

Circle K Danmark A/S

Borgmester Christiansens Gade 50, 2450 Copenhagen SV

CVR: 28142412

Annual Report 2016/17

(May 1 2016 – April 30 2017)

The Annual Report was presented and approved at the Annual General Meeting on September 28, 2017.

Chairman of the AG meeting:

Torben Christensen



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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 2016 – 30 April 2017.

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 2017 of the Company and of the results of the Company operations for the financial year 1 May 2016 – 30 April 2017.

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

Copenhagen, September 28, 2017

Executive Board:

Timothy Shawn Tourek

Supervisory Board:

Hans-Olav Høidahl
(chairman)

Christel Elisabeth Nettelvik Söderberg

Joachim Røberg-Larsen

Jan Christian Pedersen
(employee representative)

Michael Sæderup Starcke
(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 2017, and of the results of the Company's operations for the financial year 1 May 2016 – 30 April 2017 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 2016 – 30 April 2017, 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, 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jesper Hansen
State Authorised Public Accountant

Rikke Lund-Kühl
State Authorised Public Accountant

INFORMATION ABOUT THE COMPANY

Circle K Danmark A/S
Borgmester Christiansens Gade 50
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Supervisory Board

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>	2016/17	2015/16	2014/15	2013/14	2012/13*
Revenue	8 425	6 820	8 429	9 838	15 530
Profit before financial income and expenses, etc	(28)	157	74	32	105
Financial income and expenses	(23)	(266)	(38)	(32)	(46)
Profit before tax	(51)	(109)	36	1	58
Tax on the profit for the year	22	(38)	8	(26)	(68)
Net profit/loss for the year	(29)	(147)	44	(25)	(9)
Total assets	4 500	4 417	3 414	3 582	3 758
Equity	2 091	2 626	843	799	1 078
Investments in property, plant and equipment	1 322	136	174	114	327
Average number of employees	1 941	1 422	1 425	1 486	1 569

Ratios

	2016/17	2015/16	2014/15	2013/14	2012/13*
Profit margin	0%	2%	1%	0%	1%
<i>Profit before financial income and expenses, etc in per cent of revenue</i>					
Return on assets	-1%	4%	2%	1%	3%
<i>Profit before financial income and expenses, etc in per cent of total assets</i>					
Return on equity	-1%	-17%	6%	-2%	-1%
<i>Net profit/loss for the year in per cent of opening equity</i>					
Solvency ratio	46%	59%	25%	22%	29%
<i>Equity in per cent of assets</i>					

*) 16 months period from January 1, 2012 to April 30, 2013

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 June 30, 2017, Couche-Tard's network comprised 9,424 convenience stores throughout North America, including 8,077 stores with road transportation fuel dispensing. Its North American network consists of 18 business units, including 14 in the United States covering 42 states and 4 in Canada covering all 10 provinces. Approximately 95,000 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 June 30, 2017, Couche-Tard's network comprised 2,754 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, aviation fuel and chemicals. Including employees at its branded franchise stores, approximately 25,000 people work in its retail network, terminals and service offices across Europe.

The Danish network comprise 265 manned service stations under the brands Statoil/Circle K, about 208 automat stations under the brands 1-2-3 and INGO as well as direct sale of fuel products for transport, heating and other industrial purposes.

In addition, under licensing agreements, more than 1,700 stores are operated under the Circle K banner in 13 other countries and territories (China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Malaysia, Mexico, the Philippines, the United Arab Emirates and Vietnam).

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

May 1, 2016, the acquisition of Dansk Fuels from Shell was completed. In the period from May 1 to October 30, 131 sites were transferred from Dansk Fuels to Circle K. On October 30, 2016, the shares in Dansk Fuels were then sold to DCC Energy. The integration of the Shell assets and the parallel rebranding of the entire network to Circle K was a transformational task which consumed significant one-off investments and costs. We are though confident as to the success of these two projects.

Profit for the year

In fiscal year 2016/17 Circle K Danmark A/S got a result of DKK –28.9 million (Fiscal year 2015/16: DKK –146.7 million).

