Silknet JSC

Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2026

Contents

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

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

To the Shareholder of Silknet JSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Silknet JSC (the "Company") and its subsidiaries (the "Group") as at 30 June 2026, and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at and for the six-month period ended 30 June 2026 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting.*

Nino Chikhladze

KPMG Georgia LLC
27 August 2026

’000 GEL	Note	30 June 2026	31 December 2025
ASSETS			
Non-current assets			
Property and equipment	9	371,012	372,242
Intangible assets	11	178,559	195,420
Right-of-use assets	15	40,832	46,138
Other non-current assets	10	58,478	34,923
Prepayments related to IRU* contracts		5,820	6,323
Total non-current assets		**654,701**	**655,046**
Current assets			
Inventories		7,823	8,327
Prepayments related to IRU contracts		2,173	2,173
Trade and other receivables		44,261	44,976
Cash and cash equivalents	12	130,365	68,761
Total current assets		**184,622**	**124,237**
TOTAL ASSETS		**839,323**	**779,283**
EQUITY AND LIABILITIES			
Equity	13		
Share capital		84,056	84,056
Retained earnings		113,171	31,897
Equity attributable to owner of the Company		**197,227**	**115,953**
Non-controlling interests		36	(22)
TOTAL EQUITY		**197,263**	**115,931**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	14	396,795	404,265
Lease liabilities	15	29,095	33,413
Trade and other payables	16	69,811	55,159
Advances received from IRU contracts and subscribers	16	10,502	10,854
Total non-current liabilities		**506,203**	**503,691**
Current liabilities			
Loans and borrowings	14	8,643	8,805
Lease liabilities	15	14,668	14,475
Trade and other payables	16	82,663	109,644
Financial instruments at FVTPL		5,745	852
Advances received from IRU contracts and subscribers	16	24,138	25,885
Total current liabilities		**135,857**	**159,661**
TOTAL LIABILITIES		**642,060**	**663,352**
TOTAL LIABILITIES AND EQUITY		**839,323**	**779,283**

* Indefeasible Right of Use

The condensed consolidated interim statement of financial position is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 8 to 27.

'000 GEL	Note	For the six months ended 30 June 2026	2025
Revenues:			
Commercial revenue	5	292,288	273,375
Carrier and other services	5	22,458	24,251
		314,746	**297,626**
Costs and expenses:			
Depreciation and amortization	9, 11, 15	(64,094)	(53,728)
Salaries and benefits		(51,763)	(41,252)
Purchased services	6	(24,663)	(23,594)
Other expenses		(16,084)	(12,013)
Network management and maintenance costs		(10,059)	(11,260)
Interconnect fees and roaming expense		(8,082)	(7,698)
Pay TV content cost		(4,016)	(4,749)
Infrastructure capacity rentals, IRU and lease expenses		(3,772)	(4,269)
Advertising and marketing		(2,928)	(2,398)
Costs of SIM cards, scratch cards and other cost of sales		(594)	(764)
Profit from operating activities		**128,691**	**135,901**
Finance income	7	5,515	7,142
Finance costs	7	(23,782)	(29,842)
Net foreign exchange gain	7	2,461	3,312
Net finance costs		**(15,806)**	**(19,388)**
Profit before income tax		**112,885**	**116,513**
Income tax expense		(53)	(117)
Profit and total comprehensive income for the period		**112,832**	**116,396**
Profit / (loss) and total comprehensive income attributable to:			
Owner of the Company		112,774	116,419
Non-controlling interests		58	(23)
		112,832	**116,396**

These condensed consolidated interim financial statements were approved by management on 27 August 2026 and were signed on its behalf by:

David Mamulaishvili
General Director

Lili Pshavlishvili
Finance Director

The condensed consolidated interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 8 to 27.

	Attributable to owners of the Company				
’000 GEL	**Share capital**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2026	**84,056**	**31,897**	**115,953**	**(22)**	**115,931**
Total comprehensive income for the period					
Profit and total comprehensive income for the period	-	112,774	112,774	58	112,832
Transactions with owners, recorded directly in equity					
Dividends (note 13(b))	-	(31,500)	(31,500)	-	(31,500)
Balance at 30 June 2026	**84,056**	**113,171**	**197,227**	**36**	**197,263**
Balance at 1 January 2025	**84,056**	**50,632**	**134,688**	**(69)**	**134,619**
Total comprehensive income for the period					
Profit and total comprehensive income for the period	-	116,419	116,419	(23)	116,396
Transactions with owners, recorded directly in equity					
Dividends (note 13(b))	-	(50,000)	(50,000)	-	(50,000)
Balance at 30 June 2025	**84,056**	**117,051**	**201,107**	**(92)**	**201,015**

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 8 to 27.

		For the six months ended 30 June	
'000 GEL	**Note**	**2026**	**2025**
Cash flows from operating activities			
Cash received from subscribers		339,335	317,735
Cash received from other telecom operators and for IRU contracts		14,669	15,441
Cash received for financial guarantee		5,197	
Salaries and benefits paid to and on behalf of employees		(57,706)	(44,278)
Interconnection fees and expenses paid		(4,829)	(4,444)
Purchase of inventory		(4,884)	(4,649)
Taxes paid, other than on income		(47,315)	(45,791)
Income tax paid		(2)	(13)
Network management and maintenance costs paid		(9,832)	(7,932)
Other operating expenses paid		(42,858)	(40,245)
Net cash from operating activities		**191,775**	**185,824**
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets		(76,447)	(57,054)
Proceeds from disposals of property and equipment		401	1,978
Investment in certificate of deposit		-	(22,476)
Acquisition of a subsidiary, net of cash acquired		-	(900)
Interest received		4,297	5,436
Net cash used in investing activities		**(71,749)**	**(73,016)**
Cash flows from financing activities			
Dividends paid		(31,500)	(50,000)
Interest paid on loans and borrowings and trade and other payables		(19,695)	(26,525)
Repayment of lease liabilities		(4,871)	(6,790)
Net cash used in financing activities	14(d)	**(56,066)**	**(83,315)**
Effect of exchange rate changes on cash and cash equivalents		(2,356)	(3,469)
Net increase in cash and cash equivalents		**61,604**	**26,024**
Cash and equivalents at the beginning of the period	12	68,761	160,784
Cash and cash equivalents at the end of the period	12	**130,365**	**186,808**

The condensed consolidated interim statement of cash flows is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 8 to 27.

