20240202070400

Årsredovisning

för

Winterfell Sweden AB

559291-0946

Räkenskapsåret

2022-08-01 - 2023-07-31

Fastställelseintyg

Undertecknad verkställande direktör i Winterfell Sweden AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma 2024-01-30. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

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

Stockholm 31/1 2024

Geir Thomas Fossum

20240202070400l

Styrelsen och verkställande direktören för Winterfell Sweden AB avger följande årsredovisning för räkenskapsåret 2022-08-01 - 2023-07-31.

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 Stark Group A/S tillfört Bolaget ett aktieägartillskott om 91 998 kSEK, motsvarande köpeskillingen av andelarna i FF Kakel AB och Flis Fram AB. Därefter har motsvarande tillskott gjorts till DT Holding (Sweden) AB från Winterfell Sweden AB.

Ägarförhållanden

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

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

Förändringar i eget kapital

	Aktie-kapital	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	25	1 149 223	223 832	**1 373 080**
Disposition enligt beslut av årsstämman:		223 832	-223 832	**0**
Erhållna aktieägartillskott		91 998		**91 998**
Årets resultat			-183 951	**-183 951**
Belopp vid årets utgång	**25**	**1 465 053**	**-183 951**	**1 281 127**

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	1 465 052 494
årets förlust	-183 950 528
	1 281 101 966
disponeras så att	
i ny räkning överföres	1 281 101 966

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

Fotokopians överensstämmelse med originalet intygas:
Ulrika Hammarsten
076 967 29

20240207040002

Resultaträkning

Tkr

	Not	2022-08-01 -2023-07-31	2021-08-01 -2022-07-31
Rörelsens intäkter			
		0	**0**
Rörelsens kostnader			
Övriga externa kostnader	2	-5	-2
		-5	**-2**
Rörelseresultat		**-5**	**-2**
Resultat från finansiella poster			
Övriga ränteintäkter och liknande resultatposter	3	4	1 564
Räntekostnader och liknande resultatposter	4	-765 728	-272 404
		-765 724	**-270 840**
Resultat efter finansiella poster		**-765 729**	**-270 842**
Erhållet koncernbidrag		584 187	560 222
Resultat före skatt		**-181 542**	**289 380**
Skatt på årets resultat	5	-2 409	-65 548
Årets resultat		**-183 951**	**223 832**

Fotokopians överensstämmelse med originalet intygas:
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20240207040403

Balansräkning

Tkr

	Not	2023-07-31	2022-07-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	6, 7	6 745 503	6 069 318
		6 745 503	**6 069 318**
Summa anläggningstillgångar		**6 745 503**	**6 069 318**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag	8	271	136 449
Övriga fordringar		22	18
		293	**136 467**
Summa omsättningstillgångar		**293**	**136 467**
SUMMA TILLGÅNGAR		**6 745 796**	**6 205 785**

Fotokopians överensstämmelse
med originalet intygas:
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20240207040004

Balansräkning

Tkr

	Not	2023-07-31	2022-07-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		25	25
		25	**25**
Fritt eget kapital			
Balanserad vinst		1 465 052	1 149 223
Årets resultat		-183 951	. 223 832
		1 281 101	**1 373 055**
Summa eget kapital		**1 281 126**	**1 373 080**
Långfristiga skulder			
Skulder till koncernföretag	9	5 152 080	4 620 683
Summa långfristiga skulder		**5 152 080**	**4 620 683**
Kortfristiga skulder			
Skulder till koncernföretag	8	252 362	111 509
Aktuella skatteskulder		15 518	65 548
Upplupna kostnader och förutbetalda intäkter	10	44 710	34 965
Summa kortfristiga skulder		**312 590**	**212 022**
SUMMA EGET KAPITAL OCH SKULDER		**6 745 796**	**6 205 785**

Fotokopians överensstämmelse
med originalet intygas:
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20240207040O5

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.

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.

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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20240207040006

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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20240207040907

Koncernförhållanden

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

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

	2022-08-01 -2023-07-31	**2021-08-01 -2022-07-31**
Övriga ränteintäkter	4	29
Kursdifferenser	0	1 535
	4	**1 564**

Not 4 Räntekostnader och liknande resultatposter

	2022-08-01 -2023-07-31	**2021-08-01 -2022-07-31**
Räntekostnader till koncernföretag	-178 439	-154 850
Övriga räntekostnader	-13	0
Kursdifferenser	-567 478	-97 891
Övriga finansiella kostnader	-19 797	-19 663
	-765 727	**-272 404**

Fotokopians överensstämmelse
med originalet intygas:

20240207040008

Not 5 Aktuell skatt

	2022-08-01 -2023-07-31	2021-08-01 -2022-07-31
Skatt på årets resultat		
Aktuell skatt	-2 409	-65 548
Totalt redovisad skatt	**-2 409**	**-65 548**

Avstämning av effektiv skatt

		2022-08-01 -2023-07-31		2021-08-01 -2022-07-31
	Procent	**Belopp**	**Procent**	**Belopp**
Redovisat resultat före skatt		-181 542		289 380
Skatt enligt gällande skattesats	20,60	37 398	20,60	-59 612
Ej avdragsgilla kostnader		-39 807		-7 851
Ej skattepliktiga intäkter		1		0
Under året utnyttjande av tidigare års underskottsavdrag vars skattevärde ej redovisats som tillgång		0		1 916
Redovisad effektiv skatt	**-1,33**	**-2 409**	**22,65**	**-65 548**

Not 6 Andelar i koncernföretag

	2023-07-31	2022-07-31
Ingående anskaffningsvärden	6 069 318	5 477 926
Lämnat aktieägartillskott, ovillkorat	676 185	591 392
Utgående ackumulerade anskaffningsvärden	**6 745 503**	**6 069 318**
Utgående redovisat värde	**6 745 503**	**6 069 318**

Not 7 Specifikation andelar i koncernföretag

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
DT Holding (Sweden) AB	100	100	1 001 000	6 745 503
				6 745 503

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

Fotokopians överensstämmelse
med originalet intygas:

20240207040609

Not 8 Fordringar och skulder till koncernföretag

Fordringar till koncernföretag uppgår till 271 (136 449) tkr och avser cashpool om 0 (136 206) tkr och övriga fordringar om 271 (242) tkr.

Skulder till koncernföretag uppgår till 252 362 (111 509) tkr och avser cash pool 43 936 (0) samt övriga koncerninterna skulder om 208 426 (111 509) .

Not 9 Skulder till koncernföretag

Långfristiga skulder till koncernföretag förfaller i maj 2028.

Not 10 Upplupna kostnader och förutbetalda intäkter

	2023-07-31	**2022-07-31**
Upplupna räntor	44 709	34 965
	44 709	**34 965**

Not 11 Ställda säkerheter och eventualförpliktelser

	2023-07-31	**2022-07-31**
Pantsatta aktier i dotterföretag har ställts till förmån för koncernens kreditfacilitet	6 745 503	6 069 318
	6 745 503	**6 069 318**

Not 12 Väsentliga händelser efter räkenskapsårets slut

Inga väsentliga händelser efter räkenskapsårets slut.

Fotokopians överensstämmelse
med originalet intygas:
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20240207040010

Stockholm 2023-12-20

Søren Olesen
Ordförande

Laurits Jørgensen

Sisse Fjelsted Rasmussen

Geir Fossum
Verkställande direktör

Vår revisionsberättelse har lämnats 21 december 2023

Deloitte AB

Therese Kjellberg
Auktoriserad revisor

Fotokopians överensstämmelse med originalet intygas:

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20240207040111

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 2022-08-01 - 2023-07-31.

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 2023 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.

Fotokopians överensstämmelse
med originalet intygas:
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20240207040912

- 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.

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 2022-08-01 - 2023-07-31 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 21 december 2023

Deloitte AB

Therese Kjellberg
Auktoriserad revisor

Fotokopians överensstämmelse med originalet intygas:

STARK GROUP

ANNUAL REPORT 2023

1 August 2022 – 31 July 2023
CVR No. 41 95 27 25

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Denmark

Pantone Blackboard 2020 N/M/C

WE BUILD OUR FUTURE BY HELPING OTHERS BUILD THEIRS

TRUST BUILDS THE FUTURE

Painted digitally on 02/20/2020 at 08:36 PM

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Group
The Annual Report of STARK Group A/S (hereinafter referred to as STARK Group to denote the consolidated group of companies) includes consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements of the Danish Financial Statements Act, and parent company financial statements prepared in accordance with the Danish Financial Statements Act.

Forward-looking statements
The Annual Report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the Group's control, may cause actual developments and results to differ materially from expectations contained in the Annual Report.

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STARK GROUP AT A GLANCE

STARK Group is a leading business-to-business distributor of heavy building materials operating through 3 segments: Nordics, Germany & Austria and United Kingdom. The strategic focus of the Group is to serve small and medium sized enterprises (SME) in the renovation, maintenance, and improvements (RMI) end-market. STARK Group has a strong footprint in faster growing urban areas, particularly in and around large cities and national capitals, where population growth is above the national average.

STARK Group bridges the gap between suppliers and customers by playing a critical role in a complex value chain. The Group provides customers with a deep, competitively priced product range, essential technical product expertise as well as logistical support offered through the densely populated distribution network.

The Group has a critical role in assisting suppliers in gaining cost-efficient access to the large and growing, but fragmented SME market while it simultaneously provides key value-added services such as deep insight into customer purchasing patterns, efficient logistics and aftersales care.

Headquartered in Denmark, STARK Group has in recent years more than tripled in size through organic growth and acquisitions and today holds leading positions in all its markets.

SEGMENTS

NORDICS

The Nordics segment accounts for STARK Group's operations in Denmark (including Greenland), Sweden, Finland and Norway under the STARK Danmark, Beijer Byggmaterial, STARK Suomi and Neumann Bygg business units, respectively.

For the 12 months ended on 31 July 2023, the Nordics segment represented 44% of STARK Group's reported net sales.

GERMANY & AUSTRIA

The Germany & Austria segment accounts for STARK Group's operations in Germany (including one branch in Luxembourg) under the STARK Deutschland business unit as well as its operations in Austria.

For the 12 months ended on 31 July 2023, the Germany & Austria segment represented 40% of STARK Group's reported net sales.

UNITED KINGDOM (UK)

The UK segment accounts for STARK Group's operations in the United Kingdom under the STARK UK business unit, which was acquired from Compagnie de Saint-Gobain SA with closing as of 28 February 2023. The UK business includes the nationwide brand Jewson but also strong local brands such as JP Corry in Northern Ireland.

The UK segment is included with 5 months of operations (March-July 2023) in this report.

For the 12 months ended on 31 July 2023, the UK segment represented 16% of STARK Group's reported net sales.

The Group

The Group was established on 15 December 2020 when the parent company and subsidiaries in Denmark, Sweden and Germany were incorporated by the ultimate owners, CVC Capital Partners Fund VII to prepare for the acquisition of STARK Group, which was signed and announced on 8 January 2021

As of 4 May 2021, the acquisition of STARK Group was completed and from that date the operations of STARK Group are included in the group results. Before the acquisition, the Group was essentially dormant.

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LETTER FROM THE CEO

NAVIGATING A WATERSHED YEAR

How do you navigate a business through extraordinarily busy days and back to more normal ones? Business schools are working on articles and white papers, while we experience it first-hand.

The past three years have been both challenging and exciting. Our financial year 2021/22 was extraordinary in every sense of the word. Commercially and financially, we were busy like never before. The past financial year was the watershed year. Activity levels and hence financial results pivoted early in our first half year, followed by a decline late in the second half.

So, how did we manage to navigate these challenges? We did well, I believe.

Our Annual Report 2022/23 presents net sales of EUR 7 billion, which is 17.7% up on last year, and adjusted EBITDA of EUR 456 million – is only 4.7% short of our 2021/22 results, which were out of the ordinary.

These numbers include the results of five months of operations from our major acquisition of Saint-Gobain Building Distribution Ltd. in the United Kingdom. The UK business contributed EUR 1.2 billion to our net sales, but only EUR 31 million to adjusted EBITDA. Our business case is to turn around this business, which has been underperforming for several years, just like we did after we acquired STARK Deutschland in 2019.

We have a solid track record of turning businesses around and getting them back on track for growth and improved profitability.

In the past year, our financial performance in the Nordics and Germany & Austria fell slightly compared to last year.

MANAGED FOR PROFITABILITY AND FUTURE GROWTH

So how do we manage our business from extraordinarily good times back to more normal ones? We manage our business for profitability, while positioning ourselves for future growth. This is not easy, but having engaged employees and an experienced management team in place has allowed us to act resolutely.

We are mainly exposed to the Renovation, Maintenance, and Improvement (RMI) segment of our industry, which gives us more cyclical resilience to the new-build market and benefits from the increasingly important market for energy efficiency enhancement. That offers some cushion, but the overall development in the construction industry still impacts our business.

Starting early in the financial year, we planned for a drop in activity levels in the second half of our financial year. Taking out cost and accelerating our sales efforts have sustained our profitability and developed our market positions across our business.

In the second half, the drop in total markets exceeded the decrease in activity levels we had planned for, and the visibility of when markets will recover remains low.

While we continue to manage for profitability, we maintain an ambitious and offensive approach to winning market share and accelerating profitability and growth once market recovery sets in.

In the past year, we concluded a strategy review of our business and drew up a plan for the period to 2027. The timing of our initiatives may be adjusted depending on how our markets perform, but we will continue to invest in our business to grow our market share and deepen our customer relations organically while fuelling growth through acquisitions.

We will continue to have a strong efficiency drive and have in the past year initiated a digitalisation journey aimed at making our business processes more efficient and providing smarter, value-adding services to our customers.

We will continue to leverage scale benefits from sourcing synergies, building digital solutions to scale, and a structured approach to sharing best practices across markets.

In addition, we will work diligently to become the best partner for sustainable building by managing our business to high ESG standards and making sustainability a commercial success for the benefit of tradespeople and the entire construction industry.

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LETTER FROM THE CEO

AMPLE OPPORTUNITIES, IRRESPECTIVE OF HOW MARKETS DEVELOP

The past year's acquisition of Saint-Gobain Building Distribution Ltd. in the UK added significant business volume and made us a leader in Europe. Turning around STARK UK is a huge opportunity.

The beauty of STARK in the UK is that we have ample opportunity to make it a better business to benefit our customers, colleagues, and owners, irrespective of how the market develops.

HOW WILL MARKETS DEVELOP?

Here is my thinking about our near-term future: We are likely facing times that financially will be tougher than what we experienced in the most recent financial year. Interest rate shocks have adverse impact on our business, but shocks are by nature a passing phase.

Challenging macroeconomics and geopolitical unrest are likely here to stay. Still, the impact on the construction industry will decrease as market fundamentals, including population growth, urbanisation, as well as energy efficiency and sustainability, call for continued new-build and renovation of housing, office spaces, and community buildings.

The current turmoil impacts the phasing of construction activities but not the deficit of housing and demand for building and construction work.

We look back at a year of normalisation after unprecedentedly good years for the construction industry and for builders' merchants and distributors. Throughout these recent years, we have focused on strengthening our business and will continue to do so.

Financially, we have quadrupled our net sales through organic and acquisitional growth, and we have increased our gross margin and adjusted EBITDA margin by sourcing harvesting synergies and leveraging our size. We are well positioned in the marketplace, our customers appreciate what we do, we continue winning market shares, and our organisational health is sound.

We cannot change the overall markets, but we will continue to respond swiftly to market changes and investing in our business to act as a consolidator of our markets. I remain firmly confident about the strength of our business, whatever the future may bring.

