DCC & Shell Aviation Denmark A/S

Annual report for the period
1 April 2023 to 31 March 2024

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

Adopted at the annual general meeting on 6 September 2024

DocuSigned by:
Michael Kruse Bak
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Michael Kruse Bak
chairman

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Statement by management on the annual report

The Board of Directors and executive board have today discussed and approved the annual report of DCC & Shell Aviation Denmark A/S for the financial year 1 April 2023 - 31 March 2024.

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 2024 and of the results of the company's operations for the financial year 1 April 2023 - 31 March 2024.

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, 6 September 2024

Executive board

DocuSigned by:
Ulrik V. Brendstrup
Ulrik Vengberg Brendstrup
Director

Board of Directors

Signed by:
Fabian Ziegler
Fabian Aurelius Heinrich Hans Ziegler
chairman

DocuSigned by:
Michael Kruse Bak
Michael Kruse Bak

Signed by:
Christian Frederik Heise

DocuSigned by:
James Bell
James William Robert Bell

DocuSigned by:
Samuel John Tucker

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 2023 - 31 March 2024 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 2024, and of the results of the company's operations for the financial year 1 April 2023 - 31 March 2024 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

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

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on 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.

Independent auditor's report

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

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

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

Copenhagen, 6 September 2024

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

DocuSigned by:
David Olafsson
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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 2023 - 31 March 2024
	Domicile: Rudersdal
Board of Directors	Fabian Aurelius Heinrich Hans Ziegler, chairman Michael Kruse Bak Christian Frederik Heise James William Robert Bell Samuel John Tucker
Executive board	Ulrik Vengberg Brendstrup, director
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København
Lawyers	Accura Advokatpartnerselskab Alexandriagade 8 DK-2150 Nordhavn
Bankers	Danske Bank Bertnstoffsgade 40 DK-1577 København V

Financial highlights

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

	2023/24	2022/23	2021/22	2020/21	2019/20
	USD'000	USD'000	USD'000	USD'000	USD'000
Key figures					
Profit/loss					
Revenue	433,358	362,654	150,421	33,424	128,815
Gross profit	15,261	5,824	511	-2,016	2,745
Profit/loss before net financials	12,048	4,246	-873	-3,360	1,568
Net financials	-29	-507	-853	19	-217
Profit/loss for the year	9,425	3,076	-1,247	-2,702	990
Balance sheet					
Balance sheet total	63,284	55,159	35,193	12,219	17,993
Investment in property, plant and equipment	6,387	2,310	2,153	2,467	2,722
Equity	13,437	4,012	936	2,183	4,885
Number of employees	11	9	7	7	7
Financial ratios					
Gross margin	3.5%	1.6%	0.3%	-6.0%	2.1%
Return on assets	20.3%	9.4%	-3.7%	-22.2%	7.4%
Solvency ratio	21.2%	7.3%	2.7%	17.9%	27.1%
Return on equity	108.0%	124.3%	-80.0%	-76.5%	22.6%

For definitions of the financial ratios see the summary of significant accounting policies.

Business review

The purpose of the DCC & Shell Aviation Denmark A/S 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

The recognition and measurement of items in the annual report is not associated with any uncertainty.In preparing financial statements, certain provisions in the standards require management's judgments, including various accounting estimates and assumptions. Such judgments are considered important to understand the accounting policies and 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 aviation industry is approaching a new normal following the COVID-19 pandemic. While some airports have significantly surpassed pre-COVID levels, other airports are experiencing a shortfall due to new flight patterns and demands. Both leisure and freight markets are growing well, however long-haul flights, especially those to Asia, are lagging behind and thus constraining the total market from growing above pre-COVID levels.

The ongoing conflict between Russia and Ukraine continues to affect business circumstances which leads to higher uncertainty. Furthermore, as a direct consequence of the conflict, fuel prices became increasingly volatile which had a large impact on the business.

Financial review

The Company's income statement for the year ended 31 March 2024 shows a profit of USD'000 9,425 (31 March 2023 USD'000 3,076), and the balance sheet at 31 March 2024 shows equity of USD'000 13,437 (31 March 2023 USD'000 4,012).

The company has adapted well to post-covid market changes and the on-going geopolitical conflicts that still especially affect supply markets and airline traffic. Despite uncertainties, the company managed to maintain their market position and delivered volume growth through new customers whilst ensuring exposures and costs were kept at low levels. It was expected that the company would make a larger profit this year compared to last year, however the result for the year significantly exceeded expectations.

