

Circle K Danmark A/S • CVR: 28142412 • Borgmester Christiansens Gade 50 • 2450 København SV

Annual report 2020/21

1 MAY 2020 – 30 APRIL 2021



*The Annual Report was presented and approved
at the Annual General Meeting on 21 September 2021.*

*Chairman of the Annual General Meeting
Ivan Vijay Thygesen*

CIRCLE K®

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MANAGEMENT'S STATEMENT

The Executive Board and Board of Directors have today considered and adopted the Annual Report for Circle K Danmark A/S for the financial year 1 May 2020 – 30 April 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 30 April 2021 of the Company and of the results of the Company operations for the financial year 1 May 2020 – 30 April 2021.

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

Copenhagen, 21 September 2021

Executive Board:

Mette Uglebjerg

Board of Directors:

Hans-Olav Høidahl
(chairman)

Jeremy Leigh Knights

Joachim Røberg-Larsen

Tonje Gulbrandsen Jensen

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 2021, and of the results of the Company's operations for the financial year 1 May 2020 – 30 April 2021 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 2020 – 30 April 2021, 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, 21 September 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
MNE18651

Frederik Geer Harvest
State Authorised Public Accountant
MNE45859

INFORMATION ABOUT THE COMPANY

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

Board of Directors

Hans-Olav Høidahl (chairman)
Jeremy Leigh Knights
Joachim Røberg-Larsen
Tonje Gulbrandsen Jensen
Michael Sæderup Starcke (employee representative)

Executive Board

Mette Uglebjerg

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, the annual report of Circle K AS will be made available.

The Annual Reports for Alimentation Couche-Tard Inc. can be downloaded on <https://corpo.couche-tard.com/en/investors/financial-information/annual-reports-and-filings/>

FINANCIAL HIGHLIGHTS

<i>Amounts in DKK million</i>	2020/21	2019/20	2018/19	2017/18	2016/17
Revenue	9 369	10 819	10 690	9 342	8 425
Profit/loss before financial income and expenses	597	204	192	128	(28)
Net financial expenses	(16)	(19)	(14)	(19)	(23)
Profit/loss before tax	581	185	178	109	(51)
Tax on the profit for the year	(120)	(42)	(31)	(13)	22
Net profit/loss for the year	461	143	147	96	(29)
Total assets	9 353	7 838	6 547	5 814	4 500
Equity	2 938	2 477	2 334	2 187	2 091
Investments in property, plant and equipment	381	699	186	286	1 322
Average number of employees	1 740	1 892	1 850	2 137	1 941

Ratios

	2020/21	2019/20	2018/19	2017/18	2016/17
Profit margin	6%	2%	2%	1%	0%
<i>Profit/loss before financial income and expenses in per cent of revenue</i>					
Return on assets	7%	3%	3%	2%	-1%
<i>Profit/loss before financial income and expenses in per cent of average assets</i>					
Return on equity	19%	6%	6%	5%	-1%
<i>Net profit/loss for the year in per cent of opening equity</i>					
Solvency ratio	31%	32%	36%	38%	46%
<i>Equity in per cent of assets</i>					

MANAGEMENT REVIEW

Circle K Danmark A/S

Circle K Danmark A/S (Circle K Denmark) 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 a Canadian company which shares are listed on the Toronto Stock Exchange (TSE: ATD.A and ATD.B).

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. 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), as well as in Ireland, and has an important presence in Poland. In Asia, Couche-Tard operates a network of company-operated convenience stores in Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong SAR") with an enviable local position.

As of 25 April 2021, Couche-Tard's network comprised 11,986 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 aviation fuel and energy for stationary engines. Including employees at its branded franchise stores, approximately 120,000 people work in its retail network, terminals and service offices.

The Danish network comprises 438 sites under the brands Circle K, INGO and 1-2-3. Where of 226 sites are full-service sites and 212 are automats or truck sites. Further Circle K Danmark has direct sale of fuel products for transport, heating and other industrial purposes.