1. Reporting entity

(a) Georgian business environment

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

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

(b) Organisation and operations

These condensed consolidated interim financial statements include the financial statements of Silknet JSC (the Company) (Registration # 204566978) and its subsidiaries as detailed in note 19 (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 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

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2025 ("last annual consolidated financial statements"), which are publicly available on the Company's web page: www.silknet.com.

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

(b) Going concern

The condensed consolidated interim financial statements have been prepared on a going concern basis.

3. Functional and presentation currency

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

4. Use of estimates and judgments

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

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual consolidated financial statements as at and for the year ended 31 December 2025.

5. Revenues

	For the six months ended 30 June	
'000 GEL	**2026**	**2025**
Commercial revenue	**292,288**	**273,375**
Mobile revenue	**170,943**	**160,382**
Mobile voice, data and SMS	165,420	155,117
Revenue from other services	4,567	4,432
Revenue from phone sales and accessories	956	833
Fixed revenue	**121,345**	**112,993**
Fixed broadband	80,143	74,307
Pay TV	32,006	30,611
Fixed telephone	4,653	4,880
Infrastructure capacity rental	1,955	1,909
Revenue from other services	2,588	1,286
Carrier and other services	**22,458**	**24,251**
Interconnect service	9,804	9,881
Infrastructure capacity rental service *	7,278	7,050
Roaming revenue	3,992	5,790
Internet wholesale	1,384	1,530
Total revenues	**314,746**	**297,626**

* Revenue from infrastructure capacity rental services includes revenue from IRU contracts. Related advances received are disclosed in note 16. Advances received in respect of IRU contracts represent advance consideration received from customers for granting access to certain dark fibres within the Group's infrastructure.

6. Purchased services

	For the six months ended 30 June	
'000 GEL	**2026**	**2025**
Utility expenses	9,124	7,642
Software maintenance service	6,762	6,373
Professional service fees* (note 8)	4,062	5,220
Internet clear channel costs	2,693	2,479
Internet protocol (IP) cost	1,921	1,840
Other	101	40
Total purchased services	**24,663**	**23,594**

* Professional fees include consulting services provided by an entity under common control in 2025 and 2026 (see note 18(c)).

7. Net finance costs

	For the six months ended 30 June	
'000 GEL	**2026**	**2025**
Recognised in profit or loss		
Interest income on current accounts and other receivables	4,932	6,496
Interest income on IRU-related prepayments	583	646
Finance income	**5,515**	**7,142**
Interest expense on financial liabilities	(20,413)	(28,434)
Interest expense accrued under IFRS 16	(2,683)	(716)
Interest expense on advances received from IRU contracts	(686)	(692)
Finance costs	**(23,782)**	**(29,842)**
Net foreign exchange gain	2,461	3,312
Net finance costs recognised in profit or loss	**(15,806)**	**(19,388)**

8. Alternative performance measures

The Group believes that the presentation of Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDAaL and Adjusted EBITDAaL margin enhances user's understanding of the Group's financial performance. The management uses Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDAaL and Adjusted EBITDAaL margin to assess and evaluate the operating performance of the Group.

In addition, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDAaL and Adjusted EBITDAaL margin are frequently used by securities analysts, investors and other stakeholders in the evaluation of companies that operate in the telecommunications sector. Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDAaL and Adjusted EBITDAaL margin are not presentations made in accordance with IFRS Accounting Standards and the Group's use of the terms Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDAaL and Adjusted EBITDAaL margin may vary from those used by others in the telecommunications industry due to differences in accounting policies or differences in the calculation methodology.

(a) Adjusted EBITDA

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:

	For the six months ended 30 June	
'000 GEL	**2026**	**2025**
Profit for the period	**112,832**	**116,396**
Depreciation and amortization	64,094	53,728
Finance costs	23,782	29,842
Finance income	(5,515)	(7,142)
Income taxes	53	117
Net foreign exchange gain	(2,461)	(3,312)
Specific items (see below)	13,113	3,411
Adjusted EBITDA	**205,898**	**193,040**

Specific items:

	For the six months ended 30 June		
'000 GEL	**2026**	**2025**	**FS line**
Loss/(gain) on disposals of property and equipment	2,714	(125)	Other expenses
Write-down of slow-moving inventory and other non-current assets	(366)	353	Other expenses
Professional fees, one-off consulting expenses	652	2,101	Purchased services
Key management one-off benefit (note 18)	9,218	401	Salaries and benefits
Charity	361	689	Other expenses
Other expense/(income)	534	(8)	Other expenses
Total EBITDA adjustments	**13,113**	**3,411**	

(b) Adjusted EBITDA margin

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

	For the six months ended 30 June	
'000 GEL	**2026**	**2025**
Adjusted EBITDA	205,898	193,040
Revenue	314,746	297,626
Adjusted EBITDA margin %	**65%**	**65%**

(c) Adjusted EBITDAaL

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

	For the six months ended 30 June	
’000 GEL	**2026**	**2025**
Adjusted EBITDA	205,898	193,040
Depreciation of right-of-use assets	(6,188)	(5,715)
Interest expense on lease liabilities	(2,683)	(717)
Adjusted EBITDAaL	**197,027**	**186,608**

