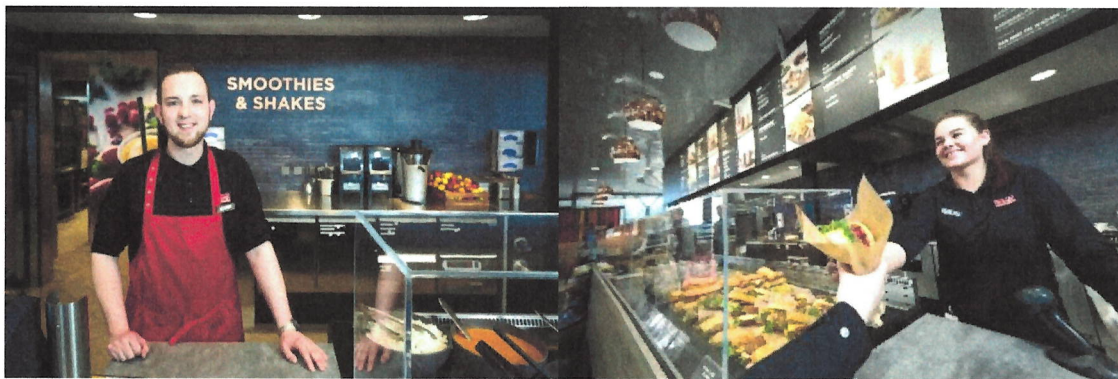




Circle K Danmark A/S
Borgmester Christiansens Gade 50, 2450 Copenhagen SV
CVR: 28142412

Annual Report 2017/2018

May 1st 2017 – April 30th 2018



The Annual Report was presented and approved at the Annual General Meeting on September 28, 2018.

Chairman of the Annual General Meeting:

A blue ink signature of Ivan Vijay Thygesen.

Ivan Vijay Thygesen

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MANAGEMENT'S STATEMENT

The Executive and Supervisory Boards have today considered and adopted the Annual Report for Circle K Danmark A/S for the financial year 1 May 2017 – 30 April 2018.

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 financial position at 30 April 2018 of the Company and of the results of the Company operations for the financial year 1 May 2017 – 30 April 2018.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, September 28, 2018

Executive Board:



Timothy Shawn Tourek

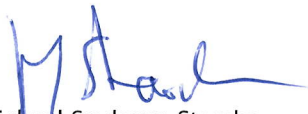
Board of Directors:

Hans-Olav Høidahl
(chairman)



Christel Elisabeth Nettelvik Söderberg

Joachim Røberg-Larsen



Michael Sæderup Starcke
(employee representative)

Jan Christian Pedersen
(employee representative)

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(employee representative)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Circle K Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 April 2018, and of the results of the Company's operations for the financial year 1 May 2017 – 30 April 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Circle K Danmark A/S for the financial year 1 May 2017 – 30 April 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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

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, in our view, 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 in Management's Review.

Management's Responsibilities 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 as 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 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 users taken 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 judgment and maintain professional skepticism 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.

Hellerup, September 28, 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31



Torben Jensen
State Authorised Public Accountant
MNE18651



Rikke Lund-Kühl
State Authorised Public Accountant
MNE33507

INFORMATION ABOUT THE COMPANY

Circle K Danmark A/S
Borgmester Christiansens Gade 50
2450 København SV
Telephone: +45 70 101 101
Telefax: +45 70 101 401
CVR-no. 28 14 24 12

Board of Directors

Hans-Olav Høidahl (chairman)
Christel Elisabeth Nettelvik Söderberg
Joachim Røberg-Larsen
Jan Christian Pedersen (employee representative)
Michael Sæderup Starcke (employee representative)

Executive Board

Timothy Shawn Tourek

Parent Company:

Circle K AS, Oslo, Norway, Ownership 100 %

Ultimate Parent Company:

Alimentation Couche-Tard Inc., Montreal, Canada, Ownership 100 %

Associated Companies

Motorvejscenterselskabet af 1990 A/S, Ownership 50 %

Partnerships:

I/S Fællesskiltning, Ownership 58,5 %

Auditors:

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Upon written request addressed to the company annual accounts of Circle K AS will be made available.

