

# Non-State Pension Scheme

Annual Report 2021



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## 2021 IN BRIEF

In 2021 the overall performance of the Fund was +10.3%. Annual return since creation increased to +10%, Overall profit since creation increased to GEL 4,062,510.54.

In August 2021, the NBG became an ordinary member of the International Organization of Securities Commissions (IOSCO).<sup>81</sup> The NBG had been granted the status of an associate member of the IOSCO in 2018, and subsequently applied for ordinary membership in the fall of 2019. Ordinary membership of IOSCO confirms that the regulatory framework of the Georgian securities market is harmonized with internationally recognized standards, while considering the level of development of the Georgian securities market. Ordinary membership of the IOSCO will increase investor trust and interest in Georgian securities, contribute to the country's international integration, and enhance the NBG's reputation as a regulator of the securities market.

The work of the Financial Sector Assessment Program (FSAP) of the International Monetary Fund (IMF) and the World Bank was successfully completed in 2021. After examining local legal, regulatory and supervisory practices, the World Bank experts assessed the Georgian securities market's compliance with international standards, including the IOSCO principles. The NBG received a positive evaluation in terms of the securities market's regulatory framework environment. According to the assessment report, since 2017, the NBG has made efficient steps in developing a proper regulatory framework and adhering to international standards.

The Corporate Governance Code for Issuers of Public Securities was adopted in December 2021, with the involvement and cooperation of the World Bank and the International Finance Corporation (IFC). The code is based on international best practice and improves accountability for enterprises, ensures dynamic communication with stakeholders, and guarantees investor protection. This will help enterprises to achieve their long-term goals and increase investor trust, which will ultimately contribute to broadening the investor base, including both domestic and international investors. Based on international best practice, the code incorporates the standards of different countries, international organizations and the European Union, and is in accordance with the OECD's Principles of Corporate Governance, as well as the European Commission's 2014 and 2015 recommendations.

The following table presents the financial status of the non-state pension fund of Sakaeronavigatsia Ltd. and the main categories of pension schemes according to the statistical data of 2020-2021.

	31/12/2021	31/12/2020
<b>Financial Position</b>		
Pension Fund Capital	2,000,000	2,001,030
Insurance Technical Reserves	20,435,138	14,784,337
Social Contributions	4,413,436	4,118,815
Benefits Paid	530,341	129,508
Investment Profit	1,767,707	1,190,435
<b>Social Contributions</b>		
Employer Social Contribution (%)	18.0%	18.0%
Employee Social Contribution (%)	7.0%	7.0%
Beneficiaries	6	1
Benefits Paid/Number of Participants	22	8
Participants	580	587
<b>Investment Profit</b>		
Profit since Creation	4,062,511	2,294,804
Annualised Return since Creation	10.00%	9.80%
Return of the Period	10.29%	10.10%

## MESSAGE FROM THE CHAIRMAN OF THE PENSION FUND SUPERVISORY BOARD

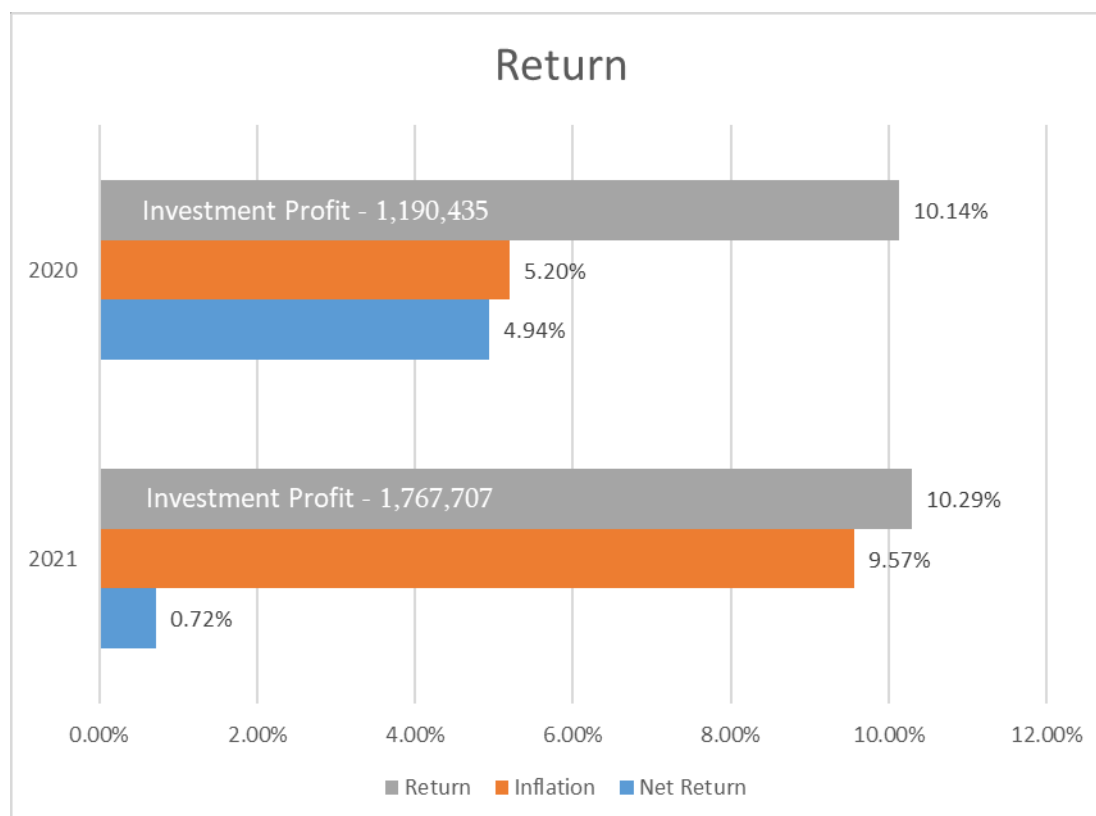
The Pension Fund Supervisory Board (PFSB) of Sakaeronavigatsia pension fund has pleasure in presenting the Sakaeronavigatsia Pension Fund Annual Report for 2021.

