



INVESTOR PRESENTATION

**SILKNET**

სილქნეტი

**Q1 2022 RESULTS AND SUBSEQUENT EVENTS**

June 2022

# DISCLAIMER

This investor presentation (the “Presentation”) has been prepared by Joint Stock Company Silknet (the “Company”). For the purposes of this disclaimer, “Presentation” shall mean this document, the oral presentation of the slides by the Company and the related question-and-answer session and any materials distributed at, or in connection with, that presentation. The information contained herein is subject to change without notice and past performance is not indicative of future results. No person shall have any right of action (except in case of fraud) against the Company or any other person in relation to the accuracy or completeness of the information contained herein.

This Presentation contains projections and forward looking statements. The words “believe”, “expect”, “anticipate”, “intend” and “plan” and similar expressions identify forward-looking statements. All statements other than statements of historical facts included in this Presentation, including, without limitation, those regarding the Company’s financial position, business strategy, plans and objectives, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate. The forward-looking statements in this document speak only as at the date of this Presentation and the Company assumes no obligation to update or provide any additional information in relation to such forward-looking statements. The contents of this presentation have not been independently verified by or on behalf of the company or by any other independent third party. No representation, warranty or undertaking, express or implied, is made by any of the company, any of their respective affiliates or any of their or their affiliates’ respective members, directors, officers or employees as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. None of the company nor any of their respective members, directors, officers, employees, affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation. This presentation does not purport to contain all the information that may be required by the recipient agency to make an evaluation. The information presented herein is provided as at the date of this presentation and will be deemed to be superseded by any subsequent versions of this presentation.

## *Contacts:*

**LILI PSHAVLISHVILI**  
CFO  
+995-577-149700  
bpshavliishvili@silknet.com

**ANNA GAKHOKIDZE**  
Deputy CFO  
+995-558-112282  
angakhokidze@silknet.com

**ILIA ENUKASHVILI**  
Head of Strategy  
+995-577-955540  
ienukashvili@silknet.com

**GIORGI SURAMELASHVILI**  
Investor Relations  
+995-568-858585  
investorrelations@silknet.com



## Business Overview and Q1 2022 highlights



Economic environment



Key segments



Appendix

# Silknet at a glance

## Overview

 **1,981 employees<sup>1</sup>**

 **~1,300 Macro; ~300 Micro base stations<sup>2</sup>**

 **98% 4G/LTE population coverage**  
**65% of homes passed<sup>2</sup> with FTTH**

 **4,000+ km of fibre backbone length**

 **45 shops<sup>1</sup>**

 **Moody's B1/stable; Fitch B/stable**  
**Sustainalytics 26.1 ESG risk ratings**

## Financial performance

| GEL m                 | 2019 | 2020 | 2021 | Q1 21 | Q1 22 |
|-----------------------|------|------|------|-------|-------|
| Commercial revenue    | 346  | 348  | 370  | 87    | 95    |
| Carrier services      | 41   | 35   | 44   | 9     | 10    |
| Total revenue         | 387  | 382  | 413  | 96    | 105   |
| EBITDAaL <sup>4</sup> | 200  | 196  | 214  | 47    | 56    |
| margin                | 52%  | 51%  | 52%  | 49%   | 53%   |
| CAPEX <sup>5</sup>    | 100  | 113  | 83   | 24    | 24    |
| % of revenue          | 26%  | 29%  | 20%  | 25%   | 22%   |
| OpFCF <sup>6</sup>    | 101  | 84   | 131  | 23    | 32    |



1,709k subs<sup>2</sup>  
49% of revenue<sup>3</sup>  
33% market share<sup>2</sup>



306k subs<sup>2</sup>  
25% of revenue<sup>3</sup>  
31% market share<sup>2</sup>



234k subs<sup>2</sup>  
11% of revenue<sup>3</sup>  
33% market share<sup>2</sup>



186k subs<sup>2</sup>  
3% of revenue<sup>3</sup>  
57% market share<sup>2</sup>

Source: Company information, GNCC

Notes:

1 As of 1 May 2022

2 As of 31 March 2022

3 As of Q1 2022

4 EBITDAaL is defined as EBITDA less depreciation of right-of-use assets and less interest expenses on recognized lease liabilities. EBITDA is defined as Profit/(loss) and total comprehensive income/(loss) for the year plus Depreciation and amortization plus Change in fair value of investment property plus Finance costs less Finance income, plus Income tax expense/(benefit) plus Net change in fair value of financial instrument at FVTPL, plus Net foreign exchange gain/(loss), and specific items which have non-recurring and/or non-operating nature

5 Capital expenditures excl. telecom operating licences and right-of-use assets less material and non-recurring items

6 EBITDAaL less capital expenditures defined above

# Our strategy



|   |  |
|---|--|
| Network leadership                                  | Technological innovation and IT transformation         |
| High quality customer base and bundling of services | Experienced management team and high-quality workforce |

|                                    |                               |
|------------------------------------|-------------------------------|
| Advanced analytics                 | Loyalty programs              |
| Convergence with single Silknet ID | Digital products and services |
| Customer-centric brand             | B2B ICT services              |

Advanced layer of capabilities and services to form a base of digital ecosystem unified by the Silknet ID

Foundation

Advanced capabilities and services

Ecosystem (longer-term)

# Q1 2022 highlights and subsequent events



**+10%** total revenue y/y growth

*see slide 7*



**+20%** EBITDAaL y/y growth

*see slide 7*



**+ 5 k** FTTH homes passed, reaching **65%** of total households



Added **gigabit-LTE** technology on **250 mobile sites** from 2021 YTD

*see slide 9*



**Moody's** rating outlook changed from Negative to **Stable**



**USD 300m 8.375% Eurobond** issued on 31 January 2022 and repaid all outstanding debt instruments

*see slide 8*



Gambling advertisement restrictions effective from March 2021  
Advertising revenue comprised c. 1% of our total revenue in 2021



**Repackaging & price adjustments**

effective from 28 February 2022 mainly in mobile segment



Stella Handler joined as the second **independent Supervisory Board** member



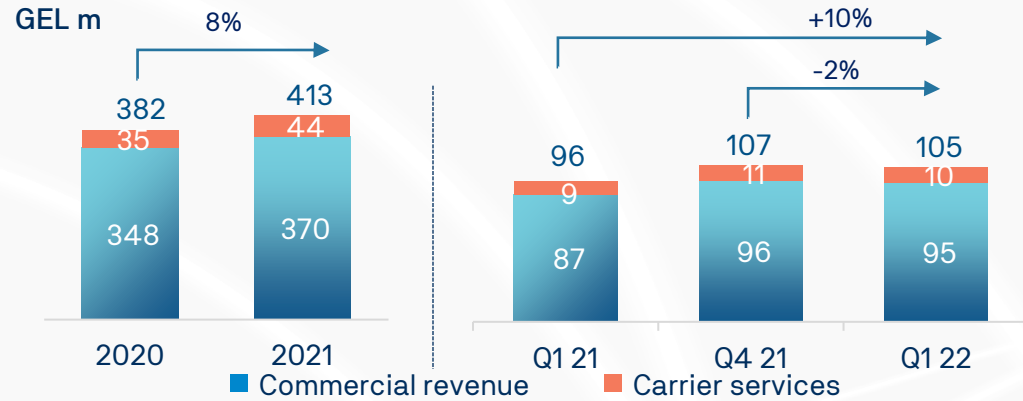
**10.8% real GDP growth** in 4M. GEL returned to the pre-conflict levels after an overshooting right after the start of the conflict.

To support **Ukraine**, calls to Ukraine free for certain period of time and donated to the Embassy of Ukraine in Georgia.

