ANNUAL REPORT HIGHLIGHTS 2024

1 AUGUST 2023 – 31 JULY 2024

STARK GROUP

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

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

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

Denmark	#1
Sweden	#1
Norway (regionally)	#1
Finland	#2
Germany	#1
Austria	#2
United kingdom	#2

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

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

280
EUR BILLION

INDUSTRY LEADER ON A GROWTH TRAJECTORY

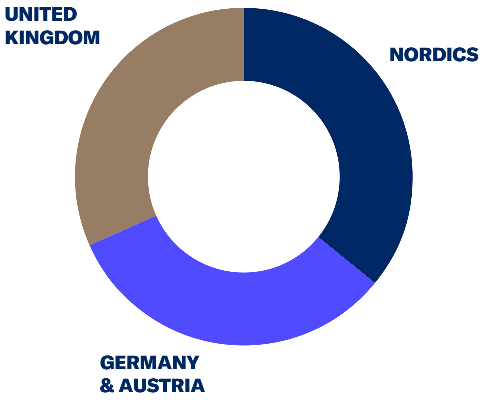
NET SALES
EUR Million

7,780

ADJUSTED EBITDA
EUR Million

372

SEGMENTS' SHARE OF NET SALES



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

01
ACCELERATING GROWTH THROUGH M&A

02
ADVANCING OUR DISTRIBUTION PLATFORM

03
DIGITAL IN EVERYTHING WE DO

04
LEVERAGING SCALE AND BUYING POWER

05
BEST PARTNER FOR SUSTAINABLE BUILDING

HOW WE LEVERAGE 125 YEARS OF STRENGTH TOWARD UNDISPUTED MARKET LEADERSHIP

ATTRACTIVE MARKET

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

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

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

ADVANCING EUROPEAN LEADERSHIP

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

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

Integrated M&A strategy
25 acquisitions across our footprint since 2021, significantly enhancing growth and our strategic position.

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

ACCELERATING BUSINESS TRANSFORMATION

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

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

LEVERAGING ESG LEADERSHIP

Top tier rating
EcoVadis Platinum Rating and top 1% globally.

Pledge
Commitment to Science Based Targets and net zero by 2050.

Sustainability as a commercial success
Partnering with suppliers and tradespeople to offer attractive and sustainable products and services.

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

OUR STORY IN SHORT

1896
PUBLICLY LISTED COMPANY FOUNDED
through the merger of 'Jørgensen & Stilling' and 'Petersen & Matzen'

1900-1970
NATIONAL MARKET LEADER
through organic and M&A growth in Denmark

1989-1997
NORDIC MARKET LEADER
Expanding into Sweden, Norway, and Finland

2003-2016
TAKEN PRIVATE BY CVC AND WOLSELEY
In a public-to-private deal. Owned by Wolseley from 2006.

2017-2018
RE-FOCUSED STRATEGY WITH LONE STAR FUNDS
Divesting Silvan (B2C) and changing name to STARK Group under new ownership

2019
PLATFORM FOR GROWTH IN GERMANY
Acquiring STARK Deutschland

2021
ACCELERATED GROWTH WITH CVC
Advancing transformation strategy and execution under new ownership

2023
EUROPEAN MARKET LEADER
Through acquisitions incl. STARK UK and specialist businesses

CONTENTS

ABOUT THIS REPORT

The Annual Report Highligts 2024 presents a comprehensive overview of our underlying business and performance.

STARK Group has in recent years grown significantly, both organically and through acquisitions. While these acquisitions have strengthened our business, they have also complicated a comparison of reported numbers in the annual report and, hence, reduced the transparency of STARK Group's underlying business performance.

In this document we present our reported financial results for FY21/22-FY23/24 and pro forma numbers for FY19/20-FY20/21 to facilitate comparative analysis of our performance. Reported and pro forma numbers disregard the change in ownership structure in 2021, when CVC Capital Partners became owners of STARK Group.

A separate statutory annual report has been released.

