

SAKAERONAVIGATSIA LLC
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT THEREON

As at and for the year ended 31 December 2023

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INDEPENDENT AUDITOR'S REPORT

To the Owners and management of Sakaeronavigatsia LLC:

Opinion

We have audited the accompanying financial statements of Sakaeronavigatsia LLC (the Company), which comprise the statement of financial position as at 31 December 2023, and the statements of comprehensive income changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2023, and of its financial performance and of its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the financial statements

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

In preparing the financial statements the management is responsible for assessing the Company'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 Company's financial reporting process.

Auditor's responsibilities for the Audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 special-purpose 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 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 auditor's report to the related disclosures in the 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 auditor's 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance 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.

The partner in charge of the audit resulting in this independent audit report is Bessik Bisseishvili.



Bessik Bisseishvili (Auditor's registration number SARAS-A-988241)
Engagement Partner
Baker Tilly Georgia LLC
22 May 2024
Tbilisi, Georgia

SAKAERONAVIGATSIA LLC

As at and for the year ended December 31, 2023

(All amounts are in thousands of Georgian Lari unless stated otherwise)

STATEMENT OF FINANCIAL POSITION

	Notes	31-Dec-23	31-Dec-22
Assets			
Non-current assets			
Property and equipment	6	128,138	128,589
Intangible Assets	7	2,950	1,510
Prepayments for non-current assets		7,743	1,053
Restructured Receivables		271	-
Restricted cash	8	2,015	2,005
Total non-current assets		141,117	133,157
Current assets			
Inventories	9	5,772	5,440
Trade and other receivables	10	29,914	33,684
Cash and cash equivalents	11	88,163	39,403
Total current assets		123,849	78,527
Total assets		264,966	211,684
Equity			
Charter capital		37,117	37,263
Retained earnings		218,300	165,403
Total equity		255,417	202,666
Liabilities			
Non-current liabilities			
Long term borrowings	12	2,423	2,533
Total non-current liabilities		2,423	2,533
Current liabilities			
Trade and other payables	13	5,455	4,379
Current portion of long-term borrowings	12	724	1,127
Advances received		947	979
Total current liabilities		7,126	6,485
Total Liabilities		9,549	9,018
Total equity and liabilities		264,966	211,684

The Financial Statements were approved by the Management of the Company on 22 May 2024 and signed by:



Gocha Mezvrishvili,
Director general



Irakli Zakareishvili,
Finance manager



Karina Kazaryan,
Chief accountant

SAKAERONAVIGATSIA LLC

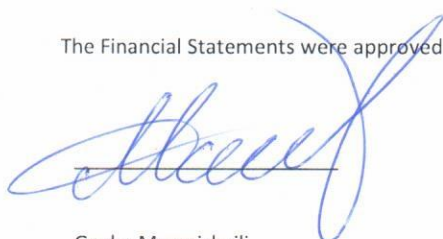
As at and for the year ended December 31, 2023

(All amounts are in thousands of Georgian Lari unless stated otherwise)

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31-Dec-23	Year ended 31-Dec-22
Revenue	14	154,599	159,043
Staff costs	15	(63,599)	(52,994)
Other operating expenses	16	(24,580)	(23,268)
Depreciation and amortization	6,7	(17,207)	(16,192)
Other gain (net)		444	339
Financial gain (net)	17	3,240	(691)
Profit/(loss) for the year		52,897	66,237
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		52,897	66,237

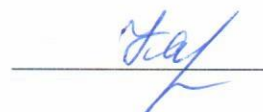
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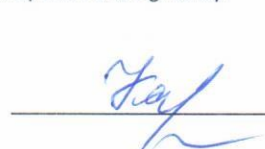
As at and for the year ended December 31, 2023

(All amounts are in thousands of Georgian Lari unless stated otherwise)

STATEMENT OF CASH FLOWS

	Year ended 31-Dec-23	Year ended 31-Dec-22
Cash flows from operating activities		
Cash receipts from customers	158,953	131,194
Cash paid to suppliers and employees, including related taxes	(105,927)	(79,927)
Cash generated from operating activities	53,026	51,267
Interest paid	(52)	(439)
Interest received	625	343
Net cash provided by operating activities	53,599	51,171
Cash flows from investing activities		
Acquisition of property and equipment and intangible assets	(6,434)	(10,542)
Net cash used in investing activities	(6,434)	(10,542)
Cash flows from financing activities		
Repayment of loans and borrowings	(1,102)	(15,629)
Net cash used in financing activities	(1,102)	(15,629)
Net increase/(decrease) in cash and cash equivalents	46,063	25,000
Cash, cash equivalents at beginning of year	41,408	16,934
Exchange losses on cash and cash equivalents	2,707	(526)
Cash and cash equivalents at end of year	90,178	41,408

