



20 Mar 2020

Update on COVID-19 Contingency Planning

COVID-19 has brought unprecedented disruption to our lives. While the number of confirmed cases in Georgia is not high, a number of preventive policy measures have been implemented in the country. As of today, many businesses in Georgia implemented contingency procedures and the government has advised to implement certain measures to ensure social distancing. As the result, most of our customers are at home.

Silknet's priority is the health and well-being of our employees and our subscribers. To this effect, we introduced the following measures:

- As of March 19, all our shops and service centers will be closed. We continue to provide service to our subscribers through digital and telephone channels;
- The vast majority of our employees are now working remotely, while strict safety procedures are in place for those whose presence is required at their workplace, including working in shifts;
- Our contractors that provide service provisioning and maintenance to our subscribers have been equipped with necessary protective measures;
- We have already extended assistance to the medical institutions fighting the virus and are in the process expanding our social responsibility measures. For example, our home school project is now available online at www.silkschool.ge, in addition to IPTV.

Although it is too early to estimate the economic effects of the COVID-19, we can estimate that the impact on the Georgian economy will be significant. However, the telecommunications sector is widely believed to be one of the most resilient sectors. Our customers require more of our services for remote work, distance learning and communication with their loved ones and we may well see a longer-term secular shift in how people work and study, as the result of this disruption.

Our current understanding view of the impact on us is as follows:

- As the work/leisure patterns and locations shift, telecoms consumption patterns follow suit. As many of our subscribers use video conferencing and streaming services at home or elsewhere, we see that peak demand has grown both on fixed and mobile services;
- More time at home translates into higher demand for long-form content, which bodes well for the demand for Silknet's pay TV and streaming services. However, disruption in the sports events globally may negatively affect such demand;
- We are carefully monitoring the increased internet traffic and may decide to upgrade equipment and/or add international channel capacity, if necessary.
- Slow-down of the economy may temporarily lead to lower disposable income, which may negatively affect the demand for our services.

As of today, our internal data show a positive picture. Silknet's commercial revenue in January-February 2020 is up 9% y/y. In the first 18 days of March, our mobile revenue was up by 2% m/m and 9% y/y.

The situation is evolving as we will adapt our decisions as the events unfold, aligning with the government and relevant health recommendations. We will update along the way.

Wishing you good health and tranquility,
Silknet team