DCC Energi Danmark A/S

CVR no. 32141846

Nærum Hovedgade 8
DK-2850 Nærum

Annual report 2018/19

April 1st 2018 – March 31st 2019

The annual report was presented and approved at the Company's annual general meeting on 31 August 2019

Chairman of the annual general meeting:

Michael Kruse Bak

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Statements and reports

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of DCC Energi Danmark A/S for the financial year 1 April 2018 – 31 March 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a true and fair view of the Company's assets, liabilities and financial position at 31 March 2019 and of the results of the Company's operations for the financial year 1 April 2018 – 31 March 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Nærum, 31 August 2019

Executive Board

Christian Frederik Heise

Board of Directors

Edward Gerard O'Brien Chairman	Morgan McElligott	Claus Geisler Madsen
Christian Frederik Heise	Michael Kruse Bak	

Statements and reports

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We recommend that the annual report be approved at the annual general meeting.

Nærum, 31 August 2019

Executive Board

Christian Frederik Heise

Board of Directors

Edward Gerard O'Brien Chairman	Morgan McElligott	Claus Geisler Madsen
Christian Frederik Heise	Michael Kruse Bak	

Independent auditor's report

To the shareholders of DCC Energi Danmark A/S

Opinion

We have audited the financial statements of DCC Energi Danmark A/S for the financial year 1 April 2018 – 31 March 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2019 and of the results of the Company's operations for the financial year 1 April 2018 – 31 March 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the Company 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 Company'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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 August 2019
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael Sten Larsen
State Authorised
Public Accountant
MNE no. 10488

Management's review
Company details

Company	DCC Energi Danmark A/S Nærum Hovedgade 8 DK-2850 Nærum Telephone: +45 45 58 01 00 Telefax: +45 45 58 01 90 E-mail: info@kundeservice.dccenergi.dk Website www.dccenergi.dk CVR no.: 32 14 18 46 Financial year: 1 April – 31 March Registered office: Nærum
Board of Directors	Edward Gerard O'Brien, Chairman Morgan McElligott Claus Geisler Madsen Christian Frederik Heise Michael Kruse Bak
Executive Board	Christian Frederik Heise
Auditor	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 DK-2100 København Ø
Attorney	Accura Advokataktieselskab Tuborg Boulevard 1 DK-2900 Hellerup
Bank	Danske Bank Holmens Kanal 2 DK-1090 København K

Management's review
Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Key figures					
Results					
Revenue	2,673,253	2,318,105	1,718,593	1,429,484	1,211,403
Ordinary operating profit	102,465	90,534	70,485	45,085	7,578
Profit/loss from financial income and expenses	3,432	4,965	-3,346	-702	-1,154
Profit for the year	87,874	74,484	53,383	34,618	4,850
Balance sheet					
Balance sheet total	1,253,435	1,008,142	979,160	674,900	316,470
Equity	397,874	385,493	364,383	345,618	99,164
Investments					
Property, plant and equipment and intangible assets	188,253	226,889	254,746	291,893	42,314

Financial Ratios

	2019	2018	2017	2016	2015
Gross margin (%)	13.3	14.9	18.0	18.4	11.8
Operating margin (%)	3.8	3.9	4.1	3.2	0.6
Return on invested capital (%)	8.2	9.0	7.2	6.7	2.4
Solvency ratio (%)	31.7	38.2	37.2	51.2	31.3
Return on equity (%)	22.4	19.9	15.0	15.6	4.4

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios".

FINANCIAL HIGHLIGHTS
Definitions of financial ratios

Gross margin	Gross profit/loss x 100 / Revenue
Operating margin (EBIT-margin)	Operating profit/loss x 100/ Revenue
Return on invested capital	Operating profit/loss x 100 / Total assets
Solvency ratio	Equity x 100 / Total assets
Return on equity	Profit/loss for the year x 100 / Average equity

BUSINESS PERFORMANCE AND BUSINESS FOUNDATION

The annual report of DCC Energi Danmark A/S for 2018/19 has been prepared in accordance with the provisions applying to reporting class C large sized under the Danish Financial Statements Act.

The Company's financial year is from 1 April to 31 March the subsequent calendar year.

Principal activity

DCC Energi Danmark A/S sells and distributes fossil fuels and biogenic fuels, including oil, petrol, coal, wood pellets, natural gas, electricity, lubricants, etc.

DCC Energi Danmark A/S continuously strives to contribute to effective distribution of energy to the Company's customers in Denmark.

The Company is a fully owned subsidiary of DCC Holding Denmark A/S.

The ultimate parent company is DCC plc, which is domiciled in Ireland.

Market outline

General market development for refined oil products and natural gas is driven by the cycles and trends within the manufacturing, transportation, agriculture and industrial sectors as well as demand from private households.

