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

Dansk Fuels A/S
Nærum Hovedgade 8, 2850-Nærum
CVR no. 36 56 30 28

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 Dansk Fuels 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	Christian Frederik Heise
Daniel Michel Andersen	Michael Kruse Bak	

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Supervisory board

Edward o'B

Edward Gerard O'Brien
chairman

Declan James Doorly

Christian Frederik Heise

Daniel Michel Andersen

Michael Kruse Bak

Independent auditor's report

To the shareholder of Dansk Fuels A/S

Opinion

We have audited the financial statements of Dansk Fuels 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
MNE no. 10488

Company details

The company	Dansk Fuels A/S Nærum Hovedgade 8 2850-Nærum
	Telephone: +45 70102010
	E-mail: info@dccenergi.dk
	Website: www.dccenergi.dk
	CVR no.: 36 56 30 28
	Reporting period: 1 April 2019 - 31 March 2020
	Domicile: Rudersdal
Supervisory board	Edward Gerard O'Brien, chairman Declan James Doorly Christian Frederik Heise Daniel Michel Andersen 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	2018/19	2017/18	2016/17	2015/16
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Profit/loss					
Revenue	5,492,925	6,150,489	6,686,557	3,813,417	0
Profit before net financials	77,952	65,948	2,925	-106,717	-7
Net financials	-8,689	-8,624	-13,880	-10,313	0
Profit/loss for the year	53,871	44,257	-9,911	-115,969	-5
Balance sheet					
Balance sheet total	1,150,903	1,165,011	1,378,635	1,254,126	501
Investment in property, plant and equipment	184,094	107,916	91,275	77,380	0
Equity	469,454	415,583	394,136	407,769	495
Number of employees	0	0	0	89	0
Financial ratios					
EBIT margin	1.4%	1.1%	0.0%	-2.8%	0.0%
Return on assets	6.7%	5.2%	0.2%	-17.0%	-2.8%
Solvency ratio	40.8%	35.7%	28.6%	32.5%	98.8%
Return on equity	12.2%	10.9%	-2.5%	-56.8%	-2.0%

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.

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

Where the accounting policies have been changed regarding IFRS 16 in 2019/20, the comparatives havn't been restated. For an account of changes in accounting policies, see the summary of significant accounting policies.

Management's review

Business review

Dansk Fuels A/S sells and distributes fossil fuels and operate a network of 229 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.

Recognition and measurement uncertainties

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. Dansk Fuels A/S is also subject to risks and uncertainties which may lead actual results to differ from these estimates. Specific risks for Dansk Fuels A/S 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.

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 impact 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 53,871 thousand, and the balance sheet at 31 March 2020 shows equity of DKK 469,454 thousand.

The Company has with effect from 1 April 2019, used IFRS 16 and as interpretative basis for recognistion and measurement of leases. The Company applied IFRS 16 using the modified retrospective approach, accordingly comparative figures is not restated. The change in accounting policy for leases has had only immaterial effect on the profit of the year.

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 and innovative solutions.

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 profit before net financials of DKK 78.0 million.

Net revenue achieved at DKK 5,492.9 million and is in line with the Company's expectations for the year.

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

The Company does not engage in research and development activities.

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. 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.

Dansk Fuels A/S already makes a significant contribution towards a lower carbon society through the blending of biofuels in all gasoline and diesel products sold for road transport. The restructuring of society towards solutions reducing CO2 emissions from energy consumption is expected to be of a permanent nature and is hence prioritized 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 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 to business development.

Objectives and outlook for the coming year

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 increase in the bio mandate obligation in 2020.

During the coming year, the activity level is expected to be in line with current year. The Company still strives to increase its market shares through organic growth.

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

As a consequence of Covid-19 the general activity level in Denmark dropped which resulted in a drop in the fuel consumption for road transport. Accordingly, the Company experienced a decrease in sold volume. As the effects of the re-opening of Denmark continues an improving trend is being seen in the volume. During the lock down, the Company ensured that fuel and carwash could be sold without human intervention at all its petrol stations, and thereby minimizing the financial impact for the Company and keeping the petrol stations operational and energy supplies flowing.

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.

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 polices ensuring business integrity, including compliance with competition law, and proper protection against the risk of bribery and corruption for customers and business partners.