(d) Adjusted EBITDAaL

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

	For the six months ended 30 June	
’000 GEL	**2026**	**2025**
Adjusted EBITDAaL	197,027	186,608
Revenue	314,746	297,626
Adjusted EBITDAaL margin %	**63%**	**63%**

9. Property and equipment

’000 GEL	Land	Buildings and facilities	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Total
Cost at 1 January 2025	24,321	123,222	613,601	12,502	41,645	9,666	824,957
Accumulated depreciation	-	(45,214)	(390,870)	(9,105)	(31,308)	-	(476,497)
Carrying amount at 1 January 2025	**24,321**	**78,008**	**222,731**	**3,397**	**10,337**	**9,666**	**348,460**
Additions	305	791	10,534	171	524	9,365	21,690
Disposals	(19)	-	(6,077)	(52)	(226)	-	(6,374)
Acquisition through subsidiary	-	-	-	-	42	-	42
Transfers, gross	-	838	5,607	-	9	(10,729)*	(4,275)
Transfers, accumulated depreciation	-	-	4,275	-	-	-	4,275
Depreciation of disposals	-	-	5,336	52	177	-	5,565
Depreciation charge	-	(1,343)	(21,062)	(241)	(1,206)	-	(23,852)
Carrying amount at 30 June 2025	**24,607**	**78,294**	**221,344**	**3,327**	**9,657**	**8,302**	**345,531**
Cost at 30 June 2025	24,607	124,851	623,665	12,621	41,994	8,302	836,040
Accumulated depreciation	-	(46,557)	(402,321)	(9,294)	(32,337)	-	(490,509)
Carrying amount at 30 June 2025	**24,607**	**78,294**	**221,344**	**3,327**	**9,657**	**8,302**	**345,531**
Cost at 1 January 2026	25,094	127,631	703,181	14,715	42,768	6,018	919,407
Accumulated depreciation	-	(47,832)	(456,768)	(9,446)	(33,119)	-	(547,165)
Carrying amount at 1 January 2026	**25,094**	**79,799**	**246,413**	**5,269**	**9,649**	**6,018**	**372,242**
Additions	5,281	155	10,217	-	326	11,162	27,141
Disposals	(3)	(15)	(7,565)	(318)	(479)	-	(8,380)
Transfers, gross	-	1,462	11,005	-	30	(12,497)*	-
Depreciation of disposals	-	9	5,278	318	428	-	6,033
Depreciation charge	-	(1,354)	(23,007)	(437)	(1,226)	-	(26,024)
Carrying amount at 30 June 2026	**30,372**	**80,056**	**242,341**	**4,832**	**8,728**	**4,683**	**371,012**
Cost at 30 June 2026	30,372	129,233	716,838	14,397	42,645	4,683	938,168
Accumulated depreciation	-	(49,177)	(474,497)	(9,565)	(33,917)	-	(567,156)
Carrying amount at 30 June 2026	**30,372**	**80,056**	**242,341**	**4,832**	**8,728**	**4,683**	**371,012**

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

(a) Security

As at 30 June 2026, property and equipment with a carrying amount of GEL 32,094 thousand (31 December 2025: GEL 32,579 thousand) is collateralized and guarantees the letter of credits related to operating activities of the Group.

(b) Capital commitments

As at 30 June 2026, the capital commitments borne by the Group amounted to GEL 100,721 thousand, which is mainly attributable to acquisition of customer premises equipment (CPE), the Data Centre project, mobile core extension projects and 5G development (31 December 2025: GEL 66,908 thousand, which is mainly attributable to mobile network development projects and acquisition of customer premises equipment (CPE)).

The main increase in capital commitments between 31 December 2025 and 30 June 2026 relates to the Group's Data Centre project, which commenced during 2026.

The project involves the following major vendors: Huawei (represented by Huawei International Co. Limited and Tbilisi Huawei Technologies Co. Ltd.) and Coteccons Construction LLC. Coteccons Construction LLC, a related party of the Group (an entity under common control), is responsible for the construction of the Data Centre.

For the six month period ended 30 June 2026, the Group has made prepayments of GEL 7,970 thousand (including taxes) to Coteccons Construction LLC (see note 18(c)) and as at 30 June 2026, the Group has outstanding contractual capital commitments of GEL 18,529 thousand (including taxes) (31 December 2025: nil).

(c) Letters of credit and bank guarantees

The Group uses trade finance instruments, specifically letters of credit and bank guarantees, to extend payment terms for capital investments amounting to GEL 60,170 thousand (2025: GEL 39,122 thousand). As at the reporting date, total amount covered by these instruments amounted to GEL 61,693 thousand (2025: GEL 40,667 thousand). The related balances are primarily recognized within trade and other payables, while a portion also relates to capital commitments.

10. Other non-current assets

As at 30 June 2026, other non-current assets include uninstalled equipment of GEL 37,922 thousand and prepayments for non-current assets of GEL 20,556 thousand (31 December 2025: uninstalled equipment of GEL 24,648 thousand, prepayments for non-current assets of GEL 7,775 thousand and a financial guarantee contract receivable of GEL 2,500 thousand). For further details on financial guarantee receivable, please, see note 18(c).