As in previous years, 2021 saw a growing trend in the bond market. This market segment grew by 8.8% and was 3.67% of GDP. Some 68% of the bonds were GEL denominated and issued by international financial institutions. Notably, such issuances by international financial institutions increased significantly, while corporate ones shrank slightly.

In contrast to the 54% increase in the treasury bond market observed in 2020, this figure declined by 5.29% in 2021, with its volume reaching 9.4% of GDP .

During the year, the pension scheme assets increased from GEL 14,784,337 to GEL 20,435,138. Additionally, 4,406,928 GEL has been invested and the investment profit of 2021 reached to GEL 1,767,707.

From the day of establishing a pension scheme, annual profitability is + 10%, cumulative profit since the creation of the scheme has reached 4,062,511 GEL. 2021 was a successful year for scheme with +10.3% profitability.



The Pension Scheme Asset Management is implemented by the Galt & Taggart Ltd and based on the contract signed with the Central Depository, according to the order of the LEPL “Insurance State Supervision Service of Georgia”, determining the permissible assets and their structure according to the approved rule.

The pension scheme is administered with international financial reporting standards and the best practices of internal control, which provides a periodic (quarterly) revision of the investment portfolio risk. In order to determine the acceptable risk, the asset management company, the Investment Committee and the Supervisory Board jointly analyze the following risk factors (interest rate risk, exchange rate risk, liquidity risk and defaults risk).

The overall investment profit (10.14%) in 2020 was increased (10.29%) in 2021, but the inflation in 2020 (5.2%) increased significantly (9.57%) and net profit decreased in 2021 from 4.94% to 0.72%.

The defaults risk is minimized by studying / analyzing the financial position of the issuer of the investment instrument and portfolio diversification. In 2021, 24 new deposits of Bank of Georgia, Tera Bank, Liberty Bank, Pasha Bank, TBC Bank, Basis Bank and Credo Bank were purchased for further diversification of portfolio.



NINO JIBUTI  
TBILISI, 30/05/2022



## REPORT OF THE PENSION FUND SUPERVISORY BOARD

### INTRODUCTION

Non-state pension scheme Sakaeronavigatsia Ltd was founded on December 30, 2015 based on the Order No. 07/1 of the Head of the LEPL “Insurance State Supervision Service of Georgia”. The Scheme is a professional pension scheme and only the employees, who have been employed for 24 months by Sakaeronavigatsia Ltd have right to join it. The pension scheme is not an independent legal entity and its administration is carried out by the internal Structural Unit of Sakaeronavigatsia Ltd, Non-State Pension Insurance and Provision department.

The table below shows the change of net assets of the pension scheme in 2021 under the main components of the pension scheme.

	<b>Assets of the Fund at 31/12/2020</b>	<b>14,784,337</b>
	<b>Income</b>	
+	Employer Social Contributions	3,177,674
+	Employee Social Contributions	1,235,762
	<b>Expenditures</b>	
-	Benefits Paid	(530,341)
±	Investment Result	1,876,270
-	Costs	(108,563)
	<b>Assets of the Fund at 31/12/2021</b>	<b>20,435,138</b>

Brief description of pension scheme and accounting policies are presented in the first and second note of the independent auditor's report. The rule of non-state pension scheme Sakaeronavigatsia Ltd is available at the following website: [www.pension.airnav.ge](http://www.pension.airnav.ge).

## GOVERNANCE AND ADMINISTRATION

### Pension Scheme Supervisory Board

Non-State Pension Scheme Supervisory Board is the ultimate authority, with the pension insurance and provision oversight function of the non-state pension scheme participants, protecting their interests in the cases as given in the law on Non-State Pension Insurance and Provision, setting pension Scheme rules according to Georgian legislation.

