



Dansk Fuels A/S

CVR no. 36563028

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 Dansk Fuels 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 presents 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



Daniel Michel Andersen

Morgan McElligott



Michael Kruse Bak



Christian Frederik Heise

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

Christian Frederik Heise

Daniel Michel Andersen

Michael Kruse Bak

Statements and reports

Independent auditor's report

To the shareholders of Dansk Fuels A/S

Opinion

We have audited the financial statements of Dansk Fuels 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 and cash flows 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.

Statements and reports

Independent auditor's report

- 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	Dansk Fuels A/S Nærum Hovedgade 8 2850 Nærum Telephone: +45 70 10 20 10 Email: info@dccenergi.dk Website: www.dccenergi.dk CVR no.: 36 56 30 28 Financial year: 1 April – 31 March Registered office: Nærum
Board of Directors	Edward Gerard O'Brien, Chairman Morgan McElligott Christian Frederik Heise Daniel Michel Andersen 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

	1 April 2018 - 31 March 2019 DKK'000	1 April 2017 - 31 March 2018* DKK'000	1 January 2016 - 31 March 2017* DKK'000	12 March 2015 - 31 December 2015* DKK'000
Key figures				
Results				
Revenue	6,150,489	6,686,557	3,813,417	0
Gross profit	403,169	393,526	384,402	-7
Ordinary operating profit	65,948	2,925	-106,717	-7
Profit/loss from financial income and expenses	-8,624	-13,880	-10,313	0
Profit/loss for the year	44,257	-9,911	-115,969	-5
Balance sheet				
Balance sheet total	1,165,011	1,378,635	1,254,126	501
Equity	415,583	394,136	407,769	495
Investments				
Property, plant and equipment and intangible assets	121,118	105,751	100,723	0
Staff				
Average number of full-time employees	0	0	89	0

* Comparative figures are not restated with the effect of the sale of the Aviation business as per 1st November 2018.

Financial ratios

Gross margin (%)	6.6	5.9	10.1	0.0
Operating margin (%)	16.4	0.7	-27.8	100.0
Return on invested capital (%)	5.7	0.2	-8.5	-1.4
Solvency ratio (%)	35.7	28.6	32.5	98.8
Return on equity (%)	10.9	-2.5	-56.8	-1.0

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

Management's review

Operating review

BUSINESS PERFORMANCE AND BUSINESS FOUNDATION

The annual report of Dansk Fuels A/S for 2018/2019 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

Dansk Fuels A/S sells and distributes fossil fuels and operate a network of 228 retail petrol stations and activities related hereto.

Dansk Fuels 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 is driven by the cycles and trends within the transportation sectors as well as demand from private consumption.

The general demand for fuel products is at the same level as the previous year.

The public-sector investments to enforce structural changes in the market to reduce the Danish impact on the global CO₂ emission level were in line with expectations. Specific political measures have been taken 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.

Dansk Fuels A/S has had a relative positive market development, which is expected to continue in the future. Please refer to the section on Strategy and Objectives.

Performance during the year

The Company's income statement shows a profit after tax of DKK 44,257 thousand, and equity at DKK 415,583 thousand in the Company's balance sheet total at 31 March 2019.

The Company has successfully achieved a profitable operation building on the foundation of the restructuring and optimization efforts which took place in previous years. The Company has also maintained its market position and build further on its strong position in premium fuels.

The Company has further consolidated the market position within Aviation fuels to the customers in Copenhagen airport and the Danish regional airports.

Hence as it is a part of the Company's strategy to generate profitable growth and to secure its investments on the Danish energy market the Company achieved to turn around the business to deliver a positive Ordinary Operating Profit of DKK 65.9 million.

Net revenue achieved at DKK 6,150.5 million and is in line with the Company's expectations for the year.

Accordingly, results for the year are considered satisfactory.

Management's review

Operating review

Events after the balance sheet date

On 1st July 2019 the shareholders of Dansk Fuels A/S has approved the de-merger of the Company's Aviation Business to DCC & Shell Aviation Denmark A/S. The demerger is retroactive as from 1st November 2018.