LETTER FROM THE CEO

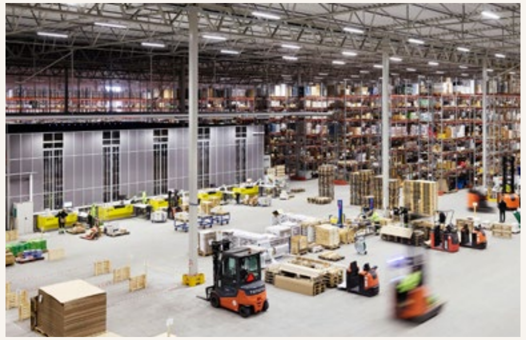
The past year has affirmed our strategy. Despite facing weak demand and a challenging macro-economic environment, we have made significant strides in our growth and transformation programme.

Page 7

OUR BUSINESS

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

Page 12



OUR PERFORMANCE

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

Page 19

INTRODUCTION

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

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

01

SØREN P. OLESEN
Group CEO, STARK Group A/S

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

LETTER FROM THE CEO

ACCELERATED TRANSFORMATION AMID MARKET SETBACKS

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

Continues →

Letter from the CEO

STARK Group has embarked on a remarkable growth journey, achieving a 17.4% CAGR in net sales from 2020 to 2024. The past year, however, has been notably different from the preceding three.

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

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

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

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

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

SME AND RMI STRATEGY CONFIRMED

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

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

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

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

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

REINVESTING IN OUR BUSINESS

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

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

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

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

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

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

HOW WILL MARKETS DEVELOP?

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

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

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

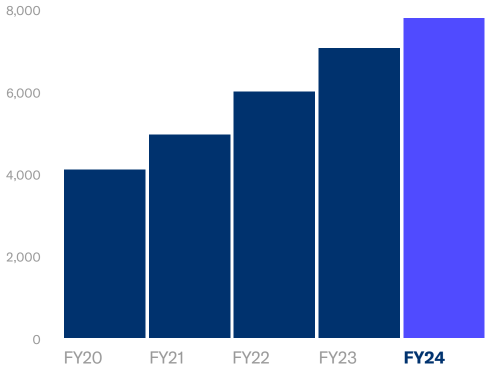
SØREN P. OLESEN
CEO, STARK Group

PERFORMANCE HIGHLIGHTS

NET SALES

EUR Million

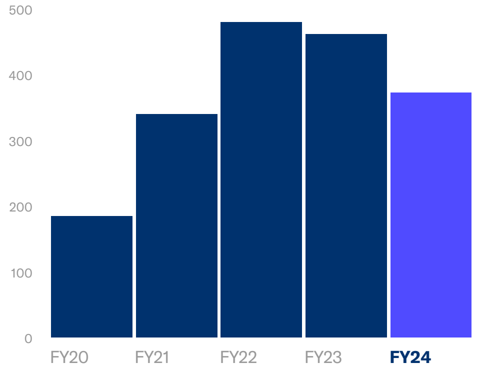
Net sales grew by **10.3%** to **EUR 7,780 million**, with a positive impact from the acquisition of STARK UK. Weak demand and price deflation adversely impacted net sales, although the RMI market proved to be more resilient than new-build. Organic growth excluding acquisitions and currency translation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



ADJUSTED EBITDA

EUR Million

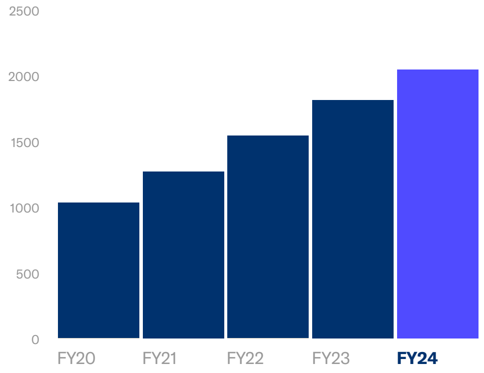
Adjusted EBITDA was **EUR 372 million**, a decrease of **18.4%**. Despite group-wide efforts to mitigate high inflation levels on union-agreed staff and other operating expenses, these measures were not enough to offset the effects of weak market demand and price deflation across several categories.