The members of the Supervisory Board for the purpose of registration of the Sakaeronavigatsia NonState Pension Scheme were elected on the basis of the Order #29 of September 3, 2000 of the LEPL "Insurance State Supervision Service of Georgia" at the meeting of the company's trade union on September 17, 2015. On November 30, 2018, a meeting of the Sakaeronavigatsia Trade Union and NonState Pension Scheme participants was invited to update the composition of the Supervisory Board members.

The supervisory board of the Sakaeronavigatsia Non-State Pension Scheme is composed of four members. Half of the members of the Supervisory Board are represented by participants of the Pension Scheme, while the other half is not part of the Pension Scheme:

	Name	Position
Chairman	Jibuti Nino	Corporate Manager of the Sakaeronavigatsia
Deputy Chairperson	Karanadze Levan	Deputy Director of the Civil Aviation Agency
Members	Koplatadze zurab	Head of Financial and Economic Analysis Department of the Civil Aviation Agency <sup>2</sup>
	Karasevi Roman	Air Traffic Controller of the Sakaeronavigatsia

Members of the Supervisory Board perform their duties without any remuneration. The Supervisory Board's regulation is uploaded on the Pension Scheme website [www.pension.airnav.ge](http://www.pension.airnav.ge).

### Investment Committee

The Investment Committee is a governing body established by Sakaeronavigatsia Ltd, as the founder of Non-State Pension Scheme, which oversees investments carried out by non-state pension scheme assets.

Investment Committee of the Non-State Pension Scheme of Sakaeronavigatsia Ltd consists of 5 members:



<b>Zakareishvili Irakli</b>	Financial Manager
<b>Turabelidze Sophio</b>	Deputy Director General on Eurocontrol Issues
<b>Jijelava Badri</b>	Head of Meteorological Department
<b>Odiashvili Tamar</b>	Head of Non-State Pension Insurance and Provision Department
<b>Karasevi Roman</b>	Air Traffic Controller

The members of the Investment Committee perform their duties without any remuneration. The Investment Committee's regulation is uploaded on the pension scheme website [www.pension.airnav.ge](http://www.pension.airnav.ge).

### Non-State Pension Insurance and Provision Department

Non-state pension scheme is governed by the non-state pension insurance and provision department of Sakaeronavigatsia in accordance with the requirements of the Georgian legislation, international standards and department's rules.

Non-state pension insurance and provision department of Sakaeronavigatsia LLC consists of 4 employees:

<b>Odiashvili Tamar</b>	Head of Department
<b>Kvezereli Ivane</b>	Financial Management Specialist
<b>Kharaishvili Giorgi</b>	Specialist on Legal Issues
<b>Gulordava Ana</b>	Coordinator

### Audit

The financial report of the Pension Scheme shall be subject to annual audit in compliance with the requirements of the LEPL "Insurance State Supervision Service of Georgia".

The audit company is selected by Sakaeronavigatsia Ltd according to the Georgian Law on Accounting, reporting and Audit.

## INVESTMENTS

Investment of Non-State Pension Scheme Assets is regulated by the decree of the Head of the LEPL “Insurance State Supervision Service of Georgia” on Approval of the Rule for Determining the Allowable Assets and Their Structure for Covering Insurance Reserves.

### Asset Management Company

According to the requirements of Article 12 of the Law of Georgia on Non-State Pension Insurance and Provision pension assets investment is implemented by licensed asset management company with the Central Depository.

The Pension Asset Management Agreement (Galt & Taggart) was signed on May 24, 2017, as a result of the competition conducted on April 5, 2017 by the Working Group created for the establishment of the Non-State Pension Scheme of Sakaeronavigatsia Ltd. The contract was renewed on May 22, 2019. Also, a trilateral agreement has been signed on specialized depository services. Additional information about the asset management company can be found at website: [www.galtandtaggart.com](http://www.galtandtaggart.com).

### Investment Strategy

The long-term goal of pension scheme investment policy is to ensure the stability of pension assets. Accordingly, the current investment strategy provides low risk for stabilizing income. In order to achieve this goal and considering the capital market structure in Georgia, the pension scheme assets are available only within three types of financial instruments: state securities, deposits and current deposits. Investments made since the establishment of the Pension Scheme are fully in compliance with the limits established by the LEPL “Insurance State Supervision Service of Georgia”.