Our mission is to make our customers' lives a little easier every day. To this end, we strive to meet the demands and needs of people on-the-go. We offer fast and friendly service, providing food, hot and cold beverages, car wash services, and other high quality products and services including road transportation fuel, designed to meet or exceed our customers' demand in a clean, welcoming and efficient environment. Our business model is our key to success. We are a customer-centric, financially disciplined organization that routinely compares best practices, and uses our global experience to enhance our operational expertise and continually invest in our people and our stores.

Profit for the year

The result for fiscal year 2020/21 was better than expected. The uncertainty surrounding Covid-19 and the effect of it impacted our forecast for the year.

The net profit after tax for the year was at DKK 461 million versus DKK 143 million last year. The operating profit for the year was DKK 597 million and tax amounted to DKK 120 million.

The improvement of our results originates first and foremost from an eminent and dedicated effort from our entire organisation. Our employees in the frontline have done a tremendous job ensuring a great and safe customer experience during the entire Covid-19 pandemic.

Circle K Denmark's increased result for fiscal year 2020/21 is based on a strong performance across all business areas combined with strong cost management and extraordinary earnings for the year. The extraordinary earnings amounts to around DKK 100 million and are mainly sales of property and increase in value of stock due to increased oil prices compared to last year.

Our Convenience business has continued its growth and exceeded expectations. Closed borders and restrictions on opening-hours in restaurants due to Covid-19 restriction have resulted in increased traffic to our sites by more than expected. Further we have managed to increase our overall market share during the period.

The lower traffic on the roads due to the Covid-19 lock down has caused declining fuel volumes within our B2C segment, however, the decline has been less within our B2B segment which contributes substantially to the total fuel volume. There has been a positive development in fuel margins and the increase in oil price compared to last year has positively impacted our stock value.

During the entire pandemic Circle K Denmark has not applied for any Covid-19 compensation funds.

Operational costs have decreased the last year, where a Cost efficiency program across the entire organisation has resulted in large savings. During the year we continued upgrading and investing in our shops and offers to our customers, which we will continue to do in the next fiscal year.

We expect that our strong business model, future plans and investments will ensure a results for next fiscal year, that is slightly lower compared to this fiscal year, due to extraordinary earnings in fiscal year 2020/21.

The Activities

Our Employees

Fiscal year 2020/21 has been a challenging year for our employees in our stores and at the support office as well due to Covid-19.

The headline for Fiscal year 2020/21 has been to keep staff and customers safe in a year where Covid-19 has set the agenda for our operations. We have had a maximum of 0.93% of our employees infected with Covid-19 at the same time. Despite the pandemic, we have had an all-time high result on our annual employee well-being and engagement score myVoice – this due to a strong plan and targeted focus from the entire organization, which is very satisfying in a changing environment

Training is continuously a key focus area within Circle K Denmark. 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 year 2021/22 with food coaches in each of our 16 districts and food captains in each store.

Talented employee and the development of their skills is the key to securing our growth now and in the future. One of our focus areas to ensure this development is Retail Academy, where new Assistant Store Managers (ASM) & New Store Managers (NSM) are trained internally. For the coming year we expect to educate 70 new ASM & 20 new NSM.

In fiscal year 2021/2022 we will also start a development program for about 30 current Store Managers. For our employees at the support office we will start a development process for talents and high performers called "My Journey".

Diversity & Inclusion has become an integrated part of our business. We want to improve diversity and reduce bias in Circle K and to further strengthen this journey both on short and long term we have set some ambitious targets and actions. Focus is to have an even better balance on gender and age both in the Stores and at Support Office.

By the end of fiscal year 2020/21, the number of employees was 2,907. The number comprises of 2,730 full- and part-time employee in our stores and 177 employees at the headquarter, including 44 employees which is part of the European organization.

Our Store business

In Fiscal year 2020/21 Covid-19 has developed our ability to quickly adapt to changing traffic flows and Covid-19 restrictions. Hand sanitizing modules for customers, distance markers and plexi glass, to mention a few, was implemented early after Covid-19 hit in the spring of 2020.

As customers have reduced travelling we see that our new store concept, rolled out in Fiscal year 2019/20, has worked well and attracted many new and regular customers travelling internally in Denmark. It is also significant that our market share has increased with approximately 3% points during Covid-19. Focus in the store concept is still on fresh quality food served in an appealing environment with a strong convenience offer to support the food.