Significant events occurring after the end of the financial year

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

Research and development activities in or for the company

The Company does not engage in research and development activities.

Strategy

The Company maintains its mission of identifying potential for fostering further growth within its current business areas and seeks to strengthen its competitive power within sale of fossil fuels to selected sectors in Denmark.

The path towards reducing C02 emissions from energy consumption is among the highest prioritizations in the company. The company recognises this area’s growing importance and therefore several steps are being taken to ensure that the companies strategy manages to focus on aiding a sustainable trajectory whilst still capturing value.

Ensuring that we can meet demand and supply our customers and with Sustainable-Aviation-Fuel is an important milestone for our strategy. Whilst in the present being able to offer customers and partners with Sustainable Aviation Fuel, another part of the strategy seeks to explore the possibility of Power-To-X and aid the development of this technology to accelerate the solutions readiness to market.

Objective and outlook for the coming year

Because of the ongoing conflict between Russia and Ukraine and the industry still being affected by the pandemic it is challenging to provide a qualified forecast of aviation fuel sales. This in turns leads to it being difficult to evaluate the outlook for the Company’s revenue and earnings for this year.

The financial results this year were largely due to an ability to meet business demands along with an increased activity amongst our customers. However, with the market slowly stabilizing we expect competition to increase, potentially challenging our current market power. The coming year will be influenced by the regulatory changes with the implementation of ReFuelEU Aviation starting January 1st, 2025. The regulation will influence both fuel demands through anti-tankering legislation and define SAF markets through the mandated application.

The expectations for the company’s revenue and earnings for the coming year are in line with the performance of the previous year.

Market outline

General market development for refined oil products is driven by the cycles and trends within the aviation sectors. With the effects of COVID-19 becoming increasingly diminishing, the general demand for fuel products is expected to increase until the market is once again normalized. 2024 is expected as the year global aviation will surpass pre-COVID levels, which is in line with the expectations for the local market.

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. The Company has a GDPR platform ensuring that we are in compliance with the EU's General Data Protection Regulation.

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.

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 the Faroe Islands 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

Corporate social responsibility

With reference to section 99a (7) 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 of the DCC Group and its ultimate parent company DCC plc, which is available from the Group’s website.

https://www.dcc.ie/investors/annual-and-sustainability-reports/annual-and-sustainability-reports

The Company’s CSR polices cover intellectual capital, which has been accounted for in the following.

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.

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.

Gender composition of the Board of Directors and other management levels

With reference to section 99b of the Danish Financial Statements Act and 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.

The currrent distribution of management looks like this:

	2023/24
Top Management*	
Total number of members	5
Underrepresented gender in %	0%
Target number in %	20%
Year target number expected fulfilled:	2025/26
Other Management levels**	
Total number of members	4
Underrepresented gender in %	25%
Target number in %	25%
Year target number expected fulfilled:	2023/24

** Members of the Board of Directors*
*** Director (General Manager) plus second level of managers*

The Board of Directors consists of 5 board members and there is currently no female member on the Company's Board of Directors. 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 at least 1 female member 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.

As the Company’s management only consist of 4 people the goal is that at least one of them is from the underrepresented gender. With the current distribution of genders, the goal has been reached. DCC & Shell Aviation A/S still actively works to be a preferred employer for both genders, which amongst others is supported by an active set of policies to ensure a reasonable work-life 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.

Statement of policy for data ethics

DCC & Shell Aviation Denmark A/S collects, generates, and apply various type of data in running the business and is committed to complying with all legal rules and regulations on data usage, storage and processing as part of our business operations.

All businesses in the Danish DCC Group process data as part of the daily operations, including following:

Customer data: Customer and delivery information required to complete sale, deliver and invoicing ofour products and services.

Supplier data: Supplier information required to complete purchases of supply and other services.

HR data: Personal data on employees to fulfill legal or personal requirements.

Other data: Financial data generated for internal measurement/controlling purposes and external regulatory reporting, contractual data from mergers and acquisitions, and contractual data from CAPEX investments.

Personal data is processed carefully, with respect, so that it is kept private and dealt with in accordance with the wishes of the person the information is about.

The Danish DCC Group is committed to protecting personal data and ensuring that appropriate organisational and technical measures are in place to protect any data collected.