Asset Category	Lower Limit	Allocation	Upper Limit
State Securities	0%	2%	50%
Securities	0%	1%	15%
Deposits in Banks	0%	86%	90%
Current Deposits	10%	11%	100%

At the end of 2021, the government's debt securities accounted for 2%, Securities 1%, deposits of banking institutions 86% and current deposit 11%. Diversification of the pension assets by the Asset Management Company in 2021 was carried out as per the above mentioned four categories:

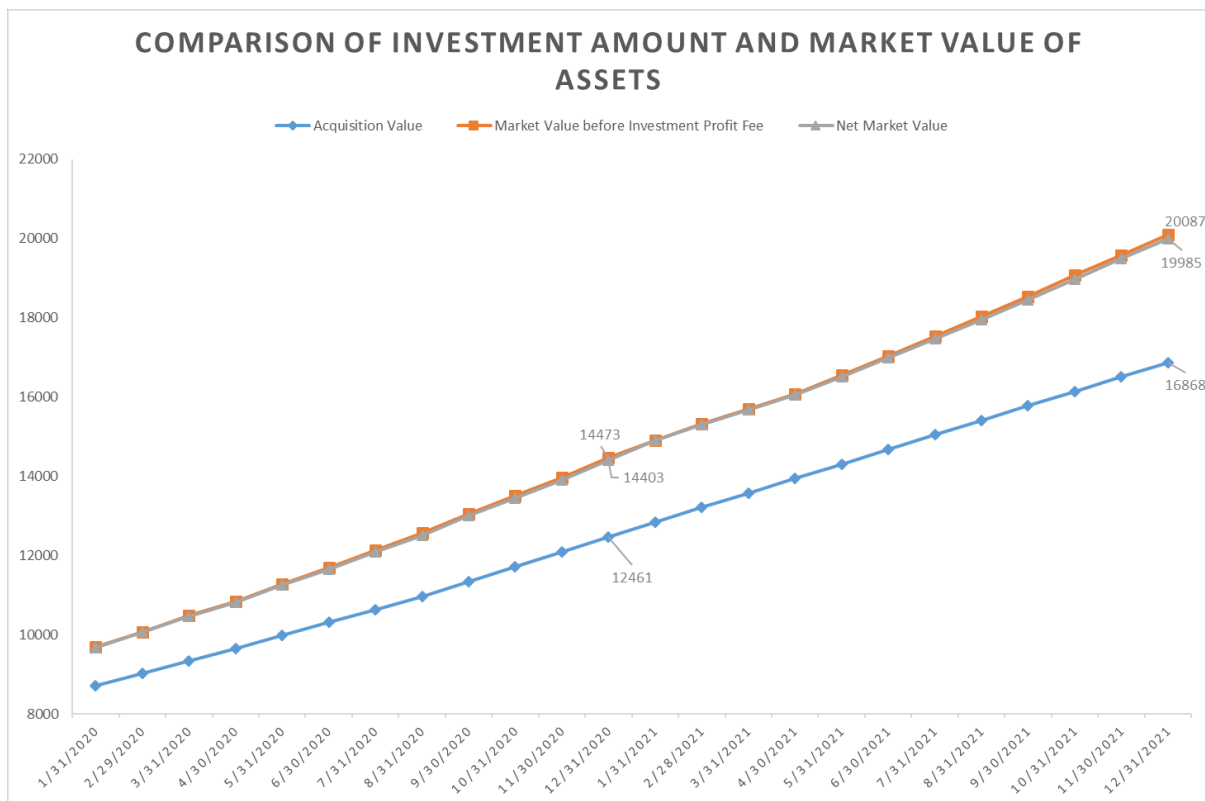
Asset Category	Lower Limit	Allocation	Upper Limit
Treasury bonds	0%	2%	30%
<b>State Securities</b>	<b>0%</b>	<b>2%</b>	<b>50%</b>
Evex Bonds	0%	1%	3%
<b>Securities</b>	<b>0%</b>	<b>1%</b>	<b>15%</b>
Certificate of Deposit of BOG	0%	19%	30%
Certificate of Deposit of Tera Bank	0%	9%	30%
Certificate of Deposit of Liberty Bank	0%	19%	30%
Certificate of Deposit of Pasha Bank	0%	14%	30%
Certificate of Deposit of TBC	0%	4%	30%
Certificate of Deposit of Basis Bank	0%	12%	30%
Certificate of Deposit of Credo Bank	0%	9%	30%
<b>Deposits in Banks</b>	<b>0%</b>	<b>86%</b>	<b>90%</b>
Current Deposit of BOG	0%	2%	20%
Current Deposit of Liberty Bank	0%	2%	20%
Current Deposit of Credo Bank	0%	7%	20%
<b>Current Deposits</b>	<b>10%</b>	<b>11%</b>	<b>100%</b>

Since the entry into operation of the pension scheme (March 1, 2017) 16,868,270.53 GEL was invested. The market value of these investments amounted to 19,985,345.13 GEL as of 31 December 2021, which corresponds to the 10.29% annual profitability.

The following table presents the return (without excluding inflation) of 2020-2021 and annual net return (excluding inflation) from making the Pension Scheme operational.

