

DCC



DCC & Shell Aviation Denmark A/S

**Annual report for the period
1 April 2020 to 31 March 2021**

DCC & Shell Aviation Denmark A/S
Nærum Hovedgade 8, 2850 Nærum
CVR no. 39 99 04 66

Adopted at the annual general meeting on 25
August 2021

A handwritten signature in blue ink, appearing to read 'Michael Kruse Bak', is written over a horizontal line.

Michael Kruse Bak
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of DCC & Shell Aviation Denmark A/S for the financial year 1 April 2020 - 31 March 2021.

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 2021 and of the results of the company's operations for the financial year 1 April 2020 - 31 March 2021.

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.

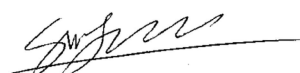
Nærum, 25 August 2021

Executive board


Ulrik Vengberg Brendstrup
Director

Supervisory board

Edward Gerard O'Brien
Chairman


Sunkalp Sharma


Michael Kruse Bak


Adam Richard Harrison


Christian Frederik Heise

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Nærum, 25 August 2021

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Adam Richard Harrison

Independent auditor's report

To the shareholder of DCC & Shell Aviation Denmark A/S

Opinion

We have audited the financial statements of DCC & Shell Aviation Denmark A/S for the financial year 1 April 2020 - 31 March 2021 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 2021 and of the results of the company's operations for the financial year 1 April 2020 - 31 March 2021 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.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about 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 user 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, 25 August 2021

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



David Olafsson
State Authorised Public Accountant
MNE no. mne19737

Company details

The company

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

Telephone: +45 33 37 25 20

Website: www.shellaviation.dk

CVR no.: 39 99 04 66

Reporting period: 1 April 2020 - 31 March 2021

Domicile: Rudersdal

Supervisory board

Edward Gerard O'Brien, chairman
Michael Kruse Bak
Christian Frederik Heise
Sunkalp Sharma
Adam Richard Harrison

Executive board

Ulrik Vengberg Brendstrup, director

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
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 3-year period, the development of the Company may be described by means of the following financial highlights:

	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>
	USD'000	USD'000	USD'000
Key figures			
Profit/loss			
Revenue	33,424	128,815	49,934
Gross profit	-2,016	2,745	326
Profit/loss before net financials	-3,360	1,568	170
Net financials	19	-217	43
Profit/loss for the year	-2,702	990	143
Balance sheet			
Balance sheet total	12,219	17,993	24,473
Investment in property, plant and equipment	2,467	2,722	2,744
Equity	2,183	4,885	3,895
Number of employees	7	7	0
Financial ratios			
Gross margin	-6.0%	2.1%	0.7%
Return on assets	-22.2%	7.4%	1.4%
Equity ratio	17.9%	27.1%	15.9%
Return on equity	-76.5%	22.6%	7.3%

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.

DCC & Shell Aviation Denmark A/S was established 1 November 2018 accordingly 2018/19 covers 5 months of operation.

Management's review

Business review

The purpose of the company is to carry out business in the form of branded marketing, service and distribution business that will supply aviation fuels at airports across Denmark.

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 the Company'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 & Shell Aviation Denmark A/S is also subject to risks and uncertainties which may lead actual results to differ from these estimates. Specific risks for DCC & Shell Aviation Denmark 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/notes.

Unusual matters

The Covid-19 pandemic has led to several measures that affect the business, organization and conduct of day-to-day operations, just as the company's suppliers and customers are widely affected.

The Ministry of Foreign Affairs continues to advise against all unnecessary travel to countries with significant entry restrictions for travelers from Denmark, regardless of the infection situation in the countries in question.

The continued outbreak of Covid-19, lockdowns and travel restrictions have had a continued negative impact on the company's sales of aviation fuel.

Financial review

The company's income statement for the year ended 31 March 2021 shows a loss of USD 2,702 thousand, and the balance sheet at 31 March 2021 shows equity of USD 2,183 thousand.

As described above, the Covid-19 pandemic have had a negative impact on the company's sales of aviation fuel in 2020/21, which resulted in significant decrease in revenue and a loss for the year.

The company has made use of the Covid-19 compensation schemes regarding 2020/21 where the company fulfills the criteria for applying and receiving the compensation. The total Covid-19 compensation recognised as income amounts to USD 2,882 thousand.

