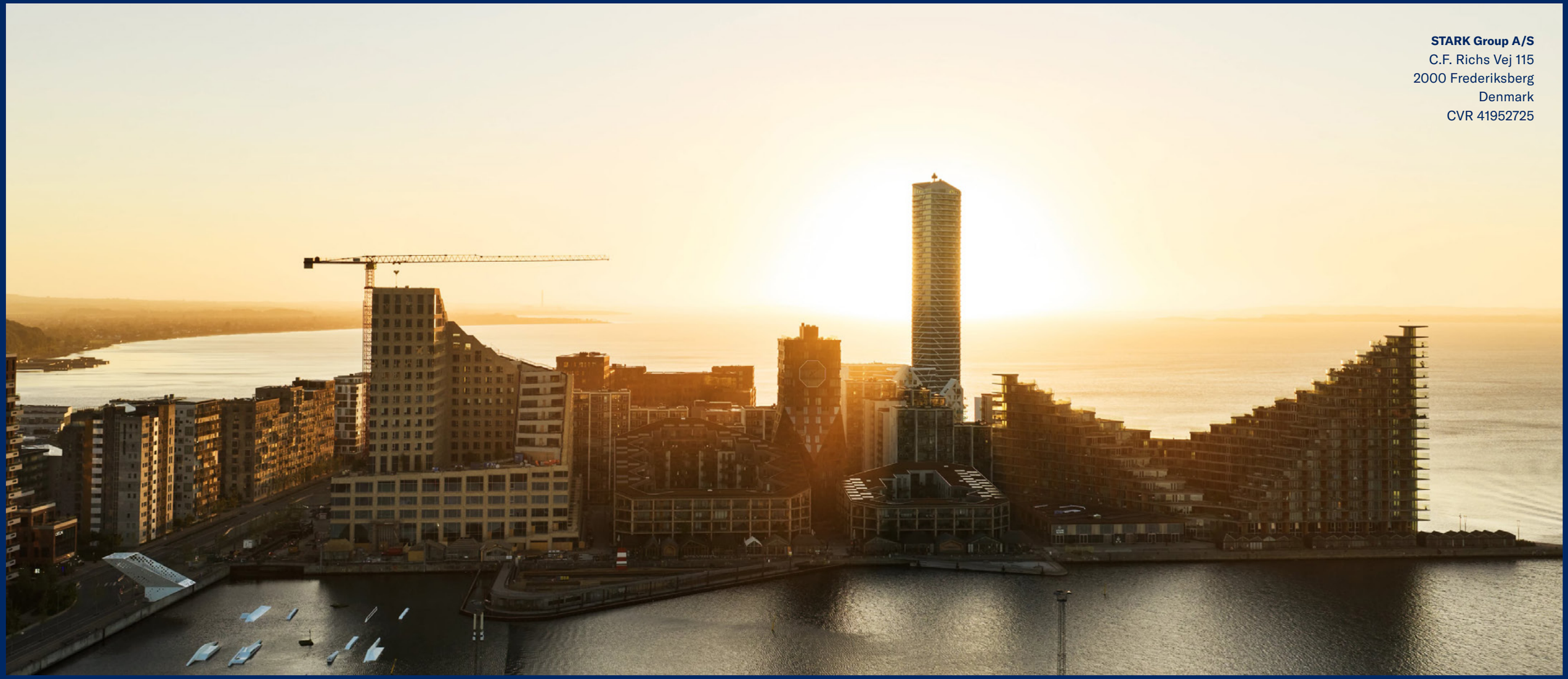


STARK Group A/S
C.F. Richs Vej 115
2000 Frederiksberg
Denmark
CVR 41952725

ANNUAL REPORT 2026

STARK GROUP

ABOUT THIS REPORT

The management report consists of two parts: the management review and the sustainability review (pp. 1-140). The report provides an overview of our Group's performance, including financial results, strategy, corporate governance and sustainability performance.

While our sustainability review is not prepared in full compliance with the Corporate Sustainability Reporting Directive (CSRD), the revised 2026 European Sustainability Reporting Standards (ESRS EC Delegated Act 3 July 2026) have been used to guide the structure, content and disclosures presented in this report.

Our sustainability review is compliant with the requirements of Danish Financial Statements sections 99a (2018) and 99d of the Danish Financial Statements Act.

ADDITIONAL TAX IMPACT REPORT

In addition to this Annual Report, we publish a Tax Impact Report describing STARK Group's approach to sound tax governance and responsible tax practices.

The report provides an overview of the Group's overall tax contribution, including a country-by-country breakdown of taxes paid by STARK Group and taxes collected and remitted on behalf of third parties.

TAX IMPACT REPORT 2026

THE OPPORTUNITY IS GROWING – SO ARE THE BARRIERS TO SUCCESS

Europe's building materials market is worth EUR 280 billion annually and becoming increasingly attractive. The need for 9.6 million new homes, greater energy security and Europe's commitment to climate action are creating powerful long-term demand that extends well beyond the traditional construction cycle.

However, the same forces are making the market more complex. Supply chain challenges, new regulation and increasingly demanding sustainability standards are reshaping our industry and raising the barriers to success.

This is the environment STARK Group is built for. We combine the power of European scale, local presence and 130 years of expertise. As complexity grows, our position strengthens.



> **WE COMBINE THE POWER OF EUROPEAN SCALE, LOCAL PRESENCE AND 130 YEARS OF EXPERTISE.**

LOCAL EXPERTISE – EUROPEAN LEADER

STARK Group has built European leadership through local entrepreneurship and the power of scale.

Founded in Denmark in 1896, we have grown from a national market leader to a business with leading positions across the Nordics. Following the acquisition of STARK Group by CVC Capital Partners in 2021, we have continued an accelerated European growth journey expanding our platform into Germany, Austria and United Kingdom.

Today, we are a European leader of our industry.

Our model combines decision-making close to customers with Group-wide sourcing power, distribution capabilities, sustainability solutions and compliance support. This allows us to remain locally relevant while capturing the benefits of European scale.

We make hard work easier and help shape a more productive construction industry.

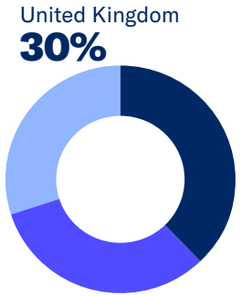
NET SALES

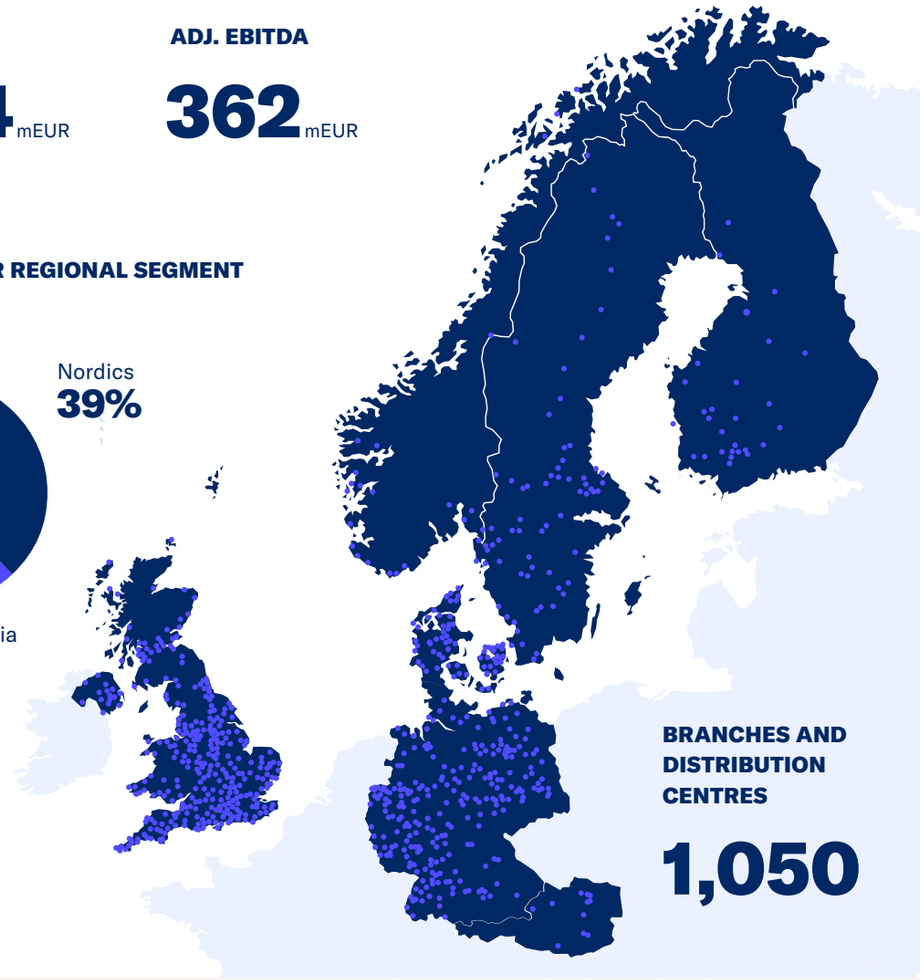
7,744 mEUR

ADJ. EBITDA

362 mEUR

NET SALES PER REGIONAL SEGMENT





BRANCHES AND DISTRIBUTION CENTRES

1,050

CUSTOMERS

+450,000

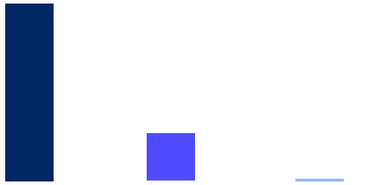
SUPPLIERS

15,000

EMPLOYEES

18,000

GENDER SPLIT



CLIMATE AMBITION

Net zero by **2050**

SUSTAINABILITY PERFORMANCE

EcoVadis Platinum

TOP 1%

BUILT TO OUTPERFORM

We have built a European leader in the distribution of heavy building materials. All markets are in recovery following a significant market setback. Having consistently outperformed our markets, we are now focused on accelerating growth and converting scale into stronger margins, cash flow and returns.

STRUCTURAL LONG-TERM GROWTH IN AN ATTRACTIVE MARKET

We operate in a market supported by structural growth drivers, including urbanisation, a European housing shortage of 9.6 million homes and EU regulations requiring the renovation of around 35 million homes by 2030. The market is also becoming more data-driven, regulated and productivity-focused. AI, sustainability and compliance requirements are raising the value of scale, data and expertise, strengthening our competitive position in the attractive RMI and SME segments, which represent >70% of the construction market.

CONSISTENT PERFORMANCE & STRONG TOTAL GROWTH

On top of market growth, we have in recent history delivered market share gains and consistently outperformed the market including every of the last three years. We have delivered sustained high total growth compounded by M&A, which has resulted in our operations now being more than 3x the size it was less than ten years ago and a net sales CAGR of 6.6% over the past five years.

PROVEN VALUE CREATION STRATEGY WITH SIGNIFICANT RUNWAY

We play a critical role in a complex and fragmented market, bridging the gap between more than 15,000 suppliers and 450,000 customers at the narrowest point in the value chain. In markets where STARK Group and our strategy have been active the longest, we consistently deliver stronger performance, providing ample earnings growth runway for the future as other business units follow. This builds on a track record of delivering on key KPIs across all business units to drive growth, profitability and cash flow, with industry-leading customer satisfaction as our north star (NPS of 66; +20 over the past five years).

OPERATING LEVERAGE FROM A WELL-INVESTED PLATFORM

In recent years, we have accelerated strategy execution and invested significantly in our network, logistics platform, data capabilities and operating model. Our dense branch network of 1,050 locations and unmatched central distribution capabilities provide a strong platform to capture growth, supported by differentiated capabilities in areas such as data, AI and sustainability to provide customers with a future-proof offering.



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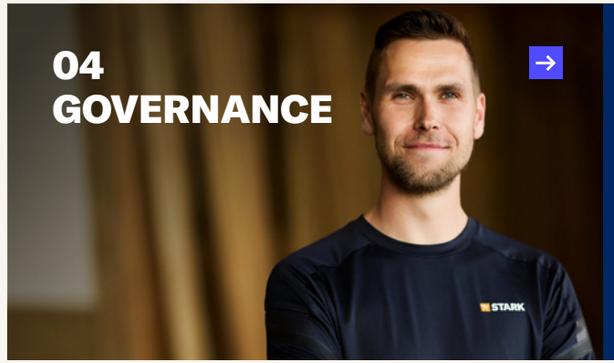

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Søren P. Olesen
Group CEO

Jens Bjørn Andersen
Chair of the Board of Directors

LETTER FROM THE CHAIR & CEO

A STRONGER BUSINESS FOR A BETTER MARKET

The past few years have tested our industry. Our business has proved resilient. While markets declined, we continued to transform our business, strengthen our capabilities and invest in future growth. As market conditions improve and customer demand recovers, we are entering the next phase from a position of strength, ready to accelerate growth and extend our leadership across the industry.

Continues →

LETTER FROM THE CHAIR & CEO

Geopolitical uncertainty has dominated the past year across most industries. Our business has proven remarkably resilient. We have seen virtually no disruption to our value chain and have sustained a strong gross margin by leveraging our sourcing power and managing pricing in real time.

We benefit from operating in politically stable and economically strong markets, in a sector where most products are large, heavy and do not travel far. As a result, they are sourced within the regions in which we operate.

Headwinds from the most severe and prolonged downturn in our industry continued into the financial year but eased during the second half. Recovery has gradually taken hold across our markets over the past few years, progressing one market at a time and from subdued levels. The UK remains last in the market cycle, facing a contracting market and intense price competition.

In the fourth quarter, demand increased across all our markets.

PERFORMANCE IN LINE WITH PREVIOUS YEARS

We delivered another year of net sales, gross profit and adjusted EBITDA broadly in line with the previous two years. We had hoped for a stronger performance but were prepared for a year like this.

> **“We continued to deliver on our accelerated transformation programme.**

Through tight cost control, we more than offset inflation in our cost base and sustained adjusted EBITDA at EUR 362 million (EUR 369 million in the previous year), despite slightly lower gross profit. Nine months of weakening demand in the UK offset growing demand in the Nordics, Germany and Austria.

At the same time, we continued to deliver on our accelerated transformation programme. In recent years, we have invested significantly in accelerating the execution of our strategy, building new capabilities and restructuring parts of our business. These investments continued during the year, although at a lower level than in previous years, contributing to a 9.7% improvement in reported EBITDA.

INCREASING OPPORTUNITY

Three years of subdued market activity have left societies with significant housing shortages. Capital cities across the Nordics, as well as Frankfurt, Manchester and many others, each need 20,000 to 40,000 new homes every five years. Berlin and London need approximately 100,000 and 150,000 homes respectively, to keep pace with demographic growth and urbanisation.

Societies are under mounting pressure to provide these homes, office buildings and public infrastructure while maintaining affordable living standards. At the same time, Europe has a firm ambition to decarbonise its building stock. With major EU regulations due to take effect by 2030, politicians at both national and European level are working to unlock public and private investment and reduce bureaucratic barriers.

> **“Where our strategy is most mature, we consistently deliver market share gains and growing net sales, gross margin and EBITDA.**

All these factors favour the construction industry and, not least, our business.

New legislation favours the Renovation, Maintenance and Improvement (RMI) market, adding to the attractiveness of a submarket that has proven more resilient than new build. This is the market our strategy and platform were built for. Where our strategy is most mature, we consistently deliver market share gains and growing net sales, gross margin and EBITDA.

BENEFITTING FROM BARRIERS TO SUCCESS

The ambition to expand and improve Europe's housing stock puts every part of our value chain under pressure. While governments seek to streamline permitting processes, sustainability-related regulations and documentation requirements continue to grow. In the near future, distributing building materials will not be limited to distributing physical products. It will increasingly involve distributing data and information as well.

Continues →

LETTER FROM THE CHAIR & CEO

This adds to the challenges faced by manufacturers, tradespeople and the wider value chain. Our role is to simplify complexity and make hard work easier.

As product and regulatory complexity increase, we simplify compliance and commercialise sustainability. As cities become more congested and fulfilment grows more complex, we provide the most accessible distribution network. And as the disconnect between manufacturers operating at scale and local tradespeople widens, we bring the two together through strong relationships and a market-leading productivity platform.

We developed our strategy in the Nordics and are now implementing it in Germany, Austria and the UK. At the same time, we continue to develop new commercial concepts across the business and build above-branch distribution capabilities in the Nordics that expand our range and deliver market-leading availability and service speed.

In recent years, we have built a roadmap for leveraging AI across our business and launched our first AI-powered initiatives to improve quotation speed, accuracy and win rates.

Our strategic agenda is extensive and is being executed at pace. We are leveraging our scale and transforming our business for a market in which new requirements are changing roles across the value chain and making distribution increasingly decisive.

> **“The market opportunity continues to grow. Several years of subdued activity have increased housing shortages across our markets.**

A CHALLENGING TEST CONFIRMS OUR STRATEGY

Recent years have been challenging. Market conditions have been anything but favourable.

Nevertheless, we are strategically and operationally stronger today. We have successfully funded and executed our accelerated transformation.

The market opportunity continues to grow. Several years of subdued activity have increased housing shortages across our markets. At the same time, regulation and increasingly challenged urban environments strengthen the relevance of our footprint and business model. We believe our strategy is a winning formula.

Powered by passionate colleagues and their extraordinary efforts, we will continue to transform and improve our industry, earning the trust of more manufacturers and customers and building even deeper engagement across our value chain.



Jens Bjørn Andersen
Chair of the Board



Søren P. Olesen
Group CEO

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EVENTS IN THE YEAR



THROUGHOUT THE YEAR

EXPANSION WITH NEW FLAGSHIP BRANCHES

Several new branches were opened during the year, including our flagship and distribution branches in Luton, Alnwick and Lønborg.

The Luton branch, located north-west of London, is our largest branch in the UK and was developed under the Branch of the Future concept. The branch offers a one-stop-shop experience, combining an extensive product range with value-added services, extended opening hours, expert advice and logistics solutions.

The Lønborg branch is our fourth location in Bergen, Norway's second-largest city. The branch features a unique design, with part of the branch integrated into the surrounding mountainside.

January

NEW CEO OF STARK DEUTSCHLAND

Dr. Marc Baumgartner was appointed CEO of STARK Deutschland. He joined our Group a year earlier as Chief Sales Officer for the German generalist businesses and brings more than 20 years of industry experience.



January

ECOVADIS PLATINUM RATING RETAINED FOR 5TH CONSECUTIVE YEAR

STARK Group was awarded the EcoVadis Platinum rating for the 5th consecutive year, placing us among the top 1% of more than 150,000 companies assessed globally.

The rating reflects strong performance across environmental management, labour and human rights, ethics and sustainable procurement, reinforcing our ambition to make sustainability a driver of long-term growth.



January

DIGITAL SUSTAINABILITY SOLUTIONS ROLLED OUT ACROSS THE NORDICS

Sustainability regulation and documentation requirements are driving growing demand for accessible product-level carbon data and guidance. The Nordic markets remain at the forefront of implementing new EU requirements, including Finland's introduction of mandatory climate declarations and carbon-limit compliance for new buildings in January 2026.

During the year, our Climate Monitoring Tool was launched in Finland and Norway, making the solution available across all Nordic markets. Together with dedicated sustainability ambassadors and accessible product-level carbon data, the tool helps customers respond to new documentation requirements.

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Spring and summer

SUPPORTING BUILDERS THROUGH PARTNERSHIPS AND ADVOCACY

The UK housing shortage widened during the year, while the construction sector continued to face skills shortages and rising costs. STARK UK acted to "Get Britain back Building – Now!". Under this headline, we advocated for policy measures when publishing our "State of the Nation" report and launching a petition to bring the issues on the agenda of Whitehall.

STARK UK also became a founding supporter of the Regional Building Foundation (RBF), established by The King's Foundation and the University of the Built Environment. As part of the initiative, a dedicated team was created to provide tailored commercial support to regional builders focused on delivering sustainable and locally distinctive communities.



May

SUSTAINABILITY MARKET OUTLOOK PUBLISHED

We published our second Sustainability Market Outlook in partnership with The Footprint Firm.

The report examines how emerging EU and national regulations are expected to affect construction markets, building materials and the roles of manufacturers, distributors and housebuilders. It provides a detailed assessment of the timing and impact of regulatory changes across product categories and markets.

The report highlights the increasingly critical role of distributors in helping housebuilders navigate complex requirements through accessible product choices, documentation and guidance.

June

RANKED FIRST IN DANISH TAX GOVERNANCE RATING

STARK Group ranked first in Økonomisk Ugebrev's annual Tax Governance Rating for large Danish companies. The rating assesses tax transparency and governance among 50 of Denmark's largest listed and unlisted companies, based on the quality and extent of their disclosures regarding tax affairs and governance practices.

Summer

INVESTMENT IN A NEW NATIONAL DISTRIBUTION CENTRE

A new national distribution centre in Denmark was completed and became operational after the reporting period in September 2026.

The facility expands the available range of light-side building materials to approximately 50,000 products and supports one-hour delivery capabilities across the Greater Copenhagen area.



FINANCIAL HIGHLIGHTS

We delivered another year of net sales, gross profit and adjusted EBITDA broadly in line with the previous two years.

Adjusting for currency translation, net sales grew by 0.3%.

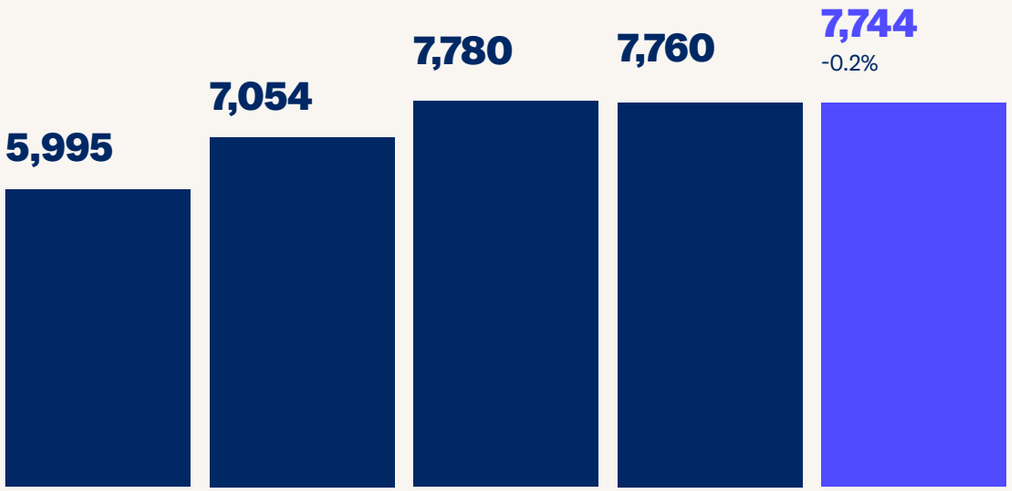
The fourth quarter was our strongest, with net sales growth accelerating and more tangible signs emerging of a recovery following three years of market decline.

Tight cost control more than mitigated the effects of inflation and wage increases but did not fully offset the decline in gross profit resulting from platform transformation, intense price competition in the UK and adverse product mix effects in Germany.

Investment in our accelerated transformation continued, albeit at a lower level. While adjusted EBITDA declined by 1.9%, reported EBITDA increased by 9.7%.

NET SALES

EUR Million



2021/22
An extraordinary year marked by high demand and inflation in building materials.

2022/23
A watershed year from exceptionally high activity levels to a rapid market decline.

2023/24
A year of acceler-ated transformation amid continued market setbacks.

2024/25
Sluggish recovery - invested in our platform and capabili-ties, poised for future growth.

2025/26
Resilient performance in a year of geopolitical uncertainty. Market growth emerged in the fourth quarter.

SEGMENT PERFORMANCE



Nordics
Solid performance and continued growth in a region where our strategy has matured. Market share, net sales, gross margin and EBITDA all increased.



Germany & Austria
Strong growth in our specialist businesses drove higher net sales overall. Signs of market recovery emerged in the fourth quarter.



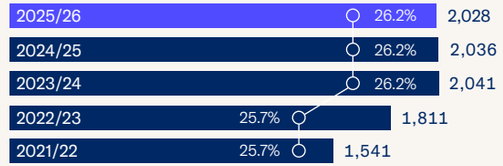
United Kingdom
A challenging year in a contracting market characterised by intense price competition. Lower net sales and gross margins more than offset the benefits of reduced operating expenses.

GROSS PROFIT AND MARGIN

EUR Million

2,028 Gross profit **26.2%** Gross margin

Gross margin was sustained at 26.2%. Sourcing synergies and distribution efficiency contributed positively, while intense price competition in the UK had an adverse impact.



ADJUSTED EBITDA

EUR Million

362

Tight cost control more than offset inflationary pressures in our cost base but was insufficient to fully counter the effects of lower gross profit.

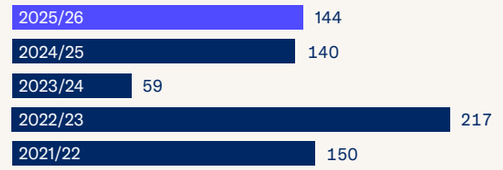


FREE CASH FLOW

EUR Million

144

Free cash flow remained broadly stable.



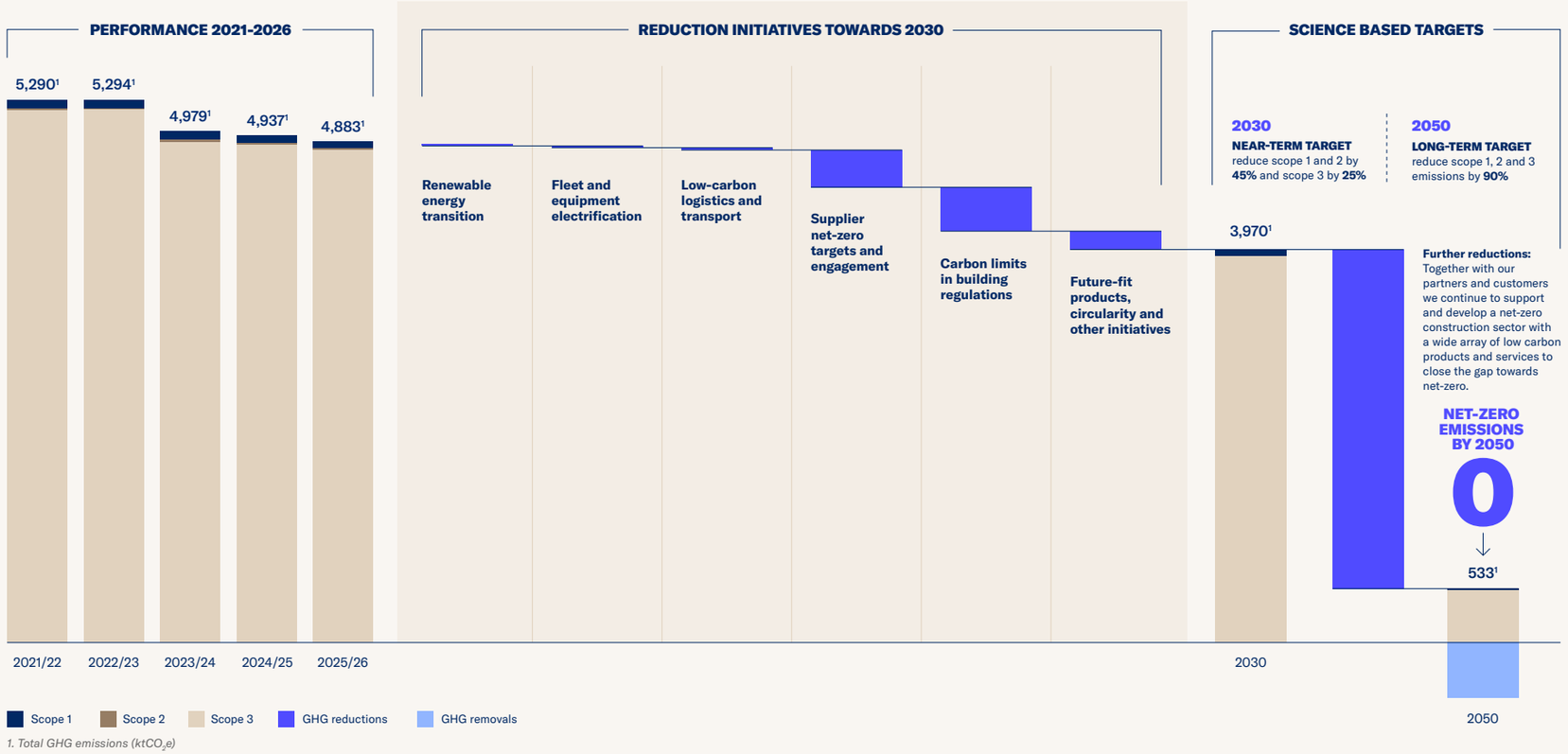
SUSTAINABILITY HIGHLIGHTS

We delivered on our sustainability goals and remained on track with our commitment to achieving net-zero emissions by 2050.

Our scope 1 and 2 emissions decreased by 8.0%, while scope 3 emissions decreased by 1.0%. Increased use of renewable electricity through a Power Purchase Agreement (PPA), together with our branch consolidation and optimisation programme in the UK, were significant contributors to the reduction in our scope 1 and 2 emissions. Lower activity levels contributed to the reduction in scope 3 emissions.

Since our baseline year, we have reduced scope 1 and 2 emissions by 35.4%, placing us 8.4 percentage points ahead of the reduction trajectory required to meet our SBTi target for the year. Scope 3 emissions have been reduced by 7.5%, which is short of our target for the year.

HOW WE GET TO NET ZERO

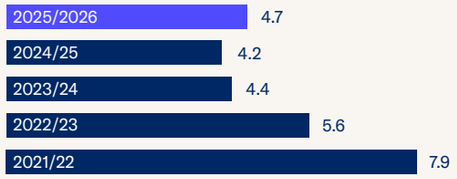


1. Total GHG emissions ($ktCO_2e$)

INJURY RATE

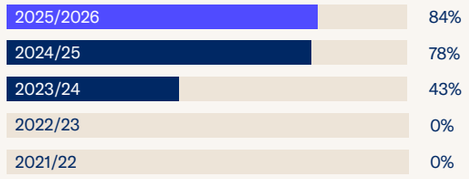
per million hours

4.7 +0.5



NET SALES SHARE OF LCA-RELEVANT PRODUCTS WITH CARBON DATA

84% +6pp



SUSTAINABILITY AMBASSADORS

685

More than 7,800 employees have received basic sustainability training. That equals almost half of all employees.

