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**MANAGEMENT REPORT
OF THE BOARD OF DIRECTORS OF THE Société Anonyme
«OFC AVIATION FUEL SERVICES S.A.»
FOR THE TWENTY THIRD FINANCIAL YEAR 01/01/2021– 31/12/2021
TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS**

Spata, May 26th, 2022

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-third (23rd) corporate year, from 1 /1/2021 to 31/12/2021.

A. COMPANY TURNOVER FOR THE YEAR 2021

The budgeted volume of fuel for 2021 amounted to 410,000 m³. The realized volume amounted to 491,574.31 m³, marking an increase compared to the originally budgeted by 19.90%. The total revenues of the Company, according to the Statement of Comprehensive Income of December 31, 2021 amounted to € 8,288,642.86 and collectively came from:

- a. The amount of 4.915.741,00 € regarding the charge of Throughput Fee,
- b. The amount of 2.492.280,71 € regarding the Airport Fee which is collected from customers and is thereby attributed to unchanged at AIA,
- c. The amount of 52.299,82 € regarding revenue from services to 3rd parties,
- d. The amount of 49.705,64 € regarding other revenue from past years' revenue,
- e. The amount of 2.763,66 € regarding interest on bank deposits,
- f. The amount of 775.852,03 € relating to government subsidies for fixed tax and insurance costs and repayable advances.

The realized total expenses of the year, including depreciation, amounted to 4.525.201,62€. It is noted that the above amount does not include the expense of 2.492.280,71€ regarding the Airport Fee (the mentioned in point –b- above) which is attributed unchanged to AIA.

Following the above, the realized profits before taxes for the year 2021 amounted to 1.271.160,53€.

Following the above, the total profits for the year after taxes amounted to 1.092.749,94€.



B. FIXED ASSETS

During the year 2021, expenses were incurred for fixed equipment amounting to 19.904,15 €, relating to improvements and additions to the Company's fixed assets.

C. DISTRIBUTION OF PROFITS - DIVIDENDS

The proposed Dividend to be distributed to the shareholders, for the year 2021, amounts to 1.488.790,56 €.

D. OPERATION RESULTS FOR THE YEAR 2021

OFC's Operation results for the year 2021, are as follows:

1. Quality of Operation Services Offered

1.1 Pandemic Effect

The main issue that affected the operation of OFC, as the rest of the world, was for the second consecutive year the impact of the coronavirus pandemic (COVID-19), which resulted in a significant reduction in fuel volumes for aircraft refuelling, as compared to 2019.

More specifically:

Year 2020 ended with 295.394 m³, i.e. 37.5% of 2019, while year 2021 ended with 491.574 m³, i.e. 62.4% of 2019 and at the same time an increase of 66,4% on the quantities of 2020.

The existing Emergency Plan No.16 - *Pandemic*, was revised several times with the cooperation of the Safety Technician, the Occupational Doctor and following multiple emergency instructions issued by the Hellenic Republic and JIG received throughout the first half of 2021.

OFC's personnel implemented all new measures against COVID-19 using specific questionnaires for both Staff and Third Parties.

Fuel quality protection procedures continued, based on JIG Standards requirements, and continued, as in 2020, the special operational plan to ensure fuel replenishment in parts of the HYDRANT pipelines that, due to the significant reduction in refuelling, were not being used and had to be filled with new fuel.

1.2 Annual Operational Objectives

Met and implemented 2021 objectives, of which following are the main:

1. Implementation of all inspections' recommendations.
2. Customer Satisfaction:
Based on the requirements of the three Management Systems in place at OFC (ISO 9001, ISO 14001, and ISO 45001) the assessment of OFC was requested by its customers and the total rating is 4,95 on a 5-point scale.
3. Completion of the study fuel receipt in parallel via both the pipeline and fuel tank trucks with the cooperation of an Engineering Consultants Company.



4. Revision of all Operating Instructions and Maintenance as well as the Instruction Forms with new coding and separation by category (e.g. Receipt, Storage, Distribution, Equipment, etc.), additional enrichment of the Management System with new Work Instructions and further improvement of old Work Instructions and Forms. The above extensive project was implemented with the participative work of a large percentage of OFC Staff.
5. Achieve the ability to automatically collect statistics through the installed Database to manage all the requirements of Operation and Maintenance work, as well as the performance of Security issues.
6. Launch of materials' warehouse electronic management. It is scheduled to be completed in 2022.

