NET HOLDİNG A.Ş.

Earning Reviews / 2021 FY

March 2022

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2021 has been a year in which the COVID-19 measures have been relatively lighter compared to 2020, the negative effects of 2020 in tourism activities has disappeared, and positive results have been achieved in terms of turnover and EBITDA. The financial results of 2019 are also included in this presentation in order to compare the COVID-19 effets to the results in 2020.

- Consolidated Sales of Net Holding were **922.8 mn TL** (**155.3 mn USD**) in 2019; and **421.5mn TL** (**57.4mn USD**) in 2020. In 2021 they slightly increased and realized **as 1 billion 12 mn TL (77,9 mn USD)**. While there was an increase of 140% on TL basis and 35.7% on USD basis compared to 2020, an increase of 9.6% on TL basis compared to 2019; On the other hand, a 50% decrease was recorded in USD terms.

- Consolidated Earnings Before Interest, Depreciation and Taxes (EBITDA) which was **311.7 mn TL (52.5 mn USD)** in 2019 and **19.9mn TL (2.7mn USD)** in 2020; was realized as **382.5 mn TL (29.5 mn USD)** In 2021. Compared to 2020, there was an increase of 1822% in TL terms and 987% in USD terms, while an increase of 22.7% in TL terms and a decrease of 44% in USD terms was recorded compared to 2019.

- Regarding to the unbalanced fluctuation in the exchange rate; some TL-based increases shown in the period balance sheet have been reflected to the balance sheet as a decrease in USD terms.

❑ **EBITDA by Regional Breakdown;**

❖ EBITDA of Merit Hotels and Casinos operating in the TRNC was **299.1 mn TL (50.3 mn USD)** in 2019, and **0.3 mn TL (0.05 mn USD)** in 2020. With the easing of COVID measures it realized as **296.2 mn TL (22,8 mn USD)** in 2021.

❖ While the EBITDA of Merit Hotels and Casinos operating in the Balkans was **37.1 mn TL (6.2 mn USD)** in 2019, it was decreased to **33.0 mn TL (4.5 mn USD)** in 2020 with the effects of the pandemic. However In 2021, it realized **71.2 mn TL (5.5 mn USD)** with the facilitation of the operations.

Earning Reviews (Continue)

Net Holding's;

- Cash position, which was **533.7 mn TL (89.8 mn USD)** in 2019, decreased to **411.4 mn TL (56.0 mn USD)** in 2020. In 2021, the total cash position on TL basis increased by 127% compared to 2019 and by 194% compared to 2020, reaching **1 billion 210 mn TL (93.2 mn USD).**

- Net financial expenses, which were **204.4 mn TL (34.4 mn USD)** in 2019 and **414.6 mn (56.5 mn USD)** in 2020, increased to **1 billion 317 mn TL (101 mn USD)** in 2021 due to the unbalanced fluctuations in the exchange rate.

- The net debt position was **672.9 mn TL (113.3 mn USD)** in 2019 and **1,382.8 mn TL (188.4 mn USD)** in 2020; In 2021, with the effects of the unbalanced fluctuation in the exchange rate, it reached **1 billion 895 mn TL (146 mn USD).**

    - ❑ According to new CMB regulation, rent costs (including buildings in operation, equipment etc.) are now required to be recorded in balance sheet, in the asset side **as «Right of Use Assets»,** and in the liabilities side as **«Right of Use Liabilities».** However, as per the requirements of CMB, rent costs are recorded as part of debt in the liabilities side instead of a separate item named «Right of Use Liabilities». To clarify, new regulation implementation resulted in an increase in total debt in B&S, however, this item is not a bank loan or any financial institution debt. In balance sheet, total debt of **3,413.5 mn TL** includes **3,105.1 mn TL (239.3 mn USD)** financial debt and **308.4 mn TL (23.7 mn USD)** «Right of Use Liabilities».

- As a result of the valuation report prepared as of 31.12.2021, the value increase of the real estates within the holding was **8 billion 325 mn TL (640.5 mn USD); 5 billion 848 mn TL** of this amount is shown in shareholders' equity and **2 billion 477 mn TL** is shown in the income statement.

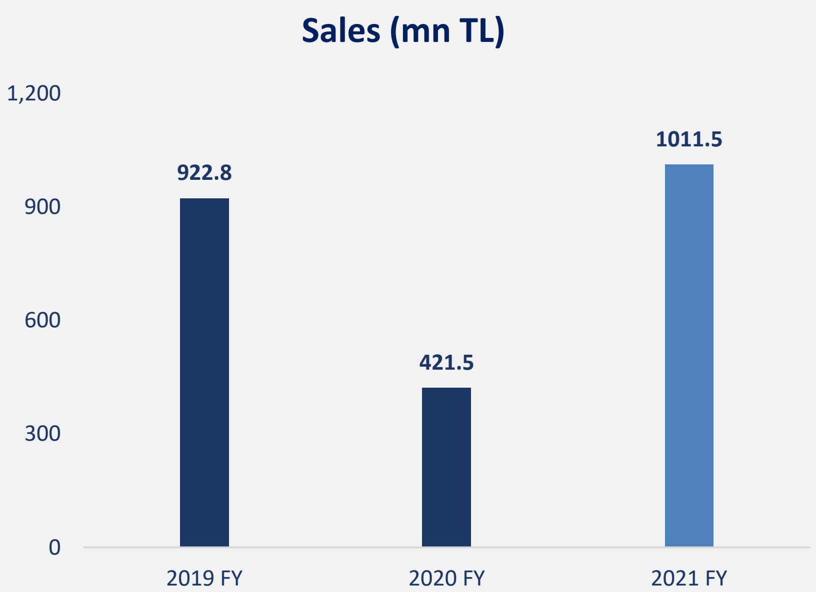
Earning Reviews (Continue)

