Annual report for the period
1 April 2019 to 31 March 2020

DCC Energi Danmark A/S
Nærum Hovedgade 8, DK-2850 Nærum
CVR no. 32 14 18 46

Adopted at the annual general meeting on 22 September 2020

Michael Kruse Bak
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of DCC Energi Danmark A/S for the financial year 1 April 2019 - 31 March 2020.

The annual report is 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 financial position at 31 March 2020 and of the results of the company's operations for the financial year 1 April 2019 - 31 March 2020.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Nærum, 22 September 2020

Executive board

Christian Frederik Heise
director

Supervisory board

Edward Gerard O'Brien
chairman

Declan James Doorly

Claus Geisler Madsen

Christian Frederik Heise

Michael Kruse Bak

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Nærum, 22 September 2020

Executive board

Christian Frederik Heise
director

Supervisory board

Edward Gerard O'Brien chairman	Declan James Doorly	Claus Geisler Madsen
Christian Frederik Heise	Michael Kruse Bak	

Independent auditor's report

To the shareholder 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 2019 - 31 March 2020 comprising, income statement, balance sheet, statement of change 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 2020 and of the results of the company's operations for the financial year 1 April 2019 - 31 March 2020 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 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.

Independent auditor's report

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover 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 management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 22 September 2020

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael Sten Larsen
State Authorised Public Accountant
MNE no. 10488

Company details

The company	DCC Energi Danmark A/S Nærum Hovedgade 8 DK-2850 Nærum	
	Telephone:	+45 45580100
	E-mail:	info@kundeservice.dccenergi.dk
	Website:	www.dccenergi.dk
	CVR no.:	32 14 18 46
	Reporting period:	1 April 2019 - 31 March 2020
	Domicile:	Rudersdal
Supervisory board	Edward Gerard O'Brien, chairman Declan James Doorly Claus Geisler Madsen Christian Frederik Heise Michael Kruse Bak	
Executive board	Christian Frederik Heise, director	
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 DK-2100 København	
Lawyers	Accura Advokataktieselskab Tuborg Boulevard 1 DK-2900 Hellerup	
Bankers	Danske Bank Holmens Kanal 2 DK-1090 København K	

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000
Key figures					
Profit/loss					
Revenue	2,483,845	2,673,253	2,318,105	1,718,593	1,429,484
Profit before net financials	104,556	102,465	90,534	70,485	45,085
Net financials	5,704	3,432	4,965	-3,346	-702
Profit/loss for the year	85,553	87,874	74,484	53,383	34,618
Balance sheet					
Balance sheet total	1,091,942	1,253,435	1,008,142	979,160	674,900
Investment in property, plant and equipment	11,080	10,598	9,270	8,578	8,074
Equity	396,553	397,874	385,493	364,383	345,618
Financial ratios					
EBIT margin	4.2%	3.8%	3.9%	4.1%	3.2%
Solvency ratio	36.3%	31.7%	38.2%	37.2%	51.2%
Return on equity	21.5%	22.4%	19.9%	15.0%	20.0%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Business review

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. 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 Company is a fully owned subsidiary of DCC Holding Denmark A/S.
The ultimate parent company is DCC plc, which is domiciled in Ireland.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

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.

Unusual matters

The company's financial position at 31 March 2020 and the results of its operations for the financial year ended 31 March 2020 are not affected by any unusual matters.

For the effect of the COVID-19 pandemic please refer to section "Objectives and outlook for the coming year".

Financial review

The company's income statement for the year ended 31 March 2020 shows a profit of DKK 85,553 thousand, and the balance sheet at 31 March 2020 shows equity of DKK 396,553 thousand.

Net revenue achieved at DKK 2,483.8 million is in line with the Company's expectations for the year. The decrease in revenue is primarily driven by generally lower oil prices and to some extent a positive development in marked shares as described in section "Market outline". Significant decrease in oil prices throughout March has resulted in an increase in customer demand for fixed price contracts. Further the Company has seen an increasing demand for synthetic diesel GTL as a part of the society movement. However the decrease in revenue has been minimized as a result of the increasing sale in some part of the business.

Fuel prices have in March decreased as a consequence of the COVID-19 health crises.
However the decrease in fuel prices have not had any negative impact on the financial year as the Company purchases fuel on a daily basis and do not hold material stock.

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 105,897 thousand to DKK 110,260 thousand which is also in line with our expectations.

Accordingly, results for the year are considered satisfactory.

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.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Research and development activities in or for the company

The Company does not engage in research and development activities.

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. 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 ongoing societal restructuring towards solutions reducing CO2 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 meets the shareholders' expectations 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

Competition remains fierce, and within heating, conversion to alternative sources of energy are expected to increase due to Government focus on energy transition. 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.

It is our opinion that the Covid-19 pandemic will not have a material impact on our results in 2020/21.

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.

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 CO2 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 2019/20. 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 2020/21. 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.

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 2019/20 the Company has continued the implementation of 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 the Company has entered into few forward contracts to hedge currency risks in USD.

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.