The Annual Reports for Alimentation Couche-Tard Inc. can be downloaded on <http://corpo.couche-tard.com/en/investor-relations/annual-quarterly-reports/>

FINANCIAL HIGHLIGHTS

<i>Amounts in DKK million</i>	2017/18	2016/17	2015/16	2014/15	2013/14
Revenue	9 342	8 425	6 820	8 429	9 838
Profit before financial income and expenses, etc	128	(28)	157	74	32
Financial income and expenses	(19)	(23)	(266)	(38)	(32)
Profit before tax	109	(51)	(109)	36	1
Tax on the profit for the year	(13)	22	(38)	8	(26)
Net profit/loss for the year	95	(29)	(147)	44	(25)
Total assets	5 814	4 500	4 417	3 414	3 582
Equity	2 187	2 091	2 626	843	799
Investments in property, plant and equipment	286	1 322	136	174	114
Average number of employees	2 137	1 941	1 422	1 425	1 486

Ratios

	2017/18	2016/17	2015/16	2014/15	2013/14
Profit margin	1%	0%	2%	1%	0%
<i>Profit before financial income and expenses, etc in per cent of revenue</i>					
Return on assets	2%	-1%	4%	2%	1%
<i>Profit before financial income and expenses, etc in per cent of total assets</i>					
Return on equity	5%	-1%	-17%	6%	-2%
<i>Net profit/loss for the year in per cent of opening equity</i>					
Solvency ratio	38%	46%	59%	25%	22%
<i>Equity in per cent of assets</i>					

MANAGEMENT REVIEW

Circle K Danmark A/S

Circle K Danmark A/S is a subsidiary of Circle K AS, which in turn is a wholly-owned indirect subsidiary of Alimentation Couche-Tard Inc. (Couche-Tard). Couche-Tard is the leader in the Canadian convenience store industry. In the United States, it is the largest independent convenience store operator in terms of the number of company-operated stores (corporate stores). In Europe, Couche-Tard is a leader in convenience store and road transportation fuel retail in the Scandinavian countries (Norway, Sweden and Denmark), in the Baltic countries (Estonia, Latvia and Lithuania), and in Ireland and also has an important presence in Poland.

As of April 29, 2018, Couche-Tard's network comprised 10,015 convenience stores throughout North America, including 8,705 stores with road transportation fuel dispensing. Its North American network consists of 19 business units, including 15 in the United States covering 48 states and 4 in Canada covering all 10 provinces. Approximately 105,000 people are employed throughout its network and at its service offices in North America.

In Europe, Couche-Tard operates a broad retail network across Scandinavia, Ireland, Poland, the Baltics and Russia through ten business units. As of April 29, 2018, Couche-Tard's network comprised 2,725 stores, the majority of which offer road transportation fuel and convenience products while the others are unmanned automated fuel stations which only offer road transportation fuel. Couche-Tard also offers other products, including stationary energy, marine fuel and aviation fuel. Including employees at its branded franchise stores, approximately 25,000 people work in its retail network, terminals and service offices across Europe.

In addition, under licensing agreements, more than 2,000 stores are operated under the Circle K banner in 14 other countries and territories (China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Malaysia, Mexico, the Philippines, Saudi Arabia, the United Arab Emirates and Vietnam), which brings the total network to more than 16,000 stores.

The Danish network comprise 451 under the brands Circle K, Statoil, 1-2-3 and INGO, 243 sites are stores and 208 are automat stations as well as direct sale of fuel products for transport, heating and other industrial purposes.

Our mission is to offer our customers fast and friendly service by developing a warm and customized relationship with them, while finding ways to pleasantly surprise them on a daily basis. To this end, we strive to meet the demands and needs of people on the go. We offer fresh food, hot and cold beverages, car wash services, road transportation fuel and other high quality products and services designed to meet or exceed customers' demand in a clean, welcoming and efficient environment.

Couche-Tard is a Canadian company which shares are listed on the Toronto Stock Exchange (TSE: ATD.A and ATD.B).

Profit for the year

The operating profit of DKK 127.5 million is an improvement of DKK 155.3 million compared to last year where the operating loss amounted to DKK 27.8 million.

Net profit after tax was DKK 95.5 million versus a loss of DKK 28.9 million last year.

Fiscal year 2017/18 was a *year of refinement* for Circle K Danmark as a company and for the entire organisation. Following last year's integration of the Shell network and rebranding of our entire chain from Statoil to Circle K, this year was about releasing the potential of our new network and organisation.

It was about *refining our offer* to our customers by continuing our development of our Famous For products. Included in this is a major investment in our carwash offer where we upgraded approx. 150 carwash facilities. Furthermore, we continued the development of our food concept to build the perception of Circle K as a high quality food destination. We introduced a new food concept at our new highway stores, where food is really the center of attention in these stores.

It was also about *refining the operation* where we are moving the vast majority of our stores into 24-7 operation. Furthermore increased the quality of our operation by investing heavily in training our store employees, making them better equipped to serve our customer.

Last, it was about *refining the network*. Acquiring the Shell network was a catalyst for being able to restructure our network, taking out and closing down tail-end sites, often with old tanks and infrastructure. By doing this, we are both increasing the overall quality of our network and reducing the environmental risk by closing these old sites down. We also rebuilt select highway stores, introducing our new store concept which we are very proud of. As mentioned above, food is the core focus in the store which comprise a big variety of fresh quality food and comfortable seating areas. Here, all people on the go, that being professional drivers or families, can enjoy a quality meal in a pleasant environment.