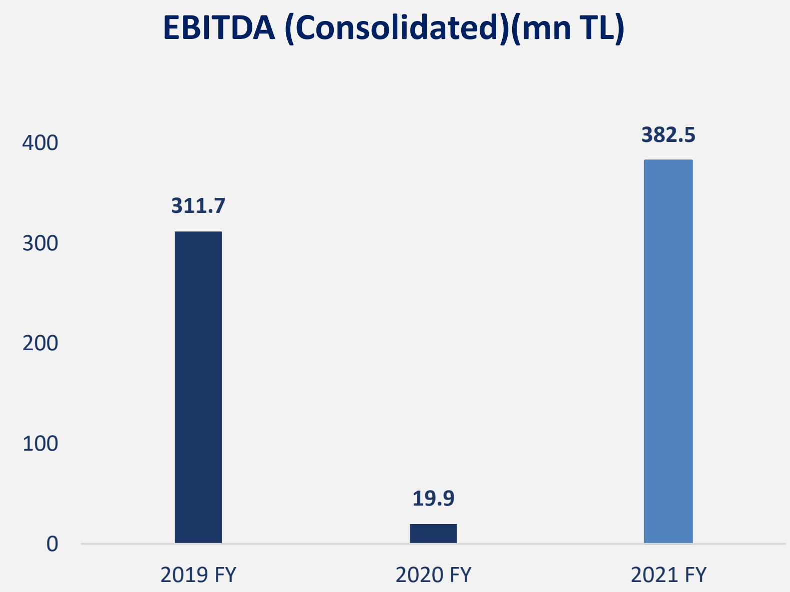
On 29 December 2021, the nominal amount of 144.8 mn TL of the repurchased shares were sold for 844.2 mn TL at a price of TL 5.83 per share. The share sale profit of 496.7 mn TL obtained from the related sale is classified in previous years' profits within the shareholders' equities.

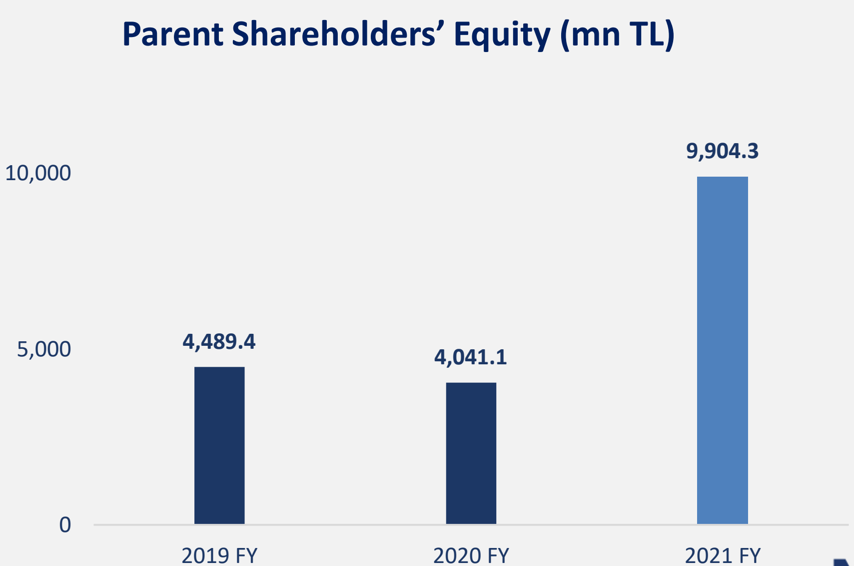
- **A summary of the benefits provided after the share sale transaction is as follows:**

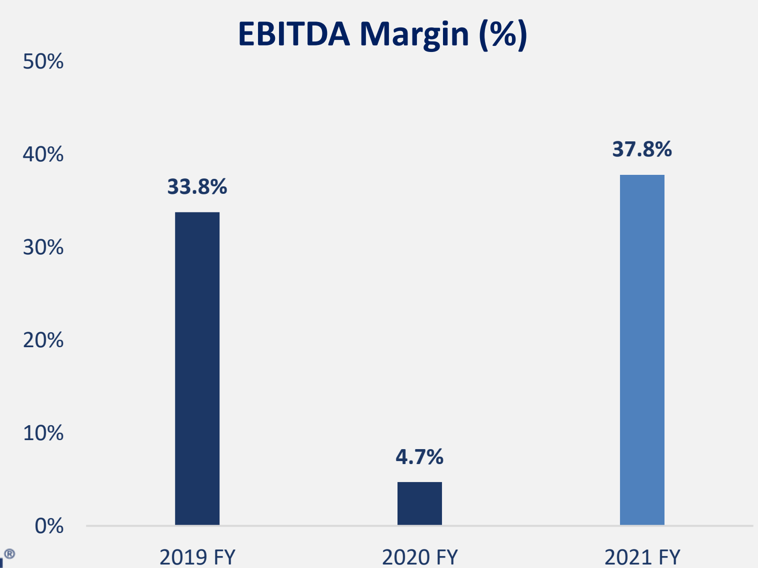
  - Cash and Cash Equivalents account in current assets increased,
  - A positive contribution was made to the Working Capital, which is the Current Assets minus Short-Term Liabilities difference,
  - It has been stated that it is used to complete the Ongoing Investments included in Fixed Assets,
  - Contributed to the decrease in the amount of Net Debt,
  - The Repurchased Shares account, which reduces our equity by being negative in our equity, has been reduced after the sale,
  - Since a transfer is made to the Retained Earnings account in the amount of the cost of the shares from the Restricted Reserves Allocated from Profit, which is included in the shareholders' equity, the restriction amount on the reserves has been reduced and the free reserves that can be decided to be distributed have been increased,
  - An increase has been achieved in the share sales profit and the Retained Earnings account within the Equity,
  - Since we have deductible financial losses, it has been determined that corporate tax will not be paid from this share sales profit and there is no additional cost.

Earning Reviews (Continue)