GROSS PROFIT

EUR Million

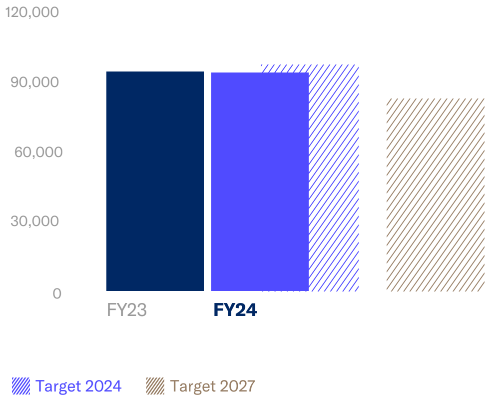
Gross profit increased by **12.7%** to **EUR 2,041 million**, driven by growth in net sales supported by our acquisition in the UK. We managed our gross margin effectively and benefited from higher gross margin levels in the UK, which accounted for a larger share of net sales during the year. The gross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



CARBON SCOPE 1 & 2

Absolute tCO_2e

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



KEY EVENTS

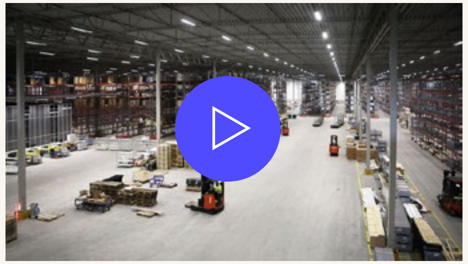
ACCELERATED INVESTMENT PROGRAMME TO GROW AND TRANSFORM OUR BUSINESS

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

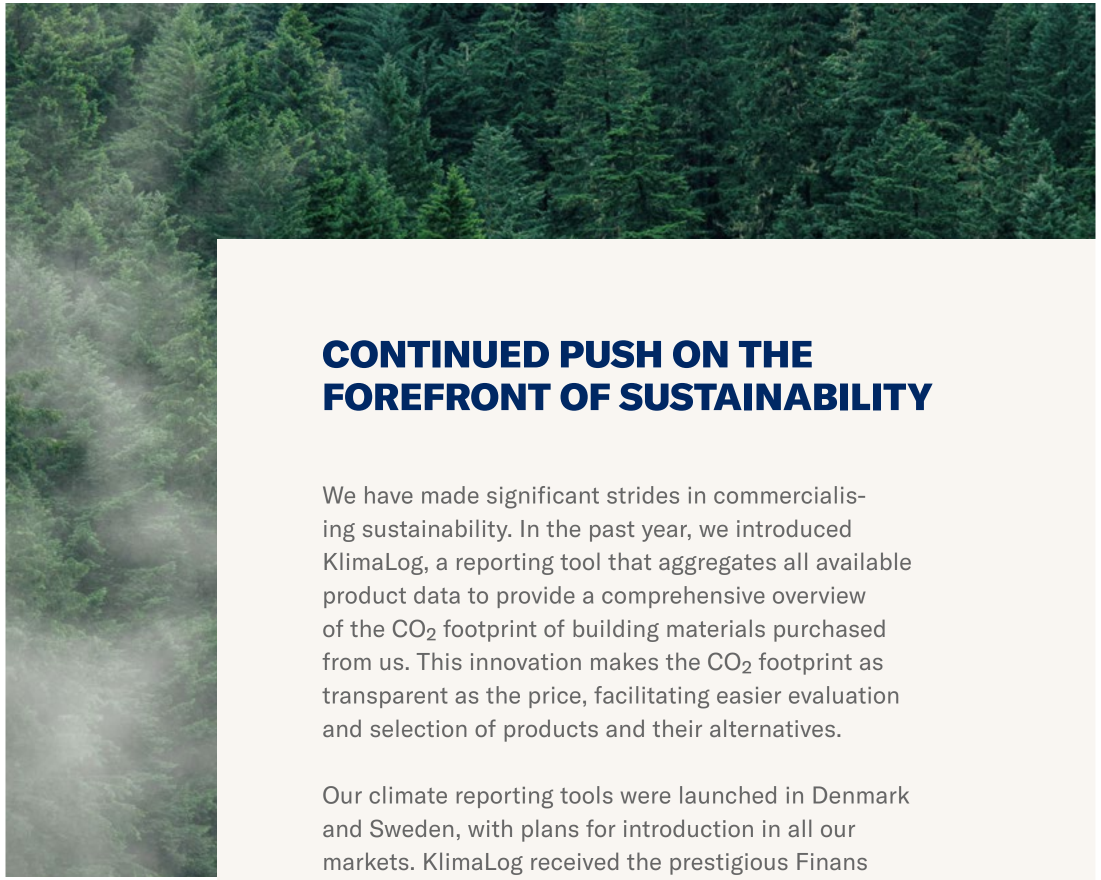
We expanded our distribution network by opening 15 advanced branches near major cities and a state-of-the-art central warehouse and light-hub facility in Sweden. The central warehouse, spanning 63,000 square metres (equivalent to 12 football fields), enables our Swedish operations to quintuple the number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

