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**MANAGEMENT REPORT
OF THE BOARD OF DIRECTORS OF THE SOCIETE ANONYME
«OFC AVIATION FUEL SERVICES S.A.»
FOR THE TWENTH FORTH FINANCIAL YEAR 01/01/2022– 31/12/2022
TO THE ANNUAL GENERAL ASSEMBLY OF THE SHAREHOLDERS**

Spata, 25 /05/ 2023

Ladies and Gentlemen Shareholders,

According to the provisions of Law 4548/2018, article 150, we have the honour to submit for approval the Management Report of the Board of Directors, with attached the financial statements of the Company, for the twenty-fourth (24th) financial year, from 1 /1/2022 to 31/12/2022.

A. COMPANY TURNOVER FOR THE YEAR 2022

The budgeted volume for year 2022 amounted to 550.000 m³. The actual volume amounted to 736.154,77 m³, marking an increase compared to the originally budgeted by 33,85 %. Total revenues of the Company, according to the Statement of Comprehensive Income of December 31, 2022 amounted to 11.174.033,83 € and collectively came from:

- a. The amount of 11.052.437,05 € regarding the Throughput Fee charge,
- b. The amount 88.446,94 € regarding revenue from services to 3rd parties,
- c. The amount of 15.250,71 € regarding other revenue and past years' revenue,
- d. The amount of 2.283,88 € regarding interest on bank deposits,
- e. The amount of 15.615,25 € relating to government subsidies for fixed tax and insurance costs and repayable advances.

Actual total expenses for the year, including depreciation, amounted to 7.705.823,83 €. Following the above, the actual profits before taxes for the year 2022 amounted to 3.468.210 €.

Finally, total profits for the year after taxes amounted to 2.452.425,95 €.

B. FIXED ASSETS

During year 2022, expenses incurred for fixed equipment amounted to 82.465,22 €, regarding improvements and additions to Company fixed assets.



C. DISTRIBUTION OF PROFITS - DIVIDENDS

The proposed dividend to be distributed to the Company's Shareholders for the year 2022, regarding the 8-month period from May to December 2022 - a period when the New Fuelling Concession Agreement between the Athens Airport Company and OFC is in effect – amounts to 384.520 €.

D. OPERATION RESULTS FOR THE YEAR 2022

OFC's operation results for the year 2022, are presented below:

1. Quality of Operation Services Offered

1.1 The Pandemic Effect

The effects of the pandemic have carried over into the year 2022, but with significantly improved fuel volumes. In particular, the volume of JET A-1 to aircraft refuellings in the 8 months (May – December 2022) amounted to 591.568,23 m³.

1.2 Annual Operational Objectives

Achievement of all the 2022 targets. The main objectives were:

- a.** Implementation of all inspections' recommendations in 2022.
- b.** Customer Satisfaction
Based on the requirements of the three Management Systems in place (ISO 9001, ISO 14001, και ISO 45001) the assessment of OFC was requested by its customers (Fuel Suppliers) and the total score was 4,9 on a 5-point scale.
- c.** Revision of the Aviation Fuel Quality Control and Operating Procedures Manual and all related Integrated Management System (IMS) documents based on the new JIG 2, Issue 13, while revising numerous operations and maintenance procedures and forms.
- d.** Execution of Dickow Pump training seminar.
A two-day training seminar was held on 21-22/6 by a Dickow Academy Engineer and all OFC Technicians were certified on all OFC JET A-1 pumps.
- e.** Creation of an electronic materials warehouse management system. Requirements were recorded and the project will be completed in 2023.

1.3 Fuel Quality (JIG)

- 1.3.1** Receipt of fuel via the EAKAA pipeline from HELPE (Aspropyrgos Refinery) and via fuel tank trucks from the Motor Oil Refinery.
- 1.3.2** Receipt of SAF fuel
At the request of AIA on 10/8/2022 SAF fuel with 2% SBC (Sustained Blended Components) was delivered via 4 fuel tank trucks.
- 1.3.3** Uninterrupted aircraft refueling meeting JIG specifications.