1.3 Fuel Quality (JIG)

Uninterrupted aircraft refuelling meeting JIG specifications, despite the reduced aircraft refuelling quantities due to the pandemic. All facilities were maintained in full operation and a monthly HYDRANT FLUSHING was performed at Loop F due to the reduced fuel pits use for aircraft refuelling during the first half term.

1.4 Execution of Operations and Maintenance Budget

Operations & Maintenance expenses amounted to 239,428 € compared to 587,400 € of the annual budget, i.e. 40.76% of the budget following the application of a rapid reduction of expenses due to the pandemic.

1.5 Training

The annual training program was executed in full.

Training hours amounted to 709, of which 124,5 by 3rd parties (Safety Engineer and AIA's Fire Department).

The training hours were distributed as follows:

- Health – Safety - Environment: 37%
- Operations (fuel distribution and quality controls): 18%
- Automation systems: 11%
- Maintenance: 11%
- Technical issues: 6%
- Management Systems (ISO): 17%

2. SAFETY, HEALTH, ENVIRONMENT:

Main results:

2.1 No human accident.

2.2 Fire exercises

2.2.1 Unannounced Fire Exercises

Due to the pandemic it was not possible to carry out the annual large-scale fire exercise. Only two (2) unannounced fire exercises were conducted following telephone communication with AIA's Crisis Manager, which were performed on 3/6/2021 and 14/12/2021 with excellent readiness results.

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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2.2.2 Joint Fire-Safety Exercise with SAFCO

On 8/12/2021, a fully successful joint fire-safety exercise was carried out with the into-plane company SAFCO.

2.3 Safety Day

The scheduled annual Safety Day with the participation of OFC's personnel, using audio visual material provided by "SHELL & MOH AVIATION" took place on 15/9; as every year, it was of particular interest and contributed significantly to further improving the safety culture of OFC.

2.4 Business Risk Assessment review (part of JIG's Common Processes and Best Practices) with the participation of OFC's employees.

2.5 Record of 37 improvement suggestions (unsafe conditions, actions, near misses, etc.).

2.6 Ensuring analysis results of all underground and surface water, as well as of monitoring wells (apron and oil separator) within the limits of the respective legislative provisions.

2.7 Achievement of a very high recycling rate, 67,73 %.

3. EXTERNAL INSPECTIONS

The following inspections by external parties were performed:

3.1 IFQP (IATA Fuel Quality Pool) Inspection, on 6/7/2021, with excellent results, zero findings and very constructive comments.

3.2 JIG, on 20/10/2021, with zero findings.

3.3 ISO Systems Recertification (9001, 14001, 45001) on 14/7/2021, with zero findings for non-compliance.

4. FUEL STOCK MANAGEMENT

The 6-monthly Fuel Stock audit by Customs at OFC resulted in a surplus of 82,591 litres over a total of 491,574,314 litres of fuel transferred to aircraft, i.e. 0.017%, which is significantly less than the 0.1% limit set by the JIG for JET A-1.

5. ADDITIONAL RESULTS AND SERVICES

5.1 Participations in Conferences, etc.

5.1.1 JIG and IATA Conferences:

Due to the pandemic, several JIG and IATA Webinars were held and attended by OFC, with the participation of OFC employees. JIG, in particular, provided several webinars due to the revision of the JIG Standards (JIG 2, Issue 13 - September 2021).

5.1.2 OFC's active participation in 2 JIG committees (through teleconferences):

- Common Processes and Best Industry Practices



- HSSE, with particular proposals for the revision of JIG's (Issue 3) HSSE MS Management System.

5.1.3 OFC's active participation in AIA's Airport Safety Committee and AIA's Crisis Management Committee via teleconferences.

5.1.4 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.

5.1.5 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.

5.1.6 ESG (Environmental, Social and Governance)

OFC, as a member of MOTOR OIL Group, is committed to operating responsibly by participating in the Group's Sustainability and ESG strategy. The results of the above strategy are presented in detail in the annual Sustainability Development Report of the Motor Oil group, which has been prepared according to GRI standards and has been audited by external licensed Auditors.

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 2021.

F. FINANCIAL RISK MANAGEMENT

The Company's Management has thoroughly evaluated the impacts in managing financial risk that may arise due to the general situation of the business environment in Greece. In general, as mentioned below in the management of individual risks, it does not consider that any negative developments in the Greek economy will significantly affect the smooth operation of the Company. Regarding the COVID-19 pandemic, the Company's Management considers that the Aviation Fuel (JET A1) Storage and Distribution sector is part of those business categories that significantly got ahead the negative effects of the previous year whereas this year the effects of COVID 19 are expected not to affect the course of the company's operations. Aircraft fuel consumption is expected to increase compared to the initial forecast of fuel volume to be handled during the current year. However, at this stage this positive effect cannot be quantified.