SØREN P. OLESEN

GROUP CEO

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FINANCIAL HIGHLIGHTS

EUR million	2022/23[2]	2021/22	2020/21[1]
Income Statement			
Net sales	7,054	5,995	1,474
Gross profit	1,811	1,541	376
EBITDA	391	459	101
Adjusted EBITDA[3]	456	479	125
Depreciation and amortisation of non-current assets	(243)	(171)	(37)
EBIT[4]	353	288	64
Financial items, net	(197)	(102)	(24)
Earnings before tax	156	186	40
Net earnings	144	132	22
Balance sheet			
Total assets	6,457	4,942	4,431
Intangible non-current assets	1,814	1,806	1,730
Tangible non-current assets	2,318	1,453	1,298
Equity	858	692	541
Net interest-bearing debt	2,123	1,577	1,410
Investments in property, plant and equipment	79	71	16
Capital expenditure (Capex), total[5]	108	95	21
Operational Capex, total[6]	71	55	12
Operational Capex, base[7]	38	32	8
Operational Capex, development[8]	33	23	4
Cash flow			
Cash flow from operating activities	311	230	300
Cash flow from investing activities	(673)	(269)	(2,173)
Cash flow from financing activities	424	(25)	2,202
Total cash flow	62	(64)	329
Key ratios			
Gross profit margin[9]	25.7%	25.7%	25.5%
EBITDA margin[10]	5.5%	7.7%	6.9%
Adjusted EBITDA margin[11]	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. Adjusted EBITDA is defined as EBITDA excluding non-recurring items.
   Non-recurring items are items of a material and exceptional nature which are adjusted for to provide a better understanding of the underlying performance of the Group.
4. EBIT in 2022/23 includes bargain purchase gain of EUR 205m. The bargain purchase gain is presented on a separate line in the consolidated income statement after EBITDA.
5. Capital expenditure (Capex) consists of investments in property, plant and equipment and investments in intangible assets (IT software).
6. Operational Capex (capital expenditures) is related to the normal business and excludes Freehold Capex.
7. Base Capex relates to maintaining the normal operations of the business.
8. Development Capex relates to expansion of the business to improve earnings capabilities or secure compliance.
9. Gross profit as a percentage of net sales.
10. EBITDA as a percentage of net sales.
11. Adjusted EBITDA as a percentage of net sales.

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KEY EVENTS 2022/23

MARKET ENTRY TO THE UK THROUGH TRANSFORMATIONAL ACQUISITION

The Group achieved a milestone in its growth strategy in December 2022 when entering the UK market for building materials through the acquisition of Saint-Gobain Building Distribution Ltd. The business case aims at turning around an underperforming, significant UK builders' merchant with a strong heritage in a market that is challenging but has strong market fundamentals. The UK housing stock is amongst the oldest in Northern Europe, and its population is projected to grow by 1.6% to 68.7 million in 2027. This will increase the need for new-build and renovations of the existing housing stock. The business operates 600 branches and distribution centres in the UK under leading brands, including Jewson in the UK and JP Corry in Northern Ireland.

On 1 March, following a swift two-and-a-half month closing process from Saint-Gobain UK Ltd., John Carter was appointed new CEO of the new company STARK Building Materials UK Ltd. (STARK UK) and a member of STARK Group's Executive Committee. John Carter has been in the building materials merchant and distribution industry for more than 40 years. His career includes serving as CEO of a FTSE 250 builders' merchant and home improvement retailer with 1,900 outlets.

When we took over the business, its financial performance was on a downward trend. A strategic and financial turnaround was announced early under STARK Group ownership, and a new strategy plan was developed over the summer. The business has undertaken a significant strategic shift from being centrally led to moving responsibility and accountability back to branches and focusing the business and strategic initiatives on professional trades peoples' needs.

The acquisition added approx. EUR 2.7 billion to STARK Group's annual pro forma net sales. In the financial year, net sales amounted to EUR 1,153 million with EBITDA at EUR 31 million for the five months included in this report.

EXPANDING THE TILES SPECIALIST BUSINESS

STARK Group made a total of six acquisitions during the financial year. The UK transaction was transformational, whereas four others were bolt-on acquisitions in the generalist space, and one supported the specialist strategy.

The acquisition of FagFlis in Norway and FF Kakel AB in Sweden enhanced the Group's leading positions in the specialist area of tiles. FagFlis covers the whole of Norway through 13 owned and 12 franchise branches, while in Sweden, FF Kakel has branches in Stockholm, Gothenburg, and Uppsala, which are three of Sweden's four largest cities.

Historically, the Group's strongest position has been in the general market for building materials. Since the acquisition of German tile specialist Keramundo in 2019, specialist areas such as tiles have played an increasingly important role in the growth strategy. Being the leading German tiles specialist, Keramundo has a broad offering including its leading own brand, Terralis. During the year, Keramundo was named Germany's Best Retailer in the Tiles Markets category for the fourth year in a row.

PUSHING AT THE FOREFRONT OF SUSTAINABILITY

A strong commitment to the ESG agenda continued during the year. The Group secured its Platinum rating and top 1% position in EcoVadis' global sustainability assessment. Being the proud winner of the FSR - Danish Auditors' CSR Report Award for non-listed companies in 2022, STARK Group continued its transparency efforts by releasing its first tax impact report and making Group policies publicly available on starkgroup.dk.

Commercially, the Group took another important step when conducting its strategy review. Having committed to Net Zero and to decreasing emissions from its own operations (scopes 1 and 2), STARK Group's strategy expanded its commitment to commercialising sustainability, which will bring manufacturers' products and innovation, our advice and documentation to the centre stage (scope 3). In Sweden and Denmark, documentation and LCA calculations were made easier when Beijer Bygg and STARK Danmark introduced Climate Monitor, which offers transparency about the emissions and climate impact of specific building materials.

During the UN General Assembly's climate week in September 2023, STARK Group and 26 other leading companies headquartered in Denmark called on world leaders for accelerated climate action and for incentivising the transition to green energy.

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KEY EVENTS 2022/23

ACCELERATED INVESTMENT PROGRAMME TO TRANSFORM THE BUSINESS

The Group continued its accelerated investment programme to transform its business. In addition to six acquisitions, including STARK UK, the Group initiated a comprehensive IT programme, and invested in opening and refurbishing branches, including Hisings Backa in Gothenburg. This 20,000 sqm. branch and distribution centre in Western Sweden is Beijer's largest and most ambitious investment to date. It will be followed by a light-hub for 30,000 light-side products scheduled to open in the Greater Stockholm area in 2024.

An IT programme is intended to upgrade the existing IT infrastructure in the Nordics by establishing a modern digital platform that will make key business processes more efficient, while providing value-adding services that will solve essential customer pain points.

SUPPLIER ENGAGEMENT

STARK Sourcing expanded its European Supplier Programme. More members joined the programme that is the only one of its magnitude and importance in the industry. Established in 2020, the European Supplier Programme has since evolved into a platform for sharing updates on market developments and participate in working groups on sector-specific topics, including its Sustainability Round Table. In June 2023, members of the European Supplier Programme discussed the Future of Big Cities and trends and future demands in urban construction where growth is significantly stronger and new regulation and customer demand emerge first.

AWARDED BUILDERS' MERCHANT OF THE YEAR

The Group was recognised by the building materials industry when it was named builders' merchant of the year in Sweden, the UK, and Germany. In Sweden, Beijer was given the award by the trade media Market and Stockholm Business School for its financial results, customer experience, brand strength, market position, innovation capabilities and sustainability commitment. In the UK, Jewson was awarded National Merchant of the Year at the BMJ Industry Awards. German tiles specialist Keramundo was awarded Germany's best tiles specialist retailer for the fourth consecutive year.

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BUSINESS REVIEW

IN BRIEF

In the financial year, STARK Group delivered a solid performance bolstered by acquisitions up against extraordinarily strong results last year in both the Nordics and Germany & Austria segments.

In the year, the Group added a new reporting segment, United Kingdom (UK), upon completion of the transformative acquisition of STARK UK in February 2023. The UK segment is included in the reported numbers from March 2023 and is thereby included with 5 months of operations in this report.

Overall, the markets remained volatile and challenging to navigate. In the first part of the year, the market conditions exhibited positive resilience with support from price inflation while underlying volume development was softening. From the latter part of the third quarter this transitioned into a significantly lower activity and softer customer demand in addition to deflation in some product categories.

The industry remains impacted by macro-economic uncertainty, price volatility and higher interest levels resulting in customers and builders being hesitant to engage.

The Group leveraged on its strong operations and dedicated people to successfully gain and safeguard market shares. At the same time, diligent cost-out measures were executed to adjust to the lower activity level, combat inflationary pressures and protect margins.

Adjusted Income Statements
In the financial year, the Group incurred non-recurring costs related mainly to due diligence, financing, integration, restructuring and strategic alignment of acquisitions, especially the acquisition of STARK UK in February 2023. To provide a more accurate view of the Group's underlying performance, adjusted figures excluding non-recurring items are presented below.

Adjusted Income Statement			2022/23			2021/22
2022/23 includes 5 months of UK operations		Non-recurring				Non-recurring	
EUR million	Reported	items	**Adjusted**	Δ%	Reported	items	**Adjusted**
Net sales	7,054		7,054	17.7%	5,995		5,995
Cost of sales	(5,243)		(5,243)	17.7%	(4,454)		(4,454)
Gross profit	1,811		1,811	17.5%	1,541		1,541
Gross profit margin %	25.7%		25.7%	0.0 pp	25.7%		25.7%
Staff costs	(903)	(18)	(885)	23.2%	(721)	(3)	(718)
Other external operating expenses	(517)	(47)	(470)	36.7%	(361)	(17)	(344)
Total operating expenses	(1,420)	(65)	(1,355)	27.6%	(1,082)	(20)	(1,062)
EBITDA	**391**	**(65)**	**456**	**-4.7%**	**459**	**(20)**	**479**
EBITDA margin %	5.5%		6.5%	-1.5 pp	7.7%		8.0%

Adjusted Segment Income Statement	**Nordics**			**Germany & Austria**			**UK**
2022/23 includes 5 months of UK operations							
EUR million	2022/23	2021/22	Δ%	2022/23	2021/22	Δ%	2022/23
Net sales	3,057	3,277	-6.7%	2,844	2,718	4.6%	1,153
Cost of sales	(2,242)	(2,395)	-6.4%	(2,161)	(2,059)	4.9%	(840)
Gross profit	815	882	-7.5%	683	659	3.7%	313
Gross profit margin %	26.7%	26.9%	-0.2 pp	24.0%	24.2%	-0.2 pp	27.1%
Staff costs	(378)	(398)	-5.1%	(344)	(320)	7.5%	(163)
Other external operating expenses	(188)	(193)	-1.9%	(163)	(151)	7.3%	(119)
Total operating expenses	(566)	(591)	-4.0%	(507)	(471)	7.4%	(282)
EBITDA	**249**	**291**	**-14.7%**	**176**	**188**	**-5.6%**	**31**
EBITDA margin %	8.1%	8.9%	-0.8 pp	6.2%	6.9%	-0.7 pp	2.7%

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BUSINESS REVIEW

CONSOLIDATED INCOME STATEMENT

Net sales
Net sales grew by 17.7% to EUR 7,054m compared to EUR 5,995m last year with significant support from acquisitions, especially the entry into the UK market. The organic growth excluding impact from currencies and acquisitions was -6.5% and was driven by similar market developments across all segments against extraordinarily strong growth the year before.

Markets showed positive resilience in the first half of the year while especially from the latter part of the third quarter a significantly softer trend emerged impacting the otherwise solid performance.

The organic growth was positively supported by price inflation in the first half of the year while the underlying market activity and volumes were soft. Price inflation has gradually come down over the year and in Q3 and Q4 price deflation were seen in some commodity categories.

Gross profit and gross margin
Gross profit grew by 17.5% to EUR 1,811m, which was mainly driven by the growth in net sales supported by acquisitions. Organic growth excluding acquisitions and currency impact was -7.6%. Currency impact was -1.3% for the year driven by depreciating SEK and NOK.

Gross margin was stable at 25.7%. Maintaining the gross margin levels was challenging in the year, mainly due to volatility in prices/inflation and declining demand/activity levels.

Amidst the market turmoil, the Group maintained its focus on effective price and inventory management, strategic sourcing initiatives with support from own brands and growing the share of SME sales to safeguard margins.

On Group level, there was support from acquired businesses, especially STARK UK joining the Group as well as from Fagflis in the tiles category, which both operate at slightly higher gross margin levels.

Operating expenses
Staff costs and other operating expenses were well under control during the financial year thanks to a persistent focus on cost discipline. During the year, significant cost reductions have been diligently executed to mitigate inflationary pressures and to align to the current market activity level. This remains a top priority due to the current softer markets and macro-economic developments.

Staff costs excluding non-recurring items increased by 23.2% to EUR 885m in the year including a currency impact of -1.3% and impact from acquisitions of 27.1%. Organic development was a reduction of -2.7% driven by cost-out measures, FTE reductions and lower costs for variable components such as employee bonuses and partially offset by wage inflation/union agreed tariff increases and strategic investments driving higher FTEs in selected staff categories.

Other operating expenses excluding non-recurring items increased by 36.7% to EUR 470m for the year including a currency impact of -0.8% and impact from acquisitions of 40.9%. Organic growth was -3.6%, driven mainly by cost-out measures and to a lesser degree variable costs that change with activity level. The savings were partially offset by normal inflation across cost categories.

EBITDA
Adjusted EBITDA declined by -4.7% to EUR 456 million as a result of the above dynamics. Strong support from acquisitions reduced the negative underlying growth that was driven by a softer market and partly mitigated by cost-out measures.

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BUSINESS REVIEW

CONSOLIDATED INCOME STATEMENT

Depreciation and amortisation
Depreciation and amortisation amounted to EUR 243m for the year, reflecting depreciation and amortisation of tangible and intangible assets of EUR 115m and EUR 128m related to right of use assets (IFRS 16). The level of depreciation and amortisation was impacted by fair value assessments 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.

Bargain purchase gain from the acquisition of STARK UK
As a result of the fair value assessment of the components in the opening balance sheet for STARK UK, the Group has recognised bargain purchase gain of EUR 205m from the acquisition as of 28 February 2023. As required by IFRS, this amount has been recognised as a bargain purchase gain in the income statement.

Financial items, net
Financial expenses for the year were EUR 197m (2021/22: EUR 102m) of which EUR 103m (2021/22: EUR 70m) were related to financing from related parties, EUR 15m (2021/22: EUR 8m) to external financing, EUR 27m (2021/22: EUR 14m) to calculated interest on leasing debt and EUR 49m (2021/22: EUR 11m) to exchange losses primarily on intercompany loans. Financial expenses are impacted by additional financing in relation to acquisitions and by increases in interest levels in general.

Taxes
Income tax was EUR 12m (2021/22: EUR 54m) with an effective tax rate of 8% (2021/22: 29%). Effective tax rate is impacted by limitation of interest deduction and non-deductible M&A costs and especially by the bargain purchase gain of EUR 205m with no related tax.

Other comprehensive income
Other comprehensive income of EUR 26m (2021/22: EUR 23m) consisted of net gain of EUR 9m (2021/22: EUR 6m) related to exchange gains from translation of foreign operations and net gain of EUR 17m (2021/22: EUR 17m) from actuarial gains on retirement benefit plans.

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BUSINESS REVIEW

SEGMENT HIGHLIGHTS

NORDICS

The Nordic business delivered another year of solid performance. Up against the extraordinarily strong financial results in the previous year, the financial performance was softer, however, with good progress on key parameters such as customer satisfaction (NPS), market shares and general market position.

During the past year, reported net sales were EUR 3,057m, a decline of 6.7% driven mainly by lower activity levels and negative currency impact from Swedish and Norwegian Kroner of 2.9%. Acquisitions in Sweden, Norway, and Denmark were positive contributors to net sales by 2.3%. Organic net sales were 6.2% lower than in the previous year.

The acquisition of the tiles specialists FagFlis and FF Kakel contributed positively to gross profit and gross margin but did not offset the negative impact of declining activity levels and deflation seen in especially some of the commodity categories during the second half of the year. The gross margin remained at a high level of 26.7% (26.9% in the previous year) supported by acquisitions and positive market mix. Gross profit ended at EUR 815m, a decline of EUR 67m compared to the previous year.

To mitigate the lower activity levels and the impact of inflation on our cost base, operating expenses were reduced by EUR 25m to EUR 566 million.

Adjusted EBITDA landed at EUR 249m (EUR 291m in the previous year) with an EBITDA margin of 8.1%.

GERMANY & AUSTRIA

The German & Austrian business has been on a journey of many acquisitions. Compared with the previous year's extraordinary commercial and financial results, the business grew its net sales from acquisitions, but recorded slightly lower earnings.

Reported net sales were EUR 2,844m, a net increase of 4.6%. Acquisitions completed in 2022/23 contributed 12% to net sales. These increases were partly offset by reduced activity levels, particularly in the second half of the financial year. Organic growth was negative at 7.3%.

