



2024

ANNUAL REPORT

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AT A GLANCE

OVERVIEW

Number of subscribers¹

Mobile	FBB	Pay TV
2.0 million	360 thousand	264 thousand

Number of employees¹

2,050

Number of shops¹

48

4G/LTE population coverage¹

99%

Homes passed¹

77%

Revenue [2024]

GEL 582 million
or 0.6% of Georgia's GDP

Total assets¹

874 GEL
million

Number of base stations¹

~1,400 Macro, ~500 Micro

Fibre backbone length¹

4,000 + km

EBITDA² margin [2024]

64%

Ratings

Credit ratings – Moody's B1/Stable;
Fitch B+/Stable
ESG risk ratings – Sustainalytics 20.8

¹As of 31 December 2024

²EBITDA in this Annual Report means adjusted EBITDA as per the audited Consolidated Financial Statements. For the definition and details, refer to note 11 (alternative performance measures) of the Consolidated Financial Statements for 2024.



MESSAGE FROM THE SILKNET TEAM

STRONG FINANCIALS

In 2024, Silknet delivered robust financial results, reflecting sustained organic growth.

We achieved 8% year-on-year (y/y) growth in revenue in 2024, which was fully organic, mostly fueled by a higher average subscriber base in both the mobile and fixed segments and increased mobile data consumption.

Our strong top-line combined with efficiently managed operating expenses, which saw a moderate increase of 6% y/y in 2024, translated into higher EBITDAaL growth of 10% y/y, further strengthening our financial position and cash generation.

We remained committed to investing in our network and infrastructure to support long-term growth and service quality. Capital investments during 2024 focused on our FTTH footprint expansion, mainly in urban areas, and, in mobile, on our 4G network development, improving coverage in less-densely populated areas. Our capex to revenue ratio stood at 14% in 2024, within the level of our medium-term target of 18–20%.

Strong EBITDAaL growth, coupled with a normalized level of capital expenditures, led to a 12% increase in OpFCF in 2024, achieving a robust OpFCF margin of 47%.

We maintained a comfortable level of leverage at 1.1x EBITDA, thanks to our strong, sustained operating performance and the stability of local currency. This was achieved in parallel with increased dividend distributions, which were enabled by the Company's solid cash generation. In 2024, we paid out dividends in the amount of GEL 171m.

See “Financial Performance” for more information.

GROWING ABOVE KEY COMPETITORS

Our strong market position, with a strong network and IT infrastructure, combined with successful bundling and product differentiation based on digital services and premium content, has enabled us to continue to grow above key competitors in most of the main segments in 2024:

In mobile, our revenue growth was slightly higher than the total market and stood at 11% y/y, which was mostly fueled by market-leading growth in data consumption, standing at 23% y/y for Silknet, compared to 19% for the total market. Our performance was even more impressive in attracting a new market, taking 70% of net mobile subscriber additions (calculated on monthly averages). All of this has enabled us to gain 1.0% and 0.3% of subscriber and revenue market shares, respectively.

In fixed, our revenue growth was also higher than the rest of the market in the main technologies, with 8% y/y growth in FTTH and 6% in IPTV. This was mostly driven by our impressive growth in subscribers, taking 50% and 48% of FTTH and IPTV subscriber net additions, respectively. As a result, we gained 0.7% and 0.5% subscriber market share in FTTH and IPTV, respectively.

SUPPORTIVE ECONOMY

Our strong operating performance was supported by sustained economic growth, a stable local currency, and normalized inflation. The economy grew by 9.4% in real terms in 2024, following 10.6%, 11.0% and 7.8% growth in 2021, 2022, and 2023, respectively. The stability of Georgian Lari was backed by strong FX inflows through exports, remittances, and tourism as well as by solid gross international reserves. Inflation stayed within the central bank's target, with 1.1% average CPI growth recorded in 2024.

REGULATORY ENVIRONMENT

In August 2024, the GNCC launched a new public consultation for 5G spectrum auctions, following the initiation of the first 5G auction in August 2023, when of the country's three mobile network operators only Cellfie participated and acquired 5G spectrum. The regulator altered the methodology for valuing frequencies, resulting in a significant increase in the reserve prices for licenses. The GNCC failed to adequately justify or explain this change. Consequently, Silknet appealed the Commission's decision. Despite the Commission's unreasonable and unjustified increase in reserve prices, Magticom still participated in the auction and acquired 5G spectrum. Throughout Q4 24, Magticom launched 5G in most of the big cities of Georgia.

Silknet pioneered 5G in Georgia by launching the service in December 2023 in the center of Tbilisi, utilizing its existing spectrum. To maintain its competitiveness and facilitate the full-scale deployment of 5G services, Silknet requested the GNCC to initiate a further 5G auction. Subsequently, the auction was held in the end of June 2025, Silknet participated and acquired the licenses – 2x5.0MHz in 700MHz band and 50.0MHz in 3500MHz band for GEL 49m in total.

In 2024, the GNCC conducted reviews of the following two product markets with the assistance of experts commissioned under an EU funded project: 1. Wholesale market of local and central access provided at a fixed location; 2. Wholesale market of mobile network access.

In August 2024, the GNCC published its final decisions, designating Magticom as the single SMP operator in the above markets and imposed certain remedies.

Along with the adoption of these wholesale access regulations, the GNCC has annulled its previous decisions, which had designated Silknet (together with other operator(s)) as having joint SMP in the wholesale mobile access market and the retail mobile and fixed broadband markets.

Magticom has published reference offers for the access to both of the markets above, with disclaimers from both sides: Magticom states that they do not agree with the imposed regulations, while the GNCC disclaims that they have not yet reviewed the documents and may require changes.

STRATEGIC ALLIANCE WITH ORANGE

Silknet's strategic partnership under the Orange Alliance program, effective from June 2024, is set to enhance Silknet's capabilities in the B2C, B2B, and ICT sectors, leveraging Orange's extensive expertise and innovative solutions.

The Orange Alliance program develops partnerships between Orange and selected telecommunications operators outside of Orange's footprint.

Through this partnership, Silknet will benefit from Orange's experience as one of the world's leading operators in three key areas: expertise and know-how; B2B ICT services; and innovative solutions and platforms. In terms of expertise and know-how, Silknet will gain access to Orange's reservoir of knowledge and experience in the telecom and ICT sectors. Regarding B2B ICT Services, one of the initial focuses of this alliance will be on enhancing B2B ICT services, helping to drive the digital transformation in Georgia. Concerning innovative solutions and platforms, Silknet will gain access to Orange's comprehensive portfolio of B2C products and services, including its platforms and applications.

A greater number of alliance members will mean that more experience and know-how is shared. Future platforms will be developed for larger number of customers, allowing to invest more to be competitive in the changing telecoms and technology landscape.

CORPORATE GOVERNANCE, ESG & CSR

We continued to improve our environment, social and governance (ESG) practices in 2024, as highlighted below. Further detail is provided in the Sustainability report section.

We have continued to implement international best environmental practices, strengthen our information security systems, and reinforce our systematic approach to personal data protection. We remain committed to developing and supporting our human capital.

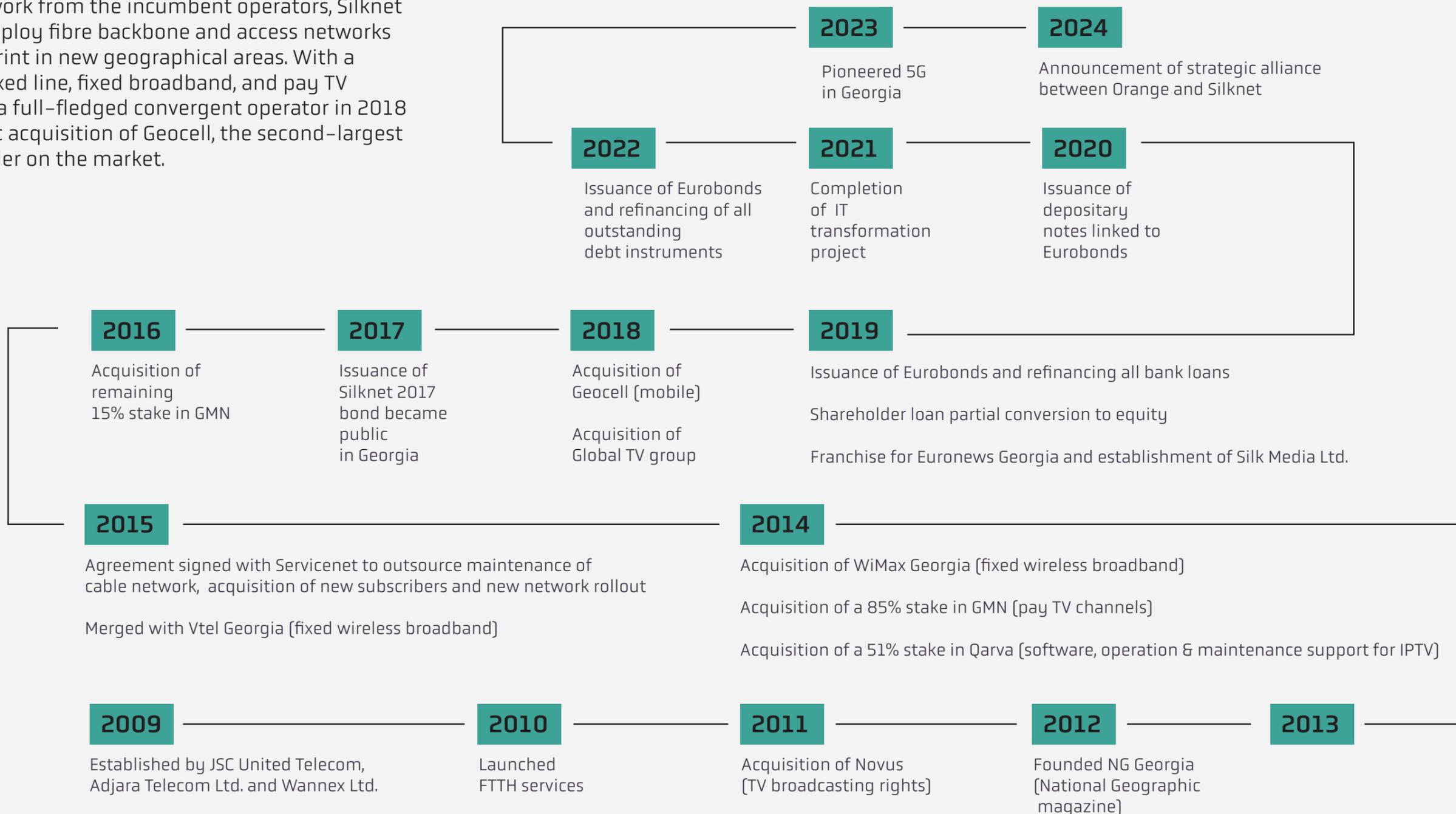
Finally, we continued to support our long-term CSR projects, comprising the Tsinandali Festival, the Georgian Ski Federation, the Wounded Warriors Fund, and National Geographic Georgia, in order to contribute to sustainable development for the benefit of all our stakeholders.

In 2024, Sustainability improved Silknet's ESG risk rating from 25.8 to 21.1, that was further reduced to 20.8 during 2025 interim review.



SILKNET'S DEVELOPMENT

Silknet was established in 2009. Subsequently, assets from United Telecom of Georgia, Adjara Telecom, and Wanex were transferred to the share capital of the Company. Having inherited a legacy copper network from the incumbent operators, Silknet actively started to deploy fibre backbone and access networks and expand its footprint in new geographical areas. With a leading position in fixed line, fixed broadband, and pay TV services, we became a full-fledged convergent operator in 2018 through the strategic acquisition of Geocell, the second-largest mobile service provider on the market.



OUR PRODUCTS AND SERVICES

We offer a wide range of products and services to our customers.

Mobile services

#2 with 35% market share¹

We offer voice and mobile broadband services, utilising 2G, 3G, 4G/LTE, and gigabit-LTE technologies.

#1 in mobile data with 36% market share¹

B2C

Our B2C subscribers predominantly use prepaid packages and pay-as-you-go tariff plans to receive various voice, SMS, and data services, including international calls and roaming.

54% of Revenue

B2B

We cater to various government and public entities, as well as large, medium, and small enterprises. Government and public contracts are usually awarded through annual tenders, while other enterprise relationships vary. Although tariffs are predominantly bespoke and tailored to each client, small enterprises usually receive standardised tariffs.

Fixed broadband

#2 with 31% market share¹

We provide a technologically advanced offering of internet and data connectivity services to homes, businesses, and other organisations, as well as additional data services to B2B customers.

24% of Revenue

B2C

Our B2C fixed home broadband services utilise FTTH, DSL, and LTE technologies, allowing customers to choose a plan based on their data, broadband speed needs, and connectivity in their area.

As the demand for broadband data usage has increased in recent years, most of our fixed broadband offerings include unlimited data, with tariff pricing based on broadband speeds and bundling of related services.

Our fibre broadband offering is our highest speed offering, available in areas with FTTH network infrastructure connectivity. It offers download speeds of up to 150 Mbps and upload speeds of up to 50 Mbps, along with an unlimited data allowance.

We offer DSL broadband plans in areas with DSL network infrastructure connectivity.

We launched our LTE internet service in December 2014 with the aim of providing a high-quality, fixed broadband service, in addition to mobile use, in areas devoid of wireline networks or where the deployment of wireline networks is not cost-effective. In recent years, the number of LTE internet subscribers has declined, in line with the deployment of FTTH networks.

B2B

Our range of global services to B2B customers includes voice, internet, and connectivity services, comprising fixed line, VOIP, E1, PRI, ADSL, LTE, ISDN, broadband, Dedicated Internet Access, IP MPLS, Ethernet, and national lease line (including national leased line to Inmarsat). We are B2B market leaders both by subscribers and revenue market share.

Pay TV

#2 with 35% market share¹

10% of Revenue

We offer a variety of television programming options within our fixed line business through Silk TV, our IPTV digital offering and Global TV, our wireless television product, catering to subscribers still under-served by IPTV technology.

We are the only telecommunications provider in Georgia to have developed its own IPTV platform, which we believe to be “best in class” in Georgia.

Our ability to offer premium and exclusive sports content has been an important factor in new subscriber acquisition historically (see the “Pay TV content cost in financial performance” section).

Our video content is provided through the free-to-air and paid channels included in our TV packages, along with content aggregation and limited production through our own channels.

The Silk Go application and website (www.silkgo.ge or www.silkv.ge) allows customers to watch selected TV programmes on any mobile device with internet access. The Silk TV Go offering includes the opportunity to watch TV on multiple screens with interactive functions, including catch-up TV. Currently, Silk TV Go includes our own channels as well as popular Georgian and international channels.

myvideo.ge, the leading Georgian video platform that we acquired in 2023, offers both free-to-air and paid channels.

Our IPTV transmissions offer a variety of content, including sports, movies, children’s programming, and hobbies. The service is available to FTTH and DSL subscribers. However, only FTTH subscribers can connect multiple TV sets and receive high-definition channels.

The main features of the NPVR-based IPTV service include catch-up TV, VOD services, an electronic programme guide including the assignment of channel positions, and other value-added services.

Fixed telephone service

#1 with 55% market share¹

2% of Revenue

We provide a comprehensive range of fixed line services to B2C and B2B customers. Key fixed line services include national and international fixed line services. Most of our fixed line revenue is derived from our Public Switch Telephone Network (“PSTN”) business.

We provide fixed telephony services to B2C and B2B customers through two main technologies:

- PSTN on copper lines; and
- VOIP on the fibre-optical network and LTE service.

In line with other telecommunication operators, we have experienced a consistent decline in fixed telephone subscribers in recent years. This decline is principally the result of the substitution of fixed line telephones with mobile phones.

Wholesale (carrier) services

9% of Revenue

Our wholesale service consists primarily of fixed interconnection services and data services provided to national and international operators, including local call and bulk SMS termination, international call termination, transit, internet resale, rent of equipment, and cash collections.

Other fixed services

1% of Revenue

Revenue from other fixed services includes broadcasting fees that we receive from other providers that air Silknet channels as well as advertising revenue for ads placed on our own channels and through our streaming services.

¹ Based on the number of subscribers as of 31 December 2024; Pay TV market share does not include mobile streaming application subscribers.



STRATEGIC REPORT

STAYING INNOVATIVE IN A RAPIDLY EVOLVING INDUSTRY

We operate in a rapidly evolving industry with increasing trends towards connectivity and digitalization, coupled with challenging regulatory and economic developments. We strive to compete by providing customers with an improved and innovative customer experience, through building and leveraging powerful telecommunications infrastructure, improving digital channels and services, and providing more tailored offerings.

INCREASING DEMAND FOR CONNECTIVITY

Human behaviour is constantly evolving, leaning towards more connectivity, globally as well as in Georgia. Since the telecommunications sector plays a vital part in this evolution, we believe that the Company is in a strong position to capitalize on the resulting market trends.

Although wireless penetration rates in Georgia are high, as in most of Europe, there is potential for further increases in wireless data penetration due to increasing smartphone penetration and mobile data usage. As of 31 December 2024, the mobile data penetration rate in Georgia was 70%, compared to 73% for Silknet. We believe that we are positioned within the mobile service market as a high-quality provider and aim to capitalize on this by emphasizing the adoption of smartphones and increasing mobile data penetration in Georgia. We have invested heavily in our mobile network

since the acquisition of Geocell, increasing our 4G/LTE population coverage to 99% and pioneering the implementation of gigabit-LTE technology in the major cities of Georgia. In December 2023, we pioneered 5G in Georgia, launching a service in central Tbilisi utilizing the existing spectrum. We continue to invest in the relevant areas to keep up with increasing mobile data usage trends. To facilitate the full-scale deployment of 5G services, we requested the GNCC to initiate a 5G auction. Subsequently, the auction was held in the end of June 2025, Silknet participated and acquired the licenses – 2x5.0MHz in 700MHz band and 50.0MHz in 3500MHz band for GEL 49m in total.

Economic growth and increasing urbanization in Georgia drive further demand for telecommunications services. We expect to continue to roll out our fiber networks, increasing our penetration in major cities. Since the copper network penetration in

smaller towns tends to be relatively low, we expect that this will increase the number of subscribers, substantially increase service quality, and upsell IPTV and mobile services.

GLOBAL DIGITALIZATION

In addition to increasing the pace towards more connectivity, market trends are moving to more digitized solutions. We intend to move in line with these trends.

Historically, we have offered separate self-service applications and websites for fixed and mobile services. Following the completion of our IT transformation, we have developed a new convergent website and launched a new and convergent self-service application to offer increased flexibility to our B2C subscribers. Engagement in our B2C e-care applications grew by 6x over the period of 2022–2024, reaching 425 thousand as of December 2024, compared to 69 thousand as of January 2022. A self-care service solution for B2B customers is in the development phase. In 2024, approximately 1.6 million sessions took place on our website. In addition, we offer customer service contacts through social media (we have more than 500 thousand followers on Facebook), e-signatures, and e-SIM, which expands our ability to deliver our services digitally.

We have pioneered digital content delivery on the Georgian telecommunications market through our applications and websites, such as Silk Go and silktv.ge. myvideo.ge, the leading Georgian video platform, which we acquired in 2023, is unique in the country due to its diversified user-generated content, OTT FTA, and pay TV service. We intend to further develop our digital applications to increase subscriber satisfaction and gain a competitive advantage. Such applications may include improved video content delivery, music, and gaming platforms.

COMPETITION

We are one of two convergent telecommunications operators in Georgia along with Magticom, while Cellfie is a mobile-only operator. There are also several medium-sized and relatively small fixed operators on the market. We believe that our leadership positions in key market segments, our high-quality customer base, our high level of interaction

with our customers, and our strong network and IT infrastructure will allow us to continue to be a leader on the Georgian market.

We are market leaders in terms of mobile internet subscribers. We have the market-leading position as a fixed line operator and are the second largest IPTV, fixed broadband operator, and mobile provider based on the number of subscribers. Our status as a converged telecommunications operator with leading positions across major product segments strongly positions us to capitalize on trends in global telecommunications markets towards bundled and combined product offerings containing broadband, pay television, fixed line and mobile, which are likely to be adopted in Georgia. By combining our network with our product differentiation based on digital services and premium content, we believe that there are significant opportunities to increase revenues by cross-selling bundled services.

The Georgian market has low entry and exit barriers for subscribers due to the absence of long-term contracts, which makes bundling a key indicator of customer base quality. We believe that high bundling rates are indicative of a high-quality customer base and lead to a lower churn rate. Our fixed services are highly bundled: for example, 79% of our B2C FTTH subscribers also subscribe to IPTV. We believe that there is an ongoing increase in the number of mobile subscribers using packages: for instance, on average more than 90% of our subscribers purchased data packages in 2024, while the Company recorded approximately 73% data penetration in mobile subscribers.

We maintain a high level of interaction with our customers through the Company's 48 shops, 15 retail booths, call centers, website, and social media. While we strive to digitalize our channels, we are also increasing the number of physical touchpoints in high traffic areas. In 2024, our call centers answered approximately 330 thousand calls per month, with an average waiting time of 37 seconds, which is an important measure of our interaction with subscribers and which we try to keep low. We also have over 500 thousand followers on Facebook, while we had 1.6 million sessions on our website in 2024. We also have 780 external retail points through third party dealers, 32 sales agents in Tbilisi and the regions, and 5 outbound call center operators. The main channels we use serve the following key functions:



	Mobile sales	Fixed sales	Marketing	Customer service	Fixed service installation	Content
Shops	●	●	●	●		
Inbound call centre	●	●		●		
Outbound call centre	●	●				
silknet.com			●	●		
mysilknet.com		●	●	●		
MySilknet app	●		●	●		
Sales Agents		●				
Third-party installers					●	
Third-party dealers	●					
Facebook			●	●		
Instagram			●			
Viber community			●	●		
YouTube channel			●			
USSD service	●					
SMS service			●	●		
Silk Go app & silkgo.ge			●			●
myvideo.ge			●			●

We believe that we have strong and resilient infrastructure. We are the pioneer, and only provider, of gigabit-LTE technology in Georgia, having installed it in 519 sites in major cities (or 37% of our macro sites). We have pioneered 5G in Georgia. We have ample spectrum holdings, with 233 MHz across multiple bands. We have an extensive optical network in Georgia, which comprises over 4,000 kilometres of fibre. We have a backbone network connecting Tbilisi with other major cities and creating an arrangement that has the highest number of cross-border connections in Georgia, which has also allowed the Company to back up and diversify potential suppliers. All of these allow our network to deliver a high-quality performance

and ensure a reliable user experience.

Silknet has a strong brand in Georgia because of its leadership in distribution network and customer service in the Georgian telecommunications market. We intend to further develop our brand to reflect our technological improvements and emphasize our focus on customers and digital services.

REGULATORY DEVELOPMENTS

We constantly observe the changes in the regulatory environment and engage with the regulator and other stakeholders in consultations and discussions. In recent years, our engagement has contributed to the regulator deciding to repeal the (partial) retail price regulation and delay the ex ante MVNO regulation several times.

From 2024, we have been actively engaged with the regulator in consultations on the following topics:

In August 2024, the GNCC launched a new public consultation for 5G spectrum auctions, following the first 5G auction that was initiated in August 2023, when of the country's three mobile network operators only Cellfie participated and acquired 5G spectrum. The regulator altered the methodology for valuing frequencies, resulting in a significant increase in the reserve prices for licenses. The GNCC failed to adequately justify or explain this change. Consequently, Silknet appealed the Commission's decision. Despite the Commission's unreasonable and unjustified increase in reserve prices, Magticom still participated in the auction and acquired 5G spectrum. Throughout Q4 24, Magticom launched 5G in most of the big cities of Georgia.

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Magticom has published reference offers for access to both of the markets above, with disclaimers from both sides: Magticom states that they do not agree with the imposed regulations, while the GNCC disclaims that they have not yet reviewed the documents and may require changes.

See the Regulatory developments section for more detail.

HEIGHTENED UNCERTAINTIES AMID GEOPOLITICAL TENSIONS

Economic turmoil over the last five years, caused by COVID-19 and the war in Ukraine, has had an impact on everyone and caused a lot of uncertainty.

On a company level, we have maintained our track record of stable growth across our operations in Georgia. We have experienced 12% CAGR over the period of 2018-2024 on our EBITDA (2018 calculated pro forma Geocell acquisition), despite the economic tensions. Our balanced and disciplined expansion policy has enabled us to maintain and develop our strong infrastructure network. We believe that our financial condition and prudent risk management will enable us to continue to deliver a robust operating performance. See the Financial performance section for more detail.

INCREASING NEED FOR EMPLOYEES WITH SPECIFIC SKILLS

Experienced and capable personnel remain in high demand in the telecommunications industry, resulting in increased competition for talent on the job market.

To be successful in hiring while retaining our existing employees, we strive to promote skills development, provide competitive and stimulating work opportunities, and build a workplace that promotes diversity and a culture of equity and inclusion, human rights, and ethics (for more detail, please see the Empowering our people section).

We believe that we have a strong Supervisory Board and an executive team with a strong track record in Georgia. All senior members of the Company's Supervisory Board and executive team have extensive

knowledge of the telecommunications sector in Georgia and bring with them significant experience in leading telecommunications institutions (see the Supervisory Board member biographies and management biographies).

Moreover, we believe that the composition of our management team puts us in a very good position to successfully achieve our growth targets and to focus on improving our operating performance, as the Company encounters opportunities to generate benefits from its significant investments in infrastructure to date. Senior executives of the Company have an average of approximately eleven years' experience in the telecommunications industry. The Company's management continuously looks to strengthen its management bench and attract managers with diversified expertise, particularly in technology and innovation.





Key data

Area **69,700** sq. km

Population million, as of 01.01.2025 **3.7**

Nominal GDP¹ 2024, GEL billion **91.9**

Nominal GDP¹ 2024, USD billion **33.8**

Nominal GDP growth¹ 2024 **13.6%**

Real GDP growth¹ 2024 **9.4%**

Inflation 2024 average **1.1%**

FDI as % of GDP¹ 31.12.2024 **4.6%**

Unemployment rate 2024 **13.9%**

Public debt as % of GDP¹ 31.12.2024 **36.1%**

Country rating S&P Feb 2025 /Moody's Mar 2024 /Fitch Dec 2024 **BB/Ba2/BB**

MARKET OVERVIEW

GEORGIA AT A GLANCE

Since we operate primarily in Georgia, the results of our operations, growth and development are, and will continue to be, significantly affected by Georgian economic factors, including those in the table on the right-hand side.

Sources: GeoStat, MOF
¹2024 preliminary data



ATTRACTIVE ENVIRONMENT FOR DOING BUSINESS

Figure 1
EASE OF DOING BUSINESS

2020 ranking



Figure 2
ECONOMIC FREEDOM INDEX

2025 ranking

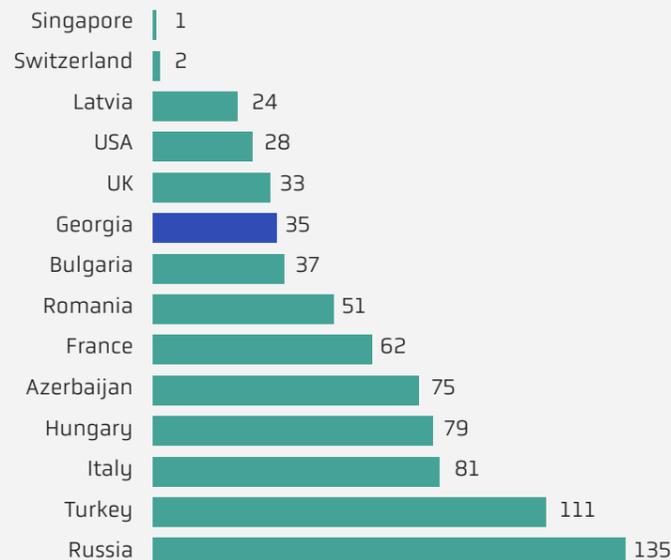


Figure 3
CORRUPTION PERCEPTION INDEX

2024 ranking

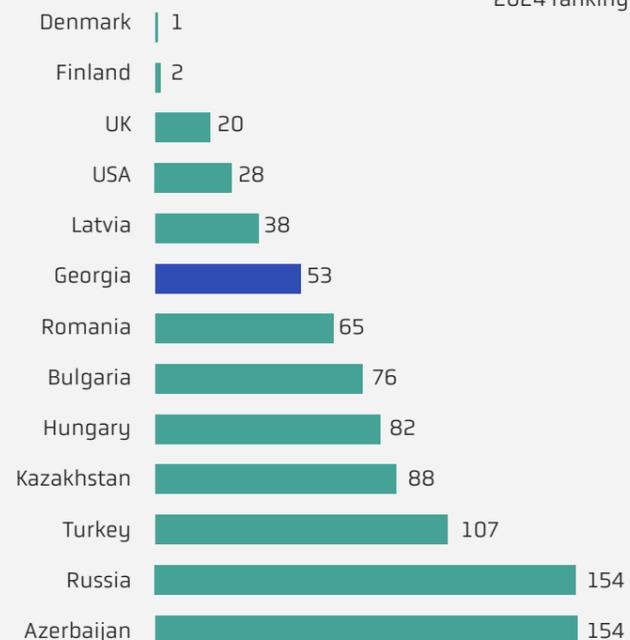
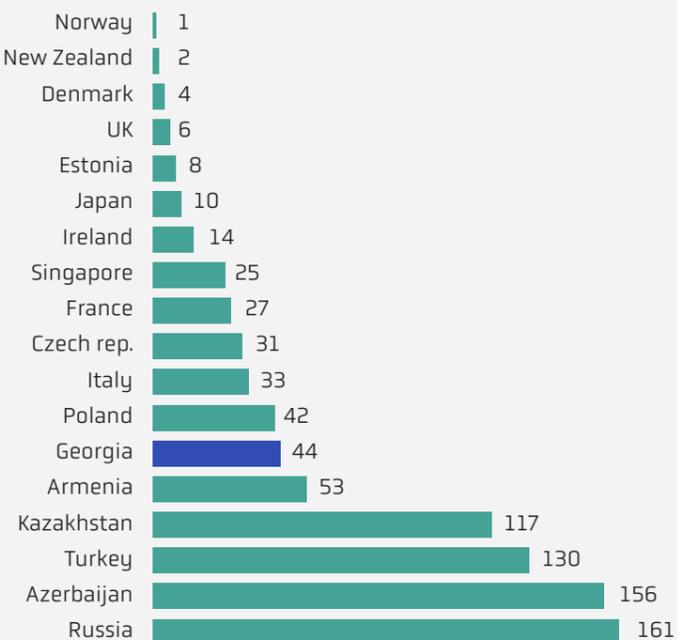


Figure 4
BUSINESS BRIBERY RISK

2024 ranking



Sources: Transparency International, Heritage Foundation, World Bank, Trace International

Economically, Georgia has been outperforming its regional peers for the last decade. In 2024, real GDP growth hit 9.4%, following 7.8% real GDP growth in 2023, while annual inflation in December 2024 stood at 1.9%.

Georgia has an attractive environment for doing business, as evidenced by its high rankings in the recognised indicators.

Significant changes in the country's demographic structure have occurred over the past two decades. According to GeoStat, the rural population decreased by 23% from 2000 to 2024. By the end of 2024, approximately 62% of Georgia's total population lived in urban areas, while 35% of the total population of Georgia lived in Tbilisi. The urbanisation rate in Georgia is still lower than in the EU, but the gap is expected to reduce further.

The urbanisation trend has contributed to an increase in the number of households in urban areas, especially in Tbilisi and Batumi. At the same time, the average household size has been shrinking over time.

Furthermore, approximately 38% of the Georgian population is below the age of 30. A high proportion of young people, coupled with generational shifts, should enhance the demand for telecoms products, especially mobile data, and strengthen future opportunities for the sector.

Our strategic response to these trends is to focus on network development in urban areas, whilst being selective in low-density rural areas. We have invested and expect to continue to invest in network rollout, especially in urban areas, to meet the growing demand for our services, especially fixed broadband, mobile data, and pay television.



TELECOMMUNICATIONS SECTOR OVERVIEW

Telecommunications revenues increased by 8% in 2024, due to organic growth that stemmed from increased per user mobile data consumption and increased average subscriber base.

Figure 5

TELECOMMUNICATIONS RETAIL REVENUES

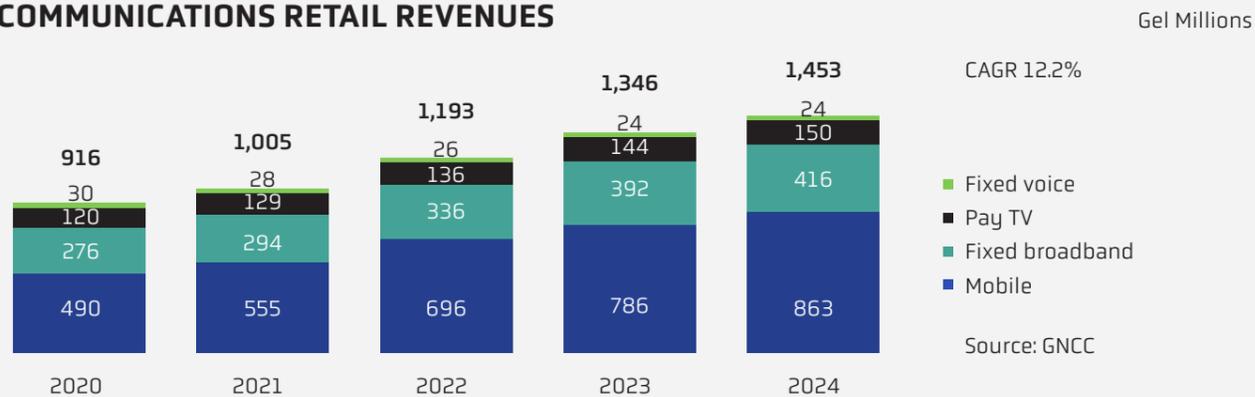


Figure 6

NUMBER OF MOBILE SUBSCRIBERS¹

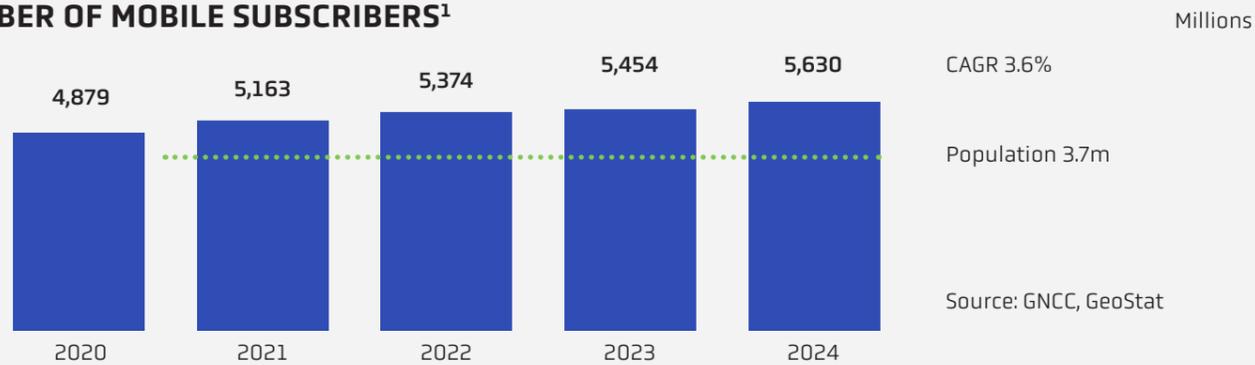
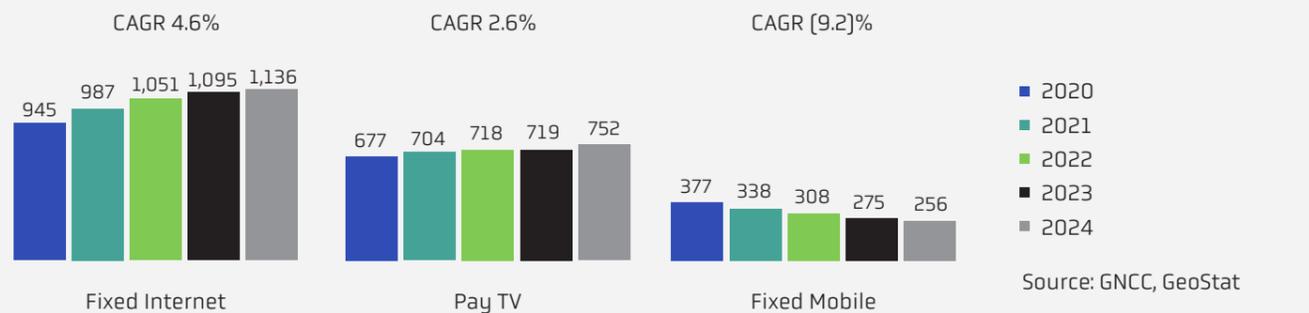


Figure 7

NUMBER OF FIXED SERVICE SUBSCRIBERS¹



Georgia's telecommunications sector subscriber base grew in the period 2020-2024 in all key segments. Although the mobile market has long been highly penetrated, it has still grown slightly, mainly due both to the level of economic activity in the country and to generational shifts, as mobile penetration in young people is relatively high. Fixed broadband and pay TV subscribers grew by 20% y/y and 11% y/y, respectively, while the number of fixed voice subscribers almost halved during the same period, in line with a global decrease in the use of fixed voice services.

