20250502325568

Årsredovisning

för

Winterfell Sweden AB

559291-0946

Räkenskapsåret

2023-08-01 - 2024-07-31

Fastställelseintyg

Undertecknad verkställande direktör i Winterfell Sweden AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämman den 22 januari 2025 . Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Stockholm 2023-04-22

Geir Thomas Fossum

20250213013382

Årsredovisning

för

Winterfell Sweden AB

559291-0946

Räkenskapsåret

2023-08-01 - 2024-07-31

Innehållsförteckning

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Fotokopians överensstämmelse
med originalet intygas.
Hellu Hermansen
076-6967929

20250213013B3

Styrelsen och verkställande direktören för Winterfell Sweden AB avger följande årsredovisning för räkenskapsåret 2023-08-01 - 2024-07-31.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i tusentals kronor (Tkr). Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Information om verksamheten

Företagets verksamhet är att förvalta aktier i andra bolag. Företaget äger samtliga andelar i DT Holding Sweden AB, org nr 556057-9749, säte Stockholm, som i sin tur äger samtliga andelar i Beijer Byggmaterial AB, org nr 556012-5220, säte Stockholm.

Företaget har sitt säte i Stockholm.

Väsentliga händelser under räkenskapsåret

Under räkenskapsåret har Bolaget lämnat ett ovillkorat aktieägartillskott till det helägda dotterbolaget DT Holding (Sweden) AB om 45 830 Tkr.

Ägarförhållanden

Winterfell Sweden AB är ett helägt dotterbolag till Stark Group A/S, med säte i Köpenhamn.

Flerårsöversikt (Tkr)	**2023/24**	**2022/23**	**2021/22**	**2020/21** (8 mån)
Resultat efter finansiella poster	-311 821	-765 729	-270 842	244 975
Balansomslutning	6 852 293	6 745 796	6 205 785	5 778 181
Soliditet (%)	14,7	19,0	22,1	19,9

Förändringar i eget kapital

	Aktie-kapital	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	25	1 465 053	-183 951	**1 281 127**
Disposition enligt beslut av årsstämman:		-183 951	183 951	**0**
Årets resultat			-270 850	**-270 850**
Belopp vid årets utgång	**25**	**1 281 102**	**-270 850**	**1 010 277**

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	1 281 101 966
årets förlust	-270 849 639
	1 010 252 327
disponeras så att	
i ny räkning överföres	1 010 252 327

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

Fotokopians överensstämmelse med originalet intygas:

20250213013B4

Resultaträkning

Tkr

	Not	2023-08-01 -2024-07-31	2022-08-01 -2023-07-31
Rörelsens intäkter			
		0	**0**
Rörelsens kostnader			
Övriga externa kostnader	2	-6	-5
		-6	**-5**
Rörelseresultat		**-6**	**-5**
Resultat från finansiella poster			
Övriga ränteintäkter och liknande resultatposter	3	212	4
Räntekostnader och liknande resultatposter	4	-312 027	-765 728
		-311 815	**-765 724**
Resultat efter finansiella poster		**-311 821**	**-765 729**
Erhållet koncernbidrag		45 830	584 187
Resultat före skatt		**-265 991**	**-181 542**
Skatt på årets resultat	5	-4 859	-2 409
Årets resultat		**-270 850**	**-183 951**

Fotokopians överensstämmelse
med originalet intygas:
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20250213013B5

Balansräkning

Tkr

	Not	2024-07-31	2023-07-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	6, 7	6 791 333	6 745 503
		6 791 333	**6 745 503**
Summa anläggningstillgångar		**6 791 333**	**6 745 503**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag	8	271	271
Aktuella skattefordringar		60 527	0
Övriga fordringar		162	22
		60 960	**293**
Summa omsättningstillgångar		**60 960**	**293**
SUMMA TILLGÅNGAR		**6 852 293**	**6 745 796**

Fotokopians överensstämmelse
med originalet intygas:
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20250213013386

Balansräkning

Tkr

	Not	2024-07-31	2023-07-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		25	25
		25	**25**
Fritt eget kapital			
Balanserad vinst		1 281 102	1 465 052
Årets resultat		-270 850	-183 951
		1 010 252	**1 281 101**
Summa eget kapital		**1 010 277**	**1 281 126**
Långfristiga skulder			
Skulder till koncernföretag	9	5 182 407	5 152 080
Summa långfristiga skulder		**5 182 407**	**5 152 080**
Kortfristiga skulder			
Skulder till koncernföretag	8	567 882	252 362
Aktuella skatteskulder		0	15 518
Upplupna kostnader och förutbetalda intäkter	10	91 727	44 710
Summa kortfristiga skulder		**659 609**	**312 590**
SUMMA EGET KAPITAL OCH SKULDER		**6 852 293**	**6 745 796**

Fotokopians överensstämmelse med originalet intygas:

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20250213013387

Noter
Tkr

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar
Winterfell Sweden AB med organisationsnummer 559291-0946, är ett aktiebolag registrerat i Sverige med säte i Stockholm. Adressen till huvudkontoret är Box 798, 191 27 Sollentuna. Företagets verksamhet omfattar att vara holdingbolag till DT Holding (Sweden) AB som i sin tur är holdingbolag till Beijer Byggmaterial AB.

Winterfell Sweden AB är ett helägt dotterbolag till Stark Group A/S, med säte i Köpenhamn.

Med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap 2§ upprättas ingen egen koncernredovisning. Det överordnade moderföretaget Stark Group A/S upprättar koncernredovisning. Koncernredovisningen finns att tillgå hos Stark Group C.F Richs Vej 115, 2000 Fredriksberg, Danmark.

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Utländsk valuta
Företagets redovisningsvaluta är svenska kronor (SEK).

Omräkning av poster i utländsk valuta
Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Låneutgifter
De låneutgifter som uppkommer då företaget lånar kapital aktiveras i balansräkningen och skrivs av på sju år. Aktiverade låneutgifter redovisas i posten Skulder till koncernföretag.

Finansiella instrument
Finansiella instrument värderas utifrån anskaffningsvärdet. Instrumentet redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor. Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförts och bolaget har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten. Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Vid det första redovisningstillfället värderas omsättningstillgångar och kortfristiga skulder till anskaffningsvärde. Långfristiga fordringar samt långfristiga skulder värderas vid det första redovisningstillfället till upplupet anskaffningsvärde. Låneutgifter periodiseras som en del i lånets räntekostnad enligt effektivräntemetoden (se nedan).

Vid värdering efter det första redovisningstillfället värderas omsättningstillgångar enligt lägsta värdets princip, dvs. det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen. Kortfristiga skulder värderas till nominellt belopp.

Långfristiga fordringar och långfristiga skulder värderas efter det första redovisningstillfället till upplupet anskaffningsvärde.

Fotokopians överensstämmelse
med originalet intygas:
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20250213013888

Nedskrivningsprövning av finansiella anläggningstillgångar
Vid varje balansdag bedöms om det finns indikationer på nedskrivningsbehov av någon av de finansiella anläggningstillgångarna. Exempel på sådana indikationer är betydande finansiella svårigheter hos låntagaren, avtalsbrott eller att det är sannolikt att låntagaren kommer att gå i konkurs. Nedskrivning sker om värdenedgången bedöms vara bestående och prövas individuellt.

För finansiella anläggningstillgångar som värderats till upplupet anskaffningsvärde beräknas nedskrivningen som skillnaden mellan tillgångens redovisade värde och nuvärdet av företagsledningens bästa uppskattning av framtida kassaflöden. Diskontering sker med en ränta som motsvarar tillgångens ursprungliga effektivränta. För tillgångar med rörlig ränta används den på balansdagen aktuella räntan.

Andelar i dotterföretag
Andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott läggs till anskaffningsvärdet när de uppkommer. Utdelning från dotterföretag redovisas som intäkt när rätten att få utdelning bedöms som säker och kan beräknas på ett tillförlitligt sätt.

Likvida medel
Likvida medel inkluderar kassamedel och disponibla tillgodohavanden hos banker och andra kreditinstitut samt andra kortfristiga placeringar som lätt kan omvandlas till kontanter och föremål för en obetydlig risk för värdefluktuationer. För att klassificera som likvida medel får löptiden inte överskrida tre månader från tidpunkten för förvärvet.

Inkomstskatter
Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekter redovisas i eget kapital.

Aktuell skatt
Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån den skattesats som gäller per balansdagen.

Uppskjuten skatt
Uppskjuten skatt är inkomstskatt som avser framtida räkenskapsår till följd av tidigare händelser. Redovisning sker enligt balansräkningsmetoden. Enligt denna metod redovisas uppskjutna skatteskulder och uppskjutna skattefordringar på temporära skillnader som uppstår mellan bokförda respektive skattemässiga värden för tillgångar och skulder samt för övriga skattemässiga avdrag eller underskott.

Uppskjutna skattefordringar nettoredovisas mot uppskjutna skatteskulder endast om de kan betalas med ett nettobelopp. Uppskjuten skatt beräknas utifrån gällande skattesats på balansdagen. Effekter av förändringar i gällande skattesatser resultatförs i den period förändringen lagstadgats. Uppskjuten skattefordran redovisas som finansiell anläggningstillgång och uppskjuten skatteskuld som avsättning.

Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den omfattning det är sannolikt att avdragen kan avräknas mot framtida skattemässiga överskott.

Koncernbidrag
Erhållna och lämnade koncernbidrag redovisas som bokslutsdispositioner i resultaträkningen.

Fotokopians överensstämmelse
med originalet intygas:
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20250213013389

Nyckeltalsdefinitioner

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

Balansomslutning
Företagets samlade tillgångar.

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

Not 2 Arvode till revisorer

Revisionsarvode har fakturerats Beijer Byggmaterial AB.

Not 3 Övriga ränteintäkter och liknande resultatposter

	2023-08-01 -2024-07-31	2022-08-01 -2023-07-31
Övriga ränteintäkter	212	4
	212	**4**

Not 4 Räntekostnader och liknande resultatposter

	2023-08-01 -2024-07-31	2022-08-01 -2023-07-31
Räntekostnader till koncernföretag	-277 772	-178 439
Övriga räntekostnader	-2 329	-13
Kursdifferenser	-12 129	-567 478
Övriga finansiella kostnader	-19 797	-19 797
	-312 027	**-765 727**

Fotokopians överensstämmelse med originalet intygas:
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20250213013390

Not 5 Aktuell skatt

	2023-08-01 -2024-07-31	2022-08-01 -2023-07-31
Skatt på årets resultat		
Aktuell skatt	-4 859	-2 409
Totalt redovisad skatt	**-4 859**	**-2 409**

Avstämning av effektiv skatt

		2023-08-01 -2024-07-31		2022-08-01 -2023-07-31
	Procent	**Belopp**	**Procent**	**Belopp**
Redovisat resultat före skatt		-265 991		-181 542
Skatt enligt gällande skattesats	20,60	54 794	20,60	37 398
Ej avdragsgilla kostnader (ränta)		-59 697		-39 807
Ej skattepliktiga intäkter		44		1
Redovisad effektiv skatt	**-1,83**	**-4 859**	**-1,33**	**-2 409**

Not 6 Andelar i koncernföretag

	2024-07-31	2023-07-31
Ingående anskaffningsvärden	6 745 503	6 069 318
Lämnat aktieägartillskott, ovillkorat	45 830	676 185
Utgående ackumulerade anskaffningsvärden	**6 791 333**	**6 745 503**
Utgående redovisat värde	**6 791 333**	**6 745 503**

Not 7 Specifikation andelar i koncernföretag

Namn	**Kapital-andel**	**Rösträtts-andel**	**Antal andelar**	**Bokfört värde**
DT Holding (Sweden) AB	100	100	1 001 000	6 791 333
				6 791 333

	Org.nr	**Säte**
DT Holding (Sweden) AB	556057-9749	Stockholm

Fotokopians överensstämmelse
med originalet intygas:
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20250213013391

Not 8 Fordringar och skulder till koncernföretag

Fordringar till koncernföretag uppgår till 271 (271) tkr och avser övriga fordringar.

Skulder till koncernföretag uppgår till 567 882 (252 362) tkr och avser cash pool 254 952 (43 936) samt övriga koncerninterna skulder om 312 930 (208 426) .

Not 9 Skulder till koncernföretag

Långfristiga skulder till koncernföretag förfaller i maj 2028.

Not 10 Upplupna kostnader och förutbetalda intäkter

	2024-07-31	2023-07-31
Upplupna räntor	91 727	44 709
	91 727	**44 709**

Not 11 Ställda säkerheter och eventualförpliktelser

	2024-07-31	2023-07-31
Pantsatta aktier i dotterföretag har ställts till förmån för koncernens kreditfacilitet	6 791 333	6 745 503
	6 791 333	**6 745 503**

Not 12 Väsentliga händelser efter räkenskapsårets slut

Inga väsentliga händelser efter räkenskapsårets slut.

Fotokopians överensstämmelse
med originalet intygas:
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20250213013392

Stockholm 19/12 -24

Laurits Jørgensen

Søren Olesen
Ordförande

Thomas Ahle

Geir Thomas Fossum
Verkställande direktör

Vår revisionsberättelse har lämnats 23/12 - 24

Deloitte AB

Therese Kjellberg
Auktoriserad revisor

Fotokopians överensstämmelse
med originalet intygas:
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20250213013 93

Stockholm 19/12 - 24

Søren Olesen
Ordförande

Laurits Jørgensen

Thomas Ahle

Geir Thomas Fossum
Verkställande direktör

Vår revisionsberättelse har lämnats

Deloitte AB

Therese Kjellberg
Auktoriserad revisor

Fotokopians överensstämmelse med originalet intygas:

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20250213013394

Deloitte.

REVISIONSBERÄTTELSE

Till bolagsstämman i Winterfell Sweden AB
organisationsnummer 559291-0946

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Winterfell Sweden AB för räkenskapsåret 2023-08-01 - 2024-07-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Winterfell Sweden ABs finansiella ställning per den 31 juli 2024 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Winterfell Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Fotokopians överensstämmelse med originalet intygas:

20250213013395

Deloitte.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Winterfell Sweden AB för räkenskapsåret 2023-08-01 - 2024-07-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Winterfell Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm den 13 december 2024

Deloitte AB

Therese Kjellberg
Auktoriserad revisor

Fotokopians överensstämmelse med originalet intygas:

ANNUAL REPORT 2024

1 AUGUST 2023 – 31 JULY 2024

STARK Group A/S
C. F. Richs Vej 115
2000 Frederiksberg
Denmark
CVR 41962725

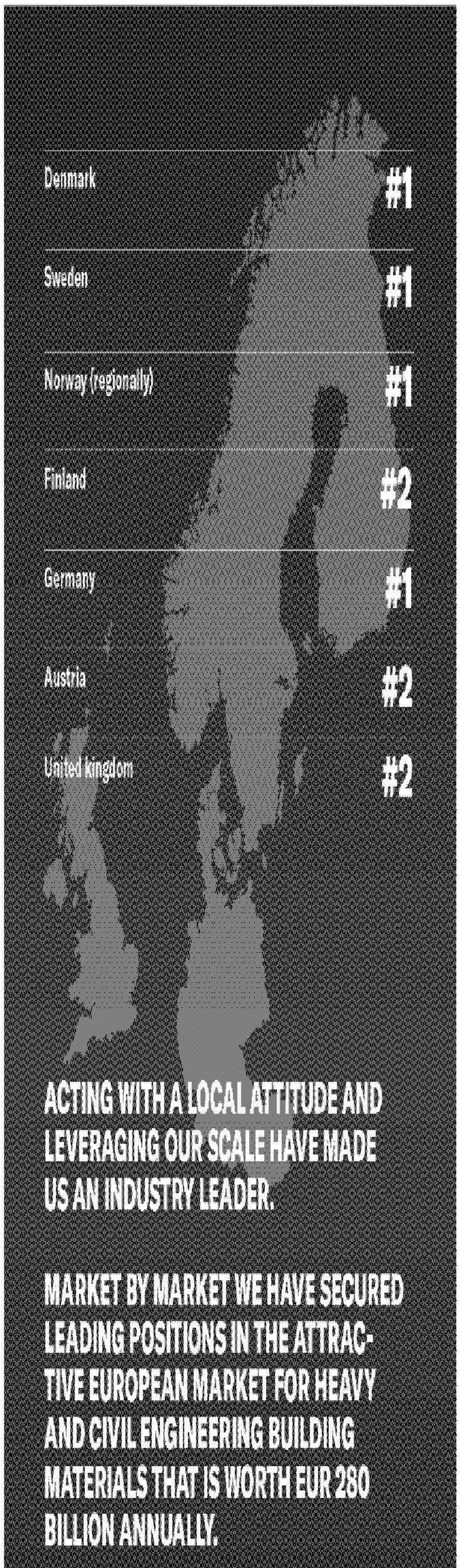
STARK GROUP

EVERY 10 SECONDS, WE DELIVER BUILDING MATERIALS TO CONSTRUCTION SITES ACROSS EUROPE

WE CONNECT SUPPLIERS AND TRADESPEOPLE THROUGH A LEADING DISTRIBUTION PLATFORM CONTRIBUTING TO A MORE EFFICIENT BUILDING INDUSTRY AND ITS TRANSITION TO NET ZERO

Customers	Branches and distribution centres	Colleagues	Suppliers
450,000	**1,100**	**19,000**	**15,000**

INDUSTRY LEADER ON A GROWTH TRAJECTORY



ACTING WITH A LOCAL ATTITUDE AND LEVERAGING OUR SCALE HAVE MADE US AN INDUSTRY LEADER.

MARKET BY MARKET WE HAVE SECURED LEADING POSITIONS IN THE ATTRACTIVE EUROPEAN MARKET FOR HEAVY AND CIVIL ENGINEERING BUILDING MATERIALS THAT IS WORTH EUR 280 BILLION ANNUALLY.

280

EUR BILLION

NET SALES

EUR Million

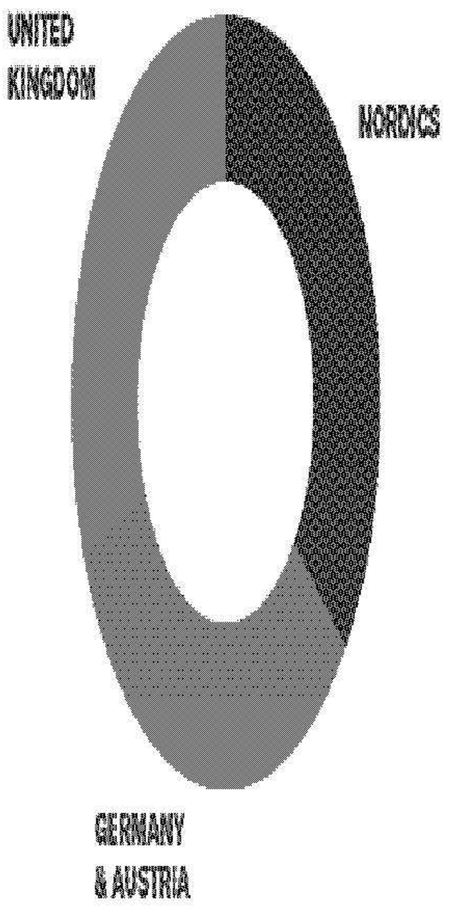
7,780

ADJUSTED EBITDA

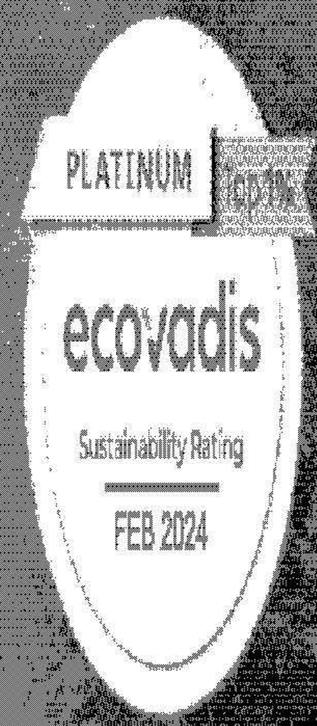
EUR Million

372

SEGMENTS' SHARE OF NET SALES



TOP-TIER PERFORMANCE ON SUSTAINABILITY



DRIVEN BY CONTINUED INVESTMENTS IN BUILDING THE STRONGEST DISTRIBUTION PLATFORM FOR THE FUTURE

ACCELERATING GROWTH THROUGH M&A

ADVANCING OUR DISTRIBUTION PLATFORM

DIGITAL IN EVERYTHING WE DO

LEVERAGING SCALE AND BUYING POWER

BEST PARTNER FOR SUSTAINABLE BUILDING

Permeo dokument-ID: MUXCOM-1-1-1-GB-2024-3-20240227-1-1-1

HOW WE LEVERAGE 125 YEARS OF STRENGTH TOWARD UNDISPUTED MARKET LEADERSHIP

ATTRACTIVE MARKET

Critical distribution platform

Connects manufacturers with tradespeople, providing valued distribution and logistics services as a critical link in a complex chain.

Resilient RMI market

Leading position in the attractive and stable renovation, maintenance, and improvement (RMI) market, comprising 60% of the European market for heavy and civil engineering building materials worth EUR 280 billion.

Structural growth drivers

- Population growth and urbanisation leading to continued housing deficits and ongoing renovation needs.
- Strong demand for energy renovation driven by EU and national legislation that calls for action by 2030 and net zero by 2050.

ADVANCING EUROPEAN LEADERSHIP

Unique market position

A leading distributor of heavy building materials to tradespeople in Europe, with #1 and #2 market positions in the Nordics, Germany, Austria and the UK.

Growth

High growth rates year-on-year with 10.3% net sales growth despite weak market demand in 2023/24, approximately doubling the size of our business in less than five years.

Integrated M&A strategy

25 acquisitions across our footprint since 2021, significantly enhancing growth and our strategic position.

Winning market share

Strategic focus on strengthening relationships with small and medium-sized customers, resulting in consistent organically increased market share.

ACCELERATING BUSINESS TRANSFORMATION

Transformation initiatives

- Active M&A agenda with an integrated team and above-market organic growth focused on the RMI segment and SME customers.
- Leverage our unique scale to build our leading digital, sourcing, and distribution capabilities.
- Commercialise sustainability and continue to be a leader in ESG.

Local empowerment

Focus on local responsibility and accountability to drive efficiency and customer service.

LEVERAGING ESG LEADERSHIP

Top tier rating

EcoVadis Platinum Rating and top 1% globally.

Pledge

Commitment to Science Based Targets and net zero by 2050.

Sustainability as a commercial success

Partnering with suppliers and tradespeople to offer attractive and sustainable products and services.

Innovation

Introduced KlimaLog tool to make CO_2 footprint transparent, aiding product evaluation and selection.

Penneo dokumentnøgle: WUXO2-FOY-25SYZ-L2FGJ-2WS53-GPPNJ

OUR STORY IN SHORT

1896

PUBLICLY LISTED COMPANY FOUNDED

through the merger of 'Jørgensen & Stilling' and 'Petersen & Matzen'

1900-1970

NATIONAL MARKET LEADER

through organic and M&A growth in Denmark

1989-1997

NORDIC MARKET LEADER

Expanding into Sweden, Norway, and Finland

2003-2016

TAKEN PRIVATE BY CVC AND WOLSELEY

In a public-to-private deal. Owned by Wolseley from 2006.

2017-2018

RE-FOCUSED STRATEGY WITH LONE STAR FUNDS

Divesting Silvan (B2C) and changing name to STARK Group under new ownership

2019

PLATFORM FOR GROWTH IN GERMANY

Acquiring STARK Deutschland

2021

ACCELERATED GROWTH WITH CVC

Advancing transformation strategy and execution under new ownership

2023

EUROPEAN MARKET LEADER

Through acquisitions incl. STARK UK and specialist businesses

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MANAGEMENT

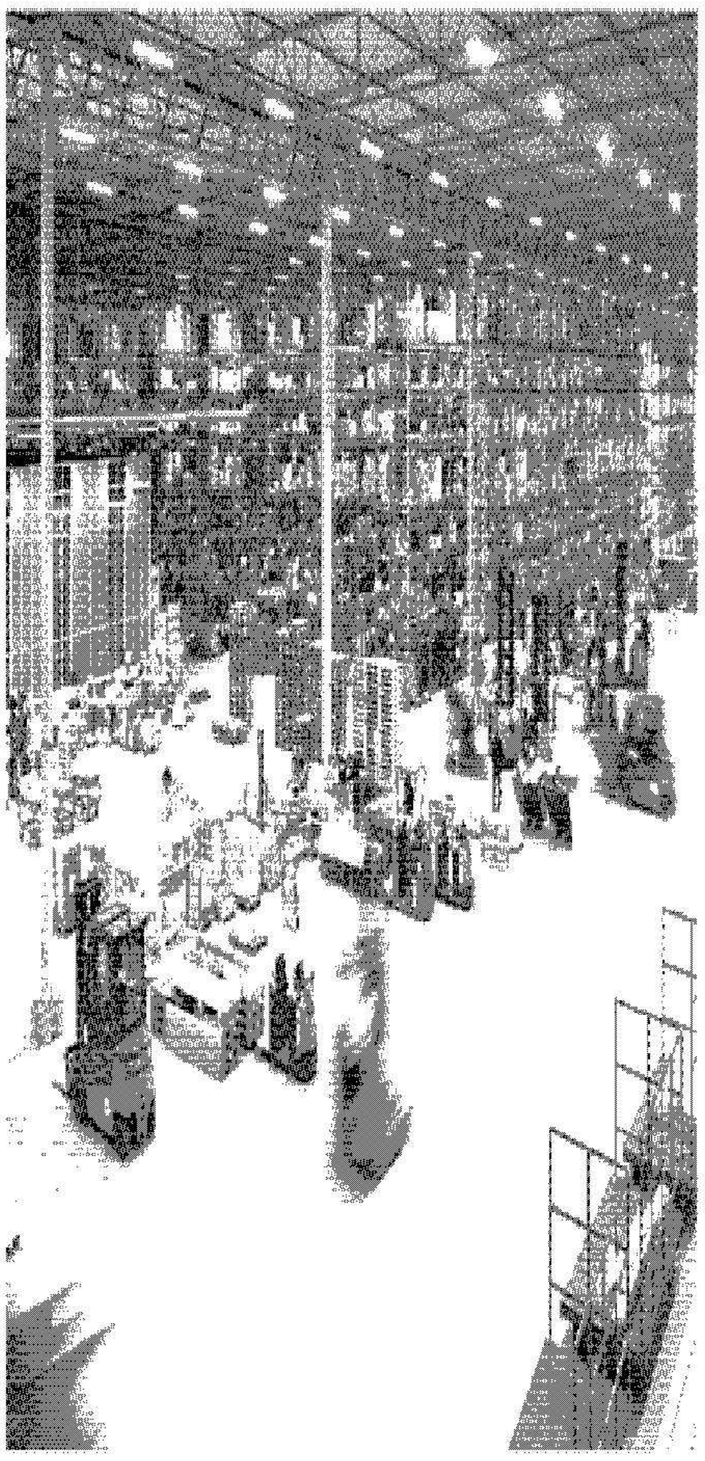
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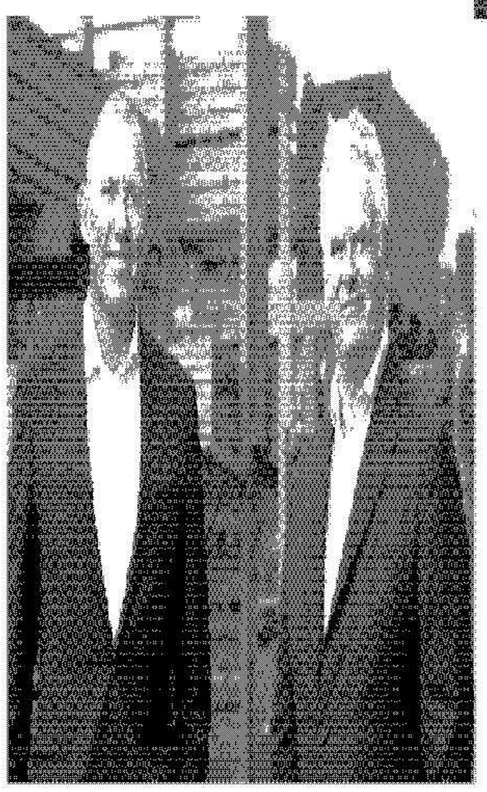
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OUR BUSINESS

What makes our market attractive, and how do we plan to expand our market share and strengthen customer relationships? In recent years, we have launched several initiatives and made substantial investments. Discover our progress over the past year.