Deflation in several categories and the impact of acquisitions with below-average gross margins contributed slightly negatively to the gross margin of 24.0% (24.2% in previous years). This decline and the lower activity levels were offset by the impact of acquisitions. Gross profit grew by EUR 24m (3.7%) to EUR 683m.

Mitigating the effect of lower activity levels and inflation on the cost base, we reduced underlying operating expenses by 3.4% in the year. This was more than offset by the impact of acquisitions, which had a first-year negative impact on the cost base and a slightly dilutive impact on earnings. Operating expenses increased by EUR 36 million to EUR 507m.

Adjusted EBITDA was EUR 176m (EUR 188m in previous year), leaving the EBITDA margin at 6.2%.

UNITED KINGDOM

The UK business was acquired during the year and contributed with five months of operational performance. The business is among the market leaders in the UK but has been underperforming financially for several years. The business case is to turn around the business.

Net sales were EUR 1,153 million for the five-month period recognised in this report. Indicative organic growth for the period was negative at approx. -5% versus proforma net sales from the same period the year before.

The gross margin was 27.1% and the gross profit was EUR 313m. Indicative organic growth for the period was approx. -10% versus proforma gross profit from the same period the year before as a result of the development in net sales and pressure on gross margin.

Operating expenses were EUR 282m in the five-month period. Several restructuring activities have been initiated to reduce operating expenses going forward.

Adjusted EBITDA was EUR 31m, leaving EBITDA margin at a low 2.7%.

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BUSINESS REVIEW

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Intangible assets
Total intangible non-current assets amounted to EUR 1,814m as of 31 July 2023 (31 July 2022: EUR 1,806m) and consisted primarily of goodwill, trade names and customer relations identified in connection with acquisitions.

Additions during the year relate to goodwill and intangibles recognized on acquired businesses and investments in software of EUR 29m. The impairment test confirms that intangible non-current assets are not impaired.

Tangible assets
Total tangible non-current assets amounted to EUR 2,318m as of 31 July 2023 (31 July 2022: EUR 1,453m). The amount was primarily related to owned properties, which amounted to EUR 1,155m (31 July 2022: EUR 732m) and in addition EUR 891m (31 July 2022: EUR 553m) has been recognized as right of use assets (primarily leased properties) in accordance with IFRS 16. Capital expenditure during the year amounted to EUR 79m.

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 108m, of which EUR 71m was related to operational Capex and EUR 37m was related to freehold investments. The level for operational Capex was EUR 16m higher than last year, driven mainly by increased investments in digital solutions and IT security and impact from UK.

In relation to freehold investments, the Group has expanded and upgraded strategic locations in the branch network.

In addition to the investments, the Group divested properties and other assets during the year with a total positive cash impact of EUR 14m.

Working capital
Trade working capital (inventories, trade receivables less trade payables) for the Group was EUR 572m as of 31 July 2023 (31 July 2022: EUR 286m). The increase in working capital is driven by the acquisition of STARK UK, which was partly offset by improvements in the existing businesses.

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

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BUSINESS REVIEW

CONSOLIDATED CASH FLOW STATEMENT

Operating activities
Operating activities generated a positive cash flow of EUR 311m in 2022/23 (2021/22: EUR 230m). The increase in the positive inflow was primarily driven by the improvement in working capital, which was in part offset by increasing interest payments due to higher interest levels and additional financing in connection with the acquisition of STARK UK. Tax payments were EUR 55m lower than last year.

Investing activities
Investing activities during the year amounted to a net cash out flow of EUR 673m (2021/22: EUR 269m), which related mainly to acquisitions completed during the year of EUR 579m. Net investments in tangible and intangible non-current assets amounted to EUR 94m (2021/22: EUR 80m).

Financing activities
Net cash flow from financing activities amounted to an inflow of EUR 424m (2021/22: Outflow of EUR 25m), which mainly related to proceeds from a new loan from related parties and mortgage loans in Denmark, primarily to finance the acquisition of STARK UK. The proceeds from the loans were partly offset by instalments on leasing debt of EUR 113m.

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 operate the subsidiaries have been recharged to these companies and is recognised as net sales in the income statement.

In addition, the parent company has incurred expenses related to M&A activities. In 2022/23 these expenses are significantly higher than last year due to the acquisition of STARK UK.

The parent company has received EUR 1,310m in dividends during the year from the subsidiary LSF10 Wolverine Bidco ApS. EUR 894m has been recognized as an impairment to the carrying value of investment in LSF10 Wolverine Bidco ApS as of 31 July 2023. In addition, the investment in Neumann Bygg AS has been impaired by EUR 12m.

No other unusual items or transactions have occurred during the year.

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BUSINESS REVIEW

OUTLOOK 2023/24

For the coming financial year 2023/24, we will be navigating in an environment where visibility is significantly reduced and impacted by macro-economic instability, increased and volatile interest rate levels and potential ongoing market uncertainty across our segments.

In the long term, management continues to see positive demographic developments, a persisting need to update and renovate the housing stocks as well as governmental focus on energy renovations and sustainable building, which will support the market and business dynamics and drive consistent growth.

For the coming year 2023/23, the Group expects a slightly declining organic top line due to continued soft markets in the first half of the year versus very strong comparisons. In the second half of the year, management assumes that the markets will return to a slow, but steady growth.

Development in prices is expected to stabilize during the first half of the year. Volumes are expected to be soft in the first half of the year and replaced with a slightly growing trend from late Q3.

On a reported basis, the top line will be supported by full-year run-rate effects from acquisitions made in 2022/23, especially the additional 7 months of operations from STARK UK.

For EBITDA, the Group expects a negative underlying development for 2023/24 driven mainly by the continued weakness in the total markets. Adjusted EBITDA will be positively impacted by 7 additional months of operations in STARK UK as well as the ongoing turnaround, which, however, will also drive exceptional costs for integration and restructuring activities. The Group expects to be able to partially offset inflation on the cost base, particularly in terms of labour cost reductions through FTE adjustments in line with activity and through efficiency measures and synergies from acquired businesses.

Including acquisitions completed up to the date of this report, the Group expects to deliver the following for 2023/24:

- Reported net sales in the range of EUR 8.0 billion to EUR 8.6 billion
- Adjusted EBITDA in the range of EUR 420 million to EUR 470 million

The outlook for 2023/24 is based upon assumptions and estimates that, while prepared with numerical specificity and considered reasonable, are inherently subject to significant business, operational, economic, political, legal and competitive uncertainties and contingencies, many of which are beyond the company's control and influence, and upon assumptions with respect to future business decisions that are subject to change.

The outlook may deviate substantially from actual developments and the actual results of operations are likely to deviate, and may deviate materially, from the outlook, since anticipated events may not occur as expected.

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STRATEGY

Being a European leader, STARK Group aims to consolidate the fragmented markets for the distribution of heavy building materials.

STRATEGY

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The Group operates within an industry that is instrumental in building and renovating cities and communities for the future. The continuing population growth calls for more housing, office space and community buildings to accommodate people expecting high quality of life as well as more energy-efficient and sustainable cities and communities.

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

It plays a crucial role in effectively connecting manufacturers of building materials with tradespeople. The Group sources more than 400,000 SKUs at scale from more than 15,000 suppliers, advises manufacturers about market developments and customer feedback, and makes products available to tradespeople from its densely knitted network of 1,150 warehouses and distribution centres, branches and shops located close to building sites.

More than 450,000 tradespeople buy from STARK Group to obtain ease of procuring, advice, documentation, credit, and effective distribution.

CONSOLIDATING THE MARKET

STARK Group's goal is to win and consolidate the attractive market for trading and distributing heavy building materials in Northern Europe.

The Group has organised and endeavours to grow its share and deepen its customer relations organically while fuelling growth through acquisitions.

A strong efficiency drive is supported by a decentralised operating model that leaves decision-making powers and accountability at branch level close to the customers, in combination with stringent performance management.

In addition, the Group leverages scale benefits from sourcing synergies, building digital solutions to scale, and a structured approach to sharing best practice across markets.

Managing a significant property portfolio actively, allows the Group to hone and invest in its network with market-leading sales and branch concepts as well as in enhanced distribution capabilities.

AN ATTRACTIVE MARKET

STARK Group is a leader in an attractive market that is fuelled by an underlying population growth and an ongoing housing deficit.

The geographical footprint is in a stable region exhibiting strong market fundamentals including stable GDP growth, a stable regulatory environment and compelling structural growth drivers.

These include a population growth of an estimated 2.25 million people (2.25%) to 191.3 million in the period 2023-28 and urbanisation as well as a push for improved energy efficiency and sustainability in the existing housing stock.

The key market is the attractive Renovation, Maintenance, and Improvement (RMI) segment of the construction industry that is instrumental in building and renovating to counter the ongoing housing deficit.

The RMI end-market has more resilience to the new-build market and benefits from the increasingly important market for energy efficiency that is being further fuelled by the EU Green Deal stimuli package.

The customers are tradespeople working in the RMI segment. While doing business across all customer segments, the Group has its main foothold with small and medium-sized enterprises (SMEs) (1-50 employees) that mainly engage in small and medium-sized RMI projects or as subcontractors.

The segment is attractive because SME tradespeople work across cities and hence value the dense branch network, effective distribution, broad and guaranteed assortment, and services that STARK Group delivers.

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STRATEGY

WINNING BY MAKING HARD WORK EASIER

STARK Group's newly reviewed strategy plan towards 2027 outlines how it intends to grow its share and deepen customer relations, drive efficiency, and manage its assets to future-proof the business. The Group is on a quest to support tradespeople in making hard work and their working lives as easy as can be:

- by moving **CLOSER** to tradespeople
- by acting **SMARTER** when with tradespeople
- by growing **STRONGER** to the benefit of tradespeople

while extending its industry leadership in ESG and sustainability. The strategy plan builds on ten pillars. In its 2027 plan, the Group's aims to:

MOVE CLOSER

To win the local zone by building more trusted relationships and enhancing its range, service offering and network.

1. **SME focus:** aim to win SME customers, actively reduce churn, and do more business with existing customers.
2. **Customer promise:** aim to offer great availability and On Time In Full (OTIF) delivery while expanding offering in must win categories, such as tiles, energy efficiency and light building supplies.
3. **Best branches**: aim to hone its network through high proximity and market-leading branch concepts, enhanced logistics capabilities and light hubs that offer above-branch logistics with superior ranging and availability.

ACT SMARTER

To offer great customer experience smarter by bringing 'digital, people, and pricing power' from business units into the local zone.

4. **Digital in everything we do:** 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.
5. **Empowering people:** 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.
6. **Smart pricing:** aim to secure best prices and pricing consistency tailored for individual customers while enhancing automated pricing practices through improved use of data and AI.

GROW STRONGER

To bring benefits to tradespeople from working with Europe's strongest Group by gaining sourcing synergies, consolidating our industry, and reinvesting in our business.

7. **Europe's #1 sourcing channel:** aim to leverage our scale and buying power to regain margin from suppliers, chase synergies and roll out a rejigged Own Brand offering.
8. **M&A leadership:** aim to consolidate our industry to secure scale benefits to tradespeople, build local proximity in growth zones and fuel must-win category plays.
9. **Commercial real estate:** aim to manage our property portfolio actively to secure operational excellence and rein-vest in our business and branch network.

LEAD ON SUSTAINABILITY

To become the best partner for sustainable building by managing the business to high ESG standards and making sustainability a commercial success to the benefit of tradespeople and the entire construction industry.

10. **Best partner for sustainable building:** aims at making carbon data on products available to customers and expanding the "low-carbon" assortment while enhancing our advisory, documentation, distribution etc. services.

By successfully moving closer, acting smarter and getting stronger, STARK Group will not only grow its business and consolidate its industry.

The Group will also create a ripple effect giving its customers and the industry greater efficiency and empowering them to take an active part in the transition to emissions-free building;

- to the benefit of employees who will have more career opportunities and a great place to work
- to the benefit of the communities in which we operate,
- and to the benefit of our planet when climate action and decent social and governance standards are being pushed for and become part of every business' license to operate.

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BUSINESS MODEL

Key resources

Products
Extensive range of SKUs sourced and sold.

Partnerships
Trusted relationships with tradespeople, suppliers and the industry at large.

People
Dedicated employees with backgrounds as tradespeople, retailers, distributors etc.

Expertise & knowledge
Continuous training of our employees and more than 125 years of heritage.

Brand & reputation
Suite of leading brands acknowledged by tradespeople and the industry at large.

Business activities

SOURCE

Scale in sourcing
Leverage scale to secure availability and ensure competitive prices.

Break pallets
Break truckloads from manufacturers into smaller quantities and mix needed at building sites ensuring efficient low-carbon logistics.

Warehousing
Efficient distribution from manufacturers to network of large warehouses and branches that keep buffer stock for tradespeople.

SELL

Network with broad coverage
Located close to building sites to reduce tradespeople's time spent on procuring.

Product availability
Offer the right product mix and full availability within short timeframe on time in full. This includes a market leading assortment of materials to fulfil energy efficiency and LCA requirements.

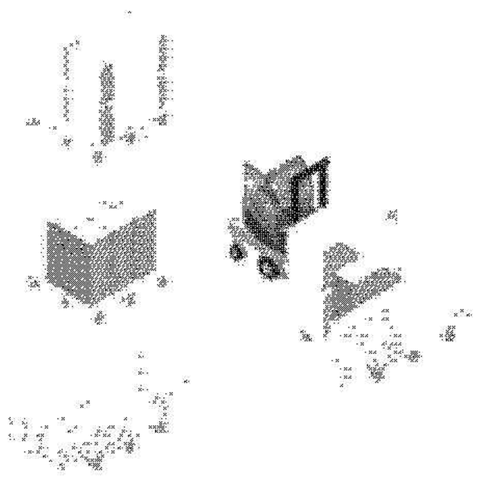
Sales facilitation
Provision of projects and bidding planning services

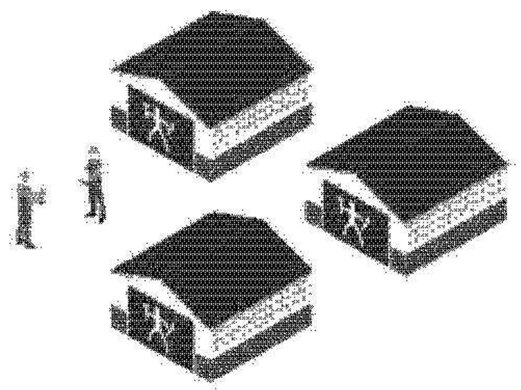
Customer consultations and credit
Offer deep customer and market insights and act as sales force for manufacturers for long tail of SME customers. Ensure competitive pricing and advice to customers about products, sustainability etc. Bridge the liquidity gap by offering credit.

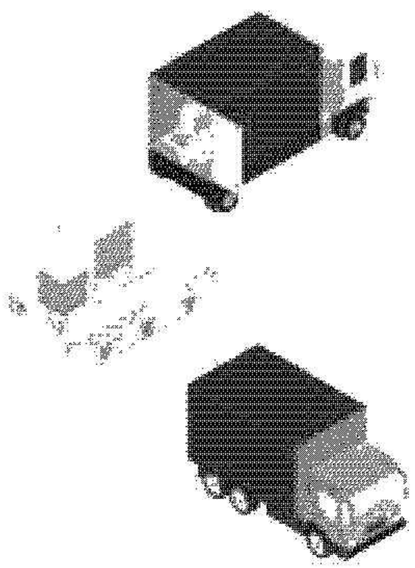
Product documentation
Provide market leading product documentation to fulfil national and sustainability scheme requirements.

DISTRIBUTE

Efficient distribution
Manage complex distribution of heavy and fragile materials with modified trucks and direct delivery capabilities. Ensure access to and availability of materials close to building sites with efficient low-carbon logistics solutions.







Value created

Net zero cities of tomorrow
More and better housing, office spaces and renovated and energy-efficient buildings for high quality of life and sustainable communities and cities.

Customer value
Advise, service and credit for professional tradespeople.

Efficient building industry
Reduced complexity, more speed and best prices when distributing heavy building materials procured in different mixes for delivery within a short timeframe.

Great place to work
Career opportunities in an engaging and safe working environment for a brand that employees take pride in.

