

Silknet JSC

**Condensed Consolidated Interim
Financial Statements for the six-month period
ended 30 June 2025**

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholder of Silknet JSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Silknet JSC (the "Company") and its subsidiaries (the "Group") as at 30 June 2025, and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2025 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Nikoloz Chochua



KPMG Georgia LLC
22 August 2025

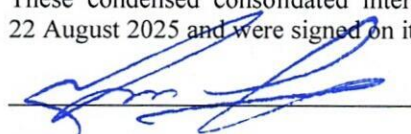
'000 GEL	Note	<u>30 June 2025</u>	<u>31 December 2024</u>
ASSETS			
Non-current assets			
Property and equipment	10	345,531	348,460
Intangible assets	12	194,645	157,995
Investment property	13	76,533	78,871
Right-of-use assets	17	8,332	13,667
Other non-current assets	11	40,504	35,023
Prepayments related to IRU* contracts		6,784	7,225
Total non-current assets		672,329	641,241
Current assets			
Inventories		9,602	9,843
Financial instruments at FVTPL		-	2,674
Prepayments related to IRU contracts		2,173	2,173
Trade and other receivables		39,634	38,926
Certificate of deposit		40,610	18,362
Cash and cash equivalents	14	186,808	160,784
Total current assets		278,827	232,762
TOTAL ASSETS		951,156	874,003
EQUITY AND LIABILITIES			
Equity			
	15		
Share capital		84,056	84,056
Retained earnings		117,051	50,632
Equity attributable to owner of the Company		201,107	134,688
Non-controlling interests		(92)	(69)
TOTAL EQUITY		201,015	134,619
LIABILITIES			
Non-current liabilities			
Loans and borrowings	16	538,539	553,655
Lease liabilities	17	2,753	3,464
Trade and other payables	18	42,073	39,760
Advances received from IRU contracts and subscribers	18	11,145	11,480
Total non-current liabilities		594,510	608,359
Current liabilities			
Loans and borrowings	16	18,985	19,566
Lease liabilities	17	8,944	14,845
Trade and other payables	18	99,680	69,144
Financial instruments at FVTPL		1,741	-
Advances received from IRU contracts and subscribers	18	26,281	27,470
Total current liabilities		155,631	131,025
TOTAL LIABILITIES		750,141	739,384
TOTAL LIABILITIES AND EQUITY		951,156	874,003

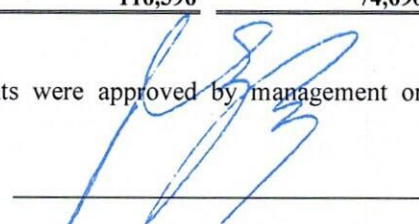
* Infeasible Right of Use

Silknet JSC
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2025

'000 GEL	Note	For the six months ended 30 June	
		2025	2024
Revenues:			
Commercial revenue	6	273,375	255,893
Carrier and other services	6	24,251	24,772
		297,626	280,665
Costs and expenses:			
Depreciation and amortization	10, 12, 17	(53,728)	(57,312)
Salaries and benefits		(41,252)	(41,397)
Purchased services	7	(23,594)	(25,924)
Other expenses		(12,013)	(13,331)
Network management and maintenance costs		(11,260)	(9,417)
Interconnect fees and roaming expense		(7,698)	(8,179)
Pay TV content cost		(4,749)	(4,793)
Infrastructure capacity rentals, IRU and lease expenses		(4,269)	(3,768)
Advertising and marketing		(2,398)	(2,761)
Costs of SIM cards, scratch cards and other cost of sales		(764)	(899)
Profit from operating activities		135,901	112,884
Finance income	8	7,142	8,899
Finance costs	8	(29,842)	(28,469)
Net foreign exchange gain/(loss)	8	3,312	(18,511)
Net finance costs		(19,388)	(38,081)
Profit before income tax		116,513	74,803
Income tax expense		(117)	(113)
Profit and total comprehensive income for the period		116,396	74,690
Profit / (loss) and total comprehensive income attributable to:			
Owner of the Company		116,419	74,693
Non-controlling interests		(23)	(3)
		116,396	74,690

These condensed consolidated interim financial statements were approved by management on 22 August 2025 and were signed on its behalf by:


 David Mamulaishvili
 General Director


 Lili Pshavlishvili
 Finance Director

'000 GEL	Attributable to owners of the Company			Non- controlling interests	Total equity
	Share capital	Retained earnings	Total		
Balance at 1 January 2025	84,056	50,632	134,688	(69)	134,619
Total comprehensive income for the period					
Profit and total comprehensive income for the period	-	116,419	116,419	(23)	116,396
Transactions with owners, recorded directly in equity					
Dividends (note 15 (b))	-	(50,000)	(50,000)	-	(50,000)
Balance at 30 June 2025	84,056	117,051	201,107	(92)	201,015
Balance at 1 January 2024	84,056	27,656	111,712	(119)	111,593
Total comprehensive income for the period					
Profit and total comprehensive income for the period	-	74,693	74,693	(3)	74,690
Transactions with owners, recorded directly in equity					
Dividends (note 15 (b))	-	(48,000)	(48,000)	-	(48,000)
Balance at 30 June 2024	84,056	54,349	138,405	(122)	138,283

'000 GEL	Note	For the six months ended 30 June	
		2025	2024
Cash flows from operating activities			
Cash received from subscribers		317,735	299,657
Cash received from other telecom operators and for IRU contracts		15,441	16,623
Salaries and benefits paid to and on behalf of employees		(44,278)	(40,279)
Interconnection fees and expenses paid		(4,444)	(5,110)
Purchase of inventory		(4,649)	(5,830)
Taxes paid, other than on income		(45,791)	(42,266)
Income tax paid		(13)	(58)
Network management and maintenance costs paid		(7,932)	(7,401)
Other operating expenses paid		(40,245)	(51,173)
Net cash from operating activities		185,824	164,163
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets		(57,054)	(52,257)
Proceeds from disposals of property and equipment		1,978	628
Investment in certificate of deposit		(22,476)	-
Acquisition of a subsidiary, net of cash acquired		(900)	-
Interest received		5,436	7,349
Net cash used in investing activities		(73,016)	(44,280)
Cash flows from financing activities			
Dividends paid		(50,000)	(48,000)
Interest paid on loans and borrowings and trade and other payables		(26,525)	(25,060)
Costs incurred on Eurobond covenant modification		-	(2,122)
Repayment of lease liabilities		(6,790)	(6,468)
Net cash used in financing activities	16 (c)	(83,315)	(81,650)
Effect of exchange rate changes on cash and cash equivalents		(3,469)	3,876
Net increase in cash and cash equivalents		26,024	42,109
Cash and equivalents at the beginning of the period	14	160,784	144,614
Cash and cash equivalents at the end of the period	14	186,808	186,723

1. Reporting entity

(a) Georgian business environment

The Group's operations are located in Georgia. Consequently, the Group is exposed to the economic and financial markets of Georgia, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Georgia.

