



## **TARJETA NARANJA REPORTS FINANCIAL RESULTS FOR THE PERIOD ENDED ON DECEMBER 31, 2019**

### **Summary of Activity**

As of December 31, 2019, we had 3,257,257 open accounts under the Naranja brand. This figure reaches a total of 4,605,250 customers when considering Naranja additional cardholders.

During the reporting period, we completed 177,849,168 transactions, including purchases in stores and automatic debits, personal loans, cash advances and cash withdrawals from ATMs.

At the beginning of the year, all cards under the Nevada brand had already been unified under the Naranja brand, as a result of the merger with Tarjetas Cuyanas S. A.

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, 2019 profit was AR\$ 1,131,710, accounting for an increase of 159% in constant currency as compared to the previous year. At year-end, equity amounted to AR\$ 16,832,693 into constant currency.

### **Sources of Financing**

During the year, Naranja secured a new credit line in the amount of AR\$ 2,000,000 (in nominal currency).

As part of the Global Program for the Issuance of Notes ("*Obligaciones Negociables*"), in February, the Company issued Class XLIII Notes ("*Obligaciones Negociables*") for a total of AR\$ 1,583,895 (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\$ 15,453,266 (in nominal currency).

### **Review of Operations as of December 31**

#### **Digital Growth**

As part of the ongoing digital evolution project, in 2019, the Company implemented improvements to streamline several processes, including account origination, collection procedures, subscription to HBO Go, purchase of several lines of insurance (car, motorcycle and homeowners'), and application for personal loans through digital channels.

As concerns origination, more than 75,000 new accounts were opened up through Naranja's digital channels, accounting for 25% of total accounts sold at year-end. Customers also continued migrating to digital payments. In December, 340,000 transactions were completed using the payment button in Naranja Online and Naranja app. The on-line channel accounted for 35% of collections from customers, including payments through third parties' digital channels. Also during 2019, Naranja managed to combine the access to digital platforms, with full

digitalization of four products (loans and car, motorcycle and homeowners' insurance), and the deployment of the first MVP for promotion customization.

At year-end, the Company recorded 1,500,000 active digital users, accounting for 50% of the portfolio of active customers. Similarly, customers continued migrating to digital account statements, reaching a total of 2,400,000 at year-end.

### **Deployment of the Branch of the Future**

During the first quarter of 2019, the Company designed a new service model for branches. The project entitled "*Casas del Futuro*" (Branches of the Future) is focused on delivering an enhanced experience to customers, turning branches into enabling places for customer's relations, advice and training, rather than mere venues for doing banking transactions.

Several branches were fully remodeled and pilot-tested, including Alta Córdoba, San Isidro and Pacheco, where the new service model was implemented. These branches displayed a restyled design, with cutting-edge technology, customer service lounges, tablets, and a far more agile customer service system. The initiative also included the deployment of self-service terminals to offer a desk-free person-to-person service, seeking to deliver a solution on the first contact and customized assistance for customers' migration to digital tools. In October 2019, the Company completed the pilot-test at these three branches. By year-end, the deployment was completed at other five branches: Palermo, Río Ceballos, O'Higgins, Río Cuarto and Caballito.

### **Naranja Viajes and Tienda Naranja (Naranja Store)**

In an attempt to strengthen its vertical service offering in the tourism category and offer customers a restyled and innovative value proposition, the Company has engaged in negotiations with Despegar.com to enter into a partnership agreement that will boost tourism amidst Naranja's ecosystem of digital products and services. Accordingly, in October, Naranja and Grupo Estepa S.R.L. (Escapando.com) mutually terminated the license agreement pursuant to which the latter was entitled to use the "Naranja Viajes" brand.

On the other hand, the e-commerce platform available for Tarjeta Naranja's cardholders to purchase products offered by Merchants ("*Comercios Amigos*") embarked on an evolution process. During the last quarter of 2019, the Company pilot-tested some ideas for Tienda Naranja (Naranja Store)'s rebranding, in an attempt to turn it into one of Argentina's major marketplaces. Its launching is expected to take place in 2020.

### **Promotions and Benefits**

In 2019, Naranja reached a monthly average of 2,100 promotions with 300 regional and national brands. As part of its summer benefits, the Company offered 6, 9 and up to 12 interest-free installment plans to purchase air tickets with Aerolíneas Argentinas, Air Europa and GOL, and entered into an agreement with Grupo Flecha to purchase bus tickets in up to 6 interest-free installments. Under an agreement with Atrápalo.com, Naranja also offered up to 50% discounts and payment plans of up to 6 interest-free installments on the purchase of show tickets in Mar del Plata and the Autonomous City of Buenos Aires, in addition to promotions in Carlos Paz, with up to 10% discounts and the Zeta Plan (up to 3 interest-free installments) in major theaters. In May, Naranja participated in the Hot Sale offering promotions at several sites under the Tienda Naranja (Naranja Store) and Naranja Viajes brands, offering discounts and up to 14 interest-free installments on the purchase of home appliances, technology and tools.

