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MANAGEMENT REPORT
THE BOARD OF DIRECTORS
«OFC AVIATION FUEL SERVICES S.A.»
FOR THE TWENTY SECOND YEAR 01.01.2020 – 31.12.2020
TO THE ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS

Spata, May 27, 2021

Ladies and Gentlemen Shareholders,

In accordance with the provisions of Codified Law 4548/2018, article 150, we are proud to submit for approval the Management Report of the Board of Directors and the attached financial statements of the company for the twenty second (22nd) year, for the period 1.1.2020 to 31.12.2020.

A. COMPANY TURNOVER FOR THE YEAR 2020

The estimated fuel volume for 2020 was 800.000 m³, due to the COVID-19 pandemic effects was revised to 356.000 m³ in June 2020, whereas in September it was revised anew to 310.000 m³. The actual fuel volume amounted to 295.361,14 m³, noting an decrease by 63,1% compared to the original estimation. Total Company income, as per the Statement of Comprehensive Income on 31 December 2020 amounted to 4.820.716,83 € and collectively came from:

- a. The amount of 2.067.532,60 € regarding the charge of Throughput Fee,
- b. The amount of 1.497.484,33 € regarding the Airport Fee which is collected from customers and is thereby attributed unchanged to AIA,
- c. The amount of 70.937,31€ regarding revenue from services to 3rd parties,
- d. The amount of 15.969,69 € regarding other revenue and past years' revenue,
- e. The amount of 76.440,26 € regarding interest on bank deposits.
- f. The amount of 1.092.352,64 € which concerns provisions for receivables after a final court decision. For the same reason, a corresponding impairment provision has been formed.

Total expenses realized for the year, including depreciations, amounted to 5.719.886,05 It is noted that the afore mentioned amount does not include the expense of 1.497.480,89 € regarding the Airport Fee (mentioned in point –b- above) which is attributed unchanged to AIA, whereas a provision of 1.022.351,79 € is included, which concerns the Company's liability following a final court decision.

Following the above, the losses incurred before taxes for the year 2020 amounted to 2.396.650,11€.

Finally, the total losses of the year after taxes amounted to 1.860.076,42 €.

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B. FIXED ASSETS

During 2020 expenditures on fixed equipment amounted to 106.918,02 €, regarding fixed assets' improvements and additions.

C. DISTRIBUTION OF PROFITS - DIVIDENDS

Because of the pandemic effects in the year 2020 and the dramatic drop in the Company's revenues, the proposed Dividend to be distributed to shareholders, by way of derogation from the existing FCA with the AIA, amounts to € 500.000.

D. OPERATIONAL RESULTS FOR THE YEAR 2020

1. Quality of Operation Services

1.1 Pandemic Effect

The main issue that affected Company operations, as in the rest of the world, was the coronavirus pandemic (COVID-19), which resulted in a significant reduction in fuel volumes for aircraft refuelling, i.e., by 62.5% compared to those of 2019.

In collaboration with the OFC Safety Technician, an occupational risk assessment was developed for COVID-19 for the immediate protection of Personnel. At the same time, the existing Emergency Plan No.16 – "Pandemic" was enriched, with the participation of the Safety Technician, the Occupational Doctor, and the use of the multiple emergency instructions issued by the Hellenic Republic and JIG that were received throughout 2020.

Based on the above instructions, OFC Staff was trained to implement the new protection measures against COVID-19 for all OFC visitors.

At the same time, all JIG requirements for the protection of fuel quality were applied. For this purpose, appropriate arrangements were made with the refineries ELPE & MOH, as well as the A.A.F.P.C. Pipeline Company, so as not to interrupt, due to reduced fuel requirements for aircraft refuelling, the operation of JET A-1 fuel transfer from the refineries to OFC. Also, a special operational plan was drawn up to ensure the replenishment of fuel in parts of the HYDRANT pipelines that, due to the significant reduction in supplies, were not used and had to be refuelled with newly produced fuel.

The above emergency provisions of operation and health protection are in place to date, as the pandemic is still underway.

1.2 Annual Operating Objectives

Implementation of 2020 objectives. Due to the pandemic, the scheduled IFQP training was postponed, and so did the environmental training by AIA's department in charge. The main objectives were:

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1. Implementation of all inspections' recommendations and observations.
2. Customer satisfaction.
Based on the requirements of the three Management Systems in place at OFC (i.e., ISO 9001, ISO 14001 & ISO 45001) the rating of OFC was requested by its customers and the results are the following:
 - b1. Rating by the Fuel Suppliers: 4,95 on a 5-point scale.
 - b2. Due to the pandemic, the Company was not able to provide Consulting Services to Third Parties.
3. Preventive maintenance upgrading and enrichment of the fire detection and fire extinguishing systems by outsourcing a Certified Contractor.
4. Database development aiming at the electronic management of Operation & Maintenance tasks, with simultaneous training of all Personnel and replacement of the old task management system implemented by a group of Company employees.
5. A study for the parallel receipt of fuel simultaneously by Pipeline and by road tank trucks was conducted in collaboration with a technical consultant Company.
6. Completion of the study for the Hydrant extension in Athens Airport Y2 area.
7. Revision of 81 Work Instructions and Documentation Records, out of which 21 are new.

