



## **TARJETA NARANJA REPORTS FINANCIAL RESULTS FOR THE PERIOD ENDED ON JUNE 30, 2020**

### **Summary of Activity**

As of June 30, 2020, we had 3,178,675 open accounts under the Naranja brand. This figure reaches a total of 4,500,525 customers when considering Naranja additional cardholders.

During the reporting period, we completed 78,075,288 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 June 30, 2020, profit was AR\$ 1,571,542, accounting for an increase of 965% in constant currency as compared to the previous year. At period-end, equity amounted to AR\$ 18,706,637 in constant currency.

### **Sources of Financing (Figures Expressed in Nominal Amounts)**

During the first six months of 2020, Naranja entered into new Borrowings for up to AR\$ 2,940,000 and secured new credit lines for AR\$ 1,940,000.

Additionally, during such period, the Company repaid principal and interest with regard to Notes (“Obligaciones Negociables”), Borrowings, Credit Lines and Leases for AR\$ 12,340,685.

### **Review of Operations as of June 30**

#### **Two New Divisions within Naranja’s Organizational Structure**

Based on 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.

#### **Digital Evolution**

As a result of the mandatory social distancing measures currently in place, Naranja’s digital channels experienced substantial growth. At year-end, the digital channel contributed 68% of total customer acquisitions.

Besides, 309,317 new users were registered during the period, reaching a total of 2,029,654 active digital 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. In June, collections through digital channels accounted for 54% of the total.

## **Enhancements in NCamp and Espacio N**

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 its first edition, applicants enrolled in training programs to improve the skills required for the Agile Coach role. On the other hand, Naranja redesigned Espacio N, the e-learning platform available to all employees. During the second quarter, Espacio N has delivered a total of over 16,000 hours of e-learning.

## **Customer Experience**

During the first six months of 2020, Naranja reached a NPS of 41, placing it among the companies with best NPS ratings in the financial market. Our employees' permanent listening, sympathy and support during the pandemic were among the most valued aspects by customers.

## **Naranja Virtual**

The Company launched Naranja Virtual, a credit card available at Naranja app and Naranja Online for customers who are having their physical cards replaced. The card allows customers to shop online in a safer manner. The card has a security code 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).

## **Naranja Quiero!**

In May, the Company launched the second stage of its *Quiero!* loyalty program, selecting a group of Naranja's customers that can earn points on their purchases at merchants ("*Comercios Amigos*").

## **New Expiration for Ajnaran Cards**

As from the second quarter of 2020, Ajnaran—the card that is printed and ready to use on the spot—now expires within three years. With this action, the Company seeks to allow customers to use their cards right away, while reducing plastic destruction for the benefit of the environment and business efficiency.

## **Promotions and Benefits**

With the aim of supporting customers during the lockdown, Naranja oriented its benefits to categories and sectors which are essential in the current scenario. At drug stores, Naranja offered the Z Plan (3 interest-free installments). At Disco, Jumbo and Vea supermarkets, Naranja also offered the Z Plan, with payment deferral on the first installment. At Libertad supermarkets, customers benefited from up to 9 interest-free installments on certain selected products. In addition, customers could get 10% discounts on Tuesdays, subject to a refund of up to AR\$ 200, at participating Puma Energy and Refinor gas stations. On the other hand, from Mondays through Thursdays, customers benefited from a 30% discount, subject to a refund of up to AR\$ 300, on all categories of purchases made through Pedidos Ya.

For the Father's Day, customers benefited from a 20% discount, plus an additional 5% discount for customers who have been using the Z plan for certain time, on their on-line purchases at Mimo, Macowens, Devre, Cook, Wanama, Topper, Swatch and Legacy every Tuesday.

On the other hand, customers using Naranja's "Cell Phone Top-up" service received a 50% discount on their first recharge.

Finally, at Tienda Naranja (Naranja Store) Marketplace, customers could buy items in up to 10 interest-free installments.

## **Awards and Distinctions**

Naranja 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.

## Arrears Ratios

Amidst the challenges posed by the constraints inherent to the lockdown, Naranja achieved better-than-expected ratios. During the second quarter of 2020, our 30 days' arrears ratios reached an average of 7.20%, with a 5.52% arrears ratio in June—the second lowest mark since July 2015. During the same period and concerning the 61-90 days' arrears tranche, the Company achieved an average recovery rate of 54.6%, up from the 51.5% recorded in the first quarter.

## Outlook

Amidst the current volatile scenario, it is too difficult to make a forecast for the coming months. We expect a favorable debt restructuring agreement and the potential lifting of the pandemic-related restrictions will help relieve the prevailing economic and social turmoil.

Naranja plans to conduct a new placement under its Global Program for the Issuance of Notes (“*Obligaciones Negociables*”) that will help achieve the goals set by the Company for the current year.

