NET HOLDİNG A.Ş.

Earning Reviews / 2022 1Q

May 2022

NET® HOLDİNG A.Ş.

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Earning Reviews / 2022 1Q

2022 1Q results of Net Holding indicates that the negative effects of the pandemic are eliminated and It's positive reflections to financials begin to reveal in the balance sheet. Therefore;

- Net Holding's consolidated sales shifted from **46.3mn TL** (5.6mn USD) in 2021 1Q, to **539.8mn TL** (36.9mn USD) in 2022 1Q.
  (+1066% TL terms, 563% USD terms)

- Consolidated EBITDA for 2022 1Q raised to **230.2mn TL** (15.7mn USD) from **-15.4 mn TL** (-1.9mn USD) in 2021 1Q, mainly as a result normalization and elimination of travel restrictions.
  (+1591% TL terms, 948% USD terms)

- The Cash position of the Company raised to **954.6 mn TL** (65.2mn USD) in 2022 1Q, from **296.6mn TL** (35.6mn USD) in 2021 1Q.
  (222% TL terms, 83% USD terms)

- The net financial expenses increased from **191.3mn TL** (23.0mn USD) in 2021 1Q to **232 mn TL** (15.8mn USD) in 2022 1Q to due to the spike in foreign exchange rates value against Turkish Lira.
  (+21.3% TL terms, -31.1% USD terms).

- The Net Debt position of the Company decreased due to the increase in cash position of Net Holding. **1,651.9 mn TL** (198.4 mn USD) in 2021 1Q vs. **2,139.4mn TL** (146.1 mn USD) in 2022 1Q.
  (29.5% TL terms, -26.4% USD terms)

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 3,390 mn TL includes 3,094 mn TL financial debt and 296 mn TL «Right of Use Liabilities».

SUMMARY (Continued)

Regional Split of 2022 1Q for EBITDA & General Remarks;

• EBITDA in Northern Cyprus Merit Hotels & Casinos is recorded as **220.4mn TL (15mn USD)** in 2022 1Q, from **-16.1mn TL (1.9mn USD)** in 2021 1Q, as Northern Cyprus Travel restrictions due to Covid were mostly lifted with normalization.
(1468% TL terms, 877% USD terms).

•EBITDA of Merit Casinos in Balkan Region decreased from **6.3 mn TL (0.8mn USD)** in 2021 1Q to **5.2mn TL (0.4mn USD)** in 2022 1Q.
(-18% TL terms, -53% USD terms).

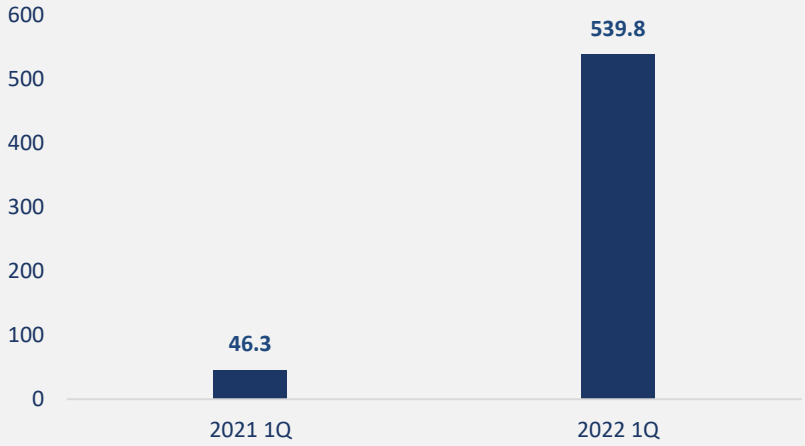
•The new hotel construction Merit Royal Diamond (Formerly: Merit Royal Imperial) in Kyrenia, which will be connected to Merit Royal Hotel Casino is expected to start its operations during the second half of 2022.

•The company pursues its expansion plans in Montenegro, announcing a 50% partnership in a mixed-use Project, Merit Starlit Hotel & Casino & Residences situated within the city-centre of Budva. First phase sales of luxury residences started in the second half of 2021. Merit Starlit Casino is expected to start its operations in the 2nd half of 2022.

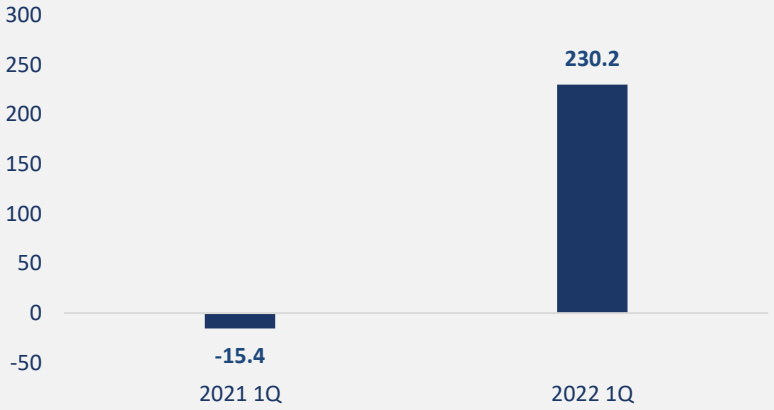
•Merit Capital Partners O.O.D., a subsidiary of our company Net Holding A.Ş. has signed a contract to open a casino at the five-star Hotel Marinela in Sofia, the capital of Bulgaria. This is Net Holding's second investment in Bulgaria after Merit Grand Mosta Hotel and Casino based in Svilengrad.

