Tarjeta Naranja S.A.

Financial Statements
For the year commenced January 1, 2020 and ended December 31, 2020, presented on a comparative basis.
(Free Translation from the Original in Spanish for Publication in Argentina)

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Table of Contents

2020 ANNUAL REPORT

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In compliance with legal provisions and the by-laws, Tarjeta Naranja S.A. submits this Annual Report, together with the Balance Sheet, Statement of Profit or Loss and Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the corresponding notes, for the 26th year of the Company, ended December 31, 2020.

FINANCIAL CONDITION

(Figures expressed in thousands of Argentine Pesos)

In 2020, Tarjeta Naranja S.A. kept its position as one of the main issuer of credit cards in Argentina. As of December 31, 2020, the Company has 3,282,452 open accounts. Considering additional cardholders, Tarjeta Naranja S.A. has 4,619,426 customers in the aggregate. Meanwhile, the total number of authorized cards is 8,613,352, including all managed brands, namely: Tarjeta Naranja, Tarjeta Naranja Visa, Tarjeta Naranja MasterCard, and Tarjeta Naranja American Express.

During the reporting period, the Company completed 159,089,758 transactions, including purchases in stores and automatic debits, personal loans, cash advances and cash withdrawals from ATMs.

Annual transactions declined by 11%, while average consumption per account during the year experienced a 48% increase in nominal terms.

By way of General Resolution 777/2018, the C.N.V. provided that issuers subject to its oversight are required to restate their financial statements ended on and after December 31, 2018 into constant currency as required by IAS 29.

Therefore, originally reported comparative figures were adjusted accordingly.

As of December 31, 2020, the Company posted a profit of AR$ 3,315,982, accounting for a 79% increase in constant terms as compared to the previous year. At the end of the reporting period, equity amounted to AR$ 23,852,235 in constant terms.

	Historical Figures	Restatement (Constant Currency as of December 31, 2020)	Restated Figures	Historical Figures	Effects IAS 29	Restated Figures
	December 31, 2019			December 31, 2020		
Revenues from Services	13,867,659	9,098,121	22,965,780	17,738,333	2,970,314	20,708,647
Costs of Services	(1,639,749)	(1,053,509)	(2,693,258)	(2,963,975)	(443,388)	(3,407,363)
Net Revenues from Services	**12,227,910**	**8,044,612**	**20,272,522**	**14,774,358**	**2,526,926**	**17,301,284**
Revenues from Financing	16,569,719	11,344,142	27,913,861	19,280,312	3,200,327	22,480,639
Costs of Financing	(7,792,123)	(5,375,965)	(13,168,088)	(4,271,082)	(809,681)	(5,080,763)
Net Revenues from Financing	**8,777,596**	**5,968,177**	**14,745,773**	**15,009,230**	**2,390,646**	**17,399,876**
Net Income from Short-term Investments	2,193,326	1,421,676	3,615,002	1,982,297	451,759	2,434,056
Operating Revenues	**23,198,832**	**15,434,465**	**38,633,297**	**31,765,885**	**5,369,331**	**37,135,216**
Provision for Loan Losses, Net of Recoveries	(4,374,085)	(2,281,314)	**(6,655,399)**	(3,718,611)	(724,358)	**(4,442,969)**
Operating Revenue, Net of Provision for Loan Losses	**18,824,747**	**13,153,151**	**31,977,898**	**28,047,274**	**4,644,973**	**32,692,247**
Employee Benefits Expenses	(4,521,627)	(2,961,320)	(7,482,947)	(6,641,022)	(1,045,149)	(7,686,171)
Taxes and Charges	(3,309,535)	(2,246,524)	(5,556,059)	(4,510,675)	(749,338)	(5,260,013)
Marketing Expenses	(527,721)	(340,806)	(868,527)	(526,759)	(81,088)	(607,847)
Depreciation and Amortization	(564,806)	(977,860)	(1,542,666)	(849,121)	(960,114)	(1,809,235)
Other Operating Expenses, Net	(4,463,440)	(2,886,935)	(7,350,375)	(5,892,548)	(984,904)	(6,877,452)
Total Operating Expenses	**(13,387,129)**	**(9,413,445)**	**(22,800,574)**	**(18,420,125)**	**(3,820,593)**	**(22,240,718)**
Net Profit before Income from Investments Accounted for Using the Equity Method	**5,437,618**	**3,739,706**	**9,177,324**	**9,627,149**	**824,380**	**10,451,529**
Income (Loss) from Investments Accounted for Using the Equity Method	(8,703)	(3,865)	(12,568)	(24,090)	(2,303)	(26,393)
Effect of Restatement		(6,681,946)	(6,681,946)		(5,151,386)	(5,151,386)
Profit (Loss) before Income Tax	5,428,915	(2,946,105)	2,482,810	9,603,059	(4,329,309)	5,273,750
Income Tax	67,043	(692,377)	(625,334)	(1,450,128)	(507,640)	(1,957,768)
Profit / (Loss) for the Year	5,495,958	(3,638,482)	1,857,476	8,152,931	(4,836,949)	3,315,982

As it arises from the preceding table, Operating Revenues (the sum of Net Revenues from Services, Net Revenues from Financing, and Net Income from Short-term Investments) amounted to AR$ 37,135,216 in constant terms, accounting for a 4% decline compared to the previous year, as a consequence of a substantial decline in domestic spending due to the prevailing macroeconomic conditions.

The Provision for Loan Losses amounted to AR$ 4,442,969 in constant terms, reflecting a 33% decline relative to the previous year, attributable to the improvements implemented in credit and arrears recovery policies.

Operating Expenses totaled AR$ 22,240,718 in constant terms, equivalent to a 2.5% decline vis-a-vis the previous year.

The Income Tax Expense amounted to AR$ 1,957,768, accounting for a 213% increase relative to the previous year, due to the increase in profit for the year and the deferred tax valuation adjustment (resulting from the inflation adjustment for tax purposes), caused by the application of the 25% Income Tax rate since 2022.

SOURCES OF FINANCING

(Figures expressed in thousands of Argentine Pesos)

Below is a detail of the Company's sources of financing during the year, along with the respective repayments of principal and interest, in nominal values:

Notes *("Obligaciones Negociables")*: As part of the Global Program for the Issuance of Notes (*"Obligaciones Negociables"*), in July, the Company issued Class XLIV Notes (*"Obligaciones Negociables"*) for a total of AR$ 3,574,897 (in nominal currency). In December, the Company issued Class XLV Notes (*"Obligaciones Negociables"*) for a total of AR$ 3,057,000 (in nominal currency).
Principal and interest on the Notes (*"Obligaciones Negociables"*) were paid in the amount of AR$ 10,027,095 (in nominal currency).

Banks and Financial Loans: The Company secured new borrowings and credit lines in the amount of AR$ 10,380,000 (in nominal currency). In turn, the Company repaid principal and interest on such borrowings for AR$ 7,966,341 (in nominal currency).

Leases: Lease payments due were made in the amount of AR$ 374,134 (in nominal currency).

REDUCED MERCHANTS' FEES

In line with the policy adopted in April 2017, on January 1, 2020 Naranja completed a new phase of the voluntary reduction in the maximum fee applicable to merchants' sales, which fell to 2%.

New Divisions

In view of the business development, the Company decided to create two new divisions—the Financial Division and the Risk Management Division. Accordingly, the Company appointed Hernán García as Chief Financial Officer, with overall responsibility for Naranja's financial, accounting, legal and administrative issues. On the other hand, Mariano Tittarelli was appointed as Chief Risk Officer, primarily responsible for credit and operational risk management issues.

NEW ORGANIZATIONAL DESIGN

As part of its digital evolution process, the Company relied on agile methodologies. A new organizational design was deployed which allowed to face the business challenges, shifting from a traditional structure to a flexible design in which interdisciplinary teams were arranged in Tribes, CoE (Centers of Excellence) and Squads to create end-to-end experiences that make customers' lives easier.

Servicing Tribe: It is tasked with ensuring the means of payment for account statements and collections, arrears and recovery strategies, fraud prevention, agile problem resolution, and financing product offering.

Vision, Customer and Card Tribe: This tribe started to operate in April and comprises four squads: Origination—in charge of card sales (cardholders and additional cardholders). Production & Delivery— in charge of issuing cards and delivering them to customers. Consumption—in charge of promoting the card use and preventing customer attrition. Value Proposition—in charge of delivering tailored offers to customers. A new Customer Loyalty squad was created in July to offer customers the possibility of earning points on their purchases.

Marketing Tribe: It is in charge of brand positioning and maximizing traffic and sales at digital channels, while raising awareness about our value proposition, plans, promotions and products, and increasing customers' self-service.

Product Tribe: It is in charge of boosting Tienda Naranja (Naranja Store), Loans, Insurance and Assistance, Viajes Naranja (Naranja Tourism), Publishing Products, and Automatic Debits.

Assisted Channels Tribe: It is in charge of sales planning, moving forward with the evolution of Naranja's branches, making the service tool available, enhancing practices at the Contact Center and self-service tools, and favoring migration.

Merchant Acquiring Tribe: Its mission is offering simple solutions to people engaged in a business activity, streamlining collections and contributing to revenue generation.

Information Security CoE: Its mission is protecting customers' and the organization's information, ensuring at all times data availability, confidentiality and integrity.

Customer Experience CoE: Its mission is fostering a specific, consistent and attractive experience, surpassing customers' and market's expectations in order to boost business results.

Agility CoE: It is tasked with creating value-delivering organizational solutions together with the business, fostering an agile transformation at Naranja, and challenging the *statu quo* to become a benchmark at a regional level.

Big Data & Advanced Analytics CoE: It is tasked with fostering a data-based decision-making culture through analytics and artificial intelligence.

Architecture CoE: It is tasked with designing and ensuring the implementation of technological solutions, at the service of the business, ensuring a long-term perspective which supports and boosts the evolution of Naranja.

Credit Risk CoE: Its mission is ensuring a healthy portfolio, through comprehensive credit risk management practices. Its teams are focused on enhancing credit risk predictive models and on growing the portfolio through credit policies.

BUSINESS EFFICIENCY

Increase in Electronic Payments

During 2020, efficiency gains were achieved in collection expenses as a result of the migration of card payments to electronic channels. At the beginning of 2020, digital transactions accounted for 29% of the total, while at year-end digital payments rose to 48%, 58% of which are made through our own channels, which means increased efficiency.

In April, as a result of the social distancing measures in place, traditional payment channels were closed abruptly, posing challenges to electronic payment solutions to ensure collections and support the business.

We developed new functionalities, such as early repayment from the digital channel, a payment link for non-digital users, extended interoperability to enable the acceptance of debit cards issued by all banks, and integration of the payment journey from Naranja X App to contribute to the ecosystem's goals.

Finally, the Company managed to improve its Customer Effort Score (CES)—a metric that measures the ease of the digital payment experience— up from 84 to 90 points.

Increased Portfolio Financing

In an effort to enhance the card balance financing offering, coupled with customers' need for financing their purchases as a result of the pandemic, in 2020 the Company expanded the offering with new plans, while avoiding risky debt. With varying options and plans based on customer segments, the Company offered from two up to 12 and 18 installments with the Z Plan (up to 3-interest free installments), as well as with Naranja Plus for customers who were current with their card payments. This action allowed to increase the financed portfolio by 230%.

Arrears Ratios

During 2020, collection efforts of amounts in arrears were crucial for this year's performance. We achieved the lowest arrears indicators ever in the Company's history. For instance, 30 days' arrears for the second semester averaged 5.36%. In annual terms, including the strictest pandemic period, Naranja's annual arrears averaged 6.87%. This is a substantial improvement compared to the past two years, as 30 days' arrears stood at 8.77% in 2019 and at 9.69% in 2018.

Besides, 120 days' arrears —a ratio which indicates arrears after completion of early arrears collection efforts—displayed an annual average of 0.83%, compared to 1.35% in 2019 and 1.02% in 2018.

These results were primarily driven by early management of customers likely to fall into arrears, by using new analytical models, maximizing management capacity, and offering tailored-made refinancing plans, consistent with the complexity of the prevailing context and the constant search for better arrears management solutions.

Portfolio Assignment

(Figures expressed in thousands of Argentine Pesos)

As part of its policy to streamline arrears recovery procedures, the Company assigned the out-of-court portfolio by way of a private auction, using identification and predictive models to ensure the best selection of the portfolio subject to assignment. The Company also assigned its portfolio under judicial proceedings. During the year, portfolio assignment totaled AR$ 1,829, with AR$ 144 in revenues, which means an average price of 7.79%, vis-a-vis 7.13% in 2019.

Consumption Levels

The challenge during the year was increasing consumption with Naranja, by boosting the use of the card, reducing the number of inactive accounts, and minimizing attrition. As a result, during the second quarter, year-on-year consumption grew by 70%, in tandem with average consumption per customer. During the last quarter of the year, the inactive portfolio declined 6%, while maintaining an account activation ratio of 72% at 90 days. At the same time, customer attrition fell by 33% relative to the same period of the previous year.

These results were achieved, in part, due to the use of analytical models that allowed to offer customers tailored offers and powerful promotions. In addition, the Company changed the card cut-off dates in order for more customers to be able to keep spending, despite the challenges to pay off account balances at the beginning of the pandemic.

Limit Increases

During the year, the Company made four massive limit increases having a positive impact on the experience of 2.2 million customers, as declines due to lack of credit limit were reduced by 40%, resulting in a year-on-year 70% increase in spending with Naranja.

Digital Sales

During the reporting year, we opened up 267,000 new accounts, primarily through the digital channel, which accounted for 58% of the total. An outstanding performance was achieved during the last quarter of the year, with the opening of 105,000 new accounts—62% of them through the digital channel.

The main initiatives that made it possible included the availability of remote onboarding to enable teleworkers' sales during the second quarter, the generation of a new sales flow for low score transactions allowing for a non-financial score by downloading an app; and the easing of the additional cardholder policy during the third quarter.

Naranja Virtual

The Company launched Naranja Virtual—a credit card available at Naranja App and Naranja Online—to support customers during the pandemic. The card allows customers to shop online in a safer manner. It has a Card Verification Value (CVV) which is generated every time the customer needs to use it. Naranja Virtual does not replace the physical plastic card, because it has a different Optical Character Recognition (OCR). The card is available to over 2.5 million customers, including cardholders and additional cardholders. Total revenues since the product launch surpassed AR$ 450 million, with an average ticket of AR$ 8,000.

New Contactless Naranja MasterCard Cards

During the third quarter, the Company offered contactless Naranja MasterCard cards for new card accounts, replacements and renewals. These cards allow contactless payment transactions, resulting in faster and safer transactions for customers.

Cards on the Spot

Effective since the second quarter of 2020, Ajnaran—the card that is printed and ready to use on the spot—expires within three years. Delivery times were improved as a result of special door-to-door distribution services. With this action, customers are able to use their cards right away, while reducing plastic destruction for the benefit of the environment and business efficiency. During 2020, the Company delivered over 58,000 cards countrywide, achieving a substantial reduction in the card delivery SLA (Service Level Agreement): 25% of the customers now receive their cards in less than 48 hours and 60% within 10 business days.

Issuance of Other Cards

Since December 26, 2020, Tarjeta Naranja S.A. has become an issuer of Naranja Visa, Naranja MasterCard and Naranja American Express, with no further charges and/or fees than those charged at present. Customers may continue using their current cards, which will be replaced in subsequent renewals.

Quiero! as Customer Loyalty Program

In May, the Company opened up the subscription to its customers' loyalty program. Some relevant initiatives included the enablement of NOL and Naranja App as *Quiero!* subscription channels, point redemptions on certain categories and stores using Naranja cards, the subscription of 70% of Argentina's major stores to Naranja's point redemption programs, and the log-in/registration feature at quiero.com.ar with Naranja's credentials. At the end of the reporting period, the Company had 50,000 registered customers exclusively of its own, and 180,000 customers shared with Banco Galicia y de Buenos Aires S.A.U.

DIGITAL EVOLUTION

Growing Use of Digital Channels

As a result of the mandatory lockdown, in March the use and number of visits to the Company's website, www.naranja.com, grew by 65%. The largest number of information searches were related to the "account statements" and "current promotions at stores" categories. Ten thousand new users were generated every day, who completed their transactions using digital self-service channels (Naranja App and Naranja Online). Payments, cell phone top-ups, and financing plans were the transactions that grew the most. Access to the self-service platform by Merchants (*"Comercios Amigos"*) rose by 100%.

During the second quarter of the year, the digital channel contributed 62% of total customer acquisitions. Moreover, during the year ended December 31, 2020 the Company registered 752,000 new users. On the other hand, Naranja.com recorded 15 million sessions. As concerns digital payments, on average, 650,000 monthly operations were completed using the payment button (Naranja App and NOL), over a total of 1.5 million digital payments per month. Collections through digital channels accounted for a 54% share over the total.

Brand Strategy in 2020

During 2020, Naranja claimed to be a technology company and its digital assets are becoming increasingly relevant as main drivers of its current and future business growth. Based on this premise, the Company started to build a single brand at the level of the ecosystem of financial products and services, determined to become the most human technological and financial platform preferred by the Argentinians.

Digital Platforms

In order to develop digital platforms with the best market experience, the Company redesigned features and upgraded technology at Naranja Online (shopping simulator, customers' data, top-ups, activation, PIN, lost or stolen card reports), resulting in improvements in experience indicators. The Company adopted an ASO (App Store Optimization) strategy to position the app at stores, receiving the highest scores compared to other companies in the same industry: 4.6 out of 5 at Play Store; and 4.2 out of 5 at App Store. The Company also made progress in identity validation by SMS and e-mail. The Company also integrated all of Naranja's products and services to Naranja Online, favoring online transactions amidst the pandemic. As a result of these actions, the Company recorded 1.7 million active users per month, with a frequency of use of 3.5 and 7.9 at Naranja Online and Naranja App, respectively.

PRODUCTS AND SERVICES

Tienda Naranja (Naranja Store)

By the end of the first semester of 2020, more people had shopped at Tienda Naranja (Naranja Store) than throughout 2019, with new buyers and revenues having grown by 320% and 600%, respectively, compared to the previous year. As of December 31, 2020, the website had 400 active sellers, achieving an 800% increase in the product offering available at Tienda Naranja (Naranja Store). The Hot Sale set a milestone in terms of number of transactions, with more than 50% of the sales being concentrated on the third quarter.

Some of the most relevant initiatives during the year included the creation of a dedicated customer service team, new product offering segmentation, product shipping follow-up, and the development of a sales channel at Naranja App.

Finally, the Company complied with the terms of Resolution 424/2020 published in the Official Gazette requiring the inclusion of a “regret decision” button for digital sales.

Insurance and Assistance Products

At the reporting period end, the Company recorded 2.1 million insurance policies and assistance products. Sixty-six per cent (66%) of the sales were completed through digital channels, with an average of 82,000 new products per month, almost doubling the figures recorded in the first and second quarter of the year. In December 2020, the Company's sales of fully-digital insurance grew by 71% relative to December 2019.

Some relevant initiatives during the year included the sale of Motorbike Insurance at Naranja’s branches and Pet Insurance through digital channels, as well as a redesigned experience with the Homeowners’ Insurance.

Loans

During 2020, the Company expanded its offering for account holders, with loans of up to AR$ 100,000, payable in 24 installments. Since August, the Company launched digital and branding campaigns, achieving 65% digital subscription through NOL, Naranja App and the branches. These actions led to sustained growth, particularly, during the last quarter of the year, when Naranja surpassed $1.10 billion in loans to customers within a month. Compared to December 2019, the loan business’ overall subscription increased by $ 4.40 billion. At year-end, loan digital subscription’s share was 56%. As concerns risk, 85% of the loans were granted to low-risk customers.

Digital Financial Products

As part of the strategy and synergies stated for Tarjetas Regionales S.A.’s subsidiaries concerning the development and evolution of the ecosystem of technology-based products and services, during the year a business agreement was entered into with Cobranzas Regionales S.A. allowing Naranja X users to make cash in-out transactions at Tarjeta Naranja S.A.'s stores and access combined products.

Viajes Naranja (Naranja Tourism)

During the first quarter, in an attempt to strengthen its vertical service offering in the tourism category and offer customers a restyled and innovative value proposition, the Company announced a deal with Despegar, giving rise to the first omnichannel partnership in tourism services through ViajesNaranja.com.

Publishing Products

At year-end, Convivimos—Naranja's monthly publication (both in its digital and printed versions)—had 400,000 subscribers, becoming the magazine with the largest circulation in the country. In December, the magazine, which features general interest, news and entertainment content, celebrated its 10th anniversary with a redesigned look—including new logo and typography and a renewed arrangement of spaces and reading and imaging resources.

Automatic Debits

At year-end, automatic debits had grown by 72% relative to December 2019.
The Automatic Debits team designed and implemented a new digital journey to set up debits, built upon research with customers and considering market benchmarks. During 2020, the Company attained a 150,000 increase in debits.

NARANJA’S BRANCHES

Against the backdrop posed by the COVID-19 and in order to offer safer conditions, Naranja reduced by 50% the number of people allowed per square meter, and implemented all health and safety measures required by the health authorities across all of its branches.
At the same time, it continued with the deployment of the “Branches of the Future,” implementing the new service model through remodeled and moved stores in the Provinces of Mendoza, San Juan, Cordoba, San Luis, Santa Fe, Buenos Aires, Chubut, Santiago del Estero, and Rio Negro. Accordingly, in 2020, the new service model reached 30 branches, in addition to the nine existing as of December 31, 2019, making this service tool available to 28% of the customer base nationwide. During 2021, the service model is expected to be deployed in additional 31 branches, reaching 76% of the customers.

Branch Distribution as of December 31, 2020

PROVINCE	NUMBER OF BRANCHES / POINTS OF SALE
BUENOS AIRES	43
CITY OF BUENOS AIRES	7
CATAMARCA	1
CHACO	5
CHUBUT	4
CÓRDOBA	29
CORRIENTES	4
ENTRE RÍOS	5
FORMOSA	3
JUJUY	5
LA PAMPA	2
LA RIOJA	2
MENDOZA	15
MISIONES	4
NEUQUÉN	4
RÍO NEGRO	6
SALTA	5
SAN JUAN	5
SAN LUIS	2
SANTA CRUZ	2
SANTA FE	17
SANTIAGO DEL ESTERO	3
TIERRA DEL FUEGO	2
TUCUMÁN	5
Total	**180**

COMPLIANCE DIVISION CONSOLIDATION

During 2020, the Company continued to build upon the progress made in 2019, with focus on re-launching the ethics line, formally arranging the organizational fraud management service and the integrity plan, implementing Suppliers' Due Diligence, Donations and Anti-bribery and Anti-corruption policies, and developing suitable Compliance, Ethics and Integrity and Prevention of Asset Laundering and Funding of Terrorist Activities training content targeted at all employees.

Compliance, Ethics and Integrity

The year 2020 was marked by substantial regulatory changes from several regulatory authorities. Accordingly, during the reporting period, the Compliance team reviewed 115% more regulatory news than in 2019.

Integrity Plan

During the year, the Company updated its corruption risk matrix in line with applicable best practices and with the provisions of the Corporate Criminal Liability Law.

In addition, a new version of the Code of Ethics was published and approved by the Company's Board of Directors on January 20, 2020. After the release, the new version was read and signed by our employees.

In line with the policy guidelines, the Company designed and deployed a matrix of critical suppliers which allowed to select some of them for a due diligence process, in charge of a selected consulting firm with subject-matter expertise, which initiated the process during the last quarter of the year.

Prevention of Asset Laundering and Funding of Terrorist Activities

Seeking to ensure an effective prevention policy, aligned with market trends, and embracing a digital and technological perspective as management basis, the Company is equipped with a dedicated team, monitoring tools and agile procedures for the timely detection of unusual transactions.

In 2020, the Company implemented policies, measures, procedures and other activities related to the prevention of Asset Laundering and Funding of Terrorist Activities, in order to:

• Comply with the provisions of several regulations inherent to credit card operators for the prevention of these crimes.

• Establish internal policies and procedures that allow having objective and technical criteria as regards the Prevention of Asset Laundering and Funding of Terrorist Activities.

• Cause employees to learn about and commit to the Prevention of Asset Laundering and Funding of Terrorist Activities, through training and awareness initiatives.
• Besides, during the first quarter of 2020, Naranja completed the conformance of its system for the prevention of Asset Laundering and Funding of Terrorist Activities to the new rules and regulations handed down by the Financial Information Unit (UIF), which are contained in Resolution 76/2019. The Company achieved the milestones therein required in due time and form.

Regulatory Affairs

The Regulatory Affairs team handles the requirements from several regulatory authorities (Argentine Central Bank (BCRA) and the National Securities Commission (CNV)), achieving synergies with the Company's subject-matter experts, seeking to provide a prompt, effective and coordinated response to these requirements in the least possible time.
During 2020, the Company managed to establish agile working processes and methodologies and initiated automations, always embracing a technological and digital approach, which streamlines efforts and contributes the required efficiency to achieve the goals and improve the experience with regulatory agencies.

Organizational Fraud Management

The Organizational Fraud Management (OFM) team handles employees' misconduct in breach of Naranja's Code of Ethics and corporate values. Such misconduct can be proactively identified by means of the sector's own controls, or otherwise by way of reports received from several sectors.
In 2020, progress was made in formalizing this service. Therefore, the Company created the Organizational Fraud Risk Management Manual, containing the inherent definitions, scopes, policies, procedures and controls, and designed the OFM Matrix identifying the main risks it is exposed to in this area.

INFORMATION SECURITY AND CYBERSECURITY

Naranja's Information Security area is aligned with ISO/IEC 27001, "Information Security Management System (ISMS)"; and ISO/IEC 27005, "Information Security Risk Management." Naranja also complies with good industry practices (including the Central Bank's Communication "A" 4609, "Minimum Requirements for Information Technology Risk

Management, Implementation and Monitoring," and its subsequent supplements through Communication "A" 6354).

In recent years, the Company has reinforced its Cybersecurity practices, through the adoption of a Cybersecurity framework (SEC Guidance on Cybersecurity Procedures), ISO/IEC 27032 "Guidelines for Cybersecurity," NIST Cybersecurity Framework (identify, protect, detect, respond and recover), and Mitre's ATT&Ck framework for attack scenario modeling.

Furthermore, the Company has an Information Security policy in place as documentary framework, which is published and shared company-wide and with critical suppliers. The Cybersecurity and Data Privacy policy is also an integral part of such framework.

Cybersecurity Defense Center (CDC)

During 2020, Naranja strengthened its Cybersecurity Defense Center (CDC) to protect itself against the highly complex emerging threats, by detecting and anticipating to potential material security incidents affecting the Company.

Naranja also has its proprietary machine-learning security tools which deliver high value, particularly, at the time of solving multiple security problems, such as malware and persistent advanced attacks.

Some of the Defense Center's activities that were strengthened in 2020 include business-applied preventive analytics intelligence, unusual behavior analysis, and Cyber Investigation & Forensics, among others. Naranja managed to cover a significant percentage of complex technique detection under Mitre's ATT&CK framework.

Digital Brand Protection in 2020

During the first months of the year, and amidst the global and local scenario associated with the COVID-19 pandemic, the Company reinforced Digital Brand protection activities. Accordingly, the Company acquired a market leader tool that helps view and early detect phishing sites and identify company's or cardholders' sensitive information at public websites or forums, including on the Deep Web. These actions allowed to control and handle cases that during the first weeks of the lockdown recorded a weekly occurrence of over 60%.

Through the early detection of credit card sensitive information (OCR, CVV, EXPIRY) displayed on the web and the alerts set up and enabled by the CDC, the Company achieved a prevention range of almost AR$ 1.00 billion in potential frauds involving these cards. Finally, the Company deployed anti-phishing technology on several of its web sites which are usually subject to hackers' malicious activities.

CUSTOMER EXPERIENCE

The customer experience survey team is now part of the Customer Experience CoE, seeking integration with processes related to product and service design, in order to elicit increasingly powerful insights for Customer Experience management.

As concerns surveys, the Brand Relationship NPS—known in-house as “La Voz del Cliente” (The Customer’s Voice)—continued to be measured every six months, attaining a score of 41 points in the first survey of 2020; and 38 points in the second one. Our employees’ permanent listening, sympathy and support during the pandemic were among the most valued aspects by customers.

In turn, Merchants (*“Comercios Amigos”*) Relationship NPS started to be measured every six months, rather than on an annual basis. The first survey of 2020 resulted in a NPS of 41 points (15 points more than in 2019). Among the positive aspects, merchants valued Naranja’s service, customer portfolio, and the confidence that it instills.

As to the transactional NPS (Channels), as part of the Performance Management framework, the Company set the “Customer Service” group indicator target as the metric to be measured at Naranja's branches and Call Center. In turn, the “Ease” group indicator ceased to be measured at Naranja’s branches and Call Center; and was set to be led by Tribes and teams engaged in designing processes that have an impact on customers’ experience. The Company also continued conducting surveys related to the Payments, Origination, Claims and Products teams to identify such aspects that are most valued by customers.

Naranja at Social Networks

Followers on Social Networks in 2020

Facebook	2,321,688
YouTube	96,559
LinkedIn	159,511
Instagram	192,130
Twitter	161,874

Amidst the scenario posed by the COVID-19, social media has gained massive relevance. Against this emerging backdrop, Naranja designed a content strategy focused on providing users with useful self-service information, considering the most frequent questions received by the contact center. This resulted in a substantial increase in Facebook usage, up from approximately 16,000 monthly questions before the pandemic to a peak of 72,000 questions in April and over 60,000 in May. The Company doubled the number of agents, extending business hours to ensure a response on a 24/7 basis. The Company also enabled *social listening* to understand the

sentiment and the most frequent questions to use as input for content design, including the sympathetic tone in conversations.
On the other hand, the number of LinkedIn and Instagram followers increased by 76.5% and 50.1%, respectively.

COMMITMENT TO EMPLOYEES

At year-end, Naranja has a headcount of 3,047 employees, 59% of whom are women and 41% are men. Furthering the Company's development, during 2020, the entire organization relied on tools related to agile methods, building interdisciplinary and collaborative teams that work autonomously and using a horizontal approach.

Occupational Health and Safety

With the enactment of Decree No. 297/2020 mandating social distancing measures effective since March 20, all our employees worked from home. The Occupational Health and Safety area designed several specific protocols on hygiene and safety, handling positive and/or suspected Covid-19 cases, and suppliers' management. Together with the Purchases area, we arranged the nationwide distribution of personal protective equipment required to reopen our stores. Prior to the reopening, we completed more than 74,000 camera views to monitor safety conditions across all stores countrywide and follow up on protocol fulfillment.
In addition, we implemented a new Access Control technology through QR reading for suppliers who had to attend headquarters in Córdoba.

Welfare Survey at Naranja

In order to measure the work climate across teams amidst the pandemic, the "1 Click" survey that was conducted among the organization's digital teams was escalated company-wide. Certain methodology improvements were adopted, such as:
- The surveys were conducted every two months
- The outcomes were made available organization-wide immediately upon the survey completion.
- In October, the Company designed new survey criteria focused on welfare, rather than on work climate only.
- Participation in the last survey reached 90%, with an 84% score in overall satisfaction and a 92% perceptual score.

Ongoing Communication with Teams

During the year, the Company created spaces for dialogue allowing to connect Naranja's employees to the main leaders of the organization.

In April, the Internal Communication team launched the first edition of the “Context and Business” program. Through multiple streaming platforms, such as Workplace, Slack and YouTube, and with an open feedback channel, the main business leaders personally shared the most relevant information about what was going on and the impact of such scenario on the business, people and evolution of Naranja's ecosystem.

This initiative, which was implemented in 8 consecutive editions, had a direct impact on the following employees’ internal climate and welfare survey, attaining a 91% score in the “communication” category.