The level of public-sector investments in a structural change in the market for heating in order to reduce the Danish impact on the global CO_2 footprint were in line with expectations of the Company. Specific political measures have continued with the objective to reduce the consumption of oil used for heating purposes, increase the use of electricity and district heating and in general to increase the share of biologically-based components added to oil products. Furthermore, there is political focus on increasing the use of renewable sources of energy.

DCC Energi Danmark A/S' has maintained its share of the main market that the Company operates in throughout 2018/19. We still expect that the market in general is subject to increased competition among the suppliers. The conversion from heating oil to other heating form on other sectors of the energy market is expected to continue during 2019/20. The Company expect to be able to improve the share of the market in the Company's main areas due to a continuous focus on customer service and best-of-market premium products.

Performance during the year

The Company's income statement shows a profit after tax of DKK 87,874 thousand, and equity at DKK 397,874 thousand in the Company's balance sheet as of 31 March 2019.

Net revenue achieved DKK 2,673,253 thousand and is in line with the Company's expectations for the year. The increase in revenue is primarily driven by generally higher oil prices and the positive development in marked shares as described in section "Market outline" above.

It is part of the Company's strategy to generate profitable growth and to secure its investments on the Danish energy market. This is executed with focus on the oil and energy industry with risk diversification relative to market groups requiring energy and relative to seasonal fluctuations and a high focus on streamlining processes and reducing overhead costs. We have improved our profitability during the year increasing the profit before tax from DKK 95,499 thousand to DKK 105,897 thousand which is also in line with our expectations.

Accordingly, results for the year are considered satisfactory.

Events after the balance sheet date

No events have occurred after the balance sheet date of importance to the annual report for 2018/19. Reference is made to note 16 to the financial statements.

Financial position

The Company's total working capital is strong and with a limited level for losses on client engagements. This is due to the Company's strong focus on credit management and effective measures to avoid bad debts.

As a consequence of the above, the Company's liquidity and financial position were strong at the end of the year.

SPECIAL RISKS - OPERATING RISKS AND FINANCIAL RISKS

Operating risks

The Company has entered into agreements with suppliers of raw materials and services used to meet obligations to customers. Further, the Company has entered into long-term agreements for sale and supply under the trademarks Shell and DLG etc.

Through agreements with its affiliate, DCC Energi Center A/S, the Company has taken measures to ensure that operations-related tasks are handled in accordance with DCC Energi Danmark A/S' policies and liabilities to customers and business partners.

The Company has implemented a comprehensive set of policies ensuring that the Company, at any time, can be run in accordance with uniform, high standards and principles for good corporate governance. During 2018/19 we have started implementing systems to improve documentation and monitoring of key internal controls.

The Company has implemented and followed up on the efficiency of policies ensuring and protecting data made available to customers, suppliers, employees and the surrounding society against abuse and misuse. We have completed our implementation of a GDPR-platform in 2018/19 ensuring that we are in compliance with the EU's General Data Protection Regulation (GDPR).

Furthermore, the Company has implemented and regularly follows up on polices ensuring business integrity, including compliance with competition law, and proper protection against the risk of bribery and corruption for customers and business partners.

Market risks

The value of the Company's products is determined based on official international listings, and accordingly, there may be major deviations in the price level for purchases and sales.

The Company keeps track of the daily listings and determines its sales prices on the basis of the market price. It is a company policy to hedge against risks, ensuring that future deliveries based on a predetermined price are hedged. Against this background, fluctuations in purchase prices have only to a limited extent not been recognised in sales prices.

Currency risks

The Company has activities only in Denmark and settles the vast part of its purchases in DKK and, to a certain extent, in EUR & USD.

Changes in the price level for both EUR and USD will not have any material direct effect on earnings as purchase and sale prices are in all materiality at the same level. The need for entering into forward exchange contracts to hedge currency risks is regularly assessed. During the year under review, it has not been necessary to enter into forward contracts to hedge currency risks.

Interest rate risks

The Company has relatively modest net interest-bearing debt, and moderate changes in the interest rate level will not have any major direct impact on earnings. Accordingly, the Company does not enter into contracts for interest rate hedging instruments.

Credit risks

The Company's credit risks primarily arise from risks posed by customers.

No individual customer or business partner poses any material credit risk. The Company's policy for undertaking credit risks entails that all large customers and other business partners are credit rated on an ongoing basis. Where appropriate, receivables are hedged e.g. by means of credit insurance, prepayments or other types of credit insurance.