The Financial Statements were approved by the Management of the Company on 22 May 2024 and signed by:

Gocha Mezvrishvili,
Director generalIrakli Zakareishvili,
Finance managerKarina Kazaryan,
Chief accountant

SAKAERONAVIGATSIA LLC

As at and for the year ended December 31, 2023

(All amounts are in thousands of Georgian Lari unless stated otherwise)

STATEMENT OF CHANGES IN EQUITY

	Charter capital	Retained earnings	Total
Balance at 1 January 2022	37,200	99,166	136,366
Total comprehensive income	-	66,237	66,237
Contribution of equity	63	-	63
Balance at 31 December 2022	37,263	165,403	202,666
Balance at 1 January 2023	37,263	165,403	202,666
Total comprehensive income	-	52,897	52,897
Reduction in equity	(146)	-	(146)
Balance at 31 December 2023	37,117	218,300	255,417

The Financial Statements were approved by the Management of the Company on 22 May 2024 and signed by:



Gocha Mezvrishvili,
Director general



Irakli Zakareishvili,
Finance manager



Karina Kazaryan,
Chief accountant

SAKAERONAVIGATSIA LLC

As at and for the year ended December 31, 2023

(All amounts are in thousands of Georgian Lari unless stated otherwise)

NOTES TO FINANCIAL STATEMENTS

1. General information

These financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2023 for Sakaeronavigatsia LLC (the "Company").

The Company was established as a state-owned company on 19 December 1995 and registered as a limited liability company on 6 December 1999 (court registration number N714-1327). The Company's principal activity is to provide air-traffic control and navigation services within the airspace of Georgia, as well as air-traffic control for landing and take-offs and related airport services in Tbilisi, Batumi, Kutaisi and Mestia.

Since January 1, 2014 Georgia became 40th member of EUROCONTROL, the European Organization for the Safety of Air Navigation. EUROCONTROL is a civil-military organization committed to building, together with its partners, a Single European Sky that will deliver the air traffic management (ATM) performance required for the twenty-first century and beyond.

The Company's registered address is Tbilisi Airport 0158, Georgia.

The average number of employees during 2023 was 816 (2022: 829).

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1. Basis of preparation – statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.2. Presentation currency

All amounts in these financial statements are in Georgian lari (GEL), unless otherwise stated.

2.3. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments - Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial instruments - Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);

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- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

2.4. Financial assets at amortised cost

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

2.5. Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Financial risk management - note 21;
- Trade receivables - note 10;

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For balances held at credit institutions ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). However, for those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.6. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; Or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability.

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The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.7. Financial liabilities - Initial recognition and measurement

Financial liabilities that the Company has, including loans received, trade and other payables, are initially recognized at fair value plus directly attributable transaction costs.

After initial recognition, these are measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.8. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.9. Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price including import duties and non-refundable purchase taxes and other directly attributable costs. When an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes directly attributable expenditures, site preparation, installation and assembly costs, professional fees and for qualifying asset, borrowing costs capitalized in accordance with Company's accounting policy.

Property and equipment transferred from the Ministry of Economy and Sustainable Development of Georgia for the purpose of replenishment of the Company's charter capital are recognized at the value determined by the independent appraiser for individual assets transferred. Subsequent to recognition, these assets are measured at cost less accumulated depreciation and impairment losses.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Expenditure to replace a component of an item of property and equipment that is accounted for separately is capitalized with the carrying amount of the component being written off. Other subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in profit or loss.

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use. The estimated useful lives are as follows:

	Estimated useful life (years)
Buildings	20
Machinery and equipment	10
Fixtures and fittings	8; 10
Office equipment	5; 8; 10
Vehicles an helicopter	9 - 59

2.10. Intangible assets

Intangible assets, which are acquired by the Company and which have finite useful lives, are stated at cost less accumulated amortization and impairment losses.

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, which is estimated at 5 years.

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2.11. Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

2.12. Trade and other receivables

Trade and other receivables are carried at amortised cost using the effective interest method.

2.13. Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

2.14. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in other non-current assets.

2.15. Charter capital

The amount of Company's authorised charter capital is defined by the Company's Charter. The changes in the Company's Charter (including changes in Charter capital, ownership, etc.) shall be made only based on the decision of the Company's shareholders. The authorised capital is recognised as charter capital in the equity of the Company upon shareholder's resolution.