The Activities

The Oil Market in Denmark

Last fiscal year we saw a quite flat development on crude oil orbiting around the USD 50/BLL mark. However this year we have seen a strong price increase since the summer of 2017. Throughout the summer and the rest of 2017 we saw crude pass USD 60 and 70/BLL and since April this year we have been within the USD 70-80/BLL range.

On exchange rates we opened the year around 6.8 DKK pr. USD. Over the fiscal year we saw a significant drop ending the year at 6.2 DKK/USD with a low at 6 DKK/USD around new

year. This effect smoothed the retail price effects of the rising crude price throughout the year.

Our stores

The previous fiscal year was characterised by the rebranding of our stores from Statoil to Circle K in addition to the integration of the Shell network, a transaction which closed May 1, 2016, both of which we are happy to consider to be highly successful. Our customers appears to appreciate our new brand and the acquired stores have seen a positive development in sales post integration to Circle K.

Our new and highly attractive food offering is further contributing to a positive development in our existing stores.

Convenience

Making it easy and convenient for our customers is a corner stone in the overall strategy.

A great deal of focus has been put on bakery, coffee and the fresh food offers in the stores. Main drivers as quality, fresh and taste have been the most important key words for our new initiatives. During fiscal 2017/18 we have seen an intensified competition in the market for fresh food and the to go segment. Circle K aims to be a leading provider in this segment. During last year, we launched a new fresh food concept on our new flagship highway stores. This food concept will be rolled out further during this year, alongside our new more food friendly store concept.

A customer friendly and attractive offer on carwash remains to be a core focus area. Carwash is an important business area for us and has been a good driver of customers to our stores.

The company has kept focus on the loyalty concept Circle K EXTRA Club which offers additional benefits to customers using optional debit/credit card.

Heating Oil

The Danish heating oil market is still in a decline, albeit at a rate which seems to be leveling off. The heating season was relatively mild and the warm weather kicked in quite early in the spring lowering demand.

The employees

During financial year 16/17, we integrated 987 store employees into the Circle K family. This was a significant but highly rewarding effort, making them truly feel part of our family and ambassadors of our brand. We are in retrospect proud to say that the integration went above all expectations and that a couple of old Shell stores are now flagship stores in terms of operational excellence.

During last year, training was a key focus area. As we are continuously developing our food offer, training our employees is key in order to deliver on our promise of Safe Quality Food. This focus continues into fiscal 2019.

By the end of fiscal year 2018, the number of employees was 3.557 with a 48/52 mix of males and females. The number comprise 435 employees at the headquarter, including 58 employees which is part of the European organization and 38 which is part of the INGO organization. Furthermore there was 3.122 full- and part-time employees at the company's stores.

Corporate Social Responsibility

Statutory report on corporate responsibility – §99A

Circle K Danmark A/S has a well-developed quality system which covers the management system as well as business procedures, quality control and compliance handling. All policies and procedures are described in our ISO certification system and the company meets its legal requirements.

Circle K Danmark A/S has a goal of zero harm to people, the environment and properties. We believe that all accidents can be avoided through risk assessment, development of appropriate barriers and compliance with agreed guidelines.

Environmental and climate liabilities

EU has set a goal of reducing greenhouse gas emissions by 20, 30 and 80–95% by 2020, 2030 and 2050 and Denmark has a national goal to be independent of fossil energy in 2050. A reduction in the consumption of fossil fuels in electricity, heating, industrial processes and transport will lead to significant reductions in greenhouse gas emissions related to Danish energy production. Circle K is actively working to contribute in this process and have launched initiatives supporting this agenda.

In fiscal year 2017/18 we have saw a slight increase in energy consumption at our sites. In order to minimise the consumption of energy, we have replaced old coolers and freezers with new energy efficient equipment.

In recent years, we have developed and launched new and improved fuel products under the brands *miles*[®] and *milesPLUS*[®]. The additives in *miles*[®] fuels make the cars more efficient and the increased mileage they deliver reduces emissions. We sell *miles*[®] and *milesPLUS*[®] at all of our Fullservice and Truck sites in Denmark in addition to deliver it on bulk. We estimate that we on a European level have reduced CO2 emissions by the equivalent of 150,000 cars worth per year since launching our latest generation fuels. Circle K Danmark A/S and Couche-Tard Group continue to work on the development of new and alternative fuel products.

We have in addition partnerships with Clever, E.on and Ionity on charging stations at select Full service sites.

Circle K's ambition is for all employees to take ownership of sustainable business issues which is close to its own position. Circle K provides a number of courses and seminars during the year for employees to secure knowledge of sustainability. All employees have received training in the companies code of conduct.

Food safety is an important part of the Food strategy. One of the elements in our Food strategy is Food Safety audits in our stores. The audits are performed by 3rd parties and comprise three elements:

1. A checklist based on our internal Food Safety Manual
2. Coaching
3. Food sample analysis.

To ensure learning and follow up from the audits, all store managers receive individual feedback on the results of the audit.