Page 12



LETTER FROM THE CEO

The past year has affirmed our strategy. Despite facing weak demand and a challenging macro-economic environment, we have made significant strides in our growth and transformation programme.

Page 6



OUR PERFORMANCE

In the past year, our net sales increased by 10.3%. Explore the performance of our market segments and see how our focus on small and medium-sized customers in the renovation, maintenance, and improvement sectors has provided resilience.

Page 19

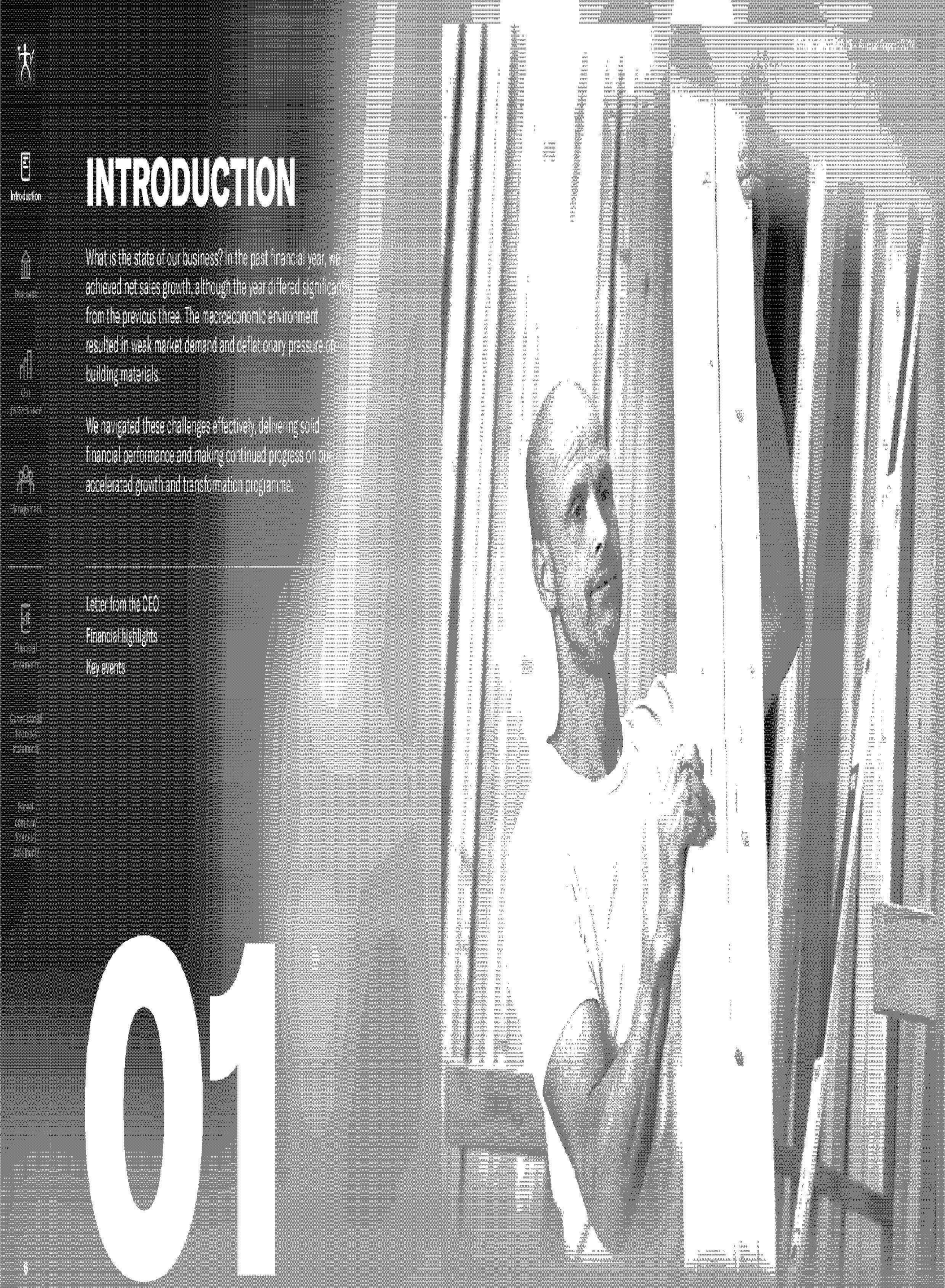
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INTRODUCTION

What is the state of our business? In the past financial year, we achieved net sales growth, although the year differed significantly from the previous three. The macroeconomic environment resulted in weak market demand and deflationary pressure on building materials.

We navigated these challenges effectively, delivering solid financial performance and making continued progress on our accelerated growth and transformation programme.

Letter from the CEO
Financial highlights
Key events



01



SØREN P. OLESEN

Group CEO, STARK Group A/S

JENS BJØRN ANDERSEN

Joined STARK Group A/S as Chair of the Board in April 2024

LETTER FROM THE CEO

ACCELERATED TRANSFORMATION AMID MARKET SETBACKS

The past financial year was characterised by exceptionally weak demand and inflation-driven building materials. Despite these challenges, we achieved significant progress in our growth and transformation programme, positioning us for growth when markets recover. Our resilient performance in markets with greater exposure to the Renovation, Maintenance, and Improvement (RMI) segment validated our winning strategy, which aims at making life as easy as can be for small and medium-sized customers (SMEs) working in this segment.

Continues

Letter from the CEO

STARK Group has embarked on a remarkable growth journey, achieving high growth rates from 2021 to 2024. The past year, however, has been notably different from the preceding three.

From 2021 to 2022, we successfully navigated through years of extraordinary activity levels and financial results. The financial year 2022/23 marked a watershed moment and a pivotal shift, with strong activity levels in the first half, followed by a decline in the second half, which extended into our past financial year.

Nevertheless, we delivered 10.3% net sales growth and an adjusted EBITDA of EUR 372 million.

While I had hoped for more, we have successfully gained market share and absorbed significant inflationary pressures on our cost base.

However, winning market share, being disciplined on costs and simplifying our business were not enough to offset the adverse impact from inflation hikes and associated interest rate spikes in 2022/23 that led to exceptionally weak demand and deflationary pressure on building materials in the past 18 months. Our industry has in the past year experienced activity levels below the ones following the financial crises in 2008.

Considering the macroeconomic environment, we can take pride in our financial results.

SME AND RMI STRATEGY CONFIRMED

We have made significant progress on our accelerated growth and transformation programme, which is a core pillar in our strategy. Fundamentally, our strategy focuses on growing our market share, deepening customer relations, driving efficiency, and managing our assets effectively.

The past year has confirmed our strategic focus on small and medium-sized customers (SMEs) in the Renovation, Maintenance, and Improvement (RMI) segment, which has shown greater resilience compared to new-build.

A strong presence in the RMI segment has supported our Nordic business to demonstrate resilience and protect our earnings. In contrast, our German business faced greater challenges in defending its topline due to a tough macroeconomic environment and its higher exposure to large accounts and the new-build segment.

The turnaround of STARK UK has positively impacted our net sales and EBITDA. Following the acquisition in the previous financial year, our UK business has made significant strides in restoring gross margin and improving profitability, despite weak demand and price inflation on its cost base.

Both our UK and German businesses are diligently working towards expanding their SME customer base and increasing our share in the RMI market.

REINVESTING IN OUR BUSINESS

As part of our accelerated growth and transformation programme, we expanded our distribution platform by expanding our branch network near major cities and opening a state-of-the-art central warehouse and light-hub facility in Stockholm.

In Germany, we launched our distribution and branch clustering programme, to drive even better service and efficiency in our customer offerings.

In the UK, active asset management allowed us to invest in bigger, better branches offering a wider product range, always-in-stock guarantee and enhanced distribution through an optimised branch network and reliable delivery services.

Supporting our aim of making sustainability commercially viable in the marketplace, we launched KlimaLog. This innovative reporting tool is a leap in commercialising sustainability as it aggregates all available product data to provide a comprehensive overview of the CO_2 footprint of building materials purchased from us. KlimaLog makes the CO_2 footprint as transparent as the price, facilitating easier evaluation and selection of products and their alternatives.

Simultaneously, we are overhauling our digital infrastructure by establishing a modern digital platform that enhances key business processes and provides value-added services to customers. The digital transformation has paved the way for pilot initiatives that explore how we can utilise AI when serving customers.

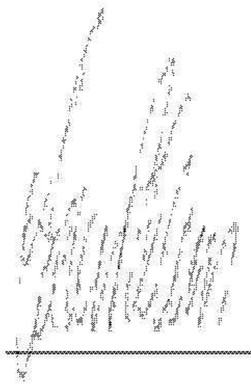
To deliver this significant enhancement of our platform, we invested EUR 148 million, which was funded partly by active asset management, leaving us with a net CAPEX spend of less than 1% of net sales.

HOW WILL MARKETS DEVELOP?

Geopolitical unrest and challenging macroeconomic conditions are likely to persist. However, the impact on the construction industry is expected to diminish as the housing deficit and the push for enhanced energy efficiency increase. These factors are anticipated to support market dynamics and drive sustainable growth for decades to come.

It is my sincere belief that the recent turmoil has only affected the timing of activities in our market, not the underlying baseline demand for housing and construction work. We have likely passed the softest years in terms of demand, and recovery is now visible on the horizon. Over the past four years, we have experienced both extraordinarily good times and a period of exceptionally weak demand and deflation.

As we move forward, we see more and more light at the end of the tunnel, and I believe that the light is bright.



SØREN P. OLESEN

CEO, STARK Group

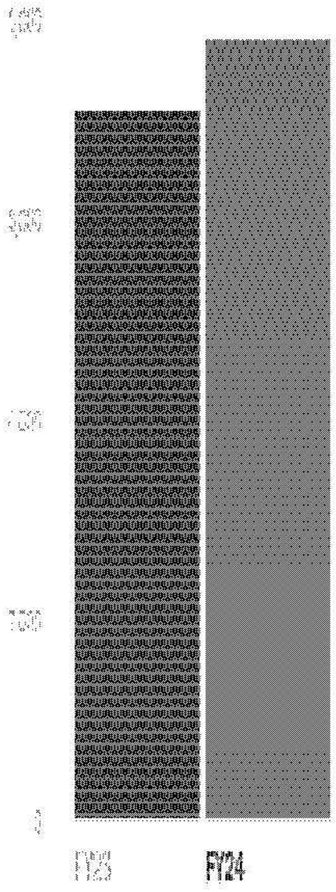
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PERFORMANCE HIGHLIGHTS

NET SALES

EUR Million

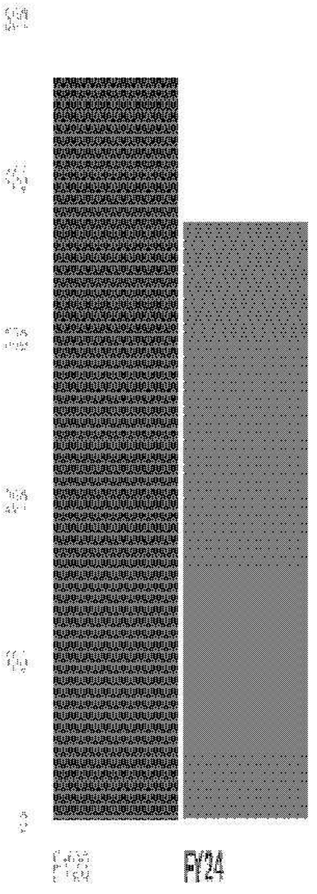
Net sales grew by **10.3%** to **EUR 7,780 million**, with a positive impact from the acquisition of STARK UK. Weak demand and price deflation adversely impacted net sales, although the RMI market proved to be more resilient than new-build. Organic growth excluding acquisitions and currency translation was negative at **10.2%**.



ADJUSTED EBITDA

EUR Million

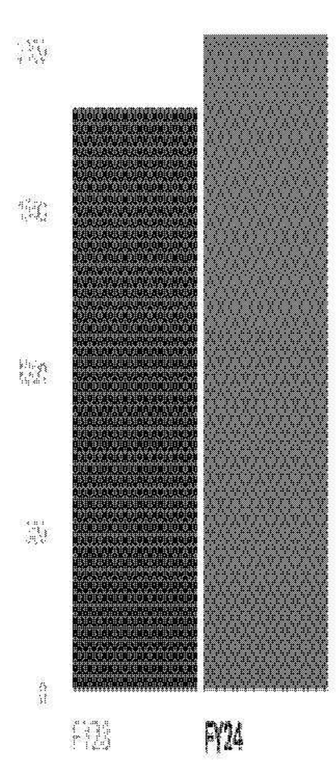
Adjusted EBITDA was **EUR 372 million**, a decrease of **18.4%**. Despite group-wide efforts to mitigate high inflation levels on union-agreed staff and other operating expenses, these measures were not enough to offset the effects of weak market demand and price deflation across several categories.



GROSS PROFIT

EUR Million

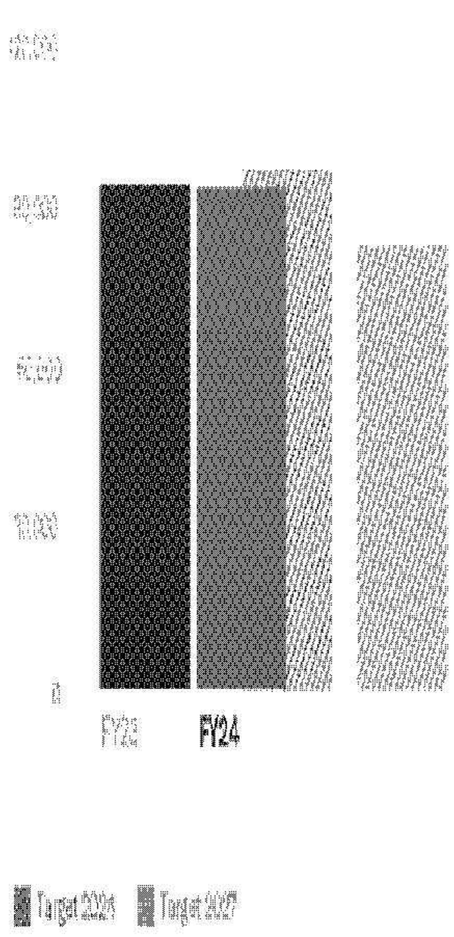
Gross profit increased by **12.7%** to **EUR 2,041 million**, driven by growth in net sales supported by our acquisition in the UK. We managed our gross margin effectively and benefited from higher gross margin levels in the UK, which accounted for a larger share of net sales during the year. The gross margin increased by **0.5** percentage point to **26.2%**.



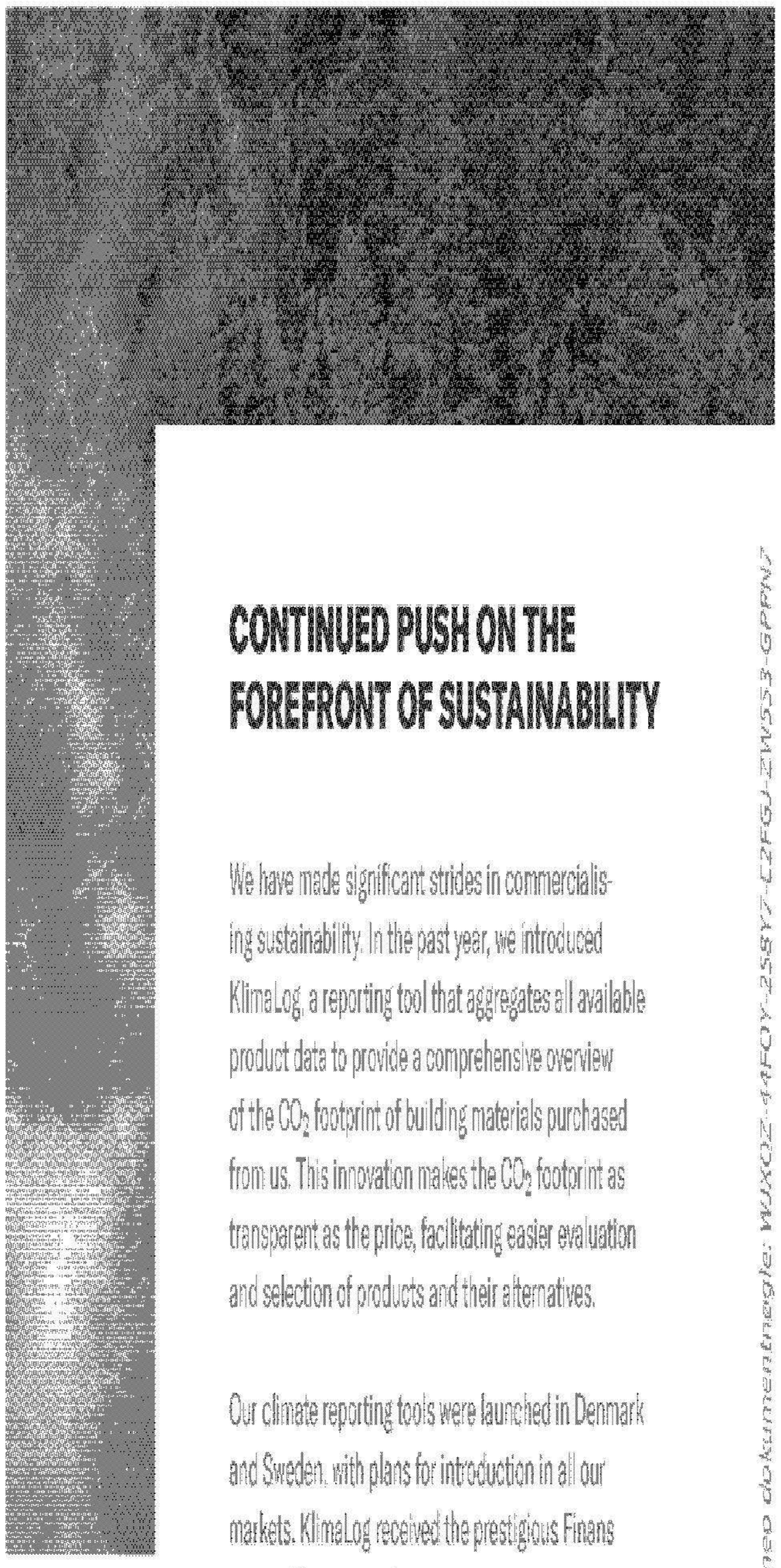
CARBON SCOPE 1 & 2

Absolute tCO_2e

Scope 1 and 2 emissions were **19.6% lower** than our baseline year 2019/20, surpassing our target of 16.8% and well below the 1.5-degree trajectory. In the past year, scope 1 and 2 emissions decreased by 0.2 percentage point.



KEY EVENTS



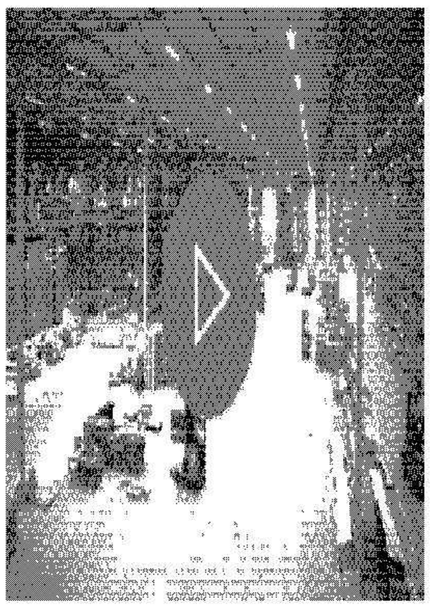
ACCELERATED INVESTMENT PROGRAMME TO GROW AND TRANSFORM OUR BUSINESS

Significant attention was given to enhancing our distribution and digital platforms.

We expanded our distribution network by opening 15 advanced branches near major cities and a state-of-the-art central warehouse and light-hub facility in Sweden. The central warehouse, spanning 63,000 square metres (equivalent to 12 football fields), enables our Swedish operations to quintuple the number of stock-keeping units to 100,000 and ensure day-to-day deliveries to construction sites and branches across the 1,600-kilometer length of the country.

In Germany, we launched our distribution and branch clustering programme, which in earlier years significantly improved efficiency and customer service in the Nordics.

Our digital programme aims to overhaul the digital infrastructure, in particular in the Nordics, by establishing a modern platform that enhances key business processes and provides value-added services to address essential customer needs.



SEE VIDEO

CONTINUED PUSH ON THE FOREFRONT OF SUSTAINABILITY

We have made significant strides in commercialising sustainability. In the past year, we introduced KlimaLog, a reporting tool that aggregates all available product data to provide a comprehensive overview of the CO_2 footprint of building materials purchased from us. This innovation makes the CO_2 footprint as transparent as the price, facilitating easier evaluation and selection of products and their alternatives.

Our climate reporting tools were launched in Denmark and Sweden, with plans for introduction in all our markets. KlimaLog received the prestigious Finans Impact Climate Award 2024.

Additionally, we expanded our range of product alternatives and enhanced our advisory services by training additional 260 sustainability ambassadors this year.

In the past year, third-party eco-labelled products accounted for one-forth of our net sales. 3.9% of our employees were trained in our Sustainability Ambassador Programme, surpassing our 2024 target of 3%.

Penneo dokumentnøgle: WXCZ-4FCY-25SYZ-C2FGJ-2WS53-GPFNZ

Continues →

Key events

MOMENTUM FOR MAJOR ACQUISITION IN THE UK

We gained solid momentum in the turn-around of STARK UK. Acquired in March 2023, this significant undertaking aimed to revitalise one of the UK's leading distributors with a strong heritage that had been under-performing for years.

Several sales brands, including the leading Jewson brand, were relaunched alongside the introduction of Jewson's "Branch of the Future" concept that features innovative elements inspired by our branch concepts in the Nordics, Germany, and Austria.

The business has undergone a strategic shift from centralised leadership to empowering branches with responsibility and accountability. Simplifying our business has shifted focus to meeting the needs of professional tradespeople, offering a broader product range, an always-in-stock guarantee, and enhanced distribution through an optimised branch network and reliable delivery services.

A significant growth and transformation programme has been enabled by active asset management and the consolidation of smaller branches into larger ones.

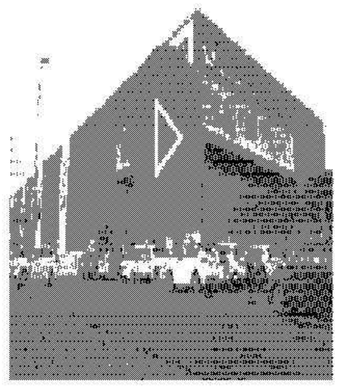


SEE VIDEO

EXPANSION OF THE EUROPEAN SUPPLIER PROGRAMME

We expanded our European Supplier Programme, incorporating more key suppliers and enhancing knowledge sharing and market analysis. This programme, unique in its scale and significance within our industry, was established in 2020 and has since evolved into a platform for participation in sector-specific working groups, including the Sustainability Round Table.

This year, our sourcing set-up was reorganised to better align with our supplier base. We strengthened our group-wide category efforts for major categories to leverage group-wide sourcing benefits for both suppliers and ourselves. Additionally, our local sourcing efforts were strengthened to ensure agility and responsiveness to local market demands.



SEE VIDEO

NEW CHAIR TO ESTABLISH EXTERNAL BOARD OF DIRECTORS

We have initiated the formation of an external board of directors. The assignment was placed in the hands of Jens Bjørn Andersen who is the former CEO of DSV, a globally leading transport and logistics company. Jens Bjørn Andersen was elected as Chair of STARK Group A/S on 23 April 2024.



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OUR BUSINESS

The European market for building materials distribution is fragmented yet highly attractive. How have we secured and enhanced our leadership?