Shareholder value
Competitive total returns through high ESG performance and above average market growth and value creation.

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SUSTAINABILITY

STARK Group works with high business integrity in support of a net zero future.

STARK Group works to reduce emissions in line with the Group's approved Science Based Targets by 42% in scope 1 & 2 and 12.3% in scope 3 by 2030. The overall ambition is to reduce emissions to net zero by 2050 at the latest.

Being a signatory to the UN Global Compact, STARK Group is committed to upholding the ten principles within environment, human rights, labour rights and anti-corruption throughout all business activities. This has been further strengthened through the 2023 strategy review, which has cemented the Group's ambition to be the best partner for sustainable building. Reaching this ambition entails two focus areas: maintaining high ESG performance and making sustainability a commercial success.

In 2022/23, the European sustainability reporting standards of the emerging EU corporate sustainability reporting directive have been integrated into the Group sustainability framework using double materiality as the foundation.

ENVIRONMENTAL: CLIMATE ACTION, CIRCULARITY, AND ECOSYSTEM PROTECTION

STARK Group's 2030 science-based carbon reduction targets are a clear commitment that we will continue to work to decarbonise the way we operate across the value chain. STARK Group has a solid roadmap to meet our interim goals for 2024 and 2030, and we are determined to reach net zero by 2050 despite high growth rates through acquisitions.

In 2022/23, STARK Group, including our newly acquired UK market, reduced scope 1 and 2 emissions by 19.4% from the 2020 baseline. The reduction is driven by the continued sourcing of renewable electricity, comprising 65% of total electricity consumption. Furthermore, we continued the transition away from diesel forklift trucks to electric and from gas and oil heating systems to district heating and electric heat pumps.

Despite the increased electrification of energy systems and transport fleet, our electricity consumption has decreased by 6% from the 2020 baseline. Following the reduction of emissions, STARK Group achieved interest savings on our ESG-linked loan of EUR 1 million in 2022/23.

STARK Group reduced waste to 5.2 tonnes per mEUR revenue, corresponding to a reduction of 21% since 2020. This reduction is primarily driven by the Nordics, who achieved a 16% reduction in absolute waste despite market growth. The percentage of total waste segregated for recycling has decreased to 67% due to lower waste recycling rates in STARK UK. Best practice sharing across markets will be utilised to leverage waste recycling potentials in STARK UK.

During 2022/23, STARK Group expanded the sustainability specialists' training programme and initiated Sustainability Ambassador Programmes in Germany and Finland. A total of 520 employees, equal to 2.5% of the Group's employees, have been trained as sustainability specialists. A sustainability training programme will be launched in the UK during 2023/24.

In 2023, STARK Group launched a new digital climate tool for customer product carbon reporting in Denmark and Sweden. The climate monitor provides customers and end-users with an overview of product climate impact, making it easier to assess and compare product carbon data and identify lower-impact alternatives for building life cycle assessments (LCAs). The tool is planned for launch across all markets within the next years to support customers in making informed decisions regarding product carbon impact. We expect this to impact our scope 3 reduction plans significantly.

In 2022/23, there was an increase in sales of third-party certified eco-labelled products in all Nordic markets. FSC and PEFC-certified timber-based products comprised 78-95% of total timber sales in Finland, Denmark, Sweden, and Norway. Similarly, the share of sales of third-party eco-labelled products in stocked assortment contributed to 25-73% of sales between our Nordic markets. Accounting principles will be streamlined to report a Group number in 2023/2024. As penetration levels of eco-labelled products are relatively low in the UK market, we see considerable potential for promoting such products in our newest market. However, it is expected that average Group percentages will drop significantly.

81% of our branches are environmentally certified. STARK Deutschland, Beijer Byggmaterial and 521 STARK UK branches are all certified to ISO 14001, while Neumann Bygg is certified under the Eco-Lighthouse certification system.

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SUSTAINABILITY

SOCIAL:
SAFE, ENGAGED AND INCLUSIVE WORKFORCE

We are committed to being a safe and inclusive company with a highly engaged and competent workforce. We believe that social sustainability fosters engagement, which is crucial for STARK Group to deliver on its strategic goals and maintain customer loyalty. As a workplace, STARK Group works to ensure equal treatment and opportunities for all employees. We take pride in belonging to a community that supports the inclusion of all people, regardless of gender, age, ethnicity, sexual orientation, faith or religion.

In 2022/23, we published a Diversity, Equity & Inclusion Policy as a foundation for all guidelines and procedures. This policy was written with support from the STARK DE&I Council and concrete targets and initiatives have been determined to achieve progress and eliminate risks.

On 31 July 2023, women constituted 21% of our total employees, a 1pp decline from the 2020 baseline and a 4pp reduction from the previous year. This decrease is due to the acquisition of STARK UK, where women make up 17% of the total headcount. Across the Group, 15% of management positions are held by women. The Executive Committee comprises 29% women, a 4pp increase compared to the previous year. The Executive Management Team's gender balance was 50/50. The Board of Directors of STARK Group A/S consists of 20% women. We are committed to improving the gender balance.

Employee engagement remained at a high level of 74 compared to the industry average of 72. The participation rate was 82%. During 2022/23, 37,652 training hours were completed, equivalent to 3.1 hours of training per employee.

Health and safety is a key priority for STARK Group. In 2022/23, the rate of occupational injuries decreased from 7.9 to 5.6 injuries per 1 million hours worked from a 2020 baseline. High safety standards in STARK UK drive these reductions, as well as improved governance, continued focus on root cause analysis and involvement from recently established Health & Safety steering committees.

A total of 21% of STARK Group's branches are ISO 45001 certified, including three Danish, three UK, and 207 German branches. The reduction compared to last year, when 40% of our branches were certified, is solely due to new acquisitions of uncertified branches. In 2024, STARK Suomi plans to obtain ISO 45001 and ISO 14001 certifications for all branches.

GOVERNANCE:
RESPONSIBLE BUSINESS ETHICS

STARK Group is committed to upholding high standards of responsible business conduct, sustainable procurement and high data ethics to meet the expectations of stakeholders and the greater society.

We are committed to sourcing our products from financially healthy, reliable partners that trade ethically and responsibly without compromising on labour rights, human rights or the environment. Our size and close relationships with trusted suppliers allow us to drive sustainable development in the supply chain by improving supplier ESG performance through knowledge sharing, clear expectations, and screening processes.

All new contracts entered in 2022/23 have undergone and passed the product integrity evaluation as part of an updated environmental and human rights due diligence process, and all targeted suppliers have signed legal terms and conditions, including compliance with STARK Group's Supplier Code of Conduct, since its implementation.

In 2022/23, we integrated a third-party ESG screening to view supplier ESG risk scores alongside financial risks. The average ESG risk score per spend (excluding suppliers to STARK UK) was 2.4 (medium risk) out of 5. Four percent of the supplier spend falls within the "High Risk" category. A common cause of "High Risk" is a lack of ESG risk screening assessment data. Therefore, we continuously work with our suppliers and risk assessment providers to improve ESG efforts and data quality and will use ESG risk screening to prioritise our efforts.

In 2022/23, a total of 32 whistleblower cases have been reported through the confidential and anonymous whistleblower system SpeakUp! Three cases resulted in disciplinary actions.

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SUSTAINABILITY

GOVERNANCE: RESPONSIBLE BUSINESS ETHICS

The STARK Group executive remuneration has since 2021 been linked to STARK Group's sustainability performance. During 2022/23, sustainability was linked to a third-party sustainability rating by EcoVadis, which scores performance within Environment, Labour & Human Rights, Ethics, Sustainable Procurement and Carbon Management. Carbon reductions are included as a significant part of our EcoVadis rating. In 2023/24, the executive remuneration will be linked to the Group's scope 3 data foundation and reduction roadmap.

We are committed to paying our fair share of taxes in all our business markets. In May 2023, we published a Tax Impact Report disclosing our total tax contributions, including a breakdown by type and jurisdiction.

SUSTAINABILITY REPORT 2023

STARK Group's sustainability activities are further elaborated upon in the separate Sustainability report 2023:

starkgroup.dk/newsroom/publications

The report serves as the baseline for STARK Group's annual Communications on the Progress to the UN Global Compact, and as the statutory statement on corporate social responsibility, the underrepresented gender and statement of the company's policy on data ethics in accordance with the EU Directive 2014/95/EU (Danish Financial Statement Act §99a, b, d, and §107d).

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RISK MANAGEMENT

STARK Group considers risk management a critical component of its decision-making and ability to create value over time.

RISK MANAGEMENT

Risk management forms an integral part of STARK Group's operations and decision-making process, and aims to create and safeguard business value, secure continuity of operations and ensure the safety of our people.

STARK Group´s Enterprise Risk Management process is designed to identify and manage uncertainties and risks affecting the Group and its business units in the global marketplace. Integrated with the Internal Control framework, the aim is to identify, prioritise and manage key risks at all levels of the business to support the Group in better decision making, proper allocation of resources and better and faster utilisation of opportunities as they arise.

Identified potential risks are addressed directly with business unit management, so that relevant mitigating actions can be implemented to safeguard strategic objectives and avoid disruptions or safety concerns in day-to-day operations.

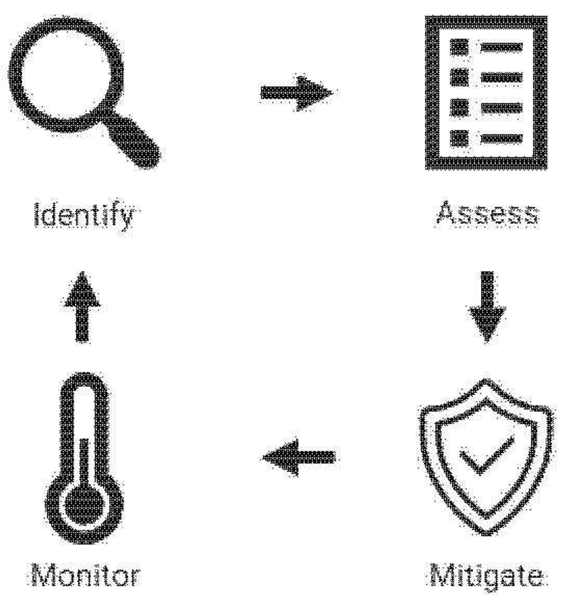
RISK GOVERNANCE

The responsibility for the governance of risks lies with the Board of Directors. On behalf of the Board of Directors, the Audit Committee monitors the effectiveness of the Group's risk management setup and evaluates the design framework and governance.

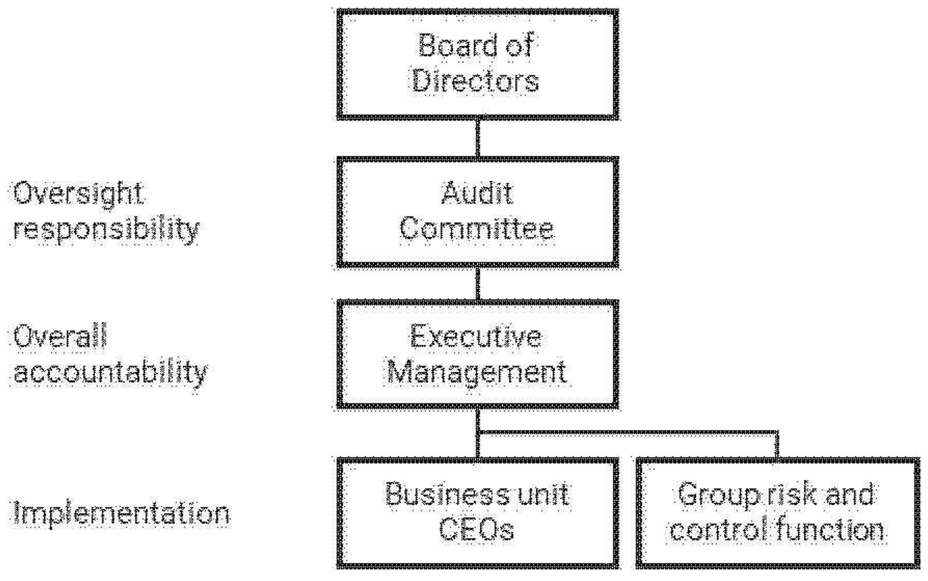
The Executive Management is accountable for the operational part of risk management, headed by the individual business unit CEOs, who are responsible for the implementation of the Group´s Risk Management Policy and Internal Controls framework.

A Group risk and control function validates the implementation, monitors trends and findings within the control framework and ensures proper and complete reporting to the Audit Committee on status, mitigations, and newly identified risks.

RISK MANAGEMENT CYCLE



RISK GOVERNANCE MODEL



Penneo dokumentnøgle: Q2QIJ-K2V6A-ZN7TC-WCDFZ-PFB6E-LPHW6

KEY RISKS

Some risks could have a significant impact on STARK Group's future operations. The Group monitors such key risks closely to assess and mitigate their impact.

ECONOMIC DOWNTURN

Impact
Rising inflation, higher interest rates and growing geopolitical uncertainty creating faster than expected economic decline might adversely impact customer demand in the builders' merchant industry. This may jeopardise the Group´s operational strategic plans and targeted market growth.

Mitigation
The Executive Management closely monitors market conditions with intelligence provided by the Group's business development, finance and sourcing teams. Each business unit's management team holds in-depth meetings with Executive Management to further provide operational insights and assess current market developments. Economic contingency plans for various scenarios have been designed and specific initiatives activated to take recent market situations into account. The Group aims to enhance its resilience towards economic downturns through a continued focus on sales to the core customer segment of small and medium-sized professional craftsmen within the RMI market and to constantly adjust the cost base to be in line with market activity.

SUPPLY CHAIN DISRUPTION AND PRICING MANAGEMENT

Impact
Supply chain disruptions due to conflicts, shortages of products, restrictions of trade, adverse weather conditions, energy restrictions, logistics disruption or other external factors might impact suppliers, logistics and STARK Group and thereby result in product availability problems, delivery issues and rapid price increases. The Group might not successfully be able to manage prices of commodities and other sourced goods quickly enough during volatile periods, which could potentially result in margin decline or loss of competitive offerings and market share.

Mitigation
During recent unstable and disruptive periods, STARK Group has worked closely with suppliers and logistics partners to address situations as they arise and to mitigate the related risks in the best way possible.

The Group aims to maintain an adequate number of alternative suppliers, to support both product availability and product price development and to secure undisturbed business continuity and product availability for our customers.

By continuously improving the pricing processes and increasing automation, STARK Group has reduced response time as well as simplifying the price adjustment processes. During volatile periods, increased internal inventory monitoring and consistent vendor communication is key to managing an effective pricing process and prevent margin deterioration and supply shortages.

INFORMATION SYSTEMS AND CYBER RISK

Impact
The Group relies on-specific systems and applications to operate efficiently. This carries an inherent risk of system error, human error, data breaches and other interruptions that may impact STARK Group financially and operationally. The threat to the Group´s cybersecurity and data security continues to be a key risk area and a cyber-attack could result in an extended period of downtime. Operational disruptions or vulnerabilities in key information systems could significantly affect the Group's ability to carry out daily operational business processes and servicing customers.

Mitigation
STARK Group's IT function continuously seeks to minimise the above risks by revising strategy, governance, and development plans. The Group invests significantly in upgrading IT platforms and digitizing the business. Furthermore, the Group invests in employee training, governance, and technological measures to curb cyber threats and increase overall resilience and compliance with information security standards.

The Group IT Advisory Board and the Information Security Governance Committee are charged with the oversight responsibility of STARK Group's IT risk management and with monitoring progress according to plans. These bodies work to proactively safeguard the Group's operational efficiency and protect against potential financial and operational impacts stemming from IT-related disruptions.

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DATA ETHICS

At STARK Group, we embrace digitalisation and the opportunities it brings. We are committed to high ethical standards when handling, using, and processing data and to supporting appropriate safeguards for protecting the data at hand and constantly strengthening our information security level.

ETHICAL USE OF DATA

We acknowledge that data privacy and protection is a fundamental human right. Data is an important business asset for STARK Group, and we aim for high ethical standards when handling, using, and processing data. We continuously gather customer, employee, and vendor data but do not intend to trade data.

We have processes to protect data to avoid unwanted disclosure that may harm STARK Group's business operations, partners, or other stakeholders. Our data processing agreement guideline sets clear requirements for third-party vendors and stakeholders to comply with data protection and ethics.