Circle K Danmark A/S is certified in the standards 9001 and 14001 – Quality Management and Environmental Management. The purpose of the ISO certifications is to ensure that the customers get good quality and service and to ascertain continuous improvement of our processes. In the fall 2015 a new version of the ISO standard was launched. Since launch, Circle K Danmark A/S has updated and adjusted its management system to fit the requirements stated in the new version.

Circle K Danmark A/S is certified after the standards ISO 9001:2015 and ISO 14001:2015. Our compliance with these standards was audited by DNV in May 2018.

Human rights

Our approach to human rights deals with our own employees in relation to:

- Discrimination
- Harassment
- Safety at work

Our approach to human rights is that we continue our work with the policy of zero tolerance of discrimination and harassment in our organisation. This is done through training and information to all new employees in our Work of Conduct during a mandatory on-boarding program.

Safety at work is a an important factor for current and future employees. We invest significant resources in preventive measures for robberies and other types of serious incidents at our stores. In fiscal year 2017/18 we have implemented Anti Robbery Audits on all sites. The audits shall secure;

- That all employees are trained on how to act in the event of a robbery
- Robbery preventive signage, and

- Preventive equipment at all sites.

Despite these preventive initiatives, Circle K faced an increase from 5 to 10 robberies last year. Our goal though still remains to minimize the number of actual and attempted robberies towards zero with robbery preventative elements and training of employees.

Statutory report on the gender composition of management – §99B

The company has achieved a balance of gender in the Board of Directors. The Board consists of one female and two males elected by the general meeting. Thus we are not obligated to establish and report on goals for the gender composition in the Board.

At management level we are achieved a balance of gender at 42/58 female/male. Thus we are not obligated to establish and report on goals for the gender composition at management level.

Special risks

Primary operational risks

- The Company's activities include primary storage, transportation and sale of petroleum products. Such activities involve certain risks, especially at terminals and other storage facilities where large quantities of fuel are stored and handled, and at the stores.
- Exposure to the Danish pricing on the sale of petroleum products.

Primary financial risks are similar to earlier

As a result of operating, investing and financing the Company is exposed to changes in exchange rates (primarily U.S. dollars) and in interest rates. Management of these risks is carried out in conjunction with the Group's interbank, including the deployment of the Company's cash reserves.

Foreign Exchange

Foreign exchange risk arises from transactions in currencies other than Danish kroner and by the assets and liabilities related to working capital and monetary items denominated in foreign currencies.

Credit

There are granted substantial credits to our customers, primarily in the form of trade credit. It is a company policy to make an ongoing credit evaluation of our customers. Provisions for bad debts are made where appropriate.

Events after the balance sheet date

The management is not aware of any events after the balance sheet date, which could change the company's financial position.

The Future

Circle K Danmark A/S aims to maintain the strong position in Denmark and to be the customers preferred destination for convenience and fuel. We will continue to develop

attractive and innovative offerings to customers in order to improve the product mix and profitability on both fuel and convenience products.

Our new brand has gained very high recognition for people on the go as a quality convenience- and premium fuel destination. Going forward, we will strive to build a profile as an innovative provider of transportation energy and to take a leading position within fresh quality food in the Danish convenience sector. In order to achieve these goals, we are dependent on attracting the right people. Therefore, becoming the employer of choice for our target group is a key lever in order to achieve our strategic goals.

In 2018/19, an moderate growth in the result before tax is expected.

ACCOUNTING POLICIES

Basis of Preparation

The Annual Report of Circle K Danmark A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The presentation of the income statement has been changed from disclosures by function to disclosures by nature. The changes have not had a numerical effect on either profit for the year or equity. The comparative figures have been adjusted.

Apart from above, there have been no further changes and the accounting policies are consistent with those of last year.

The Annual Report is presented in Danish kroner (DKK).

Recognition and measurement

Revenues is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. Moreover, all expenses and depreciation, amortisation and impairment losses for accounting purposes are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that the Company will realise future economic benefits, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that the Company has to give up future economic benefits, and the value of the liability can be measured reliably.

Assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of the transaction. Exchange differences arising between the transaction date rates and the rates at the date of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any difference between the exchange rate at the balance sheet date and the rate at the date when the item arises is recognised in financial income and expenses in the income statement.

Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared.

Income Statement

Revenue

Revenue from the sale of oil products, services and sale at the stores is recognised in the income statement at the date of delivery if the income can be measured reliably and is expected to be realised. Revenue is recognised exclusive of VAT and indirect taxes and net of customer discounts relating to sales.

Cost of sales

Cost of sales and production costs comprise costs, incurred to achieve revenue for the year. Moreover, energy costs, freight, services and maintenance costs that do not meet the criteria for recognition as assets in the balance sheet are recognised in cost of sales and production costs.