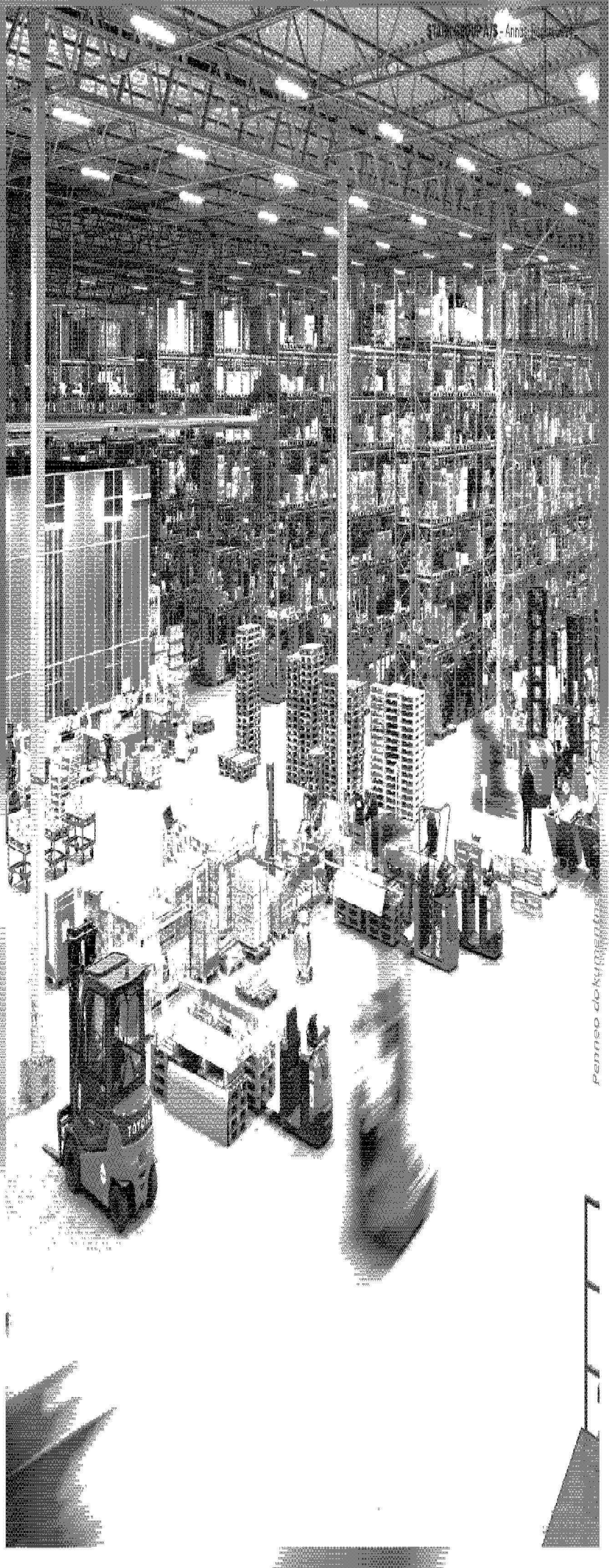
We have made significant progress, expanding our market share and strengthening customer relationships. Additionally, we have leveraged scale benefits by enhancing key business processes digitally and commercialising sustainability initiatives.

Our market

Our role in the market

Our strategy and progress

Risk management



OUR MARKET

We are a leading European company in the fragmented and highly attractive market for the distribution of heavy and civil engineering building materials.

Our objective is to capture and consolidate this market, which is valued at EUR 280 billion in Europe alone[1]. The market is characterised by strong fundamentals, supported by structural trends such as stable GDP growth, urbanisation, and accelerated demand for energy renovations.

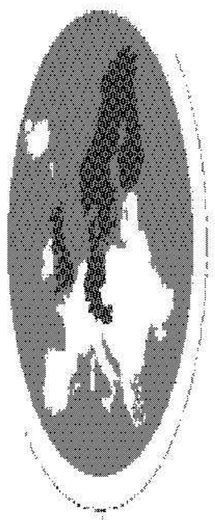
We focus particularly on the Renovation, Maintenance, and Improvement (RMI) segment, which constitutes approximately 60% of our addressable market and shows greater cyclical resilience.

More than 450,000 tradespeople in this segment rely on us to simplify their work by providing the essential building materials for constructing, renovating, and maintaining the cities and communities that shape people's lives.

By supporting these tradespeople in building their businesses, we strengthen our market leadership.

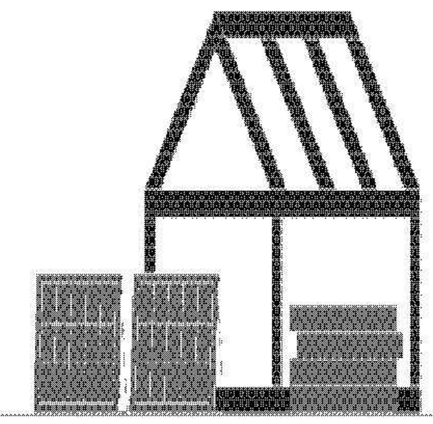
ATTRACTIVE GEOGRAPHICAL FOOTPRINT

We are present in some of the most stable countries in Western Europe characterised by robust market fundamentals such as steady GDP growth, a reliable regulatory framework, and strong structural growth drivers. These drivers include an estimated population increase of **2.25 million** people (**1.2%** to **191 million**) between 2024 and 2029[2], urbanisation, and a push for enhanced energy efficiency and sustainability in the existing housing stock.



ACCELERATING DEMAND FOR ENERGY RENOVATIONS

The EU's European Green Deal and 2023 revision of the Energy Performance of Buildings Directive (EPBD IV) have significantly heightened demand for energy efficiency. The updated directive mandates a **55%** reduction in greenhouse gas (GHG) emissions by 2030 and aims for a fully decarbonised building stock by 2050. Achieving these targets will largely depend on increasing the renovation rate of the least energy-efficient buildings across EU Member States.

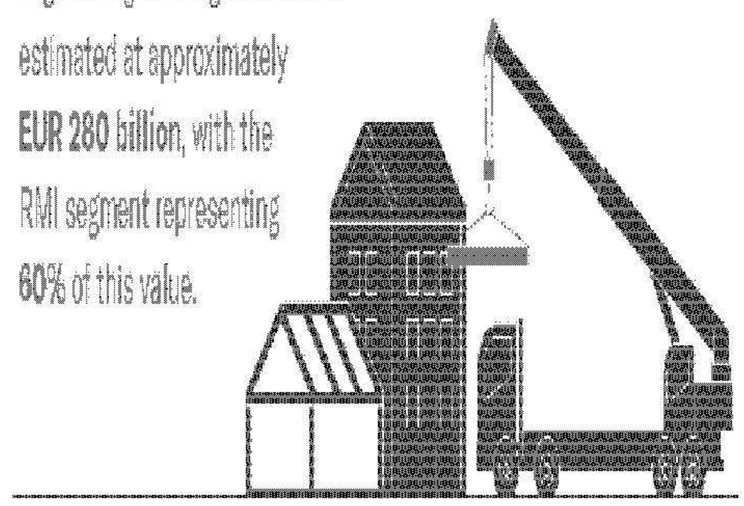


RESILIENT RMI MARKET

Our primary market is the highly attractive Renovation, Maintenance, and Improvement (RMI) market of the construction industry. This sector is crucial for addressing the old housing stock and the persistent housing shortage, exacerbated by years of limited new construction.

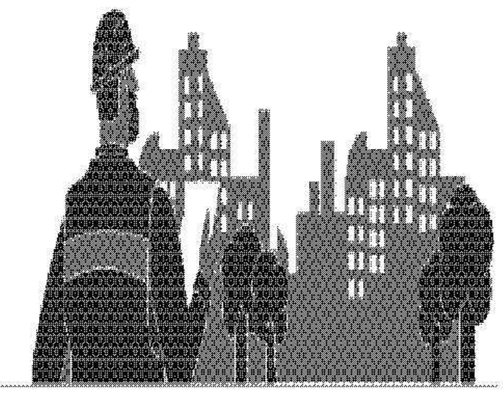
The more resilient RMI market benefits from the growing demand for energy efficiency, further supported by the EU's push for decarbonising the building stock.

The total European market for heavy and civil engineering building materials is estimated at approximately **EUR 280 billion**, with the RMI segment representing **60%** of this value.



ATTRACTIVE CUSTOMER SEGMENT

Our primary customers are tradespeople working in the RMI segment. While we serve a diverse range of customer segments, our core focus is on small and medium-sized customers (SMEs) involved in small to medium RMI projects or subcontracting roles. This segment is particularly active in the RMI market and operates across various cities. Hence, SME tradespeople highly appreciate our extensive branch network, efficient distribution, comprehensive and reliable product range, and exceptional services.



[1] Estimate based on 19 countries in Europe from Euroconstruct 2023

[2] Statista

Penneo dokumentnøgle: WUXC-4MFOY-2S8YT-C2FGJ-2MS53-GPPNJ

OUR ROLE IN THE MARKET

We operate in an industry crucial to building and renovating future cities and communities. With ongoing population growth, there is a growing demand for housing, office space, and community buildings to accommodate people expecting a high quality of life, as well as more energy-efficient and sustainable urban development.

STARK Group is a leading distributor of heavy building materials used for transforming these cities and communities.

We play a vital role in connecting building material manufacturers with tradespeople. We source over 400,000 SKUs from more than 15,000 suppliers, providing market insights and customer feedback to manufacturers. Our extensive network of 1,100 warehouses, distribution centres, branches, and shops, located close to building sites, ensure product availability and delivery on time in full for tradespeople.

Every second, we receive an order from the more than 450,000 tradespeople who rely on us for efficient procurement, expert advice, documentation, credit, and effective distribution. Every ten seconds, we deliver building materials to construction sites across Europe. Doing this well creates value not only for our customers but also for our shareholders, employees, and the communities where we operate.

KEY RESOURCES

400,000 SKU numbers sourced, sold and distributed

+450,000 tradespeople

15,000 suppliers

1,100 branches and distribution centres

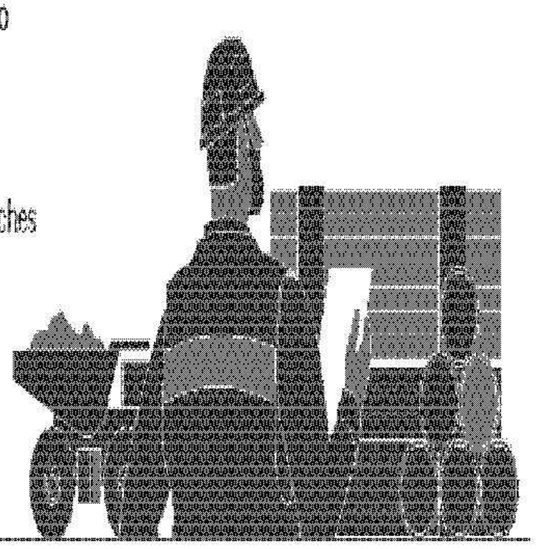
19,000 employees

125 years of heritage

Leading sales brands

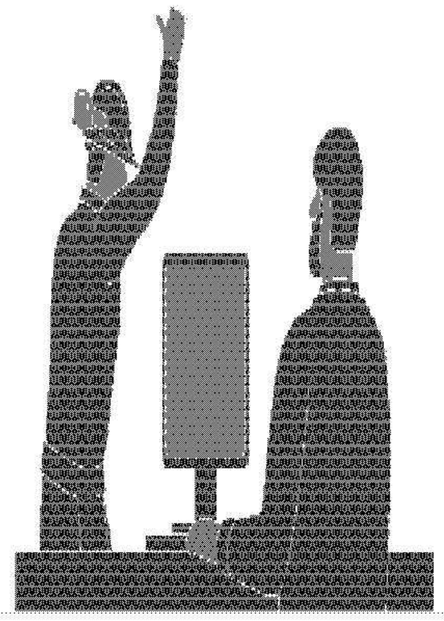
SOURCE

We source at scale and break truckloads into smaller quantities and product mix needed at building sites. Keeping stock of a market leading assortment in warehouses and branches secures high levels of availability, product integrity and competitive prices.



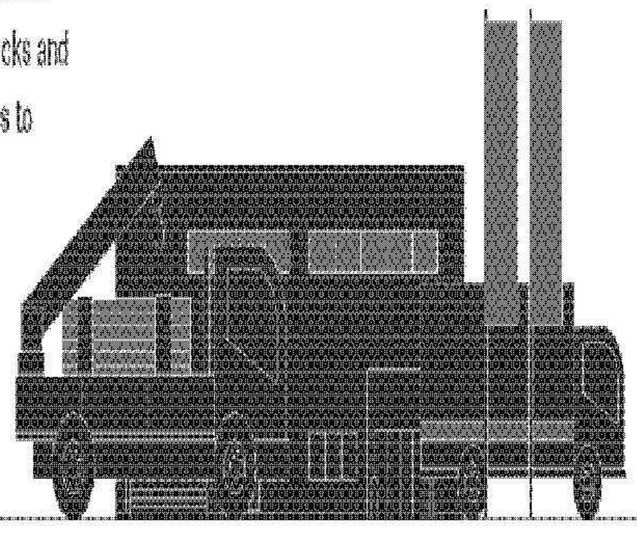
SELL

We offer a comprehensive product range and full availability, facilitating sales through project provision and bidding planning services. Our offerings include competitive pricing, product and sustainability advice, product documentation, and credit options to bridge liquidity gaps.



DISTRIBUTE

Through our network of branches and hubs we distribute building materials, significantly reducing the time tradespeople spend on procurement. Also, our modified trucks and direct delivery capabilities enable us to efficiently manage the complex distribution of heavy and often fragile materials to building sites.



VALUE CREATED

More and better housing, office spaces, and community buildings

Building industry efficiency

Advice, service, and credit

Great place to work

Competitive shareholder returns

Penneo dokumentnøgle: WMXOZ-4HOY7-L2F5J-2WS53-GPPNJ

OUR STRATEGY AND PROGRESS

FIVE MAJOR INITIATIVES TAKE PRIORITY IN OUR ACCELERATED TRANSFORMATION PROGRAMME, DESIGNED TO SUSTAIN ABOVE-MARKET GROWTH RATES. BY CONTINUING TO BUILD AND LEVERAGE OUR SCALE, WE ARE COMMITTED TO SECURING CONTINUED HIGH GROWTH RATES.

In the spring of 2023, we reviewed our strategy to future-proof our plans towards 2027. The strategy outlines how we intend to grow our market share and deepen customer relations, drive efficiency, and manage our assets. Several initiatives have been launched in recent years, showing solid progress.

These initiatives support the accelerated transformation programme of STARK Group, primarily focusing on enhancing our operations in the Nordics, where our winning recipe has been applied the longest.

In other markets, the recipe is being applied through a three-staged approach to build leading positions:

1. Kicking off strategic and financial turnarounds
2. Implementing key operating concepts
3. Advancing commercial mindsets

Today, our Nordic business has completed its turnaround and is working to advance our commercial mindset while implementing key operating concepts.

Our German business, acquired in late 2019, announced its turnaround soon after and is currently in the process of implementing key operating concepts.

Our UK business, which joined in 2023, is diligently working through a strategic and financial turnaround.

01 ACCELERATING GROWTH THROUGH M&A

We are on a trajectory of growth and market consolidation. Seven years ago, we refocused our strategy on SME tradespeople working in the RMI segment. The acquisition of STARK Deutschland established a platform for growth into the German market for heavy building materials and specialist areas such as civil engineering, roofing, and tiles.

In the past years, we have completed 25 acquisitions, significantly boosting our growth. Among our recent acquisitions was STARK UK, which represents nearly one-third of our business. Acquisitions in Austria expanded our platform further into the DACH region, and the acquisition of FagFlis Group in Norway and Sweden enhanced our Nordic foothold in the attractive specialist area of tiles, where we are a leader in Germany.

While turning around our major acquisition of STARK UK and managing a tough macroeconomic environment, we continue to invest in organic growth. Last year, we expanded our network with 15 new advanced branches near major cities and a state-of-the-art distribution centre near Stockholm.

ACQUISITIONS

Total number	Select companies
3	Nazzohr
15	
5	
2	

02 ADVANCING OUR DISTRIBUTION PLATFORM

We distribute building materials through a network of 1,100 branches, ensuring high proximity to tradespeople and building sites with market-leading branch concepts. At the national level and in major cities, we enhance our distribution by clustering around distribution branches and establishing regional and national hubs and central warehouses.

Following our successful Nordic blueprint, we have initiated a distribution clustering programme in Germany and begun the implementation of a similar setup in the UK.

Additionally, we are enhancing our above-branch logistics to improve range and availability. The new central warehouse in Stockholm has significantly boosted our next-day delivery services and product range. This improvement will continue as we introduce new light-hub capabilities and expand lighthubs to more markets.

03 DIGITAL IN EVERYTHING WE DO

Delivering to a building site every ten seconds through a complex distribution and logistics setup requires a robust digital foundation. Since 2022, we have focused on renewing this foundation to enhance processes, create synergies, and provide value-adding services that address key customer pain points.

The Athene programme, a strategic digital transformation initiative, encompasses 11 IT and business projects. These projects will enhance essential areas such as sales, warehouse management, supply chain planning, logistics, and finance.

Significant progress has been made, with new solutions piloted, introduced, or fully implemented. Notable achievements include the launch of a new sales app and a supply chain planning system to improve availability and inventory management.

04 LEVERAGING SCALE AND BUYING POWER

We purchase building materials worth over EUR 5.5 billion annually, using our scale to benefit tradespeople, improve margins, achieve synergies and expand a leading own brand range.

Our group-wide sourcing organisation offers suppliers a single entry point, data-driven negotiations and access into new geographical markets.

We continue to leverage our scale to deliver a high-quality, competitive own brand range, including the RAW, Raptor, Kermos, Terralis and SKY brands, with a revamped offering underway.

05 BEST PARTNER FOR SUSTAINABLE BUILDING

We uphold high ESG standards, and we work to make sustainability a commercial success, benefiting tradespeople and advancing a net-zero future.

Our strategy emphasises driving sustainability through our scale and position to foster industry collaboration, aiming for higher growth in this segment.

We plan to provide carbon data on products, expand third-party eco-labeled and energy-efficient offerings and enhance sustainability services, including advisory, documentation, and carbon-efficient distribution.

This year, we launched KlimaLog, a digital tool for tracking CO_2 footprints of building materials. First launched in Denmark with CVC Planet & People Grant support, KlimaLog will be expanded across our business.

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Our strategy and progress

STRATEGIC PILLAR		PROGRESS
WIN LOCAL ZONE TO GROW MARKET SHARE	**SME focus:** We aim to win SME customers, actively reduce churn, and do more business with existing customers. **Customer promise:** We aim to offer great product range and availability with best-in-class delivery services while expanding our offering in must-win categories, such as tiles, energy efficiency and light building supplies. **Best branch proximity:** We aim to hone our network through high proximity and market-leading branch concepts, enhanced logistics capabilities and lighthubs that offer above-branch logistics with superior ranging and availability.	• Improved Net Promoter Score (NPS) to 63 • Strong customer acquisition in the Nordics maintained net active SMEs at index 100 • Launched a distribution and branch clustering programme in Germany • Opened a new central warehouse near Stockholm consolidating existing warehouse facilities and adding new above-branch logistics capacity and light-hub competencies • Opened 15 new branches near major cities
CATALYSE BU POWER INTO THE LOCAL ZONE	**Digital in everything we do:** We aim to establish a modern digital foundation that makes key processes more effective, frees up time and provides smarter, value-adding services that solve essential customer pain points. **Empowering people:** We aim to organise for local responsibility and accountability, work smartly with efficiency and performance and ensure that we have capable and engaged people serving our customers. **Smart pricing:** We aim to secure best prices and pricing consistency tailored for individual customers while enhancing automated pricing practices through improved use of data and AI.	• Secured solid progress in the Athene digitalisation programme, enhancing key business processes and providing value-added services • Secured solid progress in the UK turnaround programme by setting a new management team, giving back responsibility to branches and simplifying the organisation above branches • Maintained top-tier employee NPS
BENEFIT FROM EUROPE'S LARGEST PLATFORM	**Europe's #1 sourcing channel:** We aim to leverage our scale and buying power to regain margin from suppliers, chase synergies and roll out a rejigged Own Brand offering. **M&A leadership:** We aim to consolidate our industry to secure scale benefits to tradespeople, build local proximity in growth zones and fuel must-win category plays. **Commercial real estate:** We aim to manage our property portfolio actively to secure operational excellence and reinvest in our business and branch network.	• Advanced our global sourcing set-up to leverage our scale for major categories while securing agility and responsiveness in local markets • Delivered on our fast-paced turnaround plan for the UK securing an EBITDA-margin improvement of close to 1 pp. in year one • Recycled property and other assets with a total positive cash impact of EUR 93 million which was invested into our accelerated investment programme
BEST PARTNER FOR SUSTAINABLE BUILDING	**Best partner for sustainable building:** We aim to make carbon data on products available to customers and expand the eco-labelled, low-carbon and energy-efficiency product range while enhancing our sustainability advisory, documentation and carbon-efficient distribution services.	• Launched award-winning climate monitoring tools in Denmark and Sweden • Increased share of third-party verified eco-labelled products that made up 6% of our stocked assortment and accounted for 24% of total sales • Trained 3.9% of our employees in our Sustainability Ambassador Programme, surpassing our 2024 target of 3%

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RISK MANAGEMENT

Our risk management process is designed to ensure business continuity, protect and enhance value, and safeguard the well-being of our employees. It aims to swiftly identify and address emerging risks that could impact the Group and our business units in the global market. Integrated with the Internal Control framework, the objective of our risk management efforts is to identify, prioritise, and manage key risks, thereby supporting informed decision-making, optimal resource allocation, and the timely leveraging of opportunities as they arise.

RISK GOVERNANCE

Our Board of Directors holds overall responsibility for risk governance. Our Audit Committee, acting on behalf of the Board, monitors the effectiveness and design of the Group's risk management framework. Executive Management is responsible for the operational execution of risk management, led by the CEOs of individual business units, who ensure the implementation of our Risk Management Policy and Internal Controls framework. A group-wide risk and control team oversees the execution of risk mitigation measures, tracks trends and issues within the control framework, and ensures comprehensive reporting to the Audit Committee.

KEY RISKS

ECONOMIC DOWNTURN

Impact

Persistent inflation spikes and interest rate hikes contributing to a broader economic slowdown, which adversely impacts customer demand within the our industry. Rising inflation directly affects the cost of goods sold, as well as general operating expenses, while increasing interest rates significantly drive up the cost of debt. These factors pose a risk to our short-term strategic operational plans and market growth objectives.

Mitigation

We have greater exposure in the Renovation, Maintenance, and Improvement (RMI) market, that has shown more resilience compared to new builds. Over the past year, we have activated pre-established economic contingency plans across all business units to adapt operations to the challenging market environment. At the same time, we have used this period of time to strengthening our business and positioning it for future growth when markets recover. Our Executive Management continuously monitors market conditions, closely tracks the performance of our business to secure that actions align with the latest operational insights and market developments, thereby ensuring local adaptability to changing market dynamics.

SUPPLY CHAIN DISRUPTION AND PRICING MANAGEMENT

Impact

Our supply chain is vulnerable to disruptions from a range of external factors, including geopolitical conflicts, material shortages, trade restrictions, extreme weather events, and logistical challenges. We prioritise responsible sourcing but may face difficulties in swiftly substituting key suppliers and products during disruptive events, potentially resulting in the loss of product range and market share.

Mitigation

We source the major part of our products from countries that are close to the markets where we operate, and hence, markets where the risk exposure is low. We maintain close collaboration with our suppliers and logistics partners to promptly address concerns and mitigate associated risks. The Group strives to secure a diverse base of alternative suppliers to ensure product availability and uninterrupted service to customers. Enhanced screening and monitoring of supplier performance and product quality are central to identifying and addressing potential concerns in a timely manner. Effective communication with vendors, along with reinforced inventory management practices, is crucial to managing sourcing processes and mitigating the risk of supply shortages.

INFORMATION SYSTEMS AND CYBER RISK

Impact

Our operations depend on secure, reliable, and accessible data across all entities. As the Group's digital footprint grows, risks related to cybersecurity are amplified by technological advancements and geopolitical tensions. Disruptions in key information systems, vulnerabilities, human error, or data breaches could severely impact daily operations, customer service, and lead to reputational harm.

Mitigation

We are committed to minimising information security risks through a comprehensive security strategy that focuses on compliance and the development of robust, tailored IT infrastructure. Significant investments are made in upgrading technology, enhancing internal expertise, conducting employee awareness training, and increasing governance and adherence to information security standards. We closely monitor progress in the implementation of these initiatives and remain alert towards emerging technologies and trends that may influence or require integration into our security protocols.

Pervasive dokumentansvar: Vi kvalitetssikrer vores data og rapportering, så vi kan stå inde for det, vi offentliggør. 4MFQY-2S8Y7-C2F6J-2MV53-GPPNJ

OUR PERFORMANCE

How did our business perform financially and in terms of sustainability? Despite macroeconomic headwinds, we achieved continued net sales growth, driven by acquisitions from the previous year. While we managed our costs effectively, earnings were pressured by weak demand.

We made solid progress towards our net-zero commitment and successfully advanced our transformation programme that aims at positioning our business for growth when markets recover.

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Our performance
Management
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Consolidated financial statements
Parent company financial statements

FINANCIAL OVERVIEW

EUR million	2023/24	2022/23[2]	2021/22	2020/21[1]
INCOME STATEMENT				
Net sales	7,780	7,054	5,995	1,474
Gross profit	2,041	1,811	1,541	375
EBITDA	326	391	459	101
Adjusted EBITDA	372	456	479	125
Depreciation and amortisation of non-current assets	(335)	(243)	(171)	(37)
EBIT[3]	(9)	353	288	64
Financial items, net	(221)	(197)	(102)	(24)
Earnings before tax	(230)	156	186	40
Net earnings	(201)	144	132	22
BALANCE SHEET				
Total assets	6,368	6,457	4,942	4,431
Intangible non-current assets	1,828	1,814	1,806	1,730
Tangible non-current assets	2,325	2,318	1,453	1,298
Investments in property, plant and equipment	114	79	71	16
Equity	644	858	692	541
Capital expenditure (Capex), total	148	108	95	21
Net Capex, total	66	94	80	21
Operational Capex, base	46	38	32	8
Operational Capex, development	35	33	23	4
CASH FLOW				
Cash flow from operating activities	114	311	230	300
Cash flow from investing activities	(83)	(673)	(269)	(2,173)
Cash flow from financing activities	(97)	424	(25)	2,202
Total cash flow	(66)	62	(64)	329
KEY RATIOS[4]				
Gross profit margin	26.2%	25.7%	25.7%	25.5%
EBITDA margin	4.2%	5.5%	7.7%	6.9%
Adjusted EBITDA margin	4.8%	6.5%	8.0%	8.5%

1. 2020/21 includes 3 months of operating activities for STARK Group from the acquisition on 4 May 2021.