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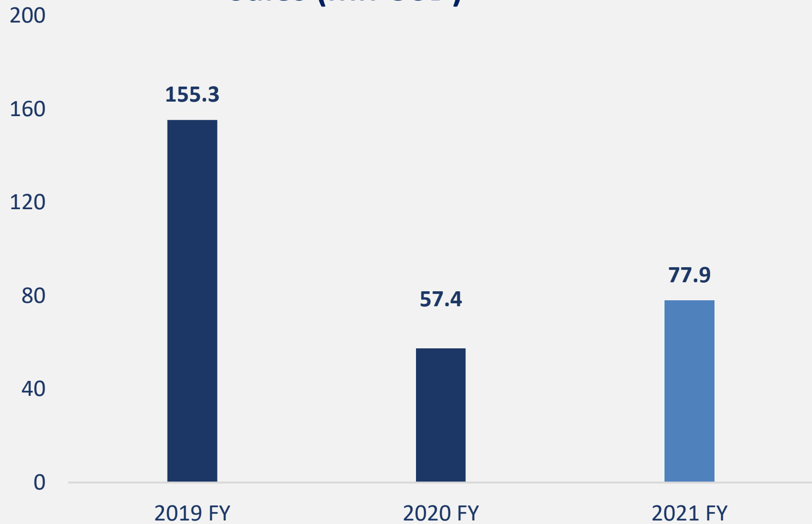
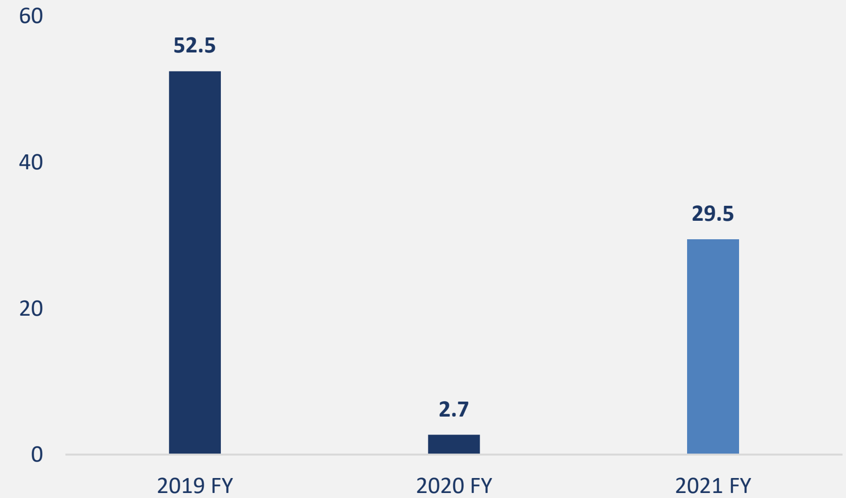
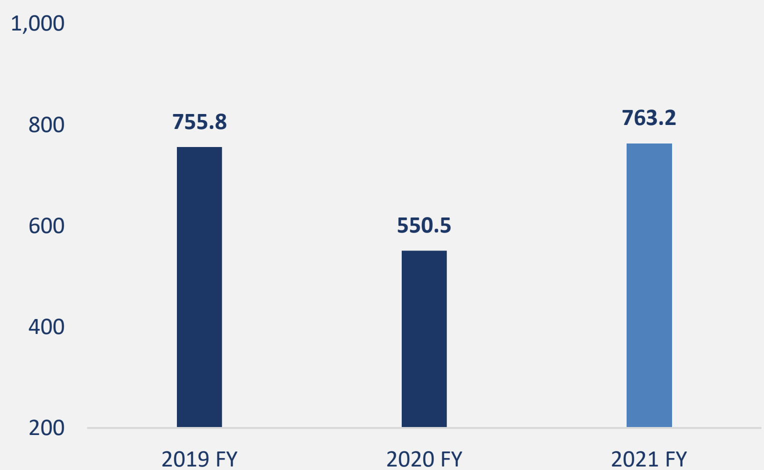
Sales (mn USD)



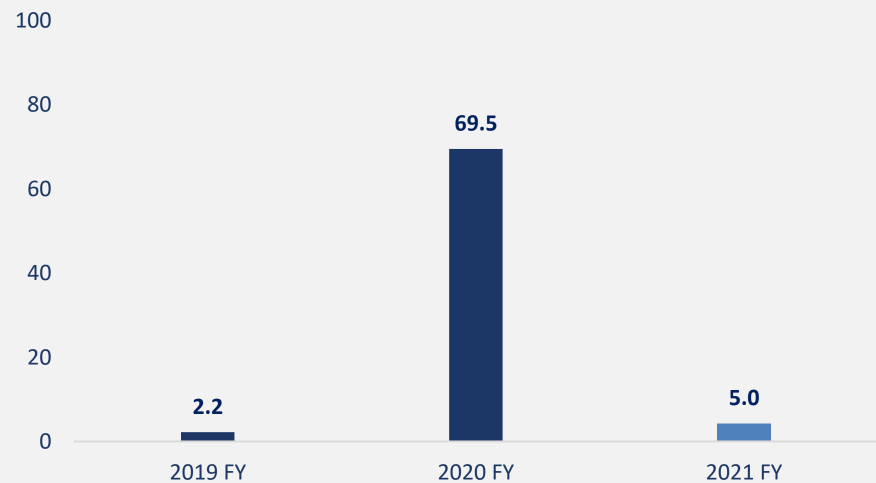
EBITDA (Consolidated) (mn USD)



Parent Shareholders’ Equity (mn USD)

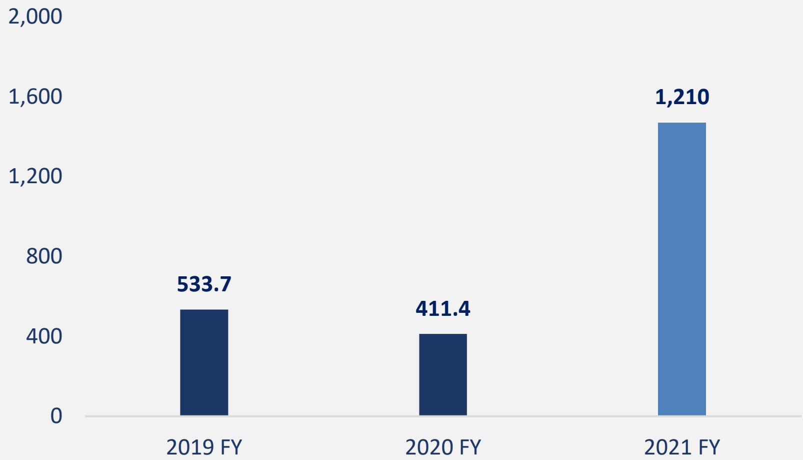


Net Debt / EBITDA (%)

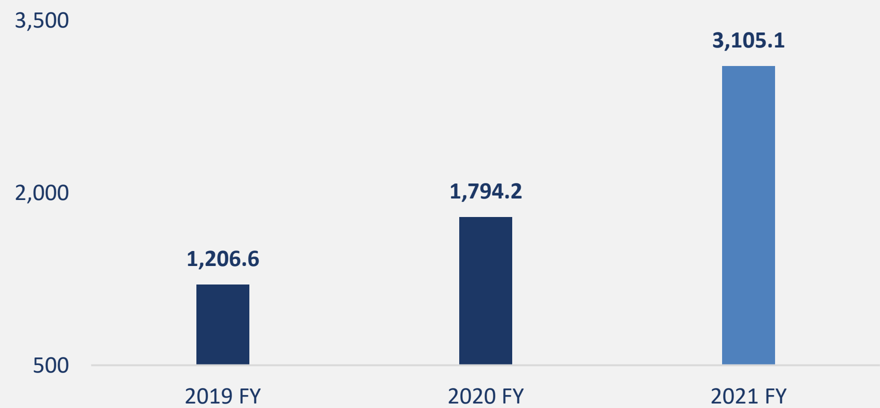


Earning Reviews (Continue)