Administrative expenses

Administrative expenses comprise expenses related to sale, marketing, administration, office premises, office expenses etc.

Staff expenses

Staff expenses include wages and salaries, social security cost, pensions etc.

Other operating income and expenses

Other operating income and expenses comprise items of a secondary nature to the core activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expenses. Realised and unrealised exchange gains and losses relating to receivables, payables and transactions in foreign currencies are shown as a separate item in the income statement. Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year.

Corporation tax and deferred tax

Tax for the year, which consists of current tax for the year, provision for deferred tax and tax relating to previous years, is recognised in the income statement. Tax attributable to entries directly in equity is recognised in equity.

Provision for deferred tax is calculated at 22% on all temporary differences between the values for accounting and tax purposes except for temporary differences arising at the date of acquisition of assets and liabilities and which have no effect on either profit or taxable income. Deferred tax assets are recognised at the value at which they are expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

The enterprises of the Danish part of the Circle K Group are jointly taxed. The Danish corporation tax is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation).

Balance Sheet

Intangible assets

Goodwill

Positive differences (goodwill) between the cost and fair value of acquired assets and liabilities are recognised in intangible assets and amortised over the expected useful life, which is determined based on Management's experience in the business area concerned. The carrying amount of goodwill is assessed on a current basis and is amortised over the income statement if the carrying amount exceeds the expected future net payments from the activity to which the goodwill relates. The assets are amortised on a straight-line basis over the following expected useful lives:

Goodwill	20 years
----------	----------

The goodwill represents the synergy effect of the brands Circle K and Ingo. We have a large number of sites all over Denmark and the customer is often close to a Circle K or INGO site and therefore the standard useful life of 10 years is assessed not to be sufficient.

Acquired rights

Acquired rights are measured at cost less accumulated amortisation. Investments in distribution contracts relate to underlying fixed assets which are expected to have useful lives of 10-15 years, and amortisation is calculated on a straight-line basis over the expected useful life.

An impairment test is carried out on acquired intangible assets if there is any indication of impairment. The impairment test is made for each individual asset or group of assets. The assets are written down to the higher of the value in use and the net selling price (recoverable amount) of the asset or the group of assets if lower than the carrying amount.

Fixed assets

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Land is not depreciated. Depreciation is based on cost reduced by any scrap value after the end of useful life.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Moreover, estimated future costs are recognised if they qualify for recognition of provisions.

The assets are depreciated on a straight-line basis over the following expected useful life:

Buildings and tanks	20 – 50 years
Plant and machinery	10 – 20 years
Fixtures and fittings, tools and equipment	4 – 10 years

New acquisition of property, plant and equipment are revalued to fair value. An amount equivalent to the revaluation shall be included directly in the item "Revaluation reserve" under equity. This reserve shall not be eliminated with the enterprise's loss or be otherwise reduced.

The reserve must be dissolved or reduced to the extent that the assets revalued:

- 1) are realised or no longer used in the activity,
- 2) are written down for impairment because of a lower recoverable amount,
- 3) are connected with deferred tax for which provisions are to be made, or
- 4) are reversed because of changed accounting estimate.

An impairment test is carried out on property, plant and equipment if there is any indication of impairment. The impairment test is made for each individual asset or group of assets. The assets are written down to the higher of the value in use and the net selling price (recoverable amount) of the asset or the group of assets if lower than the carrying amount.

Leases

Leases in terms of which Circle K Danmark A/S in fact assumes or retains substantially all risks and rewards of ownership are assets (finance leases) and are recognised in the balance sheet as property, plant and equipment. The remaining lease obligation is capitalised and recognised in debt. The interest element on the lease payments is recognised over the lease term in the income statement.

Investments in associates

Income statement

The item Income from investments in associates in the income statement includes the proportionate share of profit after tax of associates.

Balance Sheet

Investments in associates are recognised and measured under the equity method. The item Investments in associates in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

Associates with a negative net asset value are recognised at DKK 0 in the balance sheet. Any receivable from these enterprises is written down by the Parent Company's share of the negative net asset value to the extent it is considered uncollectible. If the negative net asset value exceeds a receivable, the remaining amount is recognised as a provision to the extent that the Parent Company has an obligation to cover the negative equity of the enterprise.

The net revaluation of investments in associates is transferred to the item reserve for net revaluation under the equity method under equity to the extent that the carrying amount exceeds cost less goodwill amortisation. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the associates.

Receivables from group enterprises

Receivables from group enterprises are recognised at nominal value in the balance sheet.

Receivables

Receivables are measured at amortised cost, generally corresponding to nominal value. Provisions for estimated bad debts are made.

Inventories

Inventories are measured at cost under the FIFO method. Where cost is higher than the net realisable value, inventories are written down to the lower net realisable value.

The cost of raw materials and consumables equals landed cost.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs incurred to effect the sale.