Diversity Management Planning

The Company created an interdisciplinary team to design a diversity and inclusion plan to measure opportunities in managing these issues. With the support of the specialized consulting firm Bridge the Gap, the team engaged in a diagnosis including a survey among all employees, interviews with the Company's Board of Directors, and a review of human resources policies and processes, as well as of graphic and advertising materials targeted at customers and the community in general.

Workshops were also organized to deliver training to the areas more closely related to these topics. The purpose of these workshops was making tools and knowledge available to redesign and enhance the Company’s internal and external practices. These initiatives served as the starting point of an action plan which seeks to manage diversity from a broad perspective at Naranja, including gender, sexual diversity, generations and disability, among others.

Employer Brand

The Human Relations division created a Talent Attraction team at the beginning of 2020. This team relies on agile methodologies and is focused on the design and ongoing improvement of critical profiles’ attraction and loyalty practices, to ensure the required talent teams are in place to drive Naranja's growth.

New Performance Appraisal Tools

In an attempt to support Naranja's evolution, the Company designed a new performance management model for employees in Tribes and CoEs.

The model is based on an annual cycle with quarterly reviews of both objectives (KRs) and behaviors, including the following general guidelines:

- Contribution to the business
- What + How
- Matrix appraisal (leader, peers, team)
- Employee's leading role
- Ongoing feedback

Each employee received an individual report containing his/her key results (KRs) and an appraisal of how that employee brought each behavior into play, based on the leader's, peers' and team's perspective.

People Development

On the other hand, Naranja redesigned Espacio N, the e-learning platform available to all employees, enabling connectivity anywhere, anytime –during or off business hours–while also allowing for agile and intuitive browsing due to its similarity to other on-demand platforms.

During the second quarter, Naranja renewed its training academy NCamp, with tools that help enhance or learn new skills, and gain knowledge amidst the evolution of the Company's business and new challenges ahead. In 2020, the Company delivered over 62,763.5 hours of online training, at an average of 22.8 hours per employee.

National Summit of Leaders

During the first semester, Naranja held the National Summit of Leaders on an entirely remote basis. More than 600 people participated in the event, which, for the sake of teams' safety, was arranged in 1.5 hour sessions during 4 days, in which results, strategies and business prospects were discussed.

SUSTAINABLE RELATIONSHIPS WITH THE COMMUNITY

Apadrinando Comedores (Support for Community Kitchens)

Through a team of 111 volunteers, Naranja helps with food, education, clothing and recreation of children at community and soup kitchens from different districts of the country. In 2020, Naranja supported 40 soup kitchens attended by 4,553 children.

Débito Solidario (Solidarity Debit)

(Figures expressed in thousands of Argentine Pesos)

Through this effort, Tarjeta Naranja has been for over 25 years collecting the contributions cardholders donate through automatic credit card debit, which are fully delivered to different non-profit organizations. In 2020, 368 non-profit organizations countrywide benefited from a contribution of AR$ 309,166, up by 21.9% vis-a-vis 2019.

Together with the Automatic Debits teams, we started to design a program digitalization proposal in 2021, with improved features for users.

Volunteering

In 2020, 260 volunteers cooperated with several initiatives, such as *Apadrinando Escuelas* and *Apadrinando Comedores* and also as sponsors of the scholarship program.

Scholarships for Primary and Secondary School Students

For eight consecutive years now, Naranja has sponsored and provided financial support to financially, socially and emotionally vulnerable children and young people with outstanding academic performance, to prevent them from dropping school. This program was carried out in association with Fonbec and Liga Solidaria. In 2020, 85 sponsors supported 98 students in Bahía Blanca, Buenos Aires, Catamarca, Córdoba, Mar del Plata, Rosario, Salta, and Tucumán.

Environmental Impact

For the first time, Naranja measured its operations' carbon footprint in association with Circa, an independent consulting firm that complied with the ISO 14064:2015 requirements. Based on the results of the measurement, the Company created a team of 18 individuals from 11 areas to develop a mitigation strategy on three fronts: Services, Materials, and Waste. Some of the results achieved included a 55% reduction in the use of A4 size paper, the approval of a clean energy project for 2021, and progress in a comprehensive waste management pilot program at 10 branches in Córdoba.

SUSTAINABLE SUPPLIERS MANAGEMENT

The Company developed a Code of Conduct for Suppliers which establishes Naranja's guidelines and expectations from them, while also including anti-corruption clauses in suppliers' contracts. In turn, Naranja designed a due diligence process to follow up on suppliers in order to ensure that their dealings are conducted in an ethical and transparent manner, according to Naranja's principles and values.

SUSTAINABILITY REPORT

For seventh consecutive year, Naranja reported on a comprehensive basis on its economic, social and environmental management under the International Guidelines of the Global Reporting Initiative (GRI), again achieving the highest measurement level (the Comprehensive Option for the "In Accordance" criteria). The document described the actions taken in 2019 to address priority issues for all of its stakeholders—customers, merchants (*"Comercios Amigos"*), employees, community, suppliers and shareholders. The reported actions are part of the sustainability agenda and are consistent with the United Nations Sustainable Development Goals (SDGs), to measure our contribution to make the world a better place.

CULTURAL AGENDA AT CASA NARANJA

Casa Naranja's cultural agenda in 2020 opened up with *"Manifiesto,"* the individual exhibition by Elian Chali which was displayed until February 15. The exhibition received over 10,000 visitors, including school kids, who were able to enjoy guided visits. In March, and in response to the measures adopted by the National Government, Casa Naranja had to suspend the activities offered to the community as a cultural venue.

Due to the mandated social distancing measures, Casa Naranja reshaped its activities into multiplatform digital formats, including audiovisual cycles, recitals, interviews and *"Paisaje,"* a new virtual exhibition that compiles a selection of arts works by several Argentine artists.

PROMOTIONS AND BENEFITS

During the reporting period, Naranja's customers could enjoy several benefits, including the Z Plan (3, 6, 9 and 12 installment), discounts, and special and deferred payment plans on essential items, such as supermarkets, drug stores, delivery companies, and gas stations.
As the pandemic-related restrictions were eased, Naranja included other categories to the value proposition, encouraging on-line consumption with special discounts and plans. Naranja launched benefits for special dates, such as the Friends' Day, the Father's Day, the Children's Day, the Mother's Day and Christmas, on categories such as clothing, sports, construction and electronics, among others.
This year, in order to support the e-commerce growing trend, Naranja was for the first time the official sponsor of Cyber Monday, as means of payment. Naranja's engagement in this initiative had a positive impact on consumption, the negotiation of promotions targeted at on-line sales, and brand positioning.
Naranja announced over 40 monthly promotions through 360° communication strategies, covering all media, particularly, on-line.
Though Smartes, customers benefitted from a 20% discount, plus an additional 5% discount for those who have been using the Z Plan for certain time. At year-end, 30% of Naranja's revenues were driven by the over 2,500 monthly promotions distributed throughout 9,500 spots nationwide.

2020 AWARDS AND DISTINCTIONS

Naranja climbed to the 14th position in the ranking of the 100 Argentine Companies with Best Corporate Image published by *Apertura* magazine, up by six positions vis-a-vis the previous year. In addition, Naranja made it to the 4th position in the ranking of "Best Employers in Argentina," also complied by *Apertura*, in the category of companies with more than 1,000 employees.
It also occupied the 10th place in the Latam "Great Place to Work" ranking, which recognizes the best companies to work for, in the category of "Large Corporations" with more than 500 employees. Naranja climbed two positions in comparison to the previous year and, together with Banco de Galicia y Buenos Aires SAU, are the only two Argentine companies included in the 2020 ranking.
For the second consecutive year, Great Place to Work published its ranking of "Argentina's Best Places to Work for Women." This year, Naranja ranked 3rd in the category of companies with over 1,000 employees. Great Place to Work also ranked it second among the "Best Companies to Work for in Financial Services and Insurance."

In November, Naranja participated in the PAMOIC Awards, which recognize the best practices in Argentina’s CRM, CX & BPO ecosystem. At this time, Naranja received the bronze award in the “Best Customer Experience Strategy” category.
Concerning the MERCO 2020 ranking, Naranja led the credit card sector and occupied the 20th position in the overall ranking. On the other hand, Naranja’s Chairman, Alejandro Asrin, was ranked 27th among Argentina's business leaders. Finally, in MERCO Talento, Naranja was ranked 10th among the employers that best handled the pandemic, while making it to the 1st place in the financial sector ranking.

2021 OUTLOOK

It is certainly difficult for us to make any forecast for the coming months, amidst such a volatile environment as the current one. Based on the 2021 Budget Bill, this year is expected to be marked by the aftermath of the social and health crisis triggered by the Covid-19 in 2020.

Despite the recent months' stress associated with the pandemic, the Argentine financial system shows good strength indicators, including its arrears ratio, which has not experienced a substantial increase, as Argentina has one of the lowest household indebtedness levels as a percentage of GDP. Accordingly, indebtedness is 45.5% lower than the average in the region's country.

According to November's Market Expectations Survey (REM, for its Spanish acronym) compiled by the Central Bank, in 2021 inflation is expected to reach 50%, i.e., 1.1 percentage point above October's edition. Furthermore, the increase in the Consumer Price Index (CPI) for the summer months will average 4% per month.

Concerning the exchange rate, according to estimates from the analysts involved in compiling the REM, in December 2021 the wholesale exchange rate will reach AR$ 126.45, which means that the Argentine peso will have devalued by 52.3%, in line with expected inflation for the coming year.

Analysts expect a 4.8% rebound for 2021—0.3 percentage point higher than the previous month. Such slight improvement is supplemented with an additional 2.5% growth projection for 2022, supporting last October's forecasts.

In addition, in its latest report the Central Bank anticipated that Badlar—the interest rate on 30-day time deposits of over one million pesos—will increase. A monthly growing path is expected for the coming months, reaching 38% in March, April and May 2021, followed by a decline to 36.4% in November 2021 and then to 36% at year-end.

Concerning the business, Naranja redefined its purpose to become the most human technological and financial platform preferred by the Argentinians, which will allow to scale up new products and services simply and to a massive extent, facilitating efficiency. At the same time, Naranja will continue deploying its new service model at additional branches, reaching 76% of the customer base. Finally, it will engage further efforts on "*Futuro del Trabajo*" (Future of Employment)—an initiative focused on enhancing its employees' experience, giving priority to their care and welfare.

Schedule: Report on the Code on Corporate Governance

A) THE ROLE OF THE BOARD OF DIRECTORS (THE "BOARD"):

Principles

I. The Company should be headed by a professional and qualified Board tasked with laying the necessary foundations to ensure the Company's sustainable success. The Board is the Company's guardian and watches for its shareholders' rights.

II. The Board shall frame and foster the corporate culture and values. In discharging its duties, the Board shall ensure compliance with the highest standards of ethics and integrity, based on the Company's best interest.

III. The Board shall ensure a strategy inspired on the Company's vision and mission, aligned with its corporate values and culture. The Board shall be constructively involved with management to ensure the Company's strategy is appropriately developed, executed, monitored, and amended.

IV. The Board shall monitor and oversee the Company's management on an ongoing basis, ensuring that managers take actions addressed at executing the business strategy and plan approved by the Board.

V. The Board shall have all such necessary mechanisms and policies for it and each of its members to be able to discharge their duties efficiently and effectively.

1. **The Board inspires an ethical workplace culture and establishes the Company's mission, vision and values.**

   The Board fosters an ethical workplace culture by defining its vision, mission, purpose and values, which are conveyed to and released among employees by means of onboarding programs when joining the Company, internal communication campaigns, and recreational activities. Such elements are incorporated to a Code of Ethics which sets out the conducts and behaviors expected from all of the Company's employees, who shall read and sign accordingly. This Code of Ethics is available at the Company´s Intranet.

2. **The Board sets the Company's overall strategy and approves the strategic plan developed by Management. In doing so, the Board takes into consideration environmental, social and corporate governance factors. The Board oversees the strategy execution by using key performance indicators, taking into account the Company's best interests and its shareholders' rights.**

   The Board annually reviews, submits for discussion and approves the strategic plan from which the management goals arise. Such strategic plan takes into consideration business forecasts, and includes a high-level discussion of the macroeconomic environment, external factors and estimates, based on the prevailing conditions. All of this is transcribed into Minutes of Board of Directors' meetings. The Committee for Information Integrity follows up on a monthly basis the approved plans and, if appropriate, the Board determines the necessary adjustments.

3. **The Board oversees Management and ensures managers develop, deploy and maintain an adequate internal control system, with clear reporting lines.**

   Every year, the General Division reports on the actions taken on the internal control system, by means of reports generated by specific areas, which are submitted for discussion and review, as needed, by the Board. Performance is measured on the basis of the goals set with the Company's management tools.

4. **The Board designs the corporate governance structures and practices, appoints the individuals responsible for their execution, monitors the effectiveness of such structures and practices, and suggests changes, as needed.**

   These duties are discharged on an ongoing basis by several Board's committees (Audit Committee, Committee for Information Integrity, Ethics Committee, and Anti-Money Laundering and Terrorist Financing Committee, Committee for the Protection of Financial Service Users and Risk Committee), which are made up of at least one member of the Board, reporting on an annual basis on their respective actions and activities to the Board, for approval.

5. **The Board's members have sufficient time to discharge their duties in a professional and efficient manner. The Board and its committees have clear and documented operating and organizational rules, which are disclosed through the Company's website**.

   The Board's members are, in turn, employees of the Company or belong to one of the Group's companies. The Board's members discharge their duties in an efficient manner, cooperating on a daily basis, and are assessed using the same performance appraisal tools as all other employees.
   Besides, the several Board's Committees have rules and regulations drawn up in the respective Minutes of Board of Directors' Meetings. In turn, all relevant information for investors and the public in general is posted on the Company's website, in compliance with applicable laws and regulations.

B) BOARD OF DIRECTOR'S CHAIRMAN AND CORPORATE SECRETARY

Principles

VI. The Board's Chairman shall watch for the effective discharge of the Board's duties, and shall lead its members. The Chairman shall encourage a positive workplace dynamics and foster the constructive engagement of its members, while ensuring that they are equipped with the necessary information and elements for decision-making. This also applies to the Chairperson of each of the Board's Committees, to the extent of their respective duties.

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

VIII. The Board's Chairman shall ensure that the entire Board is involved in and accountable for the Chief Executive Officer's succession.

6. **The Board's Chairman is responsible for the good organization of the Board's meetings, and shall prepare the meeting agenda, ensuring the collaboration from the other members and that they receive the necessary materials with sufficient time ahead for an efficient and informed participation at meetings. The Chairpersons of the Board's Committees shall have the same responsibilities in respect of their meetings.**

   Both the Board's Chairman, as well as the chairperson of each Committee, shall be responsible for efficiently conducting meetings, pursuant to the terms of applicable laws and regulations, and the Company's needs at that time.
   Before holding a meeting, reports and scorecards are prepared about the issues to be discussed, and submitted with sufficient time ahead, all of which is duly recorded in minutes.

7. **The Board's Chairman watches for the appropriate internal operation of the Board, by implementing formal appraisal processes on an annual basis.**

   Yes. Shareholders approve the actions taken by directors, and choose the Board's members, all of which is recorded in Minutes of Shareholders' Meetings.
   Shareholders discuss and approve directors' performance on annual basis at the Shareholders' Meeting, based on previously set goals, all of which is recorded in Minutes of Shareholders' Meetings.

8. **The Chairman inspires a positive and constructive workplace for all of the Board's members, ensuring that they receive ongoing training to stay current and be able to discharge their duties effectively.**

The Company's Directors and Managers receive the necessary training to discharge the duties inherent to their positions. Such training is delivered since the beginning of their new roles, under the New Leaders program.
In turn, the training programs managed by Human Resources address several topics, including strategy, management, trends, and information other than the customary financial and management ratios, such as the Agile Leadership program. Additionally, if the position requires so, the necessary technical training courses are added for the several positions.

9. **The Corporate Secretary supports the Board's Chairman in ensuring the Board's effective administration, and cooperates with the communication among shareholders, the Board, and Management.**

The Secretary supports the Board's administration and the communication with the Chairman and the other Directors and Managers. The Board's Secretary is generally tasked with facilitating the Board's coordination efforts which naturally fall upon, and are often times delegated by, the Chairman. The Board's Secretary may also act as a means or as a facilitator of the communication among the Chairman and Directors, and among the Board and senior management.

10. The Board of Directors' Chairman ensures the engagement of all of its members in the development and approval of a succession plan for the Company's CEO.

As it happens with the Board and first-line managers, the CEO's performance is also reviewed on an annual basis, including in all cases the required succession plans.
As mentioned above, the Company's CEO is assessed by relying on the same performance appraisal tools as for the other employees.

C) BOARD OF DIRECTORS' COMPOSITION, APPOINTMENT, AND SUCCESSION

Principles

IX. The Board shall have sufficient levels of independence and diversity so as to be able to make decisions in the Company's best interest, avoiding groupthink and decision-making by dominant individuals or groups within the Board.

X. The Board shall ensure that the Company has formal procedures in place to propose and nominate candidates to fill seats at the Board, within the framework of a succession plan.

11. The Board of Directors has, at least, two independent members, according to the then-current criteria set out by the Argentine National Securities Commission (C.N.V.).

The Company has directors who, in turn, are employees and/or members of the Group; therefore, the Company believes it complies with the requirements under this principle.
During the year under review, the independence of the Board's members has not been called into question and there have been no abstentions due to conflicts of interest.

12. The Company has an Appointment Committee made up of, at least, three (3) members and chaired by an independent director. If the Board's Chairman presides over the Appointment Committee, then he/she shall not be engaged in the discussion to appoint his/her own successor.

The Company does not have an Appointment Committee, for it considers the Development Management and Performance Appraisal procedures currently in place to appoint first-line managers are adequate and effective. For the time being, the Company considers that the introduction of such committee may be unduly burdensome for its current structure. However, it does not disregard the possibility of implementing it in the future, if deemed advisable.

13. The Board of Directors, through its Appointment Committee, develops a succession plan for its members which guides the short-listing of candidates to fill vacant seats, and contemplates the non-binding recommendations of its members, the CEO, and the shareholders.

As mentioned above, the Company does not have an Appointment Committee, for it considers the Development Management and Performance Appraisal procedures currently in place to appoint Grupo Financiero Galicia S.A.'s non-independent directors are adequate and effective. At the same time, the Company believes that the introduction of such committee may be unduly burdensome for its current structure. However, it does not disregard the possibility of implementing it in the future, if deemed advisable.

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

Since the Board's members discharge duties at the same company and/or at the Group's companies and have in-depth knowledge of the business, the Company does not deem it necessary to implement an onboarding program for the position.

D) COMPENSATION

Principles

XI. The Board shall create compensation-linked incentives to align management – headed by the CEO – and the Board itself with the Company's long-term interests in such a manner that all directors comply with their duties towards shareholders in an equal and fair manner.

15. The Company has a Compensation Committee made up of, at least, three (3) members. Its members are all independent or non-executive directors.

Tarjeta Naranja does not have a Compensation Committee, because it considers the Development Management and Performance Appraisal procedures currently in place are adequate and effective. For the time being, the Company considers that the introduction of such committee may be unduly burdensome for its current structure. However, it does not disregard the possibility of implementing it in the future, if deemed advisable.

16. The Board of Directors, through its Compensation Committee, sets a compensation policy for the CEO and the Board's members.

Since the Company does not have such a committee in place, the compensation of the Board's members is decided over at the General Shareholders' Meeting, within the limits established by applicable laws and regulations, at levels adequate enough to attract and retain competent directors. The managerial personnel are compensated on the basis of pay bands that are fair and equal internally, while ensuring external competitiveness based on current market compensation values, all of which in alignment with the Company's strategy and the short-term and long-term target indicators established by the Board.

E) CONTROL ENVIRONMENT

Principles

XII. The Board shall ensure that a control environment is in place, comprising internal controls developed by management, internal auditors, risk management, regulatory compliance, and external auditors, which establishes the necessary lines of defense to ensure integrity in Company's operations and financial reporting.

XIII. The Board shall ensure that a comprehensive risk management system is in place that will enable Management and the Board to efficiently lead the Company towards its strategic goals.

XIV. The Board shall ensure that an individual or department is in place (based on the size and complexity of the business, the nature of its operations, and the risks it is exposed to) responsible for the Company's internal audit. Internal auditors—tasked with assessing and auditing the Company's internal controls, corporate governance processes, and risk management—must be independent and unbiased, with clearly established reporting lines.

XV. The Board's Audit Committee is comprised by qualified and experienced members, and shall discharge its duties in a transparent and independent manner.

XVI. The Board must establish suitable procedures to ensure External Auditors' independence and effective performance of their work.

17. The Board of Directors determines the Company's risk appetite, while also overseeing and ensuring that a comprehensive risk management system is in place to identify, assess, cope with and monitor the risks faced by the Company, including, without limitation, environmental, social, and business-inherent risks, in the short- and long-term.

The Company carries out an ongoing risk identification, measurement and monitoring process. In addition to the analyses performed by the Board and Management, one of the companies of Tarjeta Naranja's business group carries on additional risk analyses, through several committees, all of which are comprised by a Board's member and draft the pertinent minutes.
One of Tarjeta Naranja S.A.'s responsibilities is to implement a prudent risk management approach. Therefore, risk management has been assigned to different divisions, responsible for the management of credit, financial, fraud and asset laundering risks, among others. The following are the goals of these areas:

- *Actively and comprehensively manage and monitor the several risks taken, ensuring compliance with internal policies and regulations in force.*
- *Keep the Board abreast of the risks to which the Company is exposed, proposing how to cover them.*
- *Help strengthen the risk management culture.*
- *Design and suggest policies and procedures to mitigate and control risks.*
- *Escalate risk-related exceptions to the General Division.*

18. The Board of Directors monitors and reviews the effectiveness of the work done by the independent internal auditors and ensures the necessary resources are in

place for the execution of an annual risk-based audit plan and a direct reporting line to the Audit Committee.

The Company's Internal Auditors report to the CEO, who reviews the budget and sets goals on the basis of the annual audit plan, the new businesses undertaken by the Company, and the needs stated by the Audit Committee.
Besides, the Chief Internal Auditor holds a monthly meeting with the Audit Committee to report on the compliance with the annual plan, the most relevant findings arising from audits, and any other relevant issue to be addressed by the Committee.

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

The Issuer has an Internal Audit area fully independent from the other operating areas, as well as from the controlling company, whose mission is to assess and monitor the effectiveness of the internal control system with the purpose of ensuring compliance with applicable laws and regulations. Furthermore, the Audit Committee monitors such compliance. All Tarjeta Naranja' s employees are responsible for complying with the internal control, the internal and external regulations and corporate governance rules. Internal Audit is responsible for assessing and monitoring the effectiveness of the internal control system in order to provide reasonable assurance about whether the following goals are attained:
- *Effectiveness and efficiency of operations*
- *Reliability of the accounting information*
- *Compliance with applicable laws and regulations*

The area complies with an annual work plan, the planning and scope of which are based on identifying and assessing the entity's risks.

Reports on the progress of follow-ups on findings are periodically issued, including plans or actions to redress the situation. These reports are submitted to the Audit Committee for discussion at its meetings. The Audit Committee is responsible for ensuring the principle of independence.

20. The Board of Directors has an Audit Committee whose actions are guided by a set of rules. The Committee is mostly comprised and chaired by independent directors, excluding the CEO. Most members have professional experience in finance and accounting.

As mentioned above, the Company does not have independent directors. The Audit Committee is comprised by two Directors discharging duties at the Company, and additional two directors from companies belonging to the Business Group, all of whom have professional experience in finance and accounting. The actions taken by the Audit Committee are guided by a set of rules.

21. **The Board of Directors, in consultation with the Audit Committee, approves the external auditors' selection and monitoring policy, which establishes the criteria to be relied upon when recommending to the shareholders, at the time the Shareholders' Meeting is held, whether to keep or replace the external auditors.**

The Audit Committee also conducts an in-depth analysis of the services rendered by the external auditors, determines whether they meet the independence criteria, as required by applicable laws, and monitors their performance in order to ensure that it is satisfactory.

F) ETHICS, INTEGRITY AND COMPLIANCE

Principles

XVII. The Board shall design and establish appropriate structures and practices to foster a culture of ethics, integrity and regulatory compliance which helps prevent, detect and address serious corporate or personal misconduct.

XVIII. The Board shall ensure that formal mechanisms are in place to prevent, or otherwise deal with, conflicts of interest that may arise in the Company's administration and management. The Board shall have formal procedures in place that seek to ensure that related party transactions are carried out in the Company's best interests and that fair treatment is afforded to all shareholders.

22. **The Board of Directors approves a Code of Ethics and Conduct reflecting the Company's ethical and integrity values and principles and the corporate culture. The Code of Ethics and Conduct is made known and applicable to all of the Company's directors, managers and employees.**

The Board approves the Company's Code of Ethics, which is applicable to all of its members.
The Code of Ethics is intended to lay down the main principles for all the Company's members to act in the same way and abide by the same values when addressing similar situations. Tarjeta Naranja encourages a workplace environment that fosters honesty, proactivity, responsibility, security, data confidentiality and respect for the law and business loyalty.
The Code of Ethics is disclosed by means of communication campaigns on the Company's Intranet and institutional videos. Following the creation of the Compliance Division, in 2020 the Company delivered training addressed to all employees, keeping a record of those who completed it and generating reports with compliance news for submission to Directors.

23. **The Board of Directors establishes and periodically reviews an Ethics and Integrity Program, based on the Company's risks, size and financial capacity. The plan is clearly and visibly supported by Management, by designating one among them who shall be responsible for developing, coordinating, overseeing and assessing the program effectiveness on a periodical basis. The program encompasses: (i) ethics, integrity and compliance training to be regularly**

delivered to directors, managers and employees; (ii) internal channels to report irregular situations, open to third parties and adequately communicated; (iii) a policy to protect whistleblowers against retaliation, and an internal investigation system which respects the investigation subjects' rights and imposes effective punishments in case of infringements to the Code of Ethics and Conduct; (iv) a policy of integrity in tender processes; (v) mechanisms for the periodical analysis of risks, monitoring and assessment of the Program; and (vi) procedures to see to third parties' or business partners' integrity and track record (including due diligence to detect irregular situations, unlawful acts, or existing vulnerabilities in corporate reorganizations and acquisitions), including suppliers, distributors, service providers, agents and intermediaries.

Tarjeta Naranja has an Integrity Program in place. Such program also encompasses the Company's Code of Conduct, and lays down policies and guidelines on the following topics:

- *Anti-corruption and anti-bribery*
- *A procedure to give and receive gifts and entertainment*
- *Donation policies*
- *Third parties' due diligence procedure*

The Ethical Line was furthermore developed as the channel available to employees and suppliers to report irregular situations, based on a policy that protects whistleblowers against retaliation and an internal investigation system which respects the investigation subjects' rights. Training is delivered to teach about the contents of the aforementioned policies.
The program is carried on by the Compliance Division and monitored together with Internal Audit. The Company has also appointed a Compliance Officer who is responsible for the coordination and development of said program.

24. The Board of Directors ensures that formal mechanisms are in place to prevent and deal with conflicts of interest. Concerning related-party transactions, the Board of Directors approves a policy which establishes the role of each corporate body, and how transactions detrimental to the Company or to certain investors only should be identified, handled and disclosed.

Tarjeta Naranja's Code of Ethics and Anti-Corruption Policy lay down the courses of action to be taken to address potential conflicts of interests. The Code of Ethics sets forth the duty to refrain from acting on behalf of the Company in such situations that pose a personal interest or where the person involved or his/her close relatives may personally benefit from a business opportunity in which the Company may be involved. The Code also prohibits from engaging in business or professional activities concurrently with those carried out at the Company which may in any manner compete with any of the Company's businesses.
In the event any conflict of interest arises due to employment reasons or otherwise, the pertinent details shall be promptly reported.
Concerning transactions with related companies, the Company discloses them under a note to the financial statements entitled "Balances and Transactions with Companies and Related Parties."

G) SHAREHOLDERS’ AND STAKEHOLDERS’ PARTICIPATION

Principles

XIX. The Company shall afford an equal treatment to all of its shareholders. It shall ensure equal access to non-confidential and relevant information for decision-making at the Company's Shareholders’ Meetings.

XX. The Company shall encourage the active and informed participation of all of its Shareholders, particularly, in defining the Board's composition.

XXI. The Company shall have a transparent Dividend Distribution Policy in place, duly aligned with its strategy.

XXII. The Company shall take into account the interests of its stakeholders.

25. The Company's website discloses financial and non-financial information, affording timely and equal access to all Investors. The website has a specialized area to address Investors’ questions and inquiries.

Naranja's website can be freely accessed and contains financial and non-financial information about the Company. Our website allows users to get in touch with the Company and leave their inquiries, which are answered promptly.
Tarjeta Naranja S.A. periodically submits corporate and financial information through the website of the CNV, the Stock Exchange and MAE.

26. The Board of Directors shall ensure that a process is in place to identify and classify stakeholders and a communication channel available to them.

This duty is under the purview of the Institutional Relations Division, which, as part of its processes, identifies and classifies the Company's several stakeholders and communication channels (social media, institutional website, press releases, sustainability reports, etc.) based on the General Division and the Board's guidelines.

27. Prior to a Shareholders’ Meeting, the Board of Directors submits to the Shareholders an “interim information package” which allows Shareholders, through a formal communication channel, to make non-binding comments and share diverging opinions from the Board of Directors’ recommendations. In turn, the Board, when submitting the final information package, shall render its opinion on the comments so received, as deemed necessary.

All required information is submitted to the shareholders with sufficient time ahead. If shareholders disagree with the Board of Directors’ recommendations, such dissenting views are put forward at the pertinent meeting.

28. The Company's By-laws provide that Shareholders may receive information packages for Shareholders’ Meetings by electronic means, and remotely attend Shareholders’ Meetings by using electronic communication means enabling the

simultaneous transmission of sound, video and voice, always ensuring the attendants' right to an equal treatment.

A Shareholders' Meeting shall be validly held with the attendance of an absolute majority of elected shareholders, who may attend the meeting in person or remotely - whether in the country or abroad - communicated among them by means of simultaneous sound, video or voice transmission means, such as videoconference, teleconference or the like. In this case, a quorum shall be deemed constituted with shareholders attending the meeting in person and remotely, and decisions shall be made by the majority of votes present and/or cast by any of the above-mentioned transmission means. If meetings are held with shareholders attending remotely, such circumstance shall be recorded in the respective Minutes, indicating their names, statements and votes cast in respect of each resolution passed.

29. The Dividend Distribution Policy is aligned with the strategy and clearly establishes the criteria, frequency and conditions governing dividend distribution.

The Company's Dividend Distribution Policy is aligned with the strategy. Accordingly, the Company's By-laws provide that realized and liquid profits will be allocated as follows:

- *5% until reaching 20% of share capital to Legal Reserve;*
- *Board of Directors' and Supervisory Committee's compensation; and*

the balance shall be distributed among the shareholders as cash dividends within one year as from their approval – in proportion to their respective payments – except as otherwise decided by the Ordinary Shareholders' Meeting.