Cash and C. Equivalent & FY (mn TL)

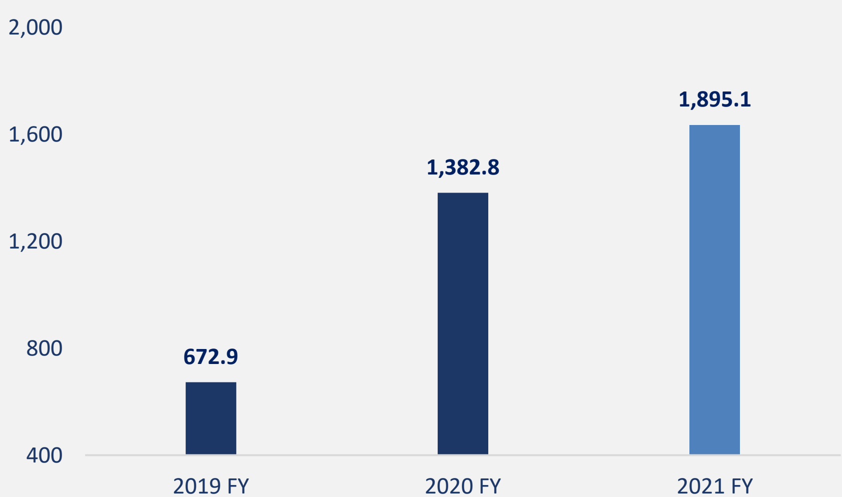


Total Financial Debt * (mn TL)

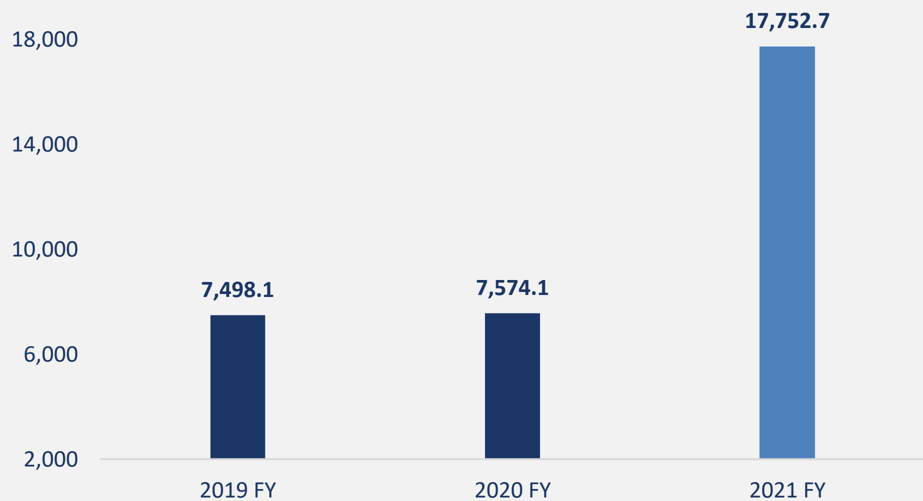


- Toplam finansal borçlar, sadece banka ve finansal kurumlara ait borçları göstermektedir. Kullanım hakkı yükümlülükleri dahil edilmemiştir.

Net Debt* (mn TL)



Total Assets (mn TL)



- Net Borç, Toplam Finansal Borçlardan, Nakit ve NB ve Finansal Yatırımların çıkartılması ile elde edilmiştir. Kullanım hakkı yükümlülükleri dahil edilmemiştir.