2. 2022/23 includes 5 months of operating activities for STARK UK from the acquisition on 28 February 2023.

3. EBIT in 2022/23 includes bargain purchase gain of EUR 205 million. The bargain purchase gain is presented in a separate line in the consolidated income statement after EBITDA.

For glossary and calculation of key figures and financial ratios disclosed in the Annual Report please refer to note 1.2 Group accounting policies in the consolidated financial statements.

Penneo dokumentnøgle: WJXXC-4FKOY-25SYZ-L2FGJ-2WS53-GPRNZ

FINANCIAL REVIEW



GROUP

We delivered another year of solid performance despite market headwinds.

In the financial year 2023/24, STARK Group delivered net sales growth of 10.3% and an adjusted EBITDA of EUR 372 million.

During the past year, net sales grew by 10.3% to EUR 7,780 million, compared to EUR 7,054 million in the previous year. The full-year impact of our acquisition of STARK UK impacted net sales positively, while positive currency translations from British pound sterling (GBP) and negative ones from Swedish and Norwegian Kroner had a total negative impact of 0.3%. Organic growth declined by 10.2%.

Weak demand and adverse pricing effect negatively impacted organic net sales, with two-thirds of this decline attributable to demand and one-third to pricing.

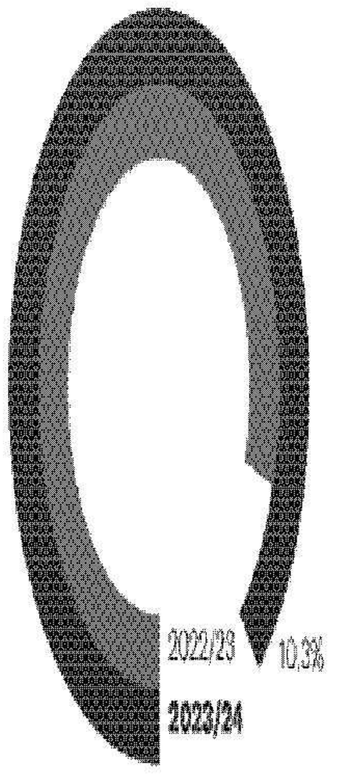
Throughout the financial year, markets and activity levels remained weak, continuing the trend first observed in the third quarter of the previous financial year. Across markets, the SME customer segment and collect business from our branch network showed some resilience due to their better positioning in the RMI market.

Direct sales, which are more often related to large accounts and the new-build market, decreased significantly more compared to collect sales. Due to their greater exposure to large accounts and direct sales, STARK Germany and Austria accounted for nearly half of the Group's net sales decline.

The deflation impact on several categories continued into the past financial year. Market dynamics varied across our segments, with the deflation impact being more significant in the first half of the year and less, but still negative, in the second half.

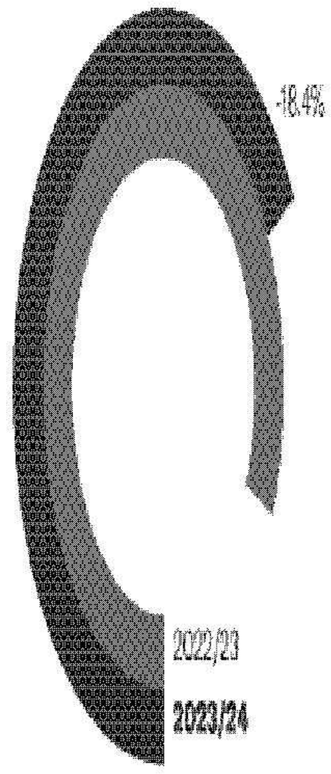
NET SALES

EURm



ADJUSTED EBITDA

EURm



ADJUSTED INCOME STATEMENT

	2023/2024			2022/2023			
EUR million	Reported	Non-recurring	Adjusted	Reported	Non-recurring	Adjusted	Δ
Net sales	7,780		7,780	7,054		7,054	10.3%
Cost of sales	(5,739)	(2)	(5,737)	(5,243)		(5,243)	9.4%
Gross profit	2,041	(2)	2,043	1,811		1,811	12.8%
Gross profit margin %	26.2%		26.3%	25.7%		25.7%	0.6 pp
Staff costs	(1,135)	(38)	(1,097)	(903)	(18)	(885)	24.0%
Other expenses	(615)	(37)	(578)	(520)	(48)	(472)	22.5%
Total operating expenses	(1,750)	(75)	(1,675)	(1,423)	(66)	(1,357)	23.4%
Other income and expenses	35	31	4	3	1	2	-
EBITDA	**326**	**(46)**	**372**	**391**	**(65)**	**456**	**-18.4%**
EBITDA margin %	4.2%		4.8%	5.5%		6.5%	-1.7 pp

To better understand the underlying performance an adjusted summary income statement with comparisons for STARK Group is included above.
The income statement has been adjusted to exclude non-recurring items, mainly related to acquisitions and integration of acquisitions as well as restructuring activities.
To supplement the adjusted income statements, adjusted segment summary income statements for the three segments, Nordics, Germany & Austria and United Kingdom (UK), have also been included.

Continues →

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Financial Review

STARK UK, acquired in the previous financial year, supported the past year's net sales with an additional seven months of contribution to net sales compared to the prior year. The business' contribution increased by EUR 1,296 million, reaching a total of EUR 2,449 million.

GROSS PROFIT AND GROSS MARGIN

Adjusted gross profit increased by 12.8% to EUR 2,043 million, driven by growth in net sales, which was supported by our acquisition in the UK. The adjusted gross margin increased by 0.6 pp. to 26.3%.

Managing the gross margin was challenging in a deflationary market where demand and activity levels were volatile and weak throughout the year. We maintained our focus on effective price and inventory management, strategic sourcing initiatives with support from own brands and growing our share of sales to SME customers to safeguard margins.

Gross margin levels vary across our markets, with the UK market being more favourable compared to others. The gross margin was supported by STARK UK accounting for a larger share of our net sales.

OPERATING EXPENSES

Operating expenses were effectively managed due to a strong emphasis on cost discipline and streamlining operations.

Adjusted operating expenses increased by 23.4% to EUR 1,675 million, primarily driven by acquisitions, which adversely impacted by 29% to this increase. Managing staff costs proved challenging due to wage inflation and union-agreed tariffs. Adjusted staff costs rose by 24.0% to EUR 1,097 million, up from EUR 885 million the previous year. This was largely driven by acquisitions, which contributed 25% to this increase. On a like-for-like basis, staff costs were 1.1% lower than the previous year.

Adjusted other operating expenses increased by 22.5% to EUR 578 million, with the acquisition of STARK UK contributing 35% to this increase. Despite inflation across most cost categories, organic development improved 12%, primarily due to cost-reduction measures and, to a lesser extent, variable costs that fluctuate with activity levels.

On a like-for-like basis, operating expenses decreased by 5% compared to the previous year, despite significant inflationary pressures on staff costs and other operating expenses.

OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses consist of gains and losses from sales of intangible and tangible non-current assets. The net gain in 2023/24 of EUR 35 million (2022/23: net gain of EUR 3 million) was primarily related to sales of properties driven by the ongoing network optimisation in the UK.

EBITDA

Adjusted EBITDA decreased by 18.4% to EUR 372 million, down from EUR 456 million the previous year.

The acquired STARK UK business improved its margin from 2.7% to 3.6%, contributing an additional EUR 57 million due to enhanced profitability and an extra seven months of operations.

However, these gains and cost measures implemented group-wide in the current and previous years were insufficient to offset the significant negative impact on gross profit from weak demand and adverse pricing effects on organic net sales growth.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation amounted to EUR 335 million for the year, reflecting depreciation and amortisation of tangible and intangible assets of EUR 142 million and EUR 193 million related to right-of-use assets (IFRS 16). The level of depreciation and amortisation is impacted by fair value assessment of tangible assets and recognition of intangible assets from the acquisition of STARK Group as of 4 May 2021 as well as the acquisition of STARK UK as of 28 February 2023.

FINANCIAL ITEMS, NET

Financial items for the year amounted to a net expense of EUR 221 million compared to EUR 197 million in the previous year.

The main components were interest expenses on financing from related parties of EUR 132 million (previous year: EUR 84 million) and interest expenses on financing from third parties amounting to EUR 32 million (previous year: EUR 15 million). Calculated interest expenses on leasing liabilities amounted to EUR 44 million (previous year: EUR 27 million). Foreign exchange gains amounted to EUR 9 million (previous year: loss of EUR 49 million) mainly related to exchange differences on financing from related parties.

In general, financial expenses were impacted by financing in relation to acquisitions and increases in effective interest levels during the year.

TAXES

Income tax was an income of EUR 29 million (previous year: expense of EUR 12 million) with an effective tax rate of 13% (previous year: 8%). Effective tax in 2023/24 was especially impacted by limitation of interest deduction and change in valuation of net tax assets. Effective tax rate in 2022/23 was impacted by limitation of interest deduction and non-deductible M&A costs and by the bargain purchase gain of EUR 205 million with no related tax.

NET EARNINGS

Net earnings for 2023/24 were negative at EUR 201 million (previous year: profit of EUR 144million). The results for the year benefited from the inclusion of an additional seven months of performance from the UK, as well as a range of initiatives aimed at strengthening and optimising the business in anticipation of future growth. Net earnings were also impacted by the soft market conditions affecting net sales and gross profit in combination with rising interest rates. The prior year's net earnings were positively impacted by a one-time recognition of a bargain purchase gain of EUR 205 million related to the UK acquisition.

OTHER COMPREHENSIVE INCOME

Other comprehensive income was a loss of EUR 11 million (2022/23: gain of EUR 26 million) and consisted of a net loss of EUR 1 million (2022/23: gain of EUR 9 million) related to exchange gains from translation of foreign operations and a net loss of EUR 11 million (2022/23: gain of EUR 17 million) from actuarial valuation of retirement benefit plans.

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SUSTAINABILITY REVIEW

GROUP

As an industry leader and responsible corporate citizen, we have significantly enhanced our ESG performance in recent years. Our Sustainability Report 2024 offers comprehensive insights into our ESG initiatives and progress.

Managing the environmental and social impact of our industry is crucial in the communities where we operate. We were an early adopter of the Science Based Targets initiative and we are committed to achieving Net Zero. Over the past year, we continued to lead in this area as well as bringing it into the commercial space.

Over the past year, we made substantial progress towards our environmental, social, and governance targets, fostering positive change throughout our operations.

We have integrated the EU Corporate Sustainability Reporting Directive into our sustainability framework, using our preliminary double materiality assessment to prioritise and develop further actions within the material topics. Additionally, we have implemented a new digital ESG system to enhance our data-driven approach across all material ESG aspects.

The past financial year marked the end of our interim 2024 target period. We have successfully reduced our scope 1 and 2 emissions by 19.6% from our baseline year 2019/20, surpassing our target of 16.8% and well below the 1.5-degree trajectory. In the past year, scope 1 and 2 emissions decreased by 0.2 pp.

Our scope 3 emissions account for more than 97% of our total emissions. Acknowledging the magnitude and importance of these, we advanced significantly within this scope. We enhanced our scope 3 inventory methodology from spend- to activity-based using environmental product declarations (EPDs) and life cycle carbon assessments.

Establishing a detailed scope 3 baseline accounting for all products categories and monitoring this, built the foundation for establishing solid net zero and near-term targets for scope 3. These were submitted to the Science Based Targets initiative in October 2024. We expect our scope 3 targets to be approved by early 2025.

Employing 19,000 colleagues, we are dedicated to fostering a healthy and safe working environment. Our employee engagement levels were at a high 71, and loyalty stood at 80. We have notably reduced our injury rate from 5.6 to 4.4 per million hours.

We prioritise diversity, equity, and inclusion as strategic imperatives. We believe that fostering a diverse and inclusive culture strengthens our organisation, enabling us to effectively navigate global challenges and maintain our leadership in the market.

In 2023/24, we continued our efforts to improve gender diversity across all levels of the organisation, though we faced challenges in maintaining progress in some areas.

Women made up 22% of our total workforce. Women in management positions accounted for 16%, which was an increase of 1 pp. from last year, although not meeting our 2024 target of 20%.

Gender diversity on our Board of Directors decreased from 20% to 17% as the Board expanded from five to six members, with only one being a woman. Our target is 30% in 2027.

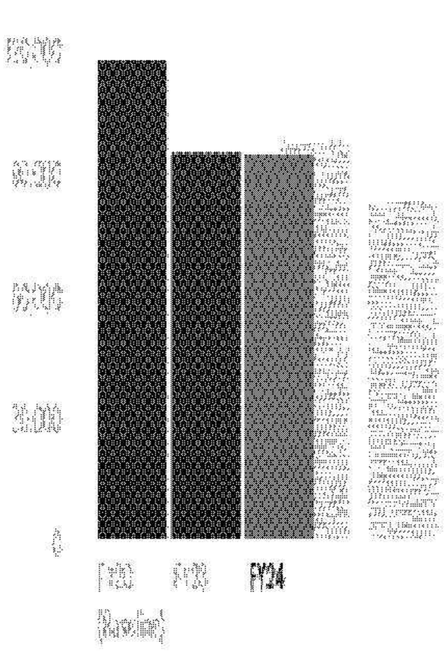
The percentage of women in other senior management levels increased from 22% to 26%, showing progress towards our 2027 target of 30%.

We continue to prioritise gender diversity across all company levels in alignment with our DE&I and People Policies. We remain committed to improving our gender balance, particularly in management and executive roles. Initiatives include closely monitoring recruitment processes to ensure that female candidates are included in the pipeline and encouraging our external partners to present diverse talent. Gender diversity remains a key topic in Board discussions, and we are dedicated to finding the best strategies to achieve our targets.

We conduct mandatory training sessions bi-annually on our Code of Conduct, anti-fraud, bribery and corruption, and competition law, with approximately 80% of our workforce participating. Across our Group, 71 cases were reported through our whistleblower system, resulting in six disciplinary actions.

CARBON SCOPE 1 & 2

Absolute tCO2e



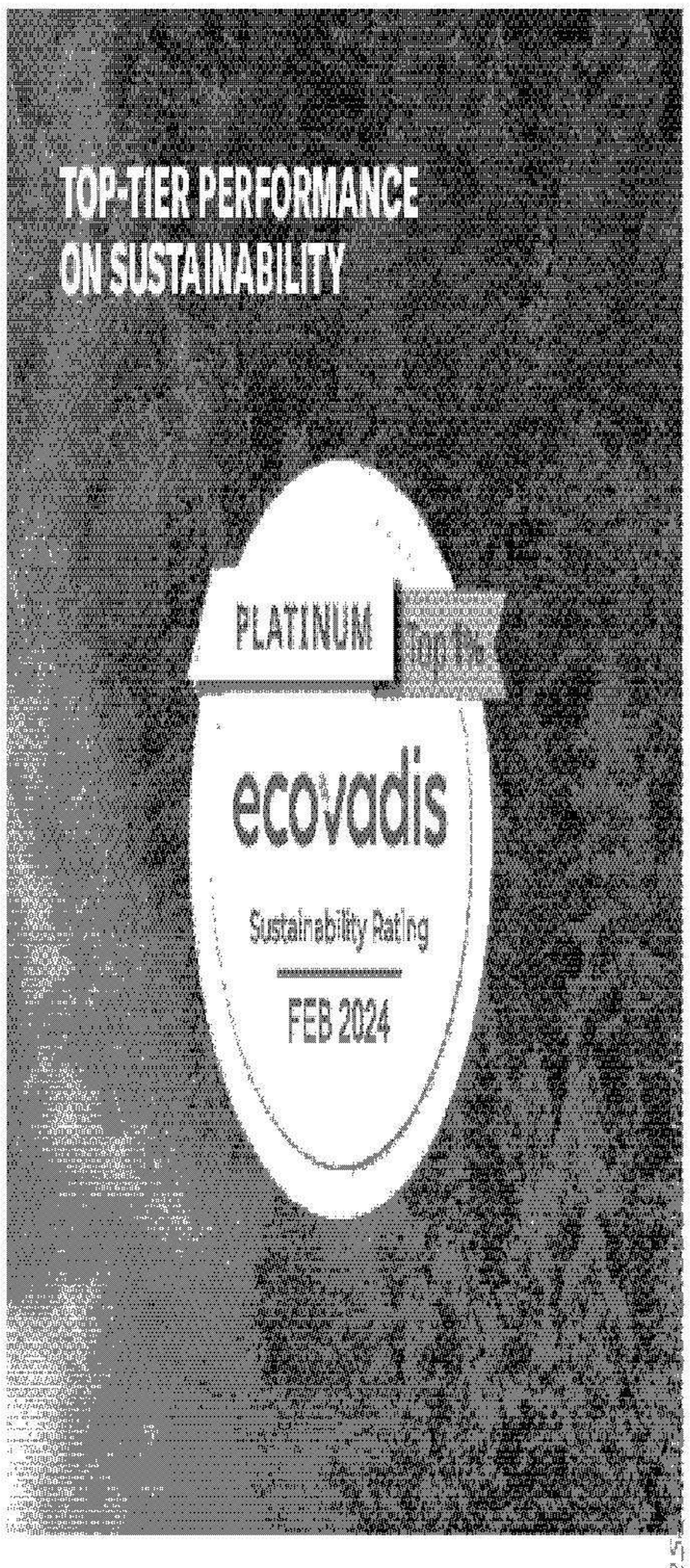
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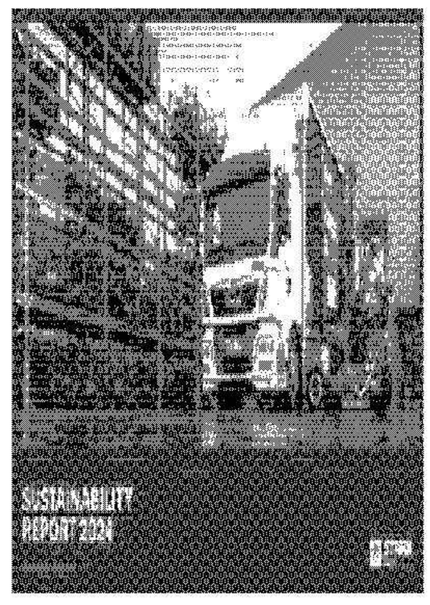
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SUSTAINABILITY OVERVIEW

	2023/24	2022/23	2021/22	2020/21	2019/20	Target 2027
CARBON					Baseline	
GHG Scope 1&2 (absolute tCO_2e)[1,2]	93,783	93,992	98,173	99,361	116,586	-29.4%
GHG Scope 1 (absolute tCO_2e)[1]	74,384	80,989	82,721	83,793	87,245	-29.4%
GHG Scope 2 (absolute tCO_2e)[1]	19,399	13,003	15,452	15,568	29,341	-29.4%
GHG Scope 3: Indirect emissions (absolute $MtCO_2e$)[1]	4.15	4.38[3]				-14.3%[4]
WASTE						
Total waste (t/mEUR net sales)[2]	5.9	5.2	5.1	5.3	6.7	-20%
HEALTH AND SAFETY						
Injury rate (per 1 million worked hrs)	4.4	9.6	7.9	8.8	8.0	5.7
Lost workday rate (per 1 million worked hrs)	96.0	52.7	81.2	64.3	64.3	40
EMPLOYEE ENGAGEMENT						
Employee engagement survey score (satisfaction & motivation)	71	74	74	74	75	76
Employee engagement survey score (loyalty)	80	80	80	83	-	82
STARK Group Participation rate (%)	82	82	83	81	91	85
DIVERSITY AND INCLUSION						
% women (total)	22	21	25	22	22	26
% of women in Board of Directors	17% (1/6)	20% (1/5)	20% (1/5)	20% (1/5)	33% (1/3)	30[4]
% of women in other senior management	26% (5/19)	22% (4/18)	n.a.	n.a.	n.a.	30[4]

1. Baseline has been restated to include M&As according to our accounting principles.
2. Fixed currency rates as of baseline year 2020.
3. Baseline year for GHG Scope 3: Indirect emissions.
4. The target has remained 30% from 2020-24 and stands at 30% towards 2027.





SUSTAINABILITY REPORT 2024

Our sustainability initiatives are detailed in the separate Sustainability Report 2024. The report represents the statutory corporate social responsibility statement and the statutory data ethics statement of our Group as required according to EU Directive 2014/95/EU and Sections 99a and 99d of the Danish Financial Statements Act.

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FINANCIAL REVIEW BY SEGMENTS



NORDICS

Our Nordic business delivered another year of good performance, benefiting from greater exposure to the more resilient RMI market.

Despite facing market headwinds from weak demand and deflation, our Nordic business strengthened its leading position by gaining significant market share. The Nordics contributed nearly half of our Group's EBITDA.

During the past financial year, reported net sales were EUR 2,808 million, a decline of 8.1%. There was a negative currency impact of 1.5% from the Swedish and Norwegian Kroner.

The Nordic markets have developed differently throughout the recent market slowdown. Denmark and Sweden benefitted from significant market share gains and greater exposure to the RMI market. These two markets experienced weak demand throughout the year but recovered early and late in the second half, respectively. Finland has experienced as significant decline in net sales since the summer of 2022, soon after the war in Ukraine broke out, but began recovering late in the second half of the past financial year.

Significant market share gains were insufficient to offset overall weak demand and price deflation. The 7.4% decrease in organic net sales was equally attributable to volumes and pricing.

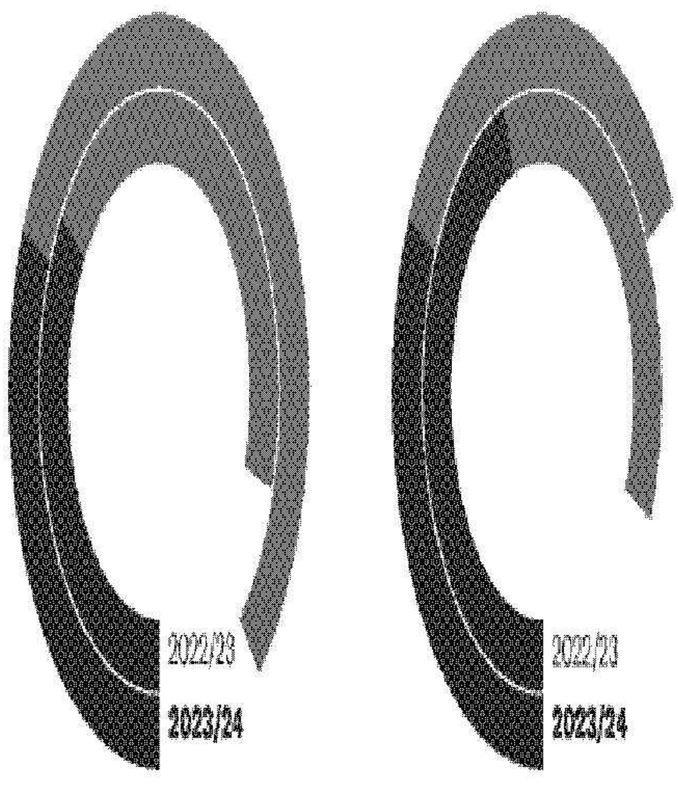
Managing the gross margin was challenging in a deflationary market with overall declining volumes and particularly weak demand in several higher-margin categories. Gross profit ended at EUR 742 million, a decline of EUR 73 million compared to the previous year.

Wage inflation and union-agreed tariffs were mitigated by an emphasis on cost discipline and streamlining operations. While staff costs increased by 1.1%, other operating expenses decreased by 5.3%. Overall, operating expenses decreased by 1.1% to EUR 561 million.

The reduction in operating expenses did not fully offset the decrease in net sales and gross profit. Adjusted EBITDA was EUR 182 million (EUR 249 million in the previous year), resulting in an EBITDA margin of 6.5%.

SHARE OF GROUP NET SALES

EURm



SHARE OF GROUP'S ADJ. EBITDA

EURm

Nordics Group total

ADJUSTED SEGMENT INCOME STATEMENT - NORDICS

EUR million	2023/24	2022/23	Δ%
Net sales	2,808	3,057	-8.1%
Cost of sales	(2,066)	(2,242)	-7.9%
Gross profit	742	815	-9.0%
Gross profit margin %	26.4%	26.7%	-0.3 pp
Staff costs	(382)	(378)	1.1%
Other expenses	(179)	(189)	-5.3%
Total operating expenses	(561)	(567)	-1.1%
Other income and expenses	1	1	-
EBITDA	**182**	**249**	**-26.9%**
EBITDA margin %	6.5%	8.1%	-1.6 pp

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FINANCIAL REVIEW BY SEGMENTS

GERMANY & AUSTRIA

Our Germany and Austria business faced strong headwinds from the German macroeconomic environment. With greater exposure to the new-build segment, the adverse impact on net sales was significant.

Despite weak demand and deflation across several categories, our Germany and Austria business managed to mitigate high inflation levels on its cost base, resulting in a slight improvement of 0.4% in operating expenses. Germany and Austria delivered an EBITDA of EUR 102 million.

Reported net sales were EUR 2,523 million, a decrease of 11.3%. Weak demand observed after the third quarter of our financial year 2022/23 persisted into the past financial year, significantly impacting net sales.

Our German and Austrian operations, which are more reliant on large accounts and direct sales linked to the new-build market, experienced the most substantial decline, as the new-build sector has not shown the same resilience as the RMI market. The majority of the decrease was volume-related, with the remaining one-fifth due to pricing.