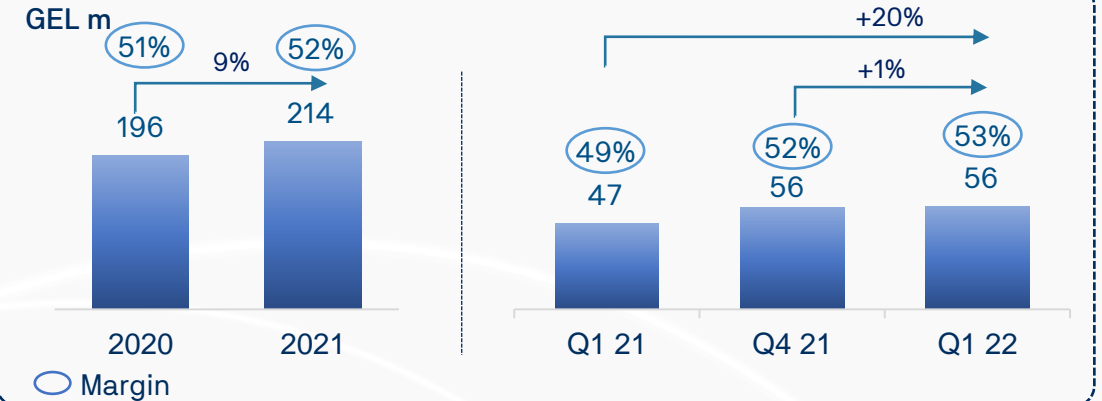
*see slides 11,12 and 13*

# Strong financial performance & increased cash generation

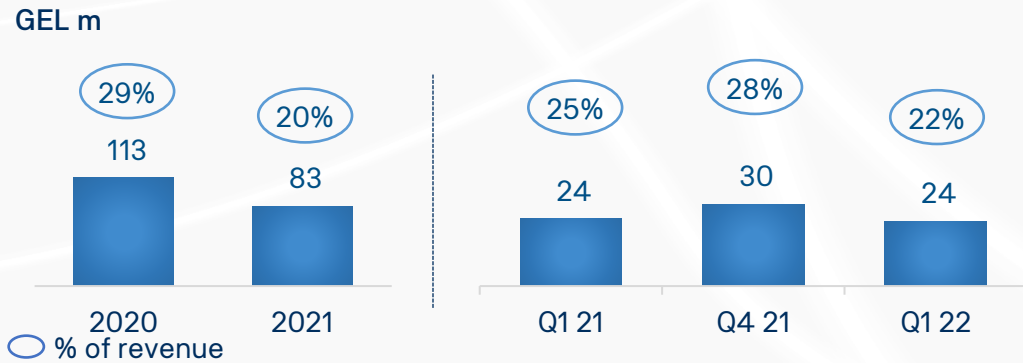
## Revenue



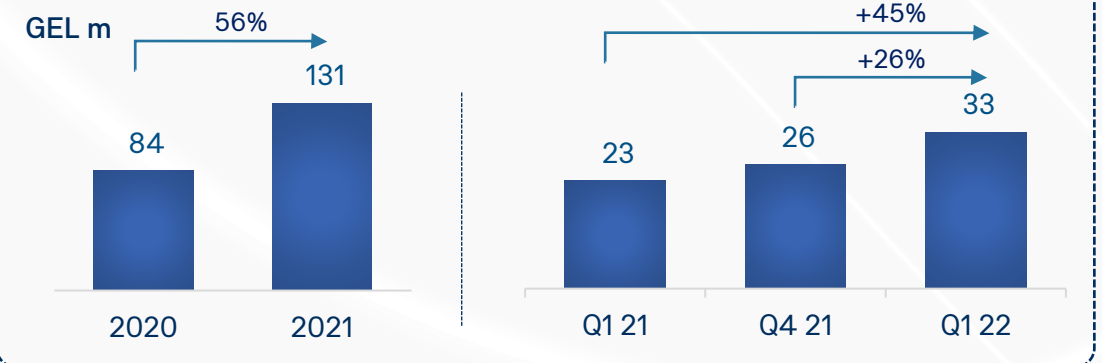
## EBITDAaL<sup>1</sup>



## Capital expenditures<sup>2</sup>



## Operating free cash flow<sup>3</sup>



Source: Company information

Notes:

- 1 EBITDAaL is defined as EBITDA less depreciation of right-of-use assets and less interest expenses on recognized lease liabilities
- 2 Capital expenditures excl. telecom operating licences and right-of-use assets less material and non-recurring items
- 3 EBITDAaL less capital expenditures defined above

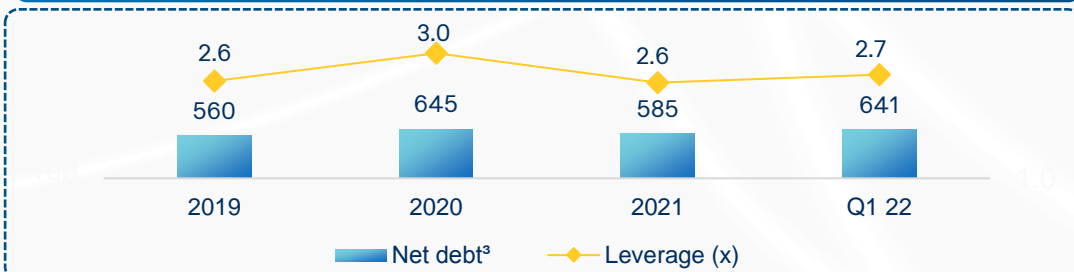
# Leverage

- Liquidity predominantly kept at Georgian banks in hard currency
- We cancelled the cross-currency hedging instrument in the amount of USD 35m with the gain of USD 2.3m in Q1 22, as the hedging cost increased with the higher interest rate differential which was precisely created to stem GEL depreciation. We intend to use hedging arrangements, as and when they become available at sensible costs
- In February 2022 we distributed dividends in the amount of USD 10m, declared in 2021
- In April-June 2022 we repurchased additional USD 17m Eurobonds on the open market

## Liquidity & gross debt<sup>1</sup>



## Net financial indebtedness<sup>2</sup>



Source: Company information

Notes:

1 As of 31 March 2022

2 The calculations are based on the carrying amounts; the calculation of Net Financial Indebtedness may differ from Indebtedness calculated in accordance with the Terms and Conditions of the Eurobond

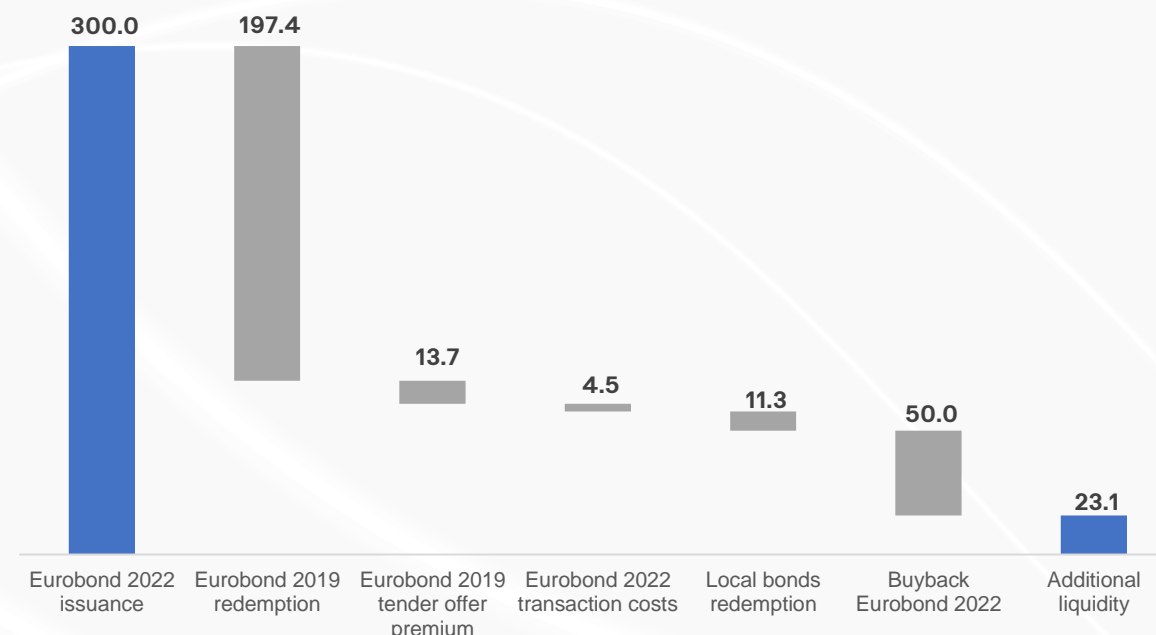
3 Defined as Loans and borrowings plus Subordinated loans less Cash and cash equivalents

4 Calculated by dividing Net Financial Indebtedness by EBITDA

## Use of Eurobond issuance proceeds

- On 31 January 2022 we issued USD 300m 8.375% Eurobonds due 2027 and repurchased USD 50m substantially thereafter.
- A parallel tender offer with respect to the existing USD 200m Eurobonds dues in 2024 (USD 197.4m was outstanding) was successfully executed
- We also redeemed the GEL 35 bonds due in August 2022

USD m

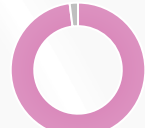


# UNPARALLELED AND RESILIENT INFRASTRUCTURE

## Mobile network leadership

- **Largest spectrum portfolio** in Georgia with 173MHz across multiple bands
- **The fastest mobile network** operation in Georgia according to GNCC

### 4G/LTE coverage



98%  
of population



69%  
of total area



36%  
of macro sites  
connected with fiber

### # of base stations

~1,600  
3G

~1,300  
macro

~1,500  
4G / LTE

~300  
micro

519  
gigabit LTE

## 2021-2022 mobile network modernization program

- Addition of **250 gigabit-LTE sites**, of which 180 in Tbilisi. **519 total gigabit-LTE sites**. 39% of macro sites across Georgia and 90% in Tbilisi are now equipped with gigabit-LTE – **completed**
- **Refarming** of the remaining **10MHz in the 1800MHz band from 2G to 4G** for across the country – **completed**
- Addition of **800MHz 4G to the 340 sites** – **completed**

## Reliable and secure fixed and backbone network

- **Extensive network** in Georgia – over 4,000 km inter and intra city connectivity
- Backbone DWDM network connecting Tbilisi with other major cities and with **highest number of cross-border connections** (at least one border crossing with each country's neighbors)
- **Recently modernized fixed IP MPLS network**



91%  
of broadband  
subscribers  
on FTTH



~65%  
of households  
passed by FTTH  
network (~712k  
homes)

