands, the business managed to defend its positioning, achieving outstanding performance in family packs of candies and gummy fruits, milk candies, Mogul gummy candies in bulk and Mogul gummy fruits for children.

Due to the prevailing context, product launches were reoriented and the most relevant ones within the Confectionery business included: Mogul Jelly Buttons and Cones, Mogul Acid Strawberries (Home) and Poosh Chewing Gum.

The major advertising campaigns were targeted at "Mundo Mogul" (Mogul World), "Caramelera en Casa" (Candy Box at Home), and "Tu Turrón" (Your Nougat Candy). We also carried out communication actions on our brands and categories, staying in contact with consumers and seeking to invigorate consumption.

The alliance between Arcor Group and Laboratorios Bagó is ongoing. Both companies decided to share their experiences and long track records in the food and health care sectors to create Simple—a line of dietary supplements that helps to conveniently incorporate the necessary nutrients that could be in short supply in our daily diet.

Despite the crisis caused by the pandemic and the overall context, the Chocolates business ended the year with an increase in sales volume, while also maintaining its leading position in several segments, thanks to its prompt capacity to adapt and reorient efforts to grasp opportunities in the commercial channels in which consumers were focusing their purchases, such as, Supermarkets and Self-Service Stores. In addition, we developed and boosted e-commerce, which became a strategic channel under the prevailing circumstances, by means of actions that encourage at-home consumption.

The Home segment is among the ones that most contributed to growth in sales volume. The segment achieved an outstanding performance with historical sales record levels, thanks to its supply capability and focus on brand development.

The Tablets segment also achieved good performance. Its continuing growth is supported by ongoing efforts in commercial channels and e-commerce sales. The Bonbons segment also performed well, driven by the Assorted Boxes line, as well as by strong commercial efforts and digital communication actions during the "Sweetness Month" and also by the advertisement to promote the kickoff of "ArcorEnCasa," a platform which fosters at-home gifts and consumption.

The main industrial investments of the Confectionery business were concerned with the expansion of capacity at certain production lines, primarily at the Arroyito plant; while the Chocolates business' investments were primarily focused on automation technology at Colonia Caroya and San Luis plants, as part of the connectivity enhancements and digitization of our production processes under the Industria 4.0 project.

In line with applicable food quality and safety best practices, the business maintained the certifications under the OHSAS 18001, ISO 14001, ISO 9001 and BRC standards at Arroyito, La Reducción, Recreo, Colonia Caroya and San Luis plants.

ARGENTINA : AGRIBUSINESS

Sales to third parties for the Agribusiness segment in 2020 amounted to ARS 18,698.7 million, while in the previous year sales amounted to ARS 15,190.4 million, both figures stated in constant currency.

Agribusiness displayed good performance during the year, sticking to the goals of adding value to processes and leveraging the conditions Argentina offers for agro-industrial development, while focusing on its strategy of strengthening the competitive advantages that vertical integration brings to the mass consumption businesses Arcor Group has in Argentina, thus boosting sales to third parties.

Despite the exceptional challenges posed by the COVID-19 pandemic, all Agribusiness plants managed to maintain their production levels. In addition, there was an increase in sold volumes vis-a-vis the previous year, primarily attributable to the performance achieved by the sugar mill, and the alcohol and oil segments. During the year, there was a significant increase in sales of fractionated sugar. Furthermore, in order to support the needs arising from the health emergency, the Agribusiness donated 16,000 liters of alcohol to the Argentine National Defense Department, and several municipalities and local hospitals.

The sales volume of the Wet Milling segment also experienced growth during the year.

In this respect, and as part of the continuity of a long-term strategic business growth plan, during the first quarter of 2021, the Group will consummate a strategic alliance with Ingredion, a leading global company in ingredient solutions, to produce added value inputs for several industries, including food, beverage and pharmaceutical, among others, to be marketed in Argentina, Chile and Uruguay.

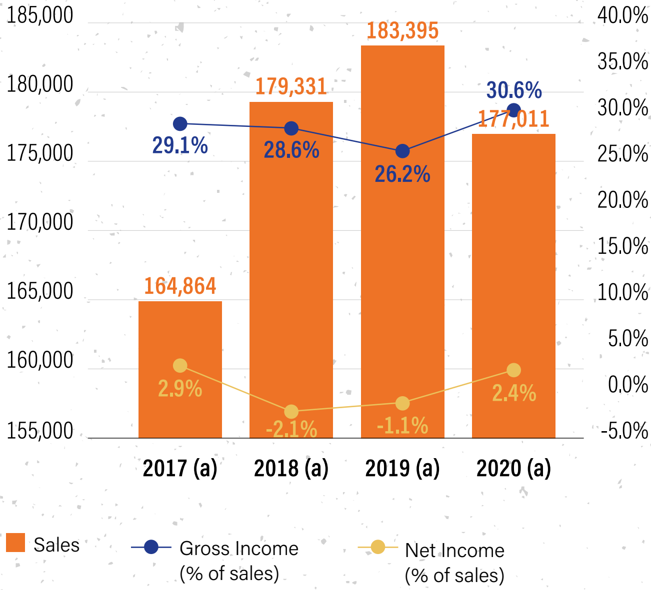
To this end, a new company will be created in the coming months, made up of the three wet milling plants owned by Arcor (Arroyito and Lules) and the two plants owned by the current Ingredion Southern Cone in Argentina (Baradero and Chacabuco) and its commercial offices in Chile and Uruguay. This new business unit will be led by an executive team from both companies, under the direction of Arcor Group.

Furthermore, La Providencia sugar mill maintained its certification under the Bonsucro standards, which foster economic, social and environmental sustainability in the sugarcane sector, and the certification under the FSSC 22000 standard, which is required to market products in the United States. In this vein, we continued with the production and marketing of organic sugar in the international market, increasing the volumes sold relative to the previous year, due to the beginning of commercial transactions in Europe in 2020.

In order to continue fulfilling the standards required to be certified suppliers to our main customers, the business maintained the OHSAS 18001, ISO 14001, ISO 9001, BRC and HACCP certifications at the wet milling plant in Arroyito, and achieved a new ISO 45001 certification at one of its plants. We also accomplished the OHSAS 18001, ISO 14001, ISO 9001 and BRC certifications at the San Pedro plant.

EVOLUTION OF SALES, GROSS INCOME AND NET INCOME AS A % OF SALES

MILLION ARS



(a) In constant currency of December 2020.

ARGENTINA : PACKAGING

In 2020, sales to third parties in the Packaging business in Argentina amounted to ARS 38,006.2 million, compared to ARS 38,027.3 million in 2019, both figures stated in constant currency.

During 2020, the manufacturing industry experienced a significant decline in activity levels. Against this backdrop, the Packaging business displayed uneven sales performance, primarily due to the sectors in which it participates. There was a rise in volumes in the cardboard boxes, paper bags and flexible packages segments vis-a-vis the previous year, due to incremental sales targeted at customers manufacturing essential supplies.

During the year, the commercial strategy was focused on being close to customers and on service levels, strengthening our relationship with and supporting them through an adequate supply of our products. Amidst a challenging environment, the business worked on the development of new products, replacing materials that enhance their value. For instance, we developed the shelf-ready packaging, resulting in cost savings to our customers and improving the display of their products.

The business industrial investments were focused on infrastructure and technologies that allowed to improve the quality of finished products and manufactured volumes. At our plant in Luján, this year we installed a case gluing machine.

During 2020, we maintained the OHSAS 18001, ISO 14001, and ISO 9001 certifications at Paraná, Luján, Arroyito and Villa del Totoral plants. At our Flexible Packaging plants in Luján and Villa del Totoral, we maintained the FSSC 22001 certification. At the Quilmes, San Luis, and San Juan plants, we maintained the ISO 9001 and ISO 14001 certifications and achieved the new ISO 45001 certification; at the Ranelagh and Mendoza plants, we maintained the ISO 9001 certification, while at the Misiones plants, we maintained the ISO 9001 and ISO 14001 certifications.

During the year, in spite of the prevailing mobility restrictions associated with the pandemic, the Packaging companies merged, with Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. Merging into Cartocor S.A. effective since July 1, 2020. Such business combination helped streamline operations and generated significant business synergies, with the ensuing impact on business results.

ARGENTINA : FOOD PRODUCTS

In 2020, sales to third parties within the Food business amounted to ARS 18,657.1 million, compared to ARS 15,851.6 million in 2019, both figures stated in constant currency.

In light of the challenging local scenario, the Food business ended 2020 with very good performance, achieving sales growth in most categories. In this respect, our endeavors during the year in connection with the supply of products significantly contributed to such results.

The pandemic gave rise to new consumption habits since, as people had to stay at home, they set out to engage more time to cook. Some of the outstanding categories within the segment include marmalades, polenta, juice powders and solid sweets, in which we posted historical sales records. Conversely, the beverages segment was the most badly affected during the year by the social distancing measures, as the on-the-go consumption of the segment products is also related to the school year.

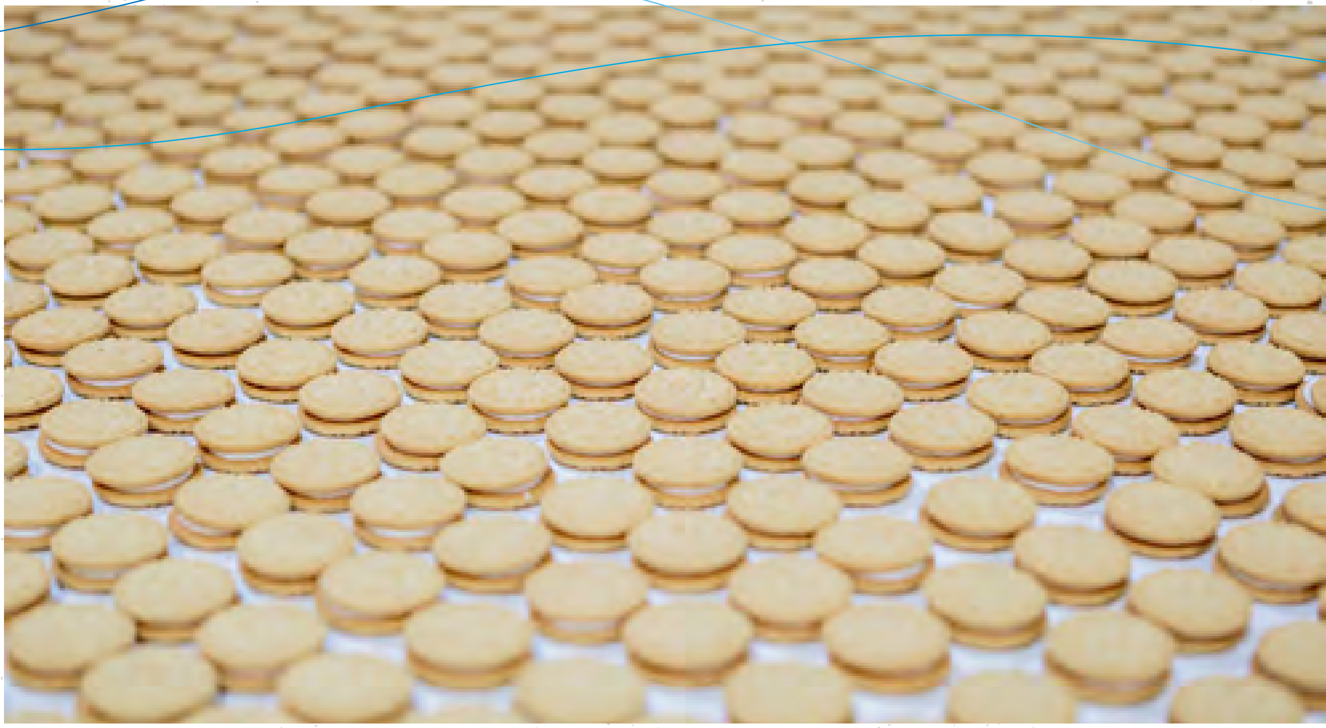
Communication actions in 2020 were strongly focused on the digital area, leveraging growing consumption through e-commerce platforms. We conducted campaigns with influencers to advertise several brands, including Prestopronta, Aguila premixes, and Arcor and BC juice powders. We also maintained La Campagnola's "Always On" communication on social media, with strong presence at food channels with La Campagnola brand.

Concerning the development of new categories, in early 2021 we tapped into the dry pasta market—one of the largest food markets in Argentina—under the Arcor and La Campagnola brands.

The business industrial investments were focused on enhancing the existing facilities at several plants, including the one in San Juan, where the waste treatment processes were enhanced, and the Recreo and Mar del Plata plants, where overall facility improvements were completed. Also during the first months of 2020, the grains line, which was relocated to Villa Mercedes, started to operate at full capacity. '

In 2020, we maintained the certifications under OHSAS 18001, ISO 14001, ISO 9001 and BRC standards at the San Juan, Villa Mercedes, Recreo and Mar del Plata plants. At San Rafael plant, we achieved the ISO 9001 certification, while maintaining the certification under the Global GAP at our four own farms.

In addition, as part of the Group's business reorganization process, on January 1, 2020, La Campagnola S.A.C.I.'s all assets and liabilities were merged into Arcor S.A.I.C. The merger has had a high business impact, in that it has streamlined processes and yielded better business results.



ARGENTINA : COOKIES AND CRACKERS

Sales to third parties in 2020 amounted to ARS 34,136.9 million, compared to ARS 34,642.7 million in 2019, both figures stated in constant currency.

Sales volumes in the cookies and crackers market declined slightly compared to the previous year, despite the strong adverse impact on demand associated with the pandemic and the relevance gained by at-home consumption products. Furthermore, sales of secondary brands and private labels continued to grow, supplemented by sales growth in the Wholesale Channel.

Against this backdrop, at year-end, our sales volumes stood at similar levels as the previous year. The business continued engaging efforts on strategic brands and segments, accommodating to the new market conditions. On the other hand, there was a significant increase in sales of Bagley-branded products, in line with the growth in the Distributors Channel. Also of note is the increase in sales volumes of assorted cookies, crackers, and sweet dry cookies, the latter within the highest value added segment.

The advertising investment was focused on the brands Chocolinas, Criollitas, Saladix and Bagley bran crackers. The primary product launches during the year include: Bagley bran crackers, Arcor's new breakfast cereal, and the new Saladix snacks, Criollitas rice toasts and Lía Mediatarde biscuits.

Within the industrial area, the most relevant investments included the installation of an automatic fitting system at one of its lines of cookies and the ongoing implementation of automation technology, as part of the connectivity enhancements and digitization of our production processes under the Industria 4.0 project. At the Córdoba plant, we made improvements to the packaging processes at one of the lines.

During 2020, the Salto, Villa del Totoral, Villa Mercedes and Córdoba plants maintained their certifications under the OHSAS 18001, ISO 14001, ISO 9001 and BRC standards.

BRAZIL : CONFECTIONERY AND CHOCOLATES

During 2020, sales to third parties in the Confectionery and Chocolates business amounted to ARS 8,716.5 million, compared to ARS 11,948.5 million in 2019, both figures stated in constant currency.

The business performance was adversely affected by the epidemiological situation associated with the COVID-19. During the March-June period, sales declined due to the fact that certain sales channels experienced activity disruptions and went back to business during the last quarter. The major decrease was recorded in Confectionery sales and in Chocolates sales, to a lesser extent.

The main product launches in the Confectionery business were primarily concerned with the ongoing development of the chewing gum segment. In addition, the Halloween campaign had a significant impact and helped the business to remarkably improve its performance in October.

As to the Chocolates business, there was a significant increase in sales of Bon o Bon, assorted chocolate boxes, and larger chocolate tablets, due to an increase in at-home consumption, associated with the changes in consumers' habits as a result of the pandemic.

Some of the most significant product launches within the Chocolates business included 150-160 g chocolate tablets, and the dark chocolate 70%. Besides, during the third quarter, we carried out the "Invasao Tortuguita" campaign, with great success on social media and with a significant increase in sales.

As to industrial investments, the most relevant ones included adjustments to enable new product launches, new Flow Pack wrappers and packaging machines, and other investments in industrial services and facilities.

At the Rio das Pedras and Braganga Paulista plants, we maintained our certifications under OHSAS 18001, ISO 14001 and ISO 9001 standards. As to food safety standards, this year we renewed our BRC certification.

BRAZIL : COOKIES AND CRACKERS

Sales to third parties within the Cookies and Crackers business in 2020 amounted to ARS 7,812.8 million, compared to ARS 9,173.3 million in 2019, both figures stated in constant currency.

Considering the widespread economic downturn in Brazil due to the epidemiological situation caused by the COVID-19, the business performance was favorable, maintaining the same volume as the previous year.

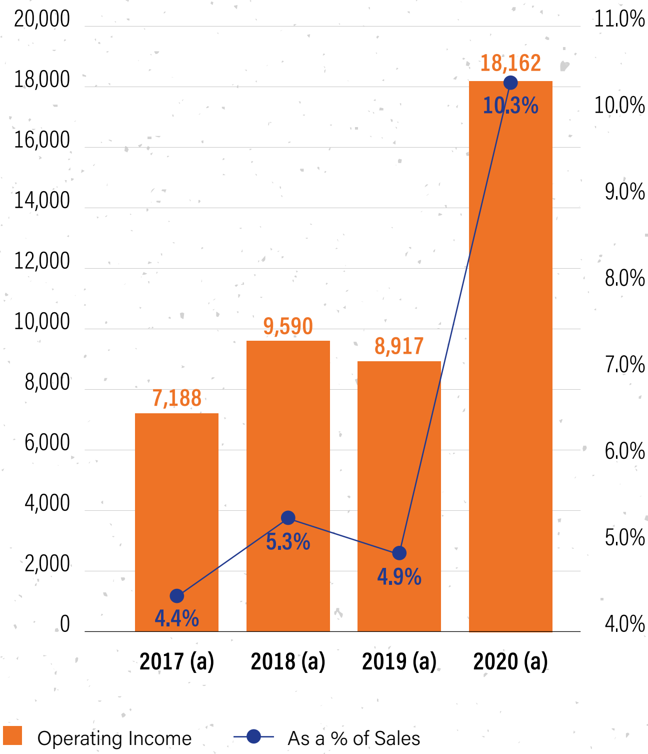
The brands that boosted turnover growth were Aymoré, a leading brand in the State of Minas Gerais, which set out to recover by mid-2019 as part of the celebration of its 95th anniversary, and Tortuguitas, primarily focused on the children's cookies segment, with product launches in the cookies and filled cookies in portions segments.

Some of the most relevant industrial investments included the deployment of a complete filled cookies manufacturing line, the installation of flow pack packaging equipment, and other investments in industrial services and facilities at the several plants.

At the Campinas and Contagem plants, we maintained the certifications under OHSAS 18001, ISO 9001, ISO 14001 and BRC standards.

EVOLUTION OF OPERATING INCOME

MILLION ARS



(a) In constant currency of December 2020.

ANDEAN REGION : CONFECTIONERY AND CHOCOLATES

Sales to third parties in 2020 amounted to ARS 10,420.0 million, compared to ARS 12,224.1 million in 2019, both figures stated in constant currency.

In Chile, the region's main market, sales declined against the previous year in terms of volume and turnover, primarily due to the effects of the pandemic, which entailed several months of lockdown. However, sales picked up during the last quarter of the year. In addition, there was a change in consumers' behavior, which resulted in an increase in family packs in detriment to impulsive consumption.

In spite of this context, during the year, several launches were carried out with the aim of fostering core brands. Within the gummy candies segment, we tapped into the market with Alka—a leading brand in functional candies, with new product launches in different formats that yielded favorable results. Within the children's chewing gums segment, the most relevant launches included MitiMiti and Unicornio, while in the Chocolates segment, in light of the strong growth in family pack formats, we launched white Rocklets in doypack, and the 125-g white Rocklets tablet.

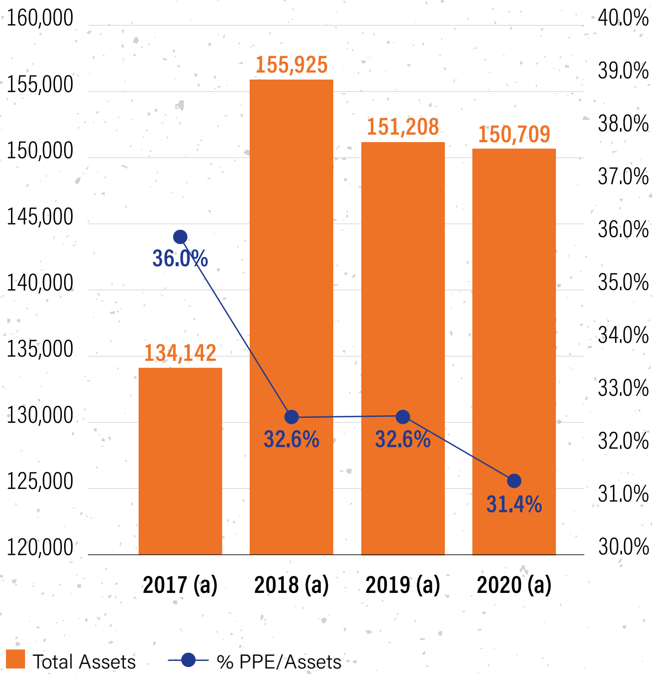
As part of the major investments, we commissioned the automation of an automatic display packaging and filling line. Also during the year, we accomplished the OHSAS 18001, ISO 9001 and ISO 14001 certifications, and managed to comply with applicable safety food standards to secure the BRC certification.

Within the region, Peru was one of the most badly affected countries by the COVID-19 pandemic, with substantial impact on the market. Against this backdrop, we made several changes at the level of the portfolio, channel strategy, and reduction of fixed costs and working capital to cope with the strong decline in activity. Concerning businesses, we changed the overall strategy for the portfolio, adding up new categories such as foodstuffs, cookies and crackers, and dairy products, to supplement the affiliate's offering. We also maintained our co-branding agreement with Coca-Cola, maintaining a significant market share within the segment with our Topline- Inka Kola chewing gum.

Ecuador was also badly affected by the COVID-19, and suffered a strong decline in sales, particularly, during the months of lockdown. Against this backdrop, we conducted several commercial actions in order to curb the negative impacts of the pandemic. Despite the crisis, we launched new products which contributed to our turnover during the last quarter of the year, such as the Rocklets tablets which are new to the segment, the expansion of the Mogul line, several product launches under the Bon o Bon brand, and the entry into the Cookies and Crackers business.

EVOLUTION OF TOTAL ASSETS AND PROPERTY, PLANT AND EQUIPMENT-TO-TOTAL ASSETS RATIO

MILLION ARS



(a) In constant currency of December 2020.

ANDEAN REGION : COOKIES AND CRACKERS

During 2020, sales to third parties amounted to ARS 4,140.8 million, compared to ARS 4,450.2 million in 2019, both figures stated in constant currency.

During the year, there was a decline in total sales attributable to the pandemic, with major impact during the months of lockdown and with certain recovery towards the last quarter.

Product launches were primarily concerned with the development of a healthy world. The most relevant ones included Arcor Natural Break Protein, Bagley bran crackers bi-pack, and sweet cookies *Recetas de la Abuela Delicias*, in several formats to offer a variety of purchase options to consumers.

The main industrial investments during the period included the complete installation of automation technology at the end of some lines and a new oven to increase the plant's productivity. Furthermore, Bagley Chile's industrial plant maintained the certification under ISO 9001, ISO 14001, ISO 45001 and BRC standards.

ANDEAN REGION : PACKAGING

As of year-end, sales to third parties amounted to ARS 7,103.7 million, compared to ARS 7,246.0 million in 2019, both figures stated in constant currency.

Amidst the widespread economic downturn in the region due to the epidemiological situation caused by the COVID-19, the business performance was not materially affected. We saw an increase in volumes due to the fact that in the fruit and vegetable market exports were not affected, while, concerning the industrial market, our presence among large customers in the chain of essential supplies, whose activity level rose during the pandemic, allowed us to increase volumes amidst a shrinking market.

During the year, we endeavored to increase the share of high added value products in the fruit market (preprint, offset, high quality print ads for cherries and pits). As concerns the industrial market, we consolidated our share among large customers and opened up new sizable accounts.

In December, due to the prevailing circumstances, we virtually unveiled a new industrial plant located in Lurín, Peru. The plant will manufacture corrugated cardboard boxes. It has a production capacity of 15,000 tons per year and will supply the fruit, industrial and special products markets.

In the industrial area, we deployed automatic assembling machines that helped increase the automatic assembly offering. In addition, and in order to maintain safety levels, we conducted improvements to the firefighting network.

The Chilean industrial complex secured ISO 9001 and ISO 14001 certification in connection with Environmental Quality Management, and maintained the PEFC certification, which ensures that raw materials and manufactured products come from sustainable sources. A relevant milestone during the year was the certification under the FSSC 22000 safety standards, and under ISO 45001 concerning occupational health and safety.

SOUTHERN SUBSIDIARIES

In 2020, sales to third parties within the Southern Subsidiaries segment amounted to ARS 8,347.5 million compared to ARS 9,690.6 million in 2019, both figures stated in constant currency.

The countries in this region were badly hit by the pandemic, as evidenced by a strong decline in economic activity and, hence, in consumption, affecting our performance. GDP declined as much as 8.0% in Bolivia, 4.5% in Uruguay, and 1.6% in Paraguay, according to ECLAC. The impulsive consumption businesses were the most badly affected (confectionery, chocolates and ice-creams), due to the full restriction of the consumption area.

Our Paraguayan subsidiary was not immune to the economic scenario, with declines in the confectionery, chocolates and ice-creams businesses. In contrast, the food business was the best performing, due to the increase in at-home consumption, with good results in the Godet and Prestopronta brands, and in the product lines of tomatoes, canned products, oil and marmalades. In the second year following the introduction of Danone products for sale in Paraguay, the dairy products business also performed well, thanks to substantial engagement efforts at the point of sale and improved commercial management.

Our Bolivian affiliate ended the year with declining sales volumes. At the time of the pandemic outbreak, the subsidiary reinforced the sale of scheduled purchase products; however, as from the second half of the year, a new business equilibrium was achieved (including Dairy Products), which allowed the subsidiary to enhance its performance. The main commercial actions for the year were focused on the strategic brands, such as Bon o Bon, Topline and Arcor, with strong web presence and communications tailored to the new sales modalities.

Due to the pandemic, our Uruguayan subsidiary also suffered a decline in sales relative to the previous year. In spite of this, we remained focused on core brands, such as Bon o Bon, Aguila, BC Topline, Cofler, Rocklets and Mogul, and managed to consolidate our leading position in the confectionery and chocolates market. Profitability levels were maintained by means of stringent controls over costs and advertising expenditure. As concerns commercial actions, we continued developing the confectionery, chocolates, cookies and crackers, and food businesses, with strong emphasis on the grocery store and pharmacy channels, which grew compared to 2019, and with several product launches in certain segments, such as bite-size chocolates and bonbons, gummy candies, assorted cookies, crackers, canned tomatoes, and juice powders.

OTHER INTERNATIONAL MARKETS

Arcor Group continues pursuing its international participation strategy in mass consumption businesses. This has allowed it to consistently maintain its position as leading multinational group that offers food for each moment of the day and for each consumption occasion, reaching more than 100 countries. The markets where we operate were affected by the impact of the pandemic from its outbreak in Asia, and its subsequent spread to Europe and, finally, to America. In general terms, there was a strong decline in economic activity across all regions, with impacts on each and every marketing channel—distributors and wholesalers who were virtually inactive for several months since March 2020.

As a consequence of the pandemic, sales in the Overseas and Camcar region declined compared to the previous year. However, Bon o Bon achieved good sales performance in Mongolia and Thailand. Besides, the entry into the Russian market with a new distributor and the resumption of operations in Algeria also yielded good results. We managed to maintain good profitability levels and achieved substantial savings in fixed costs, primarily in the traveling and lodging categories.

At our Mexican operation, sales declined relative to the previous year, both in the domestic and foreign market, with more pronounced declines at the pandemic outbreak, i.e., from April to July, with certain gradual recovery being noticed in the last quarter. At the commercial level, digital communication gained substantial relevance, together with e-commerce and the engagement in the online platforms of the major supermarket chains in Argentina. The most relevant product launches included the strawberry flavor in several brands, such as Nikolo Strawberry, Strawberry Wafer, and Bon o Bon Strawberry Choco, and the Rocklests and Bon o Bon tablets.

Some of the main investments at the industrial plant in Toluca included the mass production automation of the small chocolate eggs line and the installation of a cooling tunnel at the Pikaros line, among others.

The increase in sales in the United States was significant. Even though it was one of the countries with the largest number of COVID-19 cases, the U.S. subsidiary's sales rose thanks to the recovery of customers and increased activity at the Dallar channel.

As part of the agreement entered into by Arcor Group and Webcor Group in connection with an investment project aimed at establishing an industrial plant in the Republic of Angola to manufacture confectionery, bonbons and cookies, during the year substantial progress was made in the construction of the factory, including the shipment of the production lines, which arrival took place during the first quarter of 2021, year in which the plant is expected to begin operations. Once production is up and running, certain semi-finished products and raw materials will be exported from Arcor Group's plants in Argentina to supply such operation.

AGREEMENTS WITH MASTELLONE HERMANOS S.A. AND ITS SHAREHOLDERS

By the end of 2015, Arcor Group subscribed a landmark agreement with Mastellone Hermanos S.A., a leading company in the production and marketing of dairy products, whereby it became one of its shareholder. The deal meant a significant step forward in terms of new businesses and consolidates us as one of Argentina's largest mass consumption groups.

Since then, certain shareholders of Mastellone Hermanos S.A., in exercise of their pre-emptive rights under the master agreement entered into in 2015, sold a portion of their capital stock during the time elapsed. In 2020, the put options that had been exercised amounted to approximately USD 3.7 million. All equity interests were acquired, in equal parts, by Arcor S.A.I.C. and its subsidiary Bagley Argentina S.A. who, together, own a 48.6767% interest in Mastellone Hermanos S.A.'s capital stock.

Since the alliance with Mastellone was conceived, several co-branded products were launched to boot both companies' valuable brands. Furthermore, leveraging Arcor Group's regional presence, commercial models were developed in some countries that are part of the Southern Subsidiaries' business. Also during 2020, the operation was expanded into Peru, allowing to include dairy products to the commercial portfolio.

FUNCTIONAL AREAS

FINANCE

The year 2020 posed the major challenge of conducting business in a market strongly disrupted by the COVID-19. Concurrently, the Argentine government had to renegotiate its financial commitments with private holders of foreign debt. In light of these circumstances, the Group primarily aimed at a strong generation of funds to substantially reduce its bank borrowings, accommodating its financing structure to more uncertain market conditions. This was primarily achieved by sticking to a stringent utilization of working capital and to the investment plan.

The adoption of increased exchange controls as from the second half of the year affected the access to the forex market by businesses and individuals, leading us to rearrange our treasury workflows to be able to honor our foreign obligations in due time and form, while also fulfilling the reporting requirements from several regulatory authorities.

As concerns our financing structure, we sought to extend short-term debt maturities. To this end, and taking advantage of the prevailing market conditions, we issued three (3) new series of Corporate Bonds in pesos; two of them under the digital format enabled by the National Securities Commission (CNV).

The Group also provided financial support to its foreign subsidiaries for them to be able to address the funding needs that might arise due to the uncertainty brought about by the pandemic.

The impact of the restrictions associated with the pandemic led us to redefine payment and collection processes within the Group. We adjusted our collection channels, and embraced new payment instruments, such as ECHEQ, which was implemented by all Argentine enterprises.

Besides, together with the newly adopted electronic credit invoice, both instruments contributed to financially sustain our suppliers, since they can be traded in their respective regulated markets.

During 2021, we will stick to similar guidelines focused on the generation of funds, liquidity management, and operating efficiency across transactional channels, to generate the funds required for the execution of our commercial operations, investment plan, and growth strategies.

ADMINISTRATION AND SYSTEMS

As from March, and in response to the restrictions imposed in the countries where the Group operates due to the COVID-19 pandemic, we focused on ensuring operating continuity at our industrial plants and on supporting back-office operations that totally or partially shifted to teleworking arrangements. We made available new remote accesses, new communication and collaboration options, security controls and redistribution of notebooks, with strong emphasis on giving support to ensure operating continuity. Once services had been made available, we continued working on opportunities for improvement within the value chain to address the challenges arising from the pandemic and to ensure the continuity of all our work plans and projects.

During the year, in an effort to support digital transformation and other challenges arising from the pandemic, Arcor strengthened its initiatives to be close to customers and consumers. We launched the arcorencasa.com platform in Argentina and other countries where we operate. We also boosted the ArcorNet customer portal throughout the region and made available the new releases of PoS applications, Tokin and Celsius.

We also continued with the Industria 4.0 project, which envisages the implementation of new networks and software (Siemens Simatic IT/Siemens Comos), achieving plant floor digitization and transforming the use of information across all input, raw material, finished product, maintenance and quality management processes.

With RPA (Robotic Process Automation) technology, we also made progress in the automation of internal management processes, and managed to optimize and streamline processes.

During the first half of 2020, our Board of Directors resolved to initiate a merger process in the Packaging business, under which the subsidiaries Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. were merged into Cartocor S.A. The merger plan was subscribed on September 22, 2020, with retroactive effects to July 1, 2020. Therefore, all administrative and operating activities set forth in the plan were completed. Several areas of the Group are actively engaged in this process in order to fulfill pre-defined deadlines and milestones, aiming at optimizing management and achieving synergies in day-to-day operations through the merger and integration of Zucamor Group's systems into Arcor Group's process models and technological standards.

Concerning HR processes, we deployed a new release of performance management tools, while streamlining the existing talent processes and making available the RedCom mobile app.

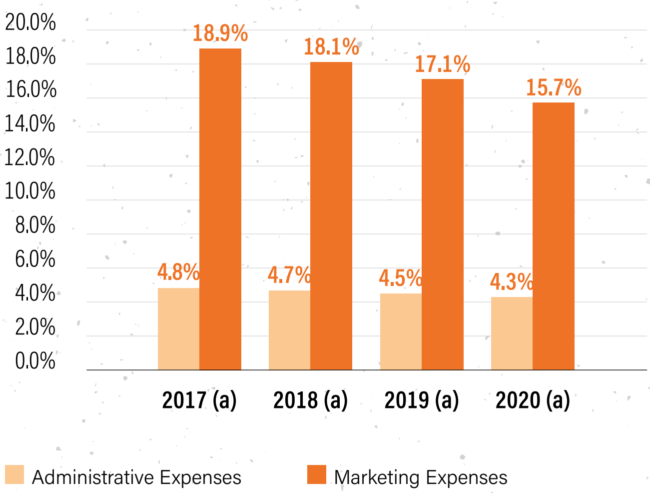
Concerning business intelligence tools (Arcor BI), we made progress in the implementation of internal management dashboards for all businesses and countries, allowing to process real-time information. With the new releases of the Microstrategy solution, we made progress in the areas' self-management, making information processing more agile and transparent.

In order to fulfill the applicable fiscal and regulatory requirements in the several countries, we carried out many projects, including Digital VAT Journal in Argentina, SIRE (Electronic Withholding Comprehensive System), and e-packing slip for flour and sugar. In Argentina, we implemented new payment formats *(ECHEQ)*, with substantial improvements in the related administrative processes. Regarding logistics processes, we moved forward with optimization projects, integrating warehouse technologies into our management systems, while streamlining transportation processes and inventory management, both in Argentina and abroad.

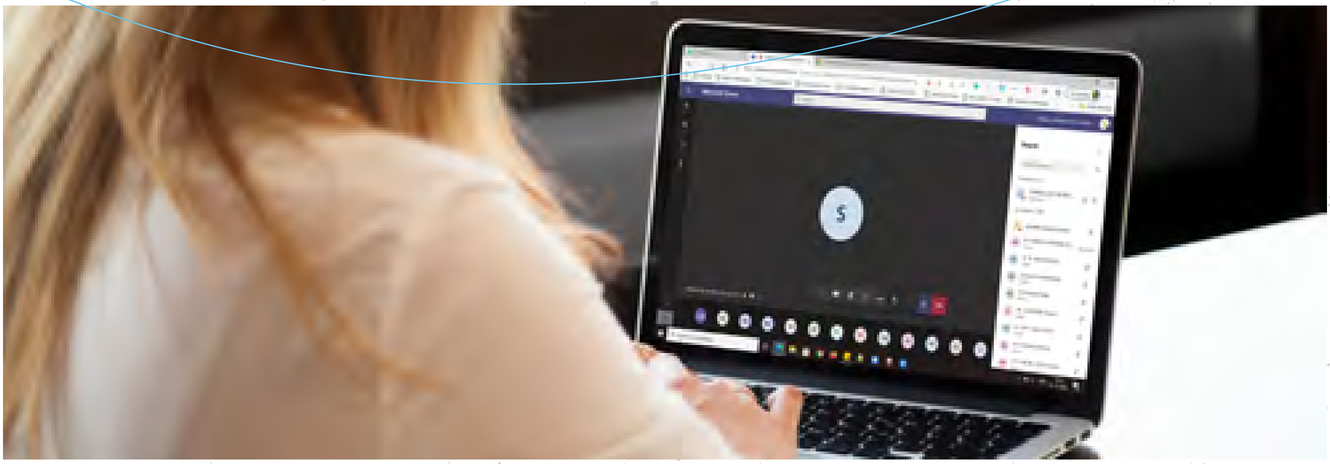
As to technology, we continued upgrading and automating our cloud-based platforms, OCI (Oracle) and Azure (Microsoft), to make more efficient and flexible use of resources, while maintaining quality, support and performance standards.

EVOLUTION OF ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

(AS % OF SALES)



(*) In constant currency of December 2020.



As for connectivity, progress was made in the use of network technologies (SDWAN) in order to optimize communication costs and performance across all sites. Also during the year, we deployed the Webex (Cisco) solution, which meant a deep transformation of our commutation and collaboration tools. This solution allows us to integrate call services, online collaboration and videoconference, creating a new communication option. Concerning Information Security, we continued with the processes to secure workstations and mobile devices, the clouds, and the entire corporate infrastructure, in addition to ongoing threat monitoring.

HUMAN RESOURCES

During the year, we implemented actions and processes at a global level, which seek to continue training our employees and improving the workplace climate and commitment at the organization. In this respect, the prevailing context led us to search for new ways of meeting and getting connected, and we promptly managed to tailor our training offering to online formats and to our employees' current needs.

Due to the pandemic, we created a dedicated interdisciplinary committee made up of several areas, including Corporate Human Resources, Corporate Health Service, Quality and Environment, Health and Industrial Protection (MAHPI, as per its initials in Spanish), Public Affairs, Internal Communications and Legal Issues. The committee developed an action protocol, and also engaged in a review of the applicable laws and regulations of each country, in order to ensure full compliance with them. In turn, as required by applicable regulations, people qualifying as included in the "risk group" were discharged from duty. As regards confirmed positive cases, we followed up and track each case (close contact, isolated and/or positive cases) to mitigate the impact on the other employees.

In this vein, we conducted webinars to address several topics of interest, such as emotion management, self-control and stress management, work and family coexistence, and crisis management and leadership, involving the participation of 1,200 employees.

We also made progress in our Management School's training programs, based on the Group's skills. In person and blended learning courses were redesigned into an online format, where employees shared both live meetings and asynchronous activities.

During 2020, we continued with the Strategic Resources Planning Process, pursuant to which 92% of the managerial positions at the company were filled with employees identified as having growth potential.

As part of the inclusion program, new people with disability were hired in our industrial, logistics, commercial and functional areas in Argentina, Brazil, Mexico and Chile, reaching a total of 290 active employees with disability at the group level throughout the year, in addition to 18 people with disability integrated to the value chain.

We continued strengthening the direct communication with our employees; together with the new internal communication app Redcom, we deployed a direct contact tools across all plants and offices to offer updated and useful information at any time from our employees' mobile phones.

Our Healthy Living Habits Committee, comprised by physicians from our operations, made progress in the implementation of the cafeteria and snack area standard. Action focuses were directed towards conscious eating, healthy nutrition, and myths and facts about diets. In addition, internal campaigns were implemented on Healthy Lifestyle Habits.

SUSTAINABILITY

Arcor Group understands sustainability as a business strategy and approach that allows for managing risks and maximizing opportunities, at the time it enables the creation of economic, social and environmental value for itself, as well as for its sphere of influence in the long term.

Our commitment to sustainability is enshrined in our Mission, Vision, Values, Code of Ethics and Conduct and all the related policies and procedures. Since 2010, Arcor Group has had a Sustainability Policy in place, whereby it undertakes five specific commitments and a general commitment to sustainable development, for the most relevant and priority issues for the company and its stakeholders. These are: rational use of water, energy efficiency and minimization of impacts that contribute to the global climate change, rational use of packaging materials, respect for and protection of human and labor rights, and active life and healthy nutrition.

In 2016, the company committed to its 2020 Sustainability Strategy. The strategy seeks to increase the company's corporate value through sustainable business management and governance, based on three action pillars:

- Sustainable Identity, to strengthen Arcor Group's identity on the basis of its values and culture as differentiating elements;
- Operational continuity to guarantee the ongoing improvement of operations driven by sustainable management practices across all of its processes; and
- Demand growth, to encourage business models and strategies, products and brands that create sustainable bonds.

In order to accurately execute the strategy and enforce the policy, a sustainability management and governance system is implemented across all businesses and corporate areas.

In 2020, 20 programs, projects and initiatives were driven by the Corporate Sustainability Committee, which is made up of the Company's President and General Managers, as well as more than 774 initiatives through Operational Sustainability Plans (POS, as per the initials in Spanish) for the several business units and countries where Arcor Group is present.

In 2020, the Corporate Sustainability Management area initiated a process to revise the Sustainability Policy and to develop the new Sustainability Strategy for the next 5 years (2021-2025), seeking to further integrate sustainability into the company's business model.

To make progress against this plan, the company reviewed the performance since the first-time adoption of the Sustainability Policy and Strategy in 2010 to date in order to systematize the accomplished milestones and the challenges ahead. As a result of such review, it was concluded that Arcor Group's new Sustainability Strategy (post-2020) should embrace and consider the new challenges posed by the global agenda looking forward, considering the implications of the new scenario affected by the COVID-19 crisis, as well as the development of business strategies that embrace sustainability as an innovation and value creation factor, among other aspects. Therefore, we will continue revising Arcor Sustainability Policy and defining a new agenda suitable to the corporate strategy.

For more information, including indicators that are being monitored as part of the sustainability strategy, see Arcor Group's 2020 Sustainability Report, available at www.arcor.com and also with regulatory authorities (CNV and BYMA).

COMMUNITY RELATIONS

Arcor Group assumes joint responsibility for the overall development of the communities of which it is part.

In doing this, we have designed a strategy focused on recognizing and managing the impacts of our business operation on the community to timely and efficiently manage the actions and relationships developed by the company in each territory.

During 2020, we continued with the process to strengthen the area as a component of industrial management at the grassroots level, working with 26 Community Relations Committees from the several countries in which we operate.

In particular, to cope with the effects of the pandemic, we channeled contributions at corporate and local level to implement several initiatives driven by public agencies and non-governmental organizations, primarily targeted at the most economically and socially vulnerable sectors.

We supported more than 380 local organizations, and continued working at a corporate level with the Food Bank Network and Cáritas.

Main actions:

- Donation of Boxes: As part of the "Seamos Uno" (Let's Be One) initiative, driven by a group of social organizations, and other initiatives jointly carried out with other companies, we delivered 609,280 boxes produced by the Packaging business.
- Donation of Alcohol: We donated 16,000 liters of alcohol produced by the Agribusiness division to the Argentine National Defense Department, and several municipalities and local hospitals.
- Donation of Products: Since the inception of the health emergency, considering the contributions made in all countries, Arcor Group donated more than 1.3 million kilograms in products (1,337,021 kg).

In turn, we implemented the Special Food Assistance Program, together with Arcor Foundation, to support organizations that provide direct food assistance to vulnerable urban sectors. Since April 2020, we donated non-perishable products to cover 200,000 main meals and over 65,000 afternoon snacks in the City of Córdoba and Buenos Aires Metropolitan Area.

REGIONAL SOCIAL INVESTMENT IN CHILDHOOD

At Arcor Group, we are committed to the respect and promotion of children's rights. Based on such commitment, our social investment strategy in the region is led by Arcor Foundation in Argentina (1991), Arcor Institute in Brazil (2004), and Arcor Foundation in Chile (2015) which, in turn, develop initiatives of Latin American scope, in order to contribute to making education a tool for equal opportunities for boys and girls.

Arcor Group's regional social investment is based on three action pillars:

- *Childhood and Comprehensive Development in Early Years:* It helps strengthen early childhood services, care settings and education through the development and training of adult role models and support to the material conditions of institutions working with children.
- *Childhood and Healthy Life:* It contributes to the promotion of healthy lifestyle habits in childhood, through education and creation of knowledge on the subject.
- *Childhood in the Public Agenda:* It fosters reflection on, and visibility and enhancement of, children's status in Latin America.

In 2020, we sponsored and carried out initiatives in Argentina, Brazil, Chile and regional actions, involving the participation of 299,245 boys and girls and reaching 4,873,940 adults (315,081 trained adults; 635,862 digital participants; 3,922,997 people from the general public). It is worth mentioning that the initiatives developed since March 2020 were suitable to the circumstances posed by the COVID-19 pandemic, seeking to contribute to address the social and health emergency in the several countries in which we operate.

RESOURCES ALLOCATED TO SOCIAL INVESTMENT AND MANAGEMENT OF COMMUNITY IMPACTS[(1)]

In 2020, the amount allocated to social investment and management of community impacts totaled ARS 330,471,373; ARS 253,749,828 of which in the form of product donations. In addition, we made contributions in cash and in kind to implement several community outreach initiatives in the amount of ARS 45,549,358.

The amount of ARS 31,172,187 was allocated to the actions performed by Arcor Foundation in Argentina and Chile and the Arcor Institute in Brazil.

PROPOSAL FOR THE ALLOCATION OF UNAPPROPRIATED RETAINED EARNINGS AND DISTRIBUTION OF DIVIDENDS

The item Unappropriated Retained Earnings in the Separate Statement of Changes in Shareholders' Equity for the year ended December 31, 2020 shows a positive balance of ARS 4,223,768 including, among other things, net income for the year in the amount of ARS 4,163,556 thousand.

Taking into account the Company's liquidity level, financial commitments and evolution of its investments, the Board of Directors deems it appropriate to submit the following motion for the allocation of Unappropriated Retained Earnings for consideration at the Shareholders' Meeting:

1. Not setting up the Legal Reserve due to the fulfillment of the percentage required by the General Companies Law;
2. Allocate ARS 1,100,000 thousand to increase the Special Reserve for Future Investments;
3. Allocate ARS 2,650,000 thousand to distribute cash dividends to be paid in two installments, the first one on April 14, 2021 in the amount of ARS 2,450,000 thousand, and the second one, on June 1, 2021, in the amount of ARS 200,000 thousand; and
4. Allocate the remaining balance to increase the Special Reserve for Future Dividends.

The shareholders are kindly reminded that, pursuant to the terms of General Resolution 777/18 of the National Securities Commission, the distribution of profits will be considered in the currency of the date on which the shareholders' meeting will be held, by reference to the price index prevailing on the month prior to the meeting.

DIRECTORS' FEES AND MANAGEMENT'S COMPENSATION POLICY

The Board of Directors' fees are fixed and approved at the Shareholders' Meeting, taking into account the provisions set forth in Section 261 of the General Companies Law, and applicable regulations of the National Securities Commission at the time of approval of the annual financial statements.

Regarding Management's Compensation Policy, the Company has established a compensation arrangement made up of a fixed portion and a variable portion. The fixed compensation is related to the responsibility level required for the position and market competitiveness. The variable compensation is related to the goals set at the beginning of the fiscal year and the degree of compliance therewith during performance throughout the fiscal year. The Company has also established and communicated a pension plan (defined benefits), which include management, among others. The Company does not have stock option plans in place for its staff.

[(1)] These figures do not include the investments made in the HR area or in environmental projects. Customer and supplier development actions are not included either.

DECISION-MAKING AND INTERNAL CONTROL

A) GOVERNANCE: SHAREHOLDERS' MEETING

The Company's governance body is the Shareholders' Meeting where each Class A common share is entitled to five votes and each Class B common share is entitled to one vote. In all cases, common shares, including those entitled to multiple votes, will only be entitled to one vote each for the appointment of regular and alternate statutory auditors, and for the assumptions set forth in the last paragraph of Section 244 of General Companies Law.

B) MANAGEMENT AND ADMINISTRATION
The Board of Directors

The Company is run and managed by a Board of Directors made up of five to twelve regular members and the same or lesser number of alternates, as resolved by the Shareholders' Meeting. Directors hold office for three fiscal years and may be reelected indefinitely. The directors' term of office is understood to be extended until their successors are appointed by the Shareholders' Meeting, even when the term of office for which they were appointed has expired and until the new members take over.

Pursuant to Corporate Bylaws, the Board of Directors has broad powers to manage the Company's business. The Board of Directors will hold a meeting, called by the Chairman as often as the Company's interests so require and, at least, once every three months.

The decisions will be entered into a minutes book stamped as provided in the Civil and Commercial Code.

Below is a detail of the members of the Company's Board of Directors whose terms of office expire on December 31, 2022:

Chairman:
Mr. Luis Alejandro PAGANI

Vice-Chairman:
Mr. Alfredo Gustavo PAGANI

Regular Directors:
Mr. José Enrique MARTIN
Mr. Alejandro Fabián FERNÁNDEZ
Mr. Víctor Daniel MARTIN
Mr. Guillermo ORTIZ DE ROZAS
Mr. Alfredo Miguel IRIGOIN
Mr. Fernán Osvaldo MARTÍNEZ

Alternate Directors:
Mrs. Lilia María PAGANI
Mrs. Karina Ana Mercedes PAGANI de CAÑARTE
Mrs. Marcela Carolina GIAI

C) AUDIT COMMITTEE

An Audit Committee was created in 2010, entrusted with the following duties: (a) monitor the operation of internal control systems and the administrative accounting system, as well as the reliability of the latter and all the financial information and other significant events; (b) oversee the application of the Company's risk management reporting policies; (c) review the internal and external auditors' plans and assess their performance; (d) consider the internal and external audit budget; and (e) evaluate the different services provided by the external auditors and their relationship with their independence, as established by audit standards in force.

This Committee does not apply the regulations established by the National Securities Commission since the Company is not required to create it under such terms.

D) STATUTORY AUDIT COMMITTEE

The Company's Statutory Audit Committee is made up of three regular statutory auditors and three alternate statutory auditors appointed by the Shareholders' Meeting for a three fiscal-year term of office. They may be indefinitely reelected, according to the Corporate Bylaws. The statutory auditors' terms of office expire on December 31, 2022.

Regular Statutory Auditors:

Mr. Víctor Jorge ARAMBURU
Mr. Gabriel Horacio GROSSO
Mr. Carlos Gabriel GAIDO

Alternate Statutory Auditors:

Mr. Alcides Marcelo Francisco TESTA
Mr. Daniel Alberto BERGESE
Mr. Hugo Pedro GIANOTTI

E) EXTERNAL AUDITORS

The Shareholders' Meeting annually appoints independent external auditors in charge of auditing and certifying the Company's accounting documentation. Law No. 26,831, Decree No. 1,023/2013 and National Securities Commission's Regulations (text as revised in 2013), as approved by General Resolution No. 622/2013 issued by such agency, provide the requirements to be met by those who act as external auditors of companies that publicly offer marketable securities and the companies which appoint them to ensure their independence and professional qualification.

F) INTERNAL CONTROL

Arcor Group has internal systems and procedures devised in accordance with basic internal control criteria. An effective budgetary control is in place to monitor the course of business, which allows preventing and detecting deviations.

The Information Security area of the Corporate IT Management Division, as part of an ongoing improvement and update program, has centralized duties and maintains stringent controls based on world-class methodologies, formalizing and aligning the initiatives and procedures related to the access to the Group's IT assets, being also responsible for compliance with data privacy and protection regulations.

The Internal Audit area is in charge of a director of Arcor S.A.I.C. and functionally reports to the Audit Committee. Its purpose is to contribute to mitigating the potential impact operational risks may have on the Group's ability to achieve its stated goals, supporting the different areas by implementing and optimizing controls and procedures.

G) CORPORATE GOVERNANCE

The Report on Compliance with the Code of Corporate Governance for fiscal year 2020 is enclosed as Annex I, pursuant to the provisions set out in Title IV, "Periodic Reporting System" of the National Securities Commission's Regulations (text as revised in 2013), approved by General Resolution 622/2013, as amended, issued by such agency.

H) HUMAN RESOURCES COMMITTEE

The Board of Directors created a Human Resources Committee in 2015. Some of the responsibilities entrusted to such committee include ensuring that the structure of key personnel compensation is related to their performance, risks taken and long-term performance, proposing selection criteria and applying training, retention and succession policies for the Board of Directors' and senior management members.

I) FINANCE, INVESTMENTS AND STRATEGIES COMMITTEE

In 2010, a Finance, Investments and Strategies Committee was set up. Among its responsibilities, the most relevant ones include reviewing the annual budget, and assessing alternative financing sources, investment plans and new businesses.

J) ETHICS AND CONDUCT COMMITTEE

The Company has an Ethics and Conduct Committee, whose main function is to monitor compliance with the Code of Ethics and Conduct. It contributes to the ongoing improvement of the Company's ethical climate, by promoting awareness, communication and training actions for all employees and stakeholders specific to each value chain.

K) SUSTAINABILITY COMMITTEE

Among other functions, the Company's Sustainability Committee is in charge of:

- Giving advice to Management in all aspects related to sustainability, supporting the identification and analysis of risks and opportunities with relevant impact for the Group.
- Setting priorities and implementing policies, strategies and corporate actions, related to the sustainability of Arcor Group's business.
- Evaluating the Company's performance in connection with its business sustainability, and monitoring and minimizing the environmental and social impacts of its operations.
- Assessing and making recommendations on sustainability with respect to the Company's relationship strategy with its several audiences.
- Following-up and evaluating the implementation of Arcor's Sustainability Plan.
- Ensuring that adequate communication policies are in place and that they are effective in building and protecting Arcor's reputation as a sustainable company, internally and externally.

L) PROCUREMENT COMMITTEE

In 2015, the Board of Directors set up a Procurement Committee, primarily tasked with managing and mitigating the risks related to Arcor Group's supply chain.

ARCOR S.A.I.C.'S SEPARATE FINANCIAL STATEMENTS DATA

Furthermore, in connection with the separate financial statements, the Board of Directors reports below the Investments and the Balances and Transactions with the Parent, Subsidiaries and Associates of Arcor S.A.I.C.

ARCOR S.A.I.C.'S SEPARATE FINANCIAL STATEMENTS

With respect to the fiscal year under consideration of Arcor S.A.I.C., the Board of Directors highlights the following:

A) COMPARATIVE BALANCE SHEET DATA - ADJUSTED VALUES

	2020 %	2019 %	2018 %
Current Assets / Total Assets	22.43	24.66	25.82
Non-current Assets / Total Assets	77.57	75.34	74.18
Current Liabilities / Total Liabilities + Shareholders' Equity	23.47	21.02	20.83
Shareholders' Equity / Total Liabilities + Shareholders' Equity	27.15	26.63	30.33

B) COMPARATIVE EXPENSES AND REVENUES DATA IN RELATION TO SALES

	2020 %	2019 %
Gross Income	34.09	32.05
Marketing Expenses	(16.45)	(19.54)
Administrative Expenses	(6.07)	(7.10)
Other Income / Expenses, Net	0.02	(0.94)
Income from Investments in Companies	4.21	4.04
Net Financial Income (Expense)	(7.26)	(8.99)
Income Tax	(2.80)	(2.82)
Net Income / (Loss) for the Fiscal Year	5.72	(3.30)

ARCOR S.A.I.C.'S INVESTMENTS

The main investments of Arcor S.A.I.C. recognized during the fiscal year ended December 31, 2020 were as follows:

Item	Amount in ARS
Land and Constructions	13,268,864
Machinery and Facilities	12,223,243
Furniture, Tools, Vehicles and Other Equipment	219,234,383
Construction Works and Equipment in Transit	650,703,722

BALANCES AND TRANSACTIONS WITH PARENT, SUBSIDIARIES, ASSOCIATES AND JOINT CONTROL COMPANIES

COMPANIES		LOANS GRANTED
		ARS
ARCOR A.G. (S.A. Ltd.) Paid-in Shares: CHF	27,584,000.00	-
ARCOR ALIMENTOS BOLIVIA S.A. Paid-in Shares: BOB	-	-
ARCOR DE PERÚ S.A. Paid-in Shares: PEN	-	-
ARCOR DO BRASIL LTDA. Paid-in Shares: BRL	476,415,067.00	-
ARCOR U.S.A. INC. Paid-in Shares: USD	21,194.00	-
ARCORPAR S.A. Paid-in Shares: PYG	6,400,000,000.00	-
BAGLEY ARGENTINA S.A. Paid-in Shares: ARS	9,279.00	-
BAGLEY CHILE S.A. Paid-in Shares: CLP	-	-
BAGLEY LATINOAMÉRICA S.A. Paid-in Shares: EUR	49,700,611.00	-
CARTOCOR CHILE S.A. Paid-in Shares: CLP	6,632,261,044.31	-
CARTOCOR PERÚ S.A. Paid-in Shares: PEN	-	-
CARTOCOR S.A. Paid-in Shares: ARS	13,684,528.00	-
CONSTRUCTORA MEDITERRÁNEA S.A.C.I.F.I. Paid-in Shares: ARS	12,808,181.91	5,087
DULCERÍA NACIONAL (SU). LIMITADA.	-	-
GAP INVERSORA S.A. Paid-in Shares: ARS	33,686.00	487
GAP REGIONAL SERVICES S.A. Paid-in Shares: UYU	-	-
GAP INTERNATIONAL HOLDING S.A. Paid-in Shares: USD	5,049,950.00	-
GRUPO ARCOR S.A. Paid-in Shares: ARS	-	-
INDUSTRIA DE ALIMENTOS DOS EN UNO S.A. Paid-in Shares: CLP	60,890,431,469.44	-
INDUSTRIA DOS EN UNO DE COLOMBIA LTDA. Paid-in Shares: COP	82,418,737.00	-
MASTELLONE HERMANOS S.A. Paid-in Shares: ARS	159,165,436.00	-
MUNDO DULCE S.A. DE C.V. Paid-in Shares: MXN	-	-
PAPEL MISIONERO S.A.I.F.C. Paid-in Shares: ARS	-	199,785
TUCOR DMCC	-	-
UNIDAL ECUADOR S.A. Paid-in Shares: USD	-	-
UNIDAL MÉXICO S.A. DE C.V. Paid-in Shares: MXN	933,785,300.00	-
VAN DAM S.A. Paid-in Shares: UYU	70,000,000.00	-
ZUCAMOR CUYO S.A. Paid-in Shares: ARS	(*)	-
ZUCAMOR S.A. Paid-in Shares: ARS	(*)	-

(*) On July 1, 2020, BI S.A., Zucamor Cuyo S.A. and Zucamor S.A. were merged into Cartocor S.A.

LOANS RECEIVED	ACCOUNTS RECEIVABLE	ACCOUNTS PAYABLE	OTHER RECEIVABLES	OTHER LIABILITIES
		ARS		
-	51,531	61,754	-	129,416
-	-	-	-	-
-	103,608	-	-	-
-	248,268	3,481	-	-
-	268,336	2,870	-	-
-	250,767	-	54,777	-
4,699	727,683	49,988	-	506,602
-	7,039	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
636,720	134,001	173,854	-	-
-	1,626	960	-	-
-	-	3,029	21,146	-
-	-	-	-	-
-	-	39,141	-	-
-	-	-	-	-
-	-	-	-	-
-	539,669	-	-	-
-	3,927	-	-	-
-	6,098	116,126	-	-
-	1,515	-	-	-
-	4,120	7,576	-	-
-	-	-	761,049	-
-	94,484	-	-	-
-	2,948	37,192	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

BALANCES AND TRANSACTIONS WITH PARENT, SUBSIDIARIES, ASSOCIATES AND JOINT CONTROL COMPANIES (CONTINUED)

COMPANIES	SALES OF GOODS AND SERVICES	RECOVERY OF EXPENSES
	ARS	
ARCOR A.G. (S.A. Ltd.)	96,476	-
ARCOR ALIMENTOS BOLIVIA S.A.	548,701	1,480
ARCOR DE PERÚ S.A.	146,711	481
ARCOR DO BRASIL LTDA.	137,181	-
ARCOR U.S.A. INC.	994,412	-
ARCORPAR S.A.	995,217	1,926
BAGLEY ARGENTINA S.A.	5,933,891	82,224
BAGLEY CHILE S.A.	44,894	-
CARTOCOR CHILE S.A.	5,287	-
CARTOCOR S.A.	989,320	69,367
CONSTRUCTORA MEDITERRÁNEA S.A.C.I.F.I.	517	388
DULCERÍA NACIONAL (SU), LIMITADA.		-
GAP INVERSORA S.A.		-
GAP REGIONAL SERVICES S.A.		-
GRUPO ARCOR S.A.	1,206	-
INDUSTRIA DE ALIMENTOS DOS EN UNO S.A.	1,029,799	-
INDUSTRIA DOS EN UNO DE COLOMBIA LTDA.	2,955	-
MASTELLONE HERMANOS S.A.	75,264	-
MUNDO DULCE S.A. DE C.V.	3,079	-
PAPEL MISIONERO S.A.I.F.C.	85,950	10,089
UNIDAL ECUADOR S.A.	110,284	-
UNIDAL MÉXICO S.A. DE C.V.	5,989	-
VAN DAM S.A.	624,364	1,359
ZUCAMOR S.A.	79,207	5,258
ZUCAMOR CUYO S.A.	21,034	919

We submit for the consideration of the Shareholders the Annual Report and related documentation. The notes referred to above relate to the Separate Financial Statements for the fiscal year ended December 31, 2020. We kindly request your approval of the Board of Directors' conduct of business.

The Board of Directors wishes to thank the shareholders, customers, suppliers and employees for their ongoing cooperation during the year.

City of Córdoba, March 10, 2021

PURCHASE OF GOODS	PURCHASE OF SERVICES	OTHER INCOME	OTHER EXPENSES	INTEREST INCOME	INTEREST EXPENSE
ARS					
-	73,438	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
65,383	-	-	-	-	-
-	-	-	2,226	-	-
-	-	-	-	-	-
133,155	84,584	-	-	3,044	(771)
-	-	2,448	-	-	-
-	-	-	-	-	-
2,857,293	31,683	-	-	-	(2,879)
-	8,942	-	-	(507)	-
-	3,029	21,146	-	-	-
-	-	-	-	(13)	-
-	55,890	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
366,201	-	-	-	-	-
-	-	-	-	-	-
27,588	-	-	-	(4,779)	-
-	-	-	-	-	-
-	15,343	-	-	-	-
-	-	-	-	-	-
2,144	-	-	-	(7,019)	711
102,738	-	-	-	(1,399)	(11,461)

THE BOARD
OF DIRECTORS

ANNEX I TO ARCOR S.A.I.C.'S ANNUAL REPORT,
REPORT ON THE CODE OF CORPORATE GOVERNANCE

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

A) FUNCTION OF THE BOARD OF DIRECTORS

PRINCIPLES

I. The company shall be led by a professional and trained Board of Directors that will be in charge of laying the necessary foundations to ensure the company's sustainable success. The Board of Directors is the guardian of the company and of its Shareholders' rights.

II. The Board of Directors shall be in charge of defining and promoting the corporate culture and values. In discharging its duties, the Board of Directors shall guarantee the compliance with the highest standards of ethics and integrity in the company's best interests.

III. The Board of Directors must be in charge of ensuring a strategy inspired in the vision and mission of the company, which is aligned with its values and culture. The Board shall work constructively with management to ensure the accurate development, execution, monitoring, and amendment of the company's strategy.

IV. The Board of Directors will permanently control and supervise the company's course of business, ensuring that management takes actions aimed at implementing the strategy and the business plan approved by the board.

V. The Board of Directors will have the required mechanisms and policies in place to discharge its functions and those of each of its members efficiently and effectively.

1. The Board of Directors fosters an ethical business culture and establishes the company's vision, mission and values.

APPLICABLE.

When considering the Mission, Vision and Values developed as part of the joint work carried out with the Group's several General Management divisions, in 2015, the Board of Directors (the "Board") of Arcor Sociedad Anónima Industrial y Comercial (indistinctly, "ARCOR SAIC" or the "Company") approved the following Corporate Philosophy:

(1) Vision: To be a leading food and confectionery company in Latin America, as well as in the international market, and to be recognized for our sustainable practices and our ability to venture into new businesses.

(2) Mission: To provide people all over the world with the opportunity to enjoy quality, delicious and healthy food and confectionery products that will turn their everyday life into magical moments for gatherings and celebrations.

(3) Values: (i) Integrity: We obtain results through transparent, coherent and responsible behavior. (ii) Entrepreneurial Environment: We promote an environment that encourages innovative thinking and boosts new initiatives amongst our team members while optimizing available resources. We recognize and value teamwork, theoretical and practical knowledge and intuition gained through experience. (iii) Proximity and Commitment Throughout the Value Chain: We are closely committed to the entire value chain, which includes our suppliers, employees and shareholders as well as our customers, consumers and the general community. We are convinced that growth can only be achieved if we all grow together. (iv) Human Relations: We believe that the possibility to grow lies in building up trustworthy human relationships. Therefore, we foster a collaborative and close work environment within the company and towards the community where our employees develop their daily activities. (v) Diversity: We are convinced that diversity enriches our view of the world. For that reason, we promote a diverse internal culture where the integration of different views is an opportunity for growth.

The above-mentioned Corporate Philosophy is publicly available at the Company's web site.

On the other hand, and taking into account the characteristics of the Packaging business, the following Vision and Mission were approved for said business, in line with Arcor Group's values:

(1) Vision: To be the leading packaging materials company in Latin America, recognized for the quality of its products and services, ongoing innovation and excellence in customer service.

(2) Mission: To provide our customers with innovative and sustainable solutions in packaging materials, being at the forefront of global market trends.

Taking into account our Corporate Philosophy, Arcor Manifesto was approved:

"We believe in entrepreneurs who have dreams and make them come true. With that very same spirit, Arcor was founded in 1951. Thanks to those first entrepreneurs, who nourished this project, we self-renew with new dreams that come alive developing a wide variety of food and confectionery, always looking for growth opportunities. We believe that diversity is the wealth of the world; that is why we are proud of our brands being recognized by millions of consumers in more than 120 countries. We work in order that our products surprise, amuse, delight consumers, and make them enjoy magical moments, strengthening sincere and lasting bonds every day, caring for the environment and enabling the development of the communities which we are part of. We are proud to keep intact the original values, passion and spirit of the pioneers. And, we are convinced that future is possible if we nourish bonds and help families around the world to have more Magical Moments in their lives."

Concerning the Company's ethics and integrity policies, the Board encourages the development of a culture of ethics and upright conduct across the value chain. Readers are encouraged to see the contents developed in connection with Practices 22, 23 and 24.

2. The Board of Directors sets the company's general strategy and approves the strategic plan developed by management. In doing so, the Board of Directors takes into account environmental, social and corporate governance factors. The Board of Directors oversees its execution by using key performance indicators and taking into account the best interests of the company and all its shareholders.

APPLICABLE.

In line with the Mission, Vision and Values referred to in the preceding Practice, ARCOR S.A.I.C. has established, as general strategy, to focus on its core businesses: Consumer Food Products (Confectionery, Chocolates, Ice-Creams, Cookies and Crackers, Food and Functional Products), Packaging and Agribusiness, together with the development of strategic association projects, always placing liquidity and a healthy financing structure at the core in order to ensure compliance with our obligations and commitments, as well as sound working capital management and contention of fixed costs, in order to secure the funding required to carry on operations and investment projects.

The Board of Directors approved the 2016-2020 Sustainability Strategy, which aims to increase the Company's corporate value through sustainable business management and governance. It is made up of three pillars of action: (i) Sustainable identity, to strengthen the Company's identity on the basis of its values and culture as differentiating elements; (ii) Operational continuity, to guarantee the ongoing improvement of operations driven by sustainable management practices across all of its processes; and (iii) Demand growth, to encourage business models and strategies, products and brands that create sustainable bonds.

In addition, ARCOR S.A.I.C.'s directors approved the Sustainability Policy, which is made up of a general commitment and five specific commitments, with the most significant and priority issues for our business from the sustainability standpoint.

(I) General Commitment to Sustainable Development: a) Establish sustainable process management, based on a balance among economic, social and environmental aspects; b) Foster the comprehensive development of the communities in which we operate and contribute to the sustainable development of the regions where are present; c) Support and respect the protection of human rights within our area of influence, making sure that we are not involved in cases of violations to these rights; d) Facilitate and sponsor actions and projects to promote sustainability and human development; e) Apply the best environmental conservation practices, minimizing and compensating the impacts of our operations; f) Promote outreach and training programs, seeking to raise awareness on each member of the company and our entire value chain, as active agents in building a corporate culture committed to sustainability.

(II) Rational Use of Water: a) Promote efficient management of the water we use, reducing consumption, recycling and replenishing in accordance with existing technical conditions; b) Involve our value chain in the implementation of good water use practices, promoting the reduction, reuse and recycling of consumption.

(III) Energy Efficiency and Minimization of the Impacts that Contribute to Global Climate Change: a) Adopt, promote and boost initiatives for the rational use of energy, through efficient consumption, seeking to contribute to the conservation of natural resources. b) Take a proactive and preventive approach in relation to environmental challenges, through the adoption of clean and low-carbon processes and technologies. c) Prevent contamination and encourage reducing, reusing and recycling practices in the development and manufacturing processes of our products. d) Reduce the volume of waste sent to land-fill sites.

(IV) Rational Use of Packaging Materials: a) Optimize the use of packaging materials in all our processes. b) Support technological research and development projects that contribute to minimizing the environmental impacts caused by the packaging material of our products. c) Raise awareness and promote in our value chain the best practices in waste management and final disposal of packaging material.

(V) Respect and Protection of Human and Labor Rights: a) Comply with applicable laws, ensuring decent working conditions, professional development, knowledge gains and equal opportunities, engaging our value chain in this commitment. b) Respect voluntary unionization and recognize the right to collective bargaining. c) Contribute to the eradication of all forms of forced and child labor. d) Promote practices that contribute to inclusion and diversity within the company's sphere of action. e) Enable and support actions and projects that contribute to the generation of equal opportunities for children.

(VI) Active Life and Healthy Nutrition: a) Promote healthy lifestyle habits, in particular healthy nutrition, physical activity and overcoming addictions. b) Contribute to the scientific evaluation of the nutritional properties and health effects of the substances that make up food. c) Manufacture food that contributes to balance nourishment with pleasure, satisfying the needs of all consumers. d) Research and develop product lines pursuant to the recommendations of the World Health Organization (WHO) and the national health plans, taking into account product acceptability and leveraging available technologies. e) Using only ingredients considered safe according to the criteria of the World Health Organization in product manufacturing. f) Adopt responsible advertising and promotion practices aimed at spreading healthy lifestyles.

The Board and senior management prepare the Operating Plan (PO) and the Budget (Pe) for each year, taking into account: (i) the general strategy; (ii) the Sustainability Strategy; (iii) the Sustainability Policy; and (iv) the associated risks.

The development process of the PO and Pe (by its initials in Spanish) is as follows: based on the guidelines established by the Board, the different business units and areas of Arcor Group, led by the CEO, collect and summarize the pertinent information in order to submit a preliminary proposal to the Board. Then, an iterative review, discussion and adjustment process is carried out at several meetings in which all managers and directors involved in the preparation of PO and Pe participate. Once this process is completed, a Board's meeting is called to submit the agreed-upon PO and Pe for consideration. At said meeting, the main variables, guidelines and risks considered are confirmed, and the PO and Pe for the following year are approved, along with the Board's and senior management's goals. If during fiscal year significant changes occur in the variables and assumptions considered when preparing the aforementioned documents, they are reviewed and, if necessary, the PO and Pe are modified.

In addition, the Board requests specific reports from senior management, whose members regularly make presentations to the Board on the course of business and progress made against the plans, and also from specialized consultants; performs a periodic control over compliance with the budget; and monitors the strategic goals and the evolution of key variables.

The Company also has an Ethics and Conduct Committee, an Audit Committee, a Finance, Investments and Strategies Committee, a Human Resources Committee, a Procurement Committee and a Sustainability Committee, which assess and report to the Board on several aspects within their related purviews relating to risk management, internal control and fraud prevention.

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

APPLICABLE.

The Board is responsible for designing and monitoring the risk management, internal control, and fraud prevention framework. Therefore, it evaluates and approves the reporting structures, functions, and responsibilities of senior management.

Also, the Board of Directors has established several Committees, in respect of which more information can be found in Practice 4. Such committees evaluate and report to the Board on several issues within their purview.

The Board also approved the Company's organizational structure, establishing the design of the relevant management positions, as well as the corresponding functions and competencies for each of them, along with the reporting lines.

Besides, as part of its functions, the Audit Committee oversees the operation of internal control and administrative accounting systems.

In turn, the Company's senior management supports its decisions on corporate risk management through interdisciplinary work and reports from specialized sources.

The specific risks of each area of responsibility are managed by the respective management division.

The Company's Management Control Policy consists of:

(I) Preparation and distribution of monthly performance reports to senior management. The report compares each business' and the Company's performance on a consolidated basis, against budgeted levels and the previous-year performance, indicating the reasons for the major deviations disclosed therein. This report is periodically submitted to the Board.

(II) In turn, the several management divisions periodically report to the Board on the evolution of the different businesses, areas and aspects of the Company. This allows to monitor and verify the level of achievement of the objectives, which encompass both quantitative and qualitative targets, and as part of the strategies stated in Practice 1, are set to the short, medium and long term.

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

APPLICABLE.

Based on the development and evaluation of its strategies and plans, ARCOR S.A.I.C.'s Board periodically reviews that its Corporate Governance policies are in line with the evolution of the business group. As a result of such review, the Board designs the relevant management positions, as well as the corresponding functions and competencies for each of them, along with the reporting lines.

As part of the measures adopted by the Company, the most relevant ones include the approval of the Code of Ethics and Conduct, and the Corporate Philosophy, as well as the creation of different committees detailed below:

1.- Ethics and Conduct Committee. Since 2009, the Company has had an Ethics and Conduct Committee. Its main function is to ensure compliance with the Code of Ethics and Conduct. It contributes to the ongoing improvement of the Company's ethical climate, by promoting awareness, communication and training actions for all employees and stakeholders specific to each value chain.

2.- Audit Committee. An Audit Committee was created in 2010, entrusted with the following duties: (a) monitor the operation of internal control systems and the administrative accounting system, as well as the reliability of the latter and all the financial information and other significant events; (b) oversee the application of the Company's risk management reporting policies; (c) review the internal and external auditors' plans and assess their performance; (d) consider the internal and external audit budget; and (e) evaluate the different services provided by the external auditors and their relationship with their independence, as established by audit standards in force. This Committee does not apply the regulations established by the National Securities Commission, since the Company is not required to create it under such terms.

3.- Finance, Investments and Strategies Committee: In 2010, a Finance, Investments and Strategies Committee was set up. Among its responsibilities, the most relevant ones include reviewing the annual budget, and assessing alternative financing sources, investment plans and new businesses.

4.- Human Resources Committee. The Board created a Human Resources Committee in 2015. Some of the responsibilities entrusted to such committee include ensuring that the structure of directors' and key personnel's compensation is related to performance, risk management and long-term results, developing selection criteria and applying training, retention and succession policies for the Board's and senior management members. Considering the criteria approved by the Board, the Human Resources Committee also proposes candidates, on a non-binding basis, for the positions of Directors, members of the Committees and Senior Management, which, when appropriate, are submitted for consideration by the Board, and subsequent discussion at the Shareholders' Meeting.

5.- Procurement Committee. In 2015, the Board set up a Procurement Committee, primarily tasked with assessing, managing and mitigating the risks related to Arcor Group's supply chain (both goods and services).

6.- Sustainability Committee. Established in 2015, the Sustainability Committee is responsible for the following functions, among others: - Giving advice to Management in all aspects related to sustainability, supporting the identification and analysis of risks and opportunities with relevant impact for the Group. - Setting priorities and implementing policies, strategies and corporate actions, related to the sustainability of Arcor Group's business. - Evaluating the Company's performance in connection with its business sustainability, and monitoring and minimizing the environmental and social impacts of its operations. - Assessing and making recommendations on sustainability with respect to the Company's relationship strategy with its different audiences. - Following-up and evaluating the implementation of Arcor's Sustainability Plan. - Ensuring that adequate communication policies are in place and that they are effective in building and protecting Arcor's reputation as a sustainable company, internally and externally.

5. The members of the Board of Directors have enough time to fulfill their duties in a professional and efficient manner. The Board of Directors and its committees follow clear and formalized rules for its performance and organization, which are disclosed in the company's website.

NOT fully APPLICABLE.

All meetings of the Board, as established in the By-laws of ARCOR S.A.I.C., and of the different committees, are convened with sufficient time ahead. In turn, the agenda to be discussed, together with the information that will be considered, is made available in advance.

The Company's Board is composed of businessmen and professionals with a recognized professional career and reputation, committed to creating value through constructive dialogue and sustainable development.

The Board's rules of operation are defined in Title Four of the Corporate By-laws.

As established in the Code of Ethics and Conduct and the Conflict of Interest Procedure, directors who carry out business activities outside the economic group must ensure that they do not result in conflicts of interests with Arcor Group. On the other hand, the members of the Company's Statutory Audit Committee have adhered to the Code of Ethics and Conduct and the Conflict of Interest Procedure.

At www.arcor.com, there is a direct link to the website of the National Securities Commission (C.N.V.), in which the Company discloses its By-laws, and the composition and functions of the different Committees, among other information.

B) THE BOARD OF DIRECTORS' CHAIRMAN AND CORPORATE SECRETARY

PRINCIPLES

VI. The Chairman of the Board of Directors is responsible for ensuring the effective fulfillment of the Board's functions and leading its members. The Chairman should foster positive work dynamics and promote the constructive participation of the Board's members, while ensuring that all members have access to the elements and information necessary for decision-making. This also applies to the Chairs of each Board's committee regarding their respective activities.

VII. The Board's Chairman must lead processes and establish structures seeking the commitment, objectivity and competence of the Board's members, as well as the best functioning of the body as a whole and its evolution according to the company's needs.

VIII. The Board's Chairman must ensure that the Board as a whole is involved in and is responsible for the succession of the general manager.

6. The Board's Chairman is responsible for the appropriate organization of the Board's meetings. The Chairman prepares the agenda, ensuring that the other members collaborate, and that they receive the necessary materials with sufficient time ahead so that they can participate in meetings efficiently and in a well-informed manner. The Committee Chairs have the same responsibilities for their respective meetings.

APPLICABLE.

ARCOR S.A.I.C.'s Corporate By-laws provide that the Board's Chairman shall call for the Board's meetings and shall submit to the Board's consideration all of the Company's matters or businesses, enclosing the necessary background information and data for their due consideration and resolution. As part of this responsibility, the Chairman calls for Board's meetings with sufficient time ahead, clearly stating the topics to be discussed.

With respect to Committees, it should be noted that the Board's Chairman is a member of and leads the Audit Committee, as well as the Finance, Investments and Strategies Committee, the Human Resources Committee, and the Sustainability Committee.

The Ethics and Conduct Committee, in accordance with its rules and regulations, is chaired by a director, whose functions are leading meetings and ensuring compliance with the agreements.

Also, as explained in Practice 9, the Company has a specific management division responsible for coordinating the corporate aspects of Arcor Group.

7. The Board's Chairman ensures the proper internal functioning of the Board through the implementation of formal annual assessment processes.

NOT APPLICABLE.

The Chairman ensures the proper internal functioning of the Board since he/she is in charge of enforcing the Corporate By-laws and the decisions made by the Shareholders' Meeting and the Board. Although the Board does not carry out formal assessments of its members or the Board as a whole, it makes the information and documentation available pursuant to the terms of applicable laws and regulations. Based on such information and documentation, the shareholders can carry out an adequate assessment of the Chairman's actions and performance as a good businessman at the time of the Shareholders' Meeting. The above-mentioned documents include the Annual Report, the Financial Statements, the Summary of Activity, and the Sustainability Report, in which both financial and non-financial data are disclosed, and the description of the global objectives for the following year, as well as the strategy to be relied on and the degree and means of compliance with the established goals.

8. The Chairman creates a positive and constructive workspace for all of the Board's members and ensures that they receive ongoing training to stay up-to-date and to appropriately discharge their duties.

APPLICABLE.

In order to make well-informed decisions, as explained in Practice 3, the Board meets regularly with management and external consultants, so as to be kept abreast of the evolution of the different businesses, markets, regulations and areas of knowledge, thereby encouraging an interdisciplinary communication.

The leadership and prestige associated with Arcor Group has been built upon maintaining its founders' imprint. Therefore, the Board's members attend different forums, conferences, fairs and participate in several chambers, with the aim of staying updated regarding the technologies, products, regulations and contexts affecting in their areas of concern, all of which enables ongoing training. Furthermore, the Human Resources Committee is in charge of preparing, updating and monitoring compliance with the ongoing Development and Training Programs addressed to the Board's and senior management members.

ARCOR S.A.I.C.'s entrepreneurship and innovation spirit is a matter of ongoing concern to the Board and senior management, for it involves compliance with the most stringent standards. As a result, Arcor Group displays on-going growth, business integration and product and market diversification.

9. The Corporate Secretary supports the Board's Chairman in its effective administration and collaborates in the communication between the shareholders, the Board and management.

APPLICABLE.

Within the organization there is a specific management division that is independent from the Legal Affairs Management division and reports to a member of the Board. This management division works in the coordination of all Arcor Group's corporate aspects, such as arranging the Board's and shareholders' meetings, making available the relevant reports and documents with sufficient time ahead, dividend payments, etc. It also maintains an ongoing dialogue with the members of the Board, the Statutory Audit Committee, the managers and the shareholders of ARCOR S.A.I.C.

Notwithstanding the afore-mentioned management division, the General Finance Management and the General Administration, Taxes and Systems Management divisions also provide support in connection with investors relations.

In addition, the organization has a General Institutional Communications and Public Affairs Management, and a Corporate Sustainability Management divisions, both reporting to the Chairman. These divisions are primarily in charge of establishing and ensuring dialogue and communication with the different stakeholders of the company: suppliers, community, customers, consumers, shareholders, government, press, thought leaders and public opinion, among others.

10. The Board's Chairman ensures the participation of all its members in the development and approval of a succession plan for the company's general manager.

APPLICABLE.

Arcor Group manages succession plans for every managerial level through a process named Strategic Resources Planning Process (PRE, as per its initials in Spanish). The Board has also created a Human Resources Committee, which must see to the existence of a succession plan for members of the Board and senior management, keeping the Board informed in this regard.

PRE is a key process that contributes to managing the organization's future, while seeking to ensure the generation, development and retention of our talents for the business sustainability.

The General Human Resources Management division periodically reports to the Company's Board about significant PRE indicators, such as internal coverage rate of managerial positions, positions mapped with internal replacement charts, training and development of high potentials.

Additionally, the Human Resources Committee develops the criteria that must be considered when proposing, nominating and/or selecting candidates or new members to join the Board and its committees and the senior management of ARCOR S.A.I.C. In turn, the Board has approved the criteria for the selection and nomination of ARCOR S.A.I.C.'s directors. In addition, the Board has established that, at the time of selecting the members of its several committees, special consideration should be given to candidates' skills and expertise in respect of each committee's goals.

As part of these functions, and considering the criteria approved by the Board, the Human Resources Committee also proposes candidates, on a non-binding basis, for the positions of Directors, members of the Committees and Senior Management, which, when appropriate, are submitted for consideration by the Board, and subsequent discussion at the Shareholders' Meeting.

C) COMPOSITION, NOMINATION AND SUCCESSION OF THE BOARD OF DIRECTORS

PRINCIPLES

IX. The Board should have appropriate levels of independence and diversity to allow it to make decisions in the best interests of the company, avoiding group-thinking and decision-making by individuals or dominant groups within the Board.

X. The Board shall ensure that the company follows formal procedures for the proposal and nomination of candidates to hold positions on the Board, within the framework of a succession plan.

11. The Board of Directors has at least two independent members in accordance with applicable criteria established by the National Securities Commission.

APPLICABLE.

Currently, two directors qualify as independent pursuant to applicable criteria established by the National Securities Commission. Such directors were appointed for a term of three fiscal years at the Shareholders' Meeting held on April 25, 2020 and accepted their positions on April 29, 2020. Such directors have been part of the Company's Board uninterruptedly since November 2017.

12. The company has a Nominations Committee that is made up of at least three (3) members and is chaired by an independent director. If the Nominations Committee is presided over by the Board's Chairman, then he/she will refrain from participating in the discussion and appointment of his/her own successor.

NOT APPLICABLE.

The Board has created a Human Resources Committee whose functions are detailed throughout this report. Such committee is made up of the Board's Chairman (who is also the Company's "CEO"), a regular director (both directors are Non-Independent in accordance with applicable criteria established by the National Securities Commission) and the General Manager of Human Resources. All of them have extensive experience in business management and practices related to human capital.

13. The Board of Directors, through the Nominations Committee, develops a succession plan for its members that guides the pre-selection process for candidates to fill vacancies and takes into account the non-binding recommendations made by its members, the General Manager and the Shareholders.

APPLICABLE.

ARCOR S.A.I.C.'s Board has approved the criteria for the selection and nomination of ARCOR S.A.I.C.'s directors, indicating certain aspects to be considered, in order to propose a candidate to the Board for consideration by the Shareholders' Meeting.

Based on such criteria, and taking into consideration the Human Resources Committee's proposal, a proposal is submitted to the Shareholder's Meeting for consideration. The Shareholder's Meeting has exclusive powers and authority to appoint Board's members. Therefore, the Board's proposal will always be non-binding in nature.

The Human Resources Committee must see to the existence of a succession plan for the members of the Board, and must propose candidates for the positions of Directors and members of Committees and senior management.

14. The Board implements an on-boarding program for its newly elected members.

APPLICABLE.

Once a new director accepts the position, a process is initiated through which such director is provided with relevant company information, visits to plants and offices, and meetings with key personnel.

D) COMPENSATION

PRINCIPLES

XI. The Board must provide compensation-based incentives to align management - led by the general manager - and the Board itself with the long-term interests of the company, so that all directors fulfill their obligations towards all shareholders equitably.

15. The company has a Compensation Committee that is made up of at least three (3) members. The members are entirely independent or non-executive.

NOT APPLICABLE.

The Board has created a Human Resources Committee made up of the Board's Chairman (who is also the Company's "CEO"), a regular director (both directors are non-independent in accordance with applicable criteria established by the National Securities Commission) and the General Manager of Human Resources. All of them have extensive experience in business management and policies related to human capital.

Among other things, the Human Resources Committee is in charge of:

(a) monitoring that the compensation structure of directors and key personnel is adequately related to their performance and risk management;

(b) supervising that the variable portion of the compensation of the Board's and senior management members is linked to performance in the medium and/or long term;

(c) reviewing Arcor Group's policies and practices regarding Directors' and personnel compensation and benefits, in order to align them with market practices, recommending changes if necessary;

(d) reviewing and proposing updates to the retention, promotion, dismissal and suspension policies for key personnel;

(e) reviewing, reporting, and submitting to the Board's consideration the guidelines for retirement plans that affect senior management members.