MOBILE

SIM card penetration in Georgia is high compared to population size: around 152%, substantially higher than in most European countries. This is mainly due to the high penetration of B2B SIM cards and the practice of multi-SIM ownership.

Driven by increased mobile, fixed broadband, and pay TV revenues, the telecommunications sector generated GEL 1,453 million in retail revenues in 2024, which is 1.6% of Georgia's GDP, compared to GEL 916 million in 2020, or 1.8% of Georgia's GDP.

Mobile revenues remain the most significant revenue stream, accounting for 59% of total telecommunications revenues in 2024. Silknet and Magticom are the only convergent operators in Georgia's three-carrier mobile segment. Cellfie has hitherto focused solely on mobile.

Figure 8

MOBILE SUBSCRIBER EVOLUTION

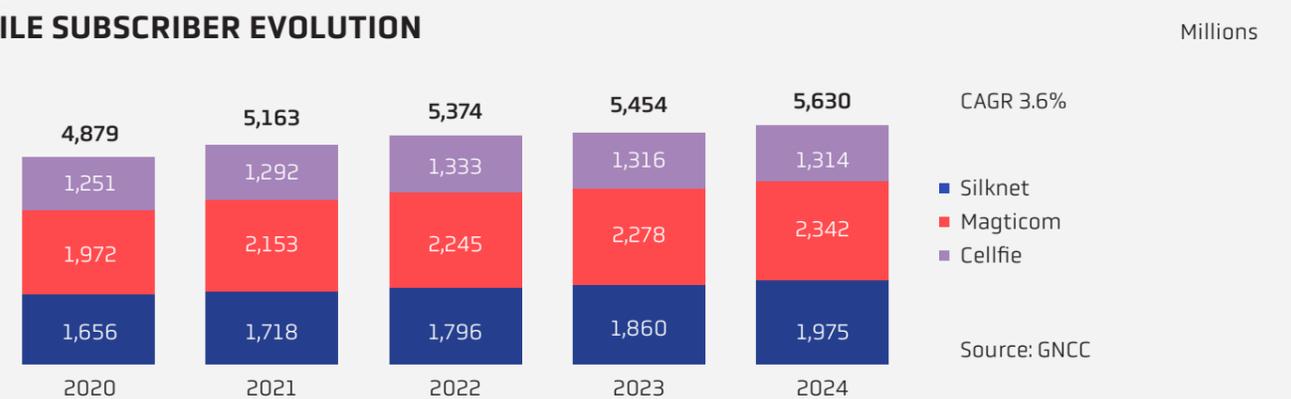
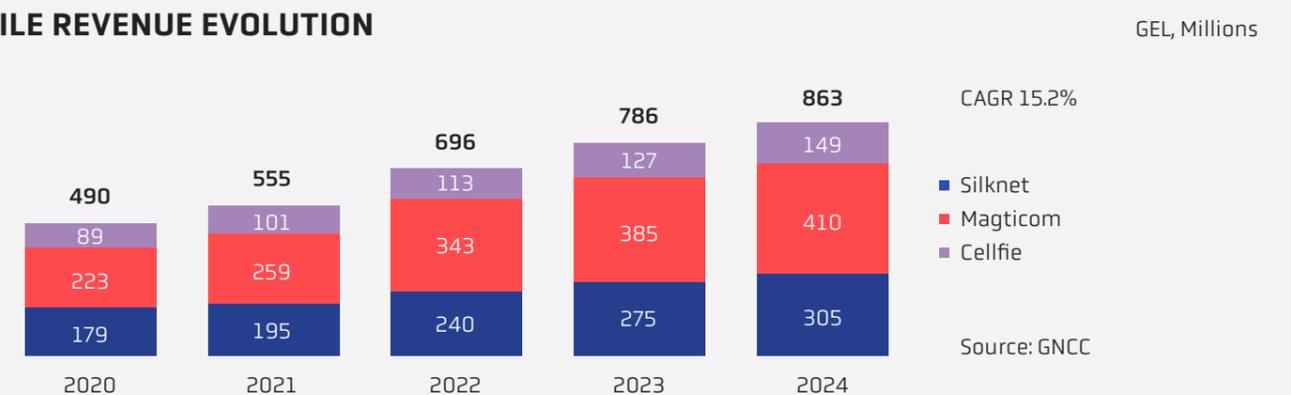


Figure 9

MOBILE REVENUE EVOLUTION

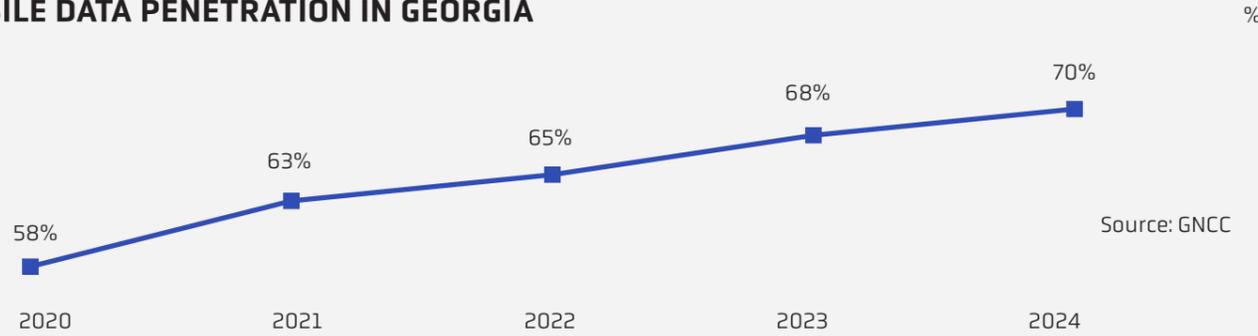


¹eop

The growth of mobile subscribers in 2024 is mainly related to increased economic and tourism activity in Georgia. The 10% y/y growth in mobile revenues in 2024 was driven by increased mobile data consumption and higher subscribers due to higher economic and incoming tourism activity. Our growth was higher than the rest of the market

both in revenue and subscribers in 2024. In revenue we grew by 11%, while out of 176K subscribers net additions (or 3% y/y growth), Silknet took 65%. The growth in mobile revenues in the period of 2020-2024 was mainly caused by increased mobile data consumption.

Figure 10
MOBILE DATA PENETRATION IN GEORGIA



Over the last five years, there has been a significant increase in mobile data subscribers. Mobile data penetration has increased from 58% in 2020 to 70%

in 2024 but is still low compared to Europe. Given the generational shift, the number of data users is expected to increase further.

Figure 11
AVERAGE MOBILE DATA TRAFFIC PER USER

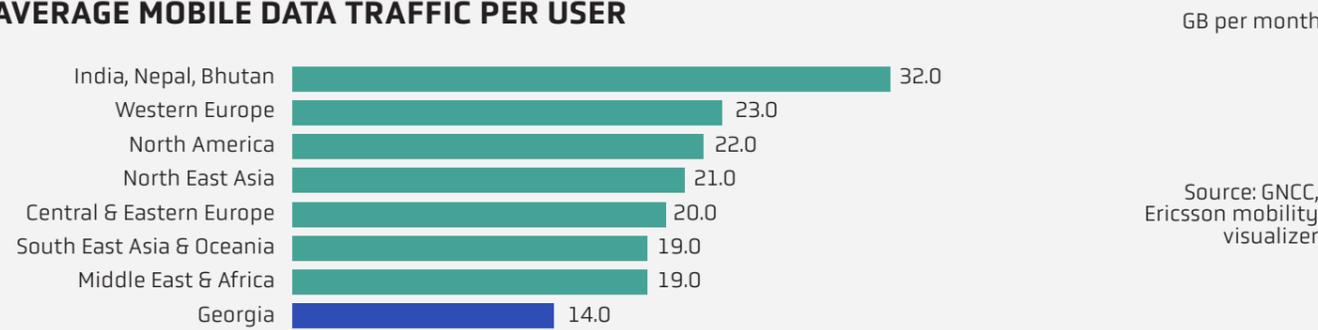
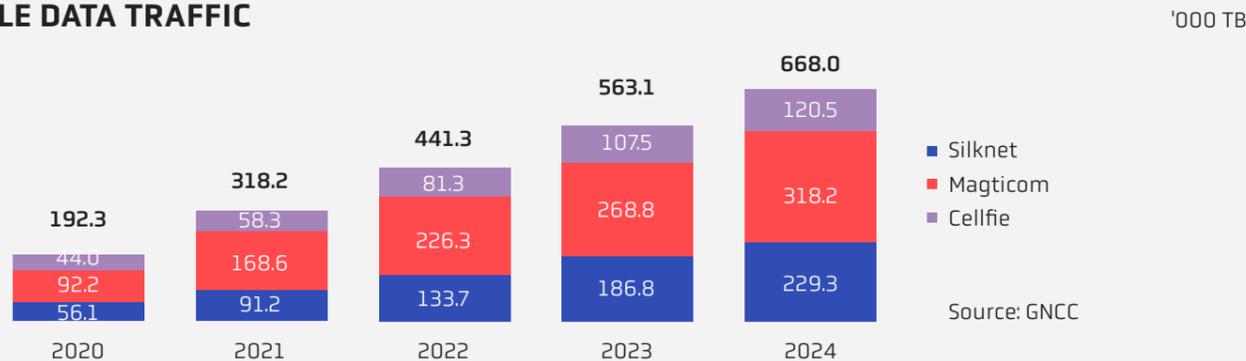


Figure 12
MOBILE DATA TRAFFIC



Despite the surge in mobile data traffic in recent years, average mobile internet consumption in Georgia, which stood at 14.0 GB/month per user in 2024, is low compared to Western Europe and North America.

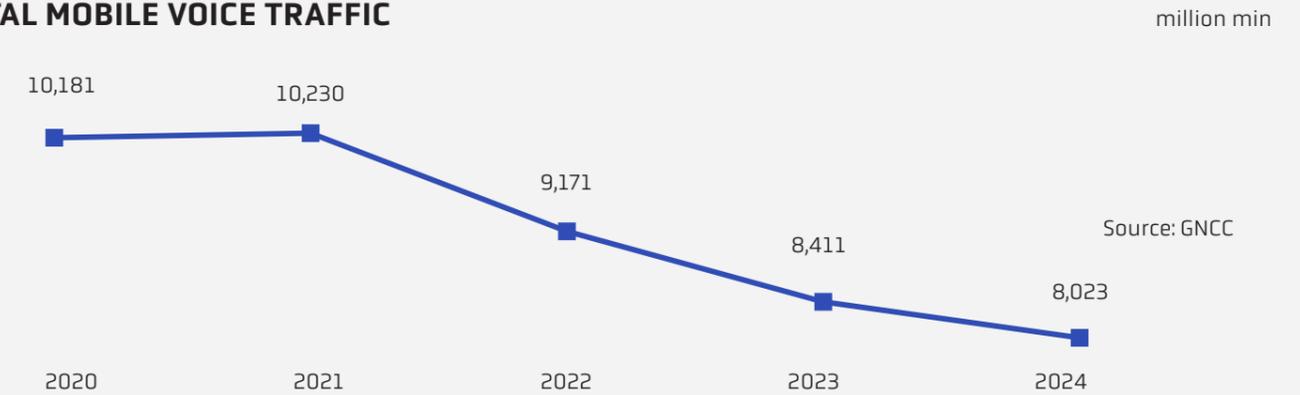
In 2024, Silknet's mobile traffic increased by 23% y/y, compared to 19% y/y growth for the total market in Georgia.

Figure 13
EVOLUTION OF MOBILE B2C ARPU



Silknet's and Magticom's B2C ARPUs are significantly higher than Cellfie's. Cellfie's B2C ARPU increased by 24% y/y in 2024, mainly caused by tariff increases, while Silknet and Magticom made sizeable pricing adjustments in 2022, when Cellfie did it on a lower scale.

Figure 14
TOTAL MOBILE VOICE TRAFFIC



The decrease in mobile voice traffic in 2024 was mainly caused by the substitution of mobile voice by mobile data, in line with global trends.

Figure 15
MOBILE MARKET SHARE BY REVENUE IN 2024

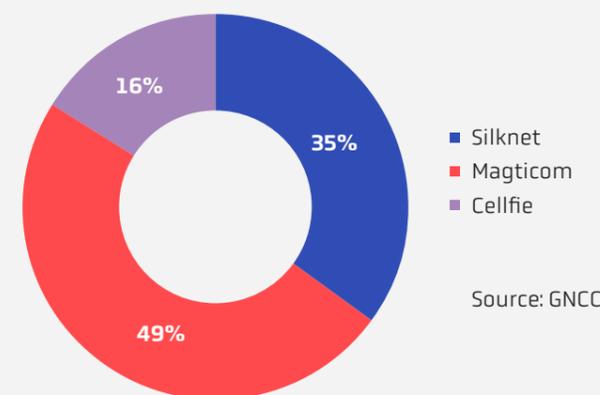
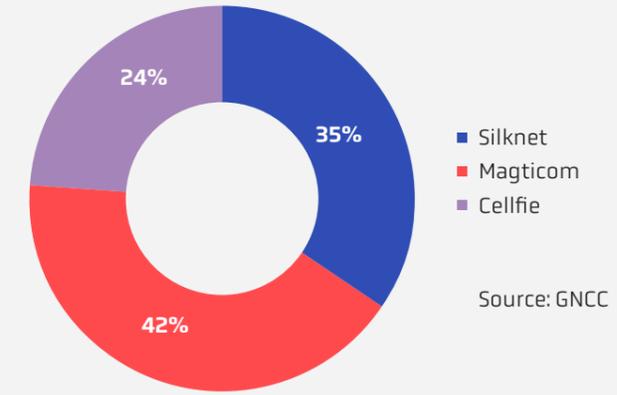


Figure 16
MOBILE MARKET SHARE BY NUMBER OF SUBSCRIBERS IN DECEMBER 2024

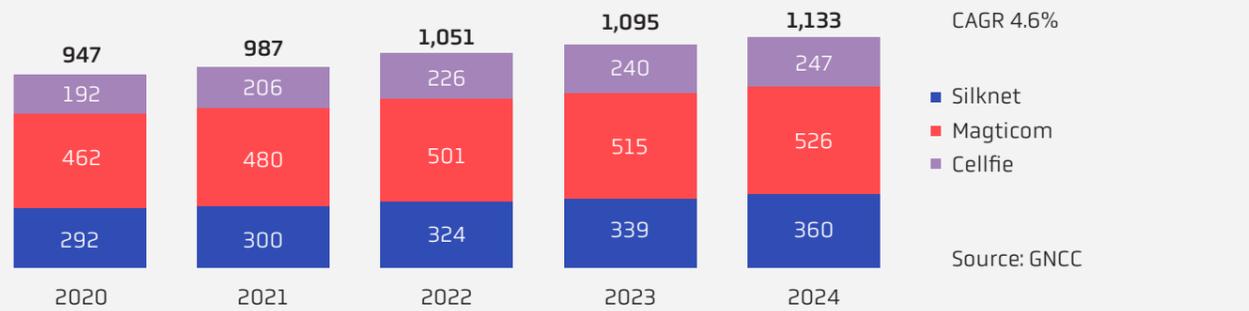


In 2024, our growth outpaced the overall market, resulting in a slight increase in market shares. Our subscriber and revenue market share increased by 1.0 and 0.3 percentage points, respectively.

FIXED BROADBAND (FBB)

Figure 17

FBB SUBSCRIBER EVOLUTION

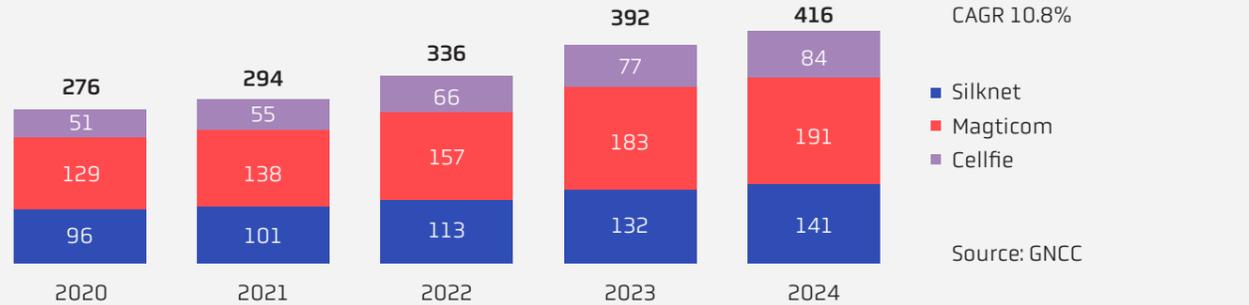


The number of fixed broadband subscribers has grown by 4.6% CAGR over the last five years, reaching 97% household penetration in 2024, which is the fastest growth among all telecom segments. While the headline penetration rate looks high (official

numbers, which are based on 2014 General Population Census Results, are probably low compared to actual numbers), we expect further growth in the number of subscribers because of urbanisation and decreasing average household size.

Figure 18

FBB REVENUE EVOLUTION



Silknet and Magticom combined hold approximately 80% of the fixed broadband market share by number of subscribers, as of December 2024.

Figure 19

FBB MARKET SHARE BY REVENUE IN 2024

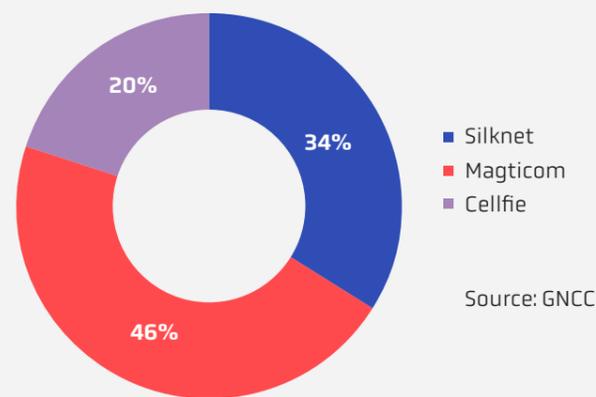
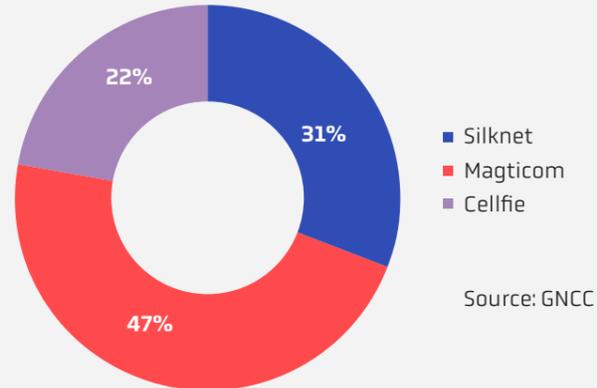


Figure 20

FBB MARKET SHARE BY NUMBER OF SUBSCRIBERS IN DECEMBER 2024



Silknet led subscribers net additions in 2024, with 52% in the total FTTH market and 73% in the biggest ten cities of Georgia¹, where Silknet's subscriber market share has been growing over the past five years.

Figure 21

B2C FTTH SUBSCRIBERS NET ADDITIONS IN 10 LARGEST CITIES¹

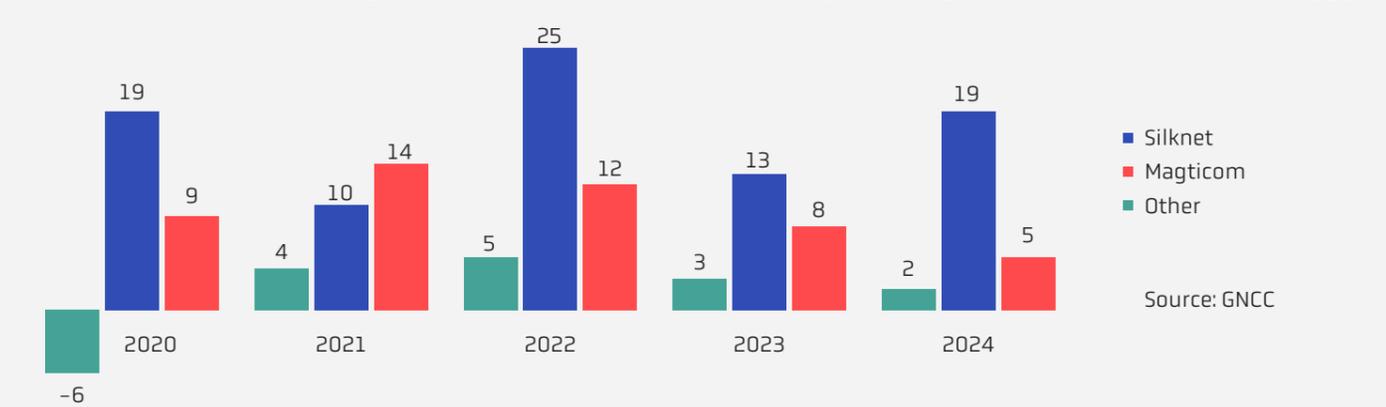
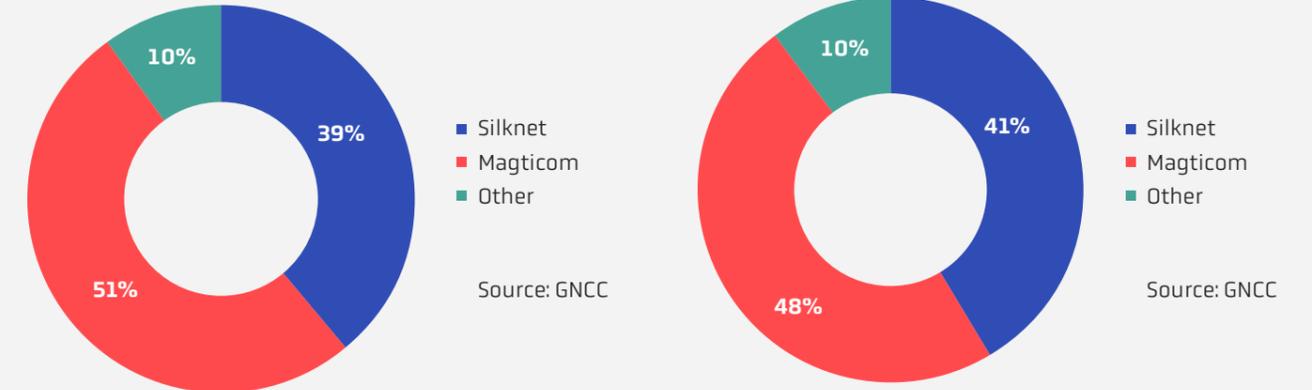


Figure 22

B2C FTTH MARKET SHARE IN THE 10 BIGGEST CITIES BY NUMBER OF SUBSCRIBERS¹



Our approach to network deployment remains selective: we are not chasing headline market share and target less densely populated areas only if it is feasible from financial point of view.

We are the market leader in the B2B segment by both revenue and the number of subscribers.

Figure 23

EVOLUTION OF FBB B2C ARPU

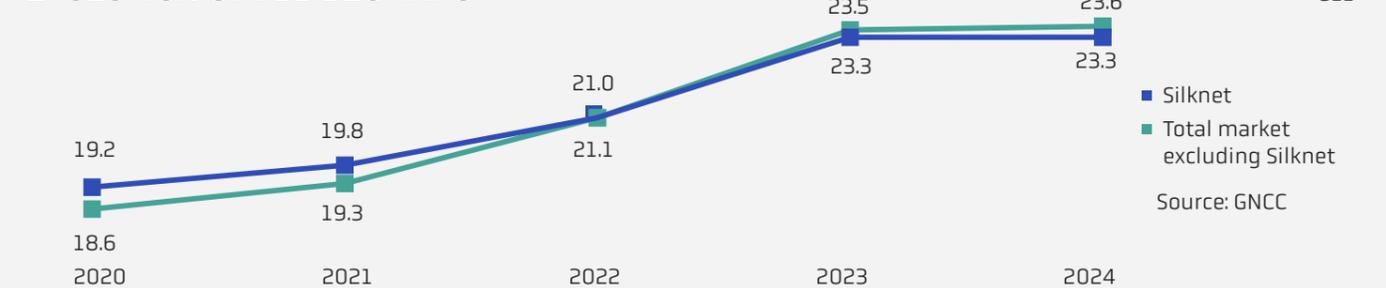
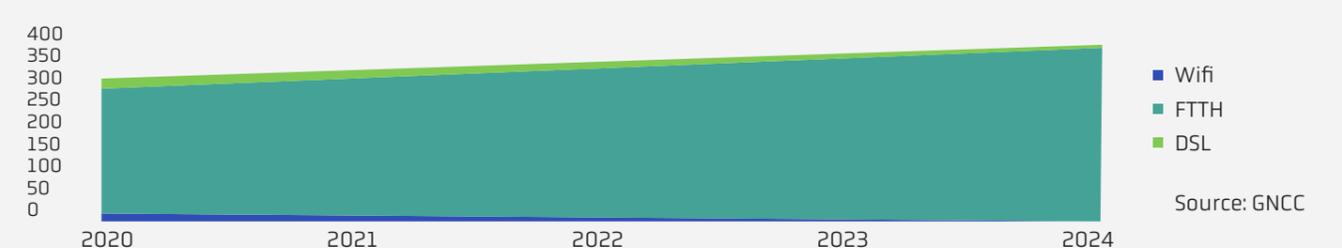


Figure 24

SILKNET'S FBB SUBSCRIBERS BY TECHNOLOGY



¹Tbilisi, Batumi, Kutaisi, Rustavi, Gori, Telavi, Poti, Khashuri, Kobuleti and Zugdidi

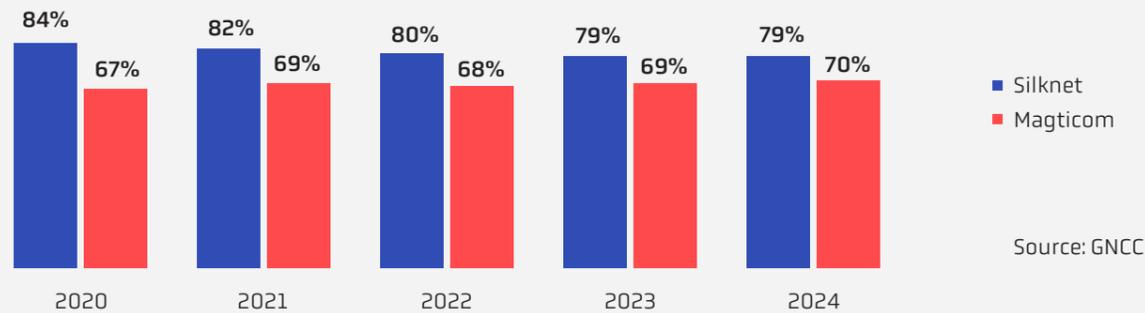
We have maintained growth in the overall number of fixed broadband subscribers. The number of FTTH customers has seen meaningful growth over the last five years. DSL subscribers were mostly substituted by FTTH subscribers and, as of 31 December 2024, there were only 10 thousand DSL subscribers left in Silknet's subscriber base.

In 2019, we gained access to the nationwide electricity grid for fibre deployment, levelling the

playing field with our key competition. We gained further network deployment headway through a backbone contract with the Ministry of Internal Affairs ("MIA").

Most of our FTTH subscribers used 2-play offers, mainly IPTV. Silknet has the highest B2C FTTH FBB and IPTV bundling rate on the market: 79% as of 31 December 2024, compared to 70% for Magticom.

Figure 25
B2C FTTH FBB AND IPTV BUNDLING RATE¹



PAY TV

Pay TV household penetration reached 68% in 2024.

Figure 26
PAY TV SUBSCRIBER EVOLUTION

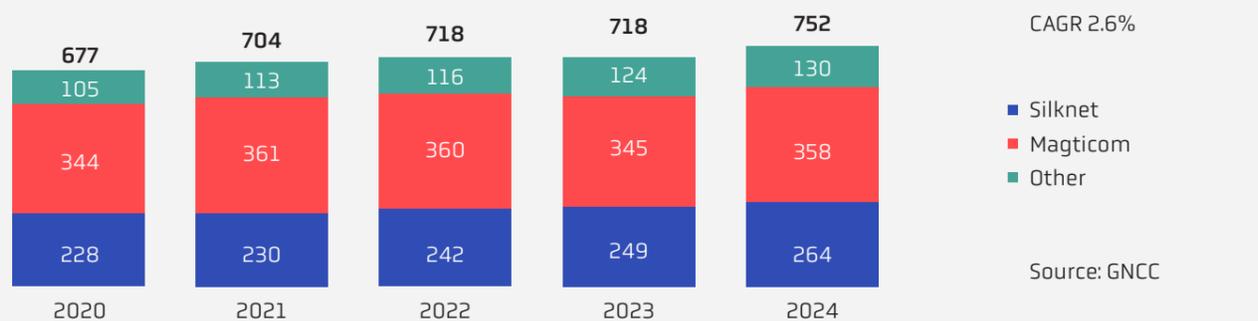
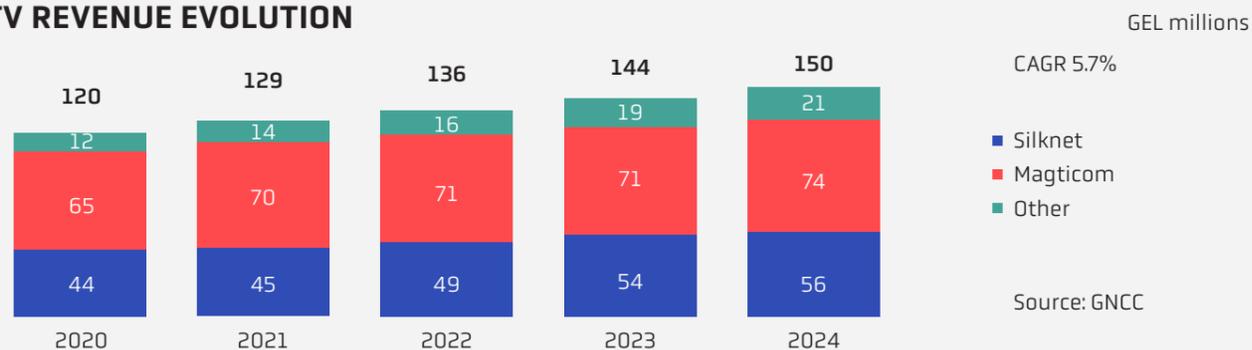


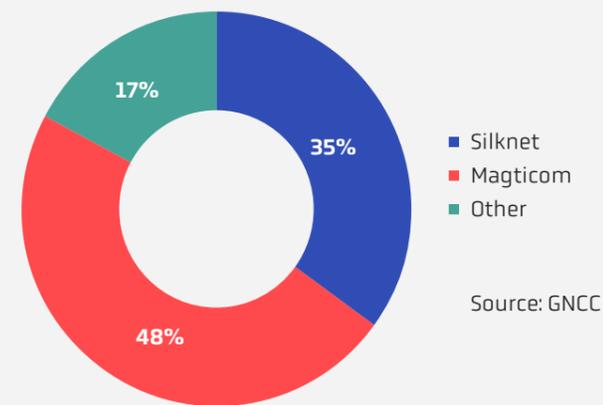
Figure 27
PAY TV REVENUE EVOLUTION



IPTV use has been increasing and remains the most popular technology in Georgia. As of December 2024, we had 38% subscriber market share in IPTV.

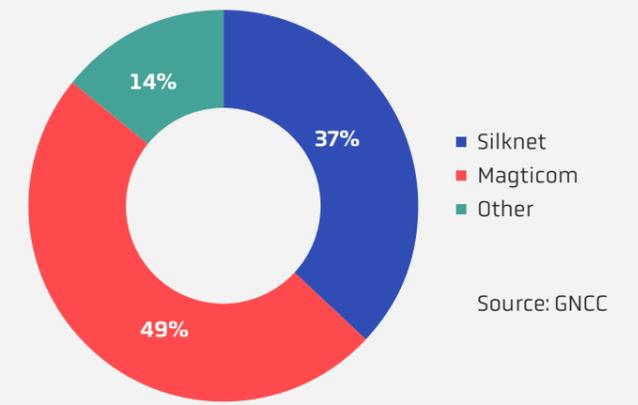
eop

Figure 28
PAY TV MARKET SHARE BY NUMBER OF SUBSCRIBERS IN DECEMBER 2024



We held a 35% subscriber market share at the end of 2024, compared to 31% in FBB, on the back of superior content offering historically and successful service bundling. The current level of our content portfolio is still very competitive on the market, despite sharing part of our sports content with other content providers. We strive to widen our offerings providing content to our subscribers. We offer video-on-demand (VOD) and streaming services along with linear channels.

Figure 29
PAY TV MARKET SHARE BY REVENUE IN 2024



Our operating environment remains challenging with respect to the availability of illegal content, mainly through international sources. We see some encouraging developments on the market in this regard: access to the most popular Georgian and certain foreign websites has been blocked, while most of the content we offer through our VOD and streaming services has been removed from certain popular Georgian websites. Future regulatory changes in line with the EU-Georgia Association Agreement may further facilitate this.