## Inter-city backbone



Source: Company information, GNCC



**Business Overview and Q1 2022 Highlights**



**Economic environment**



**Key segments**

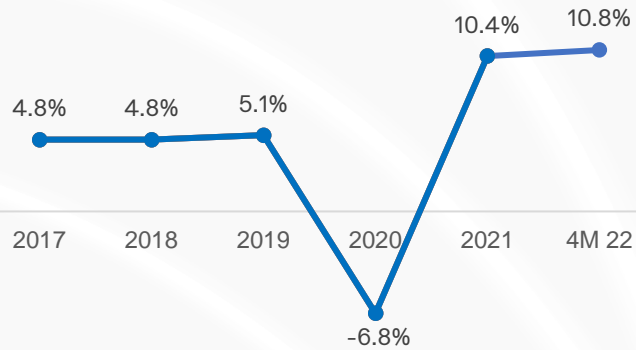


**Appendix**

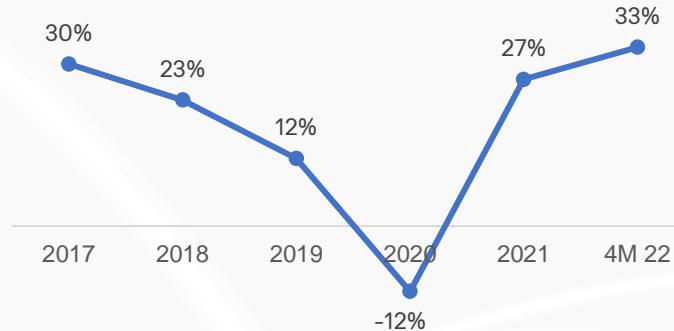


# Impressive post-COVID recovery continues

## Real GDP growth

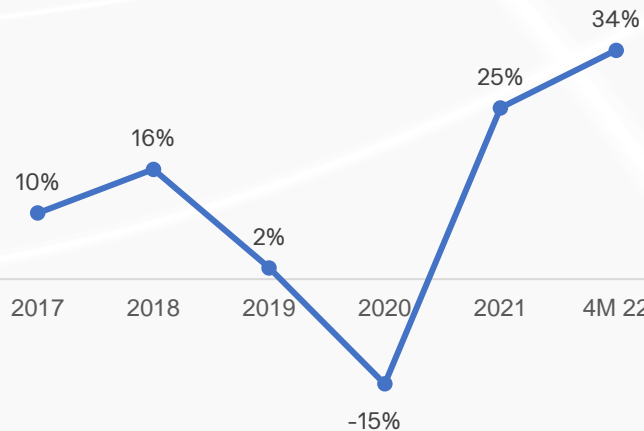


## Exports (y/y change)

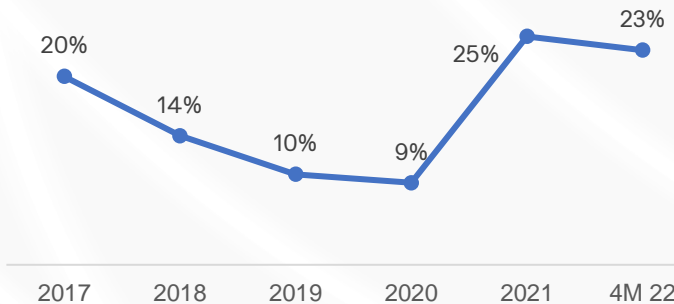


- High real GDP growth continues, despite the elevated inflation
- 2.8% real GDP growth in April was very encouraging, considering the base effect (44.8% in April 21)
- The base effect in Q1 will subside from Q2 but the FY forecasts are robust
- The growth is broad based and the performance of the economy already led to upwards revisions of local real GDP 2022 forecasts, which are now at 7.5%-7.6%, after the initial downgrades as the Ukraine war broke
- The fact that the tourism recovery is only partial, leaves additional upside for 2023 and beyond

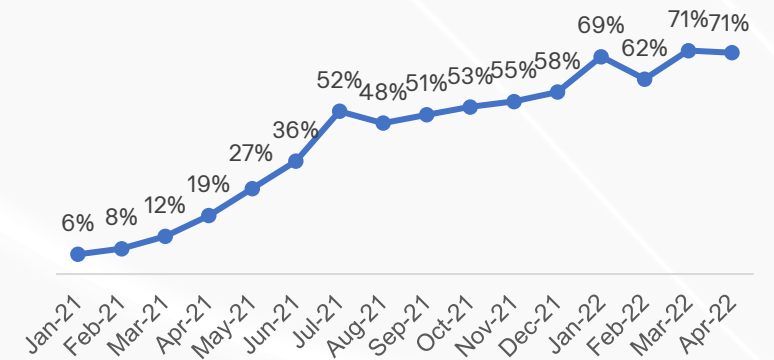
## Imports (y/y changes)



## Remittances (y/y change)



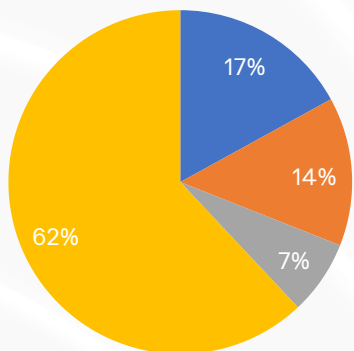
## Tourism revenues as% of 2019



Source: GeoStat, NBS, Bloomberg

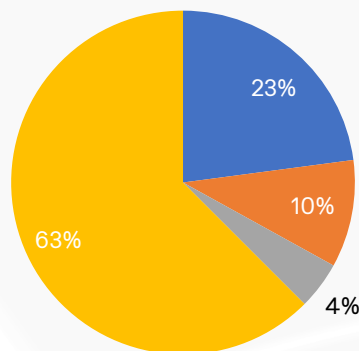
# Exposure to Russia and Ukraine manageable

## Imports 2021



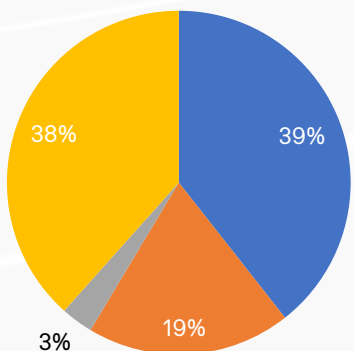
■ EU ■ Russia ■ Ukraine ■ Other countries

## Exports 2021



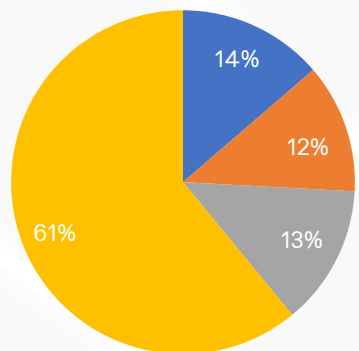
■ EU ■ Russia ■ Ukraine ■ Other countries

## Remittances 2021



■ EU ■ Russia ■ Ukraine ■ Other countries

## Tourism revenue 2021



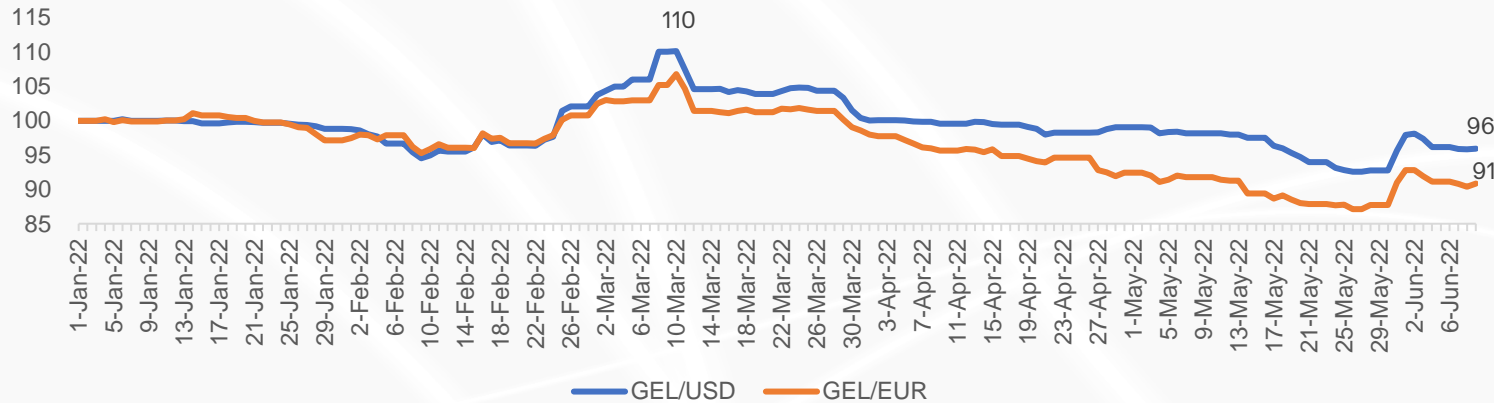
■ EU ■ Russia ■ Ukraine ■ Other countries

- Georgia has diversified its external linkages over the last decade or so
- We receive far less remittances from Russia, in relative terms. In April 22 there was a 299% y/y growth from Russia but this is probably a one-off
- Share of tourism revenues derived from Russia have declined over the past three years as well
- However, with the break of the war in Ukraine we saw significant inflow of migrants/tourists from Russia, Ukraine and Belarus. Their spending contributes to the economic growth and Lari strength
- We will have to see how the external trade develops over the year but so far the picture is encouraging

Source: GeoStat, NBG.