Training and raising awareness on all aspects of data handling, including data ethics, data security and proper handling of personal data is mandatory for all employees throughout the organization. On an ongoing basis employees participate in code of conduct and data security training programs.

Governance related to data security and data ethics are monitored by our IT department. The principles in our IT policy are reviewed and revised on an ongoing basis to among other things reflect evolving technologies, change in regulatory landscape, and understanding of the risks and benefits to individuals and society of data use.

The Danish DCC Group's Information Security Policy can be found on our webpage:
https://www.dccenergi.dk/wp-content/uploads/2024/06/dccit.pdf

Income statement 1 April - 31 March

	Note	2023/24	2022/23
		USD'000	USD'000
Revenue		**433,358**	**362,654**
Cost of sales		-401,614	-345,816
Other external expenses		-16,483	-11,014
Gross profit		**15,261**	**5,824**
Staff costs	2	-1,642	-1,154
Profit before amortisation/depreciation and impairment losses		**13,619**	**4,670**
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	3	-1,571	-424
Profit before net financials		**12,048**	**4,246**
Financial income	4	580	436
Financial costs	5	-609	-943
Profit before tax		**12,019**	**3,739**
Tax on profit for the year	6	-2,594	-663
Profit for the year		**9,425**	**3,076**
Retained earnings		9,425	3,076
		9,425	**3,076**

Balance sheet 31 March

	Note	2023/24	2022/23
		USD'000	USD'000
Assets			
Software		2	4
Intangible assets	7	**2**	**4**
Land and buildings		18	21
Other fixtures and fittings, tools and equipment		1,943	1,778
Property, plant and equipment in progress		0	395
Right-of-use assets		4,426	116
Tangible assets	8	**6,387**	**2,310**
Investments in joint ventures	9	2,172	2,055
Fixed asset investments		**2,172**	**2,055**
Total non-current assets		**8,561**	**4,369**
Goods for resale		3,389	3,634
Stocks		**3,389**	**3,634**
Trade receivables		15,631	11,733
Other receivables		9,396	10,477
Deferred tax asset		191	348
Prepayments		255	140
Receivables		**25,473**	**22,698**
Cash at bank and in hand		**25,861**	**24,458**
Total current assets		**54,723**	**50,790**
Total assets		**63,284**	**55,159**

Balance sheet 31 March

	Note	2023/24	2022/23
		USD'000	USD'000
Equity and liabilities			
Contributed capital		76	76
Share premium		3,676	3,676
Retained earnings		9,685	260
Equity		**13,437**	**4,012**
Lease liabilities		3,035	46
Payables to affiliated entities		0	2,550
Total non-current liabilities	10	**3,035**	**2,596**
Short-term part of long-term debt	10	1,386	66
Trade payables		34,364	45,414
Payables to affiliated entities		7,225	1,271
Joint taxation contributions payable		3,328	889
Other payables		509	911
Total current liabilities		**46,812**	**48,551**
Total liabilities		**49,847**	**51,147**
Total equity and liabilities		**63,284**	**55,159**

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Statement of changes in equity

	Contributed capital	Share premium	Retained earnings	Total
Equity at 1 April 2023	76	3,676	260	4,012
Net profit/loss for the year	0	0	9,425	9,425
Equity at 31 March 2024	**76**	**3,676**	**9,685**	**13,437**

No changes have been made to the share capital for the last 5 years.

The contributed capital consists of shares of nom. DKK 1 and multiple hereof. The capital is split into nom. 500,000 shares. The shares are not divided into share classes.

1 Accounting policies

The annual report of DCC & Shell Aviation Denmark A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act 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 US dollar.

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 2024 the year-end exchange rate for USD/DKK was 6.90 (at 31 March 2023 the year-end exchange rate for USD/DKK was 6.85).

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.

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 the Kingdom of 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 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.

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
Other fixtures and fittings, tools and equipment	5-20 years

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 on the sale of items of property, plant and equipment are recognised in the income statement under 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 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 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 lease period, 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.

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.

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 $$\frac{\text{Gross Profit x 100}}{\text{Revenue}}$$

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

		2023/24	2022/23
		USD'000	USD'000
2	**Staff costs**		
	Wages and salaries	1,505	1,061
	Pensions	130	87
	Other social security costs	7	6
		1,642	**1,154**
	Average number of employees	11	9

According to section 98 B(3) of the Danish Financial Statements Act, renumeration to the executive board has not been disclosed.