Figure 30
PAY TV ARPU EVOLUTION

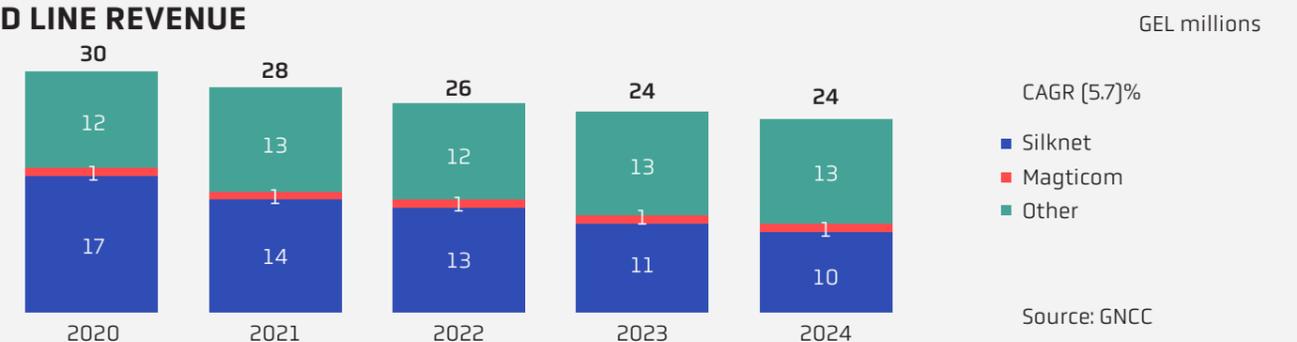


FIXED LINE

The fixed voice segment has experienced 5.7% negative CAGR over the last five years because of substitution by mobile services. Our growth in fixed broadband, pay TV, and mobile segments more than offsets this decline.

We are the fixed line market leader in both subscriber base and revenue. The total number of fixed line subscribers in Georgia was approximately 0.3 million at the end of 2024.

Figure 31
FIXED LINE REVENUE



REGULATORY DEVELOPMENTS

The Georgian telecommunications sector is subject to various laws and regulations, which are adopted by the Georgian National Communications Commission (“GNCC”). The GNCC is an independent state authority, regulating both electronic communications and the broadcasting sectors. The latest regulatory developments are outlined below.

5G

In Georgia, the first 5G spectrum auctions were held in August 2023. Following a public consultation process where our key requests were not met, we made the decision not to participate in the auction. Cellfie (formerly Veon Georgia) was the only one of the country's three mobile network operators to participate in the auction and acquire 5G spectrum.

Despite not obtaining new spectrum, Silknet pioneered 5G in Georgia by launching 5G services in December 2023, utilizing its refarmed spectrum.

In August 2024, the GNCC initiated a second 5G spectrum auction process. Notably, although most of the spectrum remained unassigned after the 2023 auctions, the GNCC substantially increased license reserve prices compared to the previous award. This increase was mainly due to a revised spectrum valuation methodology, shifting from business modeling to a benchmarking method. The GNCC failed to justify the change in valuation method or the resulting increase in reserve prices. Magticom acquired the licenses and launched 5G in most of the large cities of Georgia in Q4 24.

To facilitate the full-scale deployment of 5G services in Georgia, in March 2025 Silknet requested the GNCC to initiate a further 5G spectrum auction process. Subsequently, the auction was held in the end of June 2025, Silknet participated and acquired the licenses – 2x5.0MHz in 700MHz band and 50.0MHz in 3500MHz band for GEL 49m in total.

REGULATION OF THE WHOLESALE ACCESS MARKETS AND DEREGULATION OF THE RETAIL MARKETS

In 2023–2024, with the assistance of experts commissioned under the EU funded Project, the GNCC conducted reviews of the following two product markets:

1. Wholesale market of local and central access provided at a fixed location;
2. Wholesale market of mobile network access.

The GNCC published its final decisions in 2024,

designating Magticom as the single Significant Market Power (SMP) operator in the above markets. A full set of regulatory remedies, including cost accounting and price control obligations, have been imposed on the SMP operator.

Along with the adoption of these wholesale access regulations, the GNCC has annulled its previous decisions, which had designated Silknet (together with other operator(s)) as having joint SMP in the wholesale mobile access market and the retail mobile and fixed broadband markets.

Magticom has published reference offers for access to both of the markets above, with disclaimers from both sides: Magticom states that they do not agree with the imposed regulations, while the GNCC disclaims that they have not yet reviewed the documents and may require changes.

During 2025, the GNCC plans to analyze the following markets:

- Passive infrastructure access market;
- Retail market for high-quality broadband access;
- Wholesale IP transit market;
- Wholesale call origination and termination markets.

GEORGIAN LAW ON BROADCASTING

In April 2025, the Georgian Parliament adopted amendments to the Law of Georgia on Broadcasting. Under the current edition, the law prohibits the broadcaster to receive direct or indirect funding in exchange for placing social advertising. It also restricts broadcasters from receiving funding from a “foreign power”, with the exception of commercial advertising, teleshopping, sponsorship, and product placement within programming. In addition, the purchase of broadcaster services (except for commercial advertising and product (goods/services) placement in the program) and/or direct or indirect financing and/or co-financing of program preparation and/or broadcasting by a “foreign power” is prohibited.

The amended law introduces new regulations on coverage of matters related to the private lives of individuals and/or the activities of the legal entities. It also addresses the collection and transmission of information through covert means, as well as the

coverage of armed conflicts, accidents and/or emergency situations.

The amendments also expanded the scope of issues that do not fall under the sole authority of the broadcasters' self-regulation organs. Accordingly, if a broadcaster violates certain ethical norms or professional standards related to accuracy, fairness and impartiality, inviolability of private life, obtaining and transmitting information through covert means, hate speech and the issues related to the coverage of armed conflict, accidents, or other emergency situations, these matters are now subject to review and resolution of the GNCC, which is also authorized to sanction broadcasters in accordance with the law.

Based on the Georgian Broadcasting Law, in June 2024 the GNCC adopted the Code of Conduct for Video Sharing Platform Service Providers and the Code of Conduct for On-Demand Audio-visual Media Service Providers.

The Code of Conduct for Video Sharing Platform Service Providers defines the criteria for the provision of video sharing platform services, as well as the rights and obligations of video sharing platform service providers. The Code obliges the service provider to take measures regarding videos or programs that may harm the physical, mental, or moral development of minors, or that contain elements of criminal offenses or hate speech and discrimination based on various grounds.

The Code of Conduct for On-Demand Audiovisual Media Service Providers establishes essentially the same requirements for service providers as those set out for broadcasters under the Georgian Broadcasting Law and the Broadcasters' Code of Conduct.

Both codes came into force on January 1, 2025.



LAW OF GEORGIA ON INFORMATION SECURITY

The Law of Georgia on Information Security, which was initially adopted in 2012, underwent significant amendments in 2021 to enhance and strengthen data protection and cybersecurity measures in both the public and private sectors. The Law in mostly reflects the requirements of the ISO standards on information security, albeit not fully.

To comply with the first phase of regulations outlined in the newly amended legislation, companies have been given a deadline of December 30, 2025, with an additional year provided for the second phase.

REGULATIONS ON SHARING TELECOMMUNICATIONS INFRASTRUCTURE AND PHYSICAL INFRASTRUCTURE USED FOR TELECOMMUNICATIONS PURPOSES

In June 2023, the Law of Georgia on Sharing Telecommunications Infrastructure and Physical Infrastructure Used for Telecommunications Purposes was published. The law was fully enacted in July 2024, although the restriction on exclusive access to the infrastructure as well as the obligation to give authorised persons access to the physical infrastructure regardless of any previously agreed exclusivity terms came into force upon publication of the law.

The law aims to facilitate the development of high-speed broadband network infrastructure by providing access to the telecommunications infrastructure and physical infrastructure used for telecommunications purposes.

The law closely follows DIRECTIVE 2014/61/EU of the European Parliament and of the Council on measures to reduce the cost of deploying high-speed electronic communications networks (dated 15 May 2014).

The GNCC is the designated administrative organ overlooking implementation and execution of the law. In this capacity, in 2024, the GNCC adopted subordinate normative acts that regulate the access of authorized persons (telco operators) to telecommunications infrastructure and physical Infrastructure used for telecommunications purposes and introduce a methodology to calculate access fees. They also provide instructions for administering and operating the information platform, which, once it has reached operational readiness by allowing parties to upload requested information, is both to serve as the information/data hub on the number, locations, and availability of telecommunications

infrastructure and infrastructure used for telecommunications purposes and planned civil works and to provide a basis for better coordination between all involved parties (authorised persons/infrastructure operators/administrative bodies).

LAW OF GEORGIA ON PERSONAL DATA PROTECTION AND SUBSEQUENT SUBORDINATE NORMATIVE ACTS

In June 2023, the Georgian Parliament passed a new Law on Personal Data Protection, which came into effect on March 1, 2024. The law, which has been modelled on the General Data Protection Regulation (GDPR), introduces more comprehensive and stringent requirements to safeguard the personal data of individuals effectively.

Key legislative amendments applicable as of March 1, 2024, include:

Restrictions regarding direct marketing:

Companies require the consent of a data subject for the purposes of processing their personal data for direct marketing. This requirement is new, as previous legislation allowed the processing of certain personal data for direct marketing purposes without the consent of the data subject, if such data had been obtained lawfully.

Personal data security requirements: Stricter guidelines mandate organizations to implement the necessary security measures to safeguard personal data from unauthorized access and data breaches. Moreover, companies are now required to record and, in certain cases, report incidents related to the protection of personal data.

Regulatory framework for joint data controllers:

The new data protection law introduces provisions for joint data controllership, filling a legislative gap that was present in the existing framework.

Increased sanctions: The new law introduces higher penalties for non-compliance with data protection regulations, emphasizing the importance of adhering to the prescribed measures.

Appointment of a special representative by foreign data controllers/data processors:

Foreign companies processing personal data through technical means located within Georgian territory are obligated to appoint a special representative within the country to oversee data protection matters before commencing any data processing related activities.

In addition, the new data protection law introduces a Data Protection Officer as a supervising unit to oversee compliance with data protection regulations.

Following the adoption of the law, the Personal Data Protection Service of Georgia (PDPS) enacted a number of subordinate normative acts aimed at proper implementation of certain requirements of the law. These normative acts, amongst them, set criteria/requirements for: determining an incident posing a significant threat to fundamental human rights and freedoms and the procedure for reporting the incident to the PDPS; performing a data protection impact assessment (DPIA); issuing permission (by the PDPS) for the transfer of personal data to another state and/or international organization; and examining the lawfulness of personal data processing.

The PDPS also issued an updated list of the countries with adequate safeguards (guarantees) for the protection of personal data.

LAW OF GEORGIA ON ELECTRONIC COMMUNICATIONS

Together with the new personal data protection legislation, Georgia adopted amendments to the Law of Georgia on Electronic Communications, which come into effect as of March 1, 2024. The amendments set maximum time limits for electronic communications companies to process and store customer personal data, after which companies must ensure the destruction of such personal data.

The amendments are aimed at ensuring the protection of personal data of data subjects. Considering that similar requirements are already in place, it is unlikely that the legislative amendments will affect the day-to-day operation of the Company.

FOREIGN AGENTS REGISTRATION ACT

On April 01, 2025, Georgia adopted the Foreign Agents Registration Act (FARA), which is largely modeled after the U.S. law of the same title. Effective from May 31, 2025, certain agents of a foreign principal must do the following: register as such with the Anticorruption Bureau of Georgia; provide a number of documents/information regarding the agent and the foreign principal; submit copies of informational materials that are distributed by the agent on behalf of a foreign principal in Georgia; and label them appropriately. Agents must also maintain books and records related to their activities for the entire duration of their agency and for up to three years following the termination of their status.

For the purposes of FARA, a foreign principal is a foreign state, political party, individual, or an entity. A Georgian national or a Georgian entity may also qualify as a foreign principal, if their place of

residence or ordinary place of business is outside of Georgia. An agent is a person acting for a foreign principal that engages in one of the activities listed under FARA, such as engaging in political activities for the benefit of the foreign agent, acting as their public-relations counsel, a publicity agent or an information-service employee, collecting or distributing funds in Georgia, representing the foreign principal before the Georgian authorities, etc.

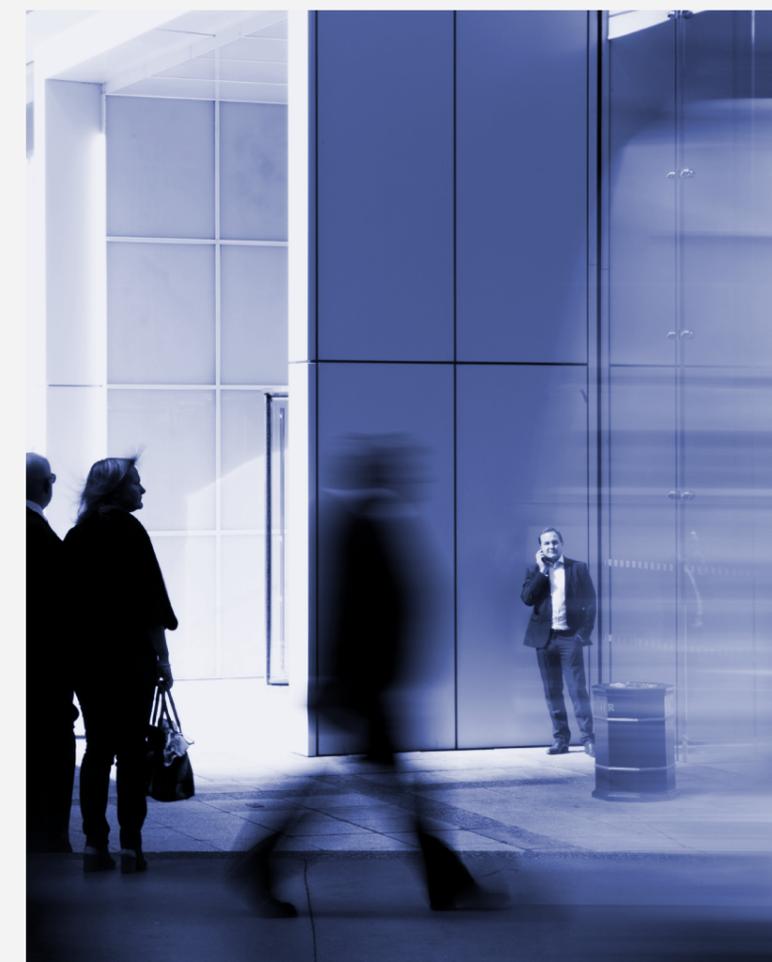
An agent is exempt from the obligation to register before the Anticorruption Bureau or submit information on their activities if, for example, they are a diplomatic or consular officer, engage in bona fide commercial activity or other activity not serving predominantly a foreign interest, engage in humanitarian fundraising, etc.

Failure to comply with the requirements of FARA is punishable by a fine, and in severe cases, by imprisonment of the individual for up to five years.

EXPECTED DEVELOPMENTS

Currently, there is ongoing work on legislative and normative acts in the field of electronic communications and broadcasting.

Changes are underway which entail refining the existing legislative framework regarding the licensing, authorisation, and management of radio frequencies, roaming, and universal service obligation.



FINANCIAL PERFORMANCE

FINANCIAL HIGHLIGHTS

GEL millions	2022	2023	2024	y/y 24-23
Revenue	473.0	536.4	582.0	8%
Commercial revenue	428.2	487.9	530.1	9%
Carrier services	44.9	48.6	51.9	7%
EBITDA	284.1	337.9	369.9	9%
EBITDA margin %	60.1%	63.0%	63.6%	
EBITDAaL	270.4	324.4	357.3	10%
EBITDAaL margin %	57.2%	60.5%	61.4%	
Capex¹	83.9	77.5	81.5	
Capex/revenue %	17.7%	14.4%	14.0%	
Operating free cash flow (OpFCF)	186.5	247.0	275.8	11%
OpFCF margin %	39.4%	46.0%	47.4%	

The 8% y/y growth in revenue is mostly attributable to organic commercial revenue growth (9% y/y), mainly due to a higher average subscriber base both in mobile and fixed and increased mobile data consumption.

Solid organic revenue growth was followed by moderate growth in operating expenses of 7% y/y, which was mainly driven by a 13% y/y increase in salaries and benefits, mostly due to the shift of part of the inflationary effect from 2021-2022 to the second half of 2023 and 2024. Slower growth of

operating expenses compared to revenues resulted in 10% y/y growth in EBITDAaL in 2024.

We continued to invest in our network and infrastructure in 2024, increasing our FTTH footprint as well as improving our 4G network. This has resulted in capex of GEL 84.0 million, or 14% of revenue.

The increased EBITDAaL, combined with a normalized level of capex, resulted in a 11% y/y growth in OpFCF and a solid OpFCF margin of 47% [see further details in Cash flow and liquidity management, later in this section].

CREDIT RATINGS

Building on our track record of local capital market transactions (discussed under Leverage, later in this section), we issued our debut USD 200 million Eurobonds in April 2019, the first pure corporate (nonfinancial-institution- and non-sovereign-related) issuance from the country. This was followed by an additional USD 300 million in Eurobonds issued in January 2022, of which USD 50 million was repurchased substantially upon issuance. With the proceeds, we refinanced the existing USD 200 million Eurobonds and 34 million GEL bonds.

We have been rated since 2016.

The most recent updates by credit rating agencies are presented in the table below:

	Moody's	Fitch
Long-term credit rating	B1 (Jan 24)	B+ (Jan 25)
Debt rating	B1 (Jan 24)	BB- (Jan 25)
Outlook	Stable	Stable

PROFIT AND LOSS STATEMENT (RECLASSIFIED)

GEL millions	2022	2023	2024	y/y 24-23
Revenues:	473.0	536.4	582.0	8%
Commercial revenue	428.1	487.9	530.1	9%
Carrier services	44.9	48.6	51.9	7%
Costs and expenses:	(188.8)	(198.5)	(212.1)	7%
Salaries and benefits	(68.5)	(75.0)	(84.7)	13%
Other expenses	(21.2)	(21.6)	(23.9)	11%
Purchased services	(41.6)	(41.6)	(41.0)	-1%
Rent expenses under operating leases	(6.5)	(6.7)	(7.7)	14%
Interconnect fees and roaming expense	(17.1)	(17.0)	(16.7)	-2%
Network management and maintenance costs	(18.1)	(18.5)	(20.3)	10%
IPTV content cost	(9.3)	(8.8)	(9.4)	6%
Advertising and marketing	(5.4)	(7.2)	(6.6)	-9%
Costs of SIM cards, scratch cards and other cost of sales	(1.2)	(2.1)	(1.8)	-12%
EBITDA	284.1	337.9	369.9	9%
Depreciation and amortisation	(119.5)	(118.7)	(114.8)	-1%
Change in fair value of investment property	9.8	6.7	5.3	-21%
Specific items	(7.0)	(30.0)	(12.4)	58%
Finance income	4.8	12.1	17.2	41%
Finance costs	(116.0)	(54.1)	(57.9)	7%
Net change in fair value of financial instrument at FVTPL	(3.9)	-	-	
Net foreign exchange (loss)/gain	82.5	0.4	(13.0)	
Net finance costs	(32.6)	(41.6)	(53.7)	
Profit/(loss) before income tax	134.9	154.4	194.2	
Income tax expense	(0.3)	(0.3)	(0.2)	
Total profit/(loss) for the period	134.5	154.1	194.0	



REVENUE

Revenue consists of two main streams: commercial revenue, comprising 91% of total revenue, and wholesale (carrier) revenue, comprising 9% of total revenue. Commercial revenue is generated directly from B2B and B2C subscribers, while wholesale revenue is received from other local and international telecoms. The breakdown of total revenue is presented below:

Figure 32

2024 REVENUE BREAKDOWN

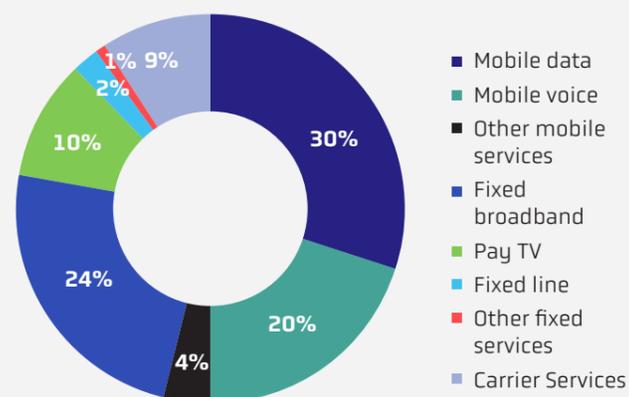
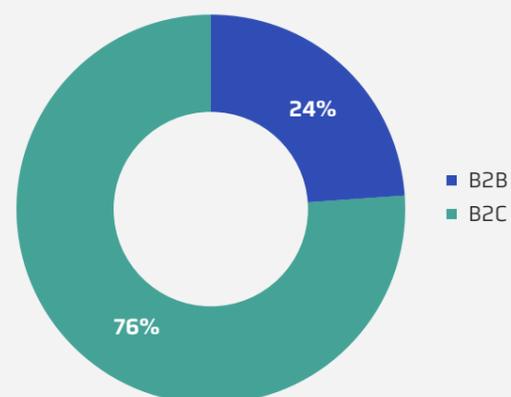


Figure 33

2024 COMMERCIAL REVENUE SPLIT



GEL millions	2022	2023	2024	y/y 24-23
Commercial revenue	428.1	487.9	530.1	9%
Mobile voice	109.6	113.4	117.5	4%
Mobile data	120.4	149.3	173.4	16%
Fixed broadband	114.4	132.6	142.3	7%
Pay TV	50.6	55.9	58.2	4%
Fixed telephone	12.7	11.4	10.6	-7%
Revenue from other services	20.4	25.3	28.1	11%
Carrier services	44.9	48.6	51.9	7%
Interconnect service	25.9	25.3	23.5	-7%
Infrastructure capacity rental service	9.7	11.6	14.2	22%
Roaming revenue	6.5	9.0	11.2	24%
Internet wholesale	2.8	2.7	3.0	11%
Total revenue	473.0	536.4	582.0	8%

Commercial revenue growth of 9% y/y was driven by increased mobile data consumption as well as by higher average subscriber base, both in mobile and fixed segment.

MOBILE

The main services in the mobile segment are mobile data and voice. Over the last several years, mobile data has been the main driver of mobile segment growth, which we expect to continue for the foreseeable future.

The significant increase in mobile data revenue stems from consumption growth, in line with regional peers, as well as growth in number of subscribers. Mobile data traffic increased by 23% y/y, while per user monthly mobile data consumption increased by 15% y/y, from 11.6 GB to 13.4 GB, in 2024. Mobile data penetration reached 72% in 2024. Although both per user mobile data consumption and mobile data penetration are still lower than in regional peers, the gap is narrowing and is expected to narrow further with generational shifts and extended mobile data usage. The population in Georgia also still relies heavily on mobile voice services.

See the Telecommunications sector overview for further information about the mobile segment.

FIXED

The main services in the fixed segment are fixed broadband and pay TV, which are the main drivers of growth, while the fixed telephone has been gradually declining over the last few years as a result of substitution of fixed voice by mobile services, in line with global trends. The increase in fixed broadband and pay TV revenues in 2024 was mainly driven by higher subscriber base, following gradual expansion of fiber network. Number of fixed broadband and pay TV subscribers increased by 6% or 20K and 15K, respectively, in 2024.

See the Telecommunications sector overview for further information about the fixed segment.

OTHER SERVICES

Other services mainly include revenue from SMS, revenue from phone sales and accessories, infrastructure capacity rental service, broadcasting

fees that we receive from other providers that air Silknet channels, and advertising revenue for adverts placed on our own channels and through our streaming services.

The 11% y/y growth in other revenue in 2024 was mainly driven by the increase in revenue from advertising and channel resale and higher volume of infrastructure capacity rental.

CARRIER SERVICES

The largest revenue generating category in carrier services is the interconnect service, which are fees received from other local and international operators for the termination of voice, SMS, and bulk SMS in Silknet's network. The increase in carrier services in 2024 was mainly driven by higher foreign visitor roaming revenue, fueled by increased incoming tourism activity in Georgia and the higher volume of infrastructure capacity rental.

OPERATING EXPENSES

Figure 34

OPEX¹ DYNAMICS 2022-2024

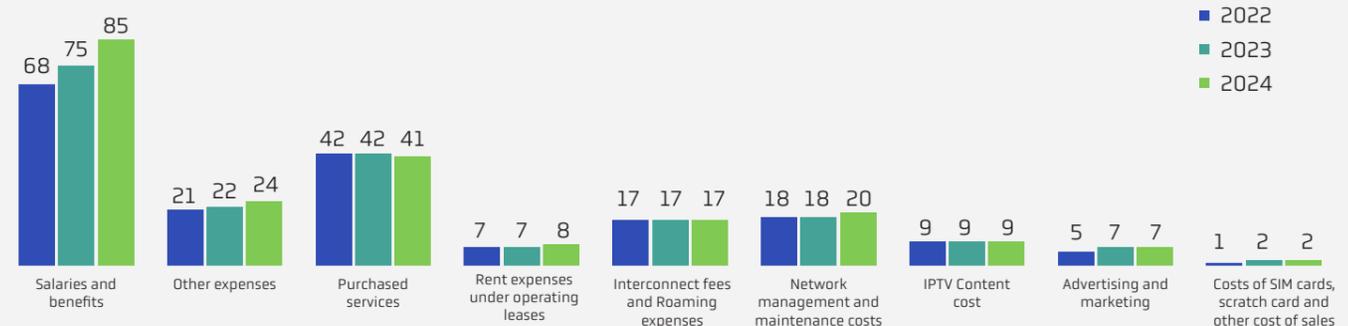
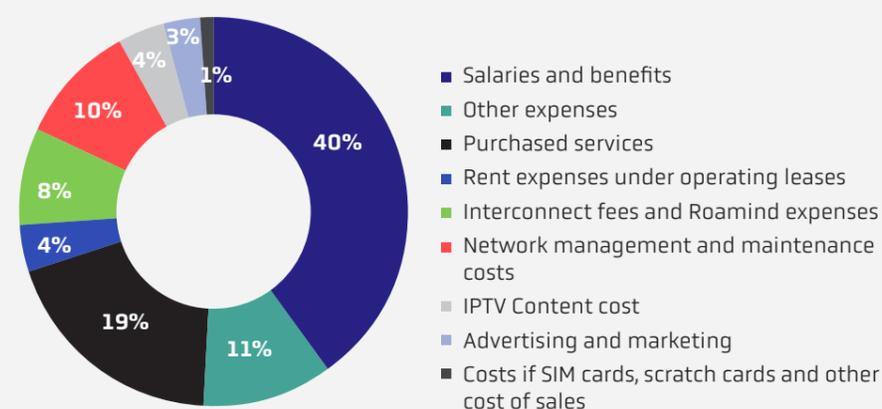


Figure 35

OPEX¹ BREAKDOWN 2024



Most of the Group's operating expenses are fixed in the short run and are not directly exposed to subscriber base changes. Some of our operating expenses are subject to foreign exchange fluctuation, as discussed further under Net foreign exchange (loss)/gain later in this section. Key changes to the operating expenses are as given below.

¹ Excludes non-recurring items; reconciliation to the audited figures is provided in this section.

SALARIES AND BENEFITS

We are one of the top 20 employers in the country. We employed 2,050 people by the end of 2024 and salaries and benefits are the largest category in our operating expenses. The 13% y/y increase in salaries

and benefits in 2024 mainly reflects the shift of part of the inflationary effect of 2021–2022 to the second half of 2023.

INTERCONNECT

The interconnect segment regulates tariffs between operators for the termination of voice, SMS and bulk SMS in another operator's network and covers local as well as international transactions.

both the mobile and fixed segments, interconnect revenue and expense is decreasing from year to year. However, in 2024 in interconnect fees this decrease was offset by the increase in roaming expenses, driven by the increased outgoing tourism activity.

Due to the substitution of voice services by mobile data that results in a decrease of voice traffic in

GEL millions	2022	2023	2024	y/y 24–23
Revenue from interconnect service	25.9	25.3	23.5	-7%
Interconnect fees	16.0	15.8	15.7	0%
Net interconnect	9.8	9.5	7.8	-18%

PAY TV CONTENT COST

In order to provide a wide spectrum of content to our customers, we invest heavily in our pay TV content. Approximately 60% of our content licenses, which are long-term and grant rights to Silknet, are capitalized as intangible assets. The rest are charged to the P&L.

The breakdown of 2024 pay TV content cost (Opex+Capex) is presented in the charts below:

Figure 36

BREAKDOWN BY TYPE OF CONTENT

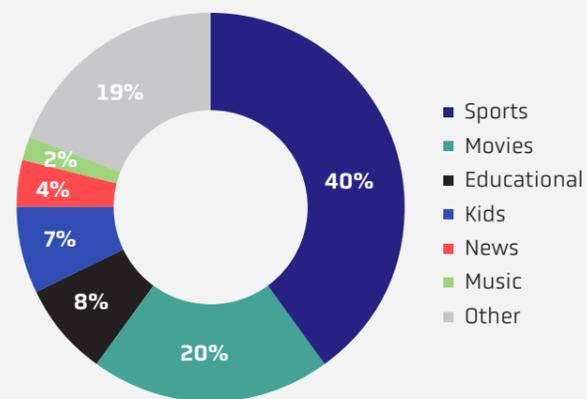
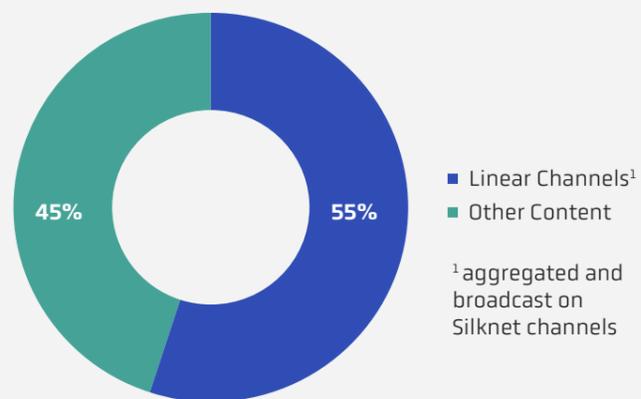


Figure 37

BREAKDOWN BY CATEGORY



The 6% increase in pay TV content cost in 2024 compared to 2023 was mainly driven by the increase of variable costs tied to the revenues that we generate from our subscribers.

PURCHASED SERVICES

The largest categories in purchased services are utility expenses, technical support for our network, IT infrastructure, IP costs, and IP clear channel rental cost. In 2024, the decrease in utility expenses, driven by the reduction of electricity tariffs, was partially offset by the increase in technical support, IP costs

and IP clear channel rental cost, mostly due to the expansion of our network infrastructure and the increase of our subscriber base both in mobile and fixed segments, resulting in 1% y/y decrease in purchased services.

RENT EXPENSES UNDER OPERATING LEASES

Most of the Company's lease contracts, including mobile site rents, fall under IFRS 16 criteria and are accounted as right-of-use assets and are amortized, while the rest are accounted as rent expenses under operating leases.

The 14% y/y in rent expenses under operating leases in 2024 was mostly related to an increase in distribution channel points.

NETWORK MANAGEMENT AND MAINTENANCE COSTS

Since the quality of our extensive infrastructure is one of our main priorities, we closely monitor it on a daily basis and incur relevant expenses if necessary. Network management and maintenance costs include field maintenance service, which we outsource, and materials spent on maintenance.

The 10% y/y growth in network management and maintenance costs in 2024 mainly relates to the expansion of our network infrastructure.

ADVERTISING AND MARKETING

Since Silknet has a strong brand, we spend on advertising and marketing to further emphasize our leadership on the telecommunications market and to promote our products and services.

The decrease in advertising and marketing expenses in 2024 is primarily attributable to the higher expense in 2023 related to the sponsorship of the FIS Freestyle Ski and Snowboarding World Championships held in Bakuriani, Georgia.

COSTS OF SIM CARDS, SCRATCH CARDS AND OTHER COST OF SALES

This opex category mainly includes the cost of mobile sets and other accessories that we sell in our shops as well as the cost of sold SIM and scratch cards.

to increase in 2024, following the post-Covid recovery and the increase in distribution channel points, which boosted sales activity in mobile sets, accessories and SIM cards since 2023.

The decrease of costs of SIM cards, scratch cards, and other cost of sales in 2024 is mainly related to the optimization of costs, while sales activity continued

OTHER EXPENSES

The 11% y/y growth in other expenses is mainly attributable to the increased regulation fees, which

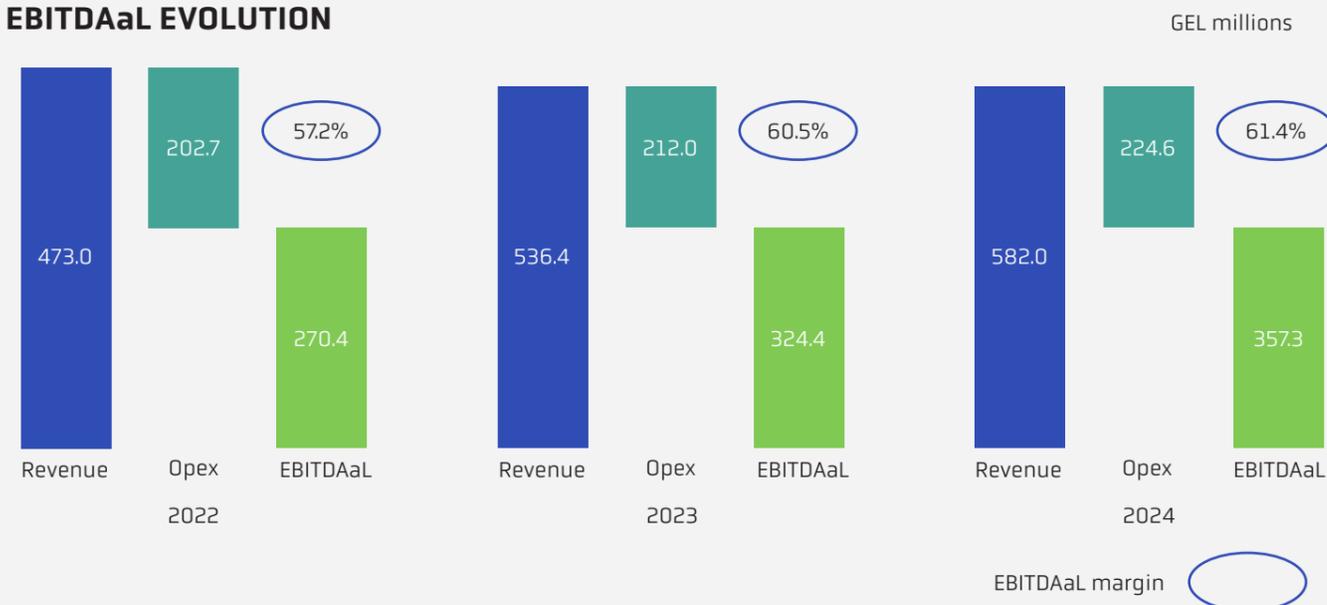
are mainly tied to commercial revenue growth and the increased security expenses.