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

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



SEE VIDEO



CONTINUED PUSH ON THE FOREFRONT OF SUSTAINABILITY

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

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

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

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

Continues →

Key events

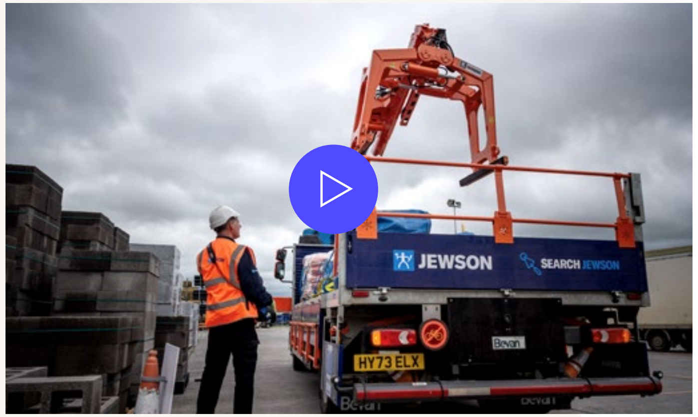
MOMENTUM FOR MAJOR ACQUISITION IN THE UK

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

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

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

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



SEE VIDEO

EXPANSION OF THE EUROPEAN SUPPLIER PROGRAMME

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

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

SEE VIDEO

NEW CHAIR TO ESTABLISH EXTERNAL BOARD OF DIRECTORS

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

OUR BUSINESS

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

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

02

OUR MARKET

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

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

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

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

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

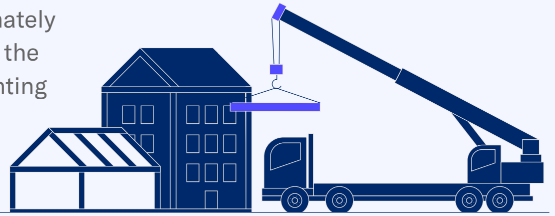
ATTRACTIVE GEOGRAPHICAL FOOTPRINT

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

RESILIENT RMI MARKET

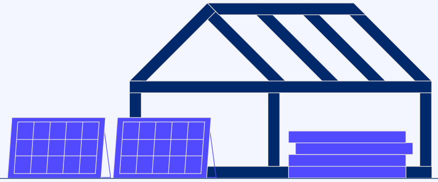
Our primary market is the highly attractive Renovation, Maintenance, and Improvement (RMI) market of the construction industry. This sector is crucial for addressing the old housing stock and the persistent housing shortage, exacerbated by years of limited new construction. The more resilient RMI market benefits from the growing demand for energy efficiency, further supported by the EU's push for decarbonising the building stock.