The condensed consolidated interim financial statements reflect management's assessment of the impact of the Georgian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

(b) Organisation and operations

These condensed consolidated interim financial statements include the financial statements of Silknet JSC (the Company) (Registration # 204566978) and its subsidiaries as detailed in note 21 (together referred to as the Group and individually as the Group entities). The Company and its main subsidiaries are limited liability and joint stock companies as defined under the Law of Georgia on Entrepreneurs and are incorporated and domiciled in Georgia. In 2018, the Group acquired a 100% ownership interest in, and was subsequently merged with, Georgia's second-largest mobile operator, Geocell LLC ("Geocell").

The Company's legal address is 95 Tsinamdzgvrishvili Street, Tbilisi, 0112, Georgia.

The principal activity of the Group is provision of telecommunication services to corporate and individual customers in Georgia, including fixed and mobile telephone services, mobile data, fixed internet, pay TV services, SMS (messaging) and other wholesale services. The Group directs its activities in two operating segments (see note 5): fixed services and mobile services.

The Company is rated by two rating agencies with Long-Term Issuer Default Rating of 'B+' with stable outlook and 'B1' with a stable outlook assigned by Fitch and Moody's, respectively.

The Company's immediate parent is Silknet Holding LLC. The Company's ultimate parent is Silk Road Group Holding (Malta) Limited – an entity controlled by an individual, George Ramishvili.

2. Basis of accounting

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2024 ("last annual consolidated financial statements"), which are publicly available on the Company's web page: www.silknet.com.

These condensed consolidated interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards ("IFRSs"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

3. Functional and presentation currency

The national currency of Georgia is the Georgian Lari (GEL), which is the functional currency of the Group entities and the currency in which these condensed consolidated interim financial statements are presented. All financial information presented in GEL has been rounded to the nearest thousands, except when otherwise indicated.

4. Use of estimates and judgments

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual consolidated financial statements as at and for the year ended 31 December 2024.

5. Operating segments

The Group directs its activities in two operating segments: fixed services and mobile services. The Group voluntarily discloses media services, directed by Silk Media LLC (an entity operating Euronews Georgia - a free-to-air news channel). Silk Media LLC does not qualify as a separate operating segment under IFRS 8 *Operating Segments*; However, it is presented separately below to demonstrate the financial performance of media services distinctly to users of the financial statements. The majority of the Group's revenue is generated in Georgia, so information regarding geographical areas is not provided. Information related to each reportable segment is set forth below.

Management believes that disclosure of revenues, operating profit, assets and liabilities is the most relevant in evaluating the results of each operating segment.

Segment operating profit/(loss) for the year is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate in these industries. Management also uses Adjusted EBITDA as an alternative performance measure for each segment.

For fixed and mobile services liquidity and leverage are managed on a centralized basis. As a result, for these segments cash and cash equivalents, debt, finance costs and related foreign exchange gains/(losses) are disclosed in aggregate under unallocated amounts. Investment property held for undetermined future use (note 13) is also managed on a centralized basis and is presented under unallocated amounts.

'000 GEL	<u>30-Jun-25</u>	<u>30-Jun-25</u>	<u>30-Jun-25</u>	<u>30-Jun-25</u>	<u>30-Jun-25</u>
Condensed consolidated interim statement of financial position	<u>Mobile services</u>	<u>Fixed services</u>	<u>Silk Media LLC</u>	<u>Unallocated amounts</u>	<u>Total</u>
ASSETS					
Non-current assets					
Property and equipment	125,062	207,544	1,590	11,335	345,531
Intangible assets	144,433	38,595	919	10,698	194,645
Investment property	-	-	-	76,533	76,533
Other non-current assets	20,527	13,957	-	6,020	40,504
Right-of-use assets	4,713	3,299	320	-	8,332
Prepayments related to IRU contracts	6,784	-	-	-	6,784
Total non-current assets	301,519	263,395	2,829	104,586	672,329
Current assets					
Inventories	4,592	2,954	317	1,739	9,602
Prepayments related to IRU contracts	2,173	-	-	-	2,173
Trade and other receivables	13,841	24,561	141	1,091	39,634
Certificate of deposit	-	-	-	40,610	40,610
Cash and cash equivalents	-	-	165	186,643	186,808
Total current assets	20,606	27,515	623	230,083	278,827
TOTAL ASSETS	322,125	290,910	3,452	334,669	951,156
LIABILITIES					
Non-current liabilities					
Loans and borrowings	-	-	-	(538,539)	(538,539)
Lease liabilities	-	(2,753)	-	-	(2,753)
Trade and other payables	(22,809)	(14,082)	-	(5,182)	(42,073)
Advances received related to IRU contracts and subscribers	-	(11,145)	-	-	(11,145)
Total non-current liabilities	(22,809)	(27,980)	-	(543,721)	(594,510)
Current liabilities					
Loans and borrowings	-	-	-	(18,985)	(18,985)
Lease liabilities	(7,027)	(1,579)	(338)	-	(8,944)
Trade and other payables	(61,336)	(28,694)	(1,144)	(8,506)	(99,680)
Financial instruments at FVTPL	-	-	-	(1,741)	(1,741)
Advances received related to IRU contracts and subscribers	(20,508)	(5,767)	-	(6)	(26,281)
Total current liabilities	(88,871)	(36,040)	(1,482)	(29,238)	(155,631)
TOTAL LIABILITIES	(111,680)	(64,020)	(1,482)	(572,959)	(750,141)
NET ASSETS/ (LIABILITIES)	210,445	226,890	1,970	(238,290)	201,015

'000 GEL	31-Dec-24	31-Dec-24	31-Dec-24	31-Dec-24	31-Dec-24
Consolidated statement of financial position	Mobile services	Fixed Services	Silk Media LLC	Unallocated Amounts	Total
ASSETS					
Non-current assets					
Property and equipment	126,430	207,182	1,824	13,024	348,460
Intangible assets	107,514	44,061	222	6,198	157,995
Other non-current assets	17,861	14,219	41	2,902	35,023
Investment property	-	-	-	78,871	78,871
Right-of-use assets	9,716	3,886	65	-	13,667
Prepayments related to IRU contracts	7,225	-	-	-	7,225
Total non-current assets	268,746	269,348	2,152	100,995	641,241
Current assets					
Inventories	4,488	3,266	340	1,749	9,843
Prepayments related to IRU contracts	2,173	-	-	-	2,173
Financial instruments at FVTPL	-	-	-	2,674	2,674
Trade and other receivables	12,776	24,134	64	1,952	38,926
Certificate of deposit	-	-	-	18,362	18,362
Cash and cash equivalents	-	-	114	160,670	160,784
Total current assets	19,437	27,400	518	185,407	232,762
TOTAL ASSETS	288,183	296,748	2,670	286,402	874,003
LIABILITIES					
Non-current liabilities					
Loans and borrowings	-	-	-	(553,655)	(553,655)
Lease liabilities	-	(3,464)	-	-	(3,464)
Trade and other payables	(21,116)	(15,091)	-	(3,553)	(39,760)
Advances received related to IRU contracts and subscribers	-	(11,480)	-	-	(11,480)
Total non-current liabilities	(21,116)	(30,035)	-	(557,208)	(608,359)
Current liabilities					
Loans and borrowings	-	-	-	(19,566)	(19,566)
Lease liabilities	(13,099)	(1,627)	(119)	-	(14,845)
Trade and other payables	(32,709)	(33,171)	36	(3,300)	(69,144)
Advances received from IRU contracts and subscribers	(21,548)	(5,895)	-	(27)	(27,470)
Total current liabilities	(67,356)	(40,693)	(83)	(22,893)	(131,025)
TOTAL LIABILITIES	(88,472)	(70,728)	(83)	(580,101)	(739,384)
NET ASSETS/(LIABILITIES)	199,711	226,020	2,587	(293,699)	134,619