EBITDA AND EBITDAaL

Strong topline growth at 8% in combination with lower increase of operating expenses of 7% y/y in 2024, has resulted in 9% and 10% growth in EBITDA and EBITDAaL, respectively.

Figure 38

EBITDAaL EVOLUTION



SPECIFIC ITEMS

Certain operating expenses, mainly ones that are non-recurring and non-operating, are excluded from the calculation of EBITDA and EBITDAaL. For detailed definition of the specific items, see Definitions and sources of financial information below in this section.

GEL millions	2022	2023	2024
Loss on disposals of property and equipment	0.8	1.4	(0.9)
Write-down of slow-moving inventory, property and equipment and other non-current assets	0.7	0.6	1.2
Professional fees, one-time consulting expenses*	3.8	13.3	7.2
Charity	1.4	1.4	1.7
Bonuses	1.5	-	-
Key management one-time benefit**	-	17.3	3.5
Other income	(1.2)	(4.0)	(0.1)
Total specific items	7.0	30.0	12.6

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

** See note 24 in the Consolidated Financial Statements for 2024.

NET FINANCE COSTS

GEL millions	2022	2023	2024
Finance income	(4.8)	(12.1)	(17.2)
Finance costs	116.0	54.1	57.9
Net change in fair value of financial instrument at FVTPL	3.9	-	-
Net foreign exchange [gain]/loss	(82.5)	(0.4)	13.0
Net finance costs	32.6	41.6	53.7

FINANCE INCOME

Finance income mainly represents interest income received on our cash and cash equivalents placed on current and term deposits. We maintain most of our cash balance in hard currencies, which we place in USD and EUR deposits. We also invest part of our liquidity in foreign currency (FC) instruments. Increased finance income in 2024 reflects attracting returns on FC-linked instruments and higher average cash position despite meaningful dividend distributions (see Cash flow and liquidity management later in this section).

NET CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENT AT FVTPL

Net change in fair value of financial instrument at FVTPL is related to the cross-currency hedge that we had arranged with TBC Bank, whereby we deposited USD and drew a corresponding GEL loan. The instrument was cancelled in March 2022.

NET FOREIGN EXCHANGE (LOSS)/GAIN

Our financial performance is subject to foreign currency exposure. 73% and 24% of our capex and opex, respectively, and only 4% of our revenue are denominated in USD and EUR, while our loans and borrowings are fully denominated in USD as of year-end 2024.

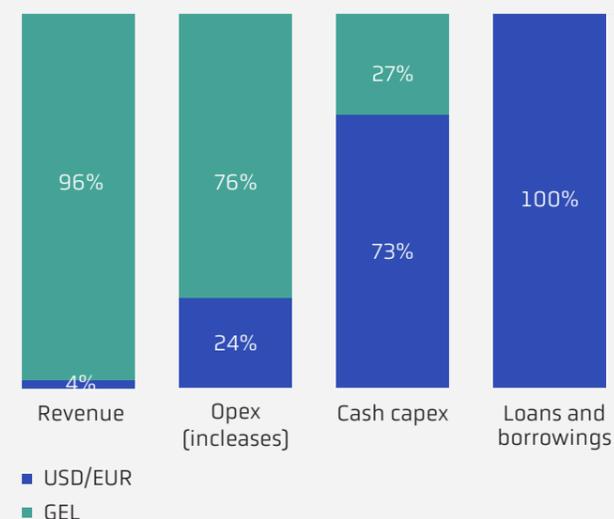
FINANCE COSTS

In January 2022, we issued USD 300 million 8.375% Eurobonds, which we used to refinance USD 200 million 11.000% Eurobonds and local GEL bonds. Out of the issued USD 300 million, we repurchased USD 100 million over the course of 2022. Higher finance costs in 2024 compared to 2023 is mainly due to the depreciation of GEL against USD, while the finance costs in 2022 is inflated by the one-off expenses associated with the Eurobond issuance in 2022.

Foreign currency denominated capex mostly consists of equipment purchased from international vendors such as Ericsson, Huawei, Juniper, Whale Cloud, etc. In terms of operating expenses, the main items denominated in foreign currency are technical support and pay TV content costs. Most foreign currency revenue is generated from wholesale carrier services.

Figure 39

FX BREAKDOWN 2024



We employ different measures to mitigate currency risk.

We keep most of our liquidity in hard currencies. As of 31 December 2024, out of GEL 179 million total liquidity, GEL 143 million (or 80%) was denominated in foreign currencies, mainly USD, part of which is invested in FC instruments.

We entered into forward agreements with the local banks to hedge the FX risk on our estimated opex, capex and coupon FC outflows for the period of October 2024 to December 2025. Costs of the instruments range from 4% to 5%.

Figure 40
FC EXPOSURE HEDGED

(Oct 2024 – Dec 2025)



FX sensitivity on unhedged position on 10% GEL depreciation is illustrated in the table below:

GEL millions	Wo hedge	With hedge
Revenue	2	-
Operating expenses	(4)	-
EBITDAaL	(2)	-
CAPEX	(7)	-
OpFCF	(9)	-
Net debt service	(4)	-
FCF	(13)	-
Net income	(41)	(41)
Leverage (x)	0.15	0.15

Other measures for mitigating currency risk include capex management, as part of our capex is discretionary and can be spread out over years, as well as adjusting prices. Following the removal of the retail price regulation by the regulator, we have the flexibility to adjust prices, as we did on multiple occasions in 2022.

GEL has been broadly stable throughout 2023 and 2024, supported by strong external inflows from exports, remittances and tourism. Short-term movements in local currency is supported by solid gross international reserves, standing at USD 4.4 billion as of 31 December 2024.

The evolution of the GEL exchange rate against foreign currencies is presented in the chart below:

Figure 41

GEL EXCHANGE RATE AGAINST FOREIGN CURRENCIES



In 2024, the depreciation of GEL against USD from 2.69 as of 31 December 2023 to 2.81 as of 31 December 2024, resulted in a foreign exchange loss of GEL 13 million due to the revaluation of net FC

exposure, mostly attributable to the outstanding Eurobonds. In 2022, the appreciation of GEL against USD resulted in meaningful foreign exchange gain of GEL 83 million.

CORPORATE INCOME TAX

Currently, there is virtually no corporate income tax in Georgia. In May 2016, the Parliament of Georgia passed a bill on corporate income tax reform (also known as the Estonian model of corporate taxation), according to which profits are taxed only if they are

distributed to either an individual or a non-resident of the country. The law became effective for tax periods starting after 1 January 2017. Since 19 April 2019, Silknet's direct parent company has been a local entity, Silknet Holding LLC.

RECONCILIATION OF RECLASSIFIED PROFIT OR LOSS STATEMENT WITH THE AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

GEL millions	2022			2023			2024		
	IFRS P&L	Specific items	Reclassified P&L	IFRS P&L	Specific items	Reclassified P&L	IFRS P&L	Specific items	Reclassified P&L
Revenues:	473.0	-	473.0	536.4	-	536.4	582.0	-	582.0
Commercial revenue	428.1	-	428.1	487.9	-	487.9	530.1	-	530.1
Carrier services	44.9	-	44.9	48.6	-	48.6	51.9	-	51.9
Costs and expenses:	(195.9)	7.0	(188.8)	(228.5)	30.0	(198.5)	(224.5)	12.4	(212.1)
Salaries and benefits	(69.9)	1.5	(68.5)	(92.3)	17.3	(75.0)	(88.2)	3.5	(84.7)
Other expenses	(22.9)	1.7	(21.2)	(21.0)	(0.6)	(21.6)	(25.5)	1.6	(23.9)
Purchased services	(45.4)	3.8	(41.6)	(54.9)	13.3	(41.6)	(48.3)	7.2	(41.0)
Rent expenses under operating leases	(6.5)	-	(6.5)	(6.7)	-	(6.7)	(7.7)	-	(7.7)
Interconnect fees and roaming expense	(17.1)	-	(17.1)	(17.0)	-	(17.0)	(16.7)	-	(16.7)
Network management and maintenance costs	(18.1)	-	(18.1)	(18.5)	-	(18.5)	(20.3)	-	(20.3)
IPTV content cost	(9.3)	-	(9.3)	(8.8)	-	(8.8)	(9.4)	-	(9.4)
Advertising and marketing	(5.4)	-	(5.4)	(7.2)	-	(7.2)	(6.6)	-	(6.6)
Costs of SIM cards, scratch cards and other cost of sales	(1.2)	-	(1.2)	(2.1)	-	(2.1)	(1.8)	-	(1.8)
EBITDA	277.1	7.0	284.1	307.9	30.0	337.9	357.4	12.4	369.9
Depreciation and amortisation	(119.5)	-	(119.5)	(118.7)	-	(118.7)	(114.8)	-	(114.8)
Change in fair value of investment property	9.8	-	9.8	6.7	-	6.7	5.3	-	5.3
Specific items	-	(7.0)	(7.0)	-	(30.0)	(30.0)	-	(12.4)	(12.4)
Finance income	4.8	-	4.8	12.1	-	12.1	17.2	-	17.2
Finance costs	(116.0)	-	(116.0)	(54.1)	-	(54.1)	(57.9)	-	(57.9)
Net change in fair value of financial instrument at FVTPL	(3.9)	-	(3.9)	-	-	-	-	-	-
Net foreign exchange (loss)/gain	82.5	-	82.5	0.4	-	0.4	13.0	-	13.0
Net finance costs	(32.6)	-	(32.6)	(41.6)	-	(41.6)	(53.7)	-	(53.7)
Profit/(loss) before income tax	134.9	-	134.9	154.4	-	154.4	194.2	-	194.2
Income tax expense	(0.3)	-	(0.3)	(0.3)	-	(0.3)	(0.2)	-	(0.2)
Total profit/(loss) for the period	134.5	-	134.5	154.1	-	154.1	194.0	-	194.0

CONDENSED STATEMENT OF FINANCIAL POSITION

GEL millions	31 Dec 22	31 Dec 23	31 Dec 24
Total assets	820.1	858.8	874.0
Total liabilities	734.4	747.2	739.4
Total equity	85.7	111.6	134.6
Fixed assets	622.1	597.3	585.3
Gross debt	552.1	550.8	573.2
Cash and cash equivalents	84.9	144.6	160.8
Net debt	467.2	406.2	412.4

CAPITAL EXPENDITURES

Our capital expenditures comprise four main categories: 1) network maintenance; 2) pay TV rights and licenses, which are capitalized rather than expensed; 3) customer-related capex, including investments in customer premise equipment, which is in line with fixed broadband and TV customer acquisition and installation costs (we own the CPE equipment and do not charge subscribers for their use); and 4) network development and expansion.

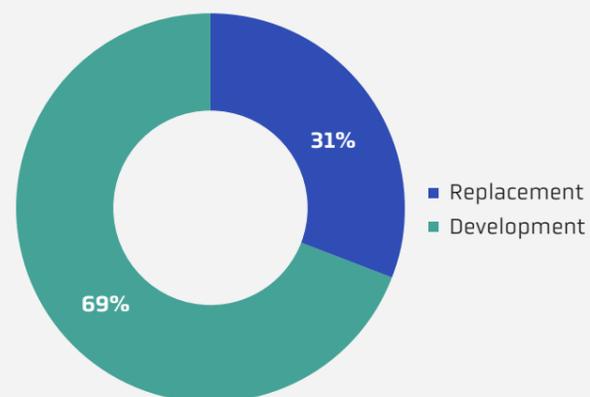
We constantly invest to expand and improve our network in line with global technological trends and our customers' usage habits. As a result, out of

MOBILE

Development capex in the mobile segment in 2024 mainly comprised improvement of the 4G capacity and the coverage, mostly in less densely populated areas.

Figure 42

MOBILE CAPEX BREAKDOWN 2024



TELECOMMUNICATIONS LICENSES AND NON-RECURRING CAPITAL EXPENDITURES

Telecommunications licenses in the period of 2022–2024 comprised licenses related to numbering resources, which amounted to approximately GEL

four main categories of capital expenditure, network development capex has the highest share in our total capex. However, this share has decreased over the last several years, following the finalization of the most capex-intensive part of mobile network modernization program, which began after the acquisition of Geocell.

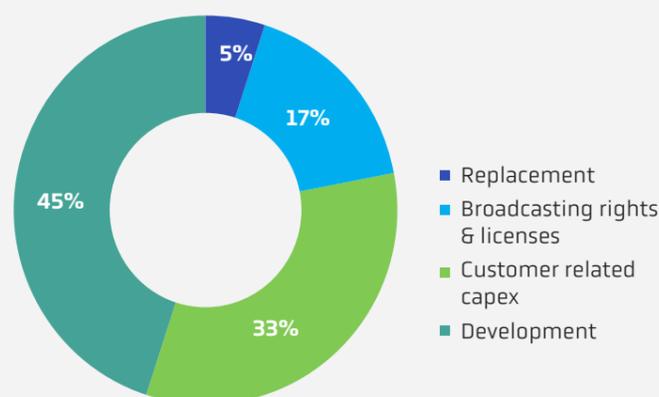
Capex discussed in mobile and fixed segments is recurring and does not include telecommunications licenses. Telecommunications licenses and non-recurring capex are discussed later in this section.

FIXED

Development capex in the fixed segment mainly comprises our FTTH footprint expansion. Our FTTH network covers 77% of households in Georgia. We focus on expanding the FTTH network in urban areas to meet growing demand for our services and are selective in low-density rural areas.

Figure 43

FIXED CAPEX BREAKDOWN 2024



1 million in each year, and renewal of RRL MW frequency license in 2023 in the amount of GEL 1 million.

Non-recurring capex comprises the final part of IT transformation GEL 1 million in 2022 and Euronews

operating license of GEL 2 million in 2024.

CAPEX EVOLUTION

GEL millions	2022	2023	2024
Capex	83.9	77.5	81.5
Mobile	35.7	23.0	28.9
Fixed	33.5	29.9	34.2
IPTV Content Licenses	10.5	19.1	6.9
Other	4.2	5.6	11.6
Capex/revenue %	18%	14%	14%

CASH AND CASH EQUIVALENTS AND CERTIFICATE OF DEPOSIT

We keep most of our cash and cash equivalents in hard currencies, which partially hedge an open FX position on our debt and FX risk on foreign currency denominated expenses (see Net foreign exchange

(loss)/gain for more details on our FX exposure). Our liquidity is placed on current and term deposits at local banks, with part of the liquidity invested in FC instruments.

Figure 44

BREAKDOWN OF CASH AND CASH EQUIVALENTS AND CERTIFICATE OF DEPOSIT



Our liquidity management is further discussed in Cash flow and liquidity management later in this section.

LEVERAGE

On 31 January 2022, we issued USD 300 million 8.375% Eurobonds due in 2027. With these funds, we refinanced all outstanding debt instruments – USD 200 million 11.000% Eurobonds due in 2024 and GEL 34 million local bonds. We repurchased USD 50 million of Eurobonds substantially upon issuance and an additional USD 50 million on the open market over the course of 2022, with the nominal amount of USD 200 million outstanding as of 31 December 2024. The repurchased notes are not cancelled and are held by Silknet.

Under the Eurobonds, Silknet is subject to several covenants. The principal covenants include: 1) incurrence of additional indebtedness if a Consolidated Leverage Ratio exceeds 3.50 to 1; 2) restricted payments of up to 50% of cumulative net income from 2022 (with certain carve-outs), which was in effect until June 2024. In June 2024, we finalized the consent solicitation process

and introduced a “leverage-based” basket in the restricted payments test, allowing the Company to proceed with Restricted payments until the Consolidated Leverage Ratio reaches 1.75 to 1; and 3) Silknet will maintain a cash cushion in an amount of at least USD 20 million or USD 24 million equivalent amount in GEL to secure the coupon payments.

Facility, GEL millions	31 Dec 22	31 Dec 23	31 Dec 24
Eurobond 2022	552.1	550.8	573.2
Silknet 2017 Bond	-	-	-
Silknet Private Placement Bond	-	-	-
Gross debt	552.1	550.8	573.2
Cash and cash equivalents	(84.9)	(144.6)	(160.8)
Net debt	467.2	406.2	412.4
Leverage (Net Debt / EBITDA)	1.64	1.20	1.12

Following our strong growth and robust cash generation, our leverage fell significantly below a comfortable level.

EQUITY AND DIVIDEND DISTRIBUTION

Our equity and retained earnings turned positive in 2022 and 1H 23, respectively, following our strong operating performance and the appreciation of GEL against USD, which led to significant foreign exchange gains mainly due to the revaluation of USD-denominated loans and borrowings. Earlier, equity

turned negative in 2020, following the depreciation of GEL against USD, which led to significant foreign exchange losses, mainly due to the revaluation of USD-denominated loans and borrowings. For more details, see Net foreign exchange gain.

Figure 45

EQUITY



The additional paid-in capital of GEL 8 million was related to the warrant agreement (option) with respect to c. 6.6% of the Silknet shares issued by our parent company (Silknet Holding) to TBC Bank. The option was first purchased by Silknet Holding from TBC Bank and then expired in June 2023 without any further action from the option holder. As a result, the additional paid-in capital of GEL 8 million was reclassified to retained earnings as at 30 June 2023.

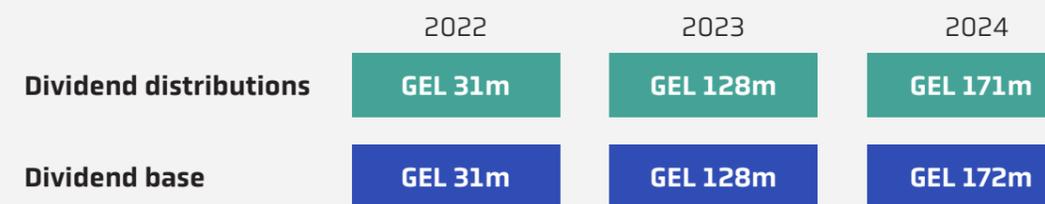
Our strong operating performance and improved cash generation have allowed us to make meaningful shareholder distributions, mainly in 2023 and 2024, in line with Georgian legislation and our Eurobond constraints. In 2024, we paid dividends in the amount of GEL 171 million.

In 2022, a new Law on Entrepreneurs was introduced, allowing dividend distributions up to the positive amount of retained earnings. Until June 2024, Eurobonds covenants allowed Restricted payments up to 50% of cumulative net income from 2022 (with certain carve-outs). This restriction was amended following the consent solicitation process, which was finalized in June 2024, and introduced a “leverage-based” basket in the Restricted payments test, allowing the Company to proceed with Restricted payments until the Consolidated Leverage Ratio reaches 1.75 to 1.

Figure 46

DIVIDEND DISTRIBUTIONS AND RESTRICTIONS (CASH BASED)

GEL millions



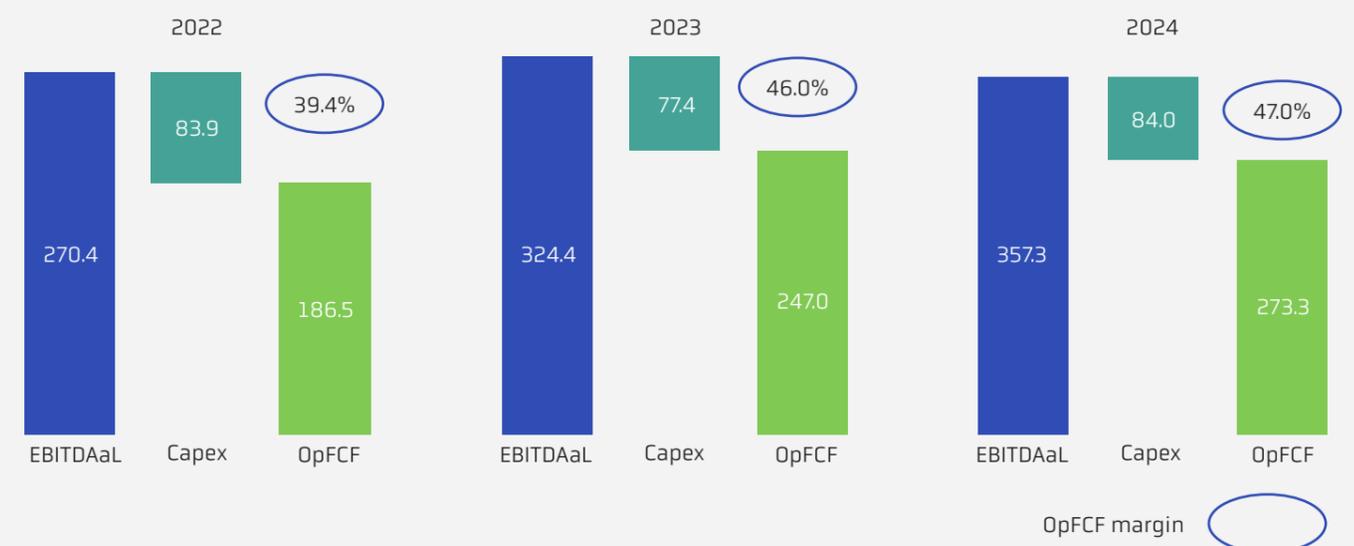
CASH FLOW AND LIQUIDITY MANAGEMENT

Our strong operating performance, combined with the normalized level of capital expenditures, has resulted in robust cash generation, as evidenced by an operating free cash flow (“OpFCF”) margin of 47.0% in 2024. The evolution of our OpFCF, which is calculated as EBITDAaL less capex, is presented on the chart below:

Figure 47

OpFCF EVOLUTION

GEL millions

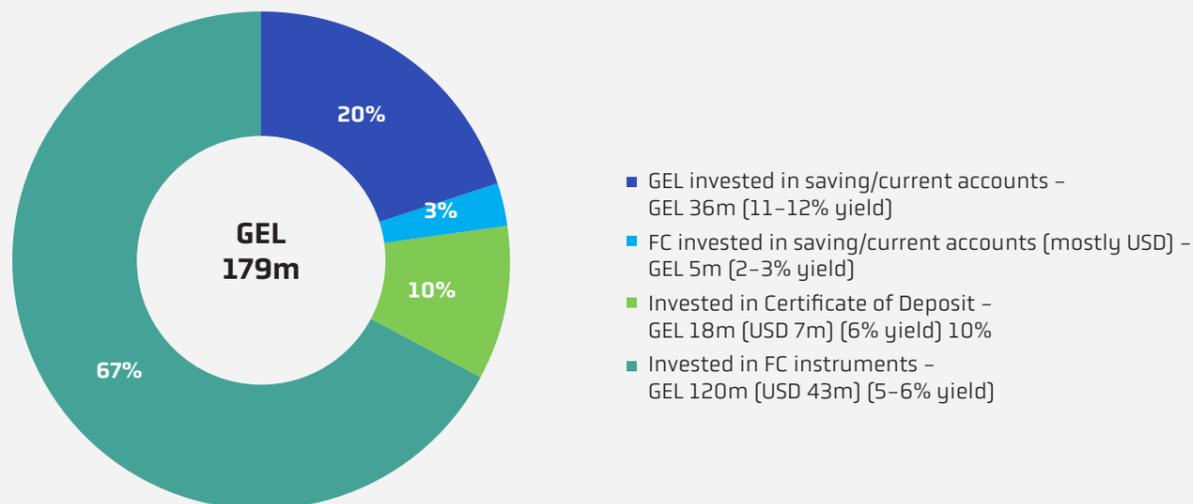


Since the Geocell acquisition in 2018, our strong top line and EBITDAaL growth has enabled us to fund our capital expenditures mostly with internally generated cash. Over the course of 2022, we repurchased USD 50 million of our Eurobonds on top of the USD 50 million repurchased substantially upon the issuance of Eurobonds. Our continued strong operating performance allows us to make meaningful shareholder distributions. In the period of 2022–2024, we distributed dividends of the meaningful amount, in compliance with the Eurobond and Georgian legal constraints, discussed in Equity and dividend distribution section.

Our financial performance and cash generation is also subject to Georgian Lari exchange rate fluctuations, as part of our operating expenses and capex is denominated in foreign currencies, mainly USD and EUR, and our debt is denominated in USD. In order to manage our foreign currency exposure, we maintain most of our cash position in hard currencies, which also serves as a buffer for liquidity. As of 31 December 2024, GEL 143 million (or 80% of cash and cash equivalents & certificate of deposit) was in cash and cash equivalents denominated in USD/EUR or FC instruments.

Figure 48

TOTAL LIQUIDITY AS OF 31 DECEMBER 2024, GEL 179 MILLIONS



We entered into forward agreements with the local banks to hedge the FX risk on our estimated opex, capex and coupon FC outflows for the period of October 2024 to December 2025 and thus are fully hedged on cash flow level.

We also recorded a solid investment performance in 2024, supported by attracting returns on hard currency-linked instruments.

Figure 49

FINANCE INCOME YIELD IN 2024

Interest income



Yield on portfolio



For further details, please refer to the Consolidated Statement of Cash Flows in the Consolidated Financial Statements for 2024.

DEFINITIONS AND SOURCES OF FINANCIAL INFORMATION

The 2022, 2023, and 2024 figures are based on audited Consolidated Financial Statements, unless otherwise noted. The Reclassified Profit or Loss Statement is prepared by the Company based on audited Consolidated Financial Statements and takes specific items into account. The reconciliation of the reclassified Profit or Loss statement with the audited Consolidated Statement of Profit or Loss is presented above. EBITDA in this Annual Report means adjusted EBITDA as per the audited Consolidated Financial Statements, 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, amortization, revaluation, and 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. 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; and b) non-recurring, non-underlying or non-operating income or costs that are 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.).

EBITDAaL is calculated as EBITDA less interest expense accrued on lease liabilities and less depreciation of right-of-use assets.

Certain figures included in this Annual Report have been subject to rounding adjustments; accordingly, the 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.



OUR NETWORK AND INFRASTRUCTURE

We have developed integrated network infrastructure providing extensive coverage throughout Georgia. As of 31 December 2024, the Company's 4G/LTE mobile network covered 99% of the country's population, while our FTTH network covered 77% of Georgia's households. Our international services network

BACKBONE INFRASTRUCTURE

Our current fixed backbone infrastructure is the result of extensive investment. Our backbone provides sufficient capacity, coverage, and resilience for fixed as well as mobile services. An optical backbone infrastructure development project is

TRANSPORT NETWORK

DWDM Network

DWDM network is the backbone of both fixed and mobile networks, connecting major cities in Georgia. It is also used for cross-border connectivity with neighboring countries and for the international traffic transmission.

In 2022, Silknet completed the modernization of its DWDM network, which doubled its bandwidth, significantly improved its resilience, and achieved convergence between fixed and mobile transport networks.

IP MPLS transport network

Silknet's Fixed Internet Protocol / Multiprotocol Label Switching ("IP/MPLS") transport network is currently built on Juniper routers and switches. The IP/MPLS network is used for delivering fiber-optic Internet, IPTV, VoIP and mobile services for our B2C and B2B subscribers.

includes at least one border crossing with each of Georgia's neighboring countries. Our network infrastructure is fundamental to our ability to provide high-quality services to our customers.

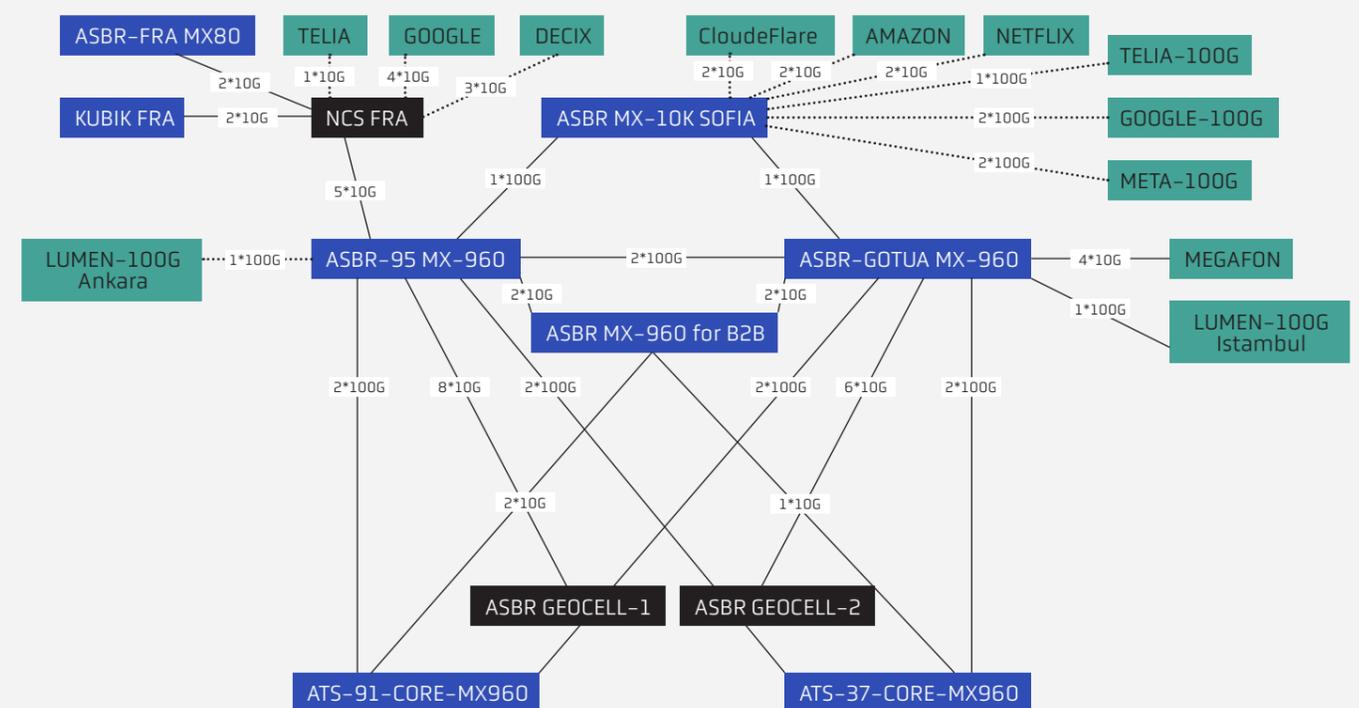
underway across the country. Major cities and towns are connected through fibre optics while microwave connections are used for some smaller settlements.

In 2020, the Company modernized its fixed IP/MPLS network. As a result, each node of Silknet's data transmission network was upgraded by modern Juniper hardware. For the purpose of network stability and reliability, almost all components of the IP/MPLS network are reserved with at least two alternative connections (where the physical optical topology allows). The total bandwidth of the upgraded network has increased by approximately 2.5 times – up to 1.4 Tb/s. In 2023, a large-scale modernization of the mobile IP transport network was carried out, as a result of which the network stability was significantly improved and the network throughput increased several times. This ensures that the network will successfully handle the rapidly growing mobile Internet traffic consumption in the coming years. In 2024, the remaining regional IP network nodes were also modernized.

The table below presents the current type, number and location of various nodes in our fixed and mobile IP/MPLS network:

Node type	Locations
Fixed IP MPLS core	Tbilisi, Kutaisi, and Batumi
Distribution IP MPLS PE routers	Tbilisi, Kutaisi, Batumi, Khashuri, and Rustavi
Fixed IP MPLS aggregation sites	All major sites (69 sites in total, among which 24 sites are in Tbilisi)
Fixed IPTV headend	Tbilisi
Fixed CGNAT	Tbilisi
Border routers	Tbilisi, Sofia, Frankfurt
Mobile IP MPLS backbone	Tbilisi, Kutaisi, Batumi (main data centers)
Mobile IP MPLS aggregation	Located at main mobile network sites where optical connections are aggregated from several regional sites
Mobile IP MPLS site routers	Located at all mobile network sites connected by means of the optical transmission link

The diagram below summarizes existing international connections:



We use Google, Facebook, Akamai, Gcore, CGN77, and Netflix cache servers in multiple locations to optimize international traffic and ensure the best quality and user experience for popular Internet services. Using cache servers also reduces our international traffic costs.

MICROWAVE BACKHAUL NETWORK

In recent years, our fixed services have increasingly been provided through our fibre backbone. However, in some small settlements where geographical constraints or economic viability do not allow for

fibre connections, we still use microwave ("MW") backhaul.

Our mobile network sites and related nodes have predominantly been connected through MW backhaul. However, in recent years, fibre optics connections were introduced in a growing number

of mobile network sites in order to allow for higher bandwidth demands. Currently, approximately 54% of all sites (including micro sites) are connected by fibre optics connections while we rely on MW radio relay backhaul for the rest. A MW backhaul development project is underway across the country, aimed at increasing mobile transport network throughput, resilience, reliability and stability. We are also actively using high-capacity E-band MW 10G/bs links in the heavily loaded points of the transmission network, which is of the vital importance for securing the required capacity in particularly busy transmission links.

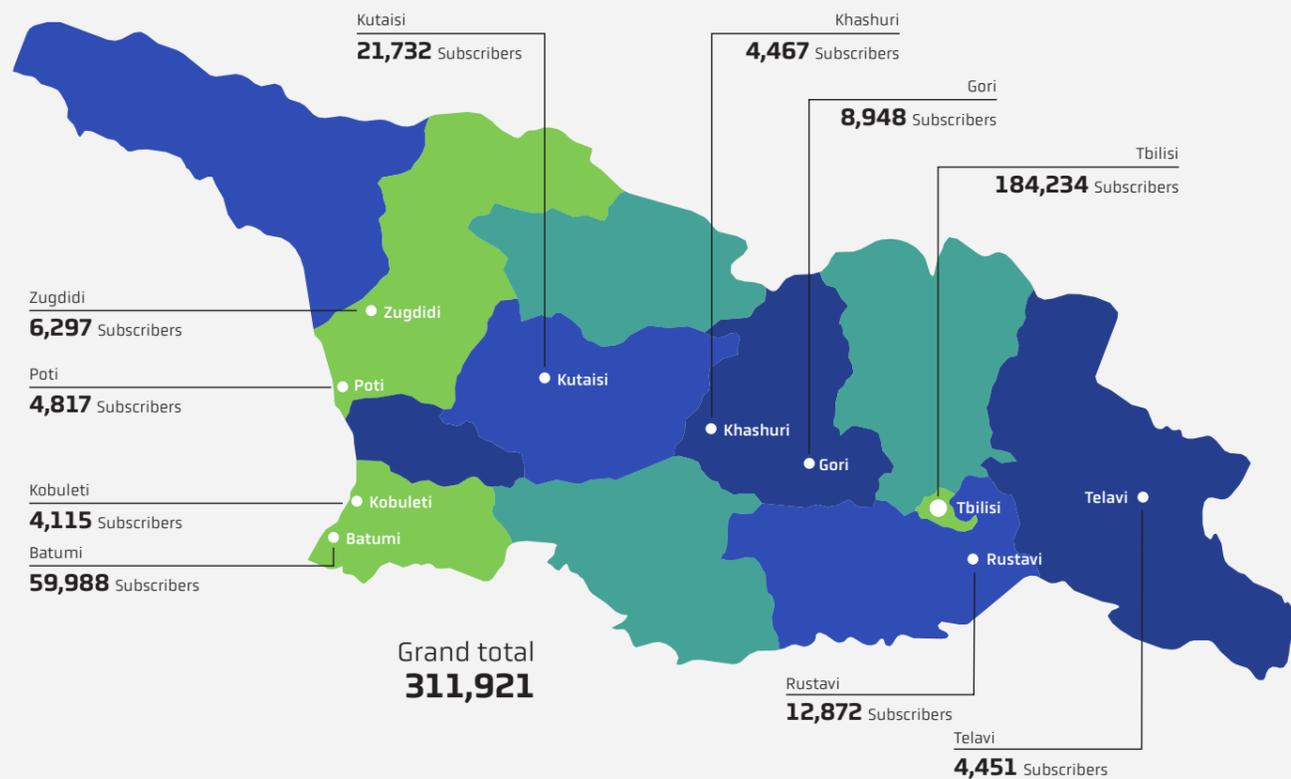
Fixed (voice) core network

Our fixed voice access network consists of two main soft switches operating in a load-balancing mode. Most of our voice subscribers are served with the next generation network ("NGN"), while others are being migrated to the same technology. Both soft switches are used for national and international calls.