In Fiscal year 2020/21 we have worked on connecting our stores even more to our new Circle K brand platform. We will therefore upgrade a big part of our stores in Fiscal year 2021/22 and connect them closer to our new brand platform as well as ensuring that our food grab and go offer stands even stronger in store. In connection with this we are working on more initiatives to support sustainability and build on what we have done so far. In Fiscal year 2020/21 we have launched "Too Good to Go" in our stores delivering on reduction of food waste and we are continuously working on our assortment to ensure that the food supports animal welfare and that we overall deliver on more sustainable solutions for the climate within food, beverage and packaging solutions.

Another important category is carwash. Although the consequence of Covid-19 was less cars on the road we still saw a good performance within this category. This is a category which is facing increased competition from both new and existing operators. Even though this is putting pressure on us as a leading provider in this category, it is also increasing the customer awareness and growing the category as a whole. We have in recent years invested substantially in our carwash offering, something we are pleased to see that customers are responding well to.

Our transportation business

Fiscal year 2020/21 started in lockdown mode significantly affecting the fuel volume on gasoline and diesel. Volume sold was down by more than 25% in the beginning of the year. During the summer period, sales came back as many Danes chose to stay in Denmark during the holiday period making many smaller trips within Denmark. However, this turned out only to be a brief relief, as we entered into the second lockdown period towards the end of the year again seeing numbers dropping significantly, although not as much as during the first lockdown period.

The prices were also affected by the Covid-19 pandemic. We entered the year with the lowest crude oil prices on the international market since the financial crises in 2007/08 caused by reduced demand especially from China. This was reflected in our local retail prices seeing gasoline below DKK 9/ltr. and diesel below DKK 7/ltr.

In line with international prices this was the lowest price since the financial crises in 2007/08. During the year international oil prices increased as demand slowly came back coupled with an agreement in OPEC to stabilise prices through production cuts. This brought gasoline back above DKK 11/ltr. and diesel above DKK 9/ltr. but still at a low level in a historical perspective.

During Fiscal year 2020/21 we took some important steps on our journey towards a more sustainable offer. We introduced HVO, offering up to 90% CO2 reduction, on 5 of our sites. We established highspeed chargers for EV's on 5 of our sites with charging speed of between 150 to 300 kW that, depending on the vehicle, which will enable a recharging from 20 to 80% of the battery capacity in 15-20 minutes.

We also took an important step towards the future fossil free transport fuel by agreeing with Reintegrate to buy the first 5 years production of Power-to-X methanol from their plant under construction in Skive Denmark. From end 2022 we will offtake 10 million litres methanol annually produced from wind power, offering a minimum of 90% CO2 reduction. By this we want to create the demand that enabled the construction of the plant and thus the production that can support the development.

INGO

The Fiscal year 2020/21 was in many way a different year due to Covid-19. The volumes being heavily under pressure, following the general Covid-19 market trends, but we are still the most preferred low-price operator in Denmark, measured by throughput per site.

During fiscal year 2020/21 the ethanol mix was increased from 5% to 10% in the standard fuels (92/95) by law. The E10 is found on all INGO sites.

The INGO Loyalty program is still growing and customers are still getting great offers and the chance to win free liters in the gamified platform every single week.

We keep our focus on the environmental innovation within INGO Carwash, and have during the last year upgraded several carwash sites with biological waste water treatment solutions, so a single carwash only uses 20-30 liters of clean water, where others use up to 130 liters.

It is still the key focus to provide well operated, always functional and low prices to the Danish customers.

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.

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 internal bank, including the deployment of the Company's cash reserves.

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. 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.

Statutory statement on Corporate Social Responsibility in accordance with Danish financial statement act section §99A and §99B

For information on strategies, commitments and efforts regarding social responsibility and sustainability please refer to published report available <https://www.circlek.dk/aarsrapporter>

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 and adopted IFRS 16.

The accounting policies applied is unchanged from 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.

Other external expenses

Other external 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.