STRATEGY AND OBJECTIVES

Strategy

DCC Energi Danmark A/S pursues the strategy of selling and supplying energy solutions for industrial, transport, agricultural and trading entities and consumers in Denmark - primarily fossil fuels such as oil and natural gas energy solutions complemented by sales and delivery of lubricant solutions. Furthermore, it is part of the Company's strategy to promote green transition where this is possible.

It is part of the strategy to gain market shares in a market with fierce competition through products and sales channels with major trademark value and documented premium quality. This is executed by offering a strong portfolio of differentiated products and services under the brands Shell, Gulf and DLG. The strategy requires that DCC Energi Danmark A/S continually grows at a higher speed than its competitors. In as far as possible, growth is to be organic complemented by mergers and acquisitions to the extent it is an option and can benefit the Company.

The Company strives continuously to identify potential for fostering further growth within its present business areas and to strengthen its competitive power within sale of fossil fuels to most sectors in Denmark.

The integration of Dansk Fuels A/S and the activities acquired in 2016 to the DCC Denmark group is resolved as expected and the customers of DCC Energi Danmark A/S and Dansk Fuels A/S is offered a full range of energy solutions as access to a nation-wide network of petrol stations, sale and distribution of fuel, natural gas, coal, power and heating, aviation fuel for Danish airports as well as fuel card services under the Shell and Euro Shell brands.

Strategy - continued

The ongoing societal restructuring towards solutions reducing CO_2 emissions from energy consumption is assumed to be of a permanent nature and is hence prioritised in the strategy to ensure long-term profitable growth.

By means of this strategy, it is DCC Energi Danmark A/S' objective to generate a profit for the Company's shareholders that exceeds the shareholders' demand for return on their investment. Moreover, it is the Company's strategy to pay dividend based on excess capital resources that are not dedicated business development.

Objectives and outlook for the coming year

Based on a strong Danish national economy, competition remains fierce, and within heating, conversion to alternative sources of energy are expected to be at the same level as during previous years. The winter season is expected to be at a "normalised" level with regard to temperature and snow. Likewise agricultural activities are expected at a "normalised" level, with regard to rain and temperature.

During the coming year, the activity level is expected to be at the same level as this year, while the Company still strives to increase its market shares through organic growth.

BASIS OF EARNINGS

Research and development

The Company does not engage in research and development activities.

Corporate social responsibility

With reference to section 99a (6) of the Danish Financial Statements Act, no full corporate social responsibility reporting has been prepared for the Company, including policies to climate, environment, human rights and anti-bribery and corruption, as this is contained in the DCC Group's corporate social responsibility reporting. Reference is made to the annual report 2019 of the DCC Group and its ultimate parent company DCC plc, which is available from the Group's website (p.68 to 71).

https://www.dcc.ie/investors/reports/2019

The specific policies regarding safety, employees, HSSE, Environment, Ethics & "Compliance" and "Anti bribery and corruption policy" and "Business conduct guidelines" are available from the Group's website.

https://www.dcc.ie/responsibility

The Company's CSR polices are directed at two areas - external environment and intellectual capital, which have been accounted for in the following.

Anti-Bribery and Corruption

The Company has as part of the DCC Group a detailed Anti-Bribery and Corruption Policy in place. The Policy states that no employee or any representative of the business is to offer or accept any bribe, including small facilitation payments, or engage in any other form of corrupt practice. The Policy is available from the Group's website. No breaches to the Policy have been noted during 2018/19.

External environment

DCC Energi Danmark A/S is dedicated to operating safe and environmentally responsible in full compliance with requirements and standards.

The Company has a documented and active HSSE policy (Health, Safety, Security and Environment), and accordingly operating systems and processes of the Company and its suppliers are regularly inspected to protect the environment and the surrounding society against risks and, in the worst case, accidents.

Intellectual capital

Sale and delivery of refined oil products and products within the other energy areas requires intellectual capital and skills regarding leading and management of people and business processes. This is handled operationally through the group entity, DCC Energi Center A/S, and independent carriers and partners within logistics, IT and other partners bound by contract.

To allow us continuously to serve our market, it is decisive that the Company's business partners can recruit and retain employees with a broad skills base particularly within human and commercial processes and disciplines directed at due diligently to promote a safe and reliable conduct of business.

Diversity and equality

The Company has defined policies for diversity and equality for the purpose of developing a workplace characterised by diversity and equal opportunities for all.

The Company's policies and initiatives within the area are an integrated part of the employee handbook, and by this measure, the Company undertakes to accept and value the various kind of characteristics making individuals unique by employing people with different life experiences, personal back ground and with different skills, competences and professional experience.

The Company strives to develop a working culture which is fair and inclusive and which encourages all employees to contribute to the organisation based on their own experience and opinions. The Company offers equal opportunities to all present and future employees, and employment, promotion and remuneration is based on skills, competencies and experience. On this basis, the Company invests in staff development and encourages an open and honest culture appreciating our differences.