Capital expenditures incurred by the Group in relation to the mobile services segment amounted to approximately GEL 56,744 thousand for the period ended 30 June 2025 (out of which GEL 6,334 thousand was capitalized to property and equipment and GEL 50,410 thousand was added to intangible assets) (year ended 31 December 2024: Total mobile services: GEL 29,776 thousand; out of which: property and equipment – GEL 18,012 thousand and intangible assets - GEL 11,764 thousand). Capital expenditures related to fixed services operating segment for the period ended 30 June 2025 equalled approximately GEL 13,790 thousand and GEL 3,209 thousand in terms of property and equipment and intangible assets, respectively (year ended 31 December 2024: fixed services included: property and equipment – GEL 33,639 thousand and intangible assets – GEL 8,933 thousand). Capital expenditures incurred by Silk Media LLC was GEL 1,565 thousand for the period ended 30 June 2025 (out of which GEL 100 thousand was added to property and equipment and GEL 1,465 thousand to intangible assets) (year ended 31 December 2024: Capital expenditures for Silk Media LLC amounted 44 thousand for property and equipment and GEL 1,597 thousand – for intangible assets).

The revenues generated from each segment for the six months ended 30 June 2025 are as follows:

'000 GEL

Condensed consolidated interim statement of profit or loss and other comprehensive income	Mobile services	Fixed services	Elimination mobile services	Elimination fixed services	Silk Media LLC	Unallocated amounts	Total
Segment revenue	177,025	123,038	-	(2,679)	136	106	297,626
Operating expenses (excluding specific items)	(55,626)	(47,743)	2,679	-	(2,579)	(1,317)	(104,586)
Adjusted EBITDA	121,399	75,295	2,679	(2,679)	(2,443)	(1,211)	193,040
Adjusted EBITDA margin	69%	61%	-	-	-	-	65%
Depreciation and amortization	(26,414)	(23,803)	-	-	(1,297)	(2,214)	(53,728)
Specific items	(968)	1,301	-	-	-	(3,744)	(3,411)
Segment operating profit/(loss)	94,017	52,793	2,679	(2,679)	(3,740)	(7,169)	135,901
Finance income	646	20	-	-	5	6,471	7,142
Finance costs	(2,666)	(2,460)	-	-	(13)	(24,703)	(29,842)
Net foreign exchange gain/(loss)	(247)	(1075)	-	-	(68)	4,702	3,312
Segment profit/(loss) before tax	91,750	49,278	2,679	(2,679)	(3,816)	(20,699)	116,513
Income tax expense	-	(11)	-	-	-	(106)	(117)
Profit/(loss) for the period	91,750	49,267	2,679	(2,679)	(3,816)	(20,805)	116,396

The revenues generated from each segment for the six months ended 30 June 2024 are as follows:

'000 GEL

Condensed consolidated interim statement of profit or loss and other comprehensive income	Mobile services	Fixed services	Elimination mobile services	Elimination fixed services	Silk Media LLC	Unallocated amounts	Total
Segment revenue	165,857	117,346	-	(2,602)	64	-	280,665
Operating expenses (excluding specific items)	(53,178)	(46,772)	2,602	-	(2,450)	-	(99,798)
Adjusted EBITDA	112,679	70,574	2,602	(2,602)	(2,386)	-	180,867
Adjusted EBITDA margin	68%	60%	-	-	-	-	64%
Depreciation and amortization	(29,975)	(24,353)	-	-	(1,453)	(1,531)	(57,312)
Specific items	(2,188)	(2,394)	-	-	-	(6,089)	(10,671)
Segment operating profit/ (loss)	80,516	43,827	2,602	(2,602)	(3,839)	(7,620)	112,884
Finance income	1,147	315	-	-	4	7,433	8,899
Finance costs	(2,337)	(2,632)	-	-	(24)	(23,476)	(28,469)
Net foreign exchange gain	(660)	(852)	-	-	(15)	(16,984)	(18,511)
Segment profit/(loss) before tax	78,666	40,658	2,602	(2,602)	(3,874)	(40,647)	74,803
Income tax expense	-	-	-	-	-	(113)	(113)
Profit/(loss) for the period	78,666	40,658	2,602	(2,602)	(3,874)	(40,760)	74,690

6. Revenues

'000 GEL	For the six months ended 30 June	
	2025	2024
Commercial revenue	273,375	255,893
Mobile revenue	160,382	148,967
Mobile voice, data and SMS*	155,117	143,799
Revenue from other services	4,432	4,410
Revenue from phone sales and accessories	833	758
Fixed revenue	112,993	106,926
Fixed broadband	74,307	70,291
Pay TV	30,611	28,361
Fixed telephone	4,880	5,375
Infrastructure capacity rental	1,909	1,691
Revenue from other services	1,286	1,208
Carrier and other services	24,251	24,772
Interconnect service**	9,881	12,049
Infrastructure capacity rental service ***	7,050	6,985
Roaming revenue	5,790	4,290
Internet wholesale	1,530	1,448
Total revenues	297,626	280,665

* Revenue previously included in 'mobile callout', 'mobile data' and 'revenue from SMS' has been aggregated into a single line item of 'Mobile voice, data and SMS' and as a result, comparative information has also been amended. Management believes that this presentation is more consistent with industry practice within the telecommunications sector.

** Revenue from interconnect service is generated by both segments as follows: GEL 9,384 thousand by the mobile services segment and GEL 497 thousand by the fixed services for the six-month period ended 30 June 2025 (for the six-month period ended 30 June 2024: GEL 11,040 thousand by mobile services segment and GEL 1,009 thousand by the fixed services segment).

*** Revenue from infrastructure capacity rental service include revenue from IRU contracts. Related advances received are included in note 18. Advances received related to IRU contracts relate to the advance consideration received from customers for granting access to certain dark fibers from the Group's infrastructure.

7. Purchased services

'000 GEL	For the six months ended 30 June	
	2025	2024
Utility expenses	7,642	7,437
Software maintenance service	6,373	5,929
Professional service fees* (note 9)	5,220	8,414
Internet clear channel costs	2,479	2,416
Internet protocol (IP) cost	1,840	1,683
Other	40	45
Total purchased services	23,594	25,924

* Professional fees mainly include consulting services regarding the Company's strategic plan in 2024 (see note 9(a)) and consulting services provided by the entity under common control in 2024 and 2025 (see note 20(c)).