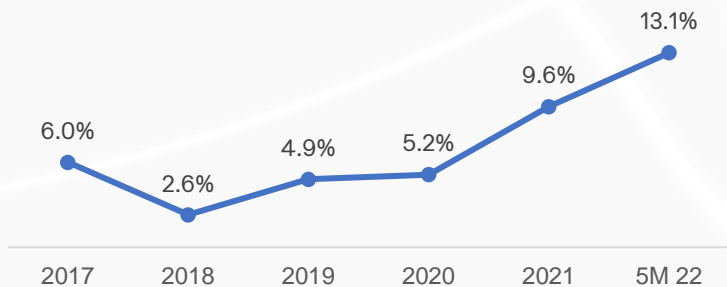
# Lari stability despite the heightened inflation

## GEL exchange rate evolution (1 Jan 2022 = 100)

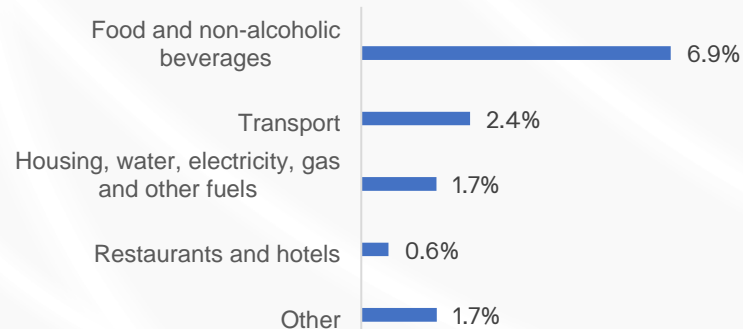


- Georgian Lari got jitters as the war in Ukraine broke
- Political stability helped subsequent stabilization
- The economic factors underlying the stability: a) tighter fiscal policy; b) high interest rate differential; c) healthy exports growth; d) continued strength in remittances; and e) partial recovery of tourism revenues
- Significant inflows in remittances and through other channels in April, mainly driven by migrants from Russia, Ukraine and Belarus
- Inflation is on the rise, however it is mostly driven by global factors, leading to higher food and energy prices

## Average inflation



## Contribution of inflation by sectors<sup>1</sup>



Source: GeoStat, NBG

Notes:

<sup>1</sup> As of 31 May 2022



**Business Overview and Q1 2022 Highlights**



**Economic environment**



**Key segments**



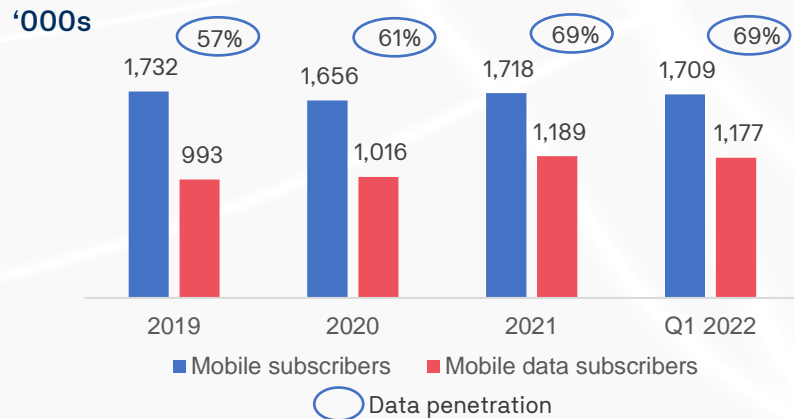
**Appendix**

# Silknet's mobile segment

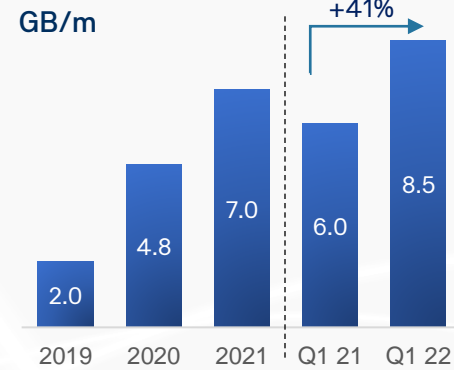
## Key takeaways

- New pricing and packaging from 28 February
- Data growth monetization on track, as unlimited promotions are being scaled back
- Still ample room for growth in data usage per sub and data penetration vs regional peers
- Voice revenue stable
- Outgoing roaming revenue on the post-COVID rise

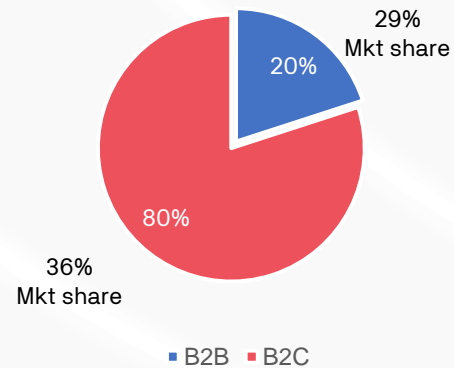
## Mobile subscribers, data subscribers & penetration



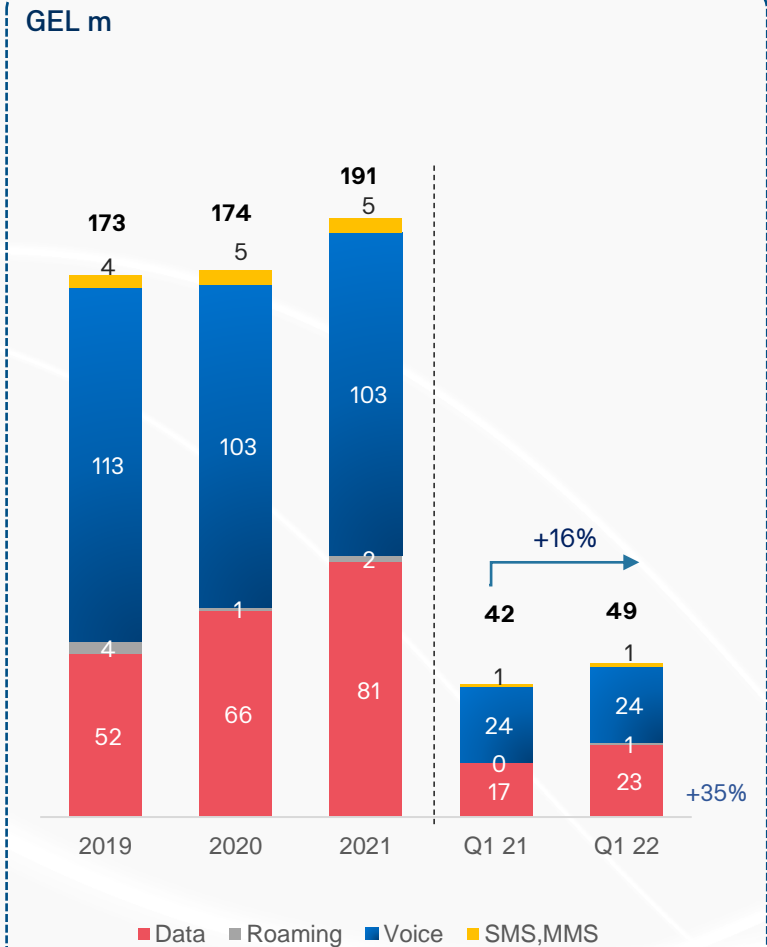
## Data usage per subscriber



## Mobile revenue split



## Mobile Revenue



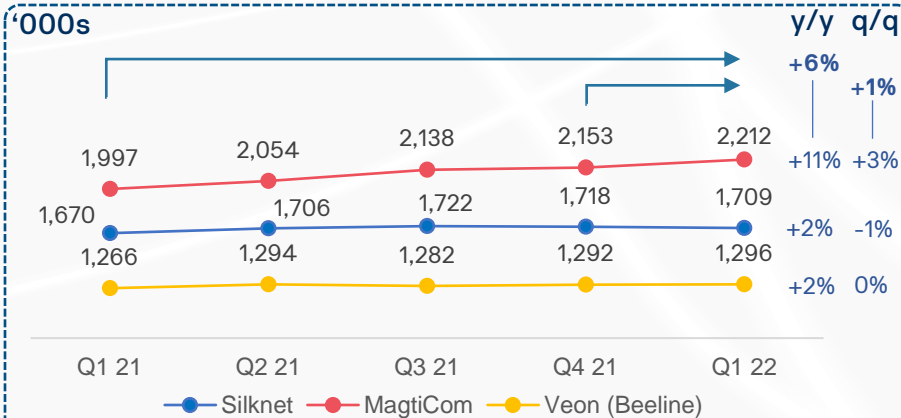
Source: GNCC, Company data

# Mobile market

## Key takeaways

- Magti's and Veon's pricing changes kicked-in 18 days and 21 days earlier than Silknet's
- Steadier state on market revenues and ARPUs should be visible from Q2
- Veon Georgia's sale to a local businessman who owns smaller fixed operators

## Subscribers evolution<sup>1</sup>



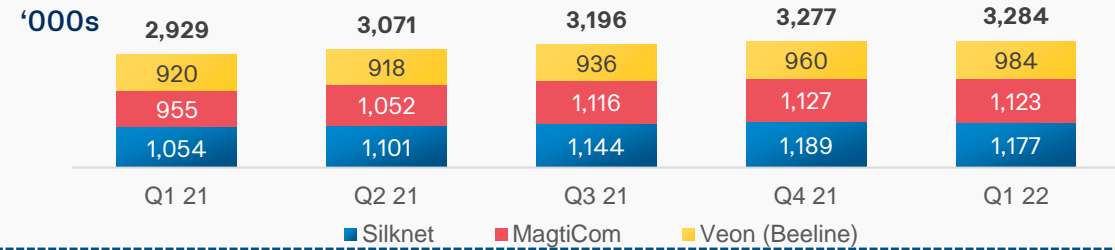
Source: GNCC

Notes:

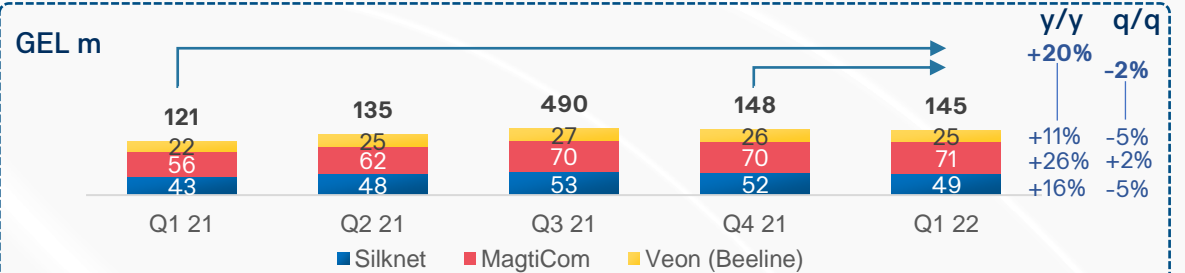
1

Number of subscribers (SIM cards) at the end of the period

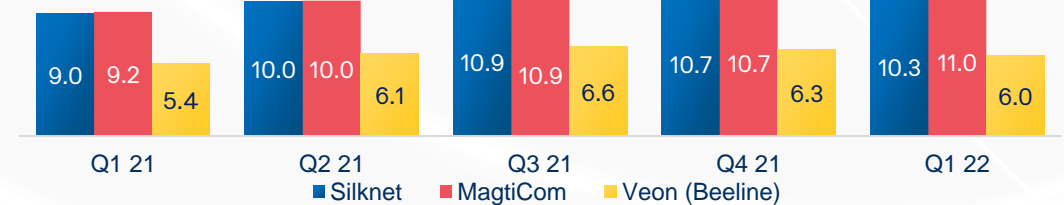
## Evolution of mobile internet subscribers