Considering the standing ambition to have the best skilled executives, it is also the Company's objective to promote gender diversity.

Gender diversity of Management

As part of the Danish model to ensure a more equal distribution of men and women on top management, the Company's Board of Directors has addressed the objectives and policies for the area, for the fiscal year 2018/19.

Overall, the objective of the policy for the area is to promote diversity on a broad scale and at any time to recruit the best-qualified candidate irrespective of gender, age, nationality, sexual orientation and religious beliefs.

The Company does not have any employees as the Company's activities are handled by the Management and employees employed in the affiliate, DCC Energi Center A/S. Furthermore, the Company's owners have decided that the Board of Directors is to be made up solely by representatives from the Executive Board and executives from Finance, Sales and Operations in Denmark and country managers employed in the ultimate Irish parent company, DCC plc.

As mentioned, an important element of DCC's strategy is to grow through acquisitions and mergers, and for this purpose, members of the Board of Directors and Executive management have been recruited based on the need for continuity and growth in the surviving company. The optimum solution has been to recruit executive candidates from the businesses acquired. There are currently no women in this group making up the basis for recruiting executives for the top management of DCC Energi Danmark A/S. There are 6 members of the Board of Directors and no one is a female.

With these general conditions, the Company's ambitions within the area are to be fulfilled by DCC Energi Center A/S, also even though this company is not required by the legislation on gender diversity of Management.

Furthermore, DCC Energi Center A/S is to attract the best candidates and at the same time be a preferred employer for both genders. Since 2017, it has been an objective when recruiting executives and specialists that the process delivers strong candidates of both genders to qualify for the interview rounds, ensuring that the basis of recruitment for the top management of DCC Energi Danmark A/S is representative. For future purposes and by natural turnover, the objective is to comply with the Board of Directors' ambitions for equal gender distribution of the members of the Board of Directors and hire at least 1 board member from the under-represented gender by 2022.

Management's judgments and estimates

In preparing financial statements, certain provisions in the standards require management's judgments, including various accounting estimates and assumptions. Such judgments are considered important to understand the accounting policies and DCC's compliance with the standards.

Determining the carrying amount of some assets and liabilities requires judgments, estimates and assumptions concerning future events that are based on historical experience and other factors, which by their very nature are associated with uncertainty and unpredictability.

These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. DCC is also subject to risks and uncertainties which may lead actual results to differ from these estimates. Specific risks for DCC are discussed in the relevant section of the management's review and in the notes to the financial statements.

The areas involving a high degree of judgment and estimation that are significant to the financial statements are described in more detail in the related sections/notes.

Financial statements

Financial statements for 1 April 2018 – 31 March 2019

	Note	2019 DKK'000	2018 DKK'000
Revenue	2	2,673,253	2,318,105
Cost of sales		-2,318,954	-1,972,864
Gross profit		354,299	345,241
Sales and distribution costs	3,4,8,9	-101,792	-131,909
Administrative expenses	3,4	-150,042	-122,798
Ordinary operating profit		102,465	90,534
Financial income	5	5,691	9,392
Financial expenses	6	-2,259	-4,427
Profit before tax		105,897	95,499
Corporation tax	7	-18,023	-21,015
Profit for the year		87,874	74,484

Proposed profit appropriation

Proposed dividend	86,874	75,493
Retained earnings	1,000	-1,009
	87,874	74,484

Financial statements
Balance sheet at 31 March 2019

Assets	Note	2019 DKK'000	2018 DKK'000
Goodwill	8	175,563	206,377
Acquired customer relations	8	2,092	11,242
Intangible assets		177,655	217,619
Fixtures and fittings, tools and equipment	9	10,598	9,270
Property, plant and equipment		10,598	9,270
Fixed assets		188,253	226,889
Inventories		6,402	5,252
Financial instruments		16,334	4,505
Trade receivables		316,171	394,867
Receivables from associated entities		8,103	41,838
Receivables from affiliated entities	10	716,148	330,242
Deferred tax asset	11	0	2,673
Other receivables		695	454
Prepayments		472	505
Receivables		**1,057,923**	**775,084**
Cash at bank and in hand	10	857	917
Current assets		**1,065,182**	**781,253**
Total assets		**1,253,435**	**1,008,142**

Financial statements

Balance sheet at 31 March 2018

Equity and liabilities

	Note	2019 DKK'000	2018 DKK'000
Contributed capital		505	505
Share premium		0	310,495
Retained earnings		310,495	-1,000
Proposed dividend for the year		86,874	75,493
Equity		**397,874**	**385,493**
Provision for deferred tax	11	5,022	0
Provisions		**5,022**	**0**
Trade payables		89,131	71,087
Payables to affiliated entities		545,768	333,297
Joint taxation contribution payable		61,981	46,379
Other payables		153,659	171,886
Current liabilities other than provisions		**850,539**	**622,649**
Total equity and liabilities		**1,253,435**	**1,008,142**