8. Net finance costs

'000 GEL	For the six months ended 30 June	
	2025	2024
Recognised in profit or loss		
Interest income on current accounts and other receivables	6,496	7,439
Interest income on IRU-related prepayments	646	703
Gain on modification of financial instrument	-	757
Finance income	7,142	8,899
Interest expense on financial liabilities	(28,434)	(26,809)
Interest expense accrued under IFRS 16	(716)	(950)
Interest expense on advances received from IRU contracts	(692)	(710)
Finance costs	(29,842)	(28,469)
Net foreign exchange gain/(loss)	3,312	(18,511)
Net finance costs recognised in profit or loss	(19,388)	(38,081)

9. Alternative performance measures

(a) Adjusted EBITDA

The Group believes that the presentation of Adjusted EBITDA and Adjusted EBITDA margin enhances user's understanding of the Group's financial performance. The management uses Adjusted EBITDA and Adjusted EBITDA margin to assess and evaluate the operating performance of the Group. In addition, Adjusted EBITDA and Adjusted EBITDA margin are frequently used by securities analysts, investors and other stakeholders in the evaluation of companies that operate in the telecommunications sector. Adjusted EBITDA and Adjusted EBITDA margin are not presentations made in accordance with IFRS and the Group's use of the terms Adjusted EBITDA and Adjusted EBITDA margin may vary from those used by others in the telecommunications industry due to differences in accounting policies or differences in the calculation methodology.

The Group calculates Adjusted EBITDA 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, amortization, revaluation, impairment (losses / reversals) of non-current assets;
- net foreign exchange gains/(losses), including gains/(losses) on hedging instruments, currency forward contracts and any other gains/(losses) attributable to changes in foreign currency exchange rates;
- specific items as disclosed 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 bargain gain on business acquisition, business acquisition related costs, costs related to fundraising and the listing of the Group's securities, impairment of issued loan, one-off professional service fees etc.).

Reconciliation of adjusted EBITDA to profit from continuing operations:

'000 GEL	For the six months ended 30 June	
	2025	2024
Profit for the period	116,396	74,690
Depreciation and amortization	53,728	57,312
Finance costs	29,842	28,469
Finance income	(7,142)	(8,899)
Income taxes	117	113
Net foreign exchange (gain)/loss	(3,312)	18,511
Specific items (see below)	3,411	10,671
Adjusted EBITDA	193,040	180,867

Specific items:

'000 GEL	For the six months ended 30 June		FS line
	2025	2024	
(Gain)/loss on disposals of property and equipment	(125)	42	Other expenses
Write-down of slow-moving inventory and other non-current assets	353	65	Other expenses
Professional fees, one-off consulting expenses*	2,101	5,644	Purchased services
Key management one-off benefit (note 20)	401	3,575	Salaries and benefits
Charity	689	666	Other expenses
Other (income)/expense	(8)	679	Other expenses
Total EBITDA adjustments	3,411	10,671	

* In 2024, professional fees, one-off consulting expenses, mainly consist of one-time consulting service related to the Company's long-term strategic plan.

(b) Adjusted EBITDA margin

Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by total revenue.

'000 GEL	For the six months ended 30 June	
	2025	2024
Adjusted EBITDA	193,040	180,867
Revenue	297,626	280,665
Adjusted EBITDA margin %	65%	64%

10. Property and equipment

'000 GEL	Land	Buildings and facilities	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Total
Cost at 1 January 2024	23,117	120,390	580,744	11,588	38,906	3,122	777,867
Accumulated depreciation	-	(42,253)	(350,920)	(8,236)	(28,854)	-	(430,263)
Carrying amount at 1 January 2024	23,117	78,137	229,824	3,352	10,052	3,122	347,604
Additions	277	182	10,377	139	913	10,792	22,680
Disposals	(2)	-	(602)	(73)	(77)	-	(754)
Transfers , gross	-	1,358	5,680	-	32	(10,801)*	(3,731)
Transfers, accumulated depreciation	-	-	3,731	-	-	-	3,731
Depreciation of disposals	-	-	427	53	69	-	549
Depreciation charge	-	(1,569)	(25,112)	(451)	(1,531)	-	(28,663)
Carrying amount at 30 June 2024	23,392	78,108	224,325	3,020	9,458	3,113	341,416
Cost at 30 June 2024	23,392	121,930	596,199	11,654	39,774	3,113	796,062
Accumulated depreciation	-	(43,822)	(371,874)	(8,634)	(30,316)	-	(454,646)
Carrying amount at 30 June 2024	23,392	78,108	224,325	3,020	9,458	3,113	341,416
Cost at 1 January 2025	24,321	123,222	613,601	12,502	41,645	9,666	824,957
Accumulated depreciation	-	(45,214)	(390,870)	(9,105)	(31,308)	-	(476,497)
Carrying amount at 1 January 2025	24,321	78,008	222,731	3,397	10,337	9,666	348,460
Additions	305	791	10,534	171	524	9,365	21,690
Disposals	(19)	-	(6,077)	(52)	(226)	-	(6,374)
Acquisition through subsidiary	-	-	-	-	42	-	42
Transfers, gross	-	838	5,607	-	9	(10,729)*	(4,275)
Transfers, accumulated depreciation	-	-	4,275	-	-	-	4,275
Depreciation of disposals	-	-	5,336	52	177	-	5,565
Depreciation charge	-	(1,343)	(21,062)	(241)	(1,206)	-	(23,852)
Carrying amount at 30 June 2025	24,607	78,294	221,344	3,327	9,657	8,302	345,531
Cost at 30 June 2025	24,607	124,851	623,665	12,621	41,994	8,302	836,040
Accumulated depreciation	-	(46,557)	(402,321)	(9,294)	(32,337)	-	(490,509)
Carrying amount at 30 June 2025	24,607	78,294	221,344	3,327	9,657	8,302	345,531

* These amounts include capital expenditure attributable to fixed network deployment, mobile core extension projects and modernization.

In 2025, the Group conducted an operational efficiency review of its property and equipment, which resulted in changes to the expected usage of certain assets. As a result, the estimated useful lives of the affected equipment were extended. The revised useful lives led to the following projected changes in depreciation expense:

	2025	2026	2027	2028	2029	2030	Later
Depreciation decrease/(increase)	7,180	6,268	4,720	4,333	1,922	(76)	(24,380)

The effect of the revised useful lives was recognized during six-month period ended 30 June 2025, resulting in a decrease in depreciation expense of GEL 3,590 thousand.

(a) Security

As at 30 June 2025, property and equipment with a carrying amount of GEL 32,999 thousand (31 December 2024: GEL 33,116 thousand) is collateralized and guarantees the letter of credits related to operating activities of the Group.

(b) Capital commitments

As at 30 June 2025, the capital commitments borne by the Group amounted to GEL 34,399 thousand, which is mainly attributable to acquisition of customer related devices, mobile core extension projects and 5G development (31 December 2024: GEL 18,192 thousand, which is mainly attributable to mobile network development projects and acquisition of customer related devices).

11. Other non-current assets

As at 30 June 2025, other non-current assets include uninstalled equipment of GEL 30,972 thousand, prepayments for non-current assets of GEL 7,093 thousand and financial guarantee contract receivable of GEL 2,439 thousand (31 December 2024: uninstalled equipment of GEL 29,487 thousand, prepayments for non-current assets of GEL 3,167 thousand and a financial guarantee contract receivable of GEL 2,369 thousand). For further details on financial guarantee receivable, please, see note 20(c).