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.

a. Capital Risk Management

The Company manages its capital to ensure that it remains viable. Under the current Concession Agreement existing between the Company and AIA which has been extended until 30/4/22, on one

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hand, the share capital of the Company is fully ensured and is gradually saved up in a dedicated bank account, in order to be attributed unchanged to the Company's shareholders at the Concession's expiry date, and on the other hand, the Company's annual returns in the form of dividends are also ensured, provided that the Company meets its contractual obligations towards AIA, which up to date is 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 and abroad, 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)

The comparative figures of the Company for the year 2020 have been revised by the change brought about by the change of the accounting policy of IAS 19.



| | 2021 | 2020 *Restated |
|------------------------------|---------|-------------------|
| 1. | | |
| <u>Current Assets</u> | 92,86 % | 79,31 % |
| Total Assets | | |
| 2. | | |
| <u>Tangible Fixed Assets</u> | 7,14 % | 20,69 % |
| Total Assets | | |

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

| | | |
|----------------------------|------------|------------|
| 3. | | |
| <u>Equity</u> | 1.171,45 % | 2.516,20 % |
| Total Liabilities | | |
| 4. | | |
| <u>Total Liabilities</u> | 7,87 % | 3,82 % |
| Total Liabilities & Equity | | |
| 5. | | |
| <u>Equity</u> | 92,13 % | 96,18 % |
| Total Liabilities & Equity | | |
| 6. | | |
| <u>Current Assets</u> | 1.401,31 % | 3.050,86 % |
| 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> | 1.380,98 % | 2.915,34 % |
| Short-Term Liabilities | | |

Depicts the special liquidity of the Company. It determines whether the maturing liabilities are covered at a given time (31.12.21) by Company Cash.

RETURN ON EQUITY RATIOS:

| | | |
|--------------------------------|--------|----------|
| 8. | | |
| <u>Net Income before taxes</u> | 9,94 % | -18,88 % |
| Equity | | |



| | 2021 | 2020 *Restated |
|-----|--|------------------------------|
| 9. | | |
| | $\frac{\text{Gross Income}}{\text{Sales Inventory \& services}}$ | $\frac{19,79 \%}{-39,78 \%}$ |
| 10. | <i>Net Profit Margin Ratio:</i> | |
| | $\frac{\text{Net Profits (before taxes)}}{\text{Sales Inventory \& Services}}$ | $\frac{17,05 \%}{-65,88 \%}$ |

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:

| | 2021 | 2020 |
|-----|---|-------------------|
| 11. | | |
| | $\frac{\text{Trade Receivables}}{\text{Sales on credit (Inventory \& Services)}} \times 360$ | |
| | 14,18 days (2021) | 30,17 days (2020) |
| 12. | | |
| | $\frac{\text{Trade Payables}}{\text{Purchases on credit (Inventory \& Services)}} \times 360$ | |
| | 37,56 days (2021) | 40,62 days (2020) |

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

H. ANTICIPATED COURSE OF THE COMPANY IN 2022

For the current year, there has been a forecast for fuel volume to be handled through the facility of approximately 550.000 m³, while the fuel volume transferred in 2021 was 491.574,31 m³ respectively.

This forecast was based on the gradual market normalization due to the COVID-19 pandemic. The above forecast is expected to be revised upwards depending on the evolution of the phenomenon and the change in the market trend.

The Throughput Fee for the year 2022 will remain at 10,00 €/m³, plus 5,07 €/m³ AIA Airport Fee, or a total of 15,00 €/m³, including rent in favor of AIA (AIA Rental Fee).



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 2022, the Company won for the second consecutive time the tender for the right of the concession contract by the "Athens International Airport - El. Venizelos" for the management services of the facilities of receipt, storage and distribution, through underground system "Hydrant", of the aviation fuel at the Athens International Airport - El. Venizelos ". The new concession contract will have a duration of 19 years with the option of a 5-year extension and starts on May 1, 2022.

Regarding the effects of the increase in energy costs, it is clarified that the operation and implementation of the Company's objectives were not affected and are not expected to be significantly affected in 2022.

Apart from the above, no event has occurred which significantly affects the financial structure or the business course of the Company from 1/1/2022 until the date of writing this report.

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

**CHAIRMAN
of THE BoD**

MANAGING DIRECTOR

FINANCIAL MANAGER

**VASILIOS TSIATOURAS
ID No AN 590404**

**NIKOLAOS KONTAXIS
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