## 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>06.30.20</b>	<b>06.30.19</b>	<b>06.30.18</b>
Open Accounts (in Thousands)	3,179	3,320	3,043
Monthly Average Consumption per Active Account (in Thousands of AR\$) (1)	7.24	7.94	10.27

  

<b>Nevada</b>	<b>06.30.20</b>	<b>06.30.19</b>	<b>06.30.18</b>
Open Accounts (in Thousands)	0	0	675
Monthly Average Consumption per Active Account (in Thousands of AR\$)	0	0.00	7.25

(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>06.30.20</b>	<b>06.30.19</b>	<b>06.30.18</b>
Amounts in Thousands (until June) (1)	78,075	90,062	80,182
Monthly Average Amount (in Thousands of AR\$) (1)	21,008,124	25,015,020	29,172,107
Merchants' Average Fee	1.94%	2.01%	2.17%

  

<b>Transactions with Nevada</b>	<b>06.30.20</b>	<b>06.30.19</b>	<b>06.30.18</b>
Amounts in Thousands	0	0	7,668
Monthly Average Amount (in Thousands of AR\$)	0	0	3,829,205

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

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

	03.31.20	03.31.19	03.31.18
Tarjeta Naranja Clásica and Oro	4,516	4,692	4,263
Tarjeta Naranja Visa	3,391	3,467	2,993
Tarjeta Naranja MasterCard	440	479	523
Tarjeta Naranja Amex	48	47	42
Tarjeta Nevada	-	-	957
Tarjetas Nevada Visa	-	-	549
<b>Total</b>	<b>8,395</b>	<b>8,685</b>	<b>9,327</b>

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

	06.30.20	06.30.19	06.30.18
Current Assets	51,698,231	69,648,770	85,218,774
Non-current Assets	8,069,396	8,725,349	8,441,665
Assets	59,767,627	78,374,119	93,660,439
Current Liabilities	39,081,186	50,503,085	50,011,741
Non-current Liabilities	1,979,804	11,416,984	22,870,416
Liabilities	41,060,990	61,920,069	72,882,157
Equity	18,706,637	16,454,050	20,778,282

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

	06.30.20	06.30.19	06.30.18
Operating Revenue	15,963,691	16,540,976	19,577,301
Operating Revenue, Net of Provision for Loan Losses	13,259,596	12,189,704	16,099,004
Total Operating Expenses	(9,161,468)	(9,585,053)	(11,063,470)
(Loss) / Income from Investments Accounted for Using the Equity Method	(3,898)	(814)	343
Loss on Net Monetary Position	(1,707,870)	(2,510,991)	(2,627,034)
Profit before Income Tax	2,386,360	92,846	2,408,843
Income Tax	(814,818)	69,956	(1,636,169)
Profit for the Period	1,571,542	162,802	772,673

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

	06.30.20	06.30.19	06.30.18
Net Cash Inflow / (Outflow) from Operating Activities	6,043,354	8,940,501	(5,092,627)
Net Cash Inflow / (Outflow) from Investing Activities	959,509	(416,131)	(522,503)
Net Cash (Outflow) / Inflow from Financing Activities	(8,446,121)	(7,476,676)	5,258,176
Total Net Cash (Outflow) / Inflow during the Period	(1,443,258)	1,047,694	(356,954)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>8,258,353</b>	<b>8,832,721</b>	<b>5,538,443</b>
Inflation Loss Attributable to Cash	(1,418,609)	(1,656,178)	(791,159)
Increase due to Effects of Exchange Rate Changes on Cash and Cash Equivalents	208,950	(31,377)	(1,078)
<b>CASH AND CASH EQUIVALENTS AT PERIOD-END</b>	<b>5,605,436</b>	<b>8,192,860</b>	<b>4,389,252</b>

## RATIOS

	06.30.20	06.30.19	06.30.18
Liquidity	1.323	1.379	1.704
Indebtedness	2.195	3.763	3.508
Solvency	0.456	0.266	0.285
Tied-up Capital	0.135	0.111	0,090
ROE for the Period	(1) 8.60%	0.99%	3.58%
ROA for the Period	(2) 2.38%	0.19%	0.81%