FINANCIAL OVERVIEW (TL Terms)

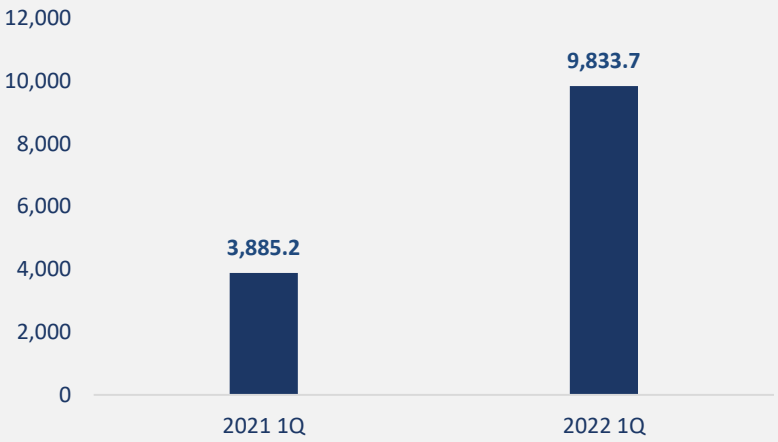
Sales (mn TL)



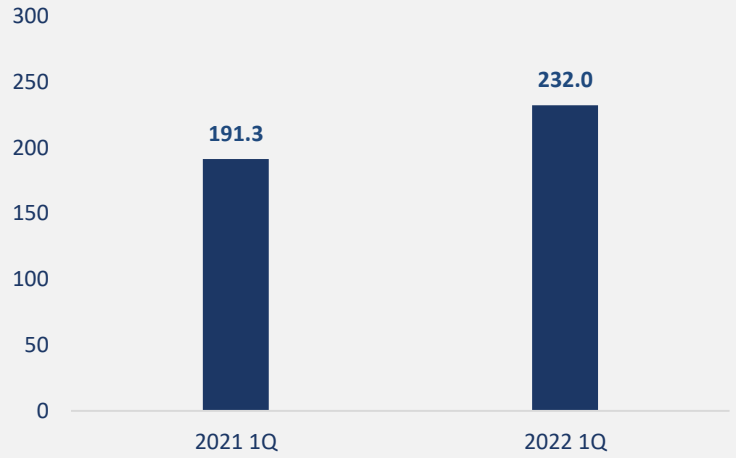
Consolidated EBITDA (mn TL)



Parent Shareholders' Equity (mn TL)



Net Financial Expenses (mn TL)



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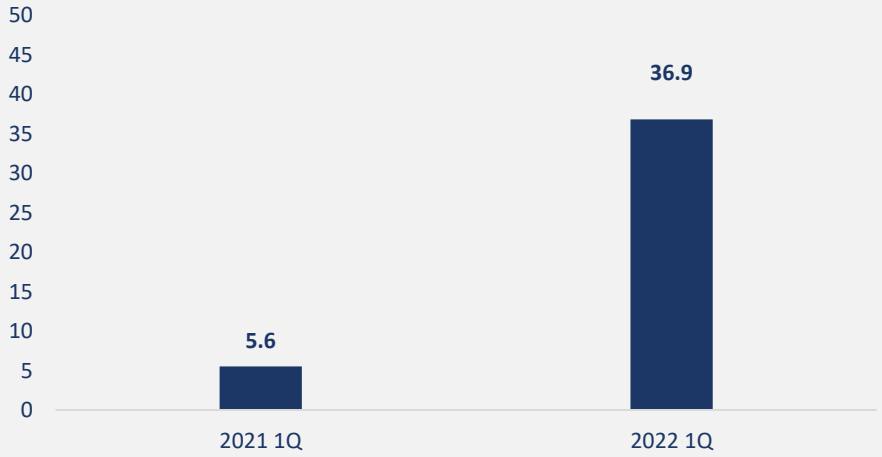
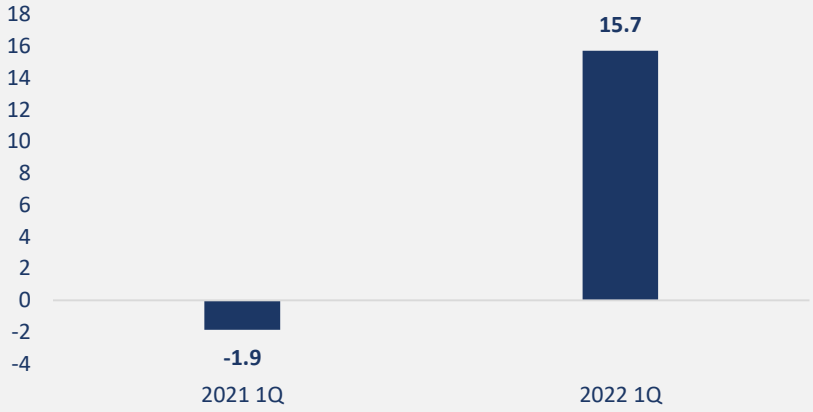
FINANCIAL OVERVIEW (USD Terms)

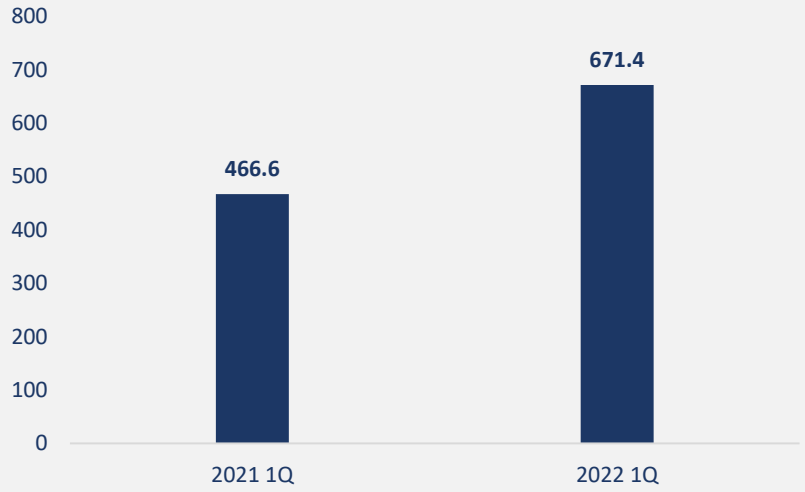
Sales (mn USD)