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 and risks to climate, environment, human rights, anti-corruption and social and staff matters as this is contained in the DCC Group's corporate social responsibility reporting. Reference is made to the annual report 2020 of the DCC Group and its ultimate parent company DCC plc, which is available from the Group's website.

https://www.dcc.ie/investors/reports/2020

The specific policies regarding 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 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 2019/20.

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

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 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.

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 experience, personal background 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.

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 in management, the Company's Board of Directors has addressed the objectives and policies for the area.

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 has not set any specific policy for other management levels, as the Company does not have any employees, due to having the Company's activities 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, which are 5 Board members in total.

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. As of October 2020 the executive management team will be strenghtened with a female director of business development.

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, to comply with the Board of Directors' ambitions for equal gender distribution of the members of the Board of Directors and at least 1 board member from the under-represented gender by 2022.

Income statement 1 April - 31 March

	Note	2019/20	2018/19
		DKK'000	DKK'000
Revenue		**2,483,845**	**2,673,253**
Other operating income		27	0
Cost of sales		-2,133,341	-2,318,954
Other external expenses		-214,432	-208,283
Gross profit		**136,099**	**146,016**
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	3	-31,543	-43,551
Profit before net financials		**104,556**	**102,465**
Financial income	4	7,993	5,691
Financial costs	5	-2,289	-2,259
Profit before tax		**110,260**	**105,897**
Tax on profit for the year	6	-24,707	-18,023
Profit for the year		**85,553**	**87,874**
Proposed dividend for the year		83,000	86,874
Retained earnings		2,553	1,000
		85,553	**87,874**

Balance sheet 31 March

	Note	2019/20	2018/19
		DKK'000	DKK'000
Assets			
Acquired customer relations		1,188	2,092
Goodwill		147,599	175,563
Intangible assets	7	**148,787**	**177,655**
Other fixtures and fittings, tools and equipment		11,080	10,598
Tangible assets	8	**11,080**	**10,598**
Total non-current assets		**159,867**	**188,253**
Finished goods and goods for resale		6,324	6,402
Stocks		**6,324**	**6,402**
Trade receivables		323,144	316,171
Receivables from affiliated entities		281,589	716,148
Receivables from associates		0	8,103
Other receivables		159,087	695
Prepayments		767	472
Financial instruments		151,440	16,334
Receivables		**916,027**	**1,057,923**
Cash at bank and in hand		**9,724**	**857**
Total current assets		**932,075**	**1,065,182**
Total assets		**1,091,942**	**1,253,435**

Balance sheet 31 March

	Note	2019/20 DKK'000	2018/19 DKK'000
Equity and liabilities			
Contributed capital		505	505
Retained earnings		313,048	310,495
Proposed dividend for the year		83,000	86,874
Equity		**396,553**	**397,874**
Provision for deferred tax	9	8,628	5,022
Total provisions		**8,628**	**5,022**
Trade payables		42,966	89,131
Payables to affiliated entities		229,078	545,768
Joint taxation contributions payable		83,082	61,981
Other payables		331,635	153,659
Total current liabilities		**686,761**	**850,539**
Total liabilities		**686,761**	**850,539**
Total equity and liabilities		**1,091,942**	**1,253,435**
Significant events after the balance sheet date	10		
Contingent liabilities	11		
Financial instruments	12		
Related parties and ownership structure	13		
Fee to auditors appointed at the general meeting	14		

Statement of changes in equity

	Contributed capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 April 2019	505	310,495	86,874	397,874
Ordinary dividend paid	0	0	-86,874	-86,874
Net profit/loss for the year	0	2,553	83,000	85,553
Equity at 31 March 2020	**505**	**313,048**	**83,000**	**396,553**

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.

1 Accounting policies

The annual report of DCC Energi Danmark A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Company has in 2019/20 changed the presentation of the income statement from cost by function to cost by nature in order to better reflect the activity of the Company. The change does not have any impact on the net profit/loss for the period. Comparative figures have been adjusted.

With the exception of changes in the presentation of the income statement, the accounting policies applied are consistent with those of last year.

The annual report for 2019/20 is presented in DKK'000

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also 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 measured reliably.

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

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

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Notes

1 Accounting policies

Income statement

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.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

Cost of sales

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

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, etc.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised exchange gain and losses and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit for the year

The company is subject to the Danish rules on compulsory joint taxation.

1 Accounting policies

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

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

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	
Fixtures amd fittings, tools and equipment	2-5	years

Notes

1 Accounting policies

The useful life and residual value of the company's property, plant and equipment is reassessed annually.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production overheads.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test to determine indications of impairment other than the decrease in value reflected by write-down.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price and the value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

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.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

1 Accounting policies

The Company applies 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.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Derivative financial instruments

On initial recognition in the balance sheet, 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 included in 'Other receivables' or 'Other payables', respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities or firm commitment are recognised in the income statement together with fair value adjustments of the hedged asset or liability. Changes in the fair value of other derivatives are recognised in financial income and expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

1 Accounting policies

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies 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 at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Cash flow statement

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the consolidated cash flow statement.

Notes

1 Accounting policies

Financial highlights

Definitions of financial ratios.