PERSONAL DATA PROTECTION

STARK Group prioritizes data ethics in our GDPR Compliance efforts. We have undertaken a comprehensive system mapping and date deletion exercise to identify and ensure that both our legacy systems and the new Data Platform align with GDPR standards. Our proactive approach guarantees transparency, safeguards personal data, and demonstrates our commitment to privacy. In 2022/23, we established an internal IT team that will continue to drive the focus on privacy, offering guidance and continuous training throughout the organization and fostering a culture of data protection awareness.

STARK Group processes personal data related to its employees, customers, and suppliers. Our "Records Management and Personal Data Protection Policy" governs this use of personal data. This Policy is supported by a continuously developing and amended range of guidelines, processes, and standard communication material to support all Business Units and regular GDPR community meetings. The STARK GDPR community consists of subject matter experts from functional areas, such as Legal and IT, who are responsible for promoting and safeguarding our policy.

Our principles
STARK Group is committed to supporting appropriate safeguards for protecting data at hand and constantly strengthening our information security level.

Our ambitions
To ensure confidentiality, integrity and availability of data

Targets
100% of assigned employees have completed "personal Data Protection" e-learning training

Supporting Policies
Records Management and Personal Data Protection Policy

Sustainable development goal
16 Peace, justice and strong institutions

GDPR-COMPLIANT STARK IT PLATFORM

In 2022, STARK Group initiated a strategic digital transformation programme to advance to more efficient and smarter IT solutions for employees and customers. As part of this transformation, a Data Platform has been developed that is fully GDPR compliant. The platform enhances data security, ensures privacy for our customers and employees, and simplifies compliance with data protection regulations when used to build reporting, analytics, and applications. From a business perspective, this platform enables a unified view of data timely insights for informed decision-making and simplifies how we extract data from various source systems. In line with our commitment to ethical data management, the Data Platform minimizes data duplication. It promotes responsible data stewardship, benefiting the direct stakeholders and the wider community.

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DATA ETHICS

E-LEARNING AND AWARENESS CAMPAIGNS

Awareness campaigns during 2022/23 included identifying personal data, Data Breaches, Data Subject Requests, and handling and deleting unstructured data. The eLearning module, "Personal Data Protection", was assigned to 56% of the overall workforce, and the completion rate is currently above 92%.

INFORMATION SECURITY

STARK Group is committed to supporting appropriate safeguards for protecting the confidentiality and integrity of information assets and their availability to support the business from various information security risks. The overarching Information Security Strategy ensures continuous progress and guidance for internal and external activities protecting our information assets. All operational sites apply our IT Policy, which is based on ISO 27000 best practices, and information security awareness is available on the STARK Intranet for all users in all business units.

STARK Group recognizes that cyberattacks have the potential to ultimately disrupt all our business activities. Therefore, STARK Group has initiated an Information Security Programme. This programme has so far included substantial investments in cutting-edge information security technologies, which have resulted in significant cost reductions, improved efficiency, and enhanced effectiveness. Implementation has been successful across STARK Group following robust collaborations with partners.

INFORMATION SECURITY CONTROLS

The Information Security Framework implemented in 2022 includes various controls, including a monthly security operations compliance report for all registered PCs, continuous DMARC monitoring and penetration tests by external parties. All Data Subject Requests received were responded to within the legal deadline of thirty days, and STARK Group is proud to have the highest Microsoft Secure Score of all companies in Denmark.

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EXECUTIVE MANAGEMENT



SØREN P. OLESEN

GROUP CEO

Born in 1967, Danish nationality

Søren P. Olesen was appointed CEO of STARK Group in November 2016. Previously, he held the position as CEO of STARK Danmark (2014-2016). Søren P. Olesen joined the Group from a position as CEO of 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.



SISSE FJELSTED RASMUSSEN

GROUP CFO

Born in 1967, Danish nationality

Sisse Fjelsted Rasmussen joined STARK Group in 2018 as Chief Financial Officer (CFO). Previously, she held the position as CFO of Scandinavian Tobacco Group (2008-2018). Sisse Fjelsted Rasmussen holds a master's degree in Business Economics and Auditing from Copenhagen Business School and has worked as state-authorised public accountant.

Selected board positions

Sisse Fjelsted Rasmussen holds board positions in Demant A/S (AC Chair) and Conscia A/S.

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CONSOLIDATED FINANCIAL STATEMENTS 2023

Penneo dokumentnøgle: Q2QIJ-KV26A-7N7TC-WCDFZ-PFB6E-LPHW6

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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 2022 to 31 July 2023.

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting 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 2023 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 2022 – 31 July 2023.

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, 27 November 2023.

Board of Directors

Søren Vestergaard-Poulsen (Chair)

Christoffer Helsengreen Sjøqvist (Vice-chair)

Philip Bendorff Røpcke

Søren P. Olesen

Sisse Fjelsted Rasmussen

Executive Management

Søren P. Olesen
Group CEO

Sisse Fjelsted Rasmussen
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 Financial Statements of the Parent company STARK Group A/S for the period 1 August 2022 - 31 July 2023, which comprise the income statement, balance sheet, statement of changes in equity and notes including significant accounting policies, for the Group as well as the Parent, and the statement of comprehensive income and the cash flow statement of the Group. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting 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 2023, and of the results of its operations and cash flows for the period 1 August 2022 - 31 July 2023 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

Further, in our opinion, the Financial Statements of the Parent company give a true and fair view of the Parent's financial position at 31 July 2023, and of the results of its operations for the period 1 August 2022 - 31 July 2023 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 Financial Statements of the Parent company " 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 Management's Review.

Our opinion on the Consolidated Financial Statements and the Financial Statements of the Parent company 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 Financial Statements of the Parent company, 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 Financial Statements of the Parent company 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 under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Consolidated Financial Statements and the Financial Statements of the Parent company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Management's responsibilities for the Consolidated Financial Statements and the Financial Statements of the Parent company
Management is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting 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 the Consolidated Financial Statements and the Financial Statements of the Parent company that are free from material misstatement, whether due to fraud or error.

Penneo dokumentnøgle: Q2QIJ-KV26A-7N7TC-WCDFZ-PFB6E-LPHW6

INDEPENDENT AUDITOR'S REPORT

In preparing the Consolidated Financial Statements and the Financial Statements of the Parent company, 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 Financial Statements of the Parent company unless Management either intends to liquidate the Group or the Parent 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 Financial Statements of the Parent company

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Financial Statements of the Parent company 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 the Consolidated Financial Statements and the Financial Statements of the Parent company.

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 Financial Statements of the Parent company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Financial Statements of the Parent company, 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 Financial Statements of the Parent company 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 Parent to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements and the Financial Statements of the Parent company, including the disclosures in the notes, and whether the Consolidated Financial Statements and the Financial Statements of the Parent company 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, 27 November 2023

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

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

Anette Beltrão-Primdahl
State-Authorised Public Accountant
Identification No (MNE) mne45854

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INCOME STATEMENT

EUR million	Note	2022/23	2021/22
Net sales	2.2	7,054	5,995
Cost of sales		(5,243)	(4,454)
Gross Profit		**1,811**	**1,541**
Staff costs	2.3	(903)	(721)
Other external operating expenses		(517)	(361)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**391**	**459**
Depreciation and amortisation of non-current assets	2.4	(243)	(171)
Bargain purchase gain	3.1	205	-
Earnings before interest and tax (EBIT)		**353**	**288**
Financial expenses, net	2.5	(197)	(102)
Earnings before tax		**156**	**186**
Income tax	2.6	(12)	(54)
Net earnings		**144**	**132**

Net earnings is attributable to:

Shareholders in Stark Group A/S	141	127
Non-controlling interests	3	5
Total	**144**	**132**

See notes to the financial statements.

Penneo dokumentnøgle: Q2QIJ-KV2A-7N7TC-WCDFZ-PFB6E-LPHW6

COMPREHENSIVE INCOME

EUR million	Note	2022/23	2021/22
Net earnings		**144**	**132**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange gain/(loss) on translation of foreign operations		9	6
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on retirement benefit plans	6.2	19	23
Tax on actuarial gain/(loss) on retirement benefit plans	6.2	(2)	(6)
Other comprehensive income/(loss)		**26**	**23**
Total comprehensive income/(loss)		**170**	**155**
Total comprehensive income is attributable to:			
Shareholders in Stark Group A/S		167	150
Non-controlling interests		3	5
Total		**170**	**155**

See notes to the financial statements.

Penneo dokumentnøgle: Q2QIJ-KV2GA-ZN7TC-WCQFZ-PFB6F-LPHW6

STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	Note	31 July 2023	31 July 2022
Non-current assets			
Goodwill	3.2	825	810
Other intangible assets	3.3	989	996
Total intangible non-current assets		**1,814**	**1,806**
Property	3.4	1,155	732
Plant and equipment	3.4	174	122
Non-currents assets under construction	3.4	98	46
Right of use assets	3.5	891	553
Total tangible non-current assets		**2,318**	**1,453**
Investment in a joint venture		1	1
Total financial non-current assets		**1**	**1**
Total non-current assets		**4,133**	**3,260**
Current assets			
Inventories	4.1	1,087	813
Trade receivables	4.2	823	569
Corporate tax receivables		11	5
Other receivables		75	22
Prepayments		21	12
Cash and cash equivalents		307	261
Total current assets		**2,324**	**1,682**
TOTAL ASSETS		**6,457**	**4,942**

See notes to the financial statements.

Penneo dokumentnøgle: Q2QIJ-K26A-7N7TC-WCDFZ-PFB6E-LPHW6

STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

EUR million	Note	31 July 2023	31 July 2022
Equity			
Share capital	5.1	2	2
Reserves		846	679
Equity, shareholders in STARK Group A/S		**848**	**681**
Non-controlling interests		10	11
Total equity		**858**	**692**
Non-current liabilities			
Leasing liabilities	3.5	714	472
Deferred tax liabilities	6.1	322	312
Provisions	4.3	148	32
Employee benefit obligations	6.2	71	92
Loans from related parties	5.3 / 6.8	2,253	1,790
Borrowings	5.3	143	16
Total non-current liabilities		**3,651**	**2,714**
Current liabilities			
Leasing liabilities	3.5	146	84
Provisions	4.3	21	8
Loans from related parties	5.3 / 6.8	6	5
Borrowings	5.3	28	27
Payables to related parties	5.4	31	31
Trade payables		1,338	1,096
Corporate tax payables		43	31
Other liabilities		335	254
Total current liabilities		**1,948**	**1,536**
Total liabilities		**5,599**	**4,250**
TOTAL EQUITY AND LIABILITIES		**6,457**	**4,942**

See notes to the financial statements.

Penneo dokumentnøgle: Q2QIJ-K26A-7N7TC-WCDFZ-PFB6E-LPHW6

STATEMENT OF CHANGES IN EQUITY

		Reserves		**Equity, share-**		
EUR million	Share capital	Trans-lation reserve	Retained earnings	**holders in STARK Group A/S**	Non-controlling interests	**Total equity**
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**
Balance as of 1 August 2021	**1**	**(7)**	**537**	**531**	**10**	**541**
Comprehensive income/(loss):						
Net earnings	-	-	127	127	5	132
Other comprehensive income/(loss)	-	6	17	23	-	23
Comprehensive income/(loss)	**-**	**6**	**144**	**150**	**5**	**155**
Non-cash capital increase	1	-	(1)	-	-	-
Dividend paid	-	-	-	-	(4)	(4)
Balance as of 31 July 2022	**2**	**(1)**	**680**	**681**	**11**	**692**

See notes to the financial statements.

Penneo dokumentnøgle: Q2QIJ-KV2A-7N7TC-WCDFZ-PFB6E-LPHW6

CASH FLOW STATEMENT

EUR million	Note	2022/23	2021/22
Net earnings		**144**	**132**
Adjustments and reversals, non-cash	6.3	269	331
Changes in working capital	6.4	36	(88)
(Decrease)/increase in provisions and other liabilities		(15)	(3)
Cash flow from operating activities before financial items and tax		**434**	**372**
Interest paid		(103)	(67)
Tax paid		(20)	(75)
Cash flow from operating activities		**311**	**230**
Cash flow from investing activities			
Acquisition of businesses (net of cash acquired)	3.1	(579)	(189)
Purchases of property, plant and equipment		(79)	(71)
Proceeds from sale of land, property, plant and equipment		14	15
Purchases of intangible assets		(29)	(24)
Cash flow from investing activities		**(673)**	**(269)**
Free cash flow		**(362)**	**(39)**
Cash flow from financing activities			
Proceeds from borrowings	5.3	132	-
Repayment of borrowings	5.3	(14)	(2)
Proceeds from loans from related parties	5.3	794	58
Repayment of loans from related parties	5.3	(375)	-
Payment of dividend to minority interests		-	(4)
Repayment of leasing liabilities	5.3	(113)	(77)
Cash flow from financing activities		**424**	**(25)**
Net cash (used)/generated		**62**	**(64)**
Effects of exchange rate changes		(16)	(5)
Net increase/(decrease) in cash and cash equivalents		**46**	**(69)**
Cash, cash equivalents, beginning balance		261	330
Cash and cash equivalents, ending balance		**307**	**261**

See notes to the financial statements.

Penneo dokumentnøgle: Q2QIJ-K26A-7N7TC-WCDFZ-PFB6E-LPHW6

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 segments: "Nordics" (Denmark, Sweden, Finland and Norway), "Germany" (Germany and Austria) and "UK" (United Kingdom). The UK segment is included with 5 months of operations (March-July 2023) in this report.

Basis of reporting
The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and additional Danish requirements in accordance with the Danish Financial Statement Act (Class Large C).

The accounting principles are unchanged compared to last year. 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.

Management has assessed the impact of new or amended and revised accounting standards and interpretations (IFRSs) issued by the IASB and IFRSs endorsed by the European Union effective on or after 1 August 2022. It is assessed that application of amendments effective from 1 August 2022 has not had a material impact on the consolidated financial statements for 2022/23. Furthermore, Management does not anticipate any significant impact on future periods from the adoption of new or amended standards not effective yet.

The Consolidated Financial Statements have been prepared on a going concern basis and under the historical cost convention as modified by the revaluation of certain financial assets and certain financial liabilities that are measured at fair value.

Applying materiality
The consolidated financial statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. The transactions are presented in classes of similar items in the consolidated financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or in the notes.

Management provides specific disclosures required by IFRS unless the information is not applicable or is considered immaterial to the decision making of the primary users of these financial statements.

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1.2 GROUP ACCOUNTING POLICIES

A summary of the principal 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 venture, 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").

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 consolidated income statement.

The assets and liabilities of subsidiaries having other functional currencies than Euro are translated into Euros at exchange rates prevailing at the balance sheet date. Income statement items are translated at average exchange rates for the accounting year. Exchange differences arising are recognised in the consolidated statement of comprehensive income and are included in the translation reserve. The relevant parts of the translation reserve is related to subsidiaries and will be recognised in the income statement when a subsidiary is sold or closed down.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Impairment of assets
Assets that have an indefinite useful life, such as goodwill and certain trade names, are not subject to amortisation or depreciation and are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation or depreciation and assets under construction 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 asset's 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. The value in use is in most cases based on the discounted present value of the future cash flows expected to arise from the cash generating unit to which the asset relates, or from the individual asset or asset group.

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 the net result for the year adjusted for noncash 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, payment of dividends, proceeds from share issues, and the purchase and sale of treasury stock. 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 recognized 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.

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.

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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.

ACQUISITIONS OF BUSINESSES AND ACTIVITIES

Assessment of type of transaction (judgement)
In connection with an acquisition, STARK Group uses its judgment to determine whether the transaction is a business combination by applying the definition in IFRS 3 Business combinations. A transaction is determined as a business combination when the assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. If the assets acquired do not constitute a business, the transaction is recognized as a purchase of individual assets.

Identification of assets and liabilities (judgement)
As part of an acquisition, an assessment of fair value of the identifiable assets, liabilities and contingent liabilities is carried out.

On recognition of assets and liabilities from a business combination, management judgements are required in identifying assets, liabilities and contingent liabilities.