2.16. Borrowings

Borrowings are carried at amortised cost using the effective interest method.

2.17. Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale. The Company capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Company's average funding cost (the weighted average interest costs applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

2.18. Provisions for liabilities and charges

Provisions for liabilities and charges are nonfinancial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.19. Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are carried at amortised cost using the effective interest method.

2.20. Foreign currency translation

The functional currency of the Company is the currency of the primary economic environment in which the entity operates. The functional currency of the Company, and the Company's presentation currency, is the national currency of Georgia ("GEL").

Monetary assets and liabilities are translated into the entity's functional currency at the official exchange rate of the Central Bank of Georgia ("NBC") at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement

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of the transactions and from the translation of monetary assets and liabilities into the entity's functional currency at year-end official exchange rates of the NBG are recognised in profit or loss as finance income or costs. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity Investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

At 31 December 2023 the principal rate of exchange used for translating foreign currency balances was USD 1 = GEL 2.6894 and EUR 1 = GEL 2.9753 (2022: USD 1 = GEL 2.7020 and EUR 1 = GEL 2.8844).

2.21. Revenue recognition

Sales of services are recognised in the accounting period in which the services are rendered, by using immediate recognition method. Sales are shown net of VAT (where applicable).

2.22. Employee benefits

Wages, salaries, annual leave and sick leave, bonuses and other benefits (meals, accommodation, transportation, etc.) are accrued in the period in which the associated services are rendered by the employees of the Company. The Company has no legal or constructive obligation to make pension or similar benefit payments.

2.23. Amendment of the financial statements after issue

Any changes to these financial statements after issue require approval of the Company's management who authorised these financial statements for issue.

3. Critical accounting estimates, and judgments in applying accounting policies

The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next

Useful lives of property and equipment. The estimation of the useful lives of items of property and equipment is a matter of judgement based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Company. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

Allowance for doubtful debts. The Company regularly reviews its receivables to assess impairment. The Company uses its judgment to estimate the amount of any impairment loss. Management believes that allowance for uncollectable amounts presented in notes 10 is stated in accordance with IFRS .

Going concern. Management prepared these financial statements on a going concern basis, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business.

4. New and amended standards which became effective from 1 January 2023

The following amended standards became effective from 1 January 2023, but did not have any material impact on the Company:

Title	Key requirements	Effective date
IFRS 17 <i>Insurance Contracts</i>	<p>IFRS 17 was issued in May 2017 as replacement for IFRS 4 <i>Insurance Contracts</i>. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none">discounted probability-weighted cash flowsan explicit risk adjustment, anda contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.	1 January 2023

SAKAERONAVIGATSIA LLC

As at and for the year ended December 31, 2023

(All amounts are in thousands of Georgian Lari unless stated otherwise)

Title	Key requirements	Effective date
	<p>The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.</p> <p>An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for eligible groups of insurance contracts, which are often written by non-life insurers.</p> <p>There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.</p> <p>The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.</p> <p>Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023.</p> <p>Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.</p>	
<p><i>Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2</i></p>	<p>The IASB amended IAS 1 <i>Presentation of Financial Statements</i> to require entities to disclose their <i>material</i> rather than their <i>significant</i> accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.</p> <p>To support this amendment, the IASB also amended IFRS Practice Statement 2 <i>Making Materiality Judgements</i> to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p>	<p>1 January 2023</p>
<p><i>Definition of Accounting Estimates – Amendments to IAS 8</i></p>	<p>The amendment to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.</p>	<p>1 January 2023</p>
<p><i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12</i></p>	<p>The amendments to IAS 12 <i>Income Taxes</i> require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities.</p> <p>The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary</p>	<p>1 January 2023</p>

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Title	Key requirements	Effective date
	<p>differences associated with:</p> <ul style="list-style-type: none"> • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. <p>The cumulative effect of recognising these adjustments is recognised in the opening balance of retained earnings, or another component of equity, as appropriate.</p> <p>IAS 12 did not previously address how to account for the tax effects of on- balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.</p>	
<p>OECD Pillar Two Rules</p>	<p>In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules (the Global Anti- Base Erosion Proposal, or 'GloBE') to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate.</p> <p>In May 2023, the IASB made narrow-scope amendments to IAS 12 which provide a temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules.</p> <p>The amendments also require affected companies to disclose:</p> <ul style="list-style-type: none"> • the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes • their current tax expense (if any) related to the Pillar Two income taxes, and • during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, known or reasonably estimable information that would help users of financial statements to understand an entity's exposure to Pillar Two income taxes arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure. <p>** The amendments must be applied immediately, subject to any local endorsement process, and retrospectively in accordance with IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>.</p> <p>However, the disclosures about the known or reasonably estimable exposure to Pillar Two income taxes are only required for annual reporting periods beginning on or after 1 January 2023 and do not need to be made in interim financial reports for interim periods ending on or before 31 December 2023.</p>	<p>Immediately, except for certain disclosures</p>