Fixed access network (DSL, FTTH)

We deliver FBB and IPTV services to our subscribers through the following technologies: fibre-to-the-home ("FTTH"), the gigabit passive optical network ("GPON") technology, point-to-point ("P2P") links and the digital subscriber line ("DSL"). In addition, we provide fixed wireless broadband using LTE technology in certain areas that are not served with either fibre or copper access networks. As of December 2024, our network serves approximately 8 thousand DSL, 348 thousand FTTH, 3 thousand fixed LTE, 257 thousand IPTV, and 27 thousand VoIP subscribers. Our DSL service on legacy copper lines is constrained by their quality, which means that we can only provide limited bandwidth to our DSL subscribers, while our IPTV service, if available, is limited to one set-top-box per line and does not include HD channels. On the other hand, our FTTH subscribers can receive up to 150 Mbps, depending on their tariff plan, and have multiple set-top-boxes per single line.

The map below provides the total number of users of FTTH services for the top ten cities in our network



Wireless mobile network

We maintain an extensive range of mobile wireless services in Georgia in terms of both telephony and broadband services.

The principal domains of our mobile network are as follows:

- The Radio Access Network ("RAN"), comprising:
 - Base transceiver stations (2G) / Node Bs (3G) / eNode Bs (4G) / gNode Bs (5G); and
 - Base station controllers BSCs (2G) / Radio network controllers RNCs(3G).
- The Core Network, comprising:
 - CS Core / mobile switching centres (including our CS Core media gateways and mobile soft switch equipment);

- PS Core / evolved packet core (we implemented a new virtual EPG platform to support increased mobile data traffic. PS Core and Backbone capacity expanded up to 100G in 2023, which allows to support up to 200 Gbps total network throughput);
- HLR / HSS (HLR and HSS nodes have been modernized onto a unified, resilient, and geographically redundant UDC platform).

Ericsson is the vendor for the RAN infrastructure in Tbilisi and eastern Georgia, as well as the Core Network; Huawei is the RAN vendor in West Georgia.

Mobile radio access network

As of December 2024, we provided mobile coverage through 1,876 physical locations, including 1,395 macro sites and 481 micro sites.

Following the Geocell acquisition in March 2018, we embarked on a massive mobile network modernization program. Silknet acquired an 800 MHz license and re-farmed 900 MHz in Tbilisi and Batumi to launch low-band LTE to bridge the coverage gap with our competitors, who were already using 800 MHz. The existing spectrum has been re-farmed, which allowed us to deploy 5G NSA in the central areas of Tbilisi. Silknet therefore became the first operator in Georgia to launch 5G in December 2023.

Key highlights of our modernization program are:

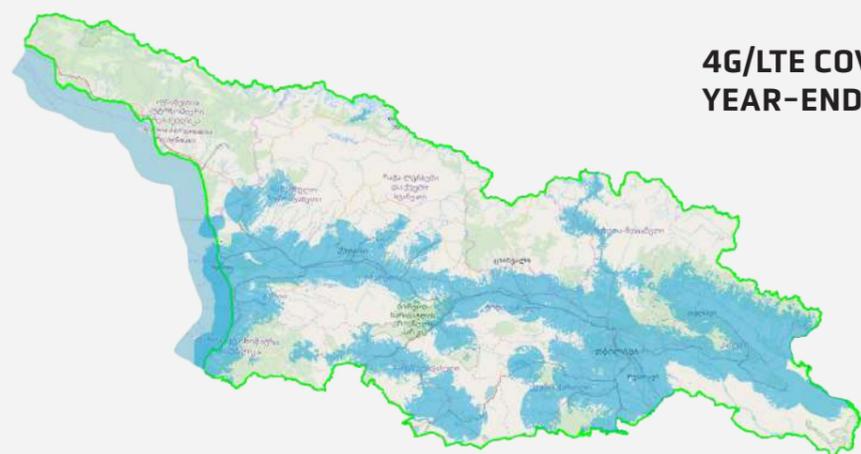
- Spectrum:
 - We acquired a 2x5 MHz radio spectrum license in the 800 MHz band;
 - We re-farmed the existing 2x5 MHz in the 900 MHz band from 2G to 4G/LTE in Tbilisi and Batumi, without loss of 2G voice quality;
 - We started to use the 2300 MHz spectrum, which we had previously used for fixed-wireless LTE broadband, for mobile LTE broadband services in high-traffic areas;
 - We re-farmed the remaining 2x10 MHz in the 1800 MHz band from 2G to LTE, thus increasing the total available bandwidth in this band to 30 MHz;
 - Re-farming of the existing spectrum resources has been performed, leading to the launch of 5G NSA in the central areas of Tbilisi.

- Network development:

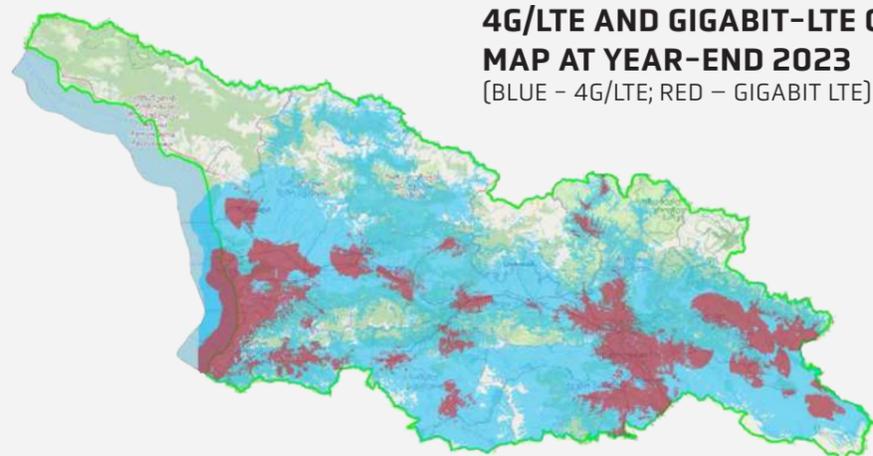
- We upgraded all the existing macro sites to 3G/HSPA and 4G/LTE technology;
- We introduced carrier aggregation (the so-called 4.5G);
- We built a number of new macro sites to improve coverage, where necessary;
- We pioneered the so-called Gigabit-LTE in Georgia, using three-carrier-aggregation (20 MHz in 1800MHz + 2 x 20MHz in 2300 MHz) together with 4x4 and 8x8 MIMO and 256 QAM. 539 mobile network sites have been upgraded to Gigabit-LTE to date, covering most of the major cities and main resorts in Georgia; furthermore, several particularly congested sites were upgraded over 2024 by adding 3rd 2300 MHz carrier, hence utilizing four or even five LTE carrier aggregation to achieve better throughput and maintain competitive mobile internet speed.
- We introduced ENDC carrier aggregation and pioneered the 5G NSA launch in 16 sites in Tbilisi city centre;
- We built 481 new micro sites, mostly in Tbilisi, to improve in-building user experience and to better serve dense urban areas. Notably, we were able to cover Tbilisi Metro halls with the micro sites.
- During 2024, we re-farmed the required bandwidth in the 900 MHz frequency band in Tbilisi and Batumi, followed by deployment of 3G technology in this low-frequency band. This resulted in a significant improvement in the mobile voice service coverage and quality, especially in dense urban areas and in the deep indoor.

These investments resulted in our network being repeatedly recognized by the Communications Commission of Georgia, © Speed Test by Ookla, and other independent sources as the fastest network in Tbilisi and majority of Georgia's other regions over most of 2020–2024.

4G/LTE coverage increased from 17% of Georgia's total geographic area and 57% of its population at the end of 2017 to 81% of total area and 99% of the population at the end of 2024. Furthermore, at the end of 2024, gigabit-LTE Technology covered 17% of territory and 63% of the population of Georgia.



4G/LTE COVERAGE MAP AT YEAR-END 2018



4G/LTE AND GIGABIT-LTE COVERAGE MAP AT YEAR-END 2023
(BLUE - 4G/LTE; RED - GIGABIT LTE)

Mobile core network

Our mobile core consists of a Circuit Switched (CS) core and a Packet Switched (PS) core.

The CS core network serves voice and SMS services, and consists of the network elements responsible for serving voice communication and signaling management, as summarized in the table below:

Network Node	Short Name	Functionality
MSC server	MSC	MSC is responsible for signaling information control for voice and SMS services, routing calls, and periodic location updates of subscribers.
Media gateway	MGW	MGW is a key network element that is responsible for handing the media streams of the voice calls in mobile networks. It interacts with 2G and 3G call control entities such as the MSC server, to coordinate the setup, maintenance and termination of media sessions.
Home location register	HLR	HLR is a central database that contains details of each mobile network subscriber that is authorized to use the 2G and 3G network services.

The PS core network allows 2G/3G/4G network subscribers to transmit IP packets to external networks such as the internet, using (E)GPRS, HSPA, LTE(A) and 5G NSA services. Using these services, subscribers can download/upload files or use mobile applications such as WhatsApp, Viber, Skype, Facebook, etc.

Our PS core network consists of the elements summarized in the table below:

Network Node	Short Name	Functionality
Serving GPRS Support Node / Mobility Management Entity	SGSN/MME	<ul style="list-style-type: none"> SGSN is the main component of the GPRS and 3G/HSPA network, which handles all packet switched data within the network, e.g. mobility management and user authentication. SGSN performs the same functions as MSC for voice traffic. MME is a key component of the LTE Evolved Packet Core (EPC). It is a control plane network element responsible for managing mobility, authentication, and session handling for user equipment connecting to the LTE network.
Gateway GPRS Support Node / Serving Gateway/ Packet Data Network Gateway	GGSN/SGW/PGW	<ul style="list-style-type: none"> GGSN keeps a record of active 2G and 3G mobile users and the SGSN to which the mobile users are attached. It allocates IP addresses to mobile users and communicates with the billing system. The Serving Gateway (SGW) routes and forwards user data packets, while also acting as the mobility anchor for the user plane during inter-eNodeB handovers and as the anchor for mobility between LTE and other 3GPP technologies. For idle state User Equipment, the Serving Gateway terminates the downlink data path and triggers paging when downlink data arrives for the User Equipment. It manages and stores UE contexts, e.g. parameters of the IP bearer service, network internal routing information. The Packet Data Network Gateway (PGW) provides connectivity from the User Equipment (UE) to external packet data networks (PDNs) by being its point of exit and entry of traffic. PGW performs policy enforcement, packet filtering for each user, charging support, lawful interception and packet screening. Another key role of the Packet Data Network Gateway is to act as the anchor for mobility between 3GPP technologies.
Home subscriber server	HSS	HSS is a database that stores information from all LTE mobile subscribers. It contains information about the subscriber's identity, telephone number, and associated services. The functions of the HSS include mobility management, call and session establishment support, user authentication and access authorization.
Mobile Packet Backbone Network	MPBN	Interconnects geographically distributed Core Network elements and RAN nodes, Mobile Network Firewall function.

Spectrum

The spectrum distributed among three mobile network operators are as follows:

Band	Silknet	Magticom	Cellfie
	MHz	MHz	MHz
700 MHz	2x5.0	2x10.0	2x5.0
800 MHz	2x5.0	2x10.0	2x10.0
900 MHz	2x11.8	2x13.2	2x5.5
1800 MHz	2x29.9	2x29.9	2x10.0
2100 MHz	2x15.0	2x15.0	2x10.0
2300 MHz	50.0		
2600 MHz		2x30.0	20.0
3500 MHz	50.0	100.0	50.0
Total 700/800/900/1800/2100/2300/2600/3500	233.4	316.2	161.0

Source: GNCC

RISK MANAGEMENT

The management team (see the Governance structure section for further detail), together with the Supervisory Board, oversees our risk management.

Our Internal Audit Division monitors our business processes. Any issues are flagged to management.

In addition, each Silknet division is responsible for managing risks in its own area, such as Treasury, Customer Service, etc.

PRINCIPAL RISKS AND UNCERTAINTIES

We face several principal risks and uncertainties that could have an impact on our operations, performance and financial position. We continuously improve our processes to prevent risks from materialising or, where they cannot be prevented, take steps to minimise their impact.

STRATEGIC Macroeconomic

Description	How we manage / mitigate the risk
<ul style="list-style-type: none"> Our operations are primarily located in Georgia, and as a result, we are significantly affected by the political, financial, and economic developments in or affecting Georgia. Difficult global economic conditions, regional tensions and disruptions in neighbouring markets could have a negative effect on Georgia's economy. Factors such as gross domestic product ("GDP"), inflation, interest rates, currency exchange rates, levels of unemployment, personal income, tourism activity, and the financial position of corporates can have a material impact on customer demand for our products and services. Our revenue and profit could be adversely affected if economic growth in Georgia slows. High inflation rates may translate into increased costs and have a negative impact on our financial results. 	<ul style="list-style-type: none"> The Georgian economy showed resilience towards several external shocks over the past decade, including the COVID-19 pandemic and the war in Ukraine. We carefully follow the macroeconomic trends in Georgia and continuously assess their potential impact on our operations. Silknet adapts its activities on the market to account for changing economic conditions. The prudent management of inflation by the NBG, mainly through tightened monetary policy, has resulted in a gradual stabilization of the average inflation rate at 2.5% from the start of 2023, continued by 1.1% in 2024, following average inflation rates of 9.6% and 11.9% in 2021 and 2022, respectively. We try to mitigate the impact of inflation by increasing our revenues, adjusting packaging and pricing, and growing usage volume. We introduced new packaging and pricing, both in the mobile and fixed segments, in 2022. In addition, we continuously monitor and rationalize our operating expenses. Despite high inflation in 2021 and 2022, our operating expenses only increased by 9% y/y, 2% y/y, 5% y/y and 6% y/y in 2021, 2022, 2023 and 2024, respectively. <p>For more information, see the Market overview and Financial performance sections.</p>

Demand

Description	How we manage / mitigate the risk
<ul style="list-style-type: none"> Market-wide movements towards data-based communications continue to impact traditional telecommunications revenue streams, such as fixed and mobile voice services. We may be exposed to significant disruption as the telecommunications market continues to shift away from fixed and mobile voice services. Our revenue and the number of subscribers partly depend on our IPTV offering, the demand for which may decline in case of a reduction in the number of TV viewers. Such trends have been observed in some developed countries, as the video content consumption habits of some customers, particularly young people, are changing. They are more likely to access content on other devices such as mobile phones and laptops, including on-demand content, short-format content and user-generated content. Such video content is supplied to customers mainly by social networks and so-called OTT (Over-The-Top) services (for example, YouTube, Facebook, Netflix and Amazon Prime). Although the Georgian telecommunications market has traditionally been characterized by mostly single-product offerings, in recent years the offering of multi-product packages has become increasingly popular amongst consumers, influenced by providers offering customers product and service bundles such as multi-play packages. We believe that our ability to offer new converged and bundled products, either by enhancing existing products or by developing new products, will continue to be an important factor in our business. However, offering bundled products can be complex due to the technological, logistical and pricing challenges of combining two or more services into a competitively priced single offering. Furthermore, we may face limitations in our ability to offer bundled products, or the price at which such products can be offered, under applicable competition law and consumer protection regulation. A failure to offer attractive new bundled products in the future or to successfully market such offerings to customers, or regulatory challenges or objections to creating such bundles, could adversely affect our ability to leverage our multi-play platform to attract and retain customers. Any failure to attract and retain customers may materially and adversely affect the Company's business, financial position, results of operations, or prospects. 	<ul style="list-style-type: none"> We are constantly developing our technological platforms in order to offer customers the opportunity to access content on home devices as well as through our digital channels, mobile applications, and web sites. We focus on providing an improved mobile data experience and better digital platforms to facilitate growth in this segment and compensate for the shift in content consumption patterns. Following the completion of our IT transformation, we have developed a new convergent website and launched a new and convergent self-service application to offer increased flexibility to our B2C subscribers. A self-care service solution for B2B customers is in a development phase. We have pioneered digital content delivery on the Georgian telecommunications market through our applications and websites, such as Silk Go and silktv.ge. myvideo.ge, the leading Georgian video platform, that we acquired in 2023, is unique in the country due to its diversified user-generated content, OTT FTA, and pay TV service. We intend to further develop our digital applications to increase subscriber satisfaction and gain a competitive advantage. Such applications may include improved video content delivery, music, and gaming platforms. Our convergent billing system allows us to launch convergent fixed-mobile offers, better understand our subscriber needs and decrease time-to-market.

Competition

Description	How we manage / mitigate the risk
<ul style="list-style-type: none"> Intensified competition may adversely affect us through the actions of competitors in a number of ways, including: (i) lower prices or higher quality services, features or content; (ii) more rapid development and deployment of new or improved products and services; (iii) more rapid enhancement of their networks; (iv) MVNOs successfully bundling their services with non-telco services (see the Regulatory developments section for details of regulatory changes in relation to MVNOs); and (v) a discounter mobile network operator with inferior network improving its market position on Georgian mobile market. 	<p>We strive to provide the highest quality in all our interactions/touchpoints with our subscribers, including, but not limited to, the following:</p> <ul style="list-style-type: none"> We aim to provide products and services that are valuable and attractive to customers. We focus on improving our network, offerings, and developing technology for better product development and reduced time to market. We intend to further focus on the development of digital products and customer service platforms. We intend to observe the activity of potential MVNOs, and in the best interest of the Company we may make a strategic decision to more actively engage in the wholesale market. We continuously improve our country-wide sales channels, which, as of 31 December 2024, included 47 shops and 15 booths. Our call centers answered approximately 330 thousand calls each month in 2024, with an average call waiting time of 37 seconds. We had 1.6 million sessions on our website in 2024. We were also actively engaged in social media. If a discounter mobile network operator with inferior network decides to invest heavily in the network, it may take a considerable amount of time to reduce the gap in the competition. We believe that our competitive strengths as a strong convergent operator will allow us to continue to be a leader on the telecommunications market.

Laws and regulation

Description	How we manage / mitigate the risk
<ul style="list-style-type: none"> Changes in laws and regulations may have a negative impact on the Company's business. We are updating our policies and procedures to comply with the applicable (updated) legislation. The update of procedures may incur additional expenses and adversely affect our profitability. In 2023–2024 The GNCC carried out market reviews of the wholesale mobile access and the fixed local and central access markets. Magticom was identified as the single SMP in both wholesale markets. While Silknet is not subject to ex-ante regulation, such regulations could still have a negative effect on the Company's revenue. Such regulations may lower entry barriers and potentially limit our growth. 	<ul style="list-style-type: none"> We actively monitor potential changes in laws and regulations and take measures to manage the potential impact on our business. We constantly engage with the regulator, government authorities, and other stakeholders regarding new laws and regulations. To cope with risks induced from increased wholesale regulations, we monitor market developments and implement strategies such as diversifying revenue streams by expanding into new services, optimizing operational efficiency and enhancing customer retention with improved and enriched service offerings. <p>See Regulatory developments for more detail.</p>

FINANCIAL

Availability of funding for capital investments

Description	How we manage / mitigate the risk
<ul style="list-style-type: none"> Our business requires substantial capital investment for the continued enhancement of our network and the introduction of new technologies. While we expect to utilise internally generated cash flows to finance our capital expenditure projects, additional funding may be required in the future, especially if a transformative acquisition is contemplated, similar to the acquisition of Geocell in 2018. In addition, it is highly likely that we may need to refinance our existing debt instruments at maturity. However, such sources of capital may not be available to us on commercially reasonable terms, if at all. Our ability to attract external financing, and the cost of such financing, depends on numerous factors including our future financial condition, general economic and capital markets conditions, interest rates, credit availability from banks or other lenders, investor confidence, relevant tax and securities laws, and the political and economic conditions in Georgia. The Company's credit ratings are an important factor in determining our cost of borrowing funds. We have a credit rating of "B+/Stable" from Fitch and "B1/Stable" from Moody's. A downgrade of our credit ratings or being placed on a "negative ratings" watch may increase the cost of borrowing, limit our ability to raise capital, or materially adversely affect our ability to implement our capital expenditure programs or fund operations, which in turn could have a material adverse effect on our business, financial condition, results of operations or prospects. 	<ul style="list-style-type: none"> Our prudent financial risk management policies and focus on accessing diverse sources of funding seek to mitigate this. Over the last several years, we have carried out a capex-intensive mobile network modernization program, an IT transformation, and incurred other capital expenditures. All these investments were financed from internally generated cash flows. We believe that solid cash flow generation will allow us to finance all our upcoming capital expenditures in the foreseeable future, including potential 5G development, without additional external funding. Our long-term relationships with our principal vendors allow us to negotiate favorable payment terms. We actively engage with international debt capital markets and, from time to time, evaluate the opportunities to utilize various options at our disposal to improve the sources of our funding. In January 2022, we successfully issued USD 300 million 8.375% Eurobonds and refinanced all outstanding loans. Robust cash generation has allowed us to repurchase Eurobonds in the amount of USD 100 million throughout 2022 and have an outstanding amount of USD 200 million. Further cash generation may increase the flexibility of making capital market transactions on both local and international debt capital markets.

Foreign exchange

Description	How we manage / mitigate the risk
<ul style="list-style-type: none"> Our revenues are primarily denominated in GEL, whereas our debt is denominated in USD. Furthermore, we incur a significant portion of our capital and operating expenditures in USD and EUR. Foreign exchange rate fluctuations could significantly affect the results of our operations and our financial position in the future, as the availability of hedging tools in Georgia is limited. 	<p>We use or may opportunistically use a combination of the following tools to mitigate the foreign exchange risk:</p> <ul style="list-style-type: none"> We maintain most of our cash and cash equivalents in hard currency. As of 31 December 2024, out of GEL 179 million liquidity, GEL 143 million (or 80%) was held in hard currencies, mainly USD. We adjust pricing and packaging, as we did multiple times in 2022. We may spread out our discretionary development capex, which is mostly denominated in foreign currencies, over more than one year. We entered into forward agreements with the local banks to hedge the FX risk of FC outflows. The costs of the instruments range from 4% to 5%. The hedge covers estimated opex, capex, and coupon FC outflows from October 2024 until the YE 2025.

- We may consider longer-term hedging instruments, as and when they become available on the market on cost-effective terms.
- In periods of economic instability and external shock, the central bank employs several measures, including tighter monetary policy, to maintain GEL's stability.

OPERATIONAL

Service interruption and supply chain

Description	How we manage / mitigate the risk
<ul style="list-style-type: none"> Our services depend on the performance of our networks, technical equipment, and suppliers. In addition, our technical infrastructure is vulnerable to damage or interruption from acts of war, terrorism, intentional wrongdoing, human error, or similar events. Unanticipated problems at our facilities, system failures, hardware or software failures, computer viruses or hacker attacks could affect the quality of our services and cause service interruptions. We rely heavily on the proper operation of a limited amount of technical equipment and service providers. Any deterioration of commercial conditions or failure by suppliers to provide adequate equipment or services to us in a timely manner may result in service interruptions. Silknet does not maintain an offsite data recovery center. In the event of an interruption or loss of our computer and information systems, this could interrupt normal business operations and lead to a loss of revenue, loss of subscribers, and damage to our brands. 	<ul style="list-style-type: none"> Continued investment in our network and IT infrastructure improves its resilience. We attempt to maintain viable alternatives in network scheduling and equipment acquisition in order to reduce commercial and technical risks. By adapting our processes and maintaining good relationships with our vendors, we have so far managed to limit the impact of the global supply chain crisis on our operations, whenever it had arisen.

Product development

Description	How we manage / mitigate the risk
<ul style="list-style-type: none"> Multi-product packages have become increasingly popular among consumers in Georgia in recent years. Offering bundled products can be complex due to the technological, logistical, and pricing challenges of combining two or more services in a competitively priced single offering. The failure to offer attractive new bundled products in the future or to successfully market such offerings to customers could adversely affect our ability to leverage our multi-play platform to attract and retain customers. We are continuously developing new products and services. Many of our products and services are technologically intensive and, as a result, may require investment in new infrastructure and technologies to remain competitive. If we fail to develop and introduce new products and services on a timely basis and at an attractive price, we could lose existing customers, fail to attract new customers, or incur substantial costs. 	<ul style="list-style-type: none"> We focus on developing new and improved product offerings while constantly monitoring what our subscribers want. Our investments in IT infrastructure and tools should help us better analyze our subscribers and shorten the time-to-market (see the discussion on the Demand risks above).

Spectrum limitations

Description	How we manage / mitigate the risk
<ul style="list-style-type: none"> The number of customers that can be accommodated on a mobile network is constrained by the amount of spectrum allocated to the operator of the network, customer usage patterns, and network infrastructure. As the Company's customer base grows, new technologies are introduced and a broader range of services is offered, which may require additional capacity for mobile data. However, the currently available spectrum may be limited by competition, regulation, or financial constraints, and the Company may face a bottleneck, especially in metropolitan areas. Furthermore, the GNCC may increase, reduce, or change the frequency bands allocated to operators. The failure to obtain these licenses could have a material adverse effect on our business, financial condition, results of operations, or prospects. 	<ul style="list-style-type: none"> Immediately following the Geocell acquisition, we began investing in the modernization of our mobile network and acquired a 2x5 MHz spectrum license in the 800 MHz band, which was used as a base layer for 4G coverage and was also used by the two other mobile operators in the market. We have pioneered the implementation of gigabit-LTE technology in Georgia, which gave us a technological advantage in the Georgian mobile market. We re-farmed the remaining 2x10MHz in the 1800MHz band from 2G to 4G across the country in 2022. In December 2023, we pioneered 5G in Georgia, launching the service in central Tbilisi utilizing the existing spectrum. In the end of June 2025, we acquired additional licenses, mainly for full-scale 5G deployment – 2x5.0MHz in 700MHz band and 50.0MHz in 3500MHz band. Following the massive network modernization since the acquisition of Geocell, including pioneering gigabit-LTE and 5G technologies and in combination with the potential full-scale deployment of 5G, we are confident in our ability to provide a competitive and high-quality mobile network to our subscribers. See Our network and infrastructure and Regulatory developments for more detail.



Intellectual property rights

Description	How we manage / mitigate the risk
<p>• We rely on third party licenses and other intellectual property arrangements to conduct our business. Intellectual property rights owned by the Company or its subsidiaries or licensed to any of them may be challenged or circumvented by competitors or other third parties. In addition, the relevant intellectual property rights may be, or may become, invalid, unenforceable, or insufficiently broad to protect the interests of the Company or provide it with any competitive advantage. For example, our rights to broadcast exclusive content may be subject to infringement. Any loss or withdrawal of those intellectual property rights could adversely affect our ability to provide services and could harm our business.</p> <p>In addition, we may be subject to claims for copyright or trademark infringement in connection with computer programs or content that we distribute through our broadcasting, pay TV and VOD services. Any such claims or lawsuits could be time consuming, result in costly litigation and the diversion of technical and management personnel and require payment of royalties or license fees.</p> <p>• In December 2023, Intellectual Property Owners Association (IPOA) became the sole authorised organisation in Georgia for collecting and distributing royalties for the use of copyrighted works. Following IPOA's accreditation, Silknet became bound to engage in a licensing agreement with the IPOA regarding the public communication of copyrighted works. The relevant licensing agreements between Silknet and IPOA was signed in October 2024. Furthermore, according to the Georgian Copyright Law, when an audiovisual work or a work recorded on a phonogram is reproduced by a natural person for personal use, the author or another copyright holder is entitled to receive corresponding royalties. These royalties must be paid by producers and importers of equipment and material carriers used for such personal reproduction. The collection and distribution of royalties may only be performed by a collective management organization that has been accredited for this purpose. Since Silknet imports various material carriers that can be used by individuals to reproduce protected works, the company is required to pay royalties to IPOA according to the calculation system established by IPOA. For the company, there is a risk associated with the fact that royalty rates are determined solely by IPOA, which could lead to increasing costs.</p>	<ul style="list-style-type: none"> • We take the utmost care to provide for the protection of intellectual property rights in all our relevant agreements. • We are ready to take swift action in case of any changes or potential changes in the status of the intellectual property we are using. • In order to comply with regulations, a dispute resolution commission has been established in Silknet as part of our self-regulatory mechanism, which ensures effective review and resolution of disputes, if any.

Information security and personal data privacy

Description	How we manage / mitigate the risk
<ul style="list-style-type: none"> • We process the personal data of our customers, business contacts and employees as part of our business and therefore must comply with applicable personal data protection regulations. The personal data protection laws and standards in Georgia impose certain requirements on the Company in respect of data processing, which includes the collection, use, modification, distribution, depersonalization, blocking, destruction, and storage of personal data. Silknet must ensure compliance with the new Personal Data Protection Law of Georgia and subsequent legislative requirements that are mostly in line with the GDPR. For these purposes Silknet must reexamine, assess and where necessary, amend existing policies or internal documents that regulate the processing of personal data in the Company or develop ones. Failure to operate effective data protection controls in respect of the processing of personal data, as prescribed by applicable law, could potentially lead to reputational damage and administrative fines. • The Company has also been designated as a Second Category critical information system subject under the Law on Information Security, highlighting its significance for national security and the economy. Silknet must adhere to the amended information security legislation, including updating information security policies, implementing relevant technical and organizational measures and controls, and conducting information security audits. To comply with the first phase of regulations outlined in the newly amended legislation, companies have been given a deadline of December 30, 2025, with an additional year provided for the second phase. • Failure to implement a strong information security management system and appropriate controls can result in service disruptions and data breaches, that can lead to the financial losses, reputational damage, regulatory penalties, and can significantly impact our business. 	<ul style="list-style-type: none"> • We take the utmost care to provide for the protection of • To effectively manage and mitigate information security and data privacy risks, we have adopted a comprehensive framework that implements best practice measures. • We have developed a robust Information Security Management System (ISMS) aligned with the ISO 27001 framework and local legislative requirements, covering risk management, asset identification, and control implementation activities. • We have appointed an Information Security Officer and updated or implemented new policies and instructions addressing organizational, technical, and physical security measures. • We have revised our data processing policies, procedures, and statements to clearly outline the Company's practices and principles, ensuring compliance with regulatory requirements and best practices. • We are committed to continuously monitoring the ISMS and personal data protection framework, conducting regular assessments, audits, and staff training to further mitigate privacy and information security risks, while ensuring ongoing compliance with the legislative framework.

Talent acquisition and retention

Description	How we manage / mitigate the risk
<ul style="list-style-type: none"> • Experienced and capable personnel in the telecommunications industry remain in high demand, resulting in increased competition for talent on the job market. Any failure to retain and attract qualified and experienced management, engineers, IT and other qualified personnel could have a material adverse effect on our business. 	<ul style="list-style-type: none"> • We continue to evolve our people processes, including the ways we recruit, develop, and retain talent. We practice transparent hiring and aim to promote people from within the company; our job opportunities are usually first announced internally to all employees before they are announced externally. We attach special importance to protecting the rights of employees, increasing their motivation, and providing them with an equal, safe, and healthy working environment. We monitor salary trends through labor market surveys and ensure that our salaries remain competitive. We had high retention and low turnover rates of 91 and 9, respectively, in 2024. For more information, see Human capital and talent management.



SUSTAINABILITY REPORT

Our goal is to promote sustainable development in our activities. By continuously introducing innovations, we strive to improve the daily lives of our customers, taking environmental and social considerations into account. Our achievements and our main areas of impact are described below.

In this section, we highlight the key impact areas and achievements resulting from our business activities.

ENVIRONMENTAL PROTECTION

For us, environmental protection and sustainable development are not only a response to global challenges, but also an integral part of our responsible business conduct and long-term growth. Guided by this vision, we have begun the gradual adoption of international environmental best practices.

At Silknet, we have appointed an Environmental Officer who oversees the implementation and monitoring of our environmental practices. We have updated our Environmental Policy document to reflect our core principles and objectives. In addition, we are introducing an environmental management system that encompasses measures to reduce environmental impact, clearly defined responsibilities, and continuous monitoring and evaluation of environmental issues.

We operate 120 solar panels as of now that is expected to further increase going forward.

We are actively working to implement environmental principles and contribute to the achievement of sustainable development goals, specifically:

As part of our gradual transition to energy-efficient technologies, we have introduced FTTH technology across our network, which has virtually replaced the previously used DSL system. FTTH is characterized by high energy efficiency and durability, and it significantly reduces the amount of electronic waste.

To minimize the generation of operational waste, We have undertaken the electrification of our entire network infrastructure. As of today, vast majority of our sites including mobile macro and micro, radio-relay, Global TV, fixed, and fixed LTE stations are electrified. This has led to a significant reduction in the consumption of petroleum products (diesel) and, consequently, in the generation of hazardous waste resulting from their use.

It is important to note that the majority of electricity in Georgia is generated from renewable energy

sources, which reduces the company's indirect emissions (Scope 2) and further strengthens our environmental positioning. In 2024, approximately 79.7% of the electricity generated in Georgia came from hydropower

We have a Waste Management Plan based on the principles of the National Action Plan, which serves as both a guarantee and a guiding document for the management of waste generated through our operational activities. The plan defines the types of waste resulting from our operations, outlines prevention and recovery measures, details the processes for waste tracking and reporting, and specifies the methods and conditions for storage, as well as the procedures for transfer, transportation, treatment, and final disposal.

To ensure the effective implementation of our Waste Management Plan, we have introduced a method of separated waste collection, which enables us to reuse or recycle non-hazardous waste. We are also a member of the Georgian Extended Producer Responsibility Association, which allows us to contribute to the sustainable management and recycling of electronic waste. As part of this cooperation, special collection boxes for used batteries and accumulators have been installed in Silknet offices, providing both our employees and customers with the opportunity to dispose of these items responsibly.

In line with the United Nations Framework Convention on Climate Change and the Paris Agreement, we conduct annual accounting and reporting of greenhouse gas emissions generated by our company, including both direct and indirect emissions. Through this process, we assess Silknet's so-called "carbon footprint" in order to develop appropriate targets and strategies for enhancing climate resilience in the future.

In conclusion, it is important to emphasize that raising environmental awareness is one of the key

prerequisites for the successful implementation of the initiatives outlined above. To this end, our company regularly conducts online trainings on waste management and climate change. To keep employees informed, we place various types of informational eco-signs and stickers in the workplace, which help integrate environmental principles into daily operations.