11. Intangible assets

’000 GEL	Network operating & software licenses	Telecom operating licenses	Broadcasting rights	Goodwill	Other	CSAC*	Total
Cost at 1 January 2025	106,255	172,263	37,757	6,983	6,554	9,695	339,507
Accumulated amortization	(49,557)	(99,876)	(21,551)	-	(2,263)	(8,265)	(181,512)
Carrying amount at 1 January 2025	**56,698**	**72,387**	**16,206**	**6,983**	**4,291**	**1,430**	**157,995**
Additions	4,469	47,269**	3,805	-	25	633	56,201
Amortization charge	(9,398)	(7,217)	(6,520)	-	(277)	(749)	(24,161)
Acquisition through subsidiary	-	-	-	4,863	-	-	4,863
Disposals and derecognitions, cost	(6,085)	-	(6,101)	-	-	-	(12,186)
Disposals and derecognitions, amortization	6,086	-	5,847	-	-	-	11,933
Carrying amount at 30 June 2025	**51,770**	**112,439**	**13,237**	**11,846**	**4,039**	**1,314**	**194,645**
Cost at 30 June 2025	104,639	219,532	35,461	11,846	6,579	10,328	388,385
Accumulated amortization	(52,869)	(107,093)	(22,224)	-	(2,540)	(9,014)	(193,740)
Carrying amount at 30 June 2025	**51,770**	**112,439**	**13,237**	**11,846**	**4,039**	**1,314**	**194,645**
Cost at 1 January 2026	101,048	218,073	42,360	9,609	6,585	11,203	388,878
Accumulated amortization	**(48,724)**	**(114,380)**	**(17,759)**	**-**	**(2,818)**	**(9,777)**	**(193,458)**
Carrying amount at 1 January 2026	**52,324**	**103,693**	**24,601**	**9,609**	**3,767**	**1,426**	**195,420**
Additions	8,281	1,062	5,592	-	14	577	15,526
Amortization charge	(14,969)	(8,333)	(7,581)	-	(277)	(721)	(31,881)
Impairment loss	-	-	-	(135)	-	-	(135)
Disposals and derecognitions, cost	(10,925)	(1,645)	(1,034)	-	(52)	-	(13,656)
Disposals and derecognitions, amortization	10,925	1,645	663	-	52	-	13,285
Carrying amount at 30 June 2026	**45,636**	**96,422**	**22,241**	**9,474**	**3,504**	**1,282**	**178,559**
Cost at 30 June 2026	98,404	217,490	46,918	9,474	6,547	11,780	390,613
Accumulated amortization	(52,768)	(121,068)	(24,677)	-	(3,043)	(10,498)	(212,054)
Carrying amount at 30 June 2026	**45,636**	**96,422**	**22,241**	**9,474**	**3,504**	**1,282**	**178,559**

* CSAC-Capitalized Subscribers Acquisition Cost.

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

12. Cash and cash equivalents

’000 GEL	30 June 2026	31 December 2025
Call deposits	90,131	54,067
Bank balances	39,296	13,769
Cash in transit	925	912
Cash on hand	13	13
Total cash and cash equivalents	**130,365**	**68,761**

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 17.

13. Equity

(a) Share capital

Number of shares	Ordinary shares	
	2026	**2025**
In issue at 1 January	84,056,099	84,056,099
Issued during the period	-	-
In issue at 30 June, fully paid	**84,056,099**	**84,056,099**
Authorised shares - par value	**1**	**1**

(b) Dividends

For the six month period ended 30 June 2026, the Company declared and paid dividends of GEL 31,500 thousand (for the six-month period ended 30 June 2025: declared and paid dividends of GEL 50,000 thousand). Declared dividend per ordinary share amounted to GEL 0.3747 (for the six-month period ended 30 June 2025: GEL 0.5948) (see also note 14(c)).

14. Loans and borrowings

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

'000 GEL	**30 June 2026**	**31 December 2025**
Borrowings from the intermediate parent – non-current	396,795	404,265
	396,795	**404,265**
Borrowings from the intermediate parent – current	8,643	8,805
	8,643	**8,805**
Total	**405,438**	**413,070**

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

				30 June 2026	
'000 GEL	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face value***	**Carrying amount**
Borrowing from the intermediate parent	USD	7.5%	2030	405,438	405,438
Total loans and borrowings				**405,438**	**405,438**

				31 December 2025	
'000 GEL	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face value***	**Carrying amount**
Borrowing from the intermediate parent	USD	7.5%	2030	413,070	413,070
Total loans and borrowings				**413,070**	**413,070**

* 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 was 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).

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.

On 1st of September 2025, the Company and its intermediate parent, Silk Road Group Holding LLC ("SRGH" or "Intermediate Parent") invited holders of Silknet Eurobonds ("Noteholders"), to participate in the tender offer, as a result of which SRGH announced its intention to issue USD 400,000 thousand Eurobonds, guaranteed by Silknet and due in 2030 ("New Notes") and invited Noteholders to tender their notes for purchase for cash, to be settled from the proceeds of the New Notes issuance.

Concurrently, the Group initiated actions to (i) cancel the notes purchased pursuant to the tender offer, (ii) facilitate onward lending by SRGH of any cash or net proceeds from the issuance of the New Notes to the Group, to be applied towards meeting its obligations under the Silknet Eurobonds, and (iii) modify the terms and conditions of the Silknet Eurobonds to provide for the mandatory early redemption of any Silknet Eurobonds that remain outstanding following the completion of the tender offer.

On 15 September 2025, SRGH issued USD 400,000 thousand in New Notes due 2030 guaranteed by Silknet and other subsidiaries of the SRGH.

From the proceeds of the New Notes, on 16 September 2025, for a total consideration of GEL 472,127 thousand (USD 174,532 thousand), SRGH purchased, and the Group forwarded for cancellation, a portion of Silknet's outstanding Eurobonds with a nominal amount of GEL 456,583 thousand (USD 168,786 thousand) (out of a total outstanding nominal balance of GEL 540,384 thousand (USD 199,765 thousand) together with the accrued interest of GEL 4,993 thousand (USD 1,846 thousand), with the difference representing tender and consent fees in the amount of GEL 10,551 thousand (USD 3,900 thousand). The proceeds from borrowings and the repurchase of Eurobonds represent non-cash transactions and cannot be traced in the consolidated statement of cash flows.