Purchase price allocations (estimates)
When STARK Group applies the acquisition method to business combinations, by its nature this involves estimates on assessing the fair value of identifiable assets and liabilities. The assessment of the fair value of customer relations and trade names are based on a number of estimates regarding WACC and expected cash flows which have a significant impact on the fair value and the resulting goodwill or bargain purchase gain from the acquisition.

Customer relations and trade names (estimates)
The valuation of the intangible assets is based on the following methods:

- Trade names: the relief-from-royalty method. It has been assessed that the trade names in the Group each has a strong market position and that their lives are considered indefinite. Consequently, trade names are not amortised but are subject to annual impairment testing.

Customer relations: the multi-period excess earnings method (MEEM), in which the value of customer relations is estimated based on the residual earnings after fair returns on all other assets employed are deducted from the business unit's after-tax earnings.

Properties (estimates)
Estimation of fair value of properties is based on the normalized earnings model, which requires management estimates related to required rate of return and the applicable market rent. As applicable Management includes allowances to reflect the likely costs and risks associated with re-letting the property.

Other acquired assets and liabilities (estimates)
The fair value of the acquired finished goods is determined on the basis of expected selling prices to be obtained in the course of normal business operations less expected costs to execute the sale, and less a reasonable profit on the sales effort.

Receivables are measured at the fair value of the amounts that are expected to be received less expected costs for collection.

Liabilities are measured at the present value of the amounts that are required for settling the liabilities. The Group's incremental borrowing rate is applied for discounting purposes.

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1.3 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS - CONTINUED

GROUP AS LESSEE

Determining the lease term of contracts with renewal options (estimate)

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.

INVENTORY

Valuation of inventory (estimate)

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. The actual realisable value of inventory may differ materially from the estimated value on which the provision is based.

The Group has recognised provisions in respect of inventory balances of EUR 137m as of 31 July 2023 (31 July 2022: EUR 61m), see note 4.1.

ACCOUNTS RECEIVABLE

Valuation - expected credit losses (estimate)

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.

The Group has a provision for expected credit losses of EUR 43m as of 31 July 2023 (31 July 2022: EUR 27m), see note 4.2.

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. Actual rebates receivable from vendors may differ materially from the estimates on which the cost of purchases is based.

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1.3 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS - CONTINUED

PROVISIONS (JUDGEMENT)

Provisions 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. The Group has provided EUR 169m as of 31 July 2023 (31 July 2022: EUR 40m) to cover for the described risks and claims for the various categories of provisions as presented in note 4.3.

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

Management has generally determined that trade names have indefinite lives. The reasonableness of this determination is reassessed annually.

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

NON-CURRENT ASSETS – IMPAIRMENT TESTING

Intangible assets such as goodwill and intangible assets with indefinite lives are annually tested for impairment, whereas intangible assets and tangible assets in use with definite useful lives are tested for impairment only if there is any indication of impairment.

The Group performs the impairment test based on a discounted cashflow model, where assets are allocated to the smallest possible cash generating units (CGUs).

CGUs (judgement)

The CGU determination involves judgement and is based on the smallest identifiable cash generating units 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.

Discounted cashflows (estimates)

The expected future cash flows are based on budgets and forecasts for the Group based on Management's expectations and target plans based on current market conditions and future growth expectations. The key factors used in calculating the value are revenue, costs of goods sold (COGS), operating expenses (OPEX), EBITDA, working capital, capital expenditures (CAPEX) and discount rate.

The impairment test did not result in any recognition of impairment losses as of 31 July 2023 and 2022, see note 3.2.

EMPLOYEE BENEFIT PLANS

Valuation of defined benefit plans (estimates)

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. See note 6.2.

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2.1 SEGMENT ANALYSIS

2022/23 EUR million	Nordics	Germany & Austria	United Kingdom	Not allocated	**Total**
Income statement					
Net sales	3,057	2,844	1,153		7,054
Cost of sales	(2,242)	(2,161)	(840)		(5,243)
Gross Profit	**815**	**683**	**313**		**1,811**
Staff costs	(405)	(329)	(169)		(903)
Other external operating expenses	(177)	(191)	(130)	(19)	(517)
Earnings before interest, tax, depreciation and amortisation (EBITDA) (non-IFRS)	**233**	**163**	**14**	**(19)**	**391**
Depreciation and amortisation of non-current assets	(110)	(86)	(47)		(243)
Bargain purchase gain				205	205
Earnings before interest and tax (EBIT)	**123**	**77**	**(33)**	**186**	**353**
Financial expenses, net					(197)
Result before tax					**156**
Tax for the period					(12)
Result for the period					**144**
Capital expenditures by segment					
Property, plant and equipment	38	25	16	-	79
Intangible assets	8	3	2	16	29
Total capital expenditures by segment	**46**	**28**	**18**	**16**	**108**
Assets and liabilities by segment					31 July 2023
Segment non-current assets	1,982	1,280	865		4,127
Segment current assets	652	549	812		2,013
Segment liabilities	(1,345)	(805)	(1,010)		(3,160)
Net assets/liabilities not allocated				1	1
Net assets	**1,289**	**1,024**	**667**	**1**	**2,981**
Net debt					(2,123)
Total equity					**858**
Specification of total assets					31 July 2023
Segment non-current assets	1,982	1,280	865		4,127
Segment current assets	652	549	812		2,013
Assets not allocated, non-current				6	6
Assets not allocated, current				4	4
Cash and cash equivalents included in net debt				307	307
Total assets	**2,634**	**1,829**	**1,677**	**317**	**6,457**

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2.1 SEGMENT ANALYSIS (CONTINUED)

2021/22 EUR million	Nordics	Germany & Austria	Not allocated	**Total**
Income statement				
Net sales	3,277	2,718		5,995
Cost of sales	(2,395)	(2,059)		(4,454)
Gross Profit	**882**	**659**		**1,541**
Staff costs	(398)	(309)		(707)
Other external operating expenses	(195)	(176)	(4)	(375)
Earnings before interest, tax, depreciation and amortisation (EBITDA) (non-IFRS)	**289**	**174**	**(4)**	**459**
Depreciation and amortisation of non-current assets	(101)	(70)	-	(171)
Earnings before interest and tax (EBIT)	**188**	**104**	**(4)**	**288**
Financial expenses, net				(102)
Result before tax				**186**
Tax for the period				(54)
Result for the period				**132**
Capital expenditures by segment				
Property, plant and equipment	40	31	-	71
Intangible assets	21	3	-	24
Total capital expenditures by segment	**61**	**34**	**-**	**95**
Assets and liabilities by segment				31 July 2022
Segment non-current assets	2,035	1,221		3,256
Segment current assets	772	647		1,419
Segment liabilities	(1,572)	(809)		(2,381)
Net assets/liabilities not allocated			(25)	(25)
Net assets	**1,235**	**1,059**	**(25)**	**2,269**
Net debt				(1,577)
Total equity				**692**
Specification of total assets				31 July 2022
Segment non-current assets	2,035	1,221		3,256
Segment current assets	772	647		1,419
Assets not allocated, non-current			5	5
Assets not allocated, current			1	1
Cash and cash equivalents included in net debt			261	261
Total assets	**2,807**	**1,868**	**267**	**4,942**

The operating structure and related segments have been defined based on how management manages and controls the business. This structure is used in the internal reporting framework for the Board of Directors, and the operating segments are regularly reviewed by the Board of Directors to decide how to best allocate resources and manage performance. The operating segments derive their net sales from a single business activity, the distribution of building materials.

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2.2 NET SALES

EUR million	2022/23	2021/22
Sale of goods	7,054	5,995
Total net sales	**7,054**	**5,995**

The net sales in Denmark, which is the domicile market of the Group amounted to EUR 1,312m in 2022/23 (2021/22: EUR 1,362m).

§ 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 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.

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2.3 STAFF COSTS

EUR million	2022/23	2021/22
Salary and wages	750	596
Pensions - contribution plans	40	27
Pensions - defined benefit plans	3	5
Other expenses for social security	110	93
Total staff costs	**903**	**721**

Compensation for the Executive Management of the Group:		
Salary and wages	5	5
Pensions - contribution plans	0	0
Other expenses for social security	0	0
Total compensation paid to the Executive Management	**5**	**5**

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.

The Board of Directors has not received any fee.

The Group has not established share-based incentive programs.

	2022/23	2021/22
Average number of fulltime employees	15,302	11,932
Number of employees at the end of the financial period	21,504	13,059

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.

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2.4 DEPRECIATION AND AMORTISATION OF NON-CURRENT ASSETS

EUR million	2022/23	2021/22
Intangible assets	50	45
Buildings	31	15
Fixtures, fittings, tools and equipment	34	27
Right of use assets	128	84
Total depreciation and amortisation of non-current assets	**243**	**171**

§ ACCOUNTING POLICIES

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment including depreciation of right of use assets.

2.5 FINANCIAL EXPENSES, NET

EUR million	2022/23	2021/22
Financial expenses		
Interests on loans from related parties	103	70
Interests on loans from third party	15	8
Net interest employee benefit obligations	3	(1)
Foreign exchange losses	49	11
Leases interest (IFRS16)	27	14
Total financial expenses	**197**	**102**

§ ACCOUNTING POLICIES

Financial expenses

Financial expenses are recognised in the income statement at the amounts relating to the relevant financial year applying the effective interest rate method.

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2.6 INCOME TAX

EUR million	2022/23	2021/22
Current tax	35	60
Deferred tax	(23)	(5)
Adjustment of current tax regarding previous years	2	3
Adjustment of deferred tax regarding previous years	(2)	(4)
Total income tax for the year	**12**	**54**
Tax on items charged/(credited) to the statement of other comprehensive income:		
Deferred tax charge/(credit) on actuarial gain/loss on retirement benefit plans	5	6
Total tax on items charged/(credited) to other comprehensive income	**5**	**6**
Tax reconciliation:	**%**	**%**
Corporation tax rate in Denmark	22%	22%
Adjustment of calculated tax in foreign Group entities relative to 22%	3%	3%
Non-deductible and non-taxable items	-25%	2%
Non-deductible interest expenses	8%	3%
Adjustment relating to prior year	0%	-1%
Tax rate on profit before tax	**8%**	**29%**

§ 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.

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3.1 ACQUISITIONS OF BUSINESSES

STARK UK
In December 2022, STARK Group signed an agreement with Compagnie de Saint-Gobain SA to acquire Saint-Gobain Building Distribution Ltd. ("SGBDUK"). SGBDUK generates approximately EUR 2.7bn in annual net sales and EUR 54m in EBITDA. Closing took place as of 28 February 2023. The consideration amounted to EUR 484m net of cash on balance sheet.

The acquisition of SGBDUK has resulted in a negative goodwill of EUR 205m, which in accordance with IFRS has been recognized in the consolidated income statement as a bargain purchase gain. The bargain purchase gain is 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. As a result of the purchase price allocation showing a bargain purchase gain, the Group has carefully assessed the identification of underlying assets, liabilities and contingent liabilities, and has concluded that all relevant assets and liabilities have been recognised at their fair values, and that the acquisition has in fact resulted in a bargain purchase gain even without recognition of any intangible assets in the opening balance.

Other acquisitions
In April 2022, the Group signed a contract to acquire Konz in Germany. With the acquisition of Konz, STARK Group strengthens its foothold in two fast-growing areas in Europe's largest market for heavy building materials, Stuttgart and Dresden. The acquisition was closed as of 1 August 2022 and is included in the consolidated financial statements from that date and onwards.

In November 2022, STARK Group signed an agreement to acquire FagFlis, Norway's leading distributor and retailer of ceramic tiles for professional craftsmen, as well as the Swedish FF Kakel. Closing took place as of 1 December 2022.

In February 2023, STARK Group has acquired two minor businesses in Denmark from XL-Byg.

These other acquisitions had annual net sales of approx. EUR 193m and EBITDA of EUR 16m. Total net consideration was EUR 95m, which was financed with existing available facilities.

Goodwill
Following recognition of acquired identifiable assets and liabilities at their fair values, the goodwill related to the acquisitions in 2022/23 is totally measured at EUR 40m. 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.

Impact on financial year 2022/23
The acquisitions in total contributed with EUR 1,290m and EUR 21m to the Net sales and EBITDA, respectively in 2022/23.

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

Acquisitions in the previous financial year 2021/22
In 2021/22, the Group closed a number of acquisitions with roofing and façade specialist Melle Gallhöfer in Germany being the most significant. No remeasurements have taken place regarding these acquisitions in 2022/23.

Acquisitions in the new 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 acquisition of Schilowsky was closed 1 August 2023 and will be included in the consolidated financial statements in 2023/24 and onwards. Schilowsky has annual net sales of approx. EUR 122m.

The initial accounting is not yet completed, which is the reason why disclosures of the fair value of assets acquired and other disclosures required by IFRS 3 Business Combinations cannot be provided. The acquisition implies a business combination, and the Group is currently in the process of determining the purchase price allocation.

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3.1 ACQUISITIONS OF BUSINESSES - CONTINUED

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 during 2022/23 are as follows:

			2022/23	2021/22
EUR million	UK	Others	Total	Total
Customer relationships	-	35	35	47
Trade names	-	1	1	10
Other intangible assets	0	0	0	2
Property, plant and equipment	512	14	526	51
Right of use assets	349	26	375	87
Inventories	350	28	378	83
Receivables	410	25	435	52
Tax receivable	14	-	14	-
Cash and cash equivalents	108	3	111	3
Trade and other payables	(501)	(26)	(527)	(61)
Borrowings	-	(7)	(7)	(17)
Leasing obligations	(302)	(26)	(328)	(85)
Deferred tax	(24)	(11)	(35)	(15)
Tax payable	-	(5)	(5)	(4)
Provisions	(119)	-	(119)	(4)
Total	**797**	**57**	**854**	**148**
Goodwill arising	-	41	41	44
Bargain purchase gain arising	(205)	-	(205)	-
Consideration	**592**	**98**	**690**	**192**
The net outflow of cash in respect of the purchase of businesses is as follows:				
Total consideration as cash payment	592	98	690	192
Cash and cash equivalents acquired	(108)	(3)	(111)	(3)
Net cash outflow	**484**	**95**	**579**	**189**

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.

Penneo dokumentnøgle: Q2QIJ-KV26A-7N7TC-WCDFZ-PFB6E-LPHW6

3.2 GOODWILL

EUR million	2022/23	2021/22
Cost at 1 August	810	769
Business acquisitions	41	44
Exchange rate adjustment	(26)	(3)
Cost at 31 July	825	810
Impairment losses at 1 August	-	-
Impairment charge for the period	-	-
Accumulated impairment losses at 31 July	-	-
Carrying amount at 31 July	**825**	**810**

The carrying amount of goodwill by cash generating unit (CGU) is as follows:	31 July 2023	31 July 2022
Denmark	229	225
Sweden	173	191
Finland	94	94
Norway	44	30
Germany	276	261
Austria	9	9
Group	**825**	**810**

Impairment review of goodwill and trade names with indefinite lives

Goodwill and intangible assets acquired have been allocated to the individual cash generating units or aggregated cash generating units (together "CGUs"), which are deemed to be the smallest identifiable group of assets generating independent cash inflows. CGUs have been aggregated in the disclosure above at a geographical level. Impairment reviews were performed for each individual CGU as of 31 July 2023.

The relevant inputs to the value-in-use calculations of each CGU were:

- Cash flow forecasts for year one to five are derived from the most recent approved strategic plan. The strategic plan is developed based on analysis of sales, markets and costs at a geographical level. Consideration is given to past events, expected market development, competition and macroeconomic trends. Long-term growth rate of 2.0 percent was applied for all countries for the years beyond year five.
- The cash flow per CGU is discounted using risk-adjusted, pre-tax discount rate, calculated by reference to the weighted average cost of capital ("WACC"). The discount rate per CGU is as follows:

	2022/23	2021/22
Denmark	9.9%	9.5%
Sweden	9.8%	9.4%
Finland	10.2%	9.7%
Norway	10.6%	10.0%
Germany	10.7%	10.0%
Austria	10.7%	10.0%

The impairment review did not result in impairment charges.

Penneo dokumentnøgle: Q2QIJ-K6V26A-7N7TC-WCDFZ-PFB6E-LPHW6

3.2 GOODWILL - CONTINUED

Management has performed a sensitivity analysis across all CGUs, which have goodwill and acquired intangible assets, using reasonably possible changes in the following key impairment review assumptions:

- compound average net sales growth rate
- pre-tax discount rate
- long-term growth rate,

keeping all other assumptions constant.