Consolidated EBITDA (mn USD)



Parent Shareholders' Equity (mn USD)



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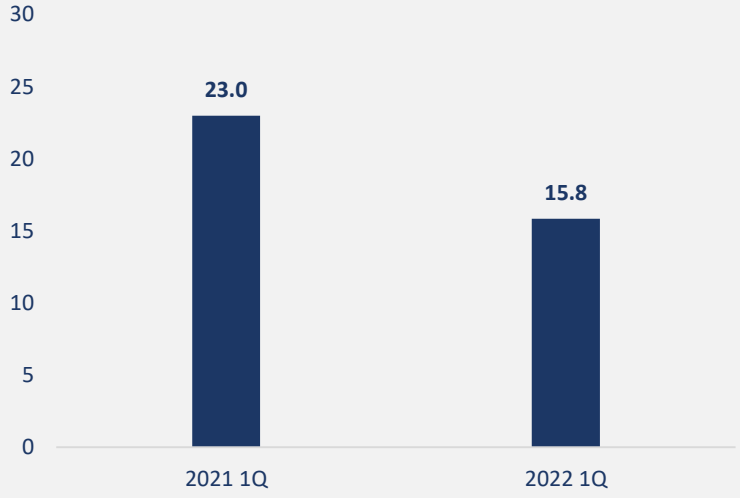

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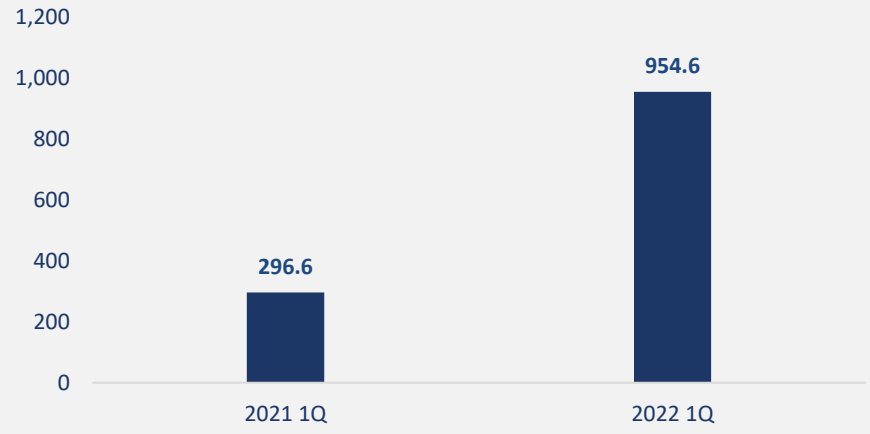
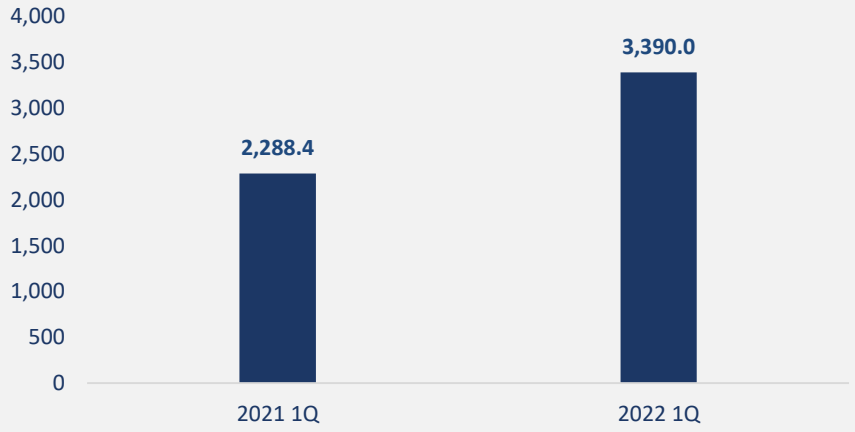
FINANCIAL OVERVIEW (TL Terms)

Total Cash & FI (mn TL)

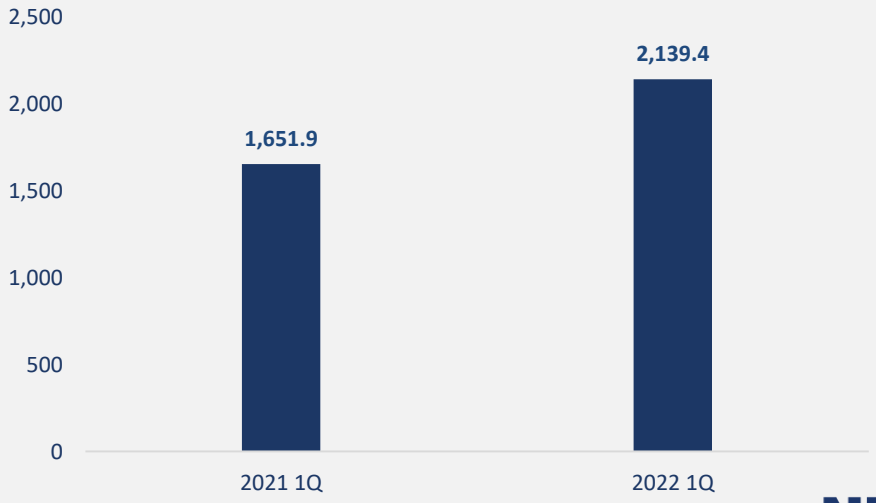


Total Financial Debt * (mn TL)