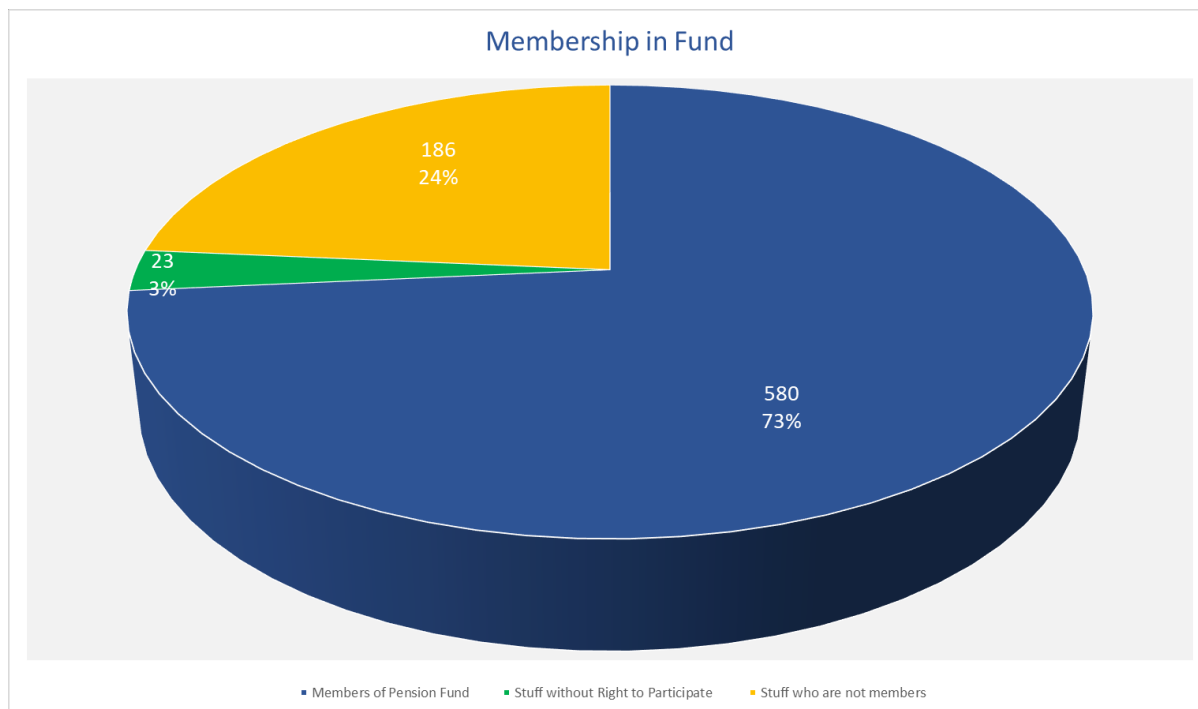
Year	2021	2020	2020-2021
Return	10.3%	10.1%	10.2%
Inflation	9.6%	5.2%	7.4%
Net Return	0.7%	4.9%	2.9%

The chart below shows the difference between the acquisition value and the market value of the assets.

