



Guarantee Agreement with Silknet's Parents

15 July 2021 - JSC Silknet ("Silknet" or the "Company"), a leading Georgian telecommunications operator, announced that it entered into a guarantee agreement with Silknet Holding LLC, its parent (the "Parent") with respect to the agreement between the Parent and David Mamulaishvili, the Company's Chief Executive Officer and Rhinestream Holdings Limited, a company through which Mr. Mamulaishvili holds his beneficial interest in Silknet (together the "Minority").

The Parent and the Minority entered into an agreement whereby the Minority has the right to put its beneficial interest in the Company to the Parent, starting from 1 May 2024, for the period of two years, in exchange for the consideration calculated with a pre-agreed formula. The minority currently holds 5% beneficial interest in the Company.

The Parent and the Minority shall agree on the payment terms in due course. Failing to do so, the payment shall be made in six equal annual instalments, with the first payment date no later than one year after the completion of the option.

Silknet jointly and irrevocably guarantees the Parent's performance with respect to the option in favor of the Minority. The guarantee amount is capped at US\$18,000,000. In the event the guarantee is triggered and Silknet pays the put option price, the amount paid shall be construed as a loan to the Parents and shall be subject to market rates prevailing at that time.

EY Georgia provided independent appraiser opinion on fair value and the fairness from the financial point of view of issuer on this transaction. The guarantee is valued at US\$647K.

About Silknet

Silknet is the country's largest fixed network provider offering households and businesses the full range of telecommunication services, such as mobile services, fixed broadband, pay TV and fixed telephony.

Silknet is rated B1/Negative by Moody's and B/Stable by Fitch Ratings.

Silknet has a broad subscriber base in Georgia:

- c. 1.67 million mobile customers
- c. 207,000 fixed line customers
- c. 298,000 fixed broadband customers
- c. 224,000 pay TV customers

(As at 30/04/2021; source: Georgian National Communications Commission; Pay TV does not include mobile streaming application subscribers)

Silknet is part of Silk Road Group, one of the Caucasus's leading investment groups.