



## **TARJETA NARANJA REPORTS FINANCIAL RESULTS FOR THE PERIOD ENDED ON MARCH 31, 2020**

### **Summary of Activity**

As of March 31, 2020, we had 3,186,121 open accounts under the Naranja brand. This figure reaches a total of 4,516,370 customers when considering Naranja additional cardholders. During the reporting period, we completed 43,273,341 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 March 31, 2020, we posted a profit of AR\$ 1,286,459, accounting for an increase of 1.228% in constant currency as compared to the previous year. At period-end, equity amounted to AR\$ 18,217,564 in constant currency.

before Income Tax as of March 31, 2019 was AR\$ 188,010, and Equity amounted to AR\$ 11,430,519.

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

During the first quarter of 2020, Naranja entered into new Borrowings for up to AR\$ 2,640,000 and secured new credit lines for AR\$ 800,000.

Additionally, during such period, the Company repaid principal and interest with regard to Notes ("*Obligaciones Negociables*"), Borrowings, Credit Lines and Leases for AR\$ 2,126,192.

### **Review of Operations as of March 31**

#### **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%.

#### **Measures in Response to the Pandemic-related Lockdown (Covid-19)**

As consequence of the outbreak of the Covid-19 pandemic, Naranja has created an interdisciplinary committee tasked with designing and implementing procedures related to customers, employees and suppliers, and with monitoring the public health measures and policies mandated by the competent authorities. The Company has also applied a new organizational model to ensure business continuity, involving a teleworking arrangement for 2,000 employees, while accommodating the operation and services at branches to make them compliant with provincial regulations. Effective since March 20 and in compliance with the

measures mandated by the national authorities, Naranja's branches and offices remained closed until April 13.

### **"Entre Todos Podemos" (Together We Can Do It) Campaign**

In order to support the fight against the coronavirus in Argentina, and as part of the "Entre Todos Podemos" (Together We Can Do It) campaign, Naranja will distribute AR\$ 20 million, in equal parts, among Cáritas Argentina, the Argentine Network of Food Banks, and the Argentine Red Cross. In addition, the Company will match people's contributions on a peso-for-peso basis.

### **Digital Evolution and Customer's Experience**

As a result of the mandatory lockdown, in March the use and number of visits to the Company's website, [www.naranja.com](http://www.naranja.com), grew by 65%. The increased 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%.

### **Expansion of the "Branches of the Future" Project**

Leveraging the strategy of bringing the best of the digital world into the off-line world, during the first quarter of 2020, the Company launched a new service model at the branches in Mendoza and Ruta 20, reaching 11 stores in total. 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.

### **Viajes Naranja 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 announced a deal with Despegar, giving rise to the first omnichannel partnership in tourism services through [ViajesNaranja.com](http://ViajesNaranja.com). At [TiendaNaranja.com](http://TiendaNaranja.com) marketplace, customers were able to buy home appliances in up to 10 interest-free installments. In March, the number of visits to the site increased 40% relative to the months previous to the social distancing, and sales increased twofold. The products most frequently chosen by customers are smart TVs, mobile phones, notebooks and home appliances.

### **Cultural Agenda at Casa Naranja**

"Manifiesto," the individual exhibition by Elian Chali, 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.

### **Promotions and Benefits**

As part of its summer benefits, Naranja continued offering promotions with Aerolíneas Argentinas, Air Europa and GOL to buy air-tickets in 6 up to 10 interest-free installments. Naranja also signed an agreement with Grupo Flecha for the purchase of bus tickets in up to 6 interest-free installments. With this promotion, customers could benefit from the Z Plan (3 interest-free installments) plus a 10% discount, or 6 interest-free installments on the purchase of tickets to shows and theater plays in Villa Carlos Paz. In addition, as sponsors of the "ATP 250 Córdoba Open" tennis tournament, customers could benefit from the Z Plan (3 interest-free installments) and a 5% discount on season tickets; or the Z Plan (3 interest-free installments) and a 10% discount on individual tickets.

Through the "Vuelta al Cole" (Back to School) campaign, customers enjoyed several benefits, including a 25% discount, plus an additional 5% discount for long-standing customers, at Mimo, Grimoldi, Hush Puppies, Timberland, Topper and Dafiti. Customers also had access to a 20% discount and 6 interest-free installments at several sports store chains, such as Dexter, Stock Center and Moov.

A 25% discount was also offered on purchases at Swatch, plus an additional 5% discount for long-standing customers, with the Z Plan (3 interest-free installments) and on lump-sum payments.

At drug stores and supermarkets (Disco, Jumbo and Vea), customers could benefit from the Z Plan (3 interest-free installments).