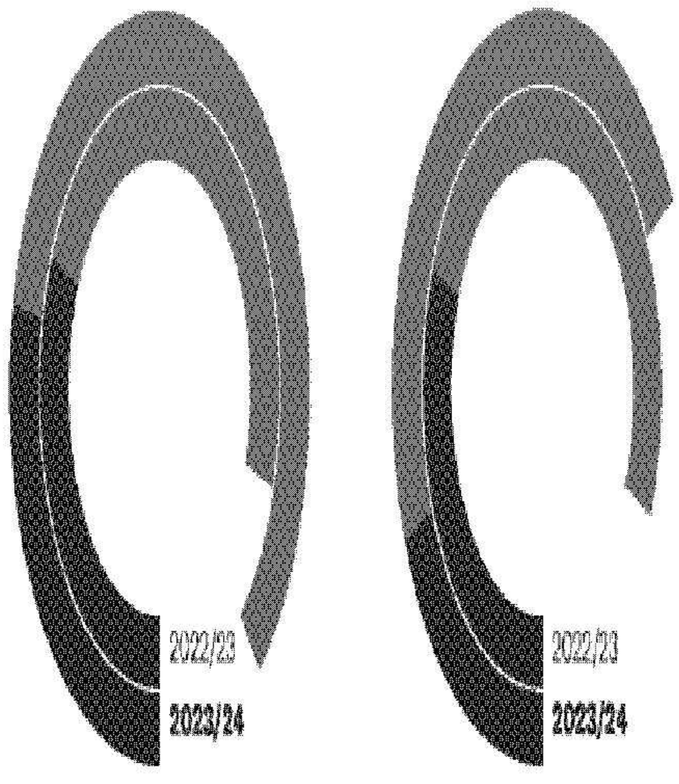
Managing the gross margin was challenging in a deflationary market with declining volumes. The gross margin was 24.1%, compared to 24.0% in the previous year. Lower net sales due to weak demand resulted in a gross profit of EUR 607 million, an 11.1% decrease compared to the previous year.

Emphasis on cost discipline and streamlining operations took priority to offset wage inflation and union-agreed tariffs, particularly in Germany. While staff costs increased by 1.5%, other operating costs decreased by 4.3%. Overall, operating expenses decreased by 0.4% to EUR 506 million.

Adjusted EBITDA was EUR 102 million compared to EUR 176 million in the previous year, resulting in an EBITDA margin of 4.0%.

SHARE OF GROUP NET SALES

EURm



SHARE OF GROUP'S ADJ. EBITDA

EURm

Germany & Austria Group total

ADJUSTED SEGMENT INCOME STATEMENT - GERMANY & AUSTRIA

EUR million	2023/24	2022/23	Δ%
Net sales	2,523	2,844	-11.3%
Cost of sales	(1,916)	(2,161)	-11.3%
Gross profit	607	683	-11.1%
Gross profit margin %	24.1%	24.0%	0.1 pp
Staff costs	(349)	(344)	1.5%
Other expenses	(157)	(164)	-4.3%
Total operating expenses	(506)	(508)	-0.4%
Other income and expenses	1	1	-
EBITDA	**102**	**176**	**-42.0%**
EBITDA margin %	4.0%	6.2%	-2.2 pp

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FINANCIAL REVIEW BY SEGMENTS



UNITED KINGDOM

Our UK business is well into its strategic and financial turnaround following the acquisition in March 2023, with results reflecting the first full 12 months of operations as part of STARK Group.

Despite weak demand, price deflation and platform consolidation, our UK business has successfully restored gross margins and significantly improved profitability through its turnaround initiatives. The UK improved its margin by 0.9 pp. to 3.6% and delivered an EBITDA of EUR 88 million.

Reported net sales were EUR 2,449 million, including a positive impact from an additional seven months of operations and a positive currency translation impact of 2.0% from British pounds sterling.

As a newly acquired business, STARK UK is undergoing a significant financial and strategic turnaround. The platform is being refined to meet the needs of SME tradespeople in the more resilient RMI market. Loss-making and sub-scale branches are being consolidated into larger ones, while some are being closed and divested to free up cash for investments in the platform transformation.

On a like-for-like basis, net sales declined by some 8%. Approximately two-thirds of this decline was volume-related, while one-third was due to pricing.

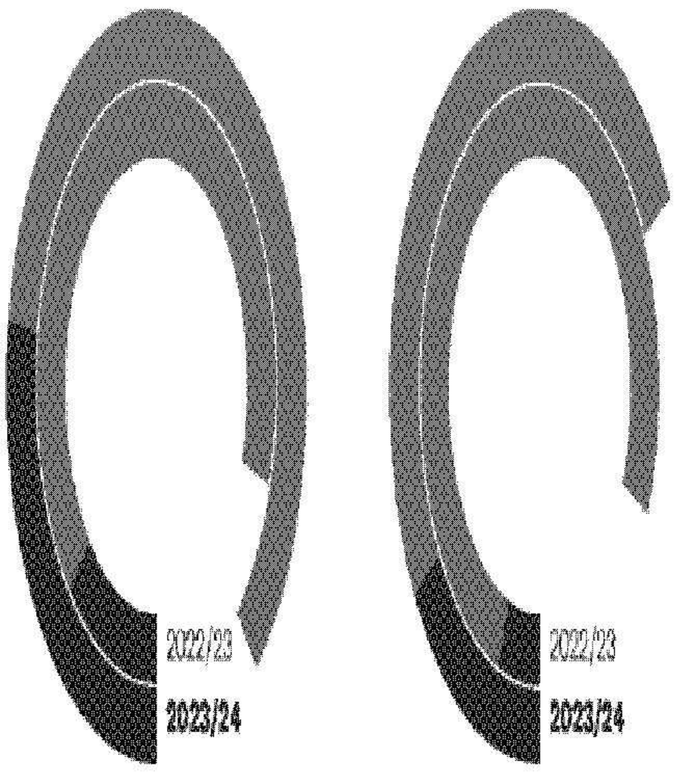
Gross profit ended at EUR 694 million, an improvement of EUR 381 million due to the additional seven months of operations and better price management following depressed gross margins in the previous year. The gross margin increased by 1.2% pp. to 28.3%.

Operating expenses on a 12 month basis increased to EUR 608 million. Underlying operating expenses decreased by 10.5%. This improvement was due to a comprehensive cost-out programme related to the financial turnaround of the business, which more than compensated for high inflation levels on wages and other expenses.

The cost-out programme and improved gross margins resulted in higher profitability for the year. Adjusted EBITDA increased by EUR 57 million to EUR 88 million, resulting in an EBITDA margin of 3.6%.

SHARE OF GROUP NET SALES

EURm



SHARE OF GROUP'S ADJ. EBITDA

EURm

United Kingdom Group total

ADJUSTED SEGMENT INCOME STATEMENT - UNITED KINGDOM

The UK segment is included with five months of operations in 2022/23 (Mar-Jul)

EUR million	2023/24	2022/23
Net sales	2,449	1,153
Cost of sales	(1,755)	(840)
Gross profit	694	313
Gross profit margin %	28.3%	27.1%
Staff costs	(366)	(163)
Other external operating expenses	(242)	(119)
Total operating expenses	(608)	(282)
Other income and expenses	2	-
EBITDA	**88**	**31**
EBITDA margin %	3.6%	2.7%

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STATEMENT OF FINANCIAL POSITION

INTANGIBLE ASSETS

Total intangible non-current assets amounted to EUR 1,828 million as of 31 July 2024 (31 July 2023: EUR 1,814 million) and consisted primarily of goodwill, trade names and customer relations identified in connection with acquisitions.
Additions during the year mainly related to goodwill and intangibles recognised on acquired businesses and investments in software of EUR 34 million.

TANGIBLE ASSETS

Total tangible non-current assets amounted to EUR 2,325 million as of 31 July 2024 (31 July 2023: EUR 2,318 million). The amount was primarily related to owned properties, which amounted to EUR 1,154 million (31 July 2023: EUR 1,155 million) and in addition EUR 925 million (31 July 2023: EUR 891 million) has been recognised as right of use assets (primarily leased properties). Capital expenditure during the year amounted to EUR 114 million (in previous year: EUR 79 million).

CAPITAL EXPENDITURE (CAPEX)

During the financial year, the Group continued to invest in and expand the branch network to support growth.

Total capital expenditure was EUR 148 million (2022/23: EUR 108 million), of which EUR 81 million was related to operational CAPEX and EUR 67 million was related to freehold investments. The level for operational CAPEX was EUR 10 million higher than last year, driven mainly by increased investments in IT and equipment. In relation to freehold investments, the Group expanded and upgraded strategic locations in the branch network.

Net CAPEX for the year was EUR 55 million (2022/23: EUR 94 million) as the Group continued its network optimisation and divested properties and other assets with a total positive cash impact of EUR 93 million (2022/23: EUR 14 million).

WORKING CAPITAL

Trade working capital (inventories, trade receivables less trade payables) for the Group was EUR 477 million as of 31 July 2024 (31 July 2023: EUR 572 million). The decrease in working capital was driven by a decline in trade receivables and inventory and increased trade payables.

Developments in other working capital components were in accordance with expectations and in line with the performance of the business.

EQUITY

Equity was EUR 844 million as of 31 July 2024 compared to EUR 858 million as of 31 July 2023. The decrease of EUR 214 million can primarily be attributed to the net result for the period of negative EUR 201 million and other comprehensive income of negative EUR 11 million. Dividend to non-controlling interests amounted to EUR 2 million, which has been partly paid out.

The Company and its subsidiaries did not acquire any of its own shares during the period ended 31 July 2024, and the Company and its subsidiaries do not hold own shares as of 31 July 2024.

CASH FLOW STATEMENT

OPERATING ACTIVITIES

Operating activities generated a positive cash flow of EUR 114 million (in previous year: EUR 311 million). The decrease in the cash inflow was primarily driven by positive effects from effective working capital management not being able to offset lower EBITDA as a result of challenging markets in combination with higher interest payments due to increasing effective interest levels. In addition tax payments were EUR 20 million higher than in the previous year as a delayed consequence of the extraordinary performance in previous years.

INVESTING ACTIVITIES

Investing activities during the year amounted to a net cash out flow of EUR 83 million (in previous year: EUR 673 million). The decrease was mainly related to a decrease in cash used for acquisitions (2023/24: EUR 28 million, 2022/23: EUR 579 million). Net investments in tangible and intangible non-current assets amounted to EUR 55 million (2022/23: EUR 94 million).

FINANCING ACTIVITIES

Net cash flow from financing activities amounted to an outflow of EUR 97 million (in previous year: inflow of EUR 424 million). The cashflow for the previous year was impacted by a net cashflow from borrowings of EUR 537 million compared to a net cashflow from borrowings in 2023/24 of EUR 16 million. In 2023/24, a change in utilisation of revolving credit facilities had a positive impact of EUR 55 million. Instalments on leasing debt increased to EUR 166 million from EUR 113 million in the previous year.

PARENT COMPANY, STARK GROUP A/S

The parent company income statement includes normal activities in relation to the operations of STARK Group headquarters. Costs related to operating the subsidiaries have been recharged to these companies and is recognised as net sales in the income statement.

In 2022/23, the parent company incurred significant expenses related to M&A activities due to the acquisition of STARK UK. No significant M&A related expenses have been incurred in 2023/24, which is the primary driver of the decrease in other external operating expenses from EUR 23 million in 2022/23 to EUR 5 million in 2023/24.

In 2023/24, the investment in STARK Suomi Oy has been impaired by EUR 12 million and the impairment made in 2022/23 of EUR 12 million related to Neumann Bygg AS has been reversed. Additions to investments in subsidiaries in 2023/24 of EUR 406 million relates to capital contributions to subsidiaries as part of normal ongoing management of capital structures across the group.

No other unusual items or transactions occurred during the year.

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OUTLOOK 2024/25

Challenging macroeconomics and geopolitical unrest are likely to persist. Still, the impact on our industry will decrease as market fundamentals, including population growth, urbanisation, as well as energy efficiency and sustainability, call for revitalised growth.

For the financial year 2024/25, we anticipate continued weak demand and price deflation to persist into the first half with a gradual recovery in market conditions during the second half, in line with leading economic forecasts. Price volatility is expected to stabilise over the year, with volumes remaining stable in the first half and showing a moderate upward trend in the second half.

We expect to partially mitigate inflationary pressures on our cost base through stringent cost discipline and streamlined operations, alongside positive run-rate effects from initiatives implemented in 2023/24.

For EBITDA, we anticipate positive underlying developments in 2024/25, driven by market recovery, incremental gross margin improvements, and emphasis on cost discipline.

THE GROUP EXPECTS TO DELIVER THE FOLLOWING FOR 2024/25

Net sales in the range of

7.9-8.2

EUR billion

EBITDA in the range of

380-440

EUR million

MANAGEMENT

We have initiated the formation of an external board of directors, led by a new independent chair. Meet our chair and executive management team, including our new Group CFO, who joined STARK Group in September 2024.

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04

EXECUTIVE MANAGEMENT



SØREN P. OLESEN

Group CEO

Born in 1957

Danish nationality

Søren P. Olesen was appointed CEO of STARK Group in November 2016. Previously, he held the position of CEO at STARK Danmark (2014-2016). Søren P. Olesen joined the Group from a position of CEO at Flügger Group A/S (2007-2013). Søren P. Olesen holds a Master of Arts (Econ) from Limburg Rijksuniversiteit, the Netherlands, and a Master of Science in Economics from Aalborg University, Denmark.

Selected board positions

Søren P. Olesen holds board positions in Hempel A/S, and Industriens Arbejdsgivere i Danmark.



THOMAS AHLE

Group CFO

Born in 1971

Danish nationality

Thomas Ahle became CFO of STARK Group in September 2024. Prior he held the position of CFO at Danish Crown (2020-2024) and has previously held various positions in Refresco (2014-2020) and Lantmännen Unibake (2010-2014). Thomas Ahle has an MSc in Economics from Aarhus University and an MBA in Strategic Management and Leadership from the Scandinavian International Management Institute (SIMI).

CHAIR OF THE BOARD OF DIRECTORS



JENS BJØRN ANDERSEN

Chair

Born in 1966

Danish nationality

Jens Bjørn Andersen was appointed Chair of the Board in June 2024. He previously served as CEO of DSV A/S (2008-2024), a leading transport and logistics company, having joined the company in 1988.

Selected board positions

Jens Bjørn Andersen holds board positions in the Danish Central Bank (Nationalbanken), Unicef Denmark as well as Danish Childrens' Cancer Association, and chairs two philanthropic foundations: Nordea Fonden and Tietgenfonden.

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SEBASTIAN HÖBERG

STARK Suomi

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INCOME STATEMENT

EUR million	Note	2023/24	2022/23
Net sales	2.1	7,780	7,054
Cost of sales	4.1	(5,739)	(5,243)
Gross Profit		**2,041**	**1,811**
Staff costs	2.2	(1,136)	(903)
Other external operating expenses		(615)	(520)
Other operating income and expenses		35	3
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**326**	**391**
Depreciation and amortisation of non-current assets	3.2/3.3/3.4	(335)	(243)
Bargain purchase gain	3.1	-	205
Earnings before interest and tax (EBIT)		**(9)**	**353**
Financial income and expenses	2.3	(221)	(197)
Earnings before tax		**(230)**	**156**
Income tax	2.4	29	(12)
Net earnings		**(201)**	**144**
Net earnings is attributable to:			
Shareholders in Stark Group A/S		(201)	141
Non-controlling interests		0	3
Total		**(201)**	**144**

COMPREHENSIVE INCOME

EUR million	Note	2023/24	2022/23
Net earnings		**(201)**	**144**
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange gain/(loss) on translation of foreign operations		(1)	9
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on retirement benefit plans	6.2	(13)	19
Tax on actuarial gain/(loss) on retirement benefit plans	6.2	3	(2)
Other comprehensive income/(loss)		**(11)**	**26**
Total comprehensive income/(loss)		**(212)**	**170**
Total comprehensive income is attributable to:			
Shareholders in Stark Group A/S		(212)	167
Non-controlling interests		0	3
Total		**(212)**	**170**

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STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	Note	31 July 2024	31 July 2023
Non-current assets			
Goodwill	3.2	831	825
Other intangible assets	3.2	997	989
Total intangible non-current assets		**1,828**	**1,814**
Property	3.3	1,154	1,155
Plant and equipment	3.3	180	174
Non-current tangible assets under construction	3.3	66	98
Right of use assets	3.4	925	891
Total tangible non-current assets		**2,325**	**2,318**
Investment in joint ventures		4	1
Other non-current financial assets		17	25
Total financial non-current assets		**21**	**26**
Total non-current assets		**4,174**	**4,158**
Current assets			
Inventories	4.1	1,052	1,087
Trade receivables	4.2	787	823
Corporate tax receivables		27	11
Other receivables		49	50
Prepayments		37	21
Cash and cash equivalents		242	307
Total current assets		**2,194**	**2,299**
Total assets		**6,368**	**6,457**

EQUITY AND LIABILITIES

EUR million	Note	31 July 2024	31 July 2023
Equity			
Share capital	5.1	2	2
Reserves		634	846
Equity, shareholders in STARK Group A/S		**636**	**848**
Non-controlling interests		8	10
Total equity		**644**	**858**
Non-current liabilities			
Leasing liabilities	3.4	751	714
Deferred tax liabilities	6.1	295	322
Provisions	4.3	95	148
Employee benefit obligations	6.2	87	71
Loans from related parties	5.3 / 6.8	2,292	2,253
Borrowings	5.3	147	143
Total non-current liabilities		**3,677**	**3,651**
Current liabilities			
Leasing liabilities	3.4	173	146
Provisions	4.3	38	21
Loans from related parties	5.3 / 6.8	15	6
Borrowings	5.3	104	28
Payables to related parties		31	31
Trade payables		1,362	1,338
Corporate tax payables		15	43
Other liabilities		309	335
Total current liabilities		**2,047**	**1,948**
Total liabilities		**5,724**	**5,599**
Total equity and liabilities		**6,368**	**6,457**

Penneo dokumentnøgle: WUXOZ-44FOY-2S8YT-CZFGJ-2W3S3-GPPNJ

STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Translation reserve	Retained earnings	Equity, shareholders in STARK Group A/S	Non-controlling interests	Total equity
Balance as of 1 August 2023	**2**	**8**	**838**	**848**	**10**	**858**
Comprehensive income/(loss):						
Net earnings	-	-	(201)	(201)	0	(201)
Other comprehensive income/(loss)	-	(1)	(10)	(11)	-	(11)
Comprehensive income/(loss)	**-**	**(1)**	**(211)**	**(212)**	**0**	**(212)**
Dividend paid	-	-	-	-	(2)	(2)
Balance as of 31 July 2024	**2**	**7**	**627**	**636**	**8**	**644**
Balance as of 1 August 2022	**2**	**(1)**	**680**	**681**	**11**	**692**
Comprehensive income/(loss):						
Net earnings	-	-	141	141	3	144
Other comprehensive income/(loss)	-	9	17	26	-	26
Comprehensive income/(loss)	**-**	**9**	**158**	**167**	**3**	**170**
Dividend paid	-	-	-	-	(4)	(4)
Balance as of 31 July 2023	**2**	**8**	**838**	**848**	**10**	**858**

Penneo dokumentnøgle: WUXQZ-FCOY-25SYZ-L2FGJ-2WS53-GPPNJ

CASH FLOW STATEMENT

EUR million	Note	2023/24	2022/23
Cash flow from operating activities			
Net earnings		**(201)**	**144**
Adjustments and reversals, non-cash	5.3	500	269
Changes in working capital	6.4	62	36
(Decrease)/increase in provisions and other liabilities		(31)	(15)
Cash flow from operating activities before financial items and tax		**330**	**434**
Net interest paid		(176)	(103)
Tax paid		(40)	(20)
Cash flow from operating activities		**114**	**311**
Cash flow from investing activities			
Acquisition of businesses (net of cash acquired)	3.1	(28)	(579)
Purchases of property, plant and equipment	3.3	(114)	(79)
Proceeds from sale of land, property, plant and equipment		93	14
Purchases of intangible assets	3.2	(34)	(29)
Cash flow from investing activities		**(83)**	**(673)**
Free cash flow		**31**	**(362)**

EUR million	Note	2023/24	2022/23
Cash flow from financing activities			
Change in utilisation of revolving credit facilities	5.3	55	-
Proceeds from borrowings	5.3	23	132
Repayment of borrowings	5.3	(7)	(14)
Proceeds from loans from related parties	5.3	-	794
Repayment of loans from related parties	5.3	-	(375)
Payment of dividend to minority interests		(2)	-
Repayment of leasing liabilities	5.3	(166)	(113)
Cash flow from financing activities		**(97)**	**424**
Net cash (used)/generated		**(66)**	**62**
Effects of exchange rate changes		1	(16)
Net increase/(decrease) in cash and cash equivalents		**(65)**	**46**
Cash, cash equivalents, beginning balance		307	261
Cash and cash equivalents, ending balance		**242**	**307**

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1.1 BASIS OF REPORTING

Overview of business

The Group was established on 16 December 2020. The Group completed the acquisition of STARK Group as of 4 May 2021.

STARK Group is a leading business-to-business ("B2B") distributor focusing mainly on customers in the resilient and structurally growing renovation, maintenance and improvement ("RMI") end-markets within the greater construction sector across Northern Europe. Following the acquisition of STARK UK with closing as of 28 February 2023, the business is divided into three regions: "Nordics" (Denmark, Sweden, Finland and Norway), "Germany and Austria" (Germany and Austria) and "UK" (United Kingdom). The UK is included with 5 months of operations in financial year 2022/23 (March-July 2023) and fully included in the financial year 2023/24.

Basis of reporting

The Consolidated Financial Statements have been prepared in accordance with IFRS (International Financial Reporting Standards) Accounting Standards as adopted by the European Union (EU).

The accounting policies are consistent with those applied in the consolidated financial statements for 2022/23, except for the changes to accounting standards that were effective from 1 August 2023 and were endorsed by the EU.

In May 2023, the IASB issued amendments to IAS 12 Income Taxes, which provides temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two Model Rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes. The relief has been applied. The change did not have any impact on the result or equity for prior or current financial year. Expected impact from Pillar Two Model rules is described in note 6.1. Except for this change, the accounting principles are unchanged compared to last year.

Management does not anticipate any significant impact on recognition and measurement in future periods from the adoption of new or amended standards not yet effective.

A few reclassifications have been made in the comparative figures. These reclassifications have not had any impact on the result and the equity. The reclassifications performed are deemed immaterial.

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1.2 GROUP ACCOUNTING POLICIES

A summary of the material accounting policies applied by the Group in the preparation of the consolidated financial statements is set out below and together with the notes to which they relate. The descriptions of accounting policies in the notes form part of the overall description of the accounting policies.

Consolidation

The Consolidated Financial Statements include the results of the Company and its subsidiary undertakings and its share of the results of its joint ventures, see note 6.10 for list of subsidiaries.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are deconsolidated from the date that control ceases.

Intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated in the consolidated figures.

Foreign currencies

The Consolidated Financial Statements are presented in Euros which is the presentation currency of the Group. Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the companies operate (the "functional currency").

Cash flow statement

The consolidated statement of cash flows shows cash flows from operating, investing and financing activities, and the Group's cash and cash equivalents at the beginning and end of the year. Cash flow from operating activities is compiled using the indirect method starting with net earnings for the year adjusted for non-cash items, received and paid financial items, corporate income tax paid and change in working capital. Cash flow from investing activities comprises payments relating to the acquisition and sale of companies and noncontrolling interests, intangible assets, and property, plant and equipment. Cash flow from financing activities comprises proceeds from borrowings, repayment of principal on interest-bearing debt, repayment of lease liabilities and payment of dividends. Cash and cash equivalents comprises cash at bank deposits due on demand. Cash flows in foreign currencies are translated to EUR at the average exchange rate for the respective years.

OTHER SPECIFIC ACCOUNTING POLICIES WITHOUT A NOTE REFERENCE

Cost of sales

Cost of sales includes costs for the goods sold and consumed in order to obtain net sales for the year. The Group enters into arrangements with certain vendors providing purchase rebates. These purchase rebates are recognised when earned and are recorded initially as a reduction in the cost price for the inventory resulting in a reduction in cost of sales when the related product is sold. The key accounting estimate is further described in note 1.3 in key accounting estimates on trade payables.

Other external expenses

Other external expenses comprise operating expenses such as sales, marketing and distribution costs, costs related to infrastructure and logistics, and corporate costs.

Other operating income and expenses

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities to the extent that there is no legal right of offset and/or no practice of net settlement with cash balances. Cash, which is not freely available to the Group, is disclosed as restricted cash.

Trade payables

Trade payables are non-interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

DEFINITIONS OF TERMS

FINANCIAL RATIOS

Gross profit margin	Gross profit as a percentage of net sales
EBITDA margin	EBITDA as a percentage of net sales
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales

GLOSSARY

Adjusted EBITDA	EBITDA excluding non-recurring items
Non-recurring items	Items of a material and exceptional nature which are adjusted for to provide a better understanding of the underlying performance of the Group
Capital expenditure (Capex)	Investments in property, plant and equipment and investments in intangible assets (IT software).
Operational Capex	Investments related to the normal business and excludes Freehold Capex
Freehold Capex	Capex related to investments in new land/properties as well as upgrades/ refurbishments to existing ones.
Base Capex	Capex related to maintaining the normal operations of the business.
Development Capex	Capex related to expansion of the business to improve earnings capabilities or secure compliance.
Net Capex	Total Capex minus cash inflow from disposals of non-current tangible and intangible assets

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1.3 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management makes various accounting judgements and estimates that form the basis of presentation, recognition and measurement of the Group's assets, liabilities, income and expenses.

The judgements and estimates made are based on historical experience and other factors that management assesses to be reliable, but that, by nature, are associated with uncertainty and unpredictability and may therefore prove incomplete or incorrect. Should these judgements or estimates prove incorrect there may be an impact on the following year's Consolidated Financial Statements.

The Group believes that the judgements and estimates that have been applied in these Consolidated Financial Statements will not give rise to a material impact within the next financial year. The judgements or estimates are reviewed on an ongoing basis.