Effective since October 8, 2019, the managed cards Naranja Visa and Naranja Mastercard were removed from the "Ahora 12" program.

Since April through December (excluding July and August), the Company carried out the SMartes program, offering discounts and benefits on the purchase of clothing and specific promotions on restaurants and gas stations. The program included up to 20% discounts every Tuesday on major brands throughout the country, and an additional 5% discount for customers who have been cardholders for over 10 years, reaching approximately AR\$ 590 million in sales nationwide.

### **Casa Naranja Opened its Doors to Over 32,000 Visitors**

Casa Naranja opened up its 2019 cultural agenda with visual arts, displaying the "Real" exhibition by the artist Leandro Erlich. Since March through June, the exhibition was visited for free by more than 12,000 guests, featuring educational and guided visits for the entire community. "Real" was followed by "Tándem," a collective exhibition by nine contemporary artists, featured at Casa Naranja in July, August and September, offering free workshops and projections. As closure of its 2019 program, Casa Naranja presented "Manifiesto," an exhibition by Elian Chali, an internationally renowned artist from Córdoba, Argentina, which was displayed during October-

February 2020. Finally, Casa Naranja held the “*Música en Colores*” (Music in Colors) acoustic shows, under its agreement with Cadena 3 radio station. These shows spanned throughout the year, including other performances by Estelares, Amaia Montero, Los Caligaris, La Beriso, Turf, V-One and Natalie Pérez. During 2019, Casa Naranja received more than 32,000 visitors and over 4,000 children and young people as part of school visit programs.

### **Awards and Distinctions**

In November, Great Place to Work® ranked Naranja as the second best company to work for in Argentina, within the category of “companies with over 1,000 employees.” This award is an acknowledgment to the Company as best employer and highest-quality workplace. Also in this regard, Naranja occupied the first position in the ranking of “Argentina’s Best Places to Work for Women” in the category of companies with “more than 1,000 employees.” In addition, Naranja ranked 12th among the best Latin-American companies to work for. Naranja ranked 1st in MERCOSUR’s 2019 ranking of the Best Corporate Reputation Companies in the Financial and Credit Card sector. Naranja also achieved the 18th position in the ranking of the 100 companies with best reputation in Argentina, climbing two positions compared to 2018. On the other hand, Alejandro Asrin, Naranja’s Chairman, and David Ruda, Naranja’s Honorary Chairman, ranked 22nd and 40th, respectively, in the ranking of most recognized corporate leaders in Argentina.

Finally, Naranja climbed to the 20th position in the ranking of the 100 Argentine Companies with Best Corporate Image published by Apertura magazine, up by two positions vis-a-vis the previous year.

### **2020 Outlook**

Actual demand for money is expected to rebound as the policies recently enacted by the Central Bank for the rearrangement and overall revival of the Argentine economy consolidate. Access to bank credit and capital markets’ financing is also expected to be gradually reestablished during the current year.

Inflation is also expected to decline in 2020, coupled with improvements in all other macroeconomic variables, with the ensuing positive impacts on the Company, for its investment expenses and costs will not increase as much as they did in recent periods.

Naranja expects to maintain its leadership position in Argentina, as the main issuer of credit cards nationwide and the leading brand within the provinces. As usual, our goal is improving our customers’ experience and expanding our product and service offering. Naranja will continue pursuing Digital Evolution projects, as part of its ongoing efforts to achieve gradual growth in its technology-based product and service portfolio, ongoing improvement of the customers’ experience, and cost efficiency. Naranja will continue deploying its branch modernization project named “*Sucursal del Futuro*” (Branch of the Future) in the major cities of Argentina, embracing a technology-based person-to-person service approach. Naranja will also offer its loyalty program *Quiero!* to its entire customer base, restyle the commercial offering of Tienda Naranja (Naranja Store) Marketplace, and launch a new tourism-related proposition. All these projects combine technology with the Company’s expectation to improve the customer’s experience and cost efficiency.

A new voluntary reduction in the maximum fee applicable to merchants’ sales is expected to take place effective since January 2020, when such fee will fall to 2%.