Fiscal year 2016/17 has been a big journey for Circle K Danmark A/S as a company and for the entire organisation. We have achieved more in one year than what anyone involved thought was possible, and doing so with a highly successful outcome. A leading and highly reputable brand was replaced and Circle K was introduced. Within less than a year post introduction, Circle K is now a preferred brand among Danish and European convenience and fuel customers and is as recognised with Danish consumers as Statoil ever was. This being done in parallel with integrating 131 sites acquired from Shell, which were rebranded and integrated in less than 6 months.

However, completing a rebranding and an integration of this magnitude requires significant investment and one-off costs. These are very much reflected in our financial statements for fiscal year 2016/17. Thus, the results for the year does not reflect the underlying performance of the business but are impacted to a great extent by significant non-recurring costs related to the integration and rebranding of the Shell network and the rebranding of the entire store network from Statoil to Circle K.

Equity

On December 9, 2016 a capital decrease was decided of 1.000 tDKK so the share capital is 177.000 tDKK.

The Activities

The Oil Market in Denmark

The significant drop in crude oil prices that we saw in previous fiscal year, flattened in fiscal year 2016/17. The price for Brent crude opened around USD48/BBL in May 2016 and maintained relatively stable throughout the year, closing at approx. USD 51/BBL end of April 2017.

We purchase products in USD but sell in DKK and are thus affected by changes in the exchange rate between USD and DKK. The USD/DKK exchange rate was around 6,50 DKK/USD at the beginning of the year, and after a peak in December at 7.15 the DKK/USD fell to app 6,80 at the end of the fiscal year.

The Service Stations

The previous fiscal year was characterised by the rebranding of our service stations 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 offerings is further contributing to a positive development on our existing stores.

Convenience

The company has continued the development in the different product groups with a focus further developing the food offer with new concepts within burgers and sandwiches during fiscal year 2016/17. In addition, Simply Great Coffee and other Circle K concepts have been implemented on our stores acquired from Shell.

A customer friendly and attractive offer on carwash has been a core focus during the last fiscal year, something which 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

Heating Oil volumes decreased by 8% during the year, which is slightly less than the structural annual decline in the heating gas oil segment. A slightly colder heating season is believed to be the cause of this.

The employees

The integration of the Shell stores has required significant resources and attention during the last financial year. Although the transaction did not comprise any employees, we have during the year acquired the stores from the franchisees and integrated 987 store employees into the Circle K family. This integration has been made in line with the Danish Transfer of Undertakings (protection of employment) regulations.

By the end of fiscal year 2017, the number of employees was 2,369 with a 50/50 mix of males and females. The number comprise of 191 employees at the headquarter, including 58 employees which is part of the European organization and 10 which is part of the INGO organization. Furthermore there was 2,178 full- and part-time employees at the company's service stations.

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 the 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

Environmental responsibility is an integrated part of Circle K Danmark A/S as a company. It is not a stand-alone part of our business; it is rooted in our DNA and how we work. All our product categories are dynamic and we continuously develop towards greater sustainability

within fuel, car wash, coffee and fresh food. Our policy is to reduce the negative impact that our activities and product have on the environment.

Over the last few years, we have developed and launched new and improved fuels under the brands *miles*[®] and *milesPLUS*[®]. The additives in *miles*[®] fuels make them more efficient and the increased mileages they deliver reduces emissions. 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.

Within soil contamination there has been continuous structured evaluation of the company's pollution cases. Evaluation is performed with an external consultant.

Based on the known contamination issues and remediation plans, provisions are made to meet the estimated future costs in this area.

In April 2015 a European food safety strategy was launched. One of the elements in the strategy are Food Safety audits at the sites. The audits are performed by an external company and it consist of three elements: A checklist based on our internal Food Safety Manual, coaching and food sample analysis. To ensure learning and follow up from the audits all store managers receive individual feedback on the results of the audit and the results of the food sample analysis.

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 the launch Circle K Danmark A/S has updated and adjusted the management system to fit the requirements stated in the new version.

In May 2017 Circle K Danmark A/S was audited by DNV and is now certified after the standards ISO 9001:2015 and ISO 14001:2015.