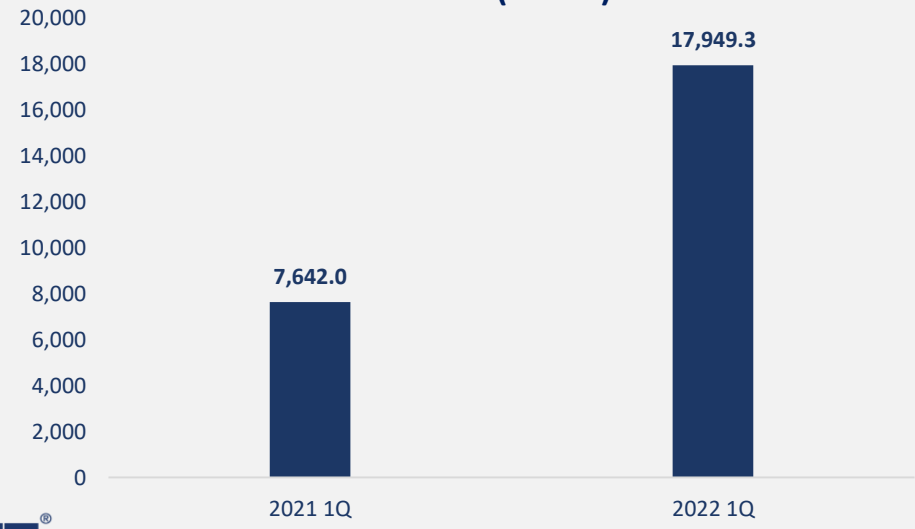


- Total financial debt is calculated for only bank and financial institutional loans. The right of use liabilities has not been showed.

Net Debt * (mn TL)



Total Assets (mn TL)



- Net debt is calculated for only bank and financial institutional loans minus total cash and FI. The right of use liabilities has not been showed.

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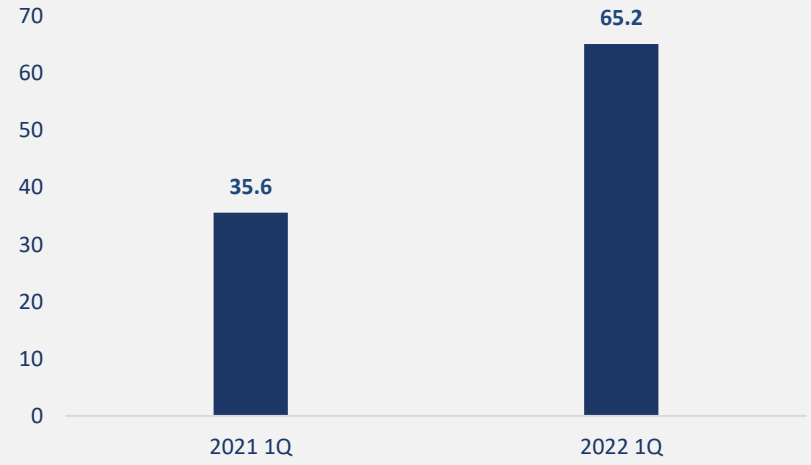
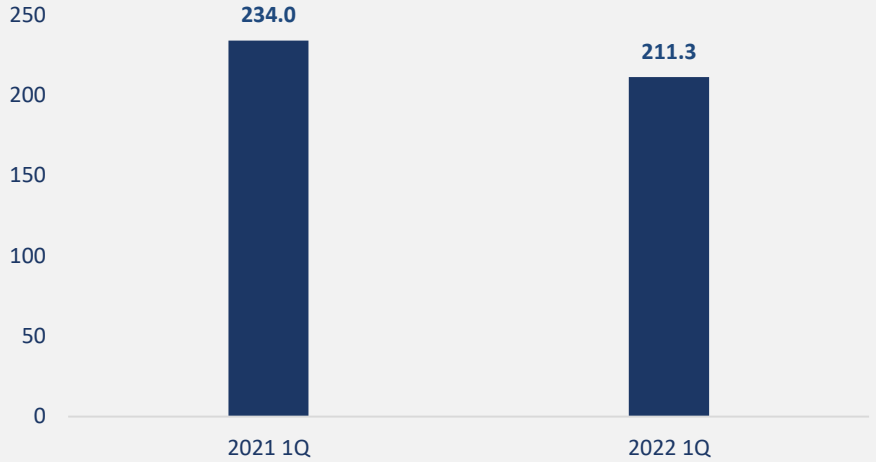
FINANCIAL OVERVIEW (USD Terms)

Total Cash & FI (mn USD)



Total Financial Debt * (mn USD)



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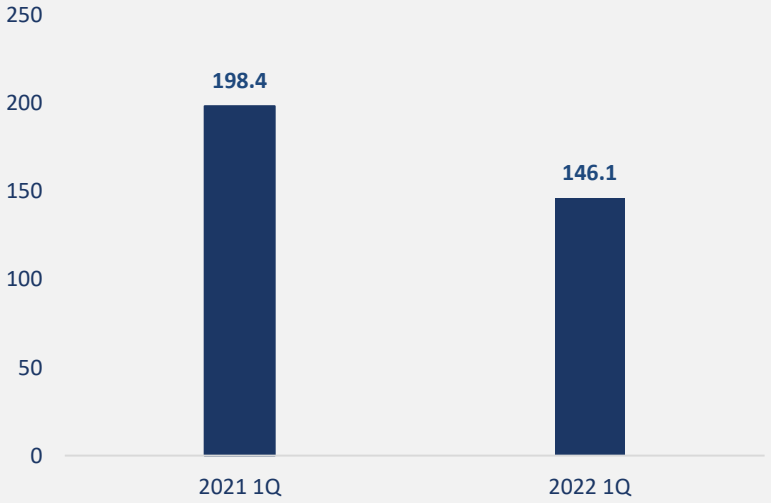
Net Debt * (mn USD)