INFORMATION SECURITY

Our Information Security Management System (ISMS) is aligned with applicable legal requirements and the international standard ISO/IEC 27001, providing a structured and transparent framework for managing security measures. This framework enables us to effectively manage information security risks and ensure their ongoing assessment.

In 2024, we continued to strengthen our information security system and further reinforced a security culture based on preventive approaches. At the beginning of the year, we developed a strategic document that clearly defined our vision and objectives in the field of cybersecurity. Based on this document, we launched a series of initiatives aimed at reducing the risk of cybersecurity incidents, enhancing existing security measures, and aligning our practices with high compliance standards.

At the same time, we placed special emphasis on **raising employee awareness** and strengthening internal trainings to ensure that security practices are fully integrated into organizational processes.

We recognize that ensuring information security is directly linked to the reliability of our operations and the preservation of customer trust. Accordingly, every initiative we undertake is aimed not only at reducing existing risks, but also at safeguarding the company's sustainability and reputation.

Through internal and external audits, we continue to regularly assess the effectiveness of our Information Security Management System, while ongoing oversight and sustained monitoring of implemented measures are ensured by the **Information Security Officer**.

To ensure the involvement of all relevant stakeholders in the information security management process, the company has established an **Information Security Council**, which operates actively. The Council facilitates the systematic discussion of security-related issues, supports informed decision-making, and ensures alignment with the organization's strategic objectives – contributing to the strengthening of the overall information security culture.

PROTECTION AND CONFIDENTIALITY OF PERSONAL DATA

As a telecommunications company, we place great importance on safeguarding the privacy of our customers, employees, business partners, and other third parties.

We process personal data strictly for specific business purposes, in a lawful, proportionate, and legitimate manner.

Based on the amendments to the Law of Georgia on Personal Data Protection enacted in 2023 and 2024, we initiated a gradual review and update of internal policies and procedures related to data processing. This process aims to ensure full compliance with both national regulations and international standards.

As part of this process, we regularly update our Privacy Notice, which governs the rules for processing personal data within the scope of telecommunications services and outlines the rights of data subjects.

As part of our alignment with legislative requirements and best practices, we are continuing to update our internal labor regulations. In parallel, we are refining internal procedures related to video and audio surveillance and the processing of biometric data to ensure full compliance with modern data protection standards. The changes also include the gradual revision and enhancement of policies and documents governing data classification, storage, access, and transfer procedures.

In 2024, we further strengthened our systematic approach to personal data protection, placing particular emphasis on raising employee awareness. We are gradually introducing mandatory trainings on personal data protection and privacy for all employees across the company. Additionally, we plan to deliver tailored educational sessions for various departments, adapted to the specifics of their operational activities.

These processes form an integral part of our company's long-term vision and aim to establish a personal data protection system that is both sustainable and aligned with high standards.

The Data Protection Officer actively oversees these efforts, ensuring their ongoing evaluation and continuous improvement.

PROHIBITION OF BRIBERY AND CORRUPTION

In carrying out our activities, we place strong emphasis on maintaining zero tolerance toward any form of corruption, bribery (offering or accepting),



money laundering, the financing of corruption, or any action that facilitates such practices.

It is essential that we always act professionally, fairly, and lawfully, and avoid any misuse of position aimed at obtaining undue advantages or benefiting from biased decisions in our or Silknet's favor. To prevent and eliminate risks related to bribery, corruption, and other violations of the law, we operate in full accordance with Silknet's relevant policy documents and internal guidelines.

HUMAN CAPITAL AND TALENT MANAGEMENT

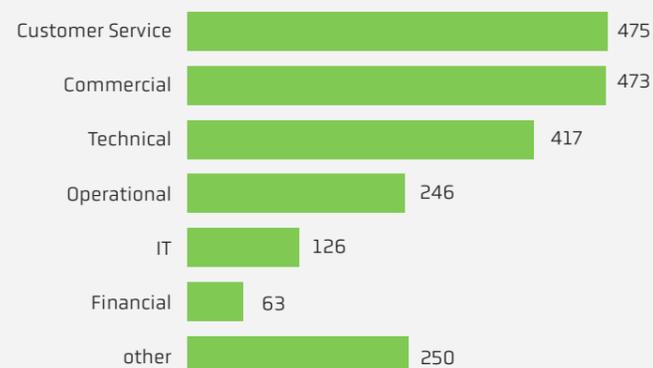
Our team is the foundation of the company's success. We believe that each employee's unique experience and perspective strengthens our collective potential.

In our operations, we are guided by principles aimed at fostering an inclusive, equitable, and opportunity-driven work environment – one in which every individual feels safe, respected, and valued.

As of December 31, 2024, the company employs 2,050 individuals, making it one of the largest employers in Georgia. Among them, 335 employees have been with us since the company's establishment, highlighting a strong trend of loyalty and long-term retention of human capital. In 2024, the employee retention rate stood at 90.8%, while the turnover rate was 9.5%, reflecting the stable and long-term work environment the company provides.

Figure 50

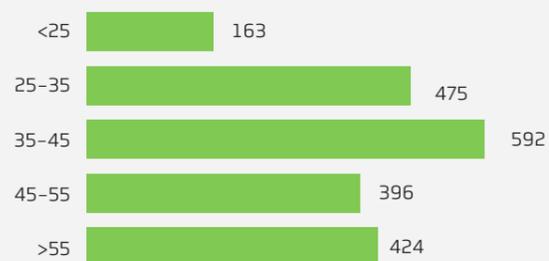
NUMBER OF EMPLOYEES BY DIVISION



As of December 31, 2024, the average age of our employees was 43. The age structure is well-balanced across different generations of employees:

Figure 51

AGE DIVERSITY



Age diversity fosters a blend of experience and fresh perspectives, positively impacting knowledge sharing and the quality of collaboration.

EMPLOYEE RIGHTS AND WORK ENVIRONMENT

We prioritize the protection of employee rights, the promotion of motivation, and the provision of an equal and healthy working environment. To uphold these principles, we have established internal policies and guidelines aimed at fostering a fair and sustainable workplace. We place particular emphasis on safeguarding human rights, creating a discrimination-free environment, ensuring equal opportunities, maintaining occupational safety, promoting fair compensation, and implementing transparent mechanisms for advancement. Our labor framework is based on the applicable laws of Georgia, including the Labor Code, and is aligned with the standards and recommendations of the International Labour Organization (ILO).

We fully recognize the right of employees to organize and engage in collective representation.

In 2024, the number of employees affiliated with trade unions increased by 10% compared to the previous year, reaching a total of 247. This growth reflects a strengthening culture of employee engagement and social dialogue. We respect the right to unionize and to collective bargaining, and we remain committed to constructive cooperation with trade unions in order to improve working conditions.

EMPLOYMENT POLICY AND INTERNAL CAREER DEVELOPMENT

We create employment opportunities for individuals with diverse specialties and professional backgrounds and consistently strive to foster a work environment that is focused on equal opportunities, protection, support, and professional growth for our employees. To achieve this goal, we continuously develop and improve relevant processes and practices.

In developing our employment processes, we place particular emphasis on promoting internal

career growth. We prioritize a fair and transparent employment policy, which includes supporting employee advancement. As a standard practice, job vacancies are first announced internally within the company. In 2024, 126 employees were promoted, and 38 out of 122 vacancies (31%) were filled by existing staff – demonstrating our strong commitment to fostering internal career development.

REMUNERATION AND BENEFITS

We are continuously improving our remuneration and benefits system.

Our remuneration policy is based both on market analysis and the principles of fairness.

It is our priority to ensure that employees with equal responsibilities and qualifications receive equal pay. The approved Remuneration Policy reflects our long-term approach, aimed at establishing and enhancing a more transparent, fair, and competitive pay structure.

We offer our employees a wide range of benefits, including health insurance, access to professional development courses, flexible working arrangements when applicable, additional paid leave, transportation support when needed, and access to telecommunications services either free of charge or at special employee rates.

In addition, female employees are entitled to a fully paid 6-month maternity leave, which exceeds the minimum requirements set by Georgian legislation.

As part of the company's corporate ecosystem, employees have the opportunity to access services offered by group-affiliated entities, including hotel accommodations and participation in sports and cultural activities, under preferential conditions specifically designed for staff. This initiative reinforces our commitment to employee well-being and strengthens the culture of internal corporate support.

SUPPORTIVE MEASURES FOR EMPLOYEE WELL-BEING

In addition to standard insurance coverage, we utilize the option to request extended insurance coverage on an exceptional basis in special circumstances – initiating direct communication with the insurance provider when needed. Such requests may be made in cases of significant social or financial need, such as the death of a family member or the birth of a child. This approach enhances our ability to provide meaningful support to employees and fosters a workplace culture grounded in care and empathy.

As part of our commitment to employee well-being, we have established a dedicated fund that provides financial assistance to employees facing critical health-related needs.

The fund is available to all employees, regardless of position, and operates based on the principles of equal and transparent access. Through this mechanism, we demonstrate our readiness to stand by every employee during challenging times and to make employee support a key component of our internal social responsibility.

PROFESSIONAL DEVELOPMENT AND TRAINING

Employee professional development is one of the core focus areas of our human capital management. Through subject-specific technical trainings and general skill-building programs, such as teamwork, communication, and leadership – we support employees in deepening their knowledge, enhancing their competencies, and advancing their careers.

In 2024, a total of 1,917 employees participated in training activities, with the cumulative number of training hours reaching 2,471. When selecting and planning training programs, we take into account both the company's strategic goals and the individual needs and development potential of our employees.

SUPPORT FOR EDUCATION AND INTERNSHIP OPPORTUNITIES

To promote talent development and support education, we have signed cooperation memorandums with four leading universities. Within the framework of these partnerships, we facilitate internship programs that enable students to gain practical experience in the telecommunications sector, develop professional skills, and better plan their career growth.

HEALTH AND SAFETY

Protecting the health and safety of our employees is one of the core principles of our operations. We recognize that a safe working environment is directly linked to both the well-being of our employees and the company's responsible and successful performance. Our objective is to prevent accidents, incidents, occupational illnesses, and other health-related risks, and to ensure timely and appropriate responses when such situations arise.

Our occupational health and safety framework is based on the requirements of Georgian legislation and includes proactive planning, risk assessment,

incident analysis, and employee awareness-raising activities.

Over the past five years, there have been no recorded cases of work-related injuries, demonstrating the effectiveness of our health and safety system and our commitment to risk prevention-focused practices.

NON-DISCRIMINATION AND INCLUSION

Our internal regulations strictly prohibit all forms of discrimination and ensure equal treatment of employees regardless of gender, age, sexual orientation, ethnic or religious background, disability, political views, or social status. The company is committed to providing equal opportunities based on competence and performance.

We maintain a zero-tolerance policy toward discrimination, harassment, and bullying. Any form of inappropriate behavior including repeated negative actions that undermine an employee's dignity or interfere with a safe working environment is not permitted. Inclusion is a core value of our corporate culture. We prioritize creating a work environment that guarantees equal opportunities, supports employee integration, and is grounded in respect for diversity. In 2024, we began the phased development of a Diversity Policy and its integration into internal policies and processes.

The goal of this policy is to establish tools and approaches that strengthen an environment based on equal opportunity.

GENDER EQUALITY AND INTERNATIONAL ENGAGEMENT

To promote equality, we collaborate with international organizations, including UN Women.

Through the Women's Empowerment Principles (WEPs), we regularly assess our policies and practices related to gender equality and continuously work to improve them.

This engagement includes reviewing promotion procedures, developing methodologies for evaluating equal pay, and strengthening mechanisms for the prevention of discrimination.

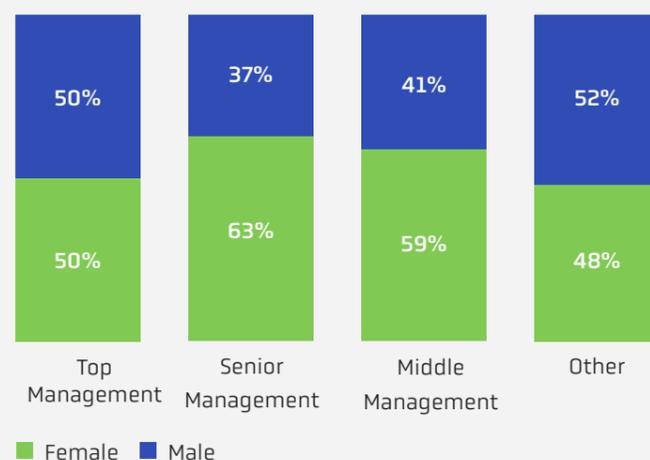
The company's readiness to participate in these processes laid the foundation for integration with the WEPs initiative, enabling us to apply a gender lens in the analysis of our practices, standards, and reporting frameworks.

GENDER BALANCE IN CAREER ADVANCEMENT

As outlined in the Employment Policy and Internal Career Development section, 126 employees were promoted in 2024, including 52 women and 74 men. This gender distribution clearly reflects the practical implementation of equal opportunity in the promotion process. As of 2024, women make up 51% of the company's total workforce. The gender distribution across various levels of management indicates a positive trend toward achieving gender balance.

Figure 52

GENDER DIVERSITY



PAY ANALYSIS BY GENDER AND ORGANIZATIONAL LEVEL

Our remuneration system analysis includes a comparison of both average and median salaries and bonuses, disaggregated by gender and across organizational levels.

This enables us to monitor progress toward ensuring pay equity and to identify areas that require further analysis and improvement. The salary gender pay gap in 2024 (in favor of males) was as follows:

	Average	Median
Senior management	-18%	-17%
Middle management	-2%	1%
Other	24%	3%

Although some remuneration indicators continue to reflect gender disparities, the balance maintained across organizational levels reflect ongoing progress. We continue to conduct a detailed analysis of our remuneration system and, where necessary, review our policies to ensure equal pay for equal responsibility and qualifications.

ENHANCING EMPLOYEE ENGAGEMENT AND FEEDBACK

We consider the improvement of employee engagement and feedback mechanisms a strategic priority and are working toward this goal in a phased manner.

At this stage, we are developing more structured engagement platforms and feedback formats to ensure that employees' perspectives and initiatives are systematically reflected in the company's development. In parallel, we are focused on strengthening our corporate culture to place greater emphasis on employee recognition, appreciation, and motivation.

EDITORIAL RESPONSIBILITY

Due to our broadcasting and on-demand audiovisual activities, we have developed our own Editorial Policy. We are committed to ensuring that our editorial activities uphold the principles of integrity, non-discrimination, ethics, fairness, impartiality, independence, freedom of speech, and reliability. Additionally, we have established a self-regulation system and developed a complaints review procedure that outlines effective and transparent

SUPPORTING EDUCATION, CULTURE, AND SOCIAL INITIATIVES

In 2024, we continued to prioritize the promotion of education, culture, and public well-being. To this end, we support programs and projects that are fully aligned with our values and long-term vision.



NATIONAL GEOGRAPHIC GEORGIA

In 2012, we founded the non-profit organization National Geographic Georgia (NGG) with the goal of promoting natural, historical, social, and technological knowledge in Georgia. Since its inception, we have remained NGG's ongoing supporter and strategic partner.

With our support, NGG continues to publish the Georgian-language edition of the National Geographic magazine and produces content about Georgia for international audiences.

The magazine is distributed free of charge in schools, universities, libraries, and correctional facilities, helping to promote equal access to knowledge.

In 2024, we actively participated in educational and cultural events, including exhibitions, presentations, lectures, and regional initiatives. We place particular value on Silknet's

initiative to organize reader meetups with authors, notable public speakers, and photographers an effort that plays a key role in popularizing scientific and cultural topics.

In 2023, National Geographic Georgia celebrated its 11th anniversary with a special edition produced entirely by a Georgian editorial team. That same year, we launched the creation of audio versions of Georgian-language content, featuring well-known Georgian actors and authors. This initiative continued in 2024, with all audio editions remaining freely accessible to the public both on Silk TV and across digital platforms.

processes for resolving complaints submitted by concerned parties.

ADVERTISING ETHICS

Within the framework of the Advertising Ethics Policy adopted in 2023, we continued in 2024 to ensure that advertising-related content aligns with our ethical principles and the standards of integrity and credibility. Our goal is to maintain communication that does not contradict fair competition and does not pose a risk of misleading consumers.

The existing policy is being gradually integrated into internal processes and is regarded as a key guideline for our advertising activities.

INTELLECTUAL PROPERTY PROTECTION

Building on the Intellectual Property Policy adopted in 2023, we continued in 2024 to apply its principles in our day-to-day operations. We remain committed to respecting and protecting the intellectual property rights of both the company and third parties.

This approach reflects our goal to make intellectual property protection an integral part of our corporate culture.

TSINANDALI FESTIVAL

In 2024, we continued our role as the main partner and sponsor of the Tsinandali Classical Music Festival. The festival annually hosts world-renowned performers, conductors, and composers and plays a significant role in positioning Georgia as an international cultural hub.

An integral and essential part of the festival has become its educational component: the Pan-Caucasian Youth Orchestra, which brings together young musicians from across the region and provides them with the opportunity to attend masterclasses with globally acclaimed artists and perform alongside them on stage.



SUPPORTING SPORTS

Since Silknet's establishment, we have been the general sponsor of the Georgian Ski Federation.

Our support goes beyond financial investment over the years, the company's leadership and its founder, Giorgi Ramishvili, have actively collaborated with the Government of Georgia to promote winter sports.

As a result of these joint efforts, Georgia has successfully hosted numerous international championships. Among them, the 2023 FIS Freestyle Ski and Snowboard World Championships held in Bakuriani stood out as a historic sporting event, made possible through Silknet's sponsorship.

With our continued support, Georgia's national ski team has the opportunity to train on some of the world's best courses, contributing to the growing success of Georgian athletes on the international stage.



WOUNDED WARRIOR SUPPORT FUND (WWSF)

Supporting wounded veterans is a key focus of our social responsibility efforts. The Wounded Warrior Support Fund (WWSF) was established at the initiative of Silknet.

We became the first private company in Georgia to actively promote the social integration, healthcare, and education of veterans and their families.

The fund is dedicated to assisting military personnel who took part in battles for Georgia's territorial integrity and in international peacekeeping missions. Support also extends to the education and professional development of their children. In 2018, Forbes Georgia recognized Silknet with the "Forbes Social Impact" award for founding the WWSF.



OTHER SOCIAL AND CULTURAL INITIATIVES

In 2024, we continued our active engagement in educational projects. Notable among them were "Actors for Literature", held within the framework of the Book Festival to promote literacy and reading among young people, and "Scan Tbilisi", which we implemented in partnership with a local organization. This project's goal is to make cultural heritage more accessible through digital means.

Throughout 2024, we actively participated in various cultural, sports, and educational events, driven by the belief that the private sector has a vital role to play in advancing the country's development through social initiatives.

CORPORATE GOVERNANCE

Our corporate governance system is designed to ensure fairness, transparency, and accountability throughout the company's operations, thereby supporting ethical and sustainable corporate behavior. In recent years, the company has experienced significant growth and development, accompanied by the continuous advancement of our corporate governance practices.

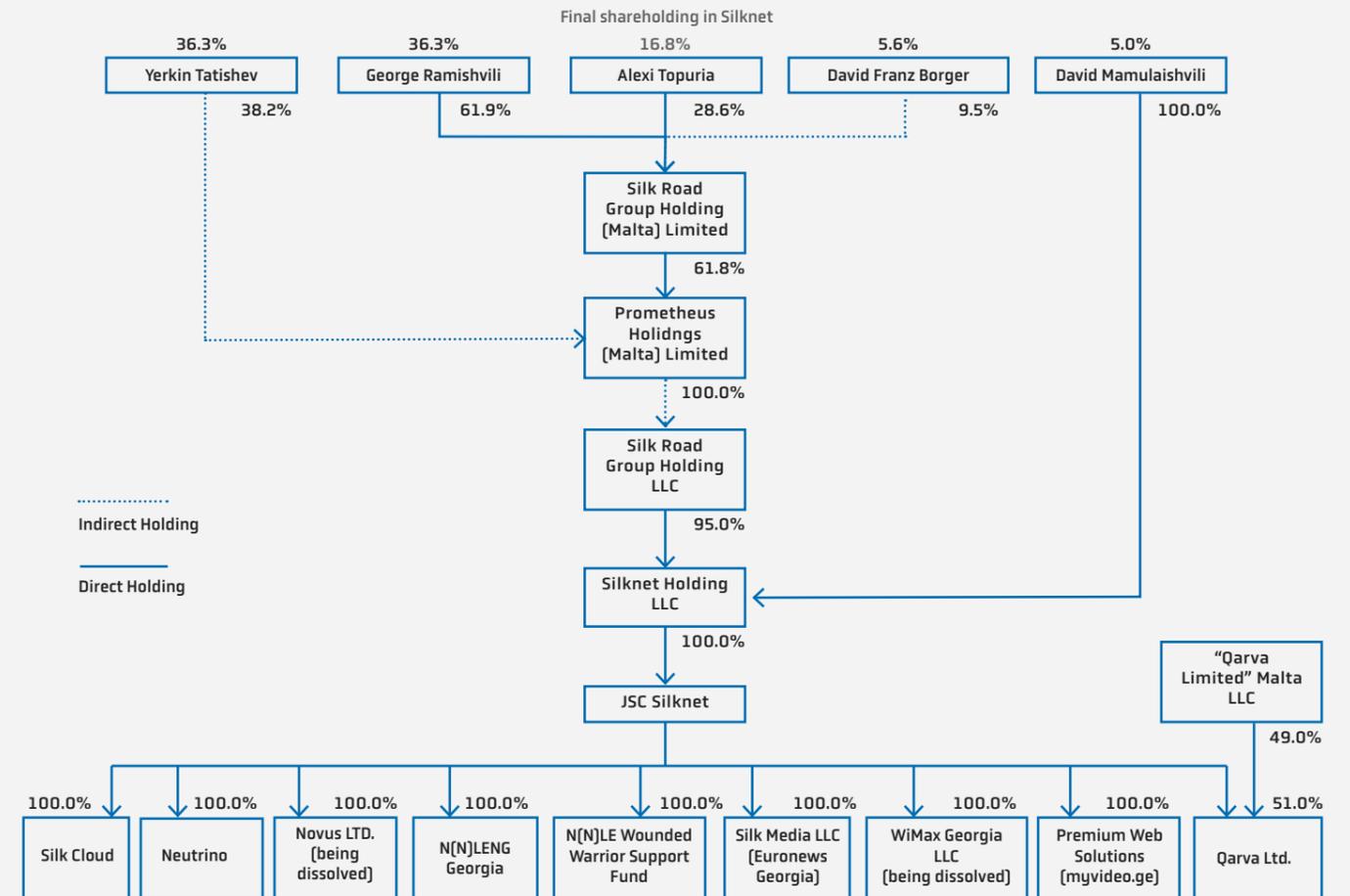
The corporate governance reforms implemented in Georgia, aimed at aligning with the EU legal framework, have been integrated into our operations. At the same time, we strive to adopt the

principles of international best practices to enhance the effectiveness of our governance system and to achieve even greater levels of transparency and accountability.

We are committed to improving our governance approaches on a daily basis, refining our processes, and creating an environment grounded in high ethical standards and balanced governance structures.

Corporate governance at our company is rooted in our core values and serves as a foundation for long-term success and sustainable growth.

OUR CURRENT CORPORATE STRUCTURE



STRONG SHAREHOLDERS

We are part of the "Silk Road Group" (SRG), one of the leading private investment groups. The group operates in various sectors of the economy in the Caucasus region and Georgia, with assets amounting to approximately GEL 2.5 billion as of 31 December 2024. SRG's activities encompass four main sectors:

- Transportation: Connecting Georgia with Central Asia through infrastructure, terminals, rail tanks,

and container access;

- Telecommunications: "Silknet";
- Financial Services: "Silk Bank", which may offer joint financial services to "Silknet" subscribers in the future;
- Real Estate, Hospitality, and Entertainment: A real estate portfolio with assets worth approximately USD 490 million and an 13 years of experience in

the hospitality and entertainment sector (hotels, restaurants, casinos, clubs, sports centers, etc.);

- Energy: A 9.8 MW hydroelectric power plant.

ETHICS AND COMPLIANCE

The company adheres to high ethical standards in its operations and promotes the strengthening of a culture of responsible conduct at all levels. Ethics and compliance plays an important role in reinforcing the principles of fairness, transparency, and accountability.

The Compliance Officer oversees the development of policies and guidelines, which are approved by the Supervisory Board's Environmental, Social, Governance (ESG) and Compensation Committee.

The Code of Ethics and the Code of Responsible Business Conduct have been developed within the company. In today's environment where public expectations of business behavior are constantly increasing, it is especially important that our ethical framework is grounded in our core principle: to act with integrity, transparency, and a strong sense of responsibility. This framework reinforces our core values and establishes clear expectations regarding standards of conduct at all levels of the organization. To this end, all employees are introduced to the Code of Ethics and the Code of Responsible Business Conduct upon employment and are required to confirm their acknowledgment. The company also conducts regular awareness trainings and internal communication initiatives to support consistent understanding of ethical standards and their integration into daily operations.

The company seeks to reduce the risk of potential violations and promote responsible conduct through various internal mechanisms, including those described above.

The Code of Ethics is publicly available not only to employees but also to partners, suppliers, and other interested stakeholders. Our aim is to ensure that all business relationships are based on fairness, openness, and responsibility. In line with this commitment, the company is actively working on updating its Supplier Code of Conduct to further strengthen the integration of ethical values in supplier relations.

We also recognize the importance of effective management of policies and guidelines and conduct a comprehensive annual review of all such documents. The aim of this process is to ensure that all policies and guidelines comply with applicable legislation and are aligned with international best practices. This approach supports the company's sustainable

development and the continuous improvement of ethical standards.

CONFLICT OF INTEREST

There is no conflict of interest or potential conflict of interest between the duties of the Supervisory Board or executive management and their respective personal interests or other obligations, except for the cases mentioned below: Giorgi Ramishvili, as the Chairman of the Supervisory Board, and Alex Topuria and David Franz Borger, who are members of the Supervisory Board and ultimate beneficial owners of Silknet, have the ability to influence the decisions of the Supervisory Board.

DISCLOSURE OF INFORMATION AND TRANSPARENCY

We believe that timely and adequate disclosure of information enhances the transparency of communication with our interested parties and is an integral part of good governance. As a result, we regularly issue communication documents for our investors, as well as quarterly updates and presentations.

OPERATIONS WITH RELATED PARTIES

We have conducted and continue to conduct transactions with related parties in the course of our current business activities. Related parties include shareholders/partners, members of management, subsidiaries, and certain shareholders of such subsidiaries. Additionally, parties are considered related if one party can control or significantly influence the decisions of the other party or if such parties are under common control.

Our Charter contains certain restrictions regarding transactions with related parties. For example, any related party transaction exceeding GEL 2 million is subject to prior approval by the Supervisory Board, and if the value of the related party transaction exceeds GEL 10 million, the Supervisory Board must obtain an independent appraiser's opinion that such a transaction is not financially harmful to the Company.

In addition to the Charter's provisions regarding related party transactions, the company operates under the Related Party Transaction Policy on JSC Silknet adopted by the Supervisory Board, which aims to conduct transactions on an arms's length basis. The policy complies with applicable laws and regulations, as well as the requirements of IFRS.

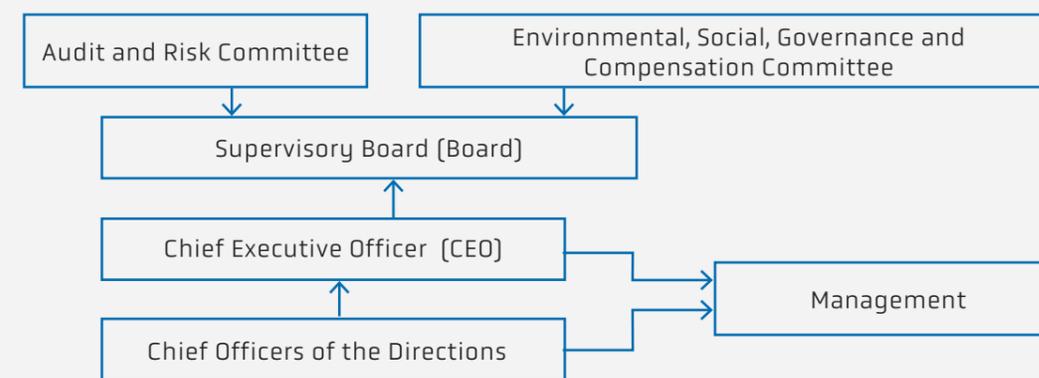
Operations with related parties are discussed in Note 24 of the 2024 consolidated financial statements.

The Eurobonds issued in 2022 are also subject to covenants regarding transactions with related parties. The company must not enter into transactions with related parties on terms more favorable than fair market value. If the transaction involves payments

or value exceeding 5% of total assets, we are required to obtain a written opinion from an auditing firm or third-party expert that such a transaction is conducted at fair market value and is financially fair.

MANAGEMENT STRUCTURE

Our management and leadership system structure is as follows:



SUPERVISORY BOARD

Our Supervisory Board ("Board") is responsible for directing and setting the Company's strategy and operational priorities, including the preparation of the annual financial and strategic plan, implementing risk management, and overseeing the activities of the management (CEO and Chief Officers of the Directions). The Supervisory Board acts in the best interests of the company and, accordingly, is responsible for protecting the rights and interests of the shareholders. The rights and responsibilities of the Supervisory Board are detailed in our Charter, that is uploaded to our [website](#).

SELECTION OF SUPERVISORY BOARD MEMBERS

Members of the Supervisory Board are selected for a term of three years by a majority vote of the shareholders present and voting at the General Meeting of Shareholders. When selecting board members, special consideration is given to their professionalism, high ethical standards, and independence. The experience and professional achievements of our Board members demonstrate their professionalism, high ethical standards, and level of independence. We believe that improving corporate governance is based on such characteristics of the Board members.

Board members are not members of the Management.

COMPENSATION OF SUPERVISORY BOARD MEMBERS

When determining the compensation of the Board members, Shareholders consider the reasonableness and competitiveness of the compensation to ensure that it does not threaten the members' independence.

INDEPENDENCE OF SUPERVISORY BOARD MEMBERS

The personal qualities and competencies of our Board members selected based on the main criterion of independence strengthen the credibility of the Supervisory Board's decisions in terms of objectivity and independence. As of 2024, the Board consists of eight members, three of whom are independent, further highlighting the impartiality of the Supervisory Board's decisions.

EVALUATION OF SUPERVISORY BOARD ACTIVITIES

Self-assessment of the quality of the Supervisory Board's activities in the company is a clear example of critical thinking. In addition to the annual self-assessment conducted by Board members through a structured questionnaire, we also take into account the Company's ESG risk rating as assessed annually by Sustainabilitycs, which indirectly reflects the effectiveness of the Board's governance practice. This rating company assesses the Company's corporate governance system, which includes evaluating the quality of the Board members' activities.

As of December 31, 2024, the members of the Supervisory Board are:

- **George Ramishvili** – Chairman
- **Vasil Kenkishvili** – Deputy Chairman
- **Alexsi Topuria** – Member
- **David Franz Borger** – Member
- **Mamuka Shurgaia** – Member
- **Stella Handler** – Independent member
- **Martin Roos** – Independent member
- **Yulia Boyle** – Independent member

SUPERVISORY BOARD MEMBERS

BIOGRAPHIES



GEORGE RAMISHVILI
Chairman

George Ramishvili is the Chairman of the Supervisory Board of Silknet and the founder, shareholder, and Chairman of the Silk Road Group. George Ramishvili has a degree in Hydro-Technical Engineering at the State Polytechnic Institute of Tbilisi (1984–1985) and a Master's degree in Economics and Construction Management from Tbilisi State University (1987–1992). George Ramishvili has over 25 years of experience in starting up and successfully running new companies, drawing on a wide social network and sound business sense. His industrial areas of expertise include transportation, trading, real estate, tourism, and energy. George Ramishvili was President of the Georgian Ski Federation for several years and continues to support the development of winter sports in Georgia. He is also a member of the international boards of several artistic and cultural organisations, including the International Board of the London Philharmonic Orchestra. He is the chairman of the board of National Geographic Georgia and the Tsinandali International Festival of Classical Music.



ALEXSI TOPURIA
Member

Alexsi Topuria is a shareholder and a member of the Supervisory Board of the Silk Road Group, as well as a member of the Supervisory Board of Silknet. Alexsi Topuria has more than 20 years of professional experience in developing new business in the Caucasian, Caspian, and Central Asian region. He is an expert in finance and operational management. His industrial skills include telecommunications, transportation, and trading. Alexsi Topuria established a football school in the suburbs of Tbilisi to support the development of youth football in Georgia. He has a degree in economics and geography from Tbilisi State University, Georgia (1984–1989, interrupted by two years of military service), followed by a degree in German from the Goethe Institute, Iserlohn, Germany (1990–1991) and advanced studies in economics and business management from the Witten/Herdecke University, Germany (1991–1997). Alexsi Topuria is a member of the board of National Geographic Georgia.



DAVID FRANZ BORGER
Member

David Franz Borger joined the Silk Road Group, the shareholder of Silknet, as a partner in 2005. He holds a PhD in accounting and finance from the London School of Economics and has worked in information technology with major IT firms and management consultancy companies. Before joining the Silk Road Group, he was a project leader at Boston Consulting Group. He lives with his family in Munich.



MAMUKA SHURGAIA
Member

Mamuka Shurgaia is a member of Silknet's Supervisory Board and the Chief Financial Officer of SRG Investments, LLC, which is part of the Silk Road Group. Mamuka joined the Silk Road Group in 2011 as Deputy Director of Finance and progressed to the Chief Financial Officer position within a year. He also serves as a director of SRG Real Estate LLC, the company managing the Silk Road Group's real estate activities in Georgia. Prior to joining the Silk Road Group, Mamuka Shurgaia was a senior auditor at Ernst & Young Audit LLC in Tbilisi and worked as a manager at the accounts team at TBC Bank. Mamuka Shurgaia has a degree in finance from the Caucasus School of Business (2006) and a master's in business administration (MBA) from the Grenoble Ecole De Management (2016).



VASIL KENKISHVILI
Deputy Chairman

Vasil Kenkishvili is a member of Silknet's Supervisory Board and the Chief Executive Officer of SRG Investments LLC, which is part of the Silk Road Group. Vasil Kenkishvili joined the Silk Road Group in 2006 as the general counsel and was promoted to chief executive officer after three years. Prior to joining the Silk Road Group, he served as Head of the Legal Department in Georgian Railway LLC between 2004 and 2006. He was the chief lawyer of a parliamentary faction in the Parliament of Georgia from 2001 to 2003 and worked for the Ministry of State Property Management of Georgia from 1999 to 2001. Vasil Kenkishvili received a legal degree (JD equivalent) from Ivane Javakishvili Tbilisi State University in 2000 and an LLM degree from The American University, Washington College of Law (Washington DC, USA) in 2004.



