Q1 2025 Consolidated Financial Results

10 June 2025 – JSC Silknet ("Silknet" or the "Company"), a leading Georgian telecommunications operator, announced the unaudited consolidated results for the first quarter of 2025. The consolidated results include the financial statements of JSC Silknet and its subsidiaries (the "Group").

Below please find the summary of key financial metrics:

GEL '000	*2023*	*2024*	*Y/Y change*	*Q1 24*	*Q1 25*	*Y/Y change*
Commercial revenue	487,851	530,073	9%	124,771	132,192	6%
Carrier services	48,582	51,897	7%	11,777	11,192	-5%
Total revenue	**536,433**	**581,970**	**8%**	**136,547**	**143,384**	**5%**
Adjusted EBITDA	**337,893**	**369,872**	**9%**	**86,988**	**92,364**	**6%**
Adjusted EBITDA margin	*63%*	*64%*		*64%*	*64%*	
Adjusted EBITDAaL[1]	**324,423**	**357,338**	**10%**	**83,852**	**89,392**	**7%**
Adjusted EBITDAaL margin	*60%*	*61%*		*61%*	*62%*	
CAPEX[2]	**77,456**	**81,479**		**15,686**	**14,959**	
% of revenue	*14%*	*14%*		*11%*	*10%*	

Note: Certain figures included in this document have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as total in certain tables may not be an arithmetic aggregation of the figures that precede them.

About Silknet

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

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

Silknet has a broad subscriber base in Georgia:
- c. 1.99 million mobile customers
- c. 136,000 fixed line customers
- c. 363,000 fixed broadband customers
- c. 275,000 pay TV customers

(As at 31/03/2025; 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.

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[1] Adjusted EBITDAaL is defined as adjusted EBITDA less depreciation of right-of-use assets and less interest expenses on recognized lease liabilities.

[2] CAPEX in this document represents recurring CAPEX and is the sum of property and equipment and intangible asset additions. CAPEX does not include telecom operating licenses, right-of-use assets and non-recurring projects: Euronews operating license of GEL 1.6m in Q1 24 and 2024 and GEL 1.5m in Q1 25.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

GEL '000	*2023*	*2024*	*Y/Y change*	*Q1 24*	*Q1 25*	*Y/Y change*
Revenues:	**536,433**	**581,970**	**8%**	**136,547**	**143,384**	**5%**
Commercial revenue	487,851	530,073	9%	124,771	132,192	6%
Carrier services	48,582	51,897	7%	11,777	11,192	-5%
Costs and expenses:						
Interconnect fees and roaming expense	(16,978)	(16,704)	-2%	(4,231)	(3,734)	-12%
Pay TV content cost	(8,815)	(9,368)	6%	(2,377)	(2,367)	0%
Costs of SIM cards, scratch cards and other cost of sales	(2,085)	(1,839)	-12%	(440)	(340)	-23%
Advertising and marketing	(7,246)	(6,601)	-9%	(1,433)	(1,097)	-23%
Depreciation and amortisation charges	(118,737)	(114,822)	-3%	(29,119)	(26,770)	-8%
Salaries and benefits[1]	(92,300)	(88,244)	-4%	(18,746)	(20,692)	10%
Purchased services[1]	(54,855)	(48,255)	-12%	(14,360)	(10,677)	-26%
Network management and maintenance costs	(18,480)	(20,271)	10%	(4,724)	(5,593)	18%
Fair value change on investment property	6,724	5,333	-21%	-	-	0%
Infrastructure capacity rentals, IRU and lease expenses	(6,736)	(7,702)	14%	(1,861)	(1,951)	5%
Other expenses	(20,999)	(25,547)	22%	(6,469)	(5,421)	-16%
Profit from operating activities	**195,926**	**247,950**	**27%**	**52,787**	**64,742**	**23%**
Finance income	12,144	17,172		5,479	3,388	
Finance expense	(54,072)	(57,890)		(14,397)	(14,471)	
Net Foreign exchange gain /(loss)	357	(12,990)		(1,469)	3,548	
Profit/(loss) before income tax	**154,355**	**194,242**		**42,400**	**57,207**	
Income tax expense	(258)	(216)		(72)	(68)	
Total profit/(Loss) for the period	**154,097**	**194,026**		**42,328**	**57,139**	

Note: Certain figures included in this document have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as total in certain tables may not be an arithmetic aggregation of the figures that precede them.