Legal Domicile: La Tablada 451 – Córdoba

Principal Line of Business: Credit Card Administrator

26th Year
Financial Statements
For the year commenced January 1, 2020 and ended
December 31, 2020, presented on a comparative basis
Expressed in thousands of constant Argentine pesos as of year-end

Date of Registration with the Public Registry of Commerce:

Of Bylaws, as amended:	December 12, 1995, May 3, 2001, March 24, 2004, and May 9, 2018 (Note 2.18)
Registration Number with the Public Registry of Commerce:	No. 1363 Fo. 5857 Vol. 24/95
Date of Expiration of Company's Bylaws:	December 12, 2094

CAPITAL STATUS (Note 2.18)				
Shares			Subscribed	Paid-in
Number	Type	Voting Rights per Share	In Thousands of AR$	
2,824	Ordinary shares with a face value of AR$ 10,000	1	28,240	28,240
2,824			28,240	28,240

Information on the Controlling Company:

Company's Name:	**Tarjetas Regionales S.A.**
Legal Domicile:	Tte. Gral. Juan D. Perón No. 430 – 19th Floor, Autonomous City of Buenos Aires.
Principal Line of Business:	Financial and investment activities
Interest in Equity:	99.96%
Percentage of Votes:	99.96%

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3
Andrés Suarez
Certified Public Accountant (U.B.A.)
Professional License No. 10.11421.4 – C.P.C.E.Cba.

TARJETA NARANJA S.A.

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020 AND 2019
(Free Translation from the Original in Spanish for Publication in Argentina)

Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

Statement of Profit or Loss

For the years ended December 31, 2020 and 2019
Expressed in thousands of constant Argentine Pesos
(Free Translation from the Original in Spanish for Publication in Argentina)

	Notes	12.31.2020	12.31.2019
		In Thousands of AR$	
Revenues from Services	6	20,708,647	22,965,780
Costs of Services	7	(3,407,363)	(2,693,258)
Net Revenues from Services		**17,301,284**	**20,272,522**
Revenues from Financing	8	22,480,639	27,913,861
Costs of Financing	9	(5,080,763)	(13,168,088)
Net Revenues from Financing		**17,399,876**	**14,745,773**
Net Income from Short-term Investments	10	2,434,056	3,615,002
Operating Revenues		**37,135,216**	**38,633,297**
Provision for Loan Losses	11	(4,442,969)	(6,655,399)
Operating Revenue, Net of Provision for Loan Losses		**32,692,247**	**31,977,898**
Employee Benefits Expenses	12	(7,686,171)	(7,482,947)
Taxes and Charges	13	(5,260,013)	(5,556,059)
Marketing Expenses	14	(607,847)	(868,527)
Depreciation and Amortization	15	(1,809,235)	(1,542,666)
Other Operating Expenses	16	(6,877,452)	(7,350,375)
Total Operating Expenses		**(22,240,718)**	**(22,800,574)**
Net Profit before Income from Investments Accounted for Using the Equity Method		**10,451,529**	**9,177,324**
Loss from Investments Accounted for Using the Equity Method	17	(26,393)	(12,568)
Loss on Net Monetary Position		(5,151,386)	(6,681,946)
Profit before Income Tax		**5,273,750**	**2,482,810**
Income Tax	18	(1,957,768)	(625,334)
Profit for the Year		**3,315,982**	**1,857,476**
Earnings per Share			
Basic and Diluted Earnings per Share		1,174.21	657.75

The notes are an integral part of these financial statements.

Please refer to our report dated February 18, 2021
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Jorge Federico Gregorat
For the Supervisory Committee

Alejandro Asrin
Chairman

Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

Statement of Other Comprehensive Income

For the years ended December 31, 2020 and 2019

Expressed in thousands of constant Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

	Notes	12.31.2020	12.31.2019
		In Thousands of AR$	
Profit for the Year		**3,315,982**	**1,857,476**
Other Comprehensive Income		-	-
Other Comprehensive Income for the Year		**-**	**-**
Total Comprehensive Income for the Year		**3,315,982**	**1,857,476**
Earnings per Share			
Basic and Diluted Earnings per Share		**1,174.21**	**657.75**

The notes are an integral part of these financial statements.

Please refer to our report dated February 18, 2021
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For the Supervisory Committee

Alejandro Asrin
Chairman

Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

Balance Sheet

As of December 31, 2020 and 2019

Expressed in thousands of constant Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

	Note	12.31.2020	12.31.2019	01.01.2019		Note	12.31.2020	12.31.2019	01.01.2019
		In Thousands of AR$					In Thousands of AR$		
ASSETS					**LIABILITIES**				
CURRENT ASSETS					**CURRENT LIABILITIES**				
Cash and Cash Equivalents	19	2,695,572	9,897,559	10,472,827	Trade and Other Payables	26	54,714,136	42,949,727	47,834,950
Investments	20	-	1,801,839	113,107	Borrowings	27	13,603,298	13,772,621	17,847,047
Receivables from Trade	21	87,403,751	64,821,933	86,603,357	Employee Benefit Obligations	28	1,523,672	1,130,511	1,661,579
Other Receivables	22	382,603	368,483	555,151	Current Tax Liabilities	29	1,883,170	1,620,779	2,062,133
					Other Liabilities	30	145,157	16,539	60,940
					Income Tax Provision	18	1,189,775	1,268,086	79,869
Total Current Assets		**90,481,926**	**76,889,814**	**97,744,442**	**Total Current Liabilities**		**73,059,208**	**60,758,263**	**69,546,518**
NON-CURRENT ASSETS					**NON-CURRENT LIABILITIES**				
Receivables from Trade	21	499,806	564,157	2,545,270	Borrowings	27	3,044,289	4,616,480	17,994,492
Other Receivables	22	7,706	10,543	13,243	Other Liabilities	30	12,014	10,003	21,156
Deferred Tax Assets	18	3,033,373	3,061,806	1,853,612	Provisions	31	145,058	147,521	136,123
Investments Accounted for Using the Equity Method	23	7,246	17,583	4,436					
Property, Plant and Equipment	24	4,808,111	4,619,525	3,780,529					
Intangible Assets	25	1,274,636	1,751,224	1,281,666					
Total Non-current Assets		**9,630,878**	**10,024,838**	**9,478,756**	**Total Non-current Liabilities**		**3,201,361**	**4,774,004**	**18,151,771**
					Total Liabilities		**76,260,569**	**65,532,267**	**87,698,289**
					EQUITY		**23,852,235**	**21,382,385**	**19,524,909**
Total Assets		**100,112,804**	**86,914,652**	**107,223,198**	**Total Liabilities and Equity**		**100,112,804**	**86,914,652**	**107,223,198**

The notes are an integral part of these financial statements.

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21/00004.3
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Jorge Federico Gregorat
For the Supervisory Committee

Alejandro Asrin
Chairman

Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

Statement of Changes in Equity

For the years ended December 31, 2020 and 2019
Expressed in thousands of constant Argentine Pesos
(Free Translation from the Original in Spanish for Publication in Argentina)

	Shareholders' Contributions				Reserves				
	Capital Stock (Note 2.18)	Comprehensive Adjustment to Capital Stock	Additional Paid-in Capital from Merger	Subtotal	Legal Reserve	Discretionary Reserve	Reserve for Conduction of New Operations	Retained Earnings	Total Equity
									In Thousands of AR$
Balances at 01.01.2020	28,240	1,171,186	89,039	1,288,465	59,453	-	20,027,496	6,971	21,382,385
Profit for the Year	-	-	-	-	-	-	-	3,315,982	3,315,982
Establishment of Reserve for Conduction of New Operations Decided pursuant to Minutes of Shareholders' Meeting No. 45 dated 04.16.2020	-	-	-	-	-	-	6,971	(6,971)	-
Distribution of Cash Dividends Decided pursuant to Minutes of Shareholders' Meeting No. 46 dated 06.26.2020.	-	-	-	-	-	-	(846,132)	-	(846,132)
Balances at 12.31.2020	**28,240**	**1,171,186**	**89,039**	**1,288,465**	**59,453**	**-**	**19,188,335**	**3,315,982**	**23,852,235**
Balances at 01.01.2019	28,240	1,171,186	89,039	1,288,465	59,453	-	27,655,806	(9,478,815)	19,524,909
Profit for the Year	-	-	-	-	-	-	-	1,857,476	1,857,476
Release of Reserve for Conduction of New Operations Decided pursuant to Minutes of Shareholders' Meeting No. 44 dated 04.29.2019	-	-	-	-	-	-	(7,628,310)	7,628,310	-
Balances at 12.31.2019	**28,240**	**1,171,186**	**89,039**	**1,288,465**	**59,453**	**-**	**20,027,496**	**6,971**	**21,382,385**

The notes are an integral part of these financial statements.

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Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

Statement of Cash Flows

For the years ended December 31, 2020 and 2019
Expressed in thousands of constant Argentine Pesos
(Free Translation from the Original in Spanish for Publication in Argentina)

	Note	12.31.2020	12.31.2019
		In Thousands of AR$	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the Year		3,315,982	1,857,476
Plus Income Tax Accrued during the Year	18	1,957,768	625,334
Plus Interest and Other Financial Expenses Accrued during the Year, Net of Interest and Other Financial Income Accrued from Investments		5,080,763	12,799,566
Plus Loss on Net Monetary Position		5,151,386	6,681,946
Adjustments to Calculate Net Cash Flow and Cash Equivalents from Operating Activities	37	8,083,909	9,593,238
Changes in Operating Assets	38	(47,056,633)	(14,978,948)
Changes in Operating Liabilities	39	21,836,716	10,495,560
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES		**(1,630,109)**	**27,074,172**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Non-cash Equivalent Investments		1,801,839	(1,771,443)
Payments for Property, Plant and Equipment		(702,400)	(418,717)
Payments for Intangible Assets		(286,609)	(1,005,868)
Payments for Capital Contributions to Associates		(20,136)	(29,247)
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES		**792,694**	**(3,225,275)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Bank and Financial Loans	40	5,307,355	-
Proceeds from Credit Lines	40	6,625,947	2,944,925
Notes (*“Obligaciones Negociables”*) Issued	40	7,260,183	2,567,229
Dividends Paid to Company’s Shareholders		(846,132)	-
Repayment of Principal, Interest and Expenses on Bank and Financial Loans	40	(9,902,145)	(4,282,278)
Repayment of Principal, Interest and Expenses on Notes (*“Obligaciones Negociables”*)	40	(11,913,908)	(20,826,089)
Payment of Tax on Bank Credits and Debits	40	(66,175)	(104,379)
Lease Payments	40	(333,689)	(377,104)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**(3,868,564)**	**(20,077,696)**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(4,705,979)**	**3,771,201**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		9,897,559	10,585,934
Loss on Net Monetary Position on Cash and Cash Equivalents		(2,814,363)	(4,421,970)
Exchange Rate Changes on Cash and Cash Equivalents		318,355	(37,606)
CASH AND CASH EQUIVALENTS AT YEAR-END	36	**2,695,572**	**9,897,559**

Additional information on the Statement of Cash Flows is disclosed in Note 40.

The notes are an integral part of these financial statements.

Please refer to our report dated February 18, 2021
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Jorge Federico Gregorat
For the Supervisory Committee

Alejandro Asrin
Chairman

Notes to the Financial Statements

(In the notes, figures are expressed in thousands of Argentine Pesos, except otherwise noted)

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3

NOTE 1 – GENERAL INFORMATION

Tarjeta Naranja S.A. (hereinafter, “the Company”) was organized as a corporation in the Province of Córdoba on September 1, 1995. The Company is a leading credit-card company in Argentina. Its main business is to create, develop, direct, manage, market, exploit and operate credit and/or debit and/or purchase and/or similar card systems. The Company may hold an interest in the capital stock of other companies rendering supplementary services to the financial activity, which are allowed by the Argentine Central Bank (BCRA).

These financial statements were approved for their issuance by the Company’s Board of Directors on February 18, 2021.

Tarjeta Naranja S.A. is a subsidiary of Tarjetas Regionales S.A., which, in turn, is a subsidiary of Grupo Financiero Galicia S.A.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied to the preparation of these financial statements are detailed below. These policies have been consistently applied to all years presented.

2.1 Basis for Preparation

The Argentine National Securities Commission (C.N.V.), pursuant to Title IV “Periodical Reporting Requirements”- Chapter III “Rules concerning the Presentation and Valuation Criteria of Financial Statements” - Section 1 of its regulations, has established the application of Technical Pronouncement No. 26 (TP No. 26) issued by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE), as amended, adopting the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) for certain entities included in the public offer regime prescribed in Law No. 17,811, whether by reason of their capital stock or notes (“*obligaciones negociables*”), or because these entities have applied for authorization to be included in such regime.

Also, some additional matters required by the Companies Law and/or C.N.V. regulations, among others, the supplementary information established in the last paragraph of Section 1, Chapter III, Title IV of General Resolution No. 622/13 were included.

Going Concern

At the date of these financial statements, there are no uncertainties as to events or conditions that may pose any doubt about the likelihood for the Company to continue operating normally as a going concern.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis for Preparation (Continued)

2.1.1 Changes in Accounting Policies and Disclosures

a) New and Amended Standards and Interpretations Adopted by the Company during the reporting and previous years.

There have been no new or amended standards and interpretations effective for the years commenced on January 1, 2020 and 2019 that have had material effects for the Company, other than those detailed below:

- **Impairment of Financial Assets (Paragraph 5.5 of IFRS 9**): On December 18, 2017, the C.N.V. handed down General Resolution 714-E/2017 stating that the Argentine Central Bank ("BCRA") was in the process of conforming the accounting standards applicable to financial entities to the IFRS for years commencing on and after January 1, 2018. However, in line with the BCRA, credit card issuers only were exempted from compliance with the new credit portfolio impairment standard contained in IFRS 9, paragraph 5.5, "Impairment," until such time as a distinguished application schedule was established, in line with the BCRA's guidelines. In this regard, by means of Communiqué "A" 6,430 and 6,847, the BCRA provided that, effective from fiscal years commenced on January 1, 2020, card issuers and financial entities would be required to adopt the provisions on impairment of financial assets contained in paragraph 5.5 of IFRS 9, except for non-financial public sector debt instruments, which will be temporarily excluded from the scope of such provisions.

IFRS 9 provides for an expected credit loss model, under which financial assets are classified into three stages of impairment, based on the changes in their credit quality since initial recognition, indicating how an entity measures impairment losses and applies the effective interest method. More details on how expected credit losses are measured are included in Note 2.9.

By means of Communiqué "A" 6,778, the BCRA clarified that in applying paragraph 5.5 of IFRS 9, financial entities will be required to:

1. Use internal models that should meet all IFRS 9 requirements and that should be applied to all assets subject to the standard, except for the temporary waiver referred to in the first paragraph; and
2. Retroactively apply the standard establishing January 1, 2019 as transition date.

Below is a description of the retroactive effect of this standard on the comparative information:

Expressed in thousands of constant Argentine Pesos

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis for Preparation (Continued)

2.1.1 Changes in Accounting Policies and Disclosures (Continued)

	In Constant Currency as of December 31, 2020	
	Impact on Assets / Equity (Net of Tax)	Impact on Profit (Loss) (Net of Tax)
	Debtor / (Creditor)	Profit / (Loss)
12.31.2018 and for the year then ended	(1,850,502)	(888,403)
03.31.2019 and for the period then ended	(1,764,849)	85,653
06.30.2019 and for the period then ended	(1,974,470)	(123,968)
09.30.2019 and for the period then ended	(2,088,153)	(237,651)
12.31.2019 and for the year then ended	(1,533,744)	316,758

Below is a reconciliation between the provision for loan losses as of December 31, 2019 calculated in accordance with IAS 39, as effective until then, in accordance with the criteria established by the BCRA and the new provisions for loan losses calculated under the expected credit loss model established by IFRS 9, except for the temporary waiver referred to above:

Effects of First-time Adoption of IFRS 9 as of December 31, 2018

	December 31, 2018 (IFRS 9)	December 31, 2018 (IAS 39)	Adjustment upon First-time Adoption of IFRS 9
Credit Loss Allowances	(11,114,983)	(8,471,409)	(2,643,574)
Tax Effect	-	-	793,072
Total	(11,114,983)	(8,471,409)	(1,850,502)
Provision for Loan Losses	(10,075,612)	(8,806,465)	(1,269,147)
Tax Effect		-	380,744
Total	(10,075,612)	(8,806,465)	(888,403)

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3

Expressed in thousands of constant Argentine Pesos

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.1 Changes in Accounting Policies and Disclosures (Continued)

Effects of First-time Adoption of IFRS 9 as of December 31, 2019

	December 31, 2019 (IFRS 9)	December 31, 2019 (IAS 39)	Adjustment upon First-time Adoption of IFRS 9
Credit Loss Allowances	(10,077,189)	(7,886,127)	(2,191,062)
Tax Effect	-	-	657,318
Total	(10,077,189)	(7,886,127)	(1,533,744)
Provision for Loan Losses	(6,440,848)	(6,893,360)	452,512
Tax Effect	-	-	(135,754)
Total	(6,440,849)	(6,893,360)	316,758

- **IFRS 16 "Leases":** This standard sets out the new principles for the recognition, measurement, presentation and disclosure of lease contracts. The elimination of the classification into operating and finance leases set out by IAS 17 and the adoption, as a replacement of a similar treatment to the one afforded to finance ones under such standard for all lease contracts should be highlighted. These contracts shall be disclosed as leased assets (assets with right to use) or in property, plant and equipment at present value of lease payments. If the Company makes periodic payments, it shall also recognize a financial liability that represents the obligation to make future lease payments. IFRS 16 does not require the lessee to recognize assets and liabilities in the cases of short-term leases or leases of low-value assets. This standard is effective for years beginning on or after January 1, 2019. The Company has applied the guidelines of IFRS 16.

- **Changes to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform:** These changes provide certain relief in connection with the interest rate benchmark reform, such as LIBOR and other interbank offered rates (IBORs). Such changes are related to hedge accounting and the fact that the aforementioned reform should not result in the termination of hedge accounting, considering applicable IFRS. However, any hedge ineffectiveness should continue to be charged to income. These changes came into force on January 1, 2020. However, the Company believes they will not have an impact because its financial statements do not reflect any hedge accounting.

b) New and Amended Standards and Interpretations that Have Not Been Adopted by the Company Yet

Some new standards, amendments to standards and interpretations are effective for the years commencing on and after January 1, 2020 and have not been applied in preparing these financial statements. None of them is expected to have a material effect on the Company's financial statements. Below is a detail of the main standards or amendments:

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.1 Changes in Accounting Policies and Disclosures (Continued)

- Amendments to IFRS 3 "Business Combinations," shedding light on the definition of "business," to help entities determine whether a transaction should be accounted for as a business combination or as an asset acquisition.
- Amendments to IAS 1 and IAS 8 to change the definition of "Material or Relative Importance."
- Amendments to IFRS 9, IAS 39 and IFRS 7 concerning the definition and application of the "Interest Rate Benchmark Reform."

There are no other IFRS or IFRIC interpretations that are not yet effective and that are expected to have a material effect on the Company.

2.2 Segment Information

The entity has disclosed the segment information, as established by IFRS 8 "Operating Segments".

An operating segment is that component of the entity whose financial information is separately available and is regularly used by the Board of Directors in decision-making regarding how to allocate resources and assess the business performance.

Reportable segments are one or more operating segments with similar characteristics, distribution systems and regulatory environments.

Operating segments are presented consistently with the internal information furnished to the maximum authority in decision-making relating to the Company's operation, which, in the case of Tarjeta Naranja S.A., is the Board of Directors. In this regard, it should be noted that the Board of Directors assesses business performance in nominal currency, that is, without recognizing the effects of inflation as required under IAS 29.

The entity considers the business from a geographic viewpoint, defining the following operating segments: (i) Central Region, (ii) Northwest of Argentina, (iii) Patagonia, (iv) Northeast of Argentina, (v) Greater Buenos Aires I (Greater Buenos Aires South); (vi) Greater Buenos Aires II (Greater Buenos Aires West); (vii) Inside the Province of Buenos Aires, (viii) Gold (Rosario, Greater Buenos Aires North and Uruguay's Coast), (ix) Cuyo (Mendoza and San Juan), and (x) Non-allocable (support areas).

Effective since April 2020 and by decision of its Board of Directors, the Company combined the "Córdoba" and "Central Region" segments into a single one named "Central Region," for both of them shared the same management team and other specific features.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Functional and Presentation Currency

IAS 29 “Financial Reporting in Hyperinflationary Economies” (“IAS 29”) 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, the inflation from the acquisition date or the revaluation date, as the case may be, should be computed 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 have been regarded as a hyperinflationary economy.

In turn, Law No. 27,468 (published in the Official Gazette on December 4, 2018) introduced certain changes to 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 Argentine General Companies Law No. 19,550 (as amended in 1984) and its amendments. In addition, Law No. 27468 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 General Resolution 777/2018 (published in the Official Gazette on December 28, 2018), the C.N.V. 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 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 was calculated by reference to the indexes established by the FACPCE, which are based on the price indexes released by the Argentine Institute of Statistics and Census (“INDEC”). The following table shows the applicable indexes as of the end of each reporting period, and the indexes applicable to each month.

Expressed in thousands of constant Argentine Pesos

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Functional and Presentation Currency (Continued)

Month	FACPCE's Indexes 2020	Changes relative to 12.31.2020	FACPCE's Indexes 2019	Changes relative to 12.31.2020
December (Previous Year)	283.4442	36%	184.2552	109%
January	289.8299	33%	189.6101	104%
February	295.6660	31%	196.7501	96%
March	305.5515	26%	205.9571	87%
April	310.1243	24%	213.0517	81%
May	314.9087	23%	219.5691	76%
June	321.9738	20%	225.5370	71%
July	328.2014	18%	230.4940	67%
August	337.0632	14%	239.6077	61%
September	346.6207	11%	253.7102	52%
October	359.6570	7%	262.0661	47%
November	371.0211	4%	273.2158	41%
December	385.8826	0%	283.4442	36%

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

- Monetary assets and liabilities should not be restated, for they are stated in current currency as of the reporting period end.
- Non-monetary assets and liabilities recognized at cost and equity items should be restated, by reference to the respective adjustment ratios, for they are stated in a currency prior to the end of the reporting period.
- All profit & loss items are restated by reference to the respective adjustment factors.
- The effects of inflation on the Company's net monetary position are disclosed in the statement of profit or loss in a separate item, under "Loss on Net Monetary Position".
- The Company has reported revenues from financing and costs of financing (including, without limitation, interest and foreign exchange gain (loss)) at their restated nominal value, as provided for in paragraph 28 of IAS 29. Accordingly, such items are not reported net of the effects of inflation (in real terms).

Comparative figures were restated into constant currency at the reporting period end.

2.4 Foreign Currency Assets and Liabilities

Monetary items denominated in foreign currency are translated again at the exchange rates effective as of the closing date of the financial statements. Non-monetary items valued at their fair values, which are denominated in foreign currency, are translated again at the exchange rates effective as of the date when fair values were estimated. Non-monetary items, which were valued at historical cost in foreign currency, are not translated again. Foreign exchange gains / (losses) are recognized in the line "Revenues from Financing / Costs of Financing" in the statement of profit or loss during the year when they arose.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial Instruments

Financial instruments, other than derivatives, are defined as any contract that simultaneously gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. As set out in IFRS 9, financial assets are classified into the following categories:

(a) Financial Assets at Amortized Cost

A financial asset is classified in this category if it meets the following conditions: The objective of the entity's business model is to hold the asset in order to collect contractual cash flows and if the contractual terms entitle collection of cash flows of principal and interest on the specified dates.

In this category, the Company has classified the following financial assets: Receivables from trade, investments in time deposits, investments in Argentine Central Bank Bills, investments in the Argentine Treasury Bills, commissions receivable, and other receivables.

(b) Financial Assets at Fair Value

If both conditions referred to in the preceding point are not met, the asset is classified in the “Fair Value” category. In this category, the Company has classified the following financial assets: Cash and cash equivalents (except for investments in time deposits), and mutual funds.

2.6 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, time deposits in financial institutions and other highly liquid short-term investments with an original maturity of three months or less, and with a not very significant risk of changes in their value.

The placements of funds in time deposits were valued at the estimated cash price upon the transaction, plus interest and financial components accrued based on the effective rate calculated at that time.

Investments in mutual funds were measured at fair value. Changes in fair value are accounted for in the statement of profit or loss.

2.7 Investments

The placements of funds in Argentine Treasury Bills were valued at the estimated cash price upon the transaction, plus interest and financial components accrued based on the effective rate calculated at that time.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Receivables from Trade and Other Receivables

Receivables from Trade include the amounts payable by customers, both for credit-card consumption and loans granted.

Receivables from Trade have been initially recognized at market value and have been subsequently valued at amortized cost using the effective interest rate method. They are disclosed net of the provision for loan losses, if applicable, calculated according to the guidelines set out in Note 2.9 below.

2.9 Impairment of Financial Assets – Provision for Loan Losses

At each year-end, the Company analyzes whether there is objective evidence that a financial asset or group of financial assets is impaired. The loss on impairment of financial assets is recognized when there is objective evidence of impairment as a result of one or more events occurred after the initial recognition of the financial asset, and such event has impact on estimated cash flows for such financial asset or group of financial assets.

The Company's provisions for loan losses and other accounts receivable are directly related to the current delinquency rate in respect of outstanding personal loan portfolios and credit card balances. The Company prepares its financial statements under IFRS and, particularly, under IFRS 9 concerning the impairment of financial assets.

The book value of the asset is reduced through the account Provision for Loan Losses and the amount of loss or recovery, as the case may be, is recognized in the statement of profit or loss.

The table below describes the several variables and items taken into consideration in applying the expected credit loss model set out under IFRS 9:

Expected Credit Loss Measurement

The Company will recognize an allowance for expected credit losses (ECL) as of each reporting date, which will reflect:

1. An objective exposure amount when an operation is affected by an event of default (Exposure at Default or "EAD"), weighed for the probability of occurrence (Probability of Default or "PD") and for the percentage of debt that will be finally written off after enforcing all recovery mechanisms in place following the default (Loss Given Default or "LGD").
2. The time value of money.
3. The information available on projected future economic conditions.

Expressed in thousands of constant Argentine Pesos

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of Financial Assets – Provision for Loan Losses (Continued)

IFRS 9 outlines an allowance model which segments the portfolio in three stages ("Stages"), based on the impairment in credit quality observed since initial recognition. Such stages are summarized below:

Stage 1	Stage 2	Stage 3
- Customers less than 30 days past due.	- Customers 31-90 days past due.	- Customers over 90 days past due as of the allowance calculation date.
- Customers with no significant increase in credit risk or having been registered in a Total Payment Plan, with an arrears of less than 90 days.	- Customers currently less than 30 days past due, with current Risk and significant increase in credit risk.	- Customers with current Total Payment Plans, provided such plans had been granted while customers were under other Total Payment Plans then current, or otherwise with an arrears of over 90 days.

Significant Increase in Credit Risk

The concept of Significant Increase in Credit Risk will be defined using a quantitative approach, based on a historical comparison between Initial and Current Risk.

The calculation is performed in respect of all account segments less than 30 days past due, whose Current Risk is higher than the Initial Risk. The selected "Significant Increase in Credit Risk" ratio will be the change in credit risk that captures more than two thirds of future defaults, with a default rate higher than the portfolio average.

When a customer's Current Risk surpasses that customer's Initial Risk with a value in excess of the calculated ratio, that customer will be assigned to Stage 2.

Definition of Default

Based on its portfolio performance and according to its collection policies, Tarjeta Naranja S.A. defines an event of default as arrears in excess of 90 days. Such status will remain until the customer in arrears settles all obligations outstanding with the Company.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of Financial Assets – Provision for Loan Losses (Continued)

Expected Credit Loss – Variables, Assumptions, and Calculation Methods Explained

The Expected Credit Loss (ECL) is the product of the Probability of Default ("PD"), the Exposure at Default ("EAD"), and the Loss Given Default ("LGD" or "1 - Recovery %), as summarized in the following formula:

ECL = PD * EAD * LGD

Below is a description of each of its components:

Probability of Default ("PD")

It means the probability that a customer will default on an obligation, whether during the subsequent 12 months or at any time during the obligation remaining term.

In estimating the "PD," the Company uses historical portfolio performance data. The Company has identified groups of customers whose risks are similar and, still, different among them. The Company has selected variables remaining constant over the time in terms of business management, and assembled groups with substantial volumes, as detailed below:

- Customers with no Payment Plans, no Loans and no Z Plans
- Customers with no Payment Plans and no Loans, but with interest-bearing Z Plans or Naranja Plus
- Customers with no Payment Plans, but with Loans
- Customers with Partial Payment Plans
- Customers with Total Payment Plans

There is a "PD" per each portfolio segment. A "PD" is also calculated per each tranche of arrears. This information, which is based on historical parameters, is then adjusted for future macroeconomic scenarios.

The "PD" is assessed in three Stages:

Stage 1	Stage 2	Stage 3
It is the probability of default in the following 12 months.	It is the probability of default for the instrument lifetime.	100%

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of Financial Assets – Provision for Loan Losses (Continued)

Exposure at Default ("EAD")

EAD is defined as the exposure of an impaired instrument, at the time the default is observed. For transactions with contingent balance, as it is the case of credit cards, the EAD is estimated by applying a calculation methodology. In determining the EAD, a Credit Conversion Factor (CCF) needs to be calculated, which represents the available credit percentage (credit card limit net of the used balance) the customer would use in addition to the current balance, before the default.

Loss Given Default ("LGD")

It is the percentage of debt finally written off, after having relied on all recovery mechanisms and tools available to the Company. In other words, it is a supplement to the recovery rate. The Company calculates the "LGD" on the basis of all transactions in default, whether recovered or not, segmenting it by tranches of arrears. Such transactions are adjusted to reflect projected macroeconomic scenarios.

Time Value of Money

In order to reflect the time value of money, the Company calculates the losses expected to be incurred on a proportional basis over the time, by using a discount rate calculated on the basis of the Company's financial income and assets, according to the information disclosed in its financial statements.

Use of Forward-looking Information to Calculate ECL

A methodology was also developed to analyze the impact of several macroeconomic scenarios on the credit risk associated with the customer portfolio. This information is adjusted on the basis of future scenarios, considering variable macroeconomic forecasts, such as real wages, unemployment rate, exchange rate, Consumer Price Index, BADLAR (the BCRA's benchmark interest rate on 30-days' and 35-days' time deposits of more than AR$ 1 million), and seasonally-adjusted GDP (Gross Domestic Product). Like any economic forecast, the probability of occurrence is subject to significant uncertainty. Therefore, actual figures and variables may substantially differ from forecasts. Below is a detail of what the Company believes are the best estimates of the several potential scenarios.

The following projected macroeconomic variables were provided by Galicia Group's subject-matter experts.

Scenarios	Share
Best-case	15%
Baseline	70%
Worst-case	15%

Expressed in thousands of constant Argentine Pesos

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of Financial Assets – Provision for Loan Losses (Continued)

Projected Macroeconomic Variables	Scenarios	1Q-2021	2Q-2021	3Q-2021	4Q-2021
CPI (YoY % Change)	Baseline	44.4	54.4	56.5	53
	Best-case	40.7	44	43.7	38
	Worst-case	42.2	50	57.9	70
Real Exchange Rate	Baseline	129.3	122.8	120.4	118.2
	Best-case	114.9	114.8	114.4	113.6
	Worst-case	111.5	108	115.9	127.7
Unemployment Rate	Baseline	11.2	11	10.5	9.9
	Best-case	12.1	11.8	10.4	9.5
	Worst-case	12.5	13.9	14.3	15.2
Private Badlar	Baseline	44	42	39	36
	Best-case	40.9	37.2	33.6	30
	Worst-case	34	40	60	50
Real Wages (Quarterly % Change)	Baseline	(6.3)	3.7	5.5	0.8
	Best-case	(2.5)	0.6	4.1	2.2
	Worst-case	0.1	1.2	(0.8)	(6.3)
Seasonally-adjusted GDP (Quarterly % Change)	Baseline	(0.2)	(0.1)	0	(0.4)
	Best-case	0.4	1.2	0.6	0.5
	Worst-case	(0.5)	(0.1)	(0.5)	(0.4)

Risk Exposure

Maximum Exposure to Credit Risk - Instruments subject to Impairment

The following table includes an analysis of the risk exposure of financial instruments in respect of which the Company recognizes ECL allowances.