16. The Board of Directors, through the Compensation Committee, establishes a compensation policy for the general manager and the Board of Directors' members.

NOT APPLICABLE.

The compensation policy applicable to management is based on a compensation system made up of a fixed portion and a variable portion. The fixed compensation is related to the level of responsibility required for the position and market competitiveness. Variable compensation is linked to the goals set at the beginning of the fiscal year and the degree of fulfillment with such goals during the fiscal year.

Variable compensation is linked, at least, by 10% to the achievement of Sustainability targets, which are associated with the medium and long term, since they are aligned with the Group's Sustainability Policy and strategies. Additionally, the company periodically reviews whether each manager's position has an annual compensation (salary and benefits) aligned with the local market's compensation levels. This benchmarking is based on the HAY grading system (a parameter used in salary and structure management, arising from the HAY job evaluation methodology implemented company-wide) for each position, and is supported by job cards and descriptions prepared using the HAY Compensation System at a global level. The company has also established and communicated a pension plan.

The Board reports to the shareholders for the issues addressed in this recommendation, by means of the information disclosed in the Annual Report, Sustainability Report, and annual financial statements.

The Board's members are available to shareholders at Shareholders' Meetings in order to clear up any doubt that may arise from the Company's policies.

On the other hand, the Board's fees are set at the Shareholders' Meeting, based on directors' responsibilities, the time engaged to discharge their duties, business expertise and reputation, and the market value of their services.

E) CONTROL ENVIRONMENT

PRINCIPLES

XII. The Board of Directors must ensure the existence of a control environment, made up by internal controls developed by management, internal audit, risk management, regulatory compliance and external audit, which establishes the necessary lines of defense to ensure integrity in the company's operations and its financial reports.

XIII. The Board of Directors must ensure the existence of a comprehensive risk management system, which allows management and the Board to efficiently run the company towards the achievement of its strategic goals.

XIV. The Board of Directors must ensure the existence of a person or department (depending on the size and business complexity, the nature of its operations and the risks it faces) responsible for the company's internal audit. In order to evaluate and audit the company's internal controls, corporate governance processes and risk management, this audit must be independent and objective and have its reporting lines clearly established.

XV. The Audit Committee will be comprised by qualified and experienced members, and they must carry out their tasks in a transparent and independent way.

XVI. The Board of Directors shall establish appropriate procedures to ensure that External Auditors carry out their duties independently and effectively.

17. The Board establishes the company's risk appetite and also supervises and ensures the existence of a comprehensive risk management system that identifies, assesses, and defines the course of action, and monitors the risks that the company faces including- among others- environmental and social risks, and those inherent to the business in the short- and long-term.

APPLICABLE.

The Board approves ARCOR S.A.I.C.'s strategy, which implies a conceptual framework to establish the level of risk that the company will take. Based on Arcor Group's strategy and management and committees' reports, the PO and the PE are prepared, as discussed in Practice 2 herein, which set its short-term goals and associated risks.

The Company has an Ethics and Conduct Committee, an Audit Committee, a Finance, Investments and Strategies Committee, a Human Resources Committee, a Procurement Committee and a Sustainability Committee, which assess and report to the Board on several aspects within their related purviews relating to risk management, internal control and fraud prevention. Such committees have been structured in such a way that they engage members of the Board and senior management members, thus achieving an adequate interaction in terms of risk management.

The Audit Committee shall monitor the operation of internal control systems and the administrative accounting system, as well as the application of the Company's risk management reporting policies. The Ethics and Conduct Committee is tasked with evaluating and resolving the conflicts that may come to its attention and that may arise in connection with the compliance with the Code of Ethics and Conduct. The Finance, Investment and Strategy Committee is responsible for evaluating alternative sources of financing, investment plans and new businesses, while mitigating financial risks. The Human Resources Committee seeks to ensure the continuity of Arcor Group as a leading employer brand, capable of attracting, developing and retaining talents, while reducing key personnel's attrition. The Procurement Committee aims to manage and mitigate the risks related to the Group's supply chain. Finally, some of the functions of the Sustainability Committee include: (i) Advising the Board on all aspects related to sustainability, supporting the identification and analysis of critical issues that may pose impactful risks and opportunities for Arcor Group and (ii) evaluating the company's performance in terms of business sustainability, and monitoring and minimizing the environmental and social impacts arising from its operations.

The matters submitted for consideration by the Board are previously analyzed by the areas with the respective expertise, and then submitted to the Board by senior management members with responsibility for the matter in question. The risks associated with the decisions that may be made are specified in such submission, as appropriate.

In addition, the Board requests specific reports from senior management and specialized consultants, performs a periodic control over compliance with the budget, and monitors the strategic goals and changes in key variables. The specific risks of each area of responsibility are managed by the respective management division. The Company's senior management supports its decisions on business risk management through interdisciplinary work and reports from specialized sources. On the other hand, Internal Audit, as part of its functions, prepares risk matrices for the processes being audited.

Furthermore, in compliance with International Financial Reporting Standards, the financial statements approved by the Board include a specific note on Financial Risk Management, including details on market risk (exchange rate risk, commodities pricing risk, cash flow interest rate risk, and fair value risk), credit risk, liquidity risk, and capital risk management.

Arcor Group manages its industrial operations according to documented guidelines, using a software system called Loyal ISO widely accessible by the staff. This system meets the applicable requirements established in international standards, and was examined often times during external audits under ISO 9001, ISO 14001, OSHAS 18001, and BRC standards. The defined methodology for document control ensures the preparation of documents by staff with deep knowledge of the process associated to each document and authorization by the respective executive staff, as appropriate in each case.

Arcor Group has also developed the Comprehensive Management System (SGI, by its initials in Spanish) to manage industrial and logistics operations, taking into account the Company's culture and world-class concepts, requirements and tools for improvement. The SGI integrates Arcor Group's Vision, Mission, Values, and Ethical Principles, Code of Ethics and Conduct, and Sustainability Policy, international standards including Occupational Health and Safety Management Systems (ISO 45001), Quality Management Systems (ISO 9001), Environmental Management Systems (ISO 14001), Food Safety System Certification for Packaging (FSSC), Good Manufacturing Practices (GMP), the British Retail Consortium (BRC) Global Food Safety Standard, and the Good Agricultural Practices (GAP), as well as improvement tools such as total productive maintenance (TPM), a Japanese philosophy focused on people self-management and loss reduction, the management philosophy focused on loss reduction and value added to the whole chain, Lean Manufacturing, the 6 Sigma methodology, based on ongoing improvement to process capacity seeking zero defect, the Japanese philosophy for the order, cleanliness and standardization called 5S, the Theory of Constrains (TOC) and the methodology to achieve quick product changes in manufacturing processes (Single Minute Exchange of Die, SMED). The SGI is supported by six components that are the main pillars on which the system is structured: (I) Management's Commitment and Leadership, (II) Focus on Customers, Consumers and the Community, (III) Key Process Management, (IV) Support Process Management, (V) People Management and (VI) Ongoing Improvement. The SGI is applicable to activities, products and services carried out within the environment of Arcor Group's Operations and Supply Chain, and is focused on meeting our stakeholders' needs.

The guidelines designed under the SGI framework comprise, among others, those related to managing customer and community relations, product design, integrated supply chain management, manufacturing processes, good manufacturing practices, identification and assessment of environmental impacts, identification and assessment of health and safety risks, evaluation and selection of suppliers, and verification of whether SGI requirements were implemented in Arcor Group's processes.

Customers are subject to the policies, procedures and controls established by the Group, which are detailed in a Credit Manual. In addition, most of Arcor Group's administrative tasks are standardized in procedure manuals.

On the other hand, Arcor Group's Sustainable Agriculture Program —implemented since 2012— seeks to ensure the amount, quality, health and environmental and social responsibility of the main raw materials that the Company produces and acquires. To this end, each business analyzes and defines the provision of its main supplies (cereal, sugar, fruits and vegetables, fats and oils, cocoa and milk derivatives), to then develop and implement agricultural production and procurement practices and standards, which allow ensuring sustainability in the long-term.

In turn, the REconocer (Recognize) program provides broad visibility of the Group's suppliers by means of a rating system that takes into consideration quality technical aspects, but also business and sustainability practices. This program contributes to gain better knowledge of the supply chain and to encourage sustainable management in the company's value chain, thus reducing risks when assessing the management of financial, legal, capacity, service level, social, safety and hygiene and environmental aspects.

Regarding data protection and access, the Company supports its standards on ISO/IEC 27001 international standard.

As regards sustainability, Arcor Group has identified the main business risks derived from economic, social and environmental development, and has extended this methodology to each of its businesses, which have their own sustainability risk and opportunity matrices, mapping the commitments assumed under the Sustainability Policy to each of the links of its value chain in the medium-term. Furthermore, as regards community management, Arcor Group has a matrix of economic, environmental and social impacts in order to facilitate the collection and log of consistent and comparable information that allows managing Arcor's potential impacts on the local development of the communities where it operates. The matrix encompasses the sphere of influence of the Company's own operations and addresses those effects caused directly or indirectly by Arcor Group's presence in each location through 100 quantitative and qualitative, economic, social and environmental indicators. Additionally, the Sustainability Scorecard platform has been set up, a scorecard to measure and report systematically and at corporate level Arcor Group's progress on compliance with its Sustainability Strategy.

18. The Board monitors and oversees the effectiveness of the independent internal audit and guarantees the resources for the implementation of an annual risk-based audit plan and a direct reporting line to the Audit Committee.

APPLICABLE.

The Company has an Audit Committee voluntarily created by the Board, since the Company's shares are not listed.

The Internal Audit area is in charge of a director of ARCOR S.A.I.C. and functionally reports to the Audit Committee. Its purpose is to contribute to minimizing the potential impact that operational risks may might have on the fulfillment of Arcor Group's goals, supporting the different areas by implementing and optimizing controls and procedures.

The Audit Committee assesses the independence of the internal auditors. Such assessments are documented in the related Audit Committee's minutes, the results of which are reported to the Company's Board.

The professionals in charge of the Internal Audit function are independent from the other operational areas of the Company. The Internal Audit area performs its tasks respecting the guidelines set forth in the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors ("IIA").

The Audit Committee approves the internal audit plan every year, including a revision of resources, budget and training plan for the current year and those budgeted for the following fiscal year. The Internal Audit Management division submits the main works done to the Audit Committee, according to the plan approved annually.

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

APPLICABLE.

The Audit Committee assesses the internal auditors' performance, training and independence. Such assessments are documented in the related Audit Committee's minutes, the results of which are reported to the Company's Board of Directors. The professionals in charge of the Internal Audit function are independent from the other operational areas of the Company.

A training plan for the members of the Internal Audit Management area is reviewed and approved annually.

20. The Board has an Audit Committee that operates in accordance with a set of rules and regulations. The committee is primarily made up of and chaired by independent directors and does not include the general manager. Most of its members have business experience in financial and accounting areas.

NOT APPLICABLE.

The Company has an Audit Committee voluntarily created by the Board, since the Company's shares are not listed.

The Audit Committee is composed of four members of the Board, one of whom is independent, according to applicable C.N.V.'s regulations. In turn, one of the directors that make up the committee is the CEO of the ARCOR S.A.I.C. Also, the Corporate Internal Audit Manager and the Administration, Taxes and Systems Manager take part in the Audit Committee.

All participants of the Committee are reputed professionals with long track records in accounting and finance.

The main functions of the Audit Committee were detailed in Practice 4.

21. The Board, with the Audit Committee's opinion, approves a policy for selecting and monitoring external auditors, which determines the indicators that must be considered when making a recommendation to the shareholders' meeting about the retention or replacement of external auditors.

APPLICABLE.

The functions of the Audit Committee include, without limitation, examining the external auditors' plans, evaluating the different services that they deliver, their performance and maintenance of their independence status as established in applicable auditing standards, and recommending to the Board a non-binding proposal to be submitted at the Shareholders' Meeting in connection with the appointment of external auditors.

In this regard, such annual assessments are entered in the related Audit Committee's minutes, the results of which are reported to the Company's Board of Directors.

The material aspects of the procedures relied on by the Audit Committee to perform such assessment primarily include: i) verifying that the audit plan is executed according to previously contractually agreed-upon conditions, ii) assessing the performance of the external auditors, and iii) evaluating the external auditors' independence status, considering the fees charged by PRICE WATERHOUSE & CO. S.R.L. to Arcor Group, and the presence of the audit firm in the market. In turn, in accordance with the requirements of the C.N.V., the partner in charge of the assurance engagement is rotated every seven years.

According to applicable standards, the Shareholders' Meeting appoints the Company's external auditors to perform duties each fiscal year.

F) ETHICS, INTEGRITY AND COMPLIANCE

PRINCIPLES

XVII. The Board of Directors must design and establish appropriate structures and practices to promote a culture of ethics, integrity and compliance with regulations to prevent, detect and address corporate or personal gross misconduct.

XVIII. The Board will ensure the establishment of formal mechanisms to prevent, or otherwise deal with, conflicts of interest that may arise in the administration and management of the company. It must have formal procedures in place that seek to ensure that transactions between related parties are carried out in the best interests of the company and that an equal treatment is afforded to all shareholders.

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

APPLICABLE.

Based on the Group's Corporate Philosophy and Values, the Board approved a Code of Ethics and Conduct, a Code of Ethics and Conduct Administration Procedure, and a Conflict of Interest Procedure, which are applied and communicated to the members of the board and to all Arcor Group's employees, and to which the members of the Statutory Audit Committee have adhered. Arcor Group's Code of Ethics and Conduct formally establishes the set of values, principles and rules guiding the Company's responsible conduct. It is publicly available at the website referred to in Practice 25.

Such Code is based on ethical principles, including, without limitation, acting with transparency and respecting the agreements established with the Company's several audiences, encouraging long-standing relationships of trust; promoting communication based on the reliability of information and facts underpinned by the right to information, freedom of speech and non-discrimination; respecting national and international laws and treaties, integrating our value chain into this commitment and encouraging a sustainable and competitive business environment.

23. The Board periodically establishes and examines an Ethics and Integrity Program, based on the risks, size and economic capacity of the company. The plan is explicitly supported by management, which appoints an internal responsible individual. This person periodically develops, coordinates, supervises and evaluates the program's effectiveness and efficiency. The program establishes: (i) periodic training to directors, managers and employees about ethics, integrity and compliance; (ii) internal channels to report irregularities, open to third parties and properly disseminated; (iii) a policy to protect whistleblowers against retaliation; and an internal investigation system that respects the investigators' rights and imposes effective sanctions upon infringements of the Code of Ethics and Conduct; (iv) integrity policies in tenders; (v) mechanisms for periodic analysis of risks, monitoring and evaluation of the Program; and (vi) procedures that verify the integrity and experience of third parties or business partners (including due diligence to detect irregularities, unlawful acts or existing vulnerabilities during the corporate transformation and acquisition processes), including suppliers, distributors, service providers, agents and intermediaries.

APPLICABLE.

The Board created the Ethics and Conduct Committee to evaluate and resolve any conflicts that may come to its attention and that may arise in connection with the compliance with the Code of Ethics and Conduct. Additionally, a Code of Ethics and Conduct Administration Procedure and a Conflict of Interests Procedure were developed, and an Ethics Line was established.

The Ethics Line is a tool to facilitate the anonymous and confidential submission of inquiries or the reporting of events that may constitute a breach of the Code of Ethics and Conduct.

Complaints are received and analyzed by the Internal Audit Management division, which is made up of independent professionals from other operational areas of the Company.

The Internal Audit area reports to the Ethics and Conduct Committee, or to the Audit Committee, when receiving complaints associated with internal control matters and frauds.

Every year, several activities are carried out in order to make known the Ethics Line and to promote the compliance with the ethical standards established by the Company.

The Ethics and Conduct Committee annually reports to the Board on the number of inquiries and complaints analyzed. Such inquiries and complaints are classified according to their respective nature: i) Environmental and Community Relations, ii) Socio-occupational Relations, iii) Relations with Suppliers and Customers, iv) Theft or misuse of company's assets, v) Financial fraud, and vi) Violations to Data Availability, Integrity and Confidentiality.

Likewise, at the beginning of the business relationship, Arcor Group's suppliers are requested to sign a letter whereby they agree to basic responsible management principles.

On the other hand, and in compliance with the terms of the Corporate Criminal Liability Law No. 27,401, in February 2018 the Board designated a Chief Compliance Officer, in charge of the development, coordination and supervision of Arcor Group's Integrity Program.

During 2019, the Board resolved to update the Code of Ethics and Conduct considering the requirements of the Corporate Criminal Liability Law and taking into account the Integrity Guidelines to ensure better compliance with the terms of Sections 22 and 23 of Law No. 27,401. The update also encompassed issues such as diversity, discrimination and harassment, the new digital communication platforms and social media, as well as the experience gathered from the work done by the Ethics and Conduct Committee and the benchmark study against other companies.

Arcor Group encourages ethical and integrity practices not only through its customary practices, principles and policies, but also through manuals of procedure, standards and regulations.

24. The Board ensures the existence of formal mechanisms to prevent and deal with conflicts of interest. In case of transactions between related parties, the Board approves a policy that establishes the role of each corporate body, and defines how transactions that are detrimental to the company or certain investors are identified, managed and disclosed.

APPLICABLE.

The Code of Ethics and Conduct Administration Procedure and the Conflicts of Interest Procedure, which have been referred to elsewhere in this report, set out that should a conflict of interest arise in business relationships, the issue shall always be escalated to the Ethics and Conduct Committee for resolution, as the highest decision-making body.

For Arcor Group, a conflict of interest takes place when the conduct, participation or interests of a Board's or Audit Committee's member or employee interferes or seems to interfere in any manner with the Company's interests; whether by receiving personal benefits that are inappropriate with the position he/she has in the Company, or by taking part —either wholly or partially— in any business or by establishing a personal relationship with Arcor Group's suppliers, customers or partners rather than as a representative of the Company, or any employee who personally performs external business activities which may cause any conflict of interest with Arcor Group. All Arcor Group's employees must ensure compliance with the Code of Ethics and Conduct. Mechanisms have been established to preclude any employee from representing Arcor Group in business transactions where a personal interest exists. All business decisions must be objective and unbiased, based on professional standards. Employees shall disclose and inform their line manager, —or when this is not possible—, the Ethics and Conduct Committee of any possible situation that may lead to a potential conflict of interest with the Company in order to facilitate such conflict resolution. Should a conflict of interest arise, employees shall always escalate the issue to the Ethics and Conduct Committee for resolution, as the highest decision-making body.

All employees of the Company and of Arcor Group's companies, including senior management and individuals performing sensitive duties for the Company, shall annually complete an affidavit, making a personal statement regarding potential conflicts of interest that may arise in their respective activities.

Notwithstanding the compliance with applicable standards regarding the use of privileged information, the Company, through the Code of Ethics and Conduct, has a mechanism in place that seeks to prevent the misuse of privileged information by the members of the Board, the Statutory Audit Committee and Arcor Group's employees. In this sense, the standards of conduct establish that: (i) Arcor Group ensures that all information regarding its actions is disclosed in an open, transparent, reliable and qualified manner to the press and society in general; and (ii) all such information considered confidential must be treated by the group and its employees with integrity, ensuring that it is exclusively used for issues related to business management. There are also information security policies in place regarding data protection.

The Company has achieved certification under ISO/IEC 27001, an international information security standard regarding Arcor Group's data protection and treatment. In addition, several Company' suppliers are required to sign confidentiality agreements.

G) PARTICIPATION OF SHAREHOLDERS AND STAKEHOLDERS

PRINCIPLES

XIX. The company must afford an equal treatment to all shareholders. It must guarantee equal access to non-confidential and relevant information for decision-making purposes at the company's shareholder's meetings.

XX. The company must promote the active participation with appropriate information of all the shareholders, especially in the conformation of the Board.

XXI. The company must have a transparent Dividend Distribution Policy that is aligned with the strategy.

XXII. The company must take into account the interests of its stakeholders.

25. The company's website discloses financial and non-financial information, providing timely and equal access to all investors. The website has a specialized area for dealing with investors' inquiries.

NOT fully APPLICABLE.

The Company uses its website (www.arcor.com) and the National Securities Commission's website (www.cnv.gob.ar) as means of communication with investors. In addition, at the time of issuing marketable securities, the Company arranges roadshows for investors and potential investors, and holds Shareholders' Meetings annually, or as often as established by the Board.

The Company also has an institutional website www.arcor.com (available in Spanish, English and Portuguese), where users can find Arcor's institutional information, financial and non-financial information (such as, financial statements with the related Annual Report, and Sustainability Reports), as well as the latest news on product launches. Such domain has direct access to the National Securities Commission's website, where the Company makes available its Corporate By-laws, relevant information, composition of its Board of Directors and Statutory Audit Committee, Board's proposals, information on marketable securities, and other reports and documents.

As reported in Practice 9 of this document, within the organization there is a specific management division (Corporate Management division) that deals with the coordination of all corporate aspects of Arcor Group, such as arranging Board's and Shareholder's meetings, as well as making available the relevant reports and documents with sufficient time ahead and dividend payments. Said management division maintains ongoing dialogue with the members of the Board, the Statutory Audit Committee, Managers and shareholders of ARCOR S.A.I.C.

In turn, the Finance, Public Affairs and Press, Institutional Communication and Marketing Services, Sustainability, Administration, Taxes and Systems, and Corporate Management units work in coordination, in order to provide information and answer questions from stakeholders, including investors, analysts and shareholders.

26. The Board must ensure that there is a procedure for identifying and classifying its stakeholders and a communication channel for them.

APPLICABLE.

From its foundation, Arcor Group has lived up to its belief of being a relevant and responsible member of the community. It has always been a distinctive feature of our company: promoting our businesses through responsible management that considers economic growth, social development and environmental protection, being guided by a long-term strategy that manages risks and maximizes the opportunities derived from the business and its environment.

To achieve this, the company promotes procedures to identify and classify its stakeholders, as well as different instances and channels of dialogue and communication with them.

Regarding the identification and classification of stakeholders, the company has a procedure for the development of Sustainability Risk and Opportunity Matrices for each of its businesses. Such process is made up of five different steps. The first two entail a deep understanding of the organization and its context, and an understanding of its stakeholders' needs and expectations. Stakeholders commonly include: Shareholders; producers' chambers / associations; government; regulatory, oversight and audit organizations; thought leaders; unions; NGOs; community; consumer associations; press; employees; suppliers; outsourced suppliers; external customers: distributors, supermarkets, wholesalers, special shops; consumers; points of sale; and waste pickers and recyclers.

Arcor promotes different instances and channels of dialogue to engage with stakeholders, such as market research addressed to current and potential consumers; consumer satisfaction surveys; the Consumer Service Channel (SAC, by its initials in Spanish); the promotion of impact perception studies in local communities to learn about the perception that the communities and Arcor's several stakeholders have of the company-community relationship; Local Committees and Community Relations Teams that participate in various spaces of dialogue with communities close to the company; the Work Climate Surveys; and supplier surveys through audits and programs, just to name a few.

In turn, the Company has several channels to address the concerns from its shareholders, including: - Institutional website (www.arcor.com), where users can find, among other things, contact data of each of the Company's subsidiaries (e-mail and telephone number).

- Websites: www.arcor.com, www.arcor.com.ar, www.arcor.com.br and www.arcor.com.cl
- Corporate social media (Facebook, Instagram, Twitter, YouTube, LinkedIn).
- Consumer Service.

- arcorencasa.com, a customer contact and sales website.
- ArcorBuy portal to contact suppliers.
- ArcorNet portal, ArcorNet 2.0 and Tokin to contact distributors.
- Ethics Line
- E-mail: arcor@arcor.com

On the other hand, it should be noted that the company has decided to create Local Community Relations Committees, led by each plant's management team, and composed of the individuals responsible for the main areas related to the industrial operation. The Committees are responsible for implementing, at the local level, the community relations strategy that includes 3 action lines:

▪ Recognize the impacts of the company-community relationship by means of a diagnosis. Such diagnosis encompasses a review of quantitative and qualitative information: information about and characterization of the local and regional territory where the company is located; information about and characterization of the company through a Community Impact Matrix for the collection of economic, environmental and social indicators; and information to learn about how the community and the different stakeholders perceive the company-community relationship, the perceived impacts, the assessment of those impacts and opportunities for improvement through perception studies.

▪ Strategically manage risks and opportunities. In order to proactively manage risks and opportunities, the company develops and implements a series of Programs and Projects oriented to the comprehensive development of the communities, with the involvement of different areas participate according to the issue being addressed.

▪ Promote and manage comprehensive community development actions.

Finally, when preparing the Company's Sustainability Report, the topics considered material are those deemed most relevant and significant based on the company's business strategy and the needs of our different stakeholders. Within this framework, we define the contents of the Sustainability Report considering the GRI principles of stakeholder inclusiveness, sustainability context, materiality and completeness. The Sustainability Report is subject to an external audit in charge of the audit firm Crowe Argentina, based on the International Standard on Assurance Engagement 3000 (ISAE -3000) issued by the International Auditing and Assurance Standard Board (IAASB), together with the AA1000 Assurance Standard (AA1000AS), which ensures compliance with the afore-mentioned principles.

27. Prior to holding a Shareholder’s Meeting, the Board submits to the Shareholders a “provisional information package” that allows Shareholders—through a formal communication channel—to make non-binding comments and share dissenting opinions on the recommendations made by the Board. When submitting the final information package, the Board shall render an express opinion on the comments received as it might deem necessary.

NOT APPLICABLE.

The Company complies with applicable laws and regulations regarding the provision of information and documentation necessary for shareholders’ decision-making. Therefore, prior to holding the Shareholders' Meetings required by applicable laws and regulations, the information and documentation necessary for decision-making, such as, Financial Statements, Annual Report, Sustainability Report, Proposed Allocation of Profits and Directors’ Fees, are made available to shareholders.

The Board must ensure compliance with the laws and regulations applicable to the Company. In this regard, shareholders have the possibility of making comments and sharing dissenting opinions on the recommendations made by the Board, as well as proposing matters to the Board for discussion at the Shareholders’ Meetings.

28. The company's By-laws provides that shareholders may receive the information packages for the Shareholders' Meeting through electronic means and may participate in meetings through electronic means of communication that allow the simultaneous transmission of sound, images and voice, ensuring the principle of participants' equal treatment.

NOT APPLICABLE.

The Company makes available to shareholders the information required for shareholders' meetings, with sufficient time ahead as required by applicable laws and regulations, at the corporate registered office (in hard or soft copy) and on the C.N.V. website. The Company By-laws provide the anticipation with which the information must be provided to shareholders, but do not specify the form of delivery of said information.

The By-laws do not establish the use of electronic means of communication that allow the simultaneous transmission of sound, images and voice to hold meetings.

The Company considers that applicable laws and regulations and the provisions of its By-laws are sufficient to govern the operation of Shareholders' Meetings, ensuring the availability of relevant documents and information to shareholders and their participation in Shareholders' Meetings.

29. The Dividend Distribution Policy is aligned with the strategy and clearly establishes the criteria, frequency and conditions under which the distribution of dividends will be carried out.

NOT APPLICABLE.

Even though the Board has not approved an explicit Dividend Distribution Policy, it is Arcor Group's general strategy to remain focused on its core businesses (Consumer Food Products, Packaging and Agribusiness), together with the development of strategic association projects in the markets in which it participates, always placing liquidity and a healthy financing structure at the core in order to ensure compliance with its obligations and commitments, as well as sound working capital management and contention of fixed costs, in order to secure the funding required to carry on operations and investment projects.

The Board annually submits for the consideration by the Shareholders' Meeting the allocation of the Company's net income for the fiscal year and reserves, stating in the Annual Report and other relevant documents, the proposed distribution of profits and the limitations that the Shareholders' Meeting shall consider regarding the use of the above-mentioned proceeds, in line with the comments in the preceding paragraph.

The proposed allocation of profits is based on the approved strategies, budget, investment plans, operating plans, and reports prepared by senior management on several topics, such as distributable profits, the Company's financial position and economic prospects.

THE BOARD OF DIRECTORS

ARCOR S.A.I.C.

Luis Alejandro Pagani
Chairman


Arcor
Arcor
Arcor
Arcor

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the years ended
December 31, 2020 and 2019

CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

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Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV

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CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

GLOSSARY OF TERMS

TERM	DEFINITION
AFIP	The Spanish acronym for *Administración Federal de Ingresos Públicos*, i.e., the Argentine tax authorities.
AOA	Angolan Kwanza.
ARG GAAP	Technical Pronouncements (TPs) issued by the FACPCE, except for TP No. 26 (as amended) which adopts the IFRS. These TPs contain general and specific valuation and disclosure standards in force in Argentina, for companies that are not required or have not opted to adopt IFRS.
ARS	Argentine Pesos.
Associates	Companies over which Arcor S.A.I.C. has significant influence as established in IAS 28.
BCRA	Argentine Central Bank.
BOB	Bolivian.
BRL	Brazilian Real.
CLP	Chilean Peso.
CNV	The Argentine National Securities Commission.
COP	Colombian Peso.
EUR	Euro.
FACPCE	Argentine Federation of Professional Councils in Economic Sciences.
FASB	Financial Accounting Standards Board.
Arcor Group / Group	Economic group comprised by Arcor S.A.I.C. and its subsidiaries.
Zucamor Group	Economic group acquired by the Company on July 4, 2017 comprised by Zucamor S.A. and its subsidiaries Zucamor Cuyo S.A., Papel Misionero S.A.I.F.C. and BI S.A. Then, Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. were merged into the subsidiary Cartocor S.A. effective since July 1, 2020.
IASB	International Accounting Standard Board.
IFRIC	International Financial Reporting Interpretations Committee.
IFRS	International Financial Reporting Standards.
INDEC	The Spanish acronym for *Instituto Nacional de Estadística y Censos* (National Institute of Statistics and Census).
CPI	Consumer Price Index.
The Company / Arcor S.A.I.C.	Indistinctively, Arcor Sociedad Anónima, Industrial y Comercial.
GCL	Argentine General Companies Law (Law No. 19,550, as amended).
MXN	Mexican Peso.
Joint Venture	An agreement whereby the Group is entitled to the net assets of the same, together with the other participants with whom it shares the joint control of the agreement, pursuant to the terms of IFRS 11.
IAS	International Accounting Standards.
PEN	Peruvian Nuevo Sol.
PYG	Paraguayan Guaranies.
RG / CNV	General Resolutions issued by the CNV.
RMB	Renminbi.
TP	Technical Pronouncements issued by the FACPCE.
Subsidiaries	Companies controlled by the Arcor S.A.I.C. Arcor S.A.I.C. controls other companies when it is exposed or entitled to variable returns and has the capacity to exert influence on the amount of such returns through its power over the subsidiaries, as set forth by IFRS 10.
TO / CNV	Revised text of the National Securities Commission's regulations.
USD	U.S. dollars.
UYU	Uruguayan peso.

INTRODUCTION

Considering the requirements of the CNV, the Company has inverted the order to present its consolidated and separate financial statements, disclosing in first place the consolidated information of the Company and its subsidiaries, followed by its separate financial statements. In accordance with applicable laws and regulations, the consolidated financial statements are supplementary information to the separate financial statements. The Company's management recommends that users read the consolidated and the separate financial statements jointly.

CONSOLIDATED STATEMENT OF INCOME

For the years ended December 31, 2020 and 2019
(figures stated in thousands of Argentine Pesos)

	NOTES	FOR THE YEAR ENDED 12.31.2020	12.31.2019
Sales of Goods and Services	28	177,011,474	183,395,235
Costs of Goods Sold and Services Rendered	29	(123,267,256)	(135,412,690)
SUBTOTAL		**53,744,218**	**47,982,545**
Income (Loss) from Biological Assets	32	442,058	(4,406)
GROSS PROFIT		**54,186,276**	**47,978,139**
Selling Expenses	30	(27,847,632)	(31,400,549)
Administrative Expenses	30	(7,626,483)	(8,206,832)
Other Income / (Expenses), Net	33	(550,544)	546,043
OPERATING INCOME		**18,161,617**	**8,916,801**
Financial Income	34	(1,411,174)	551,530
Financial Expenses	34	(7,018,948)	(7,817,891)
Gain on Net Monetary Position	34	1,936,870	1,357,710
NET FINANCIAL INCOME (EXPENSE), NET		**(6,493,252)**	**(5,908,651)**
Income (Loss) from Investments in Associates and Joint Ventures	9	(861,425)	1,010,964
INCOME BEFORE INCOME TAX		**10,806,940**	**4,019,114**
Income Tax	35	(5,365,108)	(4,215,279)
NET INCOME / (LOSS) FOR THE YEAR		**5,441,832**	**(196,165)**
Income / (Loss) Attributable to:			
Company's Shareholders		4,163,556	(2,000,013)
Non-controlling Interest	21	1,278,276	1,803,848
TOTAL		**5,441,832**	**(196,165)**
Earnings / (Loss) per Share Attributable to the Company's Shareholders			
Basic and Diluted Earnings (Loss) per Share	36	0.05948	(0.02857)

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

See our report dated March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.Cba. Nº 21.00004.3
Andrés Suárez
Public Accountant (UBA)
Professional License 10.11421.4 - C.P.C.E.Cba.

Víctor Jorge Aramburu
Chairman
Statutory Audit Committee

Luis Alejandro Pagani
Chairman

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019
(figures stated in thousands of Argentine Pesos)

	NOTES	FOR THE YEAR ENDED	
		12.31.2020	12.31.2019
NET INCOME / (LOSS) FOR THE YEAR		**5,441,832**	**(196,165)**
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Items that May Be Subsequently Reclassified to Income / (Loss)			
Cash Flow Hedges [1]	20	(2,046)	(1,382)
Tax Effect	20 y 35	615	(448)
SUBTOTAL		**(1,431)**	**(1,830)**
Currency Translation Differences of Companies	20	(227,629)	(209,643)
Tax Effect	20 y 35	(38,279)	4,671
SUBTOTAL		**(265,908)**	**(204,972)**
Total Items that May Be Subsequently Reclassified to Income / (Loss)		(267,339)	(206,802)
Items that Will Not Be Reclassified to Income / (Loss)			
Share of Other Comprehensive Income (Loss) on Actuarial Gains (Losses) from Associates' Defined Benefit Plans	9	2,707	2,367
Actuarial Gains / (Losses) from Defined Benefit Plans	24	98,153	(442,820)
Tax Effect	35	(35,116)	107,650
Total Items that Will Not Be Reclassified to Income / (Loss)		**65,744**	**(332,803)**
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(201,595)**	**(539,605)**
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		**5,240,237**	**(735,770)**
Other Comprehensive Income (Loss) for the Year Attributable to:			
Company's Shareholders		(100,187)	(510,847)
Non-controlling Interest		(101,408)	(28,758)
TOTAL		**(201,595)**	**(539,605)**
Total Comprehensive Income / (Loss) for the Year Attributable:			
Company's Shareholders		4,063,369	(2,510,860)
Non-controlling Interest		1,176,868	1,775,090
TOTAL		**5,240,237**	**(735,770)**

[1] Includes the gain (loss) on transactions to hedge the risk of fluctuations in commodity prices (futures and options).

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CONSOLIDATED BALANCE SHEET

For the years ended December 31, 2020 and 2019
(figures stated in thousands of Argentine Pesos)

ASSETS	NOTES	12.31.2020	12.31.2019
NON-CURRENT ASSETS			
Property, Plant and Equipment	5	47,341,953	49,219,695
Right-of-use Assets	6	1,506,897	1,681,649
Investment Properties	7	300,582	312,165
Intangible Assets	8	8,047,950	8,185,608
Investments in Associates and Joint Ventures	9	9,609,813	10,041,569
Biological Assets	10	1,090,825	945,281
Deferred Tax Assets	11	1,446,813	2,438,853
Other Investments	14	1,746	1,935
Other Receivables	12	2,871,511	2,752,047
TOTAL NON-CURRENT ASSETS		**72,218,090**	**75,578,802**
CURRENT ASSETS			
Biological Assets	10	722,606	594,632
Inventories	13	31,360,263	29,597,399
Derivative Financial Instruments	15	270,000	17,452
Other Receivables	12	7,694,429	6,740,888
Trade Receivables	12	23,897,718	25,109,789
Other Investments	14	5	16
Cash and Cash Equivalents	16	14,545,799	13,569,260
TOTAL CURRENT ASSETS		**78,490,820**	**75,629,436**
TOTAL ASSETS		**150,708,910**	**151,208,238**

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

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CONSOLIDATED BALANCE SHEET

For the years ended December 31, 2020 and 2019
(figures stated in thousands of Argentine Pesos)

LIABILITIES AND EQUITY	NOTES	12.31.2020	12.31.2019
EQUITY			
Capital and Reserves Attributable to the Company's Shareholders			
Capital Stock - Outstanding Shares	18	700,000	700,000
Capital Adjustment		6,724,194	6,724,194
Parent Company's Treasury Stock		(1,634)	(1,634)
Legal Reserve	17	1,484,839	1,484,839
Optional Reserve for Future Investments		10,453,673	13,841,930
Special Reserve for Future Dividends		2,529,434	3,566,945
Special Reserve for IFRS Adoption	17	784,332	784,332
Unappropriated Retained Earnings	19	4,223,768	(2,307,712)
Other Equity Components	20	1,077,709	1,238,058
SUBTOTAL ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS		**27,976,315**	**26,030,952**
Non-controlling Interest	21	15,730,341	14,689,319
TOTAL EQUITY		**43,706,656**	**40,720,271**
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans	22	46,905,366	50,468,658
Lease Liabilities	23	881,902	1,011,059
Derivative Financial Instruments	15	1,824,451	222,883
Deferred Tax Liabilities	11	3,465,668	2,399,718
Employee Retirement Benefits Obligations	24	2,669,079	2,200,715
Provisions	25	549,050	749,726
Trade Payables and Other Liabilities	26	391,873	365,289
TOTAL NON-CURRENT LIABILITIES		**56,687,389**	**57,418,048**
CURRENT LIABILITIES			
Loans	22	15,219,623	21,637,370
Lease Liabilities	23	746,424	776,824
Derivative Financial Instruments	15	197	4,041
Income Tax Payable		685,116	998,022
Employee Retirement Benefits Obligations	24	363,356	338,859
Provisions	25	198,383	209,731
Advances from Customers		791,501	504,611
Trade Payables and Other Liabilities	26	32,310,265	28,600,461
TOTAL CURRENT LIABILITIES		**50,314,865**	**53,069,919**
TOTAL LIABILITIES		**107,002,254**	**110,487,967**
TOTAL EQUITY AND LIABILITIES		**150,708,910**	**151,208,238**

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

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Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019
(figures stated in thousands of Argentine Pesos)

ITEMS	SHAREHOLDERS' CONTRIBUTIONS		PARENT COMPANY'S TREASURY SHARES	UNAPPROPRIATED RETAINED EARNINGS		
	CAPITAL STOCK OUTSTANDING COMMON SHARES	CAPITAL ADJUSTMENT[1]		LEGAL RESERVE (NOTE 17)	OPTIONAL RESERVE FOR FUTURE INVESTMENTS	SPECIAL RESERVE FOR FUTURE DIVIDENDS
Balances as of January 1, 2020	**700,000**	**6,724,194**	**(1,634)**	**1,484,839**	**13,841,930**	**3,566,945**
Net Income for the Year						
Other Comprehensive Income for the Year	-	-	-	-	-	-
Total Comprehensive Income / (Loss) for the Year	**-**	**-**	**-**	**-**	**-**	**-**
Absorption of Losses [2]	-	-	-	-	-	(2,307,712)
Setting-up of Reserves [2]	-	-	-	-	(3,157,263)	3,157,263
Cash Dividends [2]	-	-	-	-	(230,994)	(1,887,062)
Forfeited Dividends [3]	-	-	-	-	-	-
Transactions with the Non-controlling Interest	-	-	-	-	-	-
Balances as of December 31, 2020	**700,000**	**6,724,194**	**(1,634)**	**1,484,839**	**10,453,673**	**2,529,434**

[1] Reflects the difference between the adjusted value and the historical value of capital, according to the requirements of the GCL.

[2] As per resolution passed at the General Ordinary and Extraordinary Shareholders' Meeting held on April 25, 2020 and at the General Ordinary and Extraordinary Shareholders' Meeting held on August 15, 2020. It primarily included distribution of dividends by the subsidiaries Arcorpar S.A. in the amount of ARS 122,180, Bagley Argentina S.A. in the amount of ARS 12,801, and Arcor Alimentos Bolivia S.A. in the amount of ARS 583.

[3] According to the terms of Section 40 of the Company's By-laws, dividends that have not been cashed or claimed will be forfeited in favor of the Company within 5 years from the date on which such dividends were made available.

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

UNAPPROPRIATED RETAINED EARNINGS		OTHER EQUITY COMPONENTS		SUBTOTAL ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS	NON-CONTROLLING INTEREST (NOTE 21)	TOTAL EQUITY
SPECIAL RESERVE FOR IFRS ADOPTION (NOTE 47)	UNAPPROPRIATED RETAINED EARNINGS (NOTE 19)	TRANSLATION RESERVE (NOTE 20)	RESERVE FOR CASH FLOW HEDGE (NOTE 20)			
784,332	**(2,307,712)**	**1,236,627**	**1,431**	**26,030,952**	**14,689,319**	**40,720,271**
-	4,163,556	-	-	4,163,556	1,278,276	5,441,832
-	60,162	(158,918)	(1,431)	(100,187)	(101,408)	(201,595)
-	**4,223,718**	**(158,918)**	**(1,431)**	**4,063,369**	**1,176,868**	**5,240,237**
-	2,307,712	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(2,118,056)	(135,577)	(2,253,633)
-	50	-	-	50	-	50
-	-	-	-	-	(269)	(269)
784,332	**4,223,768**	**1,077,709**	**-**	**27,976,315**	**15,730,341**	**43,706,656**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019
(figures stated in thousands of Argentine Pesos)

ITEMS	SHAREHOLDERS' CONTRIBUTIONS		PARENT COMPANY'S TREASURY SHARES	UNAPPROPRIATED RETAINED EARNINGS		
	CAPITAL STOCK OUTSTANDING COMMON SHARES	CAPITAL ADJUSTMENT [1]		LEGAL RESERVE (NOTE 17)	OPTIONAL RESERVE FOR FUTURE INVESTMENTS	SPECIAL RESERVE FOR FUTURE DIVIDENDS
Balances as of January 1, 2019	**700,000**	**6,724,194**	**(1,634)**	**540,236**	**3,085,955**	**358,499**
Net (Loss) / Income for the Year	-	-	-	-	-	-
Other Comprehensive Income for the Year	-	-	-	-	-	-
Total Comprehensive (Loss) / Income for the Year	**-**	**-**	**-**	**-**	**-**	**-**
Setting-up of Reserves [2]	-	-	-	944,603	10,755,975	3,847,766
Cash Dividends [2]		-	-	-	-	(639,320)
Transactions with the Non-controlling Interest	-	-	-	-	-	-
Balances as of December 31, 2019	**700,000**	**6,724,194**	**(1,634)**	**1,484,839**	**13,841,930**	**3,566,945**

[1] Reflects the difference between the adjusted value and the historical value of capital, according to the requirements of the GCL.

[2] The Company's cash dividends were approved at the Ordinary and Extraordinary General Shareholders' Meeting held on April 27, 2019 and the Ordinary and Extraordinary General Shareholders' Meeting held on September 19, 2019. It primarily includes dividend distributions by the subsidiaries Arcorpar S.A. in the amount of ARS 153,390, Mundo Dulce S.A. in the amount of ARS 41,146, and Papel Misionero S.A.I.F.C. in the amount of ARS 13,125.

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

	UNAPPROPRIATED RETAINED EARNINGS		OTHER EQUITY COMPONENTS				
	SPECIAL RESERVE FOR IFRS ADOPTION (NOTE 47)	UNAPPROPRIATED RETAINED EARNINGS (NOTE 19)	TRANSLATION RESERVE (NOTE 20)	RESERVE FOR CASH FLOW HEDGE (NOTE 20)	SUBTOTAL ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS	NON-CONTROLLING INTEREST (NOTE 21)	TOTAL EQUITY
	784,332	**16,054,215**	**1,437,945**	**3,261**	**29,687,003**	**13,122,047**	**42,809,050**
	-	(2,000,013)	-	-	(2,000,013)	1,803,848	(196,165)
	-	(307,699)	(201,318)	(1,830)	(510,847)	(28,758)	(539,605)
	-	**(2,307,712)**	**(201,318)**	**(1,830)**	**(2,510,860)**	**1,775,090**	**(735,770)**
	-	(15,548,344)	-	-	-	-	-
	-	(505,871)	-	-	(1,145,191)	(207,821)	(1,353,012)
	-	-	-	-	-	3	3
	784,332	**(2,307,712)**	**1,236,627**	**1,431**	**26,030,952**	**14,689,319**	**40,720,271**

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31, 2020 and 2019
(figures stated in thousands of Argentine Pesos)

	NOTES	12.31.2020	12.31.2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income / (Loss) for the Year		**5,441,832**	**(196,165)**
Income Tax and Minimum Presumed Income Tax	35	5,365,108	4,215,279
Adjustments for:			
Depreciation of Property, Plant and Equipment and Investment Properties	30	4,183,450	5,367,167
Depreciation of Right-of-use Assets	30	771,797	590,537
Amortization of Intangible Assets	30	104,438	167,000
Provisions Deducted from Assets and Included in Liabilities, Net		764,560	477,323
Net Financial Income (Expense)	34	6,493,252	5,908,651
Income (Loss) from Investments in Associates and Joint Ventures	9	861,425	(1,010,964)
Gain (Loss) on Initial Recognition of and Changes in Fair Value of Biological Assets	10	(421,221)	(12,546)
Gain (Loss) on Disposal of Property, Plant and Equipment and Investment Properties	33	(589,052)	(66,097)
Gain (Loss) on Derecognition of Right-of-use Assets Net of Derecognition of Lease Liabilities	6 y 23	7,673	-
Adjustments Subtotal:		**12,176,322**	**11,421,071**
Net (Payments) / Receipts from Derivative Financial Instruments Related to Operating Activities		(18,405)	64,212
Payments for Acquisitions Net of Receipts from Sales of Biological Assets		(715,158)	(814,765)
Payments for Income Tax and Minimum Presumed Income Tax		(3,109,404)	(2,967,007)
Subtotal - Cash Flow from Operations Before Net Changes in Operating Assets and Liabilities:		**19,140,295**	**11,722,625**
Net Changes in Operating Assets and Liabilities		2,561,821	6,120,038
Net Cash Flow Provided by Operating Activities		**21,702,116**	**17,842,663**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Purchases and Advances of Property, Plant and Equipment, Intangible Assets and Others		(2,730,921)	(3,829,639)
Cash Inflows from Disposal of Property, Plant and Equipment and Investment Properties		71,580	155,737
Payments for Acquisition of Mastellone Hermanos S.A.'s Shares	42	(303,892)	(1,195,750)
Payments for Contributions to Associates	9	-	(125)
Payments for Acquisition of Shares from Associates [1]		(497)	-
Payments for Sales of Shares to Associates [1]		212	-
Net Cash Flows (Used In) Investing Activities		**(2,963,518)**	**(4,869,777)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows from Bank Loans	22	2,068,457	11,305,050
Repayment of Bank Loans	22	(6,871,950)	(10,991,806)
Net Changes in Short-term Loans	22	(4,340,013)	4,778,855
Inflows from Notes Issued	22	6,230,917	2,251,202
Debt Repayment in respect of Notes	22	(3,170,523)	(501,162)
Payments of Principal on Lease Liabilities	23	(800,223)	(647,526)
Payments of Interest on Lease Liabilities	23	(96,580)	(96,804)
Payment of Interest and Other Financial Expenses	22	(8,523,545)	(13,259,886)
Net (Outflows) / Inflows from Derivative Financial Instruments Related to Financing Activities		(222,312)	702,204
Distribution of Dividends		(2,135,559)	(2,557,228)
Net Cash Flow (Used In) Provided by Financing Activities		**(17,861,331)**	**(9,017,101)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**877,267**	**3,955,785**
Cash and Cash Equivalents at the Beginning of the Year	16	**13,569,260**	**10,137,025**
Exchange Differences and Currency Translation Effect on Cash and Cash Equivalents		227,850	(336,163)
(Loss) on Net Monetary Position from Cash and Cash Equivalents		(128,578)	(187,387)
Net Increase in Cash and Cash Equivalents		877,267	3,955,785
Cash and Cash Equivalents at Year-end	16	**14,545,799**	**13,569,260**

[1] Transactions with the non-controlling interest.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of and for the years ended December 31, 2020 and 2019
(Figures stated in thousands of Argentine pesos)

NOTE 1. GENERAL INFORMATION

1.1 Company's Background

Arcor Sociedad Anónima, Industrial y Comercial is a company organized and existing under the laws of the Argentine Republic (Law No. 19,550, as amended). The Company's registered office is located at Av. Fulvio Salvador Pagani 487, Arroyito, Province of Córdoba.

The Company and its subsidiaries constitute a multinational corporation producing a wide variety of consumer food products (candies, chocolates, cookies & crackers, food, etc.) and industrial products (virgin and recycled paper, corrugated cardboard, printing of flexible films, corn syrup, etc.) in Argentina, Brazil, Chile, Mexico and Peru, which are marketed in many countries worldwide.

The Company's Bylaws were registered with the Public Registry of Commerce on January 19, 1962. The last amendment thereto was resolved at the Extraordinary General Shareholders' Meeting held on December 11, 2019, and was registered with the Public Registry - Protocol of Contracts and Dissolutions - under Registration No. 76 - A41, in Córdoba, on January 9, 2020. The Company's term will expire on January 19, 2061.

On February 27, 2010, the Ordinary General Shareholders' Meeting approved the creation of the Global Simple Non-Convertible Notes Program, in accordance with the terms of Law No. 23,576, as amended by Law No. 23,962. On October 15, 2010, the Bureau of Legal Entities of the Province of Córdoba, by means of Resolution 1931/2010-B, registered the program with the Public Registry of Commerce. On October 25, 2010, the CNV, through Resolution No. 16,439, authorized the Company to create a Simple Non-Convertible Notes Program.

On November 28, 2014, the Ordinary and Extraordinary General Shareholders' Meeting resolved to increase the amount and extend the term of the program. On October 30, 2015, the CNV, by means of Resolution No. 17,849, authorized the Company to increase the maximum principal amount of such program (from an aggregate principal amount of USD 500 million to an aggregate principal amount of up to USD 800 million, or its equivalent in other currencies) for a new five-year period, counted as from the end of the original maturity in October 2020. On March 2, 2016, the Bureau of Legal Entities of the Province of Córdoba, by means of Resolution 260/2016-B, registered the increase in the program amount and extension of its term with the Public Registry of Commerce.

Finally, on April 25, 2020, the Ordinary and Extraordinary General Shareholders' Meeting resolved to approve an extension of the Program term for additional five years. On November 5, 2020, the CNV, by means of Directive DI-2020-52-APN- GE#CNV, authorized the Company to extend the term of the program for additional 5 years, counted as from the end of the extended term, i.e., October 30, 2025, and to amend certain terms and conditions of said Program in order for the instruments to be denominated in units known as "Unidades de Valor Adquisitivo" or UVAs indexable by the Reference Stabilization Ratio ("CER", for its Spanish acronym) as per Law No. 25,827, or otherwise in "Unidades de Vivienda" or UVIs indexable by the Construction Cost Index ("ICC", for its Spanish acronym), pursuant to Law No. 27,271.

These consolidated financial statements were approved by Minutes of Board of Directors' Meeting No. 2362 dated March 10, 2021.

1.2 Parent Company's Data

The Company is controlled by Grupo Arcor S.A., which owns 99.686534% and 99.679719% interests in capital stock and votes, respectively. The parent company's core business is making financial transactions and investments.

Grupo Arcor S.A. is a company organized and existing under the laws of the Argentine Republic (Law No. 19,550, as amended). Its registered office is located at Maipú No. 1210, 6th Floor, Suite "A," Autonomous City of Buenos Aires.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of and for the years ended December 31, 2020 and 2019
(Figures stated in thousands of Argentine pesos)

NOTE 1. GENERAL INFORMATION

1.3 Economic Context in Argentina: Impacts of COVID-19

The Group operates amidst a challenging economic environment whose main variables have experienced strong volatility, both locally and internationally. The outbreak of the COVID-19 pandemic in 2020 brought about substantial implications at a global level. The several health-related restrictions took their toll—to a greater or lesser extent— almost immediately on economies, with abrupt declines in their production and activity indicators. In response, most governments implemented fiscal aid packages to support people's income and minimize a potential disruption in the payment chain and prevent economic and financial crises and business bankruptcies. Argentina was no exception, and the National Government took action as soon as the pandemic was declared.

The Argentine economy was already experiencing stagflation which, coupled with the pandemic outbreak in March 2020, made things substantially worse. According to December 2020's "Monthly Economic Activity Indicator" published by INDEC, economic activity is expected to have declined by around 10.0% at the end of 2020.

Since late 2020, the National Government has been implementing several measures affecting the economic context, such as price controls and certain exchange restrictions, including the requirement of securing the Central Bank's prior consent to access the local FX market (known as "MULC"). Accordingly, the Company and its Argentine subsidiaries carried out exchange transactions within the MULC's applicable regulatory framework.

As concerns the impacts of the COVID-19 pandemic in Argentina, the measures adopted by the National Government to contain the virus spread included, without limitation, border closures, mandatory social distancing, and interruption of non-essential business activities for a long period of time. In this respect, in spite of the challenges inherent to the prevailing context that slowed down or complicated the conduction of activities, as the Group is engaged in the production and marketing of consumer food products and key supplies to other essential industries, its business activity was considered essential and, as such, its operations were not disrupted.

The governments of the other countries where the Group carries out operations also adopted similar measures which resulted, among other things, in restrictions on business activity. The Group's subsidiaries primarily engaged in the import and marketing of consumer food products, primarily those within the confectionery and chocolates segment, experienced a decline in demand resulting in a decrease in profits during the first months of the pandemic, though with certain signs of recovery since the third quarter.

The final extent of the COVID-19 outbreak and its impact on the global and local economies of the countries where the Group operates are still unknown. As of the date of these consolidated financial statements, the pandemic has not had a substantial impact on the Group's results of operations.

The above-described volatile and uncertain scenario still remains as of the date of these financial statements. The Group is closely monitoring the situation and defining suitable courses of action, following the directives and recommendations from the pertinent international agencies and/or Departments of Health of the countries where it operates.

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

Below is a detail of the most relevant accounting standards used by the Group to prepare these consolidated financial statements.

2.1 Basis for Preparation

These consolidated financial statements were prepared in accordance with the IFRS issued by the IASB and represent the full, explicit and unreserved adoption of such international standards.

See our report dated March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

Víctor Jorge Aramburu
Chairman
Statutory Audit Committee

Luis Alejandro Pagani
Chairman

(Partner)
C.P.C.E.Cba. Nº 21.00004.3
Andrés Suárez
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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.1 Basis for Preparation

The figures disclosed in the consolidated financial statements and in their respective notes are stated in thousands of pesos, except for earnings per share, changes in capital stock, and dividends per share. Certain figures in foreign currency are also stated in thousands, except as otherwise indicated.

The accounting policies applied are based on the IFRS issued by the IASB and on the applicable interpretations issued by the IFRIC as of the date of these consolidated financial statement. The preparation of these consolidated financial statements in accordance with IFRS requires that the Company make estimates and assessments that affect the reported amounts of assets and liabilities, and of contingent assets and liabilities disclosed as of the date of these consolidated financial statements as well as recorded income and expenses.

The Group makes estimates to calculate, for example, depreciation and amortization, the fair value of biological assets and certain derivative instruments, the recoverable value of non-financial assets, the income tax expense, certain labor costs, the provisions for contingencies, provisions for civil and commercial lawsuits, allowances for bad debts and provisions for discounts and rebates to customers, and lease liabilities. Future actual results may differ from the estimates and assessments made as of the date of these consolidated financial statements.

The figures as of December 31, 2019 disclosed in these consolidated financial statements for comparative purposes arise from adjusting for inflation the amounts disclosed in the financial statements then ended, as described in Note 2.5 to these consolidated financial statements. Where applicable, certain reclassifications were made for comparative purposes.

Going Concern

As of the date of these consolidated financial statements, there are no uncertainties as to developments or circumstances that may call into question the likelihood that the Group will continue operating normally as a going concern.

2.2 Changes to Accounting Policies New Accounting Standards

(a) New Standards, Amendments and Interpretations Effective for the Fiscal Year Beginning on January 1, 2020:

Amendments to IFRS 3 "Business Combinations": This amendment revises the definition of business. According to feedback received by the IASB, the application of the current guidance is perceived as too complex and, as a result, too many transactions are classified as business combinations. The adoption of these amendments did not have a material impact on these consolidated financial statements.

Amendments to IAS 1 and to IAS 8 on the definition of materiality: These amendments to IAS 1, "Presentation of financial statements," and IAS 8, "Accounting policies, changes in accounting estimates and errors," and subsequent amendments to other IFRSs shed light on the use of a consistent definition of materiality through the IFRS and the Conceptual Framework for Financial Reporting; clarify the definition of what is considered material; and incorporate some guidance from IAS 1 on non-relevant information. The adoption of these amendments did not have a material impact on these consolidated financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform: The amendments provide for a temporary alternative to the application of specific hedge accounting requirements to the hedging relationships which are directly affected by the interest rate benchmark reform, such as LIBOR and other interbank rates. The adoption of these amendments did not have a material impact on these consolidated financial statements.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.2 Changes to Accounting Policies New Accounting Standards

Amendments to IFRS 16, "Leases" - COVID-19-related Rent Concessions: As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions may take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides lessees the possibility of assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

The amendment was published in May 2020 and came into force for fiscal years commencing on or after June 1, 2020. Early adoption is allowed. As a result of the adoption of this practical expedient to these consolidated financial statements, the Group recognized the effect of the reductions in net income for the year, without any material impact.

(b) New Standards, Amendments and Interpretations Published that Have Not Become Effective Yet for the Fiscal Years Beginning on or after January 1, 2020 and that Have Not Been Adopted Earlier:

Amendments to IAS 1, "Presentation of Financial Statements" on Classification of Liabilities: These amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is unaffected by the entity's expectations or by events subsequent to the date of these financial statements. The amendment makes clear the meaning of "settlement" of a liability. This standard was published in January 2020 and will come into force on or after January 1, 2022.

Amendments to IFRS 3 "Business Combinations": The amendment revises a reference to Conceptual Framework for Financial Reporting contained in IFRS 3, without altering the accounting requirements for business combinations. The amendment was published in May 2020 and will come into force for fiscal years commencing on or after January 1, 2022.

Amendments to IAS 16, "Property, Plant and Equipment": The amendment prohibits deducting from the cost of an asset any proceeds from sales while bringing that asset to the condition for its intended use. Instead, an entity is required to recognize such proceeds in profit or loss for the period. The amendment was published in May 2020 and will come into force for fiscal years commencing on or after January 1, 2022.

Amendments to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets": These amendments specify the costs that an entity should include in assessing whether such contract will be onerous. The amendment was published in May 2020 and will come into force for fiscal years commencing on or after January 1, 2022.

Amendments to IFRS 7, IAS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2: These changes address issues arising during the interest rate benchmark reform, including the replacement of a benchmark rate with an alternative one. The amendment was published in August 2020 and will come into force for fiscal years commencing on or after January 1, 2021.

There are no other IFRS or IFRIC interpretations which have not come effective yet and which are expected to have a material impact on the Group.

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(Figures stated in thousands of Argentine pesos)

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.3 Equity Interests in Subsidiaries, Associates and Joint Ventures

(a) Subsidiaries

Subsidiaries are all such entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights in, variable returns by reason of its involvement with the investee, and has the ability to use its power to direct the entity's operating and financial policies to affect such returns. Subsidiaries are consolidated as from the time on which control is transferred to the Company, and are excluded from consolidation on the date such control ceases. The following table shows the subsidiaries included in the consolidation:

COMPANIES	COUNTRY	LOCAL CURRENCY	FUNCTIONAL CURRENCY	CLOSING DATE	PERCENTAGE OF INTEREST*			
					12.31.2020		12.31.2019	
					DIRECT	DIRECT AND INDIRECT	DIRECT	DIRECT AND INDIRECT
Arcor A.G. (S.A., Ltd.) [1]	Switzerland	EUR	EUR	12.31.2020	100.00000	100.00000	100.00000	100.00000
Arcor Alimentos Bolivia S.A.	Bolivia	BOB	BOB	12.31.2020	-	99.00000	-	99.00000
Arcor de Perú S.A.	Peru	PEN	PEN	12.31.2020	-	99.97222	-	99.96184
Arcor do Brasil Ltda. [2]	Brazil	BRL	BRL	12.31.2020	89.89600	99.99990	89.89600	99.99040
Arcor Trading (Shanghai) Co. Ltd.	China	RMB	RMB	12.31.2020	-	100.00000	-	100.00000
Arcor U.S.A., Inc.	USA	USD	USD	12.31.2020	99.95284	99.95520	99.90000	99.90500
Arcorpar S.A.	Paraguay	PYG	PYG	12.31.2020	50.00000	50.00000	50.00000	50.00000
Asama S.A. [3]	Argentina	ARS	ARS	-	-	-	99.98343	99.98426
Bagley Argentina S.A.	Argentina	ARS	ARS	12.31.2020	0.00401	50.64327	0.00401	50.64327
Bagley Chile S.A.	Chile	CLP	CLP	12.31.2020	-	50.84330	-	50.84330
Bagley do Brasil Alimentos Ltda.	Brazil	BRL	BRL	12.31.2020	-	51.00000	-	51.00000
Bagley Latinoamérica S.A. [4]	Spain	EUR	EUR	12.31.2020	51.00000	51.00000	51.00000	51.00000
BI S.A. [5]	Argentina	ARS	ARS	-	-	-	-	99.99570
Cartocor Chile S.A. [6]	Chile	CLP	CLP	12.31.2020	28.07196	99.99771	28.07196	99.99773
Cartocor de Perú S.A.	Peru	PEN	PEN	12.31.2020	-	99.99759	-	99.99730
Cartocor S.A. [5,6,7]	Argentina	ARS	ARS	12.31.2020	99.99678	99.99694	99.99680	99.99696
Constructora Mediterránea S.A.C.I.F.I.	Argentina	ARS	ARS	12.31.2020	99.99100	99.99145	99.98389	99.98389
GAP International Holding S.A. [8]	Chile	CLP	USD	12.31.2020	99.99901	99.99906	99.90000	99.90500
GAP Regional Services S.A.	Uruguay	UYU	USD	12.31.2020	-	99.99906	-	99.90500
Industria de Alimentos Dos en Uno S.A. [9]	Chile	CLP	CLP	12.31.2020	100.00000	100.00000	100.00000	100.00000
Industria Dos en Uno de Colombia Ltda.	Colombia	COP	COP	12.31.2020	4.37353	100.00000	6.10001	100.00000
La Campagnola S.A.C.I. [3]	Argentina	ARS	ARS	-	-	-	99.98367	99.98448
Mundo Dulce S.A. de C.V. [10]	Mexico	MXN	MXN	12.31.2020	-	49.99993	-	49.99993
Papel Misionero S.A.I.F.C.	Argentina	ARS	ARS	12.31.2020	-	96.06852	-	96.06746
Unidal Ecuador S.A.	Ecuador	USD	USD	12.31.2020	-	99.98223	-	99.98223
Unidal México S.A. de C.V. [11]	Mexico	MXN	MXN	12.31.2020	99.99985	99.99985	99.99985	99.99985
Van Dam S.A.	Uruguay	UYU	UYU	12.31.2020	100.00000	100.00000	100.00000	100.00000
Zucamor Cuyo S.A. [5]	Argentina	ARS	ARS	-	-	-	-	99.99549
Zucamor S.A. [5,12]	Argentina	ARS	ARS	-	-	-	72.74298	99.99571

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As of and for the years ended December 31, 2020 and 2019
(Figures stated in thousands of Argentine pesos)

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.3 Equity Interests in Subsidiaries, Associates and Joint Ventures

(a) Subsidiaries

* Percentage of interest in capital stock and voting rights.
[1] It consolidates the accounts of Arcor Alimentos Bolivia S.A. and Arcor Trading (Shanghai) Co. Ltd. and includes the branches in Spain and South Africa.
[2] On January 30, 2019, the partners, gathered at a partners' meeting, and following the related amendment to the articles of association, resolved to extinguish the companies Cartocor do Brasil Ind. Com. e Serv. Ltda. and Dos en Uno do Brasil Imp. e Com. de Alim. Ltda., which were merged into Arcor do Brasil Ltda.
[3] Company merged with Arcor S.A.I.C. as from January 1, 2020.
[4] It consolidates the accounts of Bagley Chile S.A., Bagley do Brasil Alimentos Ltda., and Bagley Argentina S.A.
[5] On May 15, 2020, Cartocor S.A. (as merging company), and Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. (as merged company), subscribed a Merger Plan effective as from July 1, 2020. For consolidation purposes, the Company used special financial information prepared as of the date of these consolidated financial statements.
[6] It consolidates the accounts of Cartocor de Perú S.A. On October 2, 2020, the Shareholders' Meeting of Cartocor de Perú S.A. approved an increase in capital stock by capitalizing trade receivables from Cartocor S.A. and Cartocor Chile S.A. As a consequence of such capitalization, Cartocor Chile S.A. became the majority shareholder.
[7] It consolidates the accounts of Cartocor Chile S.A. Effective from July 1, 2020, it consolidates the accounts of Papel Misionero S.A.I.F.C.
[8] It consolidates the accounts of GAP Regional Services S.A.
[9] It consolidates the accounts of Arcor de Perú S.A., Unidal Ecuador S.A. and Industria Dos en Uno de Colombia Ltda.
[10] According to the articles of incorporation, Arcor Group, through Unidal México S.A. de C.V., took over the control of Mundo Dulce S.A. de C.V. as holder of a simple majority of votes. In addition, it took over the operating and financial management of this company, with powers to chair the Board of Directors and appoint key officers in charge of the operation.
[11] It consolidates the accounts of Mundo Dulce S.A. de C.V.
[12] As of December 31, 2019, it consolidates the accounts of Papel Misionero S.A.I.F.C., Zucamor Cuyo S.A. and BI S.A.

The Group applies the acquisition method to account for the acquisition of subsidiaries. The acquisition cost is determined as the fair value of the assets delivered, equity instruments issued, and liabilities incurred or assumed as of the date of exchange. The agreed-upon price includes, where applicable, the fair value of any asset or liability resulting from an agreed-upon contingent consideration. The acquisition related costs are considered expenses when incurred. Identifiable net assets acquired and contingent liabilities assumed in a business combination are initially measured at fair value as of the acquisition date. The excess of the acquisition cost over the fair value of the Group's interest in the net identifiable assets acquired is recorded as goodwill. If the acquisition cost is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of income.

Transactions, balances, income and expenses originated from operations between group companies are eliminated. Intercompany profits and losses included in the closing balance of assets resulting from these transactions are also eliminated.

The financial statements used in the consolidation process were prepared as of a closing date consistent with that of the consolidated financial statements, encompassing equal periods. They were also prepared using valuation and disclosure criteria consistent with those used by the Company.

(b) Transactions with the Non-Controlling Interest

It is the Group's policy to consider transactions with the non-controlling interest as if they were transactions with the Group's shareholders. When acquiring a non-controlling interest, the difference between the price paid and the respective interest in the carrying amount of the subsidiary's net assets acquired is recognized in equity. Gains and losses on the disposal of equity interests, to the extent control is held, are also recognized in equity.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.3 Equity Interests in Subsidiaries, Associates and Joint Ventures

(c) Associates

Associates are entities over which the Group has significant influence, that is, the power to interfere with the decisions made as to the investee's financial and operating policies, without exerting control. Investments in associates are accounted for using the equity method and are initially recognized at cost. The identifiable net assets and contingent liabilities acquired in the initial investment in an associate are originally recognized at fair value as of the investment date. The Group's investment in associates includes, if applicable, the goodwill identified upon acquisition, net of any cumulative impairment loss.

The Group's share in post-acquisition profits or losses is recognized in the statement of income, while its share in other comprehensive income post-acquisition is recognized in other comprehensive income. Post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of loss in an associate is equal to or higher than its interest in such associate, including any other unsecured account receivable, the Group does not recognize additional losses, except when it has assumed obligations or has made payments on behalf of the associate. Unrealized profits from transactions between the Group and its associates, if any, are eliminated based on the Company's percentage of interest in such associates. Where applicable, unrealized losses are also eliminated, except to the extent the transaction provides evidence of an impairment loss associated with the asset being transferred. Dilution gains or losses arising from investments in associates are recognized in the consolidated statement of income.

Likewise, the criteria stated in Note 2.10 (a) are also applicable to goodwill generated by the acquisition of equity interests in associates.

(d) Joint Ventures

A joint venture is a joint agreement whereby the Group maintains the common control of such joint venture with the other party and is entitled to the net assets associated with the agreement. Investments in joint ventures are accounted for using the equity method and are initially recognized at cost. The identifiable net assets and contingent liabilities acquired in the initial investment are originally recognized at fair value as of the investment date. The Group's investment in joint ventures includes, if applicable, the goodwill identified upon acquisition, net of any cumulative impairment loss.

The Group's share of profit or loss subsequent to the acquisition of its share in the joint venture is recognized in the statement of income, and its share of other comprehensive income post-acquisition is recognized in other comprehensive income. Any movement subsequent to the acquisition of the initial share is adjusted against the carrying amount of the investment. When the Group's share of loss in a joint venture is equal to or higher than its interest in such joint venture, including any other unsecured account receivable, the Group does not recognize additional losses, except when it has assumed obligations or has made payments on behalf of the joint venture. Unrealized profits from transactions between the Group and its joint ventures, if any, are eliminated based on the Company's percentage of interest in such joint ventures. Where applicable, unrealized losses are also eliminated, except to the extent the transaction provides evidence of an impairment loss associated with the asset being transferred.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.4 Segment Reporting

Segment information is presented in a consistent manner with the internal reporting provided to:

(i) Senior management, as the utmost operating decision-making authority and responsible for allocating resources and assessing the performance of operating segments, and
(ii) The Board of Directors, as the body in charge of making the Group's strategic decisions.

2.5 Financial Reporting in Hyperinflationary Economies

IAS 29 "Financial Reporting in Hyperinflationary Economies" requires that an entity's financial statements whose functional currency is the currency of a hyperinflationary economy, regardless of whether they are based on the historical cost method or on the current cost method, be stated in terms of the measuring unit current at the end of the reporting period. For such purpose, in general, inflation from the acquisition date or the revaluation date, as the case may be, should be reflected in non-monetary items. Such requirements are also applicable to the comparative information disclosed in the financial statements.

To conclude on the existence of a hyperinflationary economy pursuant to the provisions set forth in IAS 29, the standard details a series of factors to be considered, including an accumulated three-year inflation rate that approximates to or exceeds 100%. Accordingly, pursuant to the requirements of IAS 29, effective since July 1, 2018, the Argentine economy should be regarded as hyperinflationary.

In turn, Law No. 27,468 (published in the Official Gazette on December 4, 2018) amended the terms of Section 10 of Law No. 23,928, as amended, establishing that the repeal of all such legal and regulatory standards which establish or authorize price indexation mechanisms, monetary adjustments, changes in costs or any other form of restatement of indebtedness, taxes, prices or rates for goods, works or services, is not applicable to financial statements, which should continue to be subject to the provisions of Section 62 *in fine* of the GCL. In addition, Law No. 27,468 repealed Decree No. 1269/2002 dated July 16, 2002, as amended, and entrusted the National Executive Branch, through its regulatory agencies, with the duty of setting the date as from which the foregoing provisions would come into force in respect of financial statements filed with them. Accordingly, by way of RG 777/2018 (published in the Official Gazette on December 28, 2018), the CNV provided that issuers subject to its oversight were required to restate their annual, interim and special financial statements ended on and after December 31, 2018 into constant currency as required by IAS 29. Therefore, these consolidated financial statements as of December 31, 2020 were restated.

In accordance with IAS 29, the financial statements of an entity reporting in the currency of a hyperinflationary economy should be presented in the current unit of measurement as of the end of the reporting period. All balances disclosed in the entity's balance sheet, other than those stated in the current unit of measurement as of the end of the reporting period, should be adjusted by reference to a general price index. All profit & loss items should be reported in terms of a unit of measurement adjusted as of the end of the reporting period by reference to the changes in the general price index occurring since the date on which revenues and expenses have been originally recognized in the financial statements.

The inflation adjustment on opening balances was calculated by reference to the indexes established by the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE"), which are based on the price indexes released by the Argentine Institute of Statistics and Census ("INDEC"). The changes in the index used for the restatement of these consolidated financial statements was 36.14% as of December 31, 2020, and 53.83% as of December 31, 2019.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.5 Financial Reporting in Hyperinflationary Economies

Below is a detail of the main guidelines for the application of the inflation adjustment:

- Monetary assets and liabilities recognized in the measuring unit current at the end of the reporting period should not be restated, for they are already stated in current currency as of the date of the financial statements.
- Non-monetary assets and liabilities carried at cost at the end of the reporting period and equity items should be restated by reference to the respective adjustment ratios.
- All profit & loss items are restated by reference to the pertinent restatement factors.
- Financial income (expense) was restated in real terms, eliminating the respective inflationary hedges.
- The effects of inflation on the Group's net monetary position are disclosed in the statement of income within "Net Financial Income (Expense)", under "Gain (Loss) on Net Monetary Position."
- Comparative figures were adjusted for inflation, following the same guidelines described in the preceding paragraphs.

Upon the first-time adoption of the inflation adjustment (i.e., January 1, 2017), equity accounts were restated as follows:

- Capital stock was restated since the later of the subscription date, or the date of the last inflation adjustment for accounting purposes. The resulting amount was accounted for in "Capital Adjustment."
- The translation reserve and the reserve for cash flow hedges were stated in real terms.
- Other comprehensive income items were restated as from each accounting reporting date.
- Other reserves were not restated upon initial application.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of and for the years ended December 31, 2020 and 2019
(Figures stated in thousands of Argentine pesos)

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.6 Foreign Currency Translation

(a) Functional Currency and Reporting Currency

The figures disclosed in the financial statement of each of the Group's entities are stated in their functional currency. In general, for the Group's companies abroad, the currency of each country has been defined as functional currency since it is the currency of the primary economic environment where those entities operate. The consolidated financial statements are stated in Argentine pesos (ARS), which is the Company's functional currency and the Group's reporting currency. The closing exchange rates used for currency translation purposes are as follows:

		LOCAL CURRENCY PER EACH ARS	
COUNTRY	LOCAL CURRENCY	12.31.2020	12.31.2019
Angola	AOA	0.1265	0.1225
Bolivia	BOB	0.0829	0.1166
Brazil	BRL	0.0619	0.0675
Chile	CLP	8.4687	12.5438
China	RMB	0.0779	0.1169
Colombia	COP	40.8874	54.9027
Ecuador	USD	0.0119	0.0168
Spain	EUR	0.0097	0.0150
United States	USD	0.0119	0.0168
Mexico	MXN	0.2375	0.3162
Paraguay	PYG	82.6879	108.2920
Peru	PEN	0.0431	0.0556
Switzerland	EUR	0.0097	0.0150
Uruguay	UYU	0.5043	0.6250

(b) Transactions and Balances

Transactions in foreign currency are translated to functional currency at the exchange rates prevailing on the transaction or valuation dates when items are measured at closing. Gains and losses in functional currency on the settlement of these transactions and on the translation of monetary assets and liabilities denominated in foreign currency at the exchange rates prevailing at closing are recognized in the consolidated income statement under "Net Financial Income (Expense)," except when deferred in equity as a result of transactions qualifying as cash flow hedges, where applicable.

(c) Translation of Financial Statements of Companies whose Functional Currency is Not the Currency of a Hyperinflationary Economy

The results of operations and financial position of the Group's entities whose functional currency differs from the reporting currency and is not the currency of a hyperinflationary economy are translated as follows:

(i) Assets and liabilities are translated at the exchange rate prevailing at closing.
(ii) Income and expenses are translated at each month's average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the exchange rates prevailing on the date of each transaction, in which case income and expenses are translated at the exchange rates prevailing on the date of each transaction).
(iii) The resulting translation differences are recognized as other comprehensive income (loss).
(iv) For purposes of the valuation of the item Investments in Associates and/or the preparation of the consolidated financial statements in the currency of a hyperinflationary economy, income and expenses are restated into the measuring unit current at the reporting period end and translated at the exchange rate prevailing at year-end; translation differences are restated and disclosed in real terms.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.6 Foreign Currency Translation

Goodwill and fair value adjustments arising from the acquisition of investments are recognized as assets and liabilities of the investee and are translated into the reporting currency at the exchange rate prevailing at closing. The resulting translation differences are recognized as other comprehensive income. When an investment is sold or disposed of, cumulative translation differences are recognized in the statement of income as part of the gain or loss on the sale or disposal.

(d) Translation of Financial Statements of Companies whose Functional Currency is the Currency of a Hyperinflationary Economy

The results of operations and financial position of the Group´s entities whose functional currency is different from the reporting currency and is that of a hyperinflationary economy are restated, first, in accordance with IAS 29 "Financial reporting in hyperinflationary economies" (Note 2.5 to these consolidated financial statements). Then, all assets, liabilities, equity items and profit and loss accounts are translated at the exchange rate prevailing at year-end.

2.7 Property, Plant and Equipment

The items of Property, Plant and Equipment are measured at acquisition or construction cost, net of accumulated depreciation and/or impairment losses, if any. The cost includes such expenses that are directly attributable to the acquisition or construction of the assets.

The items of Property, Plant and Equipment acquired in business combinations were initially measured at their estimated fair value at the time of the acquisition. Subsequent costs are included in the value of the asset and are recognized as a separate asset, as the case may be, if and only if future economic benefits are expected to flow into the Group and its cost can be measured reliably. The carrying amount of the asset being replaced is derecognized.

Also, bearer plants are recorded separately from the biological assets produced therein, and are disclosed as items of Property, Plant and Equipment. The measurement criteria for those assets are described in Note 2.12.

Repair and maintenance expenses are recognized in the consolidated income statement for the year in which they were incurred.

Increased maintenance costs are recognized as part of the cost of the asset as long as general recognition criteria for assets is met, and are depreciated during the estimated period until the subsequent major maintenance. Any residual value resulting from previous maintenance is charged to income.

The Group has capitalized interest on generic loans for the construction of plant and equipment which necessarily require a substantial period before they are ready for use. The capitalized amount in real terms (net of the respective inflationary hedges) totals ARS 20,024 and ARS 93,616 for the years ended December 31, 2020 and 2019, respectively.

Depreciation is calculated on a straight-line basis, using annual rates sufficient to extinguish the value of the assets at the end of their estimated useful life. Where an asset includes significant components with different useful lives, they are recognized and depreciated as separate items.

The following table describes the useful life for each item of Property, Plant and Equipment, used by the Group as a reference upon recognition:

ITEM	USEFUL LIFE
Land	Without depreciation
Buildings	30-50 years
Machinery and Facilities	10 years
Bearer Plants	5-30 years
Furniture, Tools, Vehicles and Other Equipment	3-10 years
Works in Progress and Equipment in Transit	Without depreciation

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.7 Property, Plant and Equipment

The residual values, useful lives and depreciation methods of the items comprising Property, Plant and Equipment are reviewed and adjusted, as needed, as of each year-end.

The carrying amount of the items comprising Property, Plant and Equipment is immediately written down to its recoverable value when the carrying amount exceeds the estimated recoverable value.

Gains and losses on the disposal of Property, Plant and Equipment items are calculated by comparing the proceeds from the disposal to the carrying amount of the respective asset and are charged to "Other Income / (Expenses), Net" in the consolidated statement of income.

2.8 Leases

2.8.1 Lease Activities

The Group leases offices, warehouses, vehicles and land. Leases are generally entered into for fixed terms ranging from 6 months to 5 years, but may contain options to extend their term, as described in this Note 2.8.4. The contracts may contain or not lease components. The Company assigns the lease and non-lease components in each contract, based on their separate relative prices. However, for real property lease contracts where the Company is the lessee, the Company has opted not to separate the lease and non-lease components; instead, it recognizes them as a single lease component. Lease contracts are individually negotiated and contain a wide range of different terms and conditions.

2.8.2 Right-of-use Assets

Right-of-use assets are measured at cost, which comprises the amount of the initial measurement of the lease liability, any lease payment made on or before the commencement date, net of any lease incentive and restoration costs.

Right-of-use assets are depreciated on a straight-line basis during the shorter of the asset useful life and the lease term. The resulting carrying amount does not exceed the recoverable value of the assets.

For variable lease payments contractually linked to indexes or adjustment rates, such lease liabilities are re-measured upon a change in those indexes or rates, which are recognized in real terms, through adjustments to the respective right-of-use assets.

Payments associated with short-term leases (with terms of less than 12 months) of equipment and vehicles and leases of low-value assets are expensed on a straight-line basis under "Leases / Operating Leases," in profit or loss for the year in which they are incurred.

2.8.3 Lease Liabilities

Lease liabilities are initially measured at present value. Lease liabilities mainly include the net present value of fixed lease payments (including the in-substance fixed payments) less any lease incentive receivable; and variable lease payments based on an index or rate. Lease payments made under reasonably certain options to extend are also included in the liability measurement.

Lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Such rate is the one the lessee would have to pay to obtain the necessary funds to acquire an asset of similar value to the right-of-use asset, within an economic environment with similar terms and conditions.

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(Figures stated in thousands of Argentine pesos)

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.8.3 Lease Liabilities

In determining the incremental interest rate, the Group relies, to the extent possible, on a recent external financing rate as a starting point. In the absence of recent third party financing, the Group uses a rate determination approach, starting from a risk-free interest rate adjusted for credit risk for the Group's existing leases, and then making adjustments specific to the lease, such as term, currency and guarantee.

The Group is exposed to potential future increases in variable lease payments that depend on an index or a rate, which are included as they become effective. At that time, the lease liability is reassessed and adjusted against the right-of-use asset.

Financial charges generated by lease liabilities (interest and exchange differences) are disclosed in real terms, as described in Note 2.5.

2.8.4 Options to Extend or Terminate a Lease

The options to extend or terminate a lease are included in several property and equipment lease contracts. These options are used to maximize operating flexibility in terms of management of the assets used in the operations. Most options to extend or terminate leases maintained are exercisable by the Group only, but not by the respective lessor.

2.9 Investment Properties

Investment properties comprise real property (land and/or buildings) held by the Group to obtain a rent and/or for capital appreciation purposes, rather than for use in the production of goods and services or for administrative purposes.

Investment properties are measured at acquisition or construction cost, net of accumulated depreciation and/or impairment losses, if any. The cost includes such expenses that are directly attributable to the acquisition or construction of the assets.

Land is not depreciated. The estimated useful life of buildings ranges from 30 to 50 years.

The residual values, useful lives and depreciation methods of investment properties are reviewed and adjusted, as needed, as of each year-end.

The carrying amount of investment properties is immediately written down to its recoverable value when the carrying amount exceeds the estimated recoverable value.

Gains and losses on the disposal of items of investment properties are calculated by comparing the proceeds from the disposal to the carrying amount of the respective asset and are charged to "Other Income / (Expenses), Net" in the consolidated statement of income.

Management and maintenance expenses are recognized under the caption "Other Income / (Expenses), Net" in the consolidated statement of income for the year in which they are incurred.

2.10 Intangible Assets

Intangible assets are those non-financial assets, without physical substance, that are identifiable either because of being separable or because of deriving from legal or contractual rights. They are recorded when they may be reliably measured and are expected to generate benefits for the Group.

As of the date of these consolidated financial statements, intangible assets with definite useful life are disclosed net of accumulated amortization and/or impairment losses, if any. These assets are tested for impairment upon the occurrence of events or circumstances that indicate that their carrying amount may not be recoverable.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.10 Intangible Assets

Intangible assets with indefinite useful life are those arising from contracts or other legal rights renewable at no significant cost and for which, on the basis of an analysis of all relevant factors, there is no foreseeable time limit during which the asset is expected to generate net cash flows for the entity. These intangible assets are not amortized, but are rather tested for impairment on an annual basis, either individually or at the cash-generating unit level. The useful life of an intangible asset is annually reviewed to determine whether circumstances continue to support an indefinite useful life assessment for that asset.

(a) Goodwill

Goodwill arising from the acquisition of subsidiaries and/or associates represents the excess of:

(i) the cost of an acquisition, which is measured as the consideration transferred, measured at fair value at the date of acquisition, plus the amount of the non-controlling interest; and
(ii) the fair value of the identifiable assets acquired, the liabilities assumed and contingent liabilities of the acquiree as of that date.

Goodwill generated from the acquisition of subsidiaries is included in the caption "Intangible Assets" in the consolidated balance sheet.

On the other hand, goodwill resulting from investments in associates is disclosed in the caption "Investments in Associates and Joint Ventures" in the consolidated balance sheet.

Goodwill is not amortized. The Group assesses, at least annually, goodwill recoverability based on the future discounted cash flows, together with other information available at the date of preparation of the consolidated financial statements. Once recorded, impairment losses are not reversed. Gains and losses from the sale of an entity include the remaining goodwill related to the entity sold.

Goodwill arising from the acquisition of subsidiaries is allocated to cash generating units in order to perform recoverability tests. Such allocation is made between those cash generating units (or group of units), identified on the basis of the operating segment which benefits from the business combination that gave rise to the goodwill.

(b) Brands

Brands individually acquired are initially measured at cost, while those acquired as part of business combinations are measured at their estimated fair value on the acquisition date.

Brands acquired by the Group are classified as intangible assets with indefinite useful lives and, therefore, are not amortized. The main factors considered for this classification include the number of years during which they have been in service and their recognition among the sector's customers. In turn, the Group believes that brand value is maintained by means of marketing investments and commercial actions.

The value of these assets does not exceed their estimated recoverable value.

(c) Software and Related Licenses

Development, acquisition and implementation costs that are directly attributable to unique and identifiable software design and tests which are controlled by the Group are recognized as intangible assets. Costs associated with software maintenance are expensed when incurred.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.10 Intangible Assets

Development, acquisition or implementation costs initially recognized as expenses for any given year are not subsequently recognized as costs of the intangible asset. Costs incurred in software development, acquisition and implementation recognized as intangible assets are amortized on a straight-line basis during the estimated useful life of the assets, within a term not to exceed 5 years.

Licenses acquired by the Group were classified as intangible assets with definite useful life and are amortized on a straight-line basis within a term not to exceed 5 years.

2.11 Impairment of Non-Financial Assets

Assets with indefinite useful life are not amortized, but are rather tested for impairment on an annual basis. Amortizable assets and investments in associates and joint ventures are tested for impairment upon the occurrence of events or circumstances that indicate that their carrying amount may not be recoverable.

Impairment losses are recognized when the carrying amount of an asset exceeds its recoverable value. The recoverable value of an asset is equal to the higher of the net amount that would be obtained from its disposal or its value in use. For the purposes of the impairment test, assets are grouped at the lowest level in which they generate identifiable cash flows (cash generating units). For investments in associates and joint ventures, the impairment test is performed, if applicable, for each investment separately.