[1] See 2. Adjusted EBITDA in the Details of the Consolidated Financial Statements below.

Consolidated Statement of Financial Position

GEL '000	*31-Dec-23*	*31-Dec-24*	*31-Mar-25*
ASSETS			
Non-current assets			
Property and equipment	347,604	348,460	346,297
Intangible assets and contract costs	179,262	157,995	151,990
Other non-current assets	34,794	35,023	35,201
Investment property	70,462	78,871	77,761
Right-of-use assets	22,875	13,667	11,359
Prepayments related to IRU contracts	8,010	7,225	7,006
Total non-current assets	**663,007**	**641,241**	**629,614**
Current assets			
Inventories	11,470	9,843	9,831
Other financial instrument at FVTPL (Current)	-	2,674	1,169
Prepayments related to IRU contracts	2,173	2,173	2,173
Trade and other receivables, net	37,565	38,926	37,732
Certificate of deposit	-	18,362	40,679
Cash and cash equivalents	144,614	160,784	182,387
Total current assets	**195,822**	**232,762**	**273,972**
TOTAL ASSETS	**858,829**	**874,003**	**903,587**
EQUITY			
Share capital	84,056	84,056	84,056
Retained earnings / (Accumulated losses)	27,656	50,632	107,807
Equity attributable to owners of the Company	**111,712**	**134,688**	**191,863**
Non-controlling interest	(119)	(69)	(112)
TOTAL EQUITY	**111,593**	**134,619**	**191,751**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	529,658	553,655	546,410
Trade and other payables	40,401	39,760	35,988
Advances received from IRU contracts and subscribers	11,946	11,480	11,323
Lease liability	15,487	3,464	3,108
Total non-current liabilities	**597,492**	**608,359**	**596,829**
Loans and borrowings (current)	21,176	19,566	7,716
Trade and other payables	88,724	69,144	67,427
Advances received from IRU contracts and subscribers	26,399	27,470	27,562
Lease liability	13,445	14,845	12,302
Total current liabilities	**149,744**	**131,025**	**115,007**
TOTAL LIABILITIES	**747,236**	**739,384**	**711,836**
TOTAL LIABILITIES AND EQUITY	**858,829**	**874,003**	**903,587**

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Consolidated Statement of Cash Flows

GEL '000	***2023***	***2024***	***Q1 24***	***Q1 25***
Cash flows from operating activities				
Cash received from subscribers	572,595	623,217	145,016	154,378
Cash received from other telecom operators	31,424	35,375	6,871	8,159
Salaries and benefits paid to and on behalf of employees	(72,856)	(83,283)	(21,266)	(23,493)
Interconnection fees and roaming expenses paid	(9,845)	(10,363)	(2,907)	(1,914)
Purchase of inventory	(11,103)	(11,892)	(3,105)	(2,301)
Taxes paid other than income	(73,216)	(83,063)	(18,242)	(19,775)
Income tax paid	(244)	(191)	(61)	(67)
Network repair costs paid	(15,815)	(17,202)	(3,608)	(3,383)
Other operating expenses paid	(85,313)	(95,221)	(27,474)	(18,746)
Net cash provided by operating activities	**335,627**	**357,377**	**75,225**	**92,857**
Cash flows from investing activities				
Acquisition of property and equipment and intangible assets and other non-current assets	(92,141)	(106,489)	(29,994)	(23,330)
Proceeds from disposals of PPE	503	2,306	585	1,135
Interest received	10,543	15,352	3,845	2,565
Acquisition of investment securities	(32,052)	-	-	-
Proceeds from sale of investment securities	33,518	-	-	-
Investment in certificate of deposit	-	(17,808)	-	(22,476)
Acquisition of subsidiary	(1,021)	-	-	-
Net cash provided by Investing activities	**(80,650)**	**(106,639)**	**(25,564)**	**(42,106)**
Cash flows from financing activities				
Interest paid	(51,112)	(49,975)	(24,263)	(25,108)
Costs incurred on Eurobond covenant modification	-	(3,889)	-	-
Lease payments	(10,766)	(13,344)	(3,265)	(3,593)
Dividend payments	(130,376)	(171,000)	(27,000)	-
Net cash provided by Financing activities	**(192,254)**	**(238,207)**	**(54,528)**	**(28,700)**
Effect of exchange rate changes on cash and cash equivalents	(3,017)	3,639	(180)	(448)
Net increase in cash and cash equivalents	**59,706**	**16,170**	**(5,048)**	**21,603**
Cash and cash equivalents at the beginning of year	84,908	144,614	144,614	160,784
Cash and cash equivalents at the end of year	**144,614**	**160,784**	**139,566**	**182,387**