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FINANCIAL OVERVIEW

	2025/26	2024/25	2023/24	2022/23[1]	2021/22
INCOME STATEMENT					
Net sales	7,744	7,760	7,780	7,054	5,995
Gross profit	2,028	2,036	2,041	1,811	1,541
EBITDA	316	288	326	391	459
Adjusted EBITDA	362	369	372	456	479
Depreciation and amortisation of non-current assets	(321)	(330)	(335)	(243)	(171)
EBIT[2]	(85)	(42)	(9)	353	288
Financial items, net	(233)	(249)	(221)	(197)	(102)
Earnings before tax	(318)	(291)	(230)	156	186
Net earnings	(261)	(286)	(201)	144	132
BALANCE SHEET					
Total assets	5,942	6,218	6,530	6,646	5,008
Intangible non-current assets	1,787	1,826	1,828	1,814	1,806
Tangible non-current assets	2,059	2,198	2,325	2,318	1,453
Investments in property, plant and equipment	83	117	114	79	71
Equity	664	360	644	858	692
Net Capex, total[3]	(59)	99	55	94	80
Operational Capex, base[3]	46	54	46	38	32
Operational Capex, development[3]	43	42	35	33	23
CASH FLOW					
Cash flow from operating activities	85	239	114	311	230
Cash flow from investing activities	59	(99)	(83)	(673)	(269)
Free cash flow[3]	144	140	59	217	150
Cash flow from financing activities	(314)	(101)	(97)	424	(25)
Total cash flow	(170)	39	(66)	62	(64)
KEY RATIOS[3]					
Gross profit margin	26.2%	26.2%	26.2%	25.7%	25.7%
EBITDA margin	4.1%	3.7%	4.2%	5.5%	7.7%
Adjusted EBITDA margin	4.7%	4.8%	4.8%	6.5%	8.0%
Leverage ratio (external net debt/adjusted EBITDA)	7.7	7.3	7.4	5.5	3.5

1. *2022/23 includes 5 months of operating activities for STARK UK from the acquisition on 28 February 2023.*

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

3. *Definition of terms is disclosed in note 6.11 Financial Definitions in the consolidated financial statements.*

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SUSTAINABILITY OVERVIEW

	2025/26	2024/25	2023/24	2022/23	2021/22
CARBON					
GHG scope 1 & 2 (absolute $ktCO_2e$)[1, 2]	78	85	96	97	98
GHG scope 1 (absolute $ktCO_2e$)[3, A]	66	69	76	83	84
GHG scope 2 (absolute $ktCO_2e$)[2, 4, A]	12	16	20	14	14
GHG scope 3 (absolute $ktCO_2e$)[5]	4,805	4,853	4,884	5,196	5,192
Total carbon emissions (absolute $ktCO_2e$)[2, 5]	4,883	4,937	4,979	5,294	5,290
WASTE					
Total waste (t/mEUR net sales)	4.9	5.4	6.0	5.4	5.3
HEALTH AND SAFETY					
Injury rate (per million worked hours)	4.7	4.2	4.4	5.6	7.9
Lost workday rate (per million worked hours)	98	79	96	53	81
EMPLOYEE ENGAGEMENT					
Employee engagement survey score (satisfaction & motivation)	74	73	71	74	74
Employee engagement survey score (loyalty)	82	81	80	80	80
Survey participation rate (%)	84	84	82	82	83
DIVERSITY AND INCLUSION					
% women (total)[A]	21	21	22	21	25
% of women in Board of Directors[A]	0	0	17	20	20
% of women in other senior management[A]	27	17	22	16	22
COMMERCIALISING SUSTAINABILITY					
Products with carbon data (%)[6]	84	78	43	n.a.	n.a.
Sustainability ambassadors (headcount)	685	729	780	520	250
Sustainability ambassadors (% of total employees)	4	4	4	3	2
STARK digital carbon tool (business units)	4	3	2	2	0

1. Base year for GHG Scope 1 & 2 is 2019/20 (121 $ktCO_2e$).

2. Scope 2 is market-based.

3. Base year for GHG Scope 1 is 2019/20 (89 $ktCO_2e$).

4. Base year for GHG Scope 2 is 2019/20 (32 $ktCO_2e$).

5. Base year for GHG Scope 3 is 2022/23. GHG Scope 3 for 2021/22, 2020/21 and 2019/20 has been estimated based on 2022/23 figures.

6. Share of sales of stock products with carbon data in LCA-relevant product categories (according to accounting principles p. 122). STARK UK excluded.

A. KPI subject to limited assurance in FY26.

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02 OUR BUSINESS

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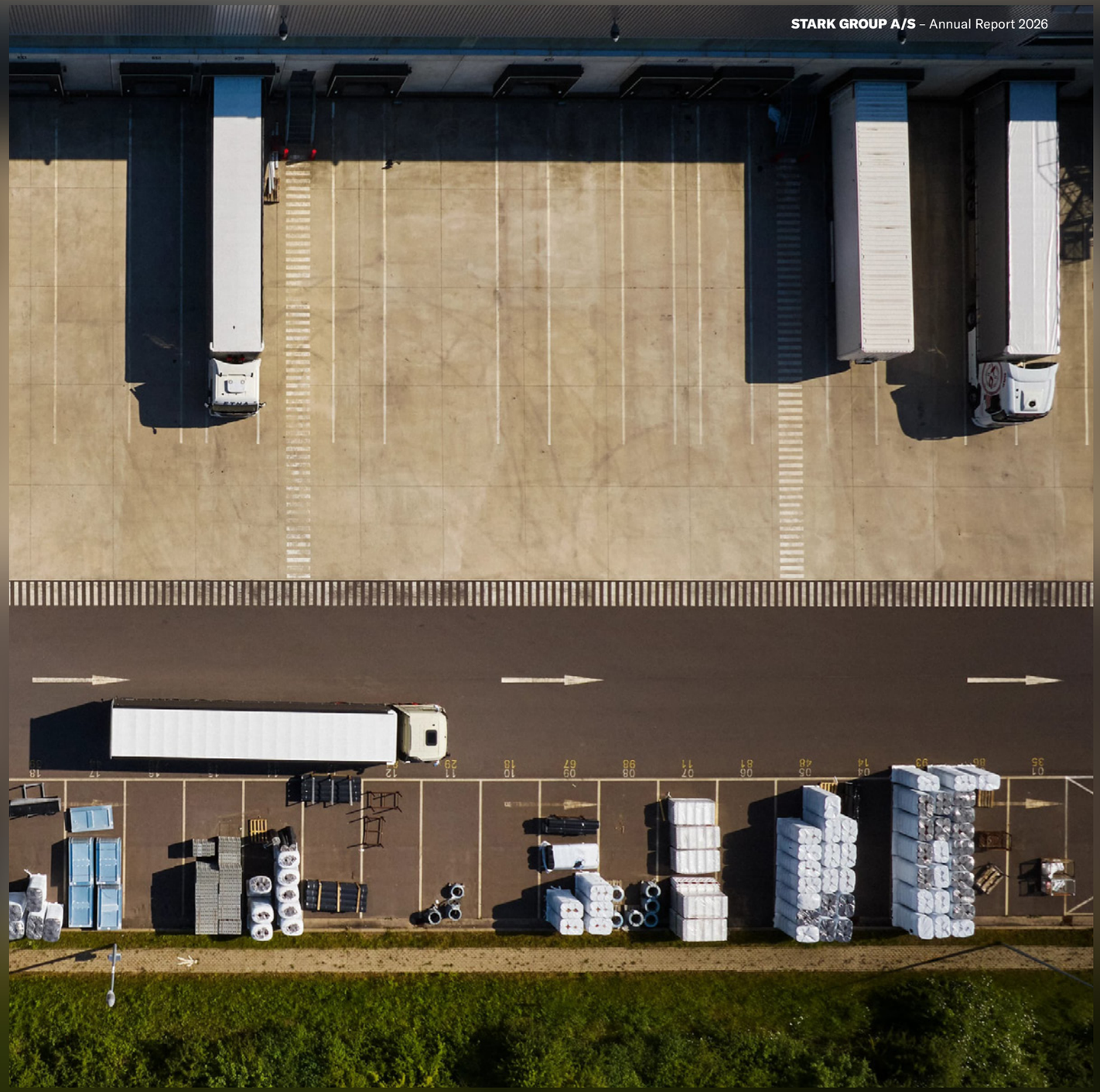
- Our market environment
- Our strategy
- Risk management



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HOW WE CONTRIBUTE TO BUILDING A BETTER FUTURE

Europe faces a housing shortage equivalent to 3.5% of its housing stock and has set an ambitious target to decarbonise the built environment by 2050. Both challenges are significant. So too are the opportunities for our industry and the demands these challenges create. Every part of the construction value chain is under increasing pressure as new regulation and operational complexity reshape the industry.

For 130 years, STARK Group has helped customers absorb complexity so they can focus on building.

OUR PURPOSE

WE BUILD OUR FUTURE BY HELPING OTHERS BUILD THEIRS

We support tradespeople in building and renovating homes and deliver on the promises they make to their customers. We also connect tradespeople with manufacturers, who rely on us as a sales force and a last-mile distribution partner when serving their long range of customers and managing the increasingly complex access for building materials to building sites and urban areas.

We take pride in making hard work easier. That is what has made us a leading European distributor of building materials.



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OUR BUSINESS MODEL

HOW WE CREATE VALUE

We connect manufacturers and professional tradespeople through a European distribution platform built on scale, local proximity and expertise. We source a broad range of building materials and future-fit solutions, help customers select and buy the products and services they need, and distribute through a dense network of branches, logistics hubs and national distribution centres.



RESOURCES

People and expertise
18,000 employees with backgrounds as tradespeople, retailers, distributors and specialists, including 685 sustainability ambassadors and 7,800 employees trained in sustainability basics.

Products and infrastructure
Leading own-brand range and a comprehensive portfolio of 400,000+ products distributed through a network of more than 1,050 branches, distribution centres and logistics hubs across Europe.

Customer relationships
Trusted relationships with more than 450,000 tradespeople and contractors, with a strong focus on small and medium-sized businesses operating in the renovation, maintenance and improvement market.

Supplier partnerships
Strong partnerships with 15,000 suppliers and collaboration across the value chain to expand future-fit product offerings and improve carbon transparency across the value chain.

Scale, brand and market leadership
European market leadership built through sourcing scale, strong local market positions, a dense branch network, deep supplier relationships and the ability to consolidate a highly fragmented industry.

ACTIVITIES

SOURCE

Curate a broad range of building materials and future-fit solutions through scale, supplier partnerships and market insight.

SELL

Help customers select and buy the right products through trusted relationships, expert advice, value-added services and digital solutions.

DISTRIBUTE

Deliver reliable availability through local presence and the logistics capabilities that keep projects moving.

VALUE CREATED

Better housing and built environments
Through our role in the value chain, we help address Europe's growing need for housing, renovation and energy-efficient buildings, supporting the delivery of homes, commercial buildings and community infrastructure that contribute to a net-zero future and social well-being.

Stronger building industry
We connect suppliers and tradespeople through one of Europe's largest building materials platforms, helping products and expertise reach markets efficiently. By improving availability, transparency and efficiency, we help the industry respond to evolving requirements.

Easier work for tradespeople
We help tradespeople save time, reduce complexity and improve productivity through reliable availability, efficient delivery, expert advice and value-adding services, enabling them to focus on delivering projects.

Value for employees
We provide a safe, engaging and performance-driven workplace where colleagues can develop their skills, build careers and contribute to transforming our industry.

Shareholder value
We create long-term value through above-market growth, market share gains and industry consolidation. By leveraging scale, strengthening efficiency and commercialising sustainability, we enhance profitability and reinforce our market leadership.

OUR MARKET ENVIRONMENT

STRONG MARKET FUNDAMENTALS SUPPORT LONG-TERM DEMAND

The European market for building materials is increasingly attractive, yet structurally more difficult to unlock. Shifts in market demands position distributors with scale and advanced commercial concepts as the gateway to our industry.

Europeans need 9.6 million more homes and a better, more energy-efficient built environment that decarbonises the housing stock and reduces Europe's dependency on oil and gas. These transitions are significant and support long-term demand drivers that go beyond the normal construction cycle.

Demographic drivers contribute significantly to the attractiveness of the Northern European market for building materials. Our addressed markets include seven politically stable and economically strong markets where average GDP per capita is 1.5-2.5 above the European average. Every five years, the population grows by 2 million (approx. 1%), and a shift towards more single-person households and urbanisation add pressure on the housing deficit and the value of the housing stock in city conurbations across our addressed markets.

Today, capital cities in the Nordics, Frankfurt, Manchester and many others each need 20-40,000 new homes every five years, while Berlin needs more than 100,000 and London 150,000 new homes to keep up with the increasing demand from demographics.

INCREASING ATTRACTIVENESS

Long-term demand drivers that go beyond the normal construction cycle:

- **Population growth** in markets with GDP per capita 1.5-2.5 above European average
- **Rapid urbanisation** and shift towards more single-person households
- **European push for decarbonisation** of the built environment to counter energy-security challenges and meet climate action ambitions

While our market is largely a private one, policy makers are under mounting pressure to unlock public and private investments and reduce bureaucratic barriers.

Housing has become an EU-level priority for the first time, including a dedicated Housing Commissioner and the preparation of the Affordable Housing Act as part of the broader European Affordable Housing Plan. The plan includes greater use of EU funding, financing from the European Investment Bank and private capital as well as simplification and digitalisation of permit processes and focus on construction productivity, industrialised construction and workforce development.

In Germany, the government is actively removing structural barriers to construction through permit reforms and simplified building standards. In the UK, the government has significantly strengthened policy support for housing delivery through planning reform, but implementation challenges remain.

NEW REGULATIONS FAVOUR THE RENOVATION MARKET

Simultaneously, Europe faces energy-security challenges and has a firm ambition on climate action that both require decarbonisation of the housing stock.

Today, buildings are the EU's largest energy consumer, accounting for around 40% of energy consumption. Three out of four buildings have poor energy performance. The EU's European Green Deal and the 2023 revision of the Energy Performance of Buildings Directive (EPBD IV) mandate a 55% reduction in greenhouse gas emissions by 2030 and a fully decarbonised building stock by 2050.

While the energy supply sector transitions to low-carbon alternatives, the regulation of the built environment favours increasing Renovation, Maintenance and Improvement (RMI). EU member states are under the EPBD IV required to develop national building renovation plans to decarbonise their building stock - particularly these focus on the worst-performing buildings to reduce energy consumption from the existing housing stock and to reduce emissions from new build.

The current RMI market represents 60% of our addressable market and has shown more cyclical resilience than new build. This market is believed to grow further as new regulations reinforce a transition to more renovation, modernisation and energy efficiency.

OUR MARKET ENVIRONMENT

NEW REQUIREMENTS ADD TO COMPLEX CHALLENGES

New sustainability requirements are adding significant complexity to already known challenges such as:

- Labour scarcity
- Limitations on building sites
- Congestion
- Restricted access to cities
- Emissions zones
- Tighter delivery windows
- Climate action ambitions

COMPLEXITY AND REGULATION TURN DISTRIBUTORS INTO MARKET GATEWAYS

While demand for more housing and more renovation increases, delivery becomes structurally more complex as building materials become data objects and successful distributors turn into market gateways when translating complex regulatory and sustainability requirements into accessible product choices, documentation and guidance for customers and partners.

Across Europe, regulations, finance and customer expectations are converging, and complexity is structurally increasing as the decarbonisation of the housing stock turns from ambition to implementation. Environmental documentation, carbon performance, circularity, resilience and supply chain transparency are becoming commercial requirements and not only reporting topics.

The revised Construction Products Regulation phases in mandatory environmental data from 2026 across 36 product families. The Energy Performance of Buildings Directive requires whole-life carbon disclosure from 2028 and limit values from 2030. EU Taxonomy requirements, green finance, public procurement and certification schemes add further demand for verified product data and environmental performance.

While regulation is converging at European scale, implementation remains local country by country. The Nordics are already ahead of the broader European market. In these markets, environmental documentation is increasingly a condition of doing business in new construction and is extending towards renovation and SME segments. Germany and Austria are building regulatory frameworks, while the UK is seeing stronger market-driven requirements through whole-life carbon assessments for major developments under the London Plan, infrastructure procurement standards and certification schemes. The pace differs by market, but the direction is the same.

The change is not limited to a niche. The share of STARK Group's building materials sales linked to projects requiring environmental documentation are expected to grow from around 14% to around 40% by 2030. Products without verified environmental data are expected to decline from around 55% of the market today to around 35% by 2030.

Over time, the market will move beyond documentation. Future-fit building materials are expected to meet rising expectations for lower environmental impact, circularity, reduced toxicity, climate adaptation and resilient supply. Circularity and waste regulation, carbon pricing mechanisms and supply-chain transparency requirements will add further momentum. Products that meet today's expectations will need stronger documentation, lower impact and greater resilience as regulation and customer demand develop.

For customers and suppliers, this creates new requirements and complexity. For distributors, it creates new opportunities that favour businesses with scale that can navigate European and national legislation and requirements while helping customers get fast, easy access to the right products, with the right documentation, for the right project.

CLEARER INSIGHT INTO A CHANGING MARKET

The transition to a decarbonised built environment is picking up speed.

New EU legislation is raising requirements across the building materials market, with new requirements taking effect between 2026 and 2032. The Construction Products Regulation (CPR) phases in environmental data from 2026. The Energy Performance of Buildings Directive (EPBD) requires whole-life carbon disclosure from 2028 and limit values from 2030. In the Nordics, this is already a condition of doing business.

In the past year, STARK Group and The Footprint Firm released its Sustainability Market Outlook Report 2026. The report outlines how the building materials market is changing as regulatory requirements, financial incentives and customer expectations are converging to reshape how buildings are designed, built and renovated.

This report is designed to provide clear, evidence-based answers to:

- How fast is the market for future-fit building materials developing?
- How will regulatory and financial drivers influence demand, and what does this mean in practice for projects, portfolios and product strategies?



OUR MARKET ENVIRONMENT

UNLOCKING PRODUCTIVITY ACROSS THE VALUE CHAIN →

Structural changes across the construction value chain are increasing the need for more efficient use of space, capital, distribution and labour.

STARK Group connects these needs through local presence, logistics, market access, expertise and data - helping the construction ecosystem build more efficiently.









	CITIES	PROJECT OWNERS AND INVESTORS	MANUFACTURERS	TRADESPEOPLE
WHAT IS CHANGING	Economic activity, population growth and housing demand are increasingly concentrated in cities. At the same time, urban space and public resources are constrained and requirements for congestion, emissions, noise and environmental impact are increasing.	Europe faces a housing shortage and an ageing building stock. Homeowners, developers, housing associations and pension funds are expected to finance substantial investment in housing, renovation and sustainable development.	Building-material manufacturing is becoming more concentrated as scale is increasingly needed to fund innovation, decarbonisation, compliance and digital capabilities, while customers remain highly fragmented.	Construction remains highly fragmented and dominated by local, owner-managed SMEs. Labour shortages and growing requirements for planning, documentation and compliance place pressure on businesses with limited administrative resources.
WHAT MATTERS	• More construction output from limited space and resources • Faster project delivery • Better planning, coordination and visibility across urban construction activity.	• More value from every euro invested • Predictable costs, reliable execution and shorter timelines • Lower project risk, supported by carbon data, lifecycle information and procurement transparency.	• Simpler access to fragmented markets • An efficient and scalable route for products, data and expertise • Reliable product master data, EPDs, carbon data, DPPs and digital customer interfaces.	• More productive use of scarce labour • Less time spent on sourcing administration and supplier management • Easier ordering, planning, documentation and compliance.
HOW WE CREATE VALUE	Our local presence, urban logistics and reliable last-mile delivery support more efficient use of urban space, less congestion and greater capacity to deliver sustainable development.	Our reliable availability, efficient logistics and compliant project delivery help reduce execution risk and delays and support better utilisation of capital.	We simplify market access, customer engagement and compliance, providing broader reach, efficient customer access through last-mile distribution and a scalable route to fragmented local markets.	We make it easier to access products, expertise and documentation when needed, helping tradespeople spend less time on requirements and more productive hours on site.

CASE 01

WINNING THE CITY

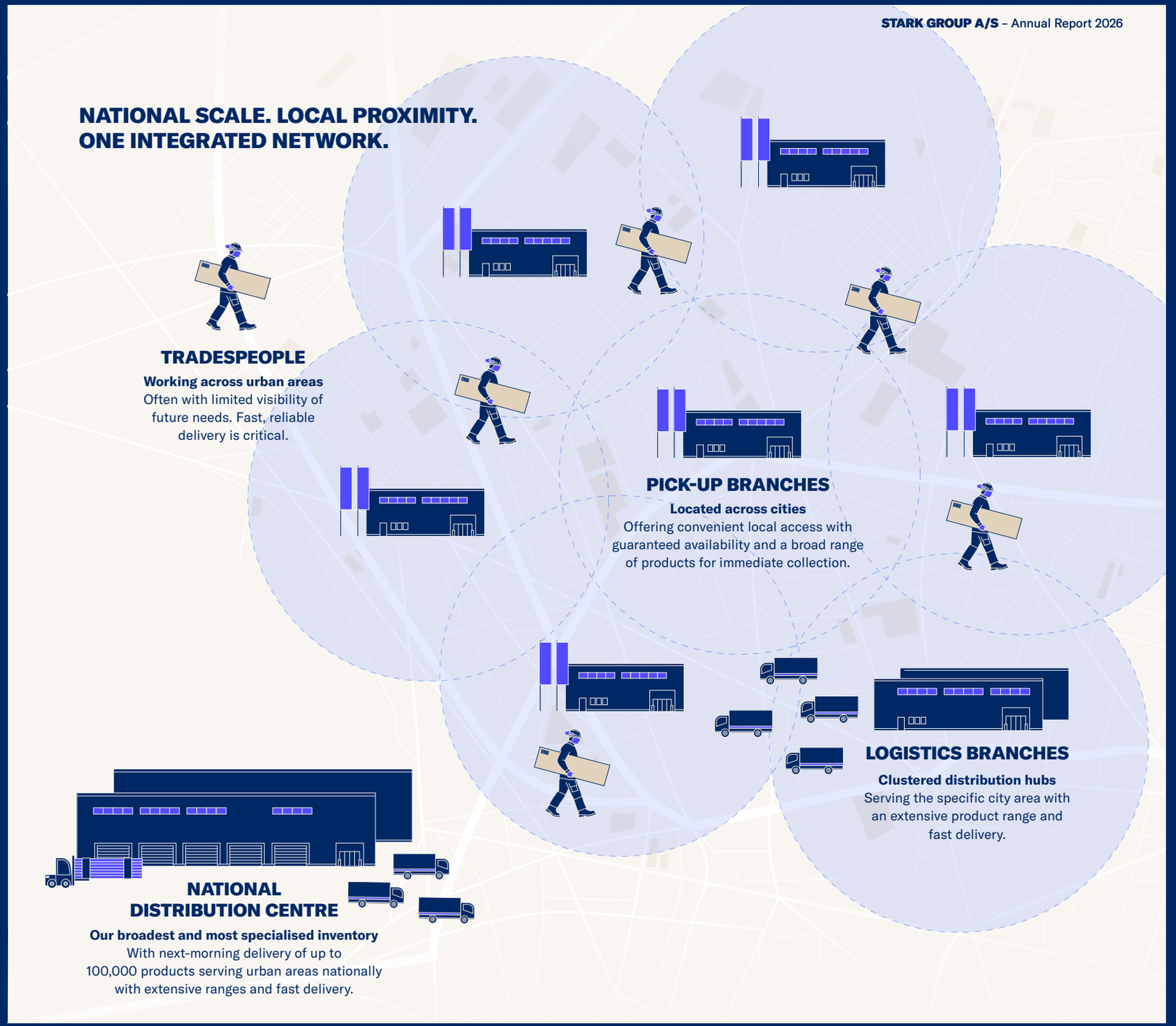
As construction becomes increasingly concentrated in cities, success depends on far more than product availability. Customers need speed, reliability, expertise and documentation delivered seamlessly across complex urban environments.

Our response is a city-conurbation operating model that combines national scale with local proximity. Rather than serving major cities branch by branch, we connect national distribution centres, metropolitan logistics platforms and local pick-up branches into one integrated network.

First implemented in Stockholm and now being scaled across the Group, this model allows us to serve urban construction markets in ways few competitors can replicate.

CREATING VALUE THROUGH

- → **Stronger growth**
- → **Higher profitability**
- → **Greater resilience across market cycles**



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CASE 02

TURNING SCALE INTO AVAILABILITY

For tradespeople, every delayed delivery means lost productive time. For suppliers, fragmented local markets remain expensive and complex to serve.

Our national distribution centres are changing that equation.

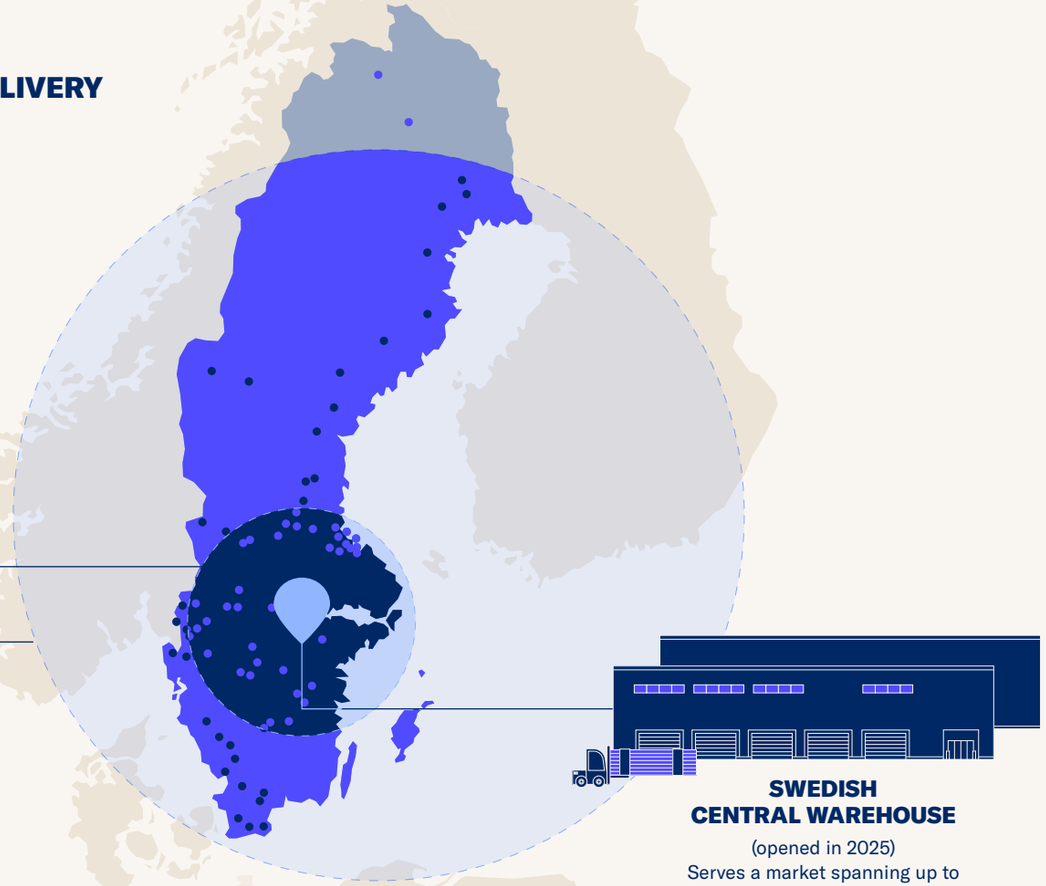
Equipped with advanced AutoStore technology for light-slide materials, they allow us to offer up to 75,000 products with next-day availability across markets. By combining sourcing, inventory and distribution at scale, we improve availability while reducing lead times by up to three days for many products.

This creates a powerful platform effect: customers gain access to more products, while suppliers gain access to more customers.

THE ADVANTAGE OF SCALE

- → **Higher customer and supplier loyalty**
- → **Accelerated growth in high-margin categories**
- → **Structural margin improvement through supply-chain efficiency**

FROM LIMITED REACH TO NATIONWIDE NEXT-DAY DELIVERY



SWEDISH CENTRAL WAREHOUSE

(opened in 2025)
Serves a market spanning up to **1,300 kilometres** from south to north.

BEFORE			NOW		
Next-day delivery only to the nearest branches	Product range of 25,000 SKUs	Deliveries 2-5 days per week, depending on category	96 of 98 branches reached by lunchtime the next day	Range expansion – now up to 75,000 SKUs	Five-day-a-week delivery across all categories

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CASE 03

TURNING SUSTAINABILITY INTO BUSINESS VALUE

Sustainability is increasingly becoming a commercial requirement rather than a compliance exercise.

Customers need trusted product information. Manufacturers need efficient routes to market for environmental data. Regulators demand greater transparency. We sit at the centre of that ecosystem.

Building on our Nordic leadership position, we have developed digital tools that provide carbon data for 94% of products within relevant LCA categories in the Nordics. This helps customers navigate increasing documentation requirements while creating value for suppliers and project owners.

Few distributors combine product breadth, data capabilities and sustainability expertise at the scale we do.

DELIVERING

- → **Earlier access to emerging growth opportunities**
- → **Deeper customer relationships**
- → **Reduced compliance risk across the value chain**

DOCUMENTATION IS BECOMING A BROADER MARKET REQUIREMENT

Environmental documentation requirements are expanding from large contractors in Nordic new-build construction to more markets, customer segments and renovation projects by 2030.

Today, an estimated 14% of our building-material sales are linked to projects requiring environmental documentation.

By 2030, the share is projected to reach approx. 40%, creating growing demand for documented products and supporting expertise.



TODAY

2030

High Medium Low Not exposed

Exposure to documentation requirements

	Nordics	Germany & Austria	UK
New build			
Large contractors			
SME			
RMI			
Large contractors			
SME			

	Nordics	Germany & Austria	UK
New build			
Large contractors			
SME			
RMI			
Large contractors			
SME			

Projects requiring environmental documentation



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CASE 04

FROM AI EXPLORATION TO EXECUTION

Artificial intelligence is becoming a key driver of productivity and competitiveness. Our focus is no longer on testing potential. It is on scaling results.

Our quotation pilot in Sweden has reduced preparation time from two hours to just nine minutes. By automating repetitive tasks, we free up colleagues to spend more time with customers while improving speed and consistency.

The opportunity extends well beyond quotations. From sourcing and tendering to administrative workflows, AI is transforming how we operate.

With a central AI and Data team, strong governance and the scale to deploy solutions across multiple markets, we are uniquely positioned to capture the benefits.

DRIVING

- → **Greater customer engagement**
- → **Higher productivity and improved margins**
- → **Faster customer response and increased win rates**

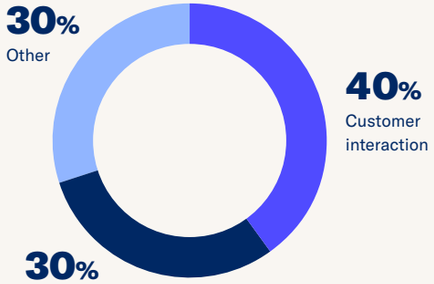
CUSTOMER RELATIONSHIPS ARE AT THE HEART OF OUR BUSINESS

Fast and consistent quotations help our tradespeople customers win more business. By using AI to accelerate our own quotation process, we will spend less time preparing quotes and more time with customers. Our flagship AI initiative in Sweden has reduced quotation preparation time by an average of two-thirds, freeing up significant time for customer engagement.



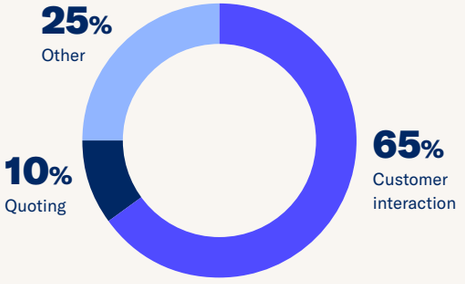
TODAY

Sales reps spend time on:



2030

With AI-enabled quotation, sales reps spend time on:



OUR STRATEGY

HOW WE LEAD AND CAPTURE OUR MARKET

We are a leading European platform connecting manufacturers and tradespeople in an increasingly complex construction market.