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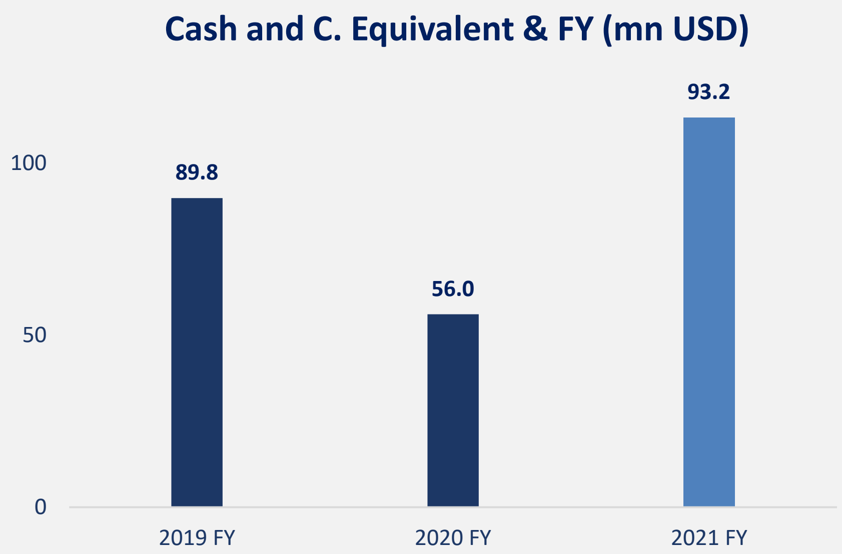
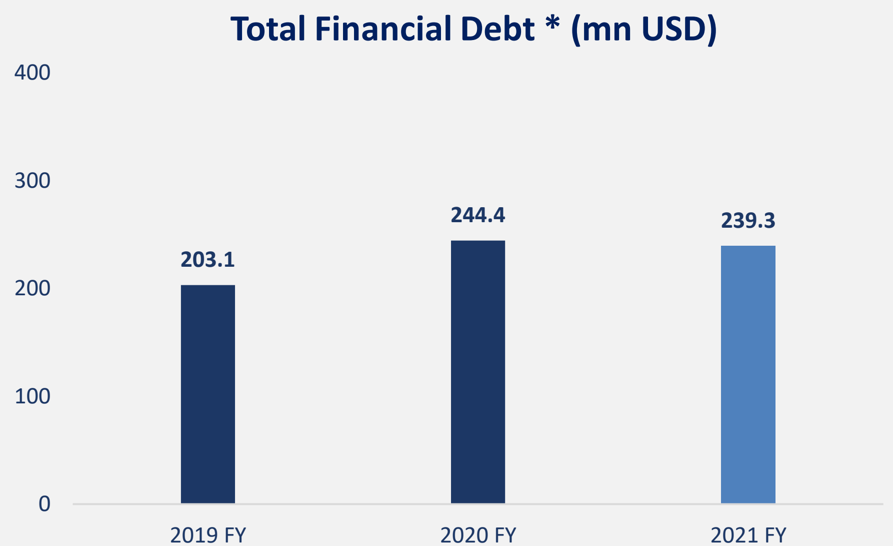
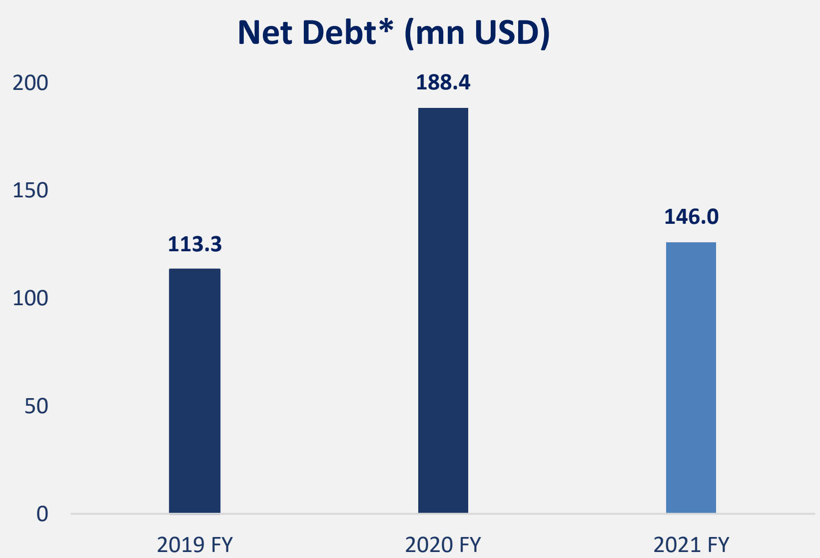
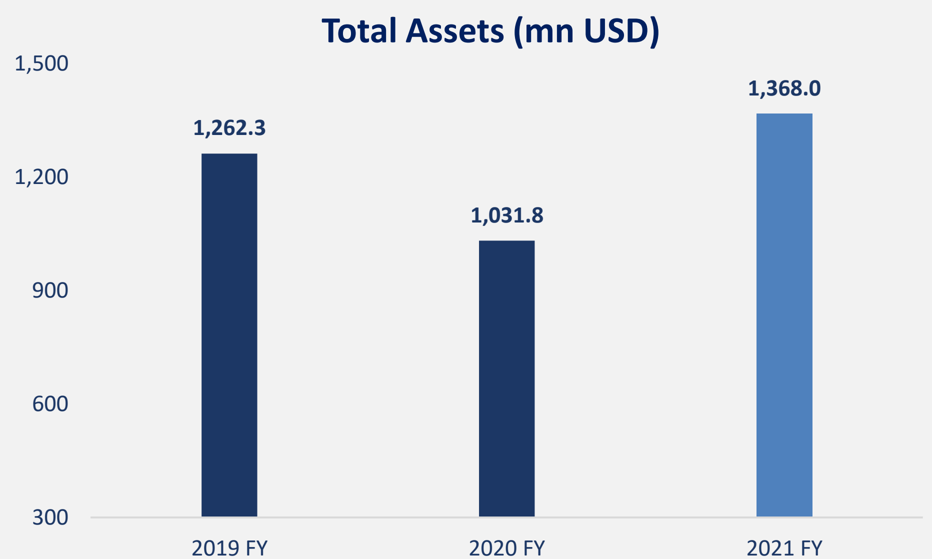




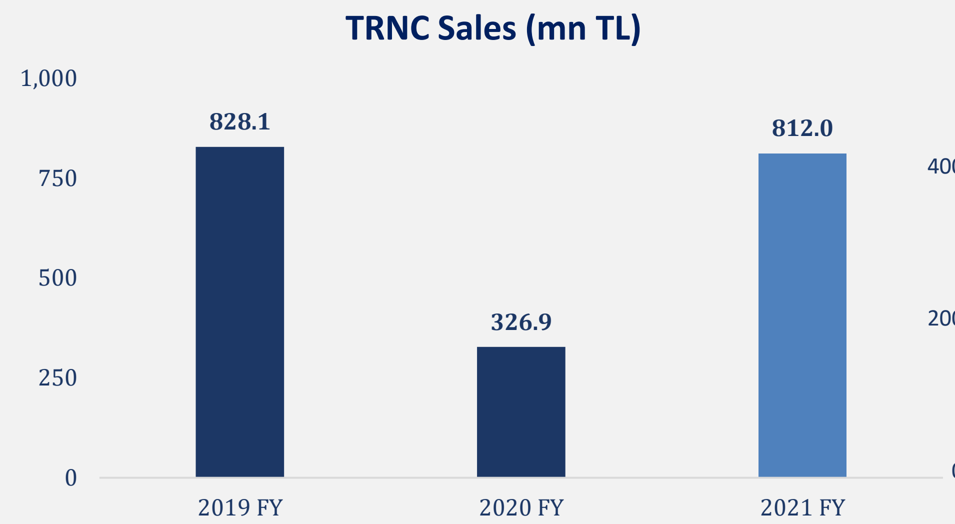
- Kullanım hakkından doğan yükümlülükler bu grafiğe dahil edilmemiştir.