Result from investment in subsidiaries and associates

Circle K Danmark A/S's share of results from subsidiaries are stated in the income statement.

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

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, right-of-use assets

The Company leases land, building and other equipment.

For contracts which are or contain a lease, the Company recognises a right-of-use asset and a lease liability. Contracts may contain both lease and non-lease component. The lease components are recognised in the balance sheet and the non-lease component are recognised as an expense in profit and loss.

The right-of-use asset is initially measures at cost, being the initial amount of the lease liability adjusted for any lease payments made at/or before the commencement date. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease contracts with a lease term of 12 months or less and low value lease assets are not recognised in the balance sheet. Short term leases and low value lease assets are expensed on a straight-line basis over the lease term or another systematic basis

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.

Receivables from group enterprises

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

Trade receivables

Trade 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.

Lease liabilities

The lease liabilities is initially measured at the present value of the lease payment claim at the commencement date, discounted using the interest rate implicit in the lease contract. Lease payments consist of the following payments:

- fixed payments from commencement date
- certain variable payments
- residual value guarantees or the exercise price of a purchase option
- termination penalties

If the interest rate implicit in the lease contract cannot be readily determined, the Company's incremental borrowing rate is used.

Debt

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

INCOME STATEMENT FOR THE PERIOD

1 MAY – 30 APRIL

Amounts in mDKK

Note		<u>2020/21</u>	<u>2019/20</u>
1	Revenue	9 369	10 819
	Cost of sales	(7 010)	(8 803)
	Gross profit	2 359	2 016
	Other external expenses	(727)	(738)
2	Staff expenses	(786)	(790)
3	Other operating income	56	1
3	Other operating expenses	(28)	(11)
	Earnings before interest, taxes, depreciation and amortization (EBITDA)	874	478
	Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	(277)	(274)
	Profit/loss before financial income and expenses	597	204
4	Financial income	5	4
5	Financial expenses	(21)	(23)
	Profit/loss before tax	581	185
6	Tax on the profit/loss for the year	(120)	(42)
7	Net profit/loss for the year	461	143
8	Auditor's fee		

BALANCE AT 30 APRIL

ASSETS

Amounts in mDKK

Note	<u>2021</u>	<u>2020</u>
Assets		
Fixed assets		
9 Intangible assets		
Goodwill	354	377
Acquired rights	<u>1</u>	<u>2</u>
	355	379
10 Property, plant and equipment:		
Land, buildings and tanks	1 247	1 209
Plant and machinery	284	304
Other fixtures and fittings, tools and equipment	264	300
Right-of-use assets	584	467
Property, plant and equipment under construction	<u>103</u>	<u>94</u>
	2 482	2 374
11 Other financial assets:		
Receivables from associates	4	5
Other securities and investments	2	2
Other receivables	<u>18</u>	<u>17</u>
	24	24
Total fixed assets	<u>2 861</u>	<u>2 777</u>
Current assets		
Inventories:		
Finished goods and commodities	<u>272</u>	<u>204</u>
	272	204
Receivables:		
Trade receivables	1 338	1 031
Receivables from group enterprises	4 800	3 709
12 Prepayments	<u>13</u>	<u>13</u>
	6 151	4 753
Cash at bank and in hand	<u>69</u>	<u>104</u>
Total current assets	<u>6 492</u>	<u>5 061</u>
Total assets	<u>9 353</u>	<u>7 838</u>

BALANCE AT 30 APRIL

LIABILITIES

Amounts in mDKK

Note		<u>2021</u>	<u>2020</u>
	Equity		
	Share capital	177	177
	Proposed dividend to shareholders	900	0
	Retained earnings	1 861	2 291
		<u>2 938</u>	<u>2 477</u>
	Provisions		
6	Provision for deferred tax	49	19
13	Other provisions	390	325
		<u>439</u>	<u>344</u>
	Long-term debt		
14	Lease Liabilities	548	455
		<u>548</u>	<u>455</u>
	Short-term debt		
	Trade payables	264	228
	Payables to group enterprises	4 118	3 360
6	Corporation tax	92	0
14	Lease Liabilities	64	45
	Other payables	890	929
		<u>5 428</u>	<u>4 562</u>
	Total debt	<u>5 976</u>	<u>5 017</u>
	Total liabilities and equity	<u>9 353</u>	<u>7 838</u>
15	Contingent liabilities and other financial obligations		
16	Related parties		