Prepayments

Prepayments comprise expenses incurred relating to the subsequent financial year. Prepayments are measured at amortised cost, generally corresponding to nominal value.

Cash at bank and in hand

Cash at bank and in hand comprises cash as well as readily available bank deposits.

Proposed dividend for the year

Dividend is recognised as a liability at the time of adoption at the General Meeting. Dividend expected to be paid for the year is disclosed as a separate equity item.

Other provisions

Provisions are recognised when – in consequence of events occurred – the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include expected demolition costs and costs for the removal of known contamination. Obligations for expected demolition costs are recognised at the net present value of expected future costs and a similar amount is capitalised as part of the asset concerned. Subsequent changes to the net present value due to changes to the discount rate or estimated future costs are added to or deducted from the asset.

Debt

Trade payables and payables to group enterprises as well as other debt are measured at amortised costs corresponding to the nominal remaining debt.

Equity

Equity includes the share capital, revaluation reserves and retained earnings including any adjustments relating to previous years as well as any proposed dividend for the year.

INCOME STATEMENT FOR THE PERIOD

1 MAY – 30 APRIL

Amounts in DKK '000

Note	2017/18	2016/17
1	Revenue	9 341 568
	Cost of sales	(7 379 273)
	Gross profit	1 962 295
2	Administrative expenses	(844 721)
	Staff expenses	(741 961)
	Earning before interest, depreciation, amortization, impairment and taxes (EBITDA)	375 613
	Depreciation and impairment of intangible and and property, plant and equipment	(252 085)
12	Income from investments in associates	(132)
3	Other operating income	50 680
3	Other operating expenses	(46 547)
	Earning before financial income and expenses, etc	127 529
4	Financial income etc	13 752
5	Financial expenses etc	(32 596)
	Earning before tax	108 685
6	Tax on the profit/loss for the year	(13 197)
7	Net profit/loss for the year	95 488
8	Notes to which no references are made in the Financial Statements	

BALANCE SHEET AT 30 APRIL

Amounts in DKK '000

Note	2018	2017
Assets		
Fixed assets		
9 Intangible assets		
Goodwill	423 101	436 999
Acquired rights	6 101	8 107
	<u>429 202</u>	<u>445 106</u>
10 Property, plant and equipment:		
Land, buildings and tanks	1 350 179	1 337 858
Plant and machinery	346 770	350 140
Other fixtures and fittings, tools and equipment	277 232	257 137
Property, plant and equipment under construction	160 875	151 940
	<u>2 135 056</u>	<u>2 097 075</u>
11 Other financial assets:		
12 Investments in associates	589	722
Receivables from associates	7 258	8 334
Other securities and investments	1 697	1 247
Other receivables	15 689	15 987
	<u>25 233</u>	<u>26 290</u>
Total fixed assets	<u>2 589 491</u>	<u>2 568 471</u>
Current assets		
Inventories:		
Manufactured goods and commodities	265 116	228 689
	<u>265 116</u>	<u>228 689</u>
Receivables:		
6 Deferred tax asset	41 090	62 532
Trade receivables	1 494 873	1 478 986
Receivables from group enterprises	1 289 897	14 519
Other receivables	0	2 373
13 Prepayments	17 547	18 736
	<u>2 843 407</u>	<u>1 577 146</u>
Cash at bank and in hand	<u>115 971</u>	<u>125 247</u>
Total current assets	<u>3 224 494</u>	<u>1 931 082</u>
Total assets	<u>5 813 985</u>	<u>4 499 553</u>

BALANCE SHEET AT 30 APRIL

Amounts in DKK '000

Note	<u>2018</u>	<u>2017</u>
Liabilities and equity		
Equity and debt		
Equity		
Share capital	177 000	177 000
Reserve for revaluation	9 279	9 279
Retained earnings	<u>2 000 452</u>	<u>1 904 965</u>
	<u>2 186 731</u>	<u>2 091 244</u>
Provisions		
14 Other provisions	<u>349 236</u>	<u>352 625</u>
	<u>349 236</u>	<u>352 625</u>
15 Long-term debt		
Other payables	<u>80 468</u>	<u>63 685</u>
	<u>80 468</u>	<u>63 685</u>
Short-term debt		
Trade payables	304 700	778 920
Payables to group enterprises	1 963 569	407 389
Accrued public indirect taxes	663 337	634 202
Other payables	<u>265 944</u>	<u>171 488</u>
	<u>3 197 550</u>	<u>1 991 999</u>
Total debt	<u>3 278 018</u>	<u>2 055 684</u>
Total liabilities and equity	<u>5 813 985</u>	<u>4 499 553</u>
16 Contingent liabilities and other financial obligations		
17 Related parties		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in DKK '000
(continued)