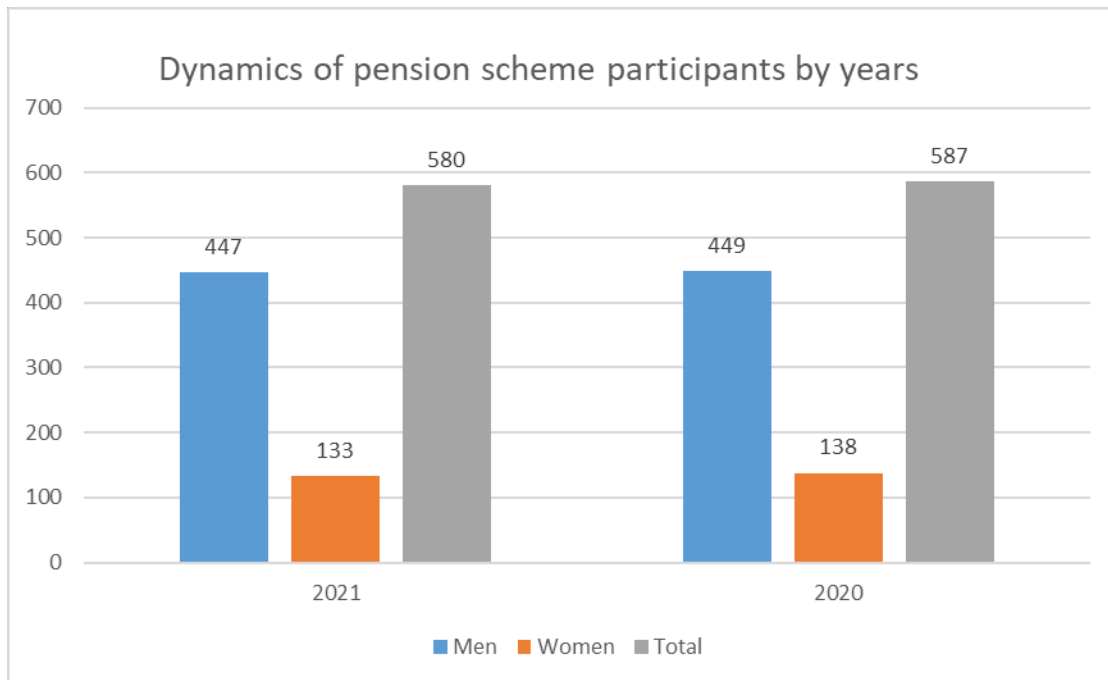


## MEMBERS AND BENEFICIARIES OF THE FUND

By the end of 2021, the number of employees in Sakaeronavigatsia Ltd was 789. The scheme has 580 employees (73%) and 209 employees (27%) are not participants of the scheme, out of which 23 employees (3%) do not have sufficient work experience and therefore have no right to join the scheme.



Retirement age is 60 years for women in Georgia and 65 for men. Our pension scheme allows retired employees to postpone pension age, taking into consideration legislation. 88 employees took advantage of the right to postpone pension age. In the below given graph dynamics of pension fund participants according to their gender and year is presented.



## BENEFITS PAID

During the year 2021, 22 participants of pension scheme were awarded pension benefits and 5 participants started receiving pension. The pension benefits and pension paid was 530,340.65 GEL:

Category	2021	2020
Disbursement of pension savings to participants	516,576.92	115,224.71
Disbursement of pension savings to heirs	13,763.73	14,283.47
<b>Total</b>	<b>530,340.65</b>	<b>129,508.18</b>

# AUDIT REPORT

## INDEPENDENT AUDITOR'S REPORT



BC Menteshev Road  
7 Ilarion Rigi Street  
Tbilisi 0105, Georgia

T: +995 322 438 999

office@bakertilly.ge  
www.bakertilly.ge

### INDEPENDENT AUDITOR'S REPORT

To: The Owner and management of Sakaeronavigatsia LLC:

#### Opinion

We have audited the accompanying special-purpose financial statements of non-state retirement benefit plan (RBP) of Sakaeronavigatsia LLC (the Company) as at 31 December 2021.

In our opinion, the accompanying special-purpose financial statements are prepared, in all material respects, in accordance with the accounting policies disclosed in note 2 to the financial statements.

#### 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.

#### Emphasis of Matter – Basis of Accounting

We draw attention to note 2 to the special-purpose financial statements, which describes the basis of accounting. These financial statements have been prepared to present financial position, financial performance and cash flows of a non-state retirement benefit plan founded within and by the Company for the benefit of its voluntarily participating employees in accordance with the applicable Georgian legislation (i.e. Georgian Law on Non-State Pension Insurance and Provision, etc). Therefore, use of these special-purpose financial statements by persons other than those with knowledge of the relevant regulations and the rules of the Company's non-state retirement benefit scheme may not be appropriate. Our opinion is not modified in respect of this matter.

#### Responsibilities of Management for the financial statements

Management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with the accounting policies disclosed in note 2, 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.

#### 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.
- 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.

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 Mr. Ivane Jelia.

Ivane Jelia (Auditor's registration number: SARAS-A-954830)  
Managing Partner  
Baker Tilly Georgia LLC  
27 May 2022  
Tbilisi, Georgia





## ANNUAL REPORTS

Non-state Retirement Benefit Plan (RBP) of Sakaeronavigatsia LLC  
As at and for the year ended 31 December 2021  
(All amounts are in Georgian lari - GEL)

### Statement of Net Assets Available for Benefits

	Note	2021	2020
Net assets at January 1		14,784,337	9,604,594
<b>Contributions</b>			
Employer contributions collected	7	2,912,610	2,696,929
Participant (employee) contributions collected	7	1,132,682	1,048,806
<b>Total contributions collected</b>		<b>4,045,292</b>	<b>3,745,735</b>
Employer contributions receivable	7	265,064	268,618
Participant (employee) contributions receivable		103,080	105,462
<b>Total contributions receivable</b>		<b>368,144</b>	<b>373,080</b>
<b>Total contributions</b>		<b>4,413,436</b>	<b>4,118,815</b>
Financial income - interest	8	1,876,270	1,267,106
<b>Total increase in net assets</b>		<b>6,289,706</b>	<b>5,385,921</b>
Administrative expenses		(108,564)	(76,670)
Benefits paid	9	(530,341)	(129,508)
<b>Total decrease in net assets</b>		<b>(638,905)</b>	<b>(206,178)</b>
<b>Net assets at December 31</b>		<b>20,435,138</b>	<b>14,784,337</b>

The Financial Statements were approved on 27 May 2022 and signed by:



Gocha Mezvrishvili,  
Director General of  
Sakaeronavigatsia Ltd



Irakli Zakareishvili,  
Financial Manager of  
Sakaeronavigatsia Ltd



Tamar Didiashvili  
Head of Non-State Pension, Insurance  
and Provision Department of  
Sakaeronavigatsia Ltd