Accounting policies	1
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Financial statements
Statement of changes in equity

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity at 1 April 2018	505	310,495	0	75,493	386,493
Change in accounting policies	0	0	-1,000	0	-1,000
Adjusted equity at 1 April 2018	505	310,495	-1,000	75,493	385,493
Share premium transferred to retained earnings	0	-310,495	310,495	0	0
Dividend paid to shareholders	0	0	0	-75,493	-75,493
Results for the year	0	0	87,874	0	87,874
Proposed dividend to shareholders	0	0	-86,874	86,874	0
Equity at 31 March 2019	**505**	**0**	**310,495**	**86,874**	**397,874**

The contributed capital consists of shares of nom. DKK 1 and multiple hereof. The capital is split into nom. 505,000 shares. The shares are not divided into share classes. During the last five years, there have been the following movements on the contributed capital:
On 9 July 2015, the contributed capital was increased from DKK 501 thousand to DKK 505 thousand by contribution of existing business at a price of 7,762,475.

Note

1 **Basis of accounting**

The annual report of DCC Energi Danmark A/S for 2018/19 has been prepared in accordance with the provisions applying to reporting class C large sized under the Danish Financial Statements Act.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared as the cash flows are included in the consolidated cash flow statement of the DCC Group. Reference is made to consolidated financial statements of the DCC Group and the ultimate parent company DCC plc, which can be obtained at:

https://www.dcc.ie/investors

Except as outlined below the accounting policies used in the preparation of the financial statements are consistent with those of last year.

The annual report has been presented in DKK.

Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

For fiscal year ended March 31, 2018 adjustments have been made to the following reporting lines,

- "Trade payables" corrected with DKK -224,228 thousand from DKK 295,315 thousand to DKK 71,087 thousand.
- "Payables to affiliated entities" corrected with DKK 224,228 thousand from DKK 109,069 thousand to DKK 333,297 thousand.

to present all payables to affiliated entities as "payables to affiliated entities".

And,

- "Receivables from affiliated entities" corrected with DKK -39,273 thousand from DKK 369,515 thousand to DKK 330,242 thousand.
- "Receivables from associated entities" corrected with DKK 41,838 thousand from DKK 0 thousand to DKK 41,838 thousand.
- "Cash at bank and in hand" corrected with DKK -2,565 thousand from DKK 3,482 thousand to DKK 917 thousand.

to present cash in transit from associated company as "Receivables from associated entities".

Corresponding correction has been made in note 10 "Cashpool and cash and cash equivalents".

New accounting policies

DCC has, with effect from April 1, 2018, used IFRS 15 and certain elements of IFRS 9 as interpretative basis for recognition and measurement of revenue and financial instruments under the Danish Financial Statements Act. The impact of the adoption of the standards is described below in section "Revenue from contracts with customers" and in "Financial instruments".

As an effect of the new accounting policies the comparative figures for 2017/18 has been amended. The monetary impact on the comparative figures is as follows:

Decrease in Trade receivables 2017/18, from DKK 395,867 thousand to DKK 394,867 thousand by DKK 1,000 thousand.

Decrease in Equity as at 31 March 2018, from DKK 386,493 thousand to DKK 385,493 thousand by DKK 1,000 thousand.

Revenue from contracts with customers

Effective April 1, 2018, the Company adopted the recognition and measurement principles of IFRS 15 using the modified retrospective transition method. Under this method, no cumulative effect of applying the new revenue standard was recognized to the opening balance nor the closing balance. The new policy applies to all contracts with customers, except for contracts that are within the scope of other standards, such as leases, insurance, and financial instruments.

The Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services.

Financial instruments

Effective April 1, 2018 we adopted the recognition and measurement principles of IFRS 9 in relation to measurement and derecognition of financial assets and financial liabilities, hedge accounting, and impairment of financial assets. This resulted in changes in accounting policies (included below). In accordance with the transitional provisions of IFRS 9, comparative figures have not been restated.

Receivables

Receivables are designated as financial assets measured at amortized cost and are initially measured at fair value or transaction price and subsequently measured in the balance sheet at amortized cost, which generally corresponds to nominal value less expected credit loss provision.

The Company applied the simplified matrix model approach to measuring expected credit losses for all receivables. The Matrix approach segregates trade balances into different groups based on risk characteristics and past experience. To measure the expected credit losses, receivables have been grouped based on credit risk characteristics and the days past due.

