

Annual Report

1. May 2023 – 30. April 2024

The Annual Report was presented and approved at the Annual General Meeting on 2 September 2024.

Chairman of the Annual General Meeting
Ivan Vijay Thygesen



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MANAGEMENT'S STATEMENT

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Circle K Danmark A/S for the financial year 1 May 2023 – 30 April 2024.

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

In our opinion, the Financial Statements give a true and fair view of the financial position on 30 April 2024 of the company and of the results of the company operations for the financial year 1 May 2023 – 30 April 2024.

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

Copenhagen, 2 September 2024

Executive Board:

Peter Rasmussen

Board of Directors:

Jørn Madsen
(chairman)

Jeremy Leigh Knights

Joachim Røberg-Larsen

Ciara Foxton

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 2024, and of the results of the Company's operations for the financial year 1 May 2023 – 30 April 2024 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 2023 – 30 April 2024, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we

conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Hellerup, 2 September 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

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

Jørn Madsen (chairman)
Jeremy Leigh Knights
Joachim Røberg-Larsen
Ciara Foxton
Michael Sæderup Starcke (employee representative)

Executive Board

Peter Rasmussen

Parent Company

Circle K AS, Oslo, Norway, Ownership 100 %

Ultimate Parent Company

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

Partnerships

I/S Fællesskiltning, Ownership 58,5 %

Auditors:

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

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

FINANCIAL HIGHLIGHTS

<i>Amounts in DKK million</i>	2023/24	2022/23	2021/22	2020/21	2019/20
Revenue	13 571	16 653	13 408	9 369	10 819
Profit/loss before financial income and expenses	517	458	546	597	204
Net financial expenses	(66)	(25)	(62)	(16)	(19)
Profit/loss before tax	451	433	484	581	185
Tax on the profit for the year	(113)	(95)	(118)	(120)	(42)
Net profit/loss for the year	338	338	366	461	143
Total assets	5 510	5 501	5 906	9 353	7 838
Equity	2 981	2 742	2 404	2 938	2 477
Investments in property, plant and equipment	559	404	361	381	699
Average number of employees	1 685	1 787	1 749	1 740	1 892

Ratios

	2023/24	2022/23	2021/22	2020/21	2019/20
Profit margin	4%	3%	4%	6%	2%
<i>Profit/loss before financial income and expenses in per cent of revenue</i>					
Return on assets	9%	8%	7%	7%	3%
<i>Profit/loss before financial income and expenses in per cent of average assets</i>					
Return on equity	12%	14%	12%	19%	6%
<i>Net profit/loss for the year in per cent of opening equity</i>					
Solvency ratio	54%	50%	41%	31%	32%
<i>Equity in per cent of assets</i>					

MANAGEMENT'S REVIEW

Despite still operating in a marked influenced by current situation in the world around us, we have seen a gradual return to more normal market conditions in financial year (FY) 2023/24. Throughout the year we have cleverly navigated inflation on a lower level and the recovered consumer confidence materializing in a strong performance across all business areas exceeding our result expectations for the year.

Financial highlights

Circle K Danmark A/S's (Circle K Denmark) EBITDA for the fiscal year 2023/24 ended at 838 mDKK ~10,1% above last year result of 761 mDKK. The result is in line with our forecast offsetting one time cost of expenses of closing 19 stores positively affected by valuation of oil stocks vs last year. Net profit after tax for FY 2023/24 was at 338 mDKK.

Total revenue declined by 19% compared to last year mainly explained by decline in oil prices and a structural change in our wholesale setup. Gross profit increased by 1,9% or 46 mDKK despite that we closed 19 stores during summer 2023.

In June 2023 we announced the close of 19 stores widely spread across Denmark. The sites are converted to automats and operated under the Ingo brand. As one of the dominant operators within Convenience we strive to adapt our network to future market conditions having fewer but larger stores located convenient for the E-Mobility customer. The store closure was followed by the opening of two new Off-Highway locations in Odense and Horsens. Despite closing 8% of our full-service network, we managed reaching a Convenience revenue close to last year delivering a result above last year.