	<u>2018</u>	<u>2017</u>
Equity		
Share capital		
Balance at 1 May	177 000	178 000
Increase of share capital	0	0
Reduction of Share Capital	0	(1 000)
Balance at 30 April	<u>177 000</u>	<u>177 000</u>
Revaluation reserve		
Balance at 1 May	9 279	15 381
Revaluation	0	(6 102)
Balance at 30 April	<u>9 279</u>	<u>9 279</u>
Retained earnings		
Retained earnings at 1 May	1 904 965	2 432 852
Dividend not paid out	0	0
Increase of Share Capital	0	0
Reduction of Share Capital	0	(499 000)
Retained earnings, this year	95 487	(28 887)
Retained earnings at 30 April	<u>2 000 452</u>	<u>1 904 965</u>
Total equity	<u>2 186 731</u>	<u>2 091 244</u>

In the previous five years, the share capital has been composed as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Shares of DKK 1,000	177 000	177 000	178 000	800 000	800 000
	<u>177 000</u>	<u>177 000</u>	<u>178 000</u>	<u>800 000</u>	<u>800 000</u>

The shares are all held by Circle K AS, Oslo.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000

	<u>2017/18</u>	<u>2016/17</u>
1 Revenue		
Sale of oil products in the Danish market	6 623 642	6 110 870
Other sales in the Danish market	2 702 612	2 297 414
Export of oil products	15 314	17 098
	<u>9 341 568</u>	<u>8 425 382</u>
2 Staff expenses		
Wages and salaries	(671 983)	(576 489)
Pensions	(47 568)	(37 265)
Other social security expenses	(4 616)	(4 192)
Other staff expenses	(17 794)	(15 452)
	<u>(741 961)</u>	<u>(633 398)</u>
<u>Average number of employees</u>	<u>2 137</u>	<u>1 941</u>
With reference to section 98 B(3) of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
3 Other operating income and expenses		
Includes various accounting assistance provided to service stations and profit and loss on sale and disposal of real property/business divisions.		
4 Financial income etc		
Financial income from group enterprises	3 391	19
Other financial income	10 361	8 816
	<u>13 752</u>	<u>8 835</u>
5 Financial expenses etc		
Financial expenses to group enterprises	(1 479)	(6 522)
Other financial expenses	(31 117)	(25 452)
	<u>(32 596)</u>	<u>(31 974)</u>

NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000
(continued)

	<u>2017/18</u>	<u>2016/17</u>
6 Corporation tax		
Corporation Tax	0	0
Adjustment of deferred tax	(21 442)	9 329
<u>Tax on the profit/loss for the year</u>	<u>(21 442)</u>	<u>9 329</u>
Adjustment of corporation tax relating to previous years	1 625	0
Adjustment of deferred tax relating to previous years	6 620	12 673
<u>Adjustment of corporation tax relating to previous years</u>	<u>8 245</u>	<u>12 673</u>
<u>Total tax in the income statement</u>	<u>(13 197)</u>	<u>22 002</u>
The deferred tax asset breaks down as follows:		
Property, plant and equipment	(107 538)	(108 390)
Intangible assets	38 492	59 722
Leased assets and lease obligations (net)	1 270	3 016
Prepayment / deferred income	(3 860)	(3 178)
Obligation relating to provisions	76 832	77 578
Tax loss carry forward	35 894	33 784
<u>Total deferred tax asset</u>	<u>41 090</u>	<u>62 532</u>
7 Distribution of net profit/loss for the year		
Which the Supervisory Board proposes be distributed as follows:		
Retained earnings	95 488	(28 887)
<u>Total amount at disposal</u>	<u>95 488</u>	<u>(28 887)</u>
8 Notes to which no references are made in the Financial Statements		
<u>Audit fees:</u>		
Fee for statutory audit	595	388
Fee for other assurance engagements	257	104
Fee for tax advisory services	438	606
Fee for non-audit services	295	1 132
<u></u>	<u>1 585</u>	<u>2 230</u>

NOTES TO THE FINANCIAL STATEMENTS

*Amounts in DKK '000
(continued)*

9 Intangible assets	<u>Goodwill</u>	<u>Acquired rights</u>	<u>Total</u>
Cost:			
Balance at 1 May	452 068	13 435	465 503
Additions for the year	8 891	0	8 891
Disposals for the year	0	(3 699)	(3 699)
Balance at 30 April	460 959	9 736	470 695
Amortisation and impairment losses:			
Balance at 1 May	15 069	5 328	20 397
Amortisation for the year	22 789	2 006	24 795
Amortisation of assets sold	0	(3 699)	(3 699)
Balance at 30 April	37 858	3 635	41 493
Carrying amount at 30 April	423 101	6 101	429 202

NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000
(continued)