It is worth mentioning that in the wake of the COVID pandemic, it is the first time that a comprehensive review of Work Instructions by all company staff was organized having as a result the high number of revised Work Instructions. Additionally, staff were asked to prepare questionnaires for the comprehension of OFC's Safety Instructions.

1.3 Fuel Quality Control (JIG)

1. Uninterrupted aircraft fueling meeting all JIG requirements, despite the significantly reduced aircraft refueling quantities due to the pandemic. The entirety of Company facilities was left fully operational and a monthly HYDRANT FLUSHING in Loop F was conducted, because of the reduced fuel pits use for aircraft refueling.
2. The new Standard EI / JIG 1530 was implemented by all facilities delivering JET A-1 fuel to OFC (i.e., refineries, storage, and transportation facilities), and official certificates were issued by all Fuel Suppliers, respectively.

1.4 Execution of Operation and Maintenance Budget

Operations and Maintenance expenses amounted to 256.000 € compared to 612.900 € of the annual budget, i.e., a 41,77 %. The decrease is mainly due to the significantly reduced quantity of JET A-1 for aircraft refueling, as well as the drastic restriction of all expenses, due to COVID-19.

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1.5 **Training**

The annual training program was executed in full.

Training hours amounted to 855,5, of which 173 were provided by 3rd parties (Fire department, Occupational Safety Officer, Occupational Doctor, AIA's Crisis Management Department). The training hours were distributed as follows:

- Health, Safety, Environment: 22%
- Operation: 23%
- Maintenance: 12%
- Technical issues: 13%
- Automation Systems: 18%
- ISO Management Systems: 12%

2. **SAFETY, HEALTH, ENVIRONMENT**

Major results:

2.1 No human accident.

2.2 Fire exercises

2.2.1 Annual Fire Exercise

The annual scheduled fire exercise with the participation of all Stakeholders (AIA Fire Department, AIA, Greek Police, EKAV-the National Centre of Emergency Assistance, Civil Aviation Authority, etc.) and a significant number of was postponed due to the COVID-19 pandemic.

On 2/9/2020 a limited-scale fire exercise was conducted instead, aiming at the immediate and safe departure of road tank trucks from the Fuel Farm facility; AIA's Fire Department Commander and AIA's Safety Manager attended the exercise which was assessed as fully satisfactory.

2.2.2 Unannounced Fire Exercises

On 4/6/2020 and on 14/12/2020 two (2) unannounced fire exercises took place, activated orally via telephone communication from AIA's Crisis Management Supervisor. All OFC personnel in charge of fire safety as well as one fire-fighting vehicle of AIA's Fire Department were immediately mobilized. The exercises were successfully concluded by OFC's respective notices to AIA and both exercises confirmed excellent readiness results both for AIA Fire Department and OFC.

2.3 Safety day

The annual Safety Day for OFC personnel took place on 21/10/2020 using audio visual material provided by "SHELL & MOH AVIATION". As every year, it was of special interest, and it significantly contributed to further improving the Company's safety culture.

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2.4 Second ICSI programme implementation (Involvement for Continuous Improvement)

The 2nd ICSI programme was implemented with the close supervision of the specialized partner. The outcomes of the programme will be announced early in 2021.

2.5 Record of 23 **improvement suggestions** (unsafe conditions and actions, near misses, etc.) identified and proposed by personnel.

2.6 Severe lightning strike incident

At 2.20 am on 15/7/20, due to extreme lightnings in the Athens Airport widest area and following AIA's command, aircrafts' refuelling ceased. The Fuel Farm did not suffer any damages that effected its operation.

2.7 Performance of the 3-yearly HSSE External Audit by a third party, on 10/9/2020, with zero findings of non-conformance.

2.8 Ensuring analysis results of all underground and above ground water, as well as of 10 monitoring wells (apron and oil separator) within the acceptance limits of the respective legislation.

2.9 Achievement of very high level of recycling, 80,9%.

3. EXTERNAL INSPECTIONS

The following inspections by external parties were performed, with zero comments:

3.1 Juneyao Airlines, on 16/1/2020, in view of the airline's intention to start operations in Athens Airport.

3.2 JIG Inspection on behalf of EKO, on 10/12/2020.

4. FUEL STOCK MANAGEMENT

The 6-monthly Fuel Stock audit by Customs at OFC resulted in a surplus of 67.373 ltrs over 295.361.157 ltrs of fuel transferred to aircraft in 2020, i.e. 0,023%, which is significantly lower than the limit of 0,1%, set by JIG for JET A-1. The resulting measured surplus was proportionately distributed to the fuel suppliers storing fuel in OFC.

5. ADDITIONAL RESULTS AND SERVICES

5.1 Participations and Conferences, Presentations and OFC Awards

5.1.1 JIG and IATA Conferences:

Due to the pandemic, OFC participated in numerous Webinars.