Due to the change from the incurred credit loss model to the expected credit loss model, the total provision of bad debts has increased with DKK 1,000 thousand.

Recognition and measurement

The financial statements have been prepared on the basis of historical cost.

Income is recognised in the income statement as earned. In addition, value adjustments of financial assets and liabilities, measured at fair value or amortised cost, are recognised. Further, all costs incurred to obtain revenue for the year, including write-down, depreciation, amortisation and provisions are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when it is probable that future economic resources will flow from the Company and the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each individual accounting item below.

Certain financial assets and liabilities are measured at amortised cost, and thus, constant effective interest is recognised over the term. Amortised cost is calculated as original cost less payments and addition/deduction of the accumulated write-down of the difference between cost and nominal amount which allocates capital losses and capital gains over the term.

Recognition and measurement continued

At measurement and recognition, consideration is given to unpredictable losses and risks occurring before the presentation of the annual report confirming or disconfirming matters that existed at the balance sheet date.

DKK is used as functional currency. Other currencies are regarded as foreign currency.

Measurement and recognition of the acquisition of activities

When activities are acquired, the difference between cost and the carrying amount of assets and liabilities acquired is stated at the date of acquisition following the adjustment of the individual assets and liabilities at fair value (purchase method). Residual positive differences are recognised in the balance sheet as intangible assets under customer relations and other identifiable intangible assets. Residual non-identifiable differences are recognised as goodwill.

Customer relations as well as other identifiable intangible assets and goodwill are amortised on a straight-line basis over their projected useful lives in the income statement. However, the useful lives are not to exceed 10 years.

Amortisation of goodwill and other intangible assets is recognised in the caption sales and distribution costs.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Gains and losses arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies, which are not recognised at the balance sheet date, are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date of transaction is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at fair value and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively. Changes in the fair value of derivatives that are designated and qualify as fair value hedges of a recognised asset or liability or a firm commitment are recognised in the income statement together with changes in the fair value of the hedge item. Changes in the fair value of other derivatives are recognised in financial income or expense.

Segment information

Segment information is not provided neither on business segments nor on geographical markets as the Company only markets a segment to one market – sales and distribution of fossil fuels in Denmark.

INCOME STATEMENT

Revenue

Revenue from sale of goods for resale and finished goods is recognised in the income statement when the sale is has taken place. A sale is deemed to have taken place when:

- delivery has been made within the end of the financial year
- a binding sales agreement is present
- the sales price has been determined, and
- payment has been received or when it is probable that payment will be received.

Revenue is recognised excluding VAT and taxes charged less any discounts granted in connection with the sale.

Cost of sales

Cost of sales comprise consumption of goods and consumables used for obtaining revenue for the period.

Sales and distribution costs

Sales and distribution costs comprise costs concerning distribution, depreciation and adjustment of debtors due to loss or prevention of loss.

Administrative expenses

Administrative expenses comprise expenses for services rendered by the Company's affiliate DCC Energi Center A/S.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, realised and unrealised exchange rate adjustments as well as surcharges and refunds under the on-account tax scheme, etc.

Corporation tax

Tax for the year, which comprises current tax for the year and deferred tax for the year, is recognised in the income statement at the amount attributable to the profit/loss for the year. Tax recognised in the income statement is classified as tax on profit/loss from ordinary activities.

Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

The Company is included in the joint taxation with the parent company DCC Holding A/S, which is the taxable administrative company for the jointly taxed companies.

The tax effect of the joint taxation with the jointly taxed Danish companies is allocated between profitable as well as loss-making Danish entities in relation to their taxable income (full allocation with refunds for tax losses). The jointly taxed entities are included in the on-account tax scheme.

BALANCE SHEET

Intangible assets

Goodwill and acquired customer relations

Acquired goodwill and acquired customer relations are measured at cost less accumulated amortisation and impairment losses. Goodwill and acquired customer relations are amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas and are longest for strategically acquired entities with a strong market position and long-term earnings profile.

The basis of amortisation calculated as cost less any projected residual value is provided on a straight-line basis over the estimated useful life, which are as follows:

Goodwill 10 years

Acquired customer relations 1-10 years.

Impairment of intangible assets

The carrying amount of intangible assets is subject to an annual test to determine indications of impairment other than the decrease in value reflected by amortisation.

If there are indications of impairment, an impairment test is conducted to determine if the recoverable amount is lower than the carrying amount. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount of the asset is determined as the higher value of an asset's net selling price and its value in use. If it is not possible to determine a recoverable amount of the individual asset, the assets are assessed collectively in the smallest group of assets and an overall assessment of the recoverable amount may be reliably measured.

Goodwill and other assets where it is not possible to determine a separate value in use as the asset does not generate future cash flows is assessed for indication for impairment together with the group of assets to which they relate.