1.4 Execution of Operations and Maintenance Budget

Operations and Maintenance expenses for the eight-month period May-December 2022 (new Concession period with AIA) amounted to 279.799 €.

1.5 Training

The annual training program was executed in full.

Training hours amounted to 603, of which 66 by 3rd parties (Fire exercises by AIA's Fire Department, OFC Safety Engineer).

The training hours were distributed as follows:

- Health – Safety - Environment: 22%
- Operations (fuel distribution and quality controls): 29%
- Automation systems: 8%
- Maintenance: 21%
- Technical issues: 9%
- Management Systems (ISO): 11%

2. SAFETY – HEALTH - ENVIRONMENT

Main results:

2.1 No human accident.

2.2 Fire exercises

Due to the pandemic it was not possible to carry out the annual large-scale fire exercise, but only an unannounced fire exercise on 21/6/22. The exercise was successfully executed and had excellent preparedness results across both AIA's Fire Brigade Department & OFC.

2.3 Safety Day

The scheduled annual Safety Day, using "Shell Aviation" supervisory material, was held on 8/12/2022 on the topic "*Starting work is not the First Step*".

2.4 Implementation of the new 9 Life Saving Rules based on JIG Bulletin 139.

2.5 Recording of 33 improvement proposals (unsafe situations, actions, near misses, etc.), whose implementation has been completed.

2.6 Replacement of company cars with fully electric cars and installation of 5 car chargers.

2.7 Replacement of 10% of TANK FARM outdoor lighting lamps with LEDs.

2.8 Replacement of the heating oil with a heat pump (electricity). The project commenced in the 2nd half of 2022 and is to be completed within the 1st quarter of 2023.

2.9 Ensuring that analysis results of all groundwater and surface water, as well as of the 10 monitoring wells (APRON and oil separator) are within the acceptable limits of the respective legal provisions.

2.10 Achievement of a very high recycling rate, 87,9%.

Registered and conformed with:

ISO 9001 – Quality Management System

ISO 14001- Environmental Management System

ISO 45001 - Occupational Health & Safety Management System

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3. EXTERNAL INSPECTIONS

The following inspections by external parties were performed:

- 3.1** RYANAIR, on 27/1/2022, with zero findings.
- 3.2** SEVESO III inspection, on 3/6/2022
It was carried out by 9 representatives of the Greek State Authorities, under the auspices of the Prefecture of Eastern Attika with very good results.
- 3.3** JIG, by Shell Aviation, on 20-21/10/22, with excellent results (2-minor recommendations that were implemented during the inspections).
- 3.4** Annual Management Systems Audit (ISO 9001, ISO 14001 and ISO 45001) by TÜV Austria, on 21/7/22, with zero findings.
- 3.5** AIA, Fire Safety, on 16/9/22, with zero findings.

4. FUEL STOCK MANAGEMENT

The 6-monthly Fuel Stock audit by Customs at OFC resulted in a surplus of 105.807 litres over a total of 736.155.000 litres of fuel transferred to aircraft, i.e. 0,014%, which is significantly less than the 0.1% limit set by JIG for JET A-1.

5. ADDITIONAL RESULTS AND SERVICES

- 5.1** Provision of services to third parties, participation in conferences, etc.,

- 5.1.1** JIG and IATA Conferences:

- Due to the pandemic, JIG Webinars were held in the first half of the year, which were remotely attended by OFC. In the 2nd semester OFC physically attended the JIG MTF Conference on 5-7/9/22 in Berlin. OFC also attended the IATA Energy Forum Conference on 17-19/5/22 in Munich, during which, an OFC representative moderated the topic "Blending of SAF" with 4 speakers.