When determining estimates and assumptions, Management has assessed the qualitative and quantitative impact of climate related risks. It is Management's assessment that the effects of climate related risks do not significantly impact estimates and assumptions.

The key accounting estimates and judgements are described in the note which they relate to. Following key accounting estimates and judgements have been described in the related notes:

- Expected useful life and residual value for non-current assets (note 3.2)
- Determining the lease term of contracts with renewal options in lease contracts where the Group is a lessee (note 3.4)
- Judgement in CGU determination and discounted cashflows estimates (note 3.5)
- Valuation of inventory (note 4.1)
- Valuation of expected credit losses on accounts receivable (note 4.2)
- Estimates related to provisions for dilapidations (note 4.3)
- Valuation of defined benefit plans (note 6.2)

OTHER KEY ACCOUNTING ESTIMATE WITHOUT A NOTE REFERENCE

TRADE PAYABLES

Assessment of supplier rebates (estimates)

The Group enters into agreements with many of its vendors that provide rebates. Many of these agreements include thresholds defined based on purchases within a calendar year rather than the Group's financial year.

Under certain agreements, the rebate percentage is based on quantities or values of purchases made. The Group adjusts the cost of purchases to reflect estimated rebates receivable, which can depend on the projected volume, value and mix of purchases from a vendor through to the end of the qualifying period.

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2.1 NET SALES

EUR million	2023/24	2022/23
Sale of goods	7,780	7,054
Total net sales	**7,780**	**7,054**
Geographical split:		
Nordics	2,808	3,057
Germany & Austria	2,523	2,844
United Kingdom	2,449	1,153
Total net sales	**7,780**	**7,054**

The net sales in Denmark, which is the domicile market of the Group amounted to EUR 1,302m in 2023/24 (2022/23: EUR 1,312m).

ACCOUNTING POLICIES

Net sales

The Group is a distributor of heavy building materials. The sold goods are used for building and renovating houses, offices spaces, community buildings, and infrastructure.

The Group mainly derives its revenues from contracts with customers for the transfer of goods at a point in time. Net sales comprise the fair value of consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Net sales from the sale of goods for resale and finished goods is recognised in the income statement when control of the goods has transferred to the customer, being when the goods are delivered to the buyer and the amount of net sales can be measured reliably.

Net sales is recorded net of returns, discounts and value added taxes.

2.2 STAFF COSTS

EUR million	2023/24	2022/23
Salaries and wages	947	750
Pensions - contribution plans	57	40
Pensions - defined benefit plans	3	3
Other expenses for social security	128	110
Total staff costs	**1,135**	**903**
Compensation for the Executive Management of the Group[1]:		
Salaries and wages	3	5
Pensions - contribution plans	0	0
Other expenses for social security	0	0
Total compensation paid to the Executive Management	**3**	**5**

1. A new member of the Executive Management was appointed effective from 1 September 2021. The disclosed compensation relates to the Executive Management as of 31 July 2024.

The members of the Executive Management as well as other employees are entitled to a cash bonus based on fulfilment of pre-defined financial and non-financial targets.

Compensation paid to the Board of Directors in the parent company amounts to EUR 0.1m (2022/23: No compensation).

The Group has not established share-based incentive programs.

	2023/24	2022/23
Average number of fulltime employees	19,388	15,302
Number of employees at the end of the financial period	20,238	21,504

ACCOUNTING POLICIES

Staff expenses

Staff expenses comprise wages and salaries as well as other payroll expenses. Salaries and wages, social security contributions, holiday and sick leave, bonuses and other monetary and non-monetary benefits are recognised in the year in which the employees render the associated services. Bonus for eligible personnel is recognised based on the estimated or agreed bonus as of year-end calculated in accordance with the agreed bonus schemes.

The average number of employees is calculated as average of the number of employees at the end of each month.

Parent company financial statements 2023/24 - STARK-2594X7-L2FGJ-2W553-GPPNJ-7

2.3 FINANCIAL INCOME AND EXPENSES

EUR million	2023/24	2022/23
Financial income:		
Foreign exchange gains	9	-
Interest income from third party	2	2
Other financial income	2	1
Total financial income	**13**	**3**
Financial expenses:		
Interests on loans from related parties	(132)	(84)
Interests on loans from third party	(32)	(15)
Amortisation of financing fees	(15)	(19)
Leases interest (IFRS16)	(44)	(27)
Interest on financial liabilities measured at amortised costs	**(223)**	**(145)**
Net interest on employee benefit obligations	(4)	(3)
Unwinding of discount on provisions	(5)	-
Foreign exchange losses	-	(49)
Other financial expenses	(2)	(3)
Total financial expenses	**(234)**	**(200)**
Total financial income/(expenses), net	**(221)**	**(197)**

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2.4 TAXATION

EUR million	2023/24	2022/23
Current tax	0	35
Deferred tax	(13)	(23)
Adjustment of current tax regarding previous years	(5)	2
Adjustment of deferred tax regarding previous years	(11)	(2)
Total income tax for the year	**(29)**	**12**
Tax on items charged/(credited) to the statement of other comprehensive income:		
Deferred tax charge/(credit) on actuarial gain/loss on retirement benefit plans	(3)	5
Total tax on items charged/(credited) to other comprehensive income	**(3)**	**5**

	2023/24		2022/23	
	%	EUR million	%	EUR million
Tax reconciliation:				
Corporation tax rate in Denmark	22%	(51)	22%	34
Adjustment of calculated tax in foreign Group entities relative to 22%	3%	(7)	3%	5
Non-deductible expenses	-5%	12	6%	10
Non-taxable income	3%	(6)	-28%	(45)
Change in valuation of net tax assets	-10%	22	6%	10
Non-deductible interest expenses	-7%	17	7%	11
Adjustment relating to prior year	7%	(16)	0%	0
Other	0%	0	-8%	(13)
Tax rate on profit before tax	**13%**	**(29)**	**8%**	**12**

ACCOUNTING POLICIES

Taxation

The tax expense included in the consolidated income statement consists of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date. Tax expense is recognised in the consolidated income statement except to the extent that it relates to items recognised in the consolidated statement of comprehensive income or directly in the consolidated statement of changes in equity.

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax prepayments.

Tax receivables and liabilities are offset to the extent that there is legal right to set-off, and items are expected to be settled net or simultaneously.

Penneo dokumentnøgle: WUXOZ-4FOY-2S8YZ-L2FGJ-2WS53-GPFNJ

3.1 ACQUISITIONS OF BUSINESSES

ACQUISITIONS IN FINANCIAL YEAR 2023/24

In March 2023, STARK Group signed an agreement to acquire the family owned Schilowsky Baumarkt und Baustoffhandel KG in Austria. The acquisition will increase STARK Group's presence in Austria's largest cities. The consideration amounted to EUR 27m net of cash on balance sheet. Closing took place as of 1 August 2023.

In April 2024, STARK Group acquired Odin Flissenter AS. The consideration amounted to EUR 1m net of cash on balance sheet. Closing took place as of 2 May 2024.

Following recognition of acquired identifiable assets and liabilities at their fair values, the goodwill related to the acquisitions in 2023/24 amounted to EUR 9m. The recognised goodwill represents primarily the value of the staff and expected synergies from combining the acquired entities with the existing STARK Group activities. The goodwill is not deductible for tax purposes.

The acquisitions in total contributed with EUR 108m to the Net sales.

Transaction and acquisition costs incurred in 2023/24 amounts to EUR 1m which are recognised as part of Other external operating expenses.

ACQUISITIONS IN FINANCIAL YEAR 2022/23

STARK UK

In December 2022, STARK Group signed an agreement with Compagnie de Saint-Gobain SA to acquire Saint-Gobain Building Distribution Ltd. ("SGBDUK"). Closing took place as of 28 February 2023. The consideration amounted to EUR 484m net of cash on balance sheet.

The acquisition of SGBDUK resulted in a negative goodwill of EUR 205m, which in accordance with IFRS was recognised in the consolidated income statement as a bargain purchase gain in financial year 2022/23. The bargain purchase gain was assessed to have arisen due to the low historical financial performance of the acquired entity combined with a need for investments and significant efforts from the Group to implement a new strategy and operating model to support a turn-around of the entity.

Other acquisitions

During the financial year 2022/23 other minor acquisitions were completed. Total net consideration was EUR 95m, which was financed with existing available facilities.

Goodwill related to the acquisitions in 2022/23 was totally measured at EUR 41m. The recognised goodwill represented primarily the value of the staff and expected synergies from combining the acquired entities with the existing STARK Group activities. The goodwill is not deductible for tax purposes.

Transaction and acquisition costs incurred in 2022/23 amounted to EUR 25m which were recognised as part of Other external operating expenses and are part of total non-recurring items.

The fair values of the identifiable assets and liabilities acquired as of the acquisition dates and the consideration for the acquisitions closed and taken over are as follows:

	2023/24			2022/23		
EUR million	Germany	Nordics	Total	UK	Others	Total
Customer relationships	17	-	17	-	35	35
Trade names	3	-	3	-	1	1
Other intangible assets	6	-	6	0	0	0
Property, plant and equipment	2	0	2	512	14	526
Right of use assets	11	1	12	349	26	375
Inventories	6	0	6	350	28	378
Receivables	13	1	14	410	25	435
Tax receivable	-	-	-	14	-	14
Cash and cash equivalents	0	0	0	108	3	111
Trade and other payables	(17)	(1)	(18)	(501)	(26)	(527)
Borrowings	(10)	-	(10)	-	(7)	(7)
Leasing obligations	(11)	(1)	(12)	(302)	(26)	(328)
Deferred tax	-	0	0	(24)	(11)	(35)
Tax payable	-	-	-	-	(5)	(5)
Provisions	(1)	0	(1)	(119)	-	(119)
Total	**19**	**0**	**19**	**797**	**57**	**854**
Goodwill arising	8	1	9	-	41	41
Bargain purchase gain arising	-	-	-	(205)	-	(205)
Consideration	**27**	**1**	**28**	**592**	**98**	**690**
The net outflow of cash in respect of the purchase of businesses is as follows:						
Total consideration as cash payment	27	1	28	592	98	690
Cash and cash equivalents acquired	(0)	(0)	(0)	(108)	(3)	(111)
Net cash outflow	**27**	**1**	**28**	**484**	**95**	**579**

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3.1 ACQUISITIONS OF BUSINESSES – CONTINUED

ACCOUNTING POLICIES

Business combinations

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. Deferred tax is calculated on fair value adjustments. Acquisition related costs are expensed.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, negative goodwill, the difference is recognised directly in the consolidated income statement as "Bargain purchase gain".

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year beyond the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Changes in estimates of contingent consideration that reflect additional information received in the measurement period are adjusted retrospectively. Other changes in estimates of contingent consideration are generally recognised in the income statement.

3.2 INTANGIBLE ASSETS

2023/24 EUR million	Goodwill	Trade names	Customer relation-ships	Software and other intangible assets	Intangible assets not yet in use	Total
Cost as of 1 August 2023	825	489	509	55	39	1,917
Business acquisitions	9	3	17	6	-	35
Additions	-	-	-	2	32	34
Transfers	-	-	-	39	(39)	-
Exchange rate adjustment	(3)	(1)	(2)	1	1	(4)
Cost as of 31 July 2024	**831**	**491**	**524**	**103**	**33**	**1,982**
Amortisation as of 1 August 2023	-	-	(73)	(30)	-	(103)
Amortisation for the period	-	-	(37)	(14)	-	(51)
Exchange rate adjustment	-	-	-	0	-	0
Amortisation as of 31 July 2024	**-**	**-**	**(110)**	**(44)**	**-**	**(154)**
Carrying amount as of 31 July 2024	**831**	**491**	**414**	**59**	**33**	**1,828**

Penneo dokumentnøgle: WUXQZ-FQY-2S8YZ-C2FGJ-2IW53-GPPNJ

3.2 INTANGIBLE ASSETS – CONTINUED

2022/23 EUR million	Goodwill	Trade names	Customer relation-ships	Software and other intangible assets	Intangible assets not yet in use	Total
Cost as of 1 August 2022	810	497	489	36	28	1,860
Business acquisitions	41	1	35	0	-	77
Additions	-	-	-	3	26	29
Transfers	-	-	-	17	(15)	2
Exchange rate adjustment	(26)	(9)	(15)	(1)	0	(51)
Cost as of 31 July 2023	**825**	**489**	**509**	**55**	**39**	**1,917**
Amortisation as of 1 August 2022	-	-	(39)	(15)	-	(54)
Amortisation for the period	-	-	(35)	(15)	-	(50)
Exchange rate adjustment	-	-	1	0	-	1
Amortisation as of 31 July 2023	**-**	**-**	**(73)**	**(30)**	**-**	**(103)**
Carrying amount as of 31 July 2023	**825**	**489**	**436**	**25**	**39**	**1,814**

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Expected useful life and residual value for non-current assets

Useful life is initially assessed when the assets are acquired and is estimated individually in each case.

Amortisation of non-current assets is based upon an expected useful life for the assets and an estimated residual value. Management reassesses expected useful life and the residual value on an on-going basis.

When changing the amortisation due to a change in the useful life and/or residual value, the effect on amortisation is recognised prospectively as a change in accounting estimates.

The Group continues to invest in retaining brand awareness and thereby expects to maintain the value of the trade names. Management has determined that trade names have indefinite lives. The reasonableness of this determination is reassessed annually.

Customer relations are amortised over 7 - 15 years based upon historical experience, market trends and strong relationships between STARK Group and the customers.

ACCOUNTING POLICIES

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiary undertakings is included within intangible assets.

Goodwill is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. See note 3.5.

Other intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Intangible assets, primarily trade names and customer relationships, acquired as part of a business combination are capitalised separately from goodwill and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method.

Trade names with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication of impairment. See note 3.5.

Software that is not integral to an item of property, plant and equipment is recognised separately as an intangible asset and is carried at cost less accumulated amortisation and accumulated impairment losses. Costs include software licences, consulting costs attributable to the development, design and implementation of the software and internal costs directly attributable to the development, design and implementation of the software. Costs in respect of training and data conversion are expensed as incurred.

The cost of the intangible assets is amortised and charged to the consolidated income statement over their estimated useful lives as follows:

Customer relationships	7 - 15 years
Software and other intagible assets	3 - 7 years

Intangible assets not yet in use are not depreciated but are tested for impairment annually. See note 3.5.

Penneo dokumentnøgle: WUXOZ-FQY-2S8YT-C2FGJ-2WS53-GPFNJ

3.3 TANGIBLE NON-CURRENT ASSETS

2023/24 EUR million	Property	Plant & equipment	Property, plant and equipment under construction	Total
Cost as of 1 August 2023	1,205	239	98	1,542
Business acquisitions	1	1	-	2
Additions	26	26	62	114
Disposals	(52)	(5)	(2)	(59)
Transfers	65	27	(92)	-
Exchange rate adjustment	8	0	0	8
Cost as of 31 July 2024	**1,253**	**288**	**66**	**1,607**
Depreciation as of 1 August 2023	(50)	(65)	-	(115)
Depreciation for the period	(49)	(42)	-	(91)
Disposals	1	-	-	1
Exchange rate adjustment	(1)	(1)	-	(2)
Depreciation as of 31 July 2024	**(99)**	**(108)**	**-**	**(207)**
Carrying amount as of 31 July 2024	**1,154**	**180**	**66**	**1,400**

2022/23 EUR million	Property	Plant & equipment	Property, plant and equipment under construction	Total
Cost as of 1 August 2022	751	155	46	952
Business acquisitions	405	55	66	526
Additions	15	19	45	79
Disposals	(9)	(2)	-	(11)
Transfers	40	16	(58)	(2)
Exchange rate adjustment	3	(4)	(1)	(2)
Cost as of 31 July 2023	**1,205**	**239**	**98**	**1,542**
Depreciation as of 1 August 2022	(19)	(33)	-	(52)
Depreciation for the period	(31)	(34)	-	(65)
Disposals	0	1	-	1
Exchange rate adjustment	0	1	-	1
Depreciation as of 31 July 2023	**(50)**	**(65)**	**-**	**(115)**
Carrying amount as of 31 July 2023	**1,155**	**174**	**98**	**1,427**

Penneo dokumentnøgle: WUXOZ-4HCOY-2567Y-C2FGJ-2IW53-GPPNJ

ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Interest expenses on loans raised for financing the construction of property, plant and equipment and which are related to the period of construction are recognised in the consolidated income statement when incurred.

Depreciation based on cost is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Office buildings	up to 50 years
Commercial buildings and office premises in connection herewith	up to 25 years
Plant and equipment	3 - 10 years

Property, plant and equipment under construction are not depreciated.

For impairment review refer to note 3.5.

At the balance sheet date, an assessment is made of the residual values, useful life left and amortisation pattern. Changes are accounted for as changes in accounting estimates.

Gains and losses on disposals or retirements are recognised in the consolidated income statement as other operating expenses or income.

3.4 LEASES

RIGHT OF USE ASSETS

2023/24 EUR million	Land and buildings	Other equipment	Total
Cost as of 1 August 2023	888	215	1,103
Business acquisitions	11	1	12
Additions	82	89	171
Disposals	(21)	(19)	(40)
Additions due to revised lease terms	55	4	59
Exchange rate adjustment	1	1	2
Cost as of 31 July 2024	**1,016**	**291**	**1,307**
Depreciation as of 1 August 2023	(163)	(49)	(212)
Depreciation for the period	(134)	(59)	(193)
Disposals	6	17	23
Exchange rate adjustment	0	0	0
Depreciation as of 31 July 2024	**(291)**	**(91)**	**(382)**
Carrying amount as of 31 July 2024	**725**	**200**	**925**

2022/23 EUR million	Land and buildings	Other equipment	Total
Cost as of 1 August 2022	569	84	653
Business acquisitions	286	89	375
Additions	15	48	63
Disposals	(9)	(8)	(17)
Additions due to revised lease terms	42	1	43
Exchange rate adjustment	(15)	1	(14)
Cost as of 31 July 2023	**888**	**215**	**1,103**
Depreciation as of 1 August 2022	(76)	(24)	(100)
Depreciation for the period	(94)	(34)	(128)
Disposals	4	8	12
Exchange rate adjustment	3	1	4
Depreciation as of 31 July 2023	**(163)**	**(49)**	**(212)**
Carrying amount as of 31 July 2023	**725**	**166**	**891**

Right of use assets and related leasing liabilities derive from the Group being lessee in leasing arrangements from especially leasing land and buildings representing branches in the Group's business units.

In 2023/24, short term, low value and variable leases have been expensed as other external operating costs with EUR 20m (2022/23: EUR 16m).

In UK, the Group has subleased right of use assets. The lease income from operational subleases amounts to EUR 7m (2022/23: EUR 3m).

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3.4 LEASES – CONTINUED

LEASING LIABILITY

EUR million	2023/24	2022/23
Less than 1 year	210	184
Between 1 and 5 years	571	536
More than 5 years	447	412
Undiscounted leasing liability as of 31 July	**1,228**	**1,132**
Current	173	146
Non-current	761	714
Discounted leasing liability as of 31 July	**934**	**860**
Amounts recognised in the statement of cash flows:		
Repayment of liabilities	166	113
Interest	44	27
Short term, low value and variable leases included in cash flows from operations	20	16
Total cash outflow for leases	**230**	**156**

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or whether to terminate the lease. With due consideration to the Group's location plans and strategy, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal option or to let the leases expire. Unless contractually obligated, the Group never estimates lease lengths of more than ten years as the Group cannot predict with a very high degree of certainty that it will in all cases remain in leaseholds beyond a planning horizon of 10 years. The estimated lease term is reassessed at each reporting date.

ACCOUNTING POLICIES

Right of use lease assets and lease liabilities

The Group recognises a right of use asset and a lease liability at the commencement date for all lease agreements that the Group has entered into as lessee. Right of use assets consist primarily of property and equipment, except short-term leases and leases of low value assets.

For short-term leases and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within "other external operating expenses".

The lease liability is initially measured at the present value of the future lease payments, discounted using the incremental borrowing rate for the individual lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest and by reducing the carrying amount to reflect the lease payments made. Further, lease liabilities are changed when re-measurements are needed with a corresponding adjustment to the related right of use asset.

Gains or losses from a lease modification, not accounted for as a separate lease, is recognised in profit and loss.

The initial right of use assets comprise the amount of the initial measurement of the lease liability, lease payments made at or before the commencement day, initial direct costs and costs to restore the underlying asset at the end of the lease period. The right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

The right of use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset according to the straight-line method. Property leases normally have a lease term of up to 20 years, whereas leases of plant and equipment normally have lease term of up to 10 years. Property leases may include extension options with the intention of securing flexibility in the lease. Extensions options are included in the lease term if the extension option is reasonably certain to be exercised.

Subleases

The group enters into arrangements to sublease properties, where the group acts as both the lessee and lessor of the same underlying asset. If a right of use asset is subleased under terms transferring substantially all remaining risks and rewards under the head lease to the lessee in the sublease, the right of use asset is derecognised, and a lease receivable is recognised (finance lease). Lease receivable is recognised in the balance sheet as Other non-current financial assets (non-current) and Other financial assets (current). Income from subleases not classified as finance leases are recognised over the term of the lease.

Penneo dokumentnøgle: WUXOZ-4FOY-25SYZ-C2FGJ-2IW5S-GPPNJ

3.5 IMPAIRMENT REVIEW

The impairment review is an assessment of whether the cash generating units ("CGUs") or aggregations of CGUs will be able to generate sufficient positive net cash flow in the future to support the carrying amount of the assets related to the CGUs.

Goodwill, Trade names and Intangible assets not yet in use are tested annually as of 31 July. The impairment test performed in 2023/24 did not result in recognition of impairment loss (2022/23: No impairment loss).

As of 31 July 2024, it has been assessed that impairment indicators exist in some countries in relation to other non-current non-financial assets (Intangible assets being amortised, Property, plant & equipment, Non-current tangible assets under construction and Right of use asset(s) due to prolonged weakness in demand and macro-economic uncertainty with high interest rates. The impairment test on these assets performed in 2023/24 did not result in the recognition of impairment loss (2022/23: No impairment indicators).

Sensitivity analysis

Management has performed a sensitivity analysis for CGUs containing goodwill, trade names and intangible assets not yet in use, using reasonably possible changes in pre-tax discount rate, long-term growth rate and compound yearly growth rate in net sales keeping all other assumptions constant.

With an increase in discount rate of 1%-point or a decrease in the long-term growth rate of 1%-point, the sensitivity testing did not identify any need for impairment. In addition, a sensitivity test with a decrease in the compound yearly growth rate in net sales in the 5-year strategy period of 0.5%-point did not identify any need for impairment.

Impairment will need to be assessed in certain CGUs if the pre-tax discount rate increases by 1.7%-points or more or if the long-term growth rate decreases to negative growth of -0.9% or lower. In addition, impairment will need to be assessed, if the compound yearly growth rate in net sales is 0.6%-points lower than anticipated in the strategic plan.

Goodwill and trade names with indefinite lives can be specified as follows per business unit:

	Pre-tax discount rate		Goodwill		Trade names	
	31 July 2024	31 July 2023	31 July 2024	31 July 2023	31 July 2024	31 July 2023
Germany	10.3%	10.7%	276	276	209	209
Austria	10.2%	10.7%	17	9	6	3
UK	12.1%	12.5%	-	-	-	-
Denmark	9.3%	9.9%	229	229	128	128
Sweden	9.7%	9.8%	173	173	81	82
Finland	9.8%	10.2%	94	94	66	66
Norway	10.4%	10.6%	42	44	1	1
Total			**831**	**825**	**491**	**489**

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The measurement of the recoverable amount of assets is a complex process that requires significant Management judgements in determining various assumptions to be used in the calculation of cashflow projections, discount rates and calculating the value in use of the cash-generating unit as well as the determination of CGUs.

CGUs (judgement)

The CGU determination involves judgement and is based on the smallest identifiable CGU as determined primarily by analysing independent cash inflows.

The Group has identified it's CGUs as either geographic areas or more granular groupings under the geographic level based on the branch network. In general, the Group has identified it's CGUs as groups of branches that share cash inflow due to geographical proximity and overlapping customer base. In some cases, individual sites with no shared cash inflow are CGUs.

For the purpose of impairment test of intangible assets CGUs have been aggregated. For testing of impairment of goodwill CGUs has been aggregated to business units as this represents the lowest level at which the goodwill is monitored for internal management purpose.

Discounted cashflows (estimates)

The value in use is based on discounting of expected future cashflow.

The cash flow forecasts for year one to five are derived from the most recent approved strategic plan. The strategic plan for the Group is based on management expectations and assumptions considering current market conditions, future growth expectations, capital allocation and other factors (including macro-economic trends) impacting the performance at a geographical level. The key components of the cash flow forecasts are net sales, costs of goods sold (COGS), operating expenses (OPEX), EBITDA, working capital and capital expenditures (CAPEX).

Cash flow in the terminal period has been based on an assumption of a long-term growth rate of 2.0% for all geographical areas (2022/23: 2.0%).

The cash flow is discounted using risk-adjusted, pre-tax discount rate, calculated by reference to the weighted average cost of capital ("WACC").

ACCOUNTING POLICIES

Impairment test

Assets that have an indefinite useful life, such as Goodwill and Trade names and Intangible asset not yet in use are not subject to amortisation but are tested for impairment annually or if there is any indication of impairment.

Intangible asset that are being amortised and non-current tangible assets (property, plant & equipment, non-current assets under construction and right-of-use assets) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Pennea dokumentmagic: WUXOZ-4FOY-2587Y-C2FGJ-2WS53-GPPNJ

4.1 INVENTORIES

EUR million	31 July 2024	31 July 2023
Trading goods	1,158	1,224
Provision for excess and obsolete goods	(106)	(137)
Total inventories	**1,052**	**1,087**

In 2023/24, inventory purchases of EUR 5,739m has been expensed (2022/23: EUR 5,243m).

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Valuation of inventory

Provisions are made against slow-moving, obsolete and damaged inventories for which the net realisable value is estimated to be less than the cost.

The risk of obsolescence of slow-moving inventory is assessed by comparing the level of inventory held to future sales projected on the basis of historical experience.