Management's review

As a result of the covid-19 crisis in the financial year 2020/21 and the partial closure of Denmark the activity level is lower than expected and do not meet the expectations expressed in the outlook section in the 2019/2020 annual report. Accordingly, results for the year are considered unsatisfactory.

The Company has a limited level for losses on customer engagements. This is due to the Company's strong focus on credit management and effective measures to avoid bad debts.

Significant events occurring after the end of the financial year

The Covid-19 pandemic will continue to impact the national as well as the global travel activities and consequently have an impact on the financial position and results of DCC & Shell Aviation Denmark A/S. It remains too uncertain to assess when the travel activity will return to pre-Covid-19 level. The situation is being monitored closely, but given the uncertain times, the quantitative impact cannot be accurately and reliably estimated.

Despite the Covid-19 pandemic the company's liquidity and financial position is considered adequate for the current activities. The Shareholders have provided the necessary credit facilities for the company to finance its expected activities for the coming year.

Except as described above regarding Covid-19 no events have occurred after the balance sheet date which could significantly affect the company's financial position.

Research and development activities in or for the company

The Company does not engage in research and development activities.

Strategy

DCC & Shell Aviation Denmark A/S strives continuously to identify potential for fostering further growth within its present business areas and to strengthen its competitive power within sale of fossil fuels to selected sectors in Denmark.

The ongoing societal restructuring towards solutions reducing CO₂ emissions from energy consumption is assumed to be of a permanent nature and is hence prioritized in the strategy to ensure long-term profitable growth.

Introducing Sustainable-Aviation-Fuel is becoming a pillar of our strategy and building on our implementation in 2021, we will exceed our proposition to our customers and partners. While Power-to-Liquids and hydrogen offer exciting prospects for decarbonizing aviation in the future, sustainable aviation fuel is a solution that is available today that can help reduce aviation emissions and initiatives like this can help scale demand for this crucial technology.

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

Management's review

Objective and outlook for the coming year

As a consequence of the Covid-19 it is very difficult to forecast and provide a qualified assessment of the precise impact on the company's sales of aviation fuel for the entire year and thereby the impact on the company's revenue and earnings for 2021/22.

Covid-19 pandemic continues to impact the aviation business severely and our financial results are in the coming year also heavily impacted due to the low activity amongst our customers. We expect a slow return to 2019 level kicking in from fall 2021 but uncertainties are still around travel restrictions and change in consumer behaviors. Consequently, the Covid-19 pandemic will surely impact the business performance in the coming financial year and we expect a continued significant loss of revenue.

The Company expects the activity level for the coming year to increase compared to this year as we move toward pre-Covid-19 level.

Market outline

General market development for refined oil products is driven by the cycles and trends within the aviation sectors. As a consequence of the Covid-19 pandemic the general demand for fuel products are expected to decrease until the market is normalised.

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.

DCC & Shell Aviation Denmark A/S has had a 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 trademarks Shell.

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.

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.

Management's review

Financial risks

The company's purchase price and sales price of jet fuels are being determined based on two different price mechanisms. The market price of the Company's products is determined based on official international listings, that fluctuate following the market of oil products, and hence the market price is very volatile.

As the company's purchase prices and sales prices according to vendor and customer contracts are fixed at different points in time there may be major deviations in the price level for purchases and sales and accordingly the Company is exposed to price risk.

It is the Company's policy to hedge against the price risks, ensuring that purchase prices are fixed on the same benchmark as sales price.

Jet fuel is very price volatile and to reduce the price risk, the Company used financial hedging (forward contracts) or fixed price purchase agreements to fix the purchase prices and volume.

The company does not apply hedge accounting as the contracts always are short-termed.

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 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 enhancement.

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

Changes in the price level for both USD and DKK will not have any material direct effect on earnings as purchase and sale prices are in all materiality at the same level. However, the nature of the supply attracts VAT which is settled in DKK. It is the Company's policy to enter into forward contracts to hedge this currency 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.

Management's review

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/2021>

The specific policies regarding employees, HSSE, Environment, Ethics & "Compliance" and "Antibribery 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 2020/21.

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

External environment

DCC & Shell Aviation Denmark 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.

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 Group invests in staff development and encourages an open and honest culture appreciating our differences.