- 5.1.2** Active participation of OFC in 2 International JIG Committees:

- Common Processes and Best Industry Practices
 - HSSE

- 5.1.3** Active participation of OFC in AIA's Safety Committee and AIA's Crisis Management Committee via teleconferencing.

- 5.1.4** Participation in the periodic meetings of AIA's Environmental Department on SAF issues.

- 5.1.5** Provision of services to AAFPC

- OFc continues to provide technical services to AAFPC for the maintenance of MF filters and other equipment at the Pipeline Fuel Receiving Station.

- 5.1.6** Provision of Services to AIA (Area 21B)

- OFc continues to provide technical services to AIA and specifically to Area 21B (JET A-1 section), in order to meet JIG Standards requirements.

- 5.1.7** Training to Hellenic Airforce School (Engineers)

- Presentation of topics related to aircraft refuelling during two workshops on 13/5/22 and on 9/12/2022.

Registered and conformed with:

ISO 9001 – Quality Management System

ISO 14001- Environmental Management System

ISO 45001 - Occupational Health & Safety Management System

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5.1.8 IFQP Training

Conducting two 5-day trainings for IFQP inspector candidates (23-27/5/22 and 21-25/11/22).

5.1.9 AAFPC/Intelligent Pigging

Due to AAFPC's decision to install a new pump with a higher flow rate (300 m³/hr), which requires increased operating pressure, an AAFPC pipeline integrity check was performed by AAFPC using intelligent pigging during 7-14/11/22. OFC, as in the past, worked closely with AAFPC and HELPE to perform the pigging, while using the TK-2 tank for fuel quality protection.

6. HYDRANT EXPANSION – Y2 PROJECT

Following AIA's order, a tender was issued for the Hydrant expansion project and finally awarded to a contractor company, who ordered the piping for the project and started excavations by the end of 2022. OFC ordered the remaining electromechanical equipment and awarded the Automation System and Cathodic Protection expansion projects to specialist companies. The overall project is expected to be completed in 2023.

E. PENDING COMPANY LITIGATIONS AND PENDING COMPANY CASES

There are no pending claims of third parties against the Company, from which it is estimated that financial charges may arise in the year 2022.

F. FINANCIAL RISK MANAGEMENT

The Company's management has evaluated the impact on the management of financial risks that may arise due to the general business environment in Greece. In general, as stated below in the management of individual risks, the Company's management does not believe that any negative developments in the Greek economy will have a significant impact on its smooth operation. With respect to COVID-19, the Company's management believes that the business of storage and distribution of aviation fuel (JET-A1) belongs to those business categories that have significantly overcome the negative impact of the previous year and it is expected that in the current year the impact of COVID 19 will not affect the Company's business.

The Company has taken all necessary measures, primarily aiming to protect the health of its employees and at the same time, as far as possible, ensuring the smooth continuation of its productive operations.

The events and military actions in Ukraine as well as the sanctions against Russia that affected the international energy markets did not have a significant impact on the Company's operations.

With regard to the impact of the increase in energy costs, it is clarified that the Company's operations and the achievement of its objectives have neither been affected nor are they expected to be significantly affected.



a. Capital Risk Management

The Company manages its capital to ensure that it remains viable. Under the New Fuelling Concession Agreement, which runs from 1/5/2022 to 11/6/2041 between the Company and AIA, the annual returns, in the form of dividends, are guaranteed, provided that the Company meets its contractual obligations to AIA, which to date has been fully achieved.

b. Financial Risk Management

The Company does not engage in financial instruments transactions, including financial derivatives, for speculative purposes. On the contrary, it ensures the maximum possible return on cash, through deposit rates at zero risk.

c. Credit Risk

The Credit Risk of the Company concerns mainly receivables from customers and other receivables and is considerably limited because:

- Cash is deposited in branches of the National Bank of Greece, in Greece, which is considered one of the most reliable Greek banks.
- The Company has a significant concentration of its assets, a good percentage of which regards a limited number of customers.
- The Company has signed contracts defining transactions with its customers, according to which collection of receivables is realized simultaneously with the completion of services provided per month.
- The Company receives Bank Letters of Guarantee from its customers, to ensure its assets equal to at least double their monthly debt.

d. Liquidity Risk

There is no liquidity risk because of the high level of cash balance available in the Company’s bank accounts.