12. Intangible assets

'000 GEL	Network operating & software licenses	Telecom operating licenses	Broadcasti ng rights	Goodwill	Other	CSAC*	Total
Cost at 1 January 2024	146,871	179,598	94,511	6,983	6,427	8,219	442,609
Accumulated amortization	(88,099)	(93,993)	(72,699)	-	(1,731)	(6,825)	(263,347)
Carrying amount at 1 January 2024	58,772	85,605	21,812	6,983	4,696	1,394	179,262
Additions	3,371	438	3,119	-	37	639	7,604
Amortization charge	(8,202)	(7,131)	(6,938)	-	(271)	(706)	(23,248)
Disposals and derecognitions, cost	-	-	(58,160)**	-	-	-	(58,160)
Disposals and derecognitions, amortization	-	-	58,160**	-	-	-	58,160
Carrying amount at 30 June 2024	53,941	78,912	17,993	6,983	4,462	1,327	163,618
Cost at 30 June 2024	150,242	180,036	39,470	6,983	6,464	8,858	392,053
Accumulated amortization	(96,301)	(101,124)	(21,477)	-	(2,002)	(7,531)	(228,435)
Carrying amount at 30 June 2024	53,941	78,912	17,993	6,983	4,462	1,327	163,618
Cost at 1 January 2025	106,255	172,263	37,757	6,983	6,554	9,695	339,507
Accumulated amortization	(49,557)	(99,876)	(21,551)	-	(2,263)	(8,265)	(181,512)
Carrying amount at 1 January 2025	56,698	72,387	16,206	6,983	4,291	1,430	157,995
Additions	4,469	47,269***	3,805	-	25	633	56,201
Amortization charge	(9,398)	(7,217)	(6,520)	-	(277)	(749)	(24,161)
Acquisition through subsidiary	-	-	-	4,863	-	-	4,863
Disposals and derecognitions, cost	(6,085)	-	(6,101)	-	-	-	(12,186)
Disposals and derecognitions, amortization	6,086	-	5,847	-	-	-	11,933
Carrying amount at 30 June 2025	51,770	112,439	13,237	11,846	4,039	1,314	194,645
Cost at 30 June 2025	104,639	219,532	35,461	11,846	6,579	10,328	388,385
Accumulated amortization	(52,869)	(107,093)	(22,224)	-	(2,540)	(9,014)	(193,740)
Carrying amount at 30 June 2025	51,770	112,439	13,237	11,846	4,039	1,314	194,645

* CSAC-Capitalized Subscribers Acquisition Cost.

** These balances represent fully amortized broadcasting rights. Amounts written off did not impact operational performance of the Group.

*** In 2025, Silknet participated in the auction and acquired licenses for 2x5.0 MHz in the 700 MHz band and 50.0 MHz in the 3500 MHz band to support the development of 5G services. The undiscounted consideration of GEL 48,802 thousand for these licenses is included as an addition to telecom operating licenses. The Company is committed to cover key geographic and infrastructural locations of Georgia, considering specific technical criteria such as speed, signal strength and coverage area.

13. Investment property

In 2019, the Company acquired a land plot measuring 20,397 square meters (sq.m.) in a prime location in the centre of Tbilisi from a related party for the acquisition price of GEL 29,582 thousand (USD 10 million), along with a contingent consideration of an additional USD 10 million, contingent on the approval for the 60,000 sq.m. gross buildable area master plan (“Development Regulation Plan”) by the municipal authorities. The Development Regulation Plan was approved in 2020 and the Company paid the remaining USD 10 million in April, 2020 in accordance with the original terms. The Group views the future use of the land plot as uncertain and, therefore, classifies the asset as an investment property. In 2021, the gross buildable area was increased and reached 69,000 sq.m.

The movement on investment property was as follows:

'000 GEL	
Carrying amount as at 1 January 2024	70,462
Additions	-
Effect of foreign currency exchange rate fluctuations	3,163
Carrying amount as at 30 June 2024	73,625
Carrying amount as at 1 January 2025	78,871
Additions	-
Effect of foreign currency exchange rate fluctuations	(2,338)
Carrying amount as at 30 June 2025	76,533

The fair value of the investment property as at 31 December 2024 was determined as USD 28,100 thousand by the independent valuator and was based on announced asking prices and recent market transactions of similar properties in a similar location and physical condition. The significant unobservable inputs related to the differences in the characteristics of the properties, such as size, location, access to the properties and conditions for sale. The adjustments related to each of the significant unobservable input above varied within the range from 5% to 25% in 2024 and 2023. A 5% change in the adjusted market prices used in the valuation would have changed the fair value measurement by approximately GEL 4 million, each year. Investment property is categorized within Level 3 of the fair value hierarchy. The management believes that as at 30 June 2025, the fair value of the investment property in USD terms remained the same due to insignificant changes in real estate prices for similar properties in similar physical condition.

14. Cash and cash equivalents

'000 GEL	30 June 2025	31 December 2024
Call deposits	108,999	120,299
Bank balances	77,054	39,307
Cash in transit	744	1,165
Cash on hand	11	13
Total cash and cash equivalents	186,808	160,784

Under one of the covenants of the Group’s Eurobonds (see also note 16), the Group is required to maintain a “Cash Cushion” of cash and cash equivalents including investment securities and certificate of deposit (defined per Eurobond’s Terms and Conditions) of at least USD 20 million (or its GEL equivalent, discounted as per the Terms and Conditions) at the end of each financial quarter during the period from the issue date of the Eurobonds till 31 January 2023. From 31 January 2023, the Group may elect to either maintain the Cash Cushion as of the end of each fiscal quarter, or alternatively to establish and maintain a Credit Facility of at least USD 20 million for the payment of interest under the Notes.

The Group maintains a "Cash cushion" of cash and cash equivalents (Defined per Eurobond’s Terms and Conditions) of at least USD 20 million (its GEL equivalent, discounted as per the Terms and Conditions) as at 30 June 2025. The covenant does not restrict the use of “Cash Cushion”, hence the related balance was classified as cash and cash equivalents as at 30 June 2025 and 31 December 2024.

Call deposits represent term deposits with banks with maturities less than three months from acquisition date, or greater than three months from the acquisition date, but for which the Group has the unilateral right to withdraw the deposits immediately after providing notification without incurring penalties or significant loss of interest. Consequently, these term deposits have been classified in accordance with their nature which is that of a call deposit.

The Group's exposure to interest rate, credit and currency risks and a sensitivity analysis for financial assets and liabilities are disclosed in note 19.

(a) Certificate of deposit

As at 30 June 2025, the Group holds certificates of deposit ("CD") purchased in 2024 and 2025 from commercial banks. The CDs are denominated in US Dollars and bears an average nominal interest rate of 5.7%, with a maturity date of 20 November 2025 and 7 February 2026, respectively.

The certificate of deposit is classified as a financial asset and is measured at amortized cost in accordance with IFRS 9 Financial Instruments. The Group recognizes interest income from the CDs using an effective interest rate method in the consolidated statement of profit or loss.

The carrying amount of the certificates of deposit as at 30 June 2025 reflects the amortized cost, which approximates its fair value at the reporting date.

The Group's exposure to credit and currency risks related to certificates of deposit are disclosed in note 19.