The carrying amount of non-financial assets, other than goodwill, which have been impaired is reviewed at each reporting date to see to the potential reversal of the impairment.

2.12 Biological Assets

The account primarily comprises dairy cattle and beef cattle, tree plantations, grain sown land, sugar cane sown land and fruit crops. In general, these assets are measured at fair value less direct costs to sell, considering the particular characteristics of each specific asset as described in the following paragraphs.

Gains or losses from the initial recognition of a biological asset at fair value, net of estimated direct costs to sell/transfer and those related to subsequent changes in fair value, are disclosed as gains or losses in the consolidated statement of income for the year in which they are generated, under the item "Income (Loss) from Biological Assets" of the consolidated statement of income.

(a) Dairy Cattle

These biological assets are used by the Group for the production of milk (biological product), which is mainly used to manufacture milk powder and is then consumed in the manufacturing process of other products such as confectionery, chocolates, cookies and crackers.

Cattle is recorded at fair value estimated on the basis of the price of transactions close to the date of the consolidated financial statements, for animals with similar features, net of estimated direct costs of sale.

These biological assets are expected to be used for production during five lactation periods (representing approximately five years), until they reach dry cow status, when they are destined for slaughter. As a result, they are classified as non-current assets.

Changes in the fair value of these biological assets and the difference between the fair values of the biological products (milk) gathered during the year and the respective production costs are booked in "Income (Loss) from Biological Assets," in the consolidated statement of income.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.12 Biological Assets

(b) Sugarcane Sown Land

Sugar cane sown land is a biological asset growing in sugar cane plantations (bearer plants). These biological assets are used by the Group to obtain sugar cane (biological product), for subsequent use in its own production of sugar.

Sugar cane plantations are bearer plants and, therefore, are recorded and disclosed as items of “Property, Plant and Equipment” (Note 2.7). Sugar cane sown land biologically developed in sugar cane plantations is accounted for as “Biological Assets” until harvest. Sugar cane, which is the biological product resulting from those sown land plots, is then transferred to “Inventories” (Note 2.15) at fair value, after harvest.

At the initial phase of biological development, i.e. until the sugar cane sown land reaches a phenological stage from which yields can be reasonably estimated, these assets are valued at cost, which mainly includes the costs of farming, labor and related inputs. Once this stage is completed, they are measured at fair value at the point of harvest. Fair value is estimated separately from that of the bearer plants on which they develop and of the land on which they are planted, which are measured in accordance with the criteria applicable to “Property, Plant and Equipment” (Note 2.7). Since there is no active market for this type of biological assets (sugar cane sown land not yet harvested) in their location and condition prior to harvest, the fair value is estimated based on the present value of expected net cash flows (primarily, fair value of the biological products to be harvested), discounted using an appropriate rate under the circumstances. For purposes of such estimate, other factors are considered as the phenological stage of crops, expected yield, sugar cane price and estimated costs of farm work and inputs up to the harvest date.

Given that, at year-end, the land plots sown with sugar cane are at the initial stage of development, they are valued at cost. Also, as these biological assets are harvested within the following twelve months, they are classified as current assets. The difference between the fair values of the biological products (sugar cane) harvested during the year and the respective production costs are booked in “Income (Loss) from Biological Assets,” in the consolidated statement of income.

(c) Fruit Crops

This item primarily comprises peach crops, which are biological assets growing on fruit-bearing trees (bearer plants). These biological assets are mainly used by the Group to obtain fruit (biological products), for subsequent use in the manufacturing process of other food products such as marmalades, canned fruits, fruit pulp, etc.

Fruit trees are bearer plants and, therefore, are recorded and disclosed as items of “Property, Plant and Equipment” (Note 2.7). Fruit crops biologically developed on fruit trees are accounted for as “Biological Assets” until harvest. The harvested fruit, which is the biological product resulting from the crops, is then classified in “Inventories” (Note 2.15) at fair value, after harvest.

At the initial phase of biological development, i.e., until the fruit crops reach the phenological stage at which yields can be reasonably estimated, they are valued at cost, which mainly includes the costs of farming, farm work and related inputs. Once this stage is completed, they are measured at fair value net of harvest costs. Fair value is estimated separately from that of the bearer plants on which they develop and of the land on which they are based, which are measured in accordance with the criteria applicable to “Property, Plant and Equipment” (Note 2.7).

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2.12 Biological Assets

Given that, at year-end, fruit crops are at an advanced stage of biological development, they are measured at fair value. Since there is no active market for this type of biological assets (unharvested fruit crops) in their location and condition as of the date of these consolidated financial statements, the fair value is estimated based on the present value of expected net cash flows (primarily, fair value of the biological products to be harvested), discounted using a rate appropriate to the circumstances. For purposes of such estimate, other factors are considered such as the phenological stage of the crops, expected yield per hectare, the fruit price and estimated costs of farm work and inputs up to the harvest date.

Also, as these biological assets are harvested within the following twelve months, they are classified as current assets.

The difference between the fair value of the biological products (fruit) harvested during the year and the respective production costs, as well as the difference between the fair value of unharvested biological assets at year-end and their respective cost, are carried in "Income (Loss) from Biological Assets," in the consolidated statement of income.

(d) Grain Sown Land

Primarily consists of land sown with corn and soybean. Biological products from corn sown land are mainly intended to be used as fodder to feed daily cattle. Instead, soybean (biological product) is destined for sale.

These corn and soybean sown land plots do not qualify as "bearer plants" as defined in IAS 41 "Agriculture," because they are not expected to produce for more than one year. For this reason, considering that the aforementioned biological products are harvested within the following twelve months and are then used in other industrial processes or sold, these biological assets are classified as current assets.

At the initial stage of their biological development, i.e., until the sown land reaches a phenological stage at which yields can be reasonably estimated, they are valued at cost. Once this stage is completed, they are measured at fair value net of harvest costs. Since there is no active market for this type of biological assets in their location and condition prior to harvest, their fair value is estimated based on the present value of expected net cash flows (primarily, fair value of the biological products to be harvested), discounted using a rate appropriate to the circumstances. For purposes of such estimate, other factors are considered such as the phenological stage of the crops, expected yield per hectare, the grain price and estimated costs of farm work and inputs up to the harvest date. Also, the fair value of these biological assets is determined separately from the land in which they are planted, which is measured in accordance with the criteria applicable to "Property, Plant and Equipment" (Note 2.7).

Given that, at year-end, the land plots sown with corn and soybean are at the initial stage of development, they are valued at cost.

The difference between the fair value of the biological products (corn, fodder and soybean) harvested during the year, their subsequent selling price, if applicable, and the respective production costs are carried in "Income (Loss) from Biological Assets," in the consolidated statement of income.

(e) Beef Cattle

This category basically comprises calves and yearlings to be sold as cattle for slaughter, and also dry cows that exhausted their dairy production and were transferred to this category. Since these biological assets are expected to be sold within twelve months after year-end, they are classified as current assets.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.12 Biological Assets

Cattle is measured at fair value less direct costs to sell, estimated in accordance with quoted prices at the closing date, per kilogram of live weight at Liniers Cattle Market *(Mercado de Liniers)*.

Changes in the fair value of these biological assets and the difference between the selling prices and the respective marketing and maintenance costs are carried in "Income (Loss) from Biological Assets" in the consolidated statement of income.

(F) Tree Plantations

It primarily comprises plantations of Taeda and Ellioti pines. These biological assets are primarily used by the Group for wood production (biological products), for subsequent use in the manufacturing process of virgin paper.

Tree plantations are accounted for as "Biological Assets" until harvest. The harvested wood, which is the biological product resulting from such plantations, is then classified in "Inventories" (Note 2.15) at fair value, after harvest.

At the initial stage of biological development (from 0 to 3 years from plantation), i.e., until the plantations reach a phenological stage at which yields can be reasonably estimated, they are valued at cost, which mainly includes the costs of farming, farm work and related inputs. Once this stage is completed, they are measured at fair value net of harvest costs. Fair value is estimated separately from that of the land in which they are based, which is measured in accordance with the criteria applicable to "Property, Plant and Equipment" (Note 2.7).

Since there is no active market for this type of biological assets (standing wood crops) in their location and condition as of the date of these consolidated financial statements, the fair value is estimated on the basis of the present value of expected net cash flows (primarily, fair value of the biological products to be harvested), based on sustainable forest management plans considering the growth potential of forests, and discounted using a rate appropriate to the circumstances. For the purposes of such estimate, other factors are considered such as the phenological stage of crops and plantation variety, expected yield per hectare according to natural soil conditions, wood price and estimated costs of farm work and inputs up to the logging date.

Also, such biological assets expected to be harvested within the following twelve months are classified as current assets.

The difference between the fair values of the biological products harvested during the year and the respective production costs, as well as the difference between the fair values of unharvested biological assets at year-end and their respective costs, and the changes in fair values of biological assets during the year, are carried in "Income (Loss) from Biological Assets," in the consolidated statement of income.

2.13 Financial Assets

2.13.1 Classification

The Group classifies its financial assets into the following categories:

(i) Financial assets at amortized cost, and
(ii) Financial assets at fair value.

This classification depends on the business model the Group applies to manage its financial assets and the characteristics of the asset's contractual cash flows.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.13 Financial Assets

2.13.1 Classification

(i) Financial assets at amortized cost
Financial assets are measured at amortized cost if both of the following conditions are met:

(a) the asset is held within a business model aimed at maintaining the assets to obtain contractual cash flows; and
(b) the contractual conditions of the financial asset give rise, on specific dates, to cash flows that are principal and interest payments only in respect of the outstanding principal amount.

In addition, and for such assets that meet the above-mentioned conditions, IFRS 9 includes an option to designate a financial asset at fair value at initial recognition, if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing their respective gains and losses on a different basis. The Company has not designated any financial asset at fair value in reliance of this option.

(ii) Financial assets at fair value

Financial assets at fair value are those that are not measured at amortized cost.

2.13.2 Recognition and Measurement

Ordinary purchases and sales of financial assets are recognized on the trade date, which is when the Group undertakes to purchase or sell the asset.

Financial assets classified "at amortized cost" are initially recognized at fair value, plus the transaction costs. These assets accrue interest based on the effective interest rate method.

Financial assets classified "at fair value" through profit or loss are initially recognized at fair value, and the transaction costs are recognized as an expense in the consolidated statement of income. Subsequently, they are measured at fair value.

Financial assets are derecognized when the rights to receive cash flows from them have expired or have been transferred and the Group has transferred substantially all the risks and benefits inherent to ownership.

Financial assets at fair value through profit or loss are subsequently recognized at fair value.

Gains and losses from changes in fair value are included in the consolidated statement of income, under the item "Net Financial Income (Expense)," in the period in which such changes in fair value occur.

At each reporting period end, the Group assesses where there is objective evidence of impairment of a financial asset, or a group of financial assets, measured at amortized cost.

A financial asset or a group of financial assets is impaired and an impairment loss is recognized if there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset, and such event or events have an impact on the estimated future cash flows from the financial asset or group of financial assets.

The resulting loss, determined as the difference between the carrying amount of the asset and the present value of the estimated future cash flows, is recognized in the consolidated statement of income. If, in a subsequent period, the amount of the impairment loss decreases and such decrease can be associated with an event occurred after the measurement, the reversal of the impairment loss is recognized in the consolidated statement of income.

Impairment tests on accounts receivable are described in Note 2.16.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.14 Derivative Financial Instruments and Hedging Activities

Derivative financial instruments are initially recognized at fair value on the date when the derivative instrument contract is entered into, and are subsequently measured at fair value at the reporting period end. The method for recognizing the gain or loss from changes in the fair value of derivatives depends on whether they are designated as hedging instruments and, if so, on the nature of the item hedged.

The Group applies hedge accounting to cocoa derivatives, designated as "Cash Flow Hedge," which are intended to obtain a hedge in respect of the purchase price of raw materials derived from cocoa.

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedge is recognized in the consolidated statement of other comprehensive income. Where applicable, the ineffective portion of the gain or loss is reported in the consolidated statement of income immediately under the caption "Costs of Goods Sold and Services Rendered" for the hedge on prices for cocoa derivatives.

The accumulated amounts in other comprehensive income are reclassified to the consolidated statement of income in the period in which the hedged item affects earnings.

At the inception of the transaction, the Group documents the relationship between the hedging instruments and the items hedged, and also its risk management goals and the strategy to carry out hedging transactions. In addition, the Group evaluates, both at the beginning and on an ongoing basis, whether the derivatives used in hedging transactions are highly effective to compensate changes in the fair value or in the cash flows of the items being hedged.

When a hedging instrument expires or is sold, or when it ceases to meet the criteria to be recognized through hedge accounting, any accumulated gain or loss in other comprehensive income as of that date will remain there, and will be recognized when the transaction originally intended to be hedged affects the consolidated statement of income. When a projected transaction is no longer expected to occur, the accumulated gain or loss in other comprehensive income is immediately charged to the consolidated statement of income.

Total fair value of the derivatives used as cash flow hedge is classified into non-current assets or liabilities when the maturity date of the remaining balance of the hedged item is beyond twelve months. Otherwise, it is classified as current assets or liabilities.

Changes in the reserve for cash flow hedges are disclosed in Note 20.

The gains or losses for changes in the fair value of derivatives not designated as hedges are recognized in the consolidated statement of income, under the item "Net Financial Income (Expense)" (Note 34).

Further, Mastellone Hermanos S.A.'s call and put options resulting from the transaction described in Note 42 are measured at estimated fair value, and the changes in measurement are recognized in the consolidated statement of income, under the item "Net Financial Income (Expense)" (Note 34).

2.15 Inventories

Inventories are recorded at the lower of cost or net realizable value. Cost is determined applying the weighted average price method. The cost of finished products and work in process includes the costs of raw material, direct labor, other direct costs and manufacturing overheads, based on normal operating capacity, and excludes financing costs. Net realizable value is the estimated sale price in the ordinary course of business, less direct costs of sales.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.15 Inventories

A provision for impairment and obsolescence of inventories is calculated for goods whose net realizable value at period-end is lower than their restated cost (if applicable), and in order to write down certain slow-moving or obsolete inventories to their probable realizable value or value in use, at the respective dates.

Inventories include the agricultural produce that the Group has harvested or picked from its biological assets, such as milk, sugarcane, fruits, wood, crops, etc. For initial recognition, they are measured at market value at that date, less direct costs of sales or transfer estimated at the time of harvest, milking or picking.

2.16 Trade and Other Receivables

Trade and other receivables are initially recognized at fair value and subsequently valued at amortized cost, applying the effective interest rate method, less the allowance for bad debts.

The Company recognizes an allowance for bad debts for an amount equal to the expected credit losses over the receivable lifetime. The expected loss to be recognized is determined based on the percentage of uncollectibility by ranges of due dates for each receivable. Such historical percentage must reflect the expectations of collecting the receivable in the future and, therefore, estimated changes in performance.

The carrying amount of trade receivables is written down by means of an allowance and the amount of the loss is recognized in the consolidated statement of income under the item "Selling Expenses." When an account receivable is considered uncollectible, it is recorded against the corresponding allowance for bad debts. Subsequent recovery of amounts previously recognized as losses is recorded as a credit against "Selling Expenses" in the consolidated statement of income.

2.17 Cash and Cash Equivalents

Cash and cash equivalents include available cash, unrestricted bank deposits and other highly liquid short-term investments originally falling due within three months or less and with low exposure to significant changes in value.

Assets recorded under cash and cash equivalent are measured at fair value or at amortized cost that approximates their fair value.

2.18 Equity - Capital Stock

Common shares are recognized in equity and carried at nominal value. When company's shares (treasury shares) are acquired, the payment made, including all costs directly attributable to the transaction (net of taxes), is deducted from equity until the shares are canceled or sold.

2.19 Loans

Loans are initially recognized at fair value, net of the transaction costs incurred. These loans are subsequently recorded at amortized cost. Any difference between the funds received (net of transaction costs) and the repayment value is recognized in the consolidated statement of income over the term of the loan, using the effective interest rate method.

2.20 Trade Payables and Other Liabilities

Trade payables are initially recognized at fair value and subsequently measured at amortized cost, applying the effective interest rate method.

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.21 Income Tax and Minimum Presumed Income Tax

(a) Income Tax

The income tax expense for the year includes current and deferred tax. Taxes are recognized in the consolidated statement of income, except for such items that must be recognized directly in other comprehensive income. In this case, the income tax related to these items is also recognized in that statement.

- Current Income Tax

The consolidated current income tax expense is equal to the addition of the charges related to the several Group companies, which were assessed, in each case, by applying the tax rate on taxable income, in accordance with the Income Tax Law, or equivalent law, of the countries in which each company operates.

The Group periodically assesses the position assumed in tax returns in such circumstances in which the tax laws are subject to interpretation. If applicable, the Group establishes provisions based on the amounts expected to be paid to the tax authorities.

- Deferred Income Tax - Deferred Method

The Company and each of its subsidiaries applied the deferred tax method to account for income tax. This methodology implies recognizing the future estimated tax effect generated by the temporary differences between the accounting and tax valuation of assets and liabilities.

It also considers the effect of the future utilization of accumulated tax loss carryforwards, based on the probability of future utilization.

In order to determine deferred tax assets and liabilities, the tax rate expected to be effective at the time of their reversal or utilization, considering the applicable tax laws in each country as of the date of these consolidated financial statements has been applied on identified temporary differences and tax loss carryforwards, if applicable.

Deferred tax assets are recognized only to the extent future tax benefits are likely to arise against which the temporary differences might be offset.

The Company recognizes a deferred tax liability for taxable temporary differences related to investments in subsidiaries and associates, unless both the following conditions are met:

(i) The Group controls the timing on which temporary differences will be reversed; and
(ii) Such temporary differences are not likely to be reversed in the foreseeable future.

The balances of deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to the same tax authority for the Company or the different subsidiaries where there is an intention and possibility to settle the tax balances on a net basis.

(b) Minimum Presumed Income Tax

Up to the year ended December 31, 2018, the Company and its subsidiaries in Argentina assessed the minimum presumed income tax by applying the current 1% rate on computable assets at each period end. This tax was supplementary to income tax. However, if the minimum presumed income tax was to exceed income tax in a given fiscal year, such excess could be creditable as a payment on account of the income tax that could be generated in any of the following ten fiscal years.

See our report dated March 10, 2021
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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.21 Income Tax and Minimum Presumed Income Tax

The minimum presumed income tax credit disclosed under "Other Non-Current Receivables" is the portion that the Company and its Argentine subsidiaries expect to offset against income tax to be generated within the following ten fiscal years from the date of generation.

With the enactment of Law No. 27,260 in 2016, this tax was repealed in Argentina for the fiscal years beginning on or after January 1, 2019. Therefore, no estimates of this tax were recorded for fiscal years 2020 and 2019 in these consolidated financial statements.

2.22 Employee Benefits

(a) Pension Plans

The Company offers post-employment benefits to certain senior managers, who are specifically designated as beneficiaries, under a pension plan. The right to obtain these benefits is subject to the permanence of the employee until he/she meets certain requirements under the plan, such as retirement, death, total and permanent disability, etc., and during a minimum number of years. These obligations assumed by the Company qualify as "Defined Benefit Plans" based on the classification of IAS 19 "Employee Benefits." The Group does not have a specific fund to pay for these benefits. Expected costs of these benefits are accrued over the working life of employees. The liability recognized in the consolidated balance sheet is equal to the present value of the obligation at the closing date. The obligation related to defined benefits is calculated annually in accordance with the projected unit credit method. The current value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rates on high-quality corporate bonds, denominated in the same currency as that in which the benefits will be paid, and with similar maturities as those of the relevant obligations. In countries where there is no developed market for those bonds, interest rates on government securities are used. Actuarial gains and losses arising from adjustments due to the experience and changes on actuarial assumptions are recognized in "Other Comprehensive Income" in the period when they occur. Costs of past services are immediately charged to profit or loss.

(b) Retirement Bonuses

This account represents accrued but not yet due and payable benefits established under collective bargaining agreements in favor of employees that retire at the required age or before, in case of disability. These benefits comprise the payment of a certain sum, equal to three wages, at the time of retirement or upon disability. Collective bargaining agreements do not provide for other benefits, such as life insurance, health care plan or otherwise. These obligations assumed by the Company qualify as "Defined Benefit Plans" based on the classification of IAS 19 "Employee Benefits." The Group does not have a specific fund to provide for the payment of these benefits. Expected costs of these benefits are accrued over employees' working lifetime using the same accounting method that is used for pension plans. Actuarial gains and losses arising from adjustments due to experience and changes in actuarial assumptions are recognized in "Other Comprehensive Income" in the period when they occur. Costs of past services are immediately charged to profit or loss.

(c) Early Retirement Benefits

Early retirement benefits are recognized when employment is terminated before the ordinary retirement date, or when an employee agrees to a voluntary termination arrangement in exchange for these benefits. These benefits are paid during a period of time that is generally extended until one year after the employee's expected retirement date. The Group recognizes early termination benefits when it is demonstrably committed to either: i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or ii) providing early termination benefits as a result of an offer made to encourage voluntary retirement. These benefits are recognized at the present value of the cash flows expected to be disbursed by the Group.

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.22 Employee Benefits

(d) Employee Bonuses

The Group recognizes a liability and an expense for bonuses at the time the benefit is accrued. The Group recognizes a provision when it is under a legal or contractual obligation, or when a past practice has created a constructive obligation.

(e) Social Security Contributions

Social security laws in force in Argentina grant pension benefits payable to retired employees out of the government pension funds. According to applicable laws, the Company and its subsidiaries in Argentina make monthly contributions calculated based on each employee's salary to finance these plans.

Besides, in most countries where the Group operates, its subsidiaries make similar contributions to their respective social security systems, in accordance with each country's applicable laws and regulations.

These amounts are expensed as incurred and are disclosed under the item "Salaries, Wages, Social Security Contributions and Other Benefits," in Note 30.

2.23 Provisions

The Group will recognize a provision when it has a present obligation, whether legal or constructive as a result of past events, and it is likely that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the disbursements expected to be required to settle the obligation, using an interest rate that reflects prevailing market conditions on the value of money and the risks specific to such obligation. The increase in the provision as a result of the passage of time is recognized under "Net Financial Income (Expense)," in the consolidated statement of income. The Group recognizes the following types of provisions:

For Labor, Civil and Commercial Lawsuits: These provisions are calculated on the basis of attorneys' reports about the status of lawsuits and the estimate about the potential losses the Group may sustain, as well as on the basis of past experience in proceedings of this nature.

Other Miscellaneous Provisions: These provisions are set up to address contingencies that may trigger obligations for the Group. In estimating the provision amount, the Group evaluates the likelihood of occurrence taking into consideration the opinion of its legal and professional advisors.

As of the date of these consolidated financial statements, the Company's and its subsidiaries' management believes there are no elements leading to determine the existence of other probable contingencies that could be materialized and have a negative impact on these consolidated financial statements.

2.24 Leases / Operating Leases

Lease payments on which no right-of-use assets or lease liabilities were recognized (Note 2.8), net of any incentive received from the lessor, are charged to the consolidated statement of income on a straight-line basis over the lease term.

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Statutory Audit Committee

Luis Alejandro Pagani

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.25 Distribution of Dividends

The distribution of dividends to the Company's and its subsidiaries' shareholders is recognized as a liability in the financial statements in the year in which such dividends are approved by the Company's or its subsidiaries' shareholders.

2.26 Recognition of Revenues from Sales

(A) Revenues from Sales of Goods and Services Rendered

Revenues encompass the fair value of the consideration received or receivable for the sale of goods and services provided by the Group in the ordinary course of business. Revenues from sales are reported net of discounts.

The Group recognizes revenues when amounts can be measured reliably, when the control over the products has been transferred or the services have been delivered, and when economic benefits are likely to flow into the entity in the future. The Group considers that the amount of revenues cannot be measured reliably until such time as all contingencies related to the sale or provision of the service have been addressed.

Regarding sales of services, revenue is recognized in the period in which the service is rendered, based on degree of completion.

In the case of products, the transfer of control takes place upon delivery. Products are not considered to have been delivered until such time as they have been shipped to the place specified by the customer and the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contracts, the acceptance provisions have expired, or the Group has objective evidence that all acceptance criteria have been satisfied.

The Group recognizes provisions for product returns based on historical information and past experience, so that provisions are recorded in the same period as the original sale.

(a.1) Local Market Sales

The Group derives revenues primarily from the sale of consumer food and industrial products. Consumer food products include the confectionery and chocolates, cookies & crackers and food businesses, which are primarily marketed through three channels: distributors, wholesalers and supermarkets.

Industrial products mainly comprise sales of corrugated cardboard to industrial customers and fruit and vegetable producers. The Group also sells other industrial products such as films, bags, virgin fiber paper, industrial chocolate, sugar and corn by-products.

Sales revenues, net of value added tax, returns and discounts to customers, are recognized after the Group has transferred the risks and benefits inherent to ownership of the goods to the buyer and does not retain the right to dispose of them, which generally occurs upon delivery and receipt of the products at the buyer's warehouse.

(a.2) Exports

Revenue recognition is based on Incoterms 2010, which are the official rules for the interpretation of commercial terms, issued by the International Chamber of Commerce.

In case of discrepancies between the commercial agreements and the Incoterms defined for the transaction, the contractual terms shall prevail.

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.26 Recognition of Revenues from Sales

(a.3) Commercial Agreements with Distributors, Wholesalers and Supermarket Chains

The Group enters into commercial agreements with its customers, distributors, wholesalers and supermarkets establishing discounts, rebates and other considerations in exchange for advertising and publicity, etc.

Payments for services and granted considerations, as well as contributions for shared advertising, are recognized when the advertising activities agreed with the customer are performed, and are recorded as advertisement and publicity, under selling expenses in the consolidated statement of income. Items that do not imply a consideration are recognized as a reduction of the sales price of the products sold.

(b) Interest

Interest income is recognized based on the percentage of time elapsed, using the effective interest rate method.

(c) Rental

Rental income is recognized in the consolidated statement of income on a straight-line basis over the lease term.

NOTE 3. SIGNIFICANT ACCOUNTING CRITERIA AND ESTIMATES

These consolidated financial statements rely on accounting criteria, assumptions and estimates that are used in their preparation.

The following accounting estimates, related assumptions and uncertainties inherent to our accounting policies have been identified, which are deemed essential to understand the underlying financial reporting risks and the effect of those accounting estimates, assumptions and uncertainties on these consolidated financial statements.

The Group has assessed that a reasonably possible change in one of the significant assumptions would not generate a material impact on these consolidated financial statements.

(a) Recoverability of Property, Plant and Equipment Items

The Group assesses the recoverability of property, plant and equipment items when events or changes in the prevailing circumstances indicate that the carrying amount of an asset may not be recoverable. The Group considers that the carrying amount of an item of property, plant and equipment is impaired when the value-in-use, calculated on the basis of the estimated cash flows expected from the asset, discounted and separately identifiable, or its net realizable value is lower than its carrying amount.

A previously recognized impairment loss is reversed when there is a subsequent change in the estimates used in computing the recoverable value of the asset. In that case, the new amount may not exceed the amount it would have had at the new measurement date if the impairment had not been recognized. Both the impairment charge and its reversal are recognized in income.

The value-in-use calculation requires the use of estimates (Note 2.11) and is based on cash flow projections prepared on the basis of financial budgets that cover a period of up to five years. Cash flows beyond the five-year period are extrapolated using estimated growth rates, which do not exceed the long-term average growth rate of each of the businesses involved.

The main key assumptions are related to gross margins which are determined on the basis of past performance, other external sources of information and market development expectations.

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NOTE 3. SIGNIFICANT ACCOUNTING CRITERIA AND ESTIMATES

(a) Recoverability of Property, Plant and Equipment Items

The discount rates used are the respective weighted average cost of capital ("WACC"), which is considered a good indicator of the cost of capital. Each WACC used is estimated considering the industry, country and size of the business.

The calculation of net realizable values, where necessary, is made based on valuations prepared by independent appraisers, according to the criteria defined by the International Valuation Standards (IVS).

(b) Recoverability of Intangible Assets

Intangible assets with an indefinite useful life (including goodwill) are not subject to amortization. The Group annually assesses the recoverable value of those assets. To determine the recoverable amount of goodwill, the Group relies on the cash generating unit's future cash flow projections, which have the same characteristics as those detailed for property, plant and equipment.

The Group considers that the estimates are consistent with the assumptions that market agents would use in their recoverable value estimates.

(c) Allowances for Bad Debts

The Company has revised its methodology for impairment of receivables pursuant to the model of expected credit losses set forth in IFRS 9. For trade receivables, the Company has applied a simplified approach to estimate expected credit losses, pursuant to which a loss allowance is recognized throughout the lifetime of the trade receivables. The expected loss recognized is determined based on the percentage of uncollectibility by ranges of due dates for each trade receivable. In measuring expected credit losses, trade receivables are grouped by credit risk and aging.

As of December 31, 2020, the allowance for bad debts totals ARS 1,166,250, compared to ARS 1,449,959 as of December 31, 2019.

(d) Provisions

The Group recognizes provisions for certain probable civil, commercial, labor and tax contingencies arising from time to time in the ordinary course of business. In determining the sufficiency of the provisions for these contingencies, we have considered, based on the advice of our internal and external legal counsel, the probability of adverse judgments or resolutions regarding these matters, as well as the range of probable losses that could result from potential resolutions. When applicable, the amount of the provisions required for these contingencies is determined after a careful analysis of each particular case.

(e) Income Tax

The Group is required to estimate income taxes in each of the jurisdictions where it operates. This process includes an estimate of the final tax exposure and the assessment of temporary differences arising from the deferred treatment of certain items, such as accruals and amortization, for accounting and tax purposes. These differences may give rise to deferred tax assets and liabilities, which are included in the consolidated balance sheet. As part of its tax planning procedures, the Group is required to determine the fiscal year of reversal of its deferred tax assets and liabilities and whether there will be future taxable profits in those periods. The deferred tax assets and liabilities arising from temporary differences that were timely recorded are reversed in the pertinent year, if the Group anticipates that the future reversal will take place in a year with tax losses. A detailed analysis from management is required to determine the Group's provisions for income tax and its deferred tax assets and liabilities positions.

NOTE 3. SIGNIFICANT ACCOUNTING CRITERIA AND ESTIMATES

(e) Income Tax

This analysis also involves making estimates of taxable income in the jurisdiction where the Group operates and the period over which the deferred tax assets and liabilities will be recoverable, particularly, those related to tax losses which are subject to the statute of limitations to be offset against taxable income, in accordance with applicable laws. If final results differ from these estimates, or if these estimates are adjusted in future periods, the Group's financial condition and results of operations could be affected.

(f) Revenue Recognition - Discounts and Rebates

At each year-end, the Group is required to assess the degree to which its customers accomplish volume targets and other agreed-upon commercial actions that entitle them to discounts and rebates. In some cases, the Group needs to assess the fulfilment of sales volumes in future periods for targets encompassing multiple months.

(g) Biological Assets

In order to measure the fair value of the asset, the Group estimates the present value of the expected net cash flows discounted using a rate applicable to the asset in question. In this regard, other factors are considered such as the phenological stage of crops and plantations, expected yield per hectare subject to climate changes, or based on natural soil conditions, the price for grain, sugarcane, wood, fruit or production, and the estimated costs of farm work and inputs up to the harvest or picking date.

(h) Investment in Associates - Allocation of Transaction Costs and Measurement of Call and Put Options

The initial recognition of the investment in Mastellone Hermanos S.A. (Note 42) requires determining the fair value of various assets and liabilities of that associate at the time of acquisition. The Group relies on all the information available (including information supplied by such associate) to make such determination, and in the case of certain identifiable assets and liabilities in the transaction, the Group may hire independent specialists to help it prepare fair value estimates. In some cases, assumptions related to the timing and amount of future income and expenses associated with an asset are used to determine its fair value. These assumptions may significantly vary over time from initial estimates, and if the time spent is longer, or if net cash flows decrease significantly, the results of those estimates could differ from those actually recognized by the Group.

The initial recognition of the call and put options contemplated in such transaction (Note 42) and their subsequent measurement are subject to similar considerations as the foregoing.

(i) Recoverability of the Investment in Mastellone Hermanos S.A.

The Group assesses the recoverability of its investment in Mastellone Hermanos S.A. when events or changes in the prevailing circumstances indicate that, subsequent to initial recognition of each investment, the estimated future cash flows of the associate could be significantly and adversely affected. The Company considers that the carrying amount of the investment in that associate is impaired when its recoverable value, calculated as the difference between the present value of the estimated cash flows expected to be generated by the associate and its net financial indebtedness, is lower than its carrying amount.

Since goodwill and other assets with indefinite useful life identified at the time of each acquired interest that comprise the carrying amount of the investment in Mastellone Hermanos S.A. are not separately recognized (Nota 42), the Group does not test them for impairment separately, but rather analyzes the potential impairment of the total carrying amount of the investment. In this respect, a recognized impairment loss will not be allocated to any asset, including goodwill, comprising Mastellone Hermanos S.A.'s carrying amount; therefore, any reversal of such impairment loss will be recognized to the extent there is a subsequent increase in the recoverable amount of the net investment. Both the impairment loss and its reversal are recognized as a gain (loss) from the investment in the associate.

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NOTE 3. SIGNIFICANT ACCOUNTING CRITERIA AND ESTIMATES

(i) Recoverability of the Investment in Mastellone Hermanos S.A.

The assessment of the recoverable value requires the use of estimates (Note 2.11) and is based on projected cash flows prepared on the basis of Mastellone Hermanos S.A.'s financial budget for the following year and on the basis of the associate's projections for the following years covering a ten-year period. Cash flows in excess of the ten-year period are extrapolated using estimated growth rates.

The discount rate used is the respective weighted average cost of capital ("WACC"), which is estimated considering the industry, the country and the business size of Mastellone Hermanos S.A.

The Group also estimates how sensitive the recoverable value is to certain key assumptions (Note 42).

NOTE 4. SEGMENT REPORTING

The operating segments are determined on the basis of management reports that are reviewed by the Board of Directors and senior management and updated as they experience changes.

The Group considers the business from a geographic approach and also from a perspective based on types of products. Geographically, management considers the performance of the following segments: (i) Argentina, (ii) Brazil, (iii) Andean Region (including Chile, Peru, Ecuador and Colombia), (iv) Northern, Center and Overseas (including Mexico, USA, Spain, China and Angola), (v) Southern Branches (including Uruguay, Paraguay and Bolivia) and (vi) the Other Countries and Businesses. The Group's industrial plants and commercial units are based in these locations. Further, in some geographic segments, the Group is organized according to the following types of products: (i) Confectionery and Chocolates; (ii) Cookies and Crackers; (iii) Food; (iv) Packaging; (v) Agribusiness; (vi) Other Industrial Products.

The revenues from the confectionery and chocolates, cookies and crackers, and food segments derive from sales to distributors, wholesalers, supermarkets, and others. In the countries where the Group has commercial offices, sales are made in the currencies of those countries. Exports are generally denominated in USD. The main costs related to the confectionery and chocolates, cookies and crackers, and food segments are those incurred in raw materials, packaging, labor and freight. The main raw materials for the products of those segments are sugar, corn (and its by-products), cocoa (and its by-products), flour, corrugated cardboard, flexible packaging, milk and fruit.

The packaging segment revenues primarily derive from sales of flexible packaging, virgin paper, cardboard bags, and corrugated cardboard to fruit and vegetables producers and industrial customers in Argentina and Chile.

The agribusiness, packaging and other industrial products segments are part of the Group's vertical integration in Argentina. The products from these business segments are sold to third parties, or otherwise used primarily as raw materials for the confectionery and chocolates, cookies and crackers, and food businesses in Argentina.

The Board of Directors and senior management assess the performance of the operating segments by measuring: (i) sales; and (ii) operating income.

Eliminations are made to exclude the effects of the Group's inter-segment transactions affecting operating income, considering inter-company profits and losses resulting from such transactions.

Income (loss) from discontinued operations, if any, is not included in the measurement of operating income.

Pricing of inter-segment sales is determined at an arm's length.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of and for the years ended December 31, 2020 and 2019
(Figures stated in thousands of Argentine pesos)

NOTE 4. SEGMENT REPORTING

Reported revenues from sales of goods and services to third parties are measured in the same manner as to prepare the consolidated statement of income (Note 2.26).

The following table shows the reconciliation of operating income (loss) by reportable segments to income before tax:

	12.31.2020	12.31.2019
Operating Income (Loss) by Reportable Segments	**19,146,867**	**11,022,993**
Commercial Implicit Interest	(985,250)	(2,106,192)
Operating Income	**18,161,617**	**8,916,801**
Financial Income (Expense)	(1,411,174)	551,530
Financial Expenses	(7,018,948)	(7,817,891)
Gain on Net Monetary Position	1,936,870	1,357,710
Income (Loss) from Investments in Associates and Joint Ventures	(861,425)	1,010,964
INCOME BEFORE INCOME TAX	**10,806,940**	**4,019,114**

Information on Geographic Areas

Information on non-current assets located in Argentina (where the Company's registered office is located) and in the main foreign countries is disclosed in the following tables:

	12.31.2020					
	ARGENTINA	BRAZIL	CHILE	MEXICO	OTHER	TOTAL
Property, Plant and Equipment[1]	34,752,006	2,749,427	7,215,081	1,898,057	727,382	47,341,953
Right-of-use Assets	809,725	292,671	77,715	38,120	288,666	1,506,897
Investment Properties	151,434	48,195	79,319	-	21,634	300,582
Intangible Assets	7,646,476	367,603	29,139	2,931	1,801	8,047,950
Investments in Associates and Joint Ventures[2]	9,609,813	-	-	-	-	9,609,813
Biological Assets	1,090,825	-	-	-	-	1,090,825
Deferred Tax Assets	83,732	1,802	449,870	618,950	292,459	1,446,813
Other Investments	622	-	-	-	1,124	1,746
Other Receivables[3]	2,576,419	204,781	24,234	57,726	8,351	2,871,511
TOTAL NON-CURRENT ASSETS	**56,721,052**	**3,664,479**	**7,875,358**	**2,615,784**	**1,341,417**	**72,218,090**

[1] Inter-company profit or loss was eliminated in the acquirer.

[2] Even though Mastellone Hermanos S.A., one of the Group's associates (Note 9), owns non-current assets based in foreign countries, such assets are primarily concentrated in Argentina.

[3] For geographic distribution purposes, we considered the domicile of the Group's company that owns the asset.

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(Figures stated in thousands of Argentine pesos)

NOTE 4. SEGMENT REPORTING

Information on Geographic Areas

	12.31.2019					
	ARGENTINA	BRAZIL	CHILE	MEXICO	OTHER	TOTAL
Property, Plant and Equipment[1]	36,131,946	3,473,545	6,786,994	2,088,454	738,756	49,219,695
Right-of-use Assets	1,066,040	376,136	105,499	30,702	103,272	1,681,649
Investment Properties	151,434	66,761	72,904	-	21,066	312,165
Intangible Assets	7,678,659	471,701	29,176	3,874	2,198	8,185,608
Investments in Associates and Joint Ventures[2]	10,041,014	-	-	-	555	10,041,569
Biological Assets	945,281	-	-	-	-	945,281
Deferred Tax Assets	1,337,435	7,873	127,005	660,734	305,806	2,438,853
Other Investments	847	-	-	-	1,088	1,935
Other Receivables[3]	1,769,569	932,731	21,786	19,530	8,431	2,752,047
TOTAL NON-CURRENT ASSETS	**59,122,225**	**5,328,747**	**7,143,364**	**2,803,294**	**1,181,172**	**75,578,802**

[1] Inter-company profit or loss was eliminated in the acquirer.

[2] Even though Mastellone Hermanos S.A., one of the Group's associates (Note 9), owns non-current assets based in foreign countries, such assets are primarily concentrated in Argentina.

[3] For geographic distribution purposes, we considered the domicile of the Group's company that owns the asset.

The following table shows information on consolidated sales to customers located in Argentina (where the Company's registered office is located) and abroad:

	12.31.2020			12.31.2019		
	ARGENTINA	ABROAD	TOTAL	ARGENTINA	ABROAD	TOTAL
Sales	120,651,746	56,359,728	177,011,474	116,540,822	66,854,413	183,395,235

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NOTE 4. SEGMENT REPORTING

a) Segment Information as of December 31, 2020:

	ARGENTINA						BRAZIL	
	CONFECTIONERY AND CHOCOLATES	COOKIES AND CRACKERS	FOOD PRODUCTS	PACKAGING	AGRIBUSINESS	OTHER INDUSTRIAL PRODUCTS	CONFECTIONERY AND CHOCOLATES	COOKIES AND CRACKERS
Sales to Third Parties [1]	31,185,160	32,190,092	17,939,176	32,341,223	11,764,107	80,321	8,115,530	7,472,034
Inter-segment Sales	9,305,083	1,946,766	717,898	5,664,945	6,934,582	1,974,768	601,002	340,749
TOTAL SALES	**40,490,243**	**34,136,858**	**18,657,074**	**38,006,168**	**18,698,689**	**2,055,089**	**8,716,532**	**7,812,783**
Operating Income (Loss) [2]	**4,694,738**	**5,263,124**	**1,228,930**	**4,718,535**	**2,434,448**	**427,077**	**(100,399)**	**(40,872)**
Depreciation and Amortization	(937,803)	(510,241)	(285,164)	(1,403,013)	(557,056)	(89,083)	(203,987)	(208,315)
Income Tax	(1,198,489)	(1,882,557)	(326,457)	(1,333,441)	(469,351)	(112,356)	(9,511)	(2,001)
Income (Loss) from Investments in Associates and Joint Ventures	-	-	-	-	-	-	-	-

b) Segment Information as of December 31, 2019:

	ARGENTINA						BRAZIL	
	CONFECTIONERY AND CHOCOLATES	COOKIES AND CRACKERS	FOOD PRODUCTS	PACKAGING	AGRIBUSINESS	OTHER INDUSTRIAL PRODUCTS	CONFECTIONERY AND CHOCOLATES	COOKIES AND CRACKERS
Sales to Third Parties [1]	33,387,381	32,791,356	15,208,639	32,289,141	9,271,788	141,195	10,720,158	8,782,797
Inter-segment Sales	10,686,318	1,851,302	643,001	5,738,168	5,918,570	2,285,810	778,365	390,521
TOTAL SALES	**44,073,699**	**34,642,658**	**15,851,640**	**38,027,309**	**15,190,358**	**2,427,005**	**11,498,523**	**9,173,318**
Operating Income (Loss) [2 3]	**2,893,763**	**4,403,503**	**(1,356,770)**	**3,654,670**	**135,812**	**96,170**	**386,845**	**(375,206)**
Depreciation and Amortization	(1,162,778)	(705,935)	(326,461)	(1,612,140)	(557,211)	(102,483)	(381,225)	(227,552)
Income Tax	(2,821,648)	(1,548,941)	89,011	(387,957)	712,075	(57,127)	(70,255)	(1,992)
Income (Loss) from Investments in Associates and Joint Ventures	-	-	-	-	-	-	-	-

[1] It includes sales of goods and services to associates.

[2] It includes commercial implicit interest.

[3] As of December 31, 2019, it includes a loss of ARS 660,515 in the Food Products segment - Argentina from a business restructuring recognized in the subsidiary La Campagnola S.A.C.I.

ANDEAN REGION			NORTHERN, CENTER AND OVERSEAS	SOUTHERN SUBSIDIARIES	OTHER COUNTRIES AND BUSINESSES	ADJUSTMENTS AND ELIMINATIONS	TOTAL AS OF 12.31.2020
CONFECTIONERY AND CHOCOLATES	COOKIES AND CRACKERS	PACKAGING					
9,200,440	3,820,135	6,981,733	7,583,315	8,335,510	2,698	-	177,011,474
1,219,562	320,686	121,939	151,451	11,990	145,706	(29,457,127)	-
10,420,002	**4,140,821**	**7,103,672**	**7,734,766**	**8,347,500**	**148,404**	**(29,457,127)**	**177,011,474**
(611,884)	**1,905**	**538,556**	**(56,970)**	**734,220**	**(84,541)**	**-**	**19,146,867**
(342,201)	(78,685)	(84,871)	(267,321)	(74,556)	(17,389)	-	(5,059,685)
279,269	12,691	(100,319)	(89,199)	(58,297)	(75,090)	-	(5,365,108)
-	-	-	(234,959)	-	(626,466)	-	(861,425)

ANDEAN REGION			NORTHERN, CENTER AND OVERSEAS	SOUTHERN SUBSIDIARIES	OTHER COUNTRIES AND BUSINESSES	ADJUSTMENTS AND ELIMINATIONS	TOTAL AS OF 12.31.2019
CONFECTIONERY AND CHOCOLATES	COOKIES AND CRACKERS	PACKAGING					
10,470,130	4,076,782	7,098,299	9,474,028	9,669,005	14,536	-	183,395,235
1,753,943	373,377	147,747	128,718	21,561	165,991	(30,883,392)	-
12,224,073	**4,450,159**	**7,246,046**	**9,602,746**	**9,690,566**	**180,527**	**(30,883,392)**	**183,395,235**
(325,696)	**6,821**	**532,913**	**443,240**	**689,852**	**(162,924)**	**-**	**11,022,993**
(406,543)	(107,770)	(100,047)	(327,434)	(81,601)	(25,524)	-	(6,124,704)
244,537	23,733	(133,597)	(125,592)	(52,684)	(84,842)	-	(4,215,279)
-	-	-	-	-	1,010,964	-	1,010,964

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Figures stated in thousands of Argentine pesos)

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

The following tables shows the breakdown of and changes to Property, Plant and Equipment:

	LAND	BUILDINGS	BEARER PLANTS	MACHINERY AND FACILITIES	FURNITURE, TOOLS, VEHICLES AND OTHER EQUIPMENT	WORKS IN PROGRESS AND EQUIPMENT IN TRANSIT	TOTAL
Cost							
Original Value at the Beginning of the Year	**3,778,447**	**37,563,854**	**535,214**	**81,859,352**	**8,900,456**	**4,386,137**	**137,023,460**
Additions	-	47,267	-	81,269	650,108	1,967,392	2,746,036
Transfers	-	387,807	84,927	1,675,470	118,492	(2,266,696)	-
Deletions [1]	(1,315)	(108,843)	(71,144)	(702,114)	(188,741)	-	(1,072,157)
Currency Translation Effect	(26,492)	(384,123)	-	(1,077,452)	(148,510)	(188,444)	(1,825,021)
Original Value at Year-end	**3,750,640**	**37,505,962**	**548,997**	**81,836,525**	**9,331,805**	**3,898,389**	**136,872,318**
Depreciation							
Accumulated Depreciation at the Beginning of the Year	-	**(20,386,956)**	**(297,277)**	**(60,131,517)**	**(6,988,015)**	-	**(87,803,765)**
Deletions [1]	-	75,637	69,335	581,755	124,670	-	851,397
Currency Translation Effect	-	427,716	-	1,086,357	126,547	-	1,640,620
Depreciation for the Year [2]	-	(1,217,170)	(101,040)	(2,243,940)	(656,467)	-	(4,218,617)
Accumulated Depreciation at Year-end	-	**(21,100,773)**	**(328,982)**	**(60,707,345)**	**(7,393,265)**	-	**(89,530,365)**
TOTAL AS OF 12.31.2020	**3,750,640**	**16,405,189**	**220,015**	**21,129,180**	**1,938,540**	**3,898,389**	**47,341,953**

[1] The accounting allocation of deletions for the year is reported in "Other Income / (Expenses), Net" in the consolidated statement of income, except for "Bearer Plants," which are carried in "Income (Loss) from Biological Assets" in the consolidated statement of income.
[2] The accounting allocation of the amount charged to income is reported in Note 30.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule A.
The useful life of PP&E items is disclosed in Note 2.7.

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NOTE 5. PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS	BEARER PLANTS	MACHINERY AND FACILITIES	FURNITURE, TOOLS, VEHICLES AND OTHER EQUIPMENT	WORKS IN PROGRESS AND EQUIPMENT IN TRANSIT	TOTAL
Cost							
Original Value at the Beginning of the Year	**3,794,060**	**36,995,298**	**427,298**	**79,131,937**	**8,604,797**	**5,584,270**	**134,537,660**
Additions	-	49,014	-	156,319	419,254	3,359,856	3,984,443
Transfers [1]	197	828,708	107,916	3,391,585	228,738	(4,555,102)	2,042
Effect of First-time Adoption of IFRS 16 (Note 6)	-	-	-	(30,377)	-	-	(30,377)
Deletions [2]	(1,811)	(154,234)	-	(675,381)	(329,679)	(2,909)	(1,164,014)
Currency Translation Effect	(13,999)	(154,932)	-	(114,731)	(22,654)	22	(306,294)
Original Value at Year-end	**3,778,447**	**37,563,854**	**535,214**	**81,859,352**	**8,900,456**	**4,386,137**	**137,023,460**
Depreciation							
Accumulated Depreciation at the Beginning of the Year	-	**(19,212,260)**	**(197,114)**	**(57,636,762)**	**(6,655,374)**	-	**(83,701,510)**
Transfers [1]	-	(1,845)	-	(138)	138	-	(1,845)
Effect of First-time Adoption of IFRS 16 (Note 6)	-	-	-	9,112	-	-	9,112
Deletions [2]	-	153,142	-	662,856	270,498	-	1,086,496
Currency Translation Effect	-	18,177	-	131,335	19,192	-	168,704
Depreciation for the Year [3]	-	(1,344,170)	(100,163)	(3,297,920)	(622,469)	-	(5,364,722)
Accumulated Depreciation at Year-end	-	**(20,386,956)**	**(297,277)**	**(60,131,517)**	**(6,988,015)**	-	**(87,803,765)**
TOTAL AS OF	**3,778,447**	**17,176,898**	**237,937**	**21,727,835**	**1,912,441**	**4,386,137**	**49,219,695**

[1] It includes a transfer from Investment Properties (Note 7).

[2] The accounting allocation of deletions for the year is reported in "Other Income / (Expenses), Net" in the consolidated statement of income, except for "Bearer Plants," which are carried in "Income (Loss) from Biological Assets" in the consolidated statement of income.

[3] The accounting allocation of the amount charged to income is reported in Note 30.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule A.
The useful life of the components of this item is disclosed in Note 2.7.

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NOTE 6. RIGHT-OF-USE ASSETS

The following tables shows the breakdown of and changes to Right-of-use Assets:

	LAND	BUILDINGS AND FACILITIES	MACHINERY AND VEHICLES	TOTAL
Cost				
Original Value at the Beginning of the Year	**280,678**	**2,036,432**	**31,523**	**2,348,633**
Additions	153,401	373,465	219,025	745,891
Adjustments to Variable Leases	39,415	(17,969)	-	21,446
Deletions [1]	(25,876)	(305,773)	(32,910)	(364,559)
Currency Translation Effect	-	(81,553)	(1,644)	(83,197)
Original Value at Year-end	**447,618**	**2,004,602**	**215,994**	**2,668,214**
Depreciation				
Accumulated Depreciation at the Beginning of the Year	**(78,215)**	**(577,134)**	**(11,635)**	**(666,984)**
Deletions [1]	25,876	216,890	11,692	254,458
Currency Translation Effect	-	25,797	(876)	24,921
Depreciation for the Year [2]	(97,308)	(618,347)	(58,057)	(773,712)
Accumulated Depreciation at Year-end	**(149,647)**	**(952,794)**	**(58,876)**	**(1,161,317)**
TOTAL AS OF 12.31.2020	**297,971**	**1,051,808**	**157,118**	**1,506,897**

	LAND	BUILDINGS AND FACILITIES	MACHINERY AND VEHICLES	TOTAL
Cost				
Original Value at the Beginning of the Year	**-**	**-**	**-**	**-**
Additions due to First-time Adoption of IFRS 6	235,015	1,619,838	20,480	1,875,333
Additions	-	554,341	4,683	559,024
Adjustments to Variable Leases	45,663	(156,578)	-	(110,915)
Transfer due to First-time Adoption of IFRS 16 (Note 5)	-	-	21,265	21,265
Currency Translation Effect	-	18,831	(14,905)	3,926
Original Value at Year-end	**280,678**	**2,036,432**	**31,523**	**2,348,633**
Depreciation				
Accumulated Depreciation at the Beginning of the Year	**-**	**-**	**-**	**-**
Currency Translation Effect	-	(1,353)	(112)	(1,465)
Depreciation for the Year [2]	(78,215)	(575,781)	(11,523)	(665,519)
Accumulated Depreciation at Year-end	**(78,215)**	**(577,134)**	**(11,635)**	**(666,984)**
TOTAL AS OF 12.31.2019	**202,463**	**1,459,298**	**19,888**	**1,681,649**

[1] The accounting allocation of deletions for the year is reported in "Other Income / (Expenses), Net" in the consolidated statement of income.

[2] The accounting allocation of depreciation for the year is reported in Note 30.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 7. INVESTMENT PROPERTIES

The following table details the breakdown of and changes to Investment Properties:

	12.31.2020	12.31.2019
	LAND AND BUILDINGS	
Cost		
Original Value at the Beginning of the Year	**527,568**	**573,238**
Additions	-	7,036
Transfers [1]	-	(2,042)
Deletions [2]	(5,224)	(47,393)
Currency Translation Effect	(2,930)	(3,271)
Original Value at Year-end	**519,414**	**527,568**
Depreciation		
Accumulated Depreciation at the Beginning of the Year	**(215,403)**	**(210,595)**
Transfers [1]	-	1,845
Deletions [2]	-	9,135
Currency Translation Effect	(3,304)	942
Depreciation for the Year [3]	(125)	(16,730)
Accumulated Depreciation at Year-end	**(218,832)**	**(215,403)**
TOTAL	**300,582**	**312,165**

[1] Transfer to Property, Plant and Equipment (Note 5).
[2] The accounting allocation of deletions for the year is reported in "Other Income / (Expenses), Net" in the consolidated statement of income.
[3] The accounting allocation of the amount charged to income is reported in Note 30.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule D.
The useful life of the components of this item is disclosed in Note 2.9.

Investment properties are carried at amortized cost. Fair value as of December 31, 2010 and December 31, 2009 is ARS 8,459,999 and ARS 7,123,741, respectively. Such values were taken from reports prepared by independent professional appraisers, based on a comparison of the sales price for geographically nearby comparable properties (Level 2 fair value).

Gains (losses) on investment properties as of December 31, 2020 and 2019 are recognized in "Other Income / (Expenses), Net" in the consolidated statement of income (Note 33).

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NOTE 8. INTANGIBLE ASSETS

The following tables show the breakdown of and changes to Intangible Assets:

	BRANDS	GOODWILL	SOFTWARE AND RELATED LICENSES	TOTAL
Cost				
Original Value at the Beginning of the Year	**1,995,368**	**5,764,827**	**992,940**	**8,753,135**
Additions	-	-	63,771	63,771
Deletions	-	-	(6,840)	(6,840)
Currency Translation Effect	(86,402)	(4,153)	(30,709)	(121,264)
Original Value at Year-end	**1,908,966**	**5,760,674**	**1,019,162**	**8,688,802**
Amortization				
Accumulated Amortization at the Beginning of the Year	**-**	**-**	**(567,527)**	**(567,527)**
Deletions	-	-	6,776	6,776
Currency Translation Effect	-	-	24,337	24,337
Amortization for the Year [1]	-	-	(104,438)	(104,438)
Accumulated Amortization at Year-end	**-**	**-**	**(640,852)**	**(640,852)**
TOTAL AS OF 12.31.2020	**1,908,966**	**5,760,674**	**378,310**	**8,047,950**

	BRANDS	GOODWILL	SOFTWARE AND RELATED LICENSES	TOTAL
Cost				
Original Value at the Beginning of the Year	**1,997,709**	**5,774,055**	**1,079,403**	**8,851,167**
Additions	-	-	320,638	320,638
Deletions	-	-	(406,519)	(406,519)
Currency Translation Effect	(2,341)	(9,228)	(582)	(12,151)
Original Value at Year-end	**1,995,368**	**5,764,827**	**992,940**	**8,753,135**
Amortization				
Accumulated Amortization at the Beginning of the Year	**-**	**-**	**(808,663)**	**(808,663)**
Deletions	-	-	406,519	406,519
Currency Translation Effect	-	-	1,617	1,617
Amortization for the Year [1]	-	-	(167,000)	(167,000)
Accumulated Amortization at Year-end	**-**	**-**	**(567,527)**	**(567,527)**
TOTAL AS OF 12.31.2019	**1,995,368**	**5,764,827**	**425,413**	**8,185,608**

[1] The accounting allocation of the amortization expense is reported in Note 30.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule B.
The useful life of the components of this item is disclosed in Note 2.10.

Research and development expenses which do not qualify for capitalization are charged to income for the year. As of December 31, 2020 and 2019, such expenses totaled ARS 586,740 and ARS 703,549, respectively.

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NOTE 8. INTANGIBLE ASSETS

Recoverability Test for Goodwill and Intangibles with Indefinite Useful Life

Goodwill and intangible assets with indefinite useful life (primarily brands) are allocated to the Group's cash generating units on the basis of the operating segments.

The table below shows the allocation of goodwill at the segment level:

	12.31.2020	12.31.2019
Cookies and Crackers Argentina	2,930,225	2,930,225
Confectionery and Chocolates Argentina	2,405,057	2,405,057
Packaging Argentina	352,382	352,382
Southern Subsidiaries	52,355	57,515
Confectionery and Chocolates Andean Region	20,655	19,648
TOTAL	**5,760,674**	**5,764,827**

The following table shows the allocation of brands (intangible assets with indefinite useful life) at the segment level:

	12.31.2020	12.31.2019
Cookies and Crackers Argentina	810,032	810,032
Packaging Argentina	746,975	746,975
Confectionery and Chocolates Brazil	233,573	290,613
Cookies and Crackers Brazil	118,386	147,748
TOTAL	**1,908,966**	**1,995,368**

The recoverable value of a cash generating unit is determined by means of value-in-use calculations. These calculations use cash flow projections based on the financial budget for the following fiscal year and other projections prepared on the basis of such budget, covering a five-year period in total. Cash flows exceeding the five-year period are extrapolated using an estimated growth rate, which does not exceed the long-term average growth rate of each of the businesses involved.

The main key assumptions are related to gross margins which are determined on the basis of past performance, other external sources of information and market development expectations.

The discount rates used are the respective weighted average cost of capital ("WACC"), which is considered a good indicator of the cost of capital. A specific WACC was determined for each cash generating unit where assets are allocated, considering the industry, the country and the size of the business. In 2020 and 2019, real discount rates used by the Group ranged from 5.5% and 13.5% approximately, depending on the geographic location of the segment.

Long-term growth rates used to extrapolate cash flows beyond the period covered by the budget were equal to 0.9% for cash generating units based in Argentina and 1.0% for the others, both in real terms.

No impairment was recognized as a result of these analyses.

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NOTE 9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Below is a breakdown of this item:

COMPANY	TYPE	COUNTRY	CORE BUSINESS	EQUITY INTEREST IN %	CARRYING AMOUNT AS OF 12.31.2020	CARRYING AMOUNT AS OF 12.31.2019
GAP Inversora S.A.	Associate	Argentina	Financial and investment activities	5.0000	53	112
Mastellone Hermanos S.A.	Associate	Argentina	Industrialization and commercialization of milk products, by-products and derivatives	[1] 48.6767	9,609,760	10,040,902
TUCOR DMCC	Joint Venture[2]	Argentina	Financial and investment activities	50.0000	(237,780)	555
SUBTOTAL					**9,372,033**	**10,041,569**
Balance disclosed in Trade Payables and Other Liabilities (Note 26)					237,780	-
TOTAL					**9,609,813**	**10,041,569**

[1] Addition of direct investments of Arcor S.A.I.C. and Bagley Argentina S.A.

[2] See Note 41.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule C.

The following tables show the changes in and breakdown of Investments in Associates and Joint Ventures:

	INVESTMENTS IN ASSOCIATES AND JOINT VENTURES	TRADE PAYABLES AND OTHER LIABILITIES	TOTAL AS OF 12.31.2020
Balances at the Beginning of the Year	**10,041,569**	**-**	**10,041,569**
Increase due to Purchase of Mastellone Hermanos S.A.'s Shares (Note 22)	303,892	-	303,892
Income (Loss) from Investments in Associates and Joint Ventures	(626,466)	(234,959)	(861,425)
Changes in Translation Reserve	(111,334)	(3,376)	(114,710)
Share of Other Comprehensive Income (Loss) on Actuarial Gains of Associates' Defined Benefit Plans	2,707	-	2,707
Transfers to/from Items	(555)	555	-
BALANCE AT YEAR-END	**9,609,813**	**(237,780)**	**9,372,033**

	INVESTMENTS IN ASSOCIATES AND JOINT VENTURES	TOTAL AS OF 12.31.2019
Balances at the Beginning of the Year	**7,841,777**	**7,841,777**
Increase due to Purchase of Mastellone Hermanos S.A.'s Shares (Note 22)	1,195,750	1,195,750
Capital Contribution	125	125
Income (Loss) from Investments in Associates and Joint Ventures	1,010,964	1,010,964
Changes in Translation Reserve	(9,414)	(9,414)
Share of Other Comprehensive Income (Loss) on Actuarial Gains of Associates' Defined Benefit Plans	2,367	2,367
BALANCE AT YEAR-END	**10,041,569**	**10,041,569**

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(Figures stated in thousands of Argentine pesos)

NOTE 9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The following table shows the associates' summary financial information as of December 31, 2020, as required by IFRS 12:

COMPANY	SUMMARY FINANCIAL POSITION					SUMMARY PROFIT & LOSS				
	NON-CURRENT ASSETS	CURRENT ASSETS	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	EQUITY [4]	SALES	GROSS PROFIT FOR THE YEAR	NET INCOME FOR THE YEAR [4]	OTHER COMPRE-HENSIVE INCOME FOR THE YEAR [4]	TOTAL COMPRE-HENSIVE INCOME FOR THE YEAR [4]
GAP Inversora S.A. [1]	1,510	133	-	601	1,042	-	-	(1,219)	13	(1,206)
Mastellone Hermanos S.A. [2]	30,647,941	19,255,364	5,733,142	27,060,976	17,109,187	80,251,465	21,159,478	(2,287,493)	846,867	(1,440,626)
TUCOR DMCC [3]	1,502,597	1,101,234	-	2,648,471	(44,641)	-	-	(38,996)	(6,772)	(45,768)

[1] Financial information from the financial statements as of December 31, 2020.

[2] Financial information from the consolidated financial statements as of December 31, 2020. It consolidates the accounts of its subsidiaries Con-Ser S.A., Leitesol Industria e Comercio S.A., Marca 4 S.A., Marca 5 S.A., Asesores en Seguros S.A., Mastellone de Paraguay S.A., Mastellone Hermanos do Brasil Comercial e Industrial Ltda. and Mastellone San Luis S.A. It does not include the adjustments accounted for to measure the associate's identifiable assets and liabilities as of the date of initial application of the equity method to each acquired interest (Nota 42).

[3] Financial information under IFRS prepared for the sole purpose of being used by the Company as of the date of these consolidated financial statements to measure its investment using the equity method. TUCOR DMCC consolidates the accounts of its subsidiary Dulcería Nacional (SU), Limitada (Note 41).

[4] Equity and earnings attributable to the shareholders of each associate and joint venture.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule C.

Below is a breakdown of the item "Income (Loss) from Investments in Associates and Joint Ventures" of the consolidated statement of income:

	12.31.2020	12.31.2019
Gain (Loss) on Investment in Gap Inversora S.A. (Associate)	(58)	(50)
Gain (Loss) on Investment in Mastellone Hermanos S.A. (Associate) (Nota 42)	(939,614)	847,042
Changes in Higher and Lower Values of Identifiable Assets and Liabilities in Mastellone Hermanos S.A. (Nota 42)	313,208	163,972
Gain (Loss) on Investment in the TUCOR DMCC (Joint Venture) (Note 41)	(234,961)	-
TOTAL	**(861,425)**	**1,010,964**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The following table shows a reconciliation of the summary financial information of Mastellone Hermanos S.A. disclosed above to the financial information arising from these consolidated financial statements:

	EQUITY	PROFIT & LOSS	OTHER COMPREHENSIVE INCOME
	DEBTOR / (CREDITOR)	GAIN / (LOSS)	
Figures Attributable to the Shareholders of Mastellone Hermanos S.A., as per its Financial Statements (*)	**17,108,893**	**(2,287,493)**	**846,867**
Equity interest owned by Arcor Group	48.6767%	48,6767%	
Mastellone Hermanos S.A.'s Figures Attributable to Arcor Group	**8,328,045**	**(1,113,476)**	**412,227**
Items to reconcile Arcor Group's equity interest	**(4,636,857)**	**217,381**	**(765,647)**
Difference in valuation of Property, Plant and Equipment, Other Assets, Investment Properties and Intangible Assets [1]	1,159,044	(61,557)	238,275
Tax effect of measurement differences	(18,006)	-	-
Derecognition of goodwill recorded by Mastellone Hermanos S.A.	-	18,038	3,809
Elimination of gains (losses) recognized by Mastellone Hermanos S.A. prior to 2020 acquisitions	4,832,226	(939,614)	(111,336)
Subtotal - Share of Mastellone Hermanos S.A.'s Equity and Profit and Loss at Carrying Amounts, Based on Arcor Group's Measurement Criteria	**3,101,516**	**313,208**	**2,710**
Recognition of higher and lower values of identifiable assets and liabilities due to allocation of the price paid [2 3]	1,676,018	-	-
Recognition of goodwill [2]	9,609,760	(626,406)	(108,626)
Arcor Group's figures as per its financial statements	**9,609,760**	**(626,406)**	**(108,626)**

[1] Mastellone Hermanos S.A. applies the "revaluation model" set forth in IAS 16 for the valuation of its main items of "Property, Plant and Equipment." Arcor Group applies the "cost model" established in such standard. Therefore, Arcor Group eliminates the balance sheet effects of revaluations recorded by the associate, with the ensuing impact on the depreciation expense for the year.

[2] It includes all interests acquired as of December 31, 2020.

[3] It includes the closing balance and the changes for the year of higher and lower values of identifiable assets and liabilities, as disclosed in Note 42.

* For relevant information included in Mastellone Hermanos S.A.'s financial statements, see the additional information disclosed in Note 42.

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NOTE 10. BIOLOGICAL ASSETS

The following tables show the breakdown of and changes to Biological Assets:

	FRUIT CROPS	GRAIN SOWN LAND[3]	SUGAR CANE SOWN LAND[3]	DAIRY OR BEEF CATTLE	TREE PLANTATIONS[4]	TOTAL
Total Non-current as of January 1, 2020	-	-	-	300,259	645,022	945,281
Total Current as of January 1, 2020	50,304	149,205	237,937	59,217	97,969	594,632
TOTAL AS OF JANUARY 1, 2020	**50,304**	**149,205**	**237,937**	**359,476**	**742,991**	**1,539,913**
Additions at Cost	152,876	285,775	423,160	5,852	122,168	989,831
Initial Recognition and Changes in Fair Value [5]	(28,353)	267,048	(49,190)	220,471	11,245	421,221
Harvest of Biological Products [1]	(89,665)	(549,625)	(298,915)	-	(127,842)	(1,066,047)
Decrease due to Sale of Biological Assets [2]	-	-	-	(71,487)	-	(71,487)
TOTAL AS OF DECEMBER 31, 2020	**85,162**	**152,403**	**312,992**	**514,312**	**748,562**	**1,813,431**
Total Non-current as of December 31, 2020	-	-	-	425,060	665,765	1,090,825
Total Current as of December 31, 2020	85,162	152,403	312,992	89,252	82,797	722,606

	FRUIT CROPS	GRAIN SOWN LAND[3]	SUGAR CANE SOWN LAND[3]	DAIRY OR BEEF CATTLE	TREE PLANTATIONS[4]	TOTAL
Total Non-current as of January 1, 2019	-	-	-	235,511	788,408	1,023,919
Total Current as of January 1, 2019	69,436	171,686	251,141	38,563	13,626	544,452
TOTAL AS OF JANUARY 1, 2019	**69,436**	**171,686**	**251,141**	**274,074**	**802,034**	**1,568,371**
Additions at Cost	134,429	265,876	333,851	4,564	207,269	945,989
Initial Recognition and Changes in Fair Value [5]	(51,566)	180,322	(135,250)	122,795	(103,755)	12,546
Harvest of Biological Products [1]	(101,995)	(468,679)	(211,805)	-	(162,557)	(945,036)
Deletion due to Sale of Biological Assets [2]	-	-	-	(41,957)	-	(41,957)
TOTAL AS OF DECEMBER 31, 2019	**50,304**	**149,205**	**237,937**	**359,476**	**742,991**	**1,539,913**
Total Non-current as of December 31, 2019	-	-	-	300,259	645,022	945,281
Total Current as of December 31, 2019	50,304	149,205	237,937	59,217	97,969	594,632

[1] The offsetting entry is carried in the line "Harvest of Biological Products" in Note 32.

[2] The offsetting entry is carried in the line "Cost of Sales of Biological Assets" in Note 32.

[3] Based on the phenological stage reached at year-end, these assets were measured at cost (Note 2.12).

[4] Based on the phenological stage reached at year-end, these assets were measured at cost or fair value, net of harvest costs, as applicable (Note 2.12).

[5] As for agricultural and forestry activities, it includes all changes in fair value of biological assets occurred during the year, irrespective of whether they have been harvested/logged at year-end.

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NOTE 10. BIOLOGICAL ASSETS

The following tables show information as of December 31, 2020 and 2019 relating to the harvest of biological assets and quantities, in respect of the main types of biological assets:

	FRUIT CROPS	GRAIN SOWN LAND	DAIRY OR BEEF CATTLE	SUGAR CANE SOWN LAND	TREE PLANTATIONS
Harvest of biological products for the year ended December 31, 2020, as per biological asset	6,224 Ton	32,457 Ton	[1] 17,835 Ton	[3] 233,504 Ton	[4] 120,482 Ton
Area intended for biological assets as of 12.31.2020	203 Has.	7,202 Has.	-	7,046 Has.	6,006 Has.
Quantity of biological assets as of 12.31.2020 (heads)	-	-	[2] 6,040	-	-
Estimated useful lives	7 months	7 months	5 lactation periods	10 months	[5] 17 years

[1] Tons of fluid milk.
[2] Out of the total, 3,517 are dairy cattle heads, and the remaining 2,523 are beef cattle heads.
[3] Tons of sugar cane.
[4] Tons of wood.
[5] Average logging age.

	FRUIT CROPS	GRAIN SOWN LAND	DAIRY OR BEEF CATTLE	SUGAR CANE SOWN LAND	TREE PLANTATIONS
Harvest of biological products for the year ended December 31, 2019, as per biological asset	4,873 Ton	37,203 Ton	[1] 15,953 Ton	[3] 238,285 Ton	[4] 154,984 Ton
Area intended for biological assets as of 12.31.2019	203 Has.	6,650 Has.	-	6,653 Has.	6,704 Has.
Quantity of biological assets as of 12.31.2019 (heads)	-	-	[2] 6,071	-	-
Estimated useful lives	7 months	7 months	5 lactation periods	10 months	[5] 17 years

[1] Tons of fluid milk.
[2] Out of the total, 3,811 are dairy cattle heads, and the remaining 2,260 are beef cattle heads.
[3] Tons of sugar cane.
[4] Tons of wood from the acquisition date to year-end.
[5] Average logging age.

The fair value measurement method for each of these biological assets is described in Note 2.12 to the consolidated financial statement.

The following tables show the Group's biological assets by fair value level as of December 31, 2020 and 2019, as explained in Note 39.2:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Biological Assets at Fair Value				
Dairy or Beef Cattle	-	514,312	-	514,312
Fruit Crops	-	-	85,162	85,162
Tree Plantations [1]	-	-	666,182	666,182
Total Biological Assets as of 12.31.2020	**-**	**514,312**	**751,344**	**1,265,656**

[1] Out of total tree plantations as of December 31, 2020 (ARS 748,562), ARS 666,182 were measured at fair value net of harvest costs, and ARS 82,380 were measured at cost (Note 2.12).

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NOTE 10. BIOLOGICAL ASSETS

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Biological Assets at Fair Value				
Dairy or Beef Cattle	-	359,476	-	359,476
Fruit Crops	-	-	50,304	50,304
Tree Plantations [1]	-	-	685,107	685,107
Total Biological Assets as of 12.31.2019	**-**	**359,476**	**735,411**	**1,094,887**

[1] Out of total tree plantations as of December 31, 2019 (ARS 742,991), ARS 685,107 were measured at fair value net of harvest costs, and ARS 57,884 were measured at cost (Note 2.12).

Fruit tree and other tree plantations were measured using the following unobservable inputs (fair value Level 3):

BIOLOGICAL ASSETS AT FAIR VALUE	FAIR VALUE AS OF 12.31.2020	MEASUREMENT METHOD	UNOBSERVABLE INPUTS	RELATION BETWEEN UNOBSERVABLE INPUTS AND FAIR VALUE
Fruit Crops	85,162	Net present value of net discounted cash flows	Fruit yield per hectare	The higher the yield, the higher the fair value.
			Market price for fruit to be harvested	The higher the price, the higher the fair value.
			Discount rate	The higher the discount rate, the lower the fair value.
			Costs of crops and harvest	The higher the costs of crops and harvest, the lower the fair value.

BIOLOGICAL ASSETS AT FAIR VALUE	FAIR VALUE AS OF 12.31.2020	MEASUREMENT METHOD	NON-OBSERVABLE INPUTS	RELATION BETWEEN UNOBSERVABLE INPUTS AND FAIR VALUE
Tree plantations	666,182	Net present value of net discounted cash flows	Fruit yield per hectare	The higher the yield, the higher the fair value.
			Market price for fruit to be harvested	The higher the price, the higher the fair value.
			Discount rate	The higher the discount rate, the lower the fair value.
				The higher the costs of crops and harvest, the lower the fair value.

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NOTE 11. DEFERRED TAX ASSETS / LIABILITIES

The following table shows the breakdown of and changes in deferred tax assets and liabilities as of December 31, 2020:

	01.01.2020	TRANSLATION DIFFERENCE	AMOUNT CHARGED TO INCOME	AMOUNT CHARGED TO OTHER COMPREHENSIVE INCOME	12.31.2020
Assets					
Tax Loss Carry-forwards	6,994,397	49,949	(6,023,465)	-	1,020,881
Trade and Other Receivables	189,486	(1,732)	(30,674)	-	157,080
Inventories	(195,849)	16,225	108,710	-	(70,914)
Biological Assets	(139,242)	-	139,242	-	-
Property, Plant and Equipment and Investment Properties	(2,735,369)	(115,485)	2,291,124	-	(559,730)
Intangible Assets	(58,290)	5,092	102,500	-	49,302
Right-of-use Assets	(302,783)	35,223	227,321	-	(40,239)
Derivative Financial Instruments	(615)	-	-	615	-
Cash and Cash Equivalents and Other Investments	(4,129)	-	29,325	-	25,196
Investments in Companies	(26,994)	-	26,994	-	-
Provisions	327,361	15,182	(157,163)	-	185,380
Trade Payables and Other Liabilities	547,102	15,448	(384,121)	(3,286)	175,143
Deferred (Earnings) - Law No. 27,541	(3,065,442)	-	3,065,442	-	-
Deferred Losses - Law No. 27,541	432,540	-	29,322	-	461,862
Lease Liabilities	332,394	(4,370)	(285,172)	-	42,852
Loans	144,286	-	(144,286)	-	-
Subtotal - Deferred Assets	**2,438,853**	**15,532**	**(1,004,901)**	**(2,671)**	**1,446,813**
Liabilities					
Tax Loss Carry-forwards	173,029	-	4,979,991	-	5,153,020
Trade and Other Receivables	104,020	451	(40,272)	-	64,199
Inventories	2,374	(1,290)	199,898	-	200,982
Biological Assets	(39,651)	-	(132,064)	-	(171,715)
Property, Plant and Equipment and Investment Properties	(2,298,771)	(7,708)	(2,179,637)	-	(4,486,116)
Cash and Cash Equivalents and Other Investments	(56)	-	134	-	78
Investments in Companies	-	-	(21,394)	(38,279)	(59,673)
Intangible Assets	(343,690)	39	(88,714)	-	(432,365)
Right-of-use Assets	(28,485)	1,571	(183,508)	-	(210,422)
Provisions	86,410	1,493	61,605	-	149,508
Trade Payables and Other Liabilities	(139,469)	2,667	417,289	(31,830)	248,657
Deferred (Earnings) - Law No. 27,541	-	-	(4,344,726)	-	(4,344,726)
Deferred Losses - Law No. 27,541	55,618	-	6,530	-	62,148
Lease Liabilities	29,169	(1,578)	203,966	-	231,557
Loans	(216)	-	129,416	-	129,200
Subtotal - Deferred Liabilities	**(2,399,718)**	**(4,355)**	**(991,486)**	**(70,109)**	**(3,465,668)**
Total Deferred Tax Assets / Liabilities, Net	**39,135**	**11,177**	**(1,996,387)**	**(72,780)**	**(2,018,855)**

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NOTE 11. DEFERRED TAX ASSETS / LIABILITIES

The following table shows the breakdown of and changes in deferred tax assets and liabilities as of December 31, 2019:

	01.01.2019	TRANSLATION DIFFERENCE	AMOUNT CHARGED TO INCOME	AMOUNT CHARGED TO OTHER COMPREHENSIVE INCOME	12.31.2019
Assets					
Tax Loss Carry-forwards	5,478,288	58,095	1,458,014	-	6,994,397
Trade and Other Receivables	21,355	47,448	120,683	-	189,486
Inventories	199,558	1,412	(396,819)	-	(195,849)
Biological Assets	(172,692)	-	33,450	-	(139,242)
Property, Plant and Equipment and Investment Properties	(2,108,521)	18,153	(645,001)	-	(2,735,369)
Intangible Assets	(51,418)	(125)	(6,747)	-	(58,290)
Right-of-use Assets	-	(5,171)	(297,612)	-	(302,783)
Derivative Financial Instruments	(167)	-	-	(448)	(615)
Cash and Cash Equivalents and Other Investments	(6,755)	-	2,626	-	(4,129)
Investments in Companies	(69,140)	-	37,475	4,671	(26,994)
Provisions	289,476	(25,460)	63,345	-	327,361
Trade Payables and Other Liabilities	333,974	(46,070)	155,369	103,829	547,102
Deferred (Earnings) - Law No. 27,541	-	-	(3,065,442)	-	(3,065,442)
Deferred Losses - Law No. 27,541	-	-	432,540	-	432,540
Lease Liabilities	-	4,508	327,886	-	332,394
Loans	56,620	-	87,666	-	144,286
Subtotal - Deferred Assets	**3,970,578**	**52,790**	**(1,692,567)**	**108,052**	**2,438,853**
Liabilities					
Tax Loss Carry-forwards	85,973	(1,651)	88,707	-	173,029
Trade and Other Receivables	190,518	(2,682)	(83,816)	-	104,020
Inventories	(116,437)	992	117,819	-	2,374
Biological Assets	(87,134)	-	47,483	-	(39,651)
Property, Plant and Equipment and Investment Properties	(2,871,931)	40,613	532,547	-	(2,298,771)
Cash and Cash Equivalents and Other Investments	(17,824)	-	17,768	-	(56)
Intangible Assets	(340,327)	(2,218)	(1,145)	-	(343,690)
Right-of-use Assets	-	121	(28,606)	-	(28,485)
Provisions	169,463	(1,724)	(81,329)	-	86,410
Trade Payables and Other Liabilities	(27,348)	(27,014)	(88,928)	3,821	(139,469)
Deferred Losses - Law No. 27,541	-	-	55,618	-	55,618
Lease Liabilities	-	(202)	29,371	-	29,169
Loans	(1,029)	-	813	-	(216)
Subtotal - Deferred Liabilities	**(3,016,076)**	**6,235**	**606,302**	**3,821**	**(2,399,718)**
Total Deferred Tax Assets / Liabilities, Net	**954,502**	**59,025**	**(1,086,265)**	**111,873**	**39,135**

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NOTE 11. DEFERRED TAX ASSETS / LIABILITIES

The following table shows the breakdown of and changes in deferred tax assets and liabilities as of December 31, 2020:

COUNTRY	12.31.2020	12.31.2019
Argentina [1]	30.00%	30.00%
Angola	24.00%	-
Bolivia	25.00%	25.00%
Brazil	34.00%	34.00%
Chile	27.00%	27.00%
China	25.00%	25.00%
Colombia	32.00%	33.00%
Ecuador	25.00%	25.00%
Spain	25.00%	25.00%
United States	21.00%	21.00%
Mexico	30.00%	30.00%
Paraguay	10.00%	10.00%
Peru	29.50%	29.50%
Switzerland	13.52%	14.50%
Uruguay	25.00%	25.00%

[1] Pursuant to applicable laws as of the date of these condensed financial statements, the tax rate will be reduced 25% as from the year 2021 (Nota 35).

Below is a detail of tax loss carry-forwards recognized by the Group as of December 31, 2020, broken down by company and applicable statute of limitation:

COMPANIES	STATUTE OF LIMITATION - YEAR				TOTAL	TAX RATE	TOTAL AT THE TAX RATE
	2021	2022	2023 ONWARDS	W/O STATUTE OF LIMITATIONS			
Arcor S.A.I.C. [2]	91,756	619,543	19,900,778	-	20,612,077	25%	**5,153,020**
Arcor de Perú S.A. [1]	-	-	93,233	-	93,233	29.5%	**27,504**
Arcor U.S.A., Inc. [1]	-	-	159,836	-	159,836	21%	**33,566**
Bagley Chile S.A. [1]	-	-	-	321,354	321,354	27%	**86,766**
Industria de Alimentos Dos en Uno S.A. [1]	-	-	-	1,945,365	1,945,365	27%	**525,249**
Unidal México S.A. de C.V. [1]	-	338,238	821,074	-	1,159,320	30%	**347,796**
TOTAL	**91,756**	**957,781**	**20,974,921**	**2,266,719**	**24,291,185**		**6,173,901**

[1] They are part of deferred tax assets.
[2] They are part of deferred tax liabilities.

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NOTE 11. DEFERRED TAX ASSETS / LIABILITIES

The following table shows the Group's main deferred tax assets not recognized by the Group as of December 31, 2020:

COUNTRY	AT TAXABLE BASE LEVEL	TAX RATES	UNRECOGNIZED DEFERRED TAX ASSETS
Argentina	2,328,856	25%	582,214
Brazil	16,075,091	34%	5,465,531
Spain	1,025,568	25%	256,392
TOTAL	**19,429,515**		**6,304,137**

Discussion of Recognized Deferred Tax Assets

As stated in Note 3 to the consolidated financial statements, the recognition of deferred tax assets for tax losses is based on management's estimate of taxable income. The following are the most uncertain variables in terms of future behavior which, therefore, could affect the aforementioned estimate and the recognition of deferred tax assets for tax losses:

VARIABLE	RELATION OF THE VARIABLE BEHAVIOR [1] TO THE RECOGNITION OF DEFERRED TAX ASSETS (TAX LOSSES) BY THE GROUP
ARS-USD exchange rate	Considering the exposure of the Company's U.S. dollar-denominated amounts receivable and payable, the higher the devaluation of the ARS against the USD, the lower the projected taxable income and, therefore, the lower the recognition of deferred tax assets for tax losses.
Inflation	Considering the application of the inflation adjustment for tax purposes in Argentina (Note 35), the higher the inflation level in Argentina, the higher the projected taxable income and, consequently, the higher the recognition of deferred tax assets for tax losses.

[1] All other variables remaining constant.

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NOTE 12. TRADE AND OTHER RECEIVABLES

The tables below show the breakdown of trade and other receivables:

Trade Receivables

	12.31.2020	12.31.2019
Current		
Trade Receivables from Third Parties	21,362,315	24,057,203
Documentary Credits	3,291,903	2,050,066
Accounts Receivable from Related Parties (Note 38)	45,466	31,138
Doubtful Accounts and Receivables in Litigation	364,284	421,341
Less: Allowance for Impairment of Receivables	(1,166,250)	(1,449,959)
TOTAL CURRENT	**23,897,718**	**25,109,789**
TOTAL	**23,897,718**	**25,109,789**

Other Receivables

	12.31.2020	12.31.2019
Non-current		
Tax Credits [1]	1,099,247	1,448,560
Minimum Presumed Income Tax Credits [2]	487,324	725,062
Security Deposits	202,975	328,910
Advance Payments to Suppliers for Purchases of Items of Property, Plant and Equipment	246,095	147,861
Prepaid Expenses	2,928	10,947
Other Receivables from Related Parties (Note 38)	761,049	-
Financial Receivables from Related Parties (Note 38)	487	-
Miscellaneous	88,225	113,728
Less: Allowance for Impairment of Other Bad Debts	(16,819)	(23,021)
TOTAL NON-CURRENT	**2,871,511**	**2,752,047**
Current		
Refunds Receivable	304,626	175,195
Security Deposits	267,063	63,676
Tax Credits [1]	3,438,127	4,401,115
Advance Payments to Suppliers for the Purchase of Inventories and Other Goods and Services	2,931,376	1,309,905
Ordinary Financial Receivables	17,112	32,962
Financial Receivables from Related Parties (Note 38)	1,661	1,638
Prepaid Expenses	652,181	721,804
Other Receivables from Related Parties (Note 38)	21,146	-
Miscellaneous	96,960	79,914
Less: Allowance for Impairment of Other Bad Debts	(35,823)	(45,321)
TOTAL CURRENT	**7,694,429**	**6,740,888**
TOTAL	**10,565,940**	**9,492,935**

[1] As of December 31, 2019, it includes receivables recognized by the subsidiaries Arcor do Brasil Ltda. and Bagley do Brasil Alimentos Ltda., pursuant to favorable rulings rendered in tax litigation initiated by the subsidiaries: (i) in May 2019, the subsidiary Arcor do Brasil Ltda. obtained a favorable ruling in relation to a tax claim it had filed for the exclusion of the ICMS *(Imposto sobre circulação de mercadorias e serviços)* from the calculation basis of PIS taxes *(Programas de Integração Social)* and COFINS (Contribuição para Financiamento da Seguridade Social) for fiscal years 2005-2014. Accordingly, as of December 31, 2019, the subsidiary has receivables in the amount of ARS 1,553,093 (ARS 832,415 of which were reported as non-current assets and ARS 720,678 were reported as current assets); (ii) in August 2019, the subsidiary Bagley do Brasil Alimentos Ltda. also obtained a favorable ruling in connection with the same tax claim, but for the 2009-2014 fiscal years; accordingly, as of December 31, 2019, such subsidiary has receivables in the amount of ARS 825,691 (out of which ARS 51,514 were reported as non-current assets and ARS 774,177 were reported as current assets). As of December 31, 2020, the amount recognized for these receivables totaled ARS 608,515 and is disclosed in current assets. As of the date of these consolidated financial statements, there are pending claims filed by both subsidiaries for subsequent fiscal periods which, based on applicable case law, could result in the recognition of receivables, once the respective favorable court rulings have been rendered.

[2] See reference to recovery actions filed in Note 35.

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NOTE 12. TRADE AND OTHER RECEIVABLES

The carrying amounts of financial instruments classified as trade and other receivables approximate their fair value due to the short-term nature of these financial Instruments.

Trade receivables from related parties generally arise from sales transactions, which are due within twelve months from the transaction date and do not accrue interest. These accounts receivable are unsecured. No allowances have been recorded for accounts receivable from related parties.