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5. New accounting pronouncement which are effective after 31 December 2023

The Company has not early adopted any of the amendments effective after 31 December 2023 and it expects they will have an insignificant effect, when adopted, on the financial statement of the Company:

Title	Key requirements	Effective date
<p><i>Classification of Liabilities as Current or Non-current – Amendments to IAS 1</i></p> <p><i>Non-current Liabilities with Covenants – Amendments to IAS 1</i></p>	<p>Amendments made to IAS 1 <i>Presentation of Financial Statements</i> in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).</p> <p>Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.</p> <p>The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:</p> <ul style="list-style-type: none"> • the carrying amount of the liability • information about the covenants, and • facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants. <p>The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.</p> <p>The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.</p>	<p>1 January 2024</p>
<p><i>Lease Liability in a Sale and Leaseback – Amendments to IFRS 16</i></p>	<p>In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 <i>Leases</i> which explain how an entity accounts for a sale and leaseback after the date of the transaction.</p> <p>The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.</p>	<p>1 January 2024</p>
<p><i>Supplier finance arrangements</i></p> <p><i>– Amendments to IAS 7 and IFRS 7</i></p>	<p>The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> falls short of meeting user information needs.</p> <p>The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:</p> <p>The terms and conditions of SFAs.</p> <ol style="list-style-type: none"> 1. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented. 2. The carrying amount of the financial liabilities in (b) for which suppliers have already 	<p>1 January 2024</p>

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Title	Key requirements	Effective date
	<p>received payment from the finance providers.</p> <ol style="list-style-type: none">3. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.4. Non-cash changes in the carrying amounts of financial liabilities in (b).5. Access to SFA facilities and concentration of liquidity risk with finance providers. <p>The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.</p>	

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6. Property and equipment

	Land and buildings	Machinery and equipment	Fixtures and fittings	Office equipment	Vehicles	Construction in progress	Total
Historic value at 01.01.2022	69,631	187,236	7,752	12,233	15,356	15,958	308,166
Accumulated depreciation	(23,914)	(128,695)	(6,160)	(8,828)	(4,035)	-	(171,632)
Impairment reserve	-	-	-	-	-	(2,419)	(2,419)
Carrying amount at 01.01.2022	45,717	58,541	1,592	3,405	11,321	13,539	134,115
Additions	111	297	271	3,442	212	5,784	10,117
Transfers of cost	4,029	11,070	30	3	-	(15,132)	-
Transfers of depreciation	-	-	-	-	-	-	-
Disposals	(4)	(10,279)	(11)	(190)	(24)	(2,611)	(13,119)
Elimination of depreciation on disposals	4	10,279	11	190	24	-	10,508
Impairment Reserve	-	-	-	-	-	2,419	2,419
Depreciation charge	(2,861)	(10,155)	(360)	(1,499)	(576)	-	(15,451)
Carrying amount at 31.12.2022	46,996	59,753	1,533	5,351	10,957	3,999	128,589
Historic value at 31.12.2022	73,767	188,324	8,042	15,488	15,544	3,999	305,164
Accumulated depreciation	(26,771)	(128,571)	(6,509)	(10,137)	(4,587)	-	(176,575)
Carrying amount at 31.12.2022	46,996	59,753	1,533	5,351	10,957	3,999	128,589
Historic value at 01.01.2023	73,767	188,324	8,042	15,488	15,544	3,999	305,164
Accumulated depreciation	(26,771)	(128,571)	(6,509)	(10,137)	(4,587)	-	(176,575)
Carrying amount at 01.01.2023	46,996	59,753	1,533	5,351	10,957	3,999	128,589
Additions	155	611	98	1,655	1,514	12,960	16,993
Transfer	1,793	10,259	28	(28)	-	(13,208)	(1,156)
Write-Off	-	-	-	-	(398)	-	(398)
Elimination of depreciation on write-off	-	-	-	-	239	-	239
Depreciation charge	(2,929)	(10,329)	(376)	(1,760)	(735)	-	(16,129)
Carrying amount at 31.12.2023	46,015	60,294	1,283	5,218	11,577	3,751	128,138
Historic value at 31.12.2023	75,715	199,194	8,168	17,115	16,660	3,751	320,603
Accumulated depreciation	(29,700)	(138,900)	(6,885)	(11,897)	(5,083)	-	(192,465)
Carrying amount at 31.12.2023	46,015	60,294	1,283	5,218	11,577	3,751	128,138