15. Equity

(a) Share capital

Number of shares

	Ordinary shares	
	2025	2024
In issue at 1 January	84,056,099	84,056,099
Issued during the period	-	-
In issue at 30 June, fully paid	84,056,099	84,056,099
Authorised shares - par value	1	1

(b) Dividends

For the six month period ended 30 June 2025, the Company declared and paid dividends of GEL 50,000 thousand (for the six-month period ended 30 June 2024: declared and paid dividends of GEL 48,000 thousand). Declared dividend per ordinary share amounted to GEL 0.5948 (for the six-month period ended 30 June 2024: GEL 0.5710) (see also note 16(c)).

16. Loans and borrowings

This note provides information about contractual terms of the Group's interest-bearing loans and borrowings which are measured at amortised cost.

'000 GEL	30 June 2025	31 December 2024
Eurobonds – non-current	538,539	553,655
	538,539	553,655
Eurobonds – current	18,985	19,566
	18,985	19,566
Total	557,524	573,221

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

'000 GEL	Currency	Nominal interest rate	Year of maturity	30 June 2025	
				Face value*	Carrying amount
Eurobond	USD	8.375%	2027	565,475	557,524
Total loans and borrowings				565,475	557,524

'000 GEL	Currency	Nominal interest rate	Year of maturity	31 December 2024	
				Face value*	Carrying amount
Eurobond	USD	8.375%	2027	582,749	573,221
Total loans and borrowings				582,749	573,221

* Face value includes accrued interest.

(b) Eurobonds

On 31 January 2022, the Group successfully placed USD 300,000 thousand of Eurobonds due in 2027 carrying an interest rate of 8.375% on the Euronext Dublin Exchange. Interest is payable semi-annually on 31 January and 31 July of each year, commencing from 31 July 2022.

The Eurobonds are accounted for at amortised cost using the effective interest rate method. The Group incurred expenses of GEL 12,936 thousand in connection with the issue of the Eurobonds, including, amongst others, underwriting fees, legal counsel fees, rating agency expenses, listing expenses, etc. These expenses were accounted for as transaction costs. They are included in the calculation of the effective interest rate of the Eurobonds.

In 2022, subsequent to the issuance, the Group repurchased Eurobonds in the amount of USD 100,235 thousand. In accordance with the Eurobond's Conditions bonds repurchased in 2022 are still outstanding and have not been canceled.

In 2024, the Group implemented a consent solicitation to modify the terms and conditions of Eurobonds, increasing its distributions flexibility by introducing "leverage-based" basket in the Restricted Payments test, allowing the Company to proceed with Restricted Payments until its Consolidated Leverage Ratio reaches 1.75x. In connection with consent solicitation process, the Group incurred expenses of GEL 3,947 thousand. These costs were recognised as an adjustment to the carrying amount of Eurobond liability and is amortised over the remaining term of the modified instrument using the revised effective interest rate.

Other than the Eurobond covenant, dividend distribution is subject to compliance with Georgian legislation.

The average market quotation close to the reporting date per Bloomberg was 101.46% of par value. Subsequent to reporting date, as at 20 August 2025, the average market quotation per Bloomberg was 100.93% of par value.

The Group's Eurobonds are subject to various covenants, details of which are included in the listing particulars, publicly available on the website of Silknet JSC. As at 30 June 2025 the Group has complied with all covenants and expects to remain in compliance throughout the term of the Eurobonds. Accordingly, Eurobonds (excluding balances contractually repayable within 12 months from the reporting date) are classified as non-current as at 30 June 2025.

(c) **Changes in liabilities arising from financing activities***

'000 GEL	Dividends payable	Lease liabilities	Loans and borrowings	Total
Balance at 1 January 2025	-	18,309	573,221	591,530
Interest paid	-	(717)	(24,171)	(24,888)
Dividend paid	(50,000)	-	-	(50,000)
Lease payments	-	(6,790)	-	(6,790)
Total changes from financing cash flows	(50,000)	(7,507)	(24,171)	(81,678)
The effect of changes in foreign exchange rates	-	(151)	(16,088)	(16,239)
Other changes				
Interest expense	-	717	24,562	25,279
Recognition of lease liabilities arising from lease contracts originated during the period	-	1,582	-	1,582
Write-off of RoU and respective lease liability for terminated contracts	-	(1,253)	-	(1,253)
Total liability-related other changes	-	1,046	24,562	25,608
Total equity-related other changes	50,000	-	-	50,000
Balance at 30 June 2025	-	11,697	557,524	569,221
'000 GEL	Dividends payable	Lease liabilities	Loans and borrowings	Total
Balance at 1 January 2024	-	28,932	550,834	579,766
Interest paid	-	(950)	(22,373)	(23,323)
Dividends paid	(48,000)	-	-	(48,000)
Lease payments	-	(6,468)	-	(6,468)
Total changes from financing cash flows	(48,000)	(7,418)	(22,373)	(77,791)
The effect of changes in foreign exchange rates	-	293	24,258	24,551
Other changes				
Interest expense	-	950	23,443	24,393
Cost incurred on modification	-	-	(3,947)	(3,947)
Recognition of lease liabilities arising from lease contracts originated during the period	-	2,391	-	2,391
Write-off of RoU and respective lease liability for terminated contracts	-	(920)	-	(920)
Total liability-related other changes	-	2,421	19,496	21,917
Total equity-related other changes	48,000	-	-	48,000
Balance at 30 June 2024	-	24,228	572,215	596,443

* Cash flows used in financing activities presented in the condensed consolidated interim statement of cash flows also include the financing component of payments made for acquisition of non-current assets and licenses and broadcasting rights (see note 18).

17. Leases

The Group's lease contracts largely relate to leases of various sites (i.e. land, rooftop surface areas, space in cellular towers and space for fibre cables, etc.) related to placement of the Group's telecommunication equipment. The Group recognises the right-of-use asset and respective lease liability for the contracts that are long-term either contractually or substantially. Since management applies the judgement in determining the effective lease terms, the lease terms used for IFRS 16 purposes may differ from the contractual minimum lease periods. Summary of differences is as follows:

	Minimum initial contractual lease period	Lease term estimate used for IFRS 16 purposes upon transition
Site rent for fixed services	4-10	Same as contractual
Site rent for mobile services	1-6*	7

* Minimum contractual lease terms for over 70% of mobile sites fall within the range of 1 to 6 years at the date of commencement of the leases.

When measuring lease liabilities for leases, the Group discounts lease payments using its incremental borrowing rate at the date of lease recognition. The weighted-average rate applied for lease liability balance as at 30 June 2025 is approximately 12% as lease contracts are denominated in GEL.