Operational cost is 2% below FY2022/23 affected by return to a more normal level of electricity prices and store closure leading to an EBITDA of 838 mDKK corresponding an increase of 77 mDKK towards FY2022/23.

For FY 2024/25 we forecast an EBITDA 1-10% above FY 2023/24 not reflecting the development in oil prices as external influences such as cyclical fluctuations are considered unpredictable.

During FY 2023/24 we increased our investments in expanding the EV charging infra-structure, now having 348 charge points at 79 locations widely spread across the country. We will continue rolling out high-speed EV chargers aiming to reach a network of 560 charge points end of FY2024/25 also including chargers for heavy transportation. In the fall we will re-open off-highway location close to Roskilde the 4th new established Full-Service site within two years where sustainability is paramount and adapted to needs of the E-Mobility customer serving delicious and fresh food and drinks.

Our offering

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 whose shares are listed on the Toronto Stock Exchange (TSE: ATD.A and ATD.B).

End of FY 2023/24 the Danish network comprises 436 sites under the brands Circle K, INGO and 1-2-3. 208 sites are full-service sites, and 228 sites are automats or truck sites.

Our mission is to make our customers' lives a little easier every day. 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 and other high-quality products and services. Circle K Denmark has direct sales of fuel products for transport, heating, and other industrial purposes. In FY 2023/24 we increased our investments aiming to install 1,300 Circle K high-speed chargers towards 2030 securing our customers an easy and convenient infrastructure also in the future.

Our people

Daily we serve people from all walks of life, therefore it is important to us that our employees reflect the society we operate in. Our aim is to achieve an even better gender balance at all levels of our organisation by 2028. To avoid unconscious bias in the recruitment process we have throughout FY2023/24 tested a recruitment tool helping us finding the right employees for our stores. Our candidates are assessed by an anonymous situations-based test replacing CVs, applications, and photos. The tool has been a considerable success among managers and candidates, as the quality of the recruited candidates and employee retention has improved. Since we launched the new recruitment tool our turnover rate has dropped from 91% to 78%.

To live up to our social responsibility and aim of being an inclusive company we entered a new partnership with the Danish advocacy organisation Lev - KLAPjob in January 2024. Lev has set up the employment initiative KLAPjob, which creates wage subsidy jobs and flexi jobs for people with developmental disabilities and other cognitive difficulties. With KLAPjob, Circle K helps people with cognitive disabilities find employment at Circle K, which gives them a sense of worth and purpose. In 2024/25, our target is to create 20 jobs for employees with cognitive disabilities. We have a wide range of tasks and functions in our stores, which are handled by part-time employees, including employees in flexi jobs. Our number of employees in flexi jobs has increased by 48% since 2022. We currently have 108 employees in flexi jobs, which corresponds to approximately 3.5% of our store employees. Aim is to increase this share to 4.5% in 2024/25.

Our stores

During FY 2023/24 we opened 2 new full service Off-Highway locations. Circle K Odense SØ in October 2023 followed by Circle K Recharge City near Horsens in February 2024.

The offer in the stores is focused on fresh quality Food to be enjoyed with refreshing drinks both served in an appealing, relaxing environment or consumed on the go. The two full-service sites are representing our latest concepts development within operation, Fuel and E-

Mobility and Carwash. Equipped with the newest technology supporting a sustainable, fast, and easy customer journey. At Circle K Ringstedvej, Roskilde we are looking forward welcoming our customers back at our Off-Highway location opening in the fall 2024 following a total knock down and rebuild.

Our mobility business

The result of our Fuel business reflects a healthy business that is increasing market share in a declining market. A solid foundation for the establishment of our future E-Mobility platform growing rapidly enough to offset market decline within fossil fuel.

The number of electric vehicles is increasing in Denmark, and as one of Denmark’s leading Fuel companies we are aware of our impact on the climate and recognize our responsibility. We want to push the transition towards a greener infra structure and we are working hard to ensure plenty of opportunities for car owners to charge their vehicles throughout Denmark. Today we offer our E-Mobility customers a reliable and fast charging opportunity at 79 Circle K locations representing a network of 450 charge points. Our long-term ambition is to install 1,300 high-speed EV charge points by 2030 an investment of more than DKK 2 billion.