## MNO's retail revenue evolution

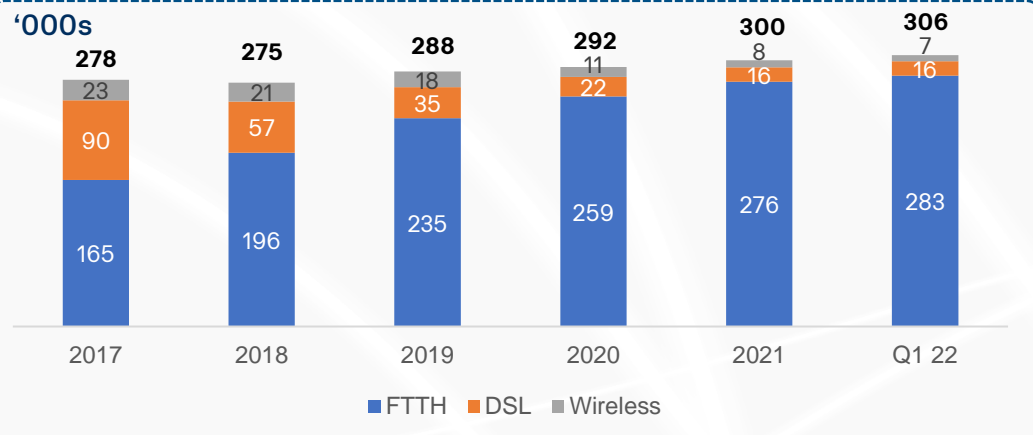


## Evolution of B2C ARPU

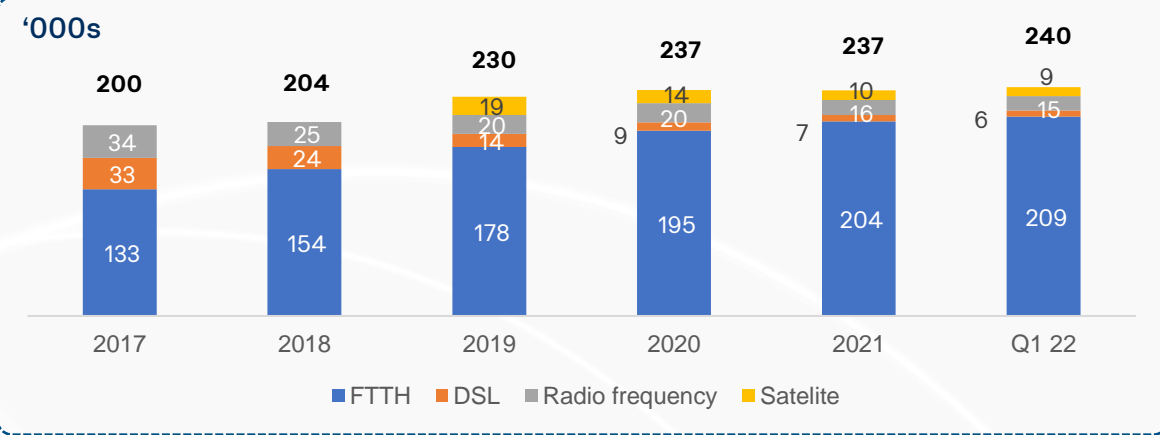


# Silknet's fixed broadband (FBB) & pay TV segments

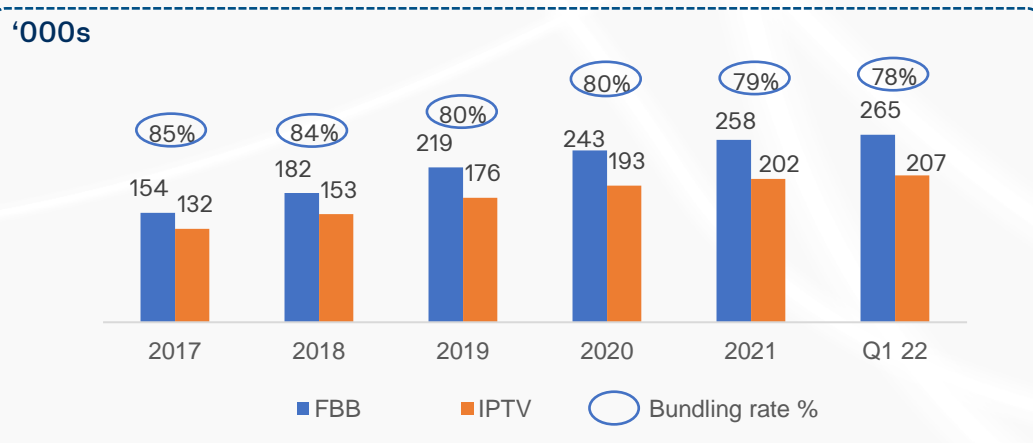
## FBB subscribers evolution by technologies



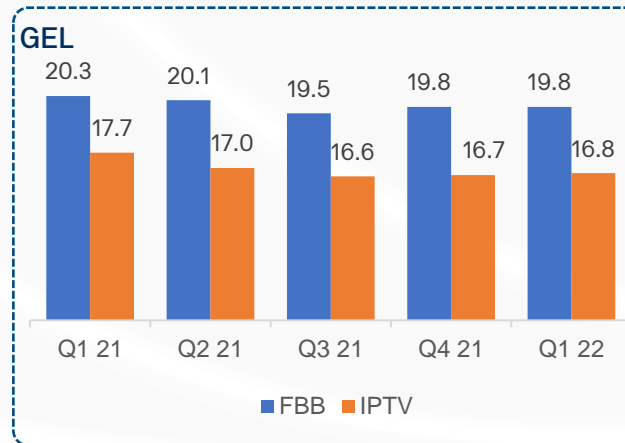
## Pay TV subscribers evolution by key technologies



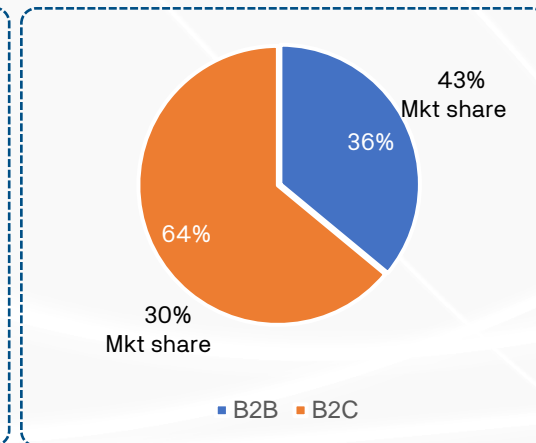
## FTTH: B2C subscribers & bundling rate evolution



## B2C FTTH ARPU evolution



## FBB revenue split



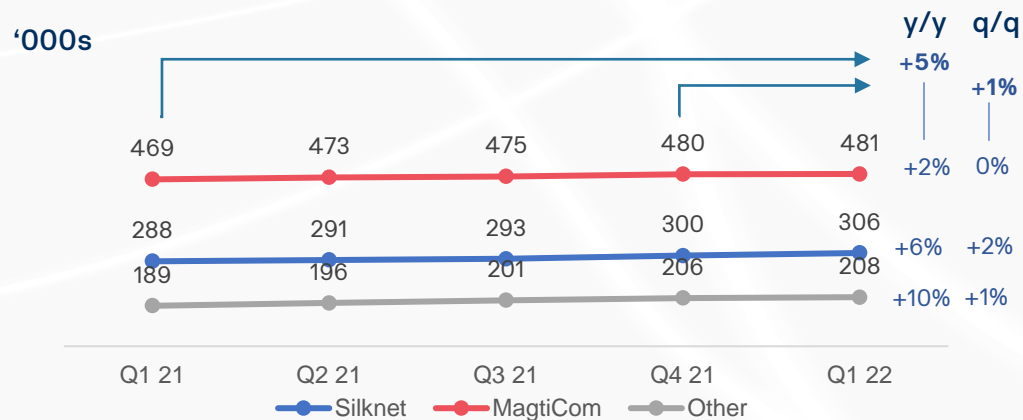
Source: GNCC, Company data

# Fixed broadband market

## Key takeaways

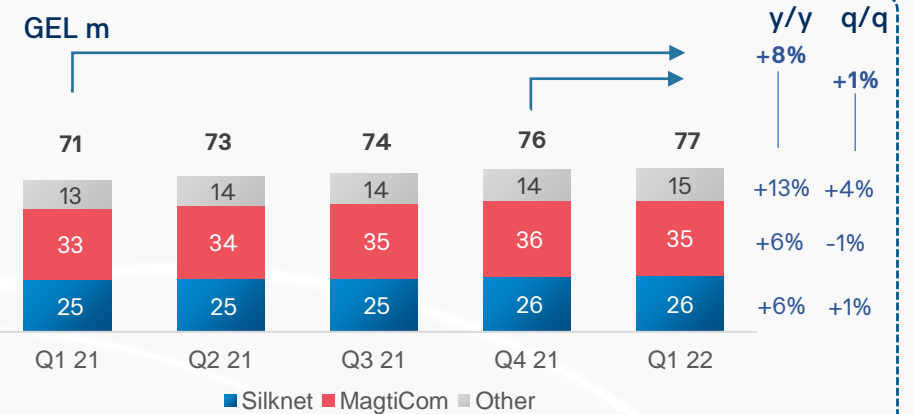
- c.86% household fixed broadband penetration in Georgia<sup>1</sup>
- Urbanization likely to be key driver for further growth
- Silknet has 31% total subscriber market share and 32% in FTTP B2C
- Silknet has the highest FBB/IPTV bundling rate on the market – 79% vs 67% with the peer operator
- In the 10 largest cities, where we focus, our FTTP B2C market share comprises 39% and we continue to lead the net additions vs the peer operator
- Silknet is a market leader in the B2B segment