Management's review

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 have addressed the objectives and policies for the area.

The Company's Board of Directors has chosen to define goals and policies, ensuring that the Company's executives can make up a representative basis to meet future ambitions with the relevant affiliates for an equal gender distribution of the board members. 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.

Furthermore, the objective of DCC & Shell Aviation A/S is to be a preferred employer for both genders which amongst others is supported by an active set of policies to ensure a reasonable worklife balance. 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.

Gender composition of the Board of Directors

The Board of Directors consists of 5 board members and there is currently no female member on the Company's Board of Directors, and there are no women in the group making up the basis for recruiting executives for the executive management of the Company. This is not sufficient for fulfilling the Board of Directors ambition, and therefore it is the Company's objective that within two years, the Company must have 1 female members of its Board of Directors so far that this can be achieved by natural employee turnover.

This is supported with the objective that 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 is representative in relation to the ambitions for the gender distribution of the top management.

Income statement 1 April - 31 March

	<u>Note</u>	<u>2020/21</u> USD'000	<u>2019/20</u> USD'000
Revenue		33,424	128,815
Other operating income	2	2,882	0
Cost of sales		-31,446	-118,559
Other external expenses		<u>-6,876</u>	<u>-7,511</u>
Gross profit/loss		-2,016	2,745
Staff costs	3	<u>-985</u>	<u>-868</u>
Profit/loss before amortisation/depreciation and impairment losses		-3,001	1,877
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	4	<u>-359</u>	<u>-309</u>
Profit/loss before net financials		-3,360	1,568
Financial income	5	81	74
Financial costs	6	<u>-62</u>	<u>-291</u>
Profit/loss before tax		-3,341	1,351
Tax on profit for the year	7	<u>639</u>	<u>-361</u>
Profit/loss for the year		<u>-2,702</u>	<u>990</u>
Retained earnings		<u>-2,702</u>	<u>990</u>
		<u>-2,702</u>	<u>990</u>

Balance sheet 31 March

	<u>Note</u>	<u>2020/21</u> USD'000	<u>2019/20</u> USD'000
Assets			
Software		37	56
Intangible assets	8	<u>37</u>	<u>56</u>
Land and buildings		25	27
Other fixtures and fittings, tools and equipment		2,167	2,450
Property, plant and equipment in progress		32	0
Right-of-use assets		243	245
Tangible assets	9	<u>2,467</u>	<u>2,722</u>
Investments in joint ventures	10	2,055	1,946
Fixed asset investments		<u>2,055</u>	<u>1,946</u>
Total non-current assets		<u>4,559</u>	<u>4,724</u>
Goods for resale		1,131	454
Stocks		<u>1,131</u>	<u>454</u>
Trade receivables		2,997	2,194
Other receivables		2,679	1,543
Deferred tax asset		156	173
Joint taxation contributions receivable		62	0
Prepayments		147	178
Receivables		<u>6,041</u>	<u>4,088</u>
Cash at bank and in hand		<u>488</u>	<u>8,727</u>
Total current assets		<u>7,660</u>	<u>13,269</u>
Total assets		<u><u>12,219</u></u>	<u><u>17,993</u></u>

Balance sheet 31 March

	<u>Note</u>	<u>2020/21</u> USD'000	<u>2019/20</u> USD'000
Equity and liabilities			
Contributed capital		76	76
Share premium		3,676	3,676
Retained earnings		<u>-1,569</u>	<u>1,133</u>
Equity		<u>2,183</u>	<u>4,885</u>
Lease liabilities		<u>188</u>	<u>183</u>
Total non-current liabilities		<u>188</u>	<u>183</u>
Short-term part of long-term debt		67	62
Trade payables		7,129	10,527
Payables to affiliated entities		2,360	1,412
Joint taxation contributions payable		0	566
Other payables		264	252
Financial instruments		<u>28</u>	<u>106</u>
Total current liabilities		<u>9,848</u>	<u>12,925</u>
Total liabilities		<u>10,036</u>	<u>13,108</u>
Total equity and liabilities		<u>12,219</u>	<u>17,993</u>
Significant events after the balance sheet date	11		
Contingent liabilities	12		
Financial instruments	13		
Related parties and ownership structure	14		
Fee to auditors appointed at the general meeting	15		

Statement of changes in equity

	Contributed capital	Share premium	Retained earnings	Total
Equity at 1 April 2020	76	3,676	1,133	4,885
Net profit/loss for the year	0	0	-2,702	-2,702
Equity at 31 March 2021	76	3,676	-1,569	2,183

The Company was formed by a cash contribution of USD 61 thousand in contributed capital at 1 November 2018. The contributed capital consists of shares of nom. USD 100.