Non-state Retirement Benefit Plan (NBP) of Sakaeronavigatsia LLC  
 As at and for the year ended 31 December 2021  
 (All amounts are in Georgian lari - GEL)

**Special-purpose Statement of Financial Position**

	Note	31.12.2021	31.12.2020
<b>Equity</b>			
Paid-in capital	3	2,000,000	2,001,000
Retained earnings		-	-
<b>Total Equity</b>		<b>2,000,000</b>	<b>2,001,000</b>
<b>Liabilities</b>			
Retirement benefit scheme gross liability	4	20,435,138	14,784,337
Accounts payable		429,376	136,581
<b>Total liabilities</b>		<b>20,864,514</b>	<b>14,920,918</b>
		<b>22,864,514</b>	<b>16,921,948</b>
<b>Total equity and liabilities</b>			
<b>Assets</b>			
Bank balances payable on demand	5	2,020,198	2,018,433
Accounts Receivable		409,178	119,178
Investment Asset	6	20,435,138	14,784,337
<b>Total assets</b>		<b>22,864,514</b>	<b>16,921,948</b>

The Financial Statements were approved on 27 May 2022 and signed by:



Gocha Meevrishvili,  
 Director General of  
 Sakaeronavigatsia Ltd



Irakli Zakareishvili,  
 Financial Manager of  
 Sakaeronavigatsia Ltd



Tamar Odishvili  
 Head of Non-State Pension, Insurance  
 and Provision Department of  
 Sakaeronavigatsia Ltd

Non-state Retirement Benefit Plan (RBP) of Sakaeronavigatsia LLC  
 As at and for the year ended 31 December 2021  
 (All amounts are in Georgian lari - GEL)

Special-purpose Statement of Changes in Equity

	Paid-in Capital	Retained earnings	Total
Balance at 1 January 2020	3,001,392	265,225	3,266,617
Interest income	-	270,994	270,994
Distribution of not-restricted gains	(1,000,362)	(536,219)	(1,536,581)
<b>Balance at 31 December 2020</b>	<b>2,001,030</b>	<b>-</b>	<b>2,001,030</b>
Interest income	-	-	-
Distribution of not-restricted gains	(1,030)	-	(1,030)
<b>Balance at 31 December 2021</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>

The Financial Statements were approved on 27 May 2022 and signed by:



Gocha Mezvrishvili,  
 Director General of  
 Sakaeronavigatsia Ltd



Irakli Zakarishvili,  
 Financial Manager of  
 Sakaeronavigatsia Ltd



Tamar Odiasvili  
 Head of Non-State Pension, Insurance  
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Non-state Retirement Benefit Plan (RBP) of Sakaeronavigatsia LLC  
 As at and for the year ended 31 December 2021  
 (All amounts are in Georgian lari - GEL)

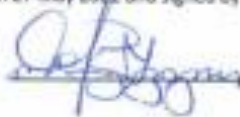
**Special-purpose Statement of Cash Flows**

	Year ended 31-Dec-2021	Year ended 31-Dec-2020
<b>Receipts</b>		
Contributions	4,418,373	4,055,719
Interest income (Not-restricted)	8,663	151,997
Other income (transfers from asset management company, for pension payments)	586,603	135,146
<b>Total cash inflow</b>	<b>5,013,729</b>	<b>4,342,862</b>
<b>Payments</b>		
Acquisition of Securities		-
Additions to long-term deposits	(4,406,929)	(4,053,552)
Benefits paid	(530,341)	(129,508)
Collection of interest from the fund's account	(1,030)	(1,400,000)
<b>Total cash outflow</b>	<b>(4,938,300)</b>	<b>(5,583,060)</b>
<b>Net increase in cash and cash equivalents</b>	<b>75,429</b>	<b>(1,240,198)</b>
Cash and cash equivalents – beginning of the year	2,026,419	3,266,617
<b>Cash and cash equivalents – end of the year</b>	<b>2,101,848</b>	<b>2,026,419</b>

The Financial Statements were approved on 27 May 2022 and signed by:



Gocha Mezvrishvili,  
 Director General of  
 Sakaeronavigatsia Ltd



Irakli Zakareishvili,  
 Financial Manager of  
 Sakaeronavigatsia Ltd



Tamar Odiasvili  
 Head of Non-State Pension, Insurance  
 and Provision Department of  
 Sakaeronavigatsia Ltd



## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

Non-state Retirement Benefit Plan (RBP) of Sakaeronavigatsia LLC  
As at and for the year ended 31 December 2021  
(All amounts are in Georgian lari - GEL)

### Notes to special-purpose financial statements

#### 1. Retirement Benefit Plan

Sakaeronavigatsia LLC has established a non-state retirement benefit plan (RBP) on 31 December 2018 for the benefit of its voluntarily participating employees. The RBP is a defined contribution plan.