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



ACCELERATING DEMAND FOR ENERGY RENOVATIONS

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



ATTRACTIVE CUSTOMER SEGMENT

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

[1] Estimate based on 19 countries in Europe from Euroconstruct 2022
[2] Statista

OUR ROLE IN THE MARKET

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

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

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

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

KEY RESOURCES

400,000 SKU numbers sourced, sold and distributed

+450,000 tradespeople

15,000 suppliers

1,100 branches and distribution centres

19,000 employees

125 years of heritage

Leading sales brands

SOURCE

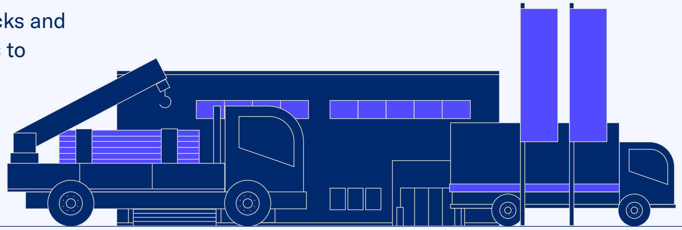
We source at scale and break truckloads into smaller quantities and product mix needed at building sites. Keeping stock of a market leading assortment in warehouses and branches secures high levels of availability, product integrity and competitive prices.

SELL

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

DISTRIBUTE

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



VALUE CREATED

More and better housing, office spaces, and community buildings

Building industry efficiency

Advice, service, and credit

Great place to work

Competitive shareholder returns

OUR STRATEGY AND PROGRESS

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

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

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

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

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

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

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

FIVE MAJOR INITIATIVES TAKE PRIORITY IN OUR ACCELERATED TRANSFORMATION PROGRAMME, DESIGNED TO SUSTAIN ABOVE-MARKET GROWTH RATES. FROM 2020 TO 2024, WE ACHIEVED A NET SALES CAGR OF 17.4%. BY CONTINUING TO BUILD AND LEVERAGE OUR SCALE, WE ARE COMMITTED TO SECURING CONTINUED HIGH GROWTH RATES.

01 ACCELERATING GROWTH THROUGH M&A

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

In the past years, we have completed 31 acquisitions, significantly boosting our growth. Among our recent acquisitions was STARK UK, which represents nearly one-third of our business. Acquisitions in Austria expanded our platform further into the DACH region, and the acquisition of FagFlis Group in Norway and Sweden enhanced our Nordic foothold in the attractive specialist area of tiles, where we are a leader in Germany.

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

ACQUISITIONS

Year	Total number	Select companies
2018/19	2	Woody Trelleborg
2019/20	4	Saint-Gobain Building Distribution, SJAKK, PoG Woody, Ekesiöö
2020/21	3	Harzrohr, Bolist, XL Jens Schultz
2021/22	15	Melle, Gallhöfer, dachundwand, Kakeldaxgruppen, Tröger+Entenmann, centro, Woody
2022/23	5	XL, Saint-Gobain Building Distribution, Konz, FagFlis
2023/24	2	Schilowsky, FagFlis

02 ADVANCING OUR DISTRIBUTION PLATFORM

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

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

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

03 DIGITAL IN EVERYTHING WE DO

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

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

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

04 LEVERAGING SCALE AND BUYING POWER

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

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

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

05 BEST PARTNER FOR SUSTAINABLE BUILDING

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

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

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

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

Our strategy and progress

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

RISK MANAGEMENT

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

RISK GOVERNANCE

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

KEY RISKS

ECONOMIC DOWNTURN

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

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

SUPPLY CHAIN DISRUPTION AND PRICING MANAGEMENT

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

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

INFORMATION SYSTEMS AND CYBER RISK

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

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

Introduction
Business
Our performance
Management

OUR PERFORMANCE

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

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

03

FINANCIAL OVERVIEW

EUR million	2023/24[3]	2022/23[3]	2021/22	2020/21[2]	2019/20[1]
INCOME STATEMENT					
Net sales	7,780	7,054	5,995	4,949	4,095
Gross profit	2,041	1,811	1,541	1,266	1,030
EBITDA	326	391	459	307	195
Adjusted EBITDA[4]	372	456	479	339	241
BALANCE SHEET					
Cash flow from operating activities before financial items and taxes	330	434	372	312	389
Changes in working capital	62	36	(88)	(10)	193
Capital expenditure (Capex), total[5]	148	108	95	67	66
Net Capex, total[6]	55	94	80	(99)	27
Operational Capex, base[7]	46	38	32	29	25
Operational Capex, development[8]	35	33	23	16	16
KEY RATIOS					
Net sales growth	10.3%	17.7%	21.2%	20.9%	78.1%
Gross profit growth	12.7%	17.5%	21.7%	22.9%	76.1%
Gross profit margin[9]	26.2%	25.7%	25.7%	25.6%	25.2%
EBITDA margin[10]	4.2%	5.5%	7.7%	6.2%	4.8%
Adjusted EBITDA margin[11]	4.8%	6.5%	8.0%	6.8%	5.9%