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 trademark Shell.

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 Dansk Fuels 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 policies 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.

Management's review

Operating review

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

Dansk Fuels A/S pursues the strategy of wholesales for the DCC Denmark Group, supplying and selling fuels through a nation-wide network of petrol stations.

It is part of the strategy to continue to increase the profitability 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 Shell brand. The strategy requires that Dansk Fuels A/S continually optimize its cost base and continue to introduce new products and services which will benefit its customers. A special area of focus is to offer flaw-less digital solutions. 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 integration of Dansk Fuels A/S in the DCC Denmark Group is resolved as expected and the group's customers 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 as well as fuel card services under the Shell and Euro Shell brands.

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 Dansk Fuels 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 to business development.

Management's review

Operating review

Objectives and outlook for the coming year

Based on a strong Danish national economy, competition remains fierce and the Company's strategy is to ensure a strong nation-wide network of petrol stations with a portfolio of strong premium products, excellent customer-experience and to meet the expected increase in the bio mandate obligation in 2020. To focus Dansk Fuels' strategy to selected business areas, the Company has approved the de-merger of the Company's Aviation Business.

During the coming year, the activity level is expected to be below this year due to the de-merger of the Aviation business, 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 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 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 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 policies 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.

Management's review

Operating review

External environment

Dansk Fuels A/S is dedicated to operate 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 distribution of refined oil products 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 continuously serve the market effectively, 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 diligence 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.

Management's review

Operating review

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.

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 Dansk Fuels A/S.

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 Dansk Fuels 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.

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

Income statement 1 April 2018 – 31 March 2019

	Note	2019 DKK'000	2018 DKK'000
Revenue	2	6,150,489	6,686,557
Cost of sales		<u>-5,747,320</u>	<u>-6,293,031</u>
Gross profit		403,169	393,526
Sales and distribution costs	3,4,8,9	-333,802	-350,280
Administrative expenses	3,4	-3,419	-50,921
Other operating income		<u>0</u>	<u>10,600</u>
Ordinary operating profit		65,948	2,925
Financial income	5	6,809	12,812
Financial expenses	6	<u>-15,433</u>	<u>-26,692</u>
Profit/loss before tax		57,324	-10,955
Corporation tax	7	<u>-13,067</u>	<u>1,044</u>
Profit/loss for the year		<u>44,257</u>	<u>-9,911</u>
Distribution of profit/loss			
Proposed distribution of profit/loss			
Retained earnings		<u>44,257</u>	<u>-9,911</u>
		<u>44,257</u>	<u>-9,911</u>

Financial statements

Balance sheet at 31 March 2019

Assets	Note	2019 DKK'000	2018 DKK'000
Software	8	468	0
Customer relations	8	6,344	7,188
Goodwill	8	6,391	7,288
Intangible assets		13,203	14,476
Land and buildings	9	47,643	34,193
Fixtures and fittings, tools and equipment	9	40,657	46,109
Property, plant and equipment under construction	9	19,615	10,973
Property, plant and equipment		107,915	91,275
Equity investments in associates	10	3,865	3,255
Equity investments in joint ventures	11	0	12,662
Other receivables		11,611	15,269
Investments		15,476	31,186
Fixed assets		136,594	136,937
Inventories		54,817	75,782
Trade receivables		395,732	662,951
Receivables from affiliated entities	12	178,936	4,407
Other receivables		84,751	15,170
Deferred tax asset	13	26,947	35,931
Receivable joint taxation contribution		43,632	49,317
Prepayments		1,602	3,268
Receivables		731,600	771,044
Cash at bank and in hand	12	242,000	392,872
Total current assets		1,028,418	1,239,698
Total assets		1,165,011	1,376,635