EBIT margin	$\frac{\text{Profit/loss before financials x 100}}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year-end x 100}}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$

Notes

	2019/20	2018/19
	DKK'000	DKK'000
2 Staff costs		
Average number of 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 2019/20 the company has bought management and employee assistance for DKK 60.5 million, corresponding to an average of 77 full time employees.

	2019/20	2018/19
	DKK'000	DKK'000
3 Amortisation, depreciation and impairment of intangible assets and property, plant and equipment		
Amortisation intangible assets	28,868	41,236
Depreciation tangible assets	2,675	2,315
	31,543	**43,551**

	2019/20	2018/19
	DKK'000	DKK'000
4 Financial income		
Interest received from subsidiaries	7,454	5,273
Other financial income	58	16
Exchange gains	481	402
	7,993	**5,691**

	2019/20	2018/19
	DKK'000	DKK'000
5 Financial costs		
Financial expenses, group entities	881	861
Other financial costs	1,408	1,398
	2,289	**2,259**

	2019/20	2018/19
	DKK'000	DKK'000
6 Tax on profit for the year		
Current tax for the year	21,033	22,735
Deferred tax for the year	3,224	563
Adjustment of tax concerning previous years	68	-5,275
Adjustment of deferred tax concerning previous years	382	0
	24,707	**18,023**

7 Intangible assets

	Acquired customer relations	Goodwill
Cost at 1 April 2019	75,284	322,504
Cost at 31 March 2020	75,284	322,504
Impairment losses and amortisation at 1 April 2019	73,192	146,941
Amortisation for the year	904	27,964
Impairment losses and amortisation at 31 March 2020	74,096	174,905
Carrying amount at 31 March 2020	**1,188**	**147,599**
Depreciated over	1-10 years	10 years

8 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 April 2019	17,884
Additions for the year	3,183
Disposals for the year	-24
Cost at 31 March 2020	21,043
Impairment losses and depreciation at 1 April 2019	7,286
Depreciation for the year	2,677
Impairment losses and depreciation at 31 March 2020	9,963
Carrying amount at 31 March 2020	**11,080**
Depreciated over	2-5 years

9 Provision for deferred tax

Provision for deferred tax at 1 April 2019	5,022	-2,673
Deferred tax recognised in income statement	3,224	563
Adjustment regarding previous years	382	7,132
Provision for deferred tax at 31 March 2020	**8,628**	**5,022**

10 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.

11 Contingent liabilities

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.

11 Contingent liabilities (continued)

12 Financial instruments

The Company hedges oil prices risks in customer contracts where customers have contracted fixed prices by means of oil price swaps where 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 the goods sold together with fair value changes of the hedged customers contracts.

The fair value of oil price swaps are recognised in other liabilities. Total net gain from oil swaps in 2019/2020 amounts to DKK 852 thousand (2018/19: a gain of DKK 16,1 million). Fair value amounts to DKK -168,898 thousand (2018/19: DKK 15,829 thousand). The term of the individual swaps are between 1 and 33 months. The fair value of oil swaps are derived from market data using generally accepted valuation methods.

Recognised transactions

		Notional amount	Value adjustment recognised in profit	Fair value	Average remaining term
		Volume (mT)	DKK'000	DKK'000	Months
Oil prices swap		198,249	852	-168,898	10
		198,249	**852**	**-168,898**	**10**

13 Related parties and ownership structure

Controlling interest

DCC Holding Denmark A/S
Nærum Hovedgade 8, 2850 Nærum

Other related parties

DCC Energi Center A/S
Nærum Hovedgade 8, 2850 Nærum

Dansk Fuels A/S
Nærum Hovedgade 8, 2850 Nærum

DCC & Shell Aviation Denmark A/S
Nærum Hovedgade 8, 2850 Nærum

Flogas Norge AS
Nydalsveien 15, Oslo, Norway

Flogas Sverige AB
Brännkurgatan 63, Stockholm, Sweden

Exertis Captech Denmark ApS
Nærum Hovedgade 8, 2850 Nærum

DLG Service A/S
Ballesvej 2, 7000 Fredericia

Team AG
Team Alle 22, 24392 Süderbrarup, Germany

DCC Holding A/S
Nærum Hovedgade 8, 2850 Nærum

DCC plc and subsidiaries and associated thereto
Leopardstown Road, Foxrock, Dublin 18, Ireland

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

13 Related parties and ownership structure (continued)

Transactions

Transactions entered into related parties:
Income from sale to related parties amounts to DKK 795,459 thousand
Cost of sales from related parties amounts to DKK 1,942,251thousand
Other external costs purchased from related parties amounts to DKK 118,044 thousand
Financial income from related parties amounts to DKK 7,454 thousand
Financial expenses to related parties amounts to DKK 881 thousand

The Company has cash of DKK 60,419 thousand included in the DCC Group's international cash pool, which is included in the balance sheet item "receivables from affiliated entities".

Ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

DCC Holding Denmark A/S
Nærum Hovedgade 8, 2850 Nærum

Consolidated financial statements

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
Leopardstown Road
Foxrock, Dublin 18
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

14 Fee to auditors appointed at the 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.