With an increase in discount rate of 1%, a decrease in compound average net sales growth rate of 1% or a decrease in the long-term growth rate of 1%, the sensitivity testing did not identify any need for impairment.

Impairment will need to be assessed in certain CGUs if the pre-tax discount rate increases by 1.5 percent or more or if the long-term growth rate decreases to 0.3 percent or lower.

§ 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 allocated to cash generating units or aggregations of cash generating units (together "CGUs"). CGUs are independent sources of income streams and represent the lowest level within the Group at which the associated goodwill is monitored for management purposes. The Group considers that a CGU is a business unit because independent cash flows cannot be identified below this level.

Goodwill is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. For goodwill impairment testing purposes, no CGU is larger than the operating segments determined in accordance with IFRS 8 "Operating Segments".

The recoverable amount of goodwill and acquired trade names with indefinite life is assessed on the basis of the value in use estimate for CGUs to which they are attributed. Where carrying value exceeds the recoverable amount, an impairment loss is recognised with a charge included in the consolidated income statement.

Penneo dokumentnøgle: Q2QIJ-KV26A-7NTC-WCDFZ-PFB6E-LPHW6

3.3 OTHER INTANGIBLE ASSETS

2022/23 EUR million	Trade names	Customer relation-ships	Software	Total
Cost at 1 August 2022	497	489	64	1,050
Business acquisitions	1	35	0	36
Additions	-	-	29	29
Transfers	-	-	2	2
Exchange rate adjustment	(9)	(15)	(1)	(25)
Cost at 31 July 2023	489	509	94	1,092
Amortisation and impairment at 1 August 2022	-	(39)	(15)	(54)
Amortisation for the period	-	(35)	(15)	(50)
Exchange rate adjustment	-	1	0	1
Amortisation and impairment at 31 July 2023	-	(73)	(30)	(103)
Carrying amount at 31 July 2023	**489**	**436**	**64**	**989**

2021/22 EUR million	Trade names	Customer relation-ships	Software	Total
Cost at 1 August 2021	489	445	36	970
Business acquisitions	10	47	2	59
Additions	-	-	24	24
Disposals	-	-	0	0
Transfers	-	-	2	2
Exchange rate adjustment	(2)	(3)	-	(5)
Cost at 31 July 2022	497	489	64	1,050
Amortisation and impairment at 1 August 2021	-	(7)	(2)	(9)
Amortisation for the period	-	(32)	(13)	(45)
Exchange rate adjustment	-	0	-	0
Amortisation and impairment at 31 July 2022	-	(39)	(15)	(54)
Carrying amount at 31 July 2022	**497**	**450**	**49**	**996**

Trade names with indefinite lives can be specified as follows per business unit:	31 July 2023	31 July 2022
Germany	209	209
Austria	3	3
Denmark	128	128
Sweden	82	91
Finland	66	66
Norway	1	-
Total	**489**	**497**

Penneo dokumentnøgle: Q2QIJ-K5V26A-ZNJ7C-WCDFZ-PFB6F-LPHW6

3.3 OTHER INTANGIBLE ASSETS – CONTINUED

The Group has determined that the trade names recognized with a value on the consolidated balance sheet have an indefinite life, subject to annual impairment testing, see note 3.2.

The Group continues to invest in retaining brand awareness and thereby expects to maintain the value of the trade names.

§ ACCOUNTING POLICIES

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 for intangible assets.

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

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	15 years
Software	3 - 5 years

Penneo dokumentnøgle: Q2QJJ-KV26A-ZN7TC-WCDFZ-PFB6E-LPHW6

3.4 TANGIBLE NON-CURRENT ASSETS

2022/23 EUR million	Property	Plant & equipment	Non-current assets under construction	Total
Cost at 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 at 31 July 2023	1,205	239	98	1,542
Depreciation and impairment at 1 August 2022	(19)	(33)	-	(52)
Depreciation for the period	(31)	(34)	-	(65)
Disposals	0	1	-	1
Exchange rate adjustment	0	1	-	1
Amortisation and impairment at 31 July 2023	(50)	(65)	-	(115)
Carrying amount at 31 July 2023	**1,155**	**174**	**98**	**1,427**

2021/22 EUR million	Property	Plant & equipment	Non-current assets under construction	Total
Cost at 1 August 2021	704	87	52	843
Business acquisitions	40	11	1	52
Additions	11	21	39	71
Disposals	(12)	(1)	(0)	(13)
Transfers	7	37	(46)	(2)
Exchange rate adjustment	1	0	(0)	1
Cost at 31 July 2022	751	155	46	952
Depreciation and impairment at 1 August 2021	(4)	(6)	-	(10)
Depreciation for the period	(15)	(27)	-	(42)
Disposals	0	0	-	0
Exchange rate adjustment	(0)	(0)	-	(0)
Amortisation and impairment at 31 July 2022	(19)	(33)	-	(52)
Carrying amount at 31 July 2022	**732**	**122**	**46**	**900**

Penneo dokumentnøgle: Q2QIJ-K26A-7N7TC-WCDFZ-PFB6E-LPHW6

3.4 TANGIBLE NON-CURRENT ASSETS - CONTINUED

§ 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

Properties under construction are not depreciated.

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.

Penneo dokumentnøgle: Q2QJJ-KV2YA-ZN7TC-WCDFZ-PFB6F-LPHW6

3.5 LEASES

RIGHT OF USE ASSETS

2022/23 EUR million	Land and buildings	Other equipment	Total
Cost at 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 at 31 July 2023	888	215	1,103
Depreciation and impairment at 1 August 2022	(76)	(24)	(100)
Depreciation for the period	(94)	(34)	(128)
Disposals	4	8	12
Exchange rate adjustment	3	1	4
Amortisation and impairment at 31 July 2023	(163)	(49)	(212)
Carrying amount at 31 July 2023	**725**	**166**	**891**

2021/22 EUR million	Land and buildings	Other equipment	Total
Cost at 1 August 2021	426	57	483
Business acquisitions	77	10	87
Additions	38	19	57
Disposals	(2)	(1)	(3)
Additions due to revised lease terms	32	0	32
Exchange rate adjustment	(2)	(1)	(3)
Cost at 31 July 2022	569	84	653
Depreciation and impairment at 1 August 2021	(14)	(4)	(18)
Depreciation for the period	(63)	(21)	(84)
Disposals	1	1	2
Exchange rate adjustment	0	0	0
Amortisation and impairment at 31 July 2022	(76)	(24)	(100)
Carrying amount at 31 July 2022	**493**	**60**	**553**

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.

Penneo dokumentnøgle: Q2QIJ-K6V6A-7N7TC-WCDFZ-PFB6E-LPHW6

3.5 LEASES - CONTINUED

LEASING LIABILITY

EUR million	2022/23	2021/22
Less than 1 year	184	101
Between 1 and 5 years	536	306
More than 5 years	412	233
Undiscounted leasing liability as of 31 July	**1,132**	**640**
Current	146	84
Non-current	714	472
Discounted leasing liability as of 31 July	**860**	**556**
Amounts recognized in the statement of cash flows:		
Repayment of liabilities	113	77
Interest	27	14
Short term, low value and variable leases included in cash flows from operations	16	12
Total cash outflow for leases	**156**	**103**

In 2022/23, short term, low value and variable leases have been expensed as other external operating costs with EUR 16m (2021/22: EUR 12m).

§ 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.

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.

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".

Penneo dokumentnøgle: Q2QIJ-KV26A-ZN7TC-WCDFZ-PFB6E-LPHW6

4.1 INVENTORIES

EUR million	31 July 2023	31 July 2022
Trading goods	1,224	874
Provision for excess and obsolete goods	(137)	(61)
Total inventories	**1,087**	**813**

In 2022/23, inventory purchases of EUR 5,243m has been expensed (2021/22: EUR 4,454m).

§ 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.

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 estimated future sales on the basis of historical experience.

Penneo dokumentnøgle: Q2QJJ-KV26A-7N7TC-WCDFZ-PFB6E-LPHW6

4.2 TRADE RECEIVABLES

EUR million	31 July 2023	31 July 2022
Trade receivables		
Trade receivables, gross	866	596
Provision for expected credit losses	(43)	(27)
Net Trade receivables	**823**	**569**
Of this, due after more than 1 year	-	-

Trade and other receivables have been aged with respect to the payment terms specified in the terms and conditions established with customers as follows:		
Amounts not yet due	663	491
Past due not more than one month	137	73
Past due more than one month and less than two months	15	2
Past due more than two months and less than three months	5	1
Past due more than three months and less than six months	2	1
Past due more than six months	1	1
As of 31 July	**823**	**569**

Movements in the provision for expected credit losses are as follows:	2022/23	2021/22
Provision at the beginning of the period	(27)	(21)
Business acquisitions	(11)	(2)
Net charge for the period	(10)	(9)
Utilised in the period	5	5
As of 31 July	**(43)**	**(27)**

The Group is utilizing a trade receivable factoring agreement covering a facility for a total of EUR 100m of which EUR 74m was utilised as of 31 July 2023 (31 July 2022: EUR 64m). The agreements expire unless extended on 22 October 2024. The Group has no obligations on the sold receivables.

Penneo dokumentnøgle: Q2QIJ-KV26A-ZN7TC-WCDFZ-PFB6F-LPHW6

4.2 TRADE RECEIVABLES - CONTINUED

31 July 2023 EUR million	Gross carrying amount	Expected credit loss
Specification of provision for expected credit losses:		
Amounts not yet due	669	(6)
Past due not more than one month	141	(4)
Past due more than one month and less than two months	16	(1)
Past due more than two months and less than three months	6	(1)
Past due more than three months and less than six months	6	(4)
Past due more than six months	28	(27)
As of 31 July 2023	**866**	**(43)**

31 July 2022 EUR million	Gross carrying amount	Expected credit loss
Specification of provision for expected credit losses:		
Amounts not yet due	493	(2)
Past due not more than one month	81	(8)
Past due more than one month and less than two months	4	(2)
Past due more than two months and less than three months	3	(2)
Past due more than three months and less than six months	1	(0)
Past due more than six months	14	(13)
As of 31 July 2022	**596**	**(27)**

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.

§ ACCOUNTING POLICIES

Trade receivables

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: Q2QIJ-KV2A-ZN7TC-WCDFZ-PFB6E-LPHW6

4.3 PROVISIONS

2022/23 EUR million	Environ-mental	Restruc-turing	Dilapi-dations	Other pro-visions	Total
Provision at 1 August 2022	10	6	5	19	40
Business acquisitions	2	2	111	4	119
Utilised in the period	-	(6)	(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 at 31 July 2023	**12**	**13**	**120**	**24**	**169**

2021/22 EUR million	Environ-mental	Restruc-turing	Dilapi-dations	Other pro-visions	Total
Provision at 1 August 2021	8	6	5	18	37
Business acquisitions	2	1	-	1	4
Utilised in the period	(0)	(4)	(0)	(2)	(6)
Charge/(credit) for the period	0	4	0	2	6
Unused amounts reversed during the period	(0)	(1)	-	(0)	(1)
Provision at 31 July 2022	**10**	**6**	**5**	**19**	**40**

	31 July 2023	31 July 2022
Other provisions can be specified as follows:		
Warranty commitments	3	3
Legal	1	1
Miscellaneous	20	15
Total other provisions	**24**	**19**
Maturity of provisions are expected to be:		
Within 1 year	21	8
Between 1 and 5 years	11	9
Over 5 years	137	23
Total provisions	**169**	**40**

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

Restructuring includes provisions for staff redundancy costs as well as expected unavoidable losses from onerous lease obligations from closed branches. In determining the provision for onerous leases, the cash flows have been discounted on a pre-tax basis using appropriate incremental borrowing rates.

Dilapidation provision covers estimated costs for repairing leaseholds when they terminate. The provision is primarily related to STARK UK.

Other provisions include warranty and separation costs relating to businesses disposed of and legal cases.

§ ACCOUNTING POLICIES

Provisions

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: Q2QIJ-KV26A-ZN7TC-WCDFZ-PFB6E-LPHW6

5.1 SHARE CAPITAL AND SHARE PREMIUM

EUR million	Number of shares	Share capital	Share premium	Total
Changes in share capital and share premium 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 share capital and share premium 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**
Changes in share capital and share premium for 2020/21:				
Incorporation - 16 December 2020	40,000	1	-	1
Balance as of 31 July 2021	**40,000**	**1**	**-**	**1**

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

On 30 April 2021, the sole shareholder granted a tax-exempt group contribution amounting to EUR 519m.

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 2023 is unchanged compared to 31 July 2022.

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 2022/23.

Penneo dokumentnøgle: Q2QIJ-KV26A-ZN7TC-WCDFZ-PFB6E-LPHW6

5.3 BORROWINGS

Maturity analysis of borrowings

EUR million	31 July 2023	31 July 2022
Current		
Bank loans and loans from non-controlling interests	28	27
Loans from related parties	6	5
Current total	**34**	**32**
Non-current		
Bank loans	143	16
Loans from related parties	2,253	1,790
Non-current total	**2,396**	**1,806**
Total borrowings	**2,430**	**1,838**
Within 1 year	34	32
Between 1 and 5 years	1,786	7
After 5 years	610	1,799
Carrying amount	**2,430**	**1,838**

Changes in assets and liabilities from financing activities

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

1. Other non-cash includes accrued interest of EUR 45m on loans from related parties. new leasing contracts amounting to EUR 63m and re-measurements of EUR 43m.

2021/22 EUR million	1 August 2021	Cash flows	Acquisi-tions	Other non-cash[2]	31 July 2022
Bank loans	11	(2)	17	-	26
Loans from related parties	1,713	47	-	35	1,795
Leasing liabilities	463	(77)	85	85	556
Loans from non-controlling interests	16	-	-	1	17
Total change from financing activities	**2,203**	**(32)**	**102**	**121**	**2,394**

2. Other non-cash includes accrued interest of EUR 35m on loans from related parties. new leasing contracts amounting to EUR 57m and re-measurements of EUR 32m..

§ 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.

Penneo dokumentnøgle: Q2QIJ-K26A-7NI7TC-WCDFZ-PFB6F-LPHW6

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's exposure to currency risk is substantially consistent with the geographic allocation of net assets as set out in note 2.1.

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 short-term 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 18m EUR on an annual basis.

Penneo dokumentnøgle: Q2QIJ-KV26A-ZN7TC-WCDFZ-PFB6E-LPHW6

5.4 FINANCIAL INSTRUMENTS, RISK MANAGEMENT POLICIES – CONTINUED

Financial instruments

The carrying amount of financial instruments by category:

EUR million	31 July 2023	31 July 2022
Financial assets		
Trade receivables	823	569
Other receivables	75	22
Cash and cash equivalents	307	261
Financial assets at amortised cost	**1,205**	**852**
Financial liabilities		
Payables to related parties	(31)	(31)
Trade and other payables	(1,673)	(1,350)
Less: Tax and social security	40	43
Less: Payroll accruals	12	10
Net trade and other payables (current)	**(1,652)**	**(1,328)**
Loans from related parties	(2,259)	(1,795)
Borrowings	(171)	(43)
Leasing liabilities	(860)	(556)
Financial liabilities at amortised cost	**(4,942)**	**(3,722)**

Maturity at fair value on the financial liabilities is as follows:

EUR million	Trade and other payables (current)	Loans from related parties	Borrowings	Leasing liabilities	Interest	Total
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)**
31 July 2022						
Due in less than one year	(1,328)	(10)	(27)	(84)	(58)	(1,507)
Due in two to five years	-	-	(7)	(263)	(205)	(475)
Due in over five years	-	(1,818)	(9)	(209)	(229)	(2,265)
Total	**(1,328)**	**(1,828)**	**(43)**	**(556)**	**(492)**	**(4,247)**

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.

Penneo dokumentnøgle: Q2QIJ-KV2A-7NJ7C-WCDFZ-PFB6E-LPHW6

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.