As of December 31, 2020 and 2019, the amounts of the allowance for impairment of trade receivables totaled ARS 1,166,250 and ARS 1,449,959, respectively. The aging of these trade receivables is as follows:

	12.31.2020	12.31.2019
To Fall Due	26,274	60,284
SUBTOTAL TO FALL DUE INCLUDED IN THE ALLOWANCE	**26,274**	**60,284**
Up to three months	59,321	116,820
From three to six months	18,208	38,238
From six to twelve months	29,208	47,502
More than one year	1,033,239	1,187,115
SUBTOTAL PAST DUE INCLUDED IN THE ALLOWANCE	**1,139,976**	**1,389,675**
TOTAL AMOUNT INCLUDED IN THE ALLOWANCE	**1,166,250**	**1,449,959**

As of December 31, 2020 and 2019, the Group trade receivables which are past due but have not been included in the allowance amounted to ARS 1,006,003 and ARS 1,155,375, respectively. The aging of these trade receivables is as follows:

	12.31.2020	12.31.2019
From three to six months	255,712	425,118
From six to twelve months	304,887	178,024
More than one year	445,404	552,233
TOTAL PAST DUE NOT INCLUDED IN THE ALLOWANCE	**1,006,003**	**1,155,375**

The balances of the Group's trade and other receivables are denominated in the following currencies:

	12.31.2020	12.31.2019
ARS	15,990,429	13,680,544
BOB	233,914	260,542
BRL	4,767,376	7,309,968
CLP	4,932,894	5,006,984
COP	16,772	15,825
EUR	279,555	57,682
MXN	930,881	876,534
PEN	356,670	457,551
PYG	677,875	565,166
RMB	13,037	9,632
USD	5,842,031	5,880,469
UYU	422,224	481,827
TOTAL	**34,463,658**	**34,602,724**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 12. TRADE AND OTHER RECEIVABLES

The tables below show the changes in the allowance for impairment of trade and other receivables:

	TRADE RECEIVABLES[1]	OTHER RECEIVABLES[2]	TOTAL
Balance at the Beginning of the Year	1,449,959	68,342	1,518,301
Increases	339,935	4,693	344,628
Decreases	(260,356)	(1,135)	(261,491)
Uses	(165,406)	(6,542)	(171,948)
Effects of Restatement and Currency Translation	(197,882)	(12,716)	(210,598)
TOTAL AS OF 12.31.2020	**1,166,250**	**52,642**	**1,218,892**

	TRADE RECEIVABLES[1]	OTHER RECEIVABLES[2]	TOTAL
Balance at the Beginning of the Year	1,490,538	112,440	1,602,978
Increases	367,576	28,572	396,148
Decreases	(255,426)	(45,430)	(300,856)
Uses	(58,814)	(5,025)	(63,839)
Effects of Restatement and Currency Translation	(93,915)	(22,215)	(116,130)
TOTAL AS OF 12.31.2019	**1,449,959**	**68,342**	**1,518,301**

[1] The accounting allocation of increases and increases is disclosed in Note 30.

[2] The accounting allocation of increases and decreases is disclosed in Note 29 (Export Refunds), Nota 30 and Note 35 (Minimum Presumed Income Tax).

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule E.

NOTE 13. INVENTORIES

The following table shows the breakdown of Inventories:

	12.31.2020	12.31.2019
Raw Materials and Materials	19,664,389	17,108,777
Raw Materials and Materials in Transit	974,215	1,148,886
Work in Process	1,390,286	1,217,064
Finished Products	10,682,280	11,063,247
Less: Allowance for Impairment of Inventories	(1,350,907)	(940,575)
TOTAL	**31,360,263**	**29,597,399**

Changes in the allowance for impairment of inventories are as follows:

	12.31.2020	12.31.2019
Balance at the Beginning of the Year	940,575	1,082,338
Increases[1]	939,203	547,985
Decreases[1]	(418,093)	(534,960)
Uses	(120,386)	(151,834)
Currency Translation Effect	9,608	(2,954)
BALANCE AT YEAR-END	**1,350,907**	**940,575**

[1] The accounting allocation of increases/increases is disclosed in "Other General Expenses" in Note 30.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule E.

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NOTE 14. OTHER INVESTMENTS

The following table shows the breakdown of Other Investments:

	12.31.2020	12.31.2019
Non-current		
Other	1,746	1,935
TOTAL NON-CURRENT	**1,746**	**1,935**
Current		
Government Securities	5	16
TOTAL CURRENT	**5**	**16**
TOTAL	**1,751**	**1,951**

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule E.

NOTE 15. DERIVATIVE FINANCIAL INSTRUMENTS

The tables below show the balances of derivative financial instruments:

	ASSETS	LIABILITIES
Non-current		
Mastellone Hermanos S.A.'s Options (Nota 42)	-	1,824,451
TOTAL NON-CURRENT	**-**	**1,824,451**
Current		
Currency Forwards	270,000	197
TOTAL CURRENT	**270,000**	**197**
TOTAL AS OF 12.31.2020	**270,000**	**1,824,648**

	ASSETS	LIABILITIES
Non-current		
Mastellone Hermanos S.A.'s Options (Nota 42)	-	222,883
TOTAL NON-CURRENT	**-**	**222,883**
Current		
Currency Forward Contracts	11,722	-
Cocoa Forward Contracts and Financial Options	5,730	-
Mastellone Hermanos S.A.'s Options (Nota 42)	-	4,041
TOTAL CURRENT	**17,452**	**4,041**
TOTAL AS OF 12.31.2019	**17,452**	**226,924**

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NOTE 15. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of a hedge derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is over 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

Currency Forwards

The Company and its subsidiary Unidal México S.A. de C.V. entered into forward transactions involving purchases and sales of U.S. dollars in order to hedge the currency risk related to financial assets and liabilities. Below is a summary of these transactions during the years ended December 31, 2020 and 2019:

Arcor S.A.I.C.

As of December 31, 2020, Arcor S.A.I.C. had forward contracts in connection with purchases of U.S. dollars maturing in January 2021 for an aggregate amount of USD 15,000 at a weighted average price of ARS 88.51 per USD. As a result of this transaction, the Company recognized a net asset in the amount of ARS 269,803 under the item current "Derivative Financial Instruments" in the consolidated balance sheet. The Company recognized a loss of ARS 13,700 on such transactions, under the item "Net Financial Income (Expense)" of the consolidated statement of income.

As of December 31, 2019, the Company recognized a gain of ARS 530,551 as a result of purchases of currency forwards (U.S. dollars) settled during the year. Such gains were recorded in "Net Financial Income (Expense)" of the consolidated statement of income. As of December 31, 2019, the Company did not have forward contracts for the purchase of U.S. dollars.

Unidal México S.A. de C.V.

As of December 31, 2020, the subsidiary did not have forward contracts in connection with the sale of U.S. dollars. Consequently, the subsidiaries recognized a loss of ARS 33,843 in connection with transactions settled during the current year under the item "Net Financial Income (Expense)" of the consolidated statement of income.

As of December 31, 2019, the subsidiary had forward contracts for the sale of U.S. dollars maturing in January and February 2020 for an aggregate amount of USD 3,000 at a weighted average price of MXN 20.40 per USD. As a result, the subsidiary recorded assets in the amount of ARS 269,803 under the item "Derivative Financial Instruments" in the consolidated balance sheet. The subsidiary recognized a gain of ARS 75,548 on these and other transactions which were settled during the year 2019, under the item "Net Financial Income (Expense)" of the consolidated statement of income.

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NOTE 15. DERIVATIVE FINANCIAL INSTRUMENTS

Cocoa Forward Contracts and Financial Options

Arcor S.A.I.C.

The Company enters into financial option transactions and forward purchases of cocoa in order to hedge the price risk of such raw material. It is worth mentioning that these instruments do not give rise to the physical delivery of the cocoa, but are rather designed as cash flow hedges to offset the effect of changes in prices for that raw materials.

As of December 31, 2020, the Company did not have forward contracts in connection with purchases of cocoa.

However, during the year the Group recognized a net comprehensive loss of ARS 1,971 on these and other transactions under the item "Costs of Goods Sold and Services Rendered" (a gain of ARS 75) in the consolidated statement of income, and under the item "Cash Flow Hedge" (a loss of ARS 2,046) in the consolidated statement of other comprehensive income, as described in Note 2.13 to these consolidated financial statements.

As of December 31, 2019, the Company had forward contracts for purchases of cocoa maturing in March and May 2020 for an aggregate amount of 90 tons of cocoa grain at a weighted average price of USD 2.5 per ton.

Consequently, the Company recognized an asset of ARS 5,730 under the item current "Derivative Financial Instruments" in the consolidated balance sheet. In connection with these and other transactions settled during the year 2019, the Group also recognized a net comprehensive loss of ARS 38 under the item "Costs of Goods Sold and Services Rendered" (a loss of ARS 1,530) in the consolidated statement of income, and under the item "Cash Flow Hedge" (a gain of ARS 1,492) in the consolidated statement of other comprehensive income, as described in Note 2.13 to these consolidated financial statements.

Mastellone Hermanos S.A.'s Call and Put Options

The transaction with Mastellone Hermanos S.A. and its shareholders described in Note 42 to these consolidated financial statements involved call and put options of the associate´s shares, which are measured at fair value at the closing date. Such fair values were estimated by applying the "Black & Scholes" and "Montecarlo Simulation" models, as applicable in each case and are classified as Level 3 within the fair value hierarchy, in accordance with the guidance set forth in IFRS 7 and described in Note 39.2 to these consolidated financial statements. The most relevant unobservable inputs used in these estimates are disclosed below:

MEASUREMENT TECHNIQUE(S)	UNOBSERVABLE INPUTS	RELATION BETWEEN UNOBSERVABLE INPUTS AND FAIR VALUE
"Black & Scholes" and "Montecarlo Simulation" models	Fair value of Mastellone's share	The higher the fair value of Mastellone's share: - The higher the fair value of the call options. - The lower the fair value of put options.
	Price volatility of Mastellone's share	The higher the volatility of the price of Mastellone's share, the higher the fair value of the call and put options.
	Timing of option exercise	The longer the option exercise term, the higher the fair value of the call and put options.
	Risk-free rate	The higher the risk-free rate: - The higher the fair value of the call options. - The lower the fair value of put options.

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NOTE 16. STATEMENT OF CASH FLOWS - ADDITIONAL INFORMATION

The table below shows the breakdown of Cash and Cash Equivalents:

	12.31.2020	12.31.2019
Cash and Bank Deposits at Sight	8,644,798	9,233,616
Time Deposits	1,927,400	2,049,825
Financial Assets at Fair Value [1]	3,973,601	2,285,819
TOTAL	**14,545,799**	**13,569,260**

[1] Mutual funds and listed government securities.

The Group's cash and cash equivalents are primarily denominated in the following currencies:

	12.31.2020	12.31.2019
USD	7,579,522	8,948,974
ARS	4,325,066	2,616,742
MXN	762,451	742,610
BRL	689,210	152,108
CLP	343,550	373,598
PYG	306,732	262,072
Other Currencies	539,268	473,155
TOTAL	**14,545,799**	**13,569,259**

The statement of cash flows excludes the effects of the following non-cash investment and financing activities:

	ACTIVITY	12.31.2020	12.31.2019
Addition of PP&E items, investment properties, intangible assets and others not settled at period-end	Investment	(253,599)	(496,040)
Additions of right-of-use assets and adjustments to variable leases (Note 6)	Investment	(767,337)	(2,434,357)
Deletions of right-of-use assets (Note 6)	Investment	110,101	-
Additions of lease liabilities and adjustments to variable leases (Note 23)	Financing	767,337	2,434,357
Deletions of lease liabilities (Note 23)	Financing	(102,428)	-
Cash dividends not settled at period end	Financing	(694)	-

NOTE 17. RESTRICTIONS ON THE DISTRIBUTION OF PROFITS

In accordance with the GCL, the Company's by-laws and applicable resolutions issued by the CNV, 5% of net income for the year should be appropriated to the legal reserve, together with previous years' adjustments, transfers from Other Comprehensive Income to Unappropriated Retained Earnings and accumulated losses from previous years, until such reserve reaches 20% of capital stock plus the capital adjustment. Such percentage was reached as a result of the decisions passed at the Ordinary and Extraordinary General Shareholders' Meeting held on April 27, 2019.

As required by the revised text of the CNV's rules, whenever the net balance of other Accumulated Comprehensive Income (Loss) (other equity components) at the end of a given reporting period is positive (credit accounts), such balance could not be distributed, capitalized or set aside to absorb accumulated losses. Where such net balance is negative (debit accounts), there will be a restriction on the distribution of unappropriated retained earnings for an equal amount.

As provided by the CNV, positive unappropriated retained earnings resulting from the adoption of IFRS, which amounted to ARS 784,332 (ARS 203,257 in historical values), were reallocated to a special reserve which may only be released for capitalization or to absorb any future negative unappropriated retained earnings. Such reallocation was approved on April 27, 2013 at the Ordinary and Extraordinary Shareholders' Meeting where the separate and consolidated financial statements for the year 2012 were considered.

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NOTE 18. CHANGES IN CAPITAL STOCK

The following table shows the changes in the Group's capital stock over the last three years:

	2020	2019	2018
Capital Stock at the Beginning of the Year	700,000,000	700,000,000	700,000,000
CAPITAL STOCK AT YEAR-END	**700,000,000**	**700,000,000**	**700,000,000**

At December 31, 2020, the Group's capital stock amounts to ARS 700,000,000, and is represented by 16,534,656 common, registered non-endorsable Class A shares with a face value of ARS 0.01 and entitled to 5 votes each, and by 69,983,465,344 common, registered, non-endorsable Class B shares with a face value of ARS 0.01 and 1 vote each.

NOTE 19. UNAPPROPRIATED RETAINED EARNINGS

The following tables show the changes in unappropriated retained earnings for the years ended December 31, 2020 and 2019, respectively:

	TOTAL AS OF 12.31.2020
Balance at the Beginning of the Year	**(2,307,712)**
Net Income for the Year Attributable to the Company's Shareholders	4,163,556
Actuarial Gains from Defined Benefit Plans Attributable to the Company's Shareholders	60,162
Absorption of Losses [1]	2,307,712
Forfeited Dividends	50
BALANCE AT YEAR-END	**4,223,768**

[1] As per the Ordinary and Extraordinary General Shareholder's Meetings held on April 25, 2020 and August 15, 2020.

	TOTAL AS OF 12.31.2019
Balance at the Beginning of the Year	**16,054,215**
Net (Loss) for the Year Attributable to the Company's Shareholders	(2,000,013)
Actuarial (Losses) from Defined Benefit Plans Attributable to the Company's Shareholders	(307,699)
Setting-up of Reserves	
- Legal reserve [1]	(944,603)
- Optional Reserve for Future Investments [1]	(10,755,975)
- Special Reserve for Future Dividends [1]	(3,847,766)
Distribution of Dividends [1]	(505,871)
BALANCE AT YEAR-END	**(2,307,712)**

[1] As per the Ordinary and Extraordinary General Shareholders' Meetings held on April 27, 2019 and September 19, 2019.

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(Figures stated in thousands of Argentine pesos)

NOTE 20. OTHER EQUITY COMPONENTS

The table below shows the breakdown of Cash and Cash Equivalents:

	TRANSLATION RESERVE	RESERVE FOR CASH FLOW HEDGE	TOTAL
Balance at the Beginning of the Year	**1,236,627**	**1,431**	**1,238,058**
Cash Flow Hedge:			
- Gains (Losses) on Hedging Instruments	-	(2,046)	(2,046)
- Effect on Income Tax (Notes 11 and 35) Translation Difference:	-	615	615
- Translation Difference of Companies Attributable to the Company's Shareholders	(120,639)	-	(120,639)
- Effect on Income Tax (Notes 11 and 35)	(38,279)	-	(38,279)
TOTAL AL 31.12.2020	**1,077,709**	**-**	**1,077,709**

	TRANSLATION RESERVE	RESERVE FOR CASH FLOW HEDGE	TOTAL
Balance at the Beginning of the Year	**1,437,945**	**3,261**	**1,441,206**
Cash Flow Hedge:			
- Gains (Losses) on Hedging Instruments	-	(1,382)	(1,382)
- Effect on Income Tax (Notes 11 and 35) Translation Difference:	-	(448)	(448)
- Translation Difference of Companies Attributable to the Company's Shareholders	(205,989)	-	(205,989)
- Effect on Income Tax (Notes 11 and 35)	4,671	-	4,671
TOTAL AL 31.12.2019	**1,236,627**	**1,431**	**1,238,058**

NOTE 21. NON-CONTROLLING INTEREST

The tables below show the changes in the item Non-Controlling Interest:

	TOTAL AS OF 12.31.2020
Balance at the Beginning of the Year	**14,689,319**
Share of Profit (Loss) for the Year	1,278,276
Share of Translation Differences of Companies	(106,990)
Share of Actuarial Gains from Defined Benefit Plans	5,582
Transactions with the Non-controlling Interest	(269)
Cash Dividends [1]	(135,577)
BALANCE AT YEAR-END	**15,730,341**

[1] It primarily includes distribution of dividends by the subsidiaries Arcorpar S.A. in the amount of ARS 122,180, Arcor Alimentos Bolivia S.A. in the amount of ARS 583, Bagley Argentina S.A. in the amount of ARS 12,801, and Cartocor S.A. In the amount of ARS 13.

	TOTAL AS OF 12.31.2019
Balance at the Beginning of the Year	**13,122,047**
Share of Profit (Loss) for the Year	1,803,848
Share of Translation Differences of Companies	(3,654)
Share of Actuarial Losses from Defined Benefit Plans	(25,104)
Transactions with the Non-controlling Interest	3
Cash Dividends [2]	(207,821)
BALANCE AT YEAR-END	**14,689,319**

[2] It primarily includes distribution of dividends by the subsidiaries Arcorpar S.A. in the amount of ARS 153,390, Arcor Alimentos Bolivia S.A. in the amount of ARS 447, Mundo Dulce S.A. de C.V. in the amount of ARS 41,146, and Papel Misionero S.A.I.F.C. in the amount of ARS 13,125.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Figures stated in thousands of Argentine pesos)

NOTE 22. LOANS

The following tables show the breakdown of and changes to this item:

	12.31.2020	12.31.2019
Non-current		
Bank Loans	4,605,706	7,797,361
Notes	42,299,660	42,671,297
TOTAL NON-CURRENT	**46,905,366**	**50,468,658**
Current		
Bank Loans	8,382,656	17,864,560
Notes	6,800,978	3,569,960
Discount of Documents	35,989	202,850
TOTAL CURRENT	**15,219,623**	**21,637,370**
TOTAL	**62,124,989**	**72,106,028**

	12.31.2020	12.31.2019
	CREDITOR/(DEBTOR)	
Balance at the Beginning of the Year	**72,106,028**	**70,466,055**
Net (Decrease) / Increase in Loans	(6,083,112)	6,842,139
Derecognition due to First-time Adoption of IFRS 16 (Note 23)	-	(6,544)
Payment of Interest and Other Financial Expenses	(8,523,545)	(13,259,886)
Interest Expense and Accrued Exchange Differences	5,291,330	8,175,685
Currency Translation Effect	(665,712)	(111,421)
BALANCE AT YEAR-END	**62,124,989**	**72,106,028**

Below is a summary of the carrying amounts of consolidated loans broken down by maturities:
- Balances as of December 31, 2020:

NON-CURRENT	1-2 YEARS	2-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	TOTAL
Bank Loans	4,563,396	23,078	19,232	-	4,605,706
Notes	-	42,299,660	-	-	42,299,660
TOTAL AS OF 12.31.2020	**4,563,396**	**42,322,738**	**19,232**	**-**	**46,905,366**

CURRENT	WITHIN 3 MONTHS	3-6 MONTHS	6-9 MONTHS	9 MONTHS TO 1 YEAR	TOTAL
Bank Loans	5,919,459	1,917,620	94,619	450,958	8,382,656
Notes	1,550,867	2,040,000	2,360,111	850,000	6,800,978
Discount of Documents	35,989	-	-	-	35,989
TOTAL AS OF 12.31.2020	**7,506,315**	**3,957,620**	**2,454,730**	**1,300,958**	**15,219,623**

- Balance as of December 31, 2019:

NON-CURRENT	1-2 YEARS	2-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	TOTAL
Bank Loans	3,430,333	4,367,028	-	-	7,797,361
Notes	1,654,632	-	41,016,665	-	42,671,297
TOTAL AS OF 12.31.2019	**5,084,965**	**4,367,028**	**41,016,665**	**-**	**50,468,658**

CURRENT	WITHIN 3 MONTHS	3-6 MONTHS	6-9 MONTHS	9 MONTHS TO 1 YEAR	TOTAL
Bank Loans	15,797,716	1,272,750	213,856	580,238	17,864,560
Notes	1,352,890	2,217,070	-	-	3,569,960
Discount of Documents	202,850	-	-	-	202,850
TOTAL AS OF 12.31.2019	**17,353,456**	**3,489,820**	**213,856**	**580,238**	**21,637,370**

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NOTE 22. LOANS

The tables below show the carrying amount and the fair value of loans as of December 31, 2020 and 2019:

	CARRYING AMOUNT	FAIR VALUE
Bank loans	12,988,362	12,692,334
Notes	49,100,638	48,726,448
Discount of Documents	35,989	35,989
TOTAL AS OF 12.31.2020	**62,124,989**	**61,454,771**

	CARRYING AMOUNT	FAIR VALUE
Bank loans	25,661,921	25,422,948
Notes	46,241,257	44,852,497
Discount of Documents	202,850	202,850
TOTAL AS OF 12.31.2020	**72,106,028**	**70,478,295**

Bank loans include debt at fixed and variable interest rate, with a short-term portion where interest has already been fixed. Fair values are estimated based on discounted cash flows, applying a relevant market rate at year-end. The fair value of listed notes is estimated based on the quoted price for the securities at year-end (Note 39).

The following tables show the Group's loans by fair value level as of December 31, 2020 and 2019, as explained in Note 39.2:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Loans at Fair Value				
Bank Loans	-	12,692,334	-	12,692,334
Notes	42,790,275	5,936,173	-	48,726,448
Discount of Documents	-	35,989	-	35,989
Total Loans at Fair Value as of 12.31.2020	**42,790,275**	**18,664,496**	**-**	**61,454,771**

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Loans at Fair Value				
Bank Loans	-	25,422,948	-	25,422,948
Notes	40,726,532	4,125,965	-	44,852,497
Discount of Documents	-	202,850	-	202,850
Total Loans at Fair Value as of 12.31.2019	**40,726,532**	**29,751,763**	**-**	**70,478,295**

The carrying amounts in ARS of the Group's loans are stated in the following currencies:

	12.31.2020	12.31.2019
ARS	11,987,847	18,033,740
BRL	1,473,493	3,521,818
CLP	887,926	1,137,294
USD	47,775,723	49,413,176
TOTAL	**62,124,989**	**72,106,028**

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NOTE 22. LOANS

Main Loans Borrowed by the Group - Financing Programs- Notes

a. Issuance of Notes

a.1. Global Notes Program for up to USD 800 million

On February 27, 2010, the Company's shareholders, gathered at the Ordinary General Shareholders' Meeting, considered and approved the creation of a new Global Simple Non-convertible Notes Program for an aggregate amount of up to USD 500 million or its equivalent in other currencies, for a term of up to five (5) years as from the date of authorization of the Program by the CNV or such other longer term as may be generally authorized pursuant to applicable laws and regulations and the terms of the Negotiable Obligations Law. The Company's Board of Directors was vested with powers to determine the terms of the issuance and to carry out all such acts as might be required and/or convenient to implement such resolution.

On October 25, 2010, the CNV, by means of Resolution No. 16,439, approved such program.

On November 28, 2014, the Company's shareholders, gathered at the Ordinary and Extraordinary General Shareholders' Meeting, approved an increase in the amount and an extension of term of the Global Notes Program. On October 30, 2015, the CNV, through Resolution No. 17,849, authorized the Company to increase the maximum principal amount of the mentioned program (from an aggregate principal amount of up to USD 500 million to an aggregate principal amount of up to USD 800 million, or its equivalent in other currencies) for a new term of (5) five years, as from the original term maturity.

On April 25, 2020, the Company's shareholders, gathered at the Ordinary and Extraordinary General Shareholders' Meeting, approved the term of the program for a new period of five (5) years. On November 5, 2020, the CNV, by means of Directive DI-2020-52-APN- GE#CNV, authorized the Company to extend the term of the program for additional 5 years, counted as from the end of the extended term, i.e., October 30, 2025, and to amend certain terms and conditions of said Program in order for the instruments to be denominated in units known as "Unidades de Valor Adquisitivo" or UVAs indexable by the Reference Stabilization Ratio ("CER", for its Spanish acronym) as per Law No. 25,827, or otherwise in "Unidades de Vivienda" or UVIs indexable by the Construction Cost Index ("ICC", for its Spanish acronym), pursuant to Law No. 27,271.

(Figures stated in thousands of Argentine pesos)

NOTE 22. LOANS

a. Issuance of Notes

a.2. Main Terms of Notes Outstanding and/or Settled during the Current Year

	SERIES 9 NOTES [1]	SERIES 11 NOTES [1]	SERIES 9 ADDITIONAL NOTES [1]
Final Principal Amount of the Issue	USD 350,000	ARS 1,215,000	USD 150,000
Issue Date	July 6, 2016	May 3, 2017	June 19, 2017
Issue Price	100% of principal amount	100% of principal amount	106.625% of principal amount
Currency	USD	ARS	USD
Interest Rate	Annual nominal 6% fixed rate.	Annual nominal variable rate equal to the average of BADLAR for the period plus an applicable margin.	Annual nominal 6% fixed rate.
Applicable margin.	N/A	2.99% nominal annual rate	N/A
Repayment and Maturity Date	July 6, 2023 (84 months from the date of issue)	May 3, 2021 (48 months from the date of issue)	July 6, 2023 (73 months from the date of issue)
Date of Authorization by CNV's Issuers Division	June 21, 2016	April 21, 2017	June 9, 2017
Interest Payment Date	On a bi-annual basis, in arrears, on January 6 and July 6 each year, until maturity. The first payment was due on January 6, 2017.	On a quarterly basis, in arrears, on February 3, May 3, August 3, and November 3 of each year, until maturity. The first payment was due on August 3, 2017.	On a bi-annual basis, in arrears, on January 6 and July 6 each year, until maturity. The first payment was due on July 6, 2017.

[1] The net proceeds were fully used for the refinancing of bank loans.
[2] Fully repaid upon maturity during the year.

SERIES 12 NOTES [1,2]	SERIES 13 NOTES [1,2]	SERIES 14 NOTES [1]	SERIES 15 NOTES [1]
ARS 1,653,586	ARS 1,065,220	ARS 1,535,111	ARS 2,500,000
December 23, 2019	March 3, 2020		July 6, 2020
100% of principal amount			
ARS			
Annual nominal variable rate equal to the average of BADLAR for the period plus an applicable margin.			
4.24% nominal annual rate	4.25% nominal annual rate	5.75% nominal annual rate	1.99% nominal annual rate
June 23, 2020 (6 months from the date of issue)	September 6, 2020 (6 months from the date of issue)	September 6, 2021 (18 months from the date of issue)	Three consecutive payments, the first one due on April 6, 2021 (9 months from the date of issue) for a sum equal to 33% of the principal amount; the second one due on July 6, 2021 (12 months from the date of issue) for a sum equal to 33% of the principal amount; and upon maturity, on October 6, 2021 (15 months from the date of issue) for a sum equal to 34% of the principal amount.
December 16, 2019	February 28, 2020		June 29, 2020
On a quarterly basis, in arrears, on March 23, and June 23, 2020	On a quarterly basis, in arrears, on June 6, 2020 and September 6, 2020.	On a quarterly basis, in arrears, on June 6, September 6, December 6, and March 6, until maturity. The first payment was due on June 6, 2020.	On a quarterly basis, in arrears, on October 6, 2020, January 6, 2021, April 6, 2021, July 6, 2021, and October 6, 2021.

100%

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NOTE 22. LOANS

a.3. Covenants and Limitations included in the Notes

The terms and conditions of the Notes include certain covenants and limitations agreed by the Company that are customary in transactions of this nature. The most relevant ones include:

- The Company may only incur or will only allow its subsidiaries to incur in additional indebtedness, provided the "Fixed Charge Coverage Ratio" (as such term is defined in the Pricing Supplement for Series 9 Notes under the Global Program) for the last four quarters is equal to, at least, 2.00 to 1.00. This limitation does not apply to certain permitted indebtedness referred to in the Pricing Supplement.

- The Company may not, and will not permit its Subsidiaries to, create liens on its assets to secure the payment of any indebtedness provided that the Notes are secured on an equivalent and proportional basis. This restriction does not apply to certain permitted liens and will not be triggered if the liens created by the Company or its subsidiaries are meant to secure any indebtedness the principal of which (considering the aforementioned liens) does not exceed 10% of its "Consolidated Total Assets" (as defined in the Pricing Supplement for Series 9 Notes).

- The Company assumes the obligation to offer to repurchase the Notes at 101% of the principal amount, plus unpaid and accrued interest, upon a "Change of Control," as such term is defined in the Pricing Supplement for Series 9 Notes.

As of December 31, 2020, the Company has fully complied with these covenants and limitations.

b. Long-term Loans Borrowed by Arcor S.A.I.C. from Other Financial Institutions

The following table shows relevant information on long-term loans.

ORIGINAL PRINCIPAL (IN MILLIONS)	RATE	DATE OF BORROWING	MATURITY DATE	PRINCIPAL REPAYMENT	INTEREST PAYMENT	OUTSTANDING PRINCIPAL (IN MILLIONS)	
						12.31.2020	12.31.2019
ARS 1,500	Variable [1]	11.25.2019	05.18.2021	Upon maturity [2]	Monthly	1,000	1,500
USD 50 [3]	4% annual	07.06.2017	07.06.2022	Upon maturity	Quarterly	4,207.5	4,076.7

[1] BADLAR plus 10% margin.

[2] In July 2020, the Group made an early payment for ARS 500 million.

[3] The loan sets forth certain covenants and commitments to be fulfilled by the Company during its term, including certain specific financial ratios. As of December 31, 2020, there was no breach of such covenants and commitments or, if any, the respective lender waived compliance before the closing date.

During the year ended December 31, 2020, the Company did not borrow long-term loans from local banks.

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NOTE 22. LOANS

c. Subsidiaries' Long-term Loans

c.1. Arcor do Brasil Ltda.

The following table shows relevant information on long-term loans.

ORIGINAL PRINCIPAL (IN MILLIONS)	RATE	DATE OF BORROWING	MATURITY DATE	PRINCIPAL REPAYMENT	INTEREST PAYMENT	OUTSTANDING PRINCIPAL (IN MILLIONS)	
						12.31.2020	12.31.2019
BRL 20	Variable [1]	09.30.2020	10.02.2021	50% in April 2021 and 50% upon maturity	Monthly	323.1	-
BRL 5		10.26.12020	10.28.2024	Monthly as from May 2021	Monthly	80.8	-
BRL 38.5		11.18.2019	11.18.2021	Quarterly	Quarterly	355.4	776.2
BRL 10		04.23.2019	04.12.2021	Upon maturity	Annual	161.6	201.6
BRL 10		04.23.2019	04.12.2021	Upon maturity	Annual	161.6	201.6
BRL 15		04.23.2019	04.07.2021	Bi-annual	Bi-annual	60.6	226.7

[1] Calculated based on a % of the interbank certificate of deposit rate.

c.2. Bagley do Brasil Alimentos Ltda.

The following table shows relevant information on long-term loans.

ORIGINAL PRINCIPAL (IN MILLIONS)	RATE	DATE OF BORROWING	MATURITY DATE	PRINCIPAL REPAYMENT	INTEREST PAYMENT	OUTSTANDING PRINCIPAL (IN MILLIONS)	
						12.31.2020	12.31.2019
BRL 6	Variable [1]	10.07.2019	10.07.2021	Bi-annual	Monthly	72.7	121.0
BRL 10		06.24.2019	06.11.2021	Bi-annual	Bi-annual	40.4	151.3
BRL 8,9		05.06.2019	04.19.2021	Bi-annual	Bi-annual	35.8	133.9

[1] Calculated based on a % of the interbank certificate of deposit rate.

During the year ended December 31, 2020, the subsidiary did not borrow long-term loans from local banks.

c.3. Industria de Alimentos Dos en Uno S.A.

The following table shows relevant information on long-term loans.

ORIGINAL PRINCIPAL (IN MILLIONS)	RATE	DATE OF BORROWING	MATURITY DATE	PRINCIPAL REPAYMENT	INTEREST PAYMENT	OUTSTANDING PRINCIPAL (IN MILLIONS)	
						12.31.2020	12.31.2019
CLP 13.000 [1]	5.56% annual	12.27.2017	12.27.2022	Bi-annual (June and December)	Bi-annual	682.2	941.2

[1] The loan borrowed from this bank establish certain covenants and commitments the subsidiary shall fulfill during the loan term, including certain specific financial ratios. During the year ended December 31, 2020, the subsidiary was granted a waiver to comply with the agreed-upon financial ratios to be measured as of December 2020 and June 2021.

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NOTE 22. LOANS

c. Subsidiaries' Long-term Loans

c.4. Papel Misionero S.A.I.F.C.

Between December 2010 and November 2011, the subsidiary secured financing from Banco Nacional de Desarrollo Económico y Social de Brasil (B.N.D.E.S.) for up to USD 25.9 million, at fixed interest rate with bi-annual principal and interest payments, the last one of which due in October 2020. The loan was secured with a mortgage lien by Banco de la Nación Argentina (Note 27). In October 2020, the loan was fully paid off, initiating the respective proceedings to have the mortgage lien released.

As of December 31, 2019, the outstanding principal under this loan totaled ARS 229,125.

NOTE 23. LEASE LIABILITIES

The following tables show the breakdown of and changes to Lease Liabilities:

	12.31.2020	12.31.2019
Non-current	881,902	1,011,059
Current	746,424	776,824
TOTAL	**1,628,326**	**1,787,883**

	12.31.2020	12.31.2019
Balance at the Beginning of the Year	**1,787,883**	**-**
Addition due to First-time Adoption of IFRS 16	-	1,875,333
Additions	745,891	559,024
Transfer due to First-time Adoption of IFRS 16 (Note 22)	-	6,544
Adjustments to Variable Leases	21,446	(110,915)
Deletions [1]	(102,428)	-
Application of Advance Lease Payments [2]	-	(2,517)
Interest Expense and Exchange Differences Accrued	143,519	190,962
Payments Made During the Year	(896,803)	(744,330)
Currency Translation Effect	(71,182)	13,782
BALANCE AT YEAR-END	**1,628,326**	**1,787,883**

[1] The accounting allocation of deletions for the year is reported in "Other Income / (Expenses), Net" in the consolidated statement of income.

[2] As of the first-time adoption of IFRS 16, this item was reported as "Other Receivables - Prepaid Expenses" in the consolidated balance sheet.

NOTE 24. EMPLOYEE RETIREMENT BENEFITS OBLIGATIONS

The following table shows the breakdown of this item:

	12.31.2020	12.31.2019
Non-current		
Early Retirement Benefits	347,989	354,642
Retirement Bonuses [a]	652,658	631,330
Pension Plans	1,668,432	1,214,743
TOTAL NON-CURRENT	**2,669,079**	**2,200,715**
Current		
Early Retirement Benefits	329,842	317,577
Retirement Bonuses [a]	11,983	11,012
Pension Plans	21,531	10,270
TOTAL CURRENT	**363,356**	**338,859**
TOTAL	**3,032,435**	**2,539,574**

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NOTE 24. EMPLOYEE RETIREMENT BENEFITS OBLIGATIONS

The amount charged to the consolidated statement of income is as follows:

	12.31.2020	12.31.2019
Charge to Income for the Year		
Pension Plans	1,107,943	26,899
Early Retirement Benefits	381,324	489,318
Retirement Bonuses [a]	8,042	(76,141)
Subtotal	**1,497,309**	**440,076**
Charge to Other Comprehensive Income		
Retirement Bonuses [a]	(38,886)	97,017
Pension Plans	(59,267)	45,803
Subtotal - Actuarial Gains / Losses from Defined Benefit Plans	**(98,153)**	**3442,820**
Translation Difference	119,858	130,480
Subtotal - Amounts Charged to Other Comprehensive Income	**21,705**	**573,300**
TOTAL	**1,519,014**	**1,013,376**

[a] Retirement Bonuses

The amount booked as of December 31, 2020 and 2019 totals ARS 664,641 and ARS 642,342, respectively. The following table shows the changes in the Group's obligations:

	12.31.2020	12.31.2019
Balance at the Beginning of the Year	**642,342**	**537,412**
Cost	52,982	47,174
Cost of Past Services	-	(18,243)
Interest	(44,940)	(105,072)
Actuarial (Gain) / Loss	(38,886)	97,017
Benefits Paid to Plan Participants	(26,881)	(7,785)
Translation Difference	80,024	91,839
BALANCE AT YEAR-END	**664,641**	**642,342**

The portion expected to be settled within twelve months from the date of these financial statements is ARS 11,983.

Below is a detail of the amounts charged to the consolidated statement of income for the years ended December 31, 2020 and 2019:

	PENSION PLANS	EARLY RETIREMENT BENEFITS	RETIREMENT BONUSES	TOTAL
Cost [1]	[3] 1,003,767	474,450	52,982	1,531,199
Interest [2]	104,176	(93,126)	(44,940)	(33,890)
Subtotal - Amounts Charged to Income for the Year	1,107,943	381,324	8,042	1,497,309
Actuarial Gain	(59,267)	-	(38,886)	(98,153)
Translation Difference	23,695	16,139	80,024	119,858
Subtotal - Loss through Other Comprehensive Income	(35,572)	16,139	41,138	21,705
TOTAL AS OF 12.31.2020	**1,072,371**	**397,463**	**49,180**	**1,519,014**

[1] Out of total cost, ARS 541,215, ARS 200,815 and ARS 789,169 are reported in "Cost of Sales", "Selling Expenses" and "Administrative Expenses," respectively. The item Pension Plans includes the cost of past services for ARS 777,306 accrued during the year.

[2] Charged to "Net Financial Income (Expense)."

[3] Out of the amount charged to income, ARS 179,331 are reported under "Managers', Directors' and Statutory Auditors' Fees" and ARS 824,436 are reported under "Salaries, Wages and Other Benefits" (Note 31).

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(Figures stated in thousands of Argentine pesos)

NOTE 24. EMPLOYEE RETIREMENT BENEFITS OBLIGATIONS

	PENSION PLANS	EARLY RETIREMENT BENEFITS	RETIREMENT BONUSES	TOTAL
Cost [1]	[3] 199,067	584,983	28,931	812,981
Interest [2]	(172,168)	(95,665)	(105,072)	(372,905)
Subtotal - Amounts Charged to Income for the Year	**26,899**	**489,318**	**(76,141)**	**440,076**
Actuarial Loss	345,803	-	97,017	442,820
Translation Difference	17,746	20,895	91,839	130,480
Subtotal - Loss through Other Comprehensive Income	**363,549**	**20,895**	**188,856**	**573,300**
TOTAL AS OF 12.31.2019	**390,448**	**510,213**	**112,715**	**1,013,376**

[1] Out of total cost, ARS 507,449, ARS 68,261 and ARS 237,271 are reported in "Cost of Sales," "Selling Expenses," and "Administrative Expenses," respectively.

[2] Charged to "Net Financial Income (Expense)."

[3] Out of the amount charged to income, ARS 48,496 are reported under "Managers, Directors' and Statutory Auditors' Fees" and ARS 150,571 are reported under "Salaries, Wages and Other Benefits" (Note 31).

The following table shows a breakdown of retirement bonuses by country:

COUNTRIES	12.31.2020	12.31.2019
Argentina	346,007	334,619
Ecuador	48,350	45,306
Mexico	270,284	262,417
TOTAL	**664,641**	**642,342**

The assumptions on the future mortality rate are established based on actuarial techniques, according to published statistics and the experience in each jurisdiction. The main actuarial assumptions used for the years 2020 and 2019 were as follows

FISCAL YEAR ENDED DECEMBER 31, 2020	ARGENTINA	ECUADOR	MEXICO
Mortality table	G.A.M. 83	IESS 2002	EMSSA 09
Disability table	P.D.T. 85	IESS 2002	IMSS 1997
Ordinary retirement age for men/women	65/60 years	25 years' seniority	65 years on average
Actual discount rate per year	5.0%	4.27%	7.41%

FISCAL YEAR ENDED DECEMBER 31, 2019	ARGENTINA	ECUADOR	MEXICO
Mortality table	G.A.M. 83	IESS 2002	EMSSA 09
Disability table	P.D.T. 85	IESS 2002	IMSS 1997
Ordinary retirement age for men/women	65/60 years	25 years' seniority	65 years on average
Actual discount rate per year	5.0%	4.58%	7.52%

As of December 31, 2020, the impact of a favorable /unfavorable 0.5% change in the main actuarial assumptions would result in a pre-tax (gain)/loss of around ARS (20,025) and ARS 27,448, respectively.

As of December 31, 2019, the impact of a favorable /unfavorable 0.5% change in the main actuarial assumptions would result in a pre-tax (gain)/loss of around ARS (34,529) and ARS 36,814, respectively.

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NOTE 25. PROVISIONS

The following table shows the breakdown of the item Provisions:

	12.31.2020	12.31.2019
Non-current		
For Labor, Civil and Commercial Lawsuits	459,004	604,695
Other Provisions	90,046	145,031
TOTAL NON-CURRENT	**549,050**	**749,726**
Current		
For Labor, Civil and Commercial Lawsuits	156,306	175,161
Other Provisions	42,077	34,570
TOTAL CURRENT	**198,383**	**209,731**
TOTAL	**747,433**	**959,457**

The changes in this item are as follows:

	FOR LABOR, CIVIL AND COMMERCIAL LAWSUITS [1]	OTHER PROVISIONS [2]	TOTAL
Balance at the Beginning of the Year	**779,856**	**179,601**	**959,457**
Increases	463,753	58,597	522,350
Decreases	(433,623)	(74,351)	(507,974)
Payments	(155,740)	(1,544)	(157,284)
Effect of Currency Translation and Restatement	(38,936)	(30,180)	(69,116)
TOTAL AS OF 12.31.2020	**615,310**	**132,123**	**747,433**

	FOR LABOR, CIVIL AND COMMERCIAL LAWSUITS [1]	OTHER PROVISIONS [2]	TOTAL
Balance at the Beginning of the Year	**1,050,807**	**242,412**	**1,293,219**
Increases	571,038	47,917	618,955
Decreases	(340,376)	(40,816)	(381,192)
Payments	(431,835)	-	(431,835)
Effect of Currency Translation and Restatement	(69,778)	(69,912)	(139,690)
TOTAL AS OF 12.31.2019	**779,856**	**179,601**	**959,457**

[1] The accounting allocation of increases and increases is disclosed in Note 30 and 34.

[2] The accounting allocation of increases and decreases in other provisions is disclosed in Note 30 and under the item "Other Income / (Expenses), Net" in the consolidated statement of income.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule E.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 26. TRADE PAYABLES AND OTHER LIABILITIES

The following table shows the breakdown of this item:

	12.31.2020	12.31.2019
Non-current		
Trade Payables		
- Third Parties	85,164	194,883
Tax Liabilities	23,137	64,054
Salaries and Social Security Contributions	45,792	106,352
Other Liabilities		
- Related Parties (Note 9)	237,780	
TOTAL NON-CURRENT	**391,873**	**365,289**
Current		
Trade Payables		
- Third Parties	22,691,848	20,630,700
- Related Parties (Note 38)	173,001	51,483
- Promissory Notes	1,329,634	210,888
Tax Liabilities	1,646,298	1,617,335
Salaries and Social Security Contributions	6,414,496	6,053,597
Other Liabilities		
- Third Parties	5,650	5,064
- Related Parties (Note 38)	49,338	31,394
TOTAL CURRENT	**32,310,265**	**28,600,461**
TOTAL	**32,702,138**	**28,965,750**

NOTE 27. COMMITMENTS AND PLEDGED COLLATERAL

(a) Committed Expenses

The following table shows the Company's committed but not yet incurred expenses as of the date of the consolidated balance sheet:

	12.31.2020	12.31.2019
IT Services	410,052	696,367
Logistics Services	150,836	134,541
Production Services	259,925	245,463
TOTAL	**820,813**	**1,076,371**

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NOTE 27. COMMITMENTS AND PLEDGED COLLATERAL

(b) Other Pledged Collateral and Restricted Assets

COMPANY	CREDITOR/ BENEFICIARY	ORIGINAL CURRENCY	TYPE OF COLLATERAL	COLLATERAL	MAXIMUM GUARANTEED AMOUNT	CARRYING AMOUNT OF LOAN GRANTED AS OF 12.31.2020	CARRYING AMOUNT OF PLEDGED COLLATERAL AS OF 12.31.2020 ARS	CARRYING AMOUNT OF LOAN GRANTED AS OF 12.31.2019 ARS	CARRYING AMOUNT OF PLEDGED COLLATERAL AS OF 12.31.2019 ARS
Arcor do Brasil Ltda.	Pottencial Seguradora S.A.	BRL	Surety	Surety Bond	15,000	-	-	-	-
	Swiss Re Corporate Solutions Brasil Seguros S.A.	BRL	Surety			-	-	-	-
	Itaú Unibanco S.A	BRL	Surety	Discount of Documents	N/A	-	-	12,267	12,267
	Banco Safra S.A.	BRL	Surety		N/A	-	-	77,339	77,339
Bagley do Brasil Alimentos Ltda.	Swiss Re Corporate Solutions Brasil Seguros S.A.	BRL	Surety	Surety Bond	45,000	-	-	-	-
	Itaú Unibanco S.A.	BRL	Surety	Discount of Documents	N/A	-	-	65,775	65,775
	Banco Safra S.A.	BRL	Surety		N/A	-	-	22,686	22,686
Cartocor S.A.	Banco de la Nación Argentina	ARS	Surety	Discount of Documents	N/A	7,530	7,530	24,783	24,783
	BBVA Francés	ARS	Surety	Discount of Documents	N/A	28,459	28,459	-	-
Papel Misionero S.A.I.F.C. *	Banco de la Nación Argentina	USD	Surety	Mortgage	-	-	3,468,466	229,125	4,180,607
Arcor A.G. (S.A. Ltd)	Mota Engil Eng Cont Africa SA	USD	Surety	Security Deposits	2,500	-	210,375	-	-
Arcor A.G. (S.A. Ltd) **	Angoalissar – Comércio e Indústria LDA.	USD [1]	Surety	-	9,015	-	-	-	-

* On October 16, 2020, the loan borrowed by Papel Misionero S.A.I.F.C. from Banco de la Nación Argentina was repaid.

** For the construction of the production plant in Angola (Note 41), Angoalissar - Comércio e Indústria LDA (hereinafter, Angoalissar), a company belonging to Webcor Group, borrowed a loan in local currency (AOA) from a local bank and transferred a portion of the loan proceeds to Dulcería Nacional SU, for up to the equivalent to USD 18.3 million. In August 2020, Arcor AG (S.A., Ltd.) and Alison Industry Ltd., subsidiaries of the Company and Webcor Group, respectively, assumed up to 50% each, on a subsidiary basis, of the debt borrowed by Angoalissar and transferred to Dulcería Nacional.

[1] Original currency: AOA.

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NOTE 27. COMMITMENTS AND PLEDGED COLLATERAL

(c) Potential Commitments

As part of a Master Investment Agreement entered into with Groupe Danone, the Company subscribed an agreement with the subsidiary Bagley Argentina S.A. whereby the Company agreed to provide the services required for the manufacturing of certain products using assets owned by Bagley Argentina S.A.

Consequently, as of December 31, 2020, certain pieces of equipment owned by Bagley Argentina S.A. are located at the Company's facilities, with a residual value of ARS 18,768. The Company is liable to safeguard these assets and to maintain the respective insurance policies. As of December 31, 2019, the residual value amounted to ARS 22,533.

Pursuant to certain toll manufacturing agreements entered into by the Company and third parties, as of December 31, 2020, the Company held in its own warehouses third parties' sugar inventories, for an amount equal to last month's average third party's purchase price, i.e., ARS 928,097. As of December 31, 2019, such inventories amounted to ARS 559,739.

As of December 31, 2020, the Company also held in its warehouses inventories of finished products for sale owned by third parties for a total amount of ARS 12,159 (excluding other related companies' inventories). As of December 31, 2019, these inventories amounted to ARS 28,639.

NOTE 28. SALES OF GOODS AND SERVICES

The following table shows the breakdown of the item Sales of Goods and Services:

	12.31.2020	12.31.2019
Sales of Goods Net of Discounts and Rebates		
- Third Parties	176,493,127	182,872,116
- Related Parties (Note 38)	349,043	342,154
Sales of Services		
- Third Parties	168,098	179,843
- Related Parties (Note 38)	1,206	1,122
TOTAL	**177,011,474**	**183,395,235**

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NOTE 29. COST OF GOODS SOLD AND SERVICES RENDERED

The following table shows the breakdown of the item Cost of Goods Sold and Services Rendered:

	12.31.2020	12.31.2019
Inventories at the Beginning of the Year (Notes 13)	**29,597,399**	**36,282,863**
Purchases for the Year	74,149,628	72,022,365
Transfers of Biological Products from the Agricultural Activity (Note 32)	1,140,311	1,039,503
Production and Services Expenses (Note 30)	50,852,222	56,508,813
Sales of By-products	(420,595)	(403,278)
Export Refunds [1]	(358,300)	(366,458)
Currency Translation Effect	(333,146)	(73,719)
Inventories at Year-end (Note 13)	(31,360,263)	(29,597,399)
BALANCE AT YEAR-END	**123,267,256**	**135,412,690**

[1] Net of the effect of (losses) / recovery of allowances for export refunds.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule F.

NOTE 30. INFORMATION ABOUT EXPENSES BY FUNCTION AND NATURE

The following table shows the breakdown of total expenses by nature:

	12.31.2020	12.31.2019
Managers', Directors' and Statutory Auditors' Fees	689,261	459,116
Services Fees	1,120,793	1,457,660
Salaries, Wages, Social Security Charges and Other Benefits (Note 31)	40,431,920	43,708,125
Taxes, Rates and Contributions	691,591	760,303
Direct Taxes	2,823,990	2,767,288
Maintenance of Property, Plant and Equipment, and Investment Properties	5,764,320	5,866,405
Depreciation of Property, Plant and Equipment, and Investment Properties (Notes 5 and 7) *	4,183,450	5,367,167
Depreciation of Right-of-use Assets (Note 6)*	771,797	590,537
Amortization of Intangible Assets (Note 8)	104,438	167,000
Freight and Haulage	8,415,597	8,806,463
Fuels and Lubricants	825,394	974,775
Export and Import Expenses	877,994	1,164,331
Third-party Services	5,675,850	6,050,365
Electricity, Natural Gas and Communications	4,243,042	6,200,021
Travelling Expenses and Per Diem	432,862	967,998
Bank Services	231,141	285,389
Quality and Environment	418,869	381,650
Publicity and Advertising	3,014,699	3,777,045
Operating Leases/Rentals	798,564	1,008,896
Insurance	743,741	758,698
Systems and Application Software	930,500	974,916
Export Duties	491,603	803,201
Bad Debts	79,579	112,150
Loss on Labor and Other Lawsuits	143,141	369,658
Loss on Other Provisions	18,386	7,101
Loss / (Recovery) of Other Receivables	2,344	(24,611)
Other General Expenses	3,758,496	3,723,984
TOTAL	**87,683,362**	**97,485,631**

* The difference between notes is attributable to the process of capitalizing and uncapitalizing depreciation included in the cost of biological assets.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule H.

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NOTE 30. INFORMATION ABOUT EXPENSES BY FUNCTION AND NATURE

(a) Production Expenses (Note 29):

	12.31.2020	12.31.2019
Services Fees	248,982	290,446
Salaries, Wages, Social Security Charges and Other Benefits (Note 31)	28,791,632	30,932,767
Taxes, Rates and Contributions	325,956	322,427
Maintenance of Property, Plant and Equipment	5,433,476	5,499,443
Depreciation of Property, Plant and Equipment (Note 5)	3,706,263	4,824,125
Depreciation of Right-of-use Assets (Note 6)	93,409	63,956
Amortization of Intangible Assets (Note 8)	14,576	29,611
Freight and Haulage	1,460,167	1,598,721
Fuels and Lubricants	748,320	863,894
Third-party Services	2,575,491	2,673,084
Electricity, Natural Gas and Communications	3,809,307	5,681,480
Travelling Expenses and Per Diem	165,617	304,168
Quality and Environment	417,416	381,156
Operating Leases/Rentals	243,821	235,519
Insurance	561,074	565,024
Systems and Application Software	299,083	291,749
Loss on Labor and Other Lawsuits	127,729	338,792
Loss / (Reversal) of Other Provisions	4,212	(9,362)
Loss / (Recovery) of Other Receivables	483	(1,248)
Other General Expenses	1,825,208	1,623,061
TOTAL	**50,852,222**	**56,508,813**

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule H.

(b) Biological Assets Production Expenses (Note 32):

	12.31.2020	12.31.2019
Services Fees	2,831	4,604
Salaries, Wages, Social Security Charges and Other Benefits (Note 31)	196,288	202,170
Taxes, Rates and Contributions	17,226	16,835
Maintenance of Property, Plant and Equipment	64,326	68,842
Depreciation of Property, Plant and Equipment (Note 5)*	110,257	105,476
Depreciation of Right-of-use Assets (Note 6)*	92,264	3,158
Freight and Haulage	40,442	39,507
Fuels and Lubricants	33,807	36,853
Third-party Services	287,610	301,148
Electricity, Gas and Communications	20,939	22,757
Travelling Expenses and Per Diem	1,120	2,593
Quality and Environment	1,453	494
Operating Leases/Rentals	30,442	73,434
Insurance	1,647	1,700
Systems and Application Software	1,209	1,160
Loss on Labor and Other Lawsuits	708	125
Other General Expenses	400,176	409,750
TOTAL	**1,302,745**	**1,290,606**

* The difference between notes is attributable to the process of capitalizing and uncapitalizing depreciation included in the cost of biological assets.

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NOTE 30. INFORMATION ABOUT EXPENSES BY FUNCTION AND NATURE

(c) Selling Expenses:

	12.31.2020	12.31.2019
Services Fees	162,450	171,255
Salaries, Wages, Social Security Charges and Other Benefits (Note 31)	7,044,311	7,945,005
Taxes, Rates and Contributions	188,927	245,606
Direct Taxes	2,823,990	2,767,288
Maintenance of Property, Plant and Equipment	223,011	244,623
Depreciation of Property, Plant and Equipment (Note 5)	270,835	317,189
Depreciation of Right-of-use Assets (Note 6)	460,018	406,026
Amortization of Intangible Assets (Note 8)	27,577	60,705
Freight and Haulage	6,914,988	7,168,235
Fuels and Lubricants	37,202	64,318
Export and Import Expenses	877,994	1,164,331
Third-party Services	2,520,184	2,705,546
Electricity, Gas and Communications	232,827	298,860
Travelling Expenses and Per Diem	201,194	482,618
Publicity and Advertising	3,014,699	3,777,045
Operating Leases/Rentals	483,069	653,785
Insurance	105,337	118,732
Systems and Application Software	301,054	321,026
Export Duties	491,603	803,201
Bad Debts	79,579	112,150
Loss on Labor and Other Lawsuits	14,815	25,672
Loss / (Reversal) of Other Provisions	13,674	(1,126)
Loss on Other Receivables	1,861	12,002
Other General Expenses	1,356,433	1,536,457
TOTAL	**27,847,632**	**31,400,549**

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV and identified as Schedule H.

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NOTE 30. INFORMATION ABOUT EXPENSES BY FUNCTION AND NATURE

(d) Administrative Expenses:

	12.31.2020	12.31.2019
Managers', Directors' and Statutory Auditors' Fees	689,261	459,116
Services Fees	706,219	991,244
Salaries, Wages, Social Security Charges and Other Benefits (Note 31)	4,399,689	4,628,183
Taxes, Rates and Contributions	156,123	170,654
Maintenance of Property, Plant and Equipment	41,751	50,614
Depreciation of Property, Plant and Equipment (Note 5)	95,970	103,647
Depreciation of Right-of-use Assets (Note 6)	126,106	117,397
Amortization of Intangible Assets (Note 8)	62,285	76,684
Fuels and Lubricants	6,065	9,710
Third-party Services	244,615	318,252
Electricity, Gas and Communications	179,574	196,405
Travelling Expenses and Per Diem	64,931	178,619
Bank Services	231,141	285,389
Operating Leases/Rentals	41,232	46,158
Insurance	75,683	73,242
Systems and Application Software	329,154	360,981
(Recovery) / Loss on Labor and Other Lawsuits	(111)	5,069
Loss on Other Provisions	500	17,589
Recovery of Other Receivables	-	(35,365)
Other General Expenses	176,295	153,244
TOTAL	**7,626,483**	**8,206,832**

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV and identified as Schedule H.

(e) Investment Property Maintenance Expenses (Note 33):

	12.31.2020	12.31.2019
Services Fees	311	111
Taxes, Rates and Contributions	3,359	4,781
Maintenance of Investment Properties	1,756	2,883
Depreciation of Investment Properties (Note 7)	125	16,730
Third-party Services	47,950	52,335
Electricity, Gas and Communications	395	519
Other General Expenses	384	1,472
TOTAL	**54,280**	**78,831**

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV and identified as Schedule H.

NOTE 31. SALARIES, WAGES, SOCIAL SECURITY CHARGES AND OTHER BENEFITS

The following table shows the breakdown of the item Salaries, Wages, Social Security Charges and Other Benefits:

	12.31.2020	12.31.2019
Salaries, Wages and Social Security Contributions	39,080,052	42,943,640
Early Retirement Benefits (Note 24)	474,450	584,983
Pension Plans (Note 24)	824,436	150,571
Retirement Bonus (Note 24)	52,982	28,931
TOTAL	**40,431,920**	**43,708,125**

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(Figures stated in thousands of Argentine pesos)

NOTE 32. INCOME (LOSS) FROM BIOLOGICAL ASSETS

The following tables show the income (loss) from the main biological assets:

	FRUIT CROPS	GRAIN SOWN LAND	SUGAR CANE SOWN LAND	DAIRY OR BEEF CATTLE	TREE PLANTATIONS	TOTAL AS OF 12.31.2020
Sales of Biological Assets and Products	33,249	327,503	-	71,487	39,337	471,576
Cost of Sales of Biological Assets	(33,249)	-	-	(71,487)	-	(104,736)
Cost of Sales of Biological Products	-	(207,862)	-	-	(32,889)	(240,751)
Subtotal - Income (Loss) from Sale of Biological Products	**-**	**119,641**	**-**	**-**	**6,448**	**126,089**
Harvest of Biological Products [1]	89,665	549,625	298,915	397,952	127,842	1,463,999
Initial Recognition and Changes in Fair Value of Biological Products [2]	7,758	-	-	220,471	(3,828)	224,401
Derecognition of Bearer Plants	-	-	(1,809)	-	-	(1,809)
Production Expenses of Biological Assets for the Agricultural and Forestry Activities (Note 30)	(125,776)	(282,577)	(348,105)	-	(112,504)	(868,962)
Production Expenses of Biological Assets for the Livestock Activities (Note 30)	-	-	-	(433,783)	-	(433,783)
Subtotal - Production Costs of Biological Assets	**(125,776)**	**(282,577)**	**(348,105)**	**(433,783)**	**(112,504)**	**(1,302,745)**
Consumption of Harvested Biological Products	-	-	-	(43,788)	-	(43,788)
Consumption of Other Biological Products Used as Inputs	-	-	-	(24,089)	-	(24,089)
TOTAL INCOME (LOSS) FROM BIOLOGICAL ASSETS	**(28,353)**	**386,689**	**(50,999)**	**116,763**	**17,958**	**442,058**

[1] Measured at fair value at the point of harvest.

[2] For agricultural activities, it represents the changes in fair value of biological assets not yet harvested/logged at year-end.

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NOTE 32. INCOME (LOSS) FROM BIOLOGICAL ASSETS

	FRUIT CROPS	GRAIN SOWN LAND	SUGAR CANE SOWN LAND	DAIRY OR BEEF CATTLE	TREE PLANTATIONS	TOTAL AS OF 12.31.2019
Sales of Biological Assets and Products	-	279,447	-	41,957	66,783	388,187
Cost of Sales of Biological Assets	-	-	-	(41,957)	-	(41,957)
Cost of Sales of Biological Products	-	(204,438)	-	-	(52,843)	(257,281)
Subtotal - Income (Loss) on Sales of Biological Products	**-**	**75,009**	**-**	**-**	**13,940**	**88,949**
Harvest of Biological Products [1]	101,995	468,679	211,805	391,308	162,557	1,336,344
Initial Recognition and Changes in Fair Value of Biological Products [2]	(27,771)	-	-	122,795	(159,438)	(64,414)
Production Expenses of Biological Assets for the Agricultural and Forestry Activities (Note 30)	(125,790)	(288,357)	(347,055)	-	(106,875)	(868,077)
Production Expenses of Biological Assets for the Livestock Activities (Note 30)	-	-	-	(422,529)	-	(422,529)
Subtotal - Production Costs of Biological Assets	**(125,790)**	**(288,357)**	**(347,055)**	**(422,529)**	**(106,865)**	**(1,290,596)**
Consumption of Harvested Biological Products	-	-	-	(16,935)	-	(16,935)
Consumption of Other Biological Products Used as Inputs	-	-	-	(57,754)	-	(57,754)
TOTAL INCOME (LOSS) FROM BIOLOGICAL ASSETS	**(51,566)**	**255,331**	**(135,250)**	**16,885**	**(89,806)**	**(4,406)**

[1] Measured at fair value at the point of harvest.

[2] For agricultural activities, it represents the changes in fair value of biological assets not yet harvested/logged at year-end.

The production of biological assets is primarily intended to be transferred from agricultural to industrial production, as detailed below:

	BIOLOGICAL ASSETS GENERATED BY AGRICULTURAL PRODUCTION						
	FRUIT CROPS	GRAIN SOWN LAND	SUGAR CANE SOWN LAND	DAIRY OR BEEF CATTLE	TREE PLANTATIONS	TOTAL AS OF 12.31.2020	TOTAL AS OF 12.31.2019
Opening Inventories of Biological Products	-	-	-	-	-	-	-
Harvest of Biological Products	89,665	549,625	298,915	397,952	127,842	1,463,999	1,336,344
Cost of Sales of Biological Products	-	(207,862)	-	-	(32,889)	(240,751)	(257,281)
Internal Transfers	-	(43,788)	-	43,788	-	-	-
Consumption of Harvested Biological Products (Fodder)	-	-	-	(43,788)	-	(43,788)	(16,935)
Subtotal	**89,665**	**297,975**	**298,915**	**397,952**	**94,953**	**1,179,460**	**1,062,128**
Closing Inventories of Harvested Biological Products Not Transferred to Industrial Activities [1]	-	(39,149)	-	-	-	(39,149)	(22,625)
TOTAL TRANSFERS OF BIOLOGICAL PRODUCTS AS OF 12.31.2020 (Note 29)	**89,665**	**258,826**	**298,915**	**397,952**	**94,953**	**1,140,311**	**-**
TOTAL TRANSFERS OF BIOLOGICAL PRODUCTS AS OF 12.31.2019 (Note 29)	**101,995**	**224,681**	**211,805**	**391,308**	**109,714**	**-**	**1,039,503**

[1] It refers to fodder included in "Raw Materials and Materials" (Note 13).

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NOTE 33. OTHER INCOME / (EXPENSES), NET

The following table shows the breakdown of Other Income (Expenses), Net:

	12.31.2020	12.31.2019
Tax on Bank Credits and Debits	(1,318,286)	(1,355,549)
Net (Disbursements) out of Income Accrued Provided by Investment Properties [1]	(43,973)	(67,616)
Income on Disposal of Property, Plant and Equipment and Investment Properties [2]	589,052	66,097
Others [3]	222,663	1,903,111
TOTAL	**(550,544)**	**546,043**

[1] Includes maintenance expenses of investment properties for the year ended December 31, 2020 and 2019 for ARS 54,280 and ARS 78,831, respectively (Note 30).

[2] It includes ARS 567 million attributable to income from the sale of machinery under the joint venture agreement with Webcor Group (see Note 41).

[3] As of December 31, 2019, it includes ARS 1,696,874 as income from the recognition of the favorable resolution in the tax litigation initiated by the subsidiaries Arcor do Brasil Ltda. and Bagley do Brasil Alimentos Ltda. described in Note 12.

NOTE 34. NET FINANCIAL INCOME (EXPENSE), NET

The following table shows the breakdown of Financial Income (Expense):

	INCOME / (EXPENSE)	
	12.31.2020	12.31.2019
Financial Income		
Interest:		
- Cash Equivalents	33,778	52,594
- Ordinary Explicit and Implicit [1]	(1,444,841)	484,855
- Finance Charges with Related Parties (Note 38)	(111)	114
Changes in the Fair Value of Financial Instruments:		
- Other Financial Instruments	-	13,967
Subtotal - Financial Income	**(1,411,174)**	**551,530**
Financial Expenses		
Interest:		
- Banks, Notes and Financing Expenses	(3,900,486)	(6,736,153)
- Finance Leases	(120,822)	(164,461)
- Explicit and Implicit	471,609	958,819
Changes in the Fair Value of Financial Instruments		
- Mastellone Hermanos S.A.'s Options (Nota 42)	(1,597,527)	(501,847)
- Other Financial Instruments	(384,760)	-
Exchange Differences	(1,506,986)	(1,467,865)
Subtotal	**(7,038,972)**	**(7,911,507)**
Amounts Capitalized in Eligible Assets	20,024	93,616
Subtotal - Financial Expenses	**(7,018,948)**	**(7,817,891)**
Gain on Net Monetary Position	**1,936,870**	**1,357,710**
TOTAL NET FINANCIAL INCOME (EXPENSE)	**(6,493,252)**	**(5,908,651)**

[1] As of December 31, 2019, it includes income in the amount of ARS 1,277,189 attributable to the adjusted recognition of the favorable resolution in the tax litigation initiated by the subsidiaries Arcor do Brasil Ltda. and Bagley do Brasil Alimentos Ltda. described in Note 12.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 35. INCOME TAX

The income tax expense charged to income is broken down as follows:

	12.31.2020	12.31.2019
Current Income Tax	(3,368,721)	(3,121,881)
Income Tax - Deferred Tax Method	(1,996,387)	(1,086,265)
Minimum Presumed Income Tax	-	(7,133)
Subtotal - Income Tax Charged to the Statement of Income	**(5,365,108)**	**(4,215,279)**
Income Tax - Deferred Tax Method	(72,780)	111,873
Subtotal - Income Tax Charged to Other Comprehensive Income	**(72,780)**	**111,873**
TOTAL INCOME TAX EXPENSE	**(5,437,888)**	**(4,103,406)**

Below is a reconciliation between income tax charged to income and that resulting from applying the corporate income tax rate effective in Argentina to consolidated net income before tax reported in the financial statements:

	12.31.2020	12.31.2019
Income for the Year before Tax	**10,806,940**	**4,019,114**
Income Tax Rate	30%	30%
Income Tax Calculated at the Company's Effective Tax Rate	**(3,242,082)**	**(1,205,734)**
Permanent Differences and Other Reconciling Items		
(Non-deductible Expenses) and Non-taxable Income	(621,383)	34,890
Changes in Unrecognized Deferred Assets	(105,664)	(442,774)
Effect of Tax Rate Adjustment [1]	491,999	12,623
Effect of Restatement on Carrying Amounts that Do Not Affect the Deferred Position	338,283	(733,030)
Effect of Application of the Inflation Adjustment for Tax Purposes	(3,153,961)	(3,733,323)
Effect of Restatement Law No. 27,430 on Tax Bases [3]	1,304,472	1,628,870
Net Generation (Use) of Tax Credits for Equivalent Foreign Taxes [2]	(107,866)	14,640
Tax Effect of Tax Credits for Equivalent Foreign Taxes	(14,058)	(4,392)
Minimum Presumed Income Tax	-	(7,133)
Income (Loss) from Investments in Associates and Joint Ventures	(258,428)	303,289
Other Effects Arising from Investments in Group Companies	37,614	(8,491)
Others, Net	(34,034)	(74,714)
Subtotal - Permanent Differences at the Tax Rate	**(2,123,026)**	**(3,009,545)**
TOTAL INCOME TAX EXPENSE CHARGED TO INCOME	**(5,365,108)**	**(4,215,279)**
Current Income Tax	(3,368,721)	(3,121,881)
Income Tax - Deferred Tax Method	(1,996,387)	(1,086,265)
Minimum Presumed Income Tax	-	(7,133)
TOTAL INCOME TAX EXPENSE CHARGED TO INCOME	**(5,365,108)**	**(4,215,279)**

[1] It includes: (i) the effect of applying the effective corporate tax rate in Argentina (Company's domicile) in the reconciliation, despite the fact that a portion of "Income before Tax" is subject to the tax rate effective in other jurisdictions; (ii) the effect of the changes in tax rates in the jurisdictions where the Group operates on the amount charged to income, and (iii) the effect of the difference between the rate used in this reconciliation (30%) and the one expected to be in force in Argentina, at the time of reversal of the identified differences between carrying amounts and tax bases.

[2] Included in "Current Income Tax."

[3] Includes the effect on the deferred position of: (i) the tax revaluation option described in this note; and (ii) the restatement of the tax bases of new fixed assets recognized on or after January 1, 2018, as permitted by Law 27,430.

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NOTE 35. INCOME TAX

Tax Reform in Argentina

On December 29, 2017, the National Executive Branch enacted Income Law No. 27,430. This Law introduced several changes to the income tax treatment, particularly, a reduction in the income tax corporate rate applicable to taxable income. The rate reduction would be implemented gradually within 4 years up to reach 25% in 2020, and would be supplemented with an "additional tax" on dividends or profits distributed to individuals, undivided estates or foreign beneficiaries. This additional tax is to be withheld by the entity distributing the dividends or profits at the time of making them available or at the time of capitalization, as a single and final payment, except in the case of registered taxpayers, in which case such additional tax will be regarded as a prepayment.

Then, Section 48 of the Social Solidarity and Productive Revival Law No. 27,451 published in the Official Gazette on December 23, 2019 suspended the tax rate reduction to 25% until the fiscal years beginning on or after January 1, 2021.

The following table shows the applicable corporate tax rates and additional tax as described above:

FISCAL YEAR	CORPORATE TAX RATE	ADDITIONAL TAX
2018	30%	7%
2019	30%	7%
2020	30%	7%
2021 onwards	25%	13%

Tax Revaluation in Argentina – Law No. 27,430. Recovery actions in connection with the 2016 Income Tax Return

The afore-mentioned Law 27,430 provided taxpayers with an option to carry out a "tax revaluation" of their taxable-income generating assets based in Argentina, subject to the payment of a "special tax" on the revaluation amount, depending on the nature of the asset being revalued, as follows: 8% on real property not qualifying as inventories, 15% on real property qualifying as inventories, and 10% on personal and other property. Once the option for a given asset is exercised, all the other assets within the same category should be revalued as well. According to the terms of the law, such special tax was not deductible from income tax, and the taxable income that gave rise to the revaluation was exempt. Furthermore, as laid down in the above-mentioned law, the exercise of the option allows taxpayers to deduct from income tax for subsequent periods depreciation expenses restated from the revaluation date to the closing date of each respective period, according to the changes in the CPI published by INDEC.

Accordingly, in December 2018, the Boards of Directors of the subsidiaries Papel Misionero S.A.I.F.C., Cartocor S.A. and Bagley Argentina S.A. decided to exercise the tax revaluation option as of December 31, 2017 for certain items of Property, Plant and Equipment. Consequently, within the applicable statutory term, they made payment of the special tax in the amount of ARS 141,380 (ARS 296,090 at restated values). The accounting effects of the aforementioned option were recognized as follows:

- As of December 31, 2018, the Group recognized: (i) a negative charge for the "special tax" described above; and (ii) the positive effects on the deferred position of the increase in the tax bases as of such date of the assets revalued at December 31, 2017 and restated from that date to the previous year-end, as explained above.

- As from December 31, 2019, the Group recognized the positive effects on the deferred position of the increase in the tax bases for the restatement of the revalued assets from December 31, 2018 to December 31 of each subsequent year.

According to the provisions of Section 292 of Law No. 27,430 and its implementing regulations, the subsidiaries Cartocor S.A. and Bagley Argentina S.A., as a result of having exercised such a revaluation option, dismissed the recovery actions initiated in respect of the 2016 income tax returns.

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NOTE 35. INCOME TAX

- Minimum Presumed Income Tax in Argentina

Minimum presumed income tax was repealed by means of Law No. 27,260 effective since fiscal years beginning on or after January 1, 2019. Accordingly, the Company did not assess any obligation related to such tax for fiscal year 2019. Previously, AFIP, by means of its General Directive No. 2/2017, had instructed its legal areas to abide by the criteria laid down by the Argentine Supreme Court of Justice, in that no minimum presumed income shall be deemed to exist when a taxpayer has posted losses in the financial statements for the pertinent year and has also posted tax losses in the income tax return for that fiscal year. For this reason, some of the Group companies had not paid this tax year either before fiscal year 2019.

- Recovery Actions in respect of Minimum Presumed Income Tax Filed in Argentina

Arcor S.A.I.C.

On July 30, 2018, the Company filed an action with AFIP for the recovery of the Minimum Presumed Income Tax paid for fiscal years 2013, 2014, 2016 and 2017, since the Company believes that it meets, under certain criteria, the guidelines set forth in AFIP General Directive No. 2/2017 and the case law of the Argentine Supreme Court of Justice in this respect. The amount claimed in the action was ARS 366,338. The respective balance is reported in "Other Current Receivables" in the separate balance sheet. By means of resolution dated January 27, 2021, AFIP notified the Company that it had dismissed the claim asserted in the recovery action. On December 28, 2017, La Campagnola S.A.C.I., a company merged into Arcor S.A.I.C., filed an action with AFIP for the recovery of the Minimum Presumed Income Tax paid for fiscal years 2013 and 2016, since the company meets the criteria laid down in AFIP General Directive No. 2/2017. The amount claimed in the action was ARS 22,301. On January 17, 2019, AFIP notified the subsidiary that it had sustained the claim asserted in the recovery action.

- Inflation Adjustment for Tax Purposes in Argentina

Pursuant to the terms of Law No. 27,430, the inflation adjustment for tax purposes established in Sections 95 through 98 of the Income Tax Law is applicable to fiscal years beginning on or after January 1, 2018 provided cumulative inflation over a three-year period as from such date reaches 100%. However, Law No. 27,468 amended the transition scheme set forth in said Law No. 27,430, providing that, for the first, second and third years from its effective date, the adjustment will be applicable to the extent the changes in the CPI, calculated since the beginning through the end of each of such years, are higher than fifty-five per cent (55%), thirty per cent (30%), and fifteen per cent (15%), respectively. Then, Law No. 27,541 established that the amount assessed for the first and the second fiscal year beginning on or after January 1, 2019 shall be charged as follows: one sixth (1/6) in such fiscal years and the remaining five sixths (5/6), on an equal basis, in the 5 immediately following fiscal years. In subsequent fiscal years, the effects of the application of the inflation adjustment for tax purposes will be fully allocated to the respective period.

- Favorable Rulings in Tax Litigation Filed by the Subsidiaries Arcor do Brasil Ltda., and Bagley do Brasil Alimentos Ltda.

Concerning the favorable rulings rendered in favor of Arcor do Brasil Ltda. and Bagley do Brasil Alimentos Ltda. described in Note 12, these subsidiaries submitted inquiries to the Brazilian tax authorities during fiscal year ended December 31, 2019, in connection with certain tax positions adopted in the calculation of income tax and social contribution on net profits (IRPJ / CSLL), which, according to the terms of IFRIC 23 and based on the internal and external assessment of the legal advisors, are currently expected to be accepted. On the basis of such analysis, the subsidiaries recognized a lower current income tax expense than the one it would otherwise result, should the final outcome of the inquiries is not as expected.

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NOTE 36. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income attributable to the Company´s shareholders by the number of outstanding common shares. For fiscal years 2020 and 2019, outstanding common shares as of the current year end are considered. The Company does not have preferred shares or debt convertible into shares; therefore, basic earnings per share are equal to diluted earnings per share.

	FOR THE YEAR ENDED	
	12.31.2020	12.31.2019
Net Income / (Loss) for the Year Attributable to the Company's Shareholders	4,163,556	(2,000,013)
Outstanding Common Shares	70,000,000,000	70,000,000,000
BASIC AND DILUTED EARNINGS / (LOSSES) PER SHARE	**0.05948**	**(0.02857)**

NOTE 37. DIVIDENDS PER SHARE

Dividends paid to the Company's shareholders during 2020 amounted to ARS 1,730,000 (or ARS 2,118,056 in constant currency), as determined at the Ordinary and Extraordinary General Shareholders' Meetings held on April 25, 2020 and August 15, 2020, at which time shareholders resolved to pay dividends in the amount of ARS 1,180,000 (or ARS 1,490,228 in constant currency) and ARS 550,000 (or ARS 627,828 in constant currency), respectively. Based on the number of shares outstanding at the balance sheet date, dividends per share adjusted for inflation amount to ARS 0.06840.

Dividends paid to the Company's shareholders in 2019 amounted to ARS 690,000 (or ARS 1,145,191 in constant currency), as determined at the Ordinary and Extraordinary General Shareholders' Meetings held on April 27, 2019 and September 19, 2019, at which time shareholders resolved to pay dividends in the amount of ARS 270,000 (or ARS 505,871 in constant currency) and ARS 420,000 (or ARS 639,320 in constant currency), respectively. Based on the number of shares outstanding at the balance sheet date, dividends per share adjusted for inflation amount to ARS 0.01636.

NOTE 38. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The tables below show a detail of transactions and balances with related parties:

*(a) Sales of Goods and Services**

Sales of Goods

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Logística La Serenísima S.A. [1]	Indirect Associate	390	500
Mastellone Hermanos S.A.	Associate	337,804	328,712
Mastellone San Luis S.A. [2]	Indirect Associate	10,849	12,942
TOTAL		**349,043**	**342,154**

[1] Mastellone Hermanos S.A.'s related company

[2] A company controlled by Mastellone Hermanos S.A.

Sales of Services

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Grupo Arcor S.A.	Parent	1,206	1,122
TOTAL		**1,206**	**1,122**

* Gross amount before segregating implicit financial interest included in Financial Income.

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NOTE 38. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(b) Purchases of Goods and Services

Purchase of Goods

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Mastellone de Paraguay S.A. [1]	Indirect Associate	264,510	263,186
Mastellone Hermanos S.A.	Associate	577,481	197,853
TOTAL		**841,991**	**461,039**

[1] A company controlled by Mastellone Hermanos S.A.

Purchase of Services

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Dulcería Nacional (SU), Limitada [1]	Joint Venture	3,029	-
TOTAL		**3,029**	**-**

[1] A company controlled by TUCOR DMCC.

(c) Other Income and Expenses with Related Parties

Other Income

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Dulcería Nacional (SU), Limitada [1]	Joint Venture	21,146	-
TOTAL		**21,146**	**-**

[1] A company controlled by TUCOR DMCC.

Other Expenses

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Contributions to Arcor Foundation	Other	16,483	18,454
Contributions to Arcor Foundation in Chile	Other	3,854	14,391
Contributions to Arcor Institute in Brazil	Other	11,767	20,895
TOTAL		**32,104**	**53,740**

(d) Recovery of Expenses

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Mastellone de Paraguay S.A. [1]	Indirect Associate	8,682	11,756
Mastellone Hermanos S.A.	Associate	5,962	2,463
TOTAL		**14,644**	**14,219**

[1] A company controlled by Mastellone Hermanos S.A.

(e) Financial Interest Income (Note 34)

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
GAP Inversora S.A.	Associate	(13)	4
Other Related Parties	Other	(98)	110
TOTAL		**(111)**	**114**

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NOTE 38. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(f) Balances of Receivables and Payables from Transactions with Related Parties

Accounts Receivables (Note 12)

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Grupo Arcor S.A.	Parent	-	1,012
Logística La Serenísima S.A. [1]	Indirect Associate	-	283
Mastellone de Paraguay S.A. [2]	Indirect Associate	3,270	2,749
Mastellone Hermanos S.A.	Associate	40,776	26,251
Mastellone San Luis S.A. [2]	Indirect Associate	1,420	843
TOTAL		**45,466**	**31,138**

Other Receivables (Note 12)

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Dulcería Nacional (SU), Limitada [3]	Joint Venture	21,146	-
TUCOR DMCC [4]	Joint Venture	761,049	-
TOTAL		**782,195**	**-**

Accounts Payable and Other Liabilities (Note 26)

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Dulcería Nacional (SU), Limitada. [3]	Joint Venture	3,029	-
Mastellone de Paraguay S.A. [2]	Indirect Associate	36,857	37,768
Mastellone Hermanos S.A.	Associate	133,115	13,715
Other Related Parties	Other	15,081	17,272
Directors' Fees Payable	Other	34,257	14,122
TOTAL		**222,339**	**82,877**

[1] Mastellone Hermanos S.A.'s related company
[2] A company controlled by Mastellone Hermanos S.A.
[3] A company controlled by TUCOR DMCC
[4] Non-current balance

Accounts receivable and payable with related parties primarily arise from purchase/sale transactions generally due within twelve months after the sale transaction date and do not accrue interest. Accounts receivable are not secured and do not accrue interest. No impairment allowances have been recorded for accounts receivable from related parties.

(g) Loans Granted (Note 12)

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
GAP Inversora S.A.	Associate	487	-
Other Related Parties	Other	1,661	1,638
TOTAL		**2,148**	**1,638**

(h) Employee Benefits

The compensation and other benefits paid or payable to the Board of Directors and key management personnel as of December 31, 2020 and 2019 amounted to ARS 1,450,146 and ARS 1,031,357, respectively.

Key management personnel are individuals having authority and responsibility for planning, managing and controlling the Group's activities.

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.1 Financial Instruments by Category

The following charts show the information required under IFRS 7 for financial assets and financial liabilities, in accordance with the categories established in IFRS 9.

- As of December 31, 2020:

	AMORTIZED COST	FAIR VALUE		TOTAL
		THROUGH PROFIT OR LOSS	THROUGH OTHER COMPREHENSIVE INCOME	
Assets as per Balance Sheet				
Derivative Financial Instruments	-	270,000	-	270,000
Other Receivables [1]	2,074,021	-	-	2,074,021
Trade Receivables	23,897,718	-	-	23,897,718
Other Investments at Amortized Cost	5	-	-	5
Cash and Cash Equivalents	-	14,545,799	-	14,545,799
TOTAL AS OF 12.31.2020	**25,971,744**	**14,815,799**	**-**	**40,787,543**
Liabilities as per Balance Sheet				
Loans	62,124,989	-	-	62,124,989
Financial Lease Liabilities	1,628,326	-	-	1,628,326
Derivative Financial Instruments	-	1,824,648	-	1,824,648
Trade Payables and Other Liabilities [1]	30,247,280	547,643	-	30,794,923
TOTAL AS OF 12.31.2020	**94,000,595**	**2,372,291**	**-**	**96,372,886**

- As of December 31, 2019:

	AMORTIZED COST	FAIR VALUE		TOTAL
		THROUGH PROFIT OR LOSS	THROUGH OTHER COMPREHENSIVE INCOME	
Assets as per Balance Sheet				
Derivative Financial Instruments	-	11,722	5,730	17,452
Other Receivables [1]	1,021,606	-	-	1,021,606
Trade Receivables	25,109,789	-	-	25,109,789
Other Investments at Amortized Cost	16	-	-	16
Cash and Cash Equivalents	-	13,569,260	-	13,569,260
TOTAL AS OF 12.31.2019	**26,131,411**	**13,580,982**	**5,730**	**39,718,123**
Liabilities as per Balance Sheet				
Loans	72,106,028	-	-	72,106,028
Financial Lease Liabilities	1,787,883	-	-	1,787,883
Derivative Financial Instruments	-	226,924	-	226,924
Trade Payables and Other Liabilities [1]	27,088,187	204,939	-	27,293,126
TOTAL AS OF 12.31.2019	**100,982,098**	**431,863**	**-**	**101,413,961**

[1] It only includes financial assets and liabilities under IFRS 7.

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NOTE 39, FINANCIAL RISK MANAGEMENT

39,2 Fair Value Hierarchies

The tables below show financial instruments measured at fair value, classified by hierarchy, according to the measurement method used, The different levels were defined as follows:

- Level 1: (Unadjusted) quoted prices for identical assets and liabilities in active markets,
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices),
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs), which requires that the Group prepare its own hypothesis and assumptions,

Below are the Group's assets and liabilities measured at fair value:

- As of December 31, 2020:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial Assets at Fair Value				
Derivative Financial Instruments	270,000	-	-	270,000
Cash and Cash Equivalents	14,545,799	-	-	14,545,799
TOTAL ASSETS	**14,815,799**	**-**	**-**	**14,815,799**

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Liabilities				
Financial Liabilities at Fair Value				
Derivative Financial Instruments	197	-	1,824,451	1,824,648
Trade Payables and Other Liabilities [1]	-	547,643	-	547,643
TOTAL LIABILITIES	**197**	**547,643**	**1,824,451**	**2,372,291**

- As of December 31, 2019:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial Assets at Fair Value				
Derivative Financial Instruments	5,730	11,722	-	17,452
Cash and Cash Equivalents	13,569,260	-	-	13,569,260
TOTAL ASSETS	**13,574,990**	**11,722**	**-**	**13,586,712**

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Liabilities				
Financial Liabilities at Fair Value				
Derivative Financial Instruments	-	-	226,924	226,924
Trade Payables and Other Liabilities [1]	-	204,939	-	204,939
TOTAL LIABILITIES	**-**	**204,939**	**226,924**	**431,863**

[1] It only includes financial liabilities under IFRS 7,

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.2 Fair Value Hierarchies

The fair value of financial instruments traded in active markets is based on quoted prices as of the reporting period date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 primarily comprise financial options, cocoa forward contracts, currency forwards (derivative financial instruments) and cash and cash equivalents.

The fair value of financial instruments that are not traded in an active market is measured using valuation techniques. These valuation techniques maximize the use of observable market inputs available and, to the least possible extent, are based on specific estimates made by the Group. If all material inputs required to calculate the fair value of an instrument are observable, then the instrument is included in Level 2. The instruments included in Level 2 primarily comprise currency forwards (derivative financial instruments) and cereal purchase contracts with prices to be fixed (trade payables and other liabilities).

If one or more pieces of significant information to calculate the fair value of the financial instrument are not based on observable market inputs, the instrument is included in Level 3. The instruments included in Level 3 encompass the financial options associated with the transaction with Mastellone Hermanos S.A.

39.3 Fair Value Estimate

Fair Value of Assets and Liabilities Measured at Fair Value

Below is a detail of financial assets and liabilities measured at fair value as of December 31, 2020 and 2019, together with the information and techniques used for their valuation and their respective fair value level:

(a) Cash and Cash Equivalents

The carrying amount of Cash and Cash Equivalents approximates its fair value. Mutual funds and government securities are also included in this item. Their value was estimated using information from active markets, with holdings of government securities and shares in mutual funds being measured at their quoted prices at the reporting period-end. Therefore, their fair value was included in Level 1.