The construction industry is undergoing structural change. As activity becomes increasingly renovation-led, urbanised, regulated and digital, manufacturers and tradespeople need partners that can simplify complexity and improve productivity. Competitive advantage is no longer created by supplying products alone, but by helping customers and suppliers navigate a more demanding market.

STARK Group is uniquely positioned at the centre of this transformation. We strive to build the leading productivity platform that enables every part of the value chain to achieve more with less.

Our strategy is to strengthen our position as a leading European distribution platform for building materials by focusing on professional tradespeople in the resilient Renovation, Maintenance and Improvement (RMI) market and leveraging our European scale, dense local presence and capabilities to simplify an increasingly complex construction market.

WINNING THE MOST ATTRACTIVE MARKET SEGMENT

We are a market consolidator and hold leading positions across Europe, ranking among the top one or two players in every market in which we operate. During our current strategy period, we have delivered strong market share gains and increased net sales by 30%, despite several years of contracting markets

A key driver of our success is our commitment to SME tradespeople operating in the Renovation, Maintenance and Improvement (RMI) market, particularly in urban areas, where growth is strongest.

We have built our platform to provide national coverage with a particular focus on major city conurbations, where our dense network, distribution clustering and commercial offering create the greatest value. In these areas, we have attracted more new customers, achieved higher share of wallet and stronger customer engagement, while consistently delivering faster growth and higher profitability.

Our model is most mature in the Nordics, where it has been applied for the longest period. Here, it has consistently delivered higher market share growth, greater resilience during market downturns and stronger growth when markets recover.

The same formula is now being implemented in Germany, Austria and the UK, where our exposure to new-build activity remains higher and our share of SME customers lower.

At the same time, we continue to strengthen our key account business through a more robust operating model and a segmented approach.

We are also investing in international sales. While most construction activity remains local, fast-growing segments such as data centres, defence, life sciences and infrastructure increasingly operate through European value chains. As international builders enter new markets, they require partners that can provide reliable cross-border support, high sustainability and compliance standards, and deep local market knowledge. Few distributors can offer this combination internationally. From a low starting point, this subsegment has doubled over the past two years.

BUILDING SCALE AND LOCAL PRESENCE THAT BENEFIT CUSTOMERS AND MANUFACTURERS

We are reshaping building materials distribution through scale, local presence and industry-leading capabilities.

While 25 acquisitions drove much of our expansion during the first part of our strategy period, the pace of greenfield development accelerated in the second half, with 33 new locations established since 2024.

The optimisation of STARK UK, acquired in March 2023, continues. This includes a significant network transformation involving both new branches and the consolidation of existing sites into bigger, better branches. Focused on ten key city conurbations, the programme includes the rollout of our Branch of the Future concept, which combines best practices from across our Group and introduces a new standard to the UK market.

As branch density increases, the value of our offering and stickiness increase for SME tradespeople working across cities. In these city conurbations, we continue to deliver stronger profitability, greater resilience and higher growth than other regions.

In addition, the benefits of distribution clustering become more pronounced. In the Nordics, where the model is now mature, it has delivered higher efficiency, stronger profitability, best in class last-mile distribution and improved On-Time-In-Full (OTIF) performance. The model is now being implemented in Germany and the UK in parallel with the broader network transformation. At the same time, range expansion and availability programmes are being executed, increasing product assortment by up to four times in Germany and twice in the UK.

OUR STRATEGY

In the Nordics, national distribution centres and lighthubs support superior ranging and availability, offering up to 50,000 light-side building materials. The first lighthub opened in Sweden in late 2024, followed by a second in Denmark in 2026. We are now exploring similar opportunities in other markets, including Germany and the UK.

TURNING COMPLEXITY INTO CUSTOMER VALUE

Through scale, local presence and expertise, we simplify execution and improve productivity across the construction ecosystem.

While our branch network and above-branch distribution help customers manage increasingly complex fulfilment requirements in dense urban areas, product and regulatory complexity continues to grow, particularly in relation to new sustainability requirements.

Investments in our network, distribution capabilities and product availability are creating the foundation for commercial solutions that connect tradespeople not only with products, but also with data, expertise and digital tools that simplify planning, ordering and compliance, freeing up time for customers to focus on building.

As part of our ambition to leverage AI and become digital in everything we do, we continue to modernise our technology platform through Athene, our digital transformation programme comprising 11 integrated business and IT projects. The programme aims to streamline processes, unlock synergies and deliver value-adding services that address key customer pain points.

To accelerate this journey, the past year included a broad strategic review of how AI can create value across the business, followed by the launch of new initiatives in Sweden aimed at improving key sales processes. As these solutions mature, they will be rolled out across the Group.

Our digital transformation is also a critical enabler in addressing growing product and regulatory complexity. This is particularly evident in our ambition to commercialise sustainability, recognising that distributing building materials increasingly means distributing data and information as well.

Over the past few years, we have built the foundations for delivering high levels of compliance and carbon transparency, supporting customer decision-making, providing manufacturers with routes to market for product data and strengthening the management of our Scope 3 emissions.

During the year, we launched our digital climate monitoring tool in Finland and Norway, completing the rollout across the Nordics. These markets have been early adopters of regulations supporting the EU Energy Performance of Buildings Directive (EPBD) and its requirements for whole-life carbon disclosure.

MARKET DYNAMICS		HOW WE CAPTURE GROWTH OPPORTUNITIES		
Attractive market	Driven by urbanisation, housing shortages and growing demand for renovation, maintenance and improvement (RMI).	**Build scale in urban and RMI markets**	Tailor offering and dense network for SME tradespeople, adapted to the characteristics and needs of local markets.	Expand through acquisitions and greenfield developments, increasing density and market presence in attractive city conurbations.
Complexity from increasing disconnect	Between manufacturers who scale their businesses while tradespeople remain local and often owner-led SMEs.	**Connect manufacturers and tradespeople**	Simplify market access, customer engagement and compliance for manufacturers through one-door access, market insights and digital solutions.	Help tradespeople spend more productive hours on site through consistent pricing and credit, easy access to materials, ordering, planning, delivery and documentation support.
Increasing fulfilment complexity	Due to limited space in cities, tighter regulations and higher expectations for availability and delivery precision.	**Build the most accessible distribution network**	Build dense network of pick-up branches with broad product range for immediate collection and 24/7 opening hours in selected locations.	Strengthen logistics capabilities through logistics clustering in distribution branches complemented by national distribution centres offering next-morning delivery of exhaustive product range.
Growing product and regulatory complexity	Driven by sustainability requirements and increasing documentation and compliance demands.	**Simplify compliance and commercialise sustainability**	Simplify documentation and compliance requirements through market-leading services and digital solutions for advice, compliance and documentation.	Secure access to future-fit products that help customers meet evolving sustainability requirements.

OUR STRATEGY

Our climate monitoring tool provides product carbon data for life-cycle assessment (LCA)-relevant products for 84% of products across the Group. In the Nordics, 94% of these products carry carbon data.

Alongside these capabilities, we continue to expand our portfolio of lower-carbon building materials, including selected reused and recycled alternatives.

Customers value our platform. Net Promoter Scores remain high across the Group, and customer acquisition rates are strongest in markets where our model is most developed.

For suppliers, clear policies, robust governance and market-leading third-party partnerships create the foundation for long-term collaboration. At local level, we engage closely with manufacturers supplying our markets, while at Group level we work with our largest partners through the European Supplier Programme, which is unmatched in scale within our industry.

The European Supplier Programme continues to attract new participants while deepening collaboration with existing partners.

STRATEGY IN ACTION

Our strategy is clear: win the most attractive customer segments, strengthen our scale and local presence, and turn growing market complexity into customer value.

The progress we are seeing across our markets reinforces our conviction that scale, local presence, digital capabilities and sustainability leadership matter more as complexity increases.

As the market continues to evolve, we remain focused on one objective: making it easier for manufacturers and tradespeople to succeed. That is how we create value today and how we will continue to strengthen our leadership position in the years ahead.

FIVE MAJOR TRANSFORMATIONS

In the current strategy period from 2023-27, we have accelerated our transformation, prioritising five major transformations to sustain above-market growth rates.

01 Strengthening our local market positions
02 Advancing our distribution platform
03 Leveraging scale and buying power
04 AI & digital in everything we do
05 Best partner for sustainable building

Our programme is detailed on the following page.

ACCELERATED JOURNEY TO A FOCUSED, EUROPEAN LEADER

Guided by our vision to “be the most trusted B2B distributor of heavy building materials in Europe”, we continue to consolidate a highly fragmented market.

2026	AI strategy established and initial initiatives launched to unlock further value in key sales processes
2025	Groundbreaking for second new LightHub distribution centre in the Nordics, operational since September 2026
2024	Enhanced above-branch distribution capabilities with the opening of the first central distribution centre and LightHub in the Nordics
2023	Became European market leader following the acquisition of STARK UK Integrated sustainability as a commercial growth driver in our strategy
2022	Initiated a digital transformation programme to modernise core IT systems and business processes
2021	**Acquired by CVC Capital Partners Fund VII. This report represents our company under CVC ownership starting 1 May 2021** Committed to the Science Based Targets initiative, targeting net zero by 2050
2020	Launched an accelerated M&A growth strategy, completing 8 acquisitions prior to CVC's acquisition of STARK Group in 2021 and 25 acquisitions after
2019	Entered the German market through the acquisition of STARK Deutschland
2018	Established STARK Sourcing with group-wide responsibility to leverage scale and sourcing power
2017	Strategic refocus, including the divestment of Silvan (B2C) and rebranding from DT Group to STARK Group

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OUR STRATEGY

TRANSFORMATION PROGRAMME ACCELERATING GROWTH



STRENGTHENING OUR LOCAL MARKET POSITIONS

Driving customer acquisition and market-share growth through disciplined expansion, stronger local positions and commercial excellence.

- SME focus
- Commercial and pricing excellence
- Branch network transformation
- Greenfield developments
- M&A strategy

We have completed 25 acquisitions since 2021. Acquisitions and greenfield developments strengthen our positions in attractive local markets, while continued commercial and pricing excellence support profitable organic growth.

We continue to invest in our branch network and commercial concepts to grow our customer base, deepen engagement with SME customers and increase share of wallet.



ADVANCING OUR DISTRIBUTION PLATFORM

Delivering superior range and availability through light-hubs and market-leading branch and distribution concepts.

- Range and availability
- Above-branch logistics incl. light-hubs and national distribution centres
- Logistics clustering

In Germany and the UK, we continue to expand range and availability in branches and implement distribution clustering based on our successful Nordic blueprint.

In the Nordics, we are strengthening above-branch logistics to expand our total range towards 75,000 SKUs, supported by new central warehouse and national distribution capabilities in Sweden and Denmark. These investments support higher sales, better inventory productivity and a more efficient distribution platform.



LEVERAGING OUR SCALE AND BUYING POWER

Strengthening partnerships, improving sourcing excellence and enhancing profitability.

- Leverage scale
- Procurement excellence
- Own Brand

We continue to deepen mutually beneficial partnerships with European and national suppliers and strengthen sourcing excellence through fact-based negotiations and closer collaboration.

Our Own Brand portfolio, including Raw, Raptor, Kermos and Terralis, continues to grow in volume and profitability. Together, greater purchasing leverage, sourcing excellence and Own Brand growth support stronger product economics and margins.



AI & DIGITAL IN EVERYTHING WE DO

Using digital technologies and AI to improve productivity, business processes and customer-facing solutions.

- Core systems and processes
- Customer-facing solutions
- AI-powered key processes

Renewal of our digital foundation is well underway to foster synergies, streamline processes and deliver value-adding customer solutions.

Our strategy for leveraging AI is moving into execution, with initial initiatives aimed at improving key sales processes being piloted in Sweden before Group-wide scaling. Together, these initiatives support higher productivity, stronger sales effectiveness and a lower cost-to-serve.



BEST PARTNER FOR SUSTAINABLE BUILDING

Turning sustainability leadership into customer value and long-term growth.

- Commercialise sustainability
- Future-fit products and services
- High ESG standards

Our customer-facing digital climate tools have been launched across the Nordics, while 685 sustainability ambassadors are trained to advise customers and support our curation of future-fit building materials.

We continue to strengthen governance, processes and data while maintaining high ESG standards. As sustainability requirements increasingly become commercial requirements, our product data, advisory and future-fit offerings support differentiation, customer loyalty and growth in attractive product categories.

RISK MANAGEMENT

MANAGING RISK TO BUILD RESILIENCE

As a European leader in building materials distribution, STARK Group is exposed to risks and opportunities inherent to our sector and the markets in which we operate. These include macroeconomic and geopolitical developments, changes in construction activity, supply chain and pricing volatility, regulatory requirements, technological change and sustainability-related matters.

Effective risk management helps us navigate this environment with discipline. It supports business continuity, protects performance, safeguards our employees and helps management make informed decisions as we continue to execute our strategy and invest in the capabilities that strengthen us for the long term.

Our Enterprise Risk Management (ERM) framework provides a structured approach to identifying, assessing, prioritising and managing the risks that may affect our strategy, financial performance, value creation, reputation and people. Our objective is not to eliminate all risk, but to ensure that material risks are understood, appropriately managed and considered as part of strategic and operational decision-making.

Risk management supports the way we run our business by combining Group-level oversight with insight from business units and functions. We aim to maintain a balanced view of the risks facing our business and the actions needed to strengthen resilience.

GOVERNANCE AND ACCOUNTABILITY

Our Board of Directors holds overall responsibility for risk governance. The Audit Committee, acting on behalf of the Board, monitors the effectiveness and design of the Group's risk management framework and reports the Group's principal risks and mitigation measures.

Executive Management is responsible for ensuring that relevant risk considerations are reflected in business reviews, operational planning and selected strategic decisions. The Executive Committee and business unit CEOs contribute to the identification, assessment and management of risks across markets, functions and business units.

The Head of ERM and the Group-wide Risk and Control team facilitate the ERM process, maintain the framework and consolidate the Group's risk landscape. They support management in identifying and assessing risks, promote risk awareness across the organisation and report status, progress and key developments to Executive Management and the Audit Committee.

PRINCIPAL RISKS IN 2025/26

Our principal risks remain consistent with last year and reflect the areas assessed as most relevant to our strategy, business model and performance.

In 2025/26, our principal risks are:

- Economic downturn and macroeconomic uncertainty
- Supply chain disruption and pricing management
- Information systems and cyber risk

Full details on each risk, potential impact, mitigating actions and strategic relevance are provided in the principal risks table.

OVERVIEW OF RISK MANAGEMENT GOVERNANCE

Board of Directors / Audit Committee

- Provides overall oversight of risk governance
- Monitors the adequacy and effectiveness of the Group's risk management framework
- Reviews and challenges the principal risks and mitigation measures
- Oversees selected risk areas, including internal controls, financial reporting, cybersecurity and whistleblowing

Executive Management / Executive Committee / BU CEOs

- Reviews and challenges the enterprise risk profile
- Ensures that material risk considerations are reflected in strategic and operational planning and decision-making processes across the Group
- Responsible for implementing mitigation measures across business units and Group functions

Head of ERM

- Responsible for maintaining and developing the ERM framework
- Facilitates the Group-wide risk management process
- Consolidates the Group's risk landscape and monitors relevant developments that may affect it
- Supports management discussions and promotes risk awareness across the organisation
- Reports status, progress and updates to the Audit Committee

Group-wide Risk and Control team

- Supports the practical implementation of the ERM framework and selected risk mitigation activities
- Monitors the execution of risk mitigation measures
- Tracks issues with risk mitigation and alignment with the internal control framework
- Assists risk and control owners in developing and implementing action plans
- Tests and documents the quality of risk mitigation measures

RISK MANAGEMENT

Risk accountability follows operational responsibility. Risks are managed by the relevant business units and Group functions as part of normal management responsibilities, supported by Group policies, internal controls, governance processes and reporting.

ERM FRAMEWORK AND METHODOLOGY

Our ERM framework is based on an annual process supported by ongoing monitoring during the year. The process combines input from business units, countries and Group functions with Group-level review and challenge.

In 2025/26, we continued to develop the annual ERM process. Managers from across the Group were invited to provide input on the risks facing the business, with responses representing multiple countries and functional areas. The risk universe was expanded to cover a broader set of defined risks across categories including market and strategic risks, supply chain and operational risks, financial risks, compliance and legal risks, technology and cyber risks, people and culture risks and reputational risks.

During the year, we also monitor emerging risks and developments that may affect our risk landscape. This includes macroeconomic and geopolitical developments, changes in supplier and customer behaviour, regulatory changes, digital and cyber developments and sustainability-related matters.

The outcome of the ERM process informs management discussions and the annual assessment of which principal risks and uncertainties should be disclosed in the annual report.

RISK LANDSCAPE IN 2026

In 2026, our risk landscape remained shaped by external volatility and an uneven recovery in the construction market. We operate primarily in stable European markets and are relatively well shielded from direct geopolitical exposure, as imports account for a limited share of our spend and our sourcing base is largely regional. However, recent years have shown that broader geopolitical and macroeconomic developments may affect us indirectly through inflation, interest rates, consumer and business confidence, transport costs, supplier pricing and lower market activity.

Activity levels showed signs of improvement in some markets, but recovery remained gradual and uneven. Customer confidence and investment decisions continued to be affected by macroeconomic uncertainty, inflationary pressure and interest-rate sensitivity.

These conditions influenced the environment in which we source, sell and distribute building materials and increased the need for close supplier dialogue, strong pricing discipline and local market insight. At the same time, evolving regulatory requirements, digitalisation and increasing demand for product documentation and carbon data added complexity to customer service, operations and compliance.

Against this backdrop, the principal risks disclosed for 2025/26 remain consistent with last year. They reflect the areas assessed as most relevant to our strategy, business model and performance: Economic downturn and macroeconomic uncertainty, supply chain disruption and pricing management, and information systems and cyber risk. Other risks are monitored and managed through the Group's ERM framework, policies, controls and functional governance processes.

THE ANNUAL ERM PROCESS CONSISTS OF FIVE MAIN STEPS

RISK IDENTIFICATION

We collect input from managers across the organisation to identify the risks that may affect our business, strategy and operating environment. The process covers strategic, operational, financial, compliance, technology, people and reputational risks.

RISK ASSESSMENT

Identified risks are assessed based on their relevance to our business and their potential impact on our strategy, financial performance, operations, compliance, reputation and people. The assessment also considers external developments such as market conditions, geopolitical uncertainty, regulatory changes, technological developments and sustainability-related matters.

CONSOLIDATION AND CHALLENGE

Risk input is consolidated at Group level. Similar risks are grouped and assessed to identify common themes, risk drivers and areas requiring management attention. The consolidated risk landscape is reviewed and challenged by management.

MANAGEMENT REVIEW AND PRIORITISATION

The results of the ERM process are reviewed by Executive Management and discussed with the Audit Committee. Based on this process, the principal risks and uncertainties to be included in the annual report are determined.

MITIGATION AND FOLLOW-UP

Mitigating actions are managed by the relevant business units and Group functions. Progress is monitored through existing governance forums, management reporting, functional reviews and Audit Committee oversight.

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Principal risks →
The table presents our three principal risks, their potential impact, key mitigating actions and strategic relevance, showing how we manage risk in support of resilience and performance.

01
ECONOMIC DOWNTURN AND MACROECONOMIC UNCERTAINTY

Description and potential impact
Macroeconomic uncertainty, inflation, interest rates, reduced customer confidence and the indirect effects of geopolitical developments may weaken construction, renovation and maintenance activity or delay recovery across our markets. Although we operate mainly in stable European markets with limited import dependency and largely regional sourcing, geopolitical developments may affect us indirectly through inflation, financing costs, transport costs, supplier pricing and overall market activity.

Mitigating actions
We focus on small and medium-sized tradespeople and the Renovation, Maintenance and Improvement market, which is generally more resilient than new-build construction. We manage costs and cash resources diligently, adjust our organisation and cost base to market conditions and focus on market share gains through customer proximity, service quality and commercial execution. Our diversified market exposure, branch network and strong customer relationships support resilience in changing market conditions.

Link to strategic priorities
Accelerating growth strengthens our position in resilient customer segments and supports market share gains, helping us navigate weaker markets and capture opportunities as activity recovers.

02
SUPPLY CHAIN DISRUPTION AND PRICING MANAGEMENT

Description and potential impact
Supplier volatility, raw material availability, transport disruption, frequent price changes, trade restrictions and the indirect effects of geopolitical developments may affect product availability, sourcing costs and pricing. Such developments may lead to shortages, delivery delays, higher costs and margin pressure, while increasing the complexity of supplier due diligence, product documentation and responsible sourcing.

Mitigating actions
We maintain a broad supplier base, monitor supplier performance and product quality, and strengthen supplier relationships through our Group-wide sourcing organisation. We leverage scale and data to improve pricing transparency and supplier negotiations, and continue to reinforce inventory management, analytics and supply chain visibility. Our sourcing capabilities, local market insight and supplier dialogue support our ability to respond to volatility and maintain availability for customers.

Link to strategic priorities
Leveraging scale and buying power and Advancing our distribution platform improve our ability to secure availability, manage supplier and pricing volatility and deliver reliably to customers.

03
INFORMATION SYSTEMS AND CYBER RISK

Description and potential impact
We depend on secure and reliable information systems to operate branches, warehouses, logistics, sales, finance, procurement and customer-facing digital services. System failures, cyberattacks, human error, data breaches or delays in IT transformation may disrupt business processes, affect customer service, result in remediation costs or weaken stakeholder trust, including in relation to data protection, reporting and compliance.

Mitigating actions
We strengthen system resilience, infrastructure, cybersecurity controls, employee awareness, incident response preparedness, data governance and project risk management. Cybersecurity remains subject to Audit Committee oversight, and we continue to build internal expertise, enhance training and monitor global cyber threats. During the year, continued investments in IT governance, cybersecurity capabilities and transformation governance strengthened our control environment. We also focus on governance and execution of major IT and digital transformation initiatives to reduce implementation risk and strengthen our digital foundation.

Link to strategic priorities
Leveraging AI & digital in everything we do strengthens the systems, data and digital processes needed to run the business, serve customers and execute our transformation agenda securely and efficiently.

RISK MANAGEMENT

CONNECTING ENTERPRISE RISK AND DOUBLE MATERIALITY

Our double materiality assessment (DMA) serves as input to our Enterprise Risk Management process by providing insight into sustainability-related impacts, risks and opportunities that may affect STARK Group's long-term value creation. While the DMA and ERM serve different purposes and apply different methodologies, they are considered together to support strategic decision-making and risk oversight.

In 2025/26, no additional principal risks were identified through the DMA. However, it reinforced how sustainability-related developments influence existing principal risks and opportunities.

The strongest linkages relate to increasing regulatory and customer requirements for product documentation, carbon data and lower-emission building solutions; responsible sourcing, supplier due diligence and access to key materials that support supply chain resilience; and the growing reliance on robust digital systems, information security and high-quality sustainability data.

Not all material sustainability matters identified through the DMA are classified as principal enterprise risks. Topics such as health and safety, workers in the value chain, business conduct and data ethics are managed through dedicated policies, due diligence processes, controls and governance structures and are reported in the Sustainability review.

PRINCIPAL RISK AND CONNECTION TO SUSTAINABILITY-RELATED IMPACTS, RISK DRIVERS AND OPPORTUNITIES	RELEVANT MATERIAL TOPICS
Economic downturn and macroeconomic uncertainty Sustainability-related regulation and changing customer expectations are increasing complexity across the construction value chain. In weaker markets, tradespeople face growing pressure to work efficiently while having limited time and resources to keep pace with evolving requirements. By providing product documentation, carbon data and practical compliance guidance, we help customers reduce complexity and strengthen our position.	E1 Climate change E5 Resource use and circular economy S4 Consumers and end-users
Supply chain disruption and pricing management Several sustainability-related matters are closely linked to supply chain resilience, product availability, sourcing quality and cost. This includes responsible sourcing, supplier due diligence, biodiversity and ecosystems, certification requirements, deforestation regulation and access to key materials such as timber. These matters deepen our understanding of supply chain exposure and support our work to maintain availability, manage pricing and strengthen supplier relationships.	E1 Climate change E4 Biodiversity and ecosystems E5 Resource use and circular economy S2 Workers in the value chain G1 Business conduct
Information systems and cyber risk Reliable digital systems and high-quality data are essential to our operations, customer service and compliance. They also support product documentation, carbon data, supplier data, reporting process and customer-facing digital tools. As sustainability-related data requirements grow, strong information security, data governance and system resilience become increasingly important.	S4 Consumers and end-users G1 Business conduct Cross-cutting sustainability reporting and data requirements

LOOKING AHEAD

We will continue to develop our Enterprise Risk Management approach in line with STARK Group's strategy, operating model and external risk environment. In 2026/27, we will continue to monitor macroeconomic and geopolitical developments, supply chain and pricing volatility, digital resilience, regulatory developments and sustainability-related risks. We will also continue to develop the connection between enterprise risk management, strategic planning processes and sustainability governance to support resilient performance and long-term value creation.

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03 PERFORMANCE

- Financial performance
- Sustainability performance
- Performance by segments



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FINANCIAL PERFORMANCE

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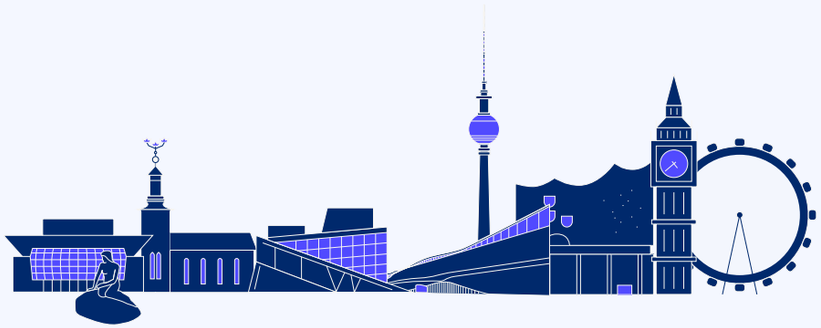
We managed our business with discipline through markets characterised by both recovery and setbacks, until demand increased across all markets in the fourth quarter. Through tight cost control, we more than offset inflation in our cost base.

Net sales, gross margin and adjusted EBITDA were broadly in line with the previous two years.

NET SALES
7,744
EURm

GROSS MARGIN
26.2%

ADJ. EBITDA
362
EURm



NET SALES

Net sales amounted to EUR 7,744 million, a decrease of 0.2%. Currency translation effects had a negative impact of 0.5%.

Demand in the Nordics, Germany and Austria remained solid and strengthened in the final quarter of the year. However, this was offset by the continued contraction of the UK market, which saw declining volumes and was adversely affected by our branch consolidation programme, as we transitioned to a network of larger, more efficient branches.

In addition, a winter with more cold days in the Nordics and Germany and more rainy winter days in the UK had an adverse impact.

Pricing was the primary driver of the increase in underlying net sales, while volumes had a negative impact.

GROSS PROFIT AND MARGIN

Several significant initiatives contributed to improved gross margins. These included sourcing synergies in the Nordics and the UK, distribution efficiencies generated by our Central Warehouse in Sweden, and continued growth in our exposure to SME customers operating in the RMI segment across the Nordics. During the year, these benefits were partly offset by intense price competition in the UK and adverse mix effects in Germany and Austria.

Reported gross profit decreased by EUR 8 million to EUR 2,028 million, representing a decline of 0.4%. Gross margin remained stable at 26.2%.

ADJUSTED INCOME STATEMENT

	2025/26			2024/25		
EUR million	Reported	Non-recurring items	Adjusted	Reported	Non-recurring items	Adjusted
Net sales	7,744		7,744	7,760		7,760
Cost of sales	(5,716)	(4)	(5,712)	(5,724)	(8)	(5,716)
Gross profit	2,028	(4)	2,032	2,036	(8)	2,044
Gross profit margin %	26.2%		26.2%	26.2%		26.3%
Staff costs	(1,141)	(29)	(1,112)	(1,169)	(35)	(1,134)
Other expenses	(610)	(52)	(558)	(589)	(47)	(542)
Total operating expenses	(1,751)	(81)	(1,670)	(1,758)	(82)	(1,676)
Other operating inc and exp	39	39	-	10	9	1
EBITDA	**316**	**(46)**	**362**	**288**	**(81)**	**369**
EBITDA margin %	4.1%		4.7%	3.7%		4.8%

The above provides a clearer view of underlying performance by excluding non-recurring items, mainly related to transformation and restructuring activities. All comments refer to the adjusted figures.

PERFORMANCE – GROUP

TOTAL OPERATING EXPENSES

Operating expenses were tightly managed, with a strong focus on cost discipline to mitigate the effects of salary inflation and wage increases.

Staff costs decreased by 1.9% to EUR 1,141 million. This reflected the benefits of mitigation measures and restructuring initiatives implemented during the current and previous years in Germany, Austria and, in particular, the UK.

Other operating expenses increased by 3.6% to EUR 610 million, primarily due to normal inflation and extraordinary increases in fuel/heating costs in addition to selected new strategic initiatives.

EBITDA

Tight cost management partly offset the slight decline in gross profit resulting from our platform transformation and intense price competition in the UK, as well as adverse mix effects in Germany.

Adjusted EBITDA decreased by EUR 7 million to EUR 362 million, a decline of 1.9%.

In recent years, we have invested significantly in accelerating the execution of our strategy, which has affected reported EBITDA. These investments continued during the year.

Non-recurring items amounted to EUR 46 million (EUR 81 million in the previous year) and primarily related to investments in restructuring our business, enhancing our commercial offering in Germany and advancing our digital transformation programmes in the Nordics.

Reported EBITDA increased by EUR 28 million to EUR 316 million, up 9.7%.

Nevertheless, our result was below our guidance ranges for net sales of EUR 7.9-8.2 billion and for reported EBITDA of EUR 375-425 million, primarily due to a slower-than-expected market recovery in Germany, challenging market conditions in the UK and adverse impact from an extraordinarily cold and rainy winter.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation amounted to EUR 321 million for the year (previous year: EUR 330 million), reflecting depreciation and amortisation of tangible and intangible assets of EUR 136 million and EUR 185 million related to right-of-use assets.

The level of depreciation and amortisation is impacted by fair value assessment of tangible assets and recognition of intangible assets from the acquisition of STARK Group as of 4 May 2021 as well as the acquisition of STARK UK as of 28 February 2023.

IMPAIRMENT

During the year, the Group recognised impairment losses of EUR 80 million related to goodwill, intangible assets, property and right-of-use assets in Germany & Austria and the UK.

The impairment losses mainly reflect a more gradual recovery in market activity than previously anticipated, combined with higher discount rates used in the impairment review, partly due to changes in market interest rates. The Group remains confident in the



long-term prospects of these businesses and assets and continues to see opportunities for improved performance as market conditions improve.

While the timing of the anticipated market recovery has shifted further into the future, the Group remains confident in the longer-term prospects of the affected businesses and their ability to benefit from improving market conditions. The impairment losses are non-cash in nature and do not change the Group's strategic priorities or longer-term ambitions for these businesses.

Further information on the impairment assessments, including the methodology, allocation of impairment losses and key assumptions applied, is provided in the consolidated finance statements note 3.4.