Balances of Financial Assets Exposed to Credit Risk as of December 31, 2020:

Credit Cards	Balances	Allowance	Total
Stage 1	89,220,860	(3,707,640)	85,513,220
Stage 2	2,455,718	(589,155)	1,866,563
Stage 3	2,372,259	(1,848,485)	523,774
Totals	**94,048,837**	**(6,145,280)**	**87,903,557**

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(Partner)
C.P.C.E.C. N° 21.00004.3

Expressed in thousands of constant Argentine Pesos

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of Financial Assets – Provision for Loan Losses (Continued)

Portfolio Impairment Allowance

The allowances recognized in the reporting period under the ECL model are affected by several factors, including:

- Transfers from "Stage 1" to or from "Stage 2 or "Stage 3" because the financial instruments have experienced significant increases (or decreases) in their respective credit risk levels, o because they have impaired over the time, and due to the ensuing shift in the calculation of variables from the subsequent 12-month period to the instrument lifetime;
- Impacts from changes in "PD", "EAD", or LGD" variables due to revised assumptions and models; and
- Derecognition of financial assets.

Below is a breakdown of exposures by days in arrears and stages.

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Days in Arrears				
0	85,988,867	1,003,471	263,172	87,255,510
1-30	3,231,993	225,959	56,048	3,514,000
31-60		853,082	47,855	900,937
61-90		373,206	30,348	403,554
Default			1,974,836	1,974,836
Gross Amount	**89,220,860**	**2,455,718**	**2,372,259**	**94,048,837**
Allowance	(3,707,640)	(589,155)	(1,848,485)	(6,145,280)
Total	**85,513,220**	**1,866,563**	**523,774**	**87,903,557**

Expressed in thousands of constant Argentine Pesos

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investments Accounted for Using the Equity Method

Associates are all the companies over which the Company exercises significant influence, but not control and where it usually holds from 20% to 50% of voting rights. Investments in associates are recorded using the equity method. Under this method, the investment is initially recognized at cost and the value at closing increases or decreases to recognize Tarjeta Naranja S.A.'s interest in each company's income (loss) after the acquisition date.

Tarjeta Naranja S.A.'s interest in associates' profit / (loss) is recognized as profit / (loss) from investments in associates in the statement of profit or loss. Changes in equity other than profit / (loss) for the year are charged to equity reserves (and, if appropriate, they are included in other comprehensive income).

As of December 31, 2020, the Company holds 5% of Cobranzas Regionales S.A.'s ordinary shares. The following factors and circumstances evidence that the Company has significant influence (as defined in IAS 28 "Investments in Associates") over Cobranzas Regionales S.A. and, therefore, the investment therein is valued by the equity method in these financial statements:

a) Representation in the management board.
b) Involvement in policy setting processes.
c) Transactions of relative importance between Tarjeta Naranja S.A. and Cobranzas Regionales S.A.
d) Exchange of managerial personnel.

The following is information about the companies over which Tarjeta Naranja S.A. exercises significant influence as of December 31, 2020 and 2019:

Company	Percentage of Shares and Voting Rights		Activity
	12.31.20	12.31.19	
Cobranzas Regionales S.A.	5%	5%	Integral Advisory Services for Credit Risk Analysis

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Income Tax

Income tax is recognized in these financial statements according to the deferred tax method, thus recognizing the effect of the temporary differences between accounting and tax measurements of assets and liabilities. The main temporary differences stem from the provision for loan losses, the provision for contingencies and, to a lesser extent, the differences with regard to the charge for depreciation of Property, Plant and Equipment.

For purposes of determining the deferred assets and liabilities, the tax rate that is expected to be in force at the moment of their reversal has been applied to the temporary differences identified, under the legal regulations enacted at the date of these financial statements. They are recognized in the balance sheet as long as it is deemed likely that the Company will have enough future taxable income against which deferred income tax assets may be applied.

The restatement of financial statements in accordance with IAS 29 may result in differences between the carrying amount of individual assets and liabilities and their tax base, leading to the recognition of deferred assets and liabilities.

On December 29, 2017, the Argentine Income Tax Law was amended through the enactment of Law No. 27430. The amendments included, among other things, changes to the tax rate to be used for the years 2018 and 2019 (30%) and the tax rate to be used for the year 2020 onwards (25%). Then, on December 23, 2019, Law No. 27541 was enacted, introducing new changes to the Income Tax Law, including changes to the tax rate to be used for years 2020 and 2021 (30%) and for year 2022 onwards (25%).

Law No. 27468 amended the transition rules set out by Law No. 27,430 concerning the application of the inflation adjustment for tax purposes established in Section 95 of the Argentine Income Tax Law, making it enforceable for years commencing on and after January 1, 2018. Law No. 27468 further provides 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. One third of the inflation adjustment so calculated, whether positive or negative, as the case may be, would be carried in that year, while the remaining two thirds would be distributed in equal parts in the two immediately subsequent years. The Social Solidarity and Productive Revival Law No. 27,451, which was enacted to address Argentina's public emergency, also amended this last item. Section 27 of said law provides that, where the inflation adjustment (for tax purposes), whether negative or positive, is to be calculated for the first and second year commenced on and after January 1, 2019, one sixth of such adjustment will be applied in that period, while the remaining five sixths (5/6) will be applied, in equal parts, in the immediately subsequent five periods.

In addition, the law also provides that such provision shall not prevent entities from charging the remaining thirds from previous years, calculated pursuant to the former version of Section 194 of the Income Tax Law.

Both issues referred to above were taken into consideration in assessing the provision for income tax as of December 31, 2020 and in measuring deferred tax assets and liabilities as of such date.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Income Tax (Continued)

As of the date of these financial statements, the Company's management believes the guidelines set out in the Argentine Income Tax Law triggering the application of the inflation adjustment for tax purposes have been met at year-end; accordingly, it has assessed its income tax liability for the reporting period considering such adjustment.

The breakdown and changes of deferred tax assets and liabilities are explained in detail in Note 18.

2.12 Property, Plant and Equipment

Property, Plant and Equipment are recorded at historical cost restated following the guidelines set forth in Note 2.3, net of accumulated depreciation and impairment losses, if applicable. Historical cost includes the expenses that are directly attributable to the acquisition of assets.

The costs of adapting and improving stores are capitalized as Property, Plant and Equipment only when investments improve the conditions of the asset, irrespective of those originally established.

The costs subsequently incurred are included in the values of the asset only provided that it is likely for the asset to generate future economic benefits and their cost is reliably measured. The value of replaced parts is written off. The other maintenance and repair costs are charged to income during the year when they are incurred.

Depreciation charges have been calculated following the straight-line method based on the estimated useful life of the assets, applying annual rates enough so as to write off their values at the end of their estimated useful life, according to the following parameters.

Group of Assets	Years of Estimated Useful Life
Buildings	50
Cost of Adapting Stores	Term of Lease Agreement
Furniture and Fixtures	10
Hardware	5
Facilities and Improvements	10

The residual value of assets is reviewed and adjusted, if necessary, as of each year-end. Changes in the criteria originally established are recognized, as the case may be, as a change of estimate.

The value of assets is impaired at their recoverable value if the accounting residual value exceeds their estimated recoverable value, upon being reviewed for impairment when events or circumstances that indicate that their book value may not be recovered have arisen.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Intangible Assets

Intangible assets are those non-monetary 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 it is likely for them to generate benefits for the Company.

(a) Patents and Software

Patents and software are initially recognized at cost as of the acquisition date, restated following the guidelines set forth in Note 2.3. Patents and software that have a definite useful life are recorded at cost, less the accumulated amortization. Amortization is calculated by the straight-line method to adjust the cost to their estimated useful lives, which do not exceed five years.

(b) Other Intangible Assets

Other Intangible Assets amount to AR$ 58,472 as of December 31, 2020 and 2019, remaining unchanged in both years. Such item is related to the acquisition of a business unit, which includes the publication, sale and distribution of the magazine *Convivimos*. Such asset is not amortized because it has an indefinite useful life. The possibility for them to generating future income is periodically examined in order to analyze the possible impairment thereof.

2.14 Trade and Other Payables

Trade and other payables represent the obligations to pay Merchants (*"Comercios Amigos"*) and for goods and services acquired from suppliers in the normal course of business. They are disclosed in current liabilities if their payment falls due in a term shorter than or equal to one year.

They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.15 Borrowings and Other Liabilities

Borrowings and Other liabilities are initially recognized at fair value, net of the costs directly attributable to obtaining them. They are subsequently valued at amortized cost using the effective interest rate method.

2.16 Leases

As stated in Note 2.1.1, in January 1, 2019, the Company adopted IFRS 16 for the first time. Accordingly, the Company has opted for recognizing a right-of-use asset since the first-time adoption date for an amount equal to the lease liability recognized as the present value of the remaining lease payments, adjusted for the amount of any advanced or accrued payment in respect of that lease.

Then, the Company will rely on the cost model to measure its right-of-use asset, recognizing its related depreciation and impairment losses. On the other hand, the lease liability reflects interest accrued, net of realized payments.

The effects of the adoption of this new accounting standard are disclosed in Note 34.

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C.P.C.E.C. N° 21.00004.3

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Provisions

Provisions have been made as set out in IAS 37 to cover possible contingencies of a labor, commercial, civil or tax nature and for miscellaneous risks that could lead to obligations for the Company. When estimating their amounts and the possibility of occurrence, the opinion of the Company's advisors and the insurance policies purchased by the Company have been taken into consideration.

At the date of these financial statements, the Company's Management believes there are no elements that make it possible to determine there may be other contingencies that could occur and thus generate a negative impact on the economic and financial position of the Company.

The breakdown and changes of provisions are disclosed in Note 31.

2.18 Capital Stock

The share capital is represented by non-endorsable registered ordinary shares, with a face value of AR$ 10,000 per share.

CAPITAL STATUS				
Shares				
Number	Type	Voting Rights per Share	Subscribed	Paid-in
			In Thousands of AR$	
2,824	Ordinary shares with a face value of AR$ 10,000	1	28,240	28,240
2,824			28,240	28,240

As of December 31, 2020 and 2019, capital status was as follows:

Capital	Face Value	Approved by Body	Approved by Date	Date of Registration with the Public Registry of Commerce
	In Thousands of AR$			
Subscribed, Issued and Paid in	12,000	Extraordinary Shareholders' Meeting	09.04.95	12.12.95
Capital Increase due to Merger with Tarjetas del Sur S.A.	6,600	Extraordinary Shareholders' Meeting	02.16.01	05.03.01
Capital Increase due to Merger with Tarjeta Comfiar S.A.	5,400	Extraordinary Shareholders' Meeting	10.02.03	03.24.04
Capital Increase due to Merger with Tarjetas Cuyanas S.A.	4,240	Extraordinary Shareholders' Meeting	10.24.17	05.09.18
Total	**28,240**			

In addition, in compliance with Section 4, Part I, Chapter IV, Title II of the regulations of the National Securities Commission (C.N.V.), the following is disclosed:

	2018	2019	2020
Capital Stock at the Beginning of the Year	28,240	28,240	28,240
Capital Stock at Year-End	**28,240**	**28,240**	**28,240**

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue Recognition

(a) Revenues from Services

Account Maintenance Fee

Revenues related to the account statement are recognized in the month of its issuance.

Fees

Fee revenues are recognized upon the customer's purchase.

Other Revenues from Services

The other revenues from services are recognized in the year when the service was provided.

(b) Revenues from Financing

Interest earned is recorded based on the accrual period, by applying the effective rate method.

2.20 Statement of Cash Flows

The Company has chosen to prepare the statement of cash flows by the indirect method and considers cash on hand, time deposits in financial institutions, highly-liquid short-term investments and with a not very significant risk of changes in their value, and bank overdrafts with an original maturity of three months or less to be cash. Overdrafts, if any, are classified as "Borrowings" in current liabilities in the Balance Sheet.

All items of the Statement of Cash Flows are restated in terms of the current unit of measurement as of the end of the reporting period.

2.21 Set-off of Financial Instruments

Financial assets and liabilities are set off and their net amount is disclosed in the balance sheet when there is a legally enforceable right to set off the amounts recognized and the intention to collect the asset and settle the liability simultaneously. Such right should not be dependent on future events and must be legally enforceable both in the normal course of business and in the event of default, bankruptcy and insolvency of the Company or the counterparty.

NOTE 3 – FINANCIAL RISK MANAGEMENT

The Company's activities expose it to several financial risks: market risk, credit risk and liquidity risk.

Information as of December 31, 2020 and 2019 is disclosed in Note 4 below.

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019

4.1 Financial Risk Management

4.1.1 Financial Risk Factors

The nature of the Company's operations and the characteristics of its customer base expose it to several risks, primarily related to market, capital, credit and liquidity risks. In order to manage the volatility related to these exposures, Management carries out an ongoing risk monitoring, measurement and identification process.

(a) Credit Risk

The credit risk arises from certain liquid assets, deposits with banks and financial institutions, as well as customer credit exposures, including other remaining loans and committed transactions.

As regards the credit risk management related to cash, cash equivalents and deposits with banks and financial institutions, the Company has an investment and credit assessment policy from the financial institution. According to such policy, the entities in which it may invest are determined based on its credit rating and the amount allocated to each of them should correspond with the financial institution's and Tarjeta Naranja S.A.'s equity. The maximum percentage to be invested in an entity is also set considering total investments.

In addition, in connection with the risk associated with its customers' credit positions, the Company actively monitors the credit reliability of its customers in order to mitigate the credit risk.

In order to manage and control the credit risk for the customer portfolio, the Company implemented a credit and credit assessment policy for each customer so as to provide the following guidelines in this regard, with the main features:

- ✓ Use tools of analysis and assessment by means of statistical models, for example, which allow analyzing and assessing the risk that best suits the customer's profile.

- ✓ Establish guidelines to grant cards and loans based on the customer's solvency, which are detailed in the credit policy and contemplate meeting requirements and/or validations made by the Company upon granting the credit. They include, for example, the validation of the Applicant's identity, the solvency validation, the proper compliance with existing credits contributed by the Credit Bureau, among others.

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(a) Credit Risk (Continued)

- ✓ Grant credit limits to each customer based on the assessment of each customer's particular situation, considering a number of factors.
- ✓ Credit atomization.
- ✓ Geographic diversity.
- ✓ Monitor customers' degree of compliance on an ongoing basis.

<u>Credit Card Subscription Procedure and Credit Limits</u>

The credit risk associated to each applicant is assessed by taking into account certain requirements set forth in the Company's credit policies, the monthly income, and the information from companies specialized in credit information. The Company's Credit Policy is comprised by several guidelines established by the Risk Committee. Such guidelines are customized and automated to determine whether a credit application should be approved or rejected, and to inform the documents that should be filed in respect of applications submitted to a credit analyst for review.

Applications are also reviewed for negative credit history, credit score and payment history with the Company, if any, among other factors.

If customer meets all these requirements, then a credit card will be issued and may be delivered on the spot, at the address indicated by the applicant, or may be otherwise picked up from the Company's branches.

<u>Credit Limits</u>

Credit limits are based on an individual credit assessment of each customer. Based on the outcomes of such assessment, customers are segmented into one of five risk levels, according to the risk level associated to each of them: A, B, C, D and E; with A being the lowest risk segment and E being the highest risk segment. In performing such segmentation, the Company takes into account several factors, including without limitation, monthly income, number of family members, geographic location, type of business activity, and scoring range. The customer account is assigned credit limits which are shared among all credit cards associated to the account (whether as main or additional cardholder). In other words, the credit limit is unique to each account, regardless of the number of cards and/or additional cardholders associated to it.
Limits are automatically assigned, according to the above-described segments: (i) the Monthly Balance Limit, which is set based on the applicant's net income and which is the maximum amount in the aggregate for a customer's monthly installments; (ii) the Long-term Purchase Limit, which is the maximum amount for a customer to purchase in six or more installments using the Company's credit cards; and (iii) the Total Credit Limit, which is the maximum amount that may be owed to Tarjeta Naranja S.A. by customers for any and all amounts owed.

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019 (CONTINUED)

4.1. Financial Risk Management (Continued)

4.1.1. Financial Risk Factors (Continued)

(a) Credit Risk (Continued)

Below is a detail of the percentage limits and nominal caps assigned to the risk segment associated to each customer:

Risk Segment	Monthly Balance Limit			Long-term Purchase Limit			Total Credit Limit		
	% of Base Income	Floor in AR$	Cap in AR$	% of Base Income	Floor in AR$	Cap in AR$	% of Base Income	Floor in AR$	Cap in AR$
A (Lowest)	100%	14,000	75,000	160%	22,000	180,000	200%	28,000	210,000
B	90%	11,000	55,000	150%	16,000	120,000	180%	20,000	150,000
C	80%	9,000	44,000	140%	11,000	75,000	170%	15,000	95,000
D	70%	7,000	31,500	120%	8,000	50,000	150%	10,000	60,000
E (Highest)	60%	6,000	15,000	100%	7,000	35,000	120%	7,000	40,000

The credit limits assigned to customers are periodically reviewed by the Company and may be automatically increased for eligible cardholders that meet certain requirements, including an accurate payment history during any given period or a decrease in the likelihood of arrears. In addition, the Company reviews cardholders' applications for increases in the limit and may, at its sole discretion, increase such limits or reject the application. The risk of default varies from customer to customer. The Company assesses and maintains the provision for loan losses, which is calculated based on the criterion described in paragraph 2.9 of Note 2 to these financial statements, and such provisions are deemed adequate for the recognition of potential loan losses.

Credit cards are granted to thousands of customers engaged in a broad range of businesses. The Company considers that there is low risk of credit risk concentration in a given sector of debtors.

The Company develops and implements pilot tests in order to introduce ongoing improvements to its credit policy and customer's experience.

In this sense and taking into account the foregoing, the Company has approved the following credit card limits for customers as of December 31, 2020 and 2019:

	12.31.2020	12.31.2019
	In Thousands of AR$	
Monthly Balance Limit	91,238,192	58,156,290
Long-term Purchase Limit	253,376,523	190,950,204
Total Indebtedness Limit	300,026,881	251,502,449

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(a) Credit Risk (Continued)

Default and Loss Experience

Monthly credit card statements include purchases made up to the 25th day of each month and payment is due by the 10th day of the following month. Certain accounts, depending on their respective risk level, are selected (before their due date) to be managed on a preventive basis. If an account is in arrears, Tarjeta Naranja S.A. has put in place a strategy for the recovery of the amounts due, involving three stages, namely: (I) procedures for collection of amounts in early arrears through internal processes and suppliers specialized in mass collection efforts, (II) out-of-court procedures for collection of amounts in late arrears through external collection agencies, and (III) portfolio sale processes. The Company's 30 days' credit impairment indicators (percentage of the portfolio of customers which were not in arrears 30 days ago and have accumulated 30 days' arrears at year-end) for the years 2019 and 2020 averaged 9.48% and 6.70%, respectively. The Company's 90 days' credit impairment indicators (percentage of the portfolio of customers which were not in arrears 90 days ago and have accumulated 90 days' arrears at year-end) for the years 2019 and 2020 averaged 2.1% and 1.1%, respectively.

If a customer is in arrears, its credit card is immediately disabled. Based on the customer's risk level (as per predictive score models), and consistently with previously established strategies, the customer is contacted by phone, voice message and e-mail, and is also submitted four self-assessable financing proposals for consideration, until reaching approximately 150 days of arrears. These collection efforts involve both external suppliers in charge of contacting the customer and Tarjeta Naranja S.A.'s branches and internal areas. The 150-day term is restricted to 120 days for customers that have a financing product and are again in arrears (Stage I).

Customers whose accounts remain in arrears after the 150-day period (or the 120- day period with financing plans) has elapsed are referred to external suppliers (Collection Agencies and Law Firms) retained by Tarjeta Naranja S.A. for the commencement of out-of-court collection procedures. According to the established procedures, collection agents contact the debtor demanding settlement of the amounts due. During this stage, the main goals pursued by Tarjeta Naranja S.A. include identifying debtors, securing payments, entering into refinancing agreements, and helping agents to meet the previously established recovery goals (Stage II).
Considering the credit quality, the stages of procedures for collection carried out, the cost involved in bringing legal actions and the market situation, Tarjeta Naranja S.A. may include certain receivables in portfolio sale processes under a private bidding process (Stage III).

Maximum Exposure to Credit Risk:

The following table shows the maximum gross exposure to credit risk, disregarding guarantees or other credit enhancements, or the unused balance of the credit limit granted to the customer:

	12.31.2020	**12.31.2019**
	In Thousands of AR$	
Receivables from Trade	87,903,557	65,386,090

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(a) Credit Risk (Continued)

In estimating the provision for loan losses, the risk associated to each customer is determined, on the basis of the products included in that customer's account, segmented into five groups. A likelihood of default is assigned to each of these groups, based on historical payment behavior, arrears and recoveries, as mentioned in Note 2.9.

Below is a detail of receivables from trade not past due or with less than 30 days' arrears, along with their respective allocated provision, calculated as explained in the preceding paragraph.

	12.31.2020	12.31.2019
	In Thousands of AR$	
Receivables from Trade (A)	90,769,510	65,072,735
Provision for Loan Losses (A)	(4,067,994)	(3,144,235)

Below is a detail of receivables from trade with more than 30 days' arrears and their respective allocated provision.

	12.31.2020	12.31.2019
	In Thousands of AR$	
Receivables from Trade (B)	3,279,327	10,390,544
Provision for Loan Losses (B)	(2,077,286)	(6,962,954)

	12.31.2020	12.31.2019
	In Thousands of AR$	
Receivables from Trade - Addition of (A) + (B) (Note 21)	94,048,837	75,463,279
Provision for Loan Losses - Addition of (A) + (B) (Note 21)	(6,145,280)	(10,077,189)

Expressed in thousands of constant Argentine Pesos

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(a) Credit Risk (Continued)

The following table summarizes the Company's portfolio arrears experience:

	12.31.2020		12.31.2019	
	%	**Receivables**	**%**	**Receivables**
Current Receivables	99%	93,549,031	99%	74,899,122
Non-Current Receivables	1%	499,806	1%	564,157
Total Receivables	100%	**94,048,837**	100%	**75,463,279**
0 to 30 days	97%	90,769,510	86%	65,072,735
Provision for Loan Losses		(4,067,994)		(3,114,235)
Receivables in Arrears				-
31-90 days	1%	1,304,490	4%	2,708,140
Provision for Loan Losses		(497,052)		(963,670)
91-180 days	1%	567,269	2%	1,880,784
Provision for Loan Losses		(386,451)		(1,140,354)
181-365 days	1%	1,033,614	4%	3,229,617
Provision for Loan Losses		(844,256)		(2,334,741)
More than 365 days	0%	373,954	3%	2,572,003
Provision for Loan Losses		(349,527)		(2,524,189)
Total Provision for Loan Losses		**(6,145,280)**		**(10,077,189)**
Non-Accrual Portfolio Ratio (*)		**2.10%**		**10.18%**
Coverage Ratio (**)		**311.18%**		**131.17%**

(*) Portfolio with more than 90 days' arrears / Total portfolio.

(**) Provision for loan losses / Portfolio with more than 90 days' arrears

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(b) Liquidity Risk

The Company has a liquidity policy that is monitored through annual, monthly and daily cash estimates, analyzing the needs and/or surpluses generated, evaluating the availability of cash and the available financing alternatives. Projected cash inflows and outflows for the next months are weekly analyzed and decisions focused on obtaining credit lines are made in order to attain the goals set.

Also, credit lines borrowed could be reinforced by executing commitment agreements that allow having cash immediately, both in normal financial context and in market liquidity contraction situations.

With respect to Borrowings, which includes instruments such as bank and financial loans, bank overdrafts, and notes (*"Obligaciones Negociables"*) publicly offered, regarding the short- and long-term allocation, provided that the market allows it, the Company's aim is to keep a balanced allocation of debt due dates, giving priority to long-term debt.

Note 32 breaks down financial liabilities by contractual due date as of December 31, 2020 and 2019:

(c) Market Risk

Foreign Exchange-associated Risks

During this year, the Company's operations are not potentially exposed to foreign currency exchange fluctuations, primarily, due to the fact that borrowings are issued in Argentine Pesos, thus eliminating the foreign currency exchange risk.

Interest Rate-associated Risks

The Company is exposed to interest rate risks due to financings obtained through the issuance of Notes (*"Obligaciones Negociables"*) and borrowing of finance leases and loans at variable rate. In all these cases, the applicable rate is private Badlar (the interest rate for time deposits amounting to over AR$ 1,000,000, with a 30/35-day term in private banks) published by the Argentine Central Bank on its web page (www.bcra.gov.ar).

During the year 2020, the Badlar averaged 29.92%, compared to 48.88% in 2019. Consequently, interest at variable rate, net of income tax, was charged to income for AR$ 3,011,744 and AR$ 4,514,468, respectively, in nominal terms.

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3

Expressed in thousands of constant Argentine Pesos

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(c) Market Risk (Continued)

The following table summarizes the percentage of principal of Borrowings at the effective fixed and variable interest rates as of December 31, 2020 and 2019:

	As of December 31, 2020		As of December 31, 2019	
	Amount in AR$	**Percentage**	**Amount in AR$**	**Percentage**
Fixed Interest Rate	-	0%	-	0%
Variable Interest Rate	15,189,934	100%	11,745,153	100%
	15,189,934		**11,745,153**	

The following table shows the sensitivity to potential additional changes in interest rates for next year, considering the debt breakdown as of December 31, 2020. The variation percentage was determined considering the changes in the Badlar for the years 2019 and 2020, and the changes are considered fairly possible based on the market conditions observed:

	Additional Variation in Interest Rate	Increase / (Decrease) in Profit (Loss), after Income Tax In AR$	Increase / (Decrease) in Equity In AR$
Decrease in Interest Rate	1,000 basis points	1,063,295	1,063,295
Increase in Interest Rate	1,000 basis points	(1,063,295)	(1,063,295)

	Additional Variation in Interest Rate	Increase / (Decrease) in Profit (Loss), after Income Tax In AR$	Increase / (Decrease) in Equity In AR$
Decrease in Interest Rate	2,000 basis points	2,126,591	2,126,591
Increase in Interest Rate	2,000 basis points	(2,126,591)	(2,126,591)

(*) Figures stated in nominal values

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.1 Financial Risk Factors (Continued)

(c) Market Risk (Continued)

If the applicable rate to the obligations assumed at variable rate decreased by 1000-2000 basis points, the annual profit, net of income tax, would increase, in nominal terms, by AR$ 1,063,295 / AR$ 2,126,591, as a result of a lower interest expense. Otherwise, if the rate increased to the same extent, the profit would decline by the same amount.

4.1.2 Capital Management

The Company seeks to keep an adequate indebtedness level as it should meet certain commitments assumed by virtue of loans obtained and Notes (*"Obligaciones Negociables"*) issued and to continue as a going concern. The indebtedness ratio as of December 31, 2020 and 2019 is as follows:

	December 31, 2020	December 31, 2019
	In Thousands of AR$	
Total Debt	76,175,304	65,532,267
Minus: Cash and Cash Equivalents	2,695,572	9,897,559
Net Debt	**73,479,732**	**55,634,708**
Total Equity	**23,852,235**	**21,382,385**
Total Capital	**97,331,967**	**77,017,093**
Indebtedness Ratio	**3.08**	**2.60**

4.1.3 Fair Value Estimation

The table below includes the analysis of financial instruments that are measured at fair value, classified by hierarchy, according to the measurement method used. The different levels have been defined as follows:

a) Level 1: Quoted market prices (unadjusted) for identical assets and liabilities in active markets.

b) Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., price derivatives).

c) Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement for the asset or liability (i.e., unobservable inputs).

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.3 Fair Value Estimation (Continued)

The following table discloses the Company's assets and liabilities, which are measured at fair value as of December 31, 2020 and 2019:

As of December 31, 2020 In Thousands of AR$	Level 1	Total
Assets		
Cash and Cash Equivalents	2,695,572	2,695,572
Total Assets	**2,695,572**	**2,695,572**

As of December 31, 2019 In Thousands of AR$	Level 1	Total
Assets		
Cash and Cash Equivalents	9,619,183	9,619,183
Total Assets	**9,619,183**	**9,619,183**

The fair value of financial instruments traded in active markets is based on quoted prices as of the reporting date. A market is considered to be active if 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 market quoted price used for financial assets held by the entity is the current offer price. These instruments are included in Level 1.

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 market information, when available, and depend the least possible on the entity's specific estimates.

If all material inputs required to measure an instrument are observable, the instrument is included in Level 2.

If one or more material inputs are not based on observable market inputs, instruments are included in Level 3.

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.4. Financial Instruments by Category

The following are the amounts of financial assets and liabilities classified by category, as set out in IFRS 9 as of December 31, 2020 and 2019:

December 31, 2020 In Thousands of AR$	**Assets / Liabilities at Fair Value**	**Assets / Liabilities at Amortized Cost**	**Total**
Financial Assets			
Cash and Cash Equivalents	2,695,572	-	2,695,572
Receivables from Trade	-	87,903,557	87,903,557
Other Receivables	-	390,309	390,309
Total Financial Assets	**2,695,572**	**88,293,866**	**90,989,438**
Financial Liabilities			
Trade and Other Payables	-	54,714,136	**54,714,136**
Borrowings	-	16,647,587	**16,647,587**
Other Liabilities	-	157,171	**157,171**
Total Financial Liabilities	**-**	**71,518,894**	**71,518,894**

December 31, 2019 In Thousands of AR$	**Assets / Liabilities at Fair Value**	**Assets / Liabilities at Amortized Cost**	**Total**
Financial Assets			
Cash and Cash Equivalents	9,619,183	278,376	9,897,559
Investments	-	1,801,839	1,801,839
Receivables from Trade	-	65,386,090	65,386,090
Other Receivables	-	379,026	379,026
Total Financial Assets	**9,619,183**	**67,845,331**	**77,464,514**
Financial Liabilities			
Trade and Other Payables	-	42,949,727	**42,949,727**
Borrowings	-	18,389,101	**18,389,101**
Other Liabilities	-	26,542	**26,542**
Total Financial Liabilities	-	**61,365,370**	**61,365,370**

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3

NOTE 4 – ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019 (CONTINUED)

4.1 Financial Risk Management (Continued)

4.1.5. Accounting Estimates and Judgments

Estimates and judgments are continuously assessed and are based on past experience and other factors, including expectations of future events that are deemed reasonable under the circumstances.

4.1.6. Significant Accounting Estimates and Judgments

The Company makes estimates and assumptions on the future. The resulting accounting estimates, by definition, will be rarely equal to the related actual figures. The estimates and judgments that have a significant risk of giving rise to a material adjustment to the book amounts of assets and liabilities in the following year are explained below.

(a) Estimated Loss for Impairment of Financial Assets Recorded at Amortized Cost

The Company follows the guidance in IFRS 9 to calculate the provision for loan losses related to its portfolio of receivables from trade and other receivables. For this estimation, the Company evaluates, among other factors, the customers' historical patterns of behavior, the existing macroeconomic conditions at year-end, and the information available on projected future economic conditions, as explained in detail in Note 2.9.

(b) Income Tax

The Company is subject to income tax. As explained in detail in Note 2.12, income tax is recognized in these financial statements by applying the deferred tax method, thus recognizing the assets and liabilities related to the temporary differences identified in calculating taxable income. Such differences will have an effect on income tax and the provisions for deferred income taxes in the year when they are made.

4.1.7. Material Judgments upon Applying the Company's Accounting Policies

No material judgments have been made upon applying the accounting policies.