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7. Intangible assets

	Licenses	Software	Total
Historic value at 01.01.2022	3,791	3,433	7,224
Accumulated amortization	(2,477)	(2,929)	(5,406)
Carrying amount at 01.01.2022	1,314	504	1,818
Additions	433	-	433
Amortization charge	(423)	(318)	(741)
Carrying amount at 31.12.2022	1,324	186	1,510
Historic value at 01.01.2023	4,224	3,433	7,657
Accumulated amortization	(2,900)	(3,247)	(6,147)
Carrying amount at 01.01.2023	1,324	186	1,510
Additions	825	537	1,362
Transfer	1,157	-	1,157
Amortization charge	(805)	(274)	(1,079)
Carrying amount at 31.12.2023	2,501	449	2,950
Historic value at 31.12.2023	6,206	3,970	10,176
Accumulated amortization	(3,705)	(3,521)	(7,226)
Carrying amount at 31.12.2023	2,501	449	2,950

8. Restricted cash

	31.12.2023	31.12.2022
Restricted cash under the pension scheme	2,000	2,000
Restricted cash under the bank loan	15	5
Total restricted cash	2,015	2,005

In 2015 the Company has registered a non-state retirement benefit scheme. The arrangement is a defined contribution plan in which contributions are shared between the Company and voluntarily participating employees at 18% and 7% of base salary cost, respectively.

As of 31 December 2023, 593 Employees of Airnavigation LTD participated in the benefit scheme (2022:585). The cash assets of the pension scheme include securities and demand deposit assets as shown in the table below.

The legislation requires the founder of a non-state retirement benefits scheme to set up and maintain at all times pension fund equity of at least 2 million GEL. As of 31 December 2023, equity amounted to 2,000, the Company deposited 2,000 GEL in a special account in the bank as the fund's equity. This guarantee asset is reported as a long-term asset – restricted cash in the statement of financial position. Cash in excess of 2,000 GEL is voluntarily restricted to pension funds by the Company but can be withdrawn for its needs as and if required.

The contributions to the scheme commenced in 2017, the Company's share in 2023 amounted to 5,716 (2022: 5,043). The Company's accrued contribution payable at 31 December 2023 is 486 GEL (2022: 422 GEL)

The overview of the Company's Retirement Benefit Scheme for year 2023 is:

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	Balance 31.12. 2022	Interest income	Social Contributions	Invest- ment Profit	Transac- tion Cost	Transfer	Pension payments	Balance 31.12. 2023
Pension Fund Assets:								
Special Account (Bank) and interest receivable	2,122	305	-	-	-	-	-	2,427
Cash & short term deposits	2,019	6	-	-	-	-	-	2,025
Receivables	103	299	-	-	-	-	-	402
Net assets available for benefits	27,329	-	5,716	3,304	(196)	-	(915)	35,238
Securities	1,586	-	-	151	-	(157)	-	1,580
Cash & short term deposits	9,607	-	5,230	1,446	(6)	(3,866)	(915)	11,496
Long term deposits	15,820	-	-	1,707	-	4,339	-	21,866
Receivables	422	-	486	-	-	(422)	-	486
Payables	(106)	-	-	-	(190)	106	-	(190)
Total Assets	58,902	610	11,432	6,608	(392)	-	(1,830)	75,330
Net Worth:								
Pension Fund Equity	2,000	-	-	-	-	-	-	2,000
Total Net Worth	2,000	-	-	-	-	-	-	2,000
Liabilities:								
Insurance technical reserves	27,329	-	5,716	3,304	(196)	-	(915)	35,238
Accounts payable	122	305	-	-	-	-	-	427
Total Liabilities	27,451	305	5,716	3,304	(196)	-	(915)	35,665
Total Liabilities and Net Worth	29,451	305	5,716	3,304	(196)	-	(915)	37,665

The overview of the Company's Retirement Benefit Scheme for year 2022 is:

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	Balance 31.12. 2021	Interest income	Social Contributions	Invest- ment Profit	Transac- tion Cost	Transfer	Pension payments	Balance 31.12. 2022
Pension Fund Assets:								
Special Account (Bank) and interest receivable	2,429	295	-	-	-	(602)	-	2,122
Cash & short term deposits	2,020	21	-	-	-	(22)	-	2,019
Receivables	409	274	-	-	-	(580)	-	103
Net assets available for benefits	20,435	-	5,043	2,331	(113)	-	(367)	27,329
Securities	650	-	-	155	-	781	-	1,586
Cash & short term deposits	4,913	-	4,621	1,080	(7)	(633)	(367)	9,607
Long term deposits	14,605	-	-	1,096	-	119	-	15,820
Receivables	368	-	422	-	-	(368)	-	422
Payables	(101)	-	-	-	(106)	101	-	(106)
Total Assets	22,864	295	5,043	2,331	(113)	(602)	(367)	29,451
Net Worth:								
Pension Fund Equity	2,000	-	-	-	-	-	-	2,000
Total Net Worth	2,000	-	-	-	-	-	-	2,000
Liabilities:								
Insurance technical reserves	20,435	-	5,043	2,331	(113)	-	(367)	27,329
Accounts payable	429	295	-	-	-	(602)	-	122
Total Liabilities	20,864	295	5,043	2,331	(113)	(602)	(367)	27,451
Total Liabilities and Net Worth	22,864	295	5,043	2,331	(113)	(602)	(367)	29,451

9. Inventories

	31.12.2023	31.12.2022
Spare parts	5,688	5,356
Other	84	84
Total inventories	5,772	5,440

10. Trade and other receivables

	31.12.2023	31.12.2022
Trade receivables	32,167	39,634
Provision for impairment	(4,822)	(7,273)
Net trade receivables	27,345	32,361
Prepayments for goods and services	1,407	712
Prepayment Net	1,407	712
Restricted cash under the pension scheme	402	103
Other financial receivables	8	16
Prepaid taxes	752	492
Net financial assets at amortized cost	1,162	611
Total financial assets in trade and other receivables	29,914	33,684

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<i>Increase/(decrease) of provision for impairment</i>		
	31.12.2023	31.12.2022
As at January 1	7,273	5,587
Charge for the year	330	1,686
Write-off	(2,781)	-
As at December 31	4,822	7,273

11. Cash and cash equivalents

	31.12.2023	31.12.2022
Bank balances payable on demand – Local currency	13,885	1,050
Bank balances payable on demand – Foreign currency (EUR)	74,164	38,343
Bank balances payable on demand – Foreign currency (USD)	114	10
Total cash and cash equivalents	88,163	39,403

12. Borrowings

	31.12.2023	31.12.2022
Long term loan – Ministry of finance of Georgia (MOF)	2,423	2,533
Current portion of long-term loan – Ministry of finance of Georgia	724	1,127
Total borrowings	3,147	3,660

As at 31.12.2023:

	Grant Date	Maturity Date	Effective interest rate per annum	Outstanding amount in original currency (EUR)	Outstanding amount in GEL
loan – Ministry of finance of Georgia (MOF)					
Tranche 1 of MoF loan	19/02/2009	31/03/2027	24.00%	226	671
Tranche 2 of MoF loan	23/05/2009	30/06/2027	16.76%	970	2,885
Tranche 3 of MoF loan	29/09/2009	30/09/2027	9.54%	197	587
Total borrowings				1,393	4,143

As at 31.12.2022:

	Grant Date	Maturity Date	Effective interest rate per annum	Outstanding amount in original currency (EUR)	Outstanding amount in GEL
loan – Ministry of finance of Georgia (MOF)					
Tranche 1 of MoF loan	19/02/2009	31/03/2027	24.00%	188	543
Tranche 2 of MoF loan	23/05/2009	30/06/2027	16.76%	878	2,532
Tranche 3 of MoF loan	29/09/2009	30/09/2027	9.54%	203	585
Total borrowings				1,269	3,660

Linking of represented Borrowings with Cash flows from financing activities in statement of Cash flow is given below:

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	2023	2022
Borrowings at January 1	3,660	22,640
Interest expense	539	1,454
Repayment of borrowings and interest	(1,153)	(16,068)
Exchange gains (losses)	101	(4,366)
Borrowings at December 31	3,147	3,660

The company's borrowings are denominated in EUR.

The Company does not apply hedge accounting and has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures.