FINANCIAL ITEMS

Financial items for the year amounted to a net expense of EUR 233 million compared to EUR 249 million in the previous year. In general, financial expenses are largely driven by long-term financing in relation to CVC's acquisition of STARK Group in 2021 and our acquisition of STARK UK in 2023.

In the financial year, effective interest levels lowered compared to previous years reducing especially interest on long-term financing. In addition, a loan with related parties of EUR 560 million was settled in May 2026 with proceeds from a cash capital increase further reducing interest expenses.

TAXES

Income tax for the year was an income of EUR 57 million (previous year: income of EUR 5 million), corresponding to an effective tax rate of 18% (previous year: 2%). The effective tax rate in the year was impacted by changes of tax rates, limitation on interest deductions and changes in the valuation of net tax assets. The reassessment of net tax assets primarily relates to tax loss carry-forwards that are not fully recognised as deferred tax assets.

NET EARNINGS

Net earnings for the year were a loss of EUR 261 million (previous year: loss of EUR 286 million). Strong cost discipline helped mitigate the adverse impact from weak demand, particularly in the UK, which weighed on net sales and gross profit. Improved EBITDA, driven by stable underlying EBITDA and lower non-recurring items, in combination with lower interest and higher tax income support the improvement in net earnings.

One-off non-cash impairment charges of EUR 80 million weigh negatively. Over the year, the journey with structural improvements continued to ensure that we are better positioned to capture benefits as markets gradually improve.

OTHER COMPREHENSIVE INCOME

Other comprehensive income was a gain of EUR 5 million (previous year: income of EUR 3 million) and consisted of a net income of EUR 3 million (previous year: loss of EUR 6 million) related to exchange gains from translation of foreign operations and a net gain of EUR 2 million (previous year: income of EUR 9 million) from actuarial valuation of retirement benefit plans.

OUTLOOK 2026/27

For the financial year ending 31 July 2027, markets are expected to improve gradually across our Group. Demand in the Nordics is expected to improve further, while Germany & Austria are anticipated to see a gradual recovery from subdued levels. In the UK, the recovery is expected to be more modest following challenging market conditions over the past 12 months.

The outlook is underpinned by favourable long-term fundamentals, including structural housing needs and demand for renovation and modernisation across our Group's markets.

Price developments are anticipated to gradually move towards normalised levels of inflation, although competitive pressures in certain segments may continue to affect pricing. Volumes are expected to develop broadly in line with market demand, with healthy growth anticipated in the Nordics and Germany & Austria and a more modest improvement in the UK.

Gross margin is expected to improve, reflecting continued progress from pricing and sourcing initiatives as well as distribution efficiencies, including benefits from our above-branch distribution network. As a result, gross profit is expected to increase at a slightly higher rate than net sales.

Strict cost discipline will remain a key priority, alongside continued efforts to streamline operations and improve efficiency. Ongoing efficiency initiatives and increased digitalisation and automation are expected to partly mitigate inflationary pressures on the cost base.

Combined, these developments are expected to result in a significant improvement in EBITDA compared with 2025/26.

The outlook remains subject to uncertainty regarding the pace of market recovery, particularly in Germany & Austria and the UK, as well as developments in the broader macroeconomic and geopolitical environment.

FINANCIAL OUTLOOK FOR 2026/27

Net sales

7.9-8.2

EUR billion

Reported EBITDA

375-425

EUR million

FINANCIAL POSITION

INTANGIBLE ASSETS

Total intangible non-current assets amounted to EUR 1,787 million as of 31 July 2026 (31 July 2025: EUR 1,826 million) and consisted primarily of goodwill, trade names and customer relations identified in connection with acquisitions. Additions during the year of EUR 40 million (previous year: EUR 40 million) mainly related to investments in software. An impairment loss of EUR 31 million related to Austria was recognised during the year. We refer to note 3.4 for additional information.

TANGIBLE ASSETS

Total tangible non-current assets amounted to EUR 2,059 million as of 31 July 2026 (31 July 2025: EUR 2,198 million). The amount was primarily related to owned properties, which amounted to EUR 983 million (31 July 2025: EUR 1,093 million) and EUR 847 million (31 July 2025: EUR 854 million) has been recognised as right-of-use assets (primarily leased properties). Capital expenditure during the year amounted to EUR 83 million (previous year: EUR 117 million). An impairment loss of EUR 49 million was recognised in relation to certain assets in the branch networks, primarily in the UK, Germany and Austria. We refer to note 3.4 for additional information.

CAPITAL EXPENDITURE (CAPEX)

Net Capex resulted in a cash inflow of EUR 59 million (previous year: cash outflow of EUR 99 million). We continued to invest in and expand our branch network to support growth, while at the same time optimising our network and actively managing our property portfolio. Divestments of properties and other assets generated total cash proceeds of EUR 182 million (previous year: EUR 58 million), resulting in a positive cash contribution from Net Capex.

Operational Capex amounted to EUR 89 million (previous year: EUR 96 million), of which EUR 46 million related to Base Capex to maintain the business and EUR 43 million to Development Capex, primarily related to enhancing our digital capabilities and ensuring compliance.

WORKING CAPITAL

Trade working capital (inventories, trade receivables less trade payables) amounted to EUR 138 million as of 31 July 2026 (31 July 2025: EUR 181 million). The reduction reflects continued focus on working capital management and was achieved despite a higher level of activity towards the end of the financial year compared with the previous year. To further strengthen the liquidity and manage seasonal working capital requirements during the first coming low season, the Group expects to complete property sales and asset-backed property financing transactions during the coming financial year.

EQUITY

Equity was EUR 664 million as of 31 July 2026 compared to EUR 360 million as of 31 July 2025. The increase of EUR 304 million can primarily be attributed to a cash capital increase of EUR 560 million in May 2026 from the sole shareholder, which was partly offset by the net earnings for the period of negative EUR 261 million and other comprehensive income of EUR 5 million.

The Company and its subsidiaries did not acquire any of its own shares during the 12 months ended 31 July 2026, and the Company and its subsidiaries do not hold own shares as of 31 July 2026.

CASH FLOW

Continued focus on safeguarding liquidity supported a solid cash flow performance in 2025/26. Free cash flow remained broadly stable at EUR 144 million (previous year: EUR 140 million), despite the previous year benefiting from the initial implementation of additional factoring arrangements. Cash generation was supported by continued working capital discipline and active management of the property portfolio, which generated significant cash proceeds during the year.

As of 31 July 2026, total available funds, comprising cash and cash equivalents and undrawn RCF capacity, amounted to EUR 480 million (31 July 2025: EUR 519 million), maintaining a solid liquidity position at year-end.

OPERATING ACTIVITIES

Operating activities generated a positive cash flow of EUR 85 million (previous year: EUR 239 million). The positive cash flow was mainly driven by effective working capital management and lower interest payments as interest rates gradually declined during the year. Interest rates nevertheless remained elevated compared with historical levels, reflecting continued inflationary pressures and broader macroeconomic and geopolitical uncertainty.

INVESTING ACTIVITIES

Cash flow from investing activities amounted to a net inflow of EUR 59 million (previous year: outflow of EUR 99 million). Investments were primarily directed towards the digital transformation programme and the expansion, transformation and upgrade of the branch and distribution platform. These investments were more than offset by proceeds from active management of the property portfolio, including divestments of unused properties and selected sale-and-leaseback transactions.

FINANCING ACTIVITIES

Financing activities resulted in a net cash outflow of EUR 314 million (previous year: outflow of EUR 101 million). The main components were repayment of EUR 133 million under the revolving credit facilities and lease payments of EUR 172 million (previous year: EUR 179 million). Consequently, the RCF was fully undrawn as of 31 July 2026 compared with EUR 133 million drawn as of 31 July 2025. Proceeds from the capital increase were applied to repay loans from related parties. The senior revolving credit facility (RCF) amounting to EUR 371 million is committed and matures on 4 November 2027 which the Group currently is well advanced in refinancing during the coming financial year.

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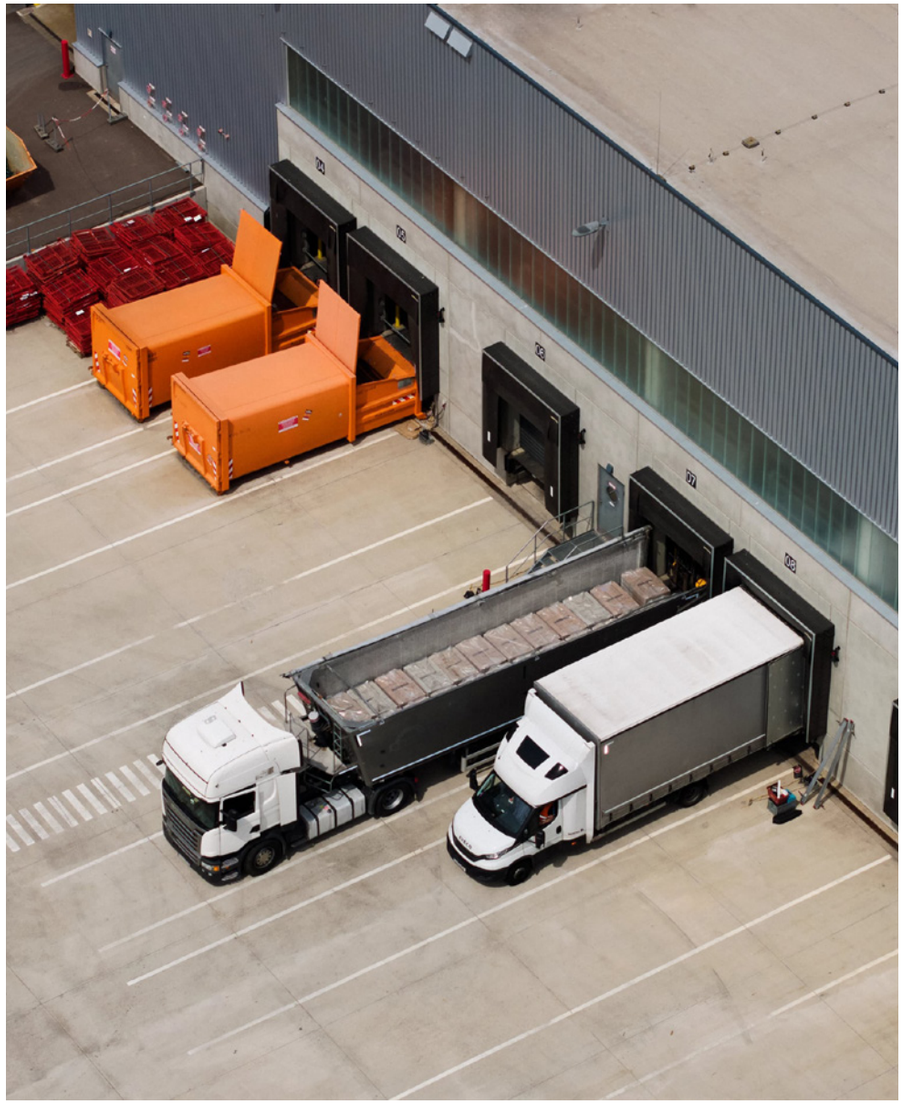
PARENT COMPANY, STARK GROUP A/S

The parent company income statement reflects the normal operating activities of STARK Group's headquarters. Costs incurred in relation to the operations of subsidiaries have been recharged to the respective entities and are recognised as net sales. The development in net sales, staff costs and other external operating expenses was in line with expectations.

Result from investments in subsidiaries was a loss of EUR 37 million (2024/25: income of EUR 91 million), comprising dividend income of EUR 66 million (2024/25: EUR 77 million) and impairment charges of EUR 69 million related to the investment in STARK Suomi Oy and EUR 34 million related to the investment in STARK Österreich GmbH. The impairment charges mainly reflect a more gradual recovery in market activity than previously anticipated, combined with higher discount rates applied in the impairment review and dividend distributions made during the year.

In May 2026, the sole shareholder contributed EUR 560 million in cash as a capital contribution, strengthening the equity position of the parent company. As part of the related strengthening of our Group's capital structure, the funds were provided as a loan to Winterfell Germany GmbH, increasing receivables from related parties by EUR 560 million. In addition, additions to investments in subsidiaries of EUR 20 million during the year relate to capital contributions made as part of the ongoing management of capital structures across our Group.

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



SUSTAINABILITY PERFORMANCE

GROUP

We continued to make progress towards our sustainability goals and honour our commitments, with a particular focus on the Science Based Targets initiative (SBTi) and our commitment to achieving net zero by 2050.

At the same time, we recognise the opportunity to contribute to the decarbonisation of the built environment while growing our business through the commercialisation of sustainability. See p. 64 for a full overview of this strategic focus.

CLIMATE

Our total greenhouse gas emissions decreased by 1.1% to 4,883 $ktCO_2e$ during the financial year. Our scope 1 and 2 emissions decreased by 35.4% compared to our 2019/20 base year, and our scope 3 emissions decreased by 7.5% compared to our 2022/23 base year.

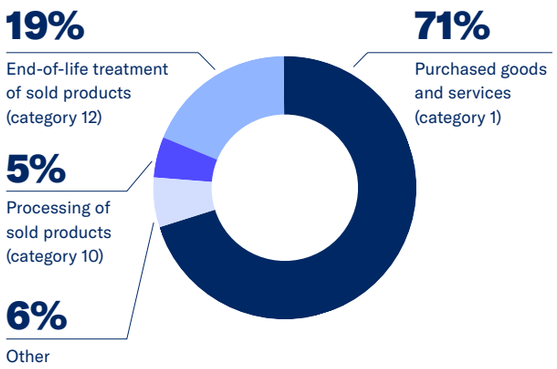
Given our role as a distributor of building materials, Scope 3 emissions remain our most significant source of emissions, accounting for 98.4% of the total, while Scope 1 and 2 emissions account for 1.6%.

Our scope 1 and 2 emissions decreased by 8.0% compared to the previous year, placing us 8.4 percentage points ahead of the reduction trajectory required to meet our SBTi target for the year.

The reduction was primarily driven by branch consolidation and lower activity levels in the UK, together with lower fossil fuel consumption and increased sourcing of renewable electricity.

A Power Purchase Agreement (PPA) in Denmark contributed to a significant reduction in scope 2 emissions, which decreased by approximately 25%. Our renewable electricity coverage increased by 4 percentage points to 61%, supporting our progress towards sourcing 100% renewable electricity by 2030.

SCOPE 3 EMISSIONS BY CATEGORY



Approximately 94% of our scope 3 emissions relate to the embodied carbon of the products we sell, together with emissions from their processing and end-of-life treatment. As a result, our emissions profile is significantly influenced by product mix, sales volumes and the carbon intensity of the products we distribute.

Our scope 3 emissions decreased by 1.0% compared to the previous year and by 7.5% from the baseline year, leaving us 3 percentage points short of our SBTi scope 3 reduction trajectory. This outcome was expected, as 2025/26 emissions were calculated using a spend-based methodology based on category-specific emission intensities established through the full Scope 3 assessment completed in 2024/25.

Product carbon data coverage increased to 84% of LCA-relevant sales, while our digital climate tools are now available across all Nordic markets. To support future scope 3 reductions, we continued to engage suppliers on environmental data quality, EPD availability, transparency and science-based targets through our supplier sustainability network and industry peer forums.

CIRCULARITY

Total operational waste decreased by 9.5% to 38,200 tonnes. This corresponds to approximately 4.9 tonnes of waste per million EUR of net sales, representing an improvement of 29%.

Improved waste sorting and recycling remain the primary levers for reducing waste. During the year, 66% of waste was recycled or reused. In the UK, the appointment of a new waste management partner significantly reduced the amount of waste sent to landfill.

HEALTH AND SAFETY

The injury rate increased to 4.7 per million hours worked, up 0.5 from the previous year. Handling objects, slips, trips and falls and transportation-related incidents remained the most common root causes.

The increase follows several years of year-on-year improvement, during which our injury rate remained well below both the industry average and our own targets. This year's result is in line with our target of 4.7. Our target for 2027 is 5.7.

ESG-LINKED LOAN

STARK Group is partially financed through a sustainability-linked loan and a revolving credit facility. This included an ESG margin ratchet, linking the loan's interest margin to our carbon emission reduction targets.

Following continued reductions in scope 1 and 2 emissions in line with our SBTi targets, we achieved a reduction in interest costs of EUR 1 million in 2026 on our ESG-linked loan. These savings have been earmarked for further sustainability initiatives.

Read more in our Sustainability review.

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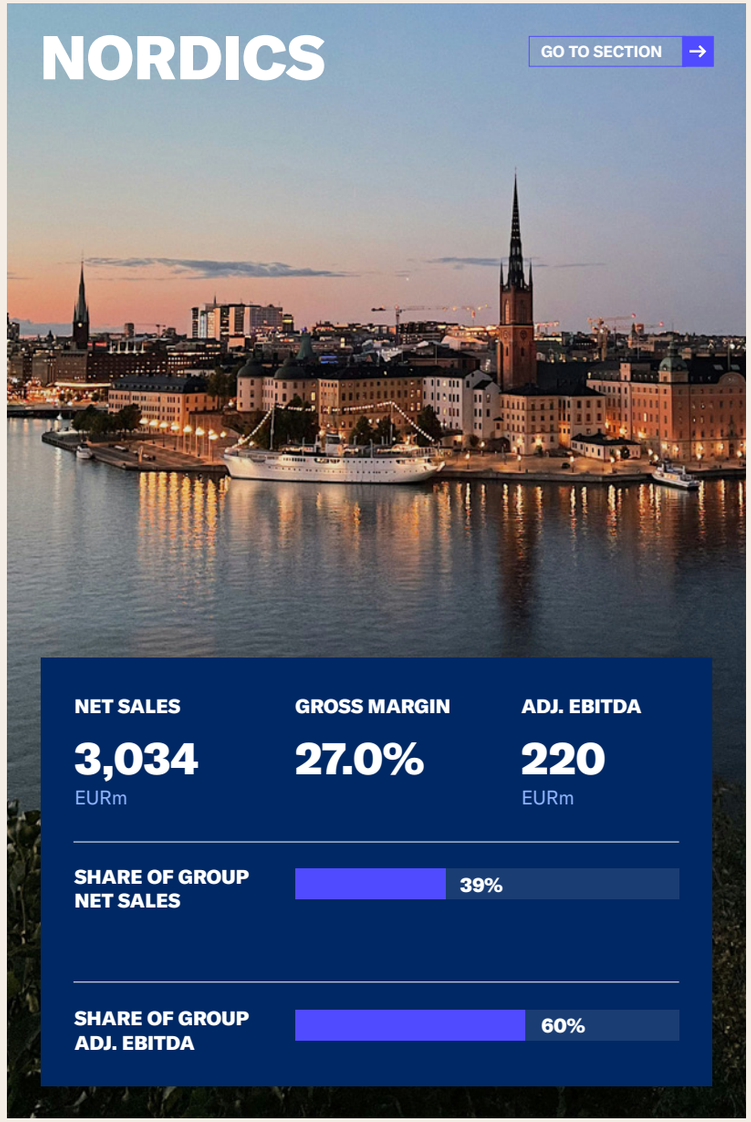
PERFORMANCE BY SEGMENT

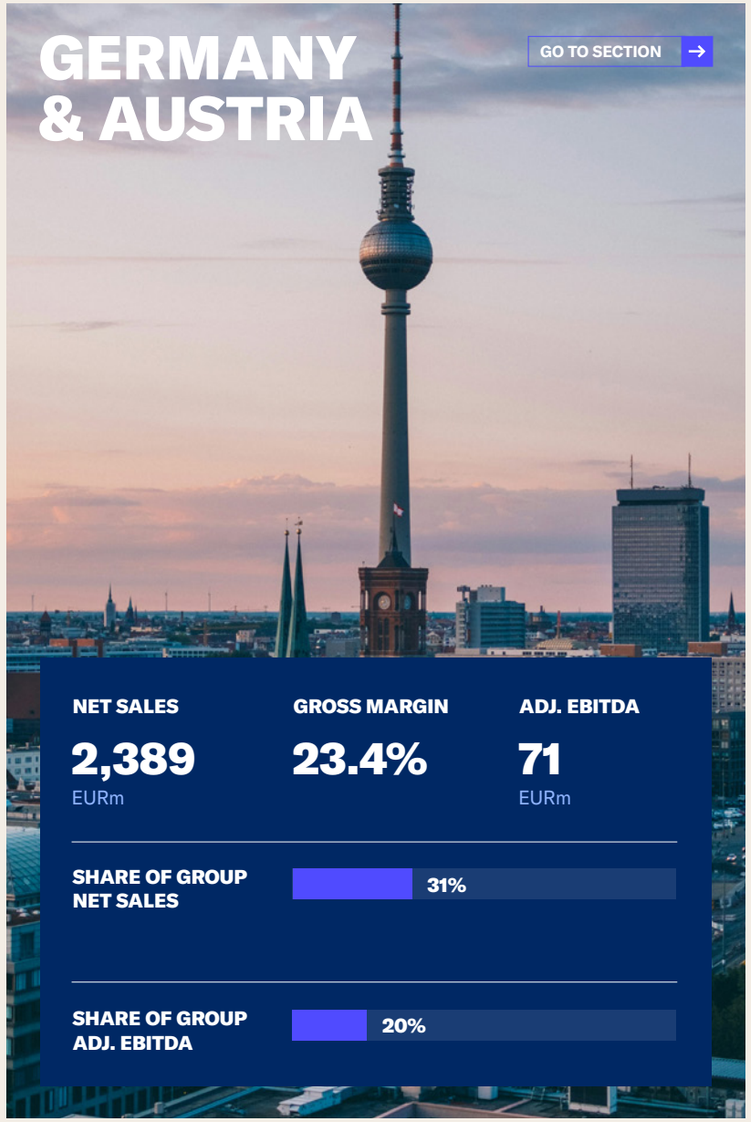


NORDICS

GO TO SECTION

NET SALES	GROSS MARGIN	ADJ. EBITDA
3,034 EURm	27.0%	220 EURm

SHARE OF GROUP NET SALES	39%
SHARE OF GROUP ADJ. EBITDA	60%

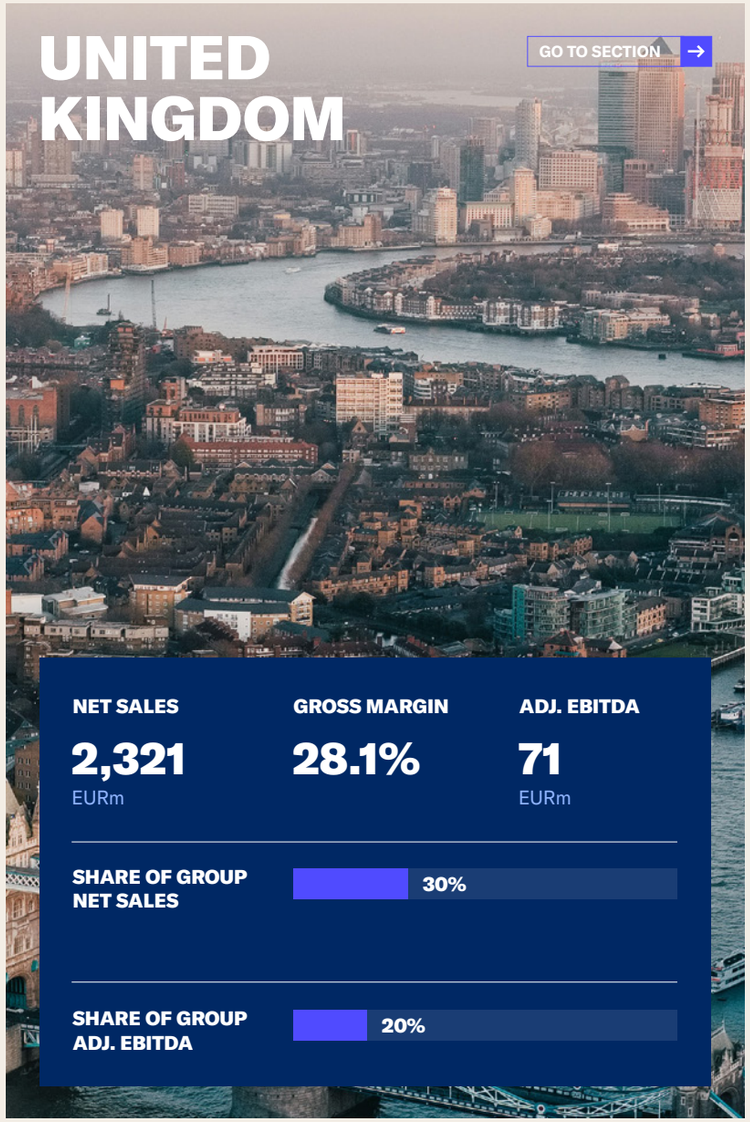


GERMANY & AUSTRIA

GO TO SECTION

NET SALES	GROSS MARGIN	ADJ. EBITDA
2,389 EURm	23.4%	71 EURm

SHARE OF GROUP NET SALES	31%
SHARE OF GROUP ADJ. EBITDA	20%



UNITED KINGDOM

GO TO SECTION

NET SALES	GROSS MARGIN	ADJ. EBITDA
2,321 EURm	28.1%	71 EURm

SHARE OF GROUP NET SALES	30%
SHARE OF GROUP ADJ. EBITDA	20%

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PERFORMANCE BY SEGMENT

NORDICS

IN BRIEF

The Nordics are where STARK Group was founded and where our strategy has been developed and refined over the longest period. Within the Nordics, our largest operations are in Denmark and Sweden.

Our Nordic business is primarily a generalist business, holding leading market positions and serving SME tradespeople. During the current strategy period, we expanded our presence into tiles through acquisitions in Norway and Sweden.

Our strategy in the Nordics focuses on continuously enhancing our commercial offering. This includes expanding into workwear, rental and paint, strengthening customer-facing digital solutions, and, most recently, developing our above-branch distribution through central warehouses and lighthubs. Together, these capabilities extend the availability of light-side building materials to approximately 50,000 SKUs.

Nordic governments have been among the first in Europe to introduce regulatory requirements aimed at decarbonising the built environment. As a result, our commercial sustainability offering has been developed and implemented in this market earlier than in our other markets.

LEADING POSITION

#1

#1 in Denmark and Sweden
#2 in Finland
#1 regionally in Norway

EMPLOYEES

5,250

BRANCHES

265

SALES BRANDS

GENERALISTS

STARK Sammen bygger vi professionelt

STARK Reilusti rakentajan asialla

BEIJER BYGGMATERIAL

NEUMANN Sammen bygger vi profesjonelt

SPECIALISTS

FAGFLIS

CENTRO



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SOLID PERFORMANCE AND CONTINUED GROWTH

Net sales increased by 3.7% to EUR 3,034 million, including a positive currency translation impact of 1.1%.

Market demand remained solid throughout the year and strengthened in the fourth quarter. Pricing was the primary driver of growth.

Several new branches were opened in the previous year, and a central warehouse was established in Sweden. With these assets fully operational throughout the year and strong commercial concepts, we delivered continued growth among SME customers. Net sales growth exceeded the market average, resulting in market share gains.

Gross profit increased by 4.7% to EUR 820 million, supported by higher net sales, sourcing synergies, distribution efficiencies generated by our central warehouse, and increased sales to SME customers in the RMI market. Gross margin increased by 0.2 percentage points to 27.0%.

Costs were managed diligently, with staff costs increasing by 1.2% and other operating expenses by 1.7%. Total operating expenses amounted to EUR 599 million, an increase of 1.4%.

Solid market demand, sourcing synergies and disciplined cost management contributed to a strong performance. Adjusted EBITDA increased by 14.6% to EUR 220 million, while adjusted EBITDA margin improved by 0.7 percentage points to 7.3%.

SUSTAINABILITY

The Nordics account for 23.8% of our scope 1 and 2 emissions and 32.3% of our scope 3 emissions. Scope 1 and 2 emissions decreased by 16.9% while scope 3 emissions decreased by a mere 0.5%, resulting in a decrease in total emissions by 0.7% during the year.

A PPA in Denmark contributed significantly to the reduction in scope 1 and 2 emissions, alongside increased renewable electricity certificate coverage and the continued transition away from fossil fuel vehicles. Increased use of biofuels in outsourced transportation helped offset the impact of higher sales volumes on Scope 3 emissions.

The market for lower-carbon alternatives and sustainability-related data continues to mature rapidly across the Nordics. To maintain our leading position, we further strengthened our data foundation. Our climate monitoring tool is now implemented across all Nordic markets and provides product carbon data for 94% of all LCA-relevant products, an increase of nine percentage points.

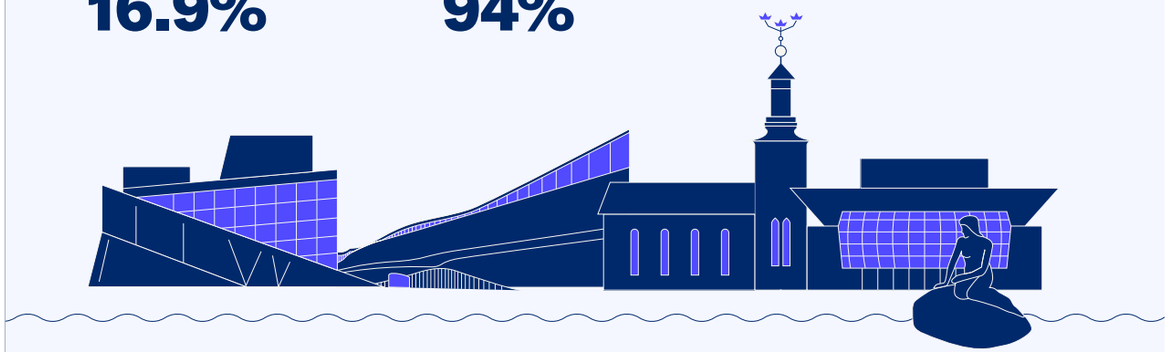
NET SALES
3,034
EURm

GROSS MARGIN
27.0%

ADJ. EBITDA
220
EURm

REDUCTION OF CARBON EMISSIONS (SCOPE 1 & 2)
16.9%

SHARE OF PRODUCTS WITH CARBON DATA
94%



ADJUSTED INCOME STATEMENT AND SUSTAINABILITY PERFORMANCE

	2025/26	2024/25	2023/24	2022/23	2021/22
Net sales	3,034	2,925	2,808	3,057	3,277
Cost of sales	(2,214)	(2,142)	(2,066)	(2,242)	(2,395)
Gross profit	820	783	742	815	888
Gross profit margin %	27.0%	26.8%	26.4%	26.7%	26.9%
Staff costs	(415)	(410)	(382)	(378)	(398)
Other expenses	(184)	(181)	(179)	(189)	(193)
Total operating expenses	(599)	(591)	(561)	(567)	(591)
Other operating inc. and exp.	(1)	–	1	1	
EBITDA	**220**	**192**	**182**	**249**	**291**
EBITDA margin %	**7.3%**	**6.6%**	**6.5%**	**8.1%**	**8.9%**
Sustainability performance					
GHG scope 1 & 2 (absolute $ktCO_2e$)	19	22	25	23	23
GHG scope 3 (absolute $ktCO_2e$)	1,550	1,558	1,485	1,555	1,554

The above provides a clearer view of underlying performance by excluding non-recurring items, mainly related to transformation and restructuring activities. All comments refer to the adjusted figures.