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 key motivator for current and future employees. We have a very strong focus and priority to prevent robberies and other types of serious incidents at our stores.

In the fiscal year 2016/17 we had 5 robberies which is an improvement compared to the previous fiscal year where we had 6 robberies. The cash handling system “safe pay” and other robbery preventive elements, such as remotely controlled door locks for late hours and robbery preventive signage, are the main reasons for the good results, but also our continued focus on training and communication to the employees contributes positively to the low number of robberies. Our goal is to minimize the number of actual and attempted robberies towards zero.

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

As in the previous year we have in the fiscal year 2016/17 obtained our goal on gender composition in the board of Directors by females representing at least 33 % of the board members. Thus we are not obligated to establish and report on goals for the gender composition in the board.

At management level we are focused on getting or keeping the best gender composition. In fiscal year 2016/17 we have moved from a 60/40 male/female level to a 70 /30 male/female composition. Due to a restructuring during the year, we have unfortunately not been aware of the change in gender composition at management level and therefore we have not had a policy for the gender composition in management level. In fiscal year 2017/18, we will develop policies to meet the requirements on equal gender composition.

Going forward as vacant positions opens in the management group, we will pay attention to the gender composition and prioritise female candidates, everything else equal.

At middle management level we have benefitted from our gender focus where status is a gender composition of 55/45 male/female ratio.

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 service stations.
- 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 among customers as a quality destination. Only a year after the introduction of our new Circle K brand, we have exceeded our targets and expectations and the customer awareness is now close to that of our legacy brand Statoil. The new sites continue to show positive growth, also into fiscal year 2017/18 and are growing on both fuel and convenience sales.

ACCOUNTING POLICIES

Accounting policies

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.

Changes to presentation and disclosures only

Effective May 1, 2016, the Company has adopted act no. 738 of 1 June 2015. This implies the following changes in the recognition and measurement:

In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's stations. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity. None of the above changes affects the income statement or the balance sheet for fiscal year 2016/17 or the comparative figures.

Apart from the above changes presentation and disclosure requirements which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

The Annual Report is presented in Danish kroner.

Recognition and measurement

Revenues are 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 transaction. Exchange differences arising between the transaction date rates and the rates at the date of payment are recognised in financial expenses or 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 service stations 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 and production costs

Cost of sales and production costs comprise costs, including wages and salaries as well as depreciation and amortisation, 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.

Distribution costs

Distribution costs comprise costs incurred for the distribution of sold oil products in the year and for carrying out sales campaigns etc. Moreover, salaries to sales and marketing staff, advertising expenses as well as depreciation and amortisation are recognised.

Administrative expenses

Administrative expenses comprise expenses incurred in the year for the management and administration of the Company, including expenses for administrative staff, Management, office premises and office expenses, etc as well as depreciation of equipment used for administrative purposes.

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
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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

Depreciation is expensed under distribution costs and administrative expenses, respectively, on the basis of the use of the assets.

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.

Fixed asset investments

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

Long-term 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 2016 – 30 APRIL 2017

(classified by function)
Amounts in DKK '000

Note	2016/17	2015/16
1	Revenue	8 425 382
	Cost of sales	(6 658 397)
	Gross profit	1 766 985
	Distribution costs	(1 498 723)
	Administrative expenses	(255 165)
2	Other operating income	5 655
2	Other operating expenses	(30 308)
11	Income from investments in associates	(16 194)
	Profit before financial income and expenses, etc	(27 750)
3	Financial income etc	8 835
4	Financial expenses etc	(31 974)
	Profit before tax	(50 889)
5	Tax on the profit for the year	22 002
6	Net profit/loss for the year	(38 124)
6		(146 652)
7	Notes to which no references are made in the Financial Statements	