The RBP is governed by the Rules of the Company's Non-state Retirement Benefit Plan. RBP is not a separate entity for legal or tax purposes. RBP assets are restricted and maybe only used for the benefit of participants and thus cannot be utilized to settle any of the Company's other obligations.

The defined contributions involve the Company as an employer and and participants (the employees) and are determined at 18 and 7 percent of the base salary cost, respectively.

As of the date of these financial statements 580 (2020: 588) of the Company's employees participate in the RBP.

#### 2. Summary of significant accounting policies

**Basis of preparation.** These special-purpose financial statements have been prepared on accrual basis under the historical cost convention and is based on International Accounting Standard 26 – Accounting and Reporting by Retirement Benefit Plans issued by the International Accounting Standards Board (IASB). These policies have been consistently applied to all the periods presented.

**Presentation currency.** All amounts in these financial statements are in Georgian lari (GEL).

**Assets and liabilities.** Assets and liabilities presented in the special-purpose financial statements are carried at historical cost.

**Financing.** RBP is financed by transferring defined periodic contributions to the plans management company (independent of Sakaeronavigatsia LLC) for subsequent investment into securities, equity and other financial instruments for the purpose of generating financial gains.

**Financial income.** Financial income represents return on investments.

#### 3. Paid in capital

According to the legislation in force, the founder of a non-state retirement benefit plan is obliged to create and maintain (during the existence of a Plan) pension fund's paid-in capital in the minimum amount of 2,000,000 GEL. The amount of pension fund's capital defined by Sakaeronavigatsia LLC is 3,000,000 GEL, which was placed on a separate bank account (hereinafter "Special Account") on September 17, 2015. Interest (GEL 14,014) accrued on a balance (GEL 3,000,000) of Special Account before January 1, 2016 were added to paid-in capital of the pension fund. During the year 2021 Sakaeronavigatsia LLC withdrew GEL 1,030 from the paid-in capital.

#### 4. Retirement benefit scheme gross liability

	31.12.2021	31.12.2020
Retirement benefit scheme gross liability as at January 1	14,784,337	9,604,594
Social contributions	4,413,436	4,118,815
Interest	1,876,270	1,267,106
Retirement benefits paid	(530,341)	(129,508)
Administrative expenses	(108,564)	(76,670)
Retirement benefit scheme gross liability as at December 31	20,435,138	14,784,337

#### 5. Bank balances payable on demand

	31.12.2021	31.12.2020
Bank balances payable on demand	2,020,198	2,018,433
Total bank balances payable on demand	2,020,198	2,018,433

Non-state Retirement Benefit Plan (RBP) of Sakaeronavigatsia LLC  
 As at and for the year ended 31 December 2021  
 (All amounts are in Georgian lari - GEL)

#### 6. Investment assets

	31.12.2021	31.12.2020
<b>Securities</b>	<b>650,306</b>	<b>649,703</b>
Georgian government bonds (9.375%_18.01.2028)	395,244	395,244
Evex Hospitals JSC bonds (RIB+3.1%_06.11.2024)	203,948	203,345
Georgian government bonds (9.375%_16.08.2027)	51,114	51,114
<b>Short-term deposits</b>	<b>4,912,962</b>	<b>5,128,921</b>
Cash available for pension payments	81,650	7,986
Balance on current account at bank (Asset management company)	2,200,798	1,410,047
Bank deposits expired less than 12 months after the balance sheet date	2,630,514	3,710,888
<b>Long-term deposits</b>	<b>14,605,064</b>	<b>8,632,633</b>
Bank deposits expired more than 12 months after the balance sheet date	14,605,064	8,632,633
<b>Receivables</b>	<b>368,143</b>	<b>373,080</b>
Employer contributions receivable	265,063	268,618
Participant (employee) contributions receivable	103,080	104,462
<b>Liabilities</b>	<b>(101,337)</b>	<b>-</b>
<b>Net investment assets</b>	<b>20,435,138</b>	<b>14,784,337</b>

#### 7. Contributions

RBP is a defined contribution plan and contributions are determined as 18% and 7% of the employees' base salary from the Sakaeronavigatsia LLC and employees, respectively.

#### 8. Financial income – interest

Financial income - interest includes interest accrued on RBP's investment assets.

#### 9. Benefits paid

Pension savings are distributed to the employees involved in the scheme in the following cases: (1) the employee has reached retirement age and a pension is distributed based on the employee's request; (2) the participant leaves Sakaeronavigatsia LLC before reaching the retirement age, receives the pension savings accumulated in their pension account without deduction; (3) in the event of the death of a participant, the pension shall be paid to their heirs on the same terms and conditions as the participant. During 2021, pension savings distributed to participants amounted GEL 530,341 (2020: GEL 129,508).

#### 10. Events after the reporting period

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

**Approval of financial statement.** The management on 27 May 2022 has approved the financial statements, the management have power to amend the financial statements after issue.



SAKAERONAVIGATSIA

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