STATEMENT OF CHANGES IN EQUITY

Amounts in mDKK

	<u>2021</u>	<u>2020</u>
Equity		
Share capital		
Balance at 1 May	177	177
Balance at 30 April	177	177
Retained earnings		
Retained earnings at 1 May	2 300	2 157
Net profit/loss for the year	(439)	143
Retained earnings at 30 April	1 861	2 300
Dividend for the year		
Balance at 1 May	0	0
Proposed dividend to shareholders	900	0
Dividend for the year	900	0
Total equity	2 938	2 477

NOTES TO THE FINANCIAL STATEMENT

Amounts in mDKK

	<u>2020/21</u>	<u>2019/20</u>
1 Revenue		
Sale of oil products at the Danish market	6 254	7 924
Other sales at the Danish market	3 101	2 873
Export of oil products	14	22
	<u>9 369</u>	<u>10 819</u>
2 Staff expenses		
Wages and salaries	(712)	(710)
Pensions	(51)	(51)
Other social security expenses	(17)	(19)
Other staff expenses	(6)	(10)
	<u>(786)</u>	<u>(790)</u>
Average number of employees	<u>1 740</u>	<u>1 892</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		
Other operating income and expense includes profit and loss on sale and disposal of real property.		
4 Financial income		
Financial income from group enterprises	1	0
Other financial income	4	4
	<u>5</u>	<u>4</u>
5 Financial expenses		
Financial expenses to group enterprises	(1)	(1)
Other financial expenses	(20)	(22)
	<u>(21)</u>	<u>(23)</u>

NOTES TO THE FINANCIAL STATEMENTS

Amounts in mDKK

	<u>2020/21</u>	<u>2019/20</u>
6 Corporation tax		
Corporation Tax	(96)	(7)
Adjustment of deferred tax	(30)	(35)
Tax on the profit/loss for the year	<u>(126)</u>	<u>(42)</u>
Adjustment of corporation tax relating to previous years	6	(1)
Adjustment of deferred tax relating to previous years	0	1
Adjustment of corporation tax relating to previous years	<u>6</u>	<u>0</u>
Total tax in the income statement	<u>(120)</u>	<u>(42)</u>
The deferred tax liabilities breaks down as follows:		
Property, plant and equipment	(77)	(78)
Intangible assets	(25)	(4)
Leased assets and lease obligations (net)	1	(2)
Prepayment / deferred income	(5)	(3)
Obligation relating to provisions	57	56
Tax loss carry forward	0	12
Total deferred tax liabilities	<u>(49)</u>	<u>(19)</u>
7 Distribution of net profit/loss for the year		
Which the Board of Directors proposes be distributed as follows:		
Dividend for the year	900	0
Retained earnings	(439)	143
Total amount at disposal	<u>461</u>	<u>143</u>
8 Auditor's fee		
Fee for statutory audit	1	1
	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS

Amounts in mDKK

	<u>Goodwill</u>	<u>Acquired rights</u>	<u>Total</u>
9 Intangible assets			
Cost:			
Balance at 1 May	461	6	467
Balance at 30 April	461	6	467
Amortisation and impairment losses:			
Balance at 1 May	84	4	88
Amortisation for the year	23	1	24
Balance at 30 April	107	5	112
Carrying amount at 30 April	354	1	355