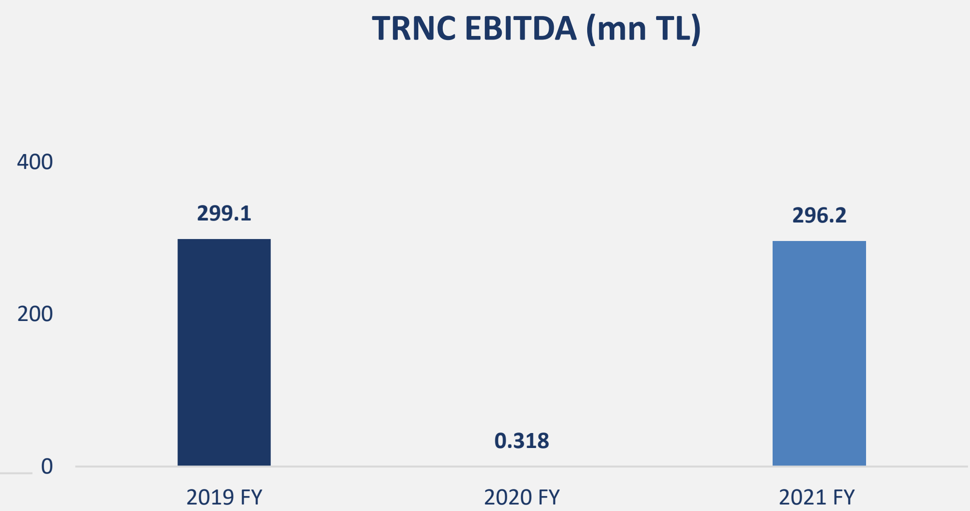


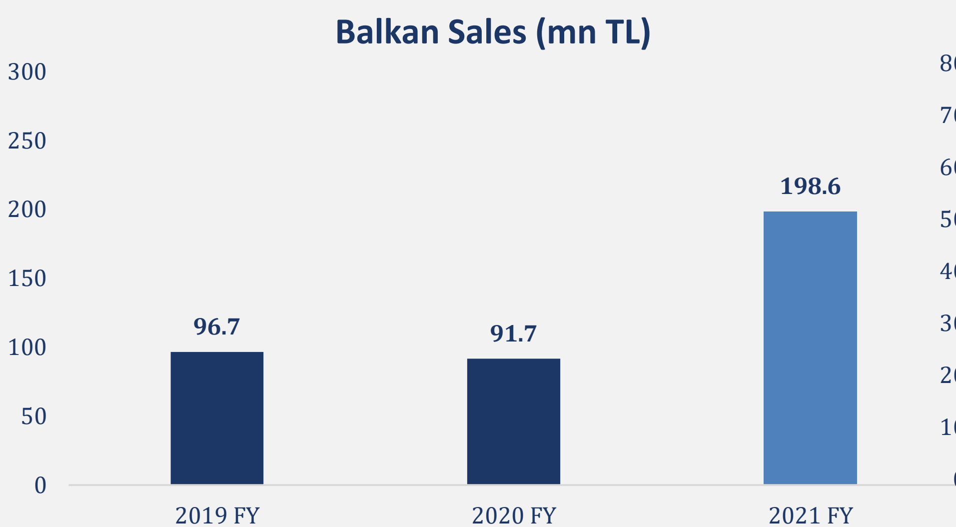


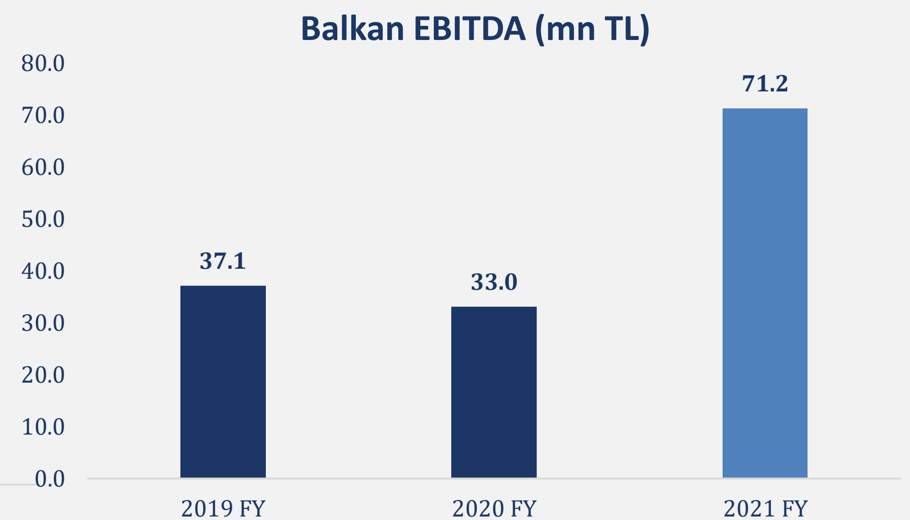
- Kullanım hakkından doğan yükümlülükler bu grafiğe dahil edilmemiştir.

Earning Reviews by Regional Breakdown (Continue)