On 1 November 2018, the contributed capital was increased from USD 61 thousand to USD 76 thousand by contribution of the Aviation business in a de-merger from DCC Energi Retail A/S. The de-merger was approved by the shareholders of DCC Energi Retail A/S on 1 July 2019.

Notes

1 Accounting policies

The annual report of DCC & Shell Aviation Denmark A/S for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C and with certain options applying to large enterprises of reporting class C.

The accounting policies are consistent with those of last year.

The functional currency of the Company is USD.

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.

US dollar is used as the measurement currency. All other currencies are regarded as foreign currencies.

At 31 March 2021 the year-end exchange rate for USD/DKK was 6.34 (at 31 March 2020 the year-end exchange rate for USD/DKK was 6.82).

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.

Notes

1 Accounting policies

Income statement

Segment information

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

Revenue

Income from the sale of goods for resale 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

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

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including government grants relating to Covid-19 compensations schemes.

Other external expenses

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

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

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.

Notes

1 Accounting policies

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 for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Software

Software are measured at cost less accumulated amortisation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Software are amortised on a straight-line basis over the expected useful lives of the assets.

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:

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:

	Useful life
Buildings	50 years
Right of use assets	5 years
Fixtures and fittings, tools and equipment	5-20 years

Notes

1 Accounting policies

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

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.

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

-Property 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.

Notes

1 Accounting policies

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

For short-term leases and leases of low-value assets, the Company has opted to recognised a lease expense on a straight-line basis.

Investments in joint ventures

Investment in joint ventures 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.

Cost comprises the purchase price plus delivery costs.

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

Impairment of assets

The carrying amount of intangible assets, property and plant and equipment and investments in joint ventures 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. Write-down is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value 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.

Notes

1 Accounting policies

Prepayments

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

Cash and cash equivalents

Cash comprises cash at bank and in hand.

Income tax and deferred tax

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

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

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

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.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to 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 within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

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. If foreign currency transactions are considered cash flow hedges, the value adjustments (hedging instrument) are recognised directly to equity. Subsequently, when the hedged transaction is realised, the fair value adjustment of the hedging instrument is re-classified to the income statement to match the hedged transaction.

Notes

1 Accounting policies

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables' or 'Other payables', respectively.

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

Cash flow statement

No cash flow statement has been prepared as the parent company's cash flows are included in the consolidated cash flow statement in the consolidated financial statements of DCC plc.

Financial highlights

Definitions of financial ratios.

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

Notes

	2020/21	2019/20
	USD'000	USD'000
2 Other operating income		
Grants received from the compensation schemes	2,882	0
	<u>2,882</u>	<u>0</u>
3 Staff costs		
Wages and salaries	892	777
Pensions	70	73
Other social security costs	23	18
	<u>985</u>	<u>868</u>
Average number of employees	<u>7</u>	<u>7</u>
<p>According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the executive board has not been disclosed.</p>		
4 Amortisation, depreciation and impairment of intangible assets and property, plant and equipment		
Amortisation intangible assets	19	16
Depreciation tangible assets	340	293
	<u>359</u>	<u>309</u>
5 Financial income		
Financial income, group entities	2	0
Other financial income	0	74
Exchange gains, net	79	0
	<u>81</u>	<u>74</u>

Notes

	<u>2020/21</u>	<u>2019/20</u>
	USD'000	USD'000
6 Financial costs		
Financial expenses, group entities	48	131
Other financial costs	10	13
Exchange loss, net	0	147
Other adjustments of financial expenses	4	0
	<u>62</u>	<u>291</u>
	<u><u>62</u></u>	<u><u>291</u></u>
7 Tax on profit for the year		
Current tax for the year	-705	229
Deferred tax for the year	9	170
Adjustment of tax concerning previous years	49	0
Adjustment of deferred tax concerning previous years	8	-38
	<u>-639</u>	<u>361</u>
	<u><u>-639</u></u>	<u><u>361</u></u>
8 Intangible assets		
		<u>Software</u>
Cost at 1 April 2020		<u>93</u>
Cost at 31 March 2021		<u>93</u>
Impairment losses and amortisation at 1 April 2020		37
Amortisation for the year		<u>19</u>
Impairment losses and amortisation at 31 March 2021		<u>56</u>
Carrying amount at 31 March 2021		<u><u>37</u></u>