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated impairment losses and depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Interest expenses on loans to finance property, plant and equipment are recognised in the income statement.

The basis of depreciation, which is calculated as cost less any projected residual value, is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment 5 years

Depreciation is recognised in the income statement and classified under the function to which the asset can relate.

Impairment of fixed assets

The carrying amount of fixed assets is subject to an annual test to determine indications of impairment other than the decrease in value reflected by write-down.

If there are indications of impairment, an impairment test is conducted to determine if the recoverable amount is lower than the carrying amount. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount of the asset is determined as the higher value of an asset's net selling price and its value in use. If it is not possible to determine a recoverable amount of the individual asset, the assets are assessed collectively in the smallest group of assets and an overall assessment of the recoverable amount may be reliably measured.

For assets where it is not possible to determine a separate value in use as the asset does not generate future cash flows, the indication of impairment is assessed together with the group of assets to which the assets relate.

Inventories

Inventories are measured at cost in accordance with the FIFO method or at net realisable value if this is lower.

The net realisable value of inventories is calculated at the amount expected earned at sale during ordinary course of business less costs of completion and costs necessary to make the sale. The net realisable value is determined taking into account marketability, obsolescence and development in expected selling price.

Cost comprises purchase price plus delivery costs.

Receivables

Receivables are measured at amortised cost in the balance sheet or a lower net realisable value, corresponding to fair value less write-down for bad debt losses. Write-down made for expected credit losses are calculated on the basis of an assessment of the individual receivables and for trade receivables also on a general write-down relying on the Company's past experience and economic outlook for customer segments.

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

Cash at bank and in hand

Cash comprises cash at bank and in hand.

Dividend

Proposed dividend is recognised as a liability at the date on which they are adopted at the annual general meeting. The expected dividend payment for the financial year is disclosed as a separate item under equity.

Provisions

Provisions are recognised when the Company, as a result of an event occurring no later than at the balance sheet date, has a legal or constructive obligation, and it is probable that there will be an outflow of economic benefits to settle the liability.

Deferred tax assets and liabilities

Deferred tax is recognised of all temporary differences between carrying value and tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes as well as other items if these, except for acquisitions of entities, arose at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Where taxable value can be computed according to alternative taxation rules, deferred tax is measured on basis of the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised; either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax assets and liabilities are presented as offset.

Current tax receivable and payable

Current tax receivable and payable is recognised in the balance sheet at the amount calculated on the basis of the year's expected taxable income adjusted for tax on taxable income from previous years. Tax receivable and payable are presented as offset to the extent set-off is allowed under relevant legislation and the items are expected to be settled as net amounts or at the same time.

Note		2019 DKK'000	2018 DKK'000
2	**Revenue**		
	Sale and transport of crude oil and oil products in Denmark	2,673,253	2,318,105
	Total revenue	2,673,253	2,318,105

3 Fee to auditor appointed by the annual general meeting

Pursuant to section 96(3) of the Danish Financial Statements Act, the Company has omitted to disclose fee to auditor appointed by the annual general meeting. Reference is made to the consolidated financial statements for DCC plc.

4 Staff

		2019	2018
	Average number of full-time employees	0	0

The Company does not have any employees as the Company's activities are handled by the Management and employees employed in the affiliate, DCC Energi Center A/S. During 2018/19 the company have bought management and employee assistance for DKK 53,129 thousand, corresponding to an average of 73 full time employees.

Note		2019	2018
5	**Financial income**		
	Interest income from affiliated entities	5,273	8,579
	Other financial income	418	813
		5,691	9,392
6	**Financial expenses**		
	Other financial expenses	2,259	4,427
		2,259	4,427
7	**Corporation tax**		
	Current tax for the year	22,735	28,799
	Deferred tax for the year	563	-7,784
	Correction of tax regarding previous years	-5,275	0
	Total tax for the year	18,023	21,015

Note		Goodwill DKK'000	Acquired customer relations DKK'000
8	**Intangible assets**		
	Cost at 1 April	321,232	65,467
	Transferred	0	9,817
	Additions during the year	1,415	0
	Disposals during the year	-143	0
	Cost at 31 March	322,504	75,284
	Amortisation and impairment losses at 1 April	114,855	54,225
	Transferred	0	9,817
	Amortisation and impairment losses during the year	32,086	9,150
	Amortisation and impairment losses at 31 March	146,941	73,192
	Carrying amount at 31 March	175,563	2,092
	Amortised over	10 years	1-10 years
	Expensed as specified:		
	Sales and distribution costs	32,086	9,150
		32,086	9,150