On the other hand, effective since March 30, customers placing orders through the delivery company "Pedidos Ya" will access a 30% discount on all categories, subject to a refund of up to \$300.

### 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.

### Outlook

There is no question that the pandemic will take its toll on the global economy, in general, and the local economy, in particular. As a consequence of this scenario, spending is expected to shrink, while arrears levels are expected to rise.

In the light of the current year's macroeconomic conditions, caution is required at the time of forecasting the financial results for the 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>03.31.20</b>	<b>03.31.19</b>	<b>03.31.18</b>
Open Accounts (in Thousands)	3,186	3,347	2,978
Monthly Average Consumption per Active Account (in Thousands of AR\$) (1)	7.38	7.85	10.42

  

<b>Nevada</b>	<b>03.31.20</b>	<b>03.31.19</b>	<b>03.31.18</b>
Open Accounts (in Thousands)	0	0	781
Monthly Average Consumption per Active Account (in Thousands of AR\$)	0.00	0.00	7.32

(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>03.31.20</b>	<b>03.31.19</b>	<b>03.31.18</b>
Amounts in Thousands (until March) (1)	43,273	45,728	39,770
Monthly Average Amount (in Thousands of AR\$) (1)	21,940,005	24,930,010	29,459,500
Merchants' Average Fee	1.95%	1.97%	2.15%

  

<b>Transactions with Nevada</b>	<b>03.31.20</b>	<b>03.31.19</b>	<b>03.31.18</b>
Amounts in Thousands	0	0	7,668
Monthly Average Amount (in Thousands of AR\$)	0	0	4,103,494

(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>03.31.20</b>	<b>03.31.19</b>	<b>03.31.18</b>
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\$)**

	<b>03.31.20</b>	<b>03.31.19</b>	<b>03.31.18</b>
Current Assets	60,992,432	70,063,725	83,545,453
Non-current Assets	7,661,908	8,032,576	7,668,723
Assets	68,654,340	78,096,302	91,214,176
Current Liabilities	46,149,237	47,020,654	47,748,817
Non-current Liabilities	4,287,539	15,515,350	22,367,444
Liabilities	50,436,776	62,536,004	70,116,261
Equity	18,217,564	15,560,298	21,097,915

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

	<b>03.31.20</b>	<b>03.31.19</b>	<b>03.31.18</b>
Operating Revenue	7,542,463	6,850,340	8,320,635
Operating Revenue, Net of Provision for Loan Losses	6,332,695	4,810,207	6,818,121
Total Operating Expenses	(4,420,130)	(4,433,850)	(5,152,857)
(Loss) / Income from Investments Accounted for Using the Equity Method	(477)	(544)	19
Profit before Income Tax	1,912,088	375,813	1,665,284
Income Tax	(625,629)	(278,925)	(897,173)
Profit for the Period	1,286,459	96,888	768,110
Comprehensive Income for the Period	1,286,459	96,888	768,110

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

	<b>03.31.20</b>	<b>03.31.19</b>	<b>03.31.18</b>
Net Cash Inflow / (Outflow) from Operating Activities	3,950,773	4,995,730	(1,957,489)
Net Cash Inflow / (Outflow) from Investing Activities	1,177,285	(195,336)	(223,701)
Net Cash Inflow / (Outflow) from Financing Activities	1,162,845	(3,367,490)	1,980,083
Total Net Cash Inflow / (Outflow) during the Period	6,290,903	1,432,904	(201,107)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>7,837,135</b>	<b>8,383,845</b>	<b>5,256,981</b>
Inflation Loss Attributable to Cash	(714,932)	(887,316)	(270,561)

Increase due to Effects of Exchange Rate Changes on Cash and Cash Equivalents	189,927	(4,791)	(1,083)
<b>CASH AND CASH EQUIVALENTS AT PERIOD-END</b>	<b>13,603,033</b>	<b>8,924,642</b>	<b>4,784,230</b>

## **RATIOS**

	<b>03.31.20</b>	<b>03.31.19</b>	<b>03.31.18</b>
Liquidity	1.322	1.490	1.750
Indebtedness	2.769	4.019	3.323
Solvency	0.361	0.249	0.301
Tied-up Capital	0.112	0.103	0.084
ROE for the Period	<sup>(1)</sup> 7.32%	0.62%	3.63%
ROA for the Period	<sup>(2)</sup> 1.87%	0.12%	0.99%

<sup>(1)</sup> Profit / (Loss) for the Period / (Equity 03/20 + Equity 12/19) / 2