Market risks

The value of the Company's products is determined based on official international listings, and accordingly, there may be major deviations in the price level for purchases and sales. The Company keeps track of the daily listings and determines its sales prices on the basis of the market price. It is a company policy to hedge against risks, ensuring that future deliveries based on a predetermined price are hedged. Against this background, fluctuations in purchase prices have only to a limited extent not been recognised in sales prices.

Currency risks

The Company has activities only in Denmark and settles the vast part of its purchases in DKK and, to a certain extent, in EUR & USD.Changes in the price level for both EUR and USD will not have any material direct effect on earnings as purchase and sale prices are in all materiality at the same level. The need for entering into forward exchange contracts to hedge currency risks is regularly assessed. During the year under review, it has not been necessary to enter into forward contracts to hedge currency risks.

Interest rate risks

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

Credit risks

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

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

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 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 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. 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 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.

Income statement 1 April - 31 March

	Note	2019/20 DKK'000	2018/19 DKK'000
Revenue		**5,492,925**	**6,150,489**
Cost of sales		-5,089,310	-5,747,320
Other external expenses		-301,907	-329,099
Gross profit		**101,708**	**74,070**
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	3	-23,756	-8,122
Profit before net financials		**77,952**	**65,948**
Financial income	4	2,646	6,809
Financial costs	5	-11,335	-15,433
Profit before tax		**69,263**	**57,324**
Tax on profit for the year	6	-15,392	-13,067
Profit for the year		**53,871**	**44,257**
Proposed dividend for the year		50,000	0
Retained earnings		3,871	44,257
		53,871	**44,257**

Balance sheet 31 March

	Note	2019/20	2018/19
		DKK'000	DKK'000
Assets			
Customer relations		5,501	6,344
Software		1,870	468
Goodwill		5,494	6,391
Intangible assets	7	**12,865**	**13,203**
Land and buildings		56,425	47,643
Other fixtures and fittings, tools and equipment		57,150	40,657
Property, plant and equipment in progress		19,688	19,615
Right-of-use assets		50,832	0
Tangible assets	8	**184,095**	**107,915**
Investments in associates	9	4,502	3,865
Other receivables		6,875	11,611
Fixed asset investments		**11,377**	**15,476**
Total non-current assets		**208,337**	**136,594**
Finished goods and goods for resale		50,585	54,817
Stocks		**50,585**	**54,817**
Trade receivables		327,009	395,732
Receivables from affiliated entities		224,675	178,936
Other receivables		12,535	84,751
Deferred tax asset		25,359	26,947
Joint taxation contributions receivable		31,043	43,632
Prepayments		2,465	1,602
Receivables		**623,086**	**731,600**
Cash at bank and in hand	10	**268,895**	**242,000**
Total current assets		**942,566**	**1,028,417**
Total assets		**1,150,903**	**1,165,011**

Balance sheet 31 March

	Note	2019/20	2018/19
		DKK'000	DKK'000
Equity and liabilities			
Contributed capital		150,000	150,000
Retained earnings		269,454	265,583
Proposed dividend for the year		50,000	0
Equity		**469,454**	**415,583**
Other provisions	11	50,343	63,778
Total provisions		**50,343**	**63,778**
Lease liabilities		43,501	0
Total non-current liabilities	12	**43,501**	**0**
Short-term part of long-term debt	12	7,712	0
Trade payables		377,440	483,513
Payables to affiliated entities		55,078	25,002
Other payables		147,375	177,135
Total current liabilities		**587,605**	**685,650**
Total liabilities		**631,106**	**685,650**
Total equity and liabilities		**1,150,903**	**1,165,011**

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Statement of changes in equity

	Contributed capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 April 2019	150,000	265,583	0	415,583
Net profit/loss for the year	0	3,871	50,000	53,871
Equity at 31 March 2020	**150,000**	**269,454**	**50,000**	**469,454**

The Company was formed by a cash contribution of DKK 500 thousand 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 DKK 500 thousand to DKK 186,513 thousand by contribution of the marketing business divested from A/S Dansk Shell.

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

Notes

1 Accounting policies

The annual report of Dansk Fuels 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.

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

Changes in accounting policies

The Company has with effect from April 1, 2019, used IFRS 16 and as interpretative basis for recgnistion and measurement of leases. The impact from adoption of IFRS 16 is described below.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative figures presented for 2018/19 is not restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

In accordance with IFRS 16, the Company recognises assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value. The lease payments associated with short-term leases and leases for which the underlying asset is of low value is recognised in profit and loss as an expense. Lease obligations are recognised as 'lease obligations' and lease assets are recognised under 'tangible assets'.