## Subscribers evolution

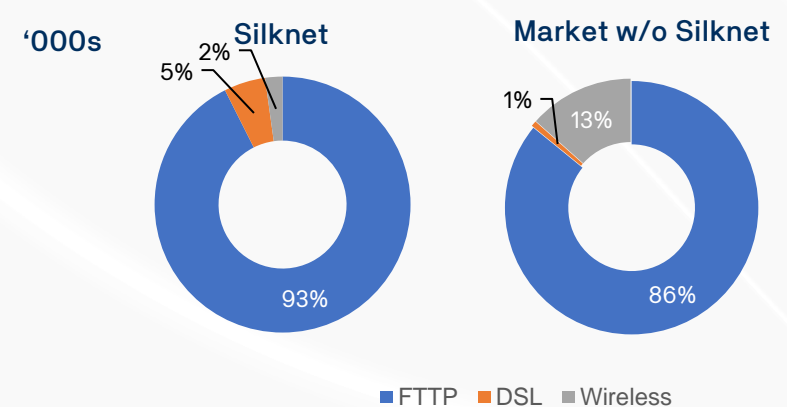


Source: GNCC  
Notes:  
1 As of 31 March 2022

## Revenue evolution

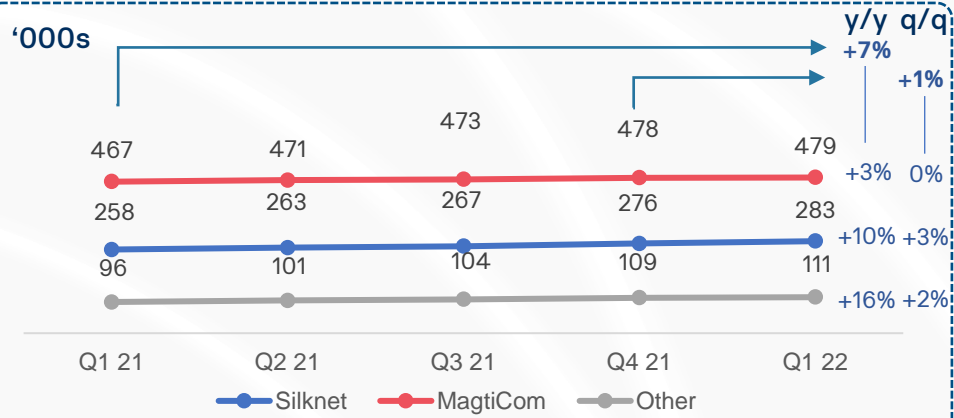


## Subscribers by key technologies

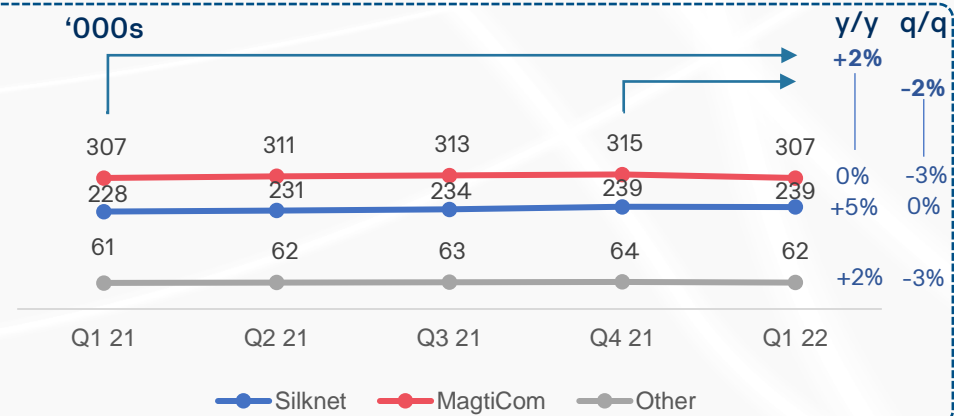


# Fixed broadband market - focus on FTTH

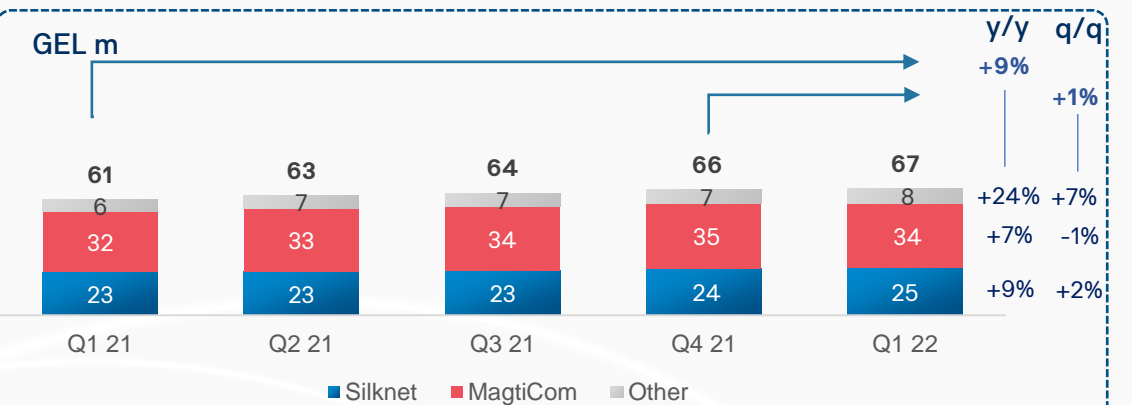
## Subscribers evolution<sup>1</sup>



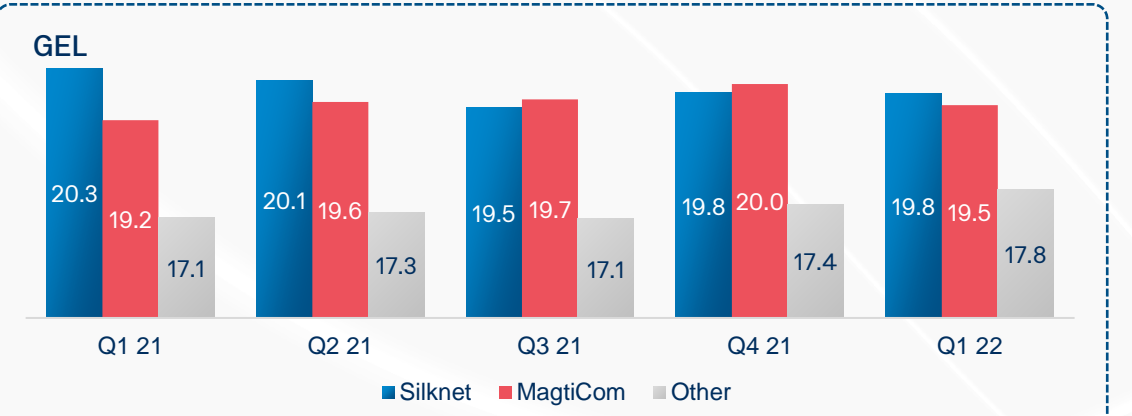
## B2C subscribers evolution in 10 largest cities<sup>2</sup>



## Revenue evolution



## B2C ARPU evolution



Source: GNCC

Notes:

1 Number of subscribers at the end of the period

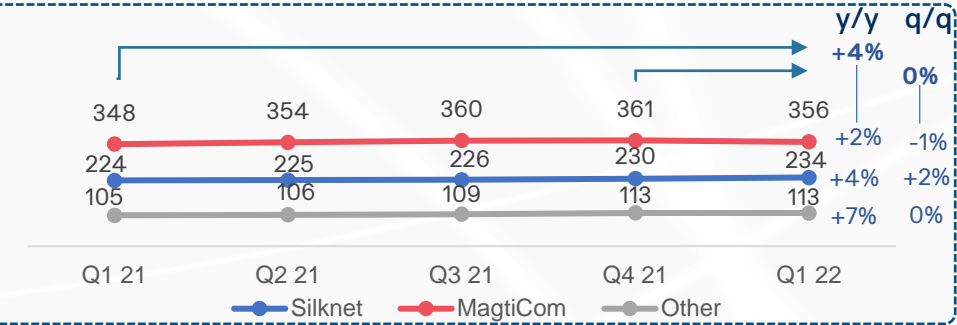
2 Number of subscribers at the end of the period for the following cities: Tbilisi, Batumi, Kutaisi, Rustavi, Gori, Telavi, Poti, Khashuri, Kobuleti and Zugdidi

# Pay television market

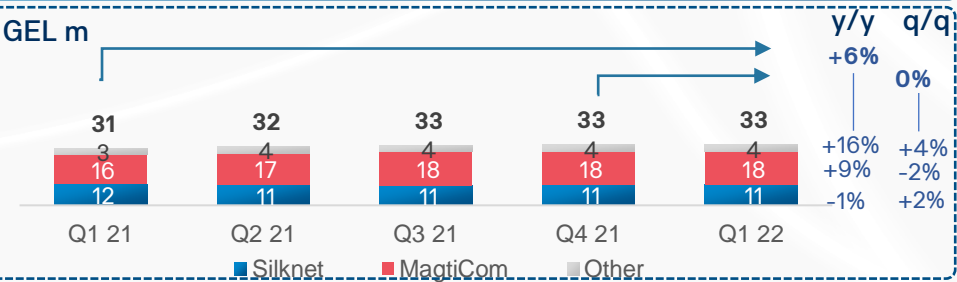
## Key takeaways

- c.64% household pay television penetration<sup>1</sup>
- Silknet holds 33% subscriber market share<sup>1</sup> compared to 31% in fixed broadband on the back of the superior content offering and successful service bundling