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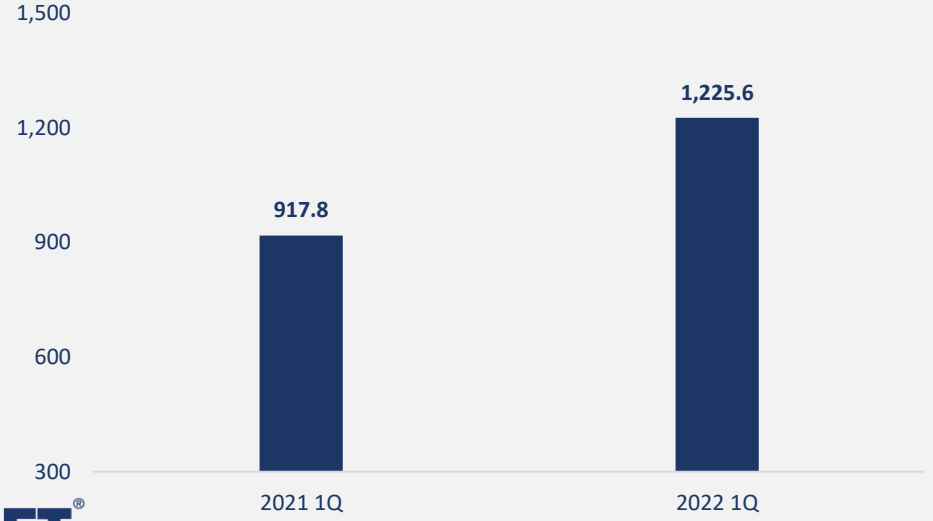

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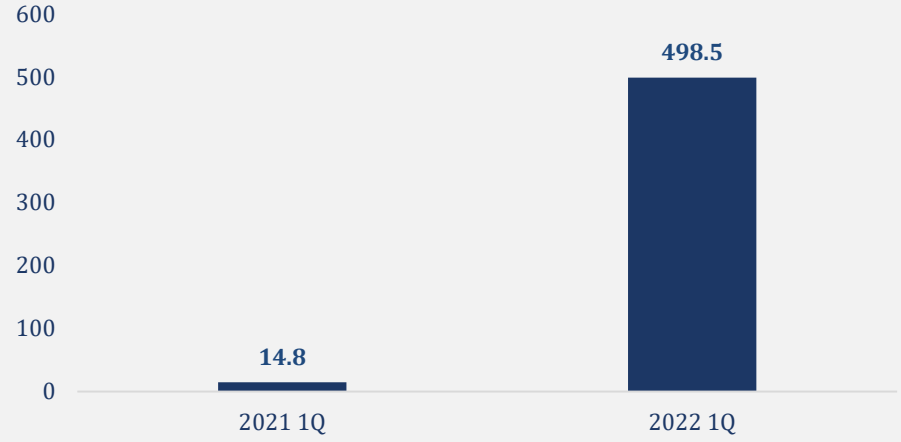
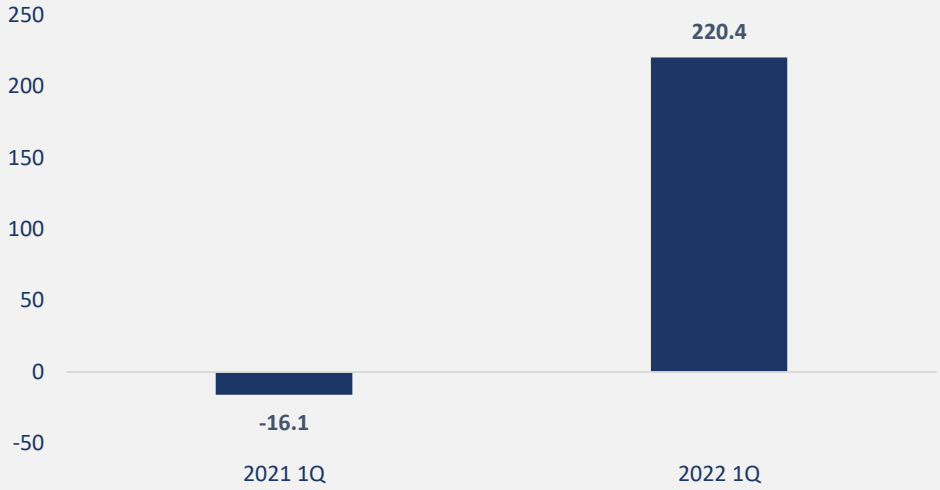
OPERATIONAL OVERVIEW (TL Terms)