In February 2024 we expanded our charging offer by launching a home charge product for B2B Employees, as well as charge products for installation on B2B customers premises.

Diversity – Statutory statement on corporate social responsibility in accordance with section 99b of the Danish Financial Statements Act

Gender diversity in top management (board of directors) and other management level

	2023/24	2022/23	2021/22	2020/21	2019/20
Top management (board of directors)					
Total number of members*	4	4	4	4	4
Underrepresented gender in percent*	25%	25%	25%	25%	25%
Other management levels					
Total number of members	10	10	9	9	10
Underrepresented gender in percent	40%	40%	44%	33%	30%

**Exclusive of employee representatives*

Circle K wants to achieve equal gender balance on all level of the organization.

The Danish management team (Other management levels) is 40% women and 60% men. Gender balance is achieved as we have ensured that the underrepresented gender makes up at least 40% of the other management levels.

The Board of Directors consists of 25% women and 75% men. Gender balance is achieved as we have ensured that the underrepresented gender makes up at least 25% of the total Board of Directors.

Correspondingly, the overall gender distribution in Circle K Denmark is 46% women and 54% men. At management level in our stores and at our service office, the gender distribution is 45% women and 55% men.

To support gender balance, we continue to focus on hiring an equal number of people of both genders and increase the share of the underrepresented gender with a special focus on diversity in our recruitment process.

Risks

Primary operational risks

The company's activities include storage, transport, and sale of petroleum products. The product prices are dependent on global market prices and affected by the development of geo-political and economic development. Further the economic development can influence the demand for our products in the stores. We do continuously, as part of our operating model, analyze and adjust our costs and business model to adapt to any changes.

The company is dependent on IT operating without any disturbances on all sites. We have surveillance of our IT systems and invest continuously to secure our IT operations.

Primary financial risks in line with previous years

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 deployment of the company's cash reserves.

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

Cleverly managing inflation at a lower level in combination with previous year cost focus has had a positive effect on cost of doing business. In combination with push on investments strengthening our position to ensure future growth.

Credit

Affected by more normalized oil prices the substantial credits granted to our customers during last fiscal year has declined towards last year and is back on level of before the invasion of Ukraine. It is company policy to carry out an ongoing credit evaluation of our customers, and provisions for bad debts are made where appropriate.

Events after the balance sheet date

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 section 99a and 99d of the Danish Financial Statements Act

For information on strategies, commitments and efforts regarding social responsibility and sustainability, please refer to the published sustainability report for 2023/24 available at <https://www.circlek.dk/aarsrapporter>.

INCOME STATEMENT FOR THE PERIOD

1 MAY – 30 APRIL

Amounts in mDKK

Note	2023/24	2022/23
1	Revenue	13 571
	Cost of sales	(11 053)
	Gross profit	2 518
	Other external expenses	(827)
2	Staff expenses	(842)
3	Other operating income	16
3	Other operating expenses	(27)
	Earnings before interest, taxes, depreciation and amortization (EBITDA)	838
	Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	(321)
	Profit/loss before financial income and expenses	517
	Financial income	24
4	Financial expenses	(90)
	Profit/loss before tax	451
6	Tax on the profit/loss for the year	(113)
7	Net profit/loss for the year	338
8	Auditor's fee	

BALANCE AT 30 APRIL

ASSETS

Amounts in mDKK

Note	<u>2024</u>	<u>2023</u>
Assets		
Fixed assets		
9 Intangible assets		
Goodwill	296	319
	<u>296</u>	<u>319</u>
10 Property, plant and equipment		
Land, buildings and tanks	1 326	1 285
Plant and machinery	360	319
Other fixtures and fittings, tools and equipment	221	211
Right-of-use assets	593	549
Property, plant and equipment under construction	412	312
	<u>2 912</u>	<u>2 676</u>
11 Other financial assets		
Other securities and investments	2	2
Other receivables	23	23
	<u>25</u>	<u>25</u>
Total fixed assets	<u>3 233</u>	<u>3 020</u>
Current assets		
Inventories		
Finished goods and commodities	311	265
	<u>311</u>	<u>265</u>
Receivables		
Trade receivables	1 404	1 615
Receivables from group enterprises	458	501
12 Prepayments	19	14
	<u>1 881</u>	<u>2 130</u>
Cash at bank and in hand	85	86
Total current assets	<u>2 277</u>	<u>2 481</u>
Total assets	<u>5 510</u>	<u>5 501</u>