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PERFORMANCE BY SEGMENT

GERMANY & AUSTRIA

IN BRIEF

STARK Deutschland joined our Group in 2019 through an acquisition. Since then, further acquisitions have expanded our platform, strengthening our network density and extending our presence into new geographies, including Austria.

Approximately one-third of our German and Austrian business consists of generalist building materials distribution, while specialist businesses such as tiles, roofing and civils account for the remaining one-third of net sales.

Historically, STARK Deutschland's strength has been its position in large-account sales and the new-build market. Our strategy focuses on strengthening our exposure to SMEs and the RMI market through an enhanced customer offering, including an expanded product range, improved availability, distribution clustering and enhanced supply capabilities from our national distribution centre in Germany.

While the implementation of EU regulations aimed at decarbonising the housing stock is still in its early stages, the government has adopted the Bau-Turbo reform, targeting the construction of 320,000 new homes annually until 2030. These ambitions are supported by measures such as permitting reforms, simplified building standards and economic stimulus packages.

LEADING POSITION

#1

#1 in Germany
#2 in Austria

EMPLOYEES

5,000

BRANCHES

265

SALES BRANDS

GENERALISTS

- RAAB KARCHER BAUSTOFFHANDEL
- SCHILOWSKY BAUSTOFFE UND BAUFACHMARKT

SPECIALISTS

- KERAMUNDO WELT DER FLIESEN
- MUFFENROHR TIEFBAUHANDEL
- MELLE GALLHÖFER DACH- UND FASSADENHANDEL
- DACH UND WAND DACH- UND FASSADENHANDEL



PERFORMANCE BY SEGMENT – GERMANY & AUSTRIA

STRONG SPECIALIST BUSINESS GROWTH DROVE OVERALL HIGHER NET SALES

Net sales increased by 0.8% to EUR 2,389 million.

Strong growth in our specialist business continued throughout the year, supported by increasing demand for climate adaptation solutions. Although the specialist business represents only around two-thirds of net sales, its growth more than offset the decline in our generalist business. In the fourth quarter, the impact of Germany's challenging macroeconomic environment began to ease, and the first signs of market recovery emerged.

Positive pricing effects were the primary driver of net sales growth, supported by modest volume growth.

Gross margin improved in our generalist business but was offset by adverse mix effects resulting from the strong growth in our specialist business. Overall, gross margin decreased by 0.2 percentage points to 23.4%, and gross profit declined by 0.2% to EUR 559 million.

Mitigation measures implemented during the previous year more than offset wage inflation. Staff costs improved by 2.3% to EUR 336 million, while other operating expenses increased by 6.3% to EUR 153 million. Total operating expenses increased by EUR 1 million to EUR 489 million, representing a rise of 0.2%.

Overall earnings were broadly in line with the previous year. The benefits of higher net sales and disciplined cost management were insufficient to offset the adverse mix effects on gross margin resulting from the strong growth in our specialist business. Adjusted EBITDA decreased by 2.7% to EUR 71 million, corresponding to an adjusted EBITDA margin of 3.0%.

SUSTAINABILITY

Germany and Austria account for 21.2% of our Scope 1 and 2 emissions and 35.9% of our Scope 3 emissions. Scope 1 and 2 emissions decreased by 3.3% while scope 3 emissions increased by 3.0%, resulting in an increase in total emissions by 3.0% during the year.

The main contributors to the reduction in scope 1 and 2 emissions were lower diesel consumption in goods and passenger transport, together with the electrification of forklift trucks, 91% of which are now electric. Scope 3 emissions increased as a result of higher sales volumes and product mix effects during the year.

The German and Austrian markets continue to progress towards the EU's 2030 sustainability requirements, including The EU Energy Performance of Buildings Directive (EPBD) implementation, albeit at a slower pace than in the Nordics. We continue to prepare for the expected increase in customer and regulatory requirements. By year-end, we provided product carbon data for 66% of all LCA-relevant products, an increase of 4 percentage points.

NET SALES

2,389

EURm

GROSS MARGIN

23.4%

ADJ. EBITDA

71

EURm

REDUCTION OF CARBON EMISSIONS (SCOPE 1 & 2)

3.3%

SHARE OF PRODUCTS WITH CARBON DATA

66%



ADJUSTED INCOME STATEMENT AND SUSTAINABILITY PERFORMANCE

	2025/26	2024/25	2023/24	2022/23	2021/22
Net sales	2,389	2,370	2,523	2,844	2,718
Cost of sales	(1,830)	(1,810)	(1,916)	(2,161)	(2,059)
Gross profit	559	560	607	683	659
Gross profit margin %	23.4%	23.6%	24.1%	24.0%	24.2%
Staff costs	(336)	(344)	(349)	(344)	(320)
Other expenses	(153)	(144)	(157)	(164)	(151)
Total operating expenses	(489)	(488)	(506)	(508)	(471)
Other operating inc. and exp.	1	1	1	1	n.a.
EBITDA	**71**	**73**	**102**	**176**	**188**
EBITDA margin %	**3.0%**	**3.1%**	**4.0%**	**6.2%**	**6.9%**
Sustainability performance					
GHG scope 1 & 2 (absolute $ktCO_2e$)	17	17	23	21	21
GHG scope 3 (absolute $ktCO_2e$)	1,724	1,674	1,771	2,031	2,028

The above provides a clearer view of underlying performance by excluding non-recurring items, mainly related to transformation and restructuring activities. All comments refer to the adjusted figures.

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PERFORMANCE BY SEGMENT

UNITED KINGDOM

IN BRIEF

STARK UK joined the Group through an acquisition in March 2023. Following strong progress in its turnaround programme, the business is now focused on improving performance and executing its growth strategy.

The UK business is primarily a generalist merchant. While the Jewson brand accounts for the major share of net sales and mainly serves SME tradespeople, the business also targets national and regional accounts, public sector customers and specialist trades.

In recent years, the business has strengthened its commercial proposition. Operations are organised around ten major city conurbations, supporting its ambition to win in urban markets across the UK. The rollout of the “Branch of the Future” concept is driving the consolidation of branches into larger, more efficient locations, while investments in range and availability enhance the customer offer.

Despite operating outside the EU regulatory framework, many of the same sustainability trends are shaping the UK market, with increasing focus on reducing emissions from the built environment. Urban development policies, including the London Plan, support sustainable construction. While the Government’s target of 1.5 million new homes by 2029 supports long-term demand, funding and delivery challenges continue to constrain progress.

LEADING POSITION

#2 #2 in the UK

EMPLOYEES

6,750

BRANCHES

520

SALES BRANDS

GENERALISTS

JEWSON

NORMANS

SPECIALISTS

FRAZER

MINSTER



PERFORMANCE BY SEGMENT – UNITED KINGDOM

CHALLENGING YEAR IN A CONTRACTING MARKET

Net sales decreased by 5.8% to EUR 2,321 million, including a negative currency translation impact of 2.8%.

Over recent years, our UK business has made significant progress in executing its optimisation programme by consolidating loss-making and sub-scale branches into larger, more efficient locations.

Net sales were affected by weak market demand, which emerged towards the end of the previous year and persisted throughout the year. In this contracting market, price competition remained intense. Positive pricing effects were insufficient to offset the impact of lower volumes.

Sourcing synergies were realised during the year but did not fully offset the impact of intense price competition. Gross profit decreased by 6.8% to EUR 653 million, while gross margin declined by 0.3 percentage points to 28.1%.

Staff costs improved by 5.0% to EUR 361 million, reflecting mitigation measures implemented during the current and previous years, as well as lower performance-related remuneration. Other operating expenses increased by 1.8% to EUR 221 million. Total operating expenses improved by 2.5% to EUR 582 million.

Lower net sales and reduced gross margin more than offset the benefits of lower operating expenses. Adjusted EBITDA decreased by EUR 33 million to EUR 71 million, while adjusted EBITDA margin declined by 1.1 percentage points to 3.1%.

SUSTAINABILITY

The UK accounts for 54.5% of our Scope 1 and 2 emissions and 31.6% of our Scope 3 emissions. Scope 1 and 2 emissions decreased by 5.0% while scope 3 emissions decreased by 5.5%, resulting in a decrease in total emissions of 5.4% during the year.
Scope 1 and 2 emissions are relatively higher in the UK than in our other regions because goods transportation is largely insourced. Goods transport accounts for 76% of Scope 1 and 2 emissions in the UK.

Our branch consolidation programme and lower activity levels contributed to reductions in emissions from heating fuels, electricity consumption and insourced goods transportation. Scope 3 emissions decreased due to lower sales volumes.

The UK market is seeing increasing demand for whole-life carbon assessments, although it is not subject to the EU's 2030 regulatory requirements. We therefore continue to prepare for the requirements emerging in major developments under the London Plan. By year-end, we provided product carbon data for 45% of all LCA-relevant products, an increase of 13 percentage points.

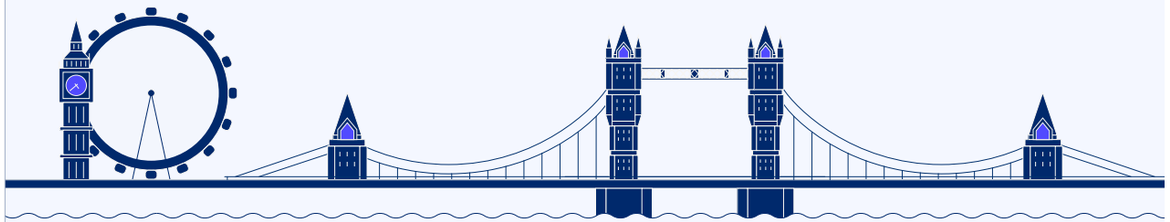
NET SALES
2,321
EURm

GROSS MARGIN
28.1%

ADJ. EBITDA
71
EURm

REDUCTION OF CARBON EMISSIONS (SCOPE 1 & 2)
5.0%

SHARE OF PRODUCTS WITH CARBON DATA
45%



ADJUSTED INCOME STATEMENT AND SUSTAINABILITY PERFORMANCE

	2025/26	2024/25	2023/24
Net sales	2,321	2,465	2,449
Cost of sales	(1,668)	(1,764)	(1,755)
Gross profit	653	701	694
Gross profit margin %	28.1%	28.4%	28.3%
Staff costs	(361)	(380)	(366)
Other expenses	(221)	(217)	(242)
Total operating expenses	(582)	(597)	(608)
Other operating inc. and exp.	n.a.	n.a.	2
EBITDA	**71**	**104**	**88**
EBITDA margin %	**3.1%**	**4.2%**	**3.6%**
Sustainability performance			
GHG scope 1 & 2 (absolute $ktCO_2e$)	43	45	47
GHG scope 3 (absolute $ktCO_2e$)	1,521	1,608	1,616

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04 GOVERNANCE

- Corporate governance
- Board of Directors
- Board of Directors and Executive Management



CORPORATE GOVERNANCE

GOVERNING FOR LONG-TERM VALUE

STARK Group operates at scale across European markets, based on a decentralised business model close to tradespeople, suppliers and local building industry needs. Strong governance helps us set direction, execute consistently and maintain clear accountability across our business.

Our governance framework supports how we create and protect value. It enables the Board of Directors and Executive Management to oversee strategy, performance, capital resources, risk management, internal controls, sustainability and the continued transformation of our business. As we strengthen our platform, governance remains essential to turning our market position, local execution and ESG leadership into long-term value for customers, suppliers, employees, shareholders and the communities where we operate.

Our framework is based on the Articles of Association of STARK Group A/S, relevant laws and regulations and our internal policies and procedures. Our key policies are publicly available at starkgroup.dk/sustainability/policies.

GOVERNANCE MODEL

We operate with a two-tier governance structure comprising the Board of Directors and Executive Management. While the two bodies are separate, members of Executive Management hold seats on the Board of Directors, representing minority shareholders.

The Board of Directors is responsible for our overall strategic direction and supervises the execution of our strategy, performance, management and organisational structure. The Board of Directors has established an Audit Committee and a Remuneration Committee to support its oversight responsibilities. Both committees report to the Board of Directors.

Executive Management is responsible for the day-to-day operation of the business and reports to the Board of Directors. Executive Management is supported by an Executive Committee comprising Business Unit CEOs and Group Function leaders. The Executive Committee facilitates alignment, information sharing and collaboration between business units and Group Functions and serves as our Sustainability Advisory Board.

This structure enables us to combine Group-wide priorities with local accountability. The Board sets direction and supervises execution. Executive Management leads the business. Business units and Group Functions turn strategy into action close to customers, suppliers and local markets.

HOW WE GOVERN STARK GROUP

Board of Directors

Sets direction and oversees strategy, performance, capital resources, risk, internal controls, sustainability and transformation.

Executive Management

Leads day-to-day operations and execution of the strategy approved by the Board.

Group Executive Committee
(Sustainability Advisory Board)

Facilitates alignment, information sharing and collaboration between business units and Group Functions, and reviews strategy, budget, risks, policies, compliance and sustainability matters.

Board committees

Audit Committee

Oversees financial reporting, statutory audits, internal controls, risk management, whistleblowing and sustainability reporting controls.

Remuneration Committee

Oversees remuneration policy, Board and Executive Management remuneration, and the alignment of incentive structures with our strategy and relevant sustainability targets.

Supporting governance forums

Health and Safety Committees

Committees oversee health and safety actions.

DEI Council

Oversees diversity, equity and inclusion actions.

Sustainability governance

Group Sustainability & ESG

Manages sustainability strategy, materiality, programmes, targets, reporting and ratings.

BU Sustainability teams

Commercialise sustainability and operationalise strategy across the UK, Germany, Austria, Denmark, Sweden, Finland and Norway.

Sustainable Sourcing

Integrates sustainability into procurement decisions, supplier data, ESG risk assessments and supplier performance monitoring.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The Board of Directors is responsible for our overall strategic direction and supervises the execution of our strategy, performance, management and organisational structure.

The Board's work reflects the scale and transformation of our business. During the year, five ordinary Board meetings were held. Meeting agendas included reviews of financial performance and capital resources, strategy execution, AI & digital transformation, sourcing, M&A, macroeconomic developments and energy-related sourcing considerations. The Board also monitored the effectiveness of our internal control system and enterprise risk management.

In 2025/26, the Board's work was particularly focused on areas central to our continued transformation and long-term value creation.

Board composition and competences

The Board of Directors is composed to support our continued development, transformation and long-term value creation. The Board currently consists of members with experience in strategy, finance, capital markets, M&A, risk management, AI & digital transformation, sourcing, sustainability, customer-centric operations and governance of large decentralised organisations.

We have initiated the formation of an external Board of Directors. This work aims to strengthen the Board's independence and diversity over time, including diversity of competencies, background, nationality and gender. As part of this process, the Board considers the collective competencies required to oversee our strategy, transformation, sustainability-related risks and opportunities, reporting requirements and long-term value creation.

Currently, all members of the Board of Directors are male, which does not align with our target of 30% female members by 2027. We remain committed to making progress towards this target as the external Board formation continues.

The Board has no employee-elected representatives. Members of Executive Management hold seats on the Board of Directors, representing minority shareholders.

Please refer to the Board of Directors and Executive Management overviews for more detail on each member's role, independence, other duties and qualifications. Please refer to S1 Own workforce for our performance on equal opportunities for all.

BOARD COMMITTEES

The Board of Directors has established an Audit Committee and a Remuneration Committee. The committees support the Board in its oversight responsibilities and report to the Board of Directors.

Audit committee

The Audit Committee supports the Board of Directors in monitoring the financial and sustainability reporting process, statutory audits, internal controls, risk management systems and whistleblowing procedures and complaints. It also assesses the independence of the external auditor and their provision of services.

BOARD FOCUS IN 2025/26

Theme	Focus
Performance and capital	Financial performance, capital resources, cash discipline and market recovery.
Strategy and transformation	Strategy execution, AI & digital transformation, AI-related opportunities, sourcing, distribution platform development and M&A.
Markets and sourcing	Macroeconomic developments, energy-related sourcing considerations, implications for markets and supply chain.
Risk and controls	Enterprise risk management, internal control system and reporting integrity.
Organisation and governance	External Board formation, Board composition and progress towards diversity targets.

CORPORATE GOVERNANCE

As we prepare for future CSRD reporting requirements, sustainability reporting, data governance and related controls are becoming increasingly important areas of Audit Committee oversight. This includes oversight of the processes and controls that support reliable financial and sustainability information.

In 2025/26, the Audit Committee's work included oversight of financial reporting, internal controls, risk management and the continued development of sustainability reporting controls, with particular focus on product carbon data and scope 3 emissions. The Audit Committee also discussed information security, disaster recovery procedures and finance strategy initiatives. Together, these areas support reporting integrity, operational resilience and credible customer-facing sustainability documentation.

Remuneration Committee

The Remuneration Committee advises the Board of Directors on the remuneration policy, proposes remuneration for members of the Board of Directors and Executive Management and ensures compliance with the Company's Remuneration Policy.

MEETING ATTENDANCE

	Board of Directors	Audit Committee	Remuneration Committee
Jens Bjørn Andersen	Chair ■■■■■	Member ■■■■	Chair ■■■■
Søren Vestergaard-Poulsen	Vice chair ■□■■■		
Christoffer Sjöqvist	Member ■■■■■	Chair ■■■■	Member ■■■■
Philip Røpcke	Member ■■■■■		
Søren P. Olesen	Member ■■■■■		Member ■■■■
Thomas Ahle	Member ■■■■■	Member ■■■■	

■ Attended □ Did not attend

EXECUTIVE MANAGEMENT AND EXECUTIVE COMMITTEE

Executive Management is responsible for our day-to-day operations and for executing the strategy approved by the Board of Directors. It is led by the Group Chief Executive Officer, who reports to the Board of Directors. Together with the Group Chief Financial Officer, the Group CEO forms the Executive Management registered with the Danish Business Authority.

Executive Management oversees a decentralised organisation built around country-specific business units operating as independent legal entities. Operational decisions are generally coordinated directly between Group Management or Group Functions and the relevant business unit CEOs or functions.

Executive Management is supported by the Executive Committee, which brings together Business Unit CEOs, Group Management and Group Function leaders.

The Executive Committee facilitates alignment, information sharing and collaboration between business units and Group Functions. It provides a forum for sharing and discussing strategy, overall budget, commercial priorities, operational performance, transformation initiatives, sourcing, people, risk, policies and compliance.

The Executive Committee also serves as the Sustainability Advisory Board, reflecting the integration of sustainability into how we source products, develop our assortment, advise customers and operate our branch network.

The Executive Committee meets six times annually, including two physical meetings and four virtual meetings.

In January 2026, Dr. Marc Baumgartner joined the Executive Committee as CEO of STARK Deutschland, succeeding Michael Knüppel. The change supports continued execution of our strategy in Germany and Austria.

SUSTAINABILITY GOVERNANCE

Oversight of our sustainability efforts is anchored at the highest level of the organisation and follows the same governance structures as our business.

The Board of Directors has ultimate oversight responsibility for sustainability-related risks and opportunities. Sustainability matters are addressed through strategic, risk, remuneration and reporting discussions at Board or committee level, depending on the nature of the matter.

The Audit Committee supports the Board by overseeing sustainability reporting, sustainability data quality and sustainability-related internal controls. In 2025/26, sustainability-related matters addressed through the Audit Committee included annual reporting results, a high-level overview of the double materiality assessment and material topics, climate transition planning, product carbon data targets and a product scope 3 deep dive. Sustainability reporting controls are reviewed by the Audit Committee twice a year.

CORPORATE GOVERNANCE

The Executive Committee oversees our sustainability strategy and serves as Sustainability Advisory Board. Twice a year, the Executive Committee meets in this capacity to review sustainability performance, progress on key programmes and matters requiring alignment across markets or Group Functions. This ensures that sustainability is discussed and coordinated in the same forum that facilitates alignment between business units and Group Functions.

In 2025/26, the Executive Committee reviewed the Sustainability Market Report 2026 and related next steps. It also received updates on the ESG Omnibus, SBTi net-zero target, climate transition plan and MAC curve as well as the tagging of sustainability-related investments.

Group Sustainability & ESG supports the Executive Committee by managing sustainability strategy, materiality, programmes, targets, reporting and ratings. The function reports to the Executive Committee twice a year and works across the organisation to embed sustainability into the way we source, sell and distribute building materials.

Business Unit Sustainability teams and local leadership teams are responsible for implementing Group-wide sustainability priorities in ways that reflect local market conditions, regulations and customer needs. They provide input on local progress, implementation, market developments and regulatory requirements, helping ensure that sustainability is embedded in day-to-day operations across our branch network.

In 2025/26, we conducted a DMA readiness assessment, confirming a structured and largely ESRS-aligned process, while identifying targeted improvements required ahead of assurance. Governance of the DMA is focused on strengthening methodological consistency, transparency and auditability ahead of assurance. These improvements are being embedded in our governance framework and implementation roadmap to support continuous alignment with regulatory expectations and assurance readiness.

Detailed descriptions of material impacts, risks and opportunities, and how they are managed through policies, actions, metrics and targets, are provided in the General information and topical sustainability sections.

REMUNERATION AND INCENTIVE ALIGNMENT

Our remuneration framework is designed to support accountability and long-term value creation. The Remuneration Committee advises the Board of Directors on the remuneration policy and proposes remuneration for members of the Board of Directors and Executive Management.

Sustainability KPIs are integrated into executive remuneration, reinforcing accountability and aligning leadership incentives with our ESG ambitions. In 2025/26, the Remuneration Committee reviewed the design of a new ESG-linked bonus target. This supports our ambition to make sustainability part of how we lead and manage the business.

GOVERNANCE PRIORITIES IN 2027

In 2027, we will continue to strengthen our governance framework to support the scale of our business, the continued transformation of our platform and the increasing importance of sustainability data, supplier transparency and customer-facing documentation. Our priorities reflect the areas where governance is most important to executing our strategy and protecting long-term value.

These priorities support our ambition to be the best partner for sustainable building and to create long-term value for customers, suppliers, employees, shareholders and the communities where we operate.

Business conduct, Code of Conduct, whistleblowing and data ethics are governed through Group policies and procedures and described in G1 Business conduct.

GOVERNANCE PRIORITIES IN 2026/2027

Priority	Focus
Board composition and diversity	Continue external Board formation and progress towards the 2027 gender diversity target.
Strategy and transformation oversight	Maintain oversight of strategy execution, AI & digital transformation, AI-related opportunities, sourcing, platform development and M&A.
Reporting controls and data governance	Strengthen data quality, reporting controls and assurance readiness, particularly for product carbon data, supplier data and scope 3 emissions.
Sustainable sourcing and supplier performance	Further integrate sustainability into procurement decisions, supplier engagement and supplier performance monitoring.
Enterprise risk, internal controls and resilience	Continue developing enterprise risk management, internal controls, information security and disaster recovery processes.

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BOARD OF DIRECTORS



JENS BJØRN ANDERSEN

Chair of the Board

Year of birth: 1966
Nationality: Danish
Gender: Male
Appointed: June 2024
Independence: Independent

Education

Trained freight forwarding agent, Samson Transport.

Other management duties

- ISS A/S, Deputy Chair and Member of the Transaction Committee
- Nordea Fonden, Chair
- Tietgenfonden, Chair
- Danish Central Bank/Nationalbanken, Board Member
- Team Danmark, Board Member
- Unicef Denmark, Board Member
- Danish Children's Cancer Association, Board Member

Qualifications

CEO of DSV A/S (2008-2024), having joined in 1988. His qualifications include strategy and value creation; Leadership of large international, multicultural companies; Transformational change and operational alignment; IT, technology and digitalisation; Risk management; Corporate sustainability; Investors and capital markets relationships.



SØREN VESTERGAARD-POULSEN

Deputy Chair of the Board

Year of birth: 1969
Nationality: Danish
Gender: Male
Appointed: June 2024
Independence: Not independent due to role at CVC Capital Partners, which owns STARK Group.

Education

MSc in Economics and Business Administration, Copenhagen Business School.

Other management duties

- CVC Capital Partners plc, Managing Partner, Chair of CVC EU/US Investment Committee and Co-chair of CVC's Private Equity Board
- Ahlsell Group AB, Board Member

Qualifications

Extensive private equity, investment and board experience. Former Chair of STARK Group's Board of Directors and Board Member of DT Group. His qualifications include strategy and value creation; Transformation and operational alignment; Digitalisation; Risk management; Corporate sustainability; Investors and capital markets relationships.



CHRISTOFFER SJØQVIST

Registered member of the Board

Year of birth: 1976
Nationality: Danish
Gender: Male
Appointed: May 2021
Independence: Not independent due to role at CVC Capital Partners, which owns STARK Group.

Education

Graduate, London School of Economics.

Other management duties

- CVC Capital Partners plc, Partner and Head of CVC Denmark
- SGL Group Aps, Deputy Chair
- twoday Group, Deputy Chair
- Hempel A/S, Board Member
- Alvogen, Board Member
- Save the Children Denmark, Board Member

Qualifications

Extensive career in private equity. His qualifications include business growth and value creation; Corporate sustainability; Investors and capital markets relationships.



PHILIP RØPCKE

Registered member of the Board

Year of birth: 1984
Nationality: Danish
Gender: Male
Appointed: May 2021
Independence: Not independent due to role at CVC Capital Partners, which owns STARK Group.

Education

MSc in Economics and Econometrics, Aarhus University.

Other management duties

- CVC Capital Partners plc, Managing Director
- SGL Group Aps, Board Member

Qualifications

Career spans Bain & Company, Permira and CVC Capital Partners, having joined as a Director in 2019. His qualifications include B2B services; Strategy and value creation; Acquisitions and capital markets.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT



SØREN P. OLESEN

Registered member of the Board and Group CEO

Year of birth: 1967
Nationality: Danish
Gender: Male
Joined: April 2014
Appointed: October 2016
Independence: Not independent due to role as Group CEO.

Education
MA in Economics, Limburg Rijksuniversiteit and MSc in Economics, Aalborg University.

Other management duties
- Hempel A/S, Deputy Chair and member of the Audit Committee
- Industriens Arbejdsgivere i Danmark, Board Member

Qualifications
Various leading roles in building materials manufacturing, sales and distribution. Before his appointment to Group CEO, he held various roles in VELUX and was the CEO of Flügger Group A/S (2007-2013) and STARK Denmark (2014-2016).



THOMAS AHLE

Registered member of the Board and Group CFO

Year of birth: 1971
Nationality: Danish
Gender: Male
Joined: September 2024
Appointed: September 2024
Independence: Not independent due to role as Group CFO.

Education
MSc in Economics, Aarhus University and MBA in Strategic Management and Leadership, SIMI.

Other management duties
- None

Qualifications
Extensive finance leadership experience under private equity, listed and cooperative ownership across Denmark, Germany and the Netherlands. Former senior finance executive at Dantruck A/S (2008-2009), Lantmännen Unibake (2010-2014), Refresco (2014-2020) and Danish Crown (2020-2024).

EXECUTIVE COMMITTEE TEAM

STARK Group's Executive Committee brings together Business Unit CEOs, Group Management and Group Function leaders across our markets and functions. The Committee is structured around 13 roles and areas of responsibility, supporting clear ownership, accountability and coordination across the Group.

The team combines members with long tenure within STARK Group or the building materials industry with leaders who bring experience from outside the industry. Together, they contribute deep market knowledge, functional expertise and external perspectives to the continued development and transformation of STARK Group.

Søren P. Olesen
Group CEO

Thomas Ahle
Group CFO

Dr. Marc Baumgartner
CEO, STARK Deutschland

John Carter
CEO, STARK UK

Britta K. Stenholt
CEO, STARK Denmark

Geir T. Fossum
CEO, Beijer Byggmaterial

Harri Päiväniemi
CEO, STARK Finland

Kjell Paulsrud
CEO, Neumann Bygg

Jørgen Holmgaard
CEO, STARK Sourcing

Mathias Lönneker
Chief Strategy Officer

Lene K. Groth
Chief HR Officer

Laurits Anton Jørgensen
General Counsel

Kaspar Bach Habersaat
Chief Communications Officer

05 SUSTAINABILITY

- General information
- Environment
- Social
- Governance
- Appendices and additional information

This sustainability review comprises STARK Group's statutory sustainability and data ethics disclosures prepared in accordance with Sections 99a and 99d of the Danish Financial Statements Act.

STARK Group is not yet subject to the Corporate Sustainability Reporting Directive (CSRD), and this Sustainability Review has not been prepared in accordance or full alignment with the CSRD requirements. Nevertheless, it has been prepared with guidance from and reference to the revised European Sustainability Reporting Standards ((ESRS) EC Delegated Act 3 July 2026).

The sustainability review is informed by STARK Group's double materiality assessment (DMA), which forms the basis for identifying and prioritising the sustainability matters, impacts, risks and opportunities (IROs) considered most relevant to the Group and our stakeholders.



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SUSTAINABILITY SUMMARY

ESG AND SUSTAINABILITY AT STARK GROUP
As one of Europe's largest building materials distributors, we play a key role in supplying future-fit building materials while supporting the decarbonisation of the construction industry and responsible resource use. We see this both as a responsibility and a growth opportunity. Sustainability is central to our strategy, creating value by enabling lower-carbon construction and guiding customers towards future-fit choices.

We employ more than 18,000 people. Providing a safe, engaging, and inclusive workplace remains a top priority, ensuring that our colleagues can thrive in an environment based on respect and equal opportunity.

To ensure the credibility of our efforts, we benchmark our performance through independent audits, rating agencies, and the Science Based Targets initiative (SBTi). We continue to hold an EcoVadis Platinum rating, placing us in the top 1% of rated companies globally.

Since 2020, we have made significant progress on our ESG journey with the ambition to continue to raise the bar.