For existing leases classified as operating leases under IAS 17, lease liabilities have been measured at the present value of the remaining lease payments discounted using an appropriate incremental borrowing rate at 1 April 2019. Right-of-use assets have been measured as if IFRS 16 had been applied since the lease commencement date and discounted using an appropriate incremental borrowing rate on 1 April 2019.

The Company has applied incremental borrowing rates to the lease liabilities for right-of-use assets between 1,01% - 3,48%.

Total lease obligations per 31 March 2019 amounted to DKK 290,688 thousand. Adjusted for variable leases (DKK 237,796 thousand) and interest discounting (DKK 6,884 thousand), an opening IFRS 16 lease asset/obligation of DKK 46,008 thousand has been recognized in the balance sheet per 1 April 2019. The effect on the equity is DKK 0. The change in accounting policy for leases has had only immaterial effect on the profit of the year.

The accounting policies are otherwise consistent with those of last year.

Notes

1 Accounting policies

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.

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.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. 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.

1 **Accounting policies**

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, financial expenses relating to leases, realised and unrealised foreign currency transactions 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.

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, acquired customer relations and software

Acquired goodwill, acquired customer relations and software are measured at cost less accumulated amortisation and impairment losses.

Goodwill, software 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.

Notes

1 Accounting policies

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
Software 3-5 years

Tangible assets

Items of land and buildings, 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. Land is not depreciated.

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:

Buildings	50	years
Fixtures and fittings, tools and equipment	5	years

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.

Leases

The Company recognise a right-of-use asset and a lease liability at the commencement date, for all lease agreements, that the Company has entered into as lessee, except short-term leases and leases of low value asset.

Upon initial recognition, the right-of-use asset is measured at cost corresponding to the lease liability recognised, adjusted for any lease prepayments or directly related costs including any dismantling and restoration costs.

1 Accounting policies

The lease liabilitiy is initially measured at the present value of the future payments from lease components, discounted using an appropriate incremental DCC borrowing rate. The lease liability is subsequently measured by increasing the carrying amount, to reflect interest and by reducing the carrying amount to reflect the lease payments made. Further lease liabilities are changed when reameasurements are needed, corresponding adjustment is the related right-of-use asset.
In determining the lease period extension, options are only included if it is reasonably certain they will be utilised.

Gain or loss from a lease modification, not accounted for as a separate lease, is recognised in profit and loss.

The right-of-use assets are amortised over its expected leaseperiod, according to the straight-line method.

-Property 1-14 years
-Fixtures 3-5 years

Right-of-use assets and lease liabilities are not recognised for low value lease assets or leases with a lease term of 12 months or less. These are recognised as an expense on a straight-line basis over the term of the lease.

In accounting for lease contracts, various judgements are applied in determining right-of-use assets and lease liabilities. Judgements include assessment of lease periods, utilisation of extension options and applicable discount rates. In addition, significant estimates have been applied in determining these in relation to the implementation of IFRS 16.

Investments in associates

Investment in associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.
Dividend is recognised in the income statement at the date of declaration.

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 comprises the purchase price plus delivery costs.

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.

Notes

1 Accounting policies

Impairment of assets

The carrying amount of intangible assets, property, plant and equipment and investments in associates is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

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 measured at amortised cost.

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.

Prepayments

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

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.

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.

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'.

Notes

1 **Accounting policies**

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.

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

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.

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.

Financial highlights

Definitions of financial ratios.

EBIT margin $$\frac{\text{Profit/loss before financials x 100}}{\text{Revenue}}$$

Return on assets $$\frac{\text{Profit/loss before financials x 100}}{\text{Average assets}}$$

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 37.1 million, corresponding to an average of 49 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	2,111	1,740
Depreciation tangible assets	21,645	6,382
	23,756	**8,122**

	2019/20	2018/19
	DKK'000	DKK'000
4 Financial income		
Other financial income	82	1
Exchange gains	2,564	6,808
	2,646	**6,809**

	2019/20	2018/19
	DKK'000	DKK'000
5 Financial costs		
Interest expense to affiliated entities	7,457	6,146
Other financial costs	1,489	943
Exchange loss	1,261	8,344
Interest expenses on lease liabilities	1,128	0
	11,335	**15,433**