Note		Fixtures and fittings, tools and equipment DKK'000
9	**Property, plant and equipment**	
	Cost at 1 April	14,248
	Additions during the year	3,673
	Disposals during the year	-37
	Cost at 31 March	17,884
	Depreciation at 1 April	4,979
	Depreciation during the year	2,312
	Reversed depreciation on disposals during the year	-5
	Depreciation at 31 March	7,286
	Carrying amount at 31 March	10,598
	Depreciated over	2-5 years
	Expensed as specified:	
	Sales and distribution costs	2,307
		2,307

10 Cashpool and cash and cash equivalents

Part of the Company's cash at bank and in hand of a total DKK 220.024 thousand is included in the DCC Group's international cash pool and is included in the following balance sheet items:

	2019 DKK'000	**2018** DKK'000
Trade receivables	0	0
Receivables from affiliated companies	220,024	0
Payables to affiliated companies	0	-39,273
Cash at bank and in hand	857	917
Total cashpool and cash and cash equivalents at 31 March	220,881	-38,356

11 Deferred tax

	2019	2018
Deferred tax at 1 April	-2,673	5,113
Adjustment of deferred tax for the year	563	-7,786
Correction of tax regarding previous years	7,132	0
Deferred tax at 31 March	5,022	-2,673

Note

12 **Contingencies**

The Company is jointly taxed with other Danish entities in the DCC Group and is liable with the other jointly taxed companies for total corporation tax and any liabilities to pay witholding taxes on interest, royalties and for dividends for the jointly taxed companies. At the balance sheet date, there are no lawsuits against the Company.

13 **Use of derivative financial instruments**

The company hedges oil price risks in customer contracts where customers have contracted fixed prices by means of oil price swaps whereby floating oil prices in oil purchases are converted to fixed oil prices. The derivatives are settled in cash. The company applies fair value hedge accounting. All realised and unrealised gains and losses on the derivatives are recognised directly in profit or loss under cost of goods sold together with fair value changes of the hedged customer contracts..

DKK'000	2018/19			
	Notional amount (volume)	Value adjustment recognised in profit	Fair value	Average remaining term
Oil price swaps	52,698	16,058	15,829	11 months

The fair value of oil price swaps are recognised in other receivables. Total net gain from oil swaps in 2018/19 amounts to DKK 16,1 million (2017/18: DKK 0,5 million). The term of the individual swaps are between 1 and 22 months. The fair value of oil swaps are derived from market data using generally accepted valuation methods.

DKK'000	2017/18			
	Notional amount (volume)	Value adjustment recognised in profit	Fair value	Remaining term
Oil price swaps	16,299	538	7,862	7 months

Note
14 Related parties and ownership

DCC Energi Danmark A/S' related parties include the following:

Control	Basis
DCC Holding Denmark A/S Nærum Hovedgade 8, 2850 Nærum	Principal shareholder

Other related parties

DCC Energi Center A/S Nærum Hovedgade 8, 2850 Nærum	Group entity
Dansk Fuels A/S Nærum Hovedgade 8, 2850 Nærum	Group entity
DCC & Shell Aviation Denmark A/S Nærum Hovedgade 8, 2850 Nærum	Group entity
Flogas Norge AS Nydalsveien 15, Oslo, Norway	Group entity
Flogas Sverige AB Brännkurgatan 63, Stockholm, Sweden	Group entity
Exertis Captech Denmark ApS Nærum Hovedgade 8, 2850 Nærum	Group entity
DLG Service A/S Vesterbrogade 4A, 1620 København V	Minority shareholder
DCC Holding A/S Nærum Hovedgade 8, 2850 Nærum	Parent company
DCC plc and subsidiaries and associated thereto Brewery Road, Dublin, Ireland	Ultimate parent company

Members of the Board of Directors and the Executive Board are mentioned under company details on page 5.

Note

14 Related parties and ownership - continued

Related party transactions

The table below shows all transactions entered into related parties referred to in note 14.

	2019
	DKK'000
Profit and Loss	
Income from sale to related parties	478,731
Cost of sale from related parties	-1,914,771
Sales and distribution costs	-1,424
Administrative expenses	-110,316
Financial income	-5,273
Total	-1,553,052

15 Group structure

The Company's Danish parent companies DCC Holding Denmark A/S and DCC Holding A/S do not prepare consolidated financial statements. The Company is included in the consolidated financial statements of:

DCC plc
DCC House
Brewery Road, Stillorgan
Blackrock
Co. Dublin, Ireland

DCC plc is both largest and smallest group for which consolidated financial statements are prepared. The consolidated financial statements can be obtained at DCC plc's website: https://www.dcc.ie/investors/reports

16 Significant events after the balance sheet date

No events have occurred after the balance sheet date that may materially affect the Company's financial position.