ACCOUNTING POLICIES

Inventories

Inventories, which comprise goods purchased for resale, are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out ("FIFO") method. The cost of goods purchased for resale includes import and custom duties, transport and handling costs, freight and packing costs and other attributable costs less supplier rebates. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

4.2 TRADE RECEIVABLES

EUR million	31 July 2024	31 July 2023
Trade receivables		
Trade receivables, gross	838	866
Provision for expected credit losses	(51)	(43)
Net Trade receivables	**787**	**823**
Of this, due after more than 1 year	-	-

31 July 2024 EUR million	Gross carrying amount	Expected credit loss	Net trade receivables
Amounts not yet due	633	(7)	626
Past due not more than one month	126	(4)	122
Past due more than one month and less than two months	19	(2)	17
Past due more than two months and less than three months	9	(2)	7
Past due more than three months and less than six months	12	(6)	6
Past due more than six months	39	(30)	9
As of 31 July 2024	**838**	**(51)**	**787**

31 July 2023 EUR million	Gross carrying amount	Expected credit loss	Net trade receivables
Amounts not yet due	669	(6)	663
Past due not more than one month	141	(4)	137
Past due more than one month and less than two months	16	(1)	15
Past due more than two months and less than three months	6	(1)	5
Past due more than three months and less than six months	6	(4)	2
Past due more than six months	28	(27)	1
As of 31 July 2023	**866**	**(43)**	**823**

Penneo dokumentnøgle: WUXOZ-4HQVY-2S5YT-C2FGJ-2W553-GPPNJ

4.2 TRADE RECEIVABLES – CONTINUED

EUR million	2023/24	2022/23
Movements in the provision for expected credit losses are as follows:		
Provision as of 1 August	(43)	(27)
Business acquisitions	(2)	(11)
Net charge for the period	(9)	(10)
Utilised in the period	3	5
As of 31 July	**(51)**	**(43)**

The Group is utilising a trade receivable factoring agreement covering a facility for a total of EUR 100m of which EUR 64m was utilised as of 31 July 2024 (31 July 2023: EUR 74m). The Group has no obligations on the sold receivables. As of 31 July 2024 the agreement had an expiry date on 22 October 2024. Subsequent to the balance sheet date the agreement has been extended. Refer to note 6.9.

Provisions for expected credit losses are based on the simplified expected credit loss model. Credit loss provisions on individual receivables are provided for when objective indications of credit losses occur such as customer bankruptcy and uncertainty about the customers' ability and/or willingness to pay, etc.

In addition to this, allowances for expected credit losses are made on the remaining trade receivables based on a simplified approach.

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Valuation - expected credit losses

Provision is made for expected credit losses in respect of the Group's trade and other receivables, which are estimated to occur if a customer subsequently is unable to pay. In connection with the assessment of whether the Group's provisions for expected credit losses are sufficient, management analyses accounts receivable and estimates lifetime expected credit losses applying a provision matrix as defined in the accounting policy for trade receivables by reference to past default experience and analysis of the current financial position, including historical credit losses, customer credit worthiness, current economic trends and changes in customer payment terms and also takes into account the extent to which protection is provided for through credit insurance arrangements. If customers' financial conditions were to deteriorate compared to the assumed trends, it may be necessary to recognise further credit losses in future periods.

ACCOUNTING POLICIES

Trade receivables are non-interest bearing and are recognised initially at transaction price, and subsequently at amortised cost using the effective interest rate method, less provision for expected credit losses.

The Group measures the provision for expected credit losses at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The estimate also takes into account the extent to which protection is provided through customer insurance arrangements.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivable is over two years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

Penneo dokumentnøgle: WUXQZ-4FQVY-2S5XZ-C2FGI-2WS53-GPDNJ

4.3 PROVISIONS

2023/24 EUR million	Environmental	Restructuring	Dilapidations	Other provisions	Total
Provision as of 1 August 2023	12	13	120	24	169
Business acquisitions	-	-	-	1	1
Utilised in the period	(1)	(12)	(5)	(6)	(22)
Charge/(credit) for the period	-	16	(10)	-	6
Unwinding of discounting	-	-	5	-	5
Unused amounts reversed during the period	(3)	(2)	(22)	(3)	(30)
Exchange rate adjustment	1	1	3	(0)	4
Provision as of 31 July 2024	**9**	**16**	**88**	**20**	**133**

2022/23 EUR million	Environmental	Restructuring	Dilapidations	Other provisions	Total
Provision as of 1 August 2022	10	6	5	19	40
Business acquisitions	2	2	111	4	119
Utilised in the period	-	(5)	(1)	(5)	(12)
Charge/(credit) for the period	0	11	3	9	23
Unused amounts reversed during the period	-	-	(1)	(3)	(4)
Exchange rate adjustment	-	-	3	0	3
Provision as of 31 July 2023	**12**	**13**	**120**	**24**	**169**

	31 July 2024	31 July 2023
Other provisions can be specified as follows:		
Warranty commitments	2	3
Legal	2	1
Miscellaneous	16	20
Total other provisions	**20**	**24**
Maturity of provisions are expected to be:		
Current	38	21
Non-current	95	148
Total provisions	133	169

The Environmental provision is related to risks for potential claims on properties.

Provisions for restructuring mainly includes provisions for staff redundancy costs as well as expected unavoidable losses closed branches.

Dilapidation provision covers estimated costs for repairing leaseholds when they terminate. The provision is primarily related to STARK UK. Other provisions include warranty, legal cases and other provisions.

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Provisions for dilapidation (estimate)
Provisions for dilapidations are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources will be required to settle the obligation, and when the amount can be reliably estimated.

Such provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money.

ACCOUNTING POLICIES

Provisions are recognised when, in consequence of an event that occurred before or on the balance sheet date, the Group has a legal or constructive obligation, and it is probable that economic benefits must be given up settling the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to passage of time is recognised as interest expense.

Penneo dokumentnøgle: WJXOZ-4AFCO-2S5YT-C2FGJ-2MV53-GPPNJ

5.1 SHARE CAPITAL AND SHARE PREMIUM

EUR million	Number of shares	Share capital	Share premium	Total
Incorporation - 16 December 2020	40,000	1	0	1
Non-cash capital increase - 15 December 2021	14,960,000	1	-	1
Balance as of 31 July 2024	**15,000,000**	**2**	**0**	**2**

Share capital

On 16 December 2020, the Company was incorporated with a subscribed and fully paid up capital amounting to DKK 40,000.

On 15 December 2021, the Company made a non-cash capital increase (bonus shares) of DKK 14,960,000 to DKK 15,000,000.

The share capital as of 31 July 2024 is unchanged compared to 31 July 2023.

5.2 DIVIDEND

No dividends have been paid during the financial year to the shareholder in STARK Group A/S and no dividends are proposed to be distributed of the net earnings for 2023/24.

Penneo dokumentnøgle: WPCOY-2S6YZ-L2FGJ-2WS53-GPPNZ

5.3 BORROWINGS

MATURITY ANALYSIS OF BORROWINGS

EUR million	31 July 2024	31 July 2023
Current		
Credit facilities	55	-
Bank loans and loans from non-controlling interests	49	28
Loans from related parties	15	6
Current total	**119**	**34**
Non-current		
Bank loans	147	143
Loans from related parties	2,292	2,253
Non-current total	**2,439**	**2,396**
Total borrowings	**2,558**	**2,430**
Within 1 year	119	34
Between 1 and 5 years	1,803	1,786
After 5 years	636	610
Carrying amount	**2,558**	**2,430**

CHANGES IN ASSETS AND LIABILITIES FROM FINANCING ACTIVITIES

2023/24 EUR million	1 August 2023	Cash flows	Acquisitions	Other non-cash[1]	31 July 2024
Credit facilities	-	55	-	-	55
Bank loans	153	16	10	(2)	177
Loans from related parties	2,259	-	-	48	2,307
Loans from non-controlling interests	18	-	-	1	19
Total change in financing activities from borrowings	**2,430**	**71**	**10**	**47**	**2,558**
Leasing liabilities	860	(166)	12	228	934
Total change from financing activities	**3,290**	**(95)**	**22**	**275**	**3,492**

1. Other non-cash includes accrued interest of EUR 34m on loans from related parties, new leasing contracts amounting to EUR 167m and re-measurements of EUR 89m.

2022/23 EUR million	1 August 2022	Cash flows	Acquisitions	Other non-cash[2]	31 July 2023
Bank loans	26	120	7	-	153
Loans from related parties	1,795	419	-	45	2,259
Loans from non-controlling interests	17	(2)	-	3	18
Total change in financing activities from borrowings	**1,838**	**537**	**7**	**48**	**2,430**
Leasing liabilities	556	(113)	328	89	860
Total change from financing activities	**2,394**	**424**	**335**	**137**	**3,290**

2. Other non-cash includes accrued interest of EUR 28m on loans from related parties, new leasing contracts amounting to EUR 63m and re-measurements of EUR 43m.

ACCOUNTING POLICIES

Borrowings

Interest-bearing loans from related parties and credit institutions and overdrafts are initially recorded at fair value, net of attributable transaction costs.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds and redemption value being recognised in the consolidated income statement over the period of the borrowings on an effective interest basis.

Pennea dokumentmaske: WUXC-1AFOY-25837-C2FGJ-2WS53-GPPNJ

5.4 FINANCIAL INSTRUMENTS, RISK MANAGEMENT POLICIES

Risk management

As a result of its operations, investments and financing, the Group is exposed to changes in exchange and interest rates. The Group's financial management is exclusively aimed at the management of financial risks related to finance. Thus, it is the Group's policy not to engage in speculation in financial risks.

Capital Risk Management

The Group's sources of funding currently comprise equity contributed by the sole shareholder and cash flows generated by operations, loans from related parties and borrowings from banks. The Group's capital management is reflected in the financing arrangements as set out in note 5.3 and note 6.8 and in the specifications in these notes.

Liquidity Risks

The Group maintains a policy of ensuring sufficient borrowing headroom to finance all investments and capital expenditures included in the strategic plan, with an additional contingent safety margin. The Group substantially manages its liquidity needs with cash flow from operations and to achieve effective management of the Group's cash, cash pooling is used. The Group's liquidity reserves consist of cash and an undrawn credit facility.

Currency risks

The Group's currency risk is limited since costs of wages and purchases of supplies are largely incurred in the same currency as sales are generated. Currency risks are primarily related to international purchases and to a limited extent, sale of goods in foreign currencies.

The Group is subject to translation risk when results of subsidiaries are translated into EUR. Translation risk is not hedged with financial contracts. Currently translation risk is primarily related to SEK, NOK and GBP.

It is the Group's policy to actively monitor the impact of exchange rate changes on the results and the Group's financial position. The Group does not engage in speculative currency transactions.

Credit risk

Financial counterparty risk is reduced by only entering into transactions or arrangements with financial counterparties that have a satisfactory credit quality. Furthermore, maximum credit limits for each financial counterparty applies.

The Group has no material risks relating to an individual customer or business partner. The Group's policy for accepting credit risks means that all major customers and other partners are credit rated continuously.

The Group's credit risk is related to accounts receivable, other receivables and cash. The maximum credit risk related to receivables and cash correspond to the balance sheet values recognised. All cash balances are held with reputable financial institutions. Significant outstanding and overdue balances are reviewed on a regular basis and resulting actions are put in place on a timely basis.

In some cases, protection is provided through credit insurance arrangements.

Interest rate risk

Fluctuating interest rates influence the Group's income statement and the present value of future cash flows resulting from changes in interest rates. The objective of actively managing the Group's interest rate exposure is to maintain the interest rate risk at a known and acceptable level and to minimise the Group's borrowing costs.

The majority of the long-term financing is with variable interests. Disregarding any hedges or similar arrangements to temporarily fix the variable interest, a 1% change in interest levels would result in a structural change of interest expenses of approximately EUR 20m on an annual basis.

Parent company financial statements 2024 - STARK GROUP - 549300Y25SYZL2FG4L21

5.4 FINANCIAL INSTRUMENTS, RISK MANAGEMENT POLICIES - CONTINUED

FINANCIAL INSTRUMENTS

The carrying amount of financial instruments by category:

EUR million	31 July 2024	31 July 2023
Financial assets:		
Other non-current financial assets	17	25
Trade receivables	787	823
Other receivables	49	50
Cash and cash equivalents	242	307
Financial assets at amortised cost	**1,095**	**1,205**
Financial liabilities:		
Payables to related parties	(31)	(38)
Trade and other payables	(1,671)	(1,673)
Less: Tax and social security	30	40
Less: Payroll accruals	10	12
Net trade and other payables (current)	**(1,662)**	**(1,652)**
Loans from related parties	(2,307)	(2,259)
Borrowings	(251)	(171)
Leasing liabilities	(934)	(950)
Financial liabilities at amortised cost	**(5,154)**	**(4,942)**

The future interest for borrowings and payables to related parties have been estimated using the current interest rates.

Fair value is considered to be equal to or approximate the carrying amounts of the various loans and payables.

Maturity and contractual cashflows on the financial liabilities:

EUR million	Trade and other payables (current)	Loans from related parties	Borrowings	Leasing liabilities	Interest	Total
31 July 2024						
Due in less than one year	(1,662)	-	(106)	(173)	(187)	(2,127)
Due in two to five years	-	(1,792)	(30)	(480)	(456)	(2,758)
Due in over five years	-	(512)	(120)	(281)	(379)	(1,292)
Total	**(1,662)**	**(2,304)**	**(256)**	**(934)**	**(1,022)**	**(6,177)**
31 July 2023						
Due in less than one year	(1,652)	(19)	(28)	(146)	(93)	(1,938)
Due in two to five years	-	(1,794)	(29)	(455)	(285)	(2,563)
Due in over five years	-	(496)	(116)	(259)	(370)	(1,241)
Total	**(1,652)**	**(2,309)**	**(173)**	**(860)**	**(748)**	**(5,742)**

Cash and cash equivalents includes EUR 7m of restricted cash held as collateral for guarantees in UK.

Penneo dokumentnøgle: WUXOZ-4FOY-2S8YZ-L2FGJ-2WS53-GPFWJ

5.4 FINANCIAL INSTRUMENTS, RISK MANAGEMENT POLICIES - CONTINUED

ACCOUNTING POLICIES

Financial instruments

A financial instrument is any contract that gives rise to a financial asset, a financial liability or equity instrument.

Financial assets and financial liabilities are recognised in the Consolidated statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. The Group's financial instruments comprise trade and other receivables (including amounts owed by related parties), derivative financial instruments, cash and cash equivalents, trade and other payables (including amounts owed to related parties) and borrowings.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade and other receivables.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Pervasive characteristics: WWXQZ-4FQY-25SYZ-L2FGJ-2WS53-GPPWJ

6.1 DEFERRED TAX ASSETS AND LIABILITIES

EUR million	2023/24	2022/23
Balance as of 1 August	322	312
Business acquisitions	(0)	35
Recognised in the income statement regarding current year	(13)	(23)
Recognised in other comprehensive income	(3)	5
Adjustment of deferred tax regarding previous years	(11)	(2)
Exchange rate adjustment	0	(5)
Balance as of 31 July	**295**	**322**

EUR million	Assets	Liabilities	31 July 2024 Net	31 July 2023 Net
Deferred (tax assets)/tax liabilities:				
Intangible assets	(16)	229	213	211
Property, plant and equipment	(3)	179	176	165
Pensions	(9)	10	1	4
Inventories	(4)	0	(4)	(6)
Tax loss carryforwards etc.	(79)	-	(79)	(37)
Other assets and liabilities	(85)	73	(12)	(15)
Total deferred (tax assets)/tax liabilities	**(196)**	**491**	**295**	**322**
Offset within legal tax entities and jurisdictions	196	(196)	-	-
Total net deferred (tax assets)/tax liabilities			**295**	**322**

The Group has an unrecognised deferred tax asset of EUR 30m relating to tax loss carry forwards where the timing of possible future utilisation is not certain. The related tax losses can be carried forward indefinitely.

We have assessed our potential exposure to the Pillar Two rules and have completed the calculation of the Transitional Safe Harbour, in accordance with the applicable guidelines. Based on this assessment, we have confirmed that all our jurisdictions meet one or more of the tests. Therefore, we have concluded that we are not exposed to any obligations under Pillar Two in any of our jurisdictions.

ACCOUNTING POLICIES

Deferred tax

Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to the consolidated statement of changes in equity or the consolidated statement of comprehensive income, in which case the deferred tax is recognised in equity, or other comprehensive income, respectively.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Penneo dokumentnøgle: WUXOZ-4FOY-2S8YZ-L2FGJ-2WS53-GPFWJ

6.2 EMPLOYEE BENEFIT OBLIGATIONS

The Group has entered into pension plans with those of the Group's employees who are eligible. The Group has entered into both defined contribution plans and defined benefit plans.

Defined contribution plans

The Group finances these plans by paying premiums to an independent insurance company that is responsible for the pension obligations. Once the pension contributions to the defined contribution plans have been paid, the Group has no further pension obligation to current or retired employees.

Defined benefit plans

The Group operates defined benefit plans with employees of the Group' s subsidiaries in Germany and Sweden.

Plan assets are related to defined benefit plans in Germany, and consist of properties occupied by the Group.

Sensitivity analysis

The Group considers that the most sensitive assumptions are the discount rate, inflation and life expectancy. Below presented as a weighted view across the active benefit plans.

- A change in discount rate of +/- 0.25% respectively would impact the defined benefit obligation by -4% or +4% respectively (31 July 2023: -4% or +4% respectively).
- A change in the inflation rate of +/-0.25% respectively would impact the defined benefit obligation by +3% or -3% respectively (31 July 2023: +3% or -3% respectively).
- Changing expectations for the number of years of life after retirement with 1 year would increase the defined benefit obligation by 4% (31 July 2023: +4%).

FINANCIAL IMPACT OF PLANS

EUR million	2023/24	2022/23
Analysis of liability in the consolidated statement of financial position:		
Fair value of plan assets	45	43
Present value of defined benefit obligations	(132)	(114)
Net liability recognised in the consolidated statement of financial position	**(87)**	**(71)**
Analysis of total expense recognised in the consolidated income statement:		
Current service cost	(3)	(4)
Charged to staff costs	**(3)**	**(4)**
Calculated interest on pension liabilities	(5)	(4)
Calculated interest on plan assets	1	1
Credited/(charged) to finance costs	**(4)**	**(3)**
Total expense recognised in the consolidated income statement	**(7)**	**(7)**
Analysis of amount recognised in the consolidated statement of comprehensive income:		
Actuarial gain/(loss)	(13)	19
Taxation	3	(5)
Total amount recognised in the consolidated statement of comprehensive income	**(10)**	**14**

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6.2 EMPLOYEE BENEFIT OBLIGATIONS – CONTINUED

EUR million	2023/24	2022/23
Fair value of plan assets:		
As of 1 August	43	47
Calculated interest on plan assets	1	1
Disbursed benefits	(2)	(3)
Fair value gain on plan assets	3	(2)
As of 31 July	**45**	**43**
Present value of defined benefit obligations:		
As of 1 August	(114)	(139)
Current service cost	(3)	(4)
Calculated interest on pension liabilities	(5)	(4)
Disbursed benefits from the Group	4	3
Disbursed benefits from plan assets	2	3
Actuarial gain/(loss) - demographic assumptions	(1)	(5)
Actuarial gain/(loss) - financial assumptions	(15)	26
Currency translation	0	6
As of 31 July	**(132)**	**(114)**

EUR million	31 July 2024	31 July 2023
Analysis of present value of defined benefit obligations:		
Amounts arising from wholly unfunded plans	(65)	(48)
Amounts arising from plans that are wholly or partly funded	(67)	(66)
Total	**(132)**	**(114)**
Analysis of present/fair value of plan assets:		
Property	45	43
Total	**45**	**43**

pensionsordning. Mere om vores pensionsordning kan findes i vores årsrapport for regnskabsåret 2023/24 på CVR-nr. 25 57 27 42.

6.2 EMPLOYEE BENEFIT OBLIGATIONS – CONTINUED

	31 July 2024	31 July 2023
The actuarial calculations are based on the following assumptions:		
Germany:		
Discount rate	3.49%	4.06%
Rate of inflation	2.30%	2.60%
Increases to pensions in payment	2.30%	2.60%
Increase in salary	3.00%	2.10%
Current pensioners	1,062	1,072
Future pensioners	743	775
Average duration (years)	10	10
Sweden:		
Discount rate	3.00%	4.10%
Rate of inflation	1.70%	1.80%
Increases to pensions in payment	2.70%	2.80%
Increase in salary	2.70%	2.80%
Current pensioners	809	784
Future pensioners	625	571
Average duration (years)	17	16

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Valuation of defined benefit plans (estimate)

The value of the defined benefit plans is based on valuations from external actuaries. The valuation is based on multiple actuarial assumptions, including discount rates, expected return on plan assets, expected growth in wages and salaries, mortality and retirement benefits.

ACCOUNTING POLICIES

Post-employment obligations

Contributions to defined contribution pension plans and other post-retirement benefits are charged to the income statement as incurred. For defined benefit plans, obligations are measured at discounted present value (using the projected unit credit method) whilst plan assets are recorded at fair value. The operating and financing costs of such plans are recognised separately in the consolidated income statement; service costs are spread systematically over the expected service lives of employees and financing costs are recognised in the periods in which they arise.

Actuarial gains and losses are recognised immediately in the consolidated statement of other comprehensive income. Payments to defined contribution schemes are recognised as an expense as they fall due.

Where a plan shows a surplus funding, the asset recognised is limited to the present value of any amount which the Group expects to recover by way of refunds or a reduction in future contributions.

Penneo dokumentnøgle: WXXOZ-4FOY-25SYZ-C2FGJ-2WS53-GPFNJ

6.3 CASH FLOW, ADJUSTMENTS AND REVERSALS

EUR million	2023/24	2022/23
Financial expenses, net	221	197
Depreciation and amortisation	335	243
Bargain purchase gain	-	(205)
Gain from sale of properties and equipment	(35)	(3)
Income tax	(29)	12
Other	8	25
Adjustments and reversals, non-cash	**500**	**269**

6.4 CASH FLOW, CHANGES IN WORKING CAPITAL

EUR million	2023/24	2022/23
(Increase) / decrease in inventories	46	101
(Increase) / decrease in trade and other receivables	40	117
Increase / (decrease) in trade and other payables	(24)	(182)
Changes in working capital	**62**	**36**

6.5 CONTINGENT LIABILITIES

As part of the Group's ordinary operations, the Group is involved in various legal proceedings and disputes. The outcome of these legal cases is not expected to have a material significance for the Group's financial position.

ACCOUNTING POLICIES

Contingent liabilities

A contingent liability is disclosed when the Group identifies a possible obligation that arises from past events and where the existence will be confirmed only by one or more uncertain future events outside the Group's control, it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably.

Contingent liabilities are disclosed based on the best estimate of the expenditure required to settle the potential obligation at the end of the reporting period.

6.6 FEE TO STATUTORY AUDITORS

EUR million	Deloitte	Other audit firms	2023/24 Total	Deloitte	Other audit firms	2022/23 Total
Statutory audit	3	1	4	3	1	4
Assurance engagements	-	0	0	-	-	-
Tax advisory	-	1	1	-	0	0
Other services	0	-	0	0	0	0
Total fee to statutory auditors	**3**	**2**	**5**	**3**	**1**	**4**

Pervasa dokumentacija: WUXOZ-4FOY-25SYZ-L2FGJ-2WS53-GPPWJ

6.7 SECURITIES

The shareholdings in the major group companies have been pledged as security for the external financing obtained by the single shareholder Winterfell Financing S.à r.l. and the same major group companies are jointly and several liable for the Term loans amounting to EUR 1,795m and the Senior Revolving Credit facilities agreement with lenders up to EUR 377m.

6.8 RELATED PARTIES

The Group has most of its financing from related parties with the single shareholder Winterfell Financing S.à r.l. The financing consists of several loans which to a certain extent mirrors the conditions and maturities of the external financing managed in the shareholder company. The borrowers are Stark Group A/S (EUR 1,078m), Winterfell Sweden AB (EUR 450m) and Winterfell Germany GmbH (EUR 776m including capitalised interests). In general, the financing consists of longer-term financing with varying interest. In 2023/24 the weighted average interest rate including amortisation of financing fees on the financing with related parties was 6.6% (2022/23: 5.3%). Interest is paid on a portion of the debt and accrues on the rest. Interest expensed including amortisation of financing fees in the financial period amounted to EUR 147m (2022/23: EUR 103m).

Related parties are considered to be the parent company Winterfell Financing S.à r.l. and its subsidiaries. Reference is made to the list of group companies in note 6.10. Other related parties with significant influence over STARK Group A/S comprise Winterfell Financing S.à r.l., Winterfell S.à r.l., Winterfell Investments S.à r.l., Winterfell Holdings S.à r.l., Winterfell ManCo I S.A., Winterfell ManCo II S.A., Winterfell Topco S.à r.l. and the Company's Board of Managers. Furthermore, transactions with the respective companies' Boards of Directors, Supervisory Boards and senior employees and their immediate family members are included. Related parties also include companies where the mentioned persons have significant interests.

Remuneration to key management personnel is disclosed in note 2.3.

Controlling interest

The ultimate shareholders of the company are limited partnerships with CVC Capital Partners VII Limited acting as General Partner.

6.9 SUBSEQUENT EVENTS

The Group is utilising a trade receivable factoring agreement as described in note 4.2. As of 31 July 2024 the agreement had an expiry date on 22 October 2024. Subsequent to the balance sheet date the agreement has been extended covering a facility of EUR 75m with new expiry date on 22 July 2025.

The utilisation of credit facilities consist of drawdowns on the senior revolving credit facilities (EUR 25m as of 31 July 2024) along with overdraft facilities carved out from the senior revolving credit facilities (EUR 30m as of 31 July 2024).

As of 31 July 2024 the Group had pledged properties with a book value of EUR 266m as security for the secured bank loans. In addition, EUR 55m is pledged related to pension liabilities.