1. 2019/20 includes 10 months of operating activities for STARK Deutschland from the acquisition on October 1 2019 and the effect of the implementation of IFRS 16. The implementation of IFRS 16 increased EBITDA by EUR 57m.
2. 2020/21 includes 12 months of operating activities for STARK Deutschland.
3. 2022/23 includes 5 months of operating activities for STARK UK from the acquisition on 28 February 2023 (2023/24 includes 12 months of operating activities).
4. 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.
5. Capital expenditure (Capex) consists of investments in property, plant and equipment and investments in intangible assets (IT software).
   Operational Capex is related to the normal business and excludes Freehold Capex.
   Freehold Capex includes investments in new land/properties as well as upgrades/refurbishments to existing ones.
6. Net Capex is defined as total Capex minus cash inflow from disposals of tangible and intangible non-current assets
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.

FINANCIAL REVIEW

GROUP

We delivered another year of solid performance despite market headwinds. Over the past five years, we have grown our net sales by 75%, driven by organic growth and acquisitions. During the same period, EBITDA increased by 41%, despite unprecedented market challenges in the past financial year.

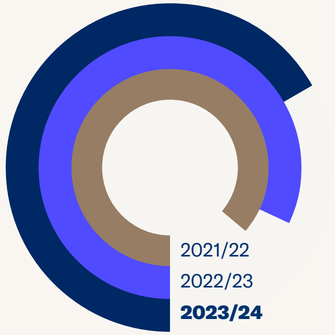
In the financial year 2023/24, STARK Group delivered net sales growth of 10.3% and an adjusted EBITDA of EUR 372 million.

NET SALES

EURm

ADJUSTED EBITDA

EURm



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

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

Throughout the financial year, markets and activity levels remained weak, continuing the trend first observed in the third quarter of the previous financial year. Across markets, the SME customer segment and collect business from our branch network showed some resilience due to their better positioning in the RMI market.
Direct sales, which are more often related to large accounts and the new-build market, decreased significantly more compared to collect sales. Due to their greater exposure to large accounts and direct sales, STARK Germany and Austria accounted for nearly half of the Group's net sales decline.

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

ADJUSTED INCOME STATEMENT

EUR milion	2023/2024	2022/23	2021/22	2020/21	2019/20
Net sales	7,780	7,054	5,995	4,949	4,458
Cost of sales	(5,737)	(5,243)	(4,454)	(3,681)	(3,337)
Gross profit	2,043	1,811	1,541	1,268	1,121
Gross profit margin %	26.3%	25.7%	25.7%	25.6%	25.1%
Staff costs	(1,097)	(885)	(718)	(632)	(577)
Other external operating expenses	(578)	(470)	(344)	(297)	(285)
Total operating expenses	(1,675)	(1,355)	(1,062)	(929)	(862)
Other income and expenses	4	2	–	–	–
EBITDA	**372**	**456**	**479**	**339**	**259**
EBITDA margin %	4.8%	6.5%	8.0%	6.8%	5.8%

To better understand the underlying performance an adjusted summary income statement with comparisons for STARK Group has been included above.
The income statement has been adjusted to exclude non-recurring items, mainly related to acquisitions and integration of acquisitions as well as restructuring activities.
To supplement the adjusted income statements, adjusted segment summary income statements for the 3 segments, Nordics, Germany & Austria and United Kingdom (UK), have also been included.