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Details of the Consolidated Financial Statements

1. Revenues

GEL '000	*2023*	*2024*	*Y/Y change*	*Q1 24*	*Q1 25*	*Y/Y change*
Commercial revenue	**487,851**	**530,073**	**9%**	**124,771**	**132,192**	**6%**
Retail mobile	**283,408**	**313,068**	**10%**	**71,832**	**76,195**	**6%**
Mobile callout	113,441	117,521	4%	27,808	27,863	0%
Mobile data	149,265	173,431	16%	38,640	43,098	12%
Revenue from SMS	10,622	11,686	10%	2,810	2,764	-2%
Revenue from other services	8,290	8,836	7%	2,150	2,064	-4%
Revenue from phone sales and accessories	1,790	1,594	-11%	424	406	-4%
Retail Fixed	**204,443**	**217,005**	**6%**	**52,939**	**55,998**	**6%**
Fixed broadband	132,624	142,272	7%	34,778	36,950	6%
Pay TV	55,855	58,211	4%	14,114	15,265	8%
Fixed telephone	11,412	10,582	-7%	2,691	2,454	-9%
Infrastructure capacity rental service	2,944	3,579	22%	854	893	5%
Revenue from other services	1,608	2,361	47%	502	435	-13%
Carrier and other services	**48,582**	**51,897**	**7%**	**11,777**	**11,192**	**-5%**
Interconnect service	25,276	23,532	-7%	5,980	4,562	-24%
Roaming Revenue	9,033	11,215	24%	1,560	2,353	51%
Internet wholesale	2,659	2,962	11%	717	762	6%
Infrastructure capacity rental service	11,614	14,188	22%	3,520	3,515	0%
Total revenue	**536,433**	**581,970**	**8%**	**136,547**	**143,384**	**5%**

Note: Certain figures included in this document have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as total in certain tables may not be an arithmetic aggregation of the figures that precede them.

2. Adjusted EBITDA

Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the following items:

- finance costs and finance income;
- corporate income tax and any other taxes related to the distribution of dividends;
- depreciation, amortisation, revaluation, impairment (losses / reversals) of non-current assets;
- net foreign exchange gain/(loss), including gain/(loss) on hedging instruments, currency forward contracts and any other gain/(loss) attributable to changes in foreign currency exchange rates; and
- specific items as explained below:

Specific items are identified by virtue of their size, nature or incidence. Specific items represent a) income or loss related to the sale or write-off of non-current assets and any other non-cash items; b) non-recurring, non-underlying or non-operating income or costs that are either material by nature or size (such as bargaining gain on business acquisition, business acquisition related costs, costs related to fundraising and the listing of the Group's securities, write off of issued loan, one time professional fees, etc.).

Reconciliation of adjusted EBITDA to profit from continuing operations

GEL '000	***2023***	***2024***	***Q1 24***	***Q1 25***
Total profit/(loss) for the period	**154,097**	**194,026**	**42,328**	**57,139**
Depreciation and amortisation	118,737	114,822	29,119	26,770
Finance costs	54,072	57,890	14,397	14,471
Finance income	(12,144)	(17,172)	(5,479)	(3,388)
Fair value change on investment property	(6,724)	(5,333)	-	-
Net foreign exchange loss	(357)	12,990	1,469	(3,548)
Income tax expense	258	216	72	68
Specific items*	29,954	12,433	5,083	852
Adjusted EBITDA	**337,893**	**369,872**	**86,988**	**92,364**
Adjusted EBITDA margin %	*63%*	*64%*	*64%*	*64%*

* Specific items in 2023, 2024, Q1 24 and Q1 25 include the key management one-time benefit in the amount of GEL 17.3m, GEL 3.5m, GEL 0.2m and GEL 0.4m, respectively, and professional fees, one-time consulting expenses in the amount of GEL 13.3m, GEL 7.2m, GEL 4.3m and GEL 0.4m, respectively, that mainly consist of one-time consulting service related to the Company's long-term strategic plan.

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Adjusted EBITDA for the purposes of this document means EBITDA as per our investor presentation.