Financial statements

Balance sheet at 31 March 2019

Equity and liabilities	Note	2019 DKK'000	2018 DKK'000
Contributed capital		150,000	150,000
Retained earnings		265,583	242,136
Equity		415,583	392,136
Other provisions	14	63,778	91,655
Provisions		63,778	91,655
Trade payables		483,513	595,532
Payables to affiliated entities		25,002	170,366
Other payables		177,135	126,946
Current liabilities other than provisions		685,650	892,844
Total equity and liabilities		1,165,011	1,376,635
Accounting policies	1		
Contingencies and other financial liabilities	15		
Related parties and ownership	16		
Group structure	17		
Significant events after the balance sheet date	18		

Financial statements

Statement of changes in equity

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 April 2018	150,000	0	244,136	394,136
Change in accounting policies	0	0	-2,000	-2,000
Adjusted equity at 1 April 2018	150,000	0	242,136	392,136
Translation adjustment	0	0	3,525	3,525
Transferred on de-merger	0	0	-24,335	-24,335
Results for the year	0	0	44,257	44,257
Equity at 31 March 2019	150,000	0	265,583	415,583

The Company was formed by a cash contribution of T.DKK 500 in contributed capital at 12 March 2015. The contributed capital consists of shares of nom. DKK 100.

During the last five years, there have been the following movements on the contributed capital:

On 1 May 2016, the contributed capital was increased from T.DKK 500 to T.DKK 186,513 by contribution of the marketing business divested from A/S Dansk Shell.

On 29 October 2016, the contributed capital was reduced from T.DKK 186,513 to T.DKK 150,000 by a cash capital reduction.

Financial statements

Notes

Note

1 ACCOUNTING POLICIES

The annual report of Dansk Fuels 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 except for calculation of write-down of receivables the company now uses the simplified matrix model approach to measuring expected credit losses for all receivables.

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.

New accounting policies

Dansk Fuels 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 664,951 thousand to DKK 662,951 thousand by DKK 2,000 thousand.

Decrease in Equity as at 31 March 2018, from DKK 394,136 thousand to DKK 392,136 thousand by DKK 2,000 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.

Financial statements

Notes

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 2,000 thousand.

Measurement and recognition

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.

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.

Leases

Leases that transfer all substantial risks and rewards incident to the ownership to the Company (finance leases) are recognised in the balance sheet at the lower of the fair value of the assets and the net present value of the lease payments calculated by the use of the implicit interest rate of the lease or the use of an incremental borrowing rate as discount factor. Assets held under finance leases are subsequently depreciated and written down as the Company's other fixed assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability and the interest element of the lease payment is continuously expensed in the income statement.

All other leases are considered operating leases. Payments in connection with operating leases are recognised on a straight-line basis over the lease term.

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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.

Translation of activities in foreign currency

The Company's business handling sale of aviation fuel "Aviation" is recognised in USD.

The income statement of the "Aviation division" are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost 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. The rules for the financial hedging are not applied, which is why fair value adjustments are continuously recognised in the 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.

Business Combinations

Business combinations under common control are accounted for using the book value method and are recognised using the effective date of the transaction under the Corporation Act. Historical figures are not adjusted.

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.

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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. Amortisation of goodwill is also included by the portion concerning the administrative activity.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised exchange rate adjustments as well as surcharges and refunds under the on-account tax scheme.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and deferred tax for the year, including changes in tax rates. The tax expense relating to the profit/loss 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.

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.

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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

Development costs and costs for internally processed rights are recognised in the income statement as costs in the acquisition year.

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.

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:

Buildings 50 years

Fixtures and fittings, tools and equipment 5 years

Land is not depreciated.

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

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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.

Equity investments in associates and joint ventures

Equity investments in associates and joint ventures are measured at cost. If the cost exceeds the recoverable amount, write-down is made to this lower value.

Dividend is recognised in the income statement at the date of declaration.

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.

Prepayments

Prepayments comprise costs incurred relating to subsequent financial years.

Cash flow statement

No cash flow statement has been prepared as the Company's cash flows are included in the cash flow statement in the consolidated financial statements.

Cash at bank and in hand

Cash s comprises cash at bank and in hand.

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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.