Continues →

Financial Review

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

GROSS PROFIT AND GROSS MARGIN

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

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

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

OPERATING EXPENSES

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

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

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

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

OTHER OPERATING INCOME AND EXPENSES

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

EBITDA

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

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

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

OUTLOOK 2024/25

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

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

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

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

THE GROUP EXPECTS TO DELIVER THE FOLLOWING FOR 2024/25

Net sales in the range of

7.9-8.2

EUR billion

EBITDA in the range of

380-440

EUR million

FINANCIAL REVIEW BY SEGMENTS

NORDICS

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

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

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

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

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

Managing the gross margin was challenging in a deflationary market with overall declining volumes and particularly weak demand in several higher-margin categories. Gross profit ended at EUR 742 million, a decline of EUR 73 million compared to the previous year. Wage inflation and union-agreed tariffs were mitigated by an emphasis on cost discipline and streamlining operations. While staff costs increased by 1.1%, other operating expenses decreased by 5.3%. Overall, operating expenses decreased by 1.1% to EUR 561 million.

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

SHARE OF GROUP NET SALES

EURm

SHARE OF GROUP'S ADJ. EBITDA

EURm

■ Nordics ■ Group total

ADJUSTED SEGMENT INCOME STATEMENT – NORDICS

EUR milion	2023/24	2022/23	2021/22	2020/21	2019/20
Net sales	2,808	3,057	3,277	2,792	2,412
Cost of sales	(2,066)	(2,242)	(2,395)	(2,052)	(1,781)
Gross profit	742	815	882	740	631
Gross profit margin %	26.4%	26.7%	26.9%	26.5%	26.2%
Staff costs	(382)	(378)	(398)	(364)	(317)
Other expenses	(178)	(189)	(193)	(162)	(148)
Total operating expenses	(560)	(566)	(591)	(526)	(465)
Other income and expenses	1	1			
EBITDA	**182**	**249**	**291**	**214**	**166**
EBITDA margin %	6.5%	8.1%	8.9%	7.7%	6.9%

FINANCIAL REVIEW BY SEGMENTS

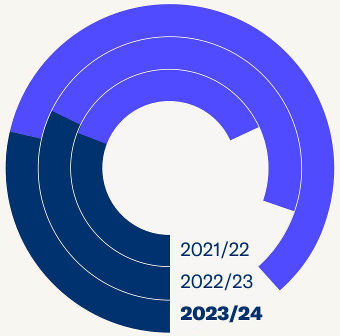
GERMANY & AUSTRIA

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

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

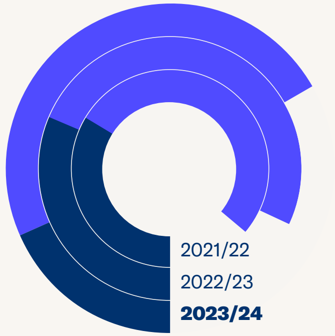
SHARE OF GROUP NET SALES

EURm



SHARE OF GROUP'S ADJ. EBITDA

EURm



■ Germany & Austria ■ Group total

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

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

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

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

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

ADJUSTED SEGMENT INCOME STATEMENT – GERMANY & AUSTRIA

EUR milion	2023/24	2022/23	2021/22	2020/21	2019/20
Net sales	2,523	2,844	2,718	2,157	2,046
Cost of sales	(1,916)	(2,161)	(2,059)	(1,629)	(1,556)
Gross profit	607	683	659	528	490
Gross profit margin %	24.1%	24.0%	24.2%	24.5%	23.9%
Staff costs	(349)	(344)	(320)	(268)	(260)
Other expenses	(156)	(163)	(151)	(135)	(137)
Total operating expenses	(505)	(507)	(471)	(403)	(397)
Other income and expenses	1	1			
EBITDA	**102**	**176**	**188**	**125**	**93**
EBITDA margin %	4.0%	6.2%	6.9%	5.8%	4.5%

Introduction
Business
Our performance
Management

FINANCIAL REVIEW BY SEGMENTS

UNITED KINGDOM

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

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

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

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

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

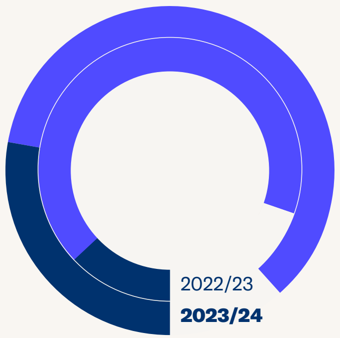
Gross profit ended at EUR 694 million, an improvement of EUR 381 million due to the additional seven months of operations and better price management following depressed gross margins in the previous year. The gross margin increased by 1.2% pp. to 28.3%.

