



TARJETA NARANJA REPORTS FINANCIAL RESULTS FOR THE PERIOD ENDED ON DECEMBER 31, 2020

Summary of Activity

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 (Figures Expressed in nominal currency)

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.

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.

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 compiled 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 MERCOSUR 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 MERCOSUR 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.'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
Open Accounts (in Thousands)	3,282	3,257	3,413
Monthly Average Consumption per Active Account (in Thousands of AR\$) (1)	9.09	8.38	10.04

Nevada	12.31.20	12.31.19	12.31.18
Open Accounts (in Thousands)	0	0	0
Monthly Average Consumption per Active Account (in Thousands of AR\$)	0	0	7

(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
Amounts in Thousands (until September) (1)	159,090	177,849	166,330
Monthly Average Amount (in Thousands of AR\$) (1)	26,149,068	26,086,669	29,510,153
Merchants' Average Fee	1.92%	2.08%	2.19%

Transactions with Nevada	12.31.20	12.31.19	12.31.18
Amounts in Thousands	0	0	20,142
Monthly Average Amount (in Thousands of AR\$)	0	0	3,128,886

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

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

	12.31.20	12.31.19	12.31.18
Tarjeta Naranja Clásica and Oro	4,619	4,605	4,777
Tarjeta Naranja Visa	3,514	3,451	3,504
Tarjeta Naranja MasterCard	416	454	491
Tarjeta Naranja Amex	64	49	46
Tarjeta Nevada	-	-	-
Tarjetas Nevada Visa	-	-	-
Total	8,613	8,559	8,818

COMPARATIVE CHART OF BALANCE SHEET (in Thousands of AR\$)

	12.31.20	12.31.19	12.31.18
Current Assets	90,481,926	76,889,814	97,744,442
Non-current Assets	9,630,878	10,024,838	9,478,756
Assets	100,112,804	86,914,652	107,223,198
Current Liabilities	73,059,208	60,758,263	69,546,518
Non-current Liabilities	3,201,361	4,774,004	18,151,771
Liabilities	76,260,569	65,532,267	87,698,289
Equity	23,852,235	21,382,385	19,524,909

COMPARATIVE CHART OF STATEMENTS OF PROFIT OR LOSS (in Thousands of AR\$)

	09.30.20	09.30.19	09.30.18
Operating Revenue	37,135,216	38,633,297	43,495,799
Operating Revenue, Net of Provision for Loan Losses	32,692,247	31,977,898	34,600,177
Total Operating Expenses	(22,240,718)	(22,800,574)	(26,814,644)
(Loss) / Income from Investments Accounted for Using the Equity Method	(26,393)	(12,568)	942
Loss on Net Monetary Position	(5,151,386)	(6,681,946)	(7,138,591)
Profit before Income Tax	5,273,750	2,482,810	647,884
Income Tax	(1,957,768)	(625,334)	(3,249,005)
Profit for the Period	3,315,982	1,857,476	(2,601,121)

COMPARATIVE STRUCTURE OF THE STATEMENT OF CASH FLOWS (in Thousands of AR\$)

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

RATIOS

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

(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

Statement of Profit or Loss

For the periods ended December 31, 2020 and 2019
Expressed in thousands of constant Argentine Pesos at period-end

	12.31.2020	12.31.2019
	In Thousands of AR\$	
Revenues from Services	20,708,647	22,965,780
Costs of Services	(3,407,363)	(2,693,258)
Net Revenues from Services	17,301,284	20,272,522
Revenues from Financing	22,480,639	27,913,861
Costs of Financing	(5,080,763)	(13,168,088)
Net Revenues from Financing	17,399,876	14,745,773
Net Income from Short-term Investments	2,434,056	3,615,002
Operating Revenues	37,135,216	38,633,297
Provision for Loan Losses	(4,442,969)	(6,655,399)
Operating Revenue, Net of Provision for Loan Losses	32,692,247	31,977,898
Employee Benefits Expenses	(7,686,171)	(7,482,947)
Taxes and Charges	(5,260,013)	(5,556,059)
Marketing Expenses	(607,847)	(868,527)
Depreciation and Amortization	(1,809,235)	(1,542,666)
Other Operating Expenses	(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	(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	(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

Statement of Other Comprehensive Income

For the periods ended December 31, 2020 and 2019
Expressed in thousands of constant Argentine Pesos at period-end

	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

Balance Sheet

For the periods ended December 30, 2020 and 2019
Expressed in thousands of constant Argentine Pesos at period-end

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