13. Trade and other payables

	31.12.2023	31.12.2022
Salaries payable	3,488	3,222
Trade payables	1,963	1,152
Other payables	4	5
Total trade and other payables	5,455	4,379

14. Analysis of revenue by categories

	31.12.2023	31.12.2022
Revenue from air navigation services to transit flights	114,414	127,072
Revenue from take-off and landing services	39,754	31,798
Other income	431	173
Total revenues	154,599	159,043

Revenue is generated on a short- term contracts and recognized at the point of time.

15. Staff costs

	2023	2022
Salary expense	42,057	36,116
Supplement for the years of service	6,096	5,200
Non state pension fund (company share 18%)	5,208	4,593
Bonuses	6,299	3,854
Employee health insurance	2,156	1,915
State pension fund	815	674
Other benefits	968	642
Other benefits	63,599	52,994

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16. Other operating expenses

	2023	2022
Training of technical staff	2,190	555
Repair and maintenance expenses	4,679	6,289
Eurocontrol contribution	2,639	2,456
Business trips	3,101	1,591
Taxes other than income tax	1,328	1,309
Other expenses	2,709	1,175
Insurance expenses	2,663	2,377
Utility expenses	887	680
Test flights	491	997
Communication expenses	1,398	1,416
Georgian Civil Aviation Agency Fee	812	764
Materials and spare parts	581	336
Provision for doubtful receivables	315	2,218
Transportation and fuel	371	510
Eurocontrol administration cost	319	497
Auditor service	97	98
Total other operating expenses	24,580	23,268

17. Finance gain/(loss) (net)

	2023	2022
Interest income	538	212
Interest income (pension fund)	305	295
Foreign exchange gain/(loss)	2,937	256
Interest expense	(540)	(1,454)
Total finance gain/(loss) (net)	3,240	(691)

18. Contingencies and commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these financial statements.

Tax legislation. Georgian tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant authorities. The Georgian tax authorities may be taking a more assertive and sophisticated approach in their interpretation of the legislation and tax examinations and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed.

Environmental matters. The enforcement of environmental regulation in Georgia is evolving and the enforcement posture of government authorities is continually being reconsidered. The Company periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognized immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

19. Financial risk management

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk, credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimize operational and legal risks.

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Credit risk. The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets. The Company's maximum exposure to credit risk by class of assets is as follows:

	31.12.2023	31.12.2022
Trade and other receivables		
Trade receivables	27,345	32,361
Restricted cash	2,015	2,005
Cash and cash equivalents		
Bank balances payable on demand	88,163	39,403
Total maximum credit risk of the company by asset groups	117,523	73,769

Cash on current account and short-term deposits - The Company manages the credit risk by depositing the majority of available cash with well-known banks in Georgia. Management of the Company continually monitors the status of the banks.

Trade receivables – The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss (ECL) allowance for all trade receivables. The Company calculate the individual lifetime ECLs for each receivable. The expected loss amounts are based on the payment profiles of sales over a past period of and the corresponding historical credit losses experienced within this period. Considering the nature of operation and trade receivable portfolio the historical loss rates are not adjusted to reflect current and forward- looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the loss allowances are stated below:

31 December 2023 is as follows:

	On demand	Up to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	More than 1 year	Total
Trade and other receivables	-	28,653	567	325	276	4,915	34,736
Bank balances payable on demand	88,163	-	-	-	-	-	88,163
Restricted cash	2,015	-	-	-	-	-	2,015
Total financial assets	90,178	28,653	567	325	276	4,915	124,914
Impairment of trade and other receivables	-	(154)	(87)	(173)	(223)	(4,185)	(4,822)
Net financial assets	90,178	28,499	480	152	53	730	120,092

31 December 2022 is as follows:

	On demand	Up to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	More than 1 year	Total
Trade and other receivables	-	31,642	718	343	881	6,050	39,634
Bank balances payable on demand	39,403	-	-	-	-	-	39,403
Restricted cash	2,005	-	-	-	-	-	2,005
Total financial assets	41,408	31,642	718	343	881	6,050	81,042
Impairment of trade and other receivables	-	(332)	(271)	(238)	(737)	(5,695)	(7,273)
Net financial assets	41,408	31,310	447	105	144	355	73,769

Market risk. The Company takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

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Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated for example, changes in interest rate and changes in foreign currency rates.

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total. The positions are monitored monthly. The table below summarizes the Company's exposure to foreign currency exchange rate risk at the end of the reporting period.