(b) Derivative Financial Instruments

(i) Financial Options and Cocoa Forward Contracts
The fair value of these financial instruments is determined by reference to known quotations in active markets, thus, such fair value is classified as Level 1.

(ii) Currency Forwards
The fair value of currency forwards entered into in Argentina through ROFEX is determined using observable quoted prices at year-end for each specific contract. Therefore, their fair value is included in Level 1. The fair value of forward contracts for the sale of U.S. dollars is classified as Level 2.

(iii) Financial Options Associated with the Transaction with Mastellone Hermanos S.A.
The fair value of these financial instruments was estimated by using option valuation models (Black & Scholes and Montecarlo Simulation).
Such models include unobservable market inputs; therefore, valuation is classified as Level 3.

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.3 Fair Value Estimate

(c) Accounts Payable and Other Liabilities - Cereal Purchase Contracts with Price to be Fixed

As of December 31, 2020 and 2019, the Group carried out grain purchase transactions with producers, whose price has not yet been fixed.

These liabilities are measured at their estimated fair value using information from active markets and pricing each ton of grain due at their quoted price at year-end, adjusted for the Group's specific contracting conditions. Therefore, valuation is classified as Level 2.

Fair Value of Financial Assets and Liabilities Measured at Amortized Cost

IFRS 7 requires that entities disclose information on the fair value of financial instruments, even though such instruments are not measured at fair value in the balance sheet, provided fair value can be reasonably estimated. This group encompasses:

(a) Trade and Other Receivables

The carrying amount of these assets approximates their fair value due to their substantially short-term nature. All doubtful accounts are included in an allowance.

(b) Trade Payables and Other Liabilities

The carrying amount of these liabilities approximates their fair value due to their substantially short-term nature.

(c) Loans

Loans primarily include:

(i) Listed Notes at Fixed Rate
The fair value of these instruments was calculated using information from active markets. The outstanding debt was measured at the quoted price of the instruments at each year-end (Nota 22).

(ii) Loans at Variable Rate
This category primarily comprises notes issued in ARS accruing interest at variable rate based on BADLAR plus an applicable margin. It also includes loans borrowed by Arcor do Brasil Ltda. and Bagley do Brasil Alimentos Ltda. from local entities, which accrue interest at variable rate based on the interbank certificate of deposit rate.

Fair value was calculated applying observable rates for similar instruments to discount cash flows (Note 22).

(iii) Loans and Other Financial Indebtedness at Fixed Rate
It mainly includes balances of short and long-term loans borrowed by the Group from world-class financial institutions. Fair value was calculated applying observable rates for similar instruments to discount cash flows (Note 22).

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.4 Financial Risk Factors

Financial risk management is part of the Group's global policies, which seek to address the uncertainty of financial markets and attempt to minimize potential adverse impacts on its financial profitability. Where necessary, the Group uses derivative instruments to hedge certain risk exposures. The main financial risks, such as exchange rate, interest rate, liquidity and capital risks, are generally managed by the Finance and Treasury area, which identifies, assesses and hedges financial risks in close collaboration with the Group's several operating units.

39.5 Market Risk

39.5.1 Exchange Rate Risk:

The Group manufactures and sells its products in several countries around the world and, as such, it is exposed to the risk of exchange rate fluctuations. The exchange rate risk arises from:

- **Operating and Investing Activities**

Operating income and expenses are generally stated in the functional currency of the country where they were originated. However, exports and imports (in particular, raw materials, materials, and property, plant and equipment items) are stated in other currencies, primarily USD and EUR. Consequently, the Group is exposed to exchange rate fluctuations in respect of recognized financial assets and liabilities arising from these transactions.

Considering only this net monetary exposure as of December 31, 2020 and 2019, the Group estimates that the impact of a concurrent favorable/unfavorable 10% change in the main exchange rates, with all other variables remaining constant, would result in a pre-tax gain/loss in nominal terms (i.e., without eliminating the inflation hedge) of around ARS 587,386 and ARS 760,107, respectively.

- **Financing Activities**

A substantial portion of the Group's financial indebtedness is stated in USD. To reduce its exchange rate exposure arising from these transactions, the Group may use exchange rate derivative contracts (currency forwards or futures).

Considering only this net monetary exposure as of December 31, 2020 and 2019, the Group estimates that the impact, net of the effect of currency derivative instruments, of a concurrent favorable/unfavorable 10% change in the main exchange rates, with all other variables remaining constant, would result in a pre-tax gain/loss in nominal terms (i.e., without eliminating the inflation hedge) of around ARS 4,802,427 and ARS 5,051,407, respectively.

39.5.2 Raw Material Price Risk:

The Group is exposed to the volatility in prices of certain basic raw materials sourced from third parties, such as corn, wheat, sugar, cacao (and its derivatives) and paper.

For instance, in order to ensure the supply of corn and wheat, in some cases, the Group enters into purchase agreements and grants the producer the right to fix the price at any time between the date of delivery and a future date (grain purchase agreements with price to be fixed). The Group does not hedge the potential risks a change in grain prices could have on its financial position and results of operations.

As of December 31, 2020 and 2019, the impact of a concurrent favorable/unfavorable 10% change in corn and wheat prices, assuming all other variables remain constant, would result in a pre-tax gain/loss of around ARS 54,764 and ARS 20,493, respectively.

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.5 Market Risk

39.5.2 Raw Material Price Risk:

For cocoa, in some cases the Group enters into financial transactions and forward purchases of cocoa, which are conceived as cash flow hedges to offset the effects of changes in prices of such raw materials, although there is no physical delivery.

As for the other raw materials, each of the Group's operating units prepares a production forecast at 12 months to estimate supply needs concerning these products, covering a portion of the required purchase volume through the use of forward contracts with prices to be fixed and future physical delivery.

These contracts qualify as a regular purchase and, as such, are not recorded as derivatives.

39.5.3 Cash Flow Interest Rate and Fair Value Risk

The Group's interest rate risk arises from its financial indebtedness. The main exposure is related to variable rate loans based on BADLAR.

As of December 31, 2020 and 2019, the ratio of fixed-rate loans to variable-rate loans is summarized in the following table:

TYPE OF LOAN	12.31.2020		12.31.2019	
	ARS	%	ARS	%
Fixed Rate	54,098,048	87	63,317,211	88
Variable Rate	8,026,941	13	8,788,817	12
TOTAL	**62,124,989**	**100**	**72,106,028**	**100**

Considering that only 13% of total loans is subject to variable interest rates, if interest rates increased or decreased by approximately 100 basis points, with all other variables remaining constant (such as, the exchange rate), such increase or decrease would theoretically result in a loss/(gain) of ARS 37,400.

39.6 Credit Risk

The Group is exposed to credit risk primarily from:

39.6.1 Financial Instruments with Banks and Financial Institutions

The Group is exposed to credit risk with banks and financial institutions in connection with the maintenance of financial instruments, such as transactional deposits, time deposits, mutual funds and derivative financial instruments.

As part of the general treasury policy, contracts are only entered into with world-class entities. Consequently, the credit risk associated with this type of financial instruments is not considered relevant.

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.6 Credit Risk

39.6.2 Trade Receivables from Domestic Retail Customers

The portfolio of domestic retail customers in Argentina and in the main countries is broken down into Distributors, Wholesalers and Supermarket Chains.

Customers are subject to policies, procedures and controls established by the Group, and detailed in a "Credit Manual." Credit limits are set on the basis of an internal rating, which takes into account an analysis of the economic and financial situation, past behavior, and overall opinion on that customer. The channel to which the customer belongs is considered as well.

The use of credit limits is monitored on a regular basis. The Group has established controls within its systems that issue warnings when a customer defaults on a payment or surpasses its credit limits, allowing management to make decisions. If the customer does not assume a commitment or fails to make a payment when scheduled, after exhausting all customary collection proceedings, the Group's legal counsel will handle collection efforts.

39.6.3 Trade Receivables from Industrial Customers

It mainly includes trade receivables from sales of industrial products (corrugated cardboard, flexible packaging, bags, virgin paper, agro-industrial products, etc.) in Argentina, Chile and Peru. The credit and collection departments are tasked with managing the risk associated with these businesses and, like in the case of retail, there is a specific methodology in place to set the credit limit.

39.6.4 Trade Receivables from Exports

The Group has a large customer base, which is subject to the policies, procedures and controls established by the Group. In general, the first transactions with new customers are carried out using letters of credit and, as the business relationship is consolidated, transactions are performed on open account. Outstanding trade receivables are monitored on a regular basis.

39.7 Liquidity Risk

The Treasury area handles liquidity needs according to the Group's liquidity reserve projections and its cash and cash equivalents on the basis of a financial budget that takes into consideration expected cash flows. In doing this, the Group seeks to ensure that there is enough cash to fulfill obligations and commitments, and to make the necessary disbursements to conduct operations and develop investment projects.

To mitigate the liquidity risk, the Group may resort to credit lines from financial institutions, if necessary.

The Treasury area invests surpluses in time deposits, mutual funds, etc., choosing instruments with suitable maturity or high liquidity, to afford sufficient margin to the above-mentioned financial budget. Cash surpluses of foreign operating entities, if any, are managed by them, with the support of the Treasury area in Argentina.

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.7 Liquidity Risk

The following tables show the Group's financial liabilities grouped by common maturities, considering the time remaining to maturity from December 31, 2020 and 2019, respectively. The amounts disclosed in the tables are the undiscounted contractual cash flows. Such amounts were calculated on the basis of observable inputs, quoted prices, exchange rates and interest rates prevailing as of December 31, 2020 and 2019, respectively.

	CARRYING AMOUNT	CONTRACTUAL MATURITY DATES				TOTAL AS OF 12.31.2020
		LESS THAN 1 YEAR	1-2 YEARS	2-5 YEARS	+5 YEARS	
Loans	62,124,989	17,943,430	7,247,692	44,821,882	-	70,013,004
Lease Liabilities	1,628,326	816,684	442,133	484,444	17,769	1,761,030
Derivative Financial Instruments	197	197	-	-	-	197
Trade Payables and Other Liabilities	30,794,923	30,995,297	143,917	-	-	31,139,214
TOTAL AS OF 12.31.2020	**94,548,435**	**49,755,608**	**7,833,742**	**45,306,326**	**17,769**	**102,913,445**

	CARRYING AMOUNT	CONTRACTUAL MATURITY DATES				TOTAL AS OF 12.31.2019
		LESS THAN 1 YEAR	1-2 YEARS	2-5 YEARS	+5 YEARS	
Loans	72,106,028	25,919,334	8,188,760	50,368,403	-	84,476,497
Lease Liabilities	1,787,883	796,104	627,164	501,493	25,479	1,950,240
Trade Payables and Other Liabilities	27,293,126	27,395,605	358,366	-	-	27,753,971
TOTAL AS OF 12.31.2019	**101,187,037**	**54,111,043**	**9,174,290**	**50,869,896**	**25,479**	**114,180,708**

The foregoing contractual cash flows do not include Mastellone Hermanos S.A.'s call and put options (Notes 15 and 42). The cash flows that could be derived during the year from such options are described in Note 42 to these consolidated financial statements.

39.8 Capital Risk Management

The Group's capital management goals include: (i) ensure the maintenance of a strong credit rating; (ii) ensure a healthy capitalization level to safeguard the business' ability to continue as a going concern, generating returns for the Company's shareholders; (iii) maintain an optimal financing structure to reduce the cost of capital, and (iv) fulfill the commitments undertaken under some loan agreements.

In order to maintain or adjust the capital structure, the Group may, among other actions, adjust the amount of dividends payable to its shareholders, reimburse capital to its shareholders, issue new equity or sell assets to reduce its indebtedness level.

In line with industry practices, the Group monitors its capital on the basis of its indebtedness ratio. This ratio is calculated by dividing net financial indebtedness by total equity. Net financial indebtedness is equal to total loans and lease liabilities (including current and non-current, as shown in the consolidated balance sheet) less cash and cash equivalents.

The indebtedness ratios as of December 31, 2020 and 2019 arise from the following table:

	12.31.2020	12.31.2019
Loans (Note 22)	62,124,989	72,106,028
Lease Liabilities (Note 23)	1,628,326	1,787,883
(Less) Cash and Cash Equivalents (Note 16)	(14,545,799)	(13,569,260)
Net Indebtedness	49,207,516	60,324,651
Total Equity	**43,706,656**	**40,720,271**
Total Capitalization	92,914,172	101,044,922
INDEBTEDNESS RATIO	**1.1259**	**1.4814**

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NOTE 40. CORPORATE REORGANIZATIONS

Merger of Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. into Cartocor S.A.

On May 15, 2020, Cartocor S.A. (as merging company), and Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. (as merged company) entered into a Merger Plan. Such plan sets out the guidelines to initiate a corporate reorganization process pursuant to which all assets and liabilities of Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. are merged into Cartocor S.A., effective since July 1, 2020.

This merger will be carried out in accordance with the terms of Sections 80 and 81 of the Income Tax Law, text as revised by Decree 824/2019 (former Sections 77 and 78 of the Income Tax Law, text as revised by Decree 649/1997) and related provisions.

On June 1, 2020, the above-mentioned Merger Plan was approved at the Extraordinary General Shareholders' Meeting of Cartocor S.A. (merging company). On the other hand, the subsidiaries Zucamor S.A. and BI S.A. (both merged companies) approved the Merger Plan at their respective Extraordinary General Shareholders' Meetings held on May 28, 2020. The subsidiary Zucamor Cuyo S.A. (merged company) approved the Merger Plan at its Extraordinary General Shareholders' Meetings held on May 29, 2020.

On September 22, 2020, Cartocor S.A. (merging company) and Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. (merged companies) entered into the Merger Plan, setting forth the guidelines, in line with those established under the Merger Plan, for the corporate reorganization process, as a result of which all assets and liabilities of Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. (merged companies) would be merged into Cartocor S.A. (merging company) effective since July 1, 2020.

On October 14, 2020, the companies involved, at their respective Shareholders' Meetings, approved the Merger Plan agreed upon by and between Cartocor S.A. (merging company), and Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. (merged companies), the ensuing increase in the merging company's capital, and the early dissolution without liquidation of the merged companies.

On December 16, 2020, Cartocor S.A. (merging company), and Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. (merged companies) entered into the Final Merger Agreement.

As a consequence of the above-described corporate reorganization, the Group's interest in the operations involved was not significantly affected.

Merger of La Campagnola S.A.C.I. and Asama S.A. into Arcor S.A.I.C.

On November 8, 2019, the Company (merging company) entered into a Merger Plan with its subsidiary La Campagnola S.A.C.I. (merger company), on the one hand; and a separate Merger Plan with its subsidiary Asama S.A. (merged company), on the other hand.

Such plans set out the guidelines for a corporate reorganization process pursuant to which all assets and liabilities of La Campagnola S.A.C.I. and Asama S.A. will be merged into the Company, effective since January 1, 2020.

These mergers will be carried out in accordance with the terms of Sections 80 and 81 of the Income Tax Law, text as revised by Decree 824/2019 (former Sections 77 and 78 of the Income Tax Law, text as revised by Decree 649/1997) and related provisions.

On December 11, 2019, the above-mentioned Merger Plans were approved at the Extraordinary General Shareholders' Meeting of the Company (merging company). On the other hand, the subsidiaries Asama S.A. and La Campagnola S.A.C.I. (both merged companies) approved the Merger Plans at their respective Extraordinary General Shareholders' Meetings held on December 10, 2019 and December 11, 2019, respectively.

On March 19, 2020, Arcor S.A.I.C. and La Campagnola S.A.C.I., on the other hand, and Arcor S.A.I.C. and Asama S.A., on the other hand, entered into the respective merger plans, setting forth the guidelines, in line with those established under the applicable Merger Plans, for the corporate reorganization process pursuant to which the assets and liabilities of La Campagnola S.A.C.I. and Asama S.A. were merged into Arcor S.A.I.C., with retroactive effects to January 1, 2020.

Víctor Jorge Aramburu
Chairman
Statutory Audit Committee

Luis Alejandro Pagani
Chairman

See our report dated March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
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NOTE 40. CORPORATE REORGANIZATIONS

Merger of La Campagnola S.A.C.I. and Asama S.A. into Arcor S.A.I.C.

On April 25, 2020, the Merger Plan was approved at the Extraordinary General Shareholders' Meeting of the Company (merging company). On April 27, 2020, the subsidiary La Campagnola S.A.C.I. (merged company) approved the Merger Plan at its Extraordinary General Shareholders' Meeting. The subsidiary Asama S.A. (merged company) approved the Merger Plan at its Extraordinary General Shareholders' Meeting held on April 28, 2020.

On June 25, 2020, the Company and La Campagnola S.A.C.I., on the one hand, and the Company and Asama S.A., on the other hand, subscribed their respective Final Merger Agreements.

On September 22, 2020, the mergers were registered with the Bureau of Legal Entities of the Province of Córdoba, under Registration No. 76-A43.

As a consequence of the above-described corporate reorganization, the Group's interest in the operations involved was not significantly affected.

Merger of Indalar S.A. into Arcor S.A.I.C.

On December 18, 2018, the Company (merging company) and Indalar S.A. (merged company) entered into a Master Merger Agreement.

Such agreement sets forth the guidelines for a corporate reorganization process pursuant to which all assets and liabilities of Indalar S.A. will be merged into the Company, effective since January 1, 2019.

The merger was carried out in accordance with the terms of Sections 77 and 78 of Law No. 20,628.

On March 22, 2019, the merging company and the merged company entered into a merger plan, setting forth the guidelines of the corporate reorganization process, as a result of which all assets and liabilities of Indalar S.A. would be merged into Arcor S.A.I.C., with retroactive effects to January 1, 2019.

On April 27, 2019, the merging company and the merged company approved the merger plan, at their respective General Shareholders' Meetings. The Final Merger Agreement was signed on July 4, 2019. On August 14, 2019, the merger was registered with the Bureau of Legal Entities of the Province of Córdoba under Registration No. 76-A39.

As a consequence of the above-described corporate reorganization, the Group's interest in the operations involved was not significantly affected.

Merger of Cartocor do Brasil Indústria Comércio e Servidos Ltda. and Dos en Uno do Brasil Importado e Comércio de Alimentos Ltda. into Arcor do Brasil Ltda.

On January 21, 2019, Cartocor do Brasil Indústria Comércio e Servidos Ltda., Dos en Uno do Brasil Importado e Comércio de Alimentos Ltda., and Arcor do Brasil Ltda. subscribed a merger memorandum and justification, pursuant to which they agreed to submit to consideration of their partners the merger of Cartocor do Brasil Indústria Comércio e Servidos Ltda. and Dos en Uno do Brasil Importado e Comércio de Alimentos into Arcor do Brasil Ltda.

On January 30, 2019, the companies involved, at their respective partners' meetings and after making the pertinent amendments to their articles of association, resolved to proceed with the dissolution of Cartocor do Brasil Indústria Comércio e Servidos Ltda. and Dos en Uno do Brasil Importado e Comércio de Alimentos Ltda. and subsequent merger of their assets and liabilities into Arcor do Brasil Ltda.

NOTE 40. CORPORATE REORGANIZATIONS

Merger of Cartocor do Brasil Indústria Comércio e Servidos Ltda. and Dos en Uno do Brasil Importado e Comércio de Alimentos Ltda. into Arcor do Brasil Ltda.

The merger of Cartocor do Brasil Indústria Comércio e Servidos Ltda. and Dos en Uno do Brasil Importado e Comércio de Alimentos Ltda. into Arcor do Brasil Ltda., together with the respective capital increase and amendment to the articles of association, were registered with the Public Registry of Commerce of the State of San Pablo, under Registration No. 173,641/19-2.

As a consequence of the above-described corporate reorganization, the Group's interest in the operations involved was not significantly affected.

NOTE 41. JOINT VENTURE AGREEMENT WITH WEBCOR GROUP

In June 2018, the Company's Board of Directors approved an agreement to make a joint investment with Webcor Group, one of the leading food distribution companies in the Republic of Angola. The purpose of the agreement is to set up an industrial plant for the production of confectionery, bonbons and cookies and crackers in Angola (hereinafter, the "Angola Project").

TUCOR DMCC (hereinafter, "Tucor") was created pursuant to such agreement. Its shareholders are Arcor AG (S.A., Ltd.) and Alison Industry Ltd., in equal parts, which are subsidiaries of the Company and Webcor Group, respectively. In turn, Tucor owns a 100% interest in Dulcería Nacional (SU), Limitada, a company incorporated in the Republic of Angola.

In April 2020, Arcor AG (S.A., Ltd.) made capital contributions to Tucor in the amount of USD 0.1 million. In June, Arcor AG (S.A., Ltd.) received a capital contribution of USD 20 million from the Company intended to finance the "Angola Project" and support other Group's affiliates as required due to the pandemic and the development of projects.

During the last quarter of 2020, the Company exported two machinery lines to Tucor—one for the production of Bon o Bon, and the other one for the dual production of candies and lollipops—for approximately USD 9.1, which will be then contributed to Dulcería Nacional (SU), Limitada. In January 2021, the machinery lines arrived in Angola to begin the installation process in the industrial complex.

As to the degree of completion of the Angola plant, production activities are expected to begin by the end of 2021. Once production begins, Arcor Group in Argentina will export certain semi-finished products and raw materials to supply the operation in Angola.

In these consolidated financial statements, the Group considered Tucor as a "joint venture" pursuant to the terms of IFRS 11 "Joint Arrangements." Accordingly, the investment in such entity was valued using the equity method (Note 9).

NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

Agreements with Mastellone Hermanos S.A. and its Shareholders

On December 3 and 4, 2015, Arcor S.A.I.C., together with its subsidiary Bagley Argentina S.A. (jointly, the "Investors"), entered in to an investment agreement with Mastellone Hermanos S.A. ("Mastellone") and its shareholders, which was formalized as follows:

(i) "Offer to enter into a Share Subscription Agreement" issued by Mastellone and its shareholders and accepted by the Investors: Under this agreement:
- Arcor S.A.I.C. and Bagley Argentina S.A. made an irrevocable contribution, in equal parts, for USD 50,000, (or ARS 2,205,363 in constant currency) convertible into shares of Mastellone representing a 20.16% interest in the capital stock and voting rights in Mastellone Hermanos S.A.

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Chairman

NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

Agreements with Mastellone Hermanos S.A. and its Shareholders

(i) "Offer to enter into a Share Subscription Agreement" issued by Mastellone and its shareholders and accepted by Investors:

- Mastellone and its shareholders granted to Investors an *"irrevocable option to subscribe additional shares of stock"* to be exercised in January 2017. Concurrently, Investors granted to Mastellone an option requiring the additional subscription of shares of stock to be exercised in February 2017. The exercise price of these options was set at the equivalent in pesos of USD 35,000. In exchange for this additional subscription and subject to compliance with certain conditions, Mastellone committed to issuing shares in favor of Investors representing 12.37% of the new capital stock and voting rights.

- Indemnities are available to Investors for certain contingencies that might give rise to losses in Mastellone. These indemnities are good through December 2021.

(ii) "Offer to subscribe a Share Purchase Agreement" issued by certain shareholders of Mastellone and accepted by Investors: Under this agreement, Arcor S.A.I.C. and Bagley Argentina S.A. purchased, on an equal basis, common shares representing approximately 4.99% of Mastellone's capital stock prior to the subscription described in paragraph (i) above, at a price of ARS 435,780, stated in constant currency.

(iii) "Offer to Pledge Shares" issued by the shareholders of Mastellone and accepted by Investors: To secure the issue of Mastellone's shares in favor of Investors for the irrevocable contribution referred to in paragraph (i) above, the shareholders of Mastellone created, pursuant to this agreement, a first-ranking lien on the shares representing 30% of Mastellone's capital stock.

(iv) "Offer to enter into a Call and Put Option Agreement" issued by Mastellone and its shareholders and accepted by Investors: Pursuant to this agreement:

- Bagley Latinoamérica S.A., Bagley Argentina S.A. and Arcor S.A.I.C. granted to Mastellone's shareholders a right to sell shares of Mastellone's capital stock to Investors and Bagley Latinoamérica S.A. *(first put option)* in April and October 2017, 2018, 2019 and 2020, until such time as the equity interest owned by Investors and Bagley Latinoamérica S.A. does not exceed 49% of the capital stock and voting rights in Mastellone, subject to an annual cap or threshold of USD 13,500 for the exercise of such option which, if not reached in any of those years, will be added to the remaining years' thresholds. The exercise price for this first put option is fixed and is determined on the basis of the transactions described in paragraphs (i) and (ii) above.

- Bagley Latinoamérica S.A., Bagley Argentina S.A. and Arcor S.A.I.C. granted to Mastellone's shareholders a right for them to sell the rest of their equity interests to Investors and Bagley Latinoamérica S.A. during the years 2020-2025 *(second put option)*, such that Investors, together with Bagley Latinoamérica S.A., own 100% of the capital stock and voting rights in Mastellone. The exercise price of this second put option is variable and is determined on the basis of the changes in certain economic indicators and variables associated with Mastellone's economic and financial performance.

- Mastellone's shareholders granted to Bagley Latinoamérica S.A., Bagley Argentina S.A. and Arcor S.A.I.C. a one-time right to purchase all of the remaining shares in Mastellone at any time between the years 2020 and 2025 *(call option),* until they own a 100% interest in Mastellone's capital stock and voting rights. The exercise price of this call option is variable and is determined on the basis of similar variables to the above-described *second put option*.

- The *additional subscription option* described in paragraph (i), the *first put option*, the *second put option* and the *call option* referred to above are non-transferable to third parties and may not be settled at fair value. The cash flows associated with these instruments are directly related to the payments from time to time made for Mastellone's shares of stock.

NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

Agreements with Mastellone Hermanos S.A. and its Shareholders

(v) "Shareholders' Agreement Offer" issued by Mastellone and its shareholders and accepted by Investors: This agreement, to come into force upon execution of the initial share subscription described in paragraph (i), governs certain aspects (mainly limitations) related to the transfer of shares to third parties and to the administration and management of Mastellone, granting participation rights to Investors in certain strategic decisions of Mastellone.

All the above-described agreements, other than the "Offer to Pledge Shares," were subject to certain conditions subsequent, particularly, to the approval of the Brazilian Anti-Trust Authority. Such approval was published on January 26, 2016 by said authority.

Once the period to file oppositions set forth in the Brazilian anti-trust laws elapsed, such approval became final, and on February 23, 2016, the Ordinary and Extraordinary General Shareholders' Meeting of Mastellone Hermanos S.A. resolved to capitalize the irrevocable contributions made by Arcor S.A.I.C. and Bagley Argentina S.A., resulting from the "Offer to enter into a Share Subscription Agreement" mentioned above through the issue of 115,542,240 new common registered non-endorsable shares, entitled to one voting right and with a face value of ARS 1 each (subscribed and paid-in in equal parts by Arcor S.A.I.C. and Bagley Argentina S.A.). The above-mentioned Shareholders' Agreement came into force upon such subscription.

Initial Recognition in Arcor Group's Accounts

Following the resolution of the substantive condition the transaction was subject to, and the decision made on February 23, 2016 by the Ordinary and Extraordinary General Shareholders' Meeting of Mastellone Hermanos S.A. concerning the capitalization of the irrevocable contributions so made, the Group:

(i) Recorded its investment in Mastellone by the equity method as from that date due to the existence of significant influence on that associate, as evidenced by its equity interest (of 24.1452% as from the share subscription) and its rights to take part in Mastellone's management and administration, as from the effective date of the "Shareholders' Agreement."

(ii) Posted the initial recognition at fair value as of that date, in accordance with IFRS 9, of derivative financial instruments (assets and liabilities) resulting from the above-described *additional subscription options*, *first and second put options and call option*. Such fair values were estimated using models based on observable market inputs and the Company's own hypotheses and assumptions. In this respect, the Company believes that the fair value so estimated is Level 3, in accordance with IFRS 7 guidance. The fair value of these instruments primarily depends on the fair value of Mastellone's shares.

Exercise of Options in 2017

Additional Subscription in Mastellone Hermanos S.A.

In January 2017, within the additional subscription period established in the "Offer to enter into a Share Subscription Agreement," Arcor S.A.I.C. And Bagley Argentina S.A. (jointly, the "Investors") notified Mastellone Hermanos S.A. (hereinafter, "Mastellone") of their decision to exercise, in equal parts, the above-described *additional subscription option*. By virtue of the exercise of such option:

- On January 17, 2017, Investors made an irrevocable capital contribution on account of future share subscriptions in the amount of USD 35,000, equal to ARS 1,968,249 stated in constant currency, in order to subscribe and pay in 80,879,568 common, registered Class E shares of ARS 1 par value each and entitled to one (1) vote per share of Mastellone.

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PRICE WATERHOUSE & CO. S.R.L.

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NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

Exercise of Options in 2017

Additional Subscription in Mastellone Hermanos S.A.

-After the Brazilian Anti-Trust Authority authorized the transaction, at the Ordinary and Extraordinary General Shareholders' Meeting held on April 7, 2017, the shareholders of Mastellone resolved to increase the capital stock by ARS 80,880, by means of the issuance of 80,879,568 common, registered, non-endorsable Class E shares entitled to one (1) vote each. The new capital stock was set at ARS 653,969. With the subscription of those shares, Investors increased their interest in the capital stock of Mastellone to 33.52650%, with the additional investment accounting for 9.38134% of Mastellone's capital stock.

Purchase of Mastellone Hermanos S.A.'s Shares

On April 18, 2017, certain shareholders of Mastellone, in the exercise of the right conferred under the *first put option* described above, gave notice of their intent to sell a total of 31,818,189 common, registered, non-endorsable shares of ARS 1 par value each and entitled to one (1) vote per share in Mastellone's capital stock, for a total price of USD 13,769.1 (equal to ARS 760,660 stated in constant currency). The acquisition was made in equal parts by the Company and its subsidiary Bagley Argentina S.A. As a result, Investors increased their equity interest in Mastellone to 38.39190%, with the additional investment accounting for 4.86540%.

Exercise of Options in 2018

Purchase of Mastellone Hermanos S.A.'s Shares

On February 1, 2018, after obtaining the authorization from the Brazilian Anti-Trust Authority, the Company and its subsidiary Bagley Argentina S.A. jointly acquired (50% each) from certain shareholders of Mastellone a total of 12,110,844 shares at a price of USD 5,240.9 (or ARS 309,433 in constant currency), after accepting an irrevocable offer to amend the *call and put option* agreement. Therefore, the sellers exercised the *first put option* earlier for the above-mentioned amount, corresponding to fiscal year 2018.

On June 1, 2018, certain shareholders of Mastellone, in exercise of the right conferred under the *first put option*, gave notice of their intent to sell a total of 15,713,746 shares for a total price of USD 6,800 (or ARS 460,271 in constant currency).

The aforementioned acquisitions were made in equal parts by the Company and its subsidiary Bagley Argentina S.A. As a result, Investors increased their equity interest in Mastellone to 42.6466%, with the additional investment accounting for 4.2547%.

Exercise of Options in 2019

Purchase of Mastellone Hermanos S.A.'s Shares

On May 31, 2019, certain shareholders of Mastellone, in exercise of the right conferred under the *first put option*, gave notice of their intent to sell a total of 2,310,000 shares for a total price of approximately USD 999.6 (or ARS 82,617 in constant currency).

The above-mentioned acquisition was made in equal parts by the Company and its subsidiary Bagley Argentina S.A. As a result, Investors increased their equity interest in Mastellone to 42.9999%, with the additional investment accounting for 0.3532%.

On October 24, 2019, certain shareholders of Mastellone, in exercise of the right conferred under the *first put option*, gave notice of their intent to sell a total of 28,654,477 shares for a total price of approximately USD 12,400 (or ARS 1,113,131 in constant currency).

NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

Exercise of Options in 2019

Purchase of Mastellone Hermanos S.A.'s Shares

The above-mentioned acquisition was made in equal parts by the Company and its subsidiary Bagley Argentina S.A. As a result, Investors increased their equity interest in Mastellone to 47.3815%, with the additional investment accounting for 4.3816%.

Exercise of Options in 2020

Purchase of Mastellone Hermanos S.A.'s Shares

On May 5, 2020, certain shareholders of Mastellone Hermanos S.A. (hereinafter, "Mastellone"), in exercise of the right conferred under the *first put option*, gave notice of their intent to sell a total of 3,928,438 shares for a total price of approximately USD 1,700 (or ARS 139,209 in constant currency).

The above-mentioned acquisition was made in equal parts by the Company and its subsidiary Bagley Argentina S.A. (Hereinafter, the "Investors"). As a result, Investors increased their equity interest in Mastellone to 47.9822%, with the additional investment accounting for 0.6007%.

On June 18, 2020, certain shareholders of Mastellone, in exercise of the right conferred under the *first put option*, gave notice of their intent to sell a total of 4,542,230 shares for a total price of approximately USD 1,965.6 (or ARS 164,684 in constant currency).

The above-mentioned acquisition was made in equal parts by the Company and its subsidiary Bagley Argentina S.A. As a result, Investors increased their equity interest in Mastellone to 48.6767%, with the additional investment accounting for 0.6946%.

Recognition in Arcor Group's Financial Statements as of December 31, 2020

By virtue of the transactions described above, the Group recorded its incremental investment in Mastellone by the equity method set forth in IAS 28, based on the following criteria:

- Mastellone's identifiable assets and liabilities were recognized at fair value as of the date of initial application of the method (May 31, 2020 and June 30, 2020).

- The carrying amounts of Mastellone at the initial date of application of the equity method were estimated on the basis of its financial statements at March 31, 2020 and June 30, 2020, and on the basis of the associate's accounting and off-balance sheet information available.

- In determining the gain (loss) on the investment between the date of initial application of the method and December 31, 2020, the financial statements of Mastellone as of December 31, 2020 were considered, and the pertinent adjustments were made to reflect the Group's share in the changes in the higher and lower values of the associate's identifiable assets and liabilities resulting from their initial measurement at fair value. Such gain (loss) was charged to "Income (Loss) from Investments in Associates" in the statement of income.

- The non-controlling interest in Mastellone was measured by the equity method at the investment recognition date due to its low significance.

- In determining the consideration for the acquisition of shares in Mastellone as of May 5, 2020, we considered the transaction price (ARS 139,209 in constant currency). Likewise, for the acquisition of June 18, 2020, we considered the transaction price (ARS 164,683, expressed in constant currency).

On the other hand, the remaining derivative financial instruments *(resulting from the first and second put options and call option)* were measured at their fair value as of December 31, 2020 and are disclosed in non-current liabilities under the caption "Derivative Financial Instruments" for ARS 1,824,451. The differences between such fair values measured at the beginning and at year-end were recognized under the caption "Net Financial Income (Expense)" in the consolidated statement of income.

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(Figures stated in thousands of Argentine pesos)

NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

The following table summarizes the changes in the Group's investment in Mastellone Hermanos S.A. during the year ended December 31, 2020:

			GAIN / (LOSS)		
	OPENING BALANCES	INCREASES FOR THE YEAR	INCOME (LOSS) FOR THE YEAR	OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	BALANCES AS OF 12.31.2020
Investments made during the year 2016					
Equity Interest in Mastellone at Carrying Amount	2,755,248	-	(500,452)	(57,112)	2,197,684
Recognition of Higher and Lower Values of Identifiable Assets and Liabilities	1,719,674	-	118,754	1,344	1,839,772
Goodwill	96,374	-	-	-	96,374
Subtotal - 24.1452% Interest in Mastellone Hermanos S.A.	**4,571,296**	**-**	**(381,698)**	**(55,768)**	**4,133,830**
Investments made during the year 2017					
Equity Interest in Mastellone at Carrying Amount	1,574,384	-	(242,808)	(33,700)	1,297,876
Recognition of Higher and Lower Values of Identifiable Assets and Liabilities	561,854	-	182,694	792	745,340
Goodwill	1,220,150	-	-	-	1,220,150
Subtotal - 14.2466% Interest in Mastellone Hermanos S.A.	**3,356,388**	**-**	**(60,114)**	**(32,908)**	**3,263,366**
Investments made during the year 2018					
Equity Interest in Mastellone at Carrying Amount	470,914	-	(72,950)	(10,064)	387,900
Recognition of Higher and Lower Values of Identifiable Assets and Liabilities	187,858	-	57,102	238	245,198
Goodwill	173,268	-	-	-	173,268
Subtotal - 4.2547% Interest in Mastellone Hermanos S.A.	**832,040**	**-**	**(15,848)**	**(9,826)**	**806,366**
Investments made during the year 2019					
Equity Interest in Mastellone at Carrying Amount	864,322	-	(110,200)	(11,200)	742,922
Recognition of Higher and Lower Values of Identifiable Assets and Liabilities	258,598	-	(39,292)	264	219,570
Goodwill	158,256	-	-	-	158,256
Subtotal - 4.7349% Interest in Mastellone Hermanos S.A.	**1,281,176**	**-**	**(149,492)**	**(10,936)**	**1,120,748**
Investments made in 2020					
Equity Interest in Mastellone at Carrying Amount	-	218,308	(13,204)	740	205,844
Recognition of Higher and Lower Values of Identifiable Assets and Liabilities	-	57,614	(6,050)	72	51,636
Goodwill	-	27,970	-	-	27,970
Subtotal - 1.2953% Interest in Mastellone Hermanos S.A.	**-**	**303,892**	**(19,254)**	**812**	**285,450**
TOTAL - INVESTMENTS IN ASSOCIATES	**10,040,900**	**303,892**	**(626,406)**	**(108,626)**	**9,609,760**

Cost of Acquired Shares	303,892
Total - Cost of Investments in Associates for the Year	**303,892**

[1] Resulting from the initial application of the equity method on interests acquired during the period.

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(Figures stated in thousands of Argentine pesos)

NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

Relevant Information included in Mastellone Hermanos S.A.'s Financial Statements

The following table presents a summary of consolidated profit & loss information for the full fiscal years ended December 31, 2020 y 2019 of Mastellone Hermanos S.A., as arising from the associate's consolidated financial statements approved by its Board of Directors.

	12.31.2020	12.31.2019
Revenues	80,251,465	78,851,787
Cost of Sales	(59,091,987)	(56,296,588)
Gross Profit	**21,159,478**	**22,555,199**
Selling Expenses	(17,990,984)	(16,879,865)
Administrative Expenses	(2,913,079)	(2,667,411)
Investment Income	(2,298)	413,247
Financial Costs	(2,336,845)	(2,250,239)
Exchange Differences	(710,271)	(926,115)
Other Financial Loss	(113,223)	(335,908)
Gain on Net Monetary Position	805,329	641,469
Excess of Restated Value over Revaluation of Assets Measured at Fair Value	(128,557)	(688,764)
Other Income (Loss)	(1,580)	(9,027)
(Loss) before Income Tax	**(2,232,030)**	**(147,484)**
Income Tax and Minimum Presumed Income Tax	(55,445)	78,693
NET (LOSS) FOR THE YEAR	**(2,287,475)**	**(68,791)**
Net (Loss) Attributable to:		
Mastellone Hermanos S.A.'s Shareholders	(2,287,493)	(68,850)
Non-controlling Interest	18	59
TOTAL	**(2,287,475)**	**(68,791)**

Below is also a detail of Mastellone Hermanos S.A.'s net financial indebtedness as of December 31, 2020 and 2019, as it arises from said consolidated financial statements:

	12.31.2020	12.31.2019
Cash and Cash Equivalents	1,721,941	920,973
Current Loans	(16,805,676)	(658,946)
Current Lease Liabilities	(116,729)	(94,435)
Non-current Loans	-	(16,264,309)
Non-current Lease Liabilities	(466,324)	(531,927)
TOTAL	**(15,666,788)**	**(16,628,644)**

The associate's main financial indebtedness is represented by its Series "F" Notes for an aggregate amount of USD 199.7 million issued in July 2014. The Notes accrue interest at an annual nominal interest rate of 12.625% and mature on July 3, 2021. In view of the upcoming maturity of such securities, the Board of Directors of Mastellone is currently analyzing several financing alternatives to honor these obligations, for its ability to make payment upon maturity will depend on whether it may reach an agreement with its current creditors, or on the availability of other alternative sources of financing. Concerning this process, in its annual report for the year ended December 31, 2020, Mastellone's Board of Directors asserted that it was confident the above-described process would conclude in a favorable manner for the associate.

See our report dated March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

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Statutory Audit Committee

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(Figures stated in thousands of Argentine pesos)

NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

Relevant Information included in Mastellone Hermanos S.A.'s Financial Statements

In this regard, Mastellone's Board of Directors considered that the going concern assumption was appropriate for the presentation of its consolidated financial statements as of December 31, 2020. However, considering the upcoming maturity of the above-mentioned financial debt, despite the fact that the associate has engaged in negotiations to honor its obligations, its Board of Directors cannot assure that such negotiations will yield the expected outcomes until they are completed and duly formalized. Accordingly, the associate included the following disclosure in Note 4 d) to its consolidated financial statements as of December 31, 2020 (the terms "management" and the "Company" are references to Mastellone):

> *"given the fact that the financial indebtedness in the amount of US$ 199.7 million described in Note 15 will fall due within the following twelve months (July 2021), management has concluded that, even though plans are underway to refinance such indebtedness, the outcomes of such negotiation cannot be assured until it has concluded and been duly formalized; therefore, in accordance with IAS 1, the current conditions in respect of such indebtedness indicate the existence of a substantial uncertainty that may pose material doubts as to the Company's ability to continue as a going concern."*

It should be noted that when the use of the going concern assumption is appropriate, assets and liabilities are measured assuming that the entity will realize its assets and will settle its liabilities in the ordinary course of business. Conversely, if management plans to have the entity liquidated or discontinue its activities (whether by its own election or in the absence of other more realistic alternative course of action), the going concern assumption would not be appropriate and the financial statements should be prepared in accordance with other accounting basis.

Given the fact that the Group does not have substantial credit exposure to the associate or maintains significant transactions with the same (Note 38), the above-described circumstances were considered in order to assess the recoverable value of the investment in Mastellone (as described in Note 3) and in the valuation of derivative financial instruments (detailed in this Note and in Note 15).

To such end, based on the knowledge of the associate's business conditions and the progress made in the several debt renegotiation processes and alternatives, the Group weighed the potential impact of the associate's default on its obligations under several scenarios, and considered such event as having low probability of occurrence. As a result of the Group's estimates, the recoverable value of its investment in Mastellone as of December 31, 2020 (Note 3) exceeded the carrying amount of the asset by more than 50%. Therefore, the Group did not account for any allowance for impairment as of December 31, 2020.

In addition, as required by IAS 36 "Impairment of Assets," the following changes in the key variables relied on in estimating the recoverable value, assuming all other variables remain unchanged, would cause such estimated recoverable value to be equal to the carrying amount of the investment:

	EFFECT ON THE RECOVERABLE VALUE AS OF DECEMBER 31, 2020
Increase in Discount Rate	289 basis points
Decrease in Growth Rate	From 1.50% to (0.77%): 2.27%
Decrease in Estimated Net Cash Flows	24.20%

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NOTE 43. SUBSEQUENT EVENTS

Arcor - Ingredion Joint Venture

On February 12, 2021, the Company's Board of Directors approved the creation of a Joint Venture with Ingredion Argentina S.R.L., a subsidiary of Ingredion Incorporated—a strategic alliance that will boost both companies' operations, processes and best practices and will expand the Group's geographic footprint in Argentina, Uruguay and Chile, and its business capabilities to offer essential ingredients for the food, pharmaceutical and other industries, such as glucose, maltose and fructose syrups, starches and maltodextrin.

The Company will transfer to the Joint Venture the corn wet milling operations developed at the production plant in Lules (Province of Tucumán) and at the two production plants located in Arroyito Industrial Complex, Córdoba. Such operations are part of the Group's "Agribusiness" segment.

On the other hand, Ingredion Argentina S.R.L. will transfer to the Joint Venture its operations in Argentina, Chile and Uruguay. This includes two production plants in Chacabuco and Baradero (Province of Buenos Aires).

Accordingly, the Company and Ingredion Argentina S.R.L. will create new operating companies to which they will transfer and contribute their respective businesses, which will then be contributed to a holding company.

After having made such contributions and after having acquired the shares in the holding company in the amount of USD 7,000, the Company will own a 51% equity interest and Ingredion Argentina S.R.L. will own a 49% equity interest.

In this respect, the Company's Board of Directors approved the following actions: (i) incorporate a new company named "INGRECOR S.A.," to be primarily engaged in the development of all types of agro-industrial activities related to industrial ingredients and plant-based sweeteners, and their by-products and derivative products, with an initial capital stock of ARS 200; and (ii) incorporate a new company named "INGREAR HOLDING S.A.," to be exclusively engaged in financial and investing businesses, except for the transactions referred to in Law No. 21,526, as amended, with an initial capital stock of ARS 200.

Pursuant to the conditions agreed upon by the parties, once the agreement is consummated, the Company will consolidate the Joint Venture's businesses in Argentina, Chile and Uruguay.

No other event has occurred subsequent to year-end requiring disclosure, other than for the foregoing.

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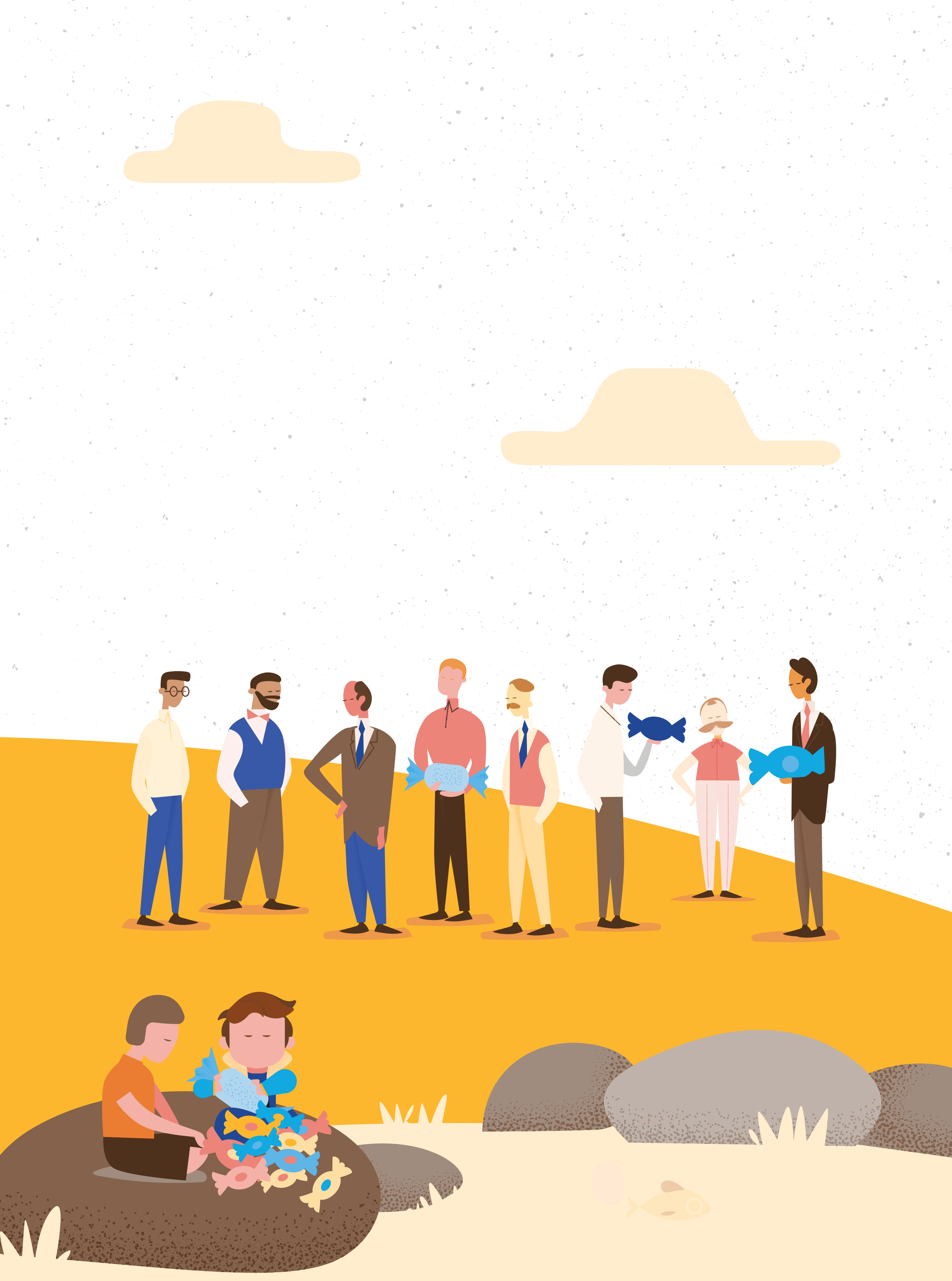

SUMMARY OF ACTIVITY

Consolidated as of December 31, 2020

CONSOLIDATED SUMMARY OF ACTIVITY

For the year ended December 31, 2020. Presented on a comparative basis.

I. DISCUSSION ON ARCOR GROUP'S ACTIVITIES

PRELIMINARY CONSIDERATIONS

Sales to Argentina-based customers accounted for 68.2% of the Group's consolidated sales, while sales to foreign customers, including exports to third parties, accounted for 31.8% of consolidated sales in 2020.

As concerns the impacts of the COVID-19 pandemic, the measures adopted by the several countries where the Group operates in order to contain the virus spread included, without limitation, border closures, mandatory social distancing, and interruption of non-essential business activities for a long period of time. In this respect, as the Group is engaged in the production and commercialization of consumer food products and key supplies to other essential industries, its business activity was considered essential and, as such, its operations were not disrupted in general.

Besides, all the above-described measures had a strong business impact in that they remarkably modified consumers' habits. In this regard, during the year, our consumer food product businesses (Confectionery, Chocolates, Ice-Creams, Cookies & Crackers, Food and Functional Products) experienced a decline in terms of volumes sold, particularly, in on-the-go or impulsive consumption products. Conversely, as consumers had to stay at home, they set out to engage more time to cook, benefiting other food categories, such as, marmalades, polenta, juice powders, family packs, premixes, cookies & crackers and chocolates, among others. Other relevant factor that affected the development of the Group's businesses in Argentina was the price freeze mandated by the Argentine government.

The volumes of the Group's industrial businesses, primarily Packaging, were also affected by the widespread downturn in economic activity, displaying different behaviors across the sectors in which we are engaged. There was a rise in volumes in cardboard boxes, paper bags and flexible packaging targeted at customers manufacturing essential supplies vis-a-vis the previous year. Regarding Agribusiness, there was a remarkable increase in sales volumes of oil, sugar and alcohol also favored by the context brought about by the pandemic.

In addition to the fact that all businesses carried out by Arcor Group were designated as essential activities and given the strength and diversity of its product and brand portfolio, there were other factors that contributed to prevent our businesses from being adversely affected by the pandemic and that led us to perform better than the previous year.

At the commercial level, the development of e-commerce gained momentum, becoming a strategic channel under the prevailing circumstances in face of the need for boosting sales. In Argentina, we launched arcorencasa.com and pursued other selling efforts through digital channels in the region which, together with other tools such as Tokin and Celsius, allowed us to keep offering our products to the consumer in a convenient and agile manner.

We also completed other significant actions that had been initiated in 2019 entailing operational and industrial rearrangements, including the adoption of strong cost containment policies, stringent controls on stock levels, adequate working capital management, a reduction in productive investment and a lower indebtedness level, with the ensuing decline in finance charges. All the afore-mentioned actions provided us with the required liquidity to honor our commitments and the flexibility to tap into market or growth opportunities.

INVESTMENTS AND PERFORMANCE

Below is a detail of the main investments in Property, Plant and Equipment items during the year:

Machinery and Facilities	81,269
Furniture, Tools, Vehicles and Other Equipment	650,108
Buildings	47,267
Works in Progress and Equipment in Transit	1,967,392
TOTAL INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT	**2,746,036**

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CONSOLIDATED SUMMARY OF ACTIVITY

For the year ended December 31, 2020. Presented on a comparative basis.

II. COMPARATIVE CONSOLIDATED BALANCE SHEET STRUCTURE

	12.31.2020	12.31.2019	12.31.2018	12.31.2017
Non-current Assets	72,218,090	75,578,802	75,359,803	69,767,053
Current Assets	78,490,820	75,629,436	80,564,715	64,374,594
Total Assets	**150,708,910**	**151,208,238**	**155,924,518**	**134,141,647**
Non-current Liabilities	56,687,389	57,418,048	53,447,802	46,194,206
Current Liabilities	50,314,865	53,069,919	59,667,666	43,801,035
Total Liabilities	**107,002,254**	**110,487,967**	**113,115,468**	**89,995,241**
Equity Attributable to the Company's Shareholders	27,976,315	26,030,952	29,687,003	31,907,408
Non-controlling Interest	15,730,341	14,689,319	13,122,047	12,239,000
Total Equity	**43,706,656**	**40,720,271**	**42,809,050**	**44,146,408**
Total Liabilities and Equity	**150,708,910**	**151,208,238**	**155,924,518**	**134,141,649**

III. COMPARATIVE CONSOLIDATED PROFIT & LOSS STRUCTURE

	PROFIT / (LOSS)			
	12.31.2020	12.31.2019	12.31.2018	12.31.2017
Operating Income	18,161,617	8,916,801	9,590,420	7,187,648
Net Financial Income (Expense)	(6,493,252)	(5,908,651)	(13,134,110)	(341,255)
Income (Loss) from Investments in Associates	(861,425)	1,010,964	(385,594)	1,331,629
Net Income before Income Tax	**10,806,940**	**4,019,114**	**(3,929,284)**	**8,178,022**
Income Tax	(5,365,108)	(4,215,279)	1,812,200	(1,706,883)
Net Income / (Loss) for the Year	**5,441,832**	**(196,165)**	**(2,117,084)**	**6,471,139**
Other Comprehensive Income (Loss) for the Year	(201,595)	(539,605)	4,306,997	(334,361)
Total Comprehensive Income / (Loss) for the Year	**5,240,237**	**(735,770)**	**2,189,913**	**6,136,778**
Total Comprehensive Income / (Loss) for the Year Attributable to:				
Company's Shareholders	4,063,369	(2,510,860)	(211,883)	4,583,450
Non-controlling Interest	1,176,868	1,775,090	2,401,796	1,553,328
Total	**5,240,237**	**(735,770)**	**2,189,913**	**6,136,778**

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CONSOLIDATED SUMMARY OF ACTIVITY

For the year ended December 31, 2020. Presented on a comparative basis.

IV. COMPARATIVE CASH FLOW STRUCTURE

	CASH INFLOWS / (OUTFLOWS)			
	12.31.2020	12.31.2019	12.31.2018	12.31.2017
Operating Activities	21,702,116	17,842,663	6,314,022	12,572,074
Investing Activities	(2,963,518)	(4,869,777)	(6,084,216)	(16,802,254)
Financing Activities	(17,861,331)	(9,017,101)	483,627	4,500,112
NET INCREASE IN CASH	**877,267**	**3,955,785**	**713,433**	**269,932**

V. COMPARATIVE STATISTICAL DATA VS. THE SAME PERIODS IN THE FOUR PREVIOUS YEARS

a) RETAIL DIVISIONS (Argentina and Abroad)

	4Q-2020 TONS	4Q-2019 TONS	4Q-2018 TONS	4Q-2017 TONS	4Q-2016 TONS
Production Volume	166,838	154,894	181,203	177,731	187,197
Sales Volume - Local Market	151,459	151,540	169,718	177,116	178,939
Sales Volume - Exports	7,676	8,494	9,671	8,993	10,630

	ACCUMULATED AS OF 12.31.2020 TONS	ACCUMULATED AS OF 12.31.2019 TONS	ACCUMULATED AS OF 12.31.2018 TONS	ACCUMULATED AS OF 12.31.2017 TONS	ACCUMULATED AS OF 12.31.2016 TONS
Production Volume	705,913	726,453	781,819	781,092	797,408
Sales Volume - Local Market	685,613	713,638	750,293	754,814	759,796
Sales Volume - Exports	22,931	28,918	29,270	28,753	31,768

b) INDUSTRIAL DIVISIONS

	4Q-2020 TONS	4Q-2019 TONS	4Q-2018 TONS	4Q-2017 TONS	4Q-2016 TONS
Production Volume	328,212	358,305	307,878	332,200	263,828
Sales Volume - Local Market	231,939	226,369	208,888	227,906	168,920
Sales Volume - Exports	21,725	23,344	20,441	30,178	19,377

	ACCUMULATED AS OF 12.31.2020 TONS	ACCUMULATED AS OF 12.31.2019 TONS	ACCUMULATED AS OF 12.31.2018 TONS	ACCUMULATED AS OF 12.31.2017 TONS	ACCUMULATED AS OF 12.31.2016 TONS
Production Volume	1,478,182	1,422,772	1,422,720	1,251,068	1,047,962
Sales Volume - Local Market	952,730	869,338	865,621	807,537	656,089
Sales Volume - Exports	76,653	93,767	73,770	83,749	71,953

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CONSOLIDATED SUMMARY OF ACTIVITY

For the year ended December 31, 2020. Presented on a comparative basis.

VI. CONSOLIDATED MAIN RATIOS

	12.31.2020	12.31.2019	12.31.2018	12.31.2017
Liquidity Ratio	1.6	1.4	1.4	1.5
Solvency Ratio	0.4	0.4	0.4	0.5
Non-current-to-Total Assets Ratio	0.5	0.5	0.5	0.5
Indebtedness Ratio	2.4	2.7	2.6	2.0
Interest Coverage Ratio	5.3	2.2	3.9	4.0
Profitability Ratio	12.9%	(0.5)%	(4.9)%	15.3%

DEFINITIONS	
Liquidity Ratio	Current Assets / Current Liabilities
Solvency Ratio	Total Equity / Total Liabilities
Non-current-to-Total Assets Ratio	Non-current Assets / Total Assets
Indebtedness Ratio	Total Consolidated Liabilities / Total Equity
Interest Coverage Ratio	(Operating Income + Depreciation + Amortization) / Consolidated Financial Interest [1]
Profitability Ratio	Net Income for the Year / Total Average Equity

[1] It includes consolidated interest as of year-end, net of consolidated financial income from interest on cash and cash equivalents and changes in fair value of financial assets.

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CONSOLIDATED SUMMARY OF ACTIVITY

For the year ended December 31, 2020. Presented on a comparative basis.

VII. OUTLOOK

The world is emerging from the COVID-19 crisis; however, the current scenario is critical in terms of economic activity. According to the IMF's[1] estimates, in 2021 global economy would return to a growth path at an annual pace of 5.5%.

Against this backdrop, the distribution of vaccines across the countries hit by the pandemic is expected to boost economic growth, with the ensuing rebound in international trade as economic activity rekindles. However, the rebound is expected to be uneven and unequal across regions. Besides, the evolution will depend on the pace of progress in the vaccine campaigns, and on the scope and continuity of the support policies adopted by the several governments.

For the United States, growth is expected to be around 5.1% in 2021 and then 2.5% in 2022. On its part, the Chinese economy is expected to grow by 8.1% in 2021 and by 5.9% in 2022.

As concerns Latin American countries, the ECLAC[2] published its preliminary overview in which GDP is estimated to grow by 3.7%, as a result of a rebound in the aftermath of COVID-19. Active macroeconomic policies will play a crucial role in helping the region invigorate growth after 2021, far and beyond its recent years' performance. Without these active policies, it may take several years for economic activity to return to pre-crisis levels, since the business closures and mobility restrictions associated with the pandemic resulted in the loss of production capacity, at a high social cost in terms of rising unemployment, poverty and inequality.

Locally, as stated in the 2021 Budget Law published in the Official Gazette of December 14, 2020, the major macroeconomic variables are expected to perform as follows: GDP is expected to grow by 5.5% and overall inflation is expected to reach 29.0%, with the exchange rate closing the year at ARS 102.0 per dollar, that is, an annual devaluation of approximately 21.2%. On the other hand, the outcome and consequences of the ongoing negotiations with the IMF's mission staff that commenced in 2020 will also be crucial to Argentina.

As a consumer food product and industrial input company, Arcor Group plays a key role in the society, and its industrial plants operate under stringent action plans, in full compliance with applicable laws, regulations and recommendations from several public health and other competent authorities. We focused on taking care of our employees' health in face of the challenge of conducting business under the unprecedented circumstances posed by the pandemic, as well as on strengthening our close bond with the community by means of specific actions, addressing the needs arising from the new reality.

In light of the international, regional and domestic economic outlook, our actions are primarily driven by our vision for the coming years: To be the leading food and confectionery company in Latin America, as well as in the international market, and be recognized for our sustainable practices and our ability to venture into new businesses.

In this vein, we will continue pursuing our strategy to focus on our core businesses: Consumer Food products (Confectionery, Chocolates, Ice-Creams, Cookies and Crackers, Food and Functional Products), Packaging and Agribusiness, together with the development of strategic association projects, always placing liquidity and a healthy financing structure at the core in order to ensure compliance with our obligations and commitments, as well as sound working capital management and contention of fixed costs, in order to secure the funding required to carry on operations and investment projects.

[1] Source: International Monetary Fund, "World Economic Outlook Update," Davos, January 2021.

[2] Source: Economic Commission for Latin America and the Caribbean (ECLAC), *"Balance Preliminar de las Economías de América Latina y el Caribe 2020"* (Preliminary Overview of the Economies of Latin America and the Caribbean 2020), (LC/PUB.2020/17-P).

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Chairman and Directors of
ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL
Registered Office: Av. Fulvio Salvador Pagani 487
Arroyito - Province of Córdoba
CUIT No. (Taxpayer Identification No.): 30-50279317-5

Auditor's Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL and its subsidiaries (hereinafter, the "Group"), including the consolidated balance sheet as of December31, 2020, the consolidated statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements fairly present, in all material respects, the consolidated financial position of the Group as of December 31, 2020, as well as its consolidated comprehensive income and consolidated cash flows for the fiscal year then ended, in accordance with the International Financing Reporting Standards (IFRS).

Basis for Opinion

We have carried out our audit in accordance with International Standards on Auditing (ISAs). Such standards were adopted as auditing standards in Argentina by means of Technical Pronouncement No. 32 issued by Argentine Federation of Professional Councils in Economic Sciences (FACPCE), as approved by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities pursuant to such standards are described below under the caption "Auditors' Responsibilities in respect of the Consolidated Financial Statements" of this report.

We consider that the audit evidence we have obtained provide a sufficient and adequate basis for our audit opinion.

Independence

We are independent from the Group in accordance with the International Code of Ethics for Professional Accountants (including the International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), together with the requirements applicable to our audit of the consolidated financial statements in Argentina, and we have complied with the other ethics responsibilities pursuant to these requirements and the IESBA Code.

Key Audit Matters

Key audit matters are defined as those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements for the current period. These matters are addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon. We do not express a separate opinion on these matters.

Key Audit Matters	Auditor's Response
Assessment of Recoverability of Deferred Tax Assets by Arcor Sociedad Anónima, Industrial y Comercial As of December 31, 2020, deferred tax assets reported in the consolidated balance sheet include deferred tax assets resulting from tax loss carryforwards recognized by Arcor Sociedad Anónima, Industrial y Comercial for ARS 5,153.0 million. The recognition of the deferred tax assets resulting from unused tax loss carryforwards or tax credits is primarily based on the entity's ability to achieve its goals stated in business plans prepared by management, and on the changes in certain macroeconomic variables, such as inflation and exchange rate. In this respect, the recognition of deferred tax assets resulting from Arcor Sociedad Anónima, Industrial y Comercial's tax loss carryforwards is a key audit matter, in that it involves significant judgment from management in assessing the use of such tax loss carryforwards. This, in turn, requires a high degree of judgment and effort by the auditor in conducting procedures to assess Arcor Sociedad Anónima, Industrial y Comercial's taxable income projections estimated by management, and the key assumptions used in such estimate, such as applicable tax laws and the macroeconomic and business assumptions that were considered.	The audit procedures carried out in respect of this key audit matter included, without limitation: • Gaining an understanding of the process carried out by the Company to analyze the recoverability of deferred tax assets and prepare the related estimates. • Assessing the model used by the Company to estimate taxable income projections. • Comparing the consistency of such model and the main assumptions used therein to the business projections made by management. • Verifying the reasonableness of such estimate considering the following factors, among others: (i) the current and past performance of Arcor Sociedad Anónima, Industrial y Comercial, (ii) the consistency of the assumptions with external market and industry data, and (iii) if these assumptions were consistent with the evidence obtained in other audit areas. • Assessing the disclosures included in the consolidated financial statements. The audit effort involved the engagement of professionals with specific skills and knowledge to assess the Company's projected taxable income model and certain assumptions and premises therein considered.

Key Audit Matters	Auditor's Response
Recoverability of the Investment in Mastellone Hermanos S.A. As of December 31, 2020, as disclosed in Notes 9 and 42 to the consolidated financial statements, the Group's investment in the associate Mastellone totals ARS 9,609.8 million and involved the recognition of a loss of ARS 626.4 million in the statement of income and a loss of ARS 108.6 million in the statement of other comprehensive income. The Group measures its investment in the associate Mastellone Hermanos S.A. by the equity method and estimates its recoverable value on the basis of the associate's fair value. In estimating such recoverable value, the Group relies on a model based on the associate's discounted cash flows pursuant to the business plans prepared by management and the changes in certain relevant macroeconomic variables. The estimate of the recoverable value of the Group's investment in Mastellone Hermanos S.A. is a key audit matter, since it involves significant judgment by management in estimating the fair value of such company. This, in turn, requires a high degree of judgment and effort by the auditor in conducting procedures to assess the associate's cash flow projections and the main assumptions used therein.	The audit procedures carried out in respect of this key audit matter included, without limitation: ▪ Gaining an understanding of the process carried out by the Company to analyze the recoverability of its investment in the associate and prepare the related estimates. ▪ Assessing the model used by management to estimate the recoverable value based on the associate's discounted cash flows. ▪ Verifying the reasonableness of such estimate considering the following factors, among others: (i) the consistency of the assumptions used in estimating the associate's projected cash flows based on its past performance and available financial information, including an analysis of the main deviations from past forecasts and actual figures; (ii) an analysis of the significant assumptions used by management in the model, including average return growth rates, changes in prices and future costs, changes in the associate's working capital, discount rates, perpetuity growth rate, and certain macroeconomic variables such as the exchange rate; (iii) integrity tests on the information and mathematical calculations included in the model used by management; and (iv) the consistency of the information used in the model with the evidence obtained in other audit procedures. ▪ Analyzing the sensitivity of the recoverable value model results to changes in certain key assumptions. ▪ Assessing the disclosures included in the notes to the consolidated financial statements. The audit effort involved the engagement of professionals with specific skills and knowledge to assess the projected recoverable value model used by management and certain assumptions and premises therein considered.

Information Accompanying the Consolidated Financial Statements ("Other Information")

The other information includes the Annual Report and the Summary of Activity. The Board of Directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information; therefore, we do not express an audit opinion in that regard.

Concerning our audit of the consolidated financial statements, our responsibility is reading the other information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or with the knowledge we have gained during the audit, or if there seems to be a material misstatement for some other reason.

If, based on the work we have performed, we consider that, as far as the matters within our purview are concerned, there is a material misstatement in the other information, we are required to report it. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRS, and for such internal control as the Board of Directors might deem required to allow for the preparation of consolidated financial statements free from material misstatements due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern; disclose, where applicable, the matters related to this issue, and use the going concern basis of accounting, except to the extent the Board of Directors plans to liquidate the Group or discontinue its operations, or there is no other realistic alternative for continuity.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

The goal of our audit is obtaining reasonable assurance that the consolidated financial statements, as a whole, are free from material misstatements due to fraud or error, and issuing an audit report containing our opinion. Reasonable assurance means a high degree of assurance, but does not mean that an audit conducted in accordance with the ISAs will always detect an existing material misstatement. Misstatements may be due to fraud or error and are deemed material if, individually or on the aggregate, they can be reasonably expected to influence on users' financial decisions, based on the consolidated financial statements.

As part of an audit pursuant to the ISAs, we use our professional judgment and exercise professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements in the consolidated financial statements due to fraud or error; design and apply audit procedures to address such risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Arcor Sociedad Anónima, Industrial y Comercial's Board of Directors.

- We conclude on the appropriateness of the use of the going concern basis of accounting by Arcor Sociedad Anónima, Industrial y Comercial's Board of Directors 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 the auditor's opinion. Our conclusions are based on the audit evidence obtained as of the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with Arcor Sociedad Anónima Industrial y Comercial's Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide Arcor Sociedad Anónima Industrial y Comercial's Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and we report all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, the actions taken to remove threats or the safeguards adopted.

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

Report on Other Legal and Regulatory Requirements

In compliance with applicable laws and regulations, we report that:

a) the consolidated financial statements of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL have been transcribed to the "Inventory and Financial Statements" book and comply, as far as the matters within our purview are concerned, with the terms of the Argentine General Companies Law and the applicable resolution of the National Securities Commission (CNV);

b) the separate financial statements of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL arise from accounting records kept, in all formal respects, in accordance with applicable laws and regulations, maintaining the safety and integrity conditions based on which they were authorized by the Bureau of Legal Entities of the Province of Córdoba;

c) below is a detail of total amounts arising from the consolidated balance sheet, and consolidated statements of income and other comprehensive income:

c.1) Consolidated balance sheet as of December 31, 2020 and 2019:

	In thousands of ARS	
	12/31/2020	12/31/2019
Assets	150,708,910	151,208,238
Liabilities	107,002,254	110,487,967
Equity	43,706,656	40,720,271

c.2) Consolidated statements of income and other comprehensive income for the years ended December 31, 2020 and 2019, in which the Company recognized comprehensive income in the amount of ARS 5,240,237 and a total comprehensive loss of ARS 735,770 (both figures stated in thousands of ARS), respectively;

d) as of December 31, 2020, accrued liabilities owing by the ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL to the Argentine Social Security System, as arising from the Company's accounting records, amounted to ARS 422,100,629.17. Such amount was not due and payable as of such date;

e) as required by Article 21, paragraph b), Chapter III, Section VI, Title II of the National Securities Commission's regulations, we hereby report that total fees for audit and related services invoiced to ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL during the year ended December 31, 2020 account for:

e.1) 86.76% of total comprehensive fees for services invoiced to ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL during that year;

e.2) 59.14% of total fees for audit and related services invoiced to ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL, its parent company, subsidiaries and affiliates during that year;

e.3) 52.32% of total fees for services invoiced to ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL, its parent company, subsidiaries and affiliates during that year;

f) we have applied the anti-money laundering and terrorist financing procedures on ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL as required by applicable professional accounting principles issued by the Professional Council of Economic Sciences of the Province of Córdoba.

City of Córdoba, March 10, 2021.

PRICE WATERHOUSE & CO.S.R.L.

(Partner)
C.P.C.E. Cba. 21.00004.3
Andrés Suárez
Public Accountant (UBA)
Professional License 10.11421.4 -
C.P.C.E. Cba.

SEPARATE FINANCIAL STATEMENTS

As of and for the years ended
December 31, 2020 and 2019

SEPARATE FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

CONTENTS

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV

SEPARATE STATEMENT OF INCOME

As of December 31, 2020 and 2019

GLOSSARY OF TERMS

TERM	DEFINITION
AFIP	The Spanish acronym for *Administración Federal de Ingresos Públicos*, i.e., the Argentine tax authorities.
AOA	Angolan Kwanza.
ARG GAAP	Technical Pronouncements (TPs) issued by the FACPCE, except for TP No. 26 (as amended) which adopts the IFRS. These TPs contain general and specific valuation and disclosure standards in force in Argentina, for companies that are not required or have not opted to adopt IFRS.
ARS	Argentine Pesos.
Associates	Companies over which Arcor S.A.I.C. has significant influence as established in IAS 28.
BCRA	Argentine Central Bank.
BOB	Bolivian.
BRL	Brazilian Real.
CHF	Swiss Franc.
CLP	Chilean Peso.
CNV	The Argentine National Securities Commission.
COP	Colombian Peso.
EUR	Euro.
FACPCE	Argentine Federation of Professional Councils in Economic Sciences.
FASB	Financial Accounting Standards Board.
GBP	British Pound.
Arcor Group / Group	Economic group comprised by Arcor S.A.I.C. and its subsidiaries.
Zucamor Group	Economic group acquired by the Company on July 4, 2017 comprised by Zucamor S.A. and its subsidiaries Zucamor Cuyo S.A., Papel Misionero S.A.I.F.C. and BI S.A. Then, Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. were merged into the subsidiary Cartocor S.A. effective since July 1, 2020.
IASB	International Accounting Standard Board.
IFRIC	International Financial Reporting Interpretations Committee.
INDEC	The Spanish acronym for *Instituto Nacional de Estadística y Censos* (National Institute of Statistics and Census).
CPI	Consumer Price Index.
JPY	Japanese Yen.
The Company / Arcor S.A.I.C.	Indistinctly, Arcor Sociedad Anónima, Industrial y Comercial.
GCL	Argentine General Companies Law (Law No. 19,550, as amended).
MXN	Mexican Peso.
Joint Venture	An agreement whereby the Group is entitled to the net assets of the same, together with the other participants with whom it shares the joint control of the agreement, pursuant to the terms of IFRS 11.
IAS	International Accounting Standards.
IFRS	International Financial Reporting Standards.
PEN	Peruvian Nuevo Sol.
PYG	Paraguayan Guaranies.
RMB	Renminbi.
TP	Technical Pronouncements issued by the FACPCE.
Subsidiaries	Companies controlled by the Arcor S.A.I.C. Arcor S.A.I.C. controls other companies when it is exposed or entitled to variable returns and has the capacity to exert influence on the amount of such returns through its power over the subsidiaries, as set forth by IFRS 10.
TO / CNV	Revised text of the National Securities Commission's regulations.
USD	U.S. dollars.
UYU	Uruguayan peso.

INTRODUCTION

Considering the requirements of the CNV, the Company has inverted the order to present its consolidated and separate financial statements, disclosing in first place the consolidated information of the Company and its subsidiaries, followed by its separate financial statements. In accordance with applicable laws and regulations, the consolidated financial statements are supplementary information to the separate financial statements. The Company's management recommends that users read the consolidated and the separate financial statements jointly.

SEPARATE STATEMENT OF INCOME

For the years ended December 31, 2020 and 2019
(figures stated in thousands of Argentine Pesos)

	NOTES	FOR THE YEAR ENDED 12.31.2020	FOR THE YEAR ENDED 12.31.2019
Sales of Goods and Services	27	72,824,165	60,638,884
Costs of Goods Sold and Services Rendered	28	(48,424,061)	(41,339,062)
SUBTOTAL		**24,400,104**	**19,299,822**
Income (Loss) from Biological Assets	31	424,100	136,966
GROSS PROFIT		**24,824,204**	**19,436,788**
Selling Expenses	29	(11,983,112)	(11,847,479)
Administrative Expenses	29	(4,421,464)	(4,305,923)
Other Income / (Expenses), Net	32	12,161	(570,426)
OPERATING INCOME		**8,431,789**	**2,712,960**
Financial Income (Expense)	33	(857,717)	(693,246)
Financial Expenses	33	(5,391,783)	(5,928,589)
Gain on Net Monetary Position	33	958,864	1,160,182
NET FINANCIAL INCOME (EXPENSE), NET		**(5,290,636)**	**(5,461,653)**
Income from Investments in Companies	9	3,062,882	2,449,534
INCOME BEFORE INCOME TAX		**6,204,035**	**(299,159)**
Income Tax	34	(2,040,479)	(1,700,854)
NET INCOME / (LOSS) FOR THE YEAR		**4,163,556**	**(2,000,013)**
Earnings / (Loss) per Share Attributable to the Company's Shareholders			
Basic and Diluted Earnings (Loss) per Share	35	0.05948	(0.02857)

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

See our report dated March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

Víctor Jorge Aramburu
Chairman
Statutory Audit Committee

Luis Alejandro Pagani

Chairman

Partner)
C.P.C.E.Cba. Nº 21.00004.3
Andrés Suárez
Public Accountant (UBA)
Professional License 10.11421.4 - C.P.C.E.Cba.

SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019
(figures stated in thousands of Argentine Pesos)

	NOTES	FOR THE YEAR ENDED	
		12.31.2020	12.31.2019
NET INCOME / (LOSS) FOR THE YEAR		**4,163,556**	**(2,000,013)**
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Items that May Be Subsequently Reclassified to Income / (Loss)			
Cash Flow Hedges [1]	20	(2,046)	1,492
Tax Effect	20 and 34	615	(448)
Share of Cash Flow Hedges of Companies [1]	20	-	(2,874)
SUBTOTAL		**(1,431)**	**(1,830)**
Share of Other Comprehensive Income (Loss) on Companies' Translation Differences	20	(120,639)	(205,989)
Tax Effect	20 and 34	(38,279)	4,671
SUBTOTAL		**(158,918)**	**(201,318)**
Total Items that May Be Subsequently Reclassified to Income / (Loss)		**(160,349)**	**(203,148)**
Items that Will Not Be Reclassified to Income / (Loss)			
Share of Other Comprehensive Income (Loss) on Actuarial Losses of Companies' Defined Benefit Plans		(30,945)	(66,398)
Actuarial Gains / (Losses) from Defined Benefit Plans	23	121,475	(321,734)
Tax Effect	34	(30,368)	80,433
Total Items that Will Not Be Reclassified to Income / (Loss)		**60,162**	**(307,699)**
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(100,187)**	**(510,847)**
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		**4,063,369**	**(2,510,860)**

[1] Includes the gain (loss) on transactions to hedge the risk of fluctuations in commodity prices (futures and options).

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

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SEPARATE BALANCE SHEET

For the years ended December 31, 2020 and 2019
(figures stated in thousands of Argentine Pesos)

ASSETS	NOTES	12.31.2020	12.31.2019
NON-CURRENT ASSETS			
Property, Plant and Equipment	5	14,310,046	12,543,918
Right-of-use Assets	6	800,480	1,005,700
Investment Properties	7	143,334	141,345
Intangible Assets	8	2,980,909	2,996,769
Equity Interests in Subsidiaries and Associates	9	59,133,275	54,194,573
Biological Assets	10	425,060	300,259
Deferred Tax Assets	11	-	1,082,060
Other Investments	12	257	351
Other Receivables	13	2,149,124	1,379,523
TOTAL NON-CURRENT ASSETS		**79,942,485**	**73,644,498**

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

CURRENT ASSETS			
Biological Assets	10	639,809	446,359
Inventories	14	12,919,965	8,696,529
Derivative Financial Instruments	15	270,000	5,730
Other Receivables	13	2,067,176	3,357,138
Trade Receivables	13	6,441,133	6,613,414
Cash and Cash Equivalents	16	771,510	4,981,931
TOTAL CURRENT ASSETS		**23,109,593**	**24,101,101**
TOTAL ASSETS		**103,052,078**	**97,745,599**

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SEPARATE BALANCE SHEET

For the years ended December 31, 2020 and 2019
(figures stated in thousands of Argentine Pesos)

LIABILITIES AND EQUITY	NOTES	12.31.2020	12.31.2019
EQUITY			
Capital and Reserves Attributable to the Company's Shareholders			
Capital Stock - Outstanding Shares	18	700,000	700,000
Capital Adjustment		6,724,194	6,724,194
Parent Company's Treasury Stock		(1,634)	(1,634)
Legal Reserve	17	1,484,839	1,484,839
Optional Reserve for Future Investments		10,453,673	13,841,930
Special Reserve for Future Dividends		2,529,434	3,566,945
Special Reserve for IFRS Adoption	17	784,332	784,332
Unappropriated Retained Earnings	19	4,223,768	(2,307,712)
Other Equity Components	20	1,077,709	1,238,058
TOTAL EQUITY		**27,976,315**	**26,030,952**
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans	21	46,498,855	48,763,719
Lease Liabilities	22	382,753	597,565
Derivative Financial Instruments	15	912,226	111,442
Deferred Tax Liabilities	11	773,631	-
Employee Retirement Benefits Obligations	23	1,738,852	1,353,734
Provisions	24	274,442	257,601
Trade Payables and Other Liabilities	25	305,607	84,139
TOTAL NON-CURRENT LIABILITIES		**50,886,366**	**51,168,200**
CURRENT LIABILITIES			
Loans	21	11,143,520	11,451,039
Lease Liabilities	22	504,294	494,947
Derivative Financial Instruments	15	197	2,020
Employee Retirement Benefits Obligations	23	200,784	164,439
Provisions	24	117,618	82,541
Advances from Customers		982,622	152,852
Trade Payables and Other Liabilities	25	11,240,362	8,198,609
TOTAL CURRENT LIABILITIES		**24,189,397**	**20,546,447**
TOTAL LIABILITIES		**75,075,763**	**71,714,647**
TOTAL EQUITY AND LIABILITIES		**103,052,078**	**97,745,599**

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

See our report dated March 10, 2021
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SEPARATE STATEMENT OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019
(figures stated in thousands of Argentine Pesos)

ITEMS	SHAREHOLDERS' CONTRIBUTIONS		PARENT COMPANY'S TREASURY SHARES	UNAPPROPRIATED RETAINED EARNINGS	
	CAPITAL STOCK OUTSTANDING COMMON SHARES	CAPITAL ADJUSTMENT [1]		LEGAL RESERVE (NOTE 17)	OPTIONAL RESERVE FOR FUTURE INVESTMENTS
Balances as of January 1, 2020	**700,000**	**6,724,194**	**(1,634)**	**1,484,839**	**13,841,930**
Net Income for the Year	-	-	-	-	-
Other Comprehensive Income (Loss) for the Year	-	-	-	-	-
Total Comprehensive Income / (Loss) for the Year	**-**	**-**	**-**	**-**	**-**
Absorption of Losses [2]	-	-	-	-	-
Setting-up of Reserves [2]	-	-	-	-	(3,157,263)
Cash Dividends [2]	-	-	-	-	(230,994)
Forfeited Dividends [3]	-	-	-	-	-
Balances as of December 31, 2020	**700,000**	**6,724,194**	**(1,634)**	**1,484,839**	**10,453,673**

[1] Reflects the difference between the adjusted value and the historical value of capital, according to the requirements of the GCL.

[2] As per resolution passed at the General Ordinary and Extraordinary Shareholders' Meeting held on April 25, 2020 and at the General Ordinary and Extraordinary Shareholders' Meeting held on August 15, 2020.

[3] According to the terms of Section 40 of the Company's By-laws, dividends that have not been cashed or claimed will be forfeited in favor of the Company within 5 years from the date on which such dividends were made available.

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

UNAPPROPRIATED RETAINED EARNINGS			OTHER EQUITY COMPONENTS		
SPECIAL RESERVE FOR FUTURE DIVIDENDS	SPECIAL RESERVE FOR IFRS ADOPTION (NOTE 47)	UNAPPROPRIATED RETAINED EARNINGS (NOTE 19)	TRANSLATION RESERVE (NOTE 20)	RESERVE FOR CASH FLOW HEDGE (NOTE 20)	TOTAL EQUITY
3,566,945	**784,332**	**(2,307,712)**	**1,236,627**	**1,431**	**26,030,952**
-	-	4,163,556	-	-	4,163,556
-	-	60,162	(158,918)	(1,431)	(100,187)
-	**-**	**4,223,718**	**(158,918)**	**(1,431)**	**4,063,369**
(2,307,710)	-	2,307,710	-	-	-
3,157,263	-	-	-	-	-
(1,887,062)	-	-	-	-	(2,118,056)
-	-	50	-	-	50
2,529,436	**784,332**	**4,223,766**	**1,077,709**	**-**	**27,976,315**

See our report dated March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

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SEPARATE STATEMENT OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019
(figures stated in thousands of Argentine Pesos)

ITEMS	SHAREHOLDERS' CONTRIBUTIONS		PARENT COMPANY'S TREASURY SHARES	UNAPPROPRIATED RETAINED EARNINGS	
	CAPITAL STOCK OUTSTANDING COMMON SHARES	CAPITAL ADJUSTMENT [1]		LEGAL RESERVE (NOTE 17)	OPTIONAL RESERVE FOR FUTURE INVESTMENTS
Balances as of January 1, 2019	**700,000**	**6,724,194**	**(1,634)**	**540,236**	**3,085,955**
Net (Loss) for the Year	-	-	-	-	-
Other Comprehensive Income (Loss) for the Year	-	-	-	-	-
Total Comprehensive (Loss) for the Year	**-**	**-**	**-**	**-**	**-**
Setting-up of Reserves [2]	-	-	-	944,603	10,755,975
Cash Dividends [2]		-	-	-	-
Balances as of December 31, 2019	**700,000**	**6,724,194**	**(1,634)**	**1,484,839**	**13,841,930**

[1] Reflects the difference between the adjusted value and the historical value of capital, according to the requirements of the GCL.

[2] As per resolution passed at the General Ordinary and Extraordinary Shareholders' Meeting held on April 27, 2019 and at the General Ordinary and Extraordinary Shareholders' Meeting held on September 19, 2019.