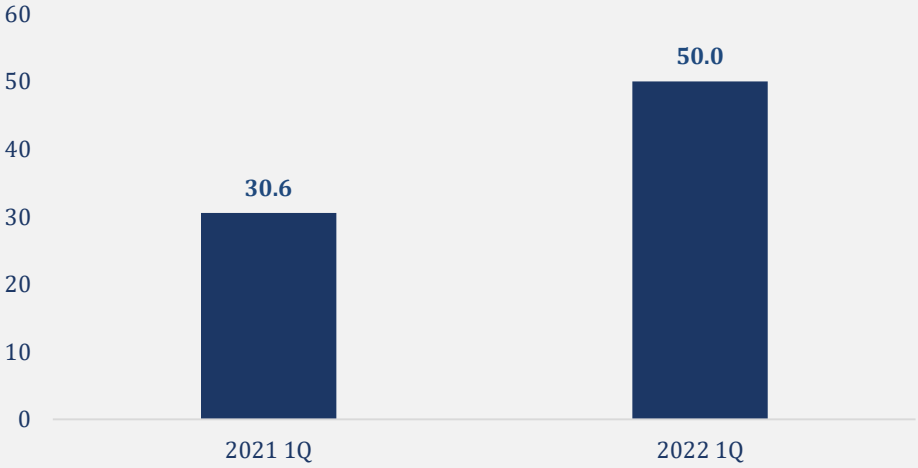
TRNC Sales mn TL



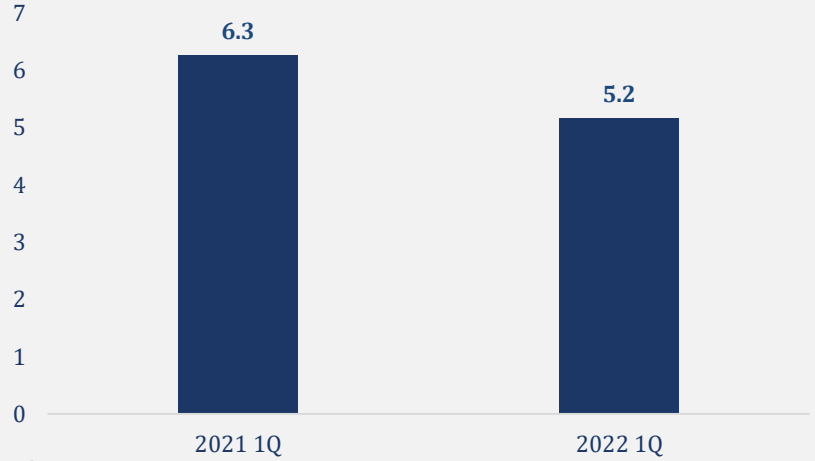
TRNC EBITDA mn TL



Balkan Sales mn TL



Balkan EBITDA mn TL



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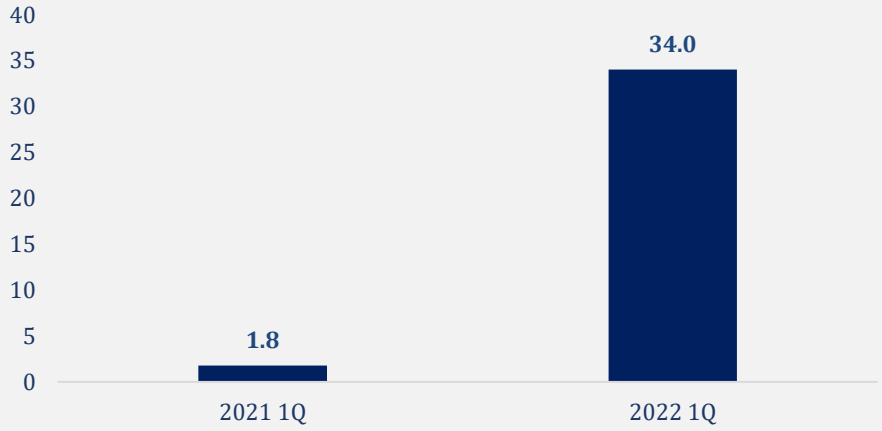
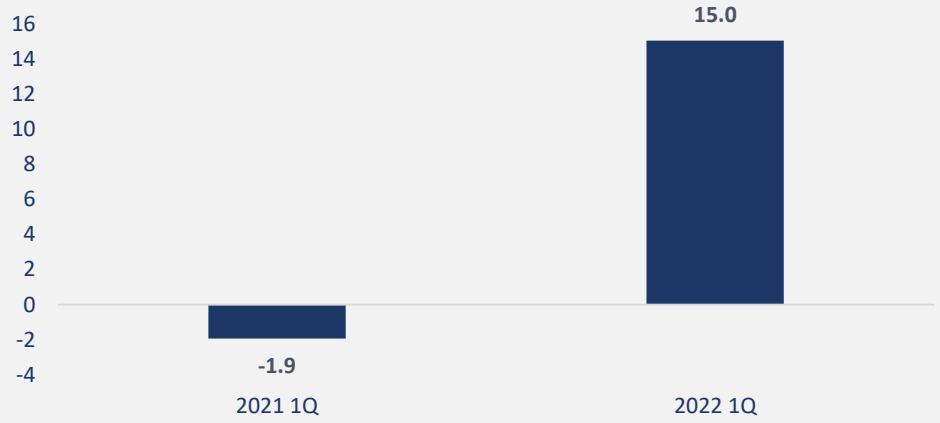
OPERATIONAL OVERVIEW (USD Terms)