	31.12.2023			31.12.2022		
	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
Georgian Lari	16,455	4,167	12,288	1,066	1,157	(91)
US Dollars	114	-	114	10	-	10
Euros	101,508	4,435	97,073	70,704	3,660	67,044
Total	118,077	8,602		71,780	4,817	

The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Company entities, with all other variables held constant:

	31.12.2023		31.12.2022	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
US Dollar strengthening by 10%	11	-	1	-
US Dollar weakening by 10%	(11)	-	(1)	-
Euro strengthening by 10%	9,707	-	6,704	-
Euro weakening by 10%	(9,707)	-	(6,704)	-

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Company.

Interest rate risk. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Company's interest-bearing assets include bank term deposits when available.

The Company's interest rate risk arises mainly from borrowings. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company does not have formal policies and procedures in place for management of interest rate risks as management considers this risk as insignificant to the Company's business. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favorable to the Company over the expected period until maturity.

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Management monitors monthly rolling forecasts of the Company's cash flows. The Company seeks to maintain a stable funding base primarily consisting of operating cash flows, and customer prepayments.

The table below shows liabilities by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows.

Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of financial liabilities at 31 December 2023 is as follows:

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	Less than 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities					
Borrowings	636	636	4,678		5,950
Trade and other payables	1,967	-	-	-	1,967
Total unamortized contractual cash flows	2,603	636	4,678	-	7,917

The maturity analysis of financial liabilities at 31 December 2022 is as follows:

	Less than 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities					
Borrowings	592	589	4,106	-	5,287
Trade and other payables	1,157	-	-	-	1,157
Total unamortized contractual cash flows	1,749	589	4,106	-	6,444

Management of capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends, return or increase owners equity or sell assets to reduce debt. Other than the policy to maintain loan covenants there have been no changes in the Company's approach to the management of capital during the 2022 year, see details of the loans in note 12.

20. Fair value of financial assets and liabilities

Assets for which fair value approximates carrying value - For financial assets (Bank balances, short term trade receivable) and financial liabilities (short term trade payables) that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value.

Financial liabilities carried at amortized cost - The fair value of interest-bearing loans and borrowings is estimated by discounting future cash flows using rates currently available for loans on similar terms, credit risk and remaining maturities. (level 3 fair value hierarchy in accordance with IFRS 13 – fair values measurement). Management believes that the fair values of financial liabilities of the Company are approximate to their carrying amounts.

21. Presentation of financial instruments by measurement category

In accordance with IFRS 9 For purposes of subsequent measurement, financial assets are classified in four categories: financial assets at amortised cost; financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments); financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); financial assets at fair value through profit or loss.

All the company financial assets are classified as the financial assets at amortised cost category. The following table provides a breakdown of this category of financial asset by balance sheet items:

	31.12.2023	31.12.2022
Financial assets at amortized cost		
- Trade receivables	27,345	32,361
- Bank balances payable on demand	88,163	39,403
- Other financial receivables	1,407	712
Total Financial assets	116,915	72,476
Financial liabilities at amortized cost		
- Trade payables	1,967	1,157
- Borrowings	3,147	3,660
Total Financial liabilities	5,114	4,817

All of the Company's financial liabilities are carried at amortized cost.

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22. Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

As of December 31, 2022, December 31, 2021 and January 1, 2021 the Company's immediate and ultimate parent and controlling party was the Government of Georgia represented by the Ministry of Economy and Sustainable Development of Georgia (the "MoESD"). In the normal course of business, the Company provides air navigation services to certain parties for which the MoESD assumes the payment liability to the Company.

All state entities represent the related party for the Company. Other than transactions and balances with persons mentioned in the previous paragraph, Company uses exemption provided in IAS-24 par 25 and does not provide related party information related to that state entities.

As at and for the year ended 31.12.2023 the Company had the following transactions and outstanding balances with the related parties:

	Government of Georgia	Key management
Transactions:		
Interest expenses	539	-
reimbursement of revenues from exempting flights	342	-
short-term benefits	-	1,772
contributions to retirement fund	-	297
Balances:		
Borrowings	3,147	-

As at and for the year ended 31.12.2022 the Company had the following transactions and outstanding balances with the related parties:

	Government of Georgia	Key management
Transactions:		
Interest expenses	1,142	-
reimbursement of revenues from exempting flights	386	-
short-term benefits	-	1,488
contributions to retirement fund	-	254
Balances:		
Borrowings	3,660	-

23. Events after the reporting period

There have been no other after reporting date events that require additional adjustments or disclosure in the financial statements.

Approval of financial statement. The management on 22 May 2024 has approved financial statement, Company's owners have the power to amend the financial statements after issue.

About Baker Tilly

Baker Tilly is a full-service accounting and advisory firm that offers industry specialised services in assurance, tax and advisory.

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