Expressed in thousands of constant Argentine Pesos

NOTE 5 – SEGMENT INFORMATION

Segment Information as of 12.31.2020

	Central Region	Northwest of Argentina	Patagonia	Northeast of Argentina	Greater Buenos Aires I	Greater Buenos Aires II	Inside the Province of Buenos Aires	Gold	Cuyo	Non-allocable	Effects of Restatement	Total
Revenues from Services	3,074,565	2,974,876	1,682,729	1,884,239	488,891	1,683,649	742,802	1,691,160	2,436,835	1,078,587	2,970,314	20,708,647
Costs of Services	(167,116)	(149,972)	(72,025)	(94,357)	(29,049)	(104,043)	(42,560)	(92,399)	(106,865)	(2,105,589)	(443,388)	(3,407,363)
Net Revenues from Services	**2,907,449**	**2,824,904**	**1,610,704**	**1,789,882**	**459,842**	**1,579,606**	**700,242**	**1,598,761**	**2,329,970**	**(1,027,002)**	2,526,926	**17,301,284**
Revenues from Financing	3,357,836	3,354,558	2,307,208	2,341,648	531,809	1,786,064	836,684	1,969,131	2,799,992	(4,618)	3,200,327	22,480,639
Costs of Financing	(743,846)	(743,120)	(511,106)	(518,735)	(117,809)	(395,659)	(185,347)	(436,213)	(620,270)	1,023	(809,681)	(5,080,763)
Net Revenues from Financing	**2,613,990**	**2,611,438**	**1,796,102**	**1,822,913**	**414,000**	**1,390,405**	**651,337**	**1,532,918**	**2,179,722**	**(3,595)**	**2,390,646**	**17,399,876**
Net Income from Short-term Investments	345,235	344,897	237,215	240,756	54,678	183,633	86,023	202,455	287,880	(475)	451,759	2,434,056
Provision for Loan Losses	(527,978)	(550,700)	(276,909)	(375,910)	(222,356)	(668,256)	(166,285)	(377,915)	(552,302)	-	(724,358)	(4,442,969)
Depreciation	(16,301)	(15,241)	(8,901)	(7,837)	(13,495)	(6,571)	(7,080)	(9,481)	(17,877)	(366,565)	(576,689)	(1,046,038)
Amortization	-	-	-	-	-	-	-	-	-	(379,772)	(383,425)	(763,197)
Other Operating Expenses	(2,237,032)	(2,056,365)	(1,291,340)	(1,387,922)	(550,470)	(1,538,191)	(686,833)	(1,403,765)	(1,901,611)	(4,517,475)	(2,860,479)	(20,431,483)
Income (Loss) from Investments Accounted for Using the Equity Method	-	-	-	-	-	-	-	-	-	(24,090)	(2,303)	(26,393)
Loss on Net Monetary Position	-	-	-	-	-	-	-	-	-	-	(5,151,386)	(5,151,386)
Income Tax	-	-	-	-	-	-	-	-	-	(1,450,128)	(507,640)	(1,957,768)
Profit / (Loss) for the Year	**3,085,363**	**3,158,933**	**2,066,871**	**2,081,882**	**142,199**	**940,626**	**577,404**	**1,542,973**	**2,325,782**	**(7,769,102)**	**(4,836,949)**	**3,315,982**

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3

Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

Notes to the Financial Statements (Continued)

For the years ended December 31, 2020 and 2019

Expressed in thousands of constant Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

NOTE 5 – SEGMENT INFORMATION (CONTINUED)

Segment Information as of 12.31.2019

	Central Region	Northwest of Argentina	Patagonia	Northeast of Argentina	Greater Buenos Aires I	Greater Buenos Aires II	Inside the Province of Buenos Aires	Gold	Cuyo	Non-allocable	Effects of Restatement	Total
Revenues from Services	2,850,379	2,802,333	1,259,936	1,871,305	630,100	1,146,188	495,181	837,806	1,079,034	895,397	9,098,121	22,965,780
Costs of Services	(225,110)	(209,618)	(84,024)	(152,957)	(70,022)	(119,978)	(46,899)	(74,090)	(91,832)	(565,219)	(1,053,509)	(2,693,258)
Net Revenues from Services	**2,625,269**	**2,592,715**	**1,175,912**	**1,718,348**	**560,078**	**1,026,210**	**448,282**	**763,716**	**987,202**	**330,178**	**8,044,612**	**20,272,522**
Revenues from Financing	3,404,214	3,649,868	1,795,210	2,498,369	854,012	1,379,003	574,609	1,042,780	1,371,654	-	11,344,142	27,913,861
Costs of Financing	(1,600,875)	(1,716,394)	(844,223)	(1,174,890)	(401,610)	(648,494)	(270,217)	(490,381)	(645,039)	-	(5,375,965)	(13,168,088)
Net Revenues from Financing	**1,803,339**	**1,933,474**	**950,987**	**1,323,479**	**452,402**	**730,509**	**304,392**	**552,399**	**726,615**	**-**	**5,968,177**	**14,745,773**
Net Income from Short-term Investments	450,614	483,131	237,632	330,708	113,045	182,538	76,061	138,032	181,565	-	1,421,676	3,615,002
Provision for Loan Losses	(595,863)	(764,089)	(278,320)	(508,701)	(317,234)	(490,443)	(129,065)	(263,708)	(347,146)	-	(2,960,830)	(6,655,399)
Depreciation	(16,163)	(17,624)	(9,804)	(7,615)	(10,422)	(5,894)	(3,191)	(7,271)	(4,831)	(302,235)	(621,306)	(1,006,356)
Amortization	-	-	-	-	-	-	-	-	-	(179,756)	(356,554)	(536,310)
Other Operating Expenses	(2,167,282)	(2,179,701)	(996,746)	(1,531,490)	(681,484)	(1,088,071)	(453,934)	(753,158)	(996,069)	(1,974,388)	(8,435,585)	(21,257,908)
Income (Loss) from Investments Accounted for Using the Equity Method	-	-	-	-	-	-	-	-	-	(8,703)	(3,865)	(12,568)
Loss on Net Monetary Position	-	-	-	-	-	-	-	-	-	-	(6,681,946)	(6,681,946)
Income Tax	-	-	-	-	-	-	-	-	-	(136,812)	(488,522)	(625,334)
Profit / (Loss) for the Year	**2,099,914**	**2,047,906**	**1,079,661**	**1,324,729**	**116,385**	**354,849**	**242,545**	**430,010**	**547,336**	**(2,271,716)**	**(4,114,143)**	**1,857,476**

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(Partner)
C.P.C.E.C. N° 21.00004.3

Expressed in thousands of constant Argentine Pesos

NOTE 5 – SEGMENT INFORMATION (CONTINUED)

Segment Information as of 12.31.2020

	Central Region	Northwest of Argentina	Patagonia	Northeast of Argentina	Inside the Province of Buenos Aires	Gold	Greater Buenos Aires I	Greater Buenos Aires II	Cuyo	Non-allocable	Effects of Restatement	Total
ASSETS												
Cash and Cash Equivalents	515,299	494,059	318,111	309,453	113,543	249,555	72,241	245,633	377,678	-	-	2,695,572
Receivables from Trade	16,804,075	16,111,430	10,373,710	10,091,383	3,702,677	8,138,080	2,355,815	8,010,164	12,316,223	-	-	87,903,557
Other Assets	-	-	-	-	-	-	-	-	-	4,255,799	(824,871)	3,430,928
Property, Plant and Equipment	93,695	62,746	38,949	38,806	31,824	50,663	30,978	34,843	91,509	2,310,419	3,298,315	6,082,747
Total Assets	**17,413,069**	**16,668,235**	**10,730,770**	**10,439,642**	**3,848,044**	**8,438,298**	**2,459,034**	**8,290,640**	**12,785,410**	**6,566,218**	**2,473,444**	**100,112,804**
LIABILITIES												
Trade and Other Payables	11,325,211	10,629,153	6,504,053	6,112,188	1,916,240	4,932,922	1,083,710	3,666,992	8,543,381	286	-	54,714,136
Borrowings	3,182,435	3,051,258	1,964,622	1,911,153	701,230	1,541,228	446,155	1,517,002	2,332,504	-	-	16,647,587
Employee Benefit Obligations	146,017	139,516	65,507	87,510	57,006	96,511	39,004	122,014	126,014	644,573	-	1,523,672
Other Liabilities	-	-	-	-	-	-	-	-	-	3,375,174	-	3,375,174
Total Liabilities	**14,653,663**	**13,819,927**	**8,534,182**	**8,110,851**	**2,674,476**	**6,570,661**	**1,568,869**	**5,306,008**	**11,001,899**	**4,020,033**	**-**	**76,260,569**

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NOTE 5 – SEGMENT INFORMATION (CONTINUED)

Segment Information as of 12.31.2019

	Central Region	Northwest of Argentina	Patagonia	Northeast of Argentina	Inside the Province of Buenos Aires	Gold	Greater Buenos Aires I	Greater Buenos Aires II	Cuyo	Non-allocable	Effects of Restatement	Total
ASSETS												
Cash and Cash Equivalents	1,720,342	1,673,190	827,495	1,011,808	225,219	404,621	322,087	524,712	560,627	-	2,627,458	9,897,559
Receivables from Trade	11,484,531	11,103,936	5,535,298	6,680,728	1,477,394	2,645,117	2,054,108	3,358,019	3,689,228	-	17,357,731	65,386,090
Other Assets	-	-	-	-	-	-	-	-	-	4,455,249	805,005	5,260,254
Property, Plant and Equipment	53,804	33,610	21,373	21,209	8,931	27,732	23,725	13,324	11,371	2,098,801	4,056,869	6,370,749
Total Assets	**13,258,677**	**12,810,736**	**6,384,166**	**7,713,745**	**1,711,544**	**3,077,470**	**2,399,920**	**3,896,055**	**4,261,226**	**6,554,050**	**24,847,063**	**86,914,652**
LIABILITIES												
Trade and Other Payables	8,138,125	7,668,866	3,695,332	4,225,262	874,067	1,720,140	920,660	1,666,994	2,638,623	-	11,401,658	42,949,727
Borrowings	3,196,297	3,108,690	1,537,439	1,879,881	418,444	751,763	598,419	974,886	1,041,616	-	4,881,666	18,389,101
Employee Benefit Obligations	105,183	103,832	38,836	75,515	30,746	40,455	34,252	65,537	52,320	283,723	300,112	1,130,511
Other Liabilities	-	-	-	-	-	-	-	-	-	2,249,827	813,101	3,062,928
Total Liabilities	**11,439,605**	**10,881,388**	**5,271,607**	**6,180,658**	**1,323,257**	**2,512,358**	**1,553,331**	**2,707,417**	**3,732,559**	**2,533,550**	**17,396,537**	**65,532,267**

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(Partner)

C.P.C.E.C. N° 21.00004.3

NOTE 6 – REVENUES FROM SERVICES

	12.31.2020	12.31.2019
	In Thousands of AR$	
Account Maintenance Fee	9,563,394	10,628,581
Fees	5,745,208	5,808,200
Revenues from Third-Party Portfolio Managed	77,229	94,200
Card Renewal Fees	1,564,593	1,566,881
Other Revenues from Services	3,758,223	4,867,918
Total	**20,708,647**	**22,965,780**

NOTE 7 – COSTS OF SERVICES

	12.31.2020	12.31.2019
	In Thousands of AR$	
Printing and Distribution Expenses	(474,950)	(608,805)
Expenses from Call Center Services	(957,364)	(535,627)
Openings of Accounts	(166,663)	(154,715)
Special Promotions	(216,822)	(165,612)
Other Costs of Services	(1,348,361)	(889,833)
Expenses for Telephone Sale Channel	(243,203)	(338,666)
Total	**(3,407,363)**	**(2,693,258)**

NOTE 8 – REVENUES FROM FINANCING

	12.31.2020	12.31.2019
	In Thousands of AR$	
Merchants (*“Comercios Amigos”*) Interest	6,480,901	7,379,719
Interest on Financing through Credit Cards	10,675,659	13,152,508
Interest on Personal Loans	1,839,299	1,469,120
Compensatory Interest	2,119,247	3,841,388
Penalty Interest	1,042,463	1,887,228
Revenues from Lawsuits	11,612	25,288
Foreign Exchange Gain	311,458	158,610
Total	**22,480,639**	**27,913,861**

NOTE 9 – COSTS OF FINANCING

	12.31.2020	12.31.2019
	In Thousands of AR$	
Interest and Expenses on Notes (*“Obligaciones Negociables”*)	(3,631,425)	(11,974,203)
Bank Interest and Expenses	(1,361,288)	(1,041,417)
Tax on Bank Debits and Credits	(51,985)	(98,725)
Other Costs of Financing	(3,834)	(8,005)
Leases	(32,231)	(45,738)
Total	**(5,080,763)**	**(13,168,088)**

NOTE 10 – NET INCOME FROM SHORT-TERM INVESTMENTS

	12.31.2020	12.31.2019
	In Thousands of AR$	
Interest on Time Deposits	6,066	539,488
Interest on Government Securities	962,158	532,292
Income from Mutual Funds	1,465,832	2,543,222
Total	**2,434,056**	**3,615,002**

NOTE 11 – PROVISION FOR LOAN LOSSES

	12.31.2020	12.31.2019
	In Thousands of AR$	
Provision for Loan Losses	(4,736,009)	(6,983,391)
Recovery of Loan Losses	293,040	327,992
Total	**(4,442,969)**	**(6,655,399)**

NOTE 12 – EMPLOYEE BENEFITS EXPENSES

	12.31.2020	12.31.2019
	In Thousands of AR$	
Compensation and Social Security Charges	(6,348,648)	(5,990,866)
Bonuses for the Personnel	(831,393)	(803,284)
Travel Expenses and Per Diem	(37,110)	(129,748)
Other Employee Expenses	(469,020)	(559,049)
Total	**(7,686,171)**	**(7,482,947)**

NOTE 13 – TAXES AND CHARGES

	12.31.2020	12.31.2019
	In Thousands of AR$	
Turnover Tax	(2,964,046)	(3,535,863)
Tax on Bank Credits and Debits	(859,787)	(929,623)
Trade and Industry Tax	(1,338,523)	(1,027,853)
Other Taxes, Rates and Contributions	(97,657)	(62,720)
Total	**(5,260,013)**	**(5,556,059)**

NOTE 14 – MARKETING EXPENSES

	12.31.2020	12.31.2019
	In Thousands of AR$	
National Advertising	(537,612)	(772,870)
Advertising at Stores	(14,849)	(6,849)
Regional Advertising	(55,386)	(88,808)
Total	**(607,847)**	**(868,527)**

NOTE 15 – DEPRECIATION AND AMORTIZATION

	12.31.2020	12.31.2019
	In Thousands of AR$	
Depreciation of Property, Plant and Equipment (Note 24)	(1,046,038)	(1,006,356)
Amortization of Intangible Assets (Note 25)	(763,197)	(536,310)
Total	**(1,809,235)**	**(1,542,666)**

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

NOTE 16 – OTHER OPERATING EXPENSES

	12.31.2020	12.31.2019
	In Thousands of AR$	
Rentals	(304,391)	(126,509)
Regular Mail Services	(108,452)	(116,390)
Donations	(36,004)	(10,342)
Electricity, Natural Gas and Communications	(443,503)	(530,521)
Bank and Financial Expenses	(179,736)	(257,822)
Collection Expenses	(1,319,572)	(1,979,264)
Expenses for Procedures for the Collection of Amounts in Arrears	(608,900)	(937,346)
Supervisory Committee Members' Fees	(8,433)	(3,357)
Directors' Fees	(177,746)	(48,063)
Third Parties' Fees	(1,666,417)	(1,213,050)
Insurance and Security Services	(512,175)	(687,329)
Stationery and Office Supplies	(72,832)	(100,293)
Maintenance of Equipment and Buildings	(414,855)	(326,246)
Cleaning Expenses	(157,131)	(151,207)
Other Expenses	(867,305)	(862,636)
Total	**(6,877,452)**	**(7,350,375)**

NOTE 17 – INCOME FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	12.31.2020	12.31.2019
	In Thousands of AR$	
Loss from Investment in Cobranzas Regionales S.A.	(26,393)	(12,568)
Total	**(26,393)**	**(12,568)**

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PRICE WATERHOUSE & CO. S.R.L.

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C.P.C.E.C. N° 21.00004.3

NOTE 18 – INCOME TAX

The following table shows the changes in income tax items:

	Balance Sheet		Statement of Profit or Loss
	Deferred Tax Assets	Income Tax Payable	Income Tax Accrued during the Year
	In Thousands of AR$		
Balance at the Beginning of 2019	1,853,612	(1) (2,215,745)	(2,455,932)
Adjustment to Income Tax 2018 (3)	132,397	147,896	280,293
Payment of Income Tax 2018 (4)	-	1,325,796	-
Income Tax Accrued during the Year (2)	1,398,482	(2,282,756)	(884,274)
Release as per Law No. 27,541 (8)	(186,931)	-	(186,931)
Effect of First-time Adoption of IFRS 9 (Note 2.1.1)	(135,754)	-	(135,754)
Effect of Restatement on Income Tax Expense	-	742,053	301,332
Balance at December 31, 2019	**3,061,806**	**(2,282,756)**	**(625,334)**
Income Tax Accrued during the Year (5)	318,567	(2,584,168)	(2,265,601)
Adjustment to Income Tax (6)	(144,382)	142,400	(1,982)
Payment of Income Tax 2019 (7)	-	1,560,556	-
Release as per Law No. 27,541 (8)	(202,618)	-	(202,618)
Effect of Restatement on Income Tax Expense	-	579,800	512,433
Balance at December 31, 2020	**3,033,373**	**(2,584,168)**	**(1,957,768)**

(1) It corresponds to the income tax amount that, pursuant to the estimations made by the Company's Management as of March 11, 2019, should have been paid in May 2019 according to the taxable income accrued during the year ended December 31, 2018.
(2) It corresponds to the income tax amount that, pursuant to the estimations made by the Company's Management as of February 19, 2020, should have been paid in May 2020 according to the taxable income accrued during the year ended December 31, 2019.
(3) It corresponds to a correction of the income tax provision estimated at the end of 2018.
(4) It corresponds to income tax for 2018 paid by the Company.
(5) It corresponds to the income tax amount that, pursuant to the estimations made by the Company's Management as of the date of these financial statements, should be paid in May 2021 according to the taxable income accrued during the period ended December 31, 2020.
(6) It corresponds to a correction of the income tax provision estimated at the end of 2019.
(7) It corresponds to income tax for 2019 paid by the Company.
(8) It corresponds to an amount recovered from Deferred Tax Assets due to a change in valuation, resulting from the amended income tax rate pursuant to Law No. 27,541.

NOTE 18 – INCOME TAX (CONTINUED)

As of December 31, 2020 and December 31, 2019, net assets derived from the information included in the previous table amount to AR$ 3,033,373 and AR$ 3,061,806, respectively. Their composition as of those dates is detailed below:

	Balance at December 31, 2019	Net Tax Asset Generated During the Year	Balance at December 31, 2020
	In Thousands of AR$		
Receivables from Trade	3,710,255	200,121	3,910,376
Property, Plant and Equipment and Intangible Assets	(2,571,087)	(1,331,954)	(3,903,041)
Lease Payment	(72,091)	(7,891)	(79,982)
Mutual Funds	-	9,047	9,047
Trade and Other Payables	117	-	117
Employee Benefit Obligations	32,195	(1,616)	30,579
Foreign-exchange Quotation Difference	(791)	(1,631)	(2,422)
Provision for Contingencies	41,236	98,653	139,889
Inflation Adjustment for Tax Purposes	1,890,096	993,408	2,883,504
Others	31,876	13,430	45,306
Totals	**3,061,806**	**(28,433)**	**3,033,373**

The income tax amount payable estimated by Management, net of prepayments, as of December 31, 2020 and December 31, 2019 is as follows:

Current:

	12.31.2020	12.31.2019
Income Tax Provision – Current	(2,584,168)	(2,282,756)
Prepayments	1,394,393	1,014,670
Current Income Tax Payable	**(1,189,775)**	**(1,268,086)**

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

NOTE 18 – INCOME TAX (CONTINUED)

The following table shows the reconciliation of income tax charged to loss as of December 31, 2020 and December 31, 2019 to that which would result from applying the tax rate in force to book income:

	12.31.2020	**12.31.2019**
	In Thousands of AR$	
Profit for the Year before Income Tax	5,273,750	2,482,810
Tax Rate in Force	30%	30%
Loss for the Year at the Tax Rate	**(1,582,125)**	**(744,843)**
Permanent Differences at the Tax Rate:		
- Loss from Interest in Other Companies	(7,918)	(3,770)
- Non-taxable Income (1)	41,680	40,259
- Donations and Other Non-deductible Expenses	(365)	(936)
- Inflation Adjustment for Tax Purposes	1,590,805	2,268,114
- Others	(16,542)	(570)
Release as per Law No. 27541	(202,618)	(186,931)
Difference between the Tax Return and the Income Tax Provision	(1,982)	280,293
Effect of Restatement	(1,778,703)	(2,276,950)
Total Income Tax Charge for the Year	**(1,957,768)**	**(625,334)**

(1) It corresponds to the income from transactions carried out in Tierra del Fuego, net of indirect charges.

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(Partner)
C.P.C.E.C. N° 21.00004.3

NOTE 18 – INCOME TAX (CONTINUED)

The following chart shows the reconciliation of income tax charged to loss to tax assessed for the year for tax purposes:

	12.31.2020	12.31.2019
	In Thousands of AR$	
Total Income Tax Charge Recorded for the Year	**(1,957,768)**	**(625,334)**
- Temporary Differences at the Tax Rate		
- Additions:		
Provision for Loan Losses	(652,658)	(1,016,574)
Portfolio Assignment	452,537	496,754
Employee Benefit Obligations	1,616	904
Provision for Contingencies	(98,653)	3,065
Depreciation of Property, Plant and Equipment	1,331,954	1,159,286
Lease Payment	7,891	11,411
Foreign-exchange Quotation Difference	1,631	1,238
Mutual Funds	(9,047)	-
Inflation Adjustment for Tax Purposes	(993,408)	(1,890,096)
Others	(13,430)	25,818
Difference between the Tax Return and the Income Tax Provision	(142,400)	(147,896)
Effect of Restatement on Current Income Tax Expense	(512,433)	(301,332)
Total Tax for the Year Determined for Tax Purposes	**(2,584,168)**	**(2,282,756)**

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

NOTE 19 – CASH AND CASH EQUIVALENTS

	12.31.2020	12.31.2019
	In Thousands of AR$	
Cash in Banks – Checking Account	504,423	3,275,975
Cash and Petty Cash	941,655	985,993
Mutual Funds	846,734	4,886,551
Time Deposits	-	278,376
Deposits Abroad (Note 44)	307	152
Collections to be Deposited	402,453	470,512
Total	**2,695,572**	**9,897,559**

NOTE 20 – INVESTMENTS

	12.31.2020	12.31.2019
Current	In Thousands of AR$	
Government Securities	-	1,801,839
Total	**-**	**1,801,839**

NOTE 21 – RECEIVABLES FROM TRADE

	12.31.2020	12.31.2019
Current	In Thousands of AR$	
Credit Card Debtors	89,740,518	73,511,051
Provision for Loan Losses – Credit Card	(6,084,193)	(9,893,111)
Personal Loans Debtors	3,808,513	1,388,071
Provision for Loan Losses – Personal Loans	(61,087)	(184,078)
Total	**87,403,751**	**64,821,933**
Non-current		
Credit Card Debtors	110,787	383,311
Personal Loans Debtors	389,019	180,846
Total	**499,806**	**564,157**

	12.31.2020	12.31.2019
Changes in the Account Provision for Loan Losses	In Thousands of AR$	
Balances at the Beginning of the Year	10,077,189	11,114,985
Increases for the Year (1)	4,111,170	6,440,848
Applications and Uses	(3,485,691)	(742,135)
Portfolio Sale (2)	(1,498,964)	(2,711,759)
Effect of Restatement	(3,058,424)	(4,024,750)
Balances at Year-end	**6,145,280**	**10,077,189**

NOTE 21 – RECEIVABLES FROM TRADE (CONTINUED)

(1) The provision for loan losses amounting to AR$ 4,736,009 disclosed in the Statement of Profit or Loss and in Note 11 as of December 31, 2020 includes AR$ 624,839 for direct charges. The provision for loan losses amounting to AR$ 6,991,087 disclosed in the Statement of Profit or Loss and in Note 11 as of December 31, 2019 includes AR$ 542,543 for direct charges.

(2) Portfolio Sale: the recovery of AR$ 1,498,964 corresponds to the active portfolio only, and does not include the portfolio sale for AR$ 493,626 attributable to Memorandum Accounts.

Receivables from Trade valued at amortized cost do not differ significantly from their fair value.

<u>Memorandum Accounts</u>

Additionally, as of December 31, 2020 and 2019, the Company recorded AR$ 3,563,529 and AR$ 1,113,465, respectively, in respect of receivables from trade deemed uncollectible, considering as such those in respect of which there are no reasonable expectations of recovery (IFRS 9, paragraph 5.4.4), as mentioned in Note 2.9.

Accordingly, receivables deemed uncollectible are those which in the past month:
- were included in Stage 3;
- had a total expected loss of 100%; and
- are classified as uncollectible (Level 5).

NOTE 22 – OTHER RECEIVABLES

	12.31.2020	12.31.2019
Current	In Thousands of AR$	
Deposits for Checking Account Attachments (Note 42)	973	3,188
Prepaid Expenses	15,419	10,292
Commissions Receivable	2,693	29,476
Advance Payments to Suppliers	76,947	26,784
Other Receivables from Related Companies (Note 41)	17,770	40,470
Sundry Receivables	268,801	258,273
Total	**382,603**	**368,483**
Non-current		
Security Deposits (Note 42)	7,076	9,209
Prepaid Expenses	630	1,334
Total	**7,706**	**10,543**

Other Receivables valued at amortized cost do not differ significantly from their fair value.

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

NOTE 23 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Issuing Company	Interest Percentage	Book Value as of 12.31.2020	Book Value as of 12.31.2019	Issuer Information						
				Principal Line of Business	Class of Shares	Number of Shares (1)	Face Value of Shares	Capital	Balance at 12.31.2020	
									Equity	Profit / Loss
		In Thousands of AR$							In Thousands of AR$	
Cobranzas Regionales S.A.	5%	7,246	17,583	Integral Advisory Services for Credit Risk Analysis	Ordinary registered shares	3,910,000	0.1	391,000	220,444	(567,858)
Totals		**7,246**	**17,583**							

(1) Values are stated in units.

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3

Expressed in thousands of constant Argentine Pesos

NOTE 24 – PROPERTY, PLANT AND EQUIPMENT

Items	ORIGINAL VALUE					DEPRECIATION				NET BOOK AMOUNT
	Opening Book Amount	Disposals	Additions	Transfers	Closing Book Amount	Opening Book Amount	Disposals	Depreciation Charge	Closing Book Amount	12.31.2020
Land	**253,920**	-	-	(34,721)	219,199	-	-	-	-	**219,199**
Buildings	**1,937,200**	-	24,055	-	1,961,255	(279,747)	-	(33,374)	(313,121)	**1,648,134**
Buildings under Financial Leases	**1,535,550**	-	549,896	-	2,085,446	(476,473)	-	(528,253)	(1,004,726)	**1,080,720**
Cost of Adapting Stores	**915,832**	(11,314)	161,872	47,215	1,113,605	(483,159)	11,314	(145,875)	(617,720)	**495,885**
Furniture and Fixtures	**423,893**	(750)	1,322	-	424,465	(180,102)	469	(37,088)	(216,721)	**207,744**
Hardware	**1,108,674**	(15,583)	353,755	94,845	1,541,691	(483,315)	-	(250,261)	(733,576)	**808,115**
Facilities and Improvements	**514,530**	(4,789)	24,386	-	534,127	(221,772)	2,981	(51,187)	(269,978)	**264,149**
Assets at Warehouse	**54,494**	-	137,010	(107,339)	84,165	-	-	-	-	**84,165**
Totals as of 12.31.2020	**6,744,093**	**(32,436)**	**1,252,296**	**-**	**7,963,953**	**(2,124,568)**	**14,764**	**(1,046,038)**	**(3,155,842)**	**4,808,111**

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

Notes to the Financial Statements (Continued)

For the years ended December 31, 2020 and 2019

Expressed in thousands of constant Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

NOTE 24 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Items	ORIGINAL VALUE						DEPRECIATION				NET BOOK AMOUNT
	Opening Book Amount	Disposals	Additions	Adjustments due to Changes in Accounting Policies (1)	Transfers	Closing Book Amount	Opening Book Amount	Disposals	Depreciation Charge	Closing Book Amount	12.31.2019
Land	**253,920**	-	-	-	-	253,920	-	-	-	-	**253,920**
Buildings	**1,910,442**	-	26,758	-	-	1,937,200	(237,004)	-	(42,743)	(279,747)	**1,657,453**
Buildings under Financial Leases	**-**	-	-	1,535,550	-	1,535,550	-	-	(476,473)	(476,473)	**1,059,077**
Cost of Adapting Stores	**1,358,538**	(564,447)	121,741	-	-	915,832	(869,420)	528,616	(142,355)	(483,159)	**432,673**
Furniture and Fixtures	**566,412**	(182,209)	25,804	-	13,886	423,893	(288,169)	170,192	(62,125)	(180,102)	**243,791**
Hardware	**1,281,765**	(451,362)	230,699	-	47,572	1,108,674	(727,247)	440,092	(196,160)	(483,315)	**625,359**
Facilities and Improvements	**804,595**	(310,599)	13,715	-	6,819	514,530	(425,194)	289,922	(86,500)	(221,772)	**292,758**
Assets at Warehouse	**151,889**	(29,118)	-	-	(68,277)	54,494	-	-	-	-	**54,494**
Totals as of 12.31.2019	**6,327,561**	**(1,537,735)**	**418,726**	**1,535,550**	**-**	**6,744,093**	**(2,547,034)**	**1,428,822**	**(1,006,356)**	**(2,124,568)**	**4,619,525**

(1) See Note 2.1.1.

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3

Expressed in thousands of constant Argentine Pesos

NOTE 25 – INTANGIBLE ASSETS

INTANGIBLE ASSETS									
Items	ORIGINAL VALUE				AMORTIZATION				NET BOOK AMOUNT
	Opening Book Amount	Disposals	Additions	Closing Book Amount	Opening Book Amount	Disposals	Amortization Charge	Closing Book Amount	12.31.2020
Patents and Software	**4,259,216**	(3,145)	286,609	4,542,680	(2,566,464)	3,145	(763,197)	(3,326,516)	**1,216,164**
Other Intangible Assets	**58,472**	-	-	58,472	-	-	-	-	**58,472**
Totals as of 12.31.2020	**4,317,688**	**(3,145)**	**286,609**	**4,601,152**	**(2,566,464)**	**3,145**	**(763,197)**	**(3,326,516)**	**1,274,636**

INTANGIBLE ASSETS							
Items	ORIGINAL VALUE			AMORTIZATION			NET BOOK AMOUNT
	Opening Book Amount	Additions	Closing Book Amount	Opening Book Amount	Amortization Charge	Closing Book Amount	12.31.2019
Patents and Software	**3,253,348**	1,005,868	4,259,216	(2,030,154)	(536,310)	(2,566,464)	**1,692,752**
Other Intangible Assets	**58,472**	-	58,472	-	-	-	**58,472**
Totals as of 12.31.2019	**3,311,820**	**1,005,868**	**4,317,688**	**(2,030,154)**	**(536,310)**	**(2,566,464)**	**1,751,224**

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3

NOTE 26 – TRADE AND OTHER PAYABLES

	12.31.2020	12.31.2019
Current	**In Thousands of AR$**	
Merchants (*"Comercios Amigos"*)	54,174,717	42,099,008
Suppliers	413,204	468,999
Collections on Account of Third Parties Payable	126,215	381,720
Total	**54,714,136**	**42,949,727**

Trade and Other Payables valued at amortized cost do not differ significantly from their fair value.