Notes

9 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 2020	34	3,232	249	0
Additions for the year	<u>0</u>	<u>0</u>	<u>52</u>	<u>32</u>
Cost at 31 March 2021	<u>34</u>	<u>3,232</u>	<u>301</u>	<u>32</u>
Impairment losses and depreciation at 1 April 2020	7	782	4	0
Depreciation for the year	<u>2</u>	<u>283</u>	<u>54</u>	<u>0</u>
Impairment losses and depreciation at 31 March 2021	<u>9</u>	<u>1,065</u>	<u>58</u>	<u>0</u>
Carrying amount at 31 March 2021	<u>25</u>	<u>2,167</u>	<u>243</u>	<u>32</u>
Depreciated over	<u>50 years</u>	<u>5-20 years</u>	<u>5 years</u>	

	<u>2020/21</u> USD'000	<u>2019/20</u> USD'000
10 Investments in joint ventures		
Cost at 1 April 2020	1,946	1,906
Exchange adjustment	0	25
Additions for the year	<u>109</u>	<u>15</u>
Cost at 31 March 2021	<u>2,055</u>	<u>1,946</u>
Carrying amount at 31 March 2021	<u>2,055</u>	<u>1,946</u>

Notes

10 Investments in joint ventures (continued)

Investments in joint ventures are specified as follows in USD'000:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Shell-Statoil- Total I/S	Tårnby	33%	948	30
Brændstoflageret Københavns Lufthavn I/S	Tårnby	21%	1,998	0
Billund refuelling I/S	Billund	50%	513	0

11 Significant events after the balance sheet date

The Covid-19 pandemic will continue to impact the national as well as the global travel activities and consequently have an impact on the financial position and results of DCC & Shell Aviation Denmark A/S. It remains too uncertain to assess when the travel activity will return to pre-Covid-19 level. The situation is being monitored closely, but given the uncertain times, the quantitative impact cannot be accurately and reliably estimated.

Except as described above regarding Covid-19 no events have occurred after the balance sheet date which could significantly affect the company's financial position.

12 Contingent liabilities

	2020/21 USD'000	2019/20 USD'000
Unrecognised commitments in joint ventures with joint liability	891	849
Unrecognised contingencies and rental and lease commitments in joint ventures with joint liability	1,978	1,834
	<u>2,869</u>	<u>2,683</u>

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.

Notes

13 Financial instruments

Recognised transactions

The Company hedges jet fuel price risk related to purchase and sale of jet fuel products by entering into jet fuel derivatives. The derivatives are settled in cash. Fair value changes on the derivatives are recognised directly in profit or loss under cost of goods sold. Gains/losses on derivatives related to purchases of jet fuel are recognised in Cost of sales.

The fair value of oil price swaps are recognised in other liabilities. Total net loss from oil swaps in 2020/2021 amounts to DKK 28 thousand (2019/20: a loss of DKK 106 thousand). Fair value amounts to DKK -28 thousand (2019/20: DKK -106 thousand). The fair value of jet fuel price swaps are recognised in other receivables or other liabilities. The term of the individual swaps are between 1 and 3 months. The fair value of jet fuel swaps are derived from market data using generally accepted valuation methods.

<u>Financial instrument</u>	<u>Value adjustment recognised in P&L</u>	<u>Fair value</u>	<u>Average remaining term</u>
	USD'000	USD'000	Months
Jet fuel swap	<u>-28</u>	<u>-28</u>	<u>2</u>
	<u>-28</u>	<u>-28</u>	<u>2</u>

Notes

14 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 Energi Retail A/S
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:

Other external expenses purchased from related parties amounts to USD 1,393 thousand

Financial expenses to related parties amounts to USD 48 thousand

Notes

14 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

Shell Overseas Investments B.V
Carel van Bylandtlaan 30, Haag, Holland

Consolidated financial statement

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>

15 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.