STELLA HANDLER
Independent member

Stella Handler has been Chairman at Itaileya, a family real estate holding company, since 2018. From 2013 to 2018, Stella was CEO of Bezeq, an Israeli Public Telecommunications Company. In 2011–2013 period, she was Chairman of HOT, a cable TV public company. Prior to that, she served as CEO of O12 Smile, a public company traded on the Nasdaq. Stella Handler has a degree in Business and Economics and a master's degree in Economics from the Hebrew University of Jerusalem.



MARTIN ROOS
Independent member

Martin Roos is an INSEAD certified board director (IDP) with board and executive experience in telecommunications, technology and biotech. He currently serves as the Chairman of Seamless Distribution Systems and is a board member of Nexam Chemicals, both of which are listed on Nasdaq First North. He also serves on the board of startups such as Lignin Industries, which makes bioplastics from wood. Prior to that, Martin served on the Board Operating Committee of WDM in Chile, was the CEO of Cable and Wireless Caribbean and Altice in the Dominican Republic (integrating Orange with Tricom) and held various leadership positions at Ericsson. During his tenure at Cable and Wireless, Martin also served on the Board of Directors of Telecommunications Services of Trinidad and Tobago. Martin is married with two children. He holds a MSc in economics from Stockholm School of Economics and a MSc in chemical engineering from the Royal Institute of Technology in Stockholm.



YULIA BOYLE
Independent member

Yulia Boyle boasts a distinguished career as a worldwide media executive spanning several global media and entertainment corporations, including The World Disney Company, 21st Century Fox, and National Geographic. She has extensive expertise and a successful track record in forging innovative and long-lasting partnerships between some of the largest global media entities including National Geographic, Nikkei Inc., Hearst, Editorial Televisa, Bertelsmann, Scholastic, Penguin Random House, Harper Collins, and Macmillan. With over 16 years of impactful contributions at National Geographic, where she served as the Senior Vice President of International Media, Ms. Boyle transformed National Geographic's approach to global partnerships from conventional IP licensing to a globally and locally relevant thriving business and editorial ecosystem.

Yulia Boyle is currently serving as the first woman Chair of FIPP, a 100-year-old global media association that focuses on helping media companies navigate an ever-changing business landscape and find growth opportunities, where she is championing FIPP's innovation and diversity and inclusion efforts. Ms. Boyle has also served as a Board Director for Nikkei National Geographic, a joint venture between Nikkei Inc. Japan (the publisher of Nikkei's financial index) and National Geographic.

COMMITTEES

The Supervisory Board has established the Audit and Risk Committee and the Environmental, Social, Governance, and Compensation Committee (ESGC) to effectively carry out its functions.

The head of the company's Internal Audit Department reports to the Audit and Risk Committee quarterly.

The Compliance Officer and Environmental Officer are accountable to the Environmental, Social, Governance, and Compensation Committee (ESGC).

Committee meetings are held quarterly. If necessary, a Committee meeting may also be held at any time at the request of a Committee member(s). The Committees are led by independent members of the Supervisory Board. The functions of the Committees are appropriately delineated and balanced.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee consists of members of the Supervisory Board, three of whom are independent members. Through effective leadership and oversight, the Audit and Risk Committee ensures continuous improvement of accountability, transparency, risk management, and internal control processes within the Company, which is crucial for achieving the Company's strategic goals.

As of December 31, 2024, the members of the Audit and Risk Committee are:

- **Stella Handler** – Independent Member/ Chairperson
- **Martin Roos** – Independent Member
- **Mamuka Shurgaia** – Member
- **David Franz Borger** – Member
- **Vasil Kenkishvili** – Member
- **Yulia Boyle** – Independent Member

ACTIVITIES AND RESPONSIBILITIES

The Audit and Risk Committee agrees on accounting policies, reviews and approves financial statements, and oversees the effectiveness of quality control, risk management, and internal and external audits.

The Committee is also responsible for monitoring the execution of functions and duties defined by the Internal Audit Charter approved by the Supervisory Board.

ENVIRONMENTAL, SOCIAL, GOVERNANCE, AND COMPENSATION COMMITTEE (ESGC)

The Environmental, Social, Governance, and Compensation (ESGC) Committee consists of members of the Supervisory Board, three of whom are independent members.

The ESGC Committee plays a crucial role in ensuring that we conduct our activities responsibly, both in relation to the environment and the community.

As of December 31, 2024, the members of the ESG and Compensation Committee are:

- **Yulia Boyle** – Independent Member/ Chairperson
- **Alex Topuria** – Member
- **David Franz Borger** – Member
- **Vasil Kenkishvili** – Member
- **Stella Handler** – Independent Member
- **Martin Roos** – Independent Member

ACTIVITIES AND RESPONSIBILITIES

The Committee defines and oversees ESG policies. To improve ESG policies, the Committee also ensures the development of strategies to mitigate ESG risks.

The Committee is authorized to request stakeholders' participation and feedback in developing and implementing ESG strategies and initiatives.

The Committee promotes the establishment of a responsible business culture by considering best practice examples. Additionally, it aims to foster innovation and creativity in addressing ESG challenges and opportunities.

The expansion of the committee's functions along with the balanced and effective execution of its responsibilities, significantly contributed to the improvement of the company's ESG performance. Notably, as a result of an assessment conducted by the internationally recognized agency Sustainalytics, the company's ESG risk rating decreased from 26.0 to 21.1 in 2024, that was further reduced to 20.8 during 2025 interim review, clearly demonstrating the effectiveness of both the committee and company management, as well as our continued commitment to sustainable development principles.

Going forward, we remain equally committed to further improving our ESG risk rating and strengthening high ethical, social, and governance standards across all areas of our operations.

MANAGEMENT

Our daily operations are led by the CEO, along with the chief officers of various directions within the company (Management). We consider the presence of adequate financial and human resources, as well as the qualifications, experience, and skills of the Management, to be the foundation for the success of our Management's activities. The Management operates according to the financial and commercial plans approved annually by the Supervisory Board. The functions of the leadership are clearly defined in the Company's Charter, that is uploaded to our [website](#).

APPOINTMENT OF MANAGEMENT

The Supervisory Board appoints and oversees the CEO. When appointing the CEO, the Board considers the knowledge and skills required for effective company management. The CEO's authority is clearly delineated in the Charter. Chief officers of the relevant directions are appointed based on orders issued by the CEO for the purpose of managing specific directions. At Silknet, the tasks of chief officers are clearly defined and transparent, with the CEO overseeing their execution. The Management clearly understands that their actions and decisions must stem from the best interests of the Company. Accordingly, the Management is focused on ensuring that their decisions in carrying out their duties are conscientious and reasonable.

COMPENSATION OF MANAGEMENT

The Supervisory Board determines the CEO's compensation. The CEO determines the rules and policies for the compensation of chief officers of the relevant directions within the Company based on the Company's strategy and plan established by the General Meeting of Shareholders and the Supervisory Board.

The Company has developed a Remuneration Policy aimed at attracting and retaining highly qualified Management. As part of the development of our corporate governance structure, we are working on improving this policy, which will result in the creation of a system for the continuous execution and improvement of Management activities.

EVALUATION OF MANAGEMENT

The Supervisory Board evaluates the activities of the Management.

As of December 31, 2024, the members of the Management are:

- **David Mamulaishvili** Chief Executive Officer
- **Lili Pshavlishvili**, Chief Financial Officer
- **Levan Buchukuri**, Chief Commercial Officer
- **Vera Duduchava**, Chief Operating Officer
- **Nino Kankia**, Chief Technical Officer
- **Rusudan Svani**, Chief Customer Service Officer
- **Tea Tkeshelashvili**, Chief Administrative Officer
- **Cheibanny Mohamed Ahmed**, Chief Information Officer



MANAGEMENT

BIOGRAPHIES



DAVID MAMULAISHVILI
Chief Executive Officer

David Mamulaishvili was appointed as CEO of Silknet in 2016. From 2010–16, Mr. Mamulaishvili was the head of the Internal Control and Standardisation Division. Prior to joining Silknet, Mr. Mamulaishvili engaged in entrepreneurial activities and was one of the founders of several large companies (including Lomisi and Interplast). For a certain period, Mr. Mamulaishvili served as the Vice-Governor of the Mtskheta–Mtianeti region.



LILI PSHAVLISHVILI
Chief Financial Officer

Lili Pshavlishvili was appointed as CFO of Silknet in 2010. Prior to joining Silknet, Ms. Pshavlishvili held the position of SME Development Director at Bank of Georgia, before which she was the Commercial Director at Silk Road Bank. At the onset of her career, Ms. Pshavlishvili held various management positions at the National Bank of Georgia.



LEVAN BUCHUKURI
Chief Commercial Officer

Levan Buchukuri was appointed as Chief Commercial Officer of Silknet in 2022. Prior to that, he held several different roles at Silknet: Chief Sales Officer (2021 – 2022), Chief Strategy Development Officer (2020 – 2021), and Chief Customer Service Officer (2018 – 2020). He served as a member of the Supervisory Board from 2016 to 2018, as the CEO of Silknet from 2011 to 2016, and held a range of different positions before that (Deputy CEO, Chief Commercial Officer, Deputy CEO Chief Technical Officer). Mr. Buchukuri has extensive experience in the telecoms sector. Between 2009 and 2010 he was the CEO of Novus Ltd. Between 2007 and 2009, he was the CEO of Technoservice Ltd, and between 2004 and 2007, he was the CEO of Iberiatel Ltd. For seven years, Levan Buchukuri worked at Magticom as Head of the Sales and Marketing department (1997–1999), Head of the Customer Service Department (1999–2000), Deputy CEO (2000–2001) and CEO (2001 – 2004). From 1995 to 1997, Levan Buchukuri also worked for Megacom Ltd as a sales manager. Mr. Buchukuri holds the equivalents of bachelor degrees in electronics (1988–1994 Georgian Technical University) and in foreign economic affairs (1989–1992 Georgian Technical University).



VERA DUDUCHAVA
Chief Operating Officer

Vera Duduchava was appointed as COO of Silknet in August 2019. In 2018, Ms Duduchava led Silknet's IT Transformation project. Prior to that, she was a member of the executive management team at Geocell, where she started her career in the customer relations department in 2000. Over the years, she has held different managerial positions in the same department and participated in several international projects in the sector. In 2013, Ms Duduchava became the Director of Geocell's Customer Relations Department and continued her career in Silknet thereafter. For a certain period, she also worked at Nexus Enterprises as the head of operations.



NINO KANKIA
Chief Technical Officer

Nino Kankia joined Silknet in 2020 and was appointed as the Chief Technical Officer in 2021. Prior to joining Silknet, she served as the Head of the Marketing and Solution Sales Department at Tbilisi Huawei Technologies Co. From 2011 to 2015, Ms. Kankia served as the Head of the Mobile Core Network Operational and Development Department at Veon Georgia. Ms. Kankia holds a master's degree in Telecommunications Technology from Tbilisi Technical University.



RUSUDAN SVANI
Chief Customer Service Officer

Rusudan Svani was appointed as Chief Customer Service Officer in 2020. From 2010 to 2020, she served as the Head of the Call Centre. Prior to that, she held managerial positions in several different companies.



TEA TKESHELASHVILI
Chief Administrative Officer

Tea Tkeshelashvili was appointed as Chief Administrative Officer of Silknet in 2022. From 2016 she served as the Head of the Company Development Unit at Silknet. Prior to joining Silknet, in 2011–2015 she served as the Head of the Strategy development Department at Georgian National Communication Commission. From 2001–2010 she held various positions at Georgian National Communication Commission, World Bank and TACIS projects.



CHEIBANNY MOHAMED AHMED
Chief Information Officer

Mr. Cheibanny Mohamed Ahmed took on the role of Silknet's Chief Information Officer in February 2023. He joined Silknet from Sofrecom (Orange), where he was responsible for mutual projects of two companies. Prior to taking his current position, he was a consultant to Silknet as a Shadow CIO. Before joining Sofrecom, he worked in various managerial roles for Nokia, Alcatel–Lucent, SFR, Bull Telco, Alcatel CIT, Asiaceil and Mauritel.

Silknet JSC

Consolidated Financial Statements

for 2024

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KPMG Georgia LLC
 5th Floor GMT Plaza
 Mtatsminda District, Liberty Square N4 (plot 66/4)
 0105 Tbilisi, Georgia
 IN 404437695
 Telephone +995 322 93 5713
 Internet www.kpmg.ge



Silknet JSC
 Independent Auditors' Report
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Independent Auditors' Report

To the Shareholder of Silknet JSC

Opinion

We have audited the consolidated financial statements of Silknet JSC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (*IESBA Code*) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The key audit matter	How the matter was addressed in our audit
Revenue generated in the billing system ("billing revenue") (GEL 518 million, included in total revenue, note 7) is a material amount consisting of a high volume of individually low-value transactions. The Group uses billing system to calculate revenue; revenue data is manually	We have performed the following audit procedures to address the key audit matter: <ul style="list-style-type: none"> – Evaluated, with the assistance of our own IT specialists, the design and implementation and tested the operating effectiveness of key internal

KPMG Georgia LLC, a company incorporated under the Laws of Georgia and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Revenue recognition	
The key audit matter	How the matter was addressed in our audit
<p>transferred from the billing system to the accounting software. Thus, the Group relies on the data processed by the billing system.</p> <p>Complexity of the billing system with high volume of automated transactions but still certain level of manual processing combined with the always present inherent risk of the Group intentionally overstating the revenue to present better financial performance, result in the manipulation of revenue recognition being an area of audit focus and, hence, a key audit matter.</p>	<p>automated application controls and related General IT controls over the billing system;</p> <ul style="list-style-type: none"> – Evaluated the design and implementation and tested the operating effectiveness of key internal manual controls over the billing system; – Performed a reconciliation of revenue as per the billing system to the accounting software and consolidated financial statements; – Reconciled revenue, considering the effect of changes in related receivables' and deposits' balances, to the bank payments' register, received directly from banks; – Using the key data inputs (tariffs, number of subscribers, traffic volume) performed recalculation of revenue, on a sample basis, and compared the results to the recorded amounts of revenue. We tested reliability of data inputs by testing relevant automated controls and, on a sample basis, reconciling to internal and external supporting documentation; – Tested, on a sample basis, manual corrections recorded in the billing system by inspecting the related supporting internal documents and assessing appropriateness of corrections under IFRS Accounting Standards; – Performed analytical procedures over key revenue streams by developing expectations basing on the key data inputs and compared them to the recorded amounts of revenue. We tested reliability of data inputs by testing relevant automated controls and by inspecting, on a sample basis, internal and external supporting documentation; – To incorporate an element of unpredictability in our audit approach, on a sample basis, directly contacted customers and agreed their tariff plans to the billing system.

Statement on Management Report

Management is responsible for the other information. The other information comprises the Group's Annual Report and the Management Report prepared for statutory purposes. Other information does not include the consolidated financial statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Management Report prepared for statutory purposes, we conclude whether the

Management Report:

- is consistent with the consolidated financial statements and does not contain material misstatement;
- contains all information that is required by and is compliant with the Law of Georgia on Accounting, Reporting and Auditing.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:

Vakhtang Kezheradze

KPMG Georgia LLC
8 April 2025

'000 GEL	Note	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property and equipment	12	348,460	347,604
Intangible assets	13	157,995	179,262
Investment property	14	78,871	70,462
Right-of-use assets	20	13,667	22,875
Other non-current assets	12(b)	35,023	34,794
Prepayments related to IRU* contracts		7,225	8,010
Total non-current assets		641,241	663,007
Current assets			
Inventories	15	9,843	11,470
Financial instruments at FVTPL	22(iii)	2,674	-
Prepayments related to IRU contracts		2,173	2,173
Trade and other receivables	16	38,926	37,565
Certificate of deposit	17(a)	18,362	-
Cash and cash equivalents	17	160,784	144,614
Total current assets		232,762	195,822
TOTAL ASSETS		874,003	858,829
EQUITY AND LIABILITIES			
Equity			
Share capital	18	84,056	84,056
Retained earnings		50,632	27,656
Equity attributable to owner of the Company		134,688	111,712
Non-controlling interests		(69)	(119)
TOTAL EQUITY		134,619	111,593
LIABILITIES			
Non-current liabilities			
Loans and borrowings	19	553,655	529,658
Lease liabilities	20	3,464	15,487
Trade and other payables	21	39,760	40,401
Advances received from IRU contracts and subscribers	21	11,480	11,946
Total non-current liabilities		608,359	597,492
Current liabilities			
Loans and borrowings	19	19,566	21,176
Lease liabilities	20	14,845	13,445
Trade and other payables	21	69,144	88,724
Advances received from IRU contracts and subscribers	21	27,470	26,399
Total current liabilities		131,025	149,744
TOTAL LIABILITIES		739,384	747,236
TOTAL LIABILITIES AND EQUITY		874,003	858,829

*Indefeasible Right of Use

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 44.

'000 GEL	Note	2024	2023
Revenues:			
Commercial revenue	7	530,073	487,851
Carrier services	7	51,897	48,582
		581,970	536,433
Costs and expenses:			
Depreciation and amortization		(114,822)	(118,737)
Salaries and benefits	9	(88,244)	(92,300)
Purchased services	8	(48,255)	(54,855)
Other expenses	10	(25,547)	(20,999)
Network management and maintenance costs		(20,271)	(18,480)
Interconnect fees and roaming expense		(16,704)	(16,978)
Pay TV content cost		(9,368)	(8,815)
Advertising and marketing		(6,601)	(7,246)
Infrastructure capacity rentals, IRU and lease expenses		(7,702)	(6,736)
Costs of SIM cards, scratch cards and other cost of sales		(1,839)	(2,085)
Change in fair value of investment property	14	5,333	6,724
Profit from operating activities		247,950	195,926
Finance income	6	17,172	12,144
Finance costs	6	(57,890)	(54,072)
Net foreign exchange (loss)/gain	6	(12,990)	357
Net finance costs		(53,708)	(41,571)
Profit before income tax		194,242	154,355
Income tax expense		(216)	(258)
Profit and total comprehensive income for the year		194,026	154,097
Profit and total comprehensive income attributable to:			
Owner of the Company		193,976	154,044
Non-controlling interests		50	53
		194,026	154,097

These consolidated financial statements were approved by management on 8 April 2025 and were signed on its behalf by:

David Mamulaishvili
General Director

Lili Pshavlishvili
Finance Director

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 44.

'000 GEL	Attributable to owners of the Company					
	Share capital	Additional paid in capital	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total equity
Balance at 1 January 2024	84,056	-	27,656	111,712	(119)	111,593
Profit and total comprehensive income for the year	-	-	193,976	193,976	50	194,026
Dividends (note 18(c))	-	-	(171,000)	(171,000)	-	(171,000)
Balance at 31 December 2024	84,056	-	50,632	134,688	(69)	134,619
Balance at 1 January 2023	84,056	8,026	(6,214)	85,868	(172)	85,696
Profit and total comprehensive income for the year	-	-	154,044	154,044	53	154,097
Dividends (note 18(c))	-	-	(128,200)	(128,200)	-	(128,200)
Reclassification of additional paid in capital to retained earnings (note 18(b))	-	(8,026)	8,026	-	-	-
Balance at 31 December 2023	84,056	-	27,656	111,712	(119)	111,593

'000 GEL	Note	2024	2023
Cash flows from operating activities			
Cash received from subscribers		623,217	572,595
Cash received from other telecom operators and for IRU contracts		35,375	31,424
Salaries and benefits paid to and on behalf of employees		(83,283)	(72,856)
Interconnection fees and other expenses paid		(10,363)	(9,845)
Purchase of inventory		(11,892)	(11,103)
Taxes paid, other than on income		(83,063)	(73,216)
Income tax paid		(191)	(244)
Network management and maintenance costs paid		(17,202)	(15,815)
Other operating expenses paid		(95,221)	(85,313)
Net cash from operating activities		357,377	335,627
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets and other non-current assets		(106,489)	(92,141)
Proceeds from disposals of property and equipment		2,306	503
Acquisition of certificate of deposit		(17,808)	-
Acquisition of investment securities		-	(32,052)
Proceeds from sale of investment securities		-	33,518
Interest received		15,352	10,543
Acquisition of subsidiary		-	(1,021)
Net cash used in investing activities		(106,639)	(80,650)
Cash flows from financing activities			
Dividends paid		(171,000)	(130,376)
Interest paid		(49,975)	(51,112)
Costs incurred on Eurobond covenant modification		(3,889)	-
Repayment of lease liabilities		(13,344)	(10,766)
Net cash used in financing activities	19(c)	(238,207)	(192,254)
Effect of exchange rate changes on cash and cash equivalents		3,639	(3,017)
Net increase in cash and cash equivalents		16,170	59,706
Cash and cash equivalents at the beginning of the year	17	144,614	84,908
Cash and cash equivalents at the end of the year	17	160,784	144,614

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 44.

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 44.

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 consolidated 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 consolidated financial statements include the financial statements of Silknet JSC (the "Company"), (registration # 204566978) and its subsidiaries as detailed in note 25 (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 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board ("IFRS Accounting Standards").

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 consolidated 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

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgements, 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 ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in note 14 - valuation of investment property.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 20 – determination of lease term;
- Notes 21 and 27(g) (h) – useful lives of property and equipment and intangible assets;
- Notes 21 and 27(g) (h) – recognition of property and equipment and intangible assets; and
- Note 24(b) – calculation of key management remuneration.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values for financial and non-financial assets and liabilities. Fair values have been determined for disclosure and for measurement purposes. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 14 – fair value of investment property;
- Note 22(a) – fair values of financial assets and liabilities.

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 consolidated 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 14) is also managed on a centralized basis and is presented under unallocated amounts.

*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

*000 GEL	31-Dec-23	31-Dec-23	31-Dec-23	31-Dec-23	31-Dec-23
Consolidated statement of financial position	Mobile services	Fixed Services	Silk Media LLC	Unallocated Amounts	Total
ASSETS					
Non-current assets					
Property and equipment	132,985	204,567	2,561	7,491	347,604
Intangible assets	121,517	52,817	294	4,634	179,262
Investment property	-	-	-	70,462	70,462
Other non-current assets	15,360	15,953	-	3,481	34,794
Right-of-use assets	17,964	4,460	451	-	22,875
Prepayments related to IRU contracts	8,010	-	-	-	8,010
Total non-current assets	295,836	277,797	3,306	86,068	663,007
Current assets					
Inventories	4,131	5,372	406	1,561	11,470
Prepayments related to IRU contracts	2,173	-	-	-	2,173
Trade and other receivables	11,425	23,655	48	2,437	37,565
Cash and cash equivalents	-	-	63	144,551	144,614
Total current assets	17,729	29,027	517	148,549	195,822
TOTAL ASSETS	313,565	306,824	3,823	234,617	858,829
LIABILITIES					
Non-current liabilities					
Loans and borrowings	-	-	-	(529,658)	(529,658)
Lease liabilities	(11,333)	(4,052)	(102)	-	(15,487)
Trade and other payables	(19,812)	(19,171)	-	(1,418)	(40,401)
Advances received related to IRU contracts and subscribers	-	(11,946)	-	-	(11,946)
Total non-current liabilities	(31,145)	(35,169)	(102)	(531,076)	(597,492)
Current liabilities					
Loans and borrowings	-	-	-	(21,176)	(21,176)
Lease liabilities	(11,647)	(1,363)	(435)	-	(13,445)
Trade and other payables	(39,729)	(39,316)	(131)	(9,548)	(88,724)
Advances received from IRU contracts and subscribers	(20,931)	(5,451)	-	(17)	(26,399)
Total current liabilities	(72,307)	(46,130)	(566)	(30,741)	(149,744)
TOTAL LIABILITIES	(103,452)	(81,299)	(668)	(561,817)	(747,236)
NET ASSETS/(LIABILITIES)	210,113	225,525	3,155	(327,200)	111,593

Capital expenditures incurred by the Group in relation to the mobile services segment was approximately GEL 29,776 thousand for the year ended 31 December 2024 (out of which GEL 18,012 thousand was added to property and equipment and GEL 11,764 thousand was added to intangible assets), (2023: total mobile services: GEL 24,761; out of which: property and equipment - GEL 15,203 thousand and intangible assets - GEL 9,558 thousand). Capital expenditures related to the fixed services operating segment for the year ended 31 December 2024 amounted to approximately GEL 33,639 thousand and GEL 8,933 thousand in terms of property and equipment and intangible assets, respectively (2023: fixed services included: property and equipment - GEL 27,023 thousand and intangible assets - GEL 21,968 thousand). Capital expenditures incurred by Silk Media LLC was GEL 44 thousand for property and equipment and GEL 1,597 thousand for intangible assets for the year ended 31 December 2024, (2023: Capital expenditures for Silk Media LLC included GEL 153 thousand for property and equipment and GEL 124 thousand - for intangible assets).

'000 GEL

Consolidated statement of profit or loss and other comprehensive income

	2024	2024	2024	2024	2024	2024	2024
	Mobile Services	Fixed services	Elimination mobile services	Elimination fixed services	Silk Media LLC	Unallocated amounts	Total
Segment revenue	349,192	237,890	-	(5,288)	176	-	581,970
Operating expenses (excluding specific items)	(115,271)	(97,093)	5,288	-	(5,022)	-	(212,098)
Adjusted EBITDA	233,921	140,797	5,288	(5,288)	(4,846)	-	369,872
Adjusted EBITDA margin	67%	59%					64%
Depreciation and amortization	(59,336)	(49,302)	-	-	(2,830)	(3,354)	(114,822)
Specific items	(733)	(1,467)	-	-	180	(10,413)	(12,433)
Change in fair value of investment property	-	-	-	-	-	5,333	5,333
Segment operating profit/(loss)	173,852	90,028	5,288	(5,288)	(7,496)	(8,434)	247,950
Finance income	1,839	317	-	-	7	15,009	17,172
Finance costs	(4,695)	(5,057)	-	-	(36)	(48,102)	(57,890)
Net foreign exchange loss	(500)	(388)	-	-	(38)	(12,064)	(12,990)
Segment profit/(loss) before tax	170,496	84,900	5,288	(5,288)	(7,563)	(53,591)	194,242
Income tax expense	-	-	-	-	-	(216)	(216)
Profit/(loss) for the year	170,496	84,900	5,288	(5,288)	(7,563)	(53,807)	194,026

'000 GEL

Consolidated statement of profit or loss and other comprehensive income

	2023	2023	2023	2023	2023	2023	2023
	Mobile Services	Fixed services	Elimination mobile services	Elimination fixed services	Silk Media LLC	Unallocated amounts	Total
Segment revenue	318,216	223,231	-	(5,204)	190	-	536,433
Operating expenses (excluding specific items)	(107,230)	(91,813)	5,204	-	(4,701)	-	(198,540)
Adjusted EBITDA	210,986	131,418	5,204	(5,204)	(4,511)	-	337,893
Adjusted EBITDA margin	66%	59%					63%
Depreciation and amortization	(61,337)	(52,314)	-	-	(2,867)	(2,219)	(118,737)
Specific items	(5,793)	(8,395)	-	-	-	(15,766)	(29,954)
Change in fair value of investment property	-	-	-	-	-	6,724	6,724
Segment operating profit/(loss)	143,856	70,709	5,204	(5,204)	(7,378)	(11,261)	195,926
Finance income	1,481	4	-	-	5	10,654	12,144
Finance costs	(4,932)	(3,538)	-	-	(115)	(45,487)	(54,072)
Net foreign exchange gain/(loss)	343	210	-	-	194	(390)	357
Segment profit/(loss) before tax	140,748	67,385	5,204	(5,204)	(7,294)	(46,484)	154,355
Income tax expense	-	-	-	-	-	(258)	(258)
Profit/(loss) for the year	140,748	67,385	5,204	(5,204)	(7,294)	(46,742)	154,097

6. Net finance costs

'000 GEL	2024	2023
Recognized in profit or loss		
Interest income on current bank accounts and other receivables	15,027	10,663
Gain on modification of financial instrument	757	-
Interest income on IRU related prepayments	1,388	1,481
Finance income	17,172	12,144
Interest expense on financial liabilities	(54,892)	(49,451)
Interest expense accrued under lease liabilities	(1,582)	(3,162)
Interest expense on advances received from IRU contracts	(1,416)	(1,459)
Finance costs	(57,890)	(54,072)
Net foreign exchange (loss)/gain	(12,990)	357
Net finance costs recognized in profit or loss	(53,708)	(41,571)

7. Revenues

'000 GEL	2024	2023
Commercial revenue	530,073	487,851
Mobile revenue	313,068	283,408
Mobile callout	117,521	113,441
Mobile data	173,431	149,265
Revenue from SMS	11,686	10,622
Revenue from other services	8,836	8,290
Revenue from phone sales and accessories	1,594	1,790
Fixed revenue	217,005	204,443
Fixed broadband	142,272	132,624
Pay TV	58,211	55,855
Fixed telephone	10,582	11,412
Infrastructure capacity rental service	3,579	2,944
Revenue from other services	2,361	1,608
Carrier and other services	51,897	48,582
Interconnect service*	23,532	25,276
Infrastructure capacity rental service**	14,188	11,614
Roaming revenue	11,215	9,033
Internet wholesale	2,962	2,659
Total revenues	581,970	536,433

* Revenue from interconnect service is generated by both segments as follows: GEL 21,632 thousand by the mobile services segment and GEL 1,900 thousand by the fixed services segment in 2024 (2023: GEL 23,364 thousand by the mobile services segment and GEL 1,912 thousand by the fixed services segment). Major part of revenue is generated in Georgia.

** Revenue from infrastructure capacity rental service include revenue from IRU contracts. Related advances received are included in note 21. 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.

The amount of GEL 1,815 thousand (2023: GEL 1,815 thousand) has been recognised as revenue for the year ended 31 December 2024 for the IRU contracts recognised in advances received (note 21). Revenue in the amount of GEL 9,077 thousand (2023: GEL 9,077 thousand) will be recognised within five years after the reporting date and GEL 11,784 thousand (2023: GEL 13,599 thousand) after five years till maturity of IRU contracts.

8. Purchased services

'000 GEL	2024	2023
Utility expenses	15,197	16,217
Software maintenance service	12,790	11,862
Professional fees*	12,006	18,855
Internet clear channel costs	4,856	4,670
Internet protocol (IP) cost	3,298	3,183
Other purchased services	108	68
Total purchased services	48,255	54,855

* Professional fees mainly include consulting services regarding Company's strategic plan (see note 11(a)) and consulting services provided by an entity under common control (see note 24(c)).

Professional services include audit fees of GEL 585 thousand (2023: GEL 600 thousand).

9. Salaries and benefits

'000 GEL	2024	2023
Salaries	71,228	62,280
Bonuses	10,929	10,403
Long-term benefits to key management (note 24)	3,546	17,318
Pension fund	1,174	1,026
Employee health insurance	820	868
Other benefits	547	405
Total salaries and benefits	88,244	92,300

The average number of employees employed by the Group in 2024 and 2023 equalled 2,255 and 2,229, respectively.

10. Other expenses

'000 GEL	2024	2023
Communication regulation fee	4,648	4,297
Property and other taxes	3,955	3,669
Security expenses	3,513	2,518
Fuel and lubricants used	3,012	2,971
Transportation services	2,962	2,575
Charity expenses	1,650	1,400
Office stationery and other supplies	1,534	1,704
Allowance for impairment of trade and other receivables	1,329	1,519
Bank fees and charges	1,214	920
Write-down of slow-moving inventory, property and equipment and other non-current assets	1,159	592
Business trip expenses	967	851
Dealers commission	109	56
Commission for cash receipts	89	95
(Gain)/loss on disposals of property and equipment	(920)	1,410
Other losses/(income)	326	(3,578)
Total	25,547	20,999

11. 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	2024	2023
Profit for the year	194,026	154,097
Depreciation and amortization	114,822	118,737
Finance costs	57,890	54,072
Finance income	(17,172)	(12,144)
Net foreign exchange loss/(gain)	12,990	(357)
Change in fair value of investment property	(5,333)	(6,724)
Income tax expense	216	258
Specific items (see below)	12,433	29,954
Adjusted EBITDA	369,872	337,893

'000 GEL	2024	2023	Note	Description
a) (Gain)/loss on disposals of property and equipment	(920)	1,410	10	Other expenses
b) Write-down of slow-moving inventory, property and equipment and other non-current assets	1,159	592	10	Other expenses
c) Professional fees, one-time consulting* expenses	7,244	13,257	8	Purchased services
d) Key management one-time benefit (note 24)	3,546	17,318		Salaries and benefits
e) Charity	1,650	1,400	10	Other expenses
f) Other income	(246)	(4,023)	10	Other expenses
Total specific items	12,433	29,954		

* Professional fees, one-time 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	2024	2023
Adjusted EBITDA	369,872	337,893
Revenue	581,970	536,433
Adjusted EBITDA margin %	64%	63%

12. Property and equipment and other non-current assets

'000 GEL	Buildings and facilities		Machinery and equipment		Furniture and fixtures		Construction in progress		Total
	Land			Vehicles					
Cost at 1 January 2023	23,111	123,605	551,290	11,045	37,762		4,189	751,002	
Accumulated depreciation	-	(41,694)	(308,917)	(7,464)	(26,273)		-	(384,348)	
Carrying amount at 1-Jan-23	23,111	81,911	242,373	3,581	11,489		4,189	366,654	
Additions	142	225	20,739	1,086	2,006		21,986	46,184	
Disposals	(136)	(4,516)	(5,430)	(553)	(987)		-	(11,622)	
Transfers, gross	-	1,076	14,145	10	125		(23,053)*	(7,697)	
Transfers, accumulated depreciation	-	-	7,697	-	-		-	7,697	
Depreciation of disposals	-	2,451	4,751	123	756		-	8,081	
Depreciation charge	-	(3,010)	(54,451)	(895)	(3,337)		-	(61,693)	
Carrying amount at 31-Dec-23	23,117	78,137	229,824	3,352	10,052		3,122	347,604	
Cost at 31 December 2023	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 31-Dec-23	23,117	78,137	229,824	3,352	10,052		3,122	347,604	
Additions	1,308	598	23,831	1,013	3,275		28,122	58,147	
Disposals	(104)	(247)	(2,239)	(99)	(620)		-	(3,309)	
Transfers, gross	-	2,481	11,265	-	84		(21,578)*	(7,748)	
Transfers, accumulated depreciation	-	-	7,748	-	-		-	7,748	
Depreciation of disposals	-	150	1,974	80	571		-	2,775	
Depreciation charge	-	(3,111)	(49,672)	(949)	(3,025)		-	(56,757)	
Carrying amount at 31-Dec-24	24,321	78,008	222,731	3,397	10,337		9,666	348,460	
Cost at 31 December 2023	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 31-Dec-24	24,321	78,008	222,731	3,397	10,337		9,666	348,460	

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

(a) Security

As at 31 December 2024, property with a carrying value of GEL 33,116 thousand (2023: GEL 33,651 thousand) was collateralized and guarantees the indebtedness of letters of credit related to operating activities of the Group.

(b) Other non-current assets

As at 31 December 2024, other non-current assets include 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 (2023: uninstalled equipment of GEL 31,138 thousand, prepayments for non-current assets of GEL 1,487 thousand and a financial guarantee contract receivable of GEL 2,169 thousand). For further details on the financial guarantee receivable, see also note 24(c).