GENTRÆ
2020
STARK GROUP CIRCULAR PARTNERSHIP GENTRÆ

UN GLOBAL COMPACT
2020
MEMBER AND BOARD REPRESENTATION

SCIENCE BASED TARGETS
2021
NEAR- AND LONG-TERM TARGETS APPROVED

PLATINUM 2021 ecovadis Sustainability Rating
2021
PLATINUM

2022
SUSTAINABILITY AMBASSADOR PROGRAMME LAUNCHED

PLATINUM 2022 ecovadis Sustainability Rating
2022
PLATINUM

PLATINUM Top 1% ecovadis Sustainability Rating FEB 2024
2024
PLATINUM

ETISK HANDEL DANMARK
2024
ETHICAL TRADE DENMARK

2024
FIRST POWER PURCHASE AGREEMENT (PPA)

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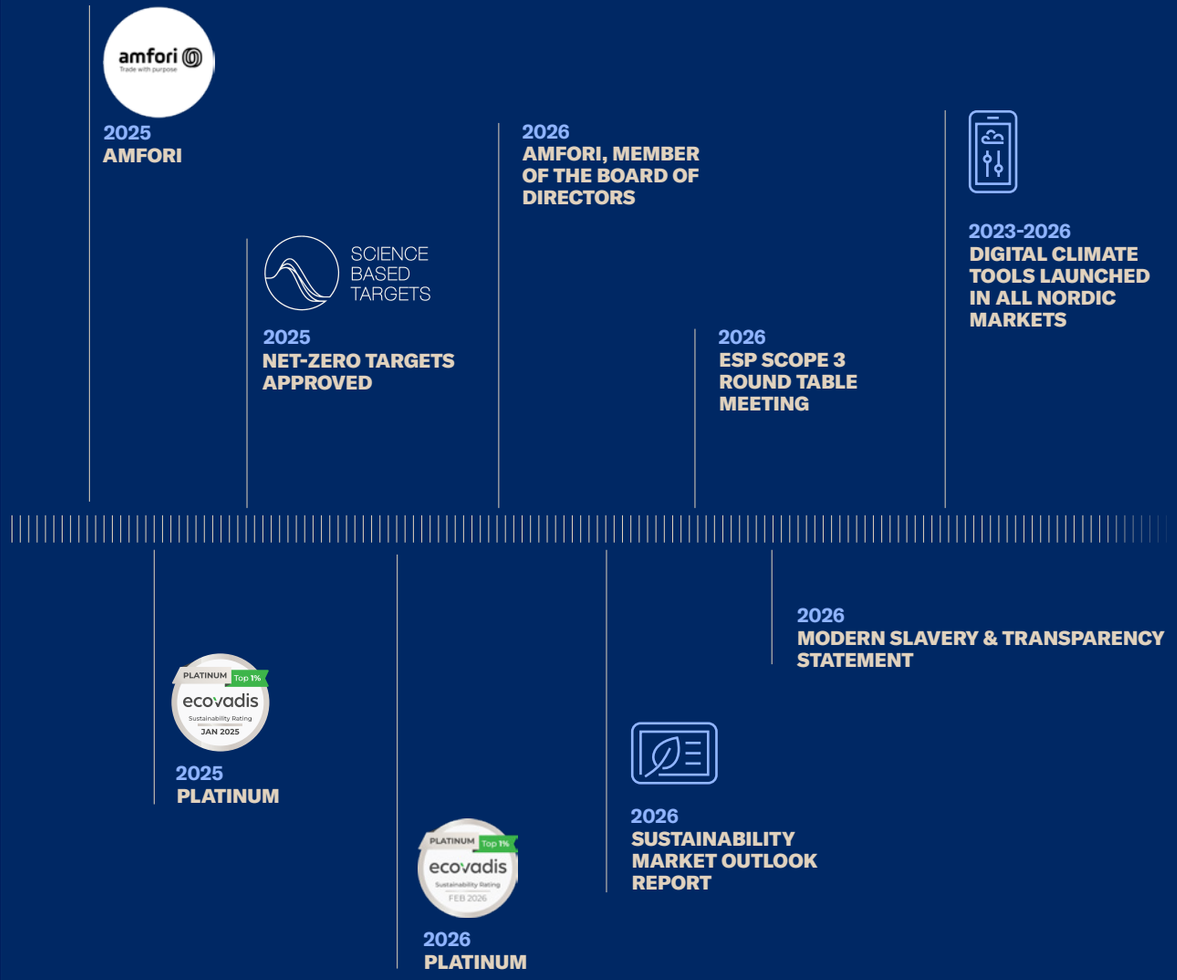

THE YEAR IN REVIEW

In 2025/26, we continued to advance our decarbonisation journey and further embed sustainability into our commercial strategy, operations, and customer offerings.

A key focus has been scaling access to product level carbon data, supporting both customer decision making and our scope 3 emissions management. Insights from the STARK Group Sustainability Market Outlook Report 2026 confirm that product carbon data is becoming a critical competitive factor as regulatory and market demands increase.

We expanded our digital climate tools with a launch in Finland, making product carbon data available across all Nordic markets. These tools provide customers with consistent access to product carbon data to support compliance and enable low carbon choices.

We strengthened value chain engagement by joining the Board of Directors of amfori and hosting sustainability roundtable events with key suppliers, focused on transparency, and emissions reduction. We also published our Modern Slavery and Transparency Statement, reinforcing our commitment to responsible business conduct.

Despite ongoing regulatory uncertainty, we continued to strengthen governance, processes, and data in preparation for CSRD alignment.

Overall, the year reflects continued progress in translating sustainability into commercial value, with a focus on product data, supplier engagement, and scalable solutions supporting the transition to a lower carbon construction sector.

EcoVadis recognition page https://recognition.ecovadis.com/OW9RE2RImEW3hERQVwzPhA

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RATINGS AND MEMBERSHIPS

SBTI
Our net-zero targets have been validated by the SBTi, reinforcing our ambition to reduce emissions and progress towards net zero

ECOVADIS
For the fifth consecutive year, STARK Group has been awarded an EcoVadis Platinum rating, placing us among the top 1% of companies assessed globally

UN GLOBAL COMPACT
Our membership of the UNGC underscores our commitment to responsible business conduct

AMFORI
Through our membership of amfori, we strengthen responsible sourcing practices and support fair, sustainable trade across our global supply chain

ETISK HANDEL DANMARK
As a member of Ethical Trade Denmark, we commit to promoting ethical trade and responsible supply chains

FSC™
As a member of FSC™, we play an active role in advancing responsible forestry and promoting sustainable sourcing globally

PEFC
Our membership of PEFC supports our commitment to responsible forestry and sustainable sourcing of wood-based products

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05 SUSTAINABILITY

GENERAL INFORMATION

- Basis of preparation
- Due diligence
- Sustainability strategy
- Double materiality assessment
- Stakeholder engagement
- Material impacts, risks, and opportunities

BASIS FOR PREPARATION

BP-1

BASIS FOR PREPARATION OF THE SUSTAINABILITY REVIEW

This review is prepared on a consolidated basis, and the reporting boundary aligns with the scope of consolidation applied in our financial statements. It presents information on our material impacts on the environment and society, as well as sustainability-related risks and opportunities that may affect our financial position, performance, and future development. The disclosures cover our full value chain including upstream and downstream activities and are based on our material IROs. No material information has been omitted on the grounds of confidentiality or sensitivity.

Selected disclosures have been subject to independent third-party limited assurance. This includes selected metrics under the revised ESRS E1-7 and E1-8 including energy consumption and mix and scope 1 and 2 emissions, as well as the metrics reported under S1-5 Characteristics of the undertaking's employees, S1-6 Characteristics of non-employees in the undertaking's own workforce, S1-7 Collective bargaining coverage, and S1-8 Diversity metrics. The assured metrics are indicated by the symbol A in the metrics tables. The remaining disclosures included in this review have not been subject to external assurance but are prepared with the same principles of transparency and accuracy.

REPORTING ERRORS IN PRIOR PERIODS

We have identified an error with a total impact of 1% of the total scope 3 emissions previously reported related to certain spend-based calculations in categories 1 and 2. The issue originated from a subset of emission factors in the EORA66 dataset, which is integrated and externally managed through our ESG reporting system. After the issue was identified, the emission factors were corrected and the revised factors were applied retrospectively to all historical data.

GOV-4

DATA INTEGRITY AND COMPLETENESS IMPROVING ACCURACY OF PRODUCT-RELATED EMISSIONS

Product-related emissions represent more than 94% of our total carbon footprint and continue to be a key focus area in our efforts to improve data quality and reporting accuracy. We therefore prioritise the collection, validation and enrichment of product-related sustainability data across our value chain.

The calculation of our product-related emissions is based on product-specific data from product or industry specific Environmental Product Declarations (EPDs) where available, supplemented by generic datasets or extrapolation across product categories where primary data is not available. Given the scale of our product portfolio counting more than 400,000 product numbers, calculations involve conversions between environmental data and commercial units as well as extrapolations within product categories. While these methodologies are necessary to achieve broad coverage, they introduce a degree of estimation uncertainty.

To improve accuracy and reduce reliance on estimates, increasing product data coverage remains a strategic priority. To support this, we have linked executive remuneration to this topic. We continue to engage suppliers to obtain more primary data by expanding EPD coverage, improve product master data and strengthen the integration of sustainability information into our systems and processes.

GROUP LEVEL CONSOLIDATION AND CONTROL

Sustainability data is generally collected at legal entity level and consolidated at Group level. Where estimates, assumptions or proxy data are used, these are based on the best available information, recognised methodologies or historical data. Data quality is tested through internal controls and validation procedures to ensure the reliability and consistency of reported information. A summary of key accounting principles is provided within the relevant thematic sections of this report.

RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

We apply a risk-based approach to sustainability reporting, with a focus on areas characterised by higher levels of uncertainty, including manual reporting processes, estimation methodologies and value chain data. Internal controls support the accuracy, completeness and consistency of sustainability information. Defined ownership, standardised methodologies and accounting principles and centralised documentation help ensure consistent reporting across the Group.

Executive Management is responsible for maintaining an effective control environment, while the Audit Committee oversees sustainability reporting and related reporting risks. Independent assurance supports the evaluation of reporting processes and contributes to the continuous improvement of data quality, methodologies and controls.

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DUE DILIGENCE

GOV 3

STATEMENT ON SUSTAINABILITY DUE DILIGENCE

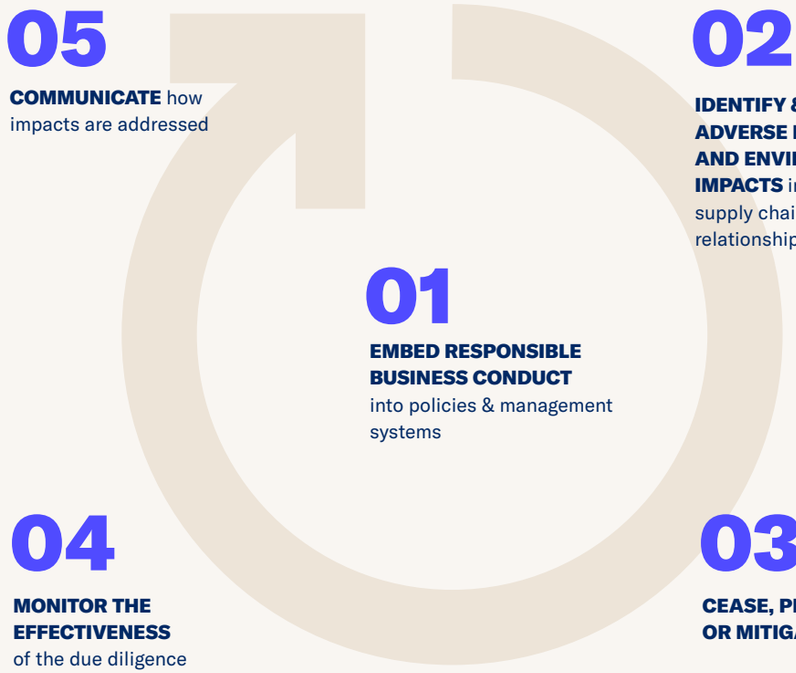
STARK Group applies a risk-based sustainability due diligence approach aligned with the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Due diligence is integrated into our governance framework and is used to identify, assess, prevent, mitigate, monitor and, where relevant, remediate adverse environmental and social impacts across the value chain. Insights from due diligence activities are incorporated into decision-making, sourcing practices, sustainability programmes and the annual review of material IROs.

Our due diligence focus on areas where we have the greatest impacts, including on responsible sourcing of timber, labour and human rights risks in our supply chain, product-related scope 3 emissions and access to sustainability documentation and product carbon data across a portfolio comprising more than 400,000 products.

STARK Group's due diligence process comprises six interconnected steps. The due diligence process is supported by Group policies and standards, including the Code of Conduct, Supplier Code of Conduct, Sustainable Sourcing Policy, Human Rights Policy and Whistleblower Policy.

Dedicated sustainability and sourcing functions, including the Sustainable Sourcing team within Group Sourcing, coordinate supplier due diligence, risk assessments and engagement activities.

OUR DUE DILIGENCE PROCESS



DUE DILIGENCE

Due diligence activities include stakeholder engagement, country and category-based risk assessments, supplier questionnaires, audits, grievance mechanisms and ongoing monitoring of supplier performance. Where adverse impacts or elevated risks are identified, we seek to prevent, mitigate or remediate impacts through supplier engagement, corrective action plans and, where appropriate, escalation measures.

Concerns relating to actual or potential adverse impacts may be raised through grievance mechanisms, including our Speak Up! whistleblower system, which supports investigation, corrective action and, where appropriate, remediation.

The outcomes of our due diligence process are used to continuously strengthen management processes and performance across material sustainability topics. The table below provides an overview of the core elements of our sustainability due diligence framework and indicates where these elements are addressed throughout this Sustainability Review.

Core elements of environmental and social due diligence	Sustainability Review reference	Page
a) Embedding due diligence in governance, strategy and business model	• Business Conduct • Double materiality assessment • Environmental topics • Social topics	124-129, 131-135 67-74 76-99 101-122
b) Engaging with affected stakeholders in key steps of due diligence	• Double materiality assessment • Environmental topics • Social topics	68 80, 91, 96 102-103, 113-114, 118-120
c) Identifying and assessing adverse impacts	• Double materiality assessment • Environmental topics • Social topics	67-69 76-77, 80, 89-90, 95 101, 113-114, 118-119
d) Taking actions to address those adverse impacts	• Environmental topics • Social topics	80-81, 90-92, 96-67 102-104, 114-115, 121
e) Tracking effectiveness of these efforts and communicating	• Environmental topics • Social topics	81–85, 92–93, 97-98 104–110, 115–116, 121
f) Providing for or cooperating in remediation where appropriate	• Environmental topics • Social topics • Business Conduct	80, 90, 96 102, 114, 120 125

READ OUR MODERN SLAVERY & TRANSPARENCY STATEMENT

Further information on STARK Group's approach to human rights, labour rights and responsible sourcing, including actions taken to prevent modern slavery and human trafficking in the value chain, is provided in the Modern Slavery & Transparency Statement.



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SUSTAINABILITY STRATEGY

SBM-1

STRATEGY, BUSINESS MODEL AND VALUE CHAIN

As a distributor of building materials, STARK Group occupies a central position in the construction value chain between upstream suppliers and downstream customers. Upstream activities include the sourcing, transportation and handling of building materials from a diverse supplier base, while downstream activities comprise the distribution of products, provision of services, and support to customers throughout construction, renovation, maintenance and demolition processes. This position enables STARK Group to influence sustainability outcomes both through responsible sourcing practices and by helping customers make informed and sustainable purchasing decisions.

Our key product categories include timber and wood products, insulation materials, roofing and bricks, tools and workwear, as well as a growing range of low-carbon, circular, eco-labelled and energy-efficient products. In addition, we provide advisory services, digital solutions and sustainability documentation to support customers in meeting evolving regulatory and market requirements.

We primarily serve professional construction markets across Europe. Our main customer groups include small and medium-sized builders, specialist trades, large construction companies, developers and public-sector customers. Sustainability trends, increasing regulatory requirements and growing demand for transparent product information continue to shape market expectations and create opportunities for STARK Group to support customers in the transition towards lower-carbon and more resource-efficient construction. Read more about our business model on p. 19.

COMMERCIALISING SUSTAINABILITY TO CREATE CUSTOMER VALUE

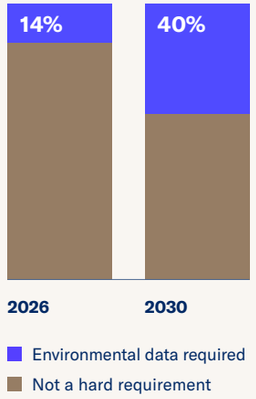
Sustainability is embedded in our business model and commercial strategy, shaping how we support our customers and create long-term value across the construction value chain.

Our sustainability strategy is built around commercialising sustainability, supported by our ESG-guided ambition, responsible operations, and trusted disclosure and transparency. Together, these elements reinforce our customer promise and support our ambition to be the best partner for sustainable building to support our customers in the transition to a net-zero future.

2026 MARKET INSIGHTS VALIDATE OUR STRATEGY

Findings from our Sustainability Market Outlook Report 2026 have been used to validate and refine our sustainability priorities, ensuring that our strategy remains aligned with market developments and supports our ambition to be the best partner for sustainable building.

Projects requiring environmental documentation will grow to ~40% by 2030



The report highlights a clear market shift towards greater transparency, environmental documentation, carbon performance, and circularity. As sustainability requirements become increasingly embedded in regulations, procurement processes, and project financing, demand for verified sustainability information and lower-impact products continues to grow.

For example, the share of building material sales linked to projects requiring environmental documentation is estimated to increase from approximately 14% in 2026 to 40% by 2030. At the same time, customers increasingly look to their builders' merchant for guidance in navigating evolving sustainability requirements. These findings reinforce our strategic focus on future-fit products and services, leading advice and guidance, and simplified documentation and compliance.



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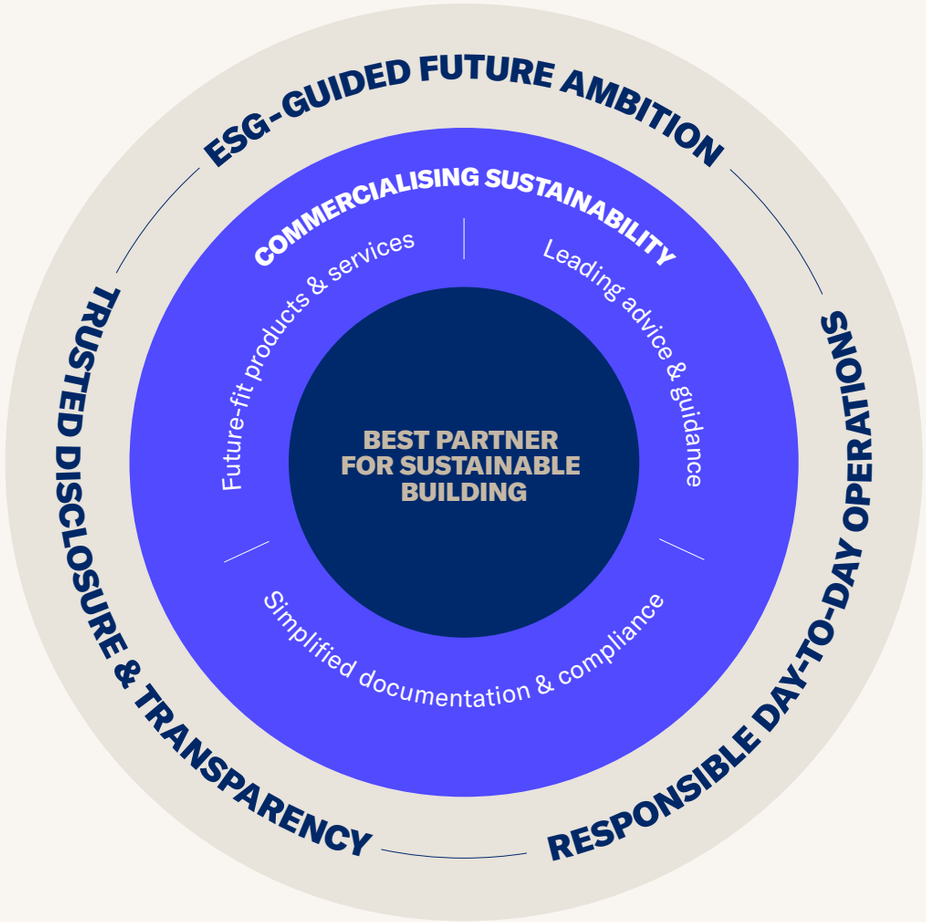
SUSTAINABILITY STRATEGY

COMMERCIALISING SUSTAINABILITY
At the core of our strategy is the integration of sustainability into our commercial offering. We combine products, data, and advisory into a coherent solution that enables customers to make informed decisions and meet regulatory requirements efficiently.

Future-fit products & services
We provide a market-leading range of future-fit, low-carbon, eco-labelled, circular, and energy-efficient products, supported by services that enable low-emission and circular construction practices.

Leading advice & guidance
We combine local presence with specialist expertise, providing advisory services that help customers navigate regulatory requirements, select the right materials, and implement sustainable building practices.

Simplified documentation & compliance
We enable efficient and accessible sustainability documentation through digital solutions, integrating product-level carbon data and compliance requirements directly into customer workflows.



ESG-guided future ambition
We are a signatory to the UN Global Compact and have set science-based net-zero targets validated by the SBTi. These commitments ensure that our approach is grounded in recognised standards, providing a clear and credible framework for how we support our customers in meeting evolving sustainability requirements and expectations.

Responsible day-to-day operations
We take responsibility for how we operate across our own operations and the value chain. This includes reducing emissions from logistics and operations, ensuring a safe and inclusive workspace and a competent workforce, and strengthening supply chain engagement and responsible sourcing. These efforts help ensure that our supply chain and operations meet regulatory and ethical standards, while supporting customers in delivering projects with confidence.

Trusted disclosure & transparency
Transparency is key to building trust. We provide sustainability disclosures aligned with leading standards, ensuring that customers, investors, and partners can rely on our data and documentation. As sustainability becomes increasingly linked to access to capital and project opportunities, transparent and comparable data is critical. Our EcoVadis Platinum rating for the fifth consecutive year reflects our continued focus on robust governance, reliable data, and consistent performance.

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EMPOWERING CUSTOMERS THROUGH PRODUCTS, DATA AND ADVISORY

WE MAKE HARD WORK EASY

Sustainability requirements are becoming a condition for market access across the construction sector. Increasing requirements for environmental documentation, carbon performance and circularity create growing complexity for customers.

Positioned between suppliers and customers, we help translate these requirements into practical solutions through future-fit products, trusted product information and advisory services. This approach supports informed decision-making, regulatory compliance and more sustainable construction outcomes.

Further information on customer-related impacts, actions and performance is provided in S4 Consumers and end-users.

WE MAKE HARD WORK EASY

01 MARKET DEVELOPMENTS

SUSTAINABILITY AS A PREREQUISITE
Sustainability is becoming a prerequisite for market access, driven by regulation, financing requirements, and customer expectations.

Regulations – Stricter requirements and reporting.

Finance – Access to capital increasingly linked to sustainability performance.

Customer demand – Rising expectations across the value chain.

02 CUSTOMER IMPACT

INCREASING COMPLEXITY FOR CUSTOMERS

Complex compliance and documentation requirements.

Growing need for transparent and comparable data.

Pressure to differentiate in a changing market.

03 OUR ROLE

COMMERCIALISING SUSTAINABILITY
Integrating products, data, and advisory into the offering.

Future-fit products & services.

Leading advice & guidance.

Simplified documentation & compliance.

04 OUR VALUE

BEST PARTNER FOR SUSTAINABLE BUILDING
We enable our customers to navigate complexity, meet regulatory requirements, and capture the opportunities of sustainable construction.

Reduced time spent on documentation and compliance.

Data-driven and informed procurement decisions.

Stronger competitive positioning in a changing market.

DRIVING MARKET TRANSFORMATION

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DOUBLE MATERIALITY ASSESSMENT

IRO-1

OUR DOUBLE MATERIALITY ASSESSMENT

Our DMA covers the full scope of our activities from sourcing to operations and markets, and forms the basis of our sustainability reporting. To ensure accountability and consistency, the assessment is embedded within our enterprise risk management system. Material topics are reassessed annually to reflect changes in business activities, acquisitions and the regulatory landscape. The assessment has been conducted with guidance from the provisions of the revised ESRS and refines previous years' processes and outcomes.

HOW WE IDENTIFY MATERIAL IROS

The identification of IROs is informed by internal subject-matter experts across relevant functions, ensuring coverage of both our own operations and our upstream and downstream business relationships. This is supplemented by input from senior management and external perspectives, including industry bodies, regulatory developments and stakeholder expectations.

Sustainability matters are assessed considering both impact materiality and financial materiality over the short-, medium- and long-term. Assessments are based on an ESRS-aligned scoring framework with financial thresholds developed in collaboration with Group Finance to ensure consistency with our risk management approach and risk appetite.

Impact materiality reflects our actual and potential impacts on the environment and society. Actual impacts are assessed based on scale, scope and, where relevant, irremediable character, while potential impacts have also been considered based on likelihood. The assessment considers our existing controls, prevention, mitigation and remediation measures, as well as remaining residual impacts. Attention has been given to areas where the potential risk of severe negative impacts is elevated due to the nature of the activity or the place in the value chain.

Financial materiality captures sustainability-related risks and opportunities that may affect our financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium- and long-term. Assessments consider both the likelihood and magnitude of potential financial effects.

The process is coordinated by Group Sustainability, while subject-matter experts and policy owners are responsible for underlying assessments. Results are reviewed and approved by the Executive Committee and are used to inform our sustainability strategy, risk management and external reporting.

OUR ANNUAL DMA PROCESS

01

ANNUAL ASSESSMENT OF IROS

Subject-matter experts review IROs, incorporating stakeholder input and assessing completeness.

02

POLICY REVIEW

Group policies are reviewed to ensure all material IROs are appropriately addressed.

03

CONSOLIDATION OF RESULTS

Assessment results are consolidated and the DMA is updated to reflect changes and emerging topics.

04

MANAGEMENT APPROVAL

Results are reviewed, challenged and approved by management.

05

ANNUAL REPORTING

Approved results form the basis of sustainability reporting and related disclosures.

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STAKEHOLDER ENGAGEMENT

SBM-2

INTERESTS AND VIEWS OF STAKEHOLDERS

As a distributor positioned between suppliers and customers in the construction value chain, stakeholder perspectives help us understand and prioritise sustainability-related IROs. Input from stakeholders supports our annual DMA, risk management activities and strategic planning processes.

During 2025/26, engagement included more than 37 customer sustainability events, the annual TellUs! employee survey with 84% participation, engagement with strategic suppliers representing 15% of procurement spend, investor ESG questionnaires and dialogue with industry associations on topics including product carbon data, EU Deforestation Regulation (EUDR) and construction decarbonisation. Feedback highlighted increasing demand for environmental documentation, carbon transparency, responsible sourcing and practical support in navigating sustainability requirements. These insights informed updates to our DMA and the continued development of our Commercialising Sustainability strategy.

INTEGRATION INTO GOVERNANCE AND DECISION-MAKING

Stakeholder interests and views are regularly considered by the Executive Committee, Board of Directors and relevant management functions through reporting from business functions and the outcomes of the DMA and enterprise risk management processes. These inputs inform strategy, business planning, policy development and the assessment of emerging risks and opportunities, helping align sustainability priorities with stakeholder expectations and market developments.

EMPLOYEES

Engagement channels
Engagement through annual engagement survey, cross-functional collaboration and employee representation bodies.

Incorporation
Employee input informs health and safety initiatives, and talent and people-related policies and is incorporated into the Group's DMA and risk identification.

CUSTOMERS

Engagement channels
Daily interactions through sales staff, customer surveys and events, sustainability dialogues and project collaboration.

Incorporation
Customer input shapes the product offering, and the development of solutions that support customers in meeting regulatory and sustainability requirements. Customer input also informs our dialogue with our suppliers with regard to the development of low-carbon and documented products (e.g. EPDs).

SUPPLIERS

Engagement channels
Ongoing dialogue through sourcing teams, supplier meetings, audits and participation in the European Supplier Programme.

Incorporation
Supplier input informs responsible sourcing practices, supplier requirements and collaboration on emissions reductions and product transparency. It also supports supply chain risk assessments.

OWNERS AND INVESTORS

Engagement channels
Regular engagement through board meetings, investor calls, ESG questionnaires and reporting.

Incorporation
Investor input is integrated into the Group's strategic direction, ESG targets, performance tracking, and disclosure practices.

AUTHORITIES

Engagement channels
Engagement through industry associations, regulatory consultations and compliance dialogue.

Incorporation
Input informs compliance processes, anticipation of regulatory developments and integration of regulatory requirements into strategy and operations.

MULTI-STAKEHOLDER INITIATIVES

Engagement channels
Collaboration through industry partnerships, NGOs, certification schemes (e.g. FSC™, PEFC) and sustainability initiatives.

Incorporation
Our partnerships support our sourcing and audit practices, validation of sustainability initiatives and alignment with best practices across topics such as sustainable sourcing and climate action.

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MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

IRO-2

DMA OVERVIEW

The DMA identifies the sustainability matters that are most significant to STARK Group and our stakeholders. The results provide an indication of where our activities have the greatest impact on people and the environment, and where sustainability-related matters may most significantly influence our business performance and long-term resilience.

As illustrated in the table, Climate change (E1), Own workforce (S1), Consumers and end-users (S4), and Business conduct (G1) have been identified as material from both an impact and a financial perspective. These topics represent areas where our impacts on people and the environment intersect with sustainability-related risks and opportunities for the business.

In addition, Biodiversity and ecosystems (E4) and Workers in the value chain (S2) have been assessed as impact material, reflecting areas where we may have significant actual or potential impacts through our operations and value chain. Resource use and circular economy (E5) is assessed as financially material, reflecting its relevance to our operational efficiency, resource availability and long-term value creation.

The material IROs identified through our DMA inform our six strategic sustainability themes, linking the outcomes of our DMA to our strategy and business model. This ensures that material sustainability matters are translated into concrete priorities, actions and targets

	Material IROs	Type	Value chain	Time horizon
Double material	**E1 Climate change**			
	Future-fit products	O	Upstream, Operations	<1 year, 1-5 years
	Supply chain resilience	R	Upstream	>5 years
	Advisory services and expert guidance	O	Upstream, Operations	<1 year, 1-5 years
	Product carbon data availability	R	Upstream, Operations	<1 year, 1-5 years
	Product embodied carbon	I	Upstream	<1 year, 1-5 years
	Structural barriers to the sustainability transition in construction	R	Upstream, Operations	>5 years
	Operational emissions	R	Upstream, Operations	<1 year, 1-5 years
	Robust climate reporting	O	Upstream, Operations, Downstream	<1 year, 1-5 years
	S1 Own workforce			
	Working conditions, social dialogue and protection of workers	R	Upstream, Operations	<1 year, 1-5 years
	Health and safety of own workforce	I R	Upstream, Operations	<1 year, 1-5 years
	GDPR-compliance and personal data protection	R	Upstream, Operations	<1 year, 1-5 years
	S4 Consumers and end-users			
	Exposure to hazardous substances	I	Downstream	<1 year, 1-5 years
	Advisory services and expert guidance	O	Upstream, Operations	<1 year, 1-5 years
	Reducing complexity for tradespeople	P	Downstream	<1 year, 1-5 years
	Product and equipment safety	I R	Upstream, Operations, Downstream	<1 year, 1-5 years
	Misleading sustainability claims and greenwashing risks	R	Upstream, Operations, Downstream	<1 year, 1-5 years
	Product data and information	O	Upstream, Operations, Downstream	>5 years
	Limited product data and transparency	R	Upstream, Operations, Downstream	>5 years
	Poor sourcing transparency	R	Upstream	>5 years
	Health and safety of customers and contractors on site	I R	Upstream, Operations	<1 year, 1-5 years
	GDPR-compliance and personal data protection	R	Operations, Downstream	<1 year, 1-5 years

	Material IROs	Type	Value chain	Time horizon
Double material	**G1 Business conduct**			
	Anti-competitive behavior, fraud, bribery and corruption	R	Upstream, Operations	<1 year, 1-5 years
	Whistleblower protection	R	Upstream, Operations	<1 year, 1-5 years
	GDPR-compliance and personal data protection	R	Upstream, Operations	<1 year, 1-5 years
	Trusted sustainability reporting and governance	O	Upstream, Operations, Downstream	<1 year, 1-5 years
Financially material	**E5 Resource use and circular economy**			
	Growing demand for circular products and services	O	Downstream	1-5 years, >5 years
	Limited availability of cost-viable circular products and recycled materials	R	Upstream	<1 year, 1-5 years
	Demand for circularity data and transparency	O	Upstream, Operations, Downstream	>5 years
	Waste generation in the construction industry	I	Upstream, Operations, Downstream	1-5 years, >5 years
	Waste and breakage	R	Upstream, Operations	<1 year, 1-5 years
Impact material	**E4 Biodiversity and ecosystems**			
	Risk of loss of FSC™ and PEFC certifications	R	Upstream, Operations	<1 year, 1-5 years
	Supply chain resilience	R	Upstream, Operations	>5 years
	Pressures on nature and biodiversity	I	Upstream	<1 year, 1-5 years
	S2 Workers in the value chain			
	Supplier engagement	O	Upstream	1-5 years, >5 years
	Insufficient supplier transparency and due diligence	R	Upstream	1-5 years, >5 years
	Working conditions and human rights in the supply chain	I R	Upstream	1-5 years, >5 years
	Health and safety in the supply chain	I R	Upstream	1-5 years, >5 years

Type I Impact, negative · P Impact, positive · R Risk · O Opportunity

Value chain Upstream · Operations · Downstream

Time horizon <1 year · 1-5 years · >5 years

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

that support value creation, risk management and our long-term competitiveness.