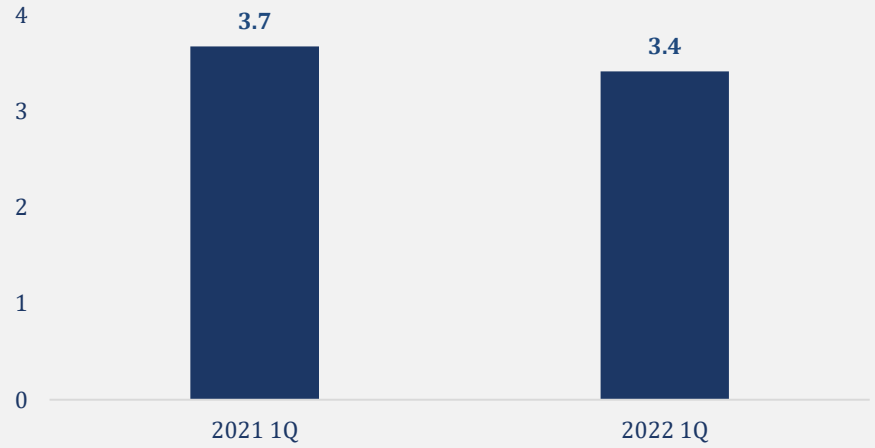
TRNC Sales mn USD



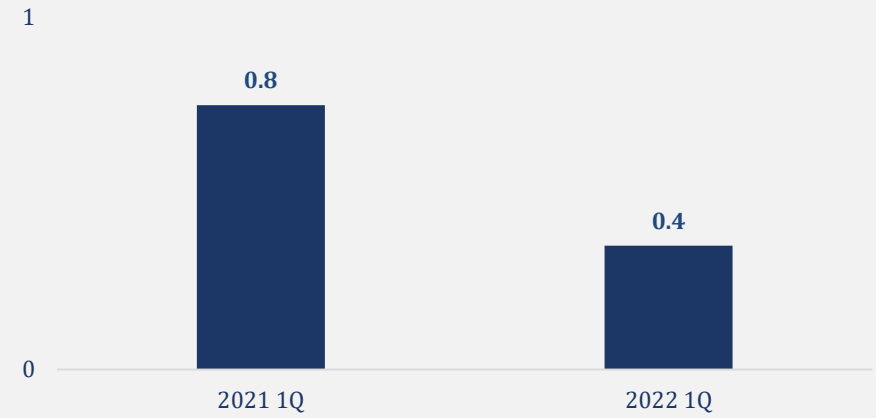
TRNC EBITDA mn USD



Balkan Sales mn USD



Balkan EBITDA mn USD



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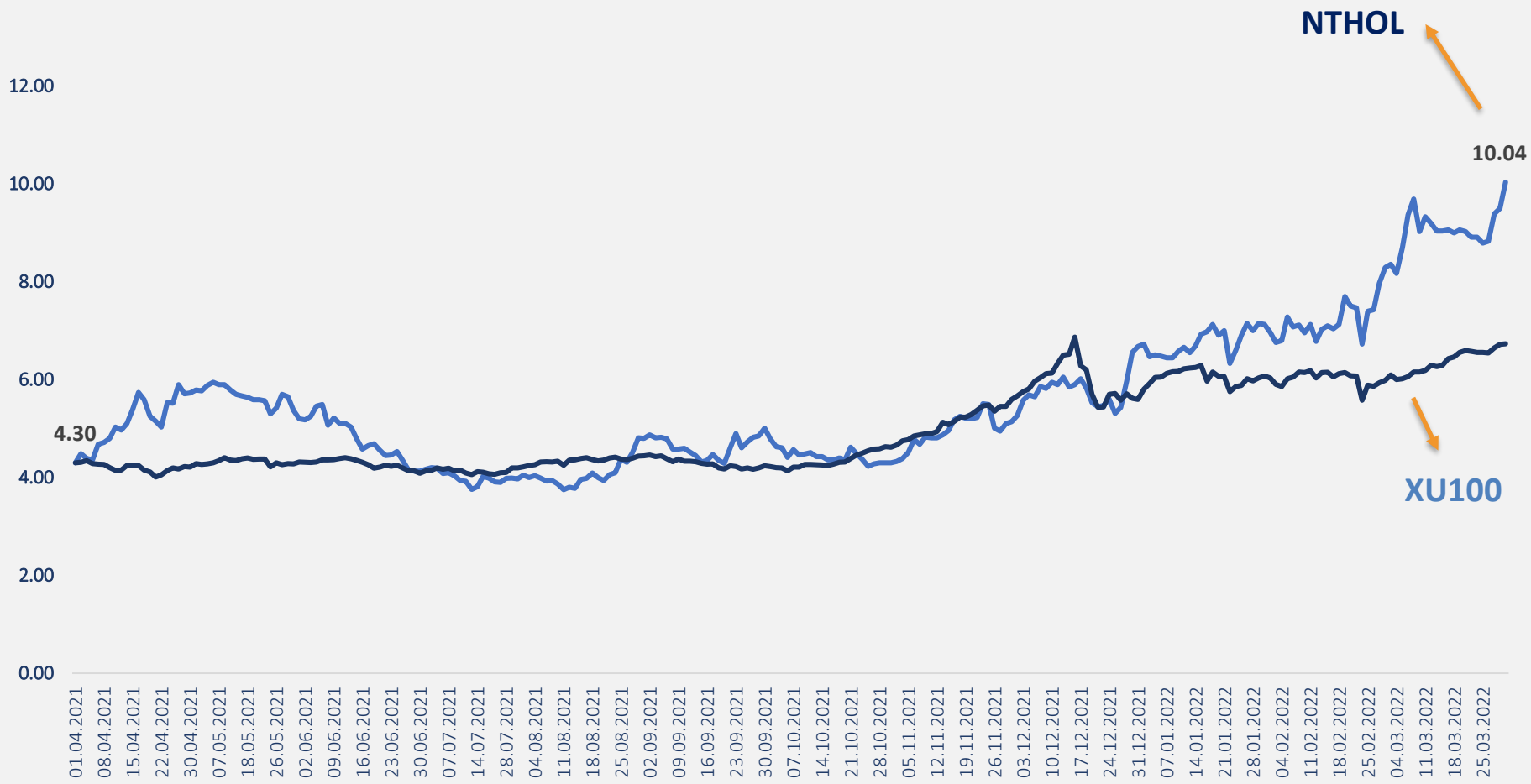
REVENUES BREAKDOWN (2021 1Q -2022 1Q)

2021 1Q mn TL	Northern Cyprus	%	Croatia	%	Montenegro	%	Bulgaria	%	Publication	%	Holding & Others	%	Elimination	Total
Sales	14.8	32.0%	0.0	0.0%	23.6	50.9%	7.0	15.2%	1.1	2.3%	2.0	4.4%	-2.2	46.3
EBITDA	-16.1	104.3%	-1.1	7.1%	4.0	25.7%	3.4	22.0%	0.5	-2.9%	-5.6	36.3%	-0.4	-15.4
Net Income	-201.6	97.7%	-1.5	0.7%	3.0	1.5%	2.2	1.1%	0.2	-0.1%	-10.1	4.9%	1.3	-206.5