The remaining balance of Silknet Eurobonds amounted of GEL 84,464 thousand (USD 30,979 thousand) was fully redeemed by the Group on 3 October 2025 as part of mandatory early redemption.

Repurchased Silknet Eurobonds were derecognized from the balance sheet at their amortised cost and the difference between the repurchased amount and the amortized cost was recognised under the loss on derecognition of financial instrument in profit or loss in the amount of GEL 4,867 thousand (USD 1,799 thousand).

As a result of the refinancing structure described above, the Group and SRGH executed an intercompany loan agreement ("the Loan"), under which the total consideration of GEL 472,127 thousand (USD 174,352 thousand), funded through SRGH's Eurobond proceeds,was transferred to the Group under back-to-back commercial terms and recognized as a loan payable to the intermediate parent. The Loan matures in 2030, bears interest at a fixed rate of 7.5% per annum, payable semi-annually, and is measured at amortized cost using the effective interest rate method.

During 2025, the Group repaid GEL 66,775 thousand (USD 24,532 thousand) of the Loan principal. Consequently, the outstanding nominal balance of the loan payable to intermediate parent was GEL 396,795 thousand (USD 150,000 thousand) as at 30 June 2026 (31 December 2025: GEL 404,265 thousand/ USD 150,000 thousand).

(c) Financial guarantee

On 15 September 2025, SRGH issued USD 400,000 thousand in New Notes due 2030 guaranteed by Silknet and other subsidiaries of the SRGH. The guarantors are the subsidiaries that represent 5% of SRGH's consolidated EBITDA or 5% of SRGH's consolidated revenue. SRGH is obliged to maintain over the life of the New Notes the guarantor package covering at least 70% of SRGH's consolidated total assets. Silknet is a Guarantor (see note 16), on its standalone basis as at and for the year ended 31 December 2024 had an Adjusted EBITDA of GEL 374.7 million, representing 91% of the Group's consolidated Adjusted EBITDA.

As a restricted subsidiary and a guarantor, Silknet is subject to various covenants, as described in the Terms and Conditions included in Listing Particulars publicly available on Silk Road Group Holding's website: https://srgh.ge/en/investor

As at 30 June 2026, the Group has complied with all covenants and expects to remain in compliance throughout the term of SRGH New Notes. Accordingly, loans and borrowings balances (excluding balances contractually repayable within 12 months from the reporting date) are classified as non-current as at 30 June 2026.

(d) Changes in liabilities arising from financing activities*

'000 GEL	Dividends payable	Lease liabilities	Loans and borrowings	Total
Balance at 1 January 2026	**-**	**47,888**	**413,070**	**460,958**
Interest paid	-	(2,683)	(15,242)	(17,925)
Dividend paid	(31,500)	-	-	(31,500)
Lease payments	-	(4,871)	-	(4,871)
Total changes from financing cash flows	**(31,500)**	**(7,554)**	**(15,242)**	**(54,296)**
The effect of changes in foreign exchange rates	**-**	**(142)**	**(7,335)**	**(7,477)**
Other changes				
Interest expense	-	2,683	14,945	17,628
Recognition of lease liabilities arising from lease contracts originated during the period	-	2,324	-	2,324
Write-off of RoU and respective lease liability for terminated contracts	-	(1,436)	-	(1,436)
Total liability-related other changes	**-**	**3,571**	**14,945**	**18,516**
Total equity-related other changes	**31,500**	**-**	**-**	**31,500**
Balance at 30 June 2026	**-**	**43,763**	**405,438**	**449,201**

’000 GEL	Dividends payable	Lease liabilities	Loans and borrowings	Total
Balance at 1 January 2025	**-**	**18,309**	**573,221**	**591,530**
Interest paid	-	(717)	(24,171)	(24,888)
Dividends paid	(50,000)	-	-	(50,000)
Lease payments	-	(6,790)	-	(6,790)
Total changes from financing cash flows	**(50,000)**	**(7,507)**	**(24,171)**	**(81,678)**
The effect of changes in foreign exchange rates	**-**	**(151)**	**(16,088)**	**(16,239)**
Other changes				
Interest expense	-	717	24,562	25,279
Recognition of lease liabilities arising from lease contracts originated during the period	-	1,582	-	1,582
Write-off of RoU and respective lease liability for terminated contracts	-	(1,253)	-	(1,253)
Total liability-related other changes	**-**	**1,046**	**24,562**	**25,608**
Total equity-related other changes	**50,000**	**-**	**-**	**50,000**
Balance at 30 June 2025	**-**	**11,697**	**557,524**	**569,221**

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

15. Leases

The Group’s lease contracts largely relate to leases of various sites (i.e. land, rooftop surface areas, space in cellular towers and space for fibre cables, etc.) related to placement of the Group’s telecommunication equipment. The Group recognises the right-of-use asset and respective lease liability for the contracts that are long-term either contractually or substantially.

As lease agreements include option to extend the lease, significant judgement is required in determining whether these optional periods should be included when determining the lease term. As a lessee, optional periods are included in the lease term if the Group is reasonably certain it will exercise an extension option or will not exercise a termination option; this depends on an analysis by management of all relevant facts and circumstances including the leased asset’s nature and purpose, the economic and practical potential for replacing the asset and any plans that the Group has in place for the future use of the asset. While determining the lease term, management considers its strategic planning horizon, anticipated technological developments, and economic penalties associated with contract termination, including costs of removing leasehold improvements or relocating, and indirect costs such as disruption to business. The value of the right-of-use asset and lease liability will be greater when extension options are included in the lease term

Since management applies the judgement in determining the effective lease terms, the lease terms used for IFRS 16 purposes may differ from the contractual minimum lease periods. Summary of differences is as follows:

	Minimum initial contractual lease period	Lease term estimate used for IFRS 16 purposes upon transition
Site rent for fixed services	4-10	Same as contractual
Site rent for mobile services		
Leases for rooftop surface areas	1-6 months*	3 years
Leases for land and other	1-6 months*	5 years

* Non-cancellable period

Lease terms are reassessed if a significant event or change in circumstances occurs relating to the leased assets that is within the control of the Group; such changes usually relate to strategic business decisions made by the Group. Where such changes alter the Group's assessment of whether it is reasonably certain to exercise options to extend, or not terminate leases, the lease term is reassessed and the lease liability is remeasured.