## 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

<b>Naranja</b>	<b>12.31.19</b>	<b>12.31.18</b>	<b>12.31.17</b>
Open Accounts (in Thousands)	3,257	3,413	2,977
Monthly Average Consumption per Active Account (in Thousands of AR\$) (1)	6.16	4.79	3.62

<b>Nevada</b>	<b>12.31.19</b>	<b>12.31.18</b>	<b>12.31.17</b>
Open Accounts (in Thousands)	-	-	781
Monthly Average Consumption per Active Account (in Thousands of AR\$)	-	3.36	3.02

(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)

<b>Transactions with Naranja</b>	<b>12.31.19</b>	<b>12.31.18</b>	<b>12.31.17</b>
Amounts in Thousands (until December) (1)	177,849	166,330	150,033
Monthly Average Amount (in Thousands of AR\$) (1)	19,161,566	14,090,812	10,196,831
Merchants' Average Fee	2.08%	2.19%	2.33%

<b>Transactions with Nevada</b>	<b>12.31.19</b>	<b>12.31.18</b>	<b>12.31.17</b>
Amounts in Thousands	-	20,142	7,837
Monthly Average Amount (in Thousands of AR\$)	-	1,494,013	1,722,122

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

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

	<b>12.31.19</b>	<b>12.31.18</b>	<b>12.31.17</b>
Tarjeta Naranja Clásica and Oro	4,605	4,777	4,266
Tarjeta Naranja Visa	3,451	3,504	2,968
Tarjeta Naranja MasterCard	454	491	531
Tarjeta Naranja Amex	49	46	41
Tarjeta Nevada	-	-	960
Tarjetas Nevada Visa	-	-	551
<b>Total</b>	<b>8,559</b>	<b>8,818</b>	<b>9,317</b>

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

	<b>12.31.19</b>	<b>12.31.18</b>	<b>12.31.17</b>
Current Assets	58,087,652	73,738,492	76,111,606
Non-current Assets	6,880,771	6,379,937	6,724,930
Assets	64,968,423	80,118,429	82,836,536
Current Liabilities	44,629,057	51,084,338	44,056,043
Non-current Liabilities	3,506,673	13,333,108	19,925,275
Liabilities	48,135,730	64,417,446	63,981,318
Equity	16,832,693	15,700,983	18,855,218

**COMPARATIVE CHART OF STATEMENTS OF PROFIT OR LOSS (in Thousands of AR\$) (1)**

	<b>12.31.19</b>	<b>12.31.18</b>	<b>12.31.17</b>
Operating Revenue	23,469,379	26,705,634	26,954,317
Operating Revenue, Net of Provision for Loan Losses	18,248,372	20,171,490	23,618,186
Total Operating Expenses	(16,747,816)	(19,696,289)	(16,641,688)
(Loss) Income from Investments Accounted for Using the Equity Method	(9,232)	692	6,541
Profit before Income Tax	1,491,324	475,893	6,983,039
Income Tax	(359,614)	(2,386,507)	(3,730,188)
Profit / (Loss) for the Year	1,131,710	(1,910,614)	3,252,851
Comprehensive Income (Loss) for the Year	1,131,710	(1,910,614)	3,252,851

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

	<b>12.31.19</b>	<b>12.31.18</b>	<b>12.31.17</b>
Net Cash Inflow / (Outflow) from Operating Activities	19,886,922	2,098,734	6,584,350
Net Cash Inflow / (Outflow) from Investing Activities	(2,369,079)	(1,176,933)	(1,162,945)
Net Cash (Outflow) / Inflow from Financing Activities	(14,747,766)	3,905,881	(6,058,758)
Total Net Cash (Outflow) / Inflow during the Year	2,770,077	4,827,682	(637,354)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	7,775,737	4,875,673	5,190,224
Increase in Cash and Cash Equivalents from Merger	-	-	736,628
Inflation Loss Attributable to Cash	(3,248,091)	(1,921,137)	(418,361)
Increase due to Effects of Exchange Rate Changes on Cash and Cash Equivalents	(27,622)	(6,481)	4,538
<b>CASH AND CASH EQUIVALENTS AT YEAR-END</b>	7,270,101	7,775,737	4,875,675

## RATIOS

	12.31.19	12.31.18	12.31.17
Liquidity	1.302	1.443	1.728
Indebtedness	2.860	4.103	3.393
Solvency	0.350	0.244	0.295
Tied-up Capital	0.106	0.080	0.081
ROE for the Year	(1) 6.96%	(11.06%)	19.78%
ROA for the Year	(2) 1.56%	(2.34%)	4.21%

(1) **PROFIT (LOSS) FOR THE PERIOD / (EQUITY 12/19 + EQUITY 12/18) / 2**

(2) **PROFIT (LOSS) FOR THE PERIOD / (ASSETS 12/19 + ASSETS 12/18) / 2**

**Statement of Profit or Loss**  
For the years ended December 31, 2019 and 2018  
Expressed in thousands of constant Argentine Pesos