## Total pay TV subscribers evolution<sup>2</sup>

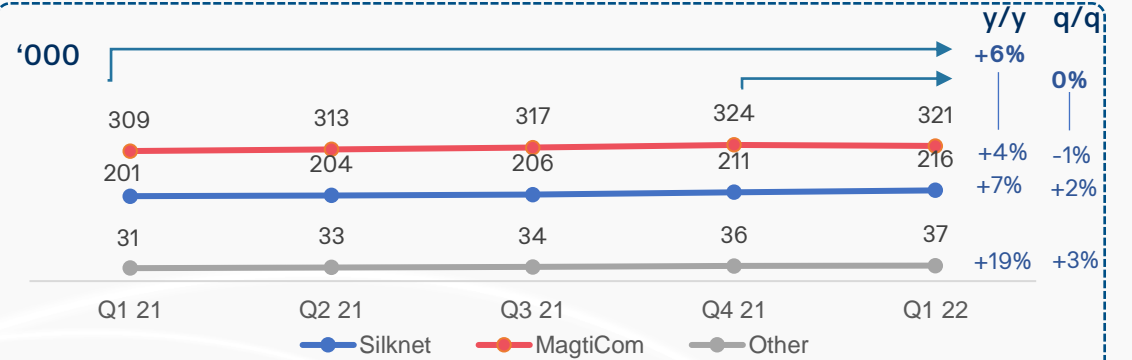


## Total pay TV revenue

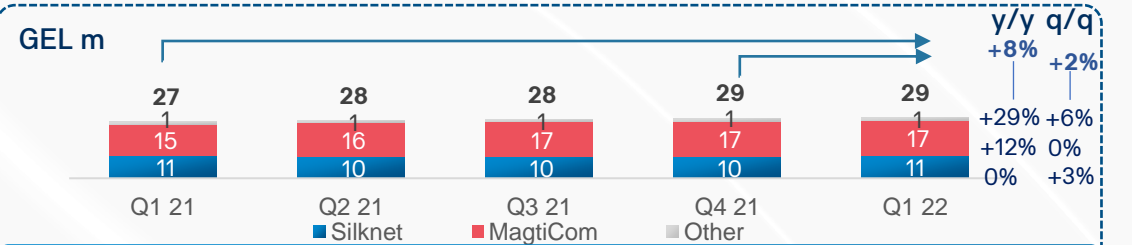


Source: GNCC  
 Notes: Pay TV subscribers excluding mobile streaming application subscribers  
 1 As of 31 March 2022  
 2 Number of subscribers at the end of the period

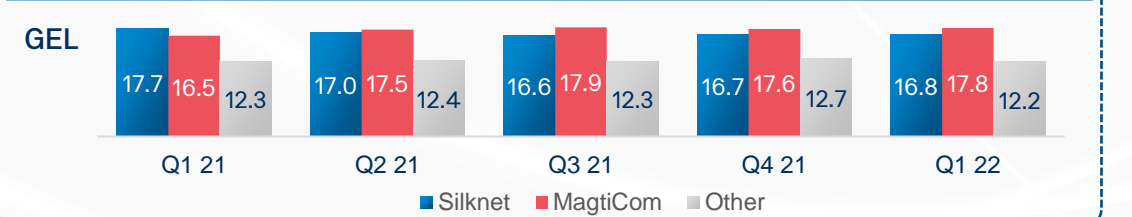
## IPTV subscribers evolution<sup>2</sup>



## IPTV revenue evolution



## IPTV ARPU evolution





**Business Overview and Q1 2022 Highlights**



**Economic environment**



**Key segments**



**Appendix**

# Statement of profit or loss

| GEL m   | 2020           | 2021          | Y/Y %      | Q1 21         | Q4 21         | Q1 22         | Y/Y %      | Q/Q %      |
|---|----------------|---------------|------------|---------------|---------------|---------------|------------|------------|
| <b>Revenues:</b>  | <b>382.2</b>   | <b>413.4</b>  | <b>8%</b>  | <b>95.9</b>   | <b>107.1</b>  | <b>105.4</b>  | <b>10%</b> | <b>-2%</b> |
| Commercial revenue  | 347.6          | 369.7         | 6%         | 86.7          | 96.3          | 95.0          | 10%        | -1%        |
| Carrier services  | 34.6           | 43.7          | 26%        | 9.2           | 10.8          | 10.4          | 13%        | -4%        |
| <b>Costs and expenses:</b>                                |                |               |            |               |               |               |            |            |
| Depreciation and amortisation                             | (117.4)        | (117.0)       | 0%         | (29.5)        | (29.6)        | (29.9)        | 1%         | 1%         |
| Salaries and benefits                                     | (57.1)         | (64.2)        | 12%        | (15.8)        | (17.8)        | (17.5)        | 11%        | -1%        |
| Purchased services  | (38.7)         | (43.1)        | 11%        | (10.8)        | (11.0)        | (11.5)        | 6%         | 5%         |
| Other expenses  | (25.4)         | (23.6)        | -7%        | (5.1)         | (6.5)         | (5.1)         | 0%         | -21%       |
| Network management and maintenance costs                  | (16.4)         | (16.9)        | 3%         | (4.0)         | (4.6)         | (4.6)         | 17%        | 1%         |
| Interconnect fees and roaming expense                     | (16.2)         | (18.5)        | 14%        | (4.3)         | (4.7)         | (4.3)         | -1%        | -8%        |
| Pay TV content cost                                       | (12.9)         | (11.4)        | -12%       | (3.1)         | (2.7)         | (2.6)         | -15%       | -3%        |
| Infrastructure capacity rentals, IRU and lease expenses   | (7.0)          | (6.2)         | -12%       | (1.5)         | (1.6)         | (1.7)         | 14%        | 4%         |
| Advertising and marketing                                 | (6.2)          | (6.6)         | 7%         | (1.8)         | (1.2)         | (1.1)         | -37%       | -7%        |
| Change in fair value of investment property               | (3.3)          | 2.2           | -166%      | -             | 2.2           | -             | 0%         | -100%      |
| Costs of SIM cards, scratch cards and other cost of sales | (0.9)          | (0.9)         | 1%         | (0.2)         | (0.4)         | (0.1)         | -37%       | -63%       |
| <b>Profit from operating activities</b>                   | <b>80.5</b>    | <b>107.3</b>  | <b>33%</b> | <b>19.8</b>   | <b>29.3</b>   | <b>26.9</b>   | <b>36%</b> | <b>-8%</b> |
| Finance income  | 4.4            | 4.1           |            | 1.2           | 0.9           | 1.0           |            |            |
| Finance costs   | (90.5)         | (89.6)        |            | (23.5)        | (21.6)        | (68.0)        |            |            |
| Net change in fair value of financial instrument at FVTPL | 5.8            | (16.7)        |            | 2.6           | (3.8)         | (3.9)         |            |            |
| Net foreign exchange gain/(loss)                          | (88.1)         | 36.8          |            | (26.6)        | 5.1           | (4.0)         |            |            |
| <b>Net finance costs</b>                                  | <b>(168.4)</b> | <b>(65.4)</b> |            | <b>(46.4)</b> | <b>(19.3)</b> | <b>(74.9)</b> |            |            |
| <b>Profit/(loss) before income tax</b>                    | <b>(87.9)</b>  | <b>41.8</b>   |            | <b>(26.6)</b> | <b>9.9</b>    | <b>(48.0)</b> |            |            |
| Income tax (expense)/benefit                              | 0.7            | (0.3)         |            | (0.1)         | (0.1)         | (0.1)         |            |            |
| <b>Total profit/(Loss) for the period</b>                 | <b>(87.2)</b>  | <b>41.5</b>   |            | <b>(26.7)</b> | <b>9.8</b>    | <b>(48.1)</b> |            |            |

Source: Company information

# Statement of financial position

| GEL m   | 31 Dec 2020 | 31 Dec 2021 | 31 Mar 2021 | 31 Mar 2022 |
|---|-------------|-------------|-------------|-------------|
| <b>ASSETS</b>                                 |             |             |             |             |
| <b>Non-current assets</b>                     |             |             |             |             |
| Property and equipment                        | 394         | 375         | 393         | 375         |
| Intangible assets                             | 196         | 210         | 193         | 205         |
| Investment property                           | 63          | 62          | 66          | 62          |
| Right-of-use assets                           | 45          | 36          | 43          | 35          |
| Other non-current assets                      | 40          | 32          | 40          | 34          |
| Financial instrument at FVTPL                 | 13          | -           | 16          | -           |
| Prepayments related to IRU contracts          | 10          | 9           | 10          | 9           |
| <b>Total non-current assets</b>               | <b>761</b>  | <b>725</b>  | <b>760</b>  | <b>721</b>  |
| <b>Current assets</b>                         |             |             |             |             |
| Inventories                                   | 11          | 11          | 10          | 11          |
| Other financial instrument at FVTPL (Current) | -           | 7           | (0)         | 1           |
| Prepayments related to IRU contracts          | 2           | 2           | 2           | 2           |
| Trade and other receivables                   | 30          | 32          | 31          | 31          |
| Cash and cash equivalents                     | 78          | 72          | 69          | 132         |
| <b>Total current assets</b>                   | <b>121</b>  | <b>123</b>  | <b>112</b>  | <b>178</b>  |
| <b>TOTAL ASSETS</b>                           | <b>882</b>  | <b>847</b>  | <b>872</b>  | <b>899</b>  |