NOTE 27 – BORROWINGS

	12.31.2020	12.31.2019
Current	**In Thousands of AR$**	
Notes (*"Obligaciones Negociables"*)	7,604,480	10,315,068
Bank and Financial Loans	1,685,072	-
Leases (Note 34)	369,162	374,477
Credit Lines	3,944,584	3,083,076
Total	**13,603,298**	**13,772,621**
Non-current		
Notes (*"Obligaciones Negociables"*)	2,474,299	3,990,310
Leases (Note 34)	569,990	626,170
Total	**3,044,289**	**4,616,480**

Borrowings valued at amortized cost do not differ significantly from their fair value.

NOTE 28 – EMPLOYEE BENEFIT OBLIGATIONS

	12.31.2020	12.31.2019
Current	**In Thousands of AR$**	
Salaries Payable	311,640	262,513
Social Security Charges	268,384	243,422
Provisions	641,922	335,951
Bonuses for the Personnel	269,253	238,622
Rewards for the Personnel	32,473	50,003
Total	**1,523,672**	**1,130,511**

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3

NOTE 29 – CURRENT TAX LIABILITIES

	12.31.2020	12.31.2019
Current	**In Thousands of AR$**	
Trade and Industry Tax Payable	113,754	71,340
Tax Withholdings and Additional Tax Withholdings Made from Third Parties	731,125	604,298
Value-added Tax Payable	811,413	799,864
Turnover Tax Payable	226,878	145,277
Total	**1,883,170**	**1,620,779**

NOTE 30 – OTHER LIABILITIES

	12.31.2020	12.31.2019
Current	**In Thousands of AR$**	
Fees Payable to Directors and Supervisory Committee	161,292	39,489
Advanced Payments to Directors	(27,527)	(38,454)
Other Miscellaneous Liabilities	11,392	15,504
Total	**145,157**	**16,539**
Non-current		
Other Miscellaneous Liabilities	12,014	10,003
Total	**12,014**	**10,003**

Other Liabilities valued at amortized cost do not differ significantly from their fair value.

NOTE 31 – PROVISIONS

This account includes the estimated amounts to face risks of probable occurrence, which, if they occur, will give rise to a loss for the Company.

(1) Legal Claims:

The Company is subject to several claims, lawsuits and other legal proceedings, including customers' claims, where a third party is claiming payments for alleged damages, refunds for losses or compensation. The potential debt for the Company with respect to such claims, lawsuits and other legal proceedings cannot be certainly estimated. Management periodically reviews the progress of each of the significant issues and calculates the potential financial exposure.

A provision is booked when a potential loss derived from a claim or legal proceeding is deemed likely and the amount can be fairly estimated.

Provisions for contingent losses reflect a fair estimation of the losses to be incurred based on the information made available by Management as of the date of the preparation of the condensed interim financial statements and considering the lawsuits to which Tarjeta Naranja is a party. These estimations are mainly prepared with the assistance provided by the legal advisors.

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C. N° 21.00004.3

NOTE 31 – PROVISIONS (CONTINUED)

(2) Tax Claims:

As of the date of these financial statements, the Company is in the following situations with respect to certain Provincial Tax Boards:

The Company has a dispute with the Tax Revenue Agency of the Province of Río Negro. In due time, the tax agency made an adjustment of AR$ 895 for turnover tax for the tax periods from January 2010 to June 2012 from the Company. The Company timely challenged the adjustment made. The amount claimed plus accrued interest totaled AR$ 2,964 and AR$ 3,740 (AR$ 2,747 in nominal terms) as of December 31, 2020 and December 31, 2019, respectively.

On the other hand, the Company was served notice of an official assessment from the General Tax Board of the Province of Tucumán, in its capacity as Turnover Tax Withholding Agent, in connection with years commencing on January 2013 through December 2015. The Company timely challenged the adjustment made, with the challenged amounts having been acknowledged, in part, on February 6, 2019. The Company filed a claim for the remaining portion with the provincial Tax Court. On December 11, 2020, Naranja agreed to a payment plan released by the Tax Board of Tucumán, benefitting from a substantial interest reduction, upon which the conflict was settled. The amount claimed plus accrued interest totaled AR$ 8,454 (AR$ 6,210 in nominal terms) as of December 31, 2019.

Furthermore, Tarjeta Naranja has a dispute with the General Tax Board of the Province of Córdoba regarding a difference in the turnover tax liability payable for tax periods running from January 2016 to August 2018. On February 14, 2020, the tax agency gave notice to the Company of an official tax assessment in the amount of AR$ 35,723, plus interest. On September 4, 2020, the tax agency gave notice of an official tax assessment for the previously notified amount. The Company timely challenged the adjustment made. On November 6, 2020, the Company was notified of the dismissal of the appeal requesting reversal it had filed. In response, Naranja filed an administrative complaint against the tax agency's position. The amount claimed plus accrued interest totaled AR$ 121,540 and AR$ 92,243 (AR$ 67,756 in nominal terms) as of December 31, 2020 and December 31, 2019, respectively.

The Company also has outstanding claims from certain Municipal Tax Bureaus throughout the country; most of them in connection with Publicity and Advertising, and in respect to which it has filed the respective defenses. As of December 31, 2020 and December 31, 2019, total municipal claims against the Company amounted to AR$ 25,840 and AR$ 33,747 (AR$ 24,788 in nominal terms), respectively.

The provisions booked in liabilities related to the cases described above had been adjusted based on the opinion of the legal advisors, the judicial precedents referred to above and the favorable evolution thereof.

However, Tarjeta Naranja S.A.'s Board of Directors, based on tax advisors' opinions, considers the taxes involved have been appropriately calculated according to legal regulations currently in force, and those tax authorities' claims have no legal or technical grounds. Therefore, the Company is currently exercising — and will exercise in the future — its constitutional rights in order to clarify and settle said issues.

Expressed in thousands of constant Argentine Pesos

NOTE 31 – PROVISIONS (CONTINUED)

On December 1, 2017, Tarjeta Naranja S.A. filed an action against the Argentine tax authorities (AFIP as per its initials in Spanish) for the recovery of the Income Tax for the years 2014 and 2016 in the amount of AR$ 580,164, in nominal terms. The action was grounded on the total and/or partial failure to apply the inflation adjustment mechanisms set forth in Title VI of the Income Tax Law, leading to absorb a substantial portion of taxable income and surpass any reasonable taxation threshold. On May 17, 2018, an identical action was filed in respect of the predecessor company Tarjetas Cuyanas S.A. for the years 2014 and 2016, in the amount of AR$ 145,478, in nominal terms. On September 27, 2019 and September 17, 2019, the Company filed the respective actions for years 2017 and 2018 in the amount of AR$ 326,498 and AR$ 973,843, respectively, in nominal terms. In the absence of an answer from AFIP, on December 6, 2019 the Company filed an action for protection of fundamental rights on grounds of undue delay with the Federal Tax Court regarding Tarjeta Naranja S.A.'s years 2014 and 2016. On February 26, 2020, the Company was served notice of the favorable outcome of this action, whereby AFIP was ordered to render judgment within the following 60 days. On the other hand, and given the fact that the statute of limitations for AFIP to render judgment had run off, on December 27, 2019, the Company filed an action for recovery with the Federal Courts concerning Tarjetas Cuyanas S.A.’s years 2014 and 2016 and Tarjeta Naranja S.A.'s year 2018. On December 30, 2019, the Company brought an identical action in connection with Tarjeta Naranja S.A.’s year 2017. Similarly, on May 26, 2020, Tarjeta Naranja S.A. filed an action with AFIP for the recovery of the Income Tax for the year 2019 in the amount of AR$ 1,364,949, in nominal terms.

The breakdown and changes of contingent liabilities as of December 31, 2020 are as follows:

	Balance at the Beginning of the Year	Additions	Disposals	Payments	Effect of Restatement	Balance at Year-end
Tax Matters	41,626	53,177	(21,093)	(3,718)	(17,617)	52,375
Consumer Protection	32,682	24,820	(34,597)	(7,704)	5,368	20,569
Labor Matters	58,953	60,520	(1,959)	(28,179)	(32,153)	57,182
Damages	13,345	7,466	(4,027)	(1,509)	(1,888)	13,387
Others	915	2,771	(967)	(184)	(990)	1,545
Total	**147,521**	**148,754**	**(62,643)**	**(41,294)**	**(47,280)**	**145,058**

In addition, the breakdown and changes of contingent liabilities as of December 31, 2019 are as follows:

	Balance at the Beginning of the Year	Additions	Disposals	Payments	Effect of Restatement	Balance at Year-end
Tax Matters	29,312	27,639	(4,367)	(9,054)	(1,904)	41,626
Consumer Protection	9,332	70,793	(15,634)	(21,454)	(10,355)	32,682
Labor Matters	81,520	70,867	(30,727)	(15,613)	(47,094)	58,953
Damages	15,246	14,457	(11,507)	(1,148)	(3,703)	13,345
Others	712	1,525	(1,009)	(199)	(114)	915
Total	**136,122**	**185,281**	**(63,244)**	**(47,468)**	**(63,170)**	**147,521**

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

NOTE 32 - FINANCIAL LIABILITIES BY CONTRACTUAL DUE DATE

The table below breaks down financial liabilities by contractual due date as of December 31, 2020:

	December 31, 2020 In Thousands of AR$				
	Less than 3 Months	**From 3 to 12 Months**	**From 1 to 2 Years**	**From 2 to 5 Years**	**Total**
Financial Liabilities					
Trade and Other Payables	42,812,855	11,901,281	-	-	54,714,136
Borrowings (*)	1,713,207	20,716,151	3,021,682	128,980	25,580,020
Other Liabilities	6,325	138,824	12,014	-	157,163
Total Financial Liabilities	**44,532,387**	**32,756,256**	**3,033,696**	**128,980**	**80,451,319**

(*) It includes future interest to be accrued.

The table below breaks down financial liabilities by contractual due date as of December 31, 2019:

	Less than 3 Months	**From 3 to 12 Months**	**From 1 to 2 Years**	**From 2 to 5 Years**	**Total**
Financial Liabilities					
Trade and Other Payables	30,474,993	2,474,734	-	-	42,949,727
Borrowings (*)	2,918,058	15,615,037	3,955,517	2,490,805	24,979,417
Other Liabilities	12,683	3,844	-	10,004	26,531
Total Financial Liabilities	**33,405,734**	**28,093,615**	**3,955,517**	**2,500,809**	**67,955,675**

(*) It includes future interest.

Expressed in thousands of constant Argentine Pesos

NOTE 33 – BORROWINGS

Proceeds from Bank and Financial Loans

As of December 31, 2020, the Company had an outstanding bank loan with the following characteristics:

Institution	Currency	Date of Arrangement	Maturity Date	Loan Amount as of 12.31.2020 (*)	Principal Payments	Interest Payments	Interest Rate
Banco Patagonia S.A.	Pesos (AR$)	12/14/2020	12/13/2021	1,600,000	Upon maturity	Monthly	Badlar + 6.50%

Credit Lines

The Company has entered into and used the following credit line arrangements, the main characteristics of which with regard to the obligations outstanding are summarized as follows:

Institution	Credit Line Currency	Date of Arrangement	Maturity Date	Credit Line Amount as of 12.31.2020 (*)	Principal Payments	Interest Payments	Interest Rate
Banco de Galicia y Buenos Aires S.A.U.	Pesos (AR$)	10/26/2020	06/30/2021	1,900,000	Upon maturity	Monthly	Corrected Badlar + 0.75%
Banco de Galicia y Buenos Aires S.A.U.	Pesos (AR$)	11/25/2020	05/24/2021	-	Upon maturity	Monthly	Corrected Badlar + 0.75%
Banco Macro S.A.	Pesos (AR$)	12/14/2020	12/13/2021	2,000,000	Upon maturity	Monthly	Badlar + 6.75%

(*) It corresponds to the principal amount outstanding as of the indicated dates in Argentine Pesos.

Memorandum Accounts

As of December 31, 2020, the Company recorded in memorandum accounts unused amounts for AR$ 3,800,000 under credit lines borrowed from Banco de Galicia y Buenos Aires S.A.U. The Company did not have any commitment agreement as of such date.

As of December 31, 2019, the Company did not have unused balances under credit lines or existing commitment agreements.

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

Expressed in thousands of constant Argentine Pesos

NOTE 34 – LEASES

The Company has entered into several buildings lease agreements in respect of which it has recognized the following assets:

Items	Original Value			Depreciation	Net Book Amount
	Opening Book Amount	Additions	Accumulated Depreciation at the Beginning of the Year	Charge for the Year	At 12.31.2020
Casa Naranja Lease Agreement	1,369,467	2,130	(124,180)	(21,393)	1,226,024
Lease Agreements under IFRS 16	1,535,550	549,896	(476,473)	(528,253)	1,080,720

On the other hand, the Company has recorded the following lease liabilities:

Items	Opening Book Amount	Accrued Interest	Amount Recognized under IFRS 16	Interest to be Accrued	Payments	Effect of Restatement	Value at 12.31.2020
Lease Liabilities	1,000,647	107,422	617,469	(67,551)	(412,225)	(306,610)	939,152

The following are the future lease payments and the related present value as of December 31, 2020:

	Future Lease Payments	Present Value of Lease Payments
	12.31.2020	
Less than One Year	445,991	369,162
From 1 to 5 Years	588,375	440,643
Over 5 Years	135,140	129,347
Minus Future Financing Charges	(230,354)	-
Present Value of Lease Payments	**939,152**	**939,152**

	12.31.2020
Included in the Financial Statements as:	
Current Leases	369,162
Non-current Leases	569,990
Total	**939,152**

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~~(Partner)~~
C.P.C.E.C. N° 21.00004.3

NOTE 35 – NOTES (*"OBLIGACIONES NEGOCIABLES"*)

As of December 31, 2020, the Company has the Global Program approved by Resolutions No. 15,220, No. 15,361, No. 15,785, No. 16,319, No. 16,571, No. 16,822, No. 17,676 and No. 19,508 of the C.N.V. outstanding.

The Company's Shareholders' Meeting held on July 14, 2005 authorized the creation of a Global Program for the Issuance of Notes for a maximum outstanding amount of US$ 50,000 to be placed by means of a public offering. On October 26, 2005, the C.N.V. authorized the creation of the global program and the public offering of each series of notes issued under such Program through Resolution No. 15,220 of that date.

The Shareholders' Meeting held on March 3, 2006, in turn, authorized to increase the amount of said Global Program for the Issuance of Notes by US$ 100,000, thus resulting in a total maximum amount of US$ 150,000. Such increase was authorized by the C.N.V. through Resolution No. 15,361 dated March 23, 2006.

On October 31, 2007, the Company's Shareholders' Meeting approved to increase said Program's amount up to a maximum outstanding amount of US$ 350,000 or its equivalent amount in any other currency. Such increase was authorized by the C.N.V. through Resolution No. 15,785 dated November 16, 2007. On March 26, 2010, the Shareholders' Meeting approved the extension of the term during which such program would be effective. On April 27, 2010, the C.N.V. authorized such extension through Resolution No. 16,319.

Later, the Company's Shareholders' Meeting held on April 1, 2011 approved to increase said Program's amount up to a maximum outstanding amount of US$ 450,000 or its equivalent amount in any other currency. Such increase was authorized by the C.N.V. through Resolution No. 16,571 dated May 24, 2011.

On March 8, 2012, the Company's Shareholders' Meeting approved to increase said Program's amount up to a maximum outstanding amount of US$ 650,000 or its equivalent amount in any other currency. Such increase was authorized by the C.N.V. through Resolution No. 16,822 dated May 23, 2012.

Furthermore, on March 19, 2015, the Shareholders' Meeting approved the extension of the term during which such Program would be outstanding for five years. Then, on May 21, 2015, the C.N.V. authorized such extension through Resolution No. 17,676.

Finally, on April 4, 2018, the Company's Shareholders' Meeting decided to approve to increase said Program's amount up to a maximum of US$ 1,000,000 outstanding at any time, or its equivalent amount in other currencies. Such increase was approved by the C.N.V. through Resolution No. 19,508 dated May 10, 2018.

NOTE 35 – NOTES (*"OBLIGACIONES NEGOCIABLES"*) (CONTINUED)

Below is a breakdown of the main characteristics of notes and their balances as of December 31, 2020 and December 31, 2019:

Date of Placement	Currency	Class Number	Amount in Thousands	Type	Term	Maturity Date	Interest Rate / Price	Face Value (*)	
								12.31.20	12.31.19
06/29/2016	AR$ (1)	XXXIV Series II	475,397	Simple notes, not convertible into shares	1,461 days	06/29/2020	Minimum 32.00 % / Badlar + 4.67 %	-	393,286
07/26/2016	AR$ (2)	XXV	400,000	Simple notes, not convertible into shares	1,461 days	07/26/2020	Minimum 30.00 % / Badlar + 3.94%	-	395,000
09/27/2016	AR$ (3)	XXXV Series II	774,389	Simple notes, not convertible into shares	1,461 days	09/27/2020	Minimum 26.00 % / Badlar + 3.99 %	-	686,914
10/24/2016	AR$ (4)	XXVI Series II	350,237	Simple notes, not convertible into shares	1,461 days	10/24/2020	Minimum 26.00 % / Badlar + 4.00%	-	350,237
02/10/2017	AR$ (5)	XXVII Series II	500,000	Simple notes, not convertible into shares	1,095 days	02/10/2020	Minimum 23.50% / Badlar + 3.50%	-	461,122
04/11/2017	AR$ (6)	XXXVII	3,845,700	Simple notes, not convertible into shares	1,826 days	04/11/2022	Minimum 15.00% / Badlar + 3.50 %	2,563,800	3,845,700
06/09/2017	AR$ (7)	XXVIII Series II	371,825	Simple notes, not convertible into shares	1,461 days	06/09/2021	Minimum 25.00% / Badlar + 3.70%	371,825	371,825
04/10/2018	AR$ (8)	XL Series II	1,402,500	Simple notes, not convertible into shares	914 days	10/10/2020	Minimum 27.00% / Badlar + 3.69%	-	1,338,175
11/15/2018	AR$ (9)	XLI Series II	343,555	Simple notes, not convertible into shares	547 days	05/15/2020	Badlar + 10.00%	-	343,555
02/19/2019	AR$ (10)	XLIII	1,583,895	Simple notes, not convertible into shares	547 days	08/18/2020	Badlar + 7.00%	-	1,414,706
07/08/2020	AR$ (11)	XLIV	3,574,897	Simple notes, not convertible into shares	549 days	01/08/2022	Badlar + 4.00%	3,574,897	-
12/18/2020	AR$ (12)	XLV	3,057,000	Simple notes, not convertible into shares	365 days	12/18/2021	Badlar + 5.00%	3,057,000	-

(*) It corresponds to the principal amount outstanding as of the indicated dates in Argentine Pesos.

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(Partner)

C.P.C.E.C. N° 21.00004.3

NOTE 35 – NOTES (*"OBLIGACIONES NEGOCIABLES"*) (CONTINUED)

(1) On June 29, 2016, the Company issued and placed its Class XXXIV Notes for a total amount of AR$ 600,000. This issuance was carried out in two series: Series I for a total amount of AR$ 124,603 and Series II for a total amount of AR$ 475,397. As of the date of these financial statements, the Company settled the principal in respect of both Series.

(2) On July 26, 2016, the Company issued and placed TC Class XXV Notes for a total amount of AR$ 400,000. This issuance was carried out in only one Series. Principal will be settled upon maturity.

(3) On September 27, 2016, the Company issued and placed its Class XXXV Notes for a total amount of AR$ 1,000,000. This issuance was carried out in two series: Series I for a total amount of AR$ 225,611 and Series II for a total amount of AR$ 774,389. Interest shall be payable quarterly in both Series. For Series I, minimum interest rate shall be 26% nominal annual for the first interest period. In case the interest rate to be applied after the auction market period is lower than minimum interest rate, interest for the first interest period shall be accrued according to the latter interest rate, pursuant to the Price Supplement and Disclosure of Results. For Series II, minimum interest rate shall be 26% nominal annual for the first two interest periods. In case the interest rate to be applied after the auction market period is lower than minimum interest rate, interest for the first two interest periods shall be accrued according to the latter interest rate, pursuant to the Price Supplement and Disclosure of Results. Principal of Series I and Series II was settled upon maturity.

(4) On October 24, 2016, the Company issued and placed TC Class XXVI Notes for a total amount of AR$ 500,000. This issuance was carried out in two series: Series I for a total amount of AR$ 149,763 and Series II for a total amount of AR$ 350,237. Principal of Series I and Series II was settled upon maturity.

(5) On February 10, 2017, the Company issued and placed TC Class XXVII Notes for a total amount of AR$ 500,000. This issuance was carried out under Series II, with Series I having been declared void. Principal was already settled as of the date of these financial statements.

(6) On April 11, 2017, the Company issued and placed Peso-linked Class XXXVII Notes for a total amount of US$250,000, equivalent to AR$ 3,845,700, as converted at an Initial Exchange Rate. Principal will be settled in three annual installments, with due dates on April 11, 2020, April 11, 2021 and April 11, 2022. Interest shall be payable quarterly. Minimum interest rate shall be 15.00% nominal annual. In case the interest rate to be applied after the auction market period is lower than minimum interest rate, interest shall be accrued according to the latter, pursuant to the Price Supplement and Disclosure of Results. As of the date of these financial statements, the first principal payment had already been made.

(7) On June 9, 2017, the Company issued and placed TC Class XXVIII Notes for a total amount of AR$ 500,000. This issuance was carried out in two series: Series I for a total amount of AR$ 128,175 and Series II for a total amount of AR$ 371,825. Principal of Series I was already settled. Principal of Series II will be settled upon maturity.

(8) On April 10, 2018, the Company issued and placed its Class XL Notes for a total amount of AR$ 2,000,000. This issuance was carried out in two series: Series I for a total amount of AR$ 597,500 and Series II for a total amount of AR$ 1,402,500. Interest on Series I is payable upon maturity, while interest on Series II is payable quarterly. For Series II, the minimum interest rate for the first two interest periods is an annual nominal rate of 27%. In the case the interest rate to be applied after the auction market period is held is lower than minimum interest rate, interest for the first two interest periods shall be accrued according to the latter interest rate. In September 2019, the Company repurchased Class XL Series I Notes for an aggregate principal amount of AR$ 119,650. Principal of both Series was settled upon maturity.

(9) On November 15, 2018, the Company issued and placed its Class XLI Notes for a total amount of AR$ 1,197,657. This issuance was carried out in two series: Series I for a total amount of AR$ 854,102 and Series II for a total amount of AR$ 343,555. As of the date of these financial statements, principal in respect of both Series had already been paid.

(10) On February 19, 2019, the Company issued and placed its Class XLIII Notes for a total amount of AR$ 1,583,895. This issuance was carried out in only one Series, with interest being payable quarterly. Principal was settled upon maturity.

(11) On July 8, 2020, the Company issued and placed its Class XLIV Notes for a total amount of AR$ 3,574,897. This issuance was carried out in only one Series. Principal will be settled in 3 consecutive installments within 12, 15 and 18 months.

(12) On December 18, 2020, the Company issued and placed its Class XLV Notes for a total amount of AR$ 3,057,000. This issuance was carried out in only one Series. Principal will be settled upon maturity.

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C.P.C.E.C. N° 21.00004.3

NOTE 35 – NOTES (*“OBLIGACIONES NEGOCIABLES”*) (CONTINUED)

Covenants Undertaken:

Furthermore, it is worth noting that in the Price Supplement of Class XXXVII Notes, the Company has undertaken the following covenants, among others, with regard to the holders of such Notes.

(i) The Company will not incur debt, unless at the date of incurring debt:

(a) the Total Liabilities to Equity Ratio (the Company’s Total Liabilities minus Cash and Cash Equivalents) does not exceed 7 to 1,

(b) the Indebtedness to Equity Ratio (the Company's Borrowings, minus Cash and Cash Equivalents) does not exceed 4 to 1.

(ii) The Company will not levy any lien or else allow any lien to be levied, except for the permitted liens (liens existing at the time of the issuance of Notes, their renewals and those liens set forth by the law) with regard to all the other assets, when the total amount of the liens does not exceed 5% of the Company’s total assets.

(iii) The Company will not be able to dispose of its assets, unless: (a) it receives a consideration at market value, (b) 75% of the consideration is in cash, (c) the proceeds of the sale are used within 365 days to (i) pay off debt, (ii) make investments in capital assets in a related company, a permitted business or a related business, or else (iii) reinvest or purchase additional assets.

In turn, in the Price Supplement of Class XXVIII (TC), XLIV and XLV Notes, the Company has undertaken the following covenant with regard to the holders of such Notes:

(i) The Company will not levy any lien or else allow any lien to be levied, except for the permitted liens —such liens existing at the date of the Price Supplement or those to be levied in the future with regard to all the other assets—, when the total amount of the liens does not exceed 25% of the Company’s total assets.

At the date of these financial statements, the Company has complied with the abovementioned covenants undertaken.

NOTE 36 – CASH AND CASH EQUIVALENTS – STATEMENT OF CASH FLOWS

	12.31.2020	12.31.2019
	In Thousands of AR$	
Cash	1,848,838	5,011,008
Placements of Cash-equivalent Funds	846,734	4,886,551
Total	**2,695,572**	**9,897,559**

NOTE 37 – ADJUSTMENTS TO CALCULATE THE NET CASH FLOWS FROM OPERATING ACTIVITIES

	12.31.2020	12.31.2019
	In Thousands of AR$	
Provision for Loan Losses	4,736,009	6,983,391
Provision for Contingencies, Net of Recoveries	86,111	122,037
Provision for Employee Benefit Obligations	1,542,201	982,697
Provision for Fees Payable to Directors and Members of the Supervisory Committee (*)	177,746	(424)
Foreign Exchange Loss	(311,458)	(158,610)
Income from Investments Accounted for Using the Equity Method	26,393	12,568
Decrease in Property, Plant and Equipment	17,672	108,913
Depreciation of Property, Plant and Equipment	1,046,038	1,006,356
Amortization of Intangible Assets	763,197	536,310
Total	**8,083,909**	**9,593,238**

(*) Net of recoveries

NOTE 38 – CHANGES IN OPERATING ASSETS

	12.31.2020	12.31.2019
	In Thousands of AR$	
Increase in Receivables from Trade	(46,741,861)	(15,202,566)
(Increase) / Decrease in Other Receivables	(314,772)	223,618
Total	**(47,056,633)**	**(14,978,948)**

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C.P.C.E.C. N° 21.00004.3

NOTE 39 – CHANGES IN OPERATING LIABILITIES

	12.31.2020	12.31.2019
	In Thousands of AR$	
Decrease in Employee Benefit Obligations	(776,403)	(1,017,944)
Increase in Trade and Other Payables	24,456,558	14,581,841
Decrease in Trade and Other Payables	(121,840)	(1,806,094)
Increase in Tax Liabilities	743,290	322,365
Income Tax Payments	(2,562,034)	(1,470,779)
Increase / (Decrease) in Other Liabilities	138,439	(50,659)
Decrease in Provision for Contingencies	(41,294)	(63,170)
Total	**21,836,716**	**10,495,560**

NOTE 40 – ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

The following is the reconciliation of borrowings disclosed in the Statements of Cash Flows at year-end:

	At the Beginning of the Year	Borrowing	Amount Recognized under IFRS 16	Principal, Interest and Expenses Payments	Interest and Expenses Payable	Effect of Restatement	At Year-end
Notes (*“Obligaciones Negociables”*)	14,305,378	7,260,183	-	(11,913,908)	3,631,425	(3,204,299)	10,078,779
Borrowings	4,083,723	11,933,302	549,906	(10,302,009)	1,449,338	(1,145,452)	6,568,808
Total	**18,389,101**	**19,193,485**	**549,906**	**(22,215,917)**	**5,080,763**	**(4,349,751)**	**16,647,587**

The following are the financing operations performed during the year that have not generated any cash movements.

	12.31.2020	12.31.2019
	In Thousands of AR$	
Payment in Kind for the Issuance of Class XLIII Notes (*“Obligaciones Negociables”*)	-	383,664

NOTE 41 - BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES

Tarjeta Naranja S.A. is controlled by Tarjetas Regionales S.A., with legal domicile at Tte. Gral. Juan D. Perón 430 - 19th Floor - Autonomous City of Buenos Aires, which holds 2,823 shares, representing a 99.96% interest in the capital stock. In turn, Grupo Financiero Galicia S.A., with legal domicile at Tte. Gral. Juan D. Perón 456, 2nd Floor, Autonomous City of Buenos Aires, owns an 83% equity interest in Tarjetas Regionales S.A.

Ondara S.A. is a corporation incorporated in Argentina, with domicile established at Av. Paseo Colón 746, 4th Floor, Autonomous City of Buenos Aires, Argentina, and holds 1 share accounting for 0.4% of the Company’s capital stock.

In an effort to associate our trademark to new products with embedded technology which already have a share in the digital market, in December 2018 Tarjeta Naranja S.A. entered into a trademark license agreement with Cobranzas Regionales S.A., pursuant to which such trademarks can be associated to the operation of a payment platform and external devices that read card magnetic stripes and chips, under the brand Naranja POS.

Since the development and execution of the project required an increase of AR$ 90,000 in Cobranzas Regionales S.A.’s capital stock, according to the percentage of shares held by each shareholder, on February 18, 2019, the shareholders held their General Extraordinary Shareholders’ Meeting at which time they approved said increase by issuing 900,000 non-endorsable, registered ordinary shares, 855,000 of Tarjetas Regionales S.A.’s capital stock and 45,000 of Tarjeta Naranja S.A.'s capital stock. Similarly, on December 20, 2019, the General Extraordinary Shareholders’ Meeting approved a new increase of AR$ 300,000 in capital stock, according to the percentage of shares held by each shareholder, by issuing 3,000,000 non-endorsable, registered ordinary shares, 2,850,000 of Tarjetas Regionales S.A.’s capital stock and 150,000 of Tarjeta Naranja S.A.'s capital stock.

In September 2020, Tarjetas Regionales S.A. and Tarjeta Naranja S.A., as shareholders of Cobranzas Regionales S.A., made irrevocable contributions to offset losses on a proportional basis to their equity interests, in the amount of AR$ 194,822 and AR$ 10,254, respectively (AR$ 175,000 and AR$ 9,211 in nominal values, respectively). The contributions were accepted by the Board of Directors of Cobranzas Regionales S.A., as per Minutes No. 201 and No. 202.

In October 2020, Tarjetas Regionales S.A. and Tarjeta Naranja S.A., as shareholders of Cobranzas Regionales S.A., made irrevocable contributions to offset losses on a proportional basis to their equity interests, in the amount of AR$ 187,761 and AR$ 9,882, respectively (AR$ 175,000 and AR$ 9,211 in nominal values, respectively). The contributions were accepted by the Board of Directors of Cobranzas Regionales S.A., as per Minutes No. 203.