'000 GEL	Site rent for mobile services	Site rent for fixed services	Space rent for Silk Media LLC	Total
Carrying amount of RoU at 1 January 2025	9,715	3,885	67	13,667
Additions	1,134	-	446	1,580
Disposals	(4,480)	-	-	(4,480)
Disposals of accumulated depreciation	3,280	-	-	3,280
Depreciation charge	(4,937)	(587)	(191)	(5,715)
Gross balance at 30 June 2025	47,477	9,860	2,380	59,717
Accumulated depreciation at 30 June 2025	(42,765)	(6,562)	(2,058)	(51,385)
Carrying amount of RoU at 30 June 2025	4,712	3,298	322	8,332
Lease liability at 1 January 2025	(13,100)	(5,090)	(119)	(18,309)
Additions	(1,134)	-	(446)	(1,580)
Disposals	1,253	-	-	1,253
Interest charge	(481)	(223)	(13)	(717)
Payments	6,418	852	237	7,507
The effect of changes in foreign exchange rates	17	127	5	149
Lease liability at 30 June 2025	(7,027)	(4,334)	(336)	(11,697)

'000 GEL	Site rent for mobile services	Site rent for fixed services	Space rent for Silk Media LLC	Total
Carrying amount of RoU at 1 January 2024	17,963	4,459	453	22,875
Additions	1,977	414	-	2,391
Disposals	(2,417)	-	-	(2,417)
Disposals of accumulated depreciation	1,118	-	-	1,118
Depreciation charge	(4,619)	(587)	(195)	(5,401)
Gross balance of RoU at 30 June 2024	51,959	9,677	1,934	63,570
Accumulated depreciation at 30 June 2024	(37,937)	(5,391)	(1,676)	(45,004)
Carrying amount of RoU at 30 June 2024	14,022	4,286	258	18,566
Lease liability at 1 January 2024	(22,980)	(5,415)	(537)	(28,932)
Additions	(1,977)	(414)	-	(2,391)
Disposals	920	-	-	920
Interest charge	(664)	(262)	(24)	(950)
Payments	6,369	818	231	7,418
The effect of changes in foreign exchange rates	(55)	(222)	(16)	(293)
Lease liability at 30 June 2024	(18,387)	(5,495)	(346)	(24,228)

18. Trade and other payables and advances received related to IRU contracts and subscribers

'000 GEL	30 June 2025		31 December 2024	
	Non-current	Current	Non-current	Current
Payables for non-current assets	15,289	18,657	13,044	19,482
Payable to suppliers	-	17,491	-	14,078
Payable for licenses and broadcasting rights	4,775	41,218	5,896	10,725
Payable to other operators	-	3,720	-	3,774
Payable to employees	18,883	12,272	19,498	13,010
Other payables	1,812	2,293	-	993
VAT and other tax liabilities	-	4,029	-	7,082
Financial guarantee contract liability	1,314	-	1,322	-
Total trade and other payables	42,073	99,680	39,760	69,144
Advances received related to IRU contracts	10,578	1,888	10,891	1,888
Advances received related to subscribers	567	24,393	589	25,582
Total contract liabilities from prepayments	11,145	26,281	11,480	27,470
Total	53,218	125,961	51,240	96,614

Payables for non-current assets and payable for licenses and broadcasting rights represent the discounted value of deferred payments mainly related to the acquisition of property and equipment for network upgrade and coverage expansion projects and intangible assets for 5G license, broadcasting rights and IT transformation.

Major portion of payables for non-current assets and payable for licenses and broadcasting rights are denominated either in USD or EUR and thus are exposed to foreign currency exchange rate fluctuations (see also note 19).

19. Fair values and financial risk management

The Group has determined fair values of financial assets and liabilities using valuation techniques disclosed in the last annual consolidated financial statements. Management believes that the fair value of the Group's financial assets and liabilities, except for bonds (see note 16 (b)), approximates their carrying amounts.

The Group's financial risk management objectives and policies are consistent with those disclosed in the last annual consolidated financial statements.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, cash and cash equivalents and certificate of deposit. Credit risk is consistent with those disclosed in the last annual consolidated financial statements and the Group has not faced a significant financial loss during the six-month period ended 30 June 2025.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

For this purpose, the Group makes short-term forecasts for cash flows based on estimated financial needs determined by the nature of operating activities. Normally, these needs are estimated on an annual and monthly basis. In order to manage its liquidity exposures, the Group receives cash flows on a daily basis from customers. This ensures that the Group has sufficient cash to meet its financial obligations. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The management believes that, as at and for the foreseeable future, the Group has sufficient funds to meet its liabilities as they fall due. Management's assessment is based on factors such as: ready access to significant cash balances as at 30 June 2025 (note 14), successful roll-over of Eurobonds (note 16), consistently steady growth as evidenced by reported adjusted EBITDA (note 9) and a growing customer base for key business segments supported by new network deployment.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

The Group does not apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

As at 30 June 2025, the Group's exposure to currency risk is mainly attributable to USD-denominated Eurobonds. To partially hedge an open foreign currency position, the Company invests its liquid funds in USD-denominated instruments, such as deposits and swaps. Additionally, a portion of the Company's operational activities are also denominated in hard currencies. The Company uses forward agreements to mitigate the impact foreign currency exchange rate fluctuations on operations.

These instruments meet the definition of derivatives under IFRS 9 Financial Instruments and are initially measured at fair value. Under IFRS 9, derivatives are instruments which are subsequently measured at FVTPL.

As at 30 June 2025, the Group recognized derivative liability with a fair value of GEL 1,741 thousand (31 December 2024: derivative asset with a fair value of GEL 2,674 thousand). Discounted cash flow models are used for fair value measurement of derivatives, which is categorized within Level 3 of the fair value hierarchy. Estimation uncertainties related to foreign currency exchange rate fluctuations does not have material effect on the financial statements as at 30 June 2025 and 31 December 2024.

The Group's exposure to foreign currency risk was as follows:

'000 GEL	USD-denominated 30 June 2025	USD-denominated 31 December 2024
Bank balances	54,320	3,911
Call deposit	93,796	120,299
Certificate of deposit	40,610	18,362
Trade and other receivables	4,641	6,814
Financial guarantee contract receivable	2,439	2,369
Trade and other payables	(31,456)	(36,982)
Loans and borrowings	(557,524)	(573,221)
Net exposure before effect of investment property	(393,174)	(458,448)
Investment property	76,533	78,871
Net exposure after effect of investment property	(316,641)	(379,577)

As part of risk management, in 2024, the Company entered into forward contracts totalling USD 70,500 thousand, of which USD 33,500 thousand was realized during the six months period ended 30 June 2025 (six months period ended 30 June 2024: nil). As of 30 June 2025, the outstanding balance stands at USD 27,000 thousand (30 June 2025: Buy: USD 27,000 thousand; Sell: GEL 76,115 thousand (31 December 2024: Buy: USD 60,500 thousand; Sell: GEL 169,581 thousand)).

To reduce future profit volatility due to foreign exchange rate fluctuations, foreign currency derivative contracts are used to hedge future cash outflows, particularly those related to unrecognized operational and capital expenditures denominated in hard currencies, as well as Eurobond coupon payments. These outflows are fully hedged from October 2024 through the end of 2025, with an average forward exchange rate of 2.8.

'000 GEL	EUR-denominated 30 June 2025	EUR-denominated 31 December 2024
Bank balances	187	772
Trade and other receivables	1,699	1,355
Trade and other payables	(27,564)	(22,687)
Net exposure	(25,678)	(20,560)

The following significant exchange rates have been applied during the period:

in GEL	Average rate		Reporting date spot rate	
	Period ended 30 June 2025	Period ended 30 June 2024	30 June 2025	31 December 2024
USD 1	2.7776	2.7054	2.7236	2.8068
EUR 1	3.0343	2.9252	3.1882	2.9306

Sensitivity analysis

A reasonably possible strengthening/(weakening) of GEL, as indicated below, against the USD and EUR as at 30 June 2025 and 31 December 2024 would have affected the measurement of financial instruments denominated in USD and EUR and affected equity and profit or loss before taxes by the amounts shown below. The currency movements would have no direct impact on other comprehensive income or equity. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

'000 GEL	Strengthening		Weakening	
	Equity	Profit or (loss)	Equity	Profit or (loss)
30 June 2025				
USD (10% movement)	-	39,317	-	(39,317)
EUR (10% movement)	-	2,568	-	(2,568)
31 December 2024				
USD (10% movement)	-	45,845	-	(45,845)
EUR (10% movement)	-	2,056	-	(2,056)

Exposure to interest rate risk

As at 30 June 2025 and as 31 December 2024, the Company did not have variable interest-bearing financial instruments.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any material fixed-rate financial instruments at fair value through profit or loss or fair value through other comprehensive income. Therefore, a change in interest rates at the reporting date would not have a material effect in profit or loss or in equity.