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

UNAPPROPRIATED RETAINED EARNINGS			OTHER EQUITY COMPONENTS		TOTAL EQUITY
SPECIAL RESERVE FOR FUTURE DIVIDENDS	SPECIAL RESERVE FOR IFRS ADOPTION (NOTE 47)	UNAPPROPRIATED RETAINED EARNINGS (NOTE 19)	TRANSLATION RESERVE (NOTE 20)	RESERVE FOR CASH FLOW HEDGE (NOTE 20)	
358,499	**784,332**	**16,054,215**	**1,437,945**	**3,261**	**29,687,003**
-	-	(2,000,013)	-	-	(2,000,013)
-	-	(307,699)	(201,318)	(1,830)	(510,847)
-	**-**	**(2,307,712)**	**(201,318)**	**(1,830)**	**(2,510,860)**
3,847,766	-	(15,548,344)	-	-	-
(639,320)	-	(505,871)	-	-	(1,145,191)
3,566,945	**784,332**	**(2,307,712)**	**1,236,627**	**1,431**	**26,030,952**

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Statutory Audit Committee

Luis Alejandro Pagani

Chairman

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Partner)
C.P.C.E.Cba. Nº 21.00004.3
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SEPARATE STATEMENT OF CASH FLOWS

For the years ended December 31, 2020 and 2019
(figures stated in thousands of Argentine Pesos)

	NOTES	12.31.2020	12.31.2019
OPERATING ACTIVITIES			
Net Income / (Loss) for the Year		**4,163,556**	**(2,000,013)**
Income Tax	34	2,040,479	1,700,854
Adjustments for:			
Depreciation of Property, Plant and Equipment and Investment Properties	29	1,383,480	1,505,098
Depreciation of Right-of-use Assets	29	464,196	336,167
Amortization of Intangible Assets	29	58,971	102,869
Provisions Deducted from Assets and Included in Liabilities, Net		79,055	(99,516)
Net Financial Income (Expense)	33	5,290,636	5,461,653
Income from Investments in Companies	9	(3,062,882)	(2,449,534)
Gain (Loss) on Initial Recognition of and Changes in Fair Value of Biological Assets	10	(409,976)	(167,867)
Gain (Loss) on Disposal of Property, Plant and Equipment and Investment Properties	32	(605,759)	(20,109)
Gain (Loss) on Derecognition of Right-of-use Assets Net of Derecognition of Lease Liabilities	6 and 22	(4,437)	-
Adjustments Subtotal:		**3,193,284**	**4,668,761**
Net Receipts / (Payments) from Derivative Financial Instruments Related to Operating Activities	15	4,454	(1,438)
Payments for Acquisitions Net of Receipts from Sales of Biological Assets		(592,841)	(480,621)
Payments for Income Tax and Minimum Presumed Income Tax		(384,805)	(309,205)
Subtotal - Cash Flow from Operations Before Net Changes in Operating Assets and Liabilities:		**8,424,127**	**3,578,338**
Net Changes in Operating Assets and Liabilities:			
Trade Receivables		15,995	85,351
Other Receivables		(1,032,935)	(547,044)
Inventories		(1,090,948)	3,823,645
Trade Payables and Other Liabilities		3,825,779	1,258,333
Advances from Customers		778,901	53,796
Provisions		(21,609)	(15,890)
Net Cash Flow Provided by Operating Activities		**10,899,310**	**8,236,529**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Purchases and Advances of Property, Plant and Equipment, Intangible Assets and Others		(904,295)	(943,358)
Realized Capital Contributions		(3,406,163)	(42,138)
Cash Inflows from Disposal of Property, Plant and Equipment and Investment Properties		46,715	24,497
Net Changes in Financial Receivables with Related Parties		29,089	(1,954,369)
Receipts of Dividends and Other Proceeds from Investments in Companies		480,576	1,501,504
Payments for Acquisition of Shares from Related Companies		(497)	-
Receipts from Sale of Shares to Related Companies		212	204
Payment for Acquisition of Mastellone Hermanos S.A.'s Shares	42	(151,946)	(597,875)
Net Cash Flows (Used In) Investing Activities		**(3,906,309)**	**(2,011,535)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows from Bank Loans	21	-	5,350,126
Repayment of Bank Loans	21	(2,030,770)	(3,945,199)
Net Changes in Short-term Loans	21	(3,159,063)	2,923,868
Net Changes in Loans with Related Parties	21	263,501	13,933
Inflows from Notes Issued	21	6,230,917	2,251,202
Debt Repayment in respect of Notes	21	(3,170,523)	(501,162)
Net Payments of Receipts from Derivative Financial Instruments Related to Financing Activities	15	(222,312)	702,204
Payments of Principal on Financial Lease Liabilities	22	(499,253)	(409,763)
Payments of Interest on Financial Lease Liabilities	22	(57,046)	(62,920)
Payment of Interest and Other Financial Expenses	21	(6,657,595)	(8,581,125)
Payment of Dividends		(2,003,464)	(1,117,815)
Net Cash Flows (Used In) Financing Activities		**(11,305,608)**	**(3,376,651)**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(4,312,607)**	**2,848,343**

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Statutory Audit Committee

Luis Alejandro Pagani
Chairman

SEPARATE STATEMENT OF CASH FLOWS

For the years ended December 31, 2020 and 2019
(figures stated in thousands of Argentine Pesos)

	NOTES	12.31.2020	12.31.2019
Cash and Cash Equivalents at the Beginning of the Year	16	**4,981,931**	**2,567,790**
Cash Acquired from Merger with La Campagnola S.A.C.I.		881	-
Cash Acquired from Merger with Indalar S.A.		-	270
Exchange Differences on Cash and Cash Equivalents		168,378	(373,277)
Loss on Net Monetary Position from Cash and Cash Equivalents		(67,073)	(61,195)
Net (Decrease) / Increase in Cash and Cash Equivalents		(4,312,607)	2,848,343
Cash and Cash Equivalents at Year-end	16	**771,510**	**4,981,931**

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

See our report dated March 10, 2021
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As of and for the years ended December 31, 2020 and 2019
(Figures stated in thousands of Argentine pesos)

NOTE 1. GENERAL INFORMATION

1.1 Company's Background

Arcor Sociedad Anónima, Industrial y Comercial is a company organized and existing under the laws of the Argentine Republic (Law No. 19,550, as amended). The Company's registered office is located at Av. Fulvio Salvador Pagani 487, Arroyito, Province of Córdoba.
The Company and its subsidiaries constitute a multinational corporation producing a wide variety of consumer food products (candies, chocolates, cookies & crackers, food, etc.) and industrial products (virgin and recycled paper, corrugated cardboard, printing of flexible films, corn syrup, etc.) in Argentina, Brazil, Chile, Mexico and Peru, which are marketed in many countries worldwide.

The Company's Bylaws were registered with the Public Registry of Commerce on January 19, 1962. The last amendment thereto was resolved at the Extraordinary General Shareholders' Meeting held on December 11, 2019, and was registered with the Public Registry - Protocol of Contracts and Dissolutions - under Registration No. 76 - A41, in Córdoba, on January 9, 2020. The Company's term will expire on January 19, 2061.

On February 27, 2010, the Ordinary General Shareholders' Meeting approved the creation of the Global Simple Non-convertible Notes Program, in accordance with the terms of Law No. 23,576, as amended by Law No. 23,962. On October 15, 2010, the Bureau of Legal Entities of the Province of Córdoba, by means of Resolution 1931/2010-B, registered the program with the Public Registry of Commerce. On October 25, 2010, the CNV, through Resolution No. 16,439, authorized the Company to create a Simple Non-convertible Notes Program.

On November 28, 2014, the Ordinary and Extraordinary General Shareholders' Meeting resolved to increase the amount and extend the term of the program. On October 30, 2015, the CNV, by means of Resolution No. 17,849, authorized the Company to increase the maximum principal amount of such program (from an aggregate principal amount of USD 500 million to an aggregate principal amount of up to USD 800 million, or its equivalent in other currencies) for a new five-year period, counted as from the end of the original maturity in October 2020. On March 2, 2016, the Bureau of Legal Entities of the Province of Córdoba, by means of Resolution 260/2016-B, registered the increase in the program amount and extension of its term with the Public Registry of Commerce.

Finally, on April 25, 2020, the Ordinary and Extraordinary General Shareholders' Meeting resolved to approve an extension of the Program term for additional five years. On November 5, 2020, the CNV, by means of Directive DI-2020-52-APN- GE#CNV, authorized the Company to extend the term of the program for additional 5 years, counted as from the end of the extended term, i.e., October 30, 2025, and to amend certain terms and conditions of said Program in order for the instruments to be denominated in units known as "Unidades de Valor Adquisitivo" or UVAs indexable by the Reference Stabilization Ratio ("CER", for its Spanish acronym) as per Law No. 25,827, or otherwise in "Unidades de Vivienda" or UVIs indexable by the Construction Cost Index ("ICC", for its Spanish acronym), pursuant to Law No. 27,271.

These separate financial statements were approved by Minutes of Board of Directors' Meeting No. 2362 dated March 10, 2021.

1.2 Parent Company's Data

The Company is controlled by Grupo Arcor S.A., which owns 99.686534% and 99.679719% interests in capital stock and votes, respectively. The parent company's core business is making financial transactions and investments.

Grupo Arcor S.A. is a company organized and existing under the laws of the Argentine Republic (Law No. 19,550, as amended). Its registered office is located at Maipú No. 1210, 6th Floor, Suite "A," Autonomous City of Buenos Aires.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As of and for the years ended December 31, 2020 and 2019
(Figures stated in thousands of Argentine pesos)

NOTE 1. GENERAL INFORMATION

1.3 Economic Context in Argentina: Impacts of COVID-19

The Company operates amidst a challenging economic environment whose main variables have experienced strong volatility, both locally and internationally.

The outbreak of the COVID-19 pandemic in 2020 brought about substantial implications at a global level. The several health-related restrictions took their toll—to a greater or lesser extent— almost immediately on economies, with abrupt declines in their production and activity indicators. In response, most governments implemented fiscal aid packages to support people's income and minimize a potential disruption in the payment chain and prevent economic and financial crises and business bankruptcies. Argentina was no exception, and the National Government took action as soon as the pandemic was declared.

The Argentine economy was already experiencing stagflation which, coupled with the pandemic outbreak in March 2020, made things substantially worse. According to December 2020's "Monthly Economic Activity Indicator" published by INDEC, economic activity is expected to have declined by around 10.0% at the end of 2020.

Since late 2020, the National Government has been implementing several measures affecting the economic context, such as price controls and certain exchange restrictions, including the requirement of securing the Central Bank's prior consent to access the local FX market (known as "MULC"). Accordingly, the Company carried out exchange transactions within the MULC's applicable regulatory framework.

As concerns the impacts of the COVID-19 pandemic in Argentina, the measures adopted by the National Government to contain the virus spread included, without limitation, border closures, mandatory social distancing, and interruption of non-essential business activities for a long period of time. In this respect, in spite of the challenges inherent to the prevailing context that slowed down or complicated the conduction of activities, as the Group is engaged in the production and marketing of consumer food products and key supplies to other essential industries, the Company's business activity was considered essential and, as such, its operations were not disrupted.

The final extent of the COVID-19 outbreak and its impact on the global and local economies of the countries where the Group operates are still unknown. As of the date of these separate financial statements, the pandemic has not had a substantial impact on the Company's results of operations.

The above-described volatile and uncertain scenario still remains as of the date of these financial statements. The Company is closely monitoring the situation and defining suitable courses of action, following the directives and recommendations from the pertinent international agencies and/or Departments of Health of the countries where it operates.

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

Below is a detail of the most relevant accounting standards used by the Company to prepare these separate financial statements.

2.1 Basis for Preparation

These financial statements were prepared in accordance with the IFRS issued by the IASB (based on the guidance laid down in TP No. 26, as amended by TPs No. 29, 38 and 43) and represent the full, explicit and unreserved adoption of such international standards.

The figures disclosed in the separate financial statements and in their respective notes are stated in thousands of pesos, except for earnings per share, changes in capital stock, and dividends per share. Certain figures in foreign currency are also stated in thousands, except as otherwise indicated.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.1 Basis for Preparation

The accounting policies applied are based on the IFRS issued by the IASB and on the applicable interpretations issued by the IFRIC as of the date of these separate financial statement. The preparation of these separate financial statements in accordance with IFRS requires that the Company make estimates and assessments that affect the reported amounts of assets and liabilities, and of contingent assets and liabilities disclosed as of the date of these separate financial statements as well as recorded income and expenses.

The Company makes estimates to calculate, for example, depreciation and amortization, the fair value of biological assets and certain derivative instruments, the recoverable value of non-financial assets, the income tax expense, certain labor costs, the provisions for contingencies, provisions for labor, civil and commercial lawsuits, allowances for bad debts, and provisions for discounts and rebates to customers. Future actual results may differ from the estimates and assessments made as of the date of these separate financial statements.

The figures as of December 31, 2019 disclosed in these financial statements for comparative purposes arise from adjusting for inflation the amounts disclosed in the financial statements then ended, as described in Note 2.9 to these separate financial statements. Where applicable, certain reclassifications were made for comparative purposes.

Going Concern

As of the date of these separate financial statements, there are no uncertainties as to developments or circumstances that may call into question the likelihood that the Company will continue operating normally as a going concern.

2.2 Changes to Accounting Policies New Accounting Standards

(a) New Standards, Amendments and Interpretations Effective for the Fiscal Year Beginning on January 1, 2020:

Amendments to IFRS 3 "Business Combinations": This amendment revises the definition of business. According to feedback received by the IASB, the application of the current guidance is perceived as too complex and, as a result, too many transactions are classified as business combinations. The adoption of these amendments did not have a material impact on these separate financial statements.

Amendments to IAS 1 and to IAS 8 on the definition of materiality: These amendments to IAS 1, "Presentation of financial statements," and IAS 8, "Accounting policies, changes in accounting estimates and errors," and subsequent amendments to other IFRSs shed light on the use of a consistent definition of materiality through the IFRS and the Conceptual Framework for Financial Reporting; clarify the definition of what is considered material; and incorporate some guidance from IAS 1 on non-relevant information. The adoption of these amendments did not have a material impact on these separate financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform: The amendments provide for a temporary alternative to the application of specific hedge accounting requirements to the hedging relationships which are directly affected by the interest rate benchmark reform, such as LIBOR and other interbank rates. The adoption of these amendments did not have a material impact on these separate financial statements.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.2 Changes to Accounting Policies New Accounting Standards

Amendments to IFRS 16, "Leases" - COVID-19-related Rent Concessions: As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions may take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides lessees the possibility of assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

The amendment was published in May 2020 and came into force for fiscal years commencing on or after June 1, 2020. Early adoption is allowed. As a result of the adoption of this practical expedient to these separate financial statements, the Company recognized the effect of the reductions in net income for the year, without any material impact.

(b) New Standards, Amendments and Interpretations Published that Have Not Become Effective Yet for the Fiscal Years Beginning on or after January 1, 2020 and that Have Not Been Adopted Earlier:

Amendments to IAS 1, "Presentation of Financial Statements" on Classification of Liabilities: These amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is unaffected by the entity's expectations or by events subsequent to the date of these financial statements. The amendment makes clear the meaning of "settlement" of a liability. This standard was published in January 2020 and will come into force on or after January 1, 2022.

Amendments to IFRS 3 "Business Combinations": The amendment revises a reference to Conceptual Framework for Financial Reporting contained in IFRS 3, without altering the accounting requirements for business combinations. The amendment was published in May 2020 and will come into force for fiscal years commencing on or after January 1, 2022.

Amendments to IAS 16, "Property, Plant and Equipment": The amendment prohibits deducting from the cost of an asset any proceeds from sales while bringing that asset to the condition for its intended use. Instead, an entity is required to recognize such proceeds in profit or loss for the period. The amendment was published in May 2020 and will come into force for fiscal years commencing on or after January 1, 2022.

Amendments to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets": These amendments specify the costs that an entity should include in assessing whether such contract will be onerous. The amendment was published in May 2020 and will come into force for fiscal years commencing on or after January 1, 2022.

Amendments to IFRS 7, IAS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2: These changes address issues arising during the interest rate benchmark reform, including the replacement of a benchmark rate with an alternative one. The amendment was published in August 2020 and will come into force for fiscal years commencing on or after January 1, 2021.

There are no other IFRS or IFRIC interpretations which have not come effective yet and which are expected to have a material impact on the Company.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.3 Property, Plant and Equipment

The items of Property, Plant and Equipment are measured at acquisition or construction cost, net of accumulated depreciation and/or impairment losses, if any. The cost includes such expenses that are directly attributable to the acquisition or construction of the assets.

The items of Property, Plant and Equipment acquired in business combinations were initially measured at their estimated fair value at the time of the acquisition. Subsequent costs are included in the value of the asset and are recognized as a separate asset, as the case may be, if and only if future economic benefits are expected to flow into the Company and its cost can be measured reliably. The carrying amount of the asset being replaced is derecognized.

Also, bearer plants are recorded separately from the biological assets produced therein, and are disclosed as items of Property, Plant and Equipment. The measurement criteria for those assets are described in Note 2.11.

Repair and maintenance expenses are recognized in the income statement for the year in which they were incurred.

Increased maintenance costs are recognized as part of the cost of the asset as long as general recognition criteria for assets is met, and are depreciated during the estimated period until the subsequent major maintenance. Any residual value resulting from previous maintenance is charged to income.

The Company has capitalized interest on generic loans for the construction of plant and equipment which necessarily require a substantial period before they are ready for use. The capitalized amount in real terms (net of the respective inflationary hedges) totals ARS 7,438 and ARS 22,443 for the years ended December 31, 2020 and 2019, respectively.

Depreciation is calculated on a straight-line basis, using annual rates sufficient to extinguish the value of the assets at the end of their estimated useful life. Where an asset includes significant components with different useful lives, they are recognized and depreciated as separate items. The following table describes the useful life for each item of Property, Plant and Equipment used by the Company as a reference upon recognition:

ITEM	USEFUL LIFE
Land	Without depreciation
Buildings	30-50 years
Machinery and Facilities	10 years
Bearer Plants	5 years
Furniture, Tools, Vehicles and Other Equipment	3-10 years
Works in Progress and Equipment in Transit	Without depreciation

The residual values, useful lives and depreciation methods of the items comprising Property, Plant and Equipment are reviewed and adjusted, as needed, as of each year-end.

The carrying amount of the items comprising Property, Plant and Equipment is immediately written down to its recoverable value when the carrying amount exceeds the estimated recoverable value. Gains and losses on the disposal of Property, Plant and Equipment items are calculated by comparing the proceeds from the disposal to the carrying amount of the respective asset and are charged to "Other Income / (Expenses), Net" in the separate statement of income.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.4 Leases

2.4.1 Lease Activities

The Company leases offices, warehouses, vehicles and land. Leases are generally entered into for fixed terms ranging from 6 months to 5 years, but may contain options to extend their term, as described in this Note 2.4.4. The contracts may contain or not lease components. The Company assigns the lease and non-lease components in each contract, based on their separate relative prices. However, for real property lease contracts where the Company is the lessee, the Company has opted not to separate the lease and non-lease components; instead, it recognizes them as a single lease component. Lease contracts are individually negotiated and contain a wide range of different terms and conditions.

2.4.2 Right-of-use Assets

Right-of-use assets are measured at cost, which comprises the amount of the initial measurement of the lease liability, any lease payment made on or before the commencement date, net of any lease incentive and restoration costs.

Right-of-use assets are depreciated on a straight-line basis during the shorter of the asset useful life and the lease term. The resulting carrying amount does not exceed the recoverable value of the assets.

For variable lease payments contractually linked to indexes or adjustment rates, such lease liabilities are re-measured upon a change in those indexes or rates, which are recognized in real terms, through adjustments to the respective right-of-use assets.

Payments associated with short-term leases (with terms of less than 12 months) of equipment and vehicles and leases of low-value assets are expensed on a straight-line basis under "Leases / Operating Leases," in profit or loss for the year in which they are incurred.

2.4.3 Lease Liabilities

Lease liabilities are initially measured at present value. Lease liabilities mainly include the net present value of fixed lease payments (including the in-substance fixed payments) less any lease incentive receivable; and variable lease payments based on an index or rate. Lease payments made under reasonably certain options to extend are also included in the liability measurement.

Lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Such rate is the one the lessee would have to pay to obtain the necessary funds to acquire an asset of similar value to the right-of-use asset, within an economic environment with similar terms and conditions.

In determining the incremental interest rate, the Company relies, to the extent possible, on a recent external financing rate as a starting point. In the absence of recent third-party financing, the Company uses a rate determination approach, starting from a risk-free interest rate adjusted for credit risk for its existing leases, and then making adjustments specific to the lease, such as term, currency and guarantee.

The Company is exposed to potential future increases in variable lease payments that depend on an index or a rate, which are included as they become effective. At that time, the lease liability is reassessed and adjusted against the right-of-use asset.

Financial charges generated by lease liabilities (interest and exchange differences) are disclosed in real terms, as described in Note 2.9.

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.4.4 Options to Extend or Terminate a Lease

The options to extend or terminate a lease are included in several property and equipment lease contracts. These options are used to maximize operating flexibility in terms of management of the assets used in the operations. Most options to extend or terminate leases maintained are exercisable by the Company only, but not by the respective lessor.

2.5 Investment Properties

Investment properties comprise real property (land and/or buildings) held by the Company to obtain a rent and/or for capital appreciation purposes, rather than for use in the production of goods and services or for administrative purposes.

Investment properties are measured at acquisition or construction cost, net of accumulated depreciation and/or impairment losses, if any. The cost includes such expenses that are directly attributable to the acquisition or construction of the assets.

Land is not depreciated. The estimated useful life of buildings ranges from 30 to 50 years.

The residual values, useful lives and depreciation methods of investment properties are reviewed and adjusted, as needed, as of each year-end.

The carrying amount of investment properties is immediately written down to its recoverable value when the carrying amount exceeds the estimated recoverable value.

Gains and losses on the disposal of items of investment properties are calculated by comparing the proceeds from the disposal to the carrying amount of the respective asset and are charged to "Other Income / (Expenses), Net" in the separate statement of income.

Management and maintenance expenses are recognized under the caption "Other Income / (Expenses), Net" in the statement of income for the year in which they are incurred.

2.6 Intangible Assets

Intangible assets are those non-financial assets, without physical substance, that are identifiable either because of being separable or because of deriving from legal or contractual rights. They are recorded when they may be reliably measured and are expected to generate benefits for the Company.

As of the date of these financial statements, intangible assets with definite useful life are disclosed net of accumulated amortization and/or impairment losses, if any. These assets are tested for impairment upon the occurrence of events or circumstances that indicate that their carrying amount may not be recoverable.

Intangible assets with indefinite useful life are those arising from contracts or other legal rights renewable at no significant cost and for which, on the basis of an analysis of all relevant factors, there is no foreseeable time limit during which the asset is expected to generate net cash flows for the entity. These intangible assets are not amortized, but are rather tested for impairment on an annual basis, either individually or at the cash-generating unit level. The "indefinite useful life" of an intangible asset is also reviewed annually to determine whether circumstances continue to support an indefinite useful life assessment for that asset.

(a) Goodwill

Goodwill arising from the acquisition of subsidiaries and/or associates represents the excess of:

(i) the cost of an acquisition, which is measured as the consideration transferred, measured at fair value at the date of acquisition, plus the amount of the non-controlling interest; and

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.6 Intangible Assets

(a) Goodwill

(ii) the fair value of the identifiable assets acquired, the liabilities assumed and contingent liabilities of the acquiree as of that date

Goodwill generated from the acquisition of subsidiaries that were subsequently merged into the Company is included in the caption "Intangible Assets" in the separate balance sheet.

On the other hand, goodwill resulting from the acquisition of subsidiaries not subsequently merged into the Company and from investments in associates is disclosed in the caption "Equity Interests in Subsidiaries and Associates" in the separate balance sheet.

Goodwill is not amortized. The Company assesses, at least annually, goodwill recoverability based on the future discounted cash flows, together with other information available at the date of preparation of the financial statements. Once recorded, impairment losses are not reversed. Gains and losses from the sale of an entity include the remaining goodwill related to the entity sold.

Goodwill arising from the acquisition of subsidiaries is allocated to cash generating units in order to perform recoverability tests. Such allocation is made between those cash generating units (or group of units), identified on the basis of the operating segment which benefits from the business combination that gave rise to the goodwill.

(b) Brands

Brands individually acquired are initially measured at cost, while those acquired as part of business combinations are measured at their estimated fair value on the acquisition date.

Brands acquired by the Company are classified as intangible assets with indefinite useful lives. The main factors considered for this classification include the number of years during which they have been in service and their recognition among the sector's customers. In turn, the Company believes that brand value is maintained by means of marketing investments and commercial actions.

The value of these assets does not exceed their estimated recoverable value.

(c) Software and Related Licenses

Development, acquisition and implementation costs that are directly attributable to unique and identifiable software design and tests which are controlled by the Company are recognized as intangible assets. Costs associated with software maintenance are expensed when incurred.

Development, acquisition or implementation costs initially recognized as expenses for any given year are not subsequently recognized as costs of the intangible asset. Costs incurred in software development, acquisition and implementation recognized as intangible assets are amortized on a straight-line basis during the estimated useful life of the assets, within a term not to exceed 5 years.

Licenses acquired by the Company were classified as intangible assets with definite useful life and are amortized on a straight-line basis within a term not to exceed 5 years.

As of and for the years ended December 31, 2020 and 2019
(Figures stated in thousands of Argentine pesos)

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.7 Impairment of Non-financial Assets

Assets with indefinite useful life are not amortized, but are rather tested for impairment on an annual basis. Amortizable assets and investments in associates and joint ventures are tested for impairment upon the occurrence of events or circumstances that indicate that their carrying amount may not be recoverable.

Impairment losses are recognized when the carrying amount of an asset exceeds its recoverable value. The recoverable value of an asset is equal to the higher of the net amount that would be obtained from its disposal or its value in use. For the purposes of the impairment test, assets are grouped at the lowest level in which they generate identifiable cash flows (cash generating units). For investments in associates and joint ventures, the impairment test is performed, if applicable, for each investment separately.

The carrying amount of non-financial assets, other than goodwill, which have been impaired is reviewed at each reporting date to see to the potential reversal of the impairment.

2.8 Equity Interests in Subsidiaries and Associates

Subsidiaries are all such entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights in, variable returns by reason of its involvement with the investee, and has the ability to use its power to direct the entity's operating and financial policies to affect such returns. Subsidiaries are consolidated as from the time on which control is transferred to the Company, and are excluded from consolidation on the date such control ceases.

Associates are entities over which the Company has significant influence, that is, the power to interfere with the decisions made as to the investee's financial and operating policies, without exerting control. Investments in associates are accounted for using the equity method and are initially recognized at cost. The identifiable net assets and contingent liabilities acquired in the initial investment in an associate are originally recognized at fair value as of the investment date.

According to the terms of IAS 27 and 28, in these separate financial statements, investments in subsidiaries and associates are accounted for using the "equity method."

In using the equity method, investments are initially recognized at cost. Such amount is then increased or decreased to recognize the investor's share of the entity's gains or losses subsequent to the date of acquisition / organization. Besides, the identifiable net assets and contingent liabilities acquired in the initial investment in a subsidiary and/or associate are originally recognized at fair value as of the investment date. Where applicable, the value of equity interests in subsidiaries and associates includes the goodwill recognized on such date. When the Company's share of losses is equal to or higher than the value of its equity interest in such entities, the Company will not recognize additional losses, except to the extent there is a legal or assumed obligation of providing funds or making payment on account thereof.

The share of gains and losses of subsidiaries and associates is charged to "Income from Investments in Companies" in the statement of income. The share of other comprehensive income (loss) of subsidiaries and associates is charged to "Share of Other Comprehensive Income (Loss) of Companies," in the statement of other comprehensive income.

As of each reporting period-end, the Company determines whether objective evidence exists that an investment in a subsidiary and associate is not recoverable. If so, the Company calculates the impairment amount as the difference between the recoverable value of that investment and its carrying amount. The resulting amount is recognized in "Income from Investments in Companies" in the statement of income.

Likewise, the criteria stated in Note 2.6 (a) are also applicable to goodwill generated from the acquisition of equity interests in associates and from the acquisition of subsidiaries.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.8 Equity Interests in Subsidiaries and Associates

The table below details the subsidiaries and associates that were valued using the equity method:

COMPANIES	COUNTRY	LOCAL CURRENCY	FUNCTIONAL CURRENCY	CLOSING DATE	PERCENTAGE OF INTEREST*	
					12.31.2020	12.31.2019
Arcor A.G. (S.A., Ltd.) [1]	Switzerland	EUR	EUR	12.31.2020	100.00000	100.00000
Arcor do Brasil Limitada [2]	Brazil	BRL	BRL	12.31.2020	89.89600	89.89600
Arcor U.S.A., Inc.	USA	USD	USD	12.31.2020	99.95284	99.90000
Arcorpar S.A.	Paraguay	PYG	PYG	12.31.2020	50.00000	50.00000
Asama S.A. [3 4]	Argentina	ARS	ARS	-	-	99.98343
Bagley Argentina S.A. [5]	Argentina	ARS	ARS	12.31.2020	0.00401	0.00401
Bagley Latinoamérica S.A. [6]	Spain	EUR	EUR	12.31.2020	51.00000	51.00000
Cartocor Chile S.A. [7]	Chile	CLP	CLP	12.31.2020	28.07196	28.07196
Cartocor S.A. [8]	Argentina	ARS	ARS	12.31.2020	99.99678	99.99680
Constructora Mediterránea S.A.C.I.F.I.	Argentina	ARS	ARS	12.31.2020	99.99100	99.98389
GAP International Holding S.A. [9]	Chile	CLP	USD	12.31.2020	99.99901	99.90000
GAP Inversora S.A.	Argentina	ARS	ARS	12.31.2020	4.99998	4.99998
Industria de Alimentos Dos en Uno S.A. [10]	Chile	CLP	CLP	12.31.2020	100.00000	100.00000
Industria Dos en Uno de Colombia Ltda.	Colombia	COP	COP	12.31.2020	4.37353	6.10001
La Campagnola S.A.C.I. [4]	Argentina	ARS	ARS	-	-	99.98367
Mastellone Hermanos S.A. [11]	Argentina	ARS	ARS	12.31.2020	24.33837	23.69074
Unidal México S.A. de C.V. [12]	Mexico	MXN	MXN	12.31.2020	99.99985	99.99985
Van Dam S.A.	Uruguay	UYU	UYU	12.31.2020	100.00000	100.00000
Zucamor S.A. [13 14]	Argentina	ARS	ARS	-	-	72.74298

* Percentage of interest in capital stock and voting rights.

[1] Its investments in Arcor Alimentos Bolivia S.A., Arcor Trading (Shanghai) Co., Ltd. and TUCOR DMCC are valued by the equity method.

[2] On January 30, 2019, the partners, gathered at a partners' meeting, and following the related amendment to the articles of association, resolved to extinguish the companies Cartocor do Brasil Ind. Com. e Serv. Ltda. and Dos en Uno do Brasil Imp. e Com. de Alim. Ltda., which were merged into Arcor do Brasil Ltda.

[3] As of December 31, 2019, the investment in Zucamor S.A. is valued by the equity method.

[4] Company merged with Arcor S.A.I.C. as from January 1, 2020.

[5] Its investments in Bagley Chile S.A. and Mastellone Hermanos S.A. are valued by the equity method.

[6] Its investments in Bagley Chile S.A., Bagley do Brasil Alimentos Ltda. and Bagley Argentina S.A. are valued by the equity method.

[7] Its investments in Cartocor de Perú S.A. are valued by the equity method.

[8] Its investments in Cartocor Chile S.A and Cartocor de Perú S.A. are valued by the equity method. Effective since July 1, 2020, its investment in Papel Misionero S.A.I.F.C. is valued by the equity method.

[9] Its investments in GAP Regional Services S.A. and Arcor do Brasil Limitada are valued by the equity method.

[10] Its investments in Arcor de Perú S.A., Unidal Ecuador S.A. and Industria Dos en Uno de Colombia Ltda. are valued by the equity method.

[11] Its investments in Con-Ser S.A., Leitesol Indústria e Comércio S.A., Marca 4 S.A., Marca 5 Asesores en Seguros S.A., Mastellone de Paraguay S.A., Mastellone Hermanos do Brasil Comercial e Industrial Ltda., and Mastellone San Luis S.A. are valued by the equity method. It does not include adjustments booked to measure the associate's identifiable assets and liabilities as of the date of initial application of the equity method.

[12] Its investments in Mundo Dulce S.A. de C.V. are valued by the equity method.

[13] As of December 31, 2019, its investments in Papel Misionero S.A.I.F.C., Zucamor Cuyo S.A. and BI S.A. are valued by the equity method.

[14] Company merged with Cartocor S.A. as from July 1, 2020.

Inter-company transactions, balances, profits and losses included in the final balances of assets arising from transactions between group companies were eliminated for purposes of calculating income from investments in companies.

The financial statements used in measuring investments using the equity method were prepared as of a closing date consistent with that of the respective separate financial statements, encompassing equal periods, and were prepared using valuation criteria consistent with those used by the Company or suitable to such end.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.9 2.9 Financial Reporting in Hyperinflationary Economies

IAS 29 "Financial Reporting in Hyperinflationary Economies" requires that an entity's financial statements whose functional currency is the currency of a hyperinflationary economy, regardless of whether they are based on the historical cost method or on the current cost method, be stated in terms of the measuring unit current at the end of the reporting period. For such purpose, in general, inflation from the acquisition date or the revaluation date, as the case may be, should be reflected in non-monetary items. Such requirements are also applicable to the comparative information disclosed in the financial statements.

To conclude on the existence of a hyperinflationary economy pursuant to the provisions set forth in IAS 29, the standard details a series of factors to be considered, including an accumulated three-year inflation rate that approximates to or exceeds 100%. Accordingly, pursuant to the requirements of IAS 29, effective since July 1, 2018, the Argentine economy should be regarded as hyperinflationary.

In turn, Law No. 27,468 (published in the Official Gazette on December 4, 2018) amended the terms of Section 10 of Law No. 23,928, as amended, establishing that the repeal of all such legal and regulatory standards which establish or authorize price indexation mechanisms, monetary adjustments, changes in costs or any other form of restatement of indebtedness, taxes, prices or rates for goods, works or services, is not applicable to financial statements, which should continue to be subject to the provisions of Section 62 in fine of the GCL. In addition, Law No. 27,468 repealed Decree No. 1269/2002 dated July 16, 2002, as amended, and entrusted the National Executive Branch, through its regulatory agencies, with the duty of setting the date as from which the foregoing provisions would come into force in respect of financial statements filed with them. Accordingly, by way of RG 777/2018 (published in the Official Gazette on December 28, 2018), the CNV provided that issuers subject to its oversight were required to restate their annual, interim and special financial statements ended on and after December 31, 2018 into constant currency as required by IAS 29. Therefore, these separate financial statements as of December 31, 2020 were restated.

In accordance with IAS 29, the financial statements of an entity reporting in the currency of a hyperinflationary economy should be presented in the current unit of measurement as of the end of the reporting period. All balances disclosed in the entity's balance sheet, other than those stated in the current unit of measurement as of the end of the reporting period, should be adjusted by reference to a general price index.

All profit & loss items should be reported in terms of a unit of measurement adjusted as of the end of the reporting period by reference to the changes in the general price index occurring since the date on which revenues and expenses have been originally recognized in the financial statements.

The inflation adjustment on opening balances was calculated by reference to the indexes established by the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE"), which are based on the price indexes released by the Argentine Institute of Statistics and Census ("INDEC"). The changes in the index used for the restatement of these separate financial statements was 36.14% as of December 31, 2020, and 53.83% as of December 31, 2019.

Below is a detail of the main guidelines for the application of the inflation adjustment:

- Monetary assets and liabilities recognized in the measuring unit current at the end of the reporting period should not be restated, for they are already stated in current currency as of the date of the financial statements.
- Non-monetary assets and liabilities carried at cost at the end of the reporting period and equity items should be restated by reference to the respective adjustment ratios.
- Profit & loss items are restated by reference to the pertinent restatement factors.
- Financial income (expense) was restated in real terms, eliminating the respective inflationary hedges.
- The effects of inflation on the Company's net monetary position are disclosed in the statement of income within "Net Financial Income (Expense)", under "Gain (Loss) on Net Monetary Position."
- Comparative figures were adjusted for inflation, following the same guidelines described in the preceding paragraphs.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.9 Financial Reporting in Hyperinflationary Economies

Upon the first-time adoption of the inflation adjustment (i.e., January 1, 2017), equity accounts were restated as follows:

- Capital stock was restated since the later of the subscription date, or the date of the last inflation adjustment for accounting purposes. The resulting amount was accounted for in "Capital Adjustment."
- The translation reserve and the reserve for cash flow hedges were stated in real terms.
- Other comprehensive income items were restated as from each accounting reporting date.
- The other reserves were not restated upon initial application.

2.10 Foreign Currency Translation

(a) Functional Currency and Reporting Currency

The figures disclosed in the financial statement of each of the entities in which the Company has interests are stated in their functional currency. In general, for investments in companies based abroad, the currency of each country has been defined as functional currency since it is the currency of the primary economic environment where those entities operate. These entities' financial statements are stated in Argentine pesos (ARS), which is the Company's functional currency and the Group's reporting currency. The closing exchange rates used for currency translation purposes are as follows:

		LOCAL CURRENCY PER EACH ARS	
COUNTRY	LOCAL CURRENCY	12.31.2020	12.31.2019
Angola	AOA	0.1265	0.1225
Bolivia	BOB	0.0829	0.1166
Brazil	BRL	0.0619	0.0675
Chile	CLP	8.4687	12.5438
China	RMB	0.0779	0.1169
Colombia	COP	40.8874	54.9027
Ecuador	USD	0.0119	0.0168
Spain	EUR	0.0097	0.0150
United States	USD	0.0119	0.0168
Mexico	MXN	0.2375	0.3162
Paraguay	PYG	82.6879	108.2920
Peru	PEN	0.0431	0.0556
Switzerland	EUR	0.0097	0.0150
Uruguay	UYU	0.5043	0.6250

(b) Transactions and Balances

Transactions in foreign currency are translated to functional currency at the exchange rates prevailing on the transaction or valuation dates when items are measured at closing. Gains and losses in functional currency on the settlement of these transactions and on the translation of monetary assets and liabilities denominated in foreign currency at the exchange rates prevailing at closing are recognized in the income statement under "Net Financial Income (Expense)," except when deferred in equity as a result of transactions qualifying as cash flow hedges, where applicable.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.10 Foreign Currency Translation

(c) Translation of Financial Statements of Companies whose Functional Currency is Not the Currency of a Hyperinflationary Economy

The results of operations and financial position of the Group's entities whose functional currency differs from the reporting currency and is not the currency of a hyperinflationary economy are translated as follows:

(i) Assets and liabilities are translated at the exchange rate prevailing at closing;
(ii) Income and expenses are translated at each month's average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the exchange rates prevailing on the date of each transaction, in which case income and expenses are translated at the exchange rates prevailing on the date of each transaction);
(iii) The resulting translation differences are recognized as other comprehensive income; and
(iv) For purposes of the valuation of the item Investments in Subsidiaries and Associates and/or the preparation of the consolidated financial statements in the currency of a hyperinflationary economy, income and expenses are restated into the measuring unit current at the reporting period end and translated at the exchange rate prevailing at year-end; translation differences are restated and disclosed in real terms.

Goodwill and fair value adjustments arising from the acquisition of investments are recognized as assets and liabilities of the investee and are translated into the reporting currency at the exchange rate prevailing at closing. The resulting translation differences are recognized as other comprehensive income. When an investment is sold or disposed of, cumulative translation differences are recognized in the statement of income as part of the gain or loss on the sale or disposal.

(d) Translation of Financial Statements of Companies whose Functional Currency is the Currency of a Hyperinflationary Economy

The results of operations and financial position of the Group's entities whose functional currency is different from the reporting currency and is that of a hyperinflationary economy are restated, first, in accordance with IAS 29 "Financial reporting in hyperinflationary economies" (Note 2.9 to these separate financial statements). Then, all assets, liabilities, equity items and profit and loss accounts are translated at the exchange rate prevailing at closing.

2.11 Biological Assets

The account primarily comprises dairy cattle and beef cattle, grain sown land, sugar cane sown land and fruit crops. Dairy cattle and beef cattle are part of the biological assets of the livestock business.

Grain sown land and sugar cane sown land are part of the biological assets of the agricultural business. In particular, sugar cane sown lands are biological assets growing in "bearer plants."

In general, these assets are measured at fair value less direct costs to sell, considering the particular characteristics of each specific asset as described in the following paragraphs.

Gains or losses from the initial recognition of a biological asset at fair value, net of estimated direct costs to sell/transfer and those related to subsequent changes in fair value, are disclosed as gains or losses in the separate statement of income for the year in which they are generated, under the item "Income (Loss) from Biological Assets" of the separate statement of income.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.11 Biological Assets

(a) Dairy Cattle

These biological assets are used by the Company for the production of milk (biological product), which is mainly used to manufacture milk powder and is then consumed in the manufacturing process of other products such as confectionery, chocolates, and cookies and crackers.

Cattle is recorded at fair value estimated on the basis of the price of transactions close to the date of the separate financial statements, for animals with similar features, net of estimated direct costs of sale.

These biological assets are expected to be used for production during five lactation periods (representing approximately five years), until they reach dry cow status, when they are destined for slaughter. As a result, they are classified as non-current assets.

Changes in the fair value of these biological assets and the difference between the fair values of the biological products (milk) gathered during the year and the respective production costs are booked in "Income (Loss) from Biological Assets," in the separate statement of income.

(b) Sugar Cane Sown Land

Sugar cane sown land is a biological asset growing in sugar cane plantations (bearer plants). These biological assets are used by the Company to obtain sugar cane (biological product), for subsequent use in its own production of sugar.

Sugar cane plantations are bearer plants and, therefore, are recorded and disclosed as items of "Property, Plant and Equipment" (Note 2.3). Sugar cane sown land biologically developed in sugar cane plantations is accounted for as "Biological Assets" until harvest. Sugar cane, which is the biological product resulting from those sown land plots, is then transferred to "Inventories" (Note 2.14) at fair value, after harvest.

At the initial phase of biological development, i.e., until the sugar cane sown land reaches a phenological stage from which yields can be reasonably estimated, these assets are valued at cost, which mainly includes the costs of farming, labor and related inputs. Once this stage is completed, they are measured at fair value at the point of harvest. Fair value is estimated separately from that of the bearer plants on which they develop and of the land on which they are planted, which are measured in accordance with the criteria applicable to "Property, Plant and Equipment" (Note 2.3). Since there is no active market for this type of biological assets (sugar cane sown land not yet harvested) in their location and condition prior to harvest, the fair value is estimated based on the present value of expected net cash flows (primarily, fair value of the biological products to be harvested), discounted using an appropriate rate under the circumstances. For purposes of such estimate, other factors are considered as the phenological stage of crops, expected yield, sugar cane price and estimated costs of farm work and inputs up to the harvest date.

Given that, at year-end, the land plots sown with sugar cane are at the initial stage of development, they are valued at cost. Also, as these biological assets are harvested within the following twelve months, they are classified as current assets.

The difference between the fair values of the biological products (sugar cane) harvested during the year and the respective production costs are booked in "Income (Loss) from Biological Assets," in the separate statement of income.

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.11 Biological Assets

(c) Grain Sown Land

Primarily consists of land sown with corn and soybean. Biological products from corn sown land are mainly intended to be used as fodder to feed daily cattle. Instead, soybean (biological product) is destined for sale.

These corn and soybean sown land plots do not qualify as "bearer plants" as defined in IAS 41 "Agriculture," because they are not expected to produce for more than one year. For this reason, considering that the aforementioned biological products are harvested within the following twelve months and are then used in other industrial processes or sold, these biological assets are classified as current assets.

At the initial stage of their biological development, i.e., until the sown land reaches a phenological stage at which yields can be reasonably estimated, they are valued at cost. Once this stage is completed, they are measured at fair value net of harvest costs. Since there is no active market for this type of biological assets in their location and condition prior to harvest, their fair value is estimated based on the present value of expected net cash flows (primarily, fair value of the biological products to be harvested), discounted using a rate appropriate to the circumstances. For purposes of such estimate, other factors are considered such as the phenological stage of the crops, expected yield per hectare, the grain price and estimated costs of farm work and inputs up to the harvest date. Also, the fair value of these biological assets is determined separately from the land in which they are planted, which is measured in accordance with the criteria applicable to "Property, Plant and Equipment" (Note 2.3).

Given that, at year-end, the land plots sown with corn and soybean are at the initial stage of development, they are valued at cost.

The difference between the fair value of the biological products (corn, fodder and soybean) harvested during the year, their subsequent selling price, if applicable, and the respective production costs are carried in "Income (Loss) from Biological Assets," in the separate statement of income.

(d) Beef Cattle

This category basically comprises calves and yearlings to be sold as cattle for slaughter, and also dry cows that exhausted their dairy production and were transferred to this category. Since these biological assets are expected to be sold within twelve months after year-end, they are classified as current assets.

Cattle is measured at fair value less direct costs to sell, estimated in accordance with quoted prices at the closing date, per kilogram of live weight at Liniers Cattle Market *(Mercado de Liniers).*

Changes in the fair value of these biological assets and the difference between the selling prices and the respective marketing and maintenance costs are carried in "Income (Loss) from Biological Assets" in the separate statement of income.

(e) Fruit Crops

This item primarily comprises peach crops, which are biological assets growing on fruit-bearing trees (bearer plants). These biological assets are mainly used by the Company to obtain fruit (biological products), for subsequent use in the manufacturing process of other food products such as marmalades, canned fruits, fruit pulp, etc.

Fruit trees are bearer plants and, therefore, are recorded and disclosed as items of "Property, Plant and Equipment" (Note 2.3). Fruit crops biologically developed on fruit trees are accounted for as "Biological Assets" until harvest. The harvested fruit, which is the biological product resulting from the crops, is then classified in "Inventories" (Note 2.14) at fair value, after harvest.

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2.11 Biological Assets

At the initial phase of biological development, i.e., until the fruit crops reach the phenological stage at which yields can be reasonably estimated, they are valued at cost, which mainly includes the costs of farming, farm work and related inputs. Once this stage is completed, they are measured at fair value net of harvest costs. Fair value is estimated separately from that of the bearer plants on which they develop and of the land on which they are based, which are measured in accordance with the criteria applicable to "Property, Plant and Equipment" (Note 2.3).

Given that, at year-end, fruit crops are at an advanced stage of biological development, they are measured at fair value. Since there is no active market for this type of biological assets (unharvested fruit crops) in their location and condition as of the date of these separate financial statements, the fair value is estimated based on the present value of expected net cash flows (primarily, fair value of the biological products to be harvested), discounted using a rate appropriate to the circumstances. For purposes of such estimate, other factors are considered such as the phenological stage of the crops, expected yield per hectare, the fruit price and estimated costs of farm work and inputs up to the harvest date.

Also, as these biological assets are harvested within the following twelve months, they are classified as current assets.

The difference between the fair value of the biological products (fruit) harvested during the year and the respective production costs, as well as the difference between the fair value of unharvested biological assets at year-end and their respective cost, are carried in "Income (Loss) from Biological Assets," in the separate statement of income.

2.12 Financial Assets

2.12.1 Classification

The Company classifies its financial assets into the following categories:

(i) (i) Financial Assets at Amortized Cost, and
(ii) Financial Assets at Fair Value.

This classification depends on the business model the Company applies to manage its financial assets and the characteristics of the financial asset's contractual cash flows.

(i) Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met:

(a) the asset is held within a business model aimed at maintaining the assets to obtain contractual cash flows; and (b) the contractual conditions of the financial asset give rise, on specific dates, to cash flows that are principal and interest payments only in respect of the outstanding principal amount.

In addition, and for such assets that meet the above-mentioned conditions, IFRS 9 includes an option to designate a financial asset at fair value at initial recognition, if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing their respective gains and losses on a different basis. The Company has not designated any financial asset at fair value in reliance of this option.

(ii) Financial assets at fair value

Financial assets at fair value are those that are not measured at amortized cost.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As of and for the years ended December 31, 2020 and 2019
(Figures stated in thousands of Argentine pesos)

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.12 Financial Assets

2.12.2 Recognition and Measurement

Ordinary purchases and sales of financial assets are recognized on the trade date, which is when the Company undertakes to purchase or sell the asset.

Financial assets classified "at amortized cost" are initially recognized at fair value, plus the transaction costs. These assets accrue interest based on the effective interest rate method.

Financial assets classified "at fair value" through profit or loss are initially recognized at fair value and the transaction costs are recognized as an expense in the separate statement of income. Subsequently, they are measured at fair value.

Financial assets are derecognized when the rights to receive cash flows from them have expired or have been transferred and the Company has transferred substantially all the risks and benefits inherent to ownership.

Financial assets at fair value through profit or loss are subsequently recognized at fair value.

Gains and losses from changes in fair value are included in the separate statement of income, under the item "Net Financial Income (Expense)," in the period in which such changes in fair value occur.

At each reporting period end, the Company assesses where there is objective evidence of impairment of a financial asset, or a group of financial assets, measured at amortized cost.

A financial asset or a group of financial assets is impaired and an impairment loss is recognized if there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset, and such event or events have an impact on the estimated future cash flows from the financial asset or group of financial assets.

The resulting loss, determined as the difference between the carrying amount of the asset and the present value of the estimated future cash flows, is recognized in the separate statement of income. If, in a subsequent period, the amount of the impairment loss decreases and such decrease can be associated with an event occurred after the measurement, the reversal of the impairment loss is recognized in the separate statement of income.

Impairment tests on accounts receivable are described in Note 2.15.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.13 Derivative Financial Instruments and Hedging Activities

Derivative financial instruments are initially recognized at fair value on the date when the derivative instrument contract is entered into, and are subsequently measured at fair value at the reporting period end. The method for recognizing the gain or loss from changes in the fair value of derivatives depends on whether they are designated as hedging instruments and, if so, on the nature of the item hedged.

The Company applies hedge accounting to cocoa derivatives, designated as "Cash Flow Hedge," which are intended to obtain a hedge in respect of the purchase price of raw materials derived from cocoa.

The effective portion of the changes in fair value of derivatives that are designated and qualify as cash flow hedge is recognized in other comprehensive income. Where applicable, the ineffective portion of the gain or loss is reported in the separate statement of income immediately under the caption "Costs of Goods Sold and Services Rendered" for the hedge on prices for cocoa derivatives.

The accumulated amounts in other comprehensive income are reclassified to the separate statement of income in the period in which the hedged item affects earnings.

At the inception of the transaction, the Company documents the relationship between the hedging instruments and the items hedged, and also its risk management goals and the strategy to carry out hedging transactions. In addition, the Company evaluates, both at the beginning and on an ongoing basis, whether the derivatives used in hedging transactions are highly effective to compensate changes in the fair value or in the cash flows of the items being hedged.

When a hedging instrument expires or is sold, or when it ceases to meet the criteria to be recognized through hedge accounting, any accumulated gain or loss in other comprehensive income as of that date will remain there, and will be recognized when the transaction originally intended to be hedged affects the statement of income. When a projected transaction is no longer expected to occur, the accumulated gain or loss in other comprehensive income is immediately charged to the separate statement of income.

Total fair value of the derivatives used as cash flow hedge is classified into non-current assets or liabilities when the maturity date of the remaining balance of the hedged item is beyond twelve months. Otherwise, it is classified as current assets or liabilities.

Changes in the reserve for cash flow hedges are disclosed in Note 20.

The gains or losses for changes in the fair value of derivatives not designated as hedges are recognized in the separate statement of income, under the item "Net Financial Income (Expense)" (Note 33). Further, Mastellone Hermanos S.A.'s call and put options resulting from the transaction described in Note 42 are measured at estimated fair value, and the changes in measurement are recognized in the separate statement of income, under the item "Net Financial Income (Expense)" (Note 33).

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.14 Inventories

Inventories are recorded at the lower of cost or net realizable value. Cost is determined applying the weighted average price method. The cost of finished products and work in process includes the costs of raw material, direct labor, other direct costs and manufacturing overheads, based on normal operating capacity, and excludes financing costs. Net realizable value is the estimated sale price in the ordinary course of business, less direct costs of sales.

A provision for impairment and obsolescence of inventories is calculated for goods whose net realizable value at period-end is lower than their restated cost (if applicable), and in order to write down certain slow-moving or obsolete inventories to their probable realizable value or value in use, at the respective dates.

Inventories include the agricultural produce that the Company has harvested or picked from its biological assets, such as milk, sugarcane, fruits, crops, etc. For initial recognition, they are measured at market value at that date, less direct costs of sales or transfer estimated at the time of harvest, milking or picking.

2.15 Trade and Other Receivables

Trade and other receivables are initially recognized at fair value and subsequently valued at amortized cost, applying the effective interest rate method, less the allowance for bad debts.

The Company recognizes an allowance for bad debts for an amount equal to the expected credit losses over the receivable lifetime. The expected loss to be recognized is determined based on the percentage of uncollectibility by ranges of due dates for each receivable. Such historical percentage must reflect the expectations of collecting the receivable in the future and, therefore, estimated changes in performance.

The carrying amount of trade receivables is written down by means of an allowance and the amount of the loss is recognized in the separate statement of income under the item "Selling Expenses." When an account receivable is considered uncollectible, it is recorded against the corresponding allowance for bad debts. Subsequent recovery of amounts previously recognized as losses is recorded as a credit against "Selling Expenses" in the separate statement of income.

2.16 Cash and Cash Equivalents

Cash and cash equivalents include available cash, unrestricted bank deposits and other highly liquid short-term investments originally falling due within three months or less and with low exposure to significant changes in value.

Assets recorded under cash and cash equivalent are measured at fair value or at amortized cost that approximates their fair value.

2.17 Equity - Capital Stock

Common shares are recognized in equity and carried at nominal value. When company's shares (treasury shares) are acquired, the payment made, including all costs directly attributable to the transaction (net of taxes), is deducted from equity until the shares are canceled or sold.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.18 Loans

Loans are initially recognized at fair value, net of the transaction costs incurred. These loans are subsequently recorded at amortized cost. Any difference between the funds received (net of transaction costs) and the repayment value is recognized in the separate statement of income over the term of the loan, using the effective interest rate method.

2.19 Trade Payables and Other Liabilities

Trade payables are initially recognized at fair value and subsequently measured at amortized cost, applying the effective interest rate method.

2.20 Income Tax and Minimum Presumed Income Tax

(a) Income Tax

The income tax expense for the year includes current and deferred tax. Taxes are recognized in the separate statement of income, except for such items that must be recognized directly in other comprehensive income. In this case, the income tax related to these items is also recognized in that statement.

- Current Income Tax

The current income tax expense is calculated based on the tax laws enacted in Argentina as of the balance sheet date. The Company periodically assesses the position assumed in tax returns in such circumstances in which the tax laws are subject to interpretation. If applicable, the Company establishes provisions based on the amounts expected to be paid to the tax authorities.

- Income Tax - Deferred Tax Method

Deferred income tax is entirely determined by means of the liability method, based on the temporary differences arising from the carrying amounts and the tax bases of assets and liabilities. However, deferred taxes arising from the initial recognition of an asset or a liability, in a transaction other than a business combination, which at the time of the transaction does not affect the profits or losses recognized in the financial statements or taxable income, will not be recorded. Deferred taxes are determined using tax rates (and tax laws) that had been enacted as of the date of the financial statements and that are expected to be applicable when the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent future tax benefits are likely to arise against which the temporary differences might be offset.

The Company recognizes a deferred tax liability for taxable temporary differences related to investments in subsidiaries and associates, unless both the following conditions are met:

(i) The Company controls the timing on which temporary differences will be reversed; and
(ii) Such temporary differences are not likely to be reversed in the foreseeable future.

The balances of deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to the same tax authority for the Company where there is an intention and possibility to settle the tax balances on a net basis.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.20 Income Tax and Minimum Presumed Income Tax

(b) Minimum Presumed Income Tax

Up to the year ended December 31, 2018, the Company assessed the minimum presumed income tax by applying the current 1% rate on computable assets at each period end. This tax was supplementary to income tax. However, if the minimum presumed income tax was to exceed income tax in a given fiscal year, such excess could be creditable as a payment on account of the income tax that could be generated in any of the following ten fiscal years. The minimum presumed income tax credit disclosed under "Other Non-current Receivables" is the portion that the Company expects to offset against income tax to be generated within the following ten fiscal years from the date of generation.

With the enactment of Law No. 27,260 in 2016, this tax was repealed in Argentina for the fiscal years beginning on or after January 1, 2019. Therefore, no estimates of this tax were recorded for fiscal years 2020 and 2019 in these separate financial statements.

2.21 Employee Benefits

(a) Pension Plans

The Company offers post-employment benefits to certain senior managers, who are specifically designated as beneficiaries, under a pension plan. The right to obtain these benefits is subject to the permanence of the employee until he/she meets certain requirements under the plan, such as retirement, death, total and permanent disability, etc., and during a minimum number of years. These obligations assumed by the Company qualify as "Defined Benefit Plans" based on the classification of IAS 19 "Employee Benefits." The Company does not have a specific fund to provide for the payment of these benefits. Expected costs of these benefits are accrued over the working life of employees. The liability recognized in the separate balance sheet is equal to the present value of the obligation at the closing date. The obligation related to defined benefits is calculated annually in accordance with the projected unit credit method. The current value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rates on high-quality corporate bonds, denominated in the same currency as that in which the benefits will be paid, and with similar maturities as those of the relevant obligations. Actuarial gains and losses arising from adjustments due to experience and changes in actuarial assumptions are recognized in "Other Comprehensive Income" in the period when they occur. Costs of past services are immediately charged to profit or loss.

(b) Retirement Bonuses

This account represents accrued but not yet due and payable benefits established under collective bargaining agreements in favor of employees that retire at the required age or before, in case of disability. These benefits comprise the payment of a certain sum, equal to three wages, at the time of retirement or upon disability. Collective bargaining agreements do not provide for other benefits, such as life insurance, health care plan or otherwise. These obligations assumed by the Company qualify as "Defined Benefit Plans" based on the classification of IAS 19 "Employee Benefits." The Company does not have a specific fund to provide for the payment of these benefits. Expected costs of these benefits are accrued over employees' working lifetime using the same accounting method that is used for pension plans. Actuarial gains and losses arising from adjustments due to experience and changes in actuarial assumptions are recognized in "Other Comprehensive Income" in the period when they occur. Costs of past services are immediately charged to profit or loss.

(c) Early Retirement Benefits

Early retirement benefits are recognized when employment is terminated before the ordinary retirement date, or when an employee agrees to a voluntary termination arrangement in exchange for these benefits. These benefits are paid during a period of time that is generally extended until one year after the employee's expected retirement date. The Company recognizes early termination benefits when it is demonstrably committed to either: i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or ii) providing early termination benefits as a result of an offer made to encourage voluntary retirement. These benefits are recognized at the present value of the cash flows expected to be disbursed by the Company.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.21 Employee Benefits

(d) Employee Bonuses

The Company recognizes a liability and an expense for bonuses at the time the benefit is accrued. The Company also recognizes a provision when it is under a legal or contractual obligation, or when a past practice has created a constructive obligation.

(e) Social Security Contributions in Argentina

Social security laws in force in Argentina grant pension benefits payable to retired employees out of the government pension funds. According to applicable laws, the Company makes monthly contributions calculated based on each employee's salary to finance these plans. These amounts are expensed as incurred and are disclosed under the item "Salaries, Wages, Social Security Contributions and Other Benefits," in Note 29.

2.22 Provisions

The Company will recognize a provision when it has a present obligation, whether legal or constructive as a result of past events, and it is likely that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the disbursements expected to be required to settle the obligation, using an interest rate that reflects prevailing market conditions on the value of money and the risks specific to such obligation. The increase in the provision as a result of the passage of time is recognized under "Net Financial Income (Expense)," in the separate statement of income. The Company recognizes the following types of provisions:

For Labor, Civil and Commercial Lawsuits: These provisions are calculated on the basis of attorneys' reports about the status of lawsuits and the estimate about the potential losses the Company may sustain, as well as on the basis of past experience in proceedings of this nature.

Other Miscellaneous Provisions: These provisions are set up to address contingencies that may trigger obligations for the Company. In estimating the provision amount, the Company evaluates the likelihood of occurrence taking into consideration the opinion of its legal and professional advisors.

As of the date of these separate financial statements, the Company believes there are no elements leading to determine the existence of other probable contingencies that could be materialized and have a negative impact on these separate financial statements.

2.23 Distribution of Dividends

The distribution of dividends to the Company's shareholders is recognized as a liability in the financial statements in the year in which such dividends are approved by the Company's shareholders.

2.24 Recognition of Revenues from Sales

(a) Revenues from Sales of Goods and Services Rendered

Revenues encompass the fair value of the consideration received or receivable for the sale of goods and services provided by the Company in the ordinary course of business. Revenues from sales are reported net of discounts.

The Company recognizes revenues when amounts can be measured reliably, when the control over the products has been transferred or the services have been delivered, and when economic benefits are likely to flow into the entity in the future. The Company considers that the amount of revenues cannot be measured reliably until such time as all contingencies related to the sale or provision of the service have been addressed.

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.24 Recognition of Revenues from Sales

Regarding sales of services, revenue is recognized in the period in which the service is rendered, based on degree of completion.

In the case of products, the transfer of control takes place upon delivery. Products are not considered to have been delivered until such time as they have been shipped to the place specified by the customer and the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contracts, the acceptance provisions have expired, or the Company has objective evidence that all acceptance criteria have been satisfied.

The Company recognizes provisions for product returns based on historical information and past experience, so that provisions are recorded in the same period as the original sale.

(a.1) Local Market Sales

The Company derives revenues primarily from the sale of consumer food and industrial products. Consumer food products include the confectionery, chocolates, and food businesses, which are primarily marketed through three channels: distributors, wholesalers and supermarkets.

Industrial products mainly comprise sales of industrial chocolate, sugar, and corn by-products.

Sales revenues, net of value added tax, returns and discounts to customers, are recognized after the Company has transferred the risks and benefits inherent to ownership of the goods to the buyer and does not retain the right to dispose of them, which generally occurs upon delivery and receipt of the products at the buyer's warehouse.

(a.2) Exports

Revenue recognition is based on Incoterms 2010, which are the official rules for the interpretation of commercial terms, issued by the International Chamber of Commerce.

In case of discrepancies between the commercial agreements and the Incoterms defined for the transaction, the contractual terms shall prevail.

(a.3) Commercial Agreements with Distributors, Wholesalers and Supermarket Chains

The Company enters into commercial agreements with its customers, distributors, wholesalers and supermarkets establishing discounts, rebates and other considerations in exchange for advertising and publicity, etc.

Payments for services and granted considerations, as well as contributions for shared advertising, are recognized when the advertising activities agreed with the customer are performed, and are recorded as advertisement and publicity, under selling expenses in the separate statement of income. Items that do not imply a consideration are recognized as a reduction of the sales price of the products sold.

(b) Interest

Interest income is recognized based on the percentage of time elapsed, using the effective interest rate method.

(c) Rental Income

Rental income is recognized in the separate statement of income on a straight-line basis over the lease term.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.25 Leases / Operating Leases

Lease payments on which no right-of-use assets or lease liabilities were recognized (Note 2.4), net of any incentive received from the lessor, are charged to the separate statement of income on a straight-line basis over the lease term.

NOTA 3. SIGNIFICANT ACCOUNTING CRITERIA AND ESTIMATES

These separate financial statements rely on accounting criteria, assumptions and estimates that are used in their preparation.

The following accounting estimates, related assumptions and uncertainties inherent to the Company's accounting policies have been identified, which are deemed essential to understand the underlying financial reporting risks and the effect of those accounting estimates, assumptions and uncertainties on these separate financial statements.

The Company has assessed that a reasonably possible change in one of the significant assumptions would not generate a material impact on these separate financial statements.

(a) Recoverability of Property, Plant and Equipment Items

The Company assesses the recoverability of property, plant and equipment items when events or changes in the prevailing circumstances indicate that the carrying amount of an asset may not be recoverable. The Company considers that the carrying amount of an item of property, plant and equipment is impaired when the value-in-use, calculated on the basis of the estimated cash flows expected from the asset, discounted and separately identifiable, or its net realizable value is lower than its carrying amount.

A previously recognized impairment loss is reversed when there is a subsequent change in the estimates used in computing the recoverable value of the asset. In that case, the new amount may not exceed the amount it would have had at the new measurement date if the impairment had not been recognized. Both the impairment charge and its reversal are recognized in income.

The value-in-use calculation requires the use of estimates (Note 2.7) and is based on cash flow projections prepared on the basis of financial budgets that cover a period of up to five years. Cash flows beyond the five-year period are extrapolated using estimated growth rates, which do not exceed the long-term average growth rate of each of the businesses involved.

The main key assumptions are related to gross margins which are determined on the basis of past performance, other external sources of information and market development expectations.

The discount rates used are the respective weighted average cost of capital ("WACC"), which is considered a good indicator of the cost of capital. Each WACC used is estimated considering the industry, country and size of the business.

The calculation of net realizable values, where necessary, is made based on valuations prepared by independent appraisers, according to the criteria defined by the International Valuation Standards (IVS).

(b) Estimated Loss on Goodwill Impairment

The Company annually assesses the recoverable value of goodwill. To determine the recoverable amount of goodwill, the Company relies on the cash generating unit's future cash flow projections, which have the same characteristics as those detailed for property, plant and equipment.

The Company considers that the estimates are consistent with the assumptions that market agents would use in their recoverable value estimates.

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NOTE 3. SIGNIFICANT ACCOUNTING CRITERIA AND ESTIMATES

(c) Allowances for Bad Debts

The Company has revised its methodology for impairment of receivables pursuant to the model of expected credit losses set forth in IFRS 9. For trade receivables, the Company has applied a simplified approach to estimate expected credit losses, pursuant to which a loss allowance is recognized throughout the lifetime of the trade receivables. The expected loss recognized is determined based on the percentage of uncollectibility by ranges of due dates for each trade receivable. In measuring expected credit losses, trade receivables are grouped by credit risk and aging.

As of December 31, 2020, the allowance for bad debts totals ARS 53,797, compared to ARS 51,653 as of December 31, 2019.

(d) Provisions

The Company recognizes provisions for certain probable civil, commercial, labor and tax contingencies arising from time to time in the ordinary course of business. In determining the sufficiency of the provisions for these contingencies, we have considered, based on the advice of our internal and external legal counsel, the probability of adverse judgments or resolutions regarding these matters, as well as the range of probable losses that could result from potential resolutions. When applicable, the amount of the provisions required for these contingencies is determined after a careful analysis of each particular case.

(e) Income Tax

The Company is required to estimate income taxes in each of the jurisdictions where it operates. This process includes an estimate of the final tax exposure and the assessment of temporary differences arising from the deferred treatment of certain items, such as accruals and amortization, for accounting and tax purposes. These differences may give rise to deferred tax assets and liabilities, which are included in the separate balance sheet. As part of its tax planning procedures, the Company is required to determine the fiscal year of reversal of its deferred tax assets and liabilities and whether there will be future taxable profits in those periods. The deferred tax assets and liabilities arising from temporary differences that were timely recorded are reversed in the pertinent year, if the Company anticipates that the future reversal will take place in a year with tax losses. A detailed analysis from management is required to determine the provisions for income tax and its deferred tax assets and liabilities positions.

This analysis also involves making estimates of taxable income in the jurisdiction where the Company operates and the period over which the deferred tax assets and liabilities will be recoverable, particularly, those related to tax losses which are subject to the statute of limitations to be offset against taxable income, in accordance with applicable laws. If final results differ from these estimates, or if these estimates are adjusted in future periods, the Company's financial position and results of operations could be affected.

(f) Revenue Recognition - Discounts and Rebates

At each year-end, the Company is required to assess the degree to which its customers accomplish volume targets and other agreed-upon commercial actions that entitle them to discounts and rebates. In some cases, the Company needs to assess the fulfilment of sales volumes in future periods for targets encompassing multiple months.

(g) Biological Assets

In order to measure the fair value of the asset, the Company estimates the present value of the expected net cash flows discounted using a rate applicable to the asset in question. In this regard, other factors are considered such as the phenological stage of crops and plantations, expected yield per hectare subject to climate changes, or based on natural soil conditions, the price for grain, sugarcane, fruit or production, and the estimated costs of farm work and inputs up to the harvest or picking date.

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NOTE 3. SIGNIFICANT ACCOUNTING CRITERIA AND ESTIMATES

(h) Investment in Associates - Allocation of Transaction Costs and Measurement of Call and Put Options

The initial recognition of the investment in Mastellone Hermanos S.A. (Note 42) requires determining the fair value of various assets and liabilities of that associate at the time of acquisition. The Company relies on all the information available (including information supplied by such associate) to make such determination, and in the case of certain identifiable assets and liabilities in the transaction, the Company may hire independent specialists to help it prepare fair value estimates. In some cases, assumptions related to the timing and amount of future income and expenses associated with an asset are used to determine its fair value. These assumptions may significantly vary over time from initial estimates, and if the time spent is longer, or if net cash flows decrease significantly, the results of those estimates could differ from those actually recognized by the Company.

The initial recognition of the call and put options contemplated in such transaction (Note 42) and their subsequent measurement are subject to similar considerations as the foregoing.

(i) Recoverability of the Investment in Mastellone Hermanos S.A.

The Company assesses the recoverability of its investment in Mastellone Hermanos S.A. when events or changes in the prevailing circumstances indicate that, subsequent to initial recognition of each investment, the estimated future cash flows of the associate could be significantly and adversely affected. The Company considers that the carrying amount of the investment in that associate is impaired when its recoverable value, calculated as the difference between the present value of the estimated cash flows expected to be generated by the associate and its net financial indebtedness, is lower than its carrying amount.

Since goodwill and other assets with indefinite useful life identified at the time of each acquired interest that comprise the carrying amount of the investment in Mastellone Hermanos S.A. are not separately recognized (Nota 42), the Company does not test them for impairment separately, but rather analyzes the potential impairment of the total carrying amount of the investment. In this respect, a recognized impairment loss will not be allocated to any asset, including goodwill, comprising Mastellone Hermanos S.A.'s carrying amount; therefore, any reversal of such impairment loss will be recognized to the extent there is a subsequent increase in the recoverable amount of the net investment. Both the impairment loss and its reversal are recognized as a gain (loss) from the investment in the associate.

The assessment of the recoverable value requires the use of estimates (Note 2.7) and is based on projected cash flows prepared on the basis of Mastellone Hermanos S.A.'s financial budget for the following year and on the basis of the associate's projections covering a ten-year period. Cash flows in excess of the ten-year period are extrapolated using estimated growth rates.

The discount rate used is the respective weighted average cost of capital ("WACC"), which is estimated considering the industry, the country and the business size of Mastellone Hermanos S.A.

The Group also estimates how sensitive the recoverable value is to certain key assumptions (Note 42).

NOTE 4. INCOME TAX

The Company assesses the current income tax expense by applying the effective tax rate to taxable income, determined in accordance with the Income Tax Law. The tax rate used for fiscal year ended December 31, 2020 is 30%.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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NOTE 5. PROPERTY, PLANT AND EQUIPMENT

The following tables show the breakdown of and changes to Property, Plant and Equipment:

	LAND	BUILDINGS	BEARER PLANTS I	MACHINERY AND FACILITIES	FURNITURE, TOOLS, VEHICLES AND OTHER EQUIPMENT	WORKS IN PROGRESS AND EQUIPMENT IN TRANSIT	TOTAL
Cost							
Original Value at the Beginning of the Year	**717,686**	**12,352,703**	**476,861**	**22,369,821**	**3,110,644**	**769,699**	**39,797,414**
Additions due to Merger with La Campagnola S.A.C.I. (Note 9)	60,635	2,262,643	58,353	4,774,612	438,704	375,688	7,970,635
Additions	-	13,269	-	12,223	219,234	650,704	895,430
Transfers	-	205,709	84,927	338,566	5,924	(635,126)	-
Deletions [2]	-	(66,392)	(71,144)	(502,260)	(44,753)	-	(684,549)
Original Value at Year-end	**778,321**	**14,767,932**	**548,997**	**26,992,962**	**3,729,753**	**1,160,965**	**47,978,930**
Depreciation							
Accumulated Depreciation at the Beginning of the Year	**-**	**(7,683,803)**	**(269,194)**	**(16,632,968)**	**(2,667,531)**	**-**	**(27,253,496)**
Additions due to Merger with La Campagnola S.A.C.I. (Note 9)	-	(1,512,579)	(28,094)	(3,674,325)	(347,274)	-	(5,562,272)
Transfers	-	-	-	-	-	-	-
Deletions [2]	-	42,845	69,335	408,097	17,524	-	537,801
Depreciation for the Year [3]	-	(421,807)	(101,027)	(602,917)	(265,166)	-	(1,390,917)
Accumulated Depreciation at Year-end	-	**(9,575,344)**	**(328,980)**	**(20,502,113)**	**(3,262,447)**	**-**	**(33,668,884)**
TOTAL AS OF 12.31.2020	**778,321**	**5,192,588**	**220,017**	**6,490,849**	**467,306**	**1,160,965**	**14,310,046**

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Statutory Audit Committee

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Chairman

(Figures stated in thousands of Argentine pesos)

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

	LAND[4]	BUILDINGS	BEARER PLANTS I	MACHINERY AND FACILITIES	FURNITURE, TOOLS, VEHICLES AND OTHER EQUIPMENT	WORKS IN PROGRESS AND EQUIPMENT IN TRANSIT	TOTAL
Cost							
Original Value at the Beginning of the Year	**717,489**	**12,195,462**	**368,945**	**21,921,494**	**3,038,644**	**1,085,465**	**39,327,499**
Additions	-	7,279	-	24,673	157,505	674,439	863,896
Transfers[1]	197	272,935	107,916	577,305	33,588	(989,884)	2,057
Deletions[2]	-	(122,973)	-	(153,651)	(119,093)	(321)	(396,038)
Original Value at Year-end	**717,686**	**12,352,703**	**476,861**	**22,369,821**	**3,110,644**	**769,699**	**39,797,414**
Depreciation							
Accumulated Depreciation at the Beginning of the Year	-	**(7,405,070)**	**(173,822)**	**(16,020,242)**	**(2,542,421)**	-	**(26,141,555)**
Transfers (1)	-	(1,845)	-	(138)	138	-	(1,845)
Deletions (2)	-	122,973	-	153,643	108,436	-	385,052
Depreciation for the Year (3)	-	(399,861)	(95,372)	(766,231)	(233,684)	-	(1,495,148)
Accumulated Depreciation at Year-end	-	**(7,683,803)**	**(269,194)**	**(16,632,968)**	**(2,667,531)**	-	**(27,253,496)**
TOTAL AS OF 12.31.2019	**717,686**	**4,668,900**	**207,667**	**5,736,853**	**443,113**	**769,699**	**12,543,918**

[1] Transfers from Investment Properties (Note 7).
[2] The accounting allocation of deletions for the year is reported in "Other Income / (Expenses), Net" in the separate statement of income, except for "Bearer Plants," which are carried in "Income (Loss) from Biological Assets" in the separate statement of income.
[3] The accounting allocation of depreciation for the year is reported in Note 29.
[4] "Land" includes a transfer from Investment Properties (Note 7).

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule A.
The useful life of the components of this item is disclosed in Note 2.3.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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NOTE 6. RIGHT-OF-USE ASSETS

The following table shows the breakdown of and changes to right-of-use assets:

	LAND	BUILDINGS AND FACILITIES	MACHINERY AND VEHICLES	TOTAL
Cost				
Original Value at the Beginning of the Year	**280,678**	**1,136,246**	**-**	**1,416,924**
Additions due to Merger with La Campagnola S.A.C.I. (Note 9)	-	-	17,084	17,084
Additions	153,401	77,668	43,027	274,096
Adjustments to Variable Leases	39,415	(20,352)	-	19,063
Deletions [1]	(25,876)	(106,262)	-	(132,138)
Original Value at Year-end	**447,618**	**1,087,300**	**60,111**	**1,595,029**
Depreciation				
Accumulated Depreciation at the Beginning of the Year	**(78,215)**	**(333,009)**	**-**	**(411,224)**
Additions due to Merger with La Campagnola S.A.C.I. (Note 9)	-	-	(5,125)	(5,125)
Deletions [1]	25,875	62,013	-	87,888
Depreciation for the Year [2]	(97,308)	(362,460)	(6,320)	(466,088)
Accumulated Depreciation at Year-end	**(149,648)**	**(633,456)**	**(11,445)**	**(794,549)**
TOTAL AS OF 12.31.2020	**297,970**	**453,844**	**48,666**	**800,480**

	LAND	BUILDINGS AND FACILITIES	MACHINERY AND VEHICLES	TOTAL
Cost				
Original Value at the Beginning of the Year	**-**	**-**	**-**	**-**
Additions due to First-time Adoption of IFRS 6	235,015	1,102,651	-	1,337,666
Additions	-	193,005	-	193,005
Adjustments to Variable Leases	45,663	(159,410)	-	(113,747)
Original Value at Year-end	**280,678**	**1,136,246**	**-**	**1,416,924**
Depreciation				
Accumulated Depreciation at the Beginning of the Year	-	-	-	-
Depreciation for the Year [2]	(78,215)	(333,009)	-	(411,224)
Accumulated Depreciation at Year-end	**(78,215)**	**(333,009)**	**-**	**(411,224)**
TOTAL AS OF 12.31.2019	**202,463**	**803,237**	**-**	**1,005,700**

[1] The accounting allocation of deletions for the year is reported in "Other Income / (Expenses), Net" in the separate statement of income.

[2] The accounting allocation of depreciation for the year is reported in Note 29

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NOTE 7. INVESTMENT PROPERTIES

The following table details the breakdown of and changes to Investment Properties:

	12.31.2020	12.31.2019
	LAND AND BUILDINGS	
Cost		
Original Value at the Beginning of the Year	**319,092**	**258,795**
Additions due to Merger with Indalar S.A. (Note 9)	-	7,077
Additions due to Merger with La Campagnola S.A.C.I. (Note 9)	1,990	-
Transfers due to Merger with Indalar S.A. (Note 9) [3]	-	66,193
Transfers [1]	-	(2,057)
Deletions [4]	1	(10,916)
Original Value at Year-end	**321,081**	**319,092**
Depreciation		
Accumulated Depreciation at the Beginning of the Year	**(177,747)**	**(171,741)**
Additions due to Merger with Indalar S.A. (Note 9)	-	(376)
Transfers [1]	-	1,845
Deletions [4]	-	9,134
Depreciation for the Year [2]	-	(16,609)
Accumulated Depreciation at Year-end	**(177,747)**	**(177,747)**
TOTAL	**143,334**	**141,345**

[1] Transfers to Property, Plant and Equipment (Note 5).
[2] The accounting allocation of depreciation for the year is reported in Note 29.
[3] It reflects the higher price of land paid as part of the acquisition of Indalar S.A. transferred from "Equity Interests in Subsidiaries and Associates."
[4] The accounting allocation of deletions for the year is reported in "Other Income / (Expenses), Net" in the separate statement of income.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule D.
The useful life of the components of this item is disclosed in Note 2.5.

Investment properties are carried at amortized cost. Fair value as of December 31, 2010 and December 31, 2009 is ARS 7,758,340 and ARS 6,438,034, respectively. Such values were taken from reports prepared by independent professional appraisers, based on a comparison of the sales price for geographically nearby comparable properties (Level 2 fair value).

Gains (losses) on investment properties as of December 31, 2020 and 2019 are recognized in "Other Income / (Expenses), Net" in the separate statement of income (Note 32).

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NOTE 8. INTANGIBLE ASSETS

The following tables show the breakdown of and changes to Intangible Assets:

	BRANDS	GOODWILL	SOFTWARE AND RELATED LICENSES	TOTAL
Cost				
Original Value at the Beginning of the Year	**-**	**2,800,317**	**570,411**	**3,370,728**
Additions due to Merger with La Campagnola S.A.C.I. (Note 9)	-	-	11,777	11,777
Additions	-	-	32,708	32,708
Original Value at Year-end	**-**	**2,800,317**	**614,896**	**3,415,213**
Amortization				
Accumulated Amortization at the Beginning of the Year	-	-	(373,959)	(373,959)
Additions due to Merger with La Campagnola S.A.C.I. (Note 9)	-	-	(1,374)	(1,374)
Amortization for the Year [1]	-	-	(58,971)	(58,971)
Accumulated Amortization at Year-end	**-**	**-**	**(434,304)**	**(434,304)**
TOTAL AS OF 12.31.2020	**-**	**2,800,317**	**180,592**	**2,980,909**

	BRANDS	GOODWILL	SOFTWARE AND RELATED LICENSES	TOTAL
Cost				
Original Value at the Beginning of the Year	**423,140**	**2,800,317**	**713,262**	**3,936,719**
Additions	-	-	116,964	116,964
Deletions	(423,140)	-	(259,815)	(682,955)
Original Value at Year-end	**-**	**2,800,317**	**570,411**	**3,370,728**
Amortization				
Accumulated Amortization at the Beginning of the Year	**(423,140)**	**-**	**(530,905)**	**(954,045)**
Deletions	423,140	-	259,815	682,955
Amortization for the Year [1]	-	-	(102,869)	(102,869)
Accumulated Amortization at Year-end	**-**	**-**	**(373,959)**	**(373,959)**
TOTAL AS OF 12.31.2019	**-**	**2,800,317**	**196,452**	**2,996,769**

[1] The accounting allocation of the amortization expense is reported in Note 29.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule B.
The useful life of the components of this item is disclosed in Note 2.6.

Research and development expenses which do not qualify for capitalization are charged to income for the year. As of December 31, 2020 and 2019, such expenses totaled ARS 264,722 and ARS 239,818, respectively.

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NOTE 8. INTANGIBLE ASSETS

Goodwill Recoverability Test

Goodwill is assigned to the Company's cash-generating units based on operating segments.

The table below shows the allocation of goodwill at the operating segment level:

	12.31.2020	12.31.2019
Confectionery and Chocolates Argentina	2,405,057	2,405,057
Cookies and Crackers Argentina	395,260	395,260
Southern Subsidiaries	52,355	57,515
TOTAL	**2,852,672**	**2,857,832**

The recoverable value of a cash generating unit is determined by means of value-in-use calculations. These calculations use cash flow projections based on the financial budget for the following fiscal year and other projections prepared on the basis of such budget, covering a five-year period in total. Cash flows exceeding the five-year period are extrapolated using an estimated growth rate which does not exceed the long-term average growth rate of each of the businesses involved.

The main key assumptions are related to gross margins which are determined on the basis of past performance, other external sources of information and market development expectations.

The discount rates used are the respective weighted average cost of capital ("WACC"), which is considered a good indicator of the cost of capital. A specific WACC was determined for each cash generating unit where assets are allocated, considering the industry, the country and the size of the business. In 2020 and 2019, real discount rates used by the Company ranged from 5.5% and 13.5% approximately, depending on the geographic location of the segment.

Long-term growth rates used to extrapolate cash flows beyond the period covered by the budget were equal to 0.9% for cash generating units based in Argentina and 1.0% for the others, both in real terms.

No impairment was recognized as a result of these analyses.

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NOTE 9. EQUITY INTERESTS IN SUBSIDIARIES AND ASSOCIATES

The following tables show the breakdown of and changes to this item:

	EQUITY INTERESTS IN SUBSIDIARIES AND ASSOCIATES[1]	TRADE PAYABLES AND OTHER LIABILITIES	TOTAL AS OF 12.31.2020
Balance at the Beginning of the Year	**54,194,573**	**(8,428)**	**54,186,145**
Increase due to Purchase of Mastellone Hermanos S.A.'s Shares (Note 22)	151,946	-	151,946
Additions due to Acquisition of Shares	497	-	497
Deletion due to Sale of Shares	(212)	-	(212)
Deletion due to Merger with La Campagnola S.A.C.I.	(1,251,189)	-	(1,251,189)
Deletion due to Merger with Asama S.A.	(4,814)	-	(4,814)
Transfers due to Merger[3]	60,986	-	60,986
Capital Contributions[2]	3,385,046	21,117	3,406,163
Dividends	(522,240)	-	(522,240)
Income from Investments in Companies	3,082,279	(19,397)	3,062,882
Changes in Translation Reserve (Note 20)	(120,639)	-	(120,639)
Share of Other Comprehensive Income (Loss) on Actuarial (Losses)/Gains of Companies' Defined Benefit Plans	(30,990)	45	(30,945)
Transfers to/from Items	215,458	(215,458)	-
Other Movements	(27,426)	-	(27,426)
BALANCE AT YEAR-END	**59,133,275**	**(222,121)**	**58,911,154**

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NOTE 9. EQUITY INTERESTS IN SUBSIDIARIES AND ASSOCIATES

	EQUITY INTERESTS IN SUBSIDIARIES AND ASSOCIATES [1]	TRADE PAYABLES AND OTHER LIABILITIES	TOTAL AS OF 12.31.2019
Balance at the Beginning of the Year	**51,614,129**	**(121,111)**	**51,493,018**
Increase due to Purchase of Mastellone Hermanos S.A.'s Shares (Note 22)	597,875	-	597,875
Deletion due to Sale of Shares	(83)	-	(83)
Deletion due to Merger with Indalar S.A.	-	179,692	179,692
Transfers due to Merger with Indalar S.A. (Note 7) [4]	-	(66,193)	(66,193)
Capital Contributions	21,716	20,422	42,138
Dividends	(234,457)	-	(234,457)
Income from Investments in Companies	2,470,136	(20,602)	2,449,534
Changes in Translation Reserve (Note 20)	(205,989)	-	(205,989)
Share of Other Comprehensive Income (Loss) on Cash Flow Hedges	(2,874)	-	(2,874)
Share of Other Comprehensive Income (Loss) on Net Actuarial (Losses) of Companies' Defined Benefit Plans	(66,394)	(4)	(66,398)
Transfers to/from Items	632	(632)	-
Other Movements	(118)	-	(118)
BALANCE AT YEAR-END	**54,194,573**	**(8,428)**	**54,186,145**

[1] It includes the goodwill from investments in subsidiaries and associates that were not merged (Note 2.6 (a)).
[2] It primarily includes capital contributions made in June 2020 to the following subsidiaries: (i) Arcor A.G. (S.A., Ltd.) for USD 20 million; (ii) Industria de Alimentos Dos en Uno S.A. for USD 10 million; (iii) Arcor U.S.A., Inc. for USD 5 million; and (iv) GAP International Holding S.A. for USD 5 million.
[3] Transfer to "Property, Plant and Equipment" for ARS 81,525, and to "Deferred Tax Assets" for (ARS 20,539).
[4] It reflects the higher price of land paid as part of the acquisition of Indalar S.A. transferred to "Investment Properties."

	12.31.2020	12.31.2019
Income from Investments in Subsidiaries and Associates	3,043,946	2,498,548
Changes in Higher and Lower Values of Identifiable Assets and Liabilities - Mastellone Hermanos S.A. (Nota 42)	156,604	81,985
Changes in Higher and Lower Values of Identifiable Assets and Liabilities - Zucamor Group	(137,668)	(130,999)
TOTAL	**3,062,882**	**2,449,534**

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NOTE 9. EQUITY INTERESTS IN SUBSIDIARIES AND ASSOCIATES

COMPANIES	INFORMATION FROM LAST FINANCIAL STATEMENTS ISSUED					
	NOMINAL VALUE	NUMBER OF SHARES	DATE	EQUITY	CAPITAL STOCK (ARS)	TRANSLATION DIFFERENCES
Arcor A.G. (S.A., Ltd.) [1]	10.00	2,758,400	12.31.2020 (d)	2,413,782	1,420,654	612,100
Arcor do Brasil Ltda. [2]	1.00	476,415,067	12.31.2020 (a)	2,561,461	1,704,817	181,700
Arcor U.S.A., Inc.	1.00	21,194	12.31.2020 (g)	792,192	811	177,745
Arcorpar S.A.	10,000.00	640,000	12.31.2020 (f)	455,058	6,798	114,595
Asama S.A. [3 4]	-	-	-	-	-	-
Bagley Argentina S.A. [5]	1.00	9,279	12.31.2020	20,557,556	231,115	29,365
Bagley Latinoamérica S.A. [6]	1.00	49,700,611	12.31.2020 (d)	27,811,709	385,934	(144,820)
Cartocor Chile S.A. [7]	-	6,356,394	12.31.2020 (b)	4,615,048	173,044	1,504,140
Cartocor S.A. [8]	1.00	13,684,528	12.31.2020	17,658,031	13,685	285,400
Constructora Mediterránea S.A.C.I.F.I.	0.01	1,280,818,191	12.31.2020	(6,661)	12,809	-
GAP International Holding S.A. [9]	-	100,999	12.31.2020	808,662	350,252	126,489
GAP Inversora S.A.	1.00	33,686	12.31.2020	1,042	674	13
Industria de Alimentos Dos en Uno S.A. [10]	-	194,192,069	12.31.2020 (b)	6,700,537	1,185,532	2,005,915
Industria Dos en Uno de Colombia Ltda.	1,423.00	57,919	12.31.2020 (c)	23,854	7,113	(760)
La Campagnola S.A.C.I. [4]	-	-	-	-	-	-
Mastellone Hermanos S.A. [11]	1.00	159,165,436	12.31.2020	17,108,893	653,969	(236,546)
Unidal México S.A. de C.V.[11] **	700.00	1,333,979	12.31.2020 (e)	3,746,307	279,596	956,157
SUBTOTAL						

INFORMATION FROM LAST FINANCIAL STATEMENTS ISSUED						
OTHER COMPREHENSIVE INCOME	PROFIT & LOSS	IMPACT ON IAS 29	ADJUSTED INCOME ***	EQUITY INTEREST IN %	CARRYING AMOUNT AS OF 12.31.2020 *	CARRYING AMOUNT AS OF 12.31.2019 *
-	24,581	(431,206)	180,894	100.00000	2,189,086	543,574
-	(258,120)	(917,492)	(735,791)	89.89600	2,293,645	3,191,176
-	5,547	(166,389)	11,356	99.95284	798,928	348,087
-	215,804	(131,257)	(16,663)	50.00000	225,388	230,112
-	-	-	-	-	-	1,824,398
6,565	2,422,047	-	29,365	0.00401	169,862	169,793
6,519	2,178,467	-	(144,820)	51.00000	13,931,884	12,895,145
(2,464)	266,968	(1,108,035)	396,105	28.07196	1,295,534	7,749,626
2,479	2,909,514	-	285,400	99.99678	17,480,965	1,095,480
45	(19,396)	-	-	99.99100	(6,660)	(8,428)
-	(31,914)	(197,443)	(70,954)	99.99901	808,654	495,038
-	(1,219)	-	13	4.99998	52	112
(29,887)	(441,471)	(1,622,679)	383,236	100.00000	6,657,563	6,008,870
-	(10,593)	(724)	(1,483)	4.37353	557	(3)
-	-	-	-	-	-	1,191,786
846,867	(2,287,493)	-	(236,546)	24.33837	2,416,112	2,832,434
(7,666)	(136,767)	(1,066,544)	(110,387)	99.99985	3,742,381	3,992,983
					52,003,951	42,560,183

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PRICE WATERHOUSE & CO. S.R.L.