When measuring lease liabilities for leases, the Group discounts lease payments using its incremental borrowing rate at the date of lease recognition. The weighted-average rate applied for lease liability balance as at 30 June 2026 is approximately 12% as lease contracts are denominated in GEL.

'000 GEL	Site rent for mobile services*	Site rent for fixed services	Space rent for Silk Media LLC	Total
Carrying amount of RoU at 1 January 2026	**43,328**	**2,717**	**93**	**46,138**
Additions	2,091	-	233	2,324
Disposals	(1,453)	-	(54)	(1,507)
Disposals of accumulated depreciation	65	-	-	65
Depreciation charge	(5,496)	(586)	(106)	(6,188)
Gross balance at 30 June 2026	**93,078**	**9,860**	**2,564**	**105,502**
Accumulated depreciation at 30 June 2026	(54,543)	(7,729)	(2,398)	(64,670)
Carrying amount of RoU at 30 June 2026	**38,535**	**2,131**	**166**	**40,832**
Lease liability at 1 January 2026	**(44,114)**	**(3,660)**	**(114)**	**(47,888)**
Additions	(2,091)	-	(233)	(2,324)
Disposals	1,382	-	54	1,436
Interest charge	(2,519)	(158)	(6)	(2,683)
Payments	6,593	822	139	7,554
The effect of changes in foreign exchange rates	86	50	6	142
Lease liability at 30 June 2026	**(40,663)**	**(2,946)**	**(154)**	**(43,763)**

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

*In 2025 the previously assessed lease terms expired and management changed its operational strategy, resulting in an updated assessment of the reasonably certain threshold for exercising lease extension options and the expected enforceability period of the leases. As a result, the Group reassessed the lease terms and determined the lease terms as three years for leases of rooftop surface areas and five years for leases of land and other. As a result of the reassessment, the lease liabilities and corresponding right-of-use assets increased by GEL 16,083 thousand for rooftop surface areas and by GEL 27,250 thousand for land and other, respectively.

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

	30 June 2026		31 December 2025	
’000 GEL	**Non-current**	**Current**	**Non-current**	**Current**
Payables for non-current assets	27,109	29,004	18,126	29,421
Payable to suppliers	-	16,178	-	14,828
Payable for licenses and broadcasting rights	8,286	14,347	11,112	29,855
Payable to other operators	-	3,915	-	3,355
Payable to employees	27,926	13,237	18,842	22,758
Other payables	1,938	984	1,925	955
VAT and other tax liabilities	-	3,979	-	7,433
Financial guarantee contract liability	4,552	1,019	5,154	1,039
Total trade and other payables	**69,811**	**82,663**	**55,159**	**109,644**
Advances received related to IRU contracts	9,952	1,888	10,262	1,888
Advances received related to subscribers	550	22,250	592	23,997
Total contract liabilities from prepayments	**10,502**	**24,138**	**10,854**	**25,885**
Total	**80,313**	**106,801**	**66,013**	**135,529**

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

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 17).

The financial guarantee to SRGH with the amount of USD 400,000 thousand notes has been valuated by an independent external valuator andthe fair value of guarantee at the grant date (15 September 2025) was USD 3,072 thousand, out of which Silknet's share represents 63% USD 1,925 thousand.

In 2026, the original fair value of the guarantee liability is amortized through the statement of profit and loss and other comprehensive income on a straight−line basis over the tenor of the New Notes with the amount of GEL 515 thousand (2025: nil).

The Company estimated expected credit losses to be lower than the amortized portion of the originally recognized guarantee liability as at 30 June 2026.

The terms and conditions of the New Notes require the Intermediate Parent together with Group to comply with certain financial and non-financial covenants, details of which are included in listing particular, publicly available on the website of SRGH. The Company does not expect material risks associated with the Intermediate Parent’s ability to comply with the covenants.

17. Fair values and financial risk management

The Group has determined fair values of financial assets and liabilities using valuation techniques disclosed in the last annual consolidated financial statements. Management believes that the fair value of the Group’s financial assets and liabilities, approximates their carrying amounts.

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

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables, bank balances and financial guarantee. Credit risk is consistent with those disclosed in the last annual consolidated financial statements and the Group has not faced a significant financial loss during the six-month period ended 30 June 2026.

(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 on an annual and monthly basis. In order to manage its financial needsthe Group receives cash flows on a daily basis from customers. This ensures that the Group has anough cash to meet its financial obligations. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The management believes that, as at and for the foreseeable future, the Group has sufficient funds to meet its liabilities as they fall due. Management's assessment is based on a number of factors, including the sufficient cash balance (note 12), positive and growing adjusted EBITDA (note 8), a growing customer base for key business segments and new network deployment (note 9).

(iii) Market risk

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

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

Currency risk

As at 30 June 2026, the Group's exposure to currency risk is mainly attributable to USD-denominated Loan. To partially hedge an open foreign currency position, the Company invests its liquid funds in USD-denominated instruments, such as deposits.. Additionally, a portion of the Company's operational activities are also denominated in hard currencies. The Company uses forward agreements to mitigate the impact foreign currency exchange rate fluctuations on operations.