SBM-3

HOW OUR IRO'S SUPPORT OUR STRATEGY

Our DMA confirms that STARK Group's most significant sustainability matters are concentrated where our business model has the greatest leverage - the building materials we source and distribute, our ability to influence the supplier base, the product data and documentation we provide, and the advice and guidance we offer our customers.

IRO-2

INTERSECTIONS WITH OUR STRATEGIC SUSTAINABILITY THEMES

The findings of our materiality assessment are reflected in six strategic sustainability themes that show how sustainability intersects with value creation, risk management and long-term competitiveness.

These themes recognise that that sustainability is increasingly shaping the building materials market. Regulatory requirements, customer expectations and supply chain dynamics are driving a transition where environmental and social performance becomes a condition for market access. In this context, our role in the value chain positions us not only as a distributor of materials, but as an enabler of compliance, transparency and more sustainable construction practices.

The table provides an overview of our material IROs. The table on p. 69 illustrates how the findings of our DMA are embedded in our strategic sustainability themes highlighting where IROs arise across the value chain and how they are translated into concrete actions and priorities. More detailed information on the individual impacts, risks and opportunities is available in the relevant thematic sections of this sustainability review.

Find strategic themes on the following pages

OUR STRATEGIC SUSTAINABILITY THEMES

We link the results of our DMA to our sustainability strategy to ensure that material matters are embedded in our decision-making. This figure illustrates how the material ESRS topics contribute to our six strategic sustainability themes, helping us translate these priorities into concrete actions and initiatives across the business.

Future-fit products and services
E1 Climate change
E4 Biodiversity and ecosystem
E5 Resource use and circular economy
S4 Consumers and end-users

Leading advice and guidance
E1 Climate change
S2 Workers in the value chain
S4 Consumers and end-users

Simplified documentation and compliance
E1 Climate change
E5 Resource use and circular economy
S4 Consumers and end-users

ESG-guided future ambition
E1 Climate change
E4 Biodiversity and ecosystems
E5 Resource use and circular economy

Responsible day-to-day operations
E1 Climate change
E5 Resource use and circular economy
S1 Own workforce
S2 Workers in the value chain
S4 Consumers and end-users
G1 Business conduct

Trusted disclosure and transparency
E1 Climate change
G1 Business conduct

Our six strategic sustainability themes translate material impacts, risks and opportunities into business priorities and actions. Read more on p. 65.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

LINKING MATERIAL IROS TO OUR STRATEGIC PRIORITIES

Strategic theme	Relevance	IROs	Actions and priorities	KPIs	Read more
Future-fit products and services 	Sustainability is increasingly embedded in the products customers buy and specify for their projects. The transition towards lower-carbon, responsibly sourced and safe building materials creates both commercial opportunities and supply-related challenges. These matters influence product assortments, supplier relationships, customer demand and STARK Group's ability to capture growth opportunities associated with the transition to a more sustainable built environment.	E1 Future-fit products (O) E1/E4 Supply chain resilience (R) E4 Risk of loss of FSC™ and PEFC certifications (R) E5 Growing demand for circular products and services (O) E5 Limited availability of cost-viable circular products and recycled materials (R) S4 Exposure to hazardous substances (I)	• Expand low-carbon and certified product assortment • Increase EPD and LCA data availability in PIM • Supplier engagement and requirements (e.g. certifications, data sharing) • Category strategies integrating sustainability criteria	• % of sales with EPD / carbon data • % certified / responsible sourcing (e.g. FSC™ and PEFC)	p. 121 p. 93
Leading advice and guidance 	Growing sustainability requirements, documentation needs and regulatory complexity increase customer demand for trusted guidance and practical support. These matters are relevant because they position STARK Group as a value-adding partner that helps customers and suppliers understand requirements, make informed decisions and navigate the sustainability transition, while reducing risks associated with inadequate advice, misinformation and greenwashing.	E1/S4 Advisory services and expert guidance (O) S2 Supplier engagement (O) S4 Reducing complexity for tradespeople (pos. I) S4 Product and equipment safety (I/R) S4 Misleading sustainability claims and greenwashing risk (R)	• Develop advisory capabilities (tools, training, sustainability specialists) • Customer engagement on regulations, taxonomy and documentation • Supplier engagement on regulations, and documentation • Integration of digital tools (e.g. climate tools, calculators)	• Digital climate tool launched in markets • Number of sustainability events held • % of colleagues trained in sustainability • Number of sustainability ambassadors	p. 121
Simplified documentation and compliance 	Access to reliable sustainability, sourcing and product information is becoming a market requirement. These matters are relevant because the ability to collect, manage and provide transparent documentation supports customer compliance, enables informed purchasing decisions and strengthens STARK Group's competitive position in increasingly data-driven markets.	E1 Product carbon data availability (R) E5 Demand for circularity data and transparency (O) S4 Product data and information (O) S4 Limited product data and transparency (R) S4 Poor sourcing transparency (R)	• Build and maintain scalable product data infrastructure (PIM, ESG systems) • Standardise documentation (EPDs, DoP, certifications) • Strengthen supplier data collection processes	• % products with complete product carbon data • Supplier due diligence metrics	p. 121 p. 116



Our six strategic sustainability themes translate material impacts, risks and opportunities into business priorities and actions. Read more on p. 65.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

LINKING MATERIAL IROS TO OUR STRATEGIC PRIORITIES

Strategic theme	Relevance	IROs	Actions and priorities	KPIs	Read more
ESG-guided future ambition	Long-term environmental and market trends are reshaping the construction sector and influencing customer expectations, regulatory requirements and business models. These matters are relevant because they inform STARK Group's strategic direction, transition planning and investment decisions, helping to support long-term resilience and competitiveness while supporting the transition to a lower-carbon and more resource-efficient built environment.	E1 Product embodied carbon (I) E1 Structural barriers to sustainability transition in construction (R) E4 Pressures on nature and biodiversity (I) E5 Waste generation in the construction industry (I)	• Integration of ESG into strategy, governance and incentives • SBTi net-zero target implementation and transition planning • Alignment with frameworks (UN Global Compact, amfori and preparation for upcoming CSRD requirements) • Scenario analysis and market outlook integration	• Scope 1–3 emissions and reduction targets • Progress towards SBTi trajectory • ESG-linked incentive KPIs	p. 84
Responsible day-to-day operations	Responsible management of environmental impacts, workforce conditions, human rights, health and safety, business conduct and data protection is fundamental to maintaining resilient and compliant operations. These matters reflect where sustainability and compliance risks arise in daily operations and across the value chain, requiring robust management and due diligence to support business continuity, workforce wellbeing, customer and contractor safety, regulatory compliance and stakeholder trust.	E1 Operational emissions (R) E5 Waste and breakage (R) S1 Health and safety of own workforce (I/R) S1 Working conditions, social dialogue and protection of workers (R) S1/S4/G1 GDPR compliance and personal data protection (R) S2 Insufficient supplier transparency and due diligence (R) S2 Working conditions and human rights in the supply chain (I/R) S2 Health and safety in the supply chain (I/R) S4 Health and safety of customers and contractors on site (I/R) G1 Anti-competitive behaviour, fraud, bribery and corruption (R) G1 Whistleblower protection (R)	• HSE programmes and safety culture initiatives • Energy efficiency and reduction initiatives • Waste reduction and circular initiatives • Policies and training (Code of Conduct, anti-corruption, GDPR) • Whistleblower systems and follow-up processes	• Accidents and lost workday rates • Waste and recycling rates • Training completion rates • Reported incidents (ethics/ compliance)	p. 110 p. 98 p. 109

Our six strategic sustainability themes translate material impacts, risks and opportunities into business priorities and actions. Read more on p. 65.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

LINKING MATERIAL IROS TO OUR STRATEGIC PRIORITIES

Strategic theme	Relevance	IROs	Actions and priorities	KPIs	Read more
Trusted disclosure and transparency	Increasing expectations from customers, investors and regulators place greater emphasis on trust and transparency. These matters are relevant because robust governance, reliable data and credible disclosures help maintain trust, support decision-making and demonstrate sustainability performance to stakeholders.	E1 Robust climate reporting (O) G1 Trusted sustainability reporting and governance (O)	• Preparation for CSRD-aligned reporting and governance • ESG data systems and internal controls • External ratings and assurance (EcoVadis, audit) • Continuous improvement of data quality and coverage	• ESG data coverage • External ratings (e.g. EcoVadis) • Assurance outcomes / findings	p. 121 p. 59 pp. 186-187

Our six strategic sustainability themes translate material impacts, risks and opportunities into business priorities and actions. Read more on p. 65.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

SBM-3

SUSTAINABILITY AS A VALUE DRIVER

Sustainability considerations increasingly influence our financial performance by shaping revenue growth, capital allocation and risk exposure. As regulatory requirements, customer expectations and market standards evolve, our ability to provide low-carbon products, reliable documentation and responsible sourcing becomes a key driver of commercial relevance and competitive positioning.

At the same time, transitioning the business involves financial risks and opportunities, including investments required to enable low-carbon solutions, potential cost impacts across the value chain and the pace of customer adoption. The table outlines how relevant IROs are linked to key financial value drivers and their potential financial effects.

Financial value driver	Relevant IROs	Anticipated financial effect short-term	Anticipated financial effect long-term
Revenue growth	• Future-fit products • Advisory services and expert guidance • Product data and information • Growing demand for circular products and services	Increased demand in selected markets and segments for compliant, lower-carbon and documented products. Uneven uptake across geographies and risk of delayed revenue realisation from early investments. Risk of lost tenders or sales where product carbon data is not available.	Revenue growth driven by regulatory requirements and customer procurement criteria, with sustainability becoming a condition for market access. Improved revenue capture as digital tools and product data enable customer decision-making and simplified compliance.
Gross margin	• Future-fit products • Demand for circularity data and transparency • Supplier engagement	Margin opportunity from differentiated sustainable products. Risk from supplier cost increases.	Margin expansion potential from differentiated sustainable assortment, own brands, and preferred supplier positioning. Risk of commoditisation if transparency becomes standard.
Operating costs	• Operational emissions • Waste and breakage • Health and safety of own workforce	Increased costs from energy price volatility, fleet transition (electrification), and waste handling requirements.	Cost stabilisation and efficiency gains from electrification, logistics optimisation, and reduced waste. Increased compliance and reporting costs.
Capex	• Product carbon data availability • Operational emissions • Trusted sustainability reporting and governance	Higher investment requirements for fleet transition, site upgrades and development of digital product and carbon data capabilities.	Improved operational efficiency, scalability of digital tools, and strengthened competitive positioning. Risk of stranded or underutilised assets if market uptake is slower than expected.
Asset resilience	• Robust climate reporting • Supply chain resilience	Increased insurance costs, maintenance and adaptation spend in exposed locations.	Reduced business interruption risk and asset value protection through adaptation measures. Lower exposure to extreme weather events.
Financing / Cost of capital	• Robust climate reporting • Trusted sustainability reporting and governance	Continued linkage of financing terms to ESG KPIs and transparency.	Improved access to capital and potentially lower cost of financing driven by strong ESG performance, credible targets, and transparent disclosures.
Reputation and customer retention	• Reducing complexity for tradespeople • Product and equipment safety • Misleading sustainability claims and greenwashing risks • Supply chain resilience • Working conditions and human rights in the supply chain	Increased customer requirements for documentation and responsible sourcing. Risk of losing tenders without sufficient due diligence.	Strengthened customer loyalty and preferred partner status as sustainability becomes embedded in procurement criteria. Reputational risk in case of non-compliance or incidents.

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05 SUSTAINABILITY

ENVIRONMENT

- E1 Climate change
- E4 Biodiversity and ecosystems
- E5 Resource use and circular economy

E1 CLIMATE CHANGE

DECARBONISING THE BUILT ENVIRONMENT

Climate change is significantly influencing the construction sector and STARK Group's operating environment. The built environment accounts for approximately one-third of global GHG emissions, making decarbonisation both a sustainability imperative and a commercial opportunity. STARK Group's most significant climate-related impact is the embodied carbon associated with the products we distribute, which accounted for approximately 94% of total emissions in 2025/26. This drives our focus on supplier engagement, lower-carbon product alternatives and increased product carbon transparency.



IROs

ESRS	Strategic theme	IRO	Type	Value chain	Time horizon
E1 Climate change	**Future-fit products and services**	**Future-fit products:** Demand for low-carbon, energy-efficient, climate-resilient and documented products is increasing. Expanding the right product assortment enables STARK Group to support customers and capture growth in evolving construction markets.	O	■■	■■■
		Supply chain resilience: Physical climate hazards affecting suppliers, manufacturing and transport infrastructure may disrupt the availability and flow of building materials. More frequent and severe weather events can lead to supply shortages, delivery delays and higher procurement costs, affecting customer service and business continuity.	R (physical)	■	■■
	Leading advice and guidance	**Advisory services and expert guidance:** Increasing requirements for LCAs, carbon documentation and certification schemes create demand for guidance. Supporting customers with compliance and product selection strengthens customer relationships and commercial relevance.	O	■■	■■■
	Simplified documentation and compliance	**Product carbon data availability:** Insufficient or delayed data may limit STARK Group's ability to provide customers with the information needed for informed purchasing decisions and compliance with project requirements, potentially reducing the competitiveness and market access of affected products, particularly within the own-brand assortment.	R (transitional)	■■■	■■■

Table continues on the next page

Type	I Impact, negative	R Risk	O Opportunity
Value chain	■ Upstream	■ Operations	■ Downstream
Time horizon	■ <1 year	■ 1-5 years	■ >5 years

E1 CLIMATE CHANGE



IROs (CONTINUED)

ESRS	Strategic theme	IRO	Type	Value chain	Time horizon
E1 Climate change	**ESG-guided future ambition**	**Product-embodied carbon:** Product-embodied carbon is STARK Group's most significant climate-related impact, driven by the production, use and disposal of building materials such as cement, steel and insulation. Reducing these emissions depends on product choices, supplier practices and improved carbon transparency.	I (actual)		
		Structural barriers to the sustainability transition in construction: Inconsistent standards, varying market maturity and concerns about performance can slow adoption of low-carbon and circular solutions. This may delay market development and increase implementation costs and complexity.	R (transitional)		
	Responsible day-to-day operations	**Operational emissions:** High operational emissions create cost exposure through energy consumption, fuel use and ESG-linked commitments. Improving efficiency supports cost savings, emissions reductions and progress towards climate targets.	R (transitional)		
	Trusted disclosure and transparency	**Robust climate reporting:** Transparent sustainability information creates an opportunity to differentiate STARK Group through high-quality climate disclosures, recognised ratings and alignment with leading reporting frameworks. This supports investor confidence, access to capital and stakeholder trust.	O		

Type	I Impact, negative	R Risk	O Opportunity
Value chain	Upstream	Operations	Downstream
Time horizon	<1 year	1-5 years	>5 years

POLICIES AND APPROACH

E1-1

CLIMATE TRANSITION PLAN

We have established a climate transition plan to support the implementation of our science-based net-zero targets and to align our strategy and business model with the transition to a lower-carbon economy. Our net-zero and near-term targets have been validated by the SBTi and support a pathway aligned with limiting global warming to 1.5°C.

Progress towards our transition plan is monitored by our Executive Committee through relevant climate-related targets and progress reports. The plan informs business planning, transformation initiatives and investment decisions across operations, product data, supplier engagement and customer-facing solutions.

The transition plan is built around a set of core decarbonisation levers as shown in our climate transition plan. This includes reducing emissions from our own operations through energy efficiency improvements, renewable electricity, electrification of forklifts, company cars and selected logistics activities, as well as the gradual reduction of fossil fuel use in branches and distribution operations.

We also work to reduce value-chain emissions by expanding lower-carbon product alternatives, improving product transparency and strengthening supplier engagement.

Additionally, we support market adoption of lower-carbon construction through product transparency, customer access to verified climate data and increased availability of lower-carbon product alternatives.

Most of our emissions arise outside our own operations and are linked to the products we distribute. Achieving our climate targets therefore depends on supplier decarbonisation, product carbon transparency and continued customer demand for lower-carbon solutions. Slower progress by suppliers may result in locked-in value chain emissions and delay progress towards our climate targets. We address this risk through supplier engagement, product carbon data and the expansion of lower-carbon product alternatives.

Key investment areas include renewable electricity procurement, electrification of transport and material handling equipment, energy efficiency improvements, digital product data infrastructure and supplier engagement programmes. Annual climate-related investment expenditure amounted to 6 mEUR in 2025/26.

Further investments are budgeted within relevant business plans and transformation initiatives. We also benefit from an ESG-linked loan structure, where interest savings linked to progress towards carbon reduction targets have been earmarked for sustainability initiatives. In addition, internal work is ongoing to strengthen the tracking of sustainability investments, estimated carbon reductions and abatement costs to support prioritisation and auditability of climate-related action plans.

Progress is monitored through emissions performance, energy use, renewable electricity, product carbon data coverage, supplier engagement and the rollout of customer-facing climate tools. Please refer to our targets and performance section for further details (pp. 81-85).

We do not currently use carbon credits or offsets to achieve our science-based emission reduction targets. We prioritise reducing avoidable emissions across our own operations and value chain and expect any future residual emissions to be addressed through credible, third-party verified carbon removal technologies and projects in line with our long-term net-zero commitment and the new SBTi net-zero standard.

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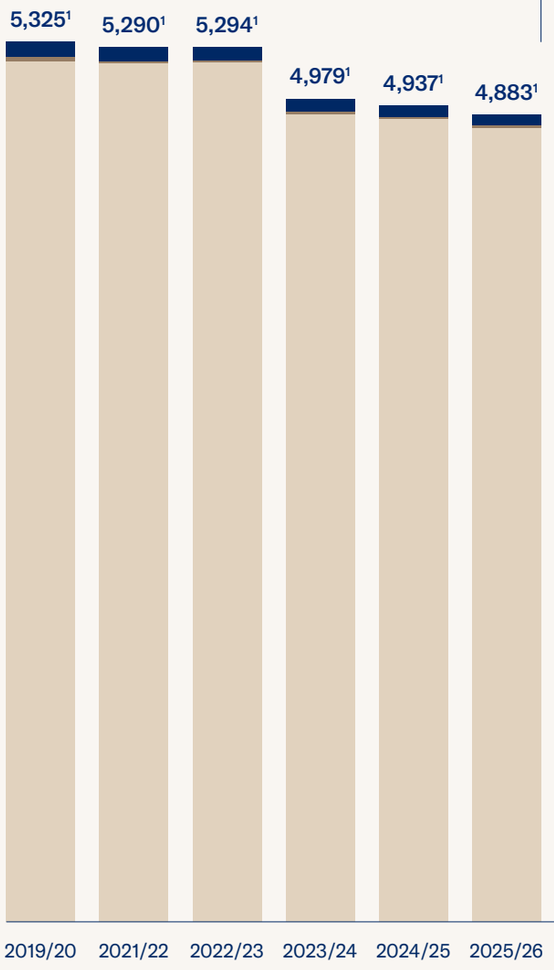
E1 CLIMATE CHANGE

PERFORMANCE 2020-2026



REDUCTION INITIATIVES TOWARDS 2030

Renewable energy transition

Switch to 100% renewable electricity at all our sites

Increase % of electricity from on-site renewable production or power purchase agreements

Fleet and equipment electrification

Electrify car fleet and light commercial vehicles

Electrify forklift trucks and other equipment

Low-carbon logistics and transport

Transition to low-carbon distribution

Carbon data requirements and caps for outsourced transportation and distribution

Supplier net-zero targets and engagement

Supplier SBTi engagement

Carbon limits in building regulations

Product EPD and carbon data collection

Provide product embodied carbon (CO_2) information to customers

Provide advice and promote low-carbon construction materials

Sustainability ambassadors and customer engagement

Future-fit products, circularity and other initiatives

Products with lower embodied carbon

Increase product circularity

Increase % of third-party certified eco-labelled products in assortment

Quantify and manage biodiversity and nature impact

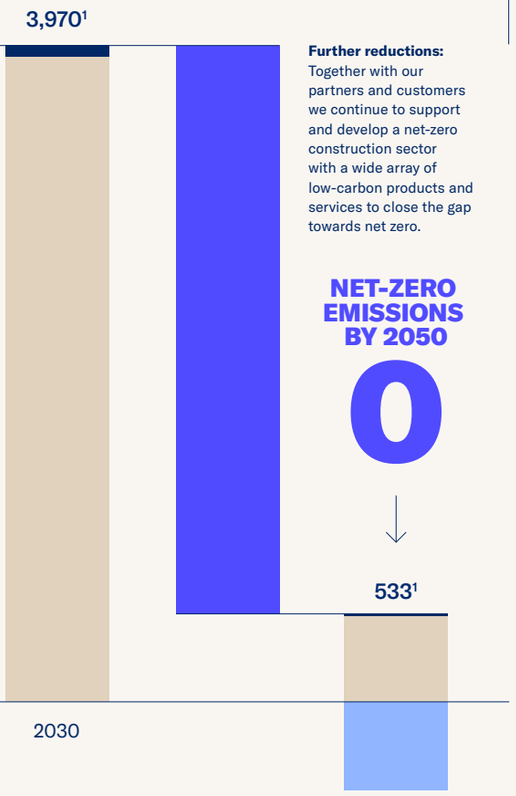
Energy efficient products to reduce product use emissions

Low emission rental

SCIENCE-BASED TARGETS

2030
NEAR-TERM TARGET
reduce scope 1 and 2 by **45%** and scope 3 by **25%**

2050
LONG-TERM TARGET
reduce scope 1, 2 and 3 emissions by **90%**



Further reductions: Together with our partners and customers we continue to support and develop a net-zero construction sector with a wide array of low-carbon products and services to close the gap towards net zero.

NET-ZERO EMISSIONS BY 2050

0

Scope 1 Scope 2 Scope 3 GHG reductions GHG removals

1. Total GHG emissions ($ktCO_2e$)

E1 CLIMATE CHANGE

E1-2

IDENTIFICATION OF CLIMATE-RELATED RISKS AND SCENARIO ANALYSIS

We identify and assess climate-related physical and transition risks through an annual climate risk screening. Our most material physical risks relate to changing temperature patterns, flooding and storms, while our main transition risks are driven by evolving climate regulation, building-level carbon requirements and changing customer and market expectations.

We assess physical climate risks through a desktop asset-level analysis covering our 1,050 operational sites across geographies and asset types including branches, distribution centres and logistics using AXA. The assessment considers short-, medium- and long-term horizons. For physical risks, the analysis applied a high-emission scenario, including SSP5-8.5, to assess exposure to hazards such as flooding, storms and changing temperature patterns.

For transitional risks, we considered regulatory developments, customer demand, product carbon requirements and market expectations linked to the transition to a lower-carbon construction sector. Key assumptions include continued regulatory tightening, increasing requirements for building-level lifecycle assessments and product documentation, as well as gradual development of low-emission transport, renewable energy and product carbon data availability.

E1-3

RESILIENCE OF OUR BUSINESS

Our resilience assessment indicates that STARK Group's business model remains resilient under the scenarios assessed. Key uncertainties relate to supplier decarbonisation, product carbon data availability and the pace of regulatory implementation across our markets. Resilience is supported by a diversified supplier base, broad geographic presence, increasing product transparency and continued demand for lower-carbon construction solutions.

E1-4

POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

Our Environmental & Climate Policy defines principles for emissions reduction, energy management and responsible sourcing. The policy commits us to reducing GHG emissions across our own operations and value chain while ensuring alignment with international frameworks, including the UN Global Compact. It further establishes clear expectations for data transparency, environmental documentation and the consistent availability of relevant sustainability information. In addition, the policy sets expectations towards suppliers and partners to meet defined environmental standards and contribute to improved performance across the value chain.

Climate-related policies are integrated into our broader sustainability governance framework and support implementation across business units through established management systems and governance processes. Read more about our policies on pp. 131-135.

E1-5

KEY ACTIONS

PRODUCT TRANSPARENCY AND CUSTOMER SOLUTIONS

During the year, product carbon data coverage increased from 78% to 84%[1] of LCA-relevant sales, and digital climate tools were expanded to all four Nordic business units, improving customer access to climate-related product information and documentation.

In the UK, Jewson continued to expand its Building for the Future programme to support customers undertaking energy-efficiency improvements and building renovation projects. Through Sustainability Centres, including the flagship Luton Sustainability House, customers can access product demonstrations, training and technical guidance on solutions such as heat pumps, solar energy systems, airtightness solutions and energy-efficient building products. Jewson also strengthened its retrofit and electrification capabilities to support growing demand for housing decarbonisation and energy-efficiency improvements. Together, these initiatives help customers improve building performance and prepare for evolving regulatory requirements.

SUPPLIER ENGAGEMENT AND VALUE-CHAIN DECARBONISATION

Reducing value-chain emissions requires close collaboration with suppliers. During the year, we continued to engage suppliers on decarbonisation, product carbon data and transparency through targeted initiatives and supplier dialogue. This included the European Supplier Program (ESP) Scope 3 round table meeting on decarbonisation roadmaps, Science Based Targets, EPDs and carbon data. Further information on supplier engagement activities is provided in S2 Workers in the value chain (p. 113). We also continued bilateral engagement with suppliers to improve carbon data quality, increase EPD availability and support the development of lower-carbon product alternatives. In Sweden, Beijer Byggmaterial further strengthened its commitment to the sector's climate transition through participation in Färdplan för fossilfri konkurrenskraft, supporting collaboration and shared action towards a lower-carbon construction industry.

INVESTING IN LOW-CARBON OPERATIONS

During the year, Neumann Bygg opened a new 6,300 m^2 branch in Sarpsborg, Norway, featuring 1,480 rooftop solar panels (800 kWp) expected to generate 700,000 kWh of renewable electricity annually, exceeding the site's own energy demand. The facility is targeting BREEAM certification.

STARK Deutschland also completed a new 13,000 m^2 Keramundo facility in Nuremberg, including 4,000 m^2 of solar PV, EV and forklift charging infrastructure, a green roof and renewable electricity generation supporting lower-carbon operations.

STARK Danmark also continued to invest in reducing embodied carbon. The new distribution centre in Brøndby, Denmark has been designed in accordance with DGNB certification principles with a focus on energy efficiency, resource efficiency and lower embodied carbon. By combining glulam timber and recycled steel, the embodied carbon footprint of the building was reduced from the tender requirement of 10.5 kg CO_2e/m^2 to 5.8 kg CO_2e/m^2, illustrating that material choices can significantly reduce construction-related embodied emissions.

BUILDING CLIMATE CAPABILITIES

We continued to build internal capabilities through employee training and advisory programmes, enabling colleagues to support customers in understanding climate-related requirements and making informed product choices. Collectively, these actions contribute

1. Excluding UK

to the implementation of our climate transition plan by reducing operational emissions, improving product transparency, strengthening supplier decarbonisation efforts and enabling customers to reduce embodied carbon in construction projects.

Progress is monitored through climate-related KPIs, including emissions performance, renewable electricity consumption, product carbon data coverage, supplier engagement and customer adoption of climate tools.

GOV-2

EXECUTIVE INCENTIVES LINKED TO CLIMATE PERFORMANCE

To support the execution of our climate transition plan, we have integrated product carbon data coverage into executive remuneration. Product carbon data coverage is included in executive incentive schemes because it supports supplier engagement, lower-carbon product development and customer access to climate-related information. EPD carbon data coverage increased from 45% to 62%, and total carbon data including generic data increased from 78% to 84% during the reporting period.

This incentive mechanism supports the execution of our climate transition plan by encouraging actions that increase product transparency, strengthen customer access to climate-related information and improve our ability to support lower-carbon construction decisions across the value chain.

E1-10

INTERNAL CARBON PRICING

We do not currently apply an internal carbon pricing scheme as a formal decision-making mechanism. Climate-related considerations are instead integrated into relevant business planning, investment decisions and transformation initiatives through our transition plan, emissions targets and climate-related KPIs.

E1-11

ANTICIPATED FINANCIAL EFFECTS OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The anticipated financial effects of climate-related risks and opportunities are reflected in our assessment of sustainability as a value driver, including impacts on revenue growth, gross margin, operating costs, capex, asset resilience and access to financing (p. 74). The most relevant climate-related financial effects relate to demand for lower-carbon products and documentation, fleet and logistics electrification, energy efficiency investments and the role of transparent climate performance in customer retention as well as future carbon removal costs associated with our 2050 net-zero target.

TARGETS AND PERFORMANCE

E1-6

TARGETS

We have established climate-related targets to manage our material climate IROs and to support the implementation of our climate transition plan. The targets primarily address GHG emissions associated with building materials, operational emissions, product transparency and the transition towards lower-carbon construction. As part of our climate transition plan, we have an ambition to source 100% renewable electricity by 2030. Together, they support our ambition to reduce climate impacts, strengthen resilience and enable customers to make more informed and lower-carbon construction choices.

Our climate targets are aligned with a 1.5°C pathway and cover both our own operations and value chain emissions. Progress is monitored through our sustainability governance framework and reviewed regularly by the Executive Committee. In addition to our science-based emissions reduction targets, we monitor progress through operational and commercial performance indicators that support increased product transparency and customer access to climate-related information.

PERFORMANCE

This year, we continued to reduce GHG emissions, with scope 1 and 2 remaining ahead of the reduction trajectory, while scope 3 remained below the trajectory required to meet our near-term SBTi target. Total GHG emissions decreased by 1.1% compared to 2024/25 and by 7.8% compared to our 2022/23 scope 3 base year, to 4.88 million tCO_2e. Scope 3 emissions remained our most significant source of emissions, accounting for 98.4% of the total, with purchased goods and services continuing to be the largest contributor. Product-related emissions across purchased goods and services, processing of sold products and end-of-life treatment of sold products represented 94.2% of total emissions, reflecting the characteristics of our business model as a distributor of building materials.