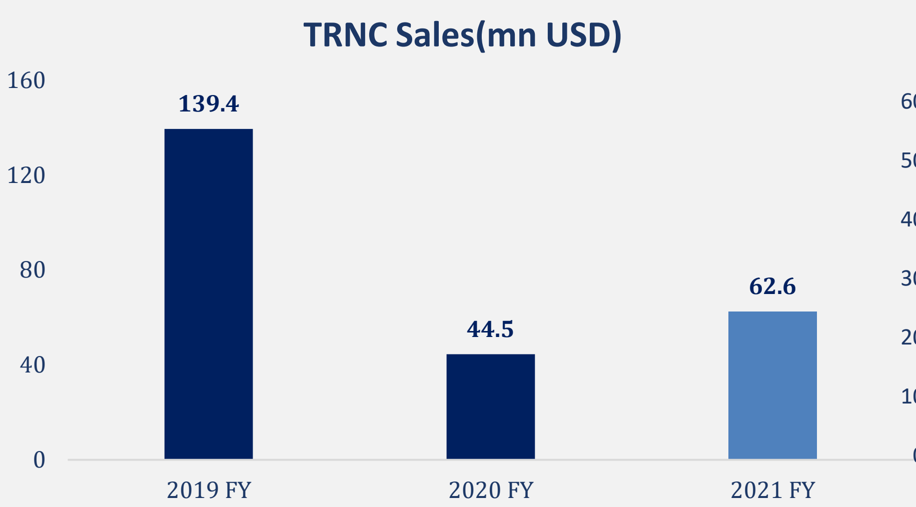


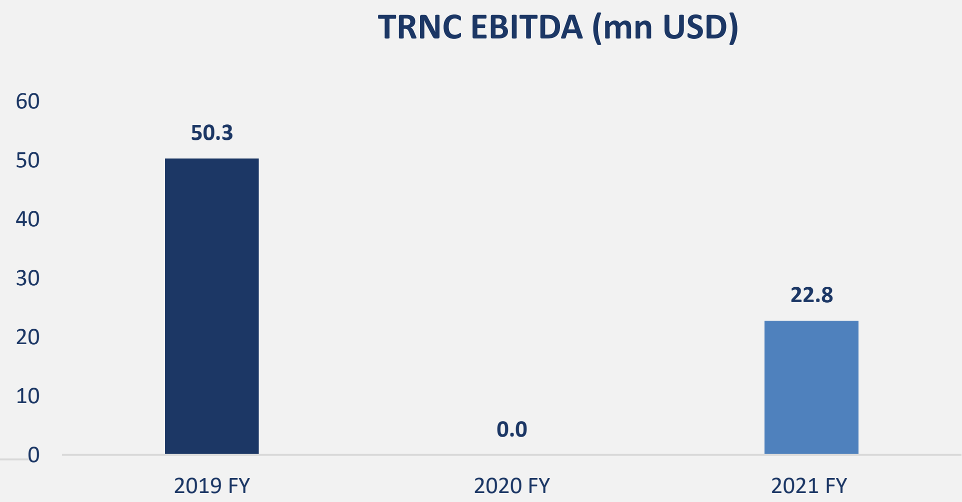


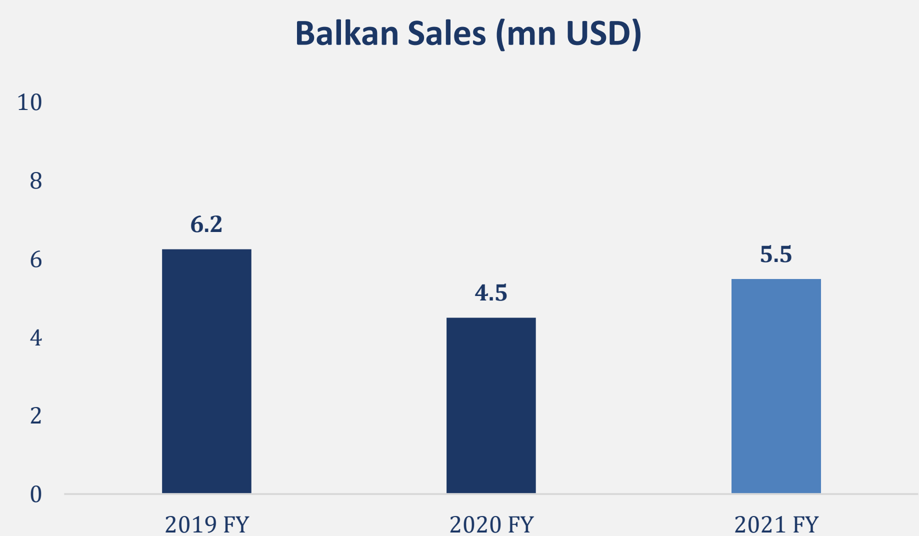




Earning Reviews by Regional Breakdown (Continue)







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Earning Reviews by Regional Breakdown (Continue)

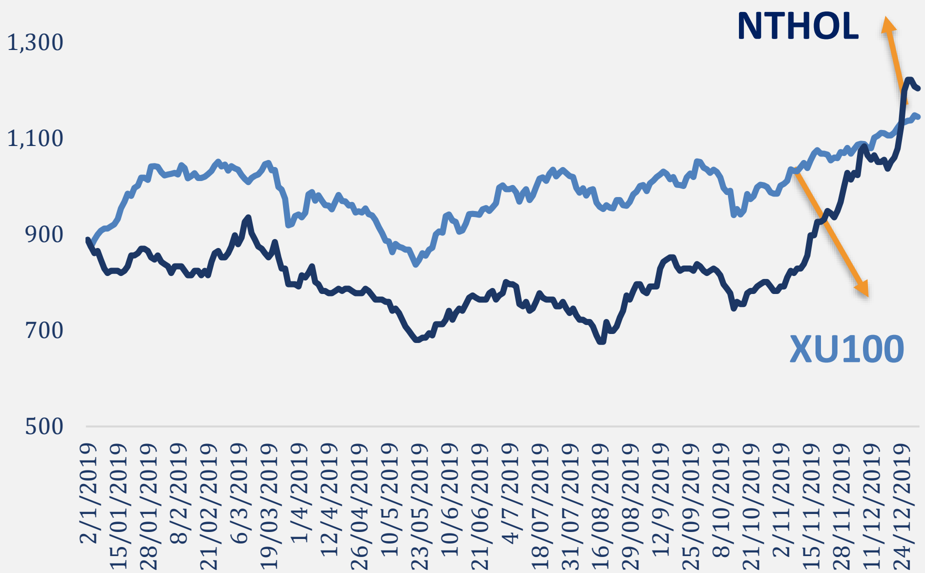
2021 FY mn TL	Northern Cyprus	%	Croatia	%	Montenegro	%	Bulgaria	%	Publication	%	Holding & Others	%	Elimination	Total
Sales	812,0	80,3%	2,39	0,2%	109,8	10,9%	86,4	8,5%	5,0	0,5%	20,1	2,0%	-24,2	1.011,5
EBITDA	296,2	77,5%	-4,0	-1,1%	20,6	5,4%	54,6	14,3%	1,2	0,3%	-29,1	-7,6%	42,8	382,5
Net Income	552,8	54,5%	-9,3	-0,9%	15,0	1,5%	75,3	7,4%	1,2	0,1%	356,9	35,2%	23,0	1.015,0

2020 FY mn TL	Northern Cyprus	%	Croatia	%	Montenegro	%	Bulgaria	%	Publication	%	Holding & Others	%	Elimination	Total
Sales	326,9	77,5%	0,02	0,0%	41,2	9,8%	50,5	12,0%	4,2	1,0%	13,1	3,1%	-14,3	421,5
EBITDA	0,3	1,6%	-3,2	-16,2%	3,0	14,9%	33,3	167,3%	1,4	7,1%	-12,8	-64,3%	-2,1	19,9
Net Income	-547,5	113,1%	-5,1	1,0%	7,2	-1,5%	25,7	-5,3%	0,4	-0,1%	33,5	-6,9%	1,6	-484,3