	Land, buildings and tanks	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
10 Property, plant and equipment					
Cost:					
Balance at 1 May	2 416 839	674 230	935 358	151 940	4 178 367
Additions for the year	85 314	50 057	42 118	108 607	286 096
Disposals for the year	(63 939)	(210 499)	(84 346)	0	(358 784)
Transfer	37 932	441 738	(379 998)	(99 672)	0
Balance at 30 April	2 476 146	955 526	513 132	160 875	4 105 679
Revaluations:					
Balance at 1 May	9 952	7 455	5 271	0	22 678
Disposals for the year	(4 777)	0	(5 271)	0	(10 048)
Balance at 30 April	5 175	7 455	0	0	12 630
Depreciation and impairment losses:					
Balance at 1 May	1 088 933	331 545	683 492	0	2 103 970
Depreciation for the year	99 315	79 211	47 187	0	225 713
Depreciation of assets sold	(57 106)	(205 767)	(72 602)	0	(335 475)
Transfer	0	411 222	(422 177)	0	(10 955)
Balance at 30 April	1 131 142	616 211	235 900	0	1 983 253
Carrying amount at 30 April	1 350 179	346 770	277 232	160 875	2 135 056

The carrying amount of land and buildings includes leased assets corresponding to DKK 88 million (2017: DKK 57 million).

NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000
(continued)

	Investments in associates	Receivables from associates	Other securities and investments	Other receivables	Total
11 Other financial assets					
Cost:					
Balance at 1 May	1 639	13 710	1 534	16 455	33 338
Additions for the year	0	0	450	264	714
Disposals for the year	0	0	0	(155)	(155)
Balance at 30 April	1 639	13 710	1 984	16 564	33 897
Amortisation and impairment losses:					
Balance at 1 May	917	5 376	287	468	7 048
Amortisation and impairment losses for the year	133	1 076	0	407	1 616
Balance at 30 April	1 050	6 452	287	875	8 664
Carrying amount at 30 April (acc to the balance sheet)	589	7 258	1 697	15 689	25 233
			Profit for the year after tax	Net asset value year end	Carrying amount year end

12 Investments in associates comprise shares in the following enterprises:

Motorvejscenterselskabet af 1990 A/S, Copenhagen (50%)	0	612	306
I/S Fællesskiltning, Nyborg (58,5%)	(132)	485	283
	(132)	1 097	589

13 Prepayments

Prepayments comprise prepaid expenses for rent, property taxes and insurance.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000
(continued)

	<u>2018</u>	<u>2017</u>
14 Other provisions		
Decontamination obligations:		
Balance at 1 May	75 885	85 131
Additions for the year	18 359	11 322
Applied in the year	(12 740)	(16 850)
Adjustment for the year	<u>(3 914)</u>	<u>(3 718)</u>
Balance at 30 April	<u>77 590</u>	<u>75 885</u>
Expected applied within one year	19 582	17 150
Expected applied after one year	<u>58 008</u>	<u>58 735</u>
	<u>77 590</u>	<u>75 885</u>
Demolition obligation:		
Balance at 1 May	275 440	175 816
Additions for the year	53 765	34 665
Applied in the year	(1 190)	(6 086)
Adjustment for the year	<u>(57 805)</u>	<u>71 045</u>
Balance at 30 April	<u>270 210</u>	<u>275 440</u>
Expected applied within one year	78 061	72 547
Expected applied after one year	<u>192 149</u>	<u>202 983</u>
	<u>270 210</u>	<u>275 530</u>
Other obligation:		
Balance at 1 May	1 300	1 924
Additions for the year	3 264	80
Applied in the year	(3 130)	(441)
Adjustment for the year	<u>2</u>	<u>(263)</u>
Balance at 30 April	<u>1 436</u>	<u>1 300</u>
Expected applied within one year	1 331	1 296
Expected applied after one year	<u>105</u>	<u>4</u>
	<u>1 436</u>	<u>1 300</u>
Total provisions	<u>349 236</u>	<u>352 625</u>

NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000
(continued)

15 Long-term debt:

	Due 1-5 years	Due after 5 years	Total
Other payables	49 005	31 463	80 468
	<u>49 005</u>	<u>31 463</u>	<u>80 468</u>

	<u>2018</u>	<u>2017</u>
16 Contingent liabilities and other financial obligations		
Rental and lease obligations	321 265	375 473
	<u>321 265</u>	<u>375 473</u>

The total rental and leased obligation included DKK 53 million for lease of office premises. Circle K Danmark A/S is liable for the payment of the outstanding debt from time to time to grocery wholesalers for deliveries to stations that are not owned and managed by Circle K Danmark A/S.

Circle K Danmark A/S has issued bank guarantees totalling DKK 8.8 million towards the Company's business partners.

Together with other subsidiaries in the Group, the Company has issued a guarantee totalling DKK 49.734 million for the liabilities of the parent Company.

17 Related parties

Controlling interest:	Basis
Circle K AS Schweigaards gate 16 N-0191 Oslo, Norway	Main shareholder/Parent Company (100% ownership)
Alimentation Couche-Tard Inc. 4204 Industriel Blvd. Laval (Quebec) H7L 0E3 Canada	Ultimate parent company