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Chairman
Statutory Audit Committee

Luis Alejandro Pagani
Chairman

Partner)
C.P.C.E.Cba. Nº 21.00004.3
Andrés Suárez
Public Accountant (UBA)
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As of and for the years ended December 31, 2020 and 2019
(Figures stated in thousands of Argentine pesos)

NOTE 9. EQUITY INTERESTS IN SUBSIDIARIES AND ASSOCIATES

COMPANIES	INFORMATION FROM LAST FINANCIAL STATEMENTS ISSUED					
	NOMINAL VALUE	NUMBER OF SHARES	DATE	EQUITY	CAPITAL STOCK (ARS)	TRANSLATION DIFFERENCES
SUBTOTAL						
Van Dam S.A.	1,000.00	70,000	12.31.2020 (h)	995,649	7,287	185,372
Zucamor S.A. [13 14]	-	-	- (g)	-	-	-
SUBTOTAL						
Goodwill from Van Dam S.A.						
Higher Value of Net Assets from Acquisition of Interests in Mastellone Hermanos S.A. (Note 42)						
Goodwill from Acquisition of Interests in Mastellone Hermanos S.A. (Note 42)						
Higher Value of Net Assets from Acquisition of Interests in Zucamor Group						
Goodwill from Acquisition of Interests in Zucamor Group						
SUBTOTAL						
Balance Disclosed in Trade Payables and Other Liabilities						
TOTAL						

* The indicated carrying amount is disclosed on a net basis in inter-company profit or loss.

** Financial information under IFRS prepared for the sole purpose of being used by the Company in the valuation of its investments in subsidiaries and associates, since they present their financial statements under Mexican accounting principles in order to comply with the CNV's reporting requirements.

***See Not 2.10, c).

[1] Its investments in Arcor Alimentos Bolivia S.A., Arcor Trading (Shanghai) Co., Ltd. and TUCOR DMCC are valued by the equity method.

[2] On January 30, 2019, the partners, gathered at a partners' meeting, and following the related amendment to the articles of association, resolved to extinguish the companies Cartocor do Brasil Ind. Com. e Serv. Ltda. and Dos en Uno do Brasil Imp. e Com. de Alim. Ltda., which were merged into Arcor do Brasil Ltda.

[3] As of December 31, 2019, the investment in Zucamor S.A. is valued by the equity method.

[4] Company merged with Arcor S.A.I.C. as from January 1, 2020.

[5] Its investments in Bagley Chile S.A. and Mastellone Hermanos S.A. are valued by the equity method.

[6] Its investments in Bagley Chile S.A., Bagley do Brasil Alimentos Ltda. and Bagley Argentina S.A. are valued by the equity method.

[7] Its investments in Cartocor de Perú S.A. are valued by the equity method.

[8] Its investments in Cartocor Chile S.A and Cartocor de Perú S.A. are valued by the equity method. Effective since July 1, 2020, its investment in Papel Misionero S.A.I.F.C. is valued by the equity method.

[9] Its investments in GAP Regional Services S.A. and Arcor do Brasil Limitada are valued by the equity method.

[10] Its investments in Arcor de Perú Unidal Ecuador S.A. and Industria Dos en Uno de Colombia Ltda. are valued by the equity method.

[11] Its investments in Con-Ser S.A., Leitesol Indústria e Comércio S.A., Marca 4 S.A., Marca 5 Asesores en Seguros S.A., Mastellone de Paraguay S.A., Mastellone Hermanos do Brasil Comercial e Industrial Ltda., and Mastellone San Luis S.A. are valued by the equity method. It does not include adjustments booked to measure the associate's identifiable assets and liabilities as of the date of initial application of the equity method.

[12] Its investments in Mundo Dulce S.A. de C.V. are valued by the equity method.

[13] As of December 31, 2019, its investments in Papel Misionero S.A.I.F.C., Zucamor Cuyo S.A. and BI S.A. are valued by the equity method.

[14] Company merged with Cartocor S.A. as from July 1, 2020.

[a] BRL, (b) CLP, (c) COP, (d) EUR, (e) MXN, (f) PYG, (g) USD, (h) UYU.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule C.

INFORMATION FROM LAST FINANCIAL STATEMENTS ISSUED						
OTHER COMPREHENSIVE INCOME	PROFIT & LOSS	IMPACT ON IAS 29	ADJUSTED INCOME ***	EQUITY INTEREST IN %	CARRYING AMOUNT AS OF 12.31.2020 *	CARRYING AMOUNT AS OF 12.31.2019 *
					52,003,951	**42,560,183**
-	138,012	(263,454)	(78,082)	100.00000	992,058	920,091
-	-	-	-	-	-	4.848.647
-					**52,996,009**	**48,328,921**
					52,355	57,515
					1,550,759	1,363,992
					838,009	824,024
					3,121,641	3,259,309
					352,381	352,384
					58,911,154	**54,186,145**
					222,121	8,428
					59,133,275	**54,194,573**

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As of and for the years ended December 31, 2020 and 2019
(Figures stated in thousands of Argentine pesos)

NOTE 9. EQUITY INTERESTS IN SUBSIDIARIES AND ASSOCIATES

The following tables show the breakdown of and changes to this item:

COMPANIES	COUNTRY	CORE BUSINESS
Arcor A.G. (S.A., Ltd.)	Switzerland	Investment and service company
Arcor do Brasil Ltda.	Brazil	Manufacturing of chocolate and confectionery
Arcor U.S.A., Inc.	USA	Sale of food products
Arcorpar S.A.	Paraguay	Sale of food products
Bagley Argentina S.A.	Argentina	Manufacturing of cookies and crackers
Bagley Latinoamérica S.A.	Spain	Investment company
Cartocor Chile S.A.	Chile	Manufacturing and sale of corrugated cardboard packaging
Cartocor S.A.	Argentina	Manufacturing of corrugated cardboard
Constructora Mediterránea S.A.C.I.F.I.	Argentina	Lodging services and real estate and investment transactions
GAP International Holding S.A.	Chile	Investment and service company
GAP Inversora S.A.	Argentina	Investment company
Industria de Alimentos Dos en Uno S.A.	Chile	Manufacturing and sale of food products
Industria Dos en Uno de Colombia Ltda.	Colombia	Sale of food products
Mastellone Hermanos S.A.	Argentina	Industrialization and commercialization of milk products, by-products and derivatives
Unidal México S.A. de C.V.	Mexico	Sale of food products
Van Dam S.A.	Uruguay	Sale of food products
Zucamor S.A. [1]	Argentina	Financial and investment company - Cellulose, paper and corrugated cardboard industry

[1] Company merged with Cartocor S.A. as from July 1, 2020.
Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule C.

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NOTE 9. EQUITY INTERESTS IN SUBSIDIARIES AND ASSOCIATES

The following table shows a reconciliation of the summary financial information of Mastellone Hermanos S.A. disclosed above to the financial information arising from these separate financial statements:

	EQUITY	PROFIT & LOSS	OTHER COMPREHENSIVE INCOME
	DEBTOR / (CREDITOR)	PROFIT / (LOSS)	
Figures attributable to the shareholders of Mastellone Hermanos S.A., as per its financial statements *	**17,108,893**	**(2,287,493)**	**846,867**
Arcor S.A.I.C.'s Equity Interest		24.3384%	
Mastellone Hermanos S.A.'s figures attributable to Arcor S.A.I.C.	**4,164,030**	**(556,739)**	**206,114**
Items to reconcile Arcor S.A.I.C.'s equity interest.			
Difference in valuation of Property, Plant and Equipment, Other Assets, Investment Properties and Intangible Assets [1]	(2,318,437)	108,692	(382,825)
Tax effect of measurement differences	579,522	(30,779)	119,138
Derecognition of goodwill recorded by Mastellone Hermanos S.A.	(9,003)	-	-
Elimination of gains (losses) recognized by Mastellone Hermanos S.A. prior to 2020 acquisitions	-	9,019	1,905
Subtotal - Share of Mastellone Hermanos S.A.'s equity and profit and loss at carrying amounts, based on Arcor S.A.I.C.'s measurement criteria.	**2,416,112**	**(469,807)**	**(55,668)**
Recognition of higher and lower values of identifiable assets and liabilities due to allocation of the price paid [2 3]	1,550,759	156,604	1,355
Recognition of goodwill [2]	838,009	-	-
Arcor S.A.I. C's figures as per its financial statements	**4,804,880**	**(313,203)**	**(54,313)**

[1] Mastellone Hermanos S.A. applies the "revaluation model" set forth in IAS 16 for the valuation of its main items of "Property, Plant and Equipment." The Company applies the "cost model" established in such standard. Therefore, the Company eliminates the balance sheet effects of revaluations recorded by the associate, with the ensuing impact on the depreciation expense for the year.

[2] It includes all interests acquired as of December 31, 2020.

[3] It includes the closing balance and the changes for the year of higher and lower values of identifiable assets and liabilities, as disclosed in Note 42. It primarily includes the recognition of the associate's trademarks as of the date of each acquired interest.

* For relevant information included in Mastellone Hermanos S.A.'s financial statements, see the additional information disclosed in Note 42.

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NOTE 9. EQUITY INTERESTS IN SUBSIDIARIES AND ASSOCIATES

Merger of Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. into Cartocor S.A.

On May 15, 2020, Cartocor S.A. (as merging company), and Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. (as merged company) entered into a Merger Plan. Such plan sets out the guidelines to initiate a corporate reorganization process pursuant to which all assets and liabilities of Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. are merged into Cartocor S.A., effective since July 1, 2020.

This merger will be carried out in accordance with the terms of Sections 80 and 81 of the Income Tax Law, text as revised by Decree 824/2019 (former Sections 77 and 78 of the Income Tax Law, text as revised by Decree 649/1997) and related provisions.

On June 1, 2020, the above-mentioned Merger Plan was approved at the Extraordinary General Shareholders' Meeting of Cartocor S.A. (merging company). On the other hand, the subsidiaries Zucamor S.A. and BI S.A. (both merged companies) approved the Merger Plan at their respective Extraordinary General Shareholders' Meetings held on May 28, 2020. The subsidiary Zucamor Cuyo S.A. (merged company) approved the Merger Plan at its Extraordinary General Shareholders' Meetings held on May 29, 2020.

On September 22, 2020, Cartocor S.A. (merging company) and Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. (merged companies) entered into the Merger Plan, setting forth the guidelines, in line with those established under the Merger Plan, for the corporate reorganization process, as a result of which all assets and liabilities of Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. (merged companies) would be merged into Cartocor S.A. (merging company) effective since July 1, 2020.

On October 14, 2020, the companies involved, at their respective Shareholders' Meetings, approved the Merger Plan agreed upon by and between Cartocor S.A. (merging company), and Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. (merged companies), the ensuing increase in the merging company's capital, and the early dissolution without liquidation of the merged companies.

On December 16, 2020, Cartocor S.A. (merging company), and Zucamor S.A., Zucamor Cuyo S.A. and BI S.A. (merged companies) entered into the Final Merger Agreement.

Merger of La Campagnola S.A.C.I. and Asama S.A. into Arcor S.A.I.C.

On November 8, 2019, the Company (merging company) entered into a Merger Plan with its subsidiary La Campagnola S.A.C.I. (merger company), on the one hand; and a separate Merger Plan with its subsidiary Asama S.A. (merged company), on the other hand.

Such plans set out the guidelines for a corporate reorganization process pursuant to which all assets and liabilities of La Campagnola S.A.C.I. and Asama S.A. will be merged into the Company, effective since January 1, 2020.

This merger will be carried out in accordance with the terms of Sections 80 and 81 of the Income Tax Law, text as revised by Decree 824/2019 (former Sections 77 and 78 of the Income Tax Law, text as revised by Decree 649/1997) and related provisions.

On December 11, 2019, the above-mentioned Merger Plans were approved at the Extraordinary General Shareholders' Meeting of the Company (merging company). On the other hand, the subsidiaries Asama S.A. and La Campagnola S.A.C.I. (both merged companies) approved the Merger Plans at their respective Extraordinary General Shareholders' Meetings held on December 10, 2019 and December 11, 2019, respectively.

On March 19, 2020, Arcor S.A.I.C. and La Campagnola S.A.C.I., on the other hand, and Arcor S.A.I.C. and Asama S.A., on the other hand, entered into the respective merger plans, setting forth the guidelines, in line with those established under the applicable Merger Plans, for the corporate reorganization process pursuant to which the assets and liabilities of La Campagnola S.A.C.I. and Asama S.A. were merged into Arcor S.A.I.C., with retroactive effects to January 1, 2020.

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NOTE 9. EQUITY INTERESTS IN SUBSIDIARIES AND ASSOCIATES

Merger of La Campagnola S.A.C.I. and Asama S.A. into Arcor S.A.I.C.

On April 25, 2020, the Merger Plan was approved at the Extraordinary General Shareholders' Meeting of the Company (merging company). On April 27, 2020, the subsidiary La Campagnola S.A.C.I. (merged company) approved the Merger Plan at its Extraordinary General Shareholders' Meeting. The subsidiary Asama S.A. (merged company) approved the Merger Plan at its Extraordinary General Shareholders' Meeting held on April 28, 2020.

On June 25, 2020, the Company and La Campagnola S.A.C.I., on the one hand, and the Company and Asama S.A., on the other hand, subscribed their respective Final Merger Agreements.

On September 22, 2020, the mergers were registered with the Bureau of Legal Entities of the Province of Córdoba, under Registration No. 76-A43.

The following table shows the relevant totals of La Campagnola S.A.C.I. as of December 31, 2019, as a consequence of the merger:

ITEMS	12.31.2019
Non-current Assets	2,730,721
Current Assets	3,595,354
Total Assets	**6,326,075**
Non-current Liabilities	263,296
Current Liabilities	4,811,590
Total Liabilities	**5,074,886**
Total Equity	**1,251,189**

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NOTE 9. EQUITY INTERESTS IN SUBSIDIARIES AND ASSOCIATES

Merger of La Campagnola S.A.C.I. and Asama S.A. into Arcor S.A.I.C.

ITEMS	12.31.2019 [1]
Sales of Goods and Services	10,946,669
Costs of Sales and Services Rendered	(10,314,303)
SUBTOTAL	**632,366**
Income (Loss) from Biological Assets	(51,566)
GROSS PROFIT	**580,800**
Selling Expenses	(2,156,295)
Administrative Expenses	(235,395)
Other Income / (Expenses), Net	(57,623)
OPERATING INCOME	**(1,868,513)**
Financial Income	(40,395)
Financial Expenses	(53,157)
Exchange Difference, Net	82,817
NET FINANCIAL INCOME (EXPENSE), NET	**(10,735)**
INCOME BEFORE INCOME TAX	**(1,879,248)**
Income Tax	(228,699)
NET LOSS FOR THE PERIOD	**(2,107,947)**

[1] Total amounts without eliminating balances with related parties.

STATEMENT OF CASH FLOWS	12.31.2019
Net Cash Flows (Used In) Operating Activities	(567,772)
Net Cash Flows (Used In) Investing Activities	(311,812)
Net Cash Flow Provided by Financing Activities	878,730

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NOTE 9. EQUITY INTERESTS IN SUBSIDIARIES AND ASSOCIATES

Merger of Indalar S.A. into Arcor S.A.I.C.

On December 18, 2018, the Company (merging company) and Indalar S.A. (merged company) entered into a Master Merger Agreement.

Such agreement sets forth the guidelines for a corporate reorganization process pursuant to which all assets and liabilities of Indalar S.A. will be merged into the Company, effective since January 1, 2019.

The merger was carried out in accordance with the terms of Sections 77 and 78 of Law No. 20,628.

On March 22, 2019, the merging company and the merged company entered into a merger plan, setting forth the guidelines of the corporate reorganization process, as a result of which all assets and liabilities of Indalar S.A. would be merged into Arcor S.A.I.C., with retroactive effects to January 1, 2019.

On April 27, 2019, the merging company and the merged company approved the merger plan, at their respective General Shareholders' Meetings. The Final Merger Agreement was signed on July 4, 2019. On August 14, 2019, the merger was registered with the Bureau of Legal Entities of the Province of Córdoba under Registration No. 76-A39.

Merger of Cartocor do Brasil Indústria Comércio e Servidos Ltda. and Dos en Uno do Brasil Importado e Comércio de Alimentos Ltda. into Arcor do Brasil Ltda.

On January 21, 2019, Cartocor do Brasil Indústria Comércio e Servidos Ltda., Dos en Uno do Brasil Importado e Comércio de Alimentos Ltda., and Arcor do Brasil Ltda. subscribed a merger memorandum and justification, pursuant to which they agreed to submit to consideration of their partners the merger of Cartocor do Brasil Indústria Comércio e Servidos Ltda. and Dos en Uno do Brasil Importado e Comércio de Alimentos into Arcor do Brasil Ltda.

On January 30, 2019, the companies involved, at their respective partners' meetings and after making the pertinent amendments to their articles of association, resolved to proceed with the dissolution of Cartocor do Brasil Indústria Comércio e Servidos Ltda. and Dos en Uno do Brasil Importado e Comércio de Alimentos Ltda. and subsequent merger of their assets and liabilities into Arcor do Brasil Ltda.

The merger of Cartocor do Brasil Indústria Comércio e Servidos Ltda. and Dos en Uno do Brasil Importado e Comércio de Alimentos Ltda. into Arcor do Brasil Ltda., together with the respective capital increase and amendment to the articles of association, were registered with the Public Registry of Commerce of the State of San Pablo, under Registration No. 173,641/19-2.

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NOTE 10. BIOLOGICAL ASSETS

The following tables show the breakdown of and changes to Biological Assets:

	FRUIT CROPS	GRAIN SOWN LAND [4]	SUGAR CANE SOWN LAND [4]	DAIRY OR BEEF CATTLE	TOTAL
Total Non-current as of January 1, 2020	-	-	-	300,259	300,259
Total Current as of January 1, 2020	-	149,205	237,937	59,217	446,359
TOTAL AS OF JANUARY 1, 2020	**-**	**149,205**	**237,937**	**359,476**	**746,618**
Additions due to Merger with La Campagnola S.A.C.I. (Note 9)	50,304	-	-	-	50,304
Additions at Cost	152,876	285,775	423,160	5,852	867,663
Initial Recognition and Changes in Fair Value [1]	(28,353)	267,048	(49,190)	220,471	409,976
Harvest of Biological Products [2]	(89,665)	(549,625)	(298,915)	-	(938,205)
Deletion due to Sale of Biological Assets [3]	-	-	-	(71,487)	(71,487)
TOTAL AS OF DECEMBER 31, 2020	**85,162**	**152,403**	**312,992**	**514,312**	**1,064,869**
Total Non-current as of December 31, 2020	-	-	-	425,060	425,060
Total Current as of December 31, 2020	85,162	152,403	312,992	89,252	639,809

	FRUIT CROPS	GRAIN SOWN LAND [4]	SUGAR CANE SOWN LAND [4]	DAIRY OR BEEF CATTLE	TOTAL
Total Non-current as of January 1, 2019	-	-	-	235,511	235,511
Total Current as of January 1, 2019	-	171,686	251,141	38,563	461,390
TOTAL AS OF JANUARY 1, 2019	**-**	**171,686**	**251,141**	**274,074**	**696,901**
Additions at Cost	-	265,876	333,851	4,564	604,291
Initial Recognition and Changes in Fair Value [1]	-	180,322	(135,250)	122,795	167,867
Harvest of Biological Products [2]	-	(468,679)	(211,805)	-	(680,484)
Deletion due to Sale of Biological Assets [3]	-	-	-	(41,957)	(41,957)
TOTAL AS OF DECEMBER 31, 2019	**-**	**149,205**	**237,937**	**359,476**	**746,618**
Total Non-current as of December 31, 2019	-		-	300,259	300,259
Total Current as of December 31, 2019	-	149,205	237,937	59,217	446,359

[1] As for agricultural activities, it includes all changes in fair value of biological assets occurred during the year, irrespective of whether they have been harvested at year-end.

[2] The offsetting entry is carried in the line "Harvest of Biological Products" in Note 31.

[3] The offsetting entry is carried in the line "Cost of Sales of Biological Assets" in Note 31.

[4] Based on the phenological stage reached at year-end, these assets were measured at cost (Note 2.11).

The following tables show information as of December 31, 2020 and 2019 relating to the harvest of biological assets and quantities, in respect of the main types of biological assets:

	FRUIT CROPS	GRAIN SOWN LAND [4]	DAIRY OR BEEF CATTLE	SUGAR CANE SOWN LAND [4]
Harvest of biological products for the year ended December 31, 2020, as per biological asset	6,224 Ton	32,457 Ton	[1] 17,835 Ton	[3] 233,504 Ton
Area intended for biological assets as of 12.31.2020	203 Has.	7,202 Has.	-	7,046 Has.
Quantity of biological assets as of 12.31.2020 (heads)	-	-	[2] 6,040	-
Estimated useful lives	7 months	7 months	5 lactation periods	10 months

[1] Tons of fluid milk.

[2] Out of the total, 3,517 are dairy cattle heads, and the remaining 2,523 are beef cattle heads.

[3] Tons of sugar cane.

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NOTE 10. BIOLOGICAL ASSETS

	FRUIT CROPS	GRAIN SOWN LAND [4]	DAIRY OR BEEF CATTLE	SUGAR CANE SOWN LAND [4]
Harvest of biological products for the year ended December 31, 2019, as per biological asset	4,873 Ton	37,203 Ton	[1] 15,953 Ton	[3] 238,285 Ton
Area intended for biological assets as of 12.31.2019	203 Has.	6,650 Has.	-	6,653 Has.
Quantity of biological assets as of 12.31.2019 (heads)	-	-	[2] 6,071	-
Vidas útiles estimadas	7 months	7 months	5 lactation periods	10 months

[1] Tons of fluid milk.

[2] Out of the total, 3,811 are dairy cattle heads, and the remaining 2,260 are beef cattle heads.

[3] Tons of sugar cane.

The fair value measurement method for each of these biological assets is described in Note 2.11 to the separate financial statements.

The following tables show the Company's biological assets by fair value level as of December 31, 2020 and 2019, as explained in Note 38.2:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Biological Assets at Fair Value				
Fruit Crops	-	-	85,162	85,162
Dairy or Beef Cattle	-	514,312	-	514,312
Total Biological Assets as of 12.31.2020	**-**	**514,312**	**85,162**	**599,474**

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Biological Assets at Fair Value				
Dairy or Beef Cattle	-	359,476	-	359,476
Total Biological Assets as of 12.31.2019	**-**	**359,476**	**-**	**359,476**

Fruit trees were measured using the following unobservable inputs (fair value Level 3):

BIOLOGICAL ASSETS AT FAIR VALUE	FAIR VALUE AS OF 12/31/2020	MEASUREMENT METHOD	UNOBSERVABLE INPUTS	RELATION BETWEEN UNOBSERVABLE INPUTS AND FAIR VALUE
Fruit Crops	85,162	Net present value of net discounted cash flows	Fruit yield per hectare	The higher the yield, the higher the fair value.
			Market price for fruit to be harvested	The higher the price, the higher the fair value.
			Discount rate	The higher the discount rate, the lower the fair value.
			Costs of crops and harvest	The higher the costs of crops and harvest, the lower the fair value.

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NOTE 11. DEFERRED TAX ASSETS / LIABILITIES

Deferred income tax is broken down as follows:

	BALANCES AS OF 01.01.2020	INCREASE DUE TO MERGER WITH LA CAMPAGNOLA S.A.C.I.	AMOUNT CHARGED TO INCOME	AMOUNT CHARGED TO OTHER COMPREHENSIVE INCOME	BALANCES AS OF 12.31.2020
General Tax Loss Carry-forwards	6,047,194	170,856	(1,065,031)	-	5,153,019
Deferred Earnings - Law No. 27,541	(3,065,442)	87,254	(1,366,537)	-	(4,344,725)
Trade and Other Receivables	14,803	2,989	4,714	-	22,506
Inventories	(99,559)	229	409,984	-	310,654
Derivative Financial Instruments	(615)	-	-	615	-
Provisions	89,119	38,070	(29,207)	-	97,982
Trade Payables and Other Liabilities	365,367	27,925	97,391	(30,368)	460,315
Lease Liabilities	272,851	3,637	(54,726)	-	221,762
Loans	43,681	163,757	(78,377)	-	129,061
Biological Assets	(118,856)	(15,091)	10,605	-	(123,342)
Right-of-use Assets	(271,878)	(4,014)	75,772	-	(200,120)
Property, Plant and Equipment and Investment Properties	(2,185,989)	(330,328)	102,587	-	(2,413,730)
Intangible Assets	(37,407)	(331)	10,320	-	(27,418)
Investments in Subsidiaries and Associates	28,685	-	(50,079)	(38,279)	(59,673)
Other Investments	106	-	(28)	-	78
TOTAL DEFERRED TAX ASSETS / (LIABILITIES), NET	**1,082,060**	**144,953**	**(1,932,612)**	**(68,032)**	**(773,631)**

	BALANCES AS OF 01.01.2019	AMOUNT CHARGED TO INCOME	AMOUNT CHARGED TO OTHER COMPREHENSIVE INCOME	BALANCES AS OF 12.31.2019
General Tax Loss Carry-forwards	4,515,972	1,531,222	-	6,047,194
Deferred Earnings - Law No. 27,541	-	(3,065,442)	-	(3,065,442)
Trade and Other Receivables	17,750	(2,947)	-	14,803
Inventories	81,053	(180,612)	-	(99,559)
Derivative Financial Instruments	(166)	-	(449)	(615)
Provisions	113,224	(24,105)	-	89,119
Trade Payables and Other Liabilities	296,777	(11,844)	80,434	365,367
Lease Liabilities	(25,025)	297,876	-	272,851
Loans	56,592	(12,911)	-	43,681
Biological Assets	(135,981)	17,125	-	(118,856)
Right-of-use Assets	-	(271,878)	-	(271,878)
Property, Plant and Equipment and Investment Properties	(2,136,992)	(48,997)	-	(2,185,989)
Intangible Assets	(50,090)	12,683	-	(37,407)
Investments in Subsidiaries and Associates	(13,461)	37,475	4,671	28,685
Other Investments	(6,755)	6,861	-	106
TOTAL DEFERRED TAX ASSETS / (LIABILITIES), NET	**2,712,898**	**(1,715,494)**	**84,656**	**1,082,060**

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NOTE 11. DEFERRED TAX ASSETS / LIABILITIES

Below is a breakdown of tax losses by year in which the statute of limitations expires:

GENERATION - YEAR	STATUTE OF LIMITATION - YEAR	TAX LOSS CARRY-FORWARDS AT TAXABLE BASE LEVEL	RECOGNIZED TAX LOSS CARRY-FORWARDS
2016	2021	91,756	22,939
2017	2022	619,543	154,886
2018	2023	8,877,108	2,219,277
2019	2024	9,000,301	2,250,075
2020	2025	2,023,370	505,842
TOTAL		**20,612,078**	**5,153,019**

In addition, as of December 31, 2020, the Company's unrecognized deferred tax assets amounted to ARS 571,382 (ARS 2,285,528 at the taxable base level). As of December 31, 2019, unrecognized deferred tax assets in Arcor S.A.I.C. amounted to ARS 369,328 and in La Campagnola S.A.C.I. to ARS 404,533 (Note 9).

Discussion of Recognized Deferred Tax Assets

As stated in Note 3 to the separate financial statements, the recognition of deferred tax assets for the Company's tax losses is based on management's estimate of taxable income. The following are the most uncertain variables in terms of future behavior which, therefore, could affect the afore-mentioned estimate and the recognition of deferred tax assets for tax losses:

VARIABLE	RELATION OF THE VARIABLE BEHAVIOR 1 TO THE RECOGNITION OF DEFERRED TAX ASSETS (TAX LOSSES) BY THE COMPANY
ARS-USD exchange rate	Considering the exposure of the Company's U.S. dollar-denominated amounts receivable and payable, the higher the devaluation of the ARS against the USD, the lower the projected taxable income and, therefore, the lower the recognition of deferred tax assets for tax losses.
Inflation	Considering the application of the inflation adjustment for tax purposes in Argentina (Note 34), the higher the inflation level in Argentina, the higher the projected taxable income and, consequently, the higher the recognition of deferred tax assets for tax losses.

[1] All other variables remaining constant.

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NOTE 12. OTHER INVESTMENTS

The following table shows the breakdown of Other Investments:

	12.31.2020	12.31.2019
Equity Interests	257	351
TOTAL	**257**	**351**

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule D.

NOTE 13. TRADE AND OTHER RECEIVABLES

The tables below show the breakdown of trade and other receivables:

Trade Receivables

	12.31.2020	12.31.2019
Current		
Trade Receivables from Third Parties	3,302,696	3,081,122
Documentary Credits	734,024	326,925
Accounts Receivable from Related Parties (Note 37)	2,445,620	3,243,854
Doubtful Accounts and Receivables in Litigation	12,590	13,166
Less: Allowance for Impairment of Receivables	(53,797)	(51,653)
TOTAL TRADE RECEIVABLES	**6,441,133**	**6,613,414**

Other Receivables

	12.31.2020	12.31.2019
Non-current		
Tax Credits	825,907	639,823
Minimum Presumed Income Tax	483,531	642,492
Security Deposits	30,077	36,732
Advance Payments to Suppliers for Purchases of Items of Property, Plant and Equipment	54,741	54,938
Ordinary Financial Receivables	-	1,609
Financial Receivables from Related Parties (Note 37)	487	-
Prepaid Expenses	2,929	5,702
Other Receivables from Related Parties (Note 37)	761,049	-
Less: Allowance for Impairment of Other Bad Debts	(9,597)	(1,773)
TOTAL NON-CURRENT	**2,149,124**	**1,379,523**
Current		
Refunds Receivable	169,290	88,446
Security Deposits	13,631	29,043
Tax Credits	719,040	498,539
Advance Payments to Suppliers for the Purchase of Inventories and Other Goods and Services	661,935	55,112
Ordinary Financial Receivables	5,018	21,797
Financial Receivables from Related Parties (Note 37)	206,533	2,457,633
Prepaid Expenses	214,806	204,124
Other Receivables from Related Parties (Note 37)	75,922	1,626
Miscellaneous	14,932	12,740
Less: Allowance for Impairment of Other Bad Debts	(13,931)	(11,922)
TOTAL CURRENT	**2,067,176**	**3,357,138**
TOTAL OTHER RECEIVABLES	**4,216,300**	**4,736,661**

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NOTE 13. TRADE AND OTHER RECEIVABLES

The carrying amounts of financial instruments classified as trade and other receivables approximate their fair value due to the short-term nature of these financial Instruments.

Trade receivables from related parties generally arise from sales transactions, which are due within twelve months from the transaction date and do not accrue interest. These trade receivables are unsecured. No significant allowances have been recorded for these receivables from related parties.

As of December 31, 2020 and 2019, the amount of the allowance for impairment of trade receivables totaled ARS 53,797 and ARS 51,653, respectively. The aging of these trade receivables is as follows:

	12.31.2020	12.31.2019
To Fall Due	6,011	6,776
SUBTOTAL TO FALL DUE INCLUDED IN THE ALLOWANCE	**6,011**	**6,776**
Up to three months	2,159	3,048
From three to six months	3,055	1,239
From six to twelve months	5,159	2,619
More than one year	37,413	37,971
SUBTOTAL PAST DUE INCLUDED IN THE ALLOWANCE	**47,786**	**44,877**
TOTAL AMOUNT INCLUDED IN THE ALLOWANCE	**53,797**	**51,653**

As of December 31, 2020 and 2019, the Company's trade receivables which have been past due for more than 3 months and have not been included in the allowance amounted to ARS 103,347 and ARS 90,720, respectively. The aging of these trade receivables is as follows:

	12.31.2020	12.31.2019
From three to six months	43,902	56,035
From six to twelve months	33,257	6,012
More than one year	26,188	28,673
TOTAL PAST DUE NOT INCLUDED IN THE ALLOWANCE	**103.347**	**90.720**

The balances of the Company's trade and other receivables are denominated in the following currencies:

	12.31.2020	12.31.2019
ARS	7,386,682	8,300,633
EUR	51,531	77,995
USD	3,219,220	2,971,447
TOTAL	**10,657,433**	**11,350,075**

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NOTE 13. 13. TRADE AND OTHER RECEIVABLES

The tables below show the changes in the allowance for impairment of trade and other receivables:

	TRADE RECEIVABLES[1]	OTHER RECEIVABLES[2]	TOTAL
Balance at the Beginning of the Year	**51,653**	**13,695**	**65,348**
Increase due to Merger with La Campagnola S.A.C.I. (Note 9)	5,073	18,514	23,587
Increases	82,523	2,181	84,704
Uses	(6,288)	(1,241)	(7,529)
Decreases	(70,375)	(1,113)	(71,488)
Effect of Restatement	(8,789)	(8,508)	(17,297)
TOTAL AS OF 12.31.2020	**53,797**	**23,528**	**77,325**

	TRADE RECEIVABLES[1]	OTHER RECEIVABLES[2]	TOTAL
Balance at the Beginning of the Year	**58,003**	**16,011**	**74,014**
Increase due to Merger with La Campagnola S.A.C.I. (Note 9)	-	44,612	44,612
Increases	80,440	4,832	85,272
Uses	(1,596)	(765)	(2,361)
Decreases	(74,687)	(40,160)	(114,847)
Effect of Restatement	(10,507)	(10,835)	(21,342)
TOTAL AS OF 12.31.2019	**51,653**	**13,695**	**65,348**

[1] The accounting allocation of increases / decreases is disclosed in Note 29.

[2] The accounting allocation of increases / decreases is disclosed in Note 28 (Export Refunds) and Note 29.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule E.

NOTE 14. INVENTORIES

The following table shows the breakdown of Inventories:

	12.31.2020	12.31.2019
Raw Materials and Materials	6,826,922	3,968,150
Raw Materials and Materials in Transit	169,218	50,880
Work in Process	824,142	433,474
Finished Products	5,639,157	4,421,603
Less: Allowance for Impairment of Inventories	(539,474)	(177,578)
TOTAL	**12,919,965**	**8,696,529**

Changes in the allowance for impairment of inventories are as follows:

	12.31.2020	12.31.2019
Balance at the Beginning of the Year	**177,578**	**290,118**
Increase due to Merger (Note 9)	338,368	-
Increases[1]	194,414	96,083
Uses	(1,221)	(5,934)
Decreases[1]	(169,665)	(202,689)
BALANCE AT YEAR-END	**539,474**	**177,578**

[1] The accounting allocation of increases/decreases is disclosed in "Other General Expenses" in Note 29.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule E.

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NOTE 15. DERIVATIVE FINANCIAL INSTRUMENTS

The tables below show the breakdown of derivative financial instruments:

	ASSETS	LIABILITIES
Mastellone Hermanos S.A.'s Options (Nota 42)	-	912,226
TOTAL NON-CURRENT	**-**	**912,226**
Currency Forward Contracts	270,000	197
TOTAL CURRENT	**270,000**	**197**
TOTAL AS OF 12.31.2020	**270,000**	**912,423**

	ASSETS	LIABILITIES
Mastellone Hermanos S.A.'s Options (Nota 42)	-	111,442
TOTAL NON-CURRENT	**-**	**111,442**
Cocoa Forward Contracts and Financial Options	5,730	-
Mastellone Hermanos S.A.'s Options (Nota 42)	-	2,020
TOTAL CURRENT	**5,730**	**2,020**
TOTAL AS OF 12.31.2019	**5,730**	**113,462**

The fair value of a hedge derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is over 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

Currency Forwards

As of December 31, 2020, Arcor S.A.I.C. had forward contracts in connection with purchases of U.S. dollars maturing in January 2021 for an aggregate amount of USD 15,000 at a weighted average price of ARS 88.51 per USD. As a result of this transaction, the Company recognized a net asset in the amount of ARS 269,803 under the item current "Derivative Financial Instruments" in the separate balance sheet. The Company recognized a loss of ARS 13,700 in constant currency on such transactions, under the item "Net Financial Income (Expense)" of the separate statement of income.

As of December 31, 2019, the Company recognized a gain of ARS 530,551 as a result of purchases of currency forwards (U.S. dollars) settled during the year. Such gains were recorded in "Net Financial Income (Expense)" of the separate statement of income. As of December 31, 2019, Arcor S.A.I.C. did not have forward contracts for the purchase of U.S. dollars.

Cocoa Forward Contracts and Financial Options

The Company enters into financial option transactions and forward purchases of cocoa in order to hedge the price risk of such raw material. It is worth mentioning that these instruments do not give rise to the physical delivery of the cocoa, but are rather designed as cash flow hedges to offset the effect of changes in prices for that raw material.

As of December 31, 2020, the Company did not have forward contracts in connection with purchases of cocoa.

The Company does not have assets of this nature as a result of these transactions. In connection with these and other transactions settled during the current year, the Company also recognized a net comprehensive loss of ARS 1,971 under the item "Costs of Goods Sold and Services Rendered" (a gain of ARS 75) in the separate statement of income, and under the item "Cash Flow Hedge" (a loss of ARS 2,046) in the separate statement of other comprehensive income, as described in Note 2.13 to these separate financial statements.

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NOTE 15. DERIVATIVE FINANCIAL INSTRUMENTS

Cocoa Forward Contracts and Financial Options

As of December 31, 2019, the Company had forward contracts for purchases of cocoa maturing in March and May 2020 for an aggregate amount of 90 tons of cocoa grain at a weighted average price of USD 2.5 per ton.

Consequently, the Company recognized an asset of ARS 5,730 under the item current "Derivative Financial Instruments" in the separate balance sheet. In connection with these and other transactions settled during the current year, the Company also recognized a net comprehensive loss of ARS 38 under the item "Costs of Goods Sold and Services Rendered" (a loss of ARS 1,530) in the separate statement of income, and under the item "Cash Flow Hedge" (a gain of ARS 1,492) in the separate statement of other comprehensive income, as described in Note 2.13 to these separate financial statements.

Mastellone Hermanos S.A.'s Call and Put Options

The transaction with Mastellone Hermanos S.A. and its shareholders described in Note 42 to these separate financial statements involved call and put options of the associate's shares, which are measured at fair value at the closing date. Such fair values were estimated by applying the "Black & Scholes" and "Montecarlo Simulation" models, as applicable in each case and are classified as Level 3 within the fair value hierarchy, in accordance with the guidance set forth in IFRS 7 and described in Note 38.2 to these separate financial statements. The most relevant unobservable inputs used in these estimates are disclosed below:

MEASUREMENT TECHNIQUE(S)	UNOBSERVABLE INPUTS	RELATION BETWEEN UNOBSERVABLE INPUTS AND FAIR VALUE
"Black & Scholes" and "Montecarlo Simulation" models	Fair value of Mastellone's share	The higher the fair value of Mastellone's share: - The higher the fair value of the call options. - The lower the fair value of put options.
	Price volatility of Mastellone's share	The higher the volatility of the price of Mastellone's share, the higher the fair value of the call and put options.
	Timing of option exercise	The longer the option exercise term, the higher the fair value of the call and put options.
	Risk-free rate	The higher the risk-free rate: - The higher the fair value of the call options. - The lower the fair value of put options.

NOTE 16. STATEMENT OF CASH FLOWS - ADDITIONAL INFORMATION

The table below shows the breakdown of Cash and Cash Equivalents:

	12.31.2020	12.31.2019
Cash and Bank Deposits at Sight	477,685	3,437,947
Time Deposits	293,825	1,543,984
TOTAL	**771,510**	**4,981,931**

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NOTE 16. STATEMENT OF CASH FLOWS - ADDITIONAL INFORMATION

The statement of cash flows excludes the effects of the following non-cash investment and financing activities:

	ACTIVITY	12.31.2020	12.31.2019
Addition of PP&E items, investment properties, intangible assets and others not settled at period-end	Investment	(94,797)	(103,359)
Decrease in Financial Receivables due to Merger	Investment	(2,210,752)	(186,479)
Additions of Right-of-use Assets and Adjustments to Variable Leases (Note 6)	Investment	(293,160)	(1,416,923)
Deletions of Right-of-use Assets (Note 6)	Investment	44,252	-
Dividends Distributed by Subsidiaries Not Cashed at Year-end	Investment	54,777	-
Cash Dividends Not Settled at Year-end	Investment	(694)	-
Additions of Lease Liabilities and Adjustments to Variable Leases (Note 22)	Financing	293,160	1,416,923
Deletions of lease liabilities (Note 22)	Financing	(48,689)	-

NOTE 17. RESTRICTIONS ON THE DISTRIBUTION OF PROFITS

In accordance with the GCL, the Company's by-laws and applicable resolutions issued by the CNV, 5% of net income for the year should be appropriated to the legal reserve, together with previous years' adjustments, transfers from Other Comprehensive Income to Unappropriated Retained Earnings and accumulated losses from previous years, until such reserve reaches 20% of capital stock plus the capital adjustment. Such percentage was reached as a result of the decisions passed at the Ordinary and Extraordinary General Shareholders' Meeting held on April 27, 2019.

As required by the revised text of the CNV's rules, whenever the net balance of other Accumulated Comprehensive Income (Loss) (other equity components) at the end of a given reporting period is positive (credit accounts), such balance could not be distributed, capitalized or set aside to absorb accumulated losses. Where such net balance is negative (debit accounts), there will be a restriction on the distribution of unappropriated retained earnings for an equal amount.

As provided by the CNV, positive unappropriated retained earnings resulting from the adoption of IFRS, which amounted to ARS 784,332 (ARS 203,257 in historical values), were reallocated to a special reserve which may only be released for capitalization or to absorb any future negative unappropriated retained earnings. Such reallocation was approved on April 27, 2013 at the Ordinary and Extraordinary Shareholders' Meeting where the separate and consolidated financial statements for the year 2012 were considered.

NOTE 18. CHANGES IN CAPITAL STOCK

The following table shows the changes in the Company's capital stock over the last three years:

	2020	2019	2018
Capital Stock at the Beginning of the Year	700,000,000	700,000,000	700,000,000
CAPITAL STOCK AT YEAR-END	**700,000,000**	**700,000,000**	**700,000,000**

At December 31, 2020, capital stock amounts to ARS 700,000,000, and is represented by 16,534,656 common, registered non-endorsable Class A shares with a face value of ARS 0.01 and entitled to 5 votes each, and by 69,983,465,344 common, registered, non-endorsable Class B shares with a face value of ARS 0.01 and 1 vote each.

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NOTE 19. UNAPPROPRIATED RETAINED EARNINGS

The following tables show the changes in unappropriated retained earnings for the years ended December 31, 2020 and 2019, respectively:

	TOTAL AS OF 12.31.2020
Balance at the Beginning of the Year	**(2,307,712)**
Net Income for the Year	4,163,556
Absorption of Losses [1]	2,307,712
Actuarial Gains from Defined Benefit Plans	60,162
Forfeited Dividends [1]	50
BALANCE AT YEAR-END	**4,223,768**

[1] As per the Ordinary and Extraordinary General Shareholders' Meetings held on April 25, 2020 and August 15, 2020.

	TOTAL AS OF 12.31.2019
Balance at the Beginning of the Year	**16,054,215**
Net (Loss) for the Year	(2,000,013)
Setting-up of Reserves	
- Legal reserve [1]	(944,603)
- Special Reserve for Future Investments [1]	(10,755,975)
- Special Reserve for Future Dividends [1]	(3,847,766)
Actuarial (Losses) from Defined Benefit Plans	(307,699)
Distribution of Dividends [1]	(505,871)
BALANCE AT YEAR-END	**(2,307,712)**

[1] As per the Ordinary and Extraordinary General Shareholders' Meetings held on April 27, 2019 and September 19, 2019.

NOTE 20. OTHER EQUITY COMPONENTS

Below is the breakdown of other equity components:

	TRANSLATION RESERVE	RESERVE FOR CASH FLOW HEDGE	TOTAL
Balance at the Beginning of the Year	**1,236,627**	**1,431**	**1,238,058**
Cash Flow Hedge:			
- Gains and Losses on Hedging Instruments [1]	-	(2,046)	(2,046)
- Effect on Income Tax (Notes 11 and 34)	-	615	615
Translation Difference:			
- Share of Translation Differences of Companies	(120,639)	-	(120,639)
- Effect on Income Tax (Notes 11 and 34)	(38,279)	-	(38,279)
TOTAL AS OF 12.31.2020	**1,077,709**	**-**	**1,077,709**

	TRANSLATION RESERVE	RESERVE FOR CASH FLOW HEDGE	TOTAL
Balance at the Beginning of the Year	**1,437,945**	**3,261**	**1,441,206**
Cash Flow Hedge:			
- Gains and Losses on Hedging Instruments [1]	-	(1,382)	(1,382)
- Effect on Income Tax (Notes 11 and 34)	-	(448)	(448)
Translation Difference:			
- Share of Translation Differences of Companies	(205,989)	-	(205,989)
- Effect on Income Tax (Notes 11 and 34)	4,671	-	4,671
TOTAL AS OF 12.31.2019	**1,236,627**	**1,431**	**1,238,058**

[1] It includes the share of cash flow hedges of subsidiaries.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As of and for the years ended December 31, 2020 and 2019
(Figures stated in thousands of Argentine pesos)

NOTE 21. LOANS

The following tables show the breakdown of and changes to this item:

	12.31.2020	12.31.2019
Non-current		
Bank Loans	4,199,195	6,092,422
Notes	42,299,660	42,671,297
TOTAL NON-CURRENT	**46,498,855**	**48,763,719**
Current		
Bank Loans	3,701,123	7,488,760
Notes	6,800,978	3,569,960
Financial Loans with Related Parties (Note 37)	641,419	392,319
TOTAL CURRENT	**11,143,520**	**11,451,039**
TOTAL	**57,642,375**	**60,214,758**

	12.31.2020	12.31.2019
	CREDITOR/(DEBTOR)	
Balance at the Beginning of the Year	**60,214,758**	**56,664,099**
Increase due to Merger with La Campagnola S.A.C.I. (Note 9)	1,149,323	-
Net (Decrease) / Increase in Loans	(1,865,938)	6,092,768
Payment of Interest and Other Financial Expenses	(6,657,595)	(8,581,125)
Interest Expense and Accrued Exchange Differences	4,801,827	6,039,016
BALANCE AT YEAR-END	**57,642,375**	**60,214,758**

Below is a summary of the carrying amounts of the Company's loans broken down by term of maturity:

- Balances as of December 31, 2020:

NON-CURRENT	WITHOUT TERM	1-2 YEARS	2-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	TOTAL
Bank Loans	-	4,199,195	-	-	-	**4,199,195**
Notes	-	-	42,299,660	-	-	**42,299,660**
TOTAL AS OF 12.31.2020	**-**	**4,199,195**	**42,299,660**	**-**	**-**	**46,498,855**

CURRENT	WITHOUT TERM	WITHIN 3 MONTHS	3-6 MONTHS	6-9 MONTHS	9 MONTHS TO 1 YEAR	TOTAL
Bank Loans	-	2,701,123	1,000,000	-	-	**3,701,123**
Notes	-	1,550,867	2,040,000	2,360,111	850,000	**6,800,978**
Financial Loans with Related Parties (Note 37)	641,419	-	-	-	-	**641,419**
TOTAL AS OF 12.31.2020	**641,419**	**4,251,990**	**3,040,000**	**2,360,111**	**850,000**	**11,143,520**

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NOTE 21. LOANS

- Balance as of December 31, 2019:

NON-CURRENT	WITHOUT TERM	1-2 YEARS	2-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	TOTAL
Bank Loans	-	2,038,933	4,053,489	-	-	6,092,422
Notes	-	1,654,632	-	41,016,665	-	42,671,297
TOTAL AS OF 12.31.2019	-	3,693,565	4,053,489	41,016,665	-	48,763,719

CURRENT	WITHOUT TERM	WITHIN 3 MONTHS	3-6 MONTHS	6-9 MONTHS	9 MONTHS TO 1 YEAR	TOTAL
Bank Loans	-	7,080,002	408,758	-	-	7,488,760
Notes	-	1,352,890	2,217,070	-	-	3,569,960
Financial Loans with Related Parties (Note 37)	392,319	-	-	-	-	392,319
TOTAL AS OF 12.31.2019	392,319	8,432,892	2,625,828	-	-	11,451,039

The carrying amounts of the Company's loans are stated in the following currencies:

	12.31.2020	12.31.2019
ARS	9,866,652	12,399,169
USD	47,775,723	47,815,589
TOTAL	57,642,375	60,214,758

The tables below show the carrying amount and the fair value of loans as of December 31, 2020 and 2019:

	CARRYING AMOUNT	FAIR VALUE
Bank Loans	7,900,318	7,632,505
Notes	49,100,638	48,726,448
Financial Loans with Related Parties	641,419	641,419
TOTAL AS OF 12.31.2020	57,642,375	57,000,372

	CARRYING AMOUNT	FAIR VALUE
Bank Loans	13,581,182	13,326,130
Notes	46,241,257	44,852,497
Financial Loans with Related Parties	392,319	392,319
TOTAL AS OF 12.31.2019	60,214,758	58,570,946

Bank loans include debt at fixed and variable interest rate, with a short-term portion where interest has already been fixed. Fair values are estimated based on discounted cash flows, applying a relevant market rate at year-end. The fair value of listed notes is estimated based on the quoted price for the securities at year-end (Note 38).

Financial loans with related parties comprise debts at variable rates which are renegotiated on a monthly basis and accruing interest on a daily basis. Such calculation is based on observable market rates.

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NOTE 21. LOANS

The following tables show the Company's loans by fair value level as of December 31, 2020 and 2019, as explained in Note 38.2:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Loans at Fair Value				
Notes	42,790,275	5,936,173	-	48,726,448
Bank Loans	-	7,632,505	-	7,632,505
Financial Loans with Related Parties	-	641,419	-	641,419
Total Loans at Fair Value as of 12.31.2020	**42,790,275**	**14,210,097**	**-**	**57,000,372**

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Loans at Fair Value				
Notes	40,726,532	4,125,965	-	44,852,497
Bank Loans	-	13,326,130	-	13,326,130
Financial Loans with Related Parties	-	392,319	-	392,319
Total Loans at Fair Value as of 12.31.2019	**40,726,532**	**17,844,414**	**-**	**58,570,946**

Main Loans Borrowed by the Company - Financing Programs - Notes

a. Issuance of Notes

a.1. Global Notes Program for up to USD 800 million

On February 27, 2010, the Company's shareholders, gathered at the Ordinary General Shareholders' Meeting, considered and approved the creation of a new Global Simple Non-convertible Notes Program for an aggregate amount of up to USD 500 million or its equivalent in other currencies, for a term of up to five (5) years as from the date of authorization of the Program by the CNV or such other longer term as may be generally authorized pursuant to applicable laws and regulations and the terms of the Negotiable Obligations Law. The Company's Board of Directors was vested with powers to determine the terms of the issuance and to carry out all such acts as might be required and/or convenient to implement such resolution.

On October 25, 2010, the CNV, by means of Resolution No. 16,439, approved such program.

On November 28, 2014, the Company's shareholders, gathered at the Ordinary and Extraordinary General Shareholders' Meeting, approved an increase in the amount and an extension of term of the Global Notes Program. On October 30, 2015, the CNV, through Resolution No. 17,849, authorized the Company to increase the maximum principal amount of the mentioned program (from an aggregate principal amount of up to USD 500 million to an aggregate principal amount of up to USD 800 million, or its equivalent in other currencies) for a new term of (5) five years, as from the original term maturity.

On April 25, 2020, the Company's shareholders, gathered at the Ordinary and Extraordinary General Shareholders' Meeting, approved the term of the program for a new period of five (5) years. On November 5, 2020, the CNV, by means of Directive DI-2020-52-APN- GE#CNV, authorized the Company to extend the term of the program for additional 5 years, counted as from the end of the extended term, i.e., October 30, 2025, and to amend certain terms and conditions of said Program in order for the instruments to be denominated in units known as "Unidades de Valor Adquisitivo" or UVAs indexable by the Reference Stabilization Ratio ("CER", for its Spanish acronym) as per Law No. 25,827, or otherwise in "Unidades de Vivienda" or UVIs indexable by the Construction Cost Index ("ICC", for its Spanish acronym), pursuant to Law No. 27,271.

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(Figures stated in thousands of Argentine pesos)

NOTE 21. LOANS

a.2. Main Terms of Notes Outstanding and/or Settled during the Current Year

	SERIES 9 NOTES [1]	SERIES 11 NOTES [1]	SERIES 9 ADDITIONAL NOTES [1]
Final Principal Amount of the Issue	USD 350,000	ARS 1,215,000	USD 150,000
Issue Date	July 6, 2016	May 3, 2017	June 19, 2017
Issue Price	100% of principal amount	100% of principal amount	106.625% of principal amount
Currency	USD	ARS	USD
Interest Rate	Annual nominal 6% fixed rate.	Annual nominal variable rate equal to the average of BADLAR for the period plus an applicable margin.	Annual nominal 6% fixed rate.
Applicable margin.	N/A	2.99% nominal annual rate	N/A
Repayment and Maturity Date	July 6, 2023 (84 months from the date of issue)	May 3, 2021 (48 months from the date of issue)	July 6, 2023 (73 months from the date of issue)
Date of Authorization by CNV's Issuers Division	June 21, 2016	April 21, 2017	June 9, 2017
Interest Payment Date	On a bi-annual basis, in arrears, on January 6 and July 6 each year, until maturity. The first payment was due on January 6, 2017.	On a quarterly basis, in arrears, on February 3, May 3, August 3, and November 3 of each year, until maturity. The first payment was due on August 3, 2017.	On a bi-annual basis, in arrears, on January 6 and July 6 each year, until maturity. The first payment was due on July 6, 2017.

[1] The net proceeds were fully used for the refinancing of bank loans.

[2] Fully repaid upon maturity during the year.

SERIES 12 NOTES[1,2]	SERIES 13 NOTES[1,2]	SERIES 14 NOTES[1]	SERIES 15 NOTES[1]
ARS 1,653,586	ARS 1,065,220	ARS 1,535,111	ARS 2,500,000
December 23, 2019	March 3, 2020		July 6, 2020
100% of principal amount			
ARS			
Annual nominal variable rate equal to the average of BADLAR for the period plus an applicable margin.			
4.24% nominal annual rate	4.25% nominal annual rate	5.75% nominal annual rate	1.99% nominal annual rate
June 23, 2020 (6 months from the date of issue)	September 6, 2020 (6 months from the date of issue)	September 6, 2021 (18 months from the date of issue)	Three consecutive payments, the first one due on April 6, 2021 (9 months from the date of issue) for a sum equal to 33% of the principal amount; the second one due on July 6, 2021 (12 months from the date of issue) for a sum equal to 33% of the principal amount; and upon maturity, on October 6, 2021 (15 months from the date of issue) for a sum equal to 34% of the principal amount.
December 16, 2019	February 28, 2020		June 29, 2020
On a quarterly basis, in arrears, on March 23, and June 23, 2020	On a quarterly basis, in arrears, on June 6, 2020 and September 6, 2020.	On a quarterly basis, in arrears, on June 6, September 6, December 6, and March 6, until maturity. The first payment was due on June 6, 2020.	On a quarterly basis, in arrears, on October 6, 2020, January 6, 2021, April 6, 2021, July 6, 2021, and October 6, 2021.

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NOTE 21. LOANS

a.3. Covenants and Limitations included in the Notes

The terms and conditions of the notes include certain covenants and limitations agreed by the Company that are customary in transactions of this nature. The most relevant ones include:

- The Company may only incur or will only allow its subsidiaries to incur in additional indebtedness, provided the "Fixed Charge Coverage Ratio" (as such term is defined in the Pricing Supplement for Series 9 Notes under the Global Program) for the last four quarters is equal to, at least, 2.00 to 1.00. This limitation does not apply to certain permitted indebtedness referred to in the Pricing Supplement.

- The Company may not, and will not permit its subsidiaries to, create liens on its assets to secure the payment of any indebtedness provided that the Notes are secured on an equivalent and proportional basis. This restriction does not apply to certain permitted liens and will not be triggered if the liens created by the Company or its subsidiaries are meant to secure any indebtedness the principal of which (considering the aforementioned liens) does not exceed 10% of its "Consolidated Total Assets" (as defined in the Pricing Supplement for Series 9 Notes).

- The Company assumes the obligation to offer to repurchase the Notes at 101% of the principal amount, plus unpaid and accrued interest, upon a "Change of Control," as such term is defined in the Pricing Supplement for Series 9 Notes.

As of December 31, 2020, the Company has fully complied with these covenants and limitations.

b. Long-term Loans Borrowed from Other Financial Institutions

The following table shows relevant information on long-term loans.

ORIGINAL PRINCIPAL (IN MILLIONS)	RATE	DATE OF BORROWING	MATURITY DATE	PRINCIPAL REPAYMENT	INTEREST PAYMENT	OUTSTANDING PRINCIPAL (IN MILLIONS OF ARS)	
						12.31.2020	12.31.2019
ARS 1,500	Variable [1]	11.25.2019	18.05.2021	Upon maturity [2]	Monthly	1,000	1,500
USD 50 [3]	4% annual	06.07.2017	06.07.2022	Upon maturity	Quarterly	4,207.5	4,076.7

[1] BADLAR plus 10% margin.

[2] In July 2020, an early payment was made in the amount of ARS 500 million.

[3] The loan sets forth certain covenants and commitments to be fulfilled by the Company during its term, including certain specific financial ratios. As of December 31, 2020, there was no breach of such covenants and commitments or, if any, the respective lender waived compliance before the closing date.

During the year ended December 31, 2020, the Company did not borrow long-term loans from local banks.

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NOTE 22. LEASE LIABILITIES

The following tables show the breakdown of and changes to Lease Liabilities:

	12.31.2020	12.31.2019
Non-current	382,753	597,565
Current	504,294	494,947
TOTAL	**887,047**	**1,092,512**

	12.31.2020	12.31.2019
Balance at the Beginning of the Year	**1,092,512**	**-**
Addition due to First-time Adoption of IFRS 16	-	1,337,666
Increases due to Merger with La Campagnola S.A.C.I. (Note 9)	13,435	-
Additions	274,096	193,005
Adjustments to Variable Leases	19,063	(113,747)
Deletions [1]	(48,687)	-
Interest Expense and Exchange Differences Accrued	92,927	148,271
Payments Made During the Year	(556,299)	(472,683)
BALANCE AT YEAR-END	**887,047**	**1,092,512**

[1] The accounting allocation of deletions for the year is reported in "Other Income / (Expenses), Net" in the separate statement of income.

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NOTE 23. EMPLOYEE RETIREMENT BENEFITS OBLIGATIONS

The following table shows the breakdown of this item:

	12.31.2020	12.31.2019
Non-current		
Early Retirement Benefits	145,163	136,247
Retirement Bonuses (a)	204,534	179,309
Pension Plans	1,389,155	1,038,178
TOTAL NON-CURRENT	**1,738,852**	**1,353,734**
Current		
Early Retirement Benefits	175,704	144,390
Retirement Bonuses [a]	5,516	4,828
Pension Plans	19,564	15,221
TOTAL CURRENT	**200,784**	**164,439**
TOTAL	**1,939,636**	**1,518,173**

The amount charged to the separate statement of income is as follows:

	12.31.2020	12.31.2019
Charge to Income for the Year		
Pension Plans	987,439	42,673
Early Retirement Benefits	209,046	215,923
Retirement Bonuses	34,500	(22,414)
Subtotal	**1,230,985**	**236,182**
Charge to Other Comprehensive Income		
Retirement Bonuses	(30,770)	(2,886)
Pension Plans	(90,705)	324,620
Subtotal	**(121,475)**	**321,734**
TOTAL	**1,109,510**	**557,916**

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NOTE 23. EMPLOYEE RETIREMENT BENEFITS OBLIGATIONS

(a) Retirement Bonuses

The amount booked as of December 31, 2020 and 2019 totals ARS 210,050 and ARS 184,137, respectively. The following table shows the changes in the Company's obligations:

	12.31.2020	12.31.2019
Balance at the Beginning of the Year	**184,137**	**209,749**
Cost	12,701	10,427
Addition due to Merger with La Campagnola S.A.C.I. (Note 9)	23,477	-
Cost of Past Services	-	(2,396)
Interest	21,799	(30,445)
Actuarial Gain	(30,770)	(2,886)
Benefits Paid to Plan Participants	(1,294)	(312)
BALANCE AT YEAR-END	**210,050**	**184,137**

The portion expected to be settled within twelve months from the date of these financial statements is ARS 5,516.

Below is a detail of the amount charged to the separate statement of income for the years ended December 31, 2020 and 2019:

	PENSION PLANS	EARLY RETIREMENT BENEFITS	RETIREMENT BONUSES	TOTAL AS OF 12.31.2020
Cost [1]	[3] 880,392	246,142	12,701	1,139,235
Interest [2]	107,047	(37,096)	21,799	91,750
Subtotal - Amounts Charged to Income for the Year	**987,439**	**209,046**	**34,500**	**1,230,985**
Actuarial Gain	(90,705)	-	(30,770)	(121,475)
Subtotal - Amounts Charged to Other Comprehensive Income	**(90,705)**	**-**	**(30,770)**	**(121,475)**
TOTAL AS OF 12.31.2020	**896,734**	**209,046**	**3,730**	**1,109,510**

[1] Out of total cost, ARS 294,458, ARS 172,504 and ARS 672,273 are reported in "Cost of Sales", "Selling Expenses" and "Administrative Expenses," respectively. The item Pension Plans includes the cost of past services for ARS 683,816 accrued during the year.

[2] Charged to "Net Financial Income (Expense)."

[3] Out of the amount charged to income, ARS 179,331 are reported under "Managers', Directors' and Statutory Auditors' Fees" and ARS 701,061 are reported under "Salaries, Wages and Other Benefits" (Note 30).

	PENSION PLANS	EARLY RETIREMENT BENEFITS	RETIREMENT BONUSES	TOTAL AS OF
Cost [1] *	[3] 172,437	250,571	8,031	431,039
Interest [2]	(129,764)	(34,648)	(30,445)	(194,857)
Subtotal - Amounts Charged to Income for the Year	**42,673**	**215,923**	**(22,414)**	**236,182**
Actuarial (Loss) / Gain	324,620	-	(2,886)	321,734
Subtotal - Amounts Charged to Other Comprehensive Income	**324,620**	**-**	**(2,886)**	**321,734**
TOTAL AS OF 12.31.2019	**367,293**	**215,923**	**(25,300)**	**557,916**

* It includes the cost of past services.

[1] Out of total cost, ARS 181,882, ARS 49,774 and ARS 199,383 are reported in "Cost of Sales", "Selling Expenses" and "Administrative Expenses," respectively.

[2] Charged to "Net Financial Income (Expense)."

[3] Out of the amount charged to income, ARS 48,495 are reported under "Managers', Directors' and Statutory Auditors' Fees" and ARS 123,942 are reported under "Salaries, Wages and Other Benefits" (Note 30).

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NOTE 23. EMPLOYEE RETIREMENT BENEFITS OBLIGATIONS

The assumptions on the future mortality rate are established based on actuarial techniques, according to published statistics. Main assumptions used:

	12.31.2020	12.31.2019
Mortality table	G.A.M. 83	G.A.M. 83
Disability table	P.D.T. 85	P.D.T.85.
Ordinary retirement age for men	65 years	65 years
Ordinary retirement age for women	60 years	60 years
Actual discount rate per year	5.0%	5.0%

As of December 31, 2020, the impact of a favorable/unfavorable 0.5% change in the main actuarial assumptions would result in a pre-tax (gain)/loss of around ARS (16,833) and ARS 23,073, respectively.

As of December 31, 2019, the impact of a favorable/unfavorable 0.5% change in the main actuarial assumptions would result in a pre-tax (gain)/loss of around ARS (28,463) and ARS 30,347, respectively.

NOTE 24. PROVISIONS

The following table shows the breakdown of the item Provisions:

	12.31.2020	12.31.2019
Non-current		
For Labor, Civil and Commercial Lawsuits	204,159	179,244
Other Provisions	70,283	78,357
TOTAL NON-CURRENT	**274,442**	**257,601**
Current		
For Labor, Civil and Commercial Lawsuits	87,497	55,321
Other Provisions	30,121	27,220
TOTAL CURRENT	**117,618**	**82,541**
TOTAL	**392,060**	**340,142**

	FOR LABOR, CIVIL AND COMMERCIAL LAWSUITS [1]	OTHER PROVISIONS [2]	TOTAL
Balance at the Beginning of the Year	**234,565**	**105,577**	**340,142**
Increase due to Merger with La Campagnola S.A.C.I. (Note 9)	125,929	9,666	135,595
Increases	110,568	53,204	163,772
Decreases	(157,797)	(32,355)	(190,152)
Payments	(21,609)	-	(21,609)
Effect of Restatement	-	(35,688)	(35,688)
TOTAL AS OF 12.31.2020	**291,656**	**100,404**	**392,060**

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NOTE 24. PROVISIONS

	FOR LABOR, CIVIL AND COMMERCIAL LAWSUITS [1]	OTHER PROVISIONS [2]	TOTAL
Balance at the Beginning of the Year	**282,380**	**150,849**	**433,229**
Increase due to Merger with La Campagnola S.A.C.I. (Note 9)	30	-	30
Increases	107,194	42,935	150,129
Decreases	(139,149)	(37,777)	(176,926)
Payments	(15,890)	-	(15,890)
Effect of Restatement	-	(50,430)	(50,430)
TOTAL AS OF 12.31.2019	**234,565**	**105,577**	**340,142**

[1] The accounting allocation of increases and decreases in labor, civil and commercial lawsuits is disclosed in Note 29 and 33.

[2] The accounting allocation of increases and decreases in other contingencies is disclosed in Note 29.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule E.

NOTE 25. TRADE PAYABLES AND OTHER LIABILITIES

The following table shows the breakdown of this item:

	12.31.2020	12.31.2019
Non-current		
Trade Payables		
- Third Parties	42,000	59,231
Tax Liabilities	21,650	607
Salaries and Social Security Contributions	19,836	15,873
Other Liabilities		
- Related Parties (Note 9)	222,121	8,428
TOTAL NON-CURRENT	**305,607**	**84,139**
Current		
Trade Payables		
- Third Parties	6,805,111	4,774,188
- Related Parties (Note 37)	625,387	541,920
- Promissory Notes	591,637	97,867
Tax Liabilities	378,641	334,547
Salaries and Social Security Contributions	2,837,264	2,447,965
Other Liabilities - Third Parties		
- Third Parties	1,628	1,586
- Related Parties (Note 37)	694	536
TOTAL CURRENT	**11,240,362**	**8,198,609**
TOTAL	**11,545,969**	**8,282,748**

NOTE 26. COMMITMENTS AND PLEDGED COLLATERAL

(a) Committed Expenses

The following table shows the Company's committed but not yet incurred expenses as of the balance sheet date:

	12.31.2020	12.31.2019
IT Services	259,937	413,444
Logistics Services	150,836	134,541
TOTAL	**410,773**	**547,985**

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As of and for the years ended December 31, 2020 and 2019
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NOTE 26. COMMITMENTS AND PLEDGED COLLATERAL

(b) Pledged Collateral for Loans Granted to Subsidiaries

As of December 31, 2020, the Company does not have collateral for loans granted to subsidiaries.

(c) Other Pledged Collateral and Restricted Assets

COMPANY	CREDITOR/BENEFICIARY	ORIGINAL CURRENCY	TYPE OF COLLATERAL	COLLATERAL	MAXIMUM GUARANTEED AMOUNT
Arcor do Brasil Ltda.	Pottencial Seguradora SA. Swiss Re Corporate Solutions Brasil Seguros S.A.	BRL BRL	Surety Surety	Surety Bond	15,000

(d) Potential Commitments

As part of a Master Investment Agreement entered into with Groupe Danone, the Company subscribed an agreement with the subsidiary Bagley Argentina S.A. whereby the Company agreed to provide the services required for the manufacturing of certain products using assets owned by Bagley Argentina S.A.

Consequently, as of December 31, 2020, certain pieces of equipment owned by Bagley Argentina S.A. are located at the Company's facilities, with a residual value of ARS 18,768. The Company is liable to safeguard these assets and to maintain the respective insurance policies. As of December 31, 2019, the residual value amounted to ARS 22,533.

Pursuant to certain toll manufacturing agreements entered into by the Company and third parties, as of December 31, 2020, the Company held in its own warehouses third parties' sugar inventories, for an amount equal to last month's average third party's purchase price, i.e., ARS 928,097. As of December 31, 2019, such inventories amounted to ARS 559,739.

As of December 31, 2020, the Company also held in its warehouses inventories of finished products for sale owned by third parties for a total amount of ARS 12,159. As of December 31, 2019, these inventories amounted to ARS 28,639.

NOTE 27. SALES OF GOODS AND SERVICES

The following table shows the breakdown of the item Sales of Goods and Services:

	12.31.2020	12.31.2019
Sales of Goods		
- Third Parties	66,119,776	51,042,111
- Related Parties (Note 37)	7,690,512	7,680,577
Sales of Services		
- Third Parties	132,976	136,273
- Related Parties (Note 37)	4,238,491	5,552,543
Discounts and Bonuses	(5,357,590)	(3,772,620)
TOTAL	**72,824,165**	**60,638,884**

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NOTE 28. COST OF GOODS SOLD AND SERVICES RENDERED

The following table shows the breakdown of the item Cost of Goods Sold and Services Rendered:

	12.31.2020	12.31.2019
Inventories at the Beginning of the Year (Notes 14)	**8,696,529**	**11,730,731**
Additions due to Merger with La Campagnola S.A.C.I. (Note 9)	2,393,912	-
Purchases for the Year	30,283,141	20,062,770
Transfers of Biological Products from the Agricultural Activity (Note 31)	1,039,505	827,793
Production and Services Expenses (Note 29)	19,230,943	17,693,073
Sales of By-products	(88,841)	(59,956)
Export Refunds [1]	(211,163)	(218,820)
Inventories at Year-end (Note 14)	(12,919,965)	(8,696,529)
BALANCE AT YEAR-END	**48,424,061**	**41,339,062**

[1] Net of the effect of (losses) / recovery of provisions for export refunds.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule F.

NOTE 29. INFORMATION ABOUT EXPENSES BY FUNCTION AND NATURE (SECTION 64, SUBSECTION B), LAW NO. 19,550)

The following table shows the breakdown of total expenses by nature:

	12.31.2020	12.31.2019
Managers', Directors' and Statutory Auditors' Fees	583,856	381,673
Services Fees	677,970	730,268
Salaries, Wages, Social Security Charges and Other Benefits (Note 30)	17,445,402	15,876,333
Taxes, Rates and Contributions	175,703	106,067
Direct Taxes	1,418,429	1,234,334
Maintenance of Property, Plant and Equipment, and Investment Properties	1,836,004	1,388,406
Depreciation of Property, Plant and Equipment, and Investment Properties (Notes 5 and 7)	1,383,480	1,505,098
Depreciation of Right-of-use Assets (Note 6) *	464,196	336,167
Amortization of Intangible Assets (Note 8)	58,971	102,869
Freight and Haulage	2,945,052	2,245,543
Fuels and Lubricants	158,631	161,490
Export and Import Expenses	363,040	381,290
Third-party Services	2,898,887	3,012,491
Electricity, Gas and Communications	2,039,603	2,862,413
Travelling Expenses and Per Diem	137,165	359,969
Bank Services	84,436	98,417
Quality and Environment	128,300	77,071
Publicity and Advertising	817,489	936,337
Operating Leases/Rentals	226,392	290,003
Insurance	216,658	194,011
Systems and Application Software	607,782	614,469
Export Duties	335,514	509,642
Bad Debts	12,148	5,753
Loss on Labor and Other Lawsuits	20,826	32,125
Loss on Other Provisions	20,849	5,158
Loss / (Recovery) of Other Receivables	483	(35,946)
Other General Expenses	1,822,649	1,571,675
TOTAL	**36,879,915**	**34,983,126**

* The difference between notes is attributable to the process of capitalizing and uncapitalizing depreciation included in biological assets.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule H.

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NOTE 29. INFORMATION ABOUT EXPENSES BY FUNCTION AND NATURE (SECTION 64, SUBSECTION B), LAW NO. 19,550)

(a) Production Expenses (Note 28)

	12.31.2020	12.31.2019
Services Fees	116,138	82,700
Salaries, Wages, Social Security Charges and Other Benefits (Note 30)	11,246,058	9,828,365
Taxes, Rates and Contributions	75,959	12,140
Maintenance of Property, Plant and Equipment	1,621,966	1,173,009
Depreciation of Property, Plant and Equipment (Note 5)	1,081,475	1,204,121
Depreciation of Right-of-use Assets (Note 6)	53,554	32,875
Amortization of Intangible Assets (Note 8)	12,667	23,586
Freight and Haulage	844,216	660,735
Fuels and Lubricants	102,522	87,263
Third-party Services	1,023,928	1,051,659
Electricity, Gas and Communications	1,774,268	2,595,511
Travelling Expenses and Per Diem	40,053	91,018
Quality and Environment	126,892	76,624
Operating Leases/Rentals	62,401	16,737
Insurance	154,454	140,783
Systems and Application Software	174,133	136,414
Loss on Labor and Other Lawsuits	11,580	6,618
Loss / (Reversal) of Other Provisions	3,702	(9,362)
Loss on Other Receivables	483	-
Other General Expenses	704,494	482,277
TOTAL	**19,230,943**	**17,693,073**

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule H.

(b) Biological Assets Production Expenses (Note 31)

	12.31.2020	12.31.2019
Services Fees	2,443	3,899
Salaries, Wages, Social Security Charges and Other Benefits (Note 30)	177,028	109,808
Taxes, Rates and Contributions	15,759	15,091
Maintenance of Property, Plant and Equipment	59,658	57,225
Depreciation of Property, Plant and Equipment (Note 5) (*)	110,257	97,769
Depreciation of Right-of-use Assets (Note 6) (*)	92,264	3,158
Freight and Haulage	40,442	39,503
Fuels and Lubricants	33,326	36,002
Third-party Services	203,973	199,133
Electricity, Gas and Communications	20,795	10,683
Travelling Expenses and Per Diem	1,126	2,155
Quality and Environment	1,408	447
Operating Leases/Rentals	30,442	71,914
Insurance	328	1,338
Systems and Application Software	1,209	452
Loss on Labor and Other Lawsuits	708	35
Other General Expenses	399,075	409,329
TOTAL	**1,190,241**	**1,057,941**

* The difference between notes is attributable to the process of capitalizing and uncapitalizing depreciation included in the cost of biological assets.

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule H.

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NOTE 29. INFORMATION ABOUT EXPENSES BY FUNCTION AND NATURE (SECTION 64, SUBSECTION B), LAW NO. 19,550)

(c) Selling Expenses

	12.31.2020	12.31.2019
Services Fees	207,470	201,189
Salaries, Wages, Social Security Charges and Other Benefits (Note 30)	3,304,760	3,268,391
Taxes, Rates and Contributions	68,668	66,235
Direct Taxes	1,418,429	1,234,334
Maintenance of Property, Plant and Equipment	139,507	136,150
Depreciation of Property, Plant and Equipment (Note 5)	133,141	140,488
Depreciation of Right-of-use Assets (Note 6)	243,453	237,003
Amortization of Intangible Assets (Note 8)	24,758	49,299
Freight and Haulage	2,060,394	1,545,305
Fuels and Lubricants	18,923	32,355
Export and Import Expenses	363,040	381,290
Third-party Services	1,549,671	1,624,415
Electricity, Gas and Communications	164,620	178,763
Travelling Expenses and Per Diem	59,778	159,338
Publicity and Advertising	817,489	936,337
Operating Leases/Rentals	126,237	198,301
Insurance	46,507	37,029
Systems and Application Software	253,310	265,117
Export Duties	335,514	509,642
Bad Debts	12,148	5,753
Loss on Labor and Other Lawsuits	8,391	21,758
Loss / (Reversal) of Other Provisions	12,295	(2,888)
Loss on Other Receivables	-	3,086
Other General Expenses	614,609	618,789
TOTAL	**11,983,112**	**11,847,479**

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NOTE 29. INFORMATION ABOUT EXPENSES BY FUNCTION AND NATURE (SECTION 64, SUBSECTION B), LAW NO. 19,550)

(d) Administrative Expenses:

	12.31.2020	12.31.2019
Managers', Directors' and Statutory Auditors' Fees	583,856	381,673
Services Fees	351,608	442,370
Salaries, Wages, Social Security Charges and Other Benefits (Note 30)	2,717,556	2,669,769
Taxes, Rates and Contributions	11,958	7,820
Maintenance of Property, Plant and Equipment	13,117	19,139
Depreciation of Property, Plant and Equipment (Note 5)	58,607	46,111
Depreciation of Right-of-use Assets (Note 6)	74,925	63,131
Amortization of Intangible Assets (Note 8)	21,546	29,984
Fuels and Lubricants	3,860	5,870
Third-party Services	73,365	84,949
Electricity, Gas and Communications	79,525	76,937
Travelling Expenses and Per Diem	36,208	107,458
Bank Services	84,436	98,417
Operating Leases/Rentals	7,312	3,051
Insurance	15,369	14,861
Systems and Application Software	179,130	212,486
Loss on Labor and Other Lawsuits	147	3,714
Loss on Other Miscellaneous Provisions	4,852	17,408
Loss / (Recovery) of Other Receivables	-	(39,032)
Other General Expenses	104,087	59,807
TOTAL	**4,421,464**	**4,305,923**

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule H.

(e) Investment Property Maintenance Expenses (Note 32)

	12.31.2020	12.31.2019
Services Fees	311	110
Taxes, Rates and Contributions	3,359	4,781
Maintenance of Investment Properties	1,756	2,883
Depreciation of Investment Properties (Note 7)	-	16,609
Third-party Services	47,950	52,335
Electricity, Gas and Communications	395	519
Other General Expenses	384	1,473
TOTAL	**54,155**	**78,710**

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule H.

NOTE 30. SALARIES, WAGES, SOCIAL SECURITY CHARGES AND OTHER BENEFITS

The following table shows the breakdown of the item Salaries, Wages, Social Security Charges and Other Benefits:

	12.31.2020	12.31.2019
Salaries, Wages and Social Security Contributions	16,485,498	15,493,790
Early Retirement Benefits (Note 23)	246,142	250,571
Pension Plans (Note 23)	701,061	123,941
Retirement Bonus (Note 23)	12,701	8,031
TOTAL	**17,445,402**	**15,876,333**

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NOTE 31. INCOME (LOSS) FROM BIOLOGICAL ASSETS

The following tables show the income (loss) from the main biological assets:

	FRUIT CROPS	GRAIN SOWN LAND	SUGAR CANE SOWN LAND	DAIRY OR BEEF CATTLE	TOTAL AS OF 12.31.2020
Sales of Biological Assets and Products	33,249	327,503	-	71,487	432,239
Cost of Sales of Biological Assets	-	-	-	(71,487)	(71,487)
Cost of Sales of Biological Products	(33,249)	(207,862)	-	-	(241,111)
Subtotal - Income (Loss) on Sales of Biological Assets and Products	**-**	**119,641**	**-**	**-**	**119,641**
Harvest of Biological Products [1]	89,665	549,625	298,915	397,952	1,336,157
Changes in the Fair Value of Biological Assets	7,758	-	-	220,471	228,229
Derecognition of Bearer Plants	-	-	(1,809)	-	(1,809)
Production Expenses of Biological Assets for Agricultural Activities (Note 29)	(125,776)	(282,577)	(348,105)	-	(756,458)
Production Expenses of Biological Assets for the Livestock Activities (Note 29)	-	-	-	(433,783)	(433,783)
Subtotal - Production Costs of Biological Assets	**(125,776)**	**(282,577)**	**(348,105)**	**(433,783)**	**(1,190,241)**
Consumption of Harvested Biological Products	-	-	-	(43,788)	(43,788)
Consumption of Other Biological Products Used as Inputs	-	-	-	(24,089)	(24,089)
TOTAL INCOME (LOSS) FROM BIOLOGICAL ASSETS	**(28,353)**	**386,689**	**(50,999)**	**116,763**	**424,100**

[1] Medidos al valor razonable en el punto de recolección.

	FRUIT CROPS	GRAIN SOWN LAND	SUGAR CANE SOWN LAND	DAIRY OR BEEF CATTLE	TOTAL AS OF 12.31.2019
Sales of Biological Assets and Products	-	279,447	-	41,957	321,404
Cost of Sales of Biological Assets	-	-	-	(41,957)	(41,957)
Cost of Sales of Biological Products	-	(204,438)	-	-	(204,438)
Subtotal - Income (Loss) on Sales of Biological Assets and Products	**-**	**75,009**	**-**	**-**	**75,009**
Harvest of Biological Products [1]	-	468,679	211,805	391,308	1,071,792
Changes in the Fair Value of Biological Assets	-	-	-	122,795	122,795
Production Expenses of Biological Assets for Agricultural Activities (Note 29)	-	(288,357)	(347,055)	-	(635,412)
Production Expenses of Biological Assets for the Livestock Activities (Note 29)	-	-	-	(422,529)	(422,529)
Subtotal - Production Costs of Biological Assets	**-**	**(288,357)**	**(347,055)**	**(422,529)**	**(1,057,941)**
Consumption of Harvested Biological Products	-	-	-	(16,935)	(16,935)
Consumption of Other Biological Products Used as Inputs	-	-	-	(57,754)	(57,754)
TOTAL INCOME (LOSS) FROM BIOLOGICAL ASSETS	**-**	**255,331**	**(135,250)**	**16,885**	**136,966**

[1] Measured at fair value at the point of harvest. It includes the derecognition of bearer plants

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NOTE 31. INCOME (LOSS) FROM BIOLOGICAL ASSETS

The production of biological assets is primarily intended to be transferred from agricultural to industrial production, as detailed below:

	BIOLOGICAL ASSETS GENERATED BY AGRICULTURAL PRODUCTION					
	FRUIT CROPS	GRAIN SOWN LAND	SUGAR CANE SOWN LAND	DAIRY OR BEEF CATTLE	TOTAL AS OF 12.31.2020	TOTAL AS OF 12.31.2019
Opening Inventories of Biological Products	-	-	-	-	-	-
Harvest of Biological Products	89,665	549,625	298,915	392,100	1,330,305	1,071,792
Cost of Sales of Biological Products	-	(207,862)	-	-	(207,862)	(204,438)
Internal Transfers	-	(43,789)	-	43,789	-	-
Consumption of Harvested Biological Products (Fodder)	-	-	-	(43,789)	(43,789)	(16,935)
Subtotal	**89,665**	**297,974**	**298,915**	**392,100**	**1,078,654**	**850,419**
Closing Inventories of Harvested Biological Products Not Transferred to Industrial Activities (Fodder) [1]	-	(39,149)	-	-	(39,149)	(22,626)
TOTAL TRANSFERS OF BIOLOGICAL PRODUCTS AS OF 12.31.2020 (Note 28)	**89,665**	**258,825**	**298,915**	**392,100**	**1,039,505**	**-**
TOTAL TRANSFERS OF BIOLOGICAL PRODUCTS AS OF 12.31.2019 (Note 28)	**-**	**224,680**	**211,805**	**391,308**	**-**	**827,793**

[1] Included in "Raw Materials and Materials" (Note 14).

NOTE 32. OTHER INCOME / (EXPENSES), NET

The following table shows the breakdown of Other Income (Expenses), Net:

	12.31.2020	12.31.2019
Tax on Bank Credits and Debits	(639,816)	(591,926)
Net Disbursements out of Income Accrued Provided by Investment Properties [1]	(45,257)	(68,809)
Income on Disposal of Property, Plant and Equipment and Investment Properties [1]	605,759	20,109
Other	91,475	70,200
TOTAL	**12,161**	**(570,426)**

[1] For the year ended December 31, 2020 and 2019, it includes maintenance expenses associated with investment properties in the amount of ARS 54,155 and ARS 78,710, respectively (Note 29).

[2] It includes ARS 567 million attributable to income from the sale of machinery under the joint venture agreement with Webcor Group (see Note 39).