<sup>(2)</sup> Profit / (Loss) for the Period / (Assets 03/20 + Assets 12/19) / 2

## Statement of Profit or Loss

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

	Year-to-Date	
	01.01.2020	01.01.2019
	03.31.2020	03.31.2019
	<b>In Thousands of AR\$</b>	
Revenues from Services	4,287,445	4,480,056
Costs of Services	(525,231)	(503,518)
<b>Net Revenues from Services</b>	<b>3,762,214</b>	<b>3,976,538</b>
Revenues from Financing	5,039,329	6,627,302
Costs of Financing	(1,350,656)	(3,049,754)
Loss on Net Monetary Position	(942,585)	(1,313,589)
<b>Net Revenues from Financing</b>	<b>2,746,088</b>	<b>2,263,959</b>
Net Income from Short-term Investments	1,034,161	609,843
<b>Operating Revenue</b>	<b>7,542,463</b>	<b>6,850,340</b>
Provision for Loan Losses	(1,209,768)	(2,040,133)
<b>Operating Revenue, Net of Provision for Loan Losses</b>	<b>6,332,695</b>	<b>4,810,207</b>
Employee Benefits Expenses	(1,451,443)	(1,465,544)
Taxes and Charges	(1,131,784)	(1,257,090)
Marketing Expenses	(107,061)	(114,522)
Depreciation and Amortization	(356,962)	(289,758)
Other Operating Expenses	(1,372,880)	(1,306,936)
<b>Total Operating Expenses</b>	<b>(4,420,130)</b>	<b>(4,433,850)</b>
<b>Net Profit before Income from Investments Accounted for Using the Equity Method</b>	<b>1,912,565</b>	<b>376,357</b>
Loss from Investments Accounted for Using the Equity Method	(477)	(544)
<b>Profit before Income Tax</b>	<b>1,912,088</b>	<b>375,813</b>
Income Tax	(625,629)	(278,925)
<b>Profit for the Period</b>	<b>1,286,459</b>	<b>96,888</b>
<b>Earnings per Share</b>		
Basic and Diluted Earnings per Share	<b>455.54</b>	<b>34.31</b>

## Statement of Other Comprehensive Income

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

	Year-to-Date	
	01.01.2020 03.31.2020	01.01.2019 03.31.2019
	In Thousands of AR\$	
<b>Profit for the Period</b>	<b>1,286,459</b>	<b>96,888</b>
Other Comprehensive Income	-	-
<b>Total Comprehensive Income for the Period</b>	<b>1,286,459</b>	<b>96,888</b>
<b>Earnings per Share</b>	<b>455.54</b>	<b>34.31</b>
Basic and Diluted Earnings per Share		

## Balance Sheet

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

	03.31.2020	12.31.2019		03.31.2020	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	13,603,033	7,837,135	Trade and Other Payables	30,365,880	34,008,668
Investments	-	1,426,741	Borrowings	12,755,140	10,905,507
Receivables from Trade	47,015,848	51,327,629	Employee Benefit Obligations	909,552	895,167
Other Receivables	373,551	291,773	Current Tax Liabilities	1,342,079	1,283,373
<b>Total Current Assets</b>	<b>60,992,432</b>	<b>60,883,278</b>	Other Liabilities	10,699	13,095
<b>NON-CURRENT ASSETS</b>			Income Tax Provision	765,887	1,004,102
Receivables from Trade	225,819	446,714	<b>Total Current Liabilities</b>	<b>46,149,237</b>	<b>48,109,912</b>
Other Receivables	12,912	8,348	<b>NON-CURRENT LIABILITIES</b>		
Deferred Tax Assets	2,500,224	2,424,414	Borrowings	3,317,641	3,655,444
Investments Accounted for Using the Equity Method	12,434	13,922	Employee Benefit Obligations	54,128	-
Property, Plant and Equipment	3,618,050	3,657,855	Other Liabilities	11,539	7,921
Intangible Assets	1,292,469	1,386,663	Provisions	128,453	116,812
<b>Total Non-current Assets</b>	<b>7,661,908</b>	<b>7,937,916</b>	Income Tax Provision	775,778	-
			<b>Total Non-current Liabilities</b>	<b>4,287,539</b>	<b>3,780,177</b>
<b>Total Assets</b>	<b>68,654,340</b>	<b>68,821,194</b>	<b>Total Liabilities</b>	<b>50,436,776</b>	<b>51,890,089</b>
			<b>EQUITY</b>	<b>18,217,564</b>	<b>16,931,105</b>
			<b>Total Liabilities and Equity</b>	<b>68,654,340</b>	<b>68,821,194</b>