(c) Capital commitments

As at 31 December 2024, capital commitments borne by the Company amounted to GEL 18,192 thousand, mainly attributable to mobile network development projects and acquisition of customer related devices (31 December 2023: GEL 16,135 thousand, which mainly relate to mobile network development projects and acquisition of customer related devices).

13. Intangible assets

'000 GEL	Network operating & computer software licenses	Telecom operating licenses	Broadcasting rights	Goodwill	Other	CSAC*	Total
Cost at 1 January 2023	136,604	177,751	75,196	6,983	4,703	6,733	407,970
Accumulated amortization	(71,432)	(79,728)	(58,760)	-	(1,204)	(5,486)	(216,610)
Carrying amount at 1 January 2023	65,172	98,023	16,436	6,983	3,499	1,247	191,360
Additions	10,462	1,847	19,192	-	134	1,486	33,121
Acquisition through subsidiary (see note 25)	227	-	123	-	1,590	-	1,940
Amortization charge	(16,667)	(14,265)	(13,939)	-	(527)	(1,339)	(46,737)
Disposals and derecognitions, gross	(422)	-	-	-	-	-	(422)
Disposals and derecognitions, amortization	-	-	-	-	-	-	-
Carrying amount at 31 December 2023	58,772	85,605	21,812	6,983	4,696	1,394	179,262
Cost at 31 December 2023	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 31 December 2023	58,772	85,605	21,812	6,983	4,696	1,394	179,262
Additions	14,865	957	8,417	-	140	1,476	25,855
Amortization charge	(16,939)	(14,175)	(14,023)	-	(545)	(1,440)	(47,122)
Disposals and derecognitions, gross**	(55,481)	(8,292)	(65,171)	-	(13)	-	(128,957)
Disposals and derecognitions, amortization	55,481	8,292	65,171	-	13	-	128,957
Carrying amount at 31 December 2024	56,698	72,387	16,206	6,983	4,291	1,430	157,995
Cost at 31 December 2024	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 31 December 2024	56,698	72,387	16,206	6,983	4,291	1,430	157,995

* CSAC-Capitalized Subscribers Acquisition Cost.

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

14. Investment property

In 2019, the Company acquired a land plot of 20,397 m² situated on a prime location in the centre of Tbilisi from a related party for the acquisition price of GEL 29,582 thousand (USD 10 million) plus a contingent consideration of an additional USD 10 million, payable in case the approval for the 60,000 sq.m. gross buildable area master plan (Development Regulation Plan) would be received from 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 considers the future use of the land plot to be undefined and thus 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	2024	2023
Carrying amount as at 1 January	70,462	64,037
Change in fair value	5,333	6,724
Effect of foreign currency exchange rate movements	3,076	(299)
	78,871	70,462

The fair value of the investment property as at 31 December 2024 was determined as USD 28,100 thousand (2023: USD 26,200 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.

15. Inventories

'000 GEL	31 December 2024	31 December 2023
Spare parts and installation materials	5,485	6,076
Fuel	1,164	1,280
Mobile phone and accessories	674	651
Other	2,520	3,463
Total	9,843	11,470

16. Trade and other receivables

'000 GEL	31 December 2024	31 December 2023
Receivables from subscribers	23,103	21,826
Receivables from telecom operators	8,914	8,711
Other trade receivables	3,538	4,474
Total trade receivables	35,555	35,011
Prepaid expenses	3,371	2,554
Total trade and other receivables	38,926	37,565

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 22.

17. Cash and cash equivalents

'000 GEL	31 December 2024	31 December 2023
Call deposits	120,299	109,513
Bank balances	39,307	32,283
Cash in transit	1,165	2,807
Cash on hand	13	11
Total cash and cash equivalents	160,784	144,614

Under one of the covenants of the Group's Eurobonds (see also note 19), 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 31 December 2024. The covenant does not restrict the use of "Cash Cushion", hence the related balance was classified as cash and cash equivalents as at 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 22.

(a) Certificate of deposit

As at 31 December 2024, the Group holds a certificate of deposit ("CD") purchased in 2024 from a commercial bank (2023: nil). The CD is denominated in US Dollars and bears a nominal interest rate of 5.6%, with a maturity date of 20 November 2025.

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 CD using an effective interest rate method in the consolidated statement of profit or loss.

The carrying amount of the certificate of deposit as at 31 December 2024 reflects the amortized cost, which approximates its fair value at the reporting date.

The Group's exposure to credit and currency risks related to certificate of deposit are disclosed in note 22.

18. Equity

(a) Share capital

Number of shares	Ordinary shares	
	2024	2023
In issue at 1 January	84,056,099	84,056,099
Issued during the year	-	-
In issue at 31 December, fully paid	84,056,099	84,056,099
Authorised shares - par value (in GEL)	1	1

(b) Additional paid-in capital

In 2018 the Group issued a call option for 4,795,000 ordinary shares, representing approximately 6.6% ownership on a diluted basis, for the benefit of JSC TBC Bank as a part of the financing received for the acquisition of Geocell. The exercise price of the option is set as GEL 5.214 per share for a total amount of GEL 25,000 thousand. The fair value of the call option was accounted for as an equity instrument at the date of acquisition of Geocell/receipt of funds from TBC. The fair value of GEL 8,026 thousand was credited to additional paid-in capital.

The call option was purchased by the Company's parent from JSC TBC Bank and later expired without being exercised by the option holder. As a result, additional paid-in capital in the amount of GEL 8,026 thousand was reclassified to retained earnings in 2023.

(c) Dividends

In 2024 the Company declared and paid dividends of GEL 171,000 thousand (2023: declared and paid dividends of GEL 128,200 thousand). Declared dividend per ordinary share amounted to GEL 2.0344 (2023: 1.5252) (see note 19(c)).

(d) Capital management

The Group has no formal policy for capital management but management seeks to maintain a sufficient capital base for meeting the Group's operational and strategic needs, and to maintain confidence of market participants. This is achieved with efficient cash management, constant monitoring of the Group's revenues and profit, and long-term investment plans mainly financed by the Group's operating cash flows and long-term loans and borrowings. With these measures the Group aims for steady profits growth.

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

19. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risks, see note 22.

'000 GEL	31 December 2024	31 December 2023
Eurobonds - non-current	553,655	529,658
	553,655	529,658
Eurobonds – current	19,566	21,176
	19,566	21,176
Total	573,221	550,834

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

'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

'000 GEL	Currency	Nominal interest rate	Year of maturity	31 December 2023	
				Face value*	Carrying amount
Eurobond	USD	8.375%	2027	558,375	550,834
Total loans and borrowings				558,375	550,834

* 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% (the “New Eurobonds”) 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 proceeds from the New Eurobonds were used by the Group in 2022 to refinance USD 200,000 thousand effective Eurobonds maturing in 2024 (USD 197,400 thousand outstanding at that time) and repaid unsecured local bonds of GEL 34,981 thousand (principal paid – GEL 34,000 thousand).

The New Eurobonds were 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 New 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 New Eurobonds.

In 2022, subsequent to the issuance, the Group repurchased New Eurobonds in the amount of USD 100,235 thousand. During 2022, the repurchased bonds were derecognised at their amortised cost and the difference between the repurchased amount and the amortized cost was recognised under interest expense in profit or loss (2024: nil). In accordance with the New Eurobond’s Conditions, bonds repurchased in 2022 are still outstanding and have not been cancelled.

In 2024, the Group implemented a consent solicitation to modify the terms and conditions of New 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 New 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 100.73% of par value. Subsequent to reporting date, as at 31 March 2025, the average market quotation per Bloomberg was 101.47% of par value.

The Group’s New 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 31 December 2024, the Group has complied with all covenants and expects to remain in compliance throughout the term of the New Eurobonds. Accordingly, New Eurobonds (excluding balances contractually repayable within 12 months from the reporting date) are classified as non-current as at 31 December 2024.

(c) Changes in liabilities arising from financing activities*

'000 GEL	Dividends payable	Lease liabilities	Loans and borrowings	Total
Balance at 1 January 2024	-	28,932	550,834	579,766
Interest paid	-	(1,582)	(45,049)	(46,631)
Dividends paid	(171,000)	-	-	(171,000)
Lease payments	-	(13,344)	-	(13,344)
Total changes from financing cash flows	(171,000)	(14,926)	(45,049)	(230,975)
The effect of changes in foreign exchange rates	-	261	23,290	23,551
Other changes				
Interest expense	-	1,582	48,093	49,675
Cost incurred on modification	-	-	(3,947)	(3,947)
Recognition of lease liabilities arising from lease contracts originated during the period	-	3,969	-	3,969
Write-off of ROU and respective lease liability for terminated contracts	-	(1,509)	-	(1,509)
Total liability-related other changes	-	4,042	44,146	48,188
Total equity-related other changes	171,000			171,000
Balance at 31 December 2024	-	18,309	573,221	591,530

'000 GEL	Dividends payable	Lease liabilities	Loans and borrowings	Total
Balance at 1 January 2023	2,176	34,446	552,064	588,686
Interest paid	-	(3,162)	(44,257)	(47,419)
Dividends paid	(130,376)	-	-	(130,376)
Lease payments	-	(10,766)	-	(10,766)
Total changes from financing cash flows	(130,376)	(13,928)	(44,257)	(188,561)
The effect of changes in foreign exchange rates	-	(30)	(2,355)	(2,385)
Other changes				
Interest expense	-	3,162	45,382	48,544
Recognition of lease liabilities arising from lease contracts originated during the period	-	6,652	-	6,652
Write-off of ROU and respective lease liability for terminated contracts	-	(1,370)	-	(1,370)
Total liability-related other changes	-	8,444	45,382	53,826
Total equity-related other changes	128,200			128,200
Balance at 31 December 2023	-	28,932	550,834	579,766

* Cash flows used in financing activities presented in the consolidated 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 21).

20. 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 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 from transition
Site rent for fixed services	4-10	Same as contractual
Site rent for mobile services	1-6*	7

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

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 (in GEL) applied in 2024 and 2023 was approximately 12%.

'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	3,372	597	-	3,969
Disposals	(4,946)	-	-	(4,946)
Accumulated depreciation of disposals	2,712	-	-	2,712
Depreciation charge	(9,386)	(1,171)	(386)	(10,943)
Gross balance of RoU at 31 December 2024	50,823	9,860	1,934	62,617
Accumulated depreciation at 31 December 2024	(41,108)	(5,975)	(1,867)	(48,950)
Carrying amount of RoU at 31 December 2024	9,715	3,885	67	13,667
Lease liability at 1 January 2024	(22,980)	(5,415)	(537)	(28,932)
Additions	(3,372)	(597)	-	(3,969)
Disposals	1,509	-	-	1,509
Interest charge	(1,026)	(520)	(36)	(1,582)
Payments	12,810	1,652	464	14,926
The effect of changes in foreign exchange rates	(41)	(210)	(10)	(261)
Lease liability at 31 December 2024	(13,100)	(5,090)	(119)	(18,309)

'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 2023	25,194	2,181	838	28,213
Additions	3,248	3,404	-	6,652
Disposals	(3,061)	-	-	(3,061)
Accumulated depreciation of disposals	1,378	-	-	1,378
Depreciation charge	(8,796)	(1,126)	(385)	(10,307)
Gross balance of RoU at 31 December 2023	52,397	9,263	1,934	63,594
Accumulated depreciation at 31 December 2023	(34,434)	(4,804)	(1,481)	(40,719)
Carrying amount of RoU at 31 December 2023	17,963	4,459	453	22,875
Lease liability at 1 January 2023	(30,470)	(3,055)	(921)	(34,446)
Additions	(3,248)	(3,404)	-	(6,652)
Disposals	1,370	-	-	1,370
Interest charge	(2,571)	(513)	(78)	(3,162)
Payments	11,916	1,563	449	13,928
The effect of changes in foreign exchange rates	23	(6)	13	30
Lease liability at 31 December 2023	(22,980)	(5,415)	(537)	(28,932)

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

'000 GEL	31 December 2024		31 December 2023	
	Non-current	Current	Non-current	Current
Payables for non-current assets	13,044	19,482	12,460	30,643
Payable to suppliers	-	14,078	-	24,815
Payable for licenses and broadcasting rights	5,896	10,725	8,937	12,147
Payable to other operators	-	3,774	-	5,135
Payable to employees (note 24)	19,498	13,010	17,604	7,018
Other payables	-	993	-	1,921
VAT and other tax liabilities	-	7,082	-	7,045
Financial guarantee contract liability	1,322	-	1,400	-
Total trade and other payables	39,760	69,144	40,401	88,724
Advances received related to IRU contracts	10,891	1,888	11,418	1,888
Advances received related to subscribers	589	25,582	528	24,511
Total contract liabilities from prepayments	11,480	27,470	11,946	26,399
Total	51,240	96,614	52,347	115,123

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 expansionary projects and intangible assets for 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 22).

22. Fair values and financial risk management

(a) Fair values of financial assets and liabilities

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realizable in an immediate sale of the assets or transfer of liabilities.

The Group has determined fair values of financial assets and liabilities using valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The valuation technique used is the discounted cash flow model. Fair value of all financial assets and liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Management believes that the fair value of the Group's financial assets and liabilities, except for bonds (see note 19(b)), approximates their carrying amounts.

(b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

Risk management framework

The management together with the Supervisory Board have overall responsibility for establishment and oversight of the Group's risk management framework and are responsible for developing and monitoring the Group's risk management policies and reporting regularly to the shareholder on its activities.

The Group's risk management approaches are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management approaches and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Supervisory Board oversees the adequacy of risk management measures adopted by the Group.

(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 loans receivable, trade receivables and bank balances.

The maximum exposure to credit risk for recognised financial assets and unrecognised commitments at the reporting date was as follows:

'000 GEL	31 December 2024	31 December 2023
Trade receivables	35,555	35,011
Certificate of deposit	18,362	-
Cash and cash equivalents	160,771	144,603
Recognized financial assets	214,688	179,614

Trade and other receivables and contracts costs

Credit risk is managed by assessing the creditworthiness of the customers before the Group's standard payment and service terms and conditions are offered. No collateral in respect of trade and other receivables is generally required.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main component of this allowance is a collective loss component. The Group's trade receivables are mainly from the domestic retail customers. The Group does not have a significant concentration of customers.

Impairment losses

The impairment loss allowances of trade and other receivables per risk groups are as follows:

'000 GEL	Collectively assessed			Individually assessed		
	Gross carrying amount	Impairment loss allowance	Credit-impaired	Gross carrying amount	Impairment loss allowance	Credit-impaired
31 December 2024						
Current	21,835	209	No	13,362	-	No
1-30 past due	528	118	No	-	-	No
31-90 days past due	395	252	No	-	-	No
Past due						
91-150 days	255	241	Yes	-	-	Yes
Past due more than 150 days	23,557	23,557	Yes	2,752	2,752	Yes
Total	46,570	24,377		16,114	2,752	

'000 GEL	Collectively assessed			Individually assessed		
	Gross carrying amount	Impairment loss allowance	Credit-impaired	Gross carrying amount	Impairment loss allowance	Credit-impaired
31 December 2023						
Current	20,581	332	No	14,241	-	No
1-30 past due	484	114	No	-	-	No
31-90 days past due	411	275	No	-	-	No
Past due						
91-150 days	315	300	Yes	-	-	Yes
Past due more than 150 days	22,199	22,199	Yes	2,580	2,580	Yes
Total	43,990	23,220		16,821	2,580	

The movements in allowance for impairment of trade and other receivables were as follows:

'000 GEL	2024	2023
At 1 January	(25,800)	(24,281)
Charge for the year	(1,329)	(1,519)
Reversal of amounts written off during the year as uncollectible	-	-
At 31 December	(27,129)	(25,800)

An impairment rate of 100% was applied to gross trade and other receivables from retail customers overdue by more than 150 days, with lower impairment rates applied for risk categories of trade and other receivables that are overdue for shorter periods. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly.

Bank balances, call deposits and certificate of deposit

Bank balances, call deposits and certificate of deposit are mainly held with Georgian banks with a short-term issuer default rating of B, based on Fitch Rating. The balances are Stage 1 and not past due. The Group does not expect any counterparty to fail to meet its obligations.

(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. As a rule these needs are envisaged for an annual and monthly basis. In order to manage its financial needs the Group receives cash flows on a daily basis from customers. This ensures that the Group has enough 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 following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

31 December 2024

'000 GEL	Carrying amount	Total	On demand	Less than 3 months	3-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities							
Loans and borrowings	573,221	678,097	-	23,480	23,479	631,138	-
Lease liability	18,309	18,988	-	3,786	10,999	4,135	68
Trade and other payables	108,904	112,881	20,805	23,627	25,472	42,836	141
	700,434	809,966	20,805	50,893	59,950	678,109	209

31 December 2023

'000 GEL	Carrying amount	Total	On demand	Less than 3 months	3-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities							
Loans and borrowings	550,834	694,728	-	22,497	22,497	649,734	-
Lease liability	28,932	32,019	-	3,587	10,706	17,607	119
Trade and other payables	129,125	135,482	25,277	28,203	37,093	44,909	-
	708,891	862,229	25,277	54,287	70,296	712,250	119

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 a number of factors, including the significant cash balance as at 31 December 2024 (note 17), positive and growing adjusted EBITDA (note 11), a growing customer base for key business segments and new network deployment (note 12).

(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 the return.

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

Currency risk

As at 31 December 2024, 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 of 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 31 December 2024, the Group recognized derivative asset with a carrying amount of GEL 2,674 thousand (31 December 2023: derivative liability with a carrying amount of GEL 925 thousand (included in other payables – see note 18)). 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 consolidated financial statements as at 31 December 2024 and 2023.

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

'000 GEL	USD-denominated 31 December 2024	USD-denominated 31 December 2023
Bank balances	3,911	9,734
Call deposit	120,299	-
Certificate of deposit	18,362	-
Trade and other receivables	6,814	6,272
Financial guarantee contract receivable	2,369	2,169
Trade and other payables	(36,982)	(63,212)
Loans and borrowings	(573,221)	(550,834)
Net exposure before effect of derivatives	(458,448)	(595,871)
Effect of derivatives*	-	107,576
Net exposure before considering investment property	(458,448)	(488,295)
Investment property	78,871	70,462
Net exposure	(379,577)	(417,833)

* The table above shows the notional amounts of swap contracts (31 December 2024: nil; 31 December 2023: "Buy USD, Sell GEL" - GEL 107,576 thousand). The notional amount, recorded gross, is the amount of a financial instrument's underlying asset or liability, reference rate and is the basis upon which changes in the value of financial instruments are measured. The notional amounts indicate the volume of transactions outstanding at 31 December 2024 and 2023 and are not indicative of the credit risk.

As part of risk management policy, in 2024, the Company entered into forward contracts totalling USD 70,500 thousand, of which USD 10,000 thousand was realized during the year. As of year-end, the outstanding balance stands at USD 60,500 thousand, (31 December 2024: Buy: USD 60,500 thousand, Sell: GEL 169,581 thousand (31 December 2023: nil)).

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 January 2025 through the end of 2025, with an average forward exchange rate of 2.8.

'000 GEL	EUR-denominated 31 December 2024	EUR-denominated 31 December 2023
Bank balances	772	3,906
Trade and other receivables	1,355	1,894
Trade and other payables	(22,687)	(24,324)
Net exposure	(20,560)	(18,524)

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

in GEL	Average rate		Reporting date spot rate	
	Year ended 31-Dec-24	Year ended 31-Dec-23	31-Dec 2023	31-Dec 2023
USD 1	2.7208	2.6279	2.8068	2.6894
EUR 1	2.9440	2.8416	2.9306	2.9753

Sensitivity analysis

A reasonably possible strengthening/(weakening) of GEL, as indicated below, against the USD as at 31 December 2024 and 2023 would have affected the measurement of financial instruments denominated in USD 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.

	Strengthening		Weakening	
	Directly to equity	Profit or (loss)	Directly to equity	Profit or (loss)
'000 GEL				
31 December 2024				
USD (10% movement)	-	45,845	-	(45,845)
EUR (10% movement)	-	2,056	-	(2,056)
31 December 2023				
USD (10% movement)	-	48,830	-	(48,830)
EUR (10% movement)	-	1,852	-	(1,852)

Exposure to interest rate risk

As at 31 December 2024, the Company did not have the variable interest-bearing financial instruments (31 December 2023: nil).

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.

23. Contingencies and commitments

(a) Taxation contingencies

The taxation system in Georgia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. A tax year remains open for review by the tax authorities during the three subsequent calendar years, however under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in Georgia that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Georgian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

(b) Litigation

In the ordinary course of business, the Group is subject to legal actions, litigations and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations.

24. Related parties

(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 and Silk Road Group Holding LLC are publicly available through the website of Service for Accounting, Reporting and Auditing Supervision.

(b) Remuneration

The key management remuneration contains the salaries and bonuses of the key management and Supervisory Board of the Company and are included in salaries and benefits (see note 9):

'000 GEL	2024	2023
Salaries	6,861	6,237
Other bonuses*	6,635	20,421
	13,496	26,658

* 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 the employees to receive different types of awards, mainly dependent upon the choice of the employee, but also subject to certain events and conditions. Award #1 implies granting cash-settled equity instrument of the Company to the employee, with no service condition and its fair value is close to nil as at 31 December 2024, as probability of meeting the non-vesting condition per contract is remote. Award #2, to which employee is entitled from 1 January 2025, is calculated as a certain percentage of the future 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 the 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 benefit under IAS 19 *Employee Benefits* and are initially measured as present value of future benefits accruing to the employees. Award #2 is expensed as incurred, as no service condition attached to it, whereas the value of Award #3 value 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 represents unconditional liability as at 31 December 2023 and its estimated present value was the largest amongst 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. 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 3,546 thousand for the year ended 31 December 2024. No significant changes were made to other assumptions used in the calculation of the benefit amount under the Award #2.

(c) Other related party transactions

'000 GEL	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
	2024	2023	2024	2023
Other operating expenses:				
Entities under common control*	8,458	7,720	(700)	(1,032)
Other income:				
Entities under common control	201	-	84	-
Other related parties	-	188	-	-
Fuel and lubricants used:				
Entities under common control	2,975	2,917	(182)	(260)
Acquisition of property and equipment:				
Entities under common control	-	15	-	-
Parent and beneficiaries	-	918	-	-
Other:				
Entities under common control	(20)	281	10	8
Guarantee contract receivable**:				
Parent	161	144	2,369	2,169

As at 31 December 2024 the Group maintained bank balance of GEL 744 thousand (2023: GEL 4,571 thousand) with related party financial institution, on which interest income of GEL 278 thousand was recognized during the year ended 31 December 2024 (2023: GEL 375 thousand).

* In 2024, other operating expenses with entities under common control mainly include: consulting services of GEL 3,136 thousand (2023: GEL 3,136 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 3,102 thousand (2023: GEL 2,147 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 31 December 2024 of GEL 119 thousand represents a lease liability for the office space rent by Silk Media LLC from a related party (2023: GEL 537 thousand). The cash outflow related to the lease liability during the year ended 31 December 2024 amounted to GEL 465 thousand (2023: 449 thousand), (see note 20). The lease contract expires in 2025. Except for the lease liability, 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 31 December 2024, a financial guarantee contract liability of GEL 1,322 thousand (31 December 2023: GEL 1,400 thousand) is recorded in trade and other payables (see note 21) and a related receivable from the parent of GEL 2,369 thousand (2023: GEL 2,169 thousand) is recorded in other non-current assets (see note 12(b)). The Company will receive a fee for the service provided.

25. Subsidiaries

Subsidiary	Country of incorporation	31 December 2024	31 December 2023
		Ownership/voting	Ownership/voting
Qarva LLC	Georgia	51%	51%
Silk Media LLC*	Georgia	100%	100%
Novus LLC**	Georgia	0%	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%

* In 2019, Silknet and Euronews signed a memorandum of understanding with respect to Euronews Georgia, a free to air news channel that is aired in the Georgian language. For this purpose, Silknet established Silk Media LLC, a 100%-owned subsidiary.

Euronews is in charge of Euronews Georgia's editorial policy and nominates its news director. Euronews shares its content with Euronews Georgia, while the latter prepares certain local content which is shared with Euronews.

** In 2024, Novus LLC, a non-significant subsidiary, was liquidated without significant impact on the financial performance and operations of the Group.

26. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for:

- the identifiable net assets of the subsidiaries that are measured at fair value at the acquisition dates;
- investment property is measured at fair value; and
- derivative financial instruments are measured at fair value.

27. Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note 27(a)(ii)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(b) Revenues

Revenue is recognized when the Group satisfies a performance obligation by transferring the promised service to a customer. When a performance obligation is satisfied, the Group recognizes as revenue the amount of the transaction price, which excludes amounts collected on behalf of third parties and estimates of variable consideration that are constrained, that is allocated to that performance obligation.

The Group has the following main revenue streams: mobile callout service, internet and pay TV services, mobile data services, fixed line and wireless telephone services, which mainly consists of connection, airtime usage and monthly subscription fees, interconnect services and rent of lines, roaming revenue, revenue from phone sales and accessories and other revenues. Revenue is recognized net of credits and adjustments for service discounts, value-added and excise taxes.

Mobile callout: revenue is recognized based on the actual airtime used by the subscribers for mobile phone calls. In relation to prepaid subscribers, the unused airtime is not recognized as revenue until the related service has been provided to the subscriber or the prepaid subscription is expired.

Fixed broadband and pay TV: revenue from fixed broadband and pay TV services primarily consists of monthly fixed charges for usage of an internet connection and pay TV services and is recognized as the service is provided.

Mobile data: revenue from each subscriber for data services. This revenue is recognised as the service is provided.

Fixed line and wireless telephones: revenue for airtime usage and connection fees by contract customers are recognized as revenue as services are performed, based upon minutes of use and contracted fees, with unbilled revenue resulting from services already provided accrued at the end of each month and unearned revenue from services to be provided in future periods deferred. Monthly subscription fee is recognised as revenue in the month when service is provided to the subscriber.

Interconnect services: access charges for interconnect services are earned from other telecommunications operators for traffic terminated on the Group's network under agreements, which also regulate the Group's use of the other operators' networks. Revenue from interconnect fees is recognized at the time the services are performed.

Facility rental service from IRU contracts: revenue from rent of lines consists of monthly fixed charges for usage of the cable network of the Group. This revenue is recognised as the service is provided.

Roaming revenues: revenue from other carriers for non-Silknet subscribers utilising Silknet's voice, SMS and data services. The Company recognises such revenues when the services are provided.

Revenues from phone sales and accessories: revenue is recognized when the equipment passes to the end customer.

Other revenues: the revenue recognition policy for other revenues (including SMS, MMS and other value added services) is to recognise revenue as services are provided.

Significant payment terms: for all post paid services subscribers make payments on a monthly basis.

(c) Finance income and costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets, financial liabilities and investment property;
- gain on modification of financial instruments.

Interest income or expense is recognized using the effective interest method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

(d) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences are recognised in profit or loss.

(e) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Other long-term employee benefits

Information about the Group's accounting policies relating to other long-term employee benefits is provided in note 24(b).

(f) Income tax

Income tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

On 13 May 2016 the Parliament of Georgia passed the bill on corporate income tax reform (also known as the Estonian model of corporate taxation), which mainly moves the moment of taxation from when taxable profits are earned to when they are distributed. The law entered into force in 2016 and is effective for tax periods starting after 1 January 2017.

The new system of corporate income taxation does not imply exemption from Corporate Income Tax (CIT), rather CIT taxation is shifted from the moment of earning the profits to the moment of their distribution; i.e. the main tax object is distributed earnings. The Tax Code of Georgia defines Distributed Earnings (DE) to mean profit distributed to shareholder as a dividend. However some other transactions are also considered as DE, for example non-arm's length cross-border transactions with related parties and/or with persons exempted from tax are also considered as DE for CIT purposes.

The corporate income tax arising from the payment of dividends is accounted for as an expense in the period when dividends are declared, regardless of the actual payment date or the period for which the dividends are paid. The amount of tax payable on a dividend distribution is calculated as 15/85 of the amount of the net distribution.

Set off the tax payable on dividends declared and paid is available for the corporate income tax paid on the undistributed earnings in the years 2008-2016, if those earnings are distributed in 2017 or further years.

The Tax Code of Georgia provides for charging corporate income tax on certain transactions not related to the entity's economic activities, free of charge supplies and representative expenses over the allowed limit. The Group considers the taxation of such transaction as outside of the scope of IAS 12 *Income Taxes* and accounts for the tax on such items as taxes other than on income.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Property and equipment

(i) Recognition and measurement

Items of property and equipment, except for land, are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is measured at cost less any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Cost of the acquired property and equipment is the present value of the expected cash outflows if the payments are deferred beyond the twelve months' period.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent expenditure

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Items of property and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its estimated residual value.

Depreciation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property and equipment for the current and comparative periods are as follows:

- buildings and facilities 25 -50 years;
- machinery and equipment 3-20 years;
- vehicles, furniture and fixture 3-10 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Long term financial liabilities for capital expenditures are measured at amortised cost using incremental borrowing rate.

(i) Intangible assets

(i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Other intangible assets primarily include telecommunication operating licenses, computer software licences and capitalized broadcasting rights. A broadcasting rights contract is capitalised if the following conditions are met:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity;
- the cost of the asset can be measured reliably.

The Company considers other terms of a contract such as termination terms. Capitalised broadcasting rights contracts are discounted based on incremental borrowing rate.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the profit or loss as incurred.

(iv) Amortisation

Amortisation is based on the cost of the asset less its estimated residual value. Amortisation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. The estimated useful lives for intangible assets for the current and comparative periods varies from 3 to 15 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Long-term financial liabilities for capital expenditures are measured at amortised cost using incremental borrowing rate.

(j) Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. When measuring the fair value of investment property in accordance with IFRS 13, an entity ensures that the fair value reflects, among other things, assumptions that market participants would use when pricing the investment property under current market conditions.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(k) Financial instruments

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
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The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements, as described further below.

(ii) Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of trade receivables and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either of the following bases:

- *12-month ECLs*: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- *lifetime ECLs*: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(iii) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets and financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

(v) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(l) Impairment

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. The Group's corporate assets do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset and its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Credit related commitments

The Group considers that financial guarantee contracts entered into by the Group to guarantee the indebtedness of other parties are insurance arrangements, and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

(n) Leases

The Group has adopted IFRS 16 Leases from 1 January 2019. The Group chooses to use a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of the lease payments that are not paid as at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

A lease term reflects the Group's reasonable estimate of the period during which the underlying asset will be used. In determining the lease term the Group bases its judgement on the broader economics of the contract and the underlying asset, rather than the contractual terms only and allows factors like economic penalties, legislative approach to renewal of the lease, forthcoming changes in regulation and the future business plans of the Group to be effectively captured in the estimate of the lease term.

(o) Segment reporting

An operating segment is a component of a Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same Group); whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

All segment capital expenditure is the total cost incurred during the year to acquire property and equipment, and intangible assets.

28. New standards and interpretations not yet adopted

A number of new standards and interpretations are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

(a) IFRS 18 *Presentation and Disclosure in Financial Statements*

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

(b) Other accounting standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- *Lack of Exchangeability (Amendments to IAS 21)*.
- *Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*.

29. Subsequent events

On January 21, 2025, the Company established a new subsidiary, Silk Cloud JSC, with a 100% ownership interest. The subsidiary has 200,000 shares outstanding, each with a par value of GEL 1.

GLOSSARY AND DEFINITIONS

ADSL	asymmetric digital subscriber line	HQ	headquarters	Subscribers	the total number of subscribers, who, during the corresponding month, have used company services at least once or were charged a subscription fee
Affiliate	of any specified Person means any other Person, directly or indirectly controlling, controlled by, or under the direct or indirect common control of, such specified Person. For the purposes of this definition, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise	HSPA	high speed packet access	TDM	time division multiplexing
AGG	aggregate	HSS	home subscriber server	VAT	value added tax
ARPU	average revenue per user, per month, excluding VAT	ICT	information and communication technology	VLAN	virtual local area network
AVMSD	audio-visual media services directive	IMS	IP multimedia subsystem	VOD	video on demand
BGP	border gateway protocol	IP	internet protocol	VOIP	voice-over-internet-protocol
Bpmn	business process model and notation	IPTV	internet protocol television	WiFi	wireless fidelity
B2B	business to business	IRU	indefeasible right to use	WiMax	worldwide interoperability for microwave access
B2C	business to consumer	ISDN	integrated services digital network	WWSF	Wounded Warriors Support Foundation
BSC	base station controller	LTE / LTE(A)	long-term evolution / long-term evolution advanced		
BSS	business support system	MGW	media gateway		
Company	JSC Silknet	MME	mobility management entity		
CAGR	compounded annual growth rate	MNO	mobile network operator		
CDMA	code-division multiple access	MOU	minutes of use/usage		
Charter	the Company Charter adopted in May 2019, which can be viewed on our website	MPLS	multiprotocol label switching		
CPE	customer premises equipment	MPBN	mobile packet backbone network		
CRM	customer relations management	MSAN	multi-service access node		
CS	circuit switched	MSC	mobile switching centre		
DCFTA	Deep and Comprehensive Free Trade Area	MVNO	mobile virtual network operator		
DSL	digital subscriber line	MW	microwave		
DTH	direct-to-home, a satellite-based television service	NBG	the National Bank of Georgia		
DTT	digital terrestrial television	NGG	National Geographic Georgia		
DWDM	dense wavelength division multiplexing	NGN	next generation network		
E1	a type of carrier system developed for the digital transmission of many simultaneous telephone calls by time-division multiplexing	NPVR	network personal video recorder		
[E]GPRS	enhanced GPRS	NSA	non-standalone		
Employee retention	the number of employees during the full period / number of employees at the beginning of period	OLT	optical line terminal		
Employee turnover	the number of terminations / average number of employees during the period	OSS	operations support system		
eop	end of the period	OTT	over-the-top		
ERP	enterprise resource planning	P2P	point-to-point		
ESG	environmental, social and governance	PE	provider edge		
FBB	fixed broadband	PGW	packet data network gateway		
FMS	fixed-mobile substitution	PoPs	points of presence		
FTA	free-to-air	PRI	primary rate interface		
FTE	full-time equivalent	PSTN	public switched telephone network		
FTTB	fibre-to-the-building	PS	packet switched		
FTTH	fibre-to-the-home	Qarva LLC	the company in which Silknet acquired a 51% equity interest in 2014, which provides software, operational and maintenance support for the Group's IPTV service		
GDP	gross domestic product	QoS	quality of service		
GGSN	gateway GPRS support node	RAN	radio access network		
GNCC	Georgian National Communications Commission	RF technology	radio frequency		
GPON	gigabit passive optical network	RNC	radio network controller		
GPRS	general packet radio service	RRL	radio relay line		
GSM/UMTS	global system for mobile communications and universal mobile telecommunications system, respectively	SGSN	serving GPRS support node		
Group	JSC Silknet and its subsidiaries	Silknet	JSC Silknet and its subsidiaries		
HR Policy	the human resource policy	SIM	subscriber identity module		
HLR	home location register	SIP	session initiation protocol		
		SMP	significant market power		
		SMS	short message service		
		SRG	Silk Road Group		



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