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(Partner)
C.P.C.E.C. N° 21.00004.3

The following are Tarjeta Naranja S.A.'s balances with related companies as of December 31, 2020:

Companies under Section 33 of Law No.19550		
	Banco de Galicia y de Buenos Aires S.A.U.	**Total**
	In Thousands of AR$	
ASSETS		
Cash and Cash Equivalents	253,656	253,656
Other Receivables	10,441	10,441
Total Current Assets as of 12.31.2020	**264,097**	**264,097**
Total Assets as of 12.31.2020	**264,097**	**264,097**
LIABILITIES		
Trade and Other Payables	116,270	116,270
Borrowings	1,995,277	1,995,277
Other Liabilities	5,850	5,850
Total Current Liabilities as of 12.31.2020	**2,117,397**	**2,117,397**
Leases	98,191	98,191
Other Liabilities	4,594	4,594
Total Non-current Liabilities as of	**102,785**	**102,785**
Total Liabilities as of 12.31.2020	**2,220,182**	**2,220,182**

NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following are Tarjeta Naranja S.A.'s balances with other related parties as of December 31, 2020:

	Other Related Parties					
	Cobranzas Regionales S.A.	**Galicia Seguros S.A.**	**Galicia Vida S.A.**	**Key Management Personnel**	**Parque Azul S.R.L.**	**Total**
	In Thousands of AR$					
ASSETS						
Cash and Cash Equivalents	37,755	-	52	-	-	37,807
Other Receivables	-	7,329	-	-	-	7,329
Total Current Assets as of 12.31.2020	**37,755**	**7,329**	**52**	**-**	**-**	**45,136**
Total Assets as of 12.31.2020	**37,755**	**7,329**	**52**	**-**	**-**	**45,136**
LIABILITIES						
Trade and Other Payables	78,570	-	-	-	16,709	95,279
Salaries Payable	-	-	-	2,833	-	2,833
Other Liabilities	11,608	-	-	125,313	-	136,921
Total Current Liabilities as of 12.31.2020	**90,178**	**-**	**-**	**128,146**	**16,709**	**235,033**
Total Liabilities as of 12.31.2020	**90,178**	**-**	**-**	**128,146**	**16,709**	**235,033**

NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following are the transactions carried out by Tarjeta Naranja S.A. with related companies during the year ended December 31, 2020:

Companies under Section 33 of Law No. 19550		
	Banco de Galicia y Bs. As. S.A.U.	**Total**
	In Thousands of AR$	
REVENUES		
Revenues from Services	75,139	75,139
Interest on Time Deposits	6,066	6,066
Totals as of 12.31.2020	**81,205**	**81,205**
EXPENSES		
Rentals	(9,039)	(9,039)
Costs of Services	(4,839)	(4,839)
Bank and Financial Interest	(257,593)	(257,593)
Bank Expenses	(76,142)	(76,142)
Professional Fees	(22,051)	(22,051)
Totals as of 12.31.2020	**(369,664)**	**(369,664)**

The following are the transactions carried out by Tarjeta Naranja S.A. with other related parties during the year ended December 31, 2020:

Other Related Parties							
	Cobranzas Regionales S.A.	**Galicia Seguros S.A.**	**Parque Azul S.R.L.**	**Key Management Personnel**	**Golden S.A.**	**Colores S.A.**	**Total**
	In Thousands of AR$						
REVENUES							
Revenues from Services	305,216	937,053	4,187	-	-	-	1,246,456
Revenues from Financing	-	-	708	-	-	-	708
Totals as of 12.31.2020	**305,216**	**937,053**	**4,895**	**-**	**-**	**-**	**1,247,164**
EXPENSES							
Rentals	-	-	-	-	(7,873)	(2,624)	(10,497)
Directors' Fees	-	-	-	(177,746)	-	-	(177,746)
Salaries	-	-	-	(59,577)	-	-	(59,577)
Totals as of 12.31.2020	**-**	**-**	**-**	**(237,323)**	**(7,873)**	**(2,624)**	**(247,820)**

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C.P.C.E.C. N° 21.00004.3

NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following are Tarjeta Naranja S.A.'s balances with related companies as of December 31, 2019:

Companies under Section 33 of Law No. 19550		
	Banco de Galicia y de Buenos Aires S.A.U.	**Total**
	In Thousands of AR$	
ASSETS		
Cash and Cash Equivalents	3,193,904	3,193,904
Total Current Assets as of 12.31.2019	**3,193,904**	**3,193,904**
Total Assets as of 12.31.2019	**3,193,904**	**3,193,904**
LIABILITIES		
Trade and Other Payables	383,850	383,850
Borrowings	39,217	39,217
Other Liabilities	9,810	9,810
Total Current Liabilities as of 12.31.2019	**432,877**	**432,877**
Leases	165,294	165,294
Other Liabilities	10,004	10,004
Total Non-current Liabilities as of 12.31.2019	**175,298**	**175,298**
Total Liabilities as of 12.31.2019	**608,175**	**608,175**

The following are Tarjeta Naranja S.A.'s balances with other related parties as of December 31, 2019:

Other Related Parties					
	Cobranzas Regionales S.A.	**Galicia Seguros S.A.**	**Key Management Personnel**	**Parque Azul S.R.L.**	**Total**
	In Thousands of AR$				
ASSETS					
Cash and Cash Equivalents	-	-	-	-	-
Other Receivables	40,390	80	-	-	40,470
Total Current Assets as of 12.31.2019	**40,390**	**80**	**-**	**-**	**40,470**
Total Assets as of 12.31.2019	**40,390**	**80**	-	**-**	**40,470**
LIABILITIES					
Trade and Other Payables	57,794	-	-	19,035	76,829
Salaries Payable	-	-	2,234	-	2,234
Other Liabilities	-	-	368	-	368
Total Current Liabilities as of 12.31.2019	**57,794**	-	**2,602**	**19,035**	**79,431**
Total Liabilities as of 12.31.2019	**57,794**	-	**2,602**	**19,035**	**79,431**

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C.P.C.E.C. N° 21.00004.3

NOTE 41 – BALANCES AND TRANSACTIONS WITH COMPANIES AND RELATED PARTIES (CONTINUED)

The following are the transactions carried out by Tarjeta Naranja S.A. with related companies during the year ended December 31, 2019:

Companies under Section 33 of Law No. 19550		
	Banco de Galicia y Bs. As. S.A.U.	**Total**
	In Thousands of AR$	
REVENUES		
Revenues from Services	98,849	98,849
Interest on Time Deposits and Interest-bearing Checking Accounts	182,859	182,859
Totals as of 12.31.2019	**281,708**	**281,708**
EXPENSES		
Rentals	(8,442)	(8,442)
Bank and Financial Interest	(205,662)	(205,662)
Bank Expenses	(175,857)	(175,857)
Professional Fees	(31,346)	(31,346)
Totals as of 12.31.2019	**(421,307)**	**(421,307)**

The following are the transactions carried out by Tarjeta Naranja S.A. with other related parties during the year ended December 31, 2019:

Other Related Parties							
	Cobranzas Regionales S.A.	**Galicia Seguros S.A.**	**Parque Azul S.R.L.**	**Key Management Personnel**	**Golden S.A.**	**Colores S.A.**	**Total**
	In Thousands of AR$						
REVENUES							
Revenues from Services	116,200	546,035	4,656	-	-	-	666,891
Revenues from Financing	-	-	1,129	-	-	-	1,129
Totals as of 12.31.2019	**116,200**	**546,035**	**5,785**	**-**	**-**	**-**	**668,020**
EXPENSES							
Rentals	-	-	-	-	(8,648)	(2,502)	(11,150)
Professional Fees	(774,878)	-	-	-	-	-	(774,878)
Directors' Fees	-	-	-	(48,063)	-	-	(48,063)
Salaries	-	-	-	(61,099)	-	-	(61,099)
Totals as of 12.31.2019	**(774,878)**	**-**	**-**	**(103,692)**	**(8,648)**	**(2,502)**	**(889,720)**

Please refer to our report dated February 18, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. N° 21.00004.3

NOTE 42 - RESTRICTED ASSETS

Liens in Force

As of December 31, 2020 and 2019, the Company was subject to liens due to labor-related lawsuits (see Note 31) for a total amount of AR$ 973 and AR$ 3,188, respectively, levied on funds deposited in checking accounts opened by the Company at several financial institutions. Since the appropriate defenses have been filed during such legal proceedings to safeguard the Company's interests, the seized funds have been included in these financial statements under "Other Receivables".

Covenants Undertaken

The commitments undertaken by virtue of Class XXVIII (TC), XXXVII, XLIV and XLV Notes (*"Obligaciones Negociables"*) issued by the Company are mentioned in Note 35.

Security Deposits

As of December 31, 2020 and 2019, the Company has paid AR$ 7,076 and AR$ 9,209, respectively, for security related to certain buildings lease agreements. These funds have been included in these financial statements under "Other Receivables".

Restriction on the Distribution of Dividends

The Company's Ordinary and Extraordinary Shareholders' Meeting held on March 16, 2006 resolved to define the following policy for the distribution of dividends: i) to keep under Retained Earnings those retained earnings corresponding to years prior to 2005 and, therefore, not to distribute them as dividends, and ii) to set as maximum limit for the distribution of dividends 25% of the liquid and realized income for each year as from 2005. These restrictions shall remain in full force as long as the Company's equity remains below AR$ 300,000. Thus, the policy for the distribution of dividends approved by the Company's Board of Directors at its meeting held on January 4, 2006 has been ratified.

Furthermore, in the Price Supplement of Class XXXVII Notes, the Company agreed not to distribute dividends: i) in excess of 50% of the Company's net profit accrued since January 1, 2017 until the most recent previous quarter plus 50% of the net profit accrued during the year ended December 31, 2016, net of restricted payments made in 2016, and ii) when (a) the Total Liabilities (Liabilities minus Cash and Cash Equivalents) to Equity Ratio does not exceed 7 to 1, and (b) the Indebtedness (Borrowings minus Cash and Cash Equivalents) to Equity Ratio does not exceed 4 to 1.

Tarjeta Naranja S.A.

Registration Number with the Public Registry of Commerce: No. 1363 Fo. 5857 Vol. 24/95

Notes to the Financial Statements (Continued)

For the years ended December 31, 2020 and 2019

Expressed in thousands of constant Argentine Pesos

(Free Translation from the Original in Spanish for Publication in Argentina)

NOTE 43 – INFORMATION ABOUT EXPENSES AND THEIR ALLOCATION UNDER SECTION 64 SUBSECTION B) OF LAW 19550

Items	Totals as of 12.31.2020	Administrative Expenses	Marketing Expenses	Totals as of 12.31.2019
	In Thousands of AR$			
Directors' Fees	**177,746**	177,746	-	**48,063**
Supervisory Committee Members' Fee	**8,433**	8,433	-	**3,357**
Bonuses for the Personnel	**831,393**	831,393	-	**803,284**
Compensation and Social Security Charges	**6,348,648**	1,968,083	4,380,565	**5,990,866**
Taxes, Rates and Contributions	**5,260,013**	2,549,712	2,710,301	**5,556,059**
Travel Expenses and Per Diem	**37,110**	6,732	30,378	**129,748**
Maintenance of Equipment and Buildings	**414,855**	189,647	225,208	**326,246**
Depreciation of Property, Plant and Equipment	**1,046,038**	1,046,038	-	**1,006,356**
Amortization of Intangible Assets	**763,197**	534,237	228,960	**536,310**
Rentals	**304,391**	304,391	-	**126,509**
Stationery and Office Supplies	**72,832**	55,909	16,923	**100,293**
Opening of Accounts	**166,663**	38,498	128,165	**154,715**
Publicity and Advertising	**607,847**	-	607,847	**868,527**
Donations	**36,004**	-	36,004	**10,342**
Electricity, Natural Gas and Communications	**443,503**	443,503	-	**530,521**
Third Parties' Fees	**1,666,417**	263,666	1,402,751	**1,213,050**
Insurance and Security Services	**512,175**	512,175	-	**687,329**
Bank and Financial Expenses	**179,736**	5,635	174,101	**257,822**
Regular Mail Services	**108,452**	108,452	-	**116,390**
Expenses for Commercial Reports and Procedures for the Collection of Amounts in Arrears	**608,900**	256,702	352,198	**937,346**
Collection Expenses	**1,319,572**	1,319,572	-	**1,979,264**
General Expenses	**2,684,686**	2,684,686	-	**2,311,518**
Expenses for Telephone Sale Channel	**243,203**	139,152	104,051	**338,666**
Printing and Distribution Expenses	**474,950**	-	474,950	**608,805**
Cleaning Expenses	**157,131**	-	157,131	**151,207**
Special Promotions	**216,822**	48,658	168,164	**165,612**
Expenses from Call Center Services	**957,364**	-	957,364	**535,627**
Totals as of 12.31.2020	**(1)25,648,081**	**13,493,020**	**12,155,061**	
Totals as of 12.31.2019		**11,252,321**	**14,241,511**	**(1)25,493,832**

(1) Total marketing and administrative expenses correspond with the amount of the lines "Costs of Services" and "Total Operating Expenses" in the Statement of Profit or Loss.

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PRICE WATERHOUSE & CO. S.R.L.

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C.P.C.E.C. N° 21.00004.3

NOTE 44 – FOREIGN CURRENCY ASSETS AND LIABILITIES

Items	Amount and Type of Foreign Currency (in Thousands of U.S. Dollars)	Current Exchange Rate	Amount in Argentine Currency as of 12.31.20	Amount in Argentine Currency as of 12.31.19
			In Thousands of AR$	
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents				
Deposits in Argentina	98	(1)84.145	8,278	2,753,183
Deposits Abroad	4	83.25	307	152
Receivables from Trade	3,364	83.25	280,017	508,944
Other Receivables	199	83.25	16,593	-
Total Current Assets			**305,195**	**3,262,279**
NON-CURRENT ASSETS				
Other Receivables				
Security Deposits	18	83.25	1,499	1,974
Total Non-current Assets			**1,499**	**1,974**
TOTAL ASSETS			**306,694**	**3,264,253**
LIABILITIES				
CURRENT LIABILITIES				
Trade and Other Payables	516	89.25	46,062	83,781
Collections on Account of Third Parties	30	89.25	2,684	26,610
Total Current Liabilities			**48,746**	**110,391**
Total Liabilities			**48,746**	**110,391**

US$: United States Dollars.
(1) Reference Exchange Rate established by the Central Bank

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C.P.C.E.C. N° 21.00004.3

Expressed in thousands of constant Argentine Pesos

NOTE 45 – PORTFOLIO ASSIGNMENT

As of December 31, 2020, the Company entered into Credit Portfolio Assignment agreements, as detailed below:

Date	Assignee	Sale Price at Nominal Values (1)	Portfolio Assignment at Nominal Values (1)	Portfolio Assignment attributable to Memorandum Accounts	Active Portfolio Assignment
01/22/2020	Oscar Martin Meyer	1,411	8,075	10,752	-
02/14/2020	Lugones Mariana	30	560	731	-
02/19/2020	Di Yorio Maria	527	7,292	9,517	-
02/20/2020	Andreoli Soledad	40	1,812	2,365	-
02/20/2020	Maria Celeste Piegas - Fabian Mendoza	214	3,870	5,051	-
03/05/2020	Maria Fernanda Garzon Molina	205	2,995	3,783	-
03/06/2020	Martin Patri	44	1,409	1,780	-
03/10/2020	Bazan Primo Alberto	79	1,665	2,102	-
03/13/2020	Servicios Integrales Srl	484	7,970	10,065	-
03/13/2020	Sivila Claudia	95	1,673	2,113	-
04/02/2020	Banco Comafi S.A.	16,491	206,142	125,909	130,456
04/02/2020	Comafi Fiduaciario S.A (Frankel)	258	3,225	1,068	2,942
08/07/2020	Comafi Fiduaciario S.A (Frankel)	51,677	707,907	233,631	576,272
12/03/2020	Comafi Fiduaciario S.A (Frankel)	45,524	583,644	58,070	525,402
12/03/2020	Creditia Corp	27,438	290,963	26,689	263,892
	Totals	**144,517**	**1,829,202**	**493,626**	**1,498,964**

(1) As per the amounts stated in the respective deeds.

The above-mentioned agreements have been executed as portfolio assignment without recourse. Accordingly, the Company has substantially transferred the risks and rewards inherent to the ownership of the financial asset.

Expressed in thousands of constant Argentine Pesos

NOTE 46 – DOCUMENTATION FILING

On August 14, 2014, the National Securities Commission issued General Resolution No. 629, introducing changes to its regulations regarding the filing and keeping of commercial books, corporate books and the accounting records.

In compliance with Section 26 of Part VII of Chapter IV of Title II of the Regulations (N.T. 2013, as amended), it is reported that the Company has entrusted the following third-party suppliers with the deposit of certain old information:

Person in Charge of the Deposit	Location
File Management Com S.R.L. (FMC)	Ruta 5 km 4 1/2 - Camino a Alta Gracia – Province of Córdoba
Administradora de Archivos S.A. (ADEA)	Ruta 36, 31.5km (Plant 3) - Florencio Varela – Province of Buenos Aires
DataBox de File S.A.	25 de mayo 821 – Dorrego – Guaymallen - Mendoza

In addition, it is evidenced that the detail of the documentation for safekeeping is made available at the registered office.

NOTE 47 – ECONOMIC ENVIRONMENT

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 brought about significant implications at a global level, since most countries were forced to adopt unprecedented restrictions on the free movement of people to control the spread. 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 have implemented aid packages to support people's income and minimize a potential disruption in the payment chain and prevent business bankruptcies, in an attempt to curb the crisis impact. Argentina was no exception, and the National Government took action as soon as the pandemic was declared.

Argentina was already undergoing a recession when the pandemic broke out, making things far more complex due to the unprecedented collapse in economic activity during the strictest months of the lockdown. Despite the economic recovery that has been observed relative to the first months of the lockdown, pre-pandemic levels have not yet have been achieved. At year-end, GDP is expected to have declined by around 10.5% in annual terms. The increase in public spending associated with the implementation of several programs to curb the impact of the pandemic and the lockdown on economic activity, together with a strong decline in revenues due to the recession, resulted in a primary deficit of around 7% in 2020. The public account deficit was primarily financed by way of temporary advances and transfers of profits for the year 2019 from the Central Bank to the Treasury, in light of the lack of access to international capital markets resulting from Argentina's foreign debt restructuring process during the first half of the year. Negotiations with external creditors were closed during the third quarter of 2020.

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C.P.C.E.C. N° 21.00004.3

NOTE 47 – ECONOMIC ENVIRONMENT (CONTINUED)

The monetary issuance inflationary effect has not yet been deployed in full, due to several factors, such as the restrictions on the free movement of people that were in place during most of the year, the freeze on utility rates and other regulated prices, including programs such as “Precios Máximos” and “Precios Cuidados.” However, during the last months of 2020, inflation started to rise, in line with the gradual return to activity of certain economic sectors and the government’s authorization to increase certain prices. In 2020, Consumer Price Index rose by 36.1% year-on-year.

However, the strong monetary issuance that took place in 2020 did have an impact on the exchange front. The official exchange rate established by the Central Bank on a daily basis through Communiqué “A” 3500 depreciated by 28.8% from AR$/US$ 59.90 on the last business day of 2019 to AR$/US$ 84.15 on the last business day of 2020. At the same time, the Central Bank’s International Reserves declined to US$ 39.41 billion at the end of 2020, down from US$ 44.781 billion at the end of the previous year. The decrease in International Reserves was primarily attributable to the payment of private sector financial loans and credit lines, coupled with the non-financial private sector purchases of external assets, primarily in the form of US-dollar banknotes by individuals for saving purposes.

In order to contain the decline in International Reserves, the monetary authority imposed incremental exchange restrictions throughout 2020. These restrictions also had an upside effect on financial exchange rates used for exchange transactions that are restricted in the official market. Some of the measures imposed by the Central Bank include the need for securing its previous consent to complete certain transactions which, as applicable to the Company, include:

- Distribution of dividends and profits to non-residents.
- Repatriation of non-residents’ investments.
- Payment of borrowings granted by non-residents. Companies with principal payments scheduled to fall due from October 15, 2020 to March 31, 2021 will have to submit a principal refinancing plan for no less than 60% of the total, through new foreign indebtedness with an average life of 2 years, being only allowed to purchase an amount equivalent to 40% of their agreed-upon principal commitments.
- Payment of publicly traded debt securities issued.
- Payments of residents’ indebtedness in foreign currency.
- Foreign payments for imported goods.
- Payments for imported services to foreign related companies.
- Purchase of external assets.

Besides, some other exchange restrictions were already in place before, such as the repatriation and conversion into local currency of proceeds from exports of goods and services, proceeds from goods and services pre-export and post-export financing arrangements and advanced payments, and the disposal of non-financial non-produced assets and external assets.

These exchange restrictions or those that may be imposed in the future could affect our capacity to access to the local FX market (known as “MULC”) to purchase the foreign currency required to honor our financial obligations. Assets and liabilities in foreign currency as of December 31, 2020 were measured considering the exchange rates prevailing in the MULC.

The above-described volatile and uncertain scenario still remains as of the date of these financial statements.

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C.P.C.E.C. N° 21.00004.3

NOTE 47 – ECONOMIC ENVIRONMENT (CONTINUED)

The Company's management monitors the changes in the variables affecting its business on an ongoing basis to define the course of action to be followed, and identify potential impacts on its financial position. Consequently, these financial statements should be read in the light of these circumstances.

NOTE 48 – COVID-19

During the year, the Company has been operating under the challenging circumstances resulting from the outbreak of the Covid-19 pandemic, declared as such by the World Health Organization in March 2020. The pandemic is still affecting businesses and economic activities at a global and local level.

In Argentina, the National Government adopted several measures to contain the virus proliferation, including, without limitation, border closures and mandatory social distancing measures, combined with the interruption of non-essential business activities for a long time, with certain differences depending on the region and the activity. As of the date of these financial statements, most business activities have gradually resumed operations, in compliance with the protocols established by the government. The final extent of the Coronavirus outbreak and its impact on the global and local economy are still unknown, and governments may take more stringent measures, which are unpredictable at this time. As of the date of these financial statements, the pandemic has not had a substantial impact on the Company's results of operations.

However, against this backdrop, during the year the Central Bank adopted certain measures, including (i) the need for a previous appointment for onsite customer service, (ii) the extension of credit card payment due dates; (iii) the financing of unpaid credit card balances at maximum rate, (iv) the easing of bank debtors' classification criteria, and (v) foreign exchange controls.

As part of the plan to cope with the current situation, effective since April 13, the Company's branches have started to operate on special business hours with previous appointment being required, and certain transactions shifted from face-to-face to digital channels, which resulted in an increase in electronic payments. In addition, the Company has devised special financing plans to afford customers debt payment facilities, and launched special promotions for on-line purchases at Tienda Naranja's site, as well as for purchases at supermarkets and drug stores. These actions are meant to mitigate the impact of increasing arrears and lower spending levels.

In view of the foregoing, the Company cannot reasonably quantify the extent to which the COVID-19 pandemic will affect its business and the results of its operations in the future, if the current situation persists over time. The Board of Directors is monitoring the situation and taking all possible actions to preserve human life and its operations.

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(Partner)
C.P.C.E.C. N° 21.00004.3

NOTE 49 – SUBSEQUENT EVENTS

On January 28, 2021, Tarjeta Naranja S.A., as shareholder of Cobranzas Regionales S.A., made an irrevocable contribution to offset losses in the amount of AR$ 3,750 on a proportional basis to its equity interest. The contribution was accepted by the Board of Directors of Cobranzas Regionales S.A., as per Minutes No. 206.

In order to maintain and enhance the value proposition to its customers, on February 17, 2021, the Company issued its Class XLVI Notes (*"Obligaciones Negociables"*) for an aggregate principal amount of AR$ 4,000,000, maturing within 12 months from the issue date. The Notes will accrue interest at Badlar plus a 4.72% margin, payable on a quarterly basis. Principal will be settled upon maturity.

1. LEGAL SYSTEMS

There are no significant or specific legal systems entailing contingent expiration or resurgence of benefits envisaged by those regulations.

2. COMPANY ACTIVITIES

Indicators of the Company's activities are described in the Summary of Activity.

3. CLASSIFICATION OF RECEIVABLES FROM TRADE, OTHER RECEIVABLES AND DEFERRED TAX ASSETS BY MATURITY DATE

a) Past-due Receivables from Trade as of December 31, 2020:

	Receivables from Trade
	In Thousands of AR$
Before 12.31.19	373,954
Between 12.31.19 and 06.30.20	1,033,614
Between 06.30.20 and 09.30.20	567,269
Between 09.30.20 and 12.31.20	1,304,490
Subtotal	3,279,327
Provision for Loan Losses (1)	(2,077,286)
Total Past-due Receivables	1,202,041

(1) The difference of AR$ 4,067,994 with respect to the total provision for loan losses for AR$ 6,145,280 corresponds to a global provision for the (undue) performing commercial portfolio.

b) Other Receivables and Deferred Tax Assets with No Fixed Term as of December 31, 2020:

	Other Receivables	**Deferred Tax Assets**
	In Thousands of AR$	
No Fixed Term	(1) 8,682	3,033,373

(1) Other Receivables with No Fixed Term: AR$ 1,606 are recorded as other current receivables and AR$ 7,076 are recorded as other non-current receivables in the Balance Sheet.

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PRICE WATERHOUSE & CO. S.R.L.

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Andrés Suarez
Certified Public Accountant (U.B.A.)
Professional License No. 10.11421.4 – C.P.C.E.Cba.

Jorge Federico Gregorat
For the Supervisory Committee

Alejandro Asrin
Chairman

c) Receivables from Trade and Other Receivables to Become Due as of December 31, 2020.

	Receivables from Trade	Other Receivables
	In Thousands of AR$	
Current		
03/31/2021	64,693,975	378,608
06/30/2021	16,059,612	2,215
09/30/2021	6,531,998	87
12/31/2021	2,984,119	87
Provision for Loan Losses (1)	(4,067,994)	-
Non-current	499,806	630

(1) The difference of AR$ 2,077,286 with respect to the total provision for loan losses for AR$ 6,145,280 corresponds to a provision for past-due receivables included in paragraph a).

4. CLASSIFICATION OF DEBT BALANCES BY MATURITY DATE

a) Past-due Debts as of December 31, 2020:

There are no past-due debts as of December 31, 2020.

b) Debts with No Fixed Term as of December 31, 2020:

As of December 31, 2020, we have AR$ 8 of qualification bonds received from Directors, as required by Law No. 19550.

c) Debts to Become Due as of December 31, 2020:

	Trade and Other Payables	Borrowings	Employee Benefit Obligations	Current Tax Liabilities	Income Tax Provision	Other Liabilities
	In Thousands of AR$					
Current						
03/31/21	42,812,855	2,666,725	800,813	1,883,170	-	6,326
06/30/21	11,822,820	1,730,918	360,597	-	1,189,775	135,451
09/30/21	51,625	1,271,784	104,812	-	-	1,686
12/31/21	26,836	7,933,871	257,450	-	-	1,686
Non-current	-	3,044,289	-	-	-	12,014

5. CLASSIFICATION OF RECEIVABLES FROM TRADE, OTHER RECEIVABLES AND DEFERRED TAX ASSETS BY THEIR FINANCIAL EFFECTS

a) Receivables from Trade, Other Receivables and Deferred Tax Assets in Argentine Pesos and U.S. Dollars.

	Receivables from Trade	Other Receivables	Deferred Tax Assets
	In Thousands of AR$		
In Argentine Pesos	93,765,629	372,217	3,033,373
Provision for Loan Losses AR$	(6,142,089)	-	-
In Foreign Currency	283,208	18,092	-
Provision for Loan Losses US$	(3,191)	-	-

b) The balances of Receivables from Trade, Other Receivables and Deferred Tax Assets are not subject to any adjustment clause.

c) Interest-bearing and Non-interest bearing Receivables from Trade, Other Receivables and Deferred Tax Assets.

	Receivables from Trade	Other Receivables	Deferred Tax Assets
	In Thousands of AR$		
Interest-bearing Balances	31,036,116	-	-
Non-interest Bearing Balances	63,012,721	390,309	3,033,373

6. CLASSIFICATION OF DEBTS BY THEIR FINANCIAL EFFECTS

a) Debts to Become Due in Argentine Pesos and U.S. Dollars

	Trade and Other Payables	Borrowings	Employee Benefit Obligations	Current Tax Liabilities	Income Tax Provision	Other Liabilities
	In Thousands of AR$					
In Argentine Pesos	54,665,390	16,647,587	1,523,672	1,883,170	1,189,775	157,171
In Foreign Currency	48,746	-	-	-	-	-

b) Debt balances are not subject to any adjustment clause.

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Certified Public Accountant (U.B.A.)
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Jorge Federico Gregorat
For the Supervisory Committee

Alejandro Asrin
Chairman

c) Interest-bearing and Non-interest Bearing Debts:

	Trade and Other Payables	Borrowings	Employee Benefit Obligations	Current Tax Liabilities	Income Tax Provision	Other Liabilities
	In Thousands of AR$					
Interest-bearing Balances	-	14,167,796	-	-	-	-
Non-interest Bearing Balances	54,714,136	2,479,791	1,523,672	1,883,170	1,189,775	157,171

7. INVESTMENT IN COMPANIES

As of December 31, 2020, the Company holds a 5% interest in Cobranzas Regionales S.A.

8. RECEIVABLES FROM OR LOANS GRANTED TO DIRECTORS AND SUPERVISORY COMMITTEE MEMBERS

As of December 31, 2020, there are advances to directors and supervisory committee members for AR$ 27,527, but there are no receivables from or loans granted to supervisory committee members and supervisory committee members' or directors' relatives up to the second grade of consanguinity, except for the regular use of their credit cards.

9. INVENTORY

The Company does not have any inventories.

10. VALUATION OF INVENTORIES

The Company does not have any inventories.

11. TECHNICAL REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Company does not have any property, plant and equipment that have been technically revaluated.

12. OBSOLETE PROPERTY, PLANT AND EQUIPMENT

The Company does not have any obsolete property, plant and equipment bearing book value.

13. INVESTMENT IN OTHER COMPANIES

There are no investments in companies in excess of the maximum value set forth by Section 31 of the Argentine General Companies Law.

14. RECOVERABLE VALUES

The recoverable value of property, plant and equipment is their value in use determined by the possibility of absorbing depreciation charges with the income reported by the Company.

15. INSURANCE

The following are the insurance policies hired by the Company:

INSURANCE POLICY No.	INSURANCE COMPANY	INSURANCE TYPE	EXPIRATION DATE	INSURED AMOUNT (In Thousands)	BOOK VALUE
3046	GALENO SEGUROS SA	Surety - Government of the Province of Córdoba	Annual Renewal	AR$ 82,038	
7977	GALICIA SEGUROS S.A.	Surety - Government of the Province of Santiago del Estero	Annual Renewal	AR$ 32	-
10408	GALICIA SEGUROS S.A.	Surety - Municipality of Salta	Annual Renewal	AR$ 342	-
2341019	CHUBB	Surety - Municipality of Villa Gobernador Galvez	Annual Renewal	AR$ 2,322	-
100686	GALICIA SEGUROS S.A.	Life Insurance for Non-Bargaining Employees	07/01/2021	AR$ 290,000	-
500605	GALICIA SEGUROS S.A.	Group Life Insurance Required by Law	10/01/2021	AR$ 291,524	-
850257	SANCOR SEGUROS	Theft	04/15/2021	US$ 1,262	-
81925988	ZURICH	Homeowners	04/10/2021	AR$ 4,342	
81918314	ZURICH	Homeowners	03/10/2021	AR$ 5,924	
81910655	ZURICH	Homeowners	02/01/2021	AR$ 4,571	
81910656	ZURICH	Homeowners	02/01/2021	AR$ 7,865	
81897078	ZURICH	Homeowners	12/04/2020	AR$ 20,000	
81880076	ZURICH	Homeowners	04/15/2021	AR$ 23,813	
81879863	ZURICH	Homeowners	04/09/2021	AR$ 7,937	
81925991	ZURICH	Homeowners	01/29/2021	AR$ 3,311	
33000721	ZURICH	Personal Accidents	08/31/2021	AR$ 1,000	
160019474	ZURICH	Civil Liability Insurance	04/15/2021	AR$ 1,000	
210118215	ZURICH	Surety	Annual Renewal	AR$ 30	
50007451	SURA	Car Insurance	04/14/2021	AR$ 10,000	
649726	SANCOR SEGUROS	Theft	04/15/2021	US$ 680	
659130	SANCOR SEGUROS	Commercial Agreement Insurance	03/01/2021	AR$ 496	
187428	PREVENCION	Workers' Compensation			
848965	CHUBB	Civil Liability Work	04/15/2021	US$ 3,000	
160989	CHUBB	Civil Liability Multi-Peril Operational Insurance	04/15/2021	US$ 129,956	
2301745	CHUBB	Surety	Annual Renewal	AR$ 500	
2329112	CHUBB	Surety	Annual Renewal	AR$ 336	
2330034	CHUBB	Surety	Annual Renewal	AR$ 605	
2330035	CHUBB	Surety	Annual Renewal	AR$ 350	

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(Partner)
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Andrés Suarez
Certified Public Accountant (U.B.A.)
Professional License No. 10.11421.4 – C.P.C.E.Cba.