(1) Profit / (Loss) for the Period / (Equity 06/20 + Equity 12/19) / 2

(2) Profit / (Loss) for the Period / (Assets 06/20 + Assets 12/19) / 2

## Statement of Profit or Loss

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

	Year-to-Date		Quarter	
	01.01.2020	01.01.2019	04.01.2020	04.01.2019
	06.30.2020	06.30.2019	06.30.2020	06.30.2019
In Thousands of AR\$				
Revenues from Services	8,624,112	9,433,722	4,106,232	4,712,879
Costs of Services	(1,141,282)	(1,099,007)	(587,821)	568,428
<b>Net Revenues from Services</b>	<b>7,482,830</b>	<b>8,334,715</b>	<b>3,518,411</b>	<b>4,144,451</b>
Revenues from Financing	9,537,739	13,107,075	4,227,564	6,123,579
Costs of Financing	(2,593,984)	(6,261,195)	(1,170,736)	(3,047,528)
<b>Net Revenues from Financing</b>	<b>6,943,755</b>	<b>6,845,880</b>	<b>3,056,828</b>	<b>3,076,051</b>
Net Income from Short-term Investments	1,537,106	1,360,381	447,362	717,761
<b>Operating Revenues</b>	<b>15,963,691</b>	<b>16,540,976</b>	<b>7,022,601</b>	<b>7,938,263</b>
Provision for Loan Losses	(2,704,095)	(4,351,272)	(1,429,306)	(2,201,489)
<b>Operating Revenue, Net of Provision for Loan Losses</b>	<b>13,259,596</b>	<b>12,189,704</b>	<b>5,593,295</b>	<b>5,736,774</b>
Employee Benefits Expenses	(3,015,833)	(3,047,632)	(1,486,381)	(1,503,320)
Taxes and Charges	(2,190,954)	(2,507,242)	(998,340)	(1,182,588)
Marketing Expenses	(352,961)	(353,929)	(240,146)	(233,252)
Depreciation and Amortization	(729,834)	(619,344)	(353,687)	(314,012)
Other Operating Expenses	(2,871,886)	(3,056,906)	(1,425,219)	(1,679,727)
<b>Total Operating Expenses</b>	<b>(9,161,468)</b>	<b>(9,585,053)</b>	<b>(4,503,773)</b>	<b>(4,912,899)</b>
<b>Net Profit before Income from Investments Accounted for Using the Equity Method</b>	<b>4,098,128</b>	<b>2,604,651</b>	<b>1,089,522</b>	<b>823,875</b>
Loss from Investments Accounted for Using the Equity Method	(3,898)	(814)	(3,395)	(241)
Loss on Net Monetary Position	(1,707,870)	(2,510,991)	(714,625)	(1,126,801)
<b>Profit / (Loss) before Income Tax</b>	<b>2,386,360</b>	<b>92,846</b>	<b>371,502</b>	<b>(303,167)</b>
Income Tax	(814,818)	69,956	(155,563)	363,872
<b>Profit for the Period</b>	<b>1,571,542</b>	<b>162,802</b>	<b>215,939</b>	<b>60,705</b>
<b>Earnings per Share</b>				
Basic and Diluted Earnings per Share	<b>556.50</b>	<b>57.65</b>	<b>76.47</b>	<b>21.50</b>

## Statement of Other Comprehensive Income

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

	Year-to-Date		Quarter	
	01.01.2020	01.01.2019	04.01.2020	04.01.2019
	06.30.2020	06.30.2019	06.30.2020	06.30.2019
	In Thousands of AR\$			
<b>Profit for the Period</b>	1,571,542	162,802	215,939	60,705
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	1,571,542	162,802	215,939	60,705
<b>Earnings per Share</b>				
Basic and Diluted Earnings per Share	556.50	57.65	76.47	21.50

## Balance Sheet

For the periods ended June 30, 2020 and December 31, 2019  
Expressed in thousands of constant Argentine Pesos at period-end

	06.30.2020	12.31.2019		06.30.2020	12.31.2019
	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	5,605,436	8,258,353	Trade and Other Payables	29,347,491	35,836,513
Investments	-	1,503,423	Borrowings	6,770,030	11,491,638
Receivables from Trade	45,746,174	54,086,306	Employee Benefit Obligations	993,561	943,279
Other Receivables	346,621	307,456	Current Tax Liabilities	1,218,812	1,352,350
<b>Total Current Assets</b>	<b>51,698,231</b>	<b>64,155,538</b>	Other Liabilities	11,912	13,799
<b>NON-CURRENT ASSETS</b>			Income Tax Provision	739,380	1,058,069
Receivables from Trade	120,603	470,723	<b>Total Current Liabilities</b>	<b>39,081,186</b>	<b>50,695,648</b>
Other Receivables	8,013	8,797	<b>NON-CURRENT LIABILITIES</b>		
Deferred Tax Assets	2,608,232	2,554,718	Borrowings	1,854,529	3,851,911
Investments Accounted for Using the Equity Method	9,111	14,671	Other Liabilities	10,796	8,347
Property, Plant and Equipment	3,996,393	3,854,452	Provisions	114,479	123,089
Intangible Assets	1,327,044	1,461,191	<b>Total Non-current Liabilities</b>	<b>1,979,804</b>	<b>3,983,347</b>
<b>Total Non-current Assets</b>	<b>8,069,396</b>	<b>8,364,552</b>	<b>Total Liabilities</b>	<b>41,060,990</b>	<b>54,678,995</b>
<b>Total Assets</b>	<b>59,767,627</b>	<b>72,520,090</b>	<b>EQUITY</b>	<b>18,706,637</b>	<b>17,841,095</b>
			<b>Total Liabilities and Equity</b>	<b>59,767,627</b>	<b>72,520,090</b>