	2019/20	2018/19
	DKK'000	DKK'000
6 Tax on profit for the year		
Current tax for the year	14,109	8,202
Deferred tax for the year	1,209	5,004
Adjustment of tax concerning previous years	-305	0
Adjustment of deferred tax concerning previous years	379	-139
	15,392	**13,067**

7 Intangible assets

	Customer relations	Software	Goodwill
Cost at 1 April 2019	18,164	501	8,968
Additions for the year	0	1,773	0
Cost at 31 March 2020	18,164	2,274	8,968
Impairment losses and amortisation at 1 April 2019	11,820	33	2,577
Amortisation for the year	843	371	897
Impairment losses and amortisation at 31 March 2020	12,663	404	3,474
Carrying amount at 31 March 2020	**5,501**	**1,870**	**5,494**
Amortised over	1-10 years	3-5 years	10 years

8 Tangible assets

	Land and buildings	Other fixtures and fittings, tools and equipment	Right-of-use assets	Property, plant and equipment in progress
Cost at 1 April 2019	50,326	47,659	0	19,615
Effect from change of accounting policy	0	0	46,008	0
Additions for the year	0	0	13,692	40,974
Disposals for the year	0	-2,144	0	0
Transfers for the year	10,683	28,446	0	-40,901
Cost at 31 March 2020	61,009	73,961	59,700	19,688
Impairment losses and depreciation at 1 April 2019	2,683	7,002	0	0
Depreciation for the year	1,901	10,876	8,868	0
Reversal of impairment and depreciation of sold assets	0	-1,067	0	0
Impairment losses and depreciation at 31 March 2020	4,584	16,811	8,868	0
Carrying amount at 31 March 2020	**56,425**	**57,150**	**50,832**	**19,688**
Depreciated over	50 years	5 years	1-14 years	

9 Investments in associates

	2019/20 DKK'000	2018/19 DKK'000
Cost at 1 April	3,865	3,255
Additions for the year	637	610
Cost at 31 March	4,502	3,865
Carrying amount at 31 March	**4,502**	**3,865**

Investments in associates are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Tank Reinsurance S.A.	Luxembourg	27%	35,118	4,808

	2019/20	2018/19
	DKK'000	DKK'000
10 Cash at bank and in hand		
Cash at bank and in hand	61,544	69,447
Included in the DCC Group's international cash pool	207,351	172,553
	268,895	**242,000**

11 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.

Balance at beginning of year at 1 April 2019	63,778	91,655
Applied in the year	-13,435	-27,877
Balance at 31 March 2020	**50,343**	**63,778**

Other provisions amounts to DKK 50,343 thousand at 31 March 2020 (31 March 2019: DKK 63,778 thousand), of which DKK 11,627 thousand falls due within one year, DKK 13,682 thousand falls due within 2-5 years and DKK 25,034 thousand falls due after 5 years.

Notes

12 Long term debt

	Debt at 1 April 2019	Debt at 31 March 2020	Instalment next year	Debt outstanding after 5 years
Lease liabilities	46,008	43,501	7,712	20,576
	46,008	**43,501**	**7,712**	**20,576**

The presented lease liability at 1 April 2019, reflects the lease liability after the retrospective adoption of IFRS 16 per 1 April 2019.

13 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.

14 Contingent liabilities

	2019/20 DKK'000	2018/19 DKK'000
Lease obligations from operating lease/variable lease	-	290,688
Guarantee and warranty commitments	30,797	36,531
	30,797	**327,219**

The Company has implemented IFRS 16 after the modified retrospective method.
The Company has lease contracts with variable lease payments. Accordingly, such contracts are not recognised in the balance sheet at 31 March 2020.

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

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 witholding taxes on interest, royalties and for dividends for the jointly taxed companies. At the balance sheet date, there are no lawsuits against the Company.

Notes

15 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

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

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

Flogas Norge AS
Nydalsvejen 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

Transactions

Transactions entered into related parties:
Income from sale to related parties amounts to DKK 1,899,276 thousand.
Financial expenses amounts to DKK 7,490 thousand.
Other external expenses purchased from related parties amounts to DKK 53,503 thousand.

15 Related parties and ownership structure (continued)

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

16 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.