20. Related party transactions

(a) Parent and ultimate controlling party

The Company's immediate parent is Silknet Holding LLC. The Company's ultimate parent is Silk Road Group Holding (Malta) Limited, an entity controlled by an individual, George Ramishvili. The annual consolidated financial statements of Silknet Holding LLC are publicly available through the website of Service for Accounting, Reporting and Auditing Supervision.

(b) Key management remuneration

Key management and Supervisory Board members received the following remuneration during the period (included in salaries and benefits):

'000 GEL	For the six months ended 30 June	
	2025	2024
Salaries	3,442	3,399
Other bonuses*	411	3,585
	3,853	6,984

* On 30 September 2023 and 14 December 2023 ("grant date") the Company has entered into two agreements with its two key management members that entitles these employees to different types of awards, mainly dependent upon the choice of the employee, but also subject to certain events and conditions. Award #1 implies granting of a cash-settled equity instrument of the Company to the employee, with no service condition and its fair value is close to nil as at 30 June 2025, as the probability of meeting the non-vesting condition stipulated under the contract is remote. Award #2, to which employees are entitled from 1 January 2025, is calculated as a certain percentage of forecast dividend distributions by the Company for the lifetime of the employee and is not subject to service conditions. Award #3 envisages granting the employee a certain percentage of the Company's future value (calculated pursuant to contractual terms), settled in cash, after 2027, and is subject to a service condition till the end of 2027. Both awards meet the definition of other long-term employee benefits under IAS 19 Employee Benefits and are initially measured at the present value of future benefits accruing to the employees. Award #2 is expensed as incurred as no service condition is attached to it, whereas the value of Award #3 is spread over the service period. If in aggregate the benefit amount calculated under Award #3 is higher than Award #2, the entity recognizes additional expense in profit or loss in the period, when employee benefit calculated under Award #3 exceeds the benefit amount calculated under Award #2. In 2023, as at grant date, the Company recognized employee benefits expense of GEL 17,318 thousand in profit or loss calculated under Award #2 conditions, as it represented an unconditional liability as at 31 December 2023 and its estimated present value was the largest amongst the three of the available awards.

In 2024, the changes in circumstances related to the consent solicitation process of Eurobond covenant (see also note 16 (b)), affected the calculation of the benefit amount under the Award #2 due to the adjusted payout ratio. In 2025, further changes were made to the payout ratio assumptions used in calculating the benefit amount under Award #2.

These changes remained in compliance with Georgian legislation, in particular the new Law of Georgia on Entrepreneurs, and the amended terms and conditions of Eurobond, resulting in additional expense of GEL 401 thousand and GEL 3,575 thousand for the period ended 30 June 2025 and six months period ended 30 June 2024. No significant changes were made to other assumptions used in calculation of the benefit amount under the Award #2. In 2025, the Company paid GEL 1,500 thousand in accordance with contractual terms.

(c) Other related party transactions

'000 GEL	Transaction value for the six months ended 30 June		Outstanding balance	
			30 June 2025	31 December 2024
	2025	2024		
Other operating expenses:				
Entities under common control*	3,537	3,401	(988)	(700)
Other income:				
Entities under common control	-	169	-	84
Other related parties	41	-	-	-
Fuel and lubricants used:				
Entities under common control	1,094	1,406	(162)	(182)
Other:				
Entities under common control	48	-	(7)	10
Guarantee contract receivable**:				
Parent	84	78	2,439	2,369

As at 30 June 2025, the Group maintained a bank balance and call deposit of GEL 1,311 thousand and 15,203 thousand respectively, with a related party financial institution (31 December 2024: bank balance: GEL 744 thousand, call deposit: nil), on which interest income of GEL 276 thousand was recognized during the six-month period ended 30 June 2025 (for the six-month period ended 30 June 2024: GEL 150 thousand).

* During the six months ended 30 June 2025, other operating expenses with entities under common control mainly include: consulting services of GEL 1,568 thousand (for the six-month period ended 30 June 2024: GEL 1,568 thousand) provided by SRG Investments LLC to the Group in relation to strategy development, funding, investment decisions and certain regulatory matters, and security expenses of GEL 1,710 thousand (for the six-month period ended 30 June 2024: GEL 1,392 thousand). The remaining amount mostly relates to sponsorship fees paid to the related party entity for organizing the annual festival.

The outstanding balance as at 30 June 2025 of GEL 337 thousand represents a lease liability for the office space rent by Silk Media LLC from a related party (31 December 2024: GEL 119 thousand). The cash outflow related to the lease liability during the period ended 30 June 2025 amounted to GEL 237 thousand (for the six-month period ended 30 June 2024: GEL 231 thousand) (see note 17). Except for the lease liability and guarantee receivable, all outstanding balances with related parties are to be settled in cash within six months of the reporting date. None of the balances are secured.

** On 30 June 2021, the Group entered into a guarantee agreement with its parent, Silknet Holding LLC, to guarantee its indebtedness of a maximum of USD 18,000 thousand from 1 May 2024 to 1 May 2032. The fair value of the guarantee was assessed by an independent appraiser and was determined to be USD 647 thousand. As at 30 June 2025, a financial guarantee contract liability of GEL 1,314 thousand (31 December 2024: GEL 1,322 thousand) is recorded in trade and other payables (see note 18) and a related receivable from the parent of GEL 2,439 thousand (2024: GEL 2,369 thousand) is recorded in other non-current assets (see note 11). The Company will receive a fee for the service provided.

21. Subsidiaries

Subsidiary	Country of incorporation	30 June 2025 Ownership/voting	31 December 2024 Ownership/voting
Qarva LLC	Georgia	51%	51%
Silk Media LLC*	Georgia	100%	100%
NG Georgia N(N)LE	Georgia	100%	100%
Wounded Warrior Support Fund N(N)LE (registered as two legal entities)	Georgia	100%	100%
Premium Web Solution LLC	Georgia	100%	100%
Silk Cloud JSC**	Georgia	100%	0%
Neutrino LLC***	Georgia	100%	0%

* Silk Media LLC operates Euronews Georgia - a free-to-air news channel.

** On January 21, 2025, the Company established a new subsidiary, Silk Cloud JSC, with a 100% ownership interest.

*** On May 29, 2025, Silknet acquired 100% of the shares of Neutrino LLC, a cybersecurity company. The consolidation does not have a material impact on the Group's financial statements.

22. Subsequent events

Dividends of GEL 57,000 thousand were declared and paid in July 2025.