BALANCE SHEET AT 30 APRIL 2017

Amounts in DKK '000

Note	<u>2017</u>	<u>2016</u>
Assets		
Fixed assets		
8 Intangible assets		
Goodwill	436 999	0
Acquired rights	8 107	217
	<u>445 106</u>	<u>217</u>
9 Property, plant and equipment:		
Land, buildings and tanks	1 337 858	715 929
Plant and machinery	350 140	137 452
Other fixtures and fittings, tools and equipment	257 137	143 750
Property, plant and equipment under construction	151 940	77 606
	<u>2 097 075</u>	<u>1 074 737</u>
10 Other financial asset:		
11 Investments in associates	722	872
Receivables from associates	8 334	9 409
Other securities and investments	1 247	1 043
Other receivables	15 987	1 853
	<u>26 290</u>	<u>13 177</u>
Total fixed assets	<u>2 568 471</u>	<u>1 088 131</u>
Current assets		
Inventories:		
Manufactured goods and commodities	228 689	154 213
	<u>228 689</u>	<u>154 213</u>
Receivables:		
5 Deferred tax asset	62 532	53 203
Trade receivables	1 478 986	1 050 361
Receivables from group enterprises	14 519	17 952
Other receivables	2 373	0
12 Prepayments	18 736	1 957 713
	<u>1 577 146</u>	<u>3 079 229</u>
Cash at bank and in hand	125 247	94 990
Total current assets	<u>1 931 082</u>	<u>3 328 432</u>
Total assets	<u>4 499 553</u>	<u>4 416 563</u>

BALANCE SHEET AT 30 APRIL 2017

Amounts in DKK '000

Note	<u>2017</u>	<u>2016</u>
Liabilities and equity		
Equity and debt		
13 Equity		
Share capital	177 000	178 000
Reserve for revaluation	9 279	15 381
Retained earnings	<u>1 904 965</u>	<u>2 432 852</u>
	<u>2 091 244</u>	<u>2 626 233</u>
14 Provisions		
Other provisions	<u>352 625</u>	<u>260 947</u>
	<u>352 625</u>	<u>260 947</u>
15 Long-term debt		
Other payables	<u>63 685</u>	<u>38 675</u>
	<u>63 685</u>	<u>38 675</u>
Short-term debt		
Trade payables	778 920	483 787
Payables to group enterprises	407 389	267 623
5 Corporation tax	0	41 071
Accrued public indirect taxes	634 202	554 782
Other payables	<u>171 488</u>	<u>143 445</u>
	<u>1 991 999</u>	<u>1 490 708</u>
Total debt	<u>2 055 684</u>	<u>1 529 383</u>
Total liabilities and equity	<u>4 499 553</u>	<u>4 416 563</u>
16 Contingent liabilities and other financial obligations		
17 Related parties		

NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000

	<u>2016/17</u>	<u>2015/16</u>
1 Revenue		
Sale of oil products in the Danish market	6 110 870	5 051 689
Other sales in the Danish market	2 297 414	1 756 681
Export of oil products	17 098	12 018
	<u>8 425 382</u>	<u>6 820 388</u>
2 Other operating income and expenses		
Includes various accounting assistance provided to service stations and profit on sale of real property/business divisions.		
3 Financial income etc		
Financial income from group enterprises	19	0
Other financial income	8 816	7 620
	<u>8 835</u>	<u>7 620</u>
4 Financial expenses etc		
Financial expenses to group enterprises	(6 522)	(259 808)
Other financial expenses	(25 452)	(13 319)
	<u>(31 974)</u>	<u>(273 127)</u>
5 Corporation tax		
Corporation Tax	0	(26 444)
Adjustment of deferred tax	9 329	819
Tax on the profit for the year	<u>9 329</u>	<u>(25 625)</u>
Adjustment of corporation tax relating to previous years	12 673	(12 499)
Adjustment of corporation tax relating to previous years	12 673	(12 499)
Total tax in the income statement	<u>22 002</u>	<u>(38 124)</u>
The deferred tax asset breaks down as follows:		
Property, plant and equipment	(108 390)	1 753
Intangible assets	59 722	0
Leased assets and lease obligations (net)	3 016	19 129
Obligation relating to provisions	74 400	32 321
Tax loss carry forward	33 784	0
Total deferred tax asset	<u>62 532</u>	<u>53 203</u>

NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000
(continued)