	12.31.2019	12.31.2018
	In Thousands of AR\$	
Revenues from Services	16,869,165	18,516,788
Costs of Services	(1,978,292)	(2,753,067)
<b>Net Revenues from Services</b>	<b>14,890,873</b>	<b>15,763,721</b>
Revenues from Financing	20,503,702	24,307,882
Costs of Financing	(9,672,419)	(9,323,201)
Loss on Net Monetary Position	(4,908,122)	(5,243,542)
<b>Net Revenues from Financing</b>	<b>5,923,161</b>	<b>9,741,139</b>
Net Income from Short-term Investments	2,655,345	1,200,774
<b>Operating Revenue</b>	<b>23,469,379</b>	<b>26,705,634</b>
Provision for Loan Losses	(5,221,007)	(6,534,144)
<b>Operating Revenue, Net of Provision for Loan Losses</b>	<b>18,248,372</b>	<b>20,171,490</b>
Employee Benefits Expenses	(5,496,485)	(7,345,483)
Taxes and Charges	(4,081,119)	(4,649,773)
Marketing Expenses	(637,963)	(778,097)
Depreciation and Amortization	(1,133,142)	(801,010)
Other Operating Expenses	(5,399,107)	(6,121,926)
<b>Total Operating Expenses</b>	<b>(16,747,816)</b>	<b>(19,696,289)</b>
<b>Net Profit before Income from Investments Accounted for Using the Equity Method</b>	<b>1,500,556</b>	<b>475,201</b>
(Loss) Income from Investments Accounted for Using the Equity Method	(9,232)	692
<b>Profit before Income Tax</b>	<b>1,491,324</b>	<b>475,893</b>
Income Tax	(359,614)	(2,386,507)
<b>Profit / (Loss) for the Year</b>	<b>1,131,710</b>	<b>(1,910,614)</b>
<b>Earnings per Share</b>		
Basic and Diluted Earnings per Share	<b>400.75</b>	<b>(676.56)</b>

## Statement of Other Comprehensive Income

For the years ended December 31, 2019 and 2018  
Expressed in thousands of constant Argentine Pesos

	12.31.2019	12.31.2018
	<b>In Thousands of AR\$</b>	
<b>Profit / (Loss) for the Year</b>	<b>1,131,710</b>	<b>(1,910,614)</b>
Other Comprehensive Income	-	-
<b>Other Comprehensive Income for the Year</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income (Loss) for the Year</b>	<b>1,131,710</b>	<b>(1,910,614)</b>
<b>Earnings per Share</b>		
Basic and Diluted Earnings per Share	<b>400.75</b>	<b>(676.56)</b>



## Balance Sheet

For the years ended December 31, 2019 and 2018  
Expressed in thousands of constant Argentine Pesos

	Note	12.31.2019	12.31.2018		Note	12.31.2019	12.31.2018
		In Thousands of AR\$				In Thousands of AR\$	
<b>ASSETS</b>				<b>LIABILITIES</b>			
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash and Cash Equivalents	19	7,270,101	7,775,737	Trade and Other Payables	26	31,548,069	35,136,436
Investments	20	1,323,511	-	Borrowings	27	10,116,470	13,109,277
Receivables from Trade	21	49,223,377	65,554,977	Employee Benefit Obligations	28	830,399	1,220,488
Other Receivables	22	270,663	407,778	Current Tax Liabilities	29	1,190,518	1,514,708
				Other Liabilities	30	12,148	44,762
				Income Tax Provision	18	931,453	58,667
<b>Total Current Assets</b>		<b>58,087,652</b>	<b>73,738,492</b>	<b>Total Current Liabilities</b>		<b>44,629,057</b>	<b>51,084,338</b>
<b>NON-CURRENT ASSETS</b>				<b>NON-CURRENT LIABILITIES</b>			
Receivables from Trade	21	414,393	1,869,590	Borrowings	27	3,390,965	13,217,581
Other Receivables	22	7,744	9,727	Other Liabilities	30	7,348	15,540
Deferred Tax Assets	18	1,766,180	779,003	Provisions	31	108,360	99,987
Investments Accounted for Using the Equity Method	23	12,915	3,259				
Property, Plant and Equipment	24	3,393,204	2,776,930				
Intangible Assets	25	1,286,335	941,428				
<b>Total Non-current Assets</b>		<b>6,880,771</b>	<b>6,379,937</b>	<b>Total Non-current Liabilities</b>		<b>3,506,673</b>	<b>13,333,108</b>
				<b>Total Liabilities</b>		<b>48,135,730</b>	<b>64,417,446</b>
				<b>EQUITY</b>		<b>16,832,693</b>	<b>15,700,983</b>
<b>Total Assets</b>		<b>64,968,423</b>	<b>80,118,429</b>	<b>Total Liabilities and Equity</b>		<b>64,968,423</b>	<b>80,118,429</b>