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

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Note	2019 DKK'000	2018 DKK'000
2 Revenue		
Sale and transport of crude oil and oil products in Denmark	6.150.489	6.686.557
	<u>6.150.489</u>	<u>6.686.557</u>
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		
Average number of full-time employees	<u>0</u>	<u>0</u>
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 52.1 million, corresponding to an average of 46 full time employees.		
5 Financial income		
Other financial income	1	249
Foreign exchange gains	6.808	12.563
	<u>6.809</u>	<u>12.812</u>
6 Financial expenses		
Interest expenses to affiliated entities	6.146	9.359
Other financial expenses	943	827
Foreign exchange losses	8.344	16.506
	<u>15.433</u>	<u>26.692</u>
7 Tax on profit for the year		
Current tax for the year	-8.202	30.096
Deferred tax for the year	-5.004	-29.052
Correction of tax regarding previous years	139	0
Tax for the year	<u>-13.067</u>	<u>1.044</u>

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Note	Software DKK'000	Customer relations DKK'000	Goodwill DKK'000
8 Intangible assets			
Cost at 1 April	6.000	18.164	8.968
Additions during the year	501	0	0
Disposal on de-merger	-551	0	0
Exchange adjustment at de-merger date	7	0	0
Transferred	-5.456	0	0
Cost at 31 March	501	18.164	8.968
Amortisation and impairment losses at 1 April	6.000	10.976	1.680
Amortisation and impairment losses during the year	33	844	897
Transferred amortisation and impairment losses on de-merger	-90	0	0
Transferred	-5.910	0	0
Amortisation and impairment losses at 31 March	33	11.820	2.577
Carrying amount at 31 March	468	6.344	6.391
Amortised over	3-5 years	1-10 years	10 years
Expensed as specified:			
Sales and distribution costs	33	844	897
	33	844	897

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Note	Land and buildings DKK'000	Fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment under construction DKK'000
9 Property, plant and equipment			
Cost at 1 April	34.906	60.538	11.473
Additions during the year	9.215	20.592	7.619
Disposal on de-merger	-569	-19.309	-12
Exchange adjustment at de-merger date	708	671	276
Transferred	6.066	-14.832	259
Cost at 31 March	50.326	47.659	19.615
Depreciation at 1 April	713	14.429	500
Depreciation during the year	1.714	2.557	0
Transferred amortisation and impairment losses on de-merger	-75	-2.262	0
Exchange adjustment at de-merger date	38	124	0
Transferred	293	-7.846	-500
Depreciation at 31 March	2.683	7.002	0
Carrying amount at 31 March	47.643	40.658	19.615
Amortised over	50 years	5 years	
Expensed as specified:			
Sales and distribution costs	1.714	2.557	0
	1.714	2.557	0

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Note	2019	2018
10	DKK'000	DKK'000
Equity investments in associates		
Cost at 1 April	3,255	4,245
Addition during the year	610	0
Disposal during the year	0	-990
Cost at 31 March	<u>3,865</u>	<u>3,255</u>
Value adjustments at 1 April	0	0
Value adjustments during the year	0	0
Value adjustments at 31 March	<u>0</u>	<u>0</u>
Carrying amount at 31 March	<u>3,865</u>	<u>3,255</u>

Equity investments in associates can be specified as follows (DKK'000):

Name	Registered office	Voting share and ownership	Equity	Profit for the year
Tank Reinsurance S.A	Luxembourg	26%	30,309	2,809

11 Equity investments in joint ventures

Cost at 1 April	12,662	12,662
Disposal on de-merger	(12,662)	0
Cost at 31 March	<u>0</u>	<u>12,662</u>
Carrying amount at 31 March	<u>0</u>	<u>12,662</u>

12 Cash at bank and in hand

Part of the Company's cash at bank and in hand of a total DKK 172,6 million is included in the DCC Group's international cash pool and is included in the following balance sheet items:

Receivables from affiliated entities	172,553	312,390
Cash at bank and in hand	69,447	80,482
Total cash at bank and in hand at 31 March	<u>242,000</u>	<u>392,872</u>