G. KEY FINANCIAL RATIOS (Compared to previous year)

	2022	2021
1.		
<u>Current Assets</u>	95,11 %	92,86 %
Total Assets		
2.		
<u>Tangible Fixed Assets</u>	4,89 %	7,14 %
Total Assets		

The above-mentioned ratios show the proportion of capital that has been allocated in these two categories.



	2022	2021
3.		
<u>Equity</u>	525,20 %	1.171,45 %
Total Liabilities		
4.		
<u>Total Liabilities</u>	15,99 %	7,87 %
Total Liabilities & Equity		
5.		
<u>Equity</u>	84,01 %	92,13 %
Total Liabilities & Equity		
6.		
<u>Current Assets</u>	646,72 %	1.401,31 %
Short-Term Liabilities		

Depicts the general Company liquidity, i.e., the percentage by which current assets can cover for short term liabilities.

7.		
<u>Cash</u>	599,26 %	1.380,98 %
Short-Term Liabilities		

Depicts the special liquidity of the Company. It determines whether the maturing liabilities are covered at a given time (31.12.22) by Company Cash.

RETURN ON EQUITY RATIOS:

8.		
<u>Net Income before taxes</u>	29,49 %	9,94 %
Equity		
9.		
<u>Gross Income</u>	42,38 %	19,79 %
Sales of Services		
10.		
<i>Net Profit Margin Ratio:</i>		
<u>Net Profits before taxes</u>	31,14 %	17,05 %
Sales of Services		

The above-mentioned ratios depict the Company's gross and net profit margin. The higher the ratios, the better is the Company's financial position, in terms of profit.



MANAGEMENT POLICY RATIOS:

	2022	2021
11. <i>Debtors' Ratio:</i>		
$\frac{\text{Trade Receivables}}{\text{Sales on credit (Services)}} \times 360$		
	17,38 days (2022)	14,18 days (2021)
12. <i>Creditors' Ratio:</i>		
$\frac{\text{Trade Payables}}{\text{Purchases on credit (Inventory & Services)}} \times 360$		
	65,43 days (2022)	37,56 days (2021)

The above-mentioned ratios depict Company credit policy towards customers and suppliers.

H. ANTICIPATED COURSE OF THE COMPANY IN 2023

For the current year, there has been a forecast for fuel volume to be handled through the facility of approximately 750.000 m³, while the fuel volume transferred in 2022 was 736.154,77 m³.

The Throughput Fee for the year 2023 will remain at 15,00 €/m³.

I. Going Concern

Despite the adverse market conditions, which prevailed since 2020 due to the pandemic, the energy crisis and the war in Ukraine, in combination with the existing inflationary pressures, the Company's Management estimates that it has sufficient resources to ensure the smooth running of the operation as a Going Concern in the foreseeable future.

J. EVENTS AFTER THE REPORTING PERIOD

In March 2023, by convening an Extraordinary General Assembly of the Shareholders, the issuance of a joint bond loan of EURO 3 million was approved for the financing of the expansion of the aviation fuel facilities at the Y2 area of Athens International Airport.

Apart from the above, no event has occurred which significantly affects the financial structure or the business course of the Company from 1/1/2023 until the date of writing this report.



By authorization of the Board of Directors of «OFC Aviation Fuel Services S.A.»

**Chairman
of the Board of Directors**

Chief Executive Officer

Financial Manager

**Vasilios Tsiatouras
ID No. AN 590404**

**Nikolaos Kontaxis
ID No. AP 549070**

**Petros Katros
ID No. AM 638650
Lic.No. OEE 2830/
A' CLASS**