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

As at 30 June 2026, the Group recognized derivative liability with a fair value of GEL 5,745 thousand (31 December 2025: derivative liability with a fair value of GEL 852 thousand). Discounted cash flow models are used for fair value measurement of derivatives, which is categorized within Level 3 of the fair value hierarchy. Estimation uncertainties related to foreign currency exchange rate fluctuations does not have material effect on the financial statements as at 30 June 2026 and 31 December 2025.

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

'000 GEL	**USD-denominated 30 June 2026**	**USD-denominated 31 December 2025**
Bank balances	11,962	2,795
Call deposit	28,737	34,060
Trade and other receivables	3,923	4,460
Financial guarantee contract receivable	2,541	2,500
Trade and other payables	(68,487)	(50,096)
Loans and borrowings	(405,438)	(413,070)
Net exposure	**(426,762)**	**(419,351)**

As part of risk management, the Company entered into forward contracts totalling USD 45,400 thousand and EUR 3,940 thousand in 2025 and USD 70,500 thousand in 2024, of which USD 17,400 thousand and EUR 1,750 thousand were realized during the six months period ended 30 June 2026 (six months period ended 30 June 2025: USD 33,500 thousand). As of 30 June 2026, the outstanding balance stands at USD 28,000 thousand (30 June 2026: Buy: USD 28,000 thousand; Sell: GEL 80,148 thousand (31 December 2025: Buy: USD 45,400 thousand; Sell: GEL 128,617 thousand)) and EUR 2,190 thousand (30 June 2026: Buy: EUR 2,190 thousand; Sell: GEL 7,306 thousand (31 December 2025: Buy: EUR 3,940 thousand; Sell: GEL 12,944 thousand)).

To reduce future profit volatility due to foreign exchange rate fluctuations, foreign currency derivative contracts are used to hedge future cash outflows, particularly those related to unrecognized operational and capital expenditures denominated in hard currencies, as well as payment for loans and borrowing. These outflows are fully hedged from January2026 through the end of 2026, with an average forward exchange rate of GEL 2.9 for USD-denominated forwards and GEL 3.3 for forwards denominated in EUR.

'000 GEL	**EUR-denominated 30 June 2026**	**EUR-denominated 31 December 2025**
Bank balances	1,004	13
Trade and other receivables	1,256	1,240
Trade and other payables	(25,366)	(33,454)
Net exposure	**(23,106)**	**(32,201)**

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

	Average rate		**Reporting date spot rate**	
in GEL	**Period ended 30 June 2026**	**Period ended 30 June 2025**	**30 June 2026**	**31 December 2025**
USD 1	2.6883	2.7776	2.6453	2.6951
EUR 1	3.1365	3.0343	3.0156	3.1737

Sensitivity analysis

A reasonably possible strengthening/(weakening) of GEL, as indicated below, against the USD and EUR as at 30 June 2026 and 31 December 2025 would have affected the measurement of financial instruments denominated in USD and EUR and affected equity and profit or loss before taxes by the amounts shown below. The currency movements would have no direct impact on other comprehensive income or equity. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Strengthening		**Weakening**	
'000 GEL	**Equity**	**Profit or (loss)**	**Equity**	**Profit or (loss)**
30 June 2026				
USD (10% movement)	-	42,676	-	(42,676)
EUR (10% movement)	-	2,311	-	(2,311)
31 December 2025				
USD (10% movement)	-	41,935	-	(41,935)
EUR (10% movement)	-	3,220	-	(3,220)

Interest rate risk

The Company's liquid assets are subject to interest rate risk. Existing borrowings are fixed-rate instruments and do not expose the Company to cash flow interest rate risks. However, liquidity positions denominated in local currency and held as cash and cash equivalents are partially subject to floating rates tied to the National Bank of Georgia's monetary policy rate. Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates, however, when placing cash with banks, management uses its judgment to determine whether a fixed or variable interest rate is expected to be more favourable to the Group.

Exposure to interest rate risk

The Company's exposure to interest rate risk at the reporting date was as follows:

'000 GEL	30 June 2026	31 December 2025
Variable rate instruments		
Cash and cash equivalents	13,541	6,126

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.

18. Related party transactions

(a) Parent and ultimate controlling party

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

(b) Key management remuneration

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

	For the six months ended 30 June	
'000 GEL	**2026**	**2025**
Salaries	3,511	3,442
Other remuneration*	9,227	411
	12,738	**3,853**

* On 30 September 2023 and 14 December 2023 ("grant date") the Company has entered into two agreements with its two key management members that entitles these employees to different types of awards, mainly dependent upon the choice of the employee, but also subject to certain events and conditions. Award #1 implies granting of a cash-settled equity instrument of the Company to the employee, with no service condition and its fair value is close to nil as at 30 June 2026, as the probability of meeting the non-vesting condition stipulated under the contract is remote. Award #2, to which employees are entitled from 1 January 2025, is calculated as a certain percentage of forecast dividend distributions by the Company for the lifetime of the employee and is not subject to service conditions. Award #3 envisages granting the employee a certain percentage of the Company's future value (calculated pursuant to contractual terms), settled in cash, after 2027, and is subject to a service condition till the end of 2027. Both awards meet the definition of other long-term employee benefits under IAS 19 Employee Benefits and are initially measured at the present value of future benefits accruing to the employees. Award #2 is expensed as incurred as no service condition is attached to it, whereas the value of Award #3 is spread over the service period.

If in aggregate the benefit amount calculated under Award #3 is higher than Award #2, the entity recognizes additional expense in profit or loss in the period, when employee benefit calculated under Award #3 exceeds the benefit amount calculated under Award #2. In 2023, as at grant date, the Company recognized employee benefits expense of GEL 17,318 thousand in profit or loss calculated under Award #2 conditions, as it represented an unconditional liability as at 31 December 2023 and its estimated present value was the largest amongst the three of the available awards.