2022 1Q mn TL	KKTC	%	Croatia	%	Montenegro	%	Bulgaria	%	Publication	%	Holding & Others	%	Elimination	Total
Sales	498.5	92.4%	0.6	0.1%	13.2	2.4%	36.2	6.7%	1.9	0.4%	5.5	1.0%	-16.2	539.8
EBITDA	220.4	95.7%	-2.3	-1.0%	-8.5	3.7%	15.9	6.9%	0.2	0.1%	-12.9	5.6%	17.4	230.2
Net Income	-72.0	82.2%	-3.3	3.8%	-8.8	10.0%	22.4	25.5%	0.2	-0.2%	-50.9	58.1%	24.8	-87.6

BIST 100 & NTHOL PERFORMANCE



01.04.2021	BIST 100: 1,426.56	NTHOL: 4.30
31.03.2022	BIST 100: 2,233.30	NTHOL: 10.04
	57%	133%

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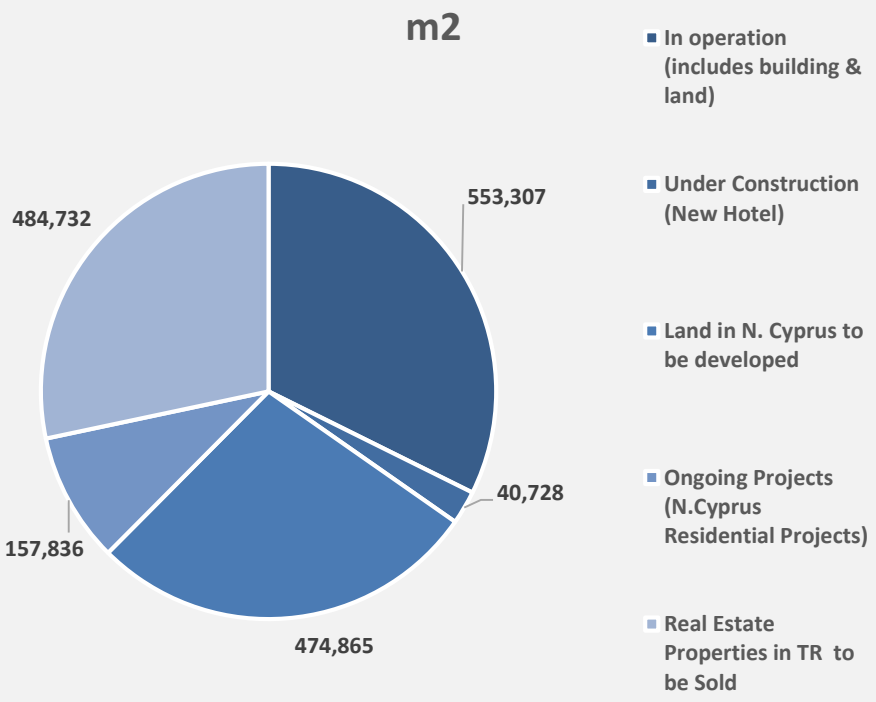
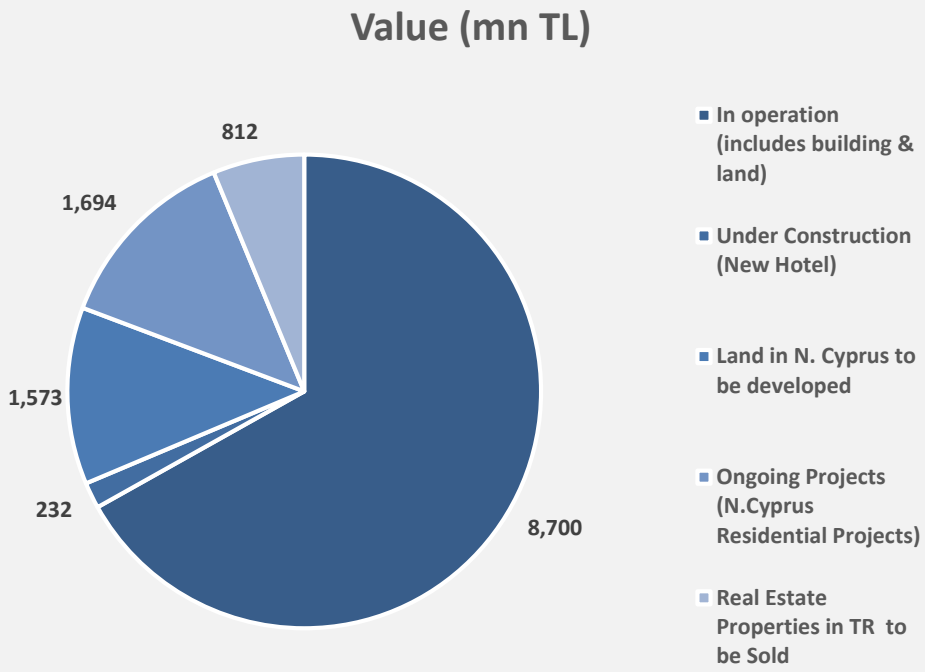
PROPERTIES BREAKDOWN (2022 1Q)

Properties Breakdown	m2	%
In operation (includes building & land)	553,307	32.3
Under Construction (New Hotel)	40,728	2.4
Land in N. Cyprus to be developed	474,865	27.7
Ongoing Projects (N.Cyprus Residential Projects)	157,836	9.2
Real Estate Properties in TR to be Sold	484,732	28.3
Total	**1,711,468**	**100.0**

Properties Breakdown	Value (mn TL)	%
In operation (includes building & land)	8,700	66.9
Under Construction (New Hotel)	232	1.8
Land in N. Cyprus to be developed	1,573	12.1
Ongoing Projects (N.Cyprus Residential Projects)	1,694	13.0
Real Estate Properties in TR to be Sold	812	6.2
Total	**13,009**	**100.0**





Disclaimer

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