5.1.2 OFC actively participated in two (2) JIG Committees (via teleconference):

1. Common Processes and Best Industry Practices

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2. HSSE, with special propositions on updating & revising JIG's HSSE Management System (Issue 3).

- 5.1.3** Active participation in two **AIA Committees** via teleconference, and presentation of relevant topics by OFC's delegates:
- Airport Safety Committee
 - Crisis Management Committee

5.2 Moving High Point Vent (HPV) to east Satellite Terminal project

Following AIA's order, OFC moved HPV D4 (High Point Vent) to the east, due to upcoming works in the area.

E. PENDING COMPANY LITIGATIONS AND PENDING COMPANY CASES

There are no pending claims of third parties against the Company, which may be expected to incur financial burdens in the year 2020.

F. FINANCIAL RISK MANAGEMENT

The Company's Management has thoroughly evaluated the impacts in managing financial risk that may result due to the general situation of the Greek business environment. Generally, as reported below in the management of individual risks, it does not consider that any negative developments in the Greek Economy will considerably influence the smooth operation of the Company. Regarding the COVID-19 pandemic, the Company's Management considers that the air fuel (JET A-1) storage and distribution sector belongs to those business categories that are expected to be affected, as most sectors of the Greek economy, due to the spread of the virus disease. Consequently, the sales volume is expected to decline in the current year. However, this effect cannot be quantified at this stage, since it undoubtedly depends on the length of time it will take to restore normal conditions globally.

The Company has taken all necessary measures aiming at the protection of its employees' health and at the same time, to the extent possible, ensuring the Company's uninterrupted 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, on one 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. Notably, for year 2020, due to the pandemic and the drastic revenue decrease, the distribution of dividends to the company's shareholders will be reduced to the 1/3 of the forecasted one. However, this does not have a material effect on accumulated yields.

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)

	2020	2019
1. $\frac{\text{Current Assets}}{\text{Total Assets}}$	79,09 %	75,58 %
2. $\frac{\text{Tangible Fixed Assets}}{\text{Total Assets}}$	20,91 %	24,42 %

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

3. $\frac{\text{Equity}}{\text{Total Liabilities}}$	1.919,14 %	1.373,04 %
4. $\frac{\text{Total Liabilities}}{\text{Total Liabilities \& Equity}}$	4,95 %	6,79 %
5. $\frac{\text{Equity}}{\text{Total Liabilities \& Equity}}$	95,05 %	93,21 %



	<u>2020</u>	<u>2019</u>
6. $\frac{\text{Current Assets}}{\text{Short-Term Liabilities}}$	3.050,86 %	1.526,11 %

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

7. $\frac{\text{Cash}}{\text{Short-Term Liabilities}}$	2.915,34 %	1.478,47 %
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Depicts the special liquidity of the Company. It determines whether the maturing liabilities are covered at a given time (31.12.20) by Company Cash.

RETURN ON EQUITY RATIOS:

	<u>2020</u>	<u>2019</u>
8. $\frac{\text{Net Income before tax}}{\text{Equity}}$	-19,06 %	6,30 %
9. $\frac{\text{Gross Income}}{\text{Sales Inventory \& Services}}$	-39,77 %	20,99 %
10. <i>Net Profit margin ratio:</i> $\frac{\text{Net profits (before taxes)}}{\text{Sales Inventory \& Services}}$	-65,84 %	10,15 %

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:

11. *Debtors' Ratio:*

$\frac{\text{Trade Receivables}}{\text{Sales on credit (Inventory \& Services)}} \times 360$	0,74 days (2020)	0,20 days (2019)
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12. Creditors' ratio:

$$\frac{\text{Trade payables}}{\text{Purchases on credit (Inventory \& Services)}} \times 360$$

49,49 days (2020) 26,77 days (2019)

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

H. ANTICIPATED COURSE OF THE COMPANY IN 2021

For the current year, there has been a forecast for fuel volume to be handled through the facility of approximately 410.000 m³, while the fuel volume transferred in 2020 was 295.361,14 m³ respectively.

This forecast was based on the ongoing event of the COVID-19 pandemic. The above forecast will be revised according to the evolution of the pandemic and the change in market trend.

The ThroughPut Fee (TpF) will be increased for year 2021 to 10,00 m³; this increase is not enough to fully recover the revenue loss incurred in year 2020. During 2021, there will be a thorough reassessment of facts for its possible increase.

I. Events after the Reporting Period

Following the relevant decisions of the Greek government to continue the suspension of business operations in the entire range of economic activity, but also the restrictions on population's movement in Greece and abroad, taken to limit the spread of the COVID 19 pandemic, it is certain that the sales volume of the Company will continue to be affected. The magnitude of the effects will depend on factors such as the duration of the pandemic, the duration of the applicable restrictive measures and the possible additional measures taken, therefore the relevant sales decrease cannot be quantified at this time. Any negative effects on the Company's revenues are expected to be balanced to an extent during the 2nd semester of 2021 and to eventually be normalized during the 2-year term 2022-2023.

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

**CHAIRMAN
OF THE BOARD**

**MANAGING
DIRECTOR**

**FINANCIAL
MANAGER**

**VASILIOS TSIATOURAS
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