In 2024, the changes in circumstances related to the consent solicitation process of Eurobond covenant (see also note 14(b)), affected the calculation of the benefit amount under the Award #2 due to the adjusted payout ratio. In 2025, further changes were made to the payout ratio assumptions used in calculating the benefit amount under Award #2.

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

As at 30 June 2026, employee benefit calculated under Award #3 in aggregate exceeded the benefit amount calculated under Award #2, accordingly Company recognized additional expense in profit or loss in the amount of GEL 9,216 thousand.

For the six month period ended 30 June 2026, the Company paid GEL 945 thousand in accordance with contractual terms.

(c) Other related party transactions

’000 GEL	**Transaction value for the six months ended 30 June**		**Outstanding balance**	
	2026	**2025**	**30 June 2026**	**31 December 2025**
Other operating expenses:				
Entities under common control*	(3,745)	(3,537)	(447)	(546)
Other income:				
Entities under common control	548	-	367	139
Other related parties	2	41	2	-
Loans and borrowings:				
Intermediate Parent**	(15,242)	-	(405,437)	(413,070)
Prepayments for non-current assets:***				
Entities under common control	(7,970)	-	7,941	-
Fuel and lubricants used:				
Entities under common control	(1,111)	(1,094)	(244)	(208)
Other:				
Entities under common control	14	48	5	(1,491)
Guarantee contract receivable:				
Parent***	88	84	2,541	2,500
Intermediate Parent****	515	-	-	5,197

As at 30 June 2026, the Group maintained a bank balance of GEL 141 thousand with a related party financial institution,which is an entity under common control (31 December 2025: bank balance: GEL 661 thousand), on which interest income of GEL 51 thousand was recognized during the six-month period ended 30 June 2026 (for the six-month period ended 30 June 2025: GEL 276 thousand).

In 2025, the Company entered into forward contracts with SRGH totalling USD 10,000 thousand, of which USD 3,000 thousand were realized during the six months period ended 30 June 2026 (six months period ended 30 June 2025: nil). As at 30 June 2026, the outstanding balance stands at USD 7,000 thousand (30 June 2026: Buy: USD 7,000 thousand; Sell: GEL 20,040 thousand (31 December 2025: Buy: USD 10,000 thousand; Sell: GEL 28,441 thousand). As at 30 June 2026, the fair value of these instruments amounted to liability of GEL 1,305 thousand (31 December 2025: GEL 233 thousand).

* During the six months ended 30 June 2026, other operating expenses with entities under common control mainly include: consulting services of GEL 1,568 thousand (for the six-month period ended 30 June 2025: GEL 1,568 thousand) provided by SRG Investments LLC to the Group in relation to strategy development, funding, investment decisions and certain regulatory matters, and security expenses of GEL 1,744 thousand (for the six-month period ended 30 June 2025: GEL 1,710 thousand).

The outstanding balance as at 30 June 2026 of GEL 154 thousand represents a lease liability for the office space rent by Silk Media LLC from a related party (31 December 2025: GEL 114 thousand). The cash outflow related to the lease liability during the period ended 30 June 2026 amounted to GEL 139 thousand (for the six-month period ended 30 June 2025: GEL 237 thousand) (see note 15). 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.

** Transaction value represents the repayment of interest on the loans and borrowings (see note 14(d)). Interest expense accrued on the loans and borrowings during the six monts ended 30 June 2026 was GEL 14,946 thousand (for the six-month period ended 30 June 2025: nil). Terms of loans and borrowings are disclosed in note 14.

*** On 30 June 2021, the Group entered into a guarantee agreement with its parent, Silknet Holding LLC, to guarantee its indebtedness of a maximum of USD 18,000 thousand from 1 May 2024 to 1 May 2032. The fair value of the guarantee was assessed by an independent appraiser and was determined to be USD 647 thousand. As at 30 June 2026, a financial guarantee contract liability of GEL 1,276 thousand (31 December 2025: GEL 1,300 thousand) is recorded in trade and other payables (see note 16) and a related receivable from the parent of GEL 2,541 thousand is recorded in trade and other receivables (31 December 2025: GEL 2,500 thousand recorded in other non-current assets). The Company will receive a fee for the service provided.

**** On 15 September 2025, the Company became a guarantor for SRGH New Notes (see note 14(c) and note 16). As at 30 June 2026, a financial guarantee contract liability of GEL 4,295 thousand (31 December 2025: GEL 4,893 thousand) is recorded in trade and other payables (see note 16). During six-month period ended 30 June 2026, the Company received a fee for the service provided in amount of GEL 5,197 thousand (for the six-month period ended 30 June 2025: nil). In 2026, the original fair value of the guarantee liability is amortized through the statement of profit and loss and other comprehensive income on a straight−line basis over the tenor of the New Notes with the amount of GEL 515 thousand (for the six-month period ended 30 June 2025: nil).

***** Further information is provided in note 9(b).

19. Subsidiaries

Subsidiary	Country of incorporation	30 June 2026 Ownership/voting	31 December 2025 Ownership/voting
Qarva LLC	Georgia	51%	51%
Silk Media LLC	Georgia	100%	100%
NG Georgia N(N)LE	Georgia	100%	100%
Wounded Warrior Support Fund N(N)LE (registered as two legal entities)	Georgia	100%	100%
Premium Web Solution LLC	Georgia	100%	100%
Silk Cloud JSC*	Georgia	100%	100%

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

On May 29, 2025, Silknet acquired 100% of the shares of Neutrino LLC, a cybersecurity company. The acquisition was not material for the Group’s consolidated financial statements. In September 2025 the Group merged Silk Cloud JSC with Neutrino LLC, Silk Cloud JSC being the surviving entity.

20. Subsequent events

Dividends of GEL 50,000 thousand were declared and paid in July 2026.