Parent company financial statements 1 August 2023 - 31 July 2024 - STARK Group A/S - CVR-nr. 25 69 72 64

6.10 LIST OF GROUP COMPANIES

Name	Registered office	Voting and ownership share
Parent:		
STARK Group A/S	Frederiksberg, Denmark	
Investments:		
Denmark and Greenland		
LSF10 Wolverine BidCo ApS	Frederiksberg, Denmark	100%
STARK Sourcing A/S	Frederiksberg, Denmark	100%
STARK Denmark A/S	Aarhus, Denmark	100%
Electro Energy A/S	Albertslund, Denmark	100%
C.F. Richs Vej 115 ApS	Aarhus, Denmark	100%
Fragtvej 7-9 ApS	Aarhus, Denmark	100%
Jarlsberggade 10 ApS	Aarhus, Denmark	100%
Stark Kalaallit Nunaat A/S	Nuuk, Greenland	100%
Anpartsselskabet af 4.1.2024[1]	Billund, Denmark	25%
K/S af 4.1.2024 II[1]	Billund, Denmark	25%
Germany		
Winterfell Germany GmbH	Offenbach, Germany	100%
Stark Group Holding Germany GmbH	Frankfurt, Germany	100%
Stark Deutschland GmbH	Offenbach, Germany	100%
Meile Gallhöfer Dach GmbH	Neus, Germany	100%
Fliesen Discount GmbH	Berlin, Germany	100%
Dr. Sporkenbach GmbH	Magdeburg, Germany	100%
Muffenrohr Tiefbauhandel GmbH	Ottersweier, Germany	100%
Platten Peter Fliesenzentrum Nord GmbH	Münster, Germany	100%
Germany - continued		
Saxonia Baustoffe GmbH	Dresden, Germany	87.50%
Sporkenbach GbR	Magdeburg, Germany	80.96%
Balzer Group:[2]		
Balzer Verwaltungsgesellschaft mbH	Marburg, Germany	57.40%
Chr. Balzer GmbH & Co. KG	Marburg, Germany	57.34%
Austria		
STARK Group Holding Austria GmbH	Eberstalzell, Austria	100%
Dach und Wand handels GmbH	Eberstalzell, Austria	100%
Schilowsky Baustoffhandel GmbH	Eberstalzell, Austria	100%
United Kingdom		
STARK Group Holding UK 1 Ltd.	Coventry, United Kingdom	100%
STARK Group Holding UK 2 Ltd.	Coventry, United Kingdom	100%
STARK Building Materials UK Limited	Coventry, United Kingdom	100%
STARK UK Property Holdings Limited	Coventry, United Kingdom	100%
Norman Limited	Coventry, United Kingdom	100%
Jewson Limited	Coventry, United Kingdom	100%

1. The company has been recognised as a joint ventures and are hereby not fully consolidated.
2. The companies in the Balzer Group are owned through both vertical and horizontal ownerships and in total, the Group owns approximately 50% and as such is deemed to have controlling influence. In this overview only the two top entities of the Balzer Group are included. The Balzer Group in total comprises 8 entities. Measured on net sales, the Balzer group represents about 5% of the total German business.

Penneo dokumentnøgle: WJXOZ-4HFOY-2S8YZ-L2FGJ-2WS53-GPPNJ

6.10 LIST OF GROUP COMPANIES – CONTINUED

Name	Registered office	Voting and ownership share
Sweden		
Winterfell Sweden AB	Stockholm, Sweden	100%
DT Holding (Sweden) AB	Stockholm, Sweden	100%
Beijer Byggmaterial AB	Stockholm, Sweden	100%
Vagn Jensens Byggkomponenter AB	Trelleborg, Sweden	100%
Kakeldax i Sverige AB	Stockholm, Sweden	100%
Centro Kakel & Klinker AB	Stockholm, Sweden	100%
BraByggare Sverige AB	Stockholm, Sweden	50%
Vivaldi AB	Stockholm, Sweden	51%
Lund Sandby 6:45 AB	Malmö, Sweden	100%
Sierra-Stark HoldCo AB	Sollentuna, Sweden	100%
Finland		
Stark Suomi Oy Espoo, Finland 100%	Espoo, Finland	100%
Norway		
Neumann Bygg AS	Oslo, Norway	100%
FagFlis Group Holding AS	Oslo, Norway	100%
Flis Fram AS	Oslo, Norway	100%
L-Flis & Interiør AS	Oslo, Norway	100%
Odin Flissenter AS	Oslo, Norway	100%
Stark Norway Propco AS	Bergen, Norway	100%
Margrethe Jørgensen Vei 6 AS	Bergen, Norway	100%

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NOTES

1 BASIS OF REPORTING

1.1 Basis for reporting

1.2 Group accounting policies

2 INCOME STATEMENT

2.1 Net sales

2.2 Staff costs

2.3 Financial items

2.4 Taxation

INCOME STATEMENT

EUR million	Note	2023/24	2022/23
Net sales	2.1	20	18
Gross Profit		**20**	**18**
Staff costs	2.2	(13)	(9)
Other external operating expenses		(5)	(23)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**2**	**(14)**
Amortisation of goodwill		(1)	(2)
Earnings before interest and tax (EBIT)		**1**	**(16)**
Income from investments in subsidiaries		13	448
Financial income	2.3	91	31
Financial expenses	2.3	(116)	(66)
Earnings before tax		**(21)**	**397**
Income tax	2.4	3	4
Net earnings	**5.3**	**(18)**	**401**

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STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	Note	31 July 2024	31 July 2023
Non-current assets			
Goodwill	3.1	2	3
Total intangible non-current assets		**2**	**3**
Tangible non-current assets			
Improvement leasehold	3.2	2	-
Total tangible non-current assets		**2**	**-**
Investments in subsidiaries	3.3	2,150	1,744
Deferred tax asset		3	0
Receivables from related parties		725	708
Total financial non-current assets		**2,878**	**2,452**
Total non-current assets		**2,882**	**2,455**
Current assets			
Deferred tax		-	1
Receivables from related parties		89	71
Corporate tax receivables		4	10
Other receivables		5	4
Cash and cash equivalents		146	196
Total current assets		**246**	**282**
TOTAL ASSETS		**3,128**	**2,737**

EQUITY AND LIABILITIES

EUR million	Note	31 July 2024	31 July 2023
Equity			
Share capital	5.1	2	2
Share premium	5.1	-	-
Retained earnings		893	911
Total equity		**895**	**913**
Non-current liabilities			
Payables to related parties	5.2	1,080	1,081
Total non-current liabilities		**1,080**	**1,081**
Current liabilities			
Payables to related parties	5.2	1,093	736
Borrowings		55	-
Trade payables		1	2
Other liabilities		4	5
Total current liabilities		**1,153**	**743**
Total liabilities		**2,233**	**1,824**
TOTAL EQUITY AND LIABILITIES		**3,128**	**2,737**

Penneo dokumentnøgle: WUXQZ-4FQYY-2S8YY-L2FGJ-2WS53-GPPNJ

STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium	Retained earnings	Total equity
Equity as of 1 August 2023	**2**	**0**	**911**	**913**
Changes in equity for 2023/24:				
Net earnings	-	-	(18)	(18)
Equity as of 31 July 2024	**2**	**0**	**893**	**895**
Equity as of 1 August 2022	**2**	**0**	**510**	**512**
Changes in equity for 2022/23:				
Net earnings	-	-	401	401
Equity as of 31 July 2023	**2**	**0**	**911**	**913**

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Introduction
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Reports

1.1 BASIS OF REPORTING

Basis of reporting

The Financial Statements of STARK Group A/S have been prepared in accordance with the provisions of the Danish Financial Statements Act for reporting class C - large companies.

The Financial Statements are presented in million Euros, which is the presentation currency of the Company.

In compliance with section 86(4) of the Danish Financial Statements Act, the Company has not presented cash flow statement on a stand-alone basis. Reference is made to the consolidated cash flow statement of the Group.

The accounting principles are unchanged compared to last year.

1.2 GROUP ACCOUNTING POLICIES

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Income in the form of dividends are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

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

Recognition and measurement consider predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated to the functional currency using the exchange rates at transaction date. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency at the rate prevailing on the balance sheet date. All differences are recognised in the income statement.

Net sales

Service fee from subsidiaries is recognised over the service period.

Other external operating expenses

Other external expenses comprise operating expenses such as administration and professional services expenses.

Financial income and expenses

Financial income and expenses comprise interest realised and unrealised exchange gains and losses as well as interest surcharge and interest reimbursements under the Danish Tax Prepayment Scheme.

Tax on result for the year

The Company is subject to the Danish rules for compulsory joint taxation with the Group's Danish Subsidiaries. Danish subsidiaries are included in joint taxation from the time they are acquired or incorporated by a Danish Group company until the date that control is no longer effective. The Company is administration company of the Danish joint taxation group and, consequently, settles all payments of corporation tax with the tax authorities.

Penneo dokumentnøgle: WUXQZ-4FQY-25SYZ-C2FSI-2WS53-GPPWJ

1.2 GROUP ACCOUNTING POLICIES – CONTINUED

The current Danish corporation tax is allocated by settling joint taxation contributions between the jointly taxed companies in proportion to their taxable income. In connection with this, companies with tax losses receive joint taxation contributions from companies that have been able to utilise this loss to reduce their own tax profit/loss.

The tax for the year, consisting of current corporate income tax, the year's joint tax contribution and change in deferred taxes - including as a result of a change in tax rate - are recognised in the income statement with the part attributable to the profit for the year and directly to equity with the part that can is attributable to entries directly in equity. The Company is subject to the Danish Tax Prepayment Scheme. Interest reimbursement and interest surcharge have been recognised in financial income and expenses.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition.

The cost of goodwill is amortised in the income statement over the useful live which is estimated to 10 years.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write down is made to this lower value. Write down of investments is presented in the income statement as income from investments in subsidiaries.

Prepayments

Prepayments comprise costs incurred relating to subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Borrowings

Interest-bearing loans from group enterprises are initially recorded at fair value, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Current tax receivables and payables

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Surcharges or refunds under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Equity

Proposed dividend for the financial year is presented as a separate item in equity.

Liabilities

Liabilities have been measured at amortised cost, which corresponds to nominal value.

Parent company financial statements 2024 - 1.2 GROUP ACCOUNTING POLICIES – CONTINUED - 2024-25-STARK-GROUP-2705-53-GPYNJ

2.1 NET SALES

EUR million	2023/24	2022/23
Service fees from subsidiaries	20	18
Total net sales	**20**	**18**

2.2 STAFF COSTS

EUR million	2023/24	2022/23
Salaries and wages	12	8
Pensions - contribution plans	1	1
Total staff costs	**13**	**9**

Compensation for the Executive Management:

Salaries and wages	3	5
Pensions - contribution plans	0	0
Other expenses for social security	0	0
Total compensation paid to the Executive Management	**3**	**5**

1. A new member of the Executive Management was appointed effective from 1 September 2024. The disclosed compensation relates to the Executive Management as of 31 July 2024.

The members of the Executive Management as well as other employees are entitled to a cash bonus based on fulfilment of pre-defined financial and non-financial targets.

Compensation paid to the Board of Directors in Stark Group amounts to EUR 0.1m (2023/24: No compensation).

The Company has not established share-based incentive programs.

	2023/24	2022/23
Average number of fulltime employees	56	49

2.3 FINANCIAL ITEMS

EUR million	2023/24	2022/23
Financial income		
Interests received from related parties	81	30
Other financial income	-	1
Total financial income	**81**	**31**
Financial expenses		
Interests on loans from related parties	91	54
Foreign exchange losses	4	2
Other interest expenses	21	10
Total financial expenses	**116**	**66**

2.4 TAXATION

EUR million	2023/24	2022/23
Current tax	2	3
Deferred tax recognised in income statement	1	1
Adjustment of current tax regarding previous years	-	0
Total income tax	**3**	**4**

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3.1 GOODWILL

EUR million	2023/24	2022/23
Cost as of 1 August	5	5
Additions	-	-
Cost as of 31 July	**5**	**5**
Amortisation as of 1 August	(2)	(0)
Amortisation charge for the period	(1)	(2)
Amortisation as of 31 July	**(3)**	**(2)**
Carrying amount as of 31 July	**2**	**3**

3.2 TANGIBLE NON-CURRENT ASSETS

EUR million	Leasehold improvement
Cost as of 1 August 2023	-
Additions	2
Cost as of 31 July 2024	**2**
Depreciation as of 1 August 2023	-
Depreciation for the year	0
Depreciation as of 31 July 2024	**0**
Carrying amount as of 31 July 2024	**2**

3.3 INVESTMENTS IN SUBSIDIARIES

EUR million	2023/24	2022/23
Cost as of 1 August	2,650	2,621
Additions[1]	406	36
Disposals	-	(7)
Cost as of 31 July	**3,056**	**2,650**
Impairment losses as of 1 August	(906)	-
Impairment for the period[2]	0	(906)
Impairment losses as of 31 July	**(906)**	**(906)**
Carrying amount as of 31 July	**2,150**	**1,744**

1) Additions to investments in subsidiaries in 2023/24 of EUR 406 million relates to capital contributions to subsidiaries as part of normal ongoing management of capital structures across the group.

2) In 2023/24, the investment in STARK Suomi Oy has been impaired by EUR 12 million and the impairment made in 2022/23 of EUR 12 million related to Neumann Bygg AS has been reversed. In 2022/23 the company received EUR 1310m in dividend from LSF10 Wolverine Bid Aps. EUR 894m of this has been recognised as an impairment of the carrying value to the net asset value in LSF10 Wolverine Bid Aps as of 31 July 2023.

INVESTMENTS IN SUBSIDIARIES AS OF 31 JULY 2024 ARE SPECIFIED AS FOLLOWS:

Company	Registered office	Voting and ownership share
Winterfell Sweden AB	Stockholm, Sweden	100%
Winterfell Germany GmbH	Frankfurt, Germany	100%
Stark Danmark A/S	Viby J, Denmark	100%
Stark Suomi Oy	Espoo, Finland	100%
Neumann Bygg AS	Oslo, Norway	100%
LSF10 Wolverine Bidco ApS	Frederiksberg, Denmark	100%
Stark Group Holding Austria GmbH	Eberstalzell, Austria	100%
STARK Building Materials UK Limited	Coventry, UK	100%
Stark Group Holding UK 1 Limited	Coventry, UK	100%

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4.1 SHARE CAPITAL AND SHARE PREMIUM

EUR million	Number of shares	Share capital	Share premium	Total
Changes in equity for 2023/24:				
Balance as of 1 August 2023	15.000.000	2	0	2
Balance as of 31 July 2024	**15.000.000**	**2**	**0**	**2**
Changes in equity for 2022/23:				
Balance as of 1 August 2022	15.000.000	2	0	2
Balance as of 31 July 2023	**15.000.000**	**2**	**0**	**2**
Changes in equity for 2021/22:				
Balance as of 1 August 2021	40.000	1	0	1
Non-cash capital increase	14.960.000	1	-	1
Balance as of 31 July 2022	15.000.000	2	0	2

4.2 PAYABLES TO RELATED PARTIES

EUR million	2023/24	2022/23
Maturity analysis of payables to related parties		
Within 1 year	1,093	736
Between 1 and 5 years	1,080	1,081
After 5 years	-	-
Carrying amount as of 31 July	**2,173**	**1,817**

4.3 PROPOSED DISTRIBUTION OF PROFIT

EUR million	2023/24	2022/23
Proposed distribution of profit:		
Dividend	-	-
Retained earnings	(18)	401
Total	**(18)**	**401**

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5.1 CONTINGENT LIABILITIES

Stark Group A/S has provided guarantees for the obligations of its subsidiaries as part of normal business operations. These guarantees primarily cover the financial obligations of certain subsidiaries mainly related to lease contracts, were as Stark Group A/S has guaranteed the repayment of certain lease obligations undertaken by its subsidiaries. As of 31 July 2024, the total value of the guarantees provided by the Parent Company amounts to EUR 145m. Stark Group A/S have recharged a risk premium of the guarantees to it's subsidiaries of EUR 2m. This have been recognised in net sales.

These guarantees are not expected to be called upon, as all subsidiaries currently maintain a strong financial position and are fully capable of meeting their contractual obligations. However, Stark Group A/S regularly monitors the financial performance and risk exposure of its subsidiaries to mitigate any potential future liabilities.

Stark Group A/S has operating lease commitments amounting to EUR 3m as of 31 July 2024.

The Company is administration company of the Danish joint taxation group. As a management company, the Company assumes unlimited and joint liability for Danish company taxes for the Danish companies included in the joint taxation. The total known net tax liability of jointly taxed companies on corporation taxes is EUR 14m as of 31 July 2024.

Any subsequent corrections of joint taxation income could result in the Company's liability amounting to a larger amount.

5.2 SECURITIES

The shares in the major subsidiaries with a carrying amount of EUR 2,150m have been pledged as security for external financing obtained by the single shareholder Winterfell Financing S.à r.l. and the same major subsidiaries are jointly and several liable for Term loans amounting to EUR 1,795m and Senior Revolving Credit facilities agreement with lenders up to EUR 371m. The utilisation of credit facilities consist of drawdowns on the senior revolving credit facilities (EUR 25m as of 31 July 2024) along with overdraft facilities carved out from the senior revolving credit facilities (EUR 30m as of 31 July 2024).

5.3 RELATED PARTIES

On 4 May 2021 Stark Group A/S utilised a EUR 628m shareholder loan provided by the parent company, Winterfell Financing S.à r.l. The Loan is a subordinated loan. The loan will mature on 4 May 2028. Interest on the loan is set to reflect an arm's length transaction. Interest expensed in the financial year amounts to EUR 31m (2022/23: EUR 22m).

On 31 March 2023 Stark Group A/S utilised a EUR 450m shareholder loan provided by the parent company, Winterfell Financing S.à r.l. The Loan is a subordinated loan. The loan will mature on 31 March 2026. Interest on the loan is set to reflect an arm's length transaction. Interest expensed in the financial year amounts to EUR 43m (2022/23: EUR 13m).

Controlling interest

Winterfell Financing S.à r.l., 29, Avenue de la Porte Neuve, Luxembourg is the parent company and owns 100% of the share capital of the Company. The ultimate shareholders of the company are limited partnerships with CVC Capital Partners VII Limited acting as General Partner.

The Group's related parties with significant influence comprise Winterfell Financing S.à r.l., Winterfell S.à r.l. and the Company's Board of Managers. Furthermore, transactions with the respective companies' Boards of Directors, Supervisory Boards and senior employees and their immediate family members are included. Related parties also include companies where the mentioned persons have significant interests.

There have been no transactions with the Board of Directors, Executive Management, significant shareholders, group enterprises or other related parties, except for intercompany transactions and regular salaries and bonus to the Executive Management as disclosed in note 2.2. All transactions are made on an arm's length basis and, according to the Danish Financial Statements Act §98c, 7, they are not disclosed.

The Company and its subsidiaries are included in the consolidated financial statements of Winterfell Topco S.à r.l. which can be obtained at the following address:

Winterfell Topco S.à r.l.
29, Avenue de la Porte Neuve
L-2227 Luxembourg
R.C.S. Luxembourg: B 250.784

5.4 SUBSEQUENT EVENTS

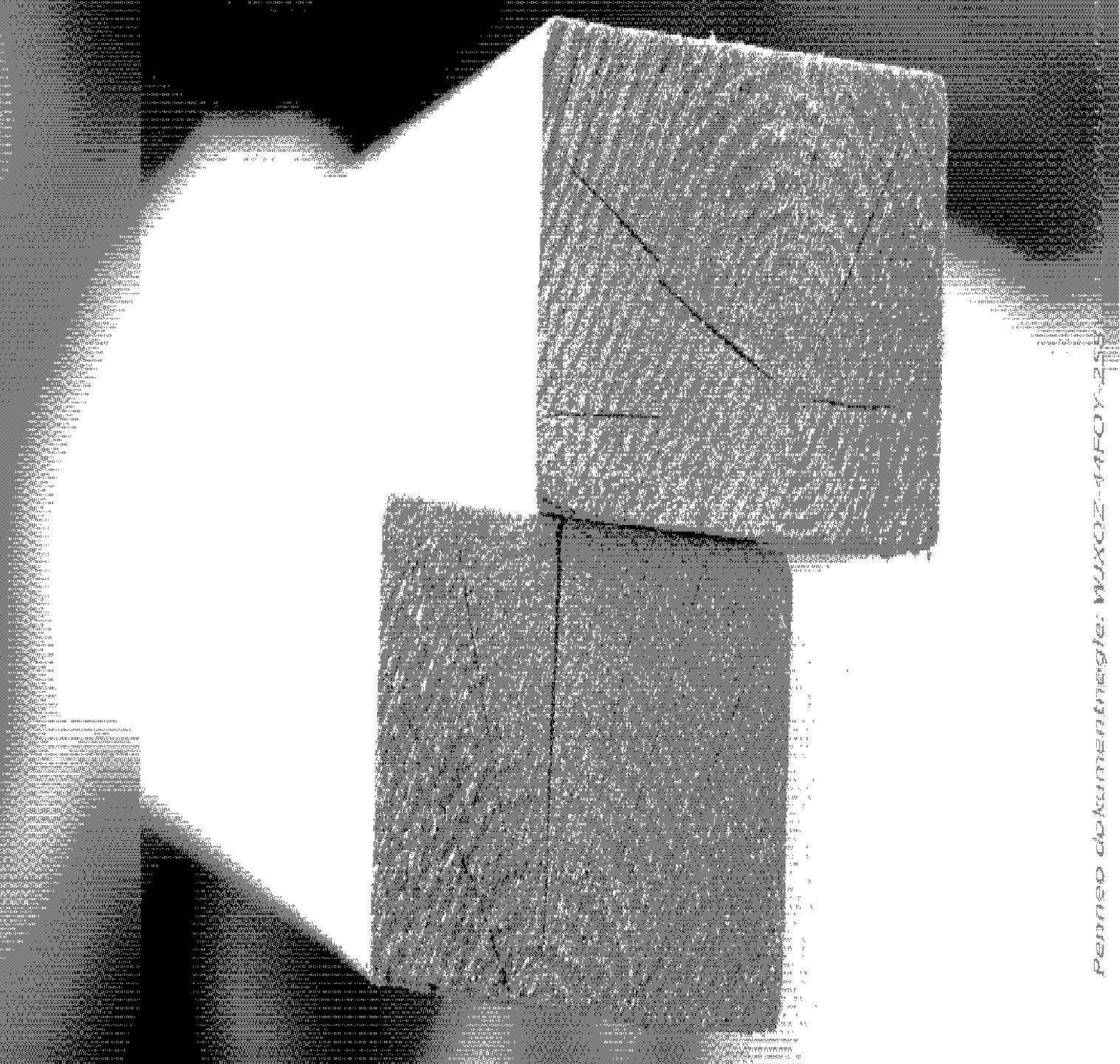
No events have occurred after the balance sheet date that materially affect the Company's financial statements.

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MANAGEMENT'S STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors and the Executive Management have today considered and adopted the Annual Report of STARK Group A/S for the financial year 1 August 2023 to 31 July 2024.

The Consolidated Financial Statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the European Union and the Financial Statements of the Parent company have been prepared in accordance with the Danish Financial Statements Act. The Consolidated Financial Statements and the Financial Statements of the Parent company have furthermore been prepared in accordance with additional Danish disclosure requirements. Management's Review has been prepared in accordance with Danish disclosure requirements.

In our opinion, the Consolidated Financial Statements and the Financial Statements of the Parent company give a true and fair view of the financial position as of 31 July 2024 of the Group and the Parent company and of the results of the Group and the Parent company operations and of the Group's cash flow for the financial year 1 August 2023 - 31 July 2024.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent company, and the results for the year and of the financial position of the Group and the Parent company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent company.

We recommend that the annual report be approved at the Annual General Meeting.

Frederiksberg, 15 November 2024.

Board of Directors

Jens Bjørn Andersen	Søren Vestergaard-Poulsen	Christoffer Helsengreen Sjøqvist	Philip Bendorff Røpcke	Søren P. Olesen	Thomas Ahle
(Chair)	(Vice-chair)				

Executive Management

Søren P. Olesen	Thomas Ahle
Group CEO	Group CFO

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF STARK GROUP A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of STARK Group A/S for the financial year 1 August 2023 - 31 July 2024, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group as well as the Parent. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the financial statements of the parent company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 July 2024, and of the results of its operations and cash flows for the financial year 1 August 2023 - 31 July 2024 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Furthermore, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 July 2024, and of the results of its operations for the period 1 August 2023 - 31 July 2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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 the Management's Review.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that Management's Review is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the relevant law and regulations. We did not identify any material misstatement of the Management's Review.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act as well as the preparation of the Financial Statements of the Parent company 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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.

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INDEPENDENT AUDITOR'S REPORT – CONTINUED

- 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Copenhagen, 15 November 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Lars Siggaard Hansen
State-Authorised Public Accountant
Identification No (MNE) mne32208

Kåre Kansonen Valtersdorf
State-Authorised Public Accountant
Identification No (MNE) mne34490

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COMPANY INFORMATION

Company	STARK Group A/S C.F. Richs Vej 115 2000 Frederiksberg Denmark
	CVR No. 41 95 27 25
	Financial year: 1 August - 31 July
	Incorporated: 16 December 2020
	Current financial period: 1 August 2023 - 31 July 2024
	4th financial year
Executive Management	Søren P. Olesen (CEO) Thomas Ahle (CFO)
Board of Directors	Jens Bjørn Andersen (Chair) Søren Vestergaard-Poulsen (Vice-chair) Christoffer Helsengreen Sjöqvist Philip Bendorff Røpcke Søren P. Olesen Thomas Ahle
Auditor	Deloitte Statsautoriseret Revisionspartnerselskab
Annual General Meeting	29 November 2024

Parent company financial statements: Audited - ESEF-2024-25627-2WS53-GPPNC

STARK
GROUP

STARK Group A/S
C. F. Richs Vej 115
2000 Frederiksberg
Denmark
CVR 41952725

stark-group.dk
+45 8252 2600

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Thomas Ahle
Bestyrelsesmedlem
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Søren Peschardt Olesen
Adm. direktør
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Søren Peschardt Olesen
Bestyrelsesmedlem
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Philip Bendorff Røpcke
Bestyrelsesmedlem
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Kåre Kansonen Valtersdorf
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