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NOTE 33. NET FINANCIAL INCOME (EXPENSE), NET

The following table shows the breakdown of Financial Income (Expense):

	INCOME / (EXPENSE)	
	12.31.2020	12.31.2019
Financial Income		
Interest:		
- Cash Equivalents	5,718	12,717
- Ordinary Explicit and Implicit	(853,426)	(672,142)
- Finance Charges with Related Parties (Note 37)	(10,771)	(51,322)
Changes in the Fair Value of Financial Instruments:		
- Other Financial Assets	762	17,501
Subtotal - Financial Income	**(857,717)**	**(693,246)**
Financial Expenses		
Interest:		
- Banks, Notes and Financing Expenses	(3,408,770)	(4,647,291)
- Finance Leases	(81,289)	(130,624)
- Ordinary Explicit and Implicit	126,810	257,443
- Finance Charges with Related Parties (Note 37)	14,400	(28,802)
Changes in the Fair Value of Financial Instruments:		
- Mastellone Hermanos S.A.'s Options (Nota 42)	(798,764)	(250,923)
Exchange Differences	(1,251,608)	(1,150,835)
Subtotal	**(5,399,221)**	**(5,951,032)**
Amounts Capitalized in Eligible Assets	7,438	22,443
Subtotal - Financial Expenses	**(5,391,783)**	**(5,928,589)**
Gain on Net Monetary Position	**958,864**	**1,160,182**
TOTAL NET FINANCIAL INCOME (EXPENSE)	**(5,290,636)**	**(5,461,653)**

NOTE 34. INCOME TAX

The income tax expense charged to income is broken down as follows:

	12.31.2020	12.31.2019
Income Tax - Deferred Tax Method (Note 11)	(1,932,612)	(1,715,494)
Net Generation of Tax Credits for Equivalent Foreign Taxes	(107,867)	14,640
Subtotal - Income Tax Charged to the Statement of Income	**(2,040,479)**	**(1,700,854)**
Income Tax - Deferred Tax Method (Notes 11, 19 and 20)	(68,032)	84,656
Subtotal - Income Tax Charged to Other Comprehensive Income	**(68,032)**	**84,656**
TOTAL INCOME TAX EXPENSE	**(2,108,511)**	**(1,616,198)**

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As of and for the years ended December 31, 2020 and 2019
(Figures stated in thousands of Argentine pesos)

NOTE 34. INCOME TAX

Below is a reconciliation between income tax charged to income and that resulting from applying the effective tax rate to net income before tax reported in the financial statements:

	31.12.2020	31.12.2019
Income for the Year before Tax	6,204,035	(299,159)
Income Tax Rate	30%	30%
Income for the Year at the Tax Rate	**(1,861,211)**	**89,748**
Permanent Differences and Other Reconciling Items		
Non-deductible Expenses	(310,955)	(127,101)
Income from Investments in Subsidiaries and Associates	956,480	771,925
Effect of Application of the Inflation Adjustment for Tax Purposes	(3,727,184)	(4,414,236)
Unrecognized Deferred Tax Assets	(5,697)	(407,480)
Income from Change in Tax Rate [1]	391,534	141,570
Effect of Restatement Law No. 27,430 on Tax Bases [2]	260,847	295,052
Effect of Restatement on Carrying Amounts that Do Not Affect the Deferred Position	2,339,297	1,885,829
Net Generation of Tax Credits for Equivalent Foreign Taxes	(107,867)	14,640
Tax Effect of Tax Credits for Equivalent Foreign Taxes	32,360	(4,392)
Others, Net	(8,083)	53,591
Total Income Tax Expense Charged to Income Statement	**(2,040,479)**	**(1,700,854)**

[1] Includes the effect of the difference between the tax rate used in this reconciliation (30%) and the one expected to be in force at the time of the reversal of the identified differences between carrying amounts and tax bases.

[2] Includes the effect on the deferred position of the restatement of the tax bases of new fixed assets recognized on or after January 1, 2018, as permitted by Law 27,430

- Tax Reform in Argentina

On December 29, 2017, the National Executive Branch enacted Income Law No. 27,430. This Law introduced several changes to the income tax treatment, particularly, a reduction in the income tax corporate rate applicable to taxable income. The rate reduction would be implemented gradually within 4 years up to reach 25% in 2020, and would be supplemented with an "additional tax" on dividends or profits distributed to individuals, undivided estates or foreign beneficiaries. This additional tax is to be withheld by the entity distributing the dividends or profits at the time of making them available or at the time of capitalization, as a single and final payment, except in the case of registered taxpayers, in which case such additional tax will be regarded as a prepayment.

Then, Section 48 of the Social Solidarity and Productive Revival Law No. 27,451 published in the Official Gazette on December 23, 2019 suspended the tax rate reduction to 25% until the fiscal years beginning on or after January 1, 2021.

The following table shows the applicable corporate tax rates and additional tax as described above:

FISCAL YEAR	FISCAL YEAR	FISCAL YEAR
2018	30%	7%
2019	30%	7%
2020	30%	7%
2021 onwards	25%	13%

The tax reform also established that, at entities' option, assets located in Argentina used to generate taxable income could be subject to revaluation for tax purposes. Taxable income resulting from such revaluation is not liable to income tax and the special tax levied on the revaluation amount will not be deductible from income tax. The Company did not avail of the above-described revaluation option.

Víctor Jorge Aramburu
Chairman
Statutory Audit Committee

Luis Alejandro Pagani
Chairman

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PRICE WATERHOUSE & CO. S.R.L.

Partner)
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NOTE 34. INCOME TAX

- Minimum Presumed Income Tax

Minimum presumed income tax was repealed by means of Law No. 27,260 effective since fiscal years beginning on or after January 1, 2019. Accordingly, the Company did not assess any obligation related to such tax for fiscal year 2019. Previously, AFIP, by means of its General Directive No. 2/2017, had instructed its legal areas to abide by the criteria laid down by the Argentine Supreme Court of Justice, in that no minimum presumed income shall be deemed to exist when a taxpayer has posted losses in the financial statements for the pertinent year and has also posted tax losses in the income tax return for that fiscal year. For this reason, some of the Group companies had not paid this tax year either before fiscal year 2019.

- Minimum Presumed Income Tax Recovery Action

On July 30, 2018, the Company filed an action with AFIP for the recovery of the Minimum Presumed Income Tax paid for fiscal years 2013, 2014, 2016 and 2017, since the Company believes that it meets, under certain criteria, the guidelines set forth in AFIP General Directive No. 2/2017 and the case law of the Argentine Supreme Court of Justice in this respect. The amount claimed in the action was ARS 366,338. The respective balance is reported in "Other Current Receivables" in the separate balance sheet. By means of resolution dated January 27, 2021, AFIP notified the Company that it had dismissed the claim asserted in the recovery action. On December 28, 2017, La Campagnola S.A.C.I., a company merged into Arcor S.A.I.C., filed an action with AFIP for the recovery of the Minimum Presumed Income Tax paid for fiscal years 2013 and 2016, since the company meets the criteria laid down in AFIP General Directive No. 2/2017. The amount claimed in the action was ARS 22,301. On January 17, 2019, AFIP notified the subsidiary that it had sustained the claim asserted in the recovery action.

- Inflation Adjustment for Tax Purposes in Argentina

Pursuant to the terms of Law No. 27,430, the inflation adjustment for tax purposes established in Sections 95 through 98 of the Income Tax Law is applicable to fiscal years beginning on or after January 1, 2018 provided cumulative inflation over a three-year period as from such date reaches 100%. However, Law No. 27,468 amended the transition scheme set forth in said Law No. 27,430, providing that, for the first, second and third years from its effective date, the adjustment will be applicable to the extent the changes in the CPI, calculated since the beginning through the end of each of such years, are higher than fifty-five per cent (55%), thirty per cent (30%), and fifteen per cent (15%), respectively. Then, Law No. 27,541 established that the amount assessed for the first and the second fiscal year beginning on or after January 1, 2019 shall be charged as follows: one sixth (1/6) in such fiscal years and the remaining five sixths (5/6), on an equal basis, in the 5 immediately following fiscal years. In subsequent fiscal years, the effects of the application of the inflation adjustment for tax purposes will be fully allocated to the respective period.

NOTE 35. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income attributable to the Company´s shareholders by the number of outstanding common shares. For fiscal years 2020 and 2019, outstanding common shares as of the current year end are considered. The Company does not have preferred shares or debt convertible into shares; therefore, basic earnings per share are equal to diluted earnings per share.

	FOR THE YEAR ENDED	
	12.31.2020	12.31.2019
Net Income / (Loss) for the Year	4,163,556	(2,000,013)
Outstanding Common Shares	70,000,000,000	70,000,000,000
BASIC AND DILUTED EARNINGS / (LOSSES) PER SHARE	**0.05948**	**(0.02857)**

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(Figures stated in thousands of Argentine pesos)

NOTE 36. DIVIDENDS PER SHARE

Dividends paid to the Company's shareholders during 2020 amounted to ARS 1,730,000 (or ARS 2,118,056 in constant currency), as determined at the Ordinary and Extraordinary General Shareholders' Meetings held on April 25, 2020 and August 15, 2020, at which time shareholders resolved to pay dividends in the amount of ARS 1,180,000 (or ARS 1,490,228 in constant currency) and ARS 550,000 (or ARS 627,828 in constant currency), respectively. Based on the number of shares outstanding at the balance sheet date, dividends per share adjusted for inflation amount to ARS 0.03026.

Dividends paid to the Company's shareholders in 2019 amounted to ARS 690,000 (or ARS 1,145,191 in constant currency), as determined at the Ordinary and Extraordinary General Shareholders' Meetings held on April 27, 2019 and September 19, 2019, at which time shareholders resolved to pay dividends in the amount of ARS 270,000 (or ARS 505,871 in constant currency) and ARS 420,000 (or ARS 639,320 in constant currency), respectively. Based on the number of shares outstanding at the balance sheet date, dividends per share adjusted for inflation amount to ARS 0.01636.

NOTE 37. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The tables below show a detail of transactions and balances with related parties:

(a) Sales of Goods, Services and Recovery of Expenses

Sales of Goods and Services [1]

	TYPE OF RELATIONSHIP	SALE OF GOODS		SALE OF SERVICES	
		12.31.2020	12.31.2019	12.31.2020	12.31.2019
Arcor A.G. (S.A., Ltd.)	Subsidiary	96,476	94,944	-	-
Arcor Alimentos Bolivia S.A.	Subsidiary	548,701	605,484	-	-
Arcor de Perú S.A.	Subsidiary	146,711	161,534	-	-
Arcor do Brasil Ltda.	Subsidiary	131,024	178,689	6,157	6,026
Arcor U.S.A., Inc.	Subsidiary	994,412	628,701	-	-
Arcorpar S.A.	Subsidiary	995,217	878,978	-	-
Bagley Argentina S.A.	Subsidiary	2,357,533	2,166,608	3,576,358	3,785,650
Bagley Chile S.A.	Subsidiary	44,894	2,177	-	-
Cartocor Chile S.A.	Subsidiary	5,287	4,437	-	-
Cartocor S.A. [3]	Subsidiary	480,402	467,339	508,918	401,202
Constructora Mediterránea S.A.C.I.F.I.	Subsidiary	-	-	517	919
Grupo Arcor S.A.	Parent	-	-	1,206	1,122
Industria de Alimentos Dos en Uno S.A.	Subsidiary	1,025,694	1,127,375	4,105	3,977
Industria Dos en Uno de Colombia Ltda.	Subsidiary	2,955	5,424	-	-
La Campagnola S.A.C.I. [2]	Subsidiary	-	586,457	-	1,224,879
Mastellone Hermanos S.A.	Associate	75,264	66,458	-	-
Mundo Dulce S.A. de C.V.	Subsidiary	-	-	3,079	2,983
Papel Misionero S.A.I.F.C.	Subsidiary	-	-	85,950	53,115
Unidal Ecuador S.A.	Subsidiary	110,284	165,241	-	-
Unidal México S.A. de C.V.	Subsidiary	-	-	5,989	5,802
Van Dam S.A.	Subsidiary	624,364	521,981	-	-
Zucamor Cuyo S.A. [3]	Subsidiary	201	2,883	20,833	28,918
Zucamor S.A. [3]	Subsidiary	52,832	18,749	26,375	40,943
TOTAL		**7,692,251**	**7,683,459**	**4,239,487**	**5,555,536**

[1] Gross amount before segregating implicit financial interest included in "Financial Income."
[2] Effective since January 1, 2020, La Campagnola S.A.C.I. was merged into Arcor S.A.I.C. (Note 9).
[3] Effective since July 1, 2020, BI S.A., Zucamor Cuyo S.A. and Zucamor S.A. were merged into Cartocor S.A. (Note 9).

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Statutory Audit Committee

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NOTE 37. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Arcor Alimentos Bolivia S.A.	Subsidiary	1,480	3,846
Arcorpar S.A.	Subsidiary	1,926	4,555
Arcor de Perú S.A.	Subsidiary	481	-
Bagley Argentina S.A.	Subsidiary	82,224	67,697
Cartocor S.A. [2]	Subsidiary	69,367	47,822
Constructora Mediterránea S.A.C.I.F.I.	Subsidiary	388	357
Industria de Alimentos Dos en Uno S.A.	Subsidiary	-	82
La Campagnola S.A.C.I. [1]	Subsidiary	-	26,963
Papel Misionero S.A.I.F.C.	Subsidiary	10,089	7,331
Van Dam S.A.	Subsidiary	1,359	1,621
Zucamor Cuyo S.A. [2]	Subsidiary	919	2,595
Zucamor S.A. [2]	Subsidiary	5,258	13,763
TOTAL		**173,491**	**176,632**

[1] Effective since January 1, 2020, La Campagnola S.A.C.I. was merged into Arcor S.A.I.C. (Note 9).
[2] Effective since July 1, 2020, BI S.A., Zucamor Cuyo S.A. and Zucamor S.A. were merged into Cartocor S.A. (Note 9).

(b) Purchases of Goods, Services and Other Disbursements

Purchase of Goods

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Arcor do Brasil Ltda.	Subsidiary	65,383	66,288
Bagley Argentina S.A.	Subsidiary	133,155	145,123
Cartocor S.A. [2]	Subsidiary	2,857,293	2,600,711
Industria de Alimentos Dos en Uno S.A.	Subsidiary	-	7,123
La Campagnola S.A.C.I. [1]	Subsidiary	-	188,041
Mastellone Hermanos S.A.	Associate	366,201	41,924
Papel Misionero S.A.I.F.C.	Subsidiary	27,588	21,287
Zucamor Cuyo S.A. [2]	Subsidiary	90,659	128,843
Zucamor S.A. [2]	Subsidiary	1,892	811
TOTAL		**3,542,171**	**3,200,151**

[1] Effective since January 1, 2020, La Campagnola S.A.C.I. was merged into Arcor S.A.I.C. (Note 9).
[2] Effective since July 1, 2020, BI S.A., Zucamor Cuyo S.A. and Zucamor S.A. were merged into Cartocor S.A. (Note 9).

Purchase of Services

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Arcor A.G. (S.A., Ltd.)	Subsidiary	73,438	57,605
Bagley Argentina S.A.	Subsidiary	84,584	59,372
Cartocor S.A. [2]	Subsidiary	31,683	39,726
Constructora Mediterránea S.A.C.I.F.I.	Subsidiary	8,942	17,200
Dulcería Nacional (SU), Limitada.	Joint Venture	3,029	-
GAP Regional Services S.A.	Subsidiary	55,890	61,960
La Campagnola S.A.C.I. [1]	Subsidiary	-	1,389
Unidal México S.A. de C.V.	Subsidiary	15,343	23,275
TOTAL		**222,608**	**260,527**

[1] Effective since January 1, 2020, La Campagnola S.A.C.I. was merged into Arcor S.A.I.C. (Note 9).
[2] Effective since July 1, 2020, BI S.A., Zucamor Cuyo S.A. and Zucamor S.A. were merged into Cartocor S.A. (Note 9).

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NOTE 37. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(b) Purchases of Goods, Services and Other Disbursements

Other Income

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Bagley Chile S.A.	Subsidiary	2,448	2,466
Dulcería Nacional (SU), Limitada	Joint Venture	21,146	-
TOTAL		**23,594**	**2,466**

Other Expenses

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Contributions to Arcor Foundation	Other	15,525	17,376
Arcor U.S.A., Inc.	Subsidiary	2,226	2,565
Arcorpar S.A.	Subsidiary	-	3,969
TOTAL		**17,751**	**23,910**

(c) Financial Interest (Note 33)

Interest Income

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Asama S.A. [2]	Subsidiary	-	59
Bagley Argentina S.A.	Subsidiary	3,044	(792)
Cartocor S.A. [3]	Subsidiary	-	(14,037)
Constructora Mediterránea S.A.C.I.F.I.	Subsidiary	(507)	(584)
GAP Inversora S.A.	Associate	(13)	4
La Campagnola S.A.C.I. [1]	Subsidiary	-	(37,437)
Other Related Parties	Other	(98)	110
Papel Misionero S.A.I.F.C.	Subsidiary	(4,779)	-
Zucamor Cuyo S.A. [3]	Subsidiary	(1,399)	(3,544)
Zucamor S.A. [3]	Subsidiary	(7,019)	4,899
TOTAL		**(10,771)**	**(51,322)**

[1] Effective since January 1, 2020, La Campagnola S.A.C.I. was merged into Arcor S.A.I.C. (Note 9).
[2] Effective since January 1, 2020, Asama S.A. was merged into Arcor S.A.I.C. (Note 9).
[3] Effective since July 1, 2020, BI S.A., Zucamor Cuyo S.A. and Zucamor S.A. were merged into Cartocor S.A. (Note 9).

Interest Expense

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Bagley Argentina S.A.	Subsidiary	(771)	147
Cartocor S.A. [2]	Subsidiary	(2,879)	32,038
La Campagnola S.A.C.I. [1]	Subsidiary	-	9,081
Zucamor Cuyo S.A. [2]	Subsidiary	(11,461)	489
Zucamor S.A. [2]	Subsidiary	711	(12,953)
TOTAL		**(14,400)**	**28,802**

[1] Effective since January 1, 2020, La Campagnola S.A.C.I. was merged into Arcor S.A.I.C. (Note 9).
[2] Effective since July 1, 2020, BI S.A., Zucamor Cuyo S.A. and Zucamor S.A. were merged into Cartocor S.A. (Note 9).

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NOTE 37. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(d) Trade Receivables and Payables

Accounts Receivables (Note 13)

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Arcor A.G. (S.A., Ltd.)	Subsidiary	51,531	77,995
Arcor Alimentos Bolivia S.A.	Subsidiary	-	129,033
Arcor de Perú S.A.	Subsidiary	103,608	127,334
Arcor do Brasil Ltda.	Subsidiary	248,268	344,449
Arcor U.S.A., Inc.	Subsidiary	268,336	267,007
Arcorpar S.A.	Subsidiary	250,767	258,472
Asama S.A. [1]	Subsidiary	-	7
Bagley Argentina S.A.	Subsidiary	727,683	1,039,813
Bagley Chile S.A.	Subsidiary	7,039	3,465
Cartocor S.A. [2]	Subsidiary	134,001	110,044
Constructora Mediterránea S.A.C.I.F.I.	Subsidiary	1,626	4,049
Grupo Arcor S.A.	Parent	-	1,012
Industria de Alimentos Dos en Uno S.A.	Subsidiary	539,669	639,847
Industria Dos en Uno de Colombia Ltda.	Subsidiary	3,927	486
Mastellone Hermanos S.A.	Associate	6,098	5,684
Mundo Dulce S.A.	Subsidiary	1,515	1,469
Papel Misionero S.A.I.F.C.	Subsidiary	4,120	82,240
Unidal Ecuador S.A.	Subsidiary	94,484	80,096
Unidal México S.A. de C.V.	Subsidiary	2,948	2,855
Van Dam S.A.	Subsidiary	-	31,466
Zucamor Cuyo S.A. [2]	Subsidiary	-	3,673
Zucamor S.A. [2]	Subsidiary	-	33,358
TOTAL		**2,445,620**	**3,243,854**

[1] Effective since January 1, 2020, Asama S.A. was merged into Arcor S.A.I.C. (Note 9).

[2] Effective since July 1, 2020, BI S.A., Zucamor Cuyo S.A. and Zucamor S.A. were merged into Cartocor S.A. (Note 9).

Trade Payables and Other Liabilities (Note 25)

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Arcor A.G. (S.A., Ltd.)	Subsidiary	61,754	57,138
Arcor do Brasil Ltda.	Subsidiary	3,481	20,409
Arcor U.S.A., Inc.	Subsidiary	2,870	21,827
Bagley Argentina S.A.	Subsidiary	49,988	47,438
Cartocor S.A. [2]	Subsidiary	173,854	234,794
Constructora Mediterránea S.A.C.I.F.I.	Subsidiary	960	1,537
Dulcería Nacional (SU), Limitada.	Joint Venture	3,029	-
GAP Regional Services S.A.	Subsidiary	39,141	69,298
La Campagnola S.A.C.I. [1]	Subsidiary	-	26,859
Mastellone Hermanos S.A.	Associate	116,126	-
Otras partes relacionadas	Other	694	536
Papel Misionero S.A.I.F.C.	Subsidiary	7,576	10,034
Unidal México S.A. de C.V.	Subsidiary	37,192	52,432
Zucamor Cuyo S.A. [2]	Subsidiary	-	154
TOTAL		**496,665**	**542,456**

[1] Effective since January 1, 2020, La Campagnola S.A.C.I. was merged into Arcor S.A.I.C. (Note 9).

[2] Effective since July 1, 2020, BI S.A., Zucamor Cuyo S.A. and Zucamor S.A. were merged into Cartocor S.A. (Note 9).

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NOTE 37. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Trade receivables and payables with related parties primarily arise from sale and purchase transactions, respectively, which are generally due within twelve months from the transaction date and do not accrue interest. Accounts receivable are not secured and do not accrue interest. No allowances have been recorded for accounts receivable from related parties.

(e) Other Receivables (Note 13)

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Arcor A.G. (S.A., Ltd.)	Subsidiary	-	1,626
Arcorpar S.A. [1]	Subsidiary	54,777	-
Dulcería Nacional (SU), Limitada	Joint Venture	21,146	-
Tucor DMCC [2]	Joint Venture	761,048	-
TOTAL		**836,971**	**1,626**

[1] Dividends not cashed yet.
[2] Non-current balance.

(f) Other Liabilities

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Arcor A.G. (S.A., Ltd.) [1]	Subsidiary	129,416	-
Bagley Argentina S.A. [2]	Subsidiary	506,602	-
TOTAL		**636,018**	**-**

[1] Balance disclosed in Trade Payables and Other Liabilities.
[2] Advance payments received.

(g) Loans Granted (Note 13)

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Asama S.A. [2]	Subsidiary	-	4,648
Constructora Mediterránea S.A.C.I.F.I.	Subsidiary	5,087	4,203
GAP Inversora S.A.	Associate	487	-
La Campagnola S.A.C.I. [1]	Subsidiary	-	2,206,105
Otras partes relacionadas	Other	1,661	1,638
Papel Misionero S.A.I.F.C.	Subsidiary	199,785	-
Zucamor Cuyo S.A. [3]	Subsidiary	-	77,950
Zucamor S.A. [3]	Subsidiary	-	163,089
TOTAL		**207,020**	**2,457,633**

[1] Effective since January 1, 2020, La Campagnola S.A.C.I. was merged into Arcor S.A.I.C. (Note 9).
[2] Effective since January 1, 2020, Asama S.A. was merged into Arcor S.A.I.C. (Note 9).
[3] Effective since July 1, 2020, BI S.A., Zucamor Cuyo S.A. and Zucamor S.A. were merged into Cartocor S.A. (Note 9).

(h) Loans Received (Note 21)

	TYPE OF RELATIONSHIP	12.31.2020	12.31.2019
Bagley Argentina S.A.	Subsidiary	4,699	5,874
Cartocor S.A. [1]	Subsidiary	636,720	386,445
TOTAL		**641,419**	**392,319**

[1] Effective since July 1, 2020, BI S.A., Zucamor Cuyo S.A. and Zucamor S.A. were merged into Cartocor S.A. (Note 9).

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(Figures stated in thousands of Argentine pesos)

NOTE 37. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(i) Employee Benefits

The compensation and other benefits paid or payable to the Board of Directors and key management personnel as of December 31, 2020 and 2019 amounted to ARS 1,178,446 and ARS 742,986, respectively.

Key management personnel are deemed as such individuals having authority and responsibility for planning, managing and controlling the Company's activities.

NOTE 38. FINANCIAL RISK MANAGEMENT

38.1 Financial Instruments by Category

The following charts show the information required under IFRS 7 for financial assets and financial liabilities, in accordance with the categories established in IFRS 9.

- As of December 31, 2020:

	AMORTIZED COST	FAIR VALUE		TOTAL
		THROUGH PROFIT OR LOSS	THROUGH OTHER COMPREHENSIVE INCOME	
Assets as per Balance Sheet				
Other Receivables [1]	1,354,512	-	-	1,354,512
Trade Receivables	6,441,133	-	-	6,441,133
Derivative Financial Instruments	-	270,000	-	270,000
Cash and Cash Equivalents	-	771,510	-	771,510
TOTAL AS OF 12.31.2020	**7,795,645**	**1,041,510**	**-**	**8,837,155**
Liabilities as per Balance Sheet				
Loans	57,642,375	-	-	57,642,375
Financial Lease Liabilities	887,047	-	-	887,047
Trade Payables and Other Liabilities [1]	10,580,487	343,070	-	10,923,557
Derivative Financial Instruments	-	912,423	-	912,423
TOTAL AS OF 12.31.2020	**69,109,909**	**1,255,493**	**-**	**70,365,402**

[1] It only includes financial assets and liabilities under IFRS 7.

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NOTE 38. FINANCIAL RISK MANAGEMENT

38.1 Financial Instruments by Category

- As of December 31, 2019:

	AMORTIZED COST	FAIR VALUE		TOTAL
		THROUGH PROFIT OR LOSS	THROUGH OTHER COMPREHENSIVE INCOME	
Assets as per Balance Sheet				
Other Receivables [1]	2,708,743	-	-	2,708,743
Trade Receivables	6,613,414	-	-	6,613,414
Derivative Financial Instruments	-	-	5,730	5,730
Cash and Cash Equivalents	-	4,981,931	-	4,981,931
TOTAL AS OF 12.31.2019	**9,322,157**	**4,981,931**	**5,730**	**14,309,818**
Liabilities as per Balance Sheet				
Loans	60,214,758	-	-	60,214,758
Financial Lease Liabilities	1,092,512	-	-	1,092,512
Trade Payables and Other Liabilities [1]	7,851,945	87,221	-	7,939,166
Derivative Financial Instruments	-	113,462	-	113,462
TOTAL AS OF 12.31.2019	**69,159,215**	**200,683**	**-**	**69,359,898**

[1] It only includes financial assets and liabilities under IFRS 7.

38.2 Fair Value Hierarchies

The tables below show financial instruments measured at fair value, classified by hierarchy, according to the measurement method used. The different levels were defined as follows:

- Level 1: (Unadjusted) quoted prices for identical assets and liabilities in active markets.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs), which requires that the Company prepare its own hypothesis and assumptions.

Below are the Company's assets and liabilities measured at fair value:

- As of December 31, 2020:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial Assets at Fair Value				
Derivative Financial Instruments	270,000	-	-	270,000
Cash and Cash Equivalents	771,510	-	-	771,510
TOTAL ASSETS	**1,041,510**	**-**	**-**	**1,041,510**

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NOTE 38. FINANCIAL RISK MANAGEMENT

38.2 Fair Value Hierarchies

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Liabilities				
Financial Liabilities at Fair Value				
Derivative Financial Instruments	197	-	912,226	912,423
Trade Payables and Other Liabilities [1]	-	343,070	-	343,070
TOTAL LIABILITIES	**197**	**343,070**	**912,226**	**1,255,493**

[1] It only includes financial liabilities under IFRS 7.

- As of December 31, 2019:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial Assets at Fair Value				
Derivative Financial Instruments	5,730	-	-	5,730
Cash and Cash Equivalents	4,981,931	-	-	4,981,931
TOTAL ASSETS	**4,987,661**	**-**	**-**	**4,987,661**

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Liabilities				
Financial Liabilities at Fair Value				
Derivative Financial Instruments	-	-	113,462	113,462
Trade Payables and Other Liabilities [1]	-	87,221	-	87,221
TOTAL LIABILITIES	**-**	**87,221**	**113,462**	**200,683**

[1] It only includes financial liabilities under IFRS 7.

The fair value of financial instruments traded in active markets is based on quoted prices as of the reporting period date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 primarily comprise financial options, cocoa forward contracts, currency forwards (derivative financial instruments) and cash and cash equivalents.

The fair value of financial instruments that are not traded in an active market is measured using valuation techniques. These valuation techniques maximize the use of observable market inputs available and, to the least possible extent, are based on the Company's specific estimates. If all material inputs required to calculate the fair value of an instrument are observable, then the instrument is included in Level 2. The instruments included in Level 2 primarily comprise U.S. dollar purchase-sale forwards (derivative financial instruments) and cereal purchase contracts with prices to be fixed (trade payables and other liabilities).

If one or more pieces of significant information to calculate the fair value of the financial instrument are not based on observable market inputs, the instrument is included in Level 3. The instruments included in Level 3 encompass the financial options associated with the transaction with Mastellone Hermanos S.A.

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NOTE 38. FINANCIAL RISK MANAGEMENT

38.3 Fair Value Estimate

Fair Value of Financial Assets and Liabilities Measured at Fair Value

Below is a detail of financial assets and liabilities measured at fair value as of December 31, 2020 and 2019, together with the information and techniques used for their valuation and their respective fair value level:

(a) Cash and Cash Equivalents

The carrying amount of Cash and Cash Equivalents approximates its fair value. Mutual funds and government securities are also included in this item. Their value was estimated using information from active markets, with holdings of government securities and shares in mutual funds being measured at their quoted prices at the reporting period-end. Therefore, their fair value was included in Level 1.

(b) Derivative Financial Instruments

(i) Financial Options and Cocoa Forward Contracts
The fair value of these financial instruments is determined by reference to known quotations in active markets, thus, such fair value is classified as Level 1.

(ii) Currency Forwards
The fair value of these financial instruments is determined using observable quoted prices at year-end for each specific contract. Therefore, their fair value is included in Level 1.

(iii) Financial Options Associated with the Transaction with Mastellone Hermanos S.A.
The fair value of these financial instruments was estimated by using option valuation models (Black & Scholes and Montecarlo Simulation).

Such models include unobservable market inputs; therefore, valuation is classified as Level 3.

(c) Accounts Payable and Other Liabilities - Cereal Purchase Contracts with Price to be Fixed

As of December 31, 2020 and 2019, the Company carried out grain purchase transactions with producers, whose price has not yet been fixed.

These liabilities are measured at their estimated fair value using information from active markets and pricing each ton of grain due at their quoted price at year-end, adjusted for the Company's specific contracting conditions. Therefore, valuation is classified as Level 2.

Fair Value of Financial Assets and Liabilities Measured at Amortized Cost

IFRS 7 requires that entities disclose information on the fair value of financial instruments, even though such instruments are not measured at fair value in the balance sheet, provided fair value can be reasonably estimated. This group encompasses:

(a) Trade and Other Receivables

The carrying amount of these assets approximates their fair value due to their substantially short-term nature. All doubtful accounts are included in an allowance.

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NOTE 38. FINANCIAL RISK MANAGEMENT

38.3 Fair Value Estimate

(b) Trade Payables and Other Liabilities

The carrying amount of these liabilities approximates their fair value due to their substantially short-term nature.

(c) Loans

Loans primarily include:

(i) Listed Notes at Fixed Rate

The fair value of these instruments was calculated using information from active markets. The outstanding debt was measured at the quoted price of the instruments at each year-end (Nota 21).

(ii) Loans at Variable Rate

This category primarily comprises Notes issued in ARS accruing interest at variable rate based on BADLAR plus an applicable margin. Fair value was calculated applying observable rates for similar instruments to discount cash flows (Note 21).

(iii) Loans and Other Financial Indebtedness at Fixed Rate

It mainly includes balances of short and long-term loans borrowed by the Company from world-class financial institutions. Fair value was calculated applying observable rates for similar instruments to discount cash flows (Note 21).

(iv) Loans with Related Parties

Financial loans with related parties comprise debts at variable rates which are renegotiated on a monthly basis and accruing interest on a daily basis. Such calculation is based on observable market rates. Therefore, the carrying amount does not differ from fair value.

38.4 Financial Risk Factors

Financial risk management is part of the Group's global policies, which seek to address the uncertainty of financial markets and attempt to minimize potential adverse impacts on its financial profitability. Where necessary, the Company uses derivative instruments to hedge certain risk exposures. The main financial risks, such as exchange rate, interest rate, liquidity and capital risks, are generally managed by the Finance and Treasury area, which identifies, assesses and hedges financial risks in close collaboration with the Group's several operating units.

NOTE 38. FINANCIAL RISK MANAGEMENT

38.5 Market Risk

38.5.1 Exchange Rate Risk:

The Company manufactures and sells its products in several countries around the world and, as such, it is exposed to the risk of exchange rate fluctuations. The exchange rate risk arises from:

- **Operating and Investing Activities**

Operating income and expenses are generally stated in the functional currency of the country where they were originated. However, exports and imports (in particular, raw materials, materials, and property, plant and equipment items) are stated in other currencies, primarily USD and EUR. Consequently, the Company is exposed to exchange rate fluctuations in respect of recognized financial assets and liabilities arising from these transactions. Historically, the Company has disclosed a net asset position in respect of its foreign exchange exposure associated with its operating activities, which implies a natural hedge.

Considering only this net monetary exposure as of December 31, 2020 and 2019, the Company estimates that the impact of a concurrent favorable/unfavorable 10% change in the main exchange rates, with all other variables remaining constant, would result in a pre-tax gain/loss in nominal terms (i.e., without eliminating the inflation hedge) of around ARS 163,570 and ARS 593,396, respectively.

- **Financing Activities**

The Company's financial indebtedness is primarily stated in USD. To reduce its exchange rate exposure arising from these transactions, the Company may use exchange rate derivative contracts (currency forwards or futures).

Considering only this net monetary exposure as of December 31, 2020 and 2019, the Company estimates that the impact, net of the effect of currency derivative instruments, of a concurrent favorable/unfavorable 10% change in the main exchange rates, with all other variables remaining constant, would result in a pre-tax loss/gain in nominal terms (i.e., without eliminating the inflation hedge) of around ARS 4,776,969 and ARS 4,820,947, respectively.

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NOTE 38. FINANCIAL RISK MANAGEMENT

38.5 Market Risk

38.5.1 Exchange Rate Risk:

▪ **Assets and Liabilities in Foreign Currency**

Below is a breakdown of assets and liabilities disclosed in the Company's separate balance sheet by amount and type of foreign currency:

ITEMS	AMOUNT IN FOREIGN CURRENCY	TYPE OF FOREIGN CURRENCY	PREVAILING EXCHANGE RATE	AMOUNT IN LOCAL CURRENCY AS OF		
					12.31.2020	12.31.2019
ASSETS						
NON-CURRENT ASSETS						
Other Receivables	9,065	USD	83.9500	761,049	761,049	-
TOTAL NON-CURRENT ASSETS					761,049	-
CURRENT ASSETS						
Other Receivables	2,959	USD	83.9500	248,361	248,361	96,453
Trade Receivables	26,323	USD	83.9500	2,209,810		
	500	EUR	103.0738	51,531	2,261,341	2,952,990
Derivative Financial Instruments	3,216	USD	83.9500	270,000	270,000	5,730
Cash and Cash Equivalents	7,349	USD	83.9500	616,958		
	260	EUR	103.0738	26,800	643,758	4,825,341
TOTAL CURRENT ASSETS					3,423,460	7,880,514
TOTAL ASSETS					4,184,509	7,880,514
LIABILITIES						
NON-CURRENT LIABILITIES						
Loans	552,571	USD	84.1500	46,498,855	46,498,855	45,070,154
Lease Liabilities	1,434	USD	84.1500	120,680	120,680	229,489
Trade Payables and Other Liabilities	406	EUR	84.1500	42,000	42,000	59,231
TOTAL NON-CURRENT LIABILITIES					46,661,535	45,358,874
CURRENT LIABILITIES						
Loans	15,174	USD	84,1500	1,276,868	1,276,868	2,745,435
Lease Liabilities		USD	84,1500	137,528	143,286	164,392
Trade Payables and Other Liabilities		USD	84,1500	1,977,836		
		EUR	103,5297	258,965		
		UYU	0,8158	5	2,236,806	1,887,146
TOTAL CURRENT LIABILITIES					3,656,960	4,796,973
TOTAL LIABILITIES					50,318,495	50,155,847

Information included in compliance with Article 1, Chapter III, Title IV of TO/CNV, and identified as Schedule G.

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(Figures stated in thousands of Argentine pesos)

NOTE 38. FINANCIAL RISK MANAGEMENT

38.5 Market Risk

38.5.2 Raw Material Price Risk

The Company is exposed to the volatility in prices of certain basic raw materials sourced from third parties, such as corn, sugar, cacao (and its derivatives).

For instance, in order to ensure the supply of corn, in some cases, the Company enters into purchase agreements and grants the producer the right to fix the price at any time between the date of delivery and a future date (grain purchase agreements with price to be fixed). The Company does not hedge the potential risks a change in grain prices could have on its financial position and results of operations.

As of December 31, 2020 and 2019, the impact of a concurrent favorable/unfavorable 10% change in corn prices, assuming all other variables remain constant, would result in a pre-tax loss/gain of around ARS 34,307 and ARS 8,721, respectively.

For cocoa, in some cases the Company enters into financial transactions and forward purchases of cocoa, which are conceived as cash flow hedges to offset the effects of changes in prices of such raw materials, although there is no physical delivery.

As for the other raw materials, each of the Group's operating units prepares a production forecast at 12 months to estimate supply needs concerning these products, covering a portion of the required purchase volume through the use of forward contracts with prices to be fixed and future physical delivery.

These contracts qualify as a regular purchase and, as such, are not recorded as derivatives.

38.5.3 Cash Flow Interest Rate and Fair Value Risk

The Company's interest rate risk arises from its financial indebtedness. The main exposure is related to variable rate loans based on BADLAR.

As of December 31, 2020 and 2019, the ratio of fixed-rate loans to variable-rate loans is summarized in the following table:

TYPE OF LOAN	12.31.2020		12.31.2019	
	ARS	%	ARS	%
Fixed Rate	50,447,343	88	53,766,901	89
Variable Rate	7,195,032	12	6,447,857	11
TOTAL	**57,642,375**	**100**	**60,214,758**	**100**

Considering that only 12% of total loans is subject to variable interest rates, if interest rates increased or decreased by approximately 100 basis points, with all other variables remaining constant (such as, the exchange rate), such increase or decrease would theoretically result in a loss/(gain) of ARS 31,241.

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NOTE 38. FINANCIAL RISK MANAGEMENT

38.6 Credit Risk

The Company is exposed to credit risk primarily from:

38.6.1 Financial Instruments with Banks and Financial Institutions

The Company is exposed to credit risk with banks and financial institutions in connection with the maintenance of financial instruments, such as transactional deposits, time deposits, mutual funds and derivative financial instruments.

As part of the general treasury policy, contracts are only entered into with world-class entities. Consequently, the credit risk associated with this type of financial instruments is not considered relevant.

38.6.2 Trade Receivables from Domestic Retail Customers

The portfolio of domestic retail customers in Argentina and in the main countries is broken down into Distributors, Wholesalers and Supermarket Chains.

Customers are subject to policies, procedures and controls established by the Company, and detailed in a "Credit Manual." Credit limits are set on the basis of an internal rating, which takes into account an analysis of the economic and financial situation, past behavior, and overall opinion on that customer. The channel to which the customer belongs is considered as well.

The use of credit limits is monitored on a regular basis. The Company has established controls within its systems that issue warnings when a customer defaults on a payment or surpasses its credit limits, allowing management to make decisions. If the customer does not assume a commitment or fails to make a payment when scheduled, after exhausting all customary collection proceedings, the Company's legal counsel will handle collection efforts.

38.6.3 Trade Receivables from Industrial Customers

It primarily includes trade receivables from sales of industrial products in Argentina. The credit and collection departments are tasked with managing the risk associated with these businesses and, like in the case of retail, there is a specific methodology in place to set the credit limit.

38.6.4 Trade Receivables from Exports

The Company has a large customer base, which is subject to the policies, procedures and controls established by the Group. In general, the first transactions with new customers are carried out using letters of credit and, as the business relationship is consolidated, transactions are performed on open account. Outstanding trade receivables are monitored on a regular basis.

(Figures stated in thousands of Argentine pesos)

NOTE 38. FINANCIAL RISK MANAGEMENT

38.7 Liquidity Risk

The Treasury area handles liquidity needs according to the Company's liquidity reserve projections and its cash and cash equivalents on the basis of a financial budget that takes into consideration expected cash flows. In doing this, the Company seeks to ensure that there is enough cash to fulfill obligations and commitments, and to make the necessary disbursements to conduct operations and develop investment projects.

To mitigate the liquidity risk, the Group may resort to credit lines from financial institutions, if necessary.

The Treasury area invests surpluses in time deposits, mutual funds, etc., choosing instruments with suitable maturity or high liquidity, to afford sufficient margin to the above-mentioned financial budget. Cash surpluses of foreign operating entities, if any, are managed by them, with the support of the Treasury area in Argentina.

The following tables show the Company's financial liabilities grouped by maturities, considering the time remaining to maturity from December 31, 2020 and 2019, respectively. The amounts disclosed in the tables are the undiscounted contractual cash flows. Such amounts were calculated on the basis of observable inputs, exchange rates and interest rates prevailing as of December 31, 2020 and 2019, respectively.

	CARRYING AMOUNT	CONTRACTUAL MATURITY DATES				TOTAL AS OF 12.31.2020
		LESS THAN ONE YEAR	1-2 YEARS	2-5 YEARS	+5 YEARS	
Loans	57,642,375	13,785,052	6,868,028	44,778,790	-	65,431,870
Lease Liabilities	887,047	540,190	197,643	213,274	457	951,564
Derivative Financial Instruments	197	197	-	-	-	197
Trade Payables and Other Liabilities	10,923,557	10,997,398	68,160	-	-	11,065,558
TOTAL AS OF 12.31.2020	**69,453,176**	**25,322,837**	**7,133,831**	**44,992,064**	**457**	**77,449,189**

	CARRYING AMOUNT	CONTRACTUAL MATURITY DATES				TOTAL AS OF 12.31.2020
		LESS THAN ONE YEAR	1-2 YEARS	2-5 YEARS	+5 YEARS	
Loans	60,214,758	15,103,152	7,139,312	50,041,622	-	72,284,086
Lease Liabilities	1,092,512	512,835	442,170	231,025	-	1,186,030
Trade Payables and Other Liabilities	7,939,166	7,991,387	84,385	-	-	8,075,772
TOTAL AS OF 12.31.2019	**69,246,436**	**23,607,374**	**7,665,867**	**50,272,647**	**-**	**81,545,888**

The foregoing contractual cash flows do not include Mastellone Hermanos S.A.'s call and put options (Notes 15 and 42). The cash flows that could be derived during the year from such options are described in Note 42 to these separate financial statements.

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NOTE 38. FINANCIAL RISK MANAGEMENT

38.8 Capital Risk Management

The Company's capital management goals include: (i) ensure the maintenance of a strong credit rating; (ii)) ensure a healthy capitalization level to safeguard the business' ability to continue as a going concern, generating returns for the shareholders; (iii) maintain an optimal financing structure to reduce the cost of capital, and (iv) fulfill the commitments undertaken under some loan agreements.

In order to maintain or adjust the capital structure, the Company may, among other actions, adjust the amount of dividends payable to its shareholders, reimburse capital to its shareholders, issue new equity or sell assets to reduce its indebtedness level.

In line with industry practices, the Company monitors its capital on the basis of its indebtedness ratio. This ratio is calculated by dividing net financial indebtedness by total equity. Net financial indebtedness is equal to total loans and lease liabilities (including current and non-current, as shown in the separate balance sheet) less cash and cash equivalents.

The indebtedness ratios as of December 31, 2020 and 2019 arise from the following table:

	12.31.2020	12.31.2019
Loans (Note 21)	57,642,375	60,214,758
Lease Liabilities (Note 22)	887,047	1,092,512
(Less) Cash and Cash Equivalents (Note 16)	(771,510)	(4,981,931)
Net Indebtedness	57,757,912	56,325,339
Total Equity	**27,976,315**	**26,030,952**
Total Capitalization	85,734,227	82,356,291
INDEBTEDNESS RATIO	**2.0645**	**2.1638**

NOTE 39. JOINT VENTURE AGREEMENT WITH WEBCOR GROUP

In June 2018, the Company's Board of Directors approved an agreement to make a joint investment with Webcor Group, one of the leading food distribution companies in the Republic of Angola. The purpose of the agreement is to set up an industrial plant for the production of confectionery, bonbons and cookies and crackers in Angola (hereinafter, the "Angola Project").

TUCOR DMCC (hereinafter, "Tucor") was created pursuant to such agreement. Its shareholders are Arcor AG (S.A., Ltd.) and Alison Industry Ltd., in equal parts, which are subsidiaries of the Company and Webcor Group, respectively. In turn, Tucor owns a 100% interest in Dulcería Nacional (SU), Limitada, a company incorporated in the Republic of Angola.

In April 2020, Arcor AG (S.A., Ltd.) made capital contributions to Tucor in the amount of USD 0.1 million. In June, Arcor AG (S.A., Ltd.) received a capital contribution of USD 20 million from the Company intended to finance Angola Project and support other Group's affiliates as required due to the pandemic and the development of projects.

During the last quarter of 2020, the Company exported two machinery lines to Tucor—one for the production of Bon o Bon, and the other one for the dual production of candies and lollipops—for approximately USD 9.1, which will be then contributed to Dulcería Nacional (SU), Limitada. In January 2021, the machinery lines arrived in Angola to begin the installation process in the industrial complex.

As to the degree of completion of the Angola plant, production activities are expected to begin by the end of 2021. Once production begins, Arcor Group in Argentina will export certain semi-finished products and raw materials to supply the operation in Angola.

In these separate financial statements, the Company considered Tucor as a "joint venture" pursuant to the terms of IFRS 11 "Joint Arrangements." Accordingly, the investment in such entity was valued using the equity method.

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As of and for the years ended December 31, 2020 and 2019
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NOTE 40. DOCUMENT CUSTODY

On August 14, 2014, the CNV issued General Resolution No. 629, providing that issuers would be required to report to the CNV the location where its documents are kept in custody by third parties.

In this respect, the Company has entrusted Box Custodia de Archivos S.A., a company domiciled in Ruta Nacional 19, Km 3.5, City of Córdoba, with the custody of its working papers and documents related to the Company's management. The detail of the documents kept in custody of third parties is available at the registered office.

NOTE 41. MINIMUM CAPITAL REQUIREMENTS TO OPERATE AS SETTLEMENT AND CLEARING AGENTS

On June 5, 2014, the Company's Board of Directors resolved to apply with the CNV for authorization to operate as Settlement and Clearing Agent - Direct Participant *(Agente de Liquidación y Compensación Propio Participante Directo)*, in accordance with the terms of Law No. 26,831, Decree No. 1023/2013, General Resolution No. 622/2013 of the CNV, and Interpretation Guidance No. 55 of the CNV.

As reporting parties, we hereby report that as of December 31, 2020, the Company's equity amounts to ARS 28,395,162, that is, in excess of the minimum capital requirement of 470,350 UVAs, which, as of the date of these financial statements, are the equivalent to ARS 30,253, required for "Settlement and Clearing Agents" by Resolution No. 821/19 of the CNV.

NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

Agreement with Mastellone Hermanos S.A. and its Shareholders

On December 3 and 4, 2015, Arcor S.A.I.C., together with its subsidiary Bagley Argentina S.A. (jointly, the "Investors"), entered in to an investment agreement with Mastellone Hermanos S.A. ("Mastellone") and its shareholders, which was formalized as follows:

(i) "Offer to enter into a Share Subscription Agreement" issued by Mastellone and its shareholders and accepted by the Investors. Under this agreement:

- Arcor S.A.I.C. and Bagley Argentina S.A. made an irrevocable contributions, in equal parts, for USD 50,000, (or ARS 2,205,363 in constant currency) convertible into shares of Mastellone representing a 20.16% interest in the capital stock and voting rights in Mastellone Hermanos S.A.

- Mastellone and its shareholders granted to Investors an *"irrevocable option to subscribe additional shares of stock"* to be exercised in January 2017. Concurrently, Investors granted to Mastellone an option requiring the additional subscription of shares of stock to be exercised in February 2017. The exercise price of these options was set at the equivalent in pesos of USD 35,000. In exchange for this additional subscription and subject to compliance with certain conditions, Mastellone committed to issuing shares in favor of Investors representing 12.37% of the new capital stock and voting rights.

- Indemnities are available to Investors for certain contingencies that might give rise to losses in Mastellone. These indemnities are good through December 2021.

(ii) "Offer to subscribe a Share Purchase Agreement" issued by certain shareholders of Mastellone and accepted by Investors: Under this agreement, Arcor S.A.I.C. and Bagley Argentina S.A. purchased, on an equal basis, common shares representing approximately 4.99% of Mastellone's capital stock prior to the subscription described in paragraph (i) above, at a price of ARS 435,780, stated in constant currency.

(iii) "Offer to Pledge Shares" issued by the shareholders of Mastellone and accepted by Investors: To secure the issue of Mastellone's shares in favor of Investors for the irrevocable contribution referred to in paragraph (i) above, the shareholders of Mastellone created, pursuant to this agreement, a first-ranking lien on the shares representing 30% of Mastellone's capital stock.

See our report dated March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

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NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

Agreement with Mastellone Hermanos S.A. and its Shareholders

(iv) "Offer to enter into a Call and Put Option Agreement" issued by Mastellone and its shareholders and accepted by Investors: Pursuant to this agreement:

- Bagley Latinoamérica S.A., Bagley Argentina S.A. and Arcor S.A.I.C. granted to Mastellone's shareholders a right to sell shares of Mastellone's capital stock to Investors and Bagley Latinoamérica S.A. *(first put option)* in April and October 2017, 2018, 2019 and 2020, until such time as the equity interest owned by Investors and Bagley Latinoamérica S.A. does not exceed 49% of the capital stock and voting rights in Mastellone, subject to an annual cap or threshold of USD 13,500 for the exercise of such option which, if not reached in any of those years, will be added to the remaining years' thresholds. The exercise price for this first put option is fixed and is determined on the basis of the transactions described in paragraphs (i) and (ii) above.

- Bagley Latinoamérica S.A., Bagley Argentina S.A. and Arcor S.A.I.C. granted to Mastellone's shareholders a right for them to sell the rest of their equity interests to Investors and Bagley Latinoamérica S.A. during the years 2020-2025 *(second put option)*, such that Investors, together with Bagley Latinoamérica S.A., own 100% of the capital stock and voting rights in Mastellone. The exercise price of this second put option is variable and is determined on the basis of the changes in certain economic indicators and variables associated with Mastellone's economic and financial performance.

- Mastellone's shareholders granted to Bagley Latinoamérica S.A., Bagley Argentina S.A. and Arcor S.A.I.C. a one-time right to purchase all of the remaining shares in Mastellone at any time between the years 2020 and 2025 *(call option)*, until they own a 100% interest in Mastellone's capital stock and voting rights. The exercise price of this call option is variable and is determined on the basis of similar variables to the above-described *second put option*.

- The additional subscription option described in paragraph (i), the *first put option*, the *second put option* and the *call option* referred to above are non-transferable to third parties and may not be settled at fair value. The cash flows associated with these instruments are directly related to the payments from time to time made for Mastellone's shares of stock.

(v) "Oferta de Acuerdo de Accionistas" emitida por Mastellone y sus accionistas y aceptada por los Inversores: este acuerdo, con vigencia una vez perfeccionada la suscripción inicial de acciones descripta en el punto (i) anterior, regula ciertos aspectos (principalmente, limitaciones) relativos a la transferencia de acciones a terceros y de la administración y gestión de Mastellone, otorgando derechos de participación a los Inversores en ciertas decisiones estratégicas de Mastellone.

All the above-described agreements, other than the "Offer to Pledge Shares," were subject to certain conditions subsequent, particularly, to the approval of the Brazilian Anti-trust Authority. Such approval was published on January 26, 2016 by said authority.

Once the period to file oppositions set forth in the Brazilian anti-trust laws elapsed, such approval became final, and on February 23, 2016, the Ordinary and Extraordinary General Shareholders' Meeting of Mastellone Hermanos S.A. resolved to capitalize the irrevocable contributions made by Arcor S.A.I.C. and Bagley Argentina S.A., resulting from the "Offer to enter into a Share Subscription Agreement" mentioned above through the issue of 115,542,240 new common registered non-endorsable shares, entitled to one voting right and with a face value of ARS 1 each (subscribed and paid-in in equal parts by Arcor S.A.I.C. and Bagley Argentina S.A.). The above-mentioned Shareholders' Agreement came into force upon such subscription.

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NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

Initial Recognition in the Company's Accounts

Following the resolution of the substantive condition the transaction was subject to, and the decision made on February 23, 2016 by the Ordinary and Extraordinary General Shareholders' Meeting of Mastellone Hermanos S.A. concerning the capitalization of the irrevocable contributions so made, the Company:

(i) Recorded its investment in Mastellone by the equity method as from that date due to the existence of significant influence on that associate, as evidenced by its equity interest (of 12.0726% as from the share subscription) and its rights to take part in Mastellone's management and administration, as from the effective date of the "Shareholders' Agreement."

(ii) Posted the initial recognition at fair value as of that date, in accordance with IFRS 9, of derivative financial instruments (assets and liabilities) resulting from the above-described *additional subscription options, first and second put options and call option*. Such fair values were estimated using models based on observable market inputs and the Company's own hypotheses and assumptions. In this respect, the Company believes that the fair value so estimated is Level 3, in accordance with IFRS 7 guidance. The fair value of these instruments primarily depends on the fair value of Mastellone's shares.

Exercise of Options in 2017

Additional Subscription in Mastellone Hermanos S.A.

In January 2017, within the additional subscription period established in the "Offer to enter into a Share Subscription Agreement," Arcor S.A.I.C. and Bagley Argentina S.A. (jointly, the "Investors") notified Mastellone Hermanos S.A. (hereinafter, "Mastellone") of their decision to exercise, in equal parts, the above-described *additional subscription option*. By virtue of the exercise of such option:

- On January 17, 2017, Investors made an irrevocable capital contribution on account of future share subscriptions in the amount of USD 35,000, equal to ARS 1,968,249 stated in constant currency, in order to subscribe and pay in 80,879,568 common, registered Class E shares of ARS 1 par value each and entitled to one (1) vote per share of Mastellone.

- After the Brazilian Anti-trust Authority authorized the transaction, at the Ordinary and Extraordinary General Shareholders' Meeting held on April 7, 2017, the shareholders of Mastellone resolved to increase the capital stock by ARS 80,880, by means of the issuance of 80,879,568 common, registered, non-endorsable Class E shares entitled to one (1) vote each. The new capital stock was set at ARS 653,969. With the subscription of those shares, Investors increased their interest in the capital stock of Mastellone to 33.52650%, with the additional investment accounting for 9.38134% of Mastellone's capital stock.

Purchase of Mastellone Hermanos S.A.'s Shares

On April 18, 2017, certain shareholders of Mastellone, in the exercise of the right conferred under the *first put option* described above, gave notice of their intent to sell a total of 31,818,189 common, registered, non-endorsable shares of ARS 1 par value each and entitled to one (1) vote per share in Mastellone's capital stock, for a total price of USD 13,769.1 (equal to ARS 760,660 stated in constant currency). The acquisition was made in equal parts by the Company and its subsidiary Bagley Argentina S.A. As a result, Investors increased their equity interest in Mastellone to 38.39190%, with the additional investment accounting for 4.86540%.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As of and for the years ended December 31, 2020 and 2019
(Figures stated in thousands of Argentine pesos)

NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

Exercise of Options in 2018

Purchase of Mastellone Hermanos S.A.'s Shares

On February 1, 2018, after obtaining the authorization from the Brazilian Anti-trust Authority, the Company and its subsidiary Bagley Argentina S.A. jointly acquired (50% each) from certain shareholders of Mastellone a total of 12,110,844 shares at a price of USD 5,240.9 (or ARS 309,433 in constant currency), after accepting an irrevocable offer to amend the *call and put option* agreement. Therefore, the sellers exercised the *first put option* earlier for the above-mentioned amount, corresponding to fiscal year 2018.

On June 1, 2018, certain shareholders of Mastellone, in exercise of the right conferred under the *first put option*, gave notice of their intent to sell a total of 15,713,746 shares for a total price of USD 6,800 (or ARS 460,271 in constant currency).

The aforementioned acquisitions were made in equal parts by the Company and its subsidiary Bagley Argentina S.A. As a result, investors increased their equity interest in Mastellone to 42.6466%, with the additional investment accounting for 4.2547%.

Exercise of Options in 2019

Purchase of Mastellone Hermanos S.A.'s Shares

On May 31, 2019, certain shareholders of Mastellone, in exercise of the right conferred under the first put option, gave notice of their intent to sell a total of 2,310,000 shares for a total price of approximately USD 999.6 (or ARS 82,617 in constant currency).

The above-mentioned acquisition was made in equal parts by the Company and its subsidiary Bagley Argentina S.A. As a result, Investors increased their equity interest in Mastellone to 42.9999%, with the additional investment accounting for 0.3532%.

On October 24, 2019, certain shareholders of Mastellone, in exercise of the right conferred under the *first put option*, again gave notice of their intent to sell a total of 28,654,477 shares for a total price of approximately USD 12,400 (or ARS 1,113,131 in constant currency).

The above-mentioned acquisition was made in equal parts by the Company and its subsidiary Bagley Argentina S.A. As a result, Investors increased their equity interest in Mastellone to 47.3815%, with the additional investment accounting for 4.3816%.

Exercise of Options in 2020

Purchase of Mastellone Hermanos S.A.'s Shares

On May 5, 2020, certain shareholders of Mastellone Hermanos S.A. (hereinafter, "Mastellone"), in exercise of the right conferred under the *first put option*, gave notice of their intent to sell a total of 3,928,438 shares for a total price of approximately USD 1,700 (or ARS 139,209 in constant currency).

The above-mentioned acquisition was made in equal parts by the Company and its subsidiary Bagley Argentina S.A. (Hereinafter, the "Investors"). As a result, Investors increased their equity interest in Mastellone to 47.9822%, with the additional investment accounting for 0.6007%.

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NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

On June 18, 2020, certain shareholders of Mastellone, in exercise of the right conferred under the *first put option*, gave notice of their intent to sell a total of 4,542,230 shares for a total price of approximately USD 1,965.6 (or ARS 164,684 in constant currency).

The above-mentioned acquisition was made in equal parts by the Company and its subsidiary Bagley Argentina S.A. As a result, Investors increased their equity interest in Mastellone to 48.6767%, with the additional investment accounting for 0.6946%.

Recognition in the Company's Financial Statements as of December 31, 2020

By virtue of the transactions described above, the Company recorded its incremental investment in Mastellone by the equity method set forth in IAS 28, based on the following criteria:

- Mastellone's identifiable assets and liabilities were recognized at fair value as of the date of initial application of the method (May 31, 2020 and June 30, 2020).

- The carrying amounts of Mastellone at the initial date of application of the equity method were estimated on the basis of its financial statements at March 31, 2020 and June 30, 2020, and on the basis of the associate's accounting and off-balance sheet information available.

- In determining the gain (loss) on the investment between the date of initial application of the method and December 31, 2020, the financial statements of Mastellone as of December 31, 2020 were considered, and the pertinent adjustments were made to reflect the Company's share in the changes in the higher and lower values of the associate's identifiable assets and liabilities resulting from their initial measurement at fair value. Such gain (loss) was charged to "Income (Loss) from Investments in Associates" in the statement of income.

- In determining the consideration for the acquisition of shares in Mastellone as of May 5, 2020, we considered the transaction price (ARS 69,605 in constant currency). Likewise, for the acquisition of June 18, 2020, we considered the transaction price (ARS 82,341, expressed in constant currency).

On the other hand, the remaining derivative financial instruments (resulting from the *first* and *second put options and call option*) were measured at their fair value as of December 31, 2020 and are disclosed in non-current liabilities under the caption "Derivative Financial Instruments" for ARS 912,226. The differences between such fair values measured at the beginning and at year-end were recognized under the caption "Net Financial Income (Expense)" in the separate statement of income.

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(Figures stated in thousands of Argentine pesos)

NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

The following table summarizes the changes in the Company's investment in Mastellone Hermanos S.A. during the year ended December 31, 2020:

			PROFIT / (LOSS)		
	OPENING BALANCES	INCREASES FOR THE YEAR [1]	INCOME (LOSS) FOR THE YEAR	OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	BALANCES AS OF 12.31.2020
Investments made during the year 2016					
Equity Interest in Mastellone at Carrying Amount	1,377,624	-	(250,226)	(28,556)	1,098,842
Recognition of Higher and Lower Values of Identifiable Assets and Liabilities	859,837	-	59,377	672	919,886
Goodwill	48,187	-	-	-	48,187
Subtotal - 12.0726% Interest in Mastellone Hermanos S.A.	**2,285,648**	**-**	**(190,849)**	**(27,884)**	**2,066,915**
Investments made in 2017					
Equity Interest in Mastellone at Carrying Amount	787,192	-	(121,404)	(16,850)	648,938
Recognition of Higher and Lower Values of Identifiable Assets and Liabilities	280,927	-	91,347	396	372,670
Goodwill	610,075	-	-	-	610,075
Subtotal - 7.1234% Interest in Mastellone Hermanos S.A.	**1,678,194**	**-**	**(30,057)**	**(16,454)**	**1,631,683**
Investments made in 2018					
Equity Interest in Mastellone at Carrying Amount	235,457	-	(36,475)	(5,032)	193,950
Recognition of Higher and Lower Values of Identifiable Assets and Liabilities	93,929	-	28,551	119	122,599
Goodwill	86,634	-	-	-	86,634
Subtotal - 2.1274% Interest in Mastellone Hermanos S.A.	**416,020**	**-**	**(7,924)**	**(4,913)**	**403,183**
Investments made in 2019					
Equity Interest in Mastellone at Carrying Amount	432,161	-	(55,100)	(5,600)	371,461
Recognition of Higher and Lower Values of Identifiable Assets and Liabilities	129,299	-	(19,646)	132	109,785
Goodwill	79,128	-	-	-	79,128
Subtotal - 2.3674% Interest in Mastellone Hermanos S.A.	**640,588**	**-**	**(74,746)**	**(5,468)**	**560,374**
Investments made in 2020					
Equity Interest in Mastellone at Carrying Amount	-	109,153	(6,602)	370	102,921
Recognition of Higher and Lower Values of Identifiable Assets and Liabilities	-	28,808	(3,025)	36	25,819
Goodwill	-	13,985	-	-	13,985
Subtotal - 0.6476% Interest in Mastellone Hermanos S.A.	**-**	**151,946**	**(9,627)**	**406**	**142,725**
TOTAL - INVESTMENTS IN ASSOCIATES	**5,020,450**	**151,946**	**(313,203)**	**(54,313)**	**4,804,880**

Cost of Acquired Shares	151,946
Total - Cost of Investments in Associates for the Year	**151,946**

[1] Resulting from the initial application of the equity method on interests acquired during the year.

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NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

Relevant Information included in Mastellone Hermanos S.A.'s Financial Statements

The following table presents a summary of consolidated profit & loss information for the full fiscal years ended December 31, 2020 y 2019 of Mastellone Hermanos S.A., as arising from the associate's consolidated financial statements approved by its Board of Directors.

	12.31.2020	12.31.2019
Revenues	80,251,465	78,851,787
Cost of Sales	(59,091,987)	(56,296,588)
Gross Profit	**21,159,478**	**22,555,199**
Selling Expenses	(17,990,984)	(16,879,865)
Administrative Expenses	(2,913,079)	(2,667,411)
Investment Income	(2,298)	413,247
Financial Costs	(2,336,845)	(2,250,239)
Exchange Differences	(710,271)	(926,115)
Other Financial Loss	(113,223)	(335,908)
Gain on Net Monetary Position	805,329	641,469
Excess of Restated Value over Revaluation of Assets Measured at Fair Value	(128,557)	(688,764)
Other Income (Loss)	(1,580)	(9,097)
(Loss) before Income Tax	**(2,232,030)**	**(147,484)**
Income Tax and Minimum Presumed Income Tax	(55,445)	78,693
NET (LOSS) FOR THE YEAR	**(2,287,475)**	**(68,791)**
Net (Loss) / Gain Attributable to:		
Mastellone Hermanos S.A.'s Shareholders	(2,287,493)	(68,850)
Non-controlling Interest	18	59
TOTAL	**(2,287,475)**	**(68,791)**

Below is also a detail of Mastellone Hermanos S.A.'s net financial indebtedness as of December 31, 2020 and 2019, as it arises from said consolidated financial statements:

	12.31.2020	12.31.2019
Cash and Cash Equivalents	1,721,941	920,973
Current Loans	(16,805,676)	(658,946)
Current Lease Liabilities	(116,729)	(94,435)
Non-current Loans	-	(16,264,309)
Non-current Lease Liabilities	(466,324)	(531,927)
TOTAL	**(15,666,788)**	**(16,628,644)**

The associate's main financial indebtedness is represented by its Series "F" Notes for an aggregate amount of USD 199.7 million issued in July 2014. The Notes accrue interest at an annual nominal interest rate of 12.625% and mature on July 3, 2021. In view of the upcoming maturity of such securities, the Board of Directors of Mastellone is currently analyzing several financing alternatives to honor these obligations, for its ability to make payment upon maturity will depend on whether it may reach an agreement with its current creditors, or on the availability of other alternative sources of financing. Concerning this process, in its annual report for the year ended December 31, 2020, Mastellone's Board of Directors asserted that it was confident the above-described process would conclude in a favorable manner for the associate.

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NOTE 42. INVESTMENT IN MASTELLONE HERMANOS S.A.

In this regard, Mastellone's Board of Directors considered that the going concern assumption was appropriate for the presentation of its consolidated financial statements as of December 31, 2020. However, considering the upcoming maturity of the above-mentioned financial debt, despite the fact that the associate has engaged in negotiations to honor its obligations, its Board of Directors cannot assure that such negotiations will yield the expected outcomes until they are completed and duly formalized. Accordingly, the associate included the following disclosure in Note 4 d) to its consolidated financial statements as of December 31, 2020 (the terms "management" and the "Company" are references to Mastellone):

"...given the fact that the financial indebtedness in the amount of US$ 199.7 million described in Note 15 will fall due within the following twelve months (July 2021), management has concluded that, even though plans are underway to refinance such indebtedness, the outcomes of such negotiation cannot be assured until it has concluded and been duly formalized; therefore, in accordance with IAS 1, the current conditions in respect of such indebtedness indicate the existence of a substantial uncertainty that may pose material doubts as to the Company's ability to continue as a going concern."

It should be noted that when the use of the going concern assumption is appropriate, assets and liabilities are measured assuming that the entity will realize its assets and will settle its liabilities in the ordinary course of business. Conversely, if management plans to have the entity liquidated or discontinue its activities (whether by its own election or in the absence of other more realistic alternative course of action), the going concern assumption would not be appropriate and the financial statements should be prepared in accordance with other accounting basis.

Given the fact that the Company does not have substantial credit exposure to the associate or maintains significant transactions with the same (Note 37), the above-described circumstances were considered in order to assess the recoverable value of the investment in Mastellone (as described in Note 3) and in the valuation of derivative financial instruments (detailed in this Note and in Note 15).

To such end, based on the knowledge of the associate's business conditions and the progress made in the several debt renegotiation processes and alternatives, the Company weighed the potential impact of the associate's default on its obligations under several scenarios, and considered such event as having low probability of occurrence. As a result of the Company's estimates, the recoverable value of its investment in Mastellone as of December 31, 2020 (Note 3) exceeded the carrying amount of the asset by more than 50%. Therefore, the Company did not account for any allowance for impairment as of December 31, 2020.

In addition, as required by IAS 36 "Impairment of Assets," the following changes in the key variables relied on in estimating the recoverable value, assuming all other variables remain unchanged, would cause such estimated recoverable value to be equal to the carrying amount of the investment:

	EFFECT ON THE RECOVERABLE VALUE AS OF DECEMBER 31, 2020
Increase in Discount Rate	289 basis points
Decrease in Growth Rate	From 1.50% to (0.77%): 2.27%
Decrease in Estimated Net Cash Flows	24.20%

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As of and for the years ended December 31, 2020 and 2019
(Figures stated in thousands of Argentine pesos)

NOTE 43. SUBSEQUENT EVENTS

Arcor - Ingredion Joint Venture

On February 12, 2021, the Company's Board of Directors approved the creation of a Joint Venture with Ingredion Argentina S.R.L., a subsidiary of Ingredion Incorporated—a strategic alliance that will boost both companies' operations, processes and best practices and will expand the Group's geographic footprint in Argentina, Uruguay and Chile, and its business capabilities to offer essential ingredients for the food, pharmaceutical and other industries, such as glucose, maltose and fructose syrups, starches and maltodextrin.

The Company will transfer to the Joint Venture the corn wet milling operations developed at the production plant in Lules (Province of Tucumán) and at the two production plants located in Arroyito Industrial Complex, Córdoba. Such operations are part of the Group's "Agribusiness" segment.

On the other hand, Ingredion Argentina S.R.L. will transfer to the Joint Venture its operations in Argentina, Chile and Uruguay. This includes two production plants in Chacabuco and Baradero (Province of Buenos Aires).

Accordingly, the Company and Ingredion Argentina S.R.L. will create new operating companies to which they will transfer and contribute their respective businesses, which will then be contributed to a holding company.

After having made such contributions and after having acquired the shares in the holding company in the amount of USD 7,000, the Company will own a 51% equity interest and Ingredion Argentina S.R.L. will own a 49% equity interest.

In this respect, the Company's Board of Directors approved the following actions: (i) incorporate a new company named "INGRECOR S.A.," to be primarily engaged in the development of all types of agro-industrial activities related to industrial ingredients and plant-based sweeteners, and their by-products and derivative products, with an initial capital stock of ARS 200; and (ii) incorporate a new company named "INGREAR HOLDING S.A.," to be exclusively engaged in financial and investing businesses, except for the transactions referred to in Law No. 21,526, as amended, with an initial capital stock of ARS 200.

Pursuant to the conditions agreed upon by the parties, once the agreement is consummated, the Company will consolidate the Joint Venture's businesses in Argentina, Chile and Uruguay.

No other event has occurred subsequent to year-end requiring disclosure, other than for the foregoing.

See our report dated March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

Víctor Jorge Aramburu
Chairman
Statutory Audit Committee

Luis Alejandro Pagani

Chairman

Partner)
C.P.C.E.Cba. Nº 21.00004.3
Andrés Suárez
Public Accountant (UBA)
Professional License 10.11421.4 - C.P.C.E.Cba.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Chairman and Directors of
ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL
Registered Office: Av. Fulvio Salvador Pagani 487
Arroyito - Province of Córdoba
CUIT No. (Taxpayer Identification No.): 30-50279317-5

Auditor's Report on the Separate Financial Statements

Opinion

We have audited the accompanying separate financial statements of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL (hereinafter, the "Company"), including the separate balance sheet as of December 31, 2020, the separate statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the separate financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements fairly present, in all material respects, the separate financial position of the Company as of December 31, 2020, as well as its separate comprehensive income and separate cash flows for the fiscal year then ended, in accordance with the International Financial Reporting Standards (IFRS).

Basis for Opinion

We have carried out our audit in accordance with International Standards on Auditing (ISAs). Such standards were adopted as auditing standards in Argentina by means of Technical Pronouncement No. 32 issued by Argentine Federation of Professional Councils in Economic Sciences (FACPCE), as approved by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities pursuant to such standards are described below under the caption "Auditors' Responsibilities in respect of the Audit of the Separate Financial Statements" of this report.

We consider that the audit evidence we have obtained provide a sufficient and adequate basis for our audit opinion.

Independence

We are independent from the Company in accordance with the International Code of Ethics for Professional Accountants (including the International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), together with the requirements applicable to our audit of the separate financial statements in Argentina, and we have complied with the other ethics responsibilities pursuant to these requirements and the IESBA Code.

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Phone: +(54.351) 420.2300, Fax: +(54.351) 420.2332, www.pwc.com/ar

Key Audit Matters

Key audit matters are defined as those matters that, in our professional judgment, were of most significance in the audit of the separate financial statements for the current period. These matters are addressed in the context of our audit of the separate financial statements as a whole and in forming our opinion thereon. We do not express a separate opinion on these matters.

Key Audit Matters	Auditor's Response
Assessment of Recoverability of Deferred Tax Assets by Arcor Sociedad Anónima, Industrial y Comercial As of December 31, 2020, deferred tax assets reported in the separate balance sheet include deferred tax assets resulting from tax loss carryforwards recognized by Arcor Sociedad Anónima, Industrial y Comercial for ARS 5,153.0 million. The recognition of the deferred tax assets resulting from unused tax loss carryforwards or tax credits is primarily based on the entity's ability to achieve its goals stated in business plans prepared by management, and on the changes in certain macroeconomic variables, such as inflation and exchange rate. In this respect, the recognition of deferred tax assets resulting from Arcor Sociedad Anónima, Industrial y Comercial's tax loss carryforwards is a key audit matter, in that it involves significant judgment from management in assessing the use of such tax loss carryforwards. This, in turn, requires a high degree of judgment and effort by the auditor in conducting procedures to assess the Company's taxable income projections estimated by management, and the key assumptions used in such estimate, such as applicable tax laws and the macroeconomic and business assumptions that were considered.	The audit procedures carried out in respect of this key audit matter included, without limitation: • Gaining an understanding of the process carried out by the Company to analyze the recoverability of deferred tax assets and prepare the related estimates. • Assessing the model used by the Company to estimate taxable income projections. • Comparing the consistency of such model and the main assumptions used therein to the business projections made by management. • Verifying the reasonableness of such estimate considering the following factors, among others: (i) the current and past performance of the Company, (ii) the consistency of the assumptions with external market and industry data, and (iii) if these assumptions were consistent with the evidence obtained in other audit areas. • Assessing the disclosures included in the consolidated financial statements. The audit effort involved the engagement of professionals with specific skills and knowledge to assess the Company's projected taxable income model and certain assumptions and premises therein considered.

Key Audit Matters	Auditor's Response
Recoverability of the Investment in Mastellone Hermanos S.A. As of December 31, 2020, as disclosed in Notes 9 and 42 to the separate financial statements, the Company's investment in the associate Mastellone totals ARS 4,804.9 million and involved the recognition of a loss of ARS 313.2 million in the statement of income, and a loss of ARS 54.3 million in the statement of other comprehensive income. The Company measures its investment in the associate Mastellone Hermanos S.A. by the equity method and estimates its recoverable value on the basis of the associate's fair value. In estimating such recoverable value, the Company relies on a model based on the associate's discounted cash flows pursuant to the business plans prepared by management and the changes in certain relevant macroeconomic variables. The estimate of the recoverable value of the Company's investment in Mastellone Hermanos S.A. is a key audit matter, since it involves significant judgment by management in estimating the fair value of such company. This, in turn, requires a high degree of judgment and effort by the auditor in conducting procedures to assess the associate's cash flow projections and the main assumptions used therein.	The audit procedures carried out in respect of this key audit matter included, without limitation: ▪ Gaining an understanding of the process carried out by the Company to analyze the recoverability of its investment in the associate and prepare the related estimates. ▪ Assessing the model used by management to estimate the recoverable value based on the associate's discounted cash flows. ▪ Verifying the reasonableness of such estimate considering the following factors, among others: (i) the consistency of the assumptions used in estimating the associate's projected cash flows based on its past performance and available financial information, including an analysis of the main deviations from past forecasts and actual figures; (ii) an analysis of the significant assumptions used by management in the model, including average return growth rates, changes in prices and future costs, changes in the associate's working capital, discount rates, perpetuity growth rate, and certain macroeconomic variables such as the exchange rate; (iii) integrity tests on the information and mathematical calculations included in the model used by management; and (iv) the consistency of the information used in the model with the evidence obtained in other audit procedures. ▪ Analyzing the sensitivity of the recoverable value model results to changes in certain key assumptions. ▪ Assessing the disclosures included in the notes to the consolidated financial statements. The audit effort involved the engagement of professionals with specific skills and knowledge to assess the projected recoverable value model used by management and certain assumptions and premises therein considered.

Information Accompanying the Separate Financial Statements ("Other Information")

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

Our opinion on the separate financial statements does not cover the other information; therefore, we do not express an audit opinion in that regard.

Concerning our audit of the separate financial statements, our responsibility is reading the other information and, in doing so, consider whether it is materially inconsistent with the separate financial statements or with the knowledge we have gained during the audit, or if there seems to be a material misstatement for some other reason. If, based on the work we have performed, we consider that, as far as the matters within our purview are concerned, there is a material misstatement in the other information, we are required to report it. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Separate Financial Statements

The Board of Directors of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL is responsible for the preparation and fair presentation of the separate financial statements in accordance with the IFRS, and for such internal control as the Board of Directors might deem required to allow for the preparation of separate financial statements free from material misstatements due to fraud or error.

In preparing the separate financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern; disclose, where applicable, the matters related to this issue, and use the going concern basis of accounting, except to the extent the Board of Directors plans to liquidate the Company or discontinue its operations, or there is no other realistic alternative for continuity.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

The goal of our audit is obtaining reasonable assurance that the separate financial statements, as a whole, are free from material misstatements due to fraud or error, and issuing an audit report containing our opinion. Reasonable assurance means a high degree of assurance, but does not mean that an audit conducted in accordance with the ISAs will always detect an existing material misstatement. Misstatements may be due to fraud or error and are deemed material if, individually or on the aggregate, they can be reasonably expected to influence on users' financial decisions, based on the separate financial statements.

As part of an audit pursuant to the ISAs, we use our professional judgment and exercise professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements in the separate financial statements due to fraud or error; design and apply audit procedures to address such risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Board of Directors.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Company's Board of Directors 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 the auditor's opinion. Our conclusions are based on the audit evidence obtained as of the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company's Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide the Company's Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and we report all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, the actions taken to remove threats or the safeguards adopted.

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

Report on Other Legal and Regulatory Requirements

In compliance with applicable laws and regulations, we report that:

a) the separate financial statements of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL have been transcribed to the "Inventory and Financial Statements" book and comply, as far as the matters within our purview are concerned, with the terms of the Argentine General Companies Law and the applicable resolutions of the National Securities Commission (CNV);

b) the separate financial statements of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL arise from accounting records kept, in all formal respects, in accordance with applicable laws and regulations, maintaining the safety and integrity conditions based on which they were authorized by the Bureau of Legal Entities of the Province of Córdoba;

c) below is a detail of total amounts arising from the separate balance sheet, and separate statements of income and other comprehensive income:

c.1) Separate balance sheet as of December 31, 2020 and 2019:

	In thousands of ARS	
	12/31/2020	12/31/2019
Assets	103,052,078	97,745,599
Liabilities	75,075,763	71,714,647
Shareholders' Equity	27,976,315	26,030,952

c.2) Separate statements of income and other comprehensive income for the years ended December 31, 2020 and 2019, in which the Company recognized comprehensive income in the amount of ARS 4,063,369 and a total comprehensive loss of ARS 2,510,860 (both figures stated in thousands of ARS), respectively;

d) as of December 31, 2020, accrued liabilities owing by ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL to the Argentine Social Security System, as arising from the Company's accounting records, amounted to ARS 422,100,629.17. Such amount was not due and payable as of such date;

e) as required by Article 21, paragraph b), Chapter III, Section VI, Title II of the National Securities Commission's regulations, we hereby report that total fees for audit and related services invoiced to ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL during the year ended December 31, 2020 account for:

e.1) 86.76% of total comprehensive fees for services invoiced to ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL during that year;

e.2) 59.14% of total fees for audit and related services invoiced to ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL, its parent company, subsidiaries and affiliates during that year;

e.3) 52.32% of total fees for services invoiced to ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL, its parent company, subsidiaries and affiliates during that year;

f) we have applied the anti-money laundering and terrorist financing procedures on ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL as required by applicable professional accounting principles issued by the Professional Council of Economic Sciences of the Province of Córdoba;

g) we have read the information included in Note 41 to the accompanying separate financial statements concerning the minimum capital requirements established by the CNV in respect of which, as far as the matters within our purview are concerned, we have no significant findings to report.

City of Córdoba, March 10, 2021.

PRICE WATERHOUSE & CO.S.R.L.

(Partner)
C.P.C.E.Cba. 21.00004.3
Cr. Andrés Suárez
Public Accountant (UBA)
Professional License 10.11421.4 -
C.P.C.E.Cba.

STATUTORY AUDIT COMMITTEE'S REPORT

To the Shareholders of
ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL
Av. Fulvio Salvador Pagani 487.
City of Arroyito - Province of Córdoba.

In accordance with the terms of Article No. 294, subsection 5 of the Argentine General Companies Law No. 19,550 and the rules of the National Securities Commission (CNV), in our capacity as members of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL's Statutory Audit Committee, we have examined the documents identified in Section 1 below.

1. DOCUMENTS SUBJECT TO REVIEW.

a) Consolidated Financial Statements:

- Consolidated balance sheet as of December 31, 2020.
- Consolidated statements of income and other comprehensive income for the fiscal year ended December 31, 2020.
- Consolidated statement of changes in equity for the fiscal year ended December 31, 2020.
- Consolidated statement of cash flows for the fiscal year ended December 31, 2020.
- Certain selected notes to the consolidated financial statements for the fiscal year ended December 31, 2020.

b) Separate Financial Statements:

- Separate balance sheet as of December 31, 2020.
- Separate statements of income and other comprehensive income for the fiscal year ended December 31, 2020.
- Separate statement of changes in equity for the fiscal year ended December 31, 2020.
- Separate statement of cash flows for the fiscal year ended December 31, 2020.
- Certain selected notes to the separate financial statements for the fiscal year ended December 31, 2020.

c) Inventory and Board of Directors' Annual Report for the fiscal year ended December 31, 2020.

d) Disclosure on the degree of compliance with the Code of Corporate Governance included in the Exhibit to the Annual Report prepared by ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL's Board of Directors.

e) Consolidated summary of activity for the fiscal year ended December 31, 2020, required by Article 4, Chapter III, Title IV of the CNV's rules.

f) Additional information to the notes to the separate financial statements for the fiscal year ended December 31, 2020, required by Article 12, Chapter III, Title IV of the CNV's rules.

The figures and other information for the fiscal year ended December 31, 2019 are part of the above-mentioned financial statements and, therefore, should be considered in respect of such financial statements.

2. BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The preparation and issuance of said financial statements is the responsibility of the Company's Board of Directors in exercise of its exclusive duties, in accordance with the International Financial Reporting Standards (IFRS), adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting principles, and incorporated by the National Securities Commission (CNV) into its rules and regulations, and also approved by the Professional Council of Economic Sciences of Córdoba (CPCECba.), as such standards were approved by the International Accounting Standards Board (IASB). Therefore, the Board of Directors is responsible for the preparation and presentation of the financial statements referred to in paragraph 1, and for such internal control as the Board of Directors might deem required to ensure the preparation of financial statements free from material misstatements. Our responsibility is issuing a report on such documents on the basis of the review we have performed within the scope detailed in the following paragraph.

3. RESPONSIBILITY OF THE STATUTORY AUDIT COMMITTEE.

We performed our review in accordance with the applicable statutory audit standards established in Technical Pronouncement No. 15 (as amended by Technical Pronouncement No. 45) of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE). Such standards require that the review of consolidated and separate financial statements be conducted in accordance with applicable audit standards laid down in Technical Pronouncement No. 32/2012 issued by FACPCE, which includes verifying the reasonableness of the material information disclosed in the documents subject to review and its consistency with the other information on such corporate decisions we took cognizance of, as disclosed in the respective minutes of Board of Directors' and Shareholders' meetings, and whether such decisions conform to applicable laws and the Company's by-laws in all formal and documentary aspects. Such standards require that we comply with ethical requirements.

In conducting our professional work on the documents identified in paragraphs a) and b) of Section 1, we have reviewed the work done by ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL's external auditors, Price Waterhouse & Co. S.R.L., who performed their review in accordance with applicable audit standards and issued their audit report on March 10, 2021.

An audit requires that the auditor plan for and develop the audit in order to obtain reasonable assurance that the financial statements are free from misstatements or material errors. An audit includes examining, on a selective basis, the judgmental elements that support the information disclosed in the financial statements, as well as assessing the accounting standards used, the significant estimates made by the Company's Board of Directors and the overall presentation of the financial statements. Since the Statutory Audit Committee is not responsible for management control, our review did not include the corporate criteria and decisions of the Company's several areas, for these issues are the exclusive responsibility of the Board of Directors. We consider that our work and the external auditors' report provide a reasonable basis for our opinion.

As it concerns the Board of Directors' Annual Report, the Summary of Activity and the additional information to the notes to the separate financial statements for the fiscal year ended December 31, 2020, we have verified that such documents contain the information required by Article No. 66 of the Argentine General Companies Law; Article 4, Chapter III, Title IV, and Article 12, Chapter III, Title IV of the CNV's rules and, as far as the matter within our review are concerned, that the figures therein contained are consistent with those arising from the Company's accounting records and other pertinent documents.

We have also reviewed the Report on the Degree of Compliance with the Code of Corporate Governance, which is enclosed as an Exhibit to the Annual Report, prepared by the Board of Directors in compliance with the terms of General Resolution No. 606/2012 of the CNV.

4. STATUTORY AUDIT COMMITTEE'S OPINION.

Based on our work, within the scope described in the preceding paragraphs, in our opinion:

a) The figures disclosed in the consolidated financial statements referred to in Section 1 of this report fairly present, in all material respects, the Company's consolidated financial position as of December 31, 2020, as well as its consolidated comprehensive income and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS), adopted by FACPCE as professional accounting principles and also by the Professional Council in Economic Sciences of Córdoba (CPCECba.), as such standards were approved by the International Accounting Standards Board (IASB).

b) The figures disclosed in the separate financial statements referred to in Chapter 1 of this report fairly present, in all material aspects, the Company's separate financial position as of December 31, 2020, as well as its separate comprehensive income and separate cash flows for the fiscal year then ended, in accordance with the professional accounting principles laid down in Technical Pronouncement No. 26 issued by FACPCE, and adopted and approved by the Professional Council in Economic Sciences of Córdoba (CPCECba.) for the preparation of parent companies' separate financial statements.

c) Regarding the inventory and the Board of Directors' Annual Report for the fiscal year ended December 31, 2020, as far as the matters within our purview are concerned, we have no findings to report. The Annual Report contains the information required by Article 66 of the Argentine General Companies Law, and the figures therein contained are consistent with those arising from the Company's accounting records and other pertinent documentation.

d) Concerning the disclosure on the degree of compliance with the Code of Corporate Governance included in the Exhibit to the Annual Report prepared by ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL's Board of Directors referred to in paragraph d) of Section 1, based on our work and to the extent of the matters within our purview, we can assert that the information provided was prepared in a reliable and appropriate fashion, in all material respects, pursuant to the requirements of General Resolution No. 606/2012 issued by the CNV.

e) Concerning the Summary of Activity and the additional information to the separate financial statements required by Article 12, Chapter III, Title IV of the CNV's rules referred to in paragraph e) and f) of Section 1, as far as the matters within our purview are concerned, we have no findings to report.

5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS.

a. The accompanying financial statements of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL arise from accounting records kept, in all formal aspects, in accordance with applicable laws and regulations.

b. The financial statements and the related inventories of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL have been transcribed to the "Inventory and Financial Statements" book and comply, to the extent of the matters within our purview, with the terms of the Argentine General Companies Law and the applicable resolutions of CNV.

c. In accordance with the requirements of the CNV on the external auditors' independence, the quality of the audit criteria applied by said auditors and the Company's accounting criteria, the above-described external auditor's report includes a statement indicating that the audit standards applicable in Argentina had been applied, including the independence requirements, and does not have qualifications concerning the application of such standards, or discrepancies relative to the professional accounting principles.

d. We have applied the anti-money laundering and terrorist financing procedures set forth in applicable professional accounting principles issued by the Professional Council of Economic Sciences of the Province of Córdoba (CPCECba.).

e. We further report that, in exercise of our legality control duties, we have applied the several procedures described in Article 294 of the Argentine General Companies Law No. 19,550, as deemed necessary in light of the circumstances (including the attendance to Board of Directors' and Shareholders' Meetings). We have no findings to report in this regard.

City of Córdoba, Province of Córdoba, March 10, 2021.

Cr. Victor Jorge Aramburu
Chairman
Statutory Audit Committee

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