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

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

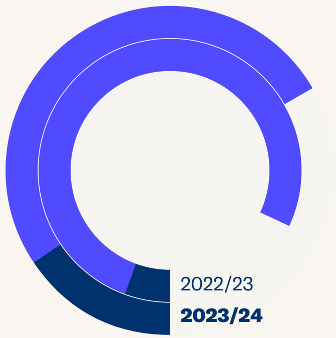
SHARE OF GROUP NET SALES

EURm



SHARE OF GROUP'S ADJ. EBITDA

EURm



■ United Kingdom ■ Group total

ADJUSTED SEGMENT INCOME STATEMENT – UNITED KINGDOM

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

EUR milion	2023/24	2022/21
Net sales	2,449	1,153
Cost of sales	(1,755)	(840)
Gross profit	694	313
Gross profit margin %	28.3%	27.1%
Staff costs	(365)	(163)
Other external operating expenses	(241)	(119)
Total operating expenses	(606)	(282)
Other income and expenses	1	–
EBITDA	**88**	**31**
EBITDA margin %	3.6%	2.7%

Introduction
Business
Our performance
Management

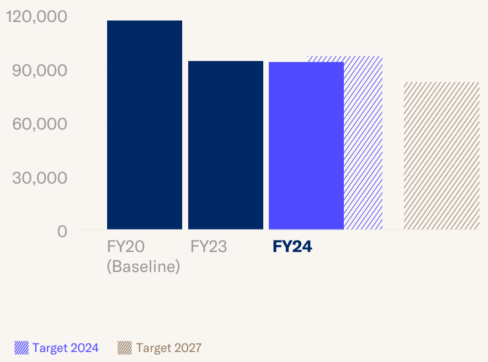
SUSTAINABILITY REVIEW

GROUP

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

CARBON SCOPE 1 & 2

Absolute tCO_2e



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

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

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

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

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

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

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

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

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

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

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

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

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

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

Continues →

SUSTAINABILITY OVERVIEW

	2023/24	2022/23	2021/22	2020/21	2019/20	Target 2027
CARBON					Baseline	
GHG Scope 1&2 (absolute tCO_2e)[1]	93,783	93,992	98,173	99,381	116,586	-29.4%
GHG Scope 1 (absolute tCO_2e)[1]	74,384	80,989	82,721	83,793	87,245	-29.4%
GHG Scope 2 (absolute tCO_2e)[1]	19,399	13,003	15,452	15,588	29,341	-29.4%
GHG Scope 3: Indirect emissions (absolute $MtCO_2e$)[1]	4.15	4.39[3]				-14.3%
WASTE						
Total waste (t/mEUR net sales)[2]	5.9	5.2	5.1	5.3	6.7	-20%
HEALTH AND SAFETY						
Injury rate (per 1 million worked hrs)	4.4	5.6	7.9	8.8	8.0	5.7
Lost workday rate (per 1 million worked hrs)	96.0	52.7	81.2	64.3	64.3	40
EMPLOYEE ENGAGEMENT						
Employee engagement survey score (satisfaction & motivation)	71	74	74	74	75	76
Employee engagement survey score (loyalty)	80	80	80	83	-	82
STARK Group Participation rate (%)	82	82	83	81	91	85
DIVERSITY AND INCLUSION						
% women (total)	22	21	25	22	22	25
% of women in Board of Directors	17% (1/6)	20% (1/5)	20% (1/5)	20% (1/5)	33% (1/3)	30[4]
% of women in other senior management	26% (5/19)	22% (4/18)	n.a.	n.a.	n.a.	30[4]

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

SUSTAINABILITY REPORT 2024

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

STARKGROUP.DK/PUBLICATIONS

MANAGEMENT

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

04

Introduction
Business
Our performance
Management

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

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

THOMAS AHLE
Group CFO
Born in 1971
Danish nationality

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

CHAIR OF THE BOARD OF DIRECTORS

JENS BJØRN ANDERSEN
Chair
Born in 1966
Danish nationality

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

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

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

starkgroup.dk
+45 8252 2600