BALANCE AT 30 APRIL

LIABILITIES

Amounts in mDKK

Note		<u>2024</u>	<u>2023</u>
	Equity		
	Share capital	177	177
	Proposed dividend to shareholders	200	100
	Retained earnings	2 604	2 465
		<u>2 981</u>	<u>2 742</u>
	Provisions		
6	Provision for deferred tax	54	65
13	Other provisions	393	373
		<u>447</u>	<u>438</u>
	Long-term debt		
14	Lease Liabilities	541	489
		<u>541</u>	<u>489</u>
	Short-term debt		
	Trade payables	383	376
	Payables to group enterprises	185	412
6	Corporation tax	97	85
14	Lease Liabilities	69	78
	Other payables	807	881
		<u>1 541</u>	<u>1 832</u>
	Total debt	<u>2 082</u>	<u>2 321</u>
	Total liabilities and equity	<u>5 510</u>	<u>5 501</u>
15	Contingent liabilities and other financial obligations		
16	Related parties		

STATEMENT OF CHANGES IN EQUITY

Amounts in mDKK

	<u>2024</u>	<u>2023</u>
Equity		
Share capital		
Balance at 1 May	177	177
Balance at 30 April	177	177
Retained earnings		
Retained earnings at 1 May	2 465	2 227
Net profit/loss for the year	138	238
Retained earnings at 30 April	2 604	2 465
Dividend for the year		
Balance at 1 May	100	0
Dividend paid during the year	(100)	0
Proposed dividend to shareholders	200	100
Dividend for the year	200	100
Total equity	2 981	2 742

NOTES TO THE FINANCIAL STATEMENT

Amounts in mDKK

	<u>2023/24</u>	<u>2022/23</u>
1 Revenue		
Sale of oil products at the Danish market	10 010	12 927
Other sales at the Danish market	3 555	3 721
Export of oil products	6	5
	<u>13 571</u>	<u>16 653</u>
2 Staff expenses		
Wages and salaries	(757)	(751)
Pensions	(62)	(54)
Other social security expenses	(17)	(19)
Other staff expenses	(6)	(7)
	<u>(842)</u>	<u>(831)</u>
Average number of employees	<u>1 685</u>	<u>1 787</u>
<p>With reference to section 98 B(3) of the Danish Financial Statements Act, remuneration to Management is not disclosed.</p>		
3 Other operating income and expenses		
<p>Other operating income and expense includes profit and loss on sale and disposal of real property.</p>		
4 Financial income		
Financial income from group enterprises	20	5
Other financial income	4	4
	<u>24</u>	<u>9</u>
5 Financial expenses		
Financial expenses to group enterprises	(1)	(2)
Other financial expenses	(89)	(32)
	<u>(90)</u>	<u>(34)</u>

NOTES TO THE FINANCIAL STATEMENTS

Amounts in mDKK

	<u>2023/24</u>	<u>2022/23</u>
6 Corporation tax		
Corporation Tax	(124)	(119)
Adjustment of deferred tax	11	24
<u>Tax on the profit/loss for the year</u>	<u>(113)</u>	<u>(95)</u>
<u>Total tax in the income statement</u>	<u>(113)</u>	<u>(95)</u>
The deferred tax liabilities breaks down as follows:		
Property, plant and equipment	(74)	(79)
Intangible assets	(65)	(69)
Leased assets and lease obligations (net)	4	4
Prepayment / deferred income	(4)	(3)
Obligation relating to provisions	85	82
<u>Total deferred tax liabilities</u>	<u>(54)</u>	<u>(65)</u>
7 Distribution of net profit/loss for the year		
Which the Board of Directors proposes be distributed as follows:		
Dividend for the year	200	100
Retained earnings	138	238
<u>Total amount at disposal</u>	<u>338</u>	<u>338</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	473	6	479
Additions for the year	0	0	0
Balance at 30 April	473	6	479
Amortisation and impairment losses:			
Balance at 1 May	154	6	160
Amortisation for the year	23	0	23
Balance at 30 April	177	6	183
Carrying amount at 30 April	296	0	296