	<u>2016/17</u>	<u>2015/16</u>
6 Distribution of net profit/loss for the year		
Which the Supervisory Board proposes be distributed as follows:		
Dividend for the year	0	0
Retained earnings	(28 887)	(146 652)
Total amount at disposal	<u>(28 887)</u>	<u>(146 652)</u>

7 Notes to which no references are made in the Financial Statements

Staff expenses are specified as follows:

Wages and salaries	576 489	428 987
Pensions	37 265	32 427
Other social security expenses	4 192	3 072
	<u>617 946</u>	<u>464 486</u>
Average number of employees	<u>1 941</u>	<u>1 422</u>

With reference to section 98 B(3) of the Danish Financial Statements Act, remuneration to Management is not disclosed.

Audit fee:

Fee for statutory audit	388	700
Fee for other assurance engagements	104	300
Fee for tax advisory services	606	124
Fee for non-audit services	1 132	305
	<u>2 230</u>	<u>1 429</u>

NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000
(continued)

8 Intangible assets	Goodwill	Acquired rights	Total
Cost:			
Balance at 1 May 2016	0	4 150	4 150
Additions for the year	452 068	9 571	461 639
Disposals for the year	0	(286)	(286)
Balance at 30 April 2017	452 068	13 435	465 503
Amortisation and impairment losses:			
Balance at 1 May 2016	0	3 933	3 933
Amortisation for the year	15 069	1 681	16 750
Amortisation of assets sold	0	(286)	(286)
Balance at 30 April 2017	15 069	5 328	20 397
Carrying amount at 30 April 2017	436 999	8 107	445 106

NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000
(continued)

9 Property, plant and equipment	Land, buildings and tanks	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
2016/17:					
Cost:					
Balance at 1 May 2015	1 721 672	461 071	858 158	77 606	3 118 507
Additions for the year	766 198	252 285	173 488	129 613	1 321 584
Disposals for the year	(88 465)	(65 890)	(105 925)	(1 444)	(261 724)
Transfer	17 434	26 764	9 637	(53 835)	0
Balance at 30 April 2016	2 416 839	674 230	935 358	151 940	4 178 367
Revaluations:					
Balance at 1 May 2015	34 416	7 455	5 271	0	47 142
Disposals for the year	(24 464)	0	0	0	(24 464)
Balance at 30 April 2016	9 952	7 455	5 271	0	22 678
Depreciation and impairment losses:					
Balance at 1 May 2015	1 040 159	331 074	719 679	0	2 090 912
Depreciation for the year	100 782	57 332	62 130	0	220 244
Depreciation of assets sold	(52 008)	(56 861)	(98 317)	0	(207 186)
Balance at 30 April 2016	1 088 933	331 545	683 492	0	2 103 970
Carrying amount at 30 April 2016	1 337 858	350 140	257 137	151 940	2 097 075

The carrying amount of land and buildings includes leased assets corresponding to DKK 57 million (2015: DKK 34 million).

NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000
(continued)

	Investments in associates	Receivables from associates	Other securities and investments	Other receivables	Total
10 Other financial assets					
Cost:					
Balance at 1 May	1 639	13 710	1 330	1 915	18 594
Additions for the year	1 986 643	0	204	14 543	2 001 390
Disposals for the year	(1 986 643)	0	0	(3)	(1 986 646)
Balance at 30 April	1 639	13 710	1 534	16 455	33 338
Amortisation and impairment losses:					
Balance at 1 May	766	4 301	287	63	5 417
Amortisation and impairment losses for the year	151	1 075	0	405	1 631
Balance at 30 April	917	5 376	287	468	7 048
Carrying amount at 30 April (acc to the balance sheet)	722	8 334	1 247	15 987	26 290
			Profit for the year after tax	Net asset value year end	Carrying amount year end

11 Investments in associates comprise

shares in the following enterprises:

Motorvejscenterselskabet af 1990 A/S, Copenhagen	0	612	306
Dansk Fuels A/S	(16 043)	0	0
I/S Fællesskiltning, Nyborg	(151)	712	416
	(16 194)	1 324	722

12 Prepayments

Prepayments comprise prepaid expenses for rent, property taxes, insurance and prepayment of shares in subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000
(continued)