		2023/24	2022/23
		USD'000	USD'000
3	**Amortisation, depreciation and impairment of intangible assets and property, plant and equipment**		
	Amortisation intangible assets	2	15
	Depreciation tangible assets	1,569	409
		1,571	**424**

		2023/24	2022/23
		USD'000	USD'000
4	**Financial income**		
	Income from fixed asset investments	580	436
		580	**436**

		2023/24	2022/23
		USD'000	USD'000
5	**Financial costs**		
	Finanial expense, affiliated entities	260	472
	Other financial costs	185	258
	Exchange loss, net	3	211
	Other adjustments of financial expenses	161	2
		609	**943**

		2023/24	2022/23
		USD'000	USD'000
6	**Tax on profit for the year**		
	Current tax for the year	2,436	889
	Deferred tax for the year	156	-122
	Adjustment of tax concerning previous years	2	-70
	Adjustment of deferred tax concerning previous years	0	-34
		2,594	**663**

7 Intangible assets

	Software
Cost at 1 April 2023	93
Cost at 31 March 2024	93
Impairment losses and amortisation at 1 April 2023	89
Amortisation for the year	2
Impairment losses and amortisation at 31 March 2024	91
Carrying amount at 31 March 2024	**2**
Amortised over	3-5 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 2023	34	3,409	303	394
Additions for the year	0	515	5,526	0
Disposals for the year	0	0	0	-394
Cost at 31 March 2024	34	3,924	5,829	0
Impairment losses and depreciation at 1 April 2023	14	1,632	187	0
Depreciation for the year	2	349	1,216	0
Impairment losses and depreciation at 31 March 2024	16	1,981	1,403	0
Carrying amount at 31 March 2024	**18**	**1,943**	**4,426**	**0**
Depreciated over	50 years	5-20 years	5 years	

Notes

		2023/24	2022/23
		USD'000	USD'000
9	**Investments in joint ventures**		
	Cost at 1 April	2,055	2,055
	Cost at 31 March	2,055	2,055
	Other equity movements, net	117	0
	Revaluations at 31 March	117	0
	Carrying amount at 31 March	**2,172**	**2,055**

Investments in joint ventures are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Shell-Statoil- Total I/S	Tårnby	33%	390	0
Brændstoflageret Københavns Lufthavn I/S	Tårnby	21%	1,836	0
Billund refuelling I/S	Billund	50%	366	0

10 Long term debt

	Long term debt at 1 April 2023	Long term debt at 31 March 2024	Instalment next year	Debt outstanding after 5 years
Lease liabilities	46	3,035	1,386	0
Payables to affiliated entities	2,550	0	0	0
	2,596	**3,035**	**1,386**	**0**

Notes

	2023/24	2022/23
	USD'000	USD'000
11 Contingent liabilities		
Unrecognised commitments in joint ventures with joint liability	1,671	842
Unrecognised contingencies and rental and lease commitments in joint ventures with joint liability	2,340	2,213
	4,011	**3,055**

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.

12 Financial instruments

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 2023/2024 amounts to USD'000 306 (2022/2023: a loss of USD'000 2). Fair value 2023/2024 amounts to USD'000 0 (2022/23: USD'000 0).Any fair value of jet fuel price swaps are recognised in other receivables or other liabilities. The term of the individual swaps has this year been between 1 and 6 months. The fair value of jet fuel swaps are derived from market data using generally accepted valuation methods.

13 Related parties and ownership structure

Controlling interest

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

Other related parties

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

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

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

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

DCC Energiservice A/S
Nærum Hovedgade 8, 2850 Nærum

Exertis Captech Denmark ApS
Nærum Hovedgade 8, 2850 Nærum

Solcellekraft AS
Idrettsvegen 103, 5353 Straume, Norway

DLG Service A/S
Ballesvej 2,7000 Fredericia

team energie GmbH & Co. KG
Team Alle 22, 24392 Süderbrarup, Germany

DCC Holding A/S
Nærum Hovedgade 8, 2850 Nærum

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

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

13 Related parties and ownership structure (continued)

Transactions

Transactions entered into related parties:
Other external expenses purchased from related parties amounts to USD'000 1,261.
Financial expenses to related parties amounts to USD'000 260.

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, Netherlands

Consolidated financial statements

The Company's Danish parent company DCC Holding Denmark 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/annual-and-sustainability-reports/annual-and-sustainability-reports

14 Fee to auditors appointed at the general meeting

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