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	2 672	1 070	733	787	312	5 574
Additions for the year	37	35	22	138	327	559
Disposals for the year	(30)	(33)	(38)	(16)	0	(117)
Transfer	98	85	44	0	(227)	0
Balance at 30 April	2 777	1 157	761	909	412	6 016
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	1 392	758	522	238	0	2 910
Depreciation for the year	86	77	54	78	0	295
Depreciation of assets sold	(22)	(31)	(36)	0	0	(89)
Balance at 30 April	1 456	804	540	316	0	3 116
Carrying amount at 30 April	1 326	360	221	593	412	2 912

Interest expense related to the leasing liabilities amounts to DKK 12 million.

Short term and low value leases amounts to DKK 5 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

	Other securities and investments	Other receivables	Total
11 Other financial assets			
Cost:			
Balance at 1 May	2	26	28
Additions for the year	0	1	1
Disposals for the year	0	(1)	(1)
Balance at 30 April	2	26	28
Amortisation and impairment losses:			
Balance at 1 May	0	3	3
Amortisation and impairment losses for the year	0	0	0
Balance at 30 April	0	3	3
Carrying amount at 30 April (acc to the balance sheet)	2	23	25

12 Prepayments

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

NOTES TO THE FINANCIAL STATEMENTS

Amounts in mDKK

	<u>2024</u>	<u>2023</u>
13 Other provisions		
Decontamination obligations:		
Balance at 1 May	67	68
Additions for the year	3	5
Applied in the year	(7)	(5)
Adjustment for the year	<u>1</u>	<u>(1)</u>
Balance at 30 April	<u>64</u>	<u>67</u>
Expected applied within one year	9	16
Expected applied after one year	<u>55</u>	<u>51</u>
	<u>64</u>	<u>67</u>
Demolition obligation:		
Balance at 1 May	304	301
Additions for the year	0	12
Applied in the year	(1)	0
Adjustment for the year	<u>26</u>	<u>(9)</u>
Balance at 30 April	<u>329</u>	<u>304</u>
Expected applied within one year	1	1
Expected applied after one year	<u>328</u>	<u>303</u>
	<u>329</u>	<u>304</u>
Other obligation:		
Balance at 1 May	2	2
Additions for the year	0	1
Applied in the year	(2)	(1)
Adjustment for the year	<u>0</u>	<u>0</u>
Balance at 30 April	<u>0</u>	<u>2</u>
Expected applied within one year	0	2
Expected applied after one year	<u>0</u>	<u>0</u>
	<u>0</u>	<u>2</u>
Total provisions	<u>393</u>	<u>373</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	69	256	285	610
	69	256	285	610
			2024	2023

15 Contingent liabilities and other financial obligations

Short term and low value lease obligations	4	8
	4	8

Circle K Danmark A/S has an obligation of DKK 10 million (FY22/23 DKK 38 million) for construction of new sites and marketing contracts.

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 6 million (FY22/23 DKK 6 million) towards the Company's business partners.

Together with other subsidiaries in the Group, the Company has issued a guarantee totalling DKK 72.677 million (FY22/23 DKK 40.532 million) for the bond debt 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

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

Basis

Main shareholder/Parent Company (100% ownership)

Ultimate parent company

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 15 and 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 time of the transaction since the control of goods and services is

considered transferred when customer makes payment and takes possession of the sold item. 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 associates

Circle K Danmark A/S's share of results from associated companies 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 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. The assets are amortised on a straight-line basis over the following expected useful lives:

Goodwill 20 years

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

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 contains 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 measured 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.