Source: Company information

| GEL m  | 31 Dec 2020 | 31 Dec 2021 | 31 Mar 2021 | 31 Mar 2022 |
|--|-------------|-------------|-------------|-------------|
| <b>EQUITY AND LIABILITIES</b>                |             |             |             |             |
| <b>Equity</b>                                |             |             |             |             |
| Share capital                                | 84          | 84          | 84          | 84          |
| Additional paid-in capital                   | 8           | 8           | 8           | 8           |
| Accumulated losses                           | (151)       | (141)       | (178)       | (189)       |
| Non-controlling interests                    | (0)         | 0           | 0           | 0           |
| <b>TOTAL EQUITY (DEFICIT)</b>                | <b>(59)</b> | <b>(49)</b> | <b>(86)</b> | <b>(97)</b> |
| <b>LIABILITIES</b>                           |             |             |             |             |
| <b>Non-current liabilities</b>               |             |             |             |             |
| Loans and borrowings                         | 668         | 599         | 694         | 762         |
| Lease liabilities                            | 40          | 31          | 38          | 30          |
| Trade and other payables                     | 33          | 36          | 27          | 39          |
| Advances received from IRU contracts & subs. | 14          | 13          | 14          | 13          |
| Subordinated loan                            | -           | -           | -           | -           |
| Promissory notes                             | -           | -           | -           | -           |
| <b>Total non-current liabilities</b>         | <b>755</b>  | <b>680</b>  | <b>773</b>  | <b>844</b>  |
| <b>Current liabilities</b>                   |             |             |             |             |
| Loans and borrowings                         | 54          | 57          | 42          | 11          |
| Lease liabilities                            | 12          | 13          | 12          | 13          |
| Trade and other payables                     | 96          | 123         | 108         | 104         |
| Advances received from IRU contracts & subs. | 23          | 24          | 23          | 24          |
| <b>Total current liabilities</b>             | <b>186</b>  | <b>217</b>  | <b>184</b>  | <b>152</b>  |
| <b>TOTAL LIABILITIES</b>                     | <b>941</b>  | <b>896</b>  | <b>958</b>  | <b>996</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>          | <b>882</b>  | <b>847</b>  | <b>872</b>  | <b>899</b>  |

# Statement of cash flow

| GEL m  | 2020         | 2021         | Q1 21       | Q4 21       | Q1 22       |
|--|--------------|--------------|-------------|-------------|-------------|
| <b>Cash flows from operating activities</b>                      |              |              |             |             |             |
| Cash received from subscribers                                   | 408          | 435          | 100         | 114         | 110         |
| Cash received from other telecom operators and for IRU contracts | 20           | 25           | 6           | 7           | 7           |
| Salaries and benefits paid to and on behalf of employees         | (57)         | (62)         | (16)        | (16)        | (18)        |
| Interconnection fees and expenses paid                           | (12)         | (14)         | (3)         | (3)         | (2)         |
| Purchase of inventory  | (10)         | (10)         | (2)         | (3)         | (3)         |
| Taxes paid other than on income                                  | (45)         | (54)         | (12)        | (11)        | (15)        |
| Income tax paid  | -            | (0)          | (0)         | (0)         | -           |
| Network management and maintenance costs paid                    | (11)         | (12)         | (3)         | (4)         | (3)         |
| Other operating expenses paid                                    | (65)         | (78)         | (19)        | (20)        | (18)        |
| <b>Net cash from operating activities</b>                        | <b>227</b>   | <b>229</b>   | <b>51</b>   | <b>64</b>   | <b>58</b>   |
| <b>Cash flows from investing activities</b>                      |              |              |             |             |             |
| Acquisition of property and equipment and intangible assets      | (109)        | (105)        | (23)        | (25)        | (15)        |
| Purchase of investment property                                  | (32)         | (1)          | (0)         | (0)         | (0)         |
| Proceeds from disposals of property and equipment                | 2            | 1            | 0           | 1           | 0           |
| Interest received  | 3            | 2            | 1           | 0           | 1           |
| <b>Net cash used in investing activities</b>                     | <b>(136)</b> | <b>(102)</b> | <b>(23)</b> | <b>(24)</b> | <b>(15)</b> |
| <b>Cash flows from financing activities</b>                      |              |              |             |             |             |
| Interest paid  | (84)         | (81)         | (3)         | (36)        | (22)        |
| Net payments of financial instruments at FVTPL                   | (8)          | (10)         | -           | (5)         | 74          |
| Repayment of lease liabilities                                   | (8)          | (9)          | (2)         | (2)         | (2)         |
| Proceeds from borrowings   | -            | -            | -           | -           | 469         |
| Repayment of borrowings  | -            | (34)         | (34)        | -           | (471)       |
| Loan refinancing fees paid                                       | -            | -            | -           | -           | -           |
| Repayment of subordinated loan                                   | -            | -            | -           | -           | -           |
| Repayment of subordinated loan interest                          | -            | -            | -           | -           | -           |
| Repayment of promissory note                                     | -            | -            | -           | -           | -           |
| Dividends paid   | -            | -            | -           | -           | (30)        |
| <b>Net cash (used in)/ from financing activities</b>             | <b>(100)</b> | <b>(134)</b> | <b>(39)</b> | <b>(44)</b> | <b>18</b>   |
| Effect of exchange rate changes on cash and cash equivalents     | 12           | 0            | 2           | (0)         | (1)         |
| <b>Net (decrease)/increase in cash and cash equivalents</b>      | <b>3</b>     | <b>(6)</b>   | <b>(9)</b>  | <b>(5)</b>  | <b>60</b>   |
| Cash and cash equivalents at the beginning of the year           | 75           | 78           | 78          | 76          | 72          |
| <b>Cash and cash equivalents at the end of the year</b>          | <b>78</b>    | <b>72</b>    | <b>69</b>   | <b>72</b>   | <b>132</b>  |

Source: Company information

# EBITDA & EBITDAaL reconciliation

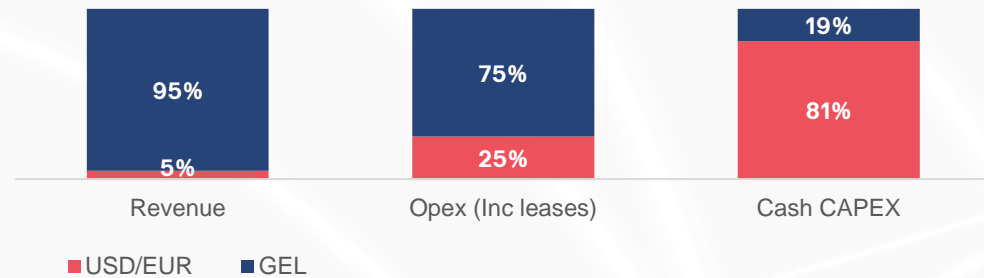
| GEL m  | 2020          | 2021         | Q1 21         | Q4 21       | Q1 22         |
|--|---------------|--------------|---------------|-------------|---------------|
| <b>Loss for the year</b>                                       | <b>(87.2)</b> | <b>41.5</b>  | <b>(26.7)</b> | <b>9.8</b>  | <b>(48.9)</b> |
| Depreciation and amortisation                                  | 117.4         | 117.0        | 29.5          | 29.6        | 30.7          |
| Finance costs  | 90.5          | 89.6         | 23.5          | 21.6        | 68.0          |
| Finance income   | (4.4)         | (4.1)        | (1.2)         | (0.9)       | (1.0)         |
| Other financial instrument at FVTPL – net change in fair value | (5.8)         | 16.7         | (2.6)         | 3.8         | 3.9           |
| Fair value change on investment property                       | 3.3           | (2.2)        | -             | (2.2)       | -             |
| Net foreign exchange loss                                      | 88.1          | (36.8)       | 26.6          | (5.1)       | 4.0           |
| Income tax expense   | (0.7)         | 0.3          | 0.1           | 0.1         | 0.1           |
| Specific items   | 10.3          | 5.5          | 0.9           | 2.6         | 3.1           |
| <b>EBITDA</b>  | <b>211.5</b>  | <b>227.6</b> | <b>50.2</b>   | <b>59.3</b> | <b>59.9</b>   |
| EBITDA margin %  | 55%           | 55%          | 52%           | 55%         | 57%           |
| Interest Expense accrued on lease liabilities                  | (6.1)         | (4.6)        | (1.0)         | (1.2)       | (1.1)         |
| Depreciation of right-of-use asset                             | (9.2)         | (9.3)        | (2.2)         | (2.4)       | (2.4)         |
| <b>EBITDAaL</b>  | <b>196.1</b>  | <b>213.7</b> | <b>47.0</b>   | <b>55.7</b> | <b>56.3</b>   |
| EBITDAaL margin %  | 51%           | 52%          | 49%           | 52%         | 53%           |

Source: Company information

# FX exposure & sensitivity

## FX breakdown

GEL m



## FX sensitivity

Change in GEL m



|                      | -10%      | +10%        |
|----------------------|-----------|-------------|
| Revenue              | (2)       | 2           |
| Operating expenses   | 5         | (5)         |
| <b>EBITDAaL</b>      | <b>3</b>  | <b>(3)</b>  |
| CAPEX                | 8         | (8)         |
| <b>Operating FCF</b> | <b>11</b> | <b>(11)</b> |
| Net debt service     | 6         | (6)         |
| <b>FCF</b>           | <b>17</b> | <b>(17)</b> |

Source: Company information





FOR MORE INFORMATION PLEASE E-MAIL  
[ir@silknet.com](mailto:ir@silknet.com)