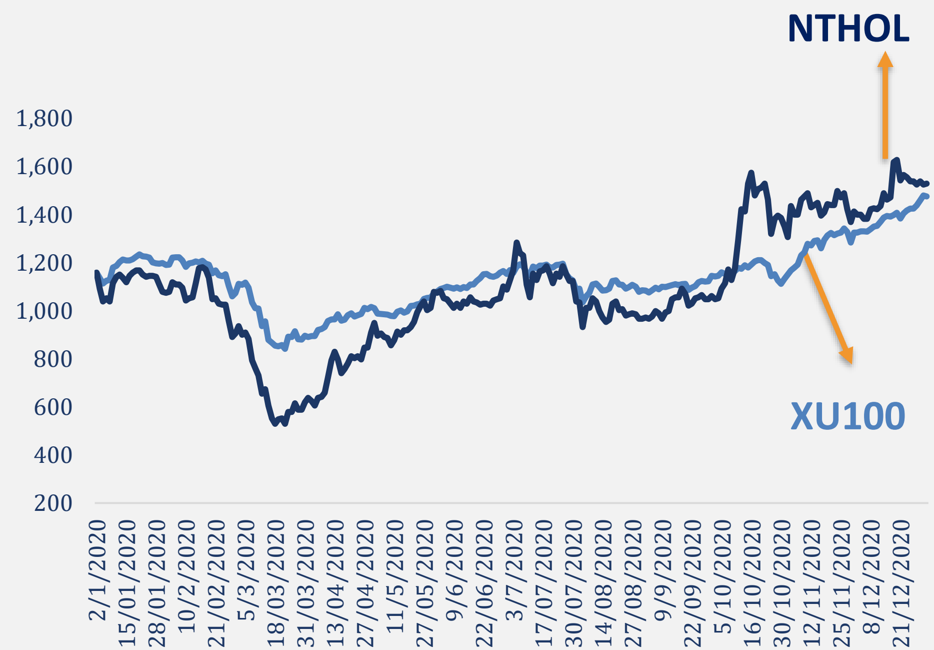
2019 FY mn TL	Northern Cyprus	%	Croatia	%	Montenegro	%	Bulgaria	%	Publication	%	Holding & Others	%	Elimination	Total
Sales	828,1	89,7%	8,3	0,9%	38,9	4,2%	49,5	5,4%	4,6	0,5%	85,6	9,3%	-92,2	922,8
EBITDA	299,1	95,9%	0,1	0,0%	11,3	3,6%	25,7	8,3%	1,4	0,5%	42,3	13,6%	-68,2	311,7
Net Income	130,4	148,9%	-19,6	-22,4%	9,1	10,4%	14,5	16,6%	0,5	0,6%	20,8	23,7%	-68,0	87,6

XU100 & NTHOL STOCK PERFORMANCE COMPARISON

2019



2020



02.01.2019	BIST 100: 888.65	NTHOL: 1.92	*02.01.2020*	BIST 100: 1,159.32	NTHOL: 2.60
31.12.2019	BIST 100: 1,044.25	NTHOL: 2.60	*31.12.2020*	BIST 100: 1,476.72	NTHOL: 3.43
	+28.76 %	+35.42 %		+27.38 %	+31.92 %

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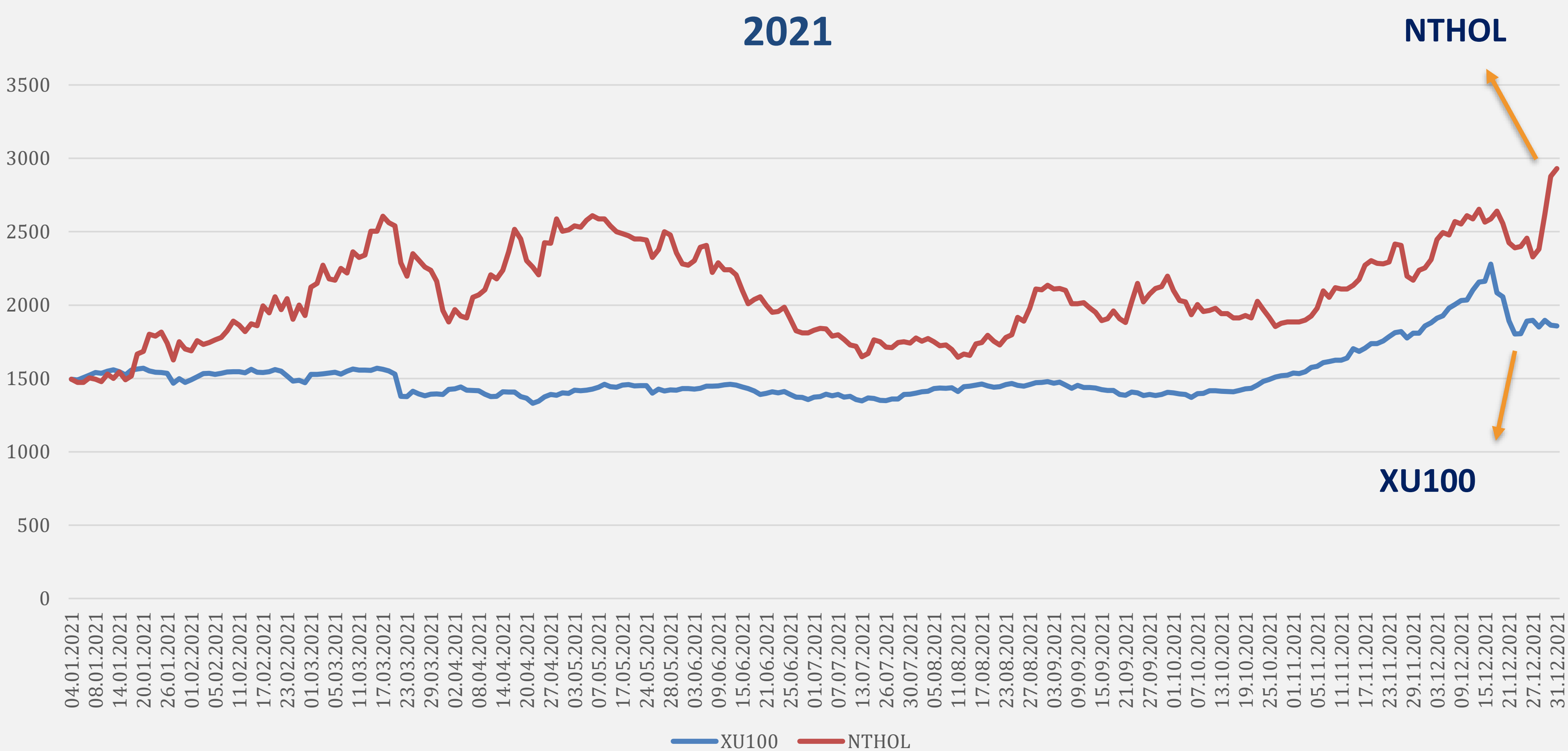

04.01.2021	**BIST 100: 1495,4**	**NTHOL: 3,41**
31.12.2021	**BIST 100: 1857,7**	**NTHOL: 6,68**
	+24 %	**+96 %**

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*Merit Operations

**Soon