Penneo dokumentnøgle: Q2QIJ-KV26A-7N7TC-WCDFZ-PFB6E-LPHW6

6.1 DEFERRED TAX ASSETS AND LIABILITIES

EUR million	2022/23	2021/22
Balance at the beginning of the year	312	301
Business acquisitions	35	15
Recognised in the income statement regarding current year	(23)	(5)
Recognised in other comprehensive income	5	6
Adjustment of deferred tax regarding previous years	(2)	(4)
Exchange rate adjustment	(5)	(1)
Balance at the end of the year	**322**	**312**

EUR million	31 July 2023	31 July 2022
Deferred tax relates to:		
Intangible assets	211	235
Property, plant and equipment	386	242
Pensions	4	(4)
Inventory	(6)	(7)
IFRS 16 leasing liabilities	(209)	(143)
Other assets and liabilities	(64)	(11)
Total	**322**	**312**

The Group has an unrecognised deferred tax asset of EUR 13m relating to tax loss carry forwards where the timing of possible future utilization is not certain. The related tax losses can be carried forward indefinitely.

§ 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: Q2QIJ-K6V26A-ZN7TC-WCDFZ-PFB6E-LPHW6

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 the 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.

FINANCIAL IMPACT OF PLANS

EUR million	2022/23	2021/22
Analysis of liability in the consolidated statement of financial position		
Fair value of plan assets	43	47
Present value of defined benefit obligations	(114)	(139)
Net liability recognised in the consolidated statement of financial position	**(71)**	**(92)**
Analysis of total expense recognised in the consolidated income statement		
Current service cost	(4)	(5)
Charged to staff costs	**(4)**	**(5)**
Calculated interest on pension liabilities	(4)	(2)
Calculated interest on plan assets	1	3
Credited/(charged) to finance costs	**(3)**	**1**
Total expense recognised in the consolidated income statement	**(7)**	**(4)**
Analysis of amount recognised in the consolidated statement of comprehensive income		
Actuarial gain/(loss)	19	23
Taxation	(5)	(6)
Total amount recognised in the consolidated statement of comprehensive income	**14**	**17**

Penneo dokumentnøgle: Q2QIJ-K26A-7N7TC-WCDFZ-PFB6E-LPHW6

6.2 EMPLOYEE BENEFIT OBLIGATIONS - CONTINUED

EUR million	2022/23	2021/22
Fair value of plan assets		
At the beginning of the period	47	45
Calculated interest on plan assets	1	3
Disbursed benefits	(3)	(2)
Fair value gain on plan assets	(2)	1
As of 31 July	**43**	**47**
Present value of defined benefit obligations		
At the beginning of the period	(139)	(158)
Current service cost	(4)	(5)
Calculated interest on pension liabilities	(4)	(2)
Disbursed benefits from the Group	3	1
Disbursed benefits from plan assets	3	2
Actuarial gain/(loss) - demographic assumptions	(5)	(1)
Actuarial gain/(loss) - financial assumptions	26	23
Currency translation	6	1
As of 31 July	**(114)**	**(139)**

	31 July 2023	31 July 2022
Analysis of present value of defined benefit obligations		
Amounts arising from wholly unfunded plans	(48)	(62)
Amounts arising from plans that are wholly or partly funded	(66)	(77)
Total	**(114)**	**(139)**
Analysis of present/fair value of plan assets		
Property	43	47
Total	**43**	**47**

	31 July 2023	31 July 2022
The actuarial calculations are based on the following assumptions:		
Germany		
Discount rate	4.06%	2.79%
Rate of inflation	2.60%	2.50%
Increases to pensions in payment	2.60%	2.50%
Increase in salary	2.10%	2.10%
Current pensioners	1,072	1,120
Future pensioners	775	774
Sweden		
Discount rate	4.10%	3.40%
Rate of inflation	1.80%	2.80%
Increases to pensions in payment	2.80%	3.80%
Increase in salary	2.80%	3.80%
Current pensioners	784	762
Future pensioners	571	601

Penneo dokumentnøgle: Q2QIJ-KV2A-7N7TC-WCDFZ-PFB6E-LPHW6

6.2 EMPLOYEE BENEFIT OBLIGATIONS - CONTINUED

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 2022: -4% or +5% respectively).
- A change in the inflation rate of +/-0.25% respectively would impact the defined benefit obligation by +3% or -3% respectively (31 July 2022: +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 2022: +4%).

§ 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: Q2QIJ-KV2YA-ZN7TC-WCDFZ-PFB6E-LPHW6

6.3 CASH FLOW, ADJUSTMENTS AND REVERSALS

EUR million	2022/23	2021/22
Financial expenses, net	197	102
Depreciation and amortisation	243	171
Bargain purchase gain	(205)	-
Gain from sale of properties and equipment	(3)	(2)
Change in provisions	25	6
Income tax	12	54
Adjustments and reversals, non-cash	**269**	**331**

6.4 CASH FLOW, CHANGES IN WORKING CAPITAL

EUR million	2022/23	2021/22
(Increase) / decrease in inventories	101	(177)
(Increase) / decrease in trade and other receivables	117	(32)
Increase / (decrease) in trade and other payables	(182)	121
Changes in working capital	**36**	**(88)**

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.

Penneo dokumentnøgle: Q2QIJ-K26A-ZN7TC-WCDFZ-PFB6E-LPHW6

6.6 FEE TO STATUTORY AUDITORS

EUR million	Deloitte	Other audit firms	2022/23 Total	Deloitte	Other audit firms	2021/22 Total
Statutory audit	3	1	4	1	1	2
Assurance engagements	0	0	0	0	0	0
Tax advisory	0	0	0	0	0	0
Other services	0	0	0	0	0	0
Total fee to statutory auditors	**3**	**1**	**4**	**1**	**1**	**2**

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 371m.

The Senior Revolving Credit facilities were not drawn as of 31 July 2023.

As of 31 July 2023, the Group had pledged properties with a book value of EUR 244m as security for the secured bank loans.

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 734m). In general, the financing consists of longer-term financing with varying interest. In 2022/23 the weighted average interest rate on the financing with related parties was 5.3% (FY2021/22: 3.6%). Interest is paid on a portion of the debt and accrues on the rest. Interest expensed in the financial period amounted to EUR 103m (FY2021/22: EUR 70m).

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.

Penneo dokumentnøgle: Q2QIJ-KV26A-7N7TC-WCDFZ-PFB6E-LPHW6

6.9 SUBSEQUENT EVENTS

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 acquisition of Schilowsky was closed 1 August 2023 and will be included in the consolidated financial statements in 2023/24 and onwards.
Schilowsky has annual net sales of approx. EUR 122m.

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6.10 LIST OF GROUP COMPANIES

Name	Registered office	Voting and ownership share
Parent:		
STARK Group A/S	Frederiksberg, Denmark	
Subsidiaries:		
Denmark and Greenland:		
LSF10 Wolverine BidCo ApS	Frederiksberg, Denmark	100%
STARK Sourcing A/S	Frederiksberg, Denmark	100%
STARK Danmark A/S	Aarhus, Denmark	100%
Electro Energy A/S	Albertslund, Denmark	100%
Arnum Rør ApS	Haderslev, Denmark	100%
C.F. Richs Vej 115 ApS	Aarhus, Denmark	100%
Fragtvej 7-9 ApS	Aarhus, Denmark	100%
Jarlsberggade 10 ApS	Aarhus, Denmark	100%
Trælastkompagniet Nakskov Torben Christensen A/S	Nakskov, Denmark	100%
XL-Faxe Trælast & Proffcenter A/S	Faxe, Denmark	100%
Stark Kalaallit Nunaat A/S	Nuuk, Greenland	100%
Germany:		
Winterfell Germany GmbH	Offenbach, Germany	100%
Stark Group Holding Germany GmbH	Frankfurt, Germany	100%
Stark Deutschland GmbH	Offenbach, Germany	100%
Melle Gallhöfer Dach GmbH	Neus, Germany	100%
Konz Baustoffring GmbH	Eislingen, Germany	100%
Konz Baustoffring Ulm GmbH	Vöhringen, 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%
Dämmisol Baustoffe GmbH	Berlin, Germany	100.00%
Saxonia Baustoffe GmbH	Dresden, Germany	87.50%
Sporkenbach GbR	Magdeburg, Germany	80.95%
Balzer Group:[1]		
Balzer Verwaltungsgesellschaft mbH	Marburg, Germany	67.40%
Chr. Balzer GmbH & Co. KG	Marburg, Germany	67.34%
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 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: Q2QIJ-KV26A-7N7TC-WCDFZ-PFB6E-LPHW6

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%
Flis Fram AB	Stockholm, Sweden	100%
FF Kakel 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%
Østfold Flis AS	Oslo, Norway	100%
Flisdekor AS	Oslo, Norway	100%
Flisfakta AS	Oslo, Norway	100%
Hejo AS	Oslo, Norway	100%
Stark Norway Propco AS	Bergen, Norway	100%
Margrethe Jørgensen Vei 6 AS	Bergen, Norway	100%

Penneo dokumentnøgle: Q2QIJ-KV26A-7NC7C-WCDFZ-PFB6E-LPHW6

PARENT COMPANY FINANCIAL STATEMENTS 2023

STARK GROUP A/S

Penneo dokumentnøgle: Q2QIJ-K26A-7N7TC-WCDFZ-PFB6E-LPHW6

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INCOME STATEMENT

EUR million	Note	2022/23	2021/22
Net sales	2.1	18	19
Gross Profit		**18**	**19**
Staff costs	2.2	(9)	(14)
Other external operating expenses		(23)	(9)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**(14)**	**(4)**
Amortisation of goodwill		(2)	(0)
Earnings before interest and tax (EBIT)		**(16)**	**(4)**
Income from investments in subsidiaries		448	60
Financial income	2.3	31	2
Financial expenses	2.3	(66)	(53)
Earnings before tax		**397**	**5**
Income tax	2.4	4	8
Net earnings	5.3	**401**	**13**

Penneo dokumentnøgle: Q2QIJ-KV26A-7N7TC-WCDFZ-PFB6E-LPHW6

STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	Note	31 July 2023	31 July 2022
Non-current assets			
Goodwill	3.1	3	5
Total intangible non-current assets		**3**	**5**
Investments in subsidiaries	3.2	1,744	2,621
Deferred tax asset		-	0
Receivables from related parties		708	-
Total financial non-current assets		**2,452**	**2,621**
Total non-current assets		**2,455**	**2,626**
Current assets			
Deferred tax		1	1
Receivables from related parties		71	126
Corporate tax receivables		10	12
Other receivables		4	1
Cash and cash equivalents		196	190
Total current assets		**282**	**330**
TOTAL ASSETS		**2,737**	**2,956**

Penneo dokumentnøgle: Q2QIJ-K26A-7N7TC-WCDFZ-PFB6E-LPHW6

STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

EUR million	Note	31 July 2023	31 July 2022
Equity			
Share capital	5.1	2	2
Share premium	5.1	0	0
Retained earnings		911	510
Total equity		**913**	**512**
Non-current liabilities			
Payables to related parties	5.2	1,081	2,116
Total non-current liabilities		**1,081**	**2,116**
Current liabilities			
Payables to related parties	5.2	736	316
Trade payables		2	2
Other liabilities		5	10
Total current liabilities		**743**	**328**
Total liabilities		**1,824**	**2,444**
TOTAL EQUITY AND LIABILITIES		**2,737**	**2,956**

Penneo dokumentnøgle: Q2QIJ-K5V26A-7N7TC-WCDFZ-PFB6E-LPHW6

STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium	Retained earnings	**Total equity**
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**
Equity as of 1 August 2021	**1**	**0**	**498**	**499**
Changes in equity for 2021/22:				
Non-cash capital increase	1	-	(1)	-
Net earnings	-	-	13	13
Equity as of 31 July 2022	**2**	**0**	**510**	**512**

Penneo dokumentnøgle: Q2QIJ-KV26A-7N7TC-WCDFZ-PFB6E-LPHW6

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 Company and its subsidiaries presented on page 37.

The accounting principles are unchanged compared to last year.

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1.2 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.

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 utilize 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.

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2.1 NET SALES

EUR million	2022/23	2021/22
Service fees from subsidiaries	18	19
Total net sales	**18**	**19**

2.2 STAFF COSTS

EUR million	2022/23	2021/22
Salary and wages	8	13
Pensions - contribution plans	1	1
Other expenses for social security	-	0
Total staff costs	**9**	**14**

Compensation for the Executive Management:

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

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.

The Board of Directors has not received any fee.

The Company has not established share-based incentive programs.

Average number of fulltime employees	2022/23	2021/22
Average number of fulltime employees	49	47

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2.3 FINANCIAL ITEMS

EUR million	2022/23	2021/22
Financial income		
Interests received from related parties	30	2
Other financial income	1	-
Total financial income	**31**	**2**
Financial expenses		
Interests on loans from related parties	54	47
Foreign exchange losses	2	1
Other interest expenses	10	5
Total financial expenses	**66**	**53**

2.4 INCOME TAX

EUR million	2022/23	2021/22
Current tax	3	7
Deferred tax (P&L)	1	1
Adjustment of current tax regarding previous years	-	0
Total income tax	**4**	**8**

3.1 GOODWILL

EUR million	2022/23	2021/22
Cost at the beginning of the period	5	5
Additions	-	-
Cost at the end of the period	5	5
Amortisation at the beginning of the period	(0)	(0)
Amortisation charge for the period	(2)	(0)
Accumulated amortisation at the end of the period	(2)	(0)
Carrying amount at the end of the period	**3**	**5**

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3.2 INVESTMENTS IN SUBSIDIARIES

EUR million	2022/23	2021/22
Cost at the beginning of the period	2,621	2,611
Additions	36	10
Disposals	(7)	-
Cost at the end of the period	2,650	2,621
Impairment losses at the beginning of the period	-	-
Impairment for the period[1]	(906)	-
Accumulated impairment losses at the end of the period	(906)	-
Carrying amount at the end of the period	**1,744**	**2,621**

1) The company has received EUR 1,310m in dividend from LSF10 Wolverine Bidco ApS during the financial year. EUR 894m of this has been recognised as an impairment of the carrying value to the net asset value in LSF10 Wolverine Bidco ApS as of 31 July 2023 and is included in the impairment for the period.

Investments in subsidiaries as of 31 July 2023 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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5.1 SHARE CAPITAL AND SHARE PREMIUM

EUR million	Number of shares	Share capital	Share premium	Total
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**

5.2 PAYABLES TO RELATED PARTIES

EUR million	31 July 2023	31 July 2022
Maturity analysis of payables to related parties		
Within 1 year	736	316
Between 1 and 5 years	1,081	1,488
After 5 years	-	628
Carrying amount	**1,817**	**2,432**

5.3 PROPOSED DISTRIBUTION OF PROFIT

EUR million	2022/23	2021/22
Proposed distribution of profit:		
Dividend	-	-
Retained earnings	401	13
Total	**401**	**13**

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6.1 CONTINGENT LIABILITIES

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 34m as of July 31, 2023.

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

Stark Group A/S has the following operating lease commitments:

EUR million	2022/23	2021/22
Operating lease commitments		
Within 1 year	0	0
Between 1 and 5 years	1	-
After 5 years	1	-
Total minimum lease commitments	**2**	**0**

6.2 SECURITIES

The shares in the major subsidiaries with a carrying amount of EUR 1,744m 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 Senior Revolving Credit facilities were not drawn as of 31 July 2023.

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6.3 RELATED PARTIES

On 4 May 2021 Stark Group A/S utilized 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 22m (2021/22: EUR 21m).

On 31 March 2023 Stark Group A/S utilized 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 6m.

Controlling interest
Winterfell Financing S.à r.l., 20, avenue Monterey, 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.
20, avenue Monterey
L-2163 Luxembourg
R.C.S. Luxembourg: B 250.784

6.4 SUBSEQUENT EVENTS

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

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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 2022 – 31 July 2023 3rd financial year
Executive Management	Søren P. Olesen (CEO) Sisse Fjelsted Rasmussen (CFO)
Board of Directors	Søren Vestergaard-Poulsen (chair) Christoffer Helsengreen Sjöqvist (vice-chair) Philip Bendorff Røpcke Søren P. Olesen Sisse Fjelsted Rasmussen
Auditor	Deloitte Statsautoriseret Revisionspartnerselskab
Annual General Meeting	8 December 2023

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Parts catalogue for 0220.ZN716.MCDF2-PR06E-LPFNW2



STARK Group A/S
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2000 Frederiksberg
Denmark

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