NOTES TO THE FINANCIAL STATEMENTS

Amounts in mDKK

	Land, buildings and tanks	Plant and machinery	Other fixtures and fittings, tools and equipment	Right-of-use assets	Property, plant and equipment under construction	Total
10 Property, plant and equipment						
Cost:						
Balance at 1 May	2 331	1 008	635	507	94	4 575
Additions for the year	81	25	6	172	97	381
Disposals for the year	(27)	(21)	(14)	0	0	(62)
Transfer	42	31	15	0	(88)	0
Balance at 30 April	2 427	1 043	642	679	103	4 894
Revaluations:						
Balance at 1 May	5	7	0	0	0	12
Disposals for the year	0	0	0	0	0	0
Balance at 30 April	5	7	0	0	0	12
Depreciation and impairment losses:						
Balance at 1 May	1 127	711	335	41	0	2 214
Depreciation for the year	67	75	55	54	0	251
Impairment losses for the year	(2)	0	0	0	0	(2)
Depreciation of assets sold	(7)	(20)	(12)	0	0	(39)
Balance at 30 April	1 185	766	378	95	0	2 424
Carrying amount at 30 April	1 247	284	264	584	103	2 482

The carrying amount of land, buildings and tanks includes leased assets corresponding to DKK 19 million (2019: DKK 26 million).

Depreciation related to right-of-use assets under land, buildings and tanks amounts to DKK 4 million.

Interest expense related to the leasing liabilities amounts to DKK 9 million.

Short term and low value leases amounts to DKK 11 million which are recognised as other external expenses in the income statement.

For disclosures of the lease liabilities, please refer to note 14.

NOTES TO THE FINANCIAL STATEMENTS

Amounts in mDKK

	Receivables from associates	Other securities and investments	Other receivables	Total
11 Other financial assets				
Cost:				
Balance at 1 May	14	2	20	36
Additions for the year	0	0	0	0
Disposals for the year	0	0	0	0
Balance at 30 April	14	2	20	36
Amortisation and impairment losses:				
Balance at 1 May	9	0	2	11
Amortisation and impairment losses for the year	1	0	0	1
Balance at 30 April	10	0	2	12
Carrying amount at 30 April (acc to the balance sheet)	4	2	18	24

12 Prepayments

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

NOTES TO THE FINANCIAL STATEMENTS

Amounts in mDKK

	<u>2021</u>	<u>2020</u>
13 Other provisions		
Decontamination obligations:		
Balance at 1 May	70	67
Additions for the year	37	9
Applied in the year	(13)	(5)
Adjustment for the year	<u>(32)</u>	<u>(1)</u>
Balance at 30 April	<u>62</u>	<u>70</u>
Expected applied within one year	7	29
Expected applied after one year	<u>55</u>	<u>41</u>
	<u>62</u>	<u>70</u>
Demolition obligation:		
Balance at 1 May	255	268
Additions for the year	9	15
Adjustment for the year	<u>64</u>	<u>(28)</u>
Balance at 30 April	<u>328</u>	<u>255</u>
Expected applied within one year	5	3
Expected applied after one year	<u>323</u>	<u>252</u>
	<u>328</u>	<u>255</u>
Total provisions	<u>390</u>	<u>325</u>

NOTES TO THE FINANCIAL STATEMENTS

Amounts in mDKK

14 Lease Liabilities

	Due 0-1 year	Due 1-5 years	Due after 5 years	Total
Lease liabilities	64	247	301	612
	64	247	301	612
			<u>2021</u>	<u>2020</u>

15 Contingent liabilities and other financial obligations

Short term and low value lease obligation	12	19
	<u>12</u>	<u>19</u>

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 38.822 million for the liabilities of the parent Company.

The enterprises of the Danish part of the Circle K Group are jointly taxed. The Danish jointly taxed companies are included in a Danish on-account tax payment scheme for Danish corporate income tax. All current taxed under the scheme are recorded in the individual companies. Circle K Danmark A/S is the administration company in the joint taxation.

16 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

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Trond Joachim Røberg-Larsen

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Hans Olav Høidahl

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On behalf of: Circle K Danmark

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IP: 185.192.xxx.xxx

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Tonje Gulbrandsen Jensen

Bestyrelsesmedlem

On behalf of: Circle K Danmark

Serial number: 9578-5999-4-1173872

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Mette Uglebjerg

Adm. direktør

On behalf of: Circle K Danmark

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Frederik Geer Harvest

Statsautoriseret revisor

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Torben Jensen

Statsautoriseret revisor

On behalf of: PricewaterhouseCoopers Statsautoriseret...

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Ivan Vijay Thygesen

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