	<u>2017</u>	<u>2016</u>
13 Equity		
Share capital		
Balance at 1 May	178 000	777 950
Increase of share capital	0	50
Reduction of Share Capital	(1 000)	(600 000)
Balance at 30 April	<u>177 000</u>	<u>178 000</u>
Revaluation reserve		
Balance at 1 May	15 381	21 531
Revaluation	(6 102)	(6 150)
Balance at 30 April	<u>9 279</u>	<u>15 381</u>
Retained earnings		
Retained earnings at 1 May	2 432 852	1
Dividend not paid out	0	43 600
Increase of Share Capital	0	1 935 902
Reduction of Share Capital	(499 000)	600 000
Retained earnings, this year	(28 887)	(146 651)
Retained earnings at 30 April	<u>1 904 965</u>	<u>2 432 852</u>
Dividend for the year		
Balance at 1 May	0	43 600
Dividend not paid out	0	(43 600)
Proposed dividend to shareholders	0	0
Dividend for the year	<u>0</u>	<u>0</u>
Total equity	<u>2 091 244</u>	<u>2 626 233</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Shares of DKK 1,000	177 000	178 000	800 000	800 000	800 000
	<u>177 000</u>	<u>178 000</u>	<u>800 000</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
(continued)

	<u>2017</u>	<u>2016</u>
14 Other provisions		
Decontamination obligations:		
Balance at 1 May	85 131	90 592
Additions for the year	13 326	0
Applied in the year	(17 291)	(25 785)
Adjustment for the year	<u>(3 981)</u>	<u>20 324</u>
Balance at 30 April	<u>77 185</u>	<u>85 131</u>
Expected applied within one year	18 446	24 355
Expected applied after one year	<u>58 739</u>	<u>60 776</u>
	<u>77 185</u>	<u>85 131</u>
Demolition obligation:		
Balance at 1 May	175 816	187 994
Additions for the year	34 665	11 630
Applied in the year	(6 086)	0
Adjustment for the year	<u>71 045</u>	<u>(23 808)</u>
Balance at 30 April	<u>275 440</u>	<u>175 816</u>
Expected applied within one year	72 547	9 016
Expected applied after one year	<u>202 893</u>	<u>166 800</u>
	<u>275 440</u>	<u>175 816</u>
Total provisions	<u>352 625</u>	<u>260 947</u>
15 Long-term debt:		
	Due	Due
	1-5 years	after 5 years
	<u>37 082</u>	<u>26 603</u>
Other payables	37 082	26 603
	<u>37 082</u>	<u>26 603</u>
	<u>63 685</u>	<u>63 685</u>

NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000
(continued)

	<u>2017</u>	<u>2016</u>
16 Contingent liabilities and other financial obligations		
Rental and lease obligations	375 473	339 306
	<u>375 473</u>	<u>339 306</u>

The total rental and lease obligations include DKK 85 million for the 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 10.5 million towards the Company's business partners.

Together with other subsidiaries in the Group, the Company has issued a guarantee totalling DKK 50.766 million for the liabilities of the Parent Company.

Circle K Danmark A/S has a dispute with a third party. The claim is 10,5 MUSD. Management does not consider it probable that the company will suffer an adverse judgement in this matter, and the company have therefore made no provision for this claim.

17 Related parties

Controlling interest:

Circle K AS
Schweigaards gate 16
N-0191 Oslo, Norway

Basis

Main shareholder/Parent Company (100% ownership)

Alimentation Couche-Tard Inc.
4204 Industriel Blvd.
Laval (Quebec) H7L 0E3
Canada

Ultimate parent company

Related party transactions

Amounts in DKK '000

	<u>2017</u>	<u>2016</u>
Management fee and administration service from related parties	39 441	40 231
Management fee and administration service to related parties	170 691	156 435
Interest income	19	717
Interest expenses	579	350
Other fees	88 537	73 682
Receivables due from related parties	9 980	5 429
Interest receivables from intercompany partners	5	0
Payables from related parties	68 318	47 406
Interest payables to intercompany partners	24	45