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13 Deferred tax asset	2019 DKK'000	2018 DKK'000
Deferred tax at 1 April	35,931	64,983
Disposal on de-merger	-4,118	0
Correction of tax regarding previous years	139	0
Adjustment of deferred tax for the year	<u>-5,004</u>	<u>-29,052</u>
Deferred tax at 31 March	<u>26,947</u>	<u>35,931</u>

14 Other provisions

When preparing the financial statements, Management has performed a number of accounting estimates forming the basis of the recognition and measurement of the Company's provisions. The estimates made are based on historical experience and other factors which Management assesses prudent under the circumstances but are uncertain or unpredictable by nature. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. Further, the Company is subject to risks and uncertainties that may lead to the fact that the actual outcome deviates from these estimates. This means that estimates may be subject to significant uncertainties. Of the below mentioned provisions, especially the loss-making contract, dismantling obligations and decontamination obligations concerning remaining gas stations are subject to significant estimates.

Dismantling obligations:

The provision comprises obligations for the dismantling of signs and gas pumps and the re-establishment of numerous gas station sites upon relocation.

Decontamination obligations:

The provision comprises obligations for decontaminating gas stations. The provision is based on individual specific decontamination cases and estimate for the remaining gas stations.

Loss-making contract:

The provision comprises obligations concerning a number of rented loss-making gas stations and where the minimum lease according to the contract is higher than the estimated market rent for the gas stations.

Onerous contracts:

The provision relates to lease agreements related to loss-making gas stations where the un-avoidable costs of meeting the contracts exceed the economic benefits from expected to be received from these gas stations.

Restructuring provision:

The provision comprises obligations as a consequence of the dismissal of employees, decommissioning of IT systems, relocation from leases, etc. as part of the restructuring of the acquired business.

Other provisions at 1 April	91,655	127,221
Addition during the year	0	0
Disposals during the year	-8,250	0
Revaluations/Movements	-3,284	0
Provisions during the period	0	1,000
Used during the period	<u>-16,343</u>	<u>-36,566</u>
Other provisions at 31 March	<u>63,778</u>	<u>91,655</u>

Other provisions amounts to DKK 63,778 thousand at 31 March 2019 (31 March 2018: DKK 91,655 thousand), of which DKK 13,042 thousand falls due within one year, DKK 19,849 thousand falls due within 2-5 years and DKK 30,886 thousand falls due after 5 years.

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15 Contingencies and rental and lease commitments not recognised

	2019	2018
	<u>DKK'000</u>	<u>DKK'000</u>
Lease obligations from operating lease. Total future lease payments:		
Within one year	60,644	59,806
Between one and five years	208,546	219,108
After five years	<u>21,498</u>	<u>53,869</u>
	<u>290,688</u>	<u>332,783</u>

Guarantee and warranty commitments

The Company has guaranteed towards retailers' suppliers for renting of machines and purchase of goods and guaranteed towards individual retailers' loans to external party

	<u>36,531</u>	<u>44,410</u>
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Other contingencies

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

Joint ventures

Unrecognised commitments in joint ventures with joint liability

0 59,277

Unrecognised contingencies and rental and lease commitments in joint ventures with joint liability

0 18,168

0 77,445

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16 Related parties and ownership

Control

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

Basis

Principal shareholder

Other related parties

DCC Center A/S
Nærum Hovedgade 8, 2850 Nærum

Group entity

DCC Energi Danmark 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.

The consolidated financial statements for DCC plc may be obtained at the Group's website.

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16 Related parties and ownership - continued Transactions with related parties

The table below shows all transactions entered into related parties referred to above.

	2019
	<u>DKK'000</u>
Profit and Loss	
Income from sale to related parties	1,914,771
Sales and distribution costs	45,497
Administrative expenses	6,614
Financial expenses	6,146
	<u>1,973,028</u>
Total	1,973,028

Receivables and payables to associates and subsidiaries are disclosed in the balance sheet and expensed interest is disclosed in note 6.

17 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>

18 Significant events after the balance sheet date

On 1st July 2019 the shareholders of Dansk Fuels A/S has approved the de-merger of the Company's Aviation Business to DCC & Shell Aviation Denmark A/S. The demerger is retroactive as from 1st November 2018.

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