Jorge Federico Gregorat
For the Supervisory Committee

Alejandro Asrin
Chairman

Expressed in thousands of constant Argentine Pesos

INSURANCE POLICY No.	INSURANCE COMPANY	INSURANCE TYPE	EXPIRATION DATE	INSURED AMOUNT	BOOK VALUE
2330044	CHUBB	Surety	Annual Renewal	AR$ 500	
2335569	CHUBB	Surety	Annual Renewal	AR$ 455	
2344062	CHUBB	Surety	Annual Renewal	AR$ 2,160	
2345382	CHUBB	Surety	Annual Renewal	AR$ 720	
2347643	CHUBB	Surety	Annual Renewal	AR$ 11,000	
2339173	CHUBB	Surety	Annual Renewal	AR$ 419	
2357269	CHUBB	Surety	Annual Renewal	AR$ 325	
2341019	CHUBB	Surety	Annual Renewal	AR$ 2,322	
2288908	CHUBB	Surety	Annual Renewal	AR$ 180	
2298460	CHUBB	Surety	Annual Renewal	AR$ 231	
2300931	CHUBB	Surety	Annual Renewal	AR$ 7,000	
2302463	CHUBB	Surety	Annual Renewal	AR$ 50	
2341019	CHUBB	Surety	Annual Renewal	AR$ 2,322	
2367859	CHUBB	Surety	Annual Renewal	AR$ 376	
2367894	CHUBB	Surety	Annual Renewal	AR$ 22,000	
2302463	CHUBB	Surety	Annual Renewal	AR$ 50	

16. PROVISIONS

Current provisions exceed 2% of equity. Under IFRS, for the calculation of the provision for loan losses, the Company analyzes the historical losses of its portfolio in order to estimate the losses related to receivables from trade incurred as of the date of the financial statements, but that have not been individually identified, according to the guidelines set out in IFRS 9. In addition, the historical ratios are adjusted, if appropriate, to include recent information that reflects the economic conditions as of the closing date of the financial statements, trends of behavior of customers in each portfolio segment and any other information that could affect the estimation of the provision for loan losses related to receivables from trade. Several factors may affect Management's estimation of the provision for loan losses, including the volatility of the likelihood of loss, migrations and estimates of the severity of losses.

17. CONTINGENCIES

There are no significant contingent situations as of December 31, 2020, which have not been given accounting recognition.

18. DIVIDENDS ON PREFERRED SHARES

There are no preferred shares.

19. RESTRICTIONS ON THE DISTRIBUTION OF RETAINED EARNINGS

Restrictions on the distribution of retained earnings are detailed in Note 42 to the financial statements as of December 31, 2020.

Tarjeta Naranja S.A.
Summary of Activity
As of December 31, 2020
Expressed in thousands of constant Argentine Pesos
(Free Translation from the Original in Spanish for Publication in Argentina)

As of December 31, 2020, we had 3,282,452 open accounts under the Naranja brand. This figure reaches a total of 4,619,426 customers when considering Naranja additional cardholders.
During the reporting period, we completed 159,089,758 transactions, including purchases in stores and automatic debits, personal loans, cash advances and cash withdrawals from ATMs.

By way of General Resolution 777/2018, the C.N.V. provided that issuers subject to its oversight are required to restate their financial statements ended on and after December 31, 2018 into constant currency as required by IAS 29.
Originally reported comparative figures were adjusted accordingly.

As of December 31, 2020, profit was AR$ 3,315,982, accounting for an increase of 79% in constant currency as compared to the previous year. At period-end, equity amounted to AR$ 23,852,235 in constant currency.

Sources of Financing

As of December 31, 2020, Naranja secured financing through the issuance of Notes (*"Obligaciones Negociables"*) for an aggregate amount of AR$ 6,631,897 and new Borrowings and Credit Lines for AR$ 10,380,000 (in nominal currency).

Additionally, during such period, the Company repaid principal and interest with regard to Notes (*"Obligaciones Negociables"*), Borrowings, Credit Lines and Leases for AR$ 18,367,570 (in nominal currency).

Review of Operations as of December 31

Increase in Electronic Payments

At the beginning of 2020, digital transactions accounted for 29% of the total, while at year-end digital payments of account statements rose to 48%, 58% of which are made through our own channels, which means increased efficiency in collection expenses. We developed new functionalities, such as early repayment from the digital channel, a payment link for non-digital users, extended interoperability to enable the acceptance of debit cards issued by all banks, and integration of the payment journey from Naranja X app to contribute to the ecosystem's goals.

Digital Sales

During the reporting year, we opened up 267,000 new accounts, primarily through the digital channel, which accounted for 58% of the total. An outstanding performance was achieved during the last quarter of the year, with the opening of 105,000 new accounts—62% of them through the digital channel. The main initiatives that made it possible included the availability of remote onboarding to enable teleworkers' sales during the second quarter, the generation of a new sales flow for low score transactions allowing for a non-financial score by downloading an app; and the easing of the additional cardholder policy during the third quarter.

Consumption Levels

The challenge during the year was increasing consumption with Naranja, by boosting the use of the card, reducing the number of inactive accounts, and minimizing attrition. As a result, during the second quarter, year-on-year consumption grew by 70%, in tandem with average consumption per customer. During the last quarter of the year, the inactive portfolio declined 6%, while maintaining an account activation ratio of 72% at 90 days. At the same time, customer attrition fell by 33% vis-a-vis the same period of the previous year.

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Arrears Ratios

During 2020, collection efforts of amounts in arrears were crucial for this year's performance. We achieved the lowest arrears indicators in the Company's history. For instance, 30 days' arrears for the second semester averaged 5.36%. In annual terms, including the strictest pandemic period, Naranja's annual arrears averaged 6.87%. This is a substantial improvement compared to the past two years, as 30 days' arrears stood at 8.77% in 2019 and at 9.69% in 2018.
Besides, 120 days' arrears —a ratio which indicates arrears after completion of early arrears collection efforts—displayed an annual average of 0.83%, compared to 1.35% in 2019 and 1.02% in 2018. These results were primarily driven by early management of customers likely to fall into arrears, by using new analytical models, maximizing management capacity, and offering tailored-made refinancing plans, consistent with the complexity of the prevailing context and the constant search for better arrears management solutions.

Tienda Naranja (Naranja Store)

The conditions associated with the pandemic led to product growth and pushed the development of new services for buyer and seller customers on the website.
By the end of the first semester of 2020, more people had shopped at Tienda Naranja (Naranja Store) than throughout 2019, with new buyers and revenues having grown by 320% and 580%, respectively, compared to the previous year. As of December 31, 2020, the website had 300 active sellers offering more than 60,000 products.

Insurance and Assistance Products

At the reporting period end, the Company recorded 2.1 million insurance policies and assistance products. Sixty-six per cent (66%) of the sales were completed through digital channels, with an average of 82,000 new products per month, almost doubling the figures recorded in the first and second quarter of the year. In December 2020, the Company's sales of fully-digital insurance grew by 71% relative to December 2019. Some relevant initiatives during the year included the sale of Motorbike Insurance at Naranja's branches and Pet Insurance through digital channels, as well as a redesigned experience with the Homeowners' Insurance.

Loans

During 2020, the Company expanded its offering for account holders, with loans of up to AR$ 100,000, payable in 24 installments. Since August, the Company launched digital and branding campaigns, achieving 65% digital subscription through NOL, Naranja App and the branches. These actions led to sustained growth, particularly, during the last quarter of the year, when Naranja surpassed $1.10 billion in loans to customers within a month. Compared to December 2019, the loan business' overall subscription increased by $ 4.40 billion. At year-end, loan digital subscription's share was 55%. As concerns risk, 85% of the loans were granted to low-risk customers.

Evolution of Naranja's Branches

Against the backdrop posed by the COVID-19 and in order to offer safer conditions, Naranja implemented all health and safety measures required by the health authorities across all of its branches.

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At the same time, it continued with the deployment of the "Branches of the Future," implementing the new service model through remodeled and moved stores in the Provinces of Mendoza, San Juan, Cordoba, San Luis, Santa Fe, Buenos Aires, Chubut, Santiago del Estero, and Rio Negro. Accordingly, in 2020, the new service model reached 30 branches, in addition to the nine existing as of December 31, 2019, making this service tool available to 28% of the customer base nationwide. During 2021, the service model is expected to be deployed in additional 31 branches, reaching 76% of the customers.

Cultural Agenda

Casa Naranja's cultural agenda in 2020 opened up with "Manifiesto," the individual exhibition by Elian Chali which was displayed until February 15. The exhibition convened over 10,000 visitors, including school kids, who were able to enjoy guided visits. Due to the mandated social distancing measures, Casa Naranja reshaped its activities into multiplatform digital formats, including audiovisual cycles, recitals, interviews and "Paisaje," a new virtual exhibition that compiles a selection of video arts works by several Argentine artists.

Promotions and Benefits

During the reporting period, Naranja's customers could enjoy several benefits, including the Z Plan (3, 6, 9 and 12 installment), discounts, and special and deferred payment plans on essential items, such as supermarkets, drug stores, delivery companies, and gas stations.
As the pandemic-related restrictions were eased, Naranja included other categories to the value proposition, encouraging on-line consumption with special discounts and plans. Naranja launched benefits for special dates, such as the Friends' Day, the Father's Day, the Children's Day, the Mother's Day and Christmas, on categories such as clothing, sports, construction and electronics, among others.
This year, in order to support the e-commerce growing trend, Naranja was for the first time the official sponsor of Cyber Monday, as means of payment. Naranja's engagement in this initiative had a positive impact on consumption, the negotiation of promotions targeted at on-line sales, and brand positioning.
Naranja announced over 40 monthly promotions through 360° communication strategies, covering all media, particularly, on-line.
Though Smartes, customers benefitted from a 20% discount, plus an additional 5% discount for those who have been using the Z Plan for certain time. At year-end, 30% of Naranja's revenues were driven by the over 2,500 monthly promotions distributed throughout 9,500 spots nationwide.

2020 Awards and Distinctions

Naranja climbed to the 14th position in the ranking of the 100 Argentine Companies with Best Corporate Image published by *Apertura* magazine, up by six positions vis-a-vis the previous year. In addition, Naranja made it to the 4th position in the ranking of "Best Employers in Argentina," also complied by *Apertura*, in the category of companies with more than 1,000 employees.
It also occupied the 10th place in the Latam "Great Place to Work" ranking, which recognizes the best companies to work for, in the category of "Large Corporations" with more than 500 employees. Naranja climbed two positions in comparison to the previous year and, together with Banco de Galicia y Buenos Aires SAU, are the only two Argentine companies included in the 2020 ranking.
For the second consecutive year, Great Place to Work published its ranking of "Argentina's Best Places to Work for Women." This year, Naranja ranked 3rd in the category of companies with over 1,000 employees. Great Place to Work also ranked it second among the "Best Companies to Work for in Financial Services and Insurance."
In November, Naranja participated in the PAMOIC Awards, which recognize the best practices in Argentina's CRM, CX & BPO ecosystem. At this time, Naranja received the bronze award in the "Best Customer Experience Strategy" category.

Concerning the MERCO 2020 ranking, Naranja led the credit card sector and occupied the 20th position in the overall ranking. On the other hand, Naranja's Chairman, Alejandro Asrin, was ranked 27th among Argentina's business leaders. Finally, in MERCO Talento, Naranja was ranked 10th among the employers that best handled the pandemic, while making it to the 1st place in the financial sector ranking.

2021 Outlook

It is certainly difficult for us to make any forecast for the coming months, amidst such a volatile environment as the current one. Based on the 2021 Budget Bill, this year is expected to be marked by the aftermath of the social and health crisis triggered by the Covid-19 in 2020.

Despite the recent months' stress associated with the pandemic, the Argentine financial system shows good strength indicators, including its arrears ratio, which has not experienced a substantial increase, as Argentina has one of the lowest household indebtedness levels as a percentage of GDP. Accordingly, indebtedness is 45.5% lower than the average in the region's country.

According to November's Market Expectations Survey (REM, for its Spanish acronym) compiled by the Central Bank, in 2021 inflation is expected to reach 50%, i.e., 1.1 percentage point above October's edition. Furthermore, the increase in the Consumer Price Index (CPI) for the summer months will average 4% per month.

Concerning the exchange rate, according to estimates from the analysts involved in compiling the REM, in December 2021 the wholesale exchange rate will reach AR$ 126.45, which means that the Argentine peso will have devalued by 52.3%, in line with expected inflation for the coming year.

Analysts expect a 4.8% rebound for 2021—0.3 percentage point higher than the previous month. Such slight improvement is supplemented with an additional 2.5% growth projection for 2022, supporting last October's forecasts.

In addition, in its latest report the Central Bank anticipated that Badlar—the interest rate on 30-day time deposits of over one million pesos—will increase. A monthly growing path is expected for the coming months, reaching 38% in March, April and May 2021, followed by a decline to 36.4% in November 2021 and then to 36% at year-end.

Concerning the business, Naranja redefined its purpose to become the most human technological and financial platform preferred by the Argentinians, which will allow to scale up new products and services simply and to a massive extent, facilitating efficiency. At the same time, Naranja will continue deploying its new service model at additional branches, reaching 76% of the customer base. Finally, it will engage further efforts on "*Futuro del Trabajo*" (Future of Employment)—an initiative focused on enhancing its employees' experience, giving priority to their care and welfare.

Tarjeta Naranja S.A.

Summary of Activity (Continued)
As of December 31, 2020
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TARJETA NARANJA S.A.'S COMPARATIVE STATISTICAL DATA FOR CURRENT AND PREVIOUS YEARS

(This information is not within the scope of the Independent Auditors' Report)

TARJETA NARANJA S.A.'S USERS

Naranja	**12.31.20**	**12.31.19**	**12.31.18**	**12.31.17**
Open Accounts (in Thousands)	3,282	3,257	3,413	2,977
Monthly Average Consumption per Active Account (in Thousands of AR$) (1)	9.09	8.38	10.04	11.19

Nevada	**12.31.20**	**12.31.19**	**12.31.18**	**12.31.17**
Open Accounts (in Thousands)	-	-	-	781
Monthly Average Consumption per Active Account (in Thousands of AR$)		-	7	9.33

(1) It includes the managed brands Naranja Visa, Naranja MasterCard, Naranja Amex.

OPERATIONS (purchases in stores, personal loans, cash advances and cash withdrawals from ATMs)

Transactions with Naranja	**12.31.20**	**12.31.19**	**12.31.18**	**12.31.17**
Amounts in Thousands (until September) (1)	159,090	177,849	166,330	150,033
Monthly Average Amount (in Thousands of AR$) (1)	26,149,068	26,086,669	29,510,153	31,529,795
Merchants' Average Fee	1.92%	2.08%	2.19%	2.33%

Transactions with Nevada	**12.31.20**	**12.31.19**	**12.31.18**	**12.31.17**
Amounts in Thousands	-	-	20,142	7,837
Monthly Average Amount (in Thousands of AR$)		-	3,128,886	5,325,003

(1) It includes the managed brands Naranja Visa, Naranja MasterCard, Naranja Amex.

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Summary of Activity (Continued)

As of December 31, 2020

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NUMBER OF TARJETA NARANJA S.A.'S AUTHORIZED CREDIT CARDS (in Thousands)

	12.31.20	**12.31.19**	**12.31.18**	**12.31.17**
Naranja Clásica and Oro	4,619	4,605	4,777	4,266
Naranja Visa	3,514	3,451	3,504	2,968
Naranja MasterCard	416	454	491	531
Naranja Amex	64	49	46	41
Nevada	-	-	-	960
Nevada Visa	-	-	-	551
Total	**8,613**	**8,559**	**8,818**	**9,317**

COMPARATIVE CHART OF BALANCE SHEET

	12.31.20	**12.31.19**	**12.31.18**	**12.31.17**
Current Assets	90,481,926	76,889,814	97,744,442	103,618,788
Non-current Assets	9,630,878	10,024,838	9,478,756	9,155,360
Assets	100,112,804	86,914,652	107,223,198	112,774,148
Current Liabilities	73,059,208	60,758,263	69,546,518	59,978,156
Non-current Liabilities	3,201,361	4,774,004	18,151,771	27,126,387
Liabilities	76,260,569	65,532,267	87,698,289	87,104,543
Equity	23,852,235	21,382,385	19,524,909	25,669,605

COMPARATIVE CHART OF STATEMENTS OF PROFIT OR LOSS

	12.31.20	**12.31.19**	**12.31.18**	**12.31.17**
Operating Revenue	37,135,216	38,633,297	43,495,799	30,489,425
Operating Revenue, Net of Provision for Loan Losses	32,692,247	31,977,898	34,600,177	27,153,294
Total Operating Expenses	(22,240,718)	(22,800,574)	(26,814,644)	(16,641,688)
(Loss) / Income from Investments Accounted for Using the Equity Method	(26,393)	(12,568)	942	6,541
Loss on Net Monetary Position	(5,151,386)	(6,681,946)	(7,138,591)	(3,535,108)
Profit before Income Tax	5,273,750	2,482,810	647,884	6,983,039
Income Tax	(1,957,768)	(625,334)	(3,249,005)	(3,730,188)
Profit for the Period	3,315,982	1,857,476	(2,601,121)	3,252,851

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Summary of Activity (Continued)

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COMPARATIVE STRUCTURE OF THE STATEMENT OF CASH FLOWS

	12.31.20	12.31.19	12.31.18	12.31.17
Net Cash Inflow / (Outflow) from Operating Activities	(1,481,615)	27,074,172	2,857,229	8,963,973
Net Cash Inflow / (Outflow) from Investing Activities	644,200	(3,225,275)	(1,602,282)	(1,583,241)
Net Cash Inflow from Financing Activities	(3,868,566)	(20,077,696)	5,317,489	(8,248,429)
Total Net Cash (Outflow) / Inflow during the Year	(4,705,981)	3,771,201	6,572,436	(867,697)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	9,897,559	10,585,934	6,637,770	7,066,001
Increase in Cash and Cash Equivalents from Merger	-	-	-	1,002,850
Inflation Loss Attributable to Cash	(2,814,363)	(4,421,970)	(2,615,447)	(569,559)
Increase due to Effects of Exchange Rate Changes on Cash and Cash Equivalents	318,357	(37,606)	(8,825)	6,178
CASH AND CASH EQUIVALENTS AT YEAR-END	2,695,572	9,897,559	10,585,934	6,637,773

RATIOS

	12.31.20	12.31.19	12.31.18	12.31.17
Liquidity	1.238	1.266	1.405	1.728
Indebtedness	3.197	3.065	4.492	3.393
Solvency	0.313	0.326	0.223	0.295
Tied-up Capital	0.096	0.115	0.088	0.081
ROE for the Period	(1) 14.66%	9.08%	(11.51)%	14.53%
ROA for the Period	(2) 3.55%	1.91%	(2.36)%	3.09%

(1) Profit (Loss) for the Year / (Equity 12/20 + Equity 12/20) / 2

(2) Profit (Loss) for the Year / (Assets 12/20 + Assets 12/20) / 2

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For the Supervisory Committee

Alejandro Asrin
Chairman

Independent Auditors' Report

To the Shareholders, President and Directors of
Tarjeta Naranja S.A.
Legal domicile: La Tablada 451
Tax Code No. 30-68537634-9

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tarjeta Naranja S.A. (the "Company"), including the balance sheet as of December 31, 2020, the statement of profit or loss, of other comprehensive income, of changes in equity and cash flows for the year then ended, and the notes to the financial statements, comprising a summary of the most significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and its comprehensive income and cash flows for the fiscal year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). These standards have been adopted as auditing standards in Argentina by Technical Pronouncement No. 32 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE), as approved by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with requirements that are relevant to our audit of the financial statements in Argentina, and we have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Audit Response
Provision for expected credit losses As described in Notes 2.1.1 and 2.9 to the financial statements, the Company's provision for expected credit losses amounted to ARS 6,145,280,000 at December 31, 2020. The Company assess impairment by estimating expected credit losses. Models used by Management to determine expected credit losses involve significant judgments, including aspects such as defining a significant increase in credit risk, identifying impaired assets or assets subject to severe impairment risk, developing parameters like probabilities of default and losses in the event of default, and making assumptions on macroeconomic scenarios considering a range of possible economic results calculated on a probability-weighted basis. Below are the main considerations that led us to determine that the estimation of expected credit losses is a key audit matter: (i) Impairment assessment through the estimation of expected credit losses involves a significant judgment by Management. This in turn led to a significant auditor's judgment and an effort in the procedures conducted to assess audit evidence relating to the models and assumptions used to determine expected credit losses. (ii) The audit effort involved the use of skilled and proficient professionals to assist in the performance of procedures and the assessment of audit evidence obtained.	Audit procedures followed relating to this key matter involved assessing the audit evidence regarding our general opinion on the Financial Statements. These procedures included, among others: - testing the effectiveness of Management controls relating to the provision for expected credit losses, which included controls on data, models and assumptions used in the estimation process; - validating the completeness and accuracy of the information provided by Management. Skilled and proficient professionals assisted Management in testing the process for determining the provision for expected credit losses, which included the evaluation of: (i) the reasonableness of assumptions used by Management, (ii) the reasonableness of criteria used by Management to define a significant increase in credit risk and identify impaired assets and assets subject to a severe impairment risk, (iii) the suitability of models used to estimate parameters like probabilities of default and losses in the event of default, and (iv) the appropriateness of the methodology used to construct macroeconomic scenarios.

Information Accompanying the Financial Statements ("Other Information")

The Other Information comprises the annual report and summary of activity. The Board of Directors is responsible for the Other Information.

Our opinion on the financial statements will not cover the Other Information and, therefore, we do not express any audit conclusion.

In relation to our audit of the financial statements, our responsibility is to read the Other Information and consider whether it is materially inconsistent with the financial statements or with our knowledge obtained during the course of the audit or, if for any other reason, it appears to contain a material misstatement. Based on the work performed, and as regards those matters that are within our field of competence, if we consider that there is a material misstatement in the Other Information, we have to report it. We have nothing to report in this regard.

Board's Responsibilities for the Financial Statements

The Board of Tarjeta Naranja S.A. is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for the internal control it may deem necessary to prepare the financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Company's ability to continue as a going concern, disclosing matters relating to this issue, as applicable, and using the going concern basis of accounting unless the Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and asses the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Board.
- Conclude whether it is appropriate that the Company's Board use the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained at the date of this auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Company's Board with a statement on our fulfillment of relevant ethical requirements regarding independence and communicate any relationship and other matters that might be thought to affect our independence and, when applicable, the actions taken to reduce threats or the related safeguards.

Among the matters that have been subject to communication with the Company's Board, we determine those of most significance in the audit of the financial statements, which are, consequently, the key audit matters. We describe these matters in this audit report, except for those legal or regulatory provisions that prohibit the public disclosure of the matter or if, in extremely infrequent circumstances, we determine that a matter should not be disclosed in our report, because it is reasonable to expect that the adverse consequences of doing so would outweigh the public interest benefits thereof.

Report on Other Legal and Regulatory Requirements

In compliance with current regulations, we report that:

a) the financial statements of Tarjeta Naranja S.A. are transcribed into the Inventory and Balance Sheet book and as regards those matters that are within our competence, they are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;

b) the financial statements of Tarjeta Naranja S.A. arise from accounting records kept in all formal respects in conformity with legal regulations, which maintain the security and integrity conditions on the basis of which they were authorized by the National Securities Commission;

c) the total amounts of the balance sheet and the statement of profit or loss are detailed below:

c.1.) balance sheet as of December 31, 2020 and 2019:

	12.31.2020	12.31.2019
	In thousands of pesos	
Assets	100,112,804	86,914,652
Liabilities	76,260,569	65,532,267
Equity	23,852,235	21,382,385

c.2.) statement of profit or loss for fiscal years ended December 31, 2020 and 2019, stated in thousands of pesos, resulting in a profit of ARS 3,315,982 and ARS 1,857,476, respectively;

d) at December 31, 2020 the debt of Tarjeta Naranja S.A. accrued in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to ARS 195,490,600.40, none of which was claimable at that date;

e) as required by Section 21, Subsection b), Chapter III, Part VI, Title II of the regulations issued by the National Securities Commission, we report that total fees for auditing and related services billed to Tarjeta Naranja S.A. during the fiscal year ended December 31, 2020 account for:

d.1)86.86% of the total fees for services billed to Tarjeta Naranja S.A. for all items during that fiscal year;

d.2)11.02% of the total fees for auditing and related services billed to Tarjeta Naranja S.A., its parent company, subsidiaries and related companies during that year;

d.3)8.5% of the total fees for services billed to Tarjeta Naranja S.A., its parent company, subsidiaries and related companies for all items during that year;

f) we applied the anti-money laundering and financing of terrorism procedures for Tarjeta Naranja S.A., prescribed by professional standards issued by the Professional Council of Economic Sciences for the Province of Córdoba.

Córdoba, February 18, 2021

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. No. 21.00004.3

Dr. Andrés Suarez - Public Accountant (U.B.A.)

Professional License No. 10.11421.4 – C.P.C.E.

SUPERVISORY COMMITTEE'S REPORT

To the Directors and Shareholders of TARJETA NARANJA S.A.
Legal Domicile: La Tablada 451
CORDOBA-ARGENTINA CUIT: 30-68537634-9

DOCUMENTS EXAMINED

1. As members of Tarjeta Naranja S.A. and in accordance to the provisions of Section 294, subsection 5 of the Argentine General Companies Law, we have reviewed the accompanying financial statements of Tarjeta Naranja S.A. (hereinafter, the "Entity"), which include:
- the Balance Sheet as of December 31, 2020;
- the Statements of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2020;
- the Statements of Changes in Equity and Cash Flows for the year ended December 31, 2020; and
- the summary of critical accounting policies and other explanatory information included in supplementary notes and exhibits.
- the Summary of Activity.

Furthermore, we have reviewed the Inventory and the Board of Directors' Annual Report for the year ended December 31, 2020.

The figures and other information for fiscal year 2019 are an integral part of the aforementioned financial statements, and are exclusively disclosed for comparative purposes to the figures and information for the current year.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) and by el Professional Council in Economic Sciences of the Province of Córdoba (CPCECBA), as approved by the International Accounting Standards Board (IASB). Furthermore, the Board of Directors is responsible for the existence of the internal controls it deems necessary to enable the preparation of financial statements free from significant deviations resulting from errors or irregularities.

RESPONSIBILITY OF THE SUPERVISORY COMMITTEE'S MEMBER

3. Our responsibility is to express a conclusion on the documents examined in paragraph 1., on the basis of our reviews performed within the scope detailed in paragraph 4.

4. Our work was carried out in accordance with standards applicable in Argentina to members of the Supervisory Committee. Said standards require our examination to be performed in accordance with the professional auditing standards applicable in Argentina and include verifying the consistency of the documents reviewed with the information concerning corporate decisions, as disclosed in minutes, and the conformity of those decisions with the law and the bylaws insofar as concerns formal and documental aspects. For purposes of our professional work on the above-described documents, we have relied on the audit performed by the external auditors, Price Waterhouse & Co. S.R.L., who issued an unqualified limited review report on February 18, 2021, which was conducted in accordance with the International Auditing Standards (IAS) as adopted by auditing standards in Argentina by Technical Pronouncement No. 32 of FACPCE and its related Circulars.
Said review included verifying the work plans and the nature, scope and timing of the procedures applied and of the results of the audit performed by the above-referred professionals. Said standards require that ethics principles are to be complied with as well as an audit requires that the auditor plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatements.

An audit entails applying procedures to obtain judgmental evidence about the amounts and other information disclosed in the financial statements. The procedures selected depend on the auditor's judgment, including the risk assessment of material misstatements in the financial statements due to fraud or error. Upon performing such risk assessment, the auditor must consider the appropriate internal control for the Company's preparation and fair presentation of the financial statements in order to design

the audit procedures that are adequate according to the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
An audit also includes evaluating the adequacy of the accounting policies applied, the reasonableness of the significant estimates made by the Company's Management and of the presentation of the financial statements taken as a whole.

With regard to the Board of Directors' Annual Report, we have checked that it contains the information required by the provisions of the Argentine General Companies Law, and insofar as concerns our field of competence, that the numerical data contained therein are in agreement with the Company's accounting records and other relevant documentation. Assumptions and projections on future events contained in that documentation are the exclusive responsibility of the Board of Directors.

Since it is not our responsibility to perform any management control, our examination did not extend to the judgments and business decisions regarding the different areas of the Entity, which are the exclusive responsibility of the Board of Directors.

We also report that, in compliance with the legality control that is part of our field of competence, during this period we have applied the other procedures described in Section 294 of Act No. 19550, which we deemed necessary according to the circumstances, including – among others – controlling the constitution and survival of the Directors' bond.

CONCLUSION

- Based on our reviews, within the scope described in paragraph 4. above, and taking into consideration the External Auditor's limited review report, in our opinion, the financial statements mentioned in paragraph 1, are fairly presented, in all material aspects, in accordance with the accounting guidance set out by the International Financial Reporting Standards (IFRS).
- In regard to the Board of Directors' Annual Report, we have no observations insofar as concerns our field of competence, and the assertions on future events are the exclusive responsibility of the Company's Board of Directors.
- In compliance with the legality control that is part of our field of competence, we have no observations to make.

REPORT ON OTHER STATUTORY AND REGULATORY REQUIREMENTS

We hereby report that:

I. Tarjeta Naranja S.A.'s financial statements as of December 31, 2020 arise from accounting records kept, in all formal aspects, in compliance with applicable legal regulations;

II. Tarjeta Naranja S.A.'s financial statements as of December 31, 2020 have been transcribed to the "Inventory and Balance Sheet" book and, are in compliance with the provisions of the Argentine General Companies Law and with the pertinent resolutions of the Argentine National Securities Commission (C.N.V.);

III. as called for by Section 21, Chapter III, Part VI, Title II of the Regulations issued by the Argentine National Securities Commission concerning the independence of external auditors as well as the quality of the auditing policies applied by them and the Company's accounting policies, the above mentioned external auditor's report includes a representation indicating that the auditing standards in force have been applied, these standards include independence requirements, and contain no observations relative to the application of said professional accounting standards. In its report, the external auditor declares to be independent from the Company;

IV. We have read the Summary of Activity and the Additional Information to the Notes to the Condensed Interim Financial Statements required by Section 12, Chapter III, Title IV of the regulations issued by the Argentine National Securities Commission which, insofar as concerns our field of competence, we have no observations to make.

Córdoba, February 18, 2021.

Mr. Jorge F. GREGORAT