IRO	Target	Base Year	Target Year
Product embodied carbon	General target: STARK Group commits to reach net-zero GHG emissions across the value chain	–	2049/50
	Near-term target: Reduce absolute scope 3 GHG emissions by 25% from a 2022/23 base year	2022/23	2029/30
	Long-term target: Reduce absolute scope 3 GHG emissions by 90% from a 2022/23 base year	2022/23	2049/50
Operational emissions	Near-term target: Reduce absolute scope 1 and 2 GHG emissions by 45% from a 2019/20 base year	2019/20	2029/30
	Long-term target: Reduce absolute scope 1 and 2 GHG emissions by 90% from a 2019/20 base year	2019/20	2049/50
	Source 100% renewable electricity	2019/20	2029/30
Future-fit products	Increase share of sales of LCA-relevant products with carbon data	2024/25	2025/26

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Since last year, market-based scope 1 and 2 emissions decreased by 8% to 78 $ktCO_2e$, placing us ahead of the reduction trajectory required to meet our SBTi targets for the year. Total energy consumption decreased by 4% during the year and was 22% below the 2019/20 base year. The reduction was primarily driven by branch consolidation and lower activity levels in the UK, supported by energy efficiency investments, including solar PV, battery storage, heat pumps and smart energy solutions implemented at 22 UK branches, together with lower fossil fuel consumption, increased renewable electricity sourcing and continued electrification of vehicles and equipment. As an example, the share of electric forklift trucks increased from 57% to 74% during the year, contributing to lower operational emissions. Scope 2 emissions decreased by approximately one quarter, supported by increased renewable electricity procurement, including a PPA in Denmark. Renewable electricity coverage increased from 57% to 61%, supporting progress towards our ambition of sourcing 100% renewable electricity by 2030.

Scope 3 emissions decreased by 1.0% compared to the previous year and by 7.5% compared to the 2022/23 base year, leaving us 3 percentage points short of our reduction pathway. While progress was below our targeted reduction pathway, this was expected as 2025/26 emissions were calculated using a spend-based methodology, whereby category-specific emission intensities established through the assured full scope 3 assessment performed in 2024/25 were applied to current-year spend and sales. Therefore, year-on-year performance remains driven by changes in activity levels and product mix. We continued to strengthen the foundations for future decarbonisation through increased carbon transparency, supplier engagement and product data quality.

During the year, product carbon data coverage increased to 84% of sales of LCA-relevant products, while digital climate tools became available across all Nordic markets. We also continued to engage suppliers on environmental data quality, EPD availability, transparency and science-based targets through supplier sustainability programmes and industry collaborations. To strengthen the management of value chain emissions, we introduced a new KPI tracking the share of spend with suppliers that have SBTi validated targets, which reached 35% in 2025/26. Supplier decarbonisation is a critical lever for reducing scope 3 emissions, as purchased goods and services account for the majority of STARK Group's carbon footprint.

We will continue implementing the efforts outlined in our key actions to drive progress towards achieving our climate targets.



E1 CLIMATE CHANGE

METRICS

E1–7
ENERGY CONSUMPTION AND MIX

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Base year 2019/20	Development since base year[1]
E1-7.26	Total energy consumption[A]	MWh	418,762	435,743	471,116	508,370	524,561	537,226	-22%
E1-7.26(a)	Total energy consumption from fossil sources[A]	MWh	302,074	318,595	352,900	378,871	392,122	432,329	-30%
E1-7.27(b)	Fuel consumption from crude oil and petroleum products[A]	MWh	250,446	264,401	284,253	313,919	309,732	308,004	-19%
E1-7.27(c)	Fuel consumption from natural gas[A]	MWh	26,027	25,934	34,112	36,960	50,972	68,969	-62%
E1-7.27(e)	Purchased/acquired electricity, heat, steam and cooling from fossil sources[A]	MWh	25,601	28,260	34,535	27,992	31,418	55,356	-54%
E1-7.26(b)	Total energy consumption from nuclear sources[A]	MWh	15,823	16,876	17,886	17,191	18,941	11,108	42%
E1-7.26(c)	Total energy consumption from renewable sources[A]	MWh	100,865	100,272	100,330	112,308	113,498	93,789	8%
Entity spec.	Energy consumption intensity	MWh/mEUR revenue	54	56	60	60	59	80	-33%
Entity spec.	Share of renewable electricity consumption	%	61	57	52	61	57	33	28pp
Entity spec.	Share of renewable energy consumption	%	24	23	21	22	22	17	7pp
Entity spec.	Share of fossil energy consumption	%	72	73	75	75	75	80	-8pp
Entity spec.	Share of nuclear energy consumption	%	4	4	4	3	4	2	2pp

1. Percentage change is based on actual figures, while the table displays rounded figures
A. KPI subject to limited assurance in FY26

E1 CLIMATE CHANGE

E1–8
GROSS SCOPE 1, 2, 3 GHG EMISSIONS

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	Base year** 2022/23	2021/22	Base year* 2019/20	Development since base year
E1-8.30(a)i	Gross scope 1 emissions[A]	tCO_2e	65,823	68.722	75,812	82,693	84,022	89,045	-26%
E1-8.30(a)ii	Gross scope 2 emissions (location-based)[A]	tCO_2e	14,007	16.482	18,185	19,299	21,376	25,781	-46%
E1-8.30(a)ii	Gross scope 2 emissions (market-based)[A]	tCO_2e	12,205	16.066	19,716	14,475	14,342	31,802	-62%
Entity spec.	Gross scope 1&2 emissions (market-based)[A]	tCO_2e	78,028	84.788	95,527	97,169	98,364	120,847	-35%
E1-8.30(a)iii	Gross scope 3 emissions***	tCO_2e	4,804,919	4,852,577	4,883,732	5,196,395	5,191,835	5,204,231	-8%
E1-8.30(a)iii	Scope 3 cat 1: Purchased goods and services***	tCO_2e	3,465,531	3.494.083	3,516,038	3,761,363	3,751,260	3,751,365	-8%
E1-8.30(a)iii	Scope 3 cat 2: Capital goods***	tCO_2e	57,931	62.009	57,834	63,450	63,620	64,673	-9%
E1-8.30(a)iii	Scope 3 cat 3: Fuel- and energy-related activities	tCO_2e	20,002	20,481	21,251	21,409	21,965	23,291	-7%
E1-8.30(a)iii	Scope 3 cat 4: Upstream transportation and distribution	tCO_2e	51,338	48,599	50,591	52,076	57,382	65,670	-1%
E1-8.30(a)iii	Scope 3 cat 5: Waste generated in operations	tCO_2e	929	1,349	1,699	1,882	2,152	1,881	-51%
E1-8.30(a)iii	Scope 3 cat 6: Business travel	tCO_2e	2,082	1,844	1,832	1,923	1,391	1,895	8%
E1-8.30(a)iii	Scope 3 cat 7: Employee commuting	tCO_2e	23,727	24,114	26,591	27,776	27,776	27,776	-15%
E1-8.30(a)iii	Scope 3 cat 9: Downstream transportation	tCO_2e	26,058	29,518	26,801	24,587	24,361	25,752	6%
E1-8.30(a)iii	Scope 3 cat 10: Processing of sold products	tCO_2e	229,519	235,671	294,082	321,863	321,863	321,863	-29%
E1-8.30(a)iii	Scope 3 cat 11: Use of sold products	tCO_2e	10,150	9,783	9,236	9,606	9,606	9,606	6%
E1-8.30(a)iii	Scope 3 cat 12: End-of-life treatment of sold products	tCO_2e	907,047	905,741	859,810	892,532	892,532	892,532	2%
E1-8.30(a)iii	Scope 3 cat 13: Downstream leased assets	tCO_2e	10,602	18,384	17,968	17,927	17,927	17,927	-41%
Entity spec.	Total scope 3 upstream GHG emissions***	tCO_2e	3,621,542	3,653,479	3,675,835	3,929,878	3,925,544	3,936,550	-8%

A. KPI subject to limited assurance in FY26
** Base year for scope 1 and 2*
*** Base year for scope 3*
**** Restated due to errors in previous reporting periods. Restated figures: FY25 – Scope 3, Cat. 1: 3,469 $ktCO_2e$; Cat. 2: 51 $ktCO_2e$. FY23 – Scope 3, Cat. 1: 3,735 $ktCO_2e$; Cat. 2: 49 $ktCO_2e$. This results in a difference of 36 $ktCO_2e$ in FY25 and 40 $ktCO_2e$ in FY23. The difference affects all aggregated figures that include scope 3 categories 1 and 2*

Table continues on the next page

E1 CLIMATE CHANGE

E1–8

GROSS SCOPE 1, 2, 3 GHG EMISSIONS (CONTINUED)

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	Base year** 2022/23	2021/22	Base year* 2019/20	Development since base year
Entity spec.	Total scope 3 downstream GHG emissions	tCO_2e	1,183,377	1,199,097	1,207,896	1,266,515	1,266,290	1,267,680	-7%
Entity spec.	Total emissions (location-based)***	tCO_2e	4,884,750	4,937,780	4,977,729	5,298,387	5,297,233	5,319,058	-8%
Entity spec.	Total emissions (market-based)***	tCO_2e	4,882,947	4,937,364	4,979,260	5,293,563	5,290,199	5,325,078	-8%
E1-8.31	Biogenic emissions from the combustion of biomass	tCO_2e	8,665	12,386	12,158	14,180	14,038	5,969	-39%

GHG INTENSITY BASED ON NET REVENUE

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	Base year** 2022/23	2021/22	Base year* 2019/20	Development since base year
Entity spec.	Total GHG emissions per net revenue (location-based)***	tCO_2e/mEUR	631	636	638	628	597	794	0.4%
Entity spec.	Total GHG emissions per net revenue (market-based)***	tCO_2e/mEUR	631	636	638	627	596	795	0.5%

DECARBONISING THE SUPPLY CHAIN

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	2019/20	Development since base year
Entity spec.	Share of spend with suppliers with SBTi	%	35	-	-	-	-	-	-

ELECTRIFICATION OF OPERATIONS

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	2019/20	Development since previous year
Entity spec.	Electric forklift trucks	%	74	57	53	84	78	-	17pp

* *Base year for scope 1 and 2*
** *Base year for scope 3*
*** *Restated due to errors in previous reporting periods. Restated figures: FY25 – Scope 3, Cat. 1: 3,469 $ktCO_2e$; Cat. 2: 51 $ktCO_2e$. FY23 – Scope 3, Cat. 1: 3,735 $ktCO_2e$; Cat. 2: 49 $ktCO_2e$. This results in a difference of 36 $ktCO_2e$ in FY25 and 40 $ktCO_2e$ in FY23. The difference affects all aggregated figures that include scope 3 categories 1 and 2.*

E1 CLIMATE CHANGE

§ ACCOUNTING PRINCIPLES

Environmental reporting and carbon accounting
Environmental data (energy, refrigerants, waste, water) is reported according to the STARK Group Environmental Data Reporting Manual, updated annually. Data comes from a variety of sources, including meter readings, supplier invoices, spend-based estimates, varying across geographies and business units. Deviations >10% from prior-year figures require documented explanations.

Carbon accounting follows the GHG Protocol, using the operational control approach. Our base year is 2019/20, and inventories are adjusted for structural changes per protocol guidance. Recalculations are triggered by cumulative changes of ±5% in total scope 1 and 2 emissions. Where base year data is unavailable for acquisitions, we use 12-month consumption data from the acquisition year and apply base year emission factors.

Revenue normalisation for intensity metrics
STARK Group Finance provides revenue data in local currencies and EUR for the equivalent reporting period and organisational scope. Where ownership is less than 12 months, Finance data is extrapolated for a full 12-month period to be directly comparable to 12-month carbon data. Fixed FX rates as of baseline 2020 are used. These normalised revenue figures are used solely for intensity calculations.

Carbon data accuracy and estimations
Some environmental data involves estimation and assumptions. We aim to minimise these and improve data quality, especially when entering into new contracts. Where actual consumption data is unavailable, a spend-based approach is used. All methods are approved by Group internal control.

Total energy consumption
Total energy consumption in own operations, expressed in MWh, comprises all energy consumed, including direct fuel use (e.g. liquid and gaseous fuels) and purchased energy such as electricity, heat, steam, or cooling across all operational activities. Data comes from a variety of sources, including meter readings, supplier invoices, spend-based estimates, varying across geographies and business units.

Total energy consumption from fossil sources
Fossil energy consumption includes all direct fuel use from crude oil and petroleum products (e.g. diesel, petrol, fuel oil, LPG) and natural gas, as well as the fossil share of purchased or acquired electricity, heat, steam, or cooling, determined based on residual mix or applied allocation methodologies.

Fuel consumption from crude oil and petroleum products
Fuel consumption from crude oil and petroleum products includes all direct consumption of fossil liquid fuels such as diesel, petrol, fuel oil and LPG used in operations, fleet and equipment.

Fuel consumption from natural gas
Fuel consumption from natural gas includes all direct consumption of natural gas (including CNG) used for heating and operational purposes across the Group's sites.

Purchased/acquired electricity, heat, steam and cooling from fossil sources
Consumption of purchased or acquired electricity, heat, steam or cooling from fossil sources represents the fossil share of purchased energy, including electricity and district heating, determined based on residual mix data or applied allocation methodologies where the underlying energy source is not contractually specified.

Total energy consumption from nuclear sources
Nuclear energy consumption represents the nuclear share of purchased electricity, based on contractual instruments, supplier disclosures, or country-specific residual mix data. No nuclear share is attributed to direct fuel consumption or district heating.

Total energy consumption from renewable sources
Renewable energy consumption includes energy derived from renewable sources such as biomass, biofuels and renewable electricity and heat. This includes energy supported by contractual instruments (e.g. RECs or green heat certificates) or allocated using residual mix methodologies.

Energy consumption intensity
The energy consumption intensity is the total energy consumption per net turnover in million EUR revenue (MWh/mEUR).

Share of renewable electricity consumption
The total amount of electricity including on-site renewable electricity production and purchased renewable electricity covered by contractual instruments including guarantees of origin (GOs) and power purchase agreements (PPAs), expressed as a percentage of total electricity consumption (MWh).

Share of renewable energy consumption
Total energy consumption from renewable sources / Total energy consumption. Number expressed as a percentage.

Share of fossil energy consumption
Total energy consumption from fossil sources / Total energy consumption. Number expressed as a percentage.

Share of nuclear energy consumption
Total energy consumption from nuclear sources / Total energy consumption. Number expressed as a percentage.

Gross scope 1 GHG emissions
Direct GHG emissions are reported in tonnes of CO_2e, which is the sum of the seven gases according to the Kyoto protocol. The emissions are calculated based on the direct energy consumption for operations (natural gas, oil, LPG, diesel, biofuel, petrol, wood pellets, refrigerant leakage) and vehicle fuel use from people transport (company-owned/leased vehicles) and goods transport (owned/leased vehicles). The scope 1 inventory uses emission factors from the DEFRA (2025/2026) database.

Gross scope 2 GHG emissions (location-based)
Location-based indirect GHG emissions from purchased electricity and district heating are reported in tonnes of CO_2e. They include electricity consumption, company-owned or leased electric vehicles and the owned/leased electric fleet as well as district heating. Emissions factors are obtained from IEA (2024/2025) and DEFRA (2025/2026). Emission factors from local district heating suppliers or verified national averages are used if available.

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Gross scope 2 GHG emissions (market-based)

Indirect GHG emissions from purchased electricity and district heating are reported in tonnes of CO_2e. Scope 2 emissions are reported according to the market-based accounting approach. The market-based electricity inventory is based on energy attribute certificates (GOs, PPAs and similar). Where they have not been purchased, the residual mix (AIB 2024) is used. For company-owned and leased vehicles that use electricity, the residual mix emission factor for each country is used to calculate the GHG emission reported in scope 2. Emission factors from local district heating suppliers or verified national averages are used if available. Where specific factors are not available, DEFRA (2025/2026) emission factors are applied.

Gross scope 3 GHG emissions

Scope 3 data is a combination of actual and calculated data. Please refer to the specific categories' accounting principles for more details.

Scope 3 cat. 1 – Purchased goods and services

Comprises GHG emissions associated with the extraction, production and processing of goods and services purchased by STARK Group during the reporting period. This includes both goods for resale (GFR), comprising construction materials sourced from suppliers, and goods and services not for resale (GNFR), comprising products and services consumed in STARK Group's own operations.

Goods for resale

A full calculation of scope 3 emissions was conducted in 2022/23 and 2024/25 and was subject to limited assurance by an independent auditor in 2024/25. For 2025/26, emissions are calculated using a spend-based methodology, whereby category-specific emission intensities established in 2024/25 have been applied to the corresponding spend in 2025/26. The 2024/25 emission intensities were developed using product-specific EPDs, industry-specific EPDs and generic emission factors from recognised databases, including ÖKOBAUDAT. The calculation was based on product-related cradle-to-gate emissions (modules A1-A3) reported in the EPDs or equivalent generic datasets. Where carbon data was unavailable, emissions were estimated using the average emission intensity of comparable products within the same product category. For categories with no available carbon data, proxy emission intensities from a similar product category or from the same category in another business unit were applied.

Goods not for resale

Emissions from purchased GNFR are calculated using a spend-based methodology. Expenditure within each procurement category is multiplied by the relevant emission factor derived from the EORA MRIO database (EORA66).

Scope 3 cat. 2 – Capital goods

A spend-based methodology is applied, using expenditure data from EORA accounts and multiplying it by appropriate emission factors. Eora66 factors for computers, electronic equipment, machinery and construction materials are applied to estimate the emissions associated with purchased capital goods.

Scope 3 cat. 3 – Fuel and energy-related activities

We use DEFRA (2025/2026) emission factors to calculate emissions related to fuel and energy, including upstream and downstream activities. Emission factors for Well-To-Tank (WTT) are considered for various types of fuel used, ensuring that the total fuel-related emissions include both direct fuel consumption and emissions from extracting, refining and transporting the fuel.

Scope 3 cat. 4 – Upstream transportation and distribution

Includes emissions from third-party transportation of purchased goods, where the company pays for the freight. This covers road, rail, air or sea transport not owned or controlled by STARK Group. Emissions are calculated using the freight percentage, fuel data or distance with DEFRA (2025/2026) emission factors.

Scope 3 cat. 5 – Waste generated in operations

Emissions are calculated based on actual weight data. Weight data is multiplied by DEFRA (2025/2026) emission factors for different waste disposal methods such as landfills, combustion and closed-loop recycling. This ensures that waste management emissions are accurately captured.

Scope 3 cat. 6 – Business travel

Emissions from business travel are calculated based on actual fuel used and travel activities. Data on business-related air and rail travel are obtained from travel agents. Emissions are calculated using DEFRA (2025/2026) emission factors for air, rail and car travel. For company-related travel in personal or hired vehicles, kilometres are recorded, and emissions are determined either from the distance travelled or the fuel consumed.

Scope 3 cat. 7 - Employee commuting

STARK Group uses average emission factors per employee, as we do not monitor actual employee commuting. Based on typical transportation patterns in the Nordics, Germany and the UK, we have calculated the emissions using assumptions such as average commute distances, number of working days per year, and the use of various transport modes (cars, public transport, bicycle/walk).

Scope 3 cat. 9 – Downstream transportation

Includes emissions from third-party transportation of sold goods, where the customer pays for the freight. This covers road, rail, air or sea transport not owned or controlled by STARK Group. Emissions are calculated based on the freight recovery rate using relevant emission factors from DEFRA (2025/2026) linked to fuel, distance or cost data.

Scope 3 cat. 10 – Processing of sold products

Please see accounting principle Scope 3 cat. 1 – Purchased goods and services on p. 87 for a description of the use of product-specific EPDs, industry-specific EPDs, secondary databases and proxies to calculate the GHG emissions. We use the declared construction stage -installation (A5) emissions to calculate the total emissions related to the processing of all sold goods.

Scope 3 cat. 11 – Use of sold products

We apply a spend-based methodology. The number of powertool products sold is multiplied by their lifetime (assumed to be 36 months), the energy consumption per month and the electricity emission factors (average for the German market). This approach estimates the emissions from energy consumption during the use phase of sold products.

Scope 3 cat. 12 - End-of-life treatment of sold products

Please see accounting principle Scope 3 cat. 1 – Purchased goods and services on p. 87 for a description of the use of product-specific EPDs, industry-specific EPDs, secondary databases and proxies

E1 CLIMATE CHANGE

to calculate the GHG emissions. We use the declared end-of-life stage of a product's lifecycle (C1-C4) emissions from product-specific EPDs, industry-specific EPDs, secondary databases and proxies to calculate the total emissions related to the end-of-life treatment of sold products.

Scope 3 cat. 13 - Downstream leased assets

Emissions from the use of STARK rental equipment in Germany, the UK, Denmark and Finland. Equipment with fuel tanks is refuelled by STARK Group before rental using a selected fuel type. However, emissions from fuel consumed by customers during the rental period are not under STARK Group's control. Similarly, battery-powered equipment is fully charged before rental, but electricity used by customers for recharging is outside our operational boundary. Only emissions from fuel or electricity provided directly by STARK Group are included in our reporting.

Total Scope 3 Upstream GHG emissions

Upstream emission refers to the emissions that occur in the beginning of the value chain before the company's own operations, including emissions from category 1 to 8.

Total Scope 3 Downstream GHG emissions

Downstream emission refers to the emissions the occur in the end of the value chain after the company's own operations, including emissions from categories 9 to 15.

Total GHG emissions (location-based/market-based)

Total GHG emissions include total greenhouse gas emissions from scope 1, scope 2 and scope 3 location- and market-based respectively.

Biogenic emissions

Emissions data for direct CO_2 emissions from biologically sequestered carbon (e.g. CO_2 from burning biomass/biofuels). The GHG Protocol requires that biogenic emissions (CO_2 emissions from the combustion of biomass) are reported, but separately from the scopes. The requirement to report biogenic emissions separately only refers to CO_2 emissions from the combustion of biomass and not to the emissions of any other GHGs which are also emitted during combustion (CH_4 and N_2O).

GHG intensity based on net revenue

Total GHG emissions from scope 1, scope 2 (location- and market-based) and scope 3 per net revenue in million EUR revenue (mEUR).

Percentage of spend with suppliers with SBTi validated targets

The share of total supplier spend associated with suppliers that have an active SBTi validated near-term or net-zero emissions reduction target as of the reporting date. The metric is expressed as a percentage of total supplier spend for the reporting period.

Electric forklift trucks

The share of electric forklift trucks as a percentage of the total number of forklift trucks on a Group basis.



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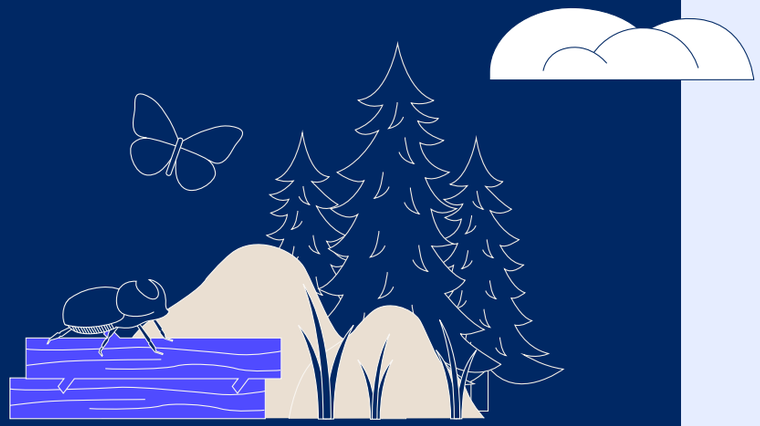
E4 BIODIVERISTY AND ECOSYSTEMS

PROTECTING BIODIVERSITY THROUGH RESPONSIBLE SOURCING

Our business depends on nature and access to natural resources. The products we distribute rely on inputs ranging from aggregates and minerals to timber and bio-based materials. The availability, quality and cost of these inputs depend on functioning ecosystems and responsible land use practices.

At the same time, our products contribute to biodiversity pressures through upstream extraction, forestry, manufacturing and processing of construction materials.

Biodiversity is receiving increasing attention from regulators and financial institutions, reinforcing the importance of responsible sourcing and biodiversity risk management. As such, biodiversity represents both an environmental impact and a business consideration, with implications for supply chain resilience and market access.



IROs

ESRS	Strategic theme	IRO	Type	Value chain	Time horizon
E4 Biodiversity and ecosystems	Future-fit products and services	**Risk of loss of FSC™ and PEFC certifications:** Failure to maintain FSC™ or PEFC certification limits access to certified materials and reduces the ability to meet customer and regulatory requirements.	R		
		Supply chain resilience: Biodiversity loss and ecosystem degradation may constrain the availability of key raw materials such as timber and aggregates, leading to price volatility, longer lead times and reduced supply reliability.	R		
	ESG-guided future ambition	**Pressures on nature and biodiversity:** STARK Group's sourcing and distribution of timber and other products drive pressures on forests, ecosystems and biodiversity, including land-use change, direct exploitation and climate change.	I (actual)		

Type	I Impact, negative	R Risk	O Opportunity
Value chain	Upstream	Operations	Downstream
Time horizon	<1 year	1-5 years	>5 years

E4-2

POLICIES AND APPROACH

WHY BIODIVERSITY MATTERS TO OUR BUSINESS

Biodiversity is both a business dependency and a source of risk. Ecosystem degradation, resource scarcity and changing regulatory expectations may affect the availability, cost and reliability of key materials over time, creating potential impacts on supply chain continuity, market access and competitiveness.

Our key dependencies on nature relate to responsible land management and the continued availability of natural resources used in construction products. Managing our dependencies on natural resources through responsible sourcing supports long-term resilience and access to critical materials. As highlighted in our Sustainability Market Outlook Report, resource availability, traceability and supply chain resilience are becoming increasingly important considerations across the construction value chain.

E4-1

BIODIVERSITY AND ECOSYSTEMS ROADMAP

Our approach to biodiversity is linked to our sustainability strategy. It complements our Climate Transition Plan which includes initiatives related to circularity, future-fit products and supplier engagement. While many actions aimed at reducing our climate impacts also contribute to biodiversity outcomes, our biodiversity approach is specifically focused on reducing pressures on ecosystems associated with the products we source and distribute.

As a distributor of building materials, our most significant biodiversity-related impacts occur upstream in the sourcing, manufacturing and processing of goods. We therefore focus on strengthening responsible sourcing practices, improving traceability, increasing the availability of certified and documented products, engaging suppliers and reducing reliance on virgin materials through circular solutions.

Through our position at the centre of the construction value chain, we seek to influence biodiversity outcomes by integrating biodiversity considerations into sourcing decisions and supplier engagement.

Building on these activities, our biodiversity approach provides a roadmap for integrating biodiversity considerations across products, operations and markets. The framework brings together responsible sourcing and supplier engagement, improved traceability and product data, nature-risk screening of our sites, circularity initiatives and support for customers navigating biodiversity-related requirements.

We monitor our progress through indicators related to certification, traceability, supplier engagement and biodiversity risk screening supported by our Biodiversity Framework.

POLICIES

Our approach to biodiversity is governed through the Environmental & Climate Policy, Sustainable Sourcing Policy, Responsible Timber Policy and Supplier Code of Conduct. Together, these policies support responsible sourcing, protection of forests and ecosystems, compliance with EUDR requirements, biodiversity risk management and supplier due diligence across our value chain.

IMPACT ANALYSIS OF OUR PRODUCTS

STARK Group distributes a broad range of building materials and products across Europe. Most of our biodiversity-related impacts arise upstream in the extraction and processing activities associated with these materials. To better understand these impacts, we have analysed our product spend against key pressures on biodiversity to assess the relationship between the products we distribute and the drivers of biodiversity loss. The analysis applies the principles of the ENCORE tool, adapted to reflect STARK Group's role as a distributor at the centre of the construction value chain.

The assessment considers key biodiversity pressure categories, including land-use change, direct exploitation of natural resources, climate change and pollution. The results indicate that approximately two thirds of the Group's product spend is materially linked to three key pressures on biodiversity: land-use, disturbances, and emissions of toxic pollutants to soil and water.

While these impacts primarily occur upstream and are therefore outside our direct operational control, they represent important areas where we can influence outcomes through sourcing decisions and supplier engagement. The analysis provides a foundation for prioritising actions, engaging suppliers and integrating biodiversity considerations into sourcing and commercial activities.

E4-3

KEY ACTIONS

OUR BIODIVERSITY FRAMEWORK

We have established a biodiversity framework to guide our efforts. This framework brings together activities across sourcing, operations and markets to improve our understanding of nature-related impacts and dependencies and support prioritisation of actions in line with the Global Biodiversity Framework (GBF) and the drivers of biodiversity loss related to our business.

We focus on the areas where we have both the greatest impact and the strongest ability to influence outcomes, particularly through our role as a distributor at the centre of the value chain. Our approach is structured around the three parts of our value chain - products, operations and markets, each with a set of ambitions and underlying actions.

The three columns of our framework reflect our role in strengthening responsible sourcing, managing operational impacts and guiding customers through increasing complexity. We provide data, product documentation and advisory capabilities as part of our commercial offering. By integrating biodiversity considerations into our broader future-fit framework we strive to address biodiversity as part of how we operate our business and create value.

NATURE RISK SCREENING OF OUR SITES

As part of our efforts to better understand biodiversity-related risks associated with our operations, we have conducted a nature-risk screening of our operational footprint using the Altitude platform. The assessment screens our sites for nature and biodiversity risks and supports a risk-based approach to prioritising further investigation and potential actions.

The screening evaluates the proximity of our locations to areas of biodiversity interest and sensitivity, covering multiple levels of protection, ranging from locally protected areas to internationally recognised conservation areas such as Natura 2000 sites.

E4 BIODIVERISTY AND ECOSYSTEMS

OUR ROADMAP TO INTEGRATING BIODIVERSITY INTO OUR BUSINESS

	PRODUCTS	OPERATIONS	MARKETS
Ambition	Strengthen responsible sourcing and improve transparency across our product portfolio	Reduce operational pressures and promote circularity	Enable customer compliance and informed material choices
Actions	**Supplier engagement and partnerships** • Supplier engagement on biodiversity-related topics • Support supplier readiness for EUDR and emerging biodiversity requirements • Promote adoption of certification and traceability systems **Responsible sourcing requirements** • Increase availability of certified products • Integrate biodiversity considerations into supplier due diligence • Strengthen sourcing requirements for timber-based products **Improved data and product transparency** • Improve traceability of timber and forest-risk commodities • Increase availability of product-level environmental information	**Nature-risk assessments** • Nature-risk screening of operational sites **Improved waste management and circularity** • Improved waste segregation and recycling • Commercial circularity initiatives **Transparent disclosure on nature-related impacts** • Improve collection and quality of biodiversity-related data • Disclose nature-related data through recognised frameworks and disclosures	**Future-fit product assortment** • Promote lower-impact products • Promote certified products **Support customers on nature-related requirements (advice and guidance)** • Support customers in navigating evolving biodiversity regulations (DGBN, BNG) • Sustainability ambassador training
Outcome	Enable the reduction of biodiversity-related pressures and support long-term supply chain resilience	Reduce direct pressure on ecosystems through improved resource efficiency, circularity and informed management of nature-related risks	Reduce complexity and improve customer ability to meet biodiversity-related requirements
GBF targets	**5:** Sustainable use of natural resources **10:** Sustainable forestry and land-management **14:** Integrating biodiversity in decision-making **21:** Data, knowledge and transparency	**12:** Biodiversity in the built environment **14:** Integrating biodiversity in decision-making **16:** Sustainable consumption and production **21:** Data, knowledge and transparency	**14:** Integrating biodiversity in decision-making **16:** Sustainable consumption and production **21:** Data, knowledge and transparency

Our analysis indicates that most of our facilities are located within established industrial and commercial zones with existing infrastructure. However, 82 of our 1,050 locations were identified as being in proximity to areas of biodiversity interest. Further analysis indicates that 32 of these locations were flagged due to their proximity to watercourses, which may present elevated risks of environmental impacts, for example through runoff from pressure-treated timber and similar products.

The screening provides a basis for a follow-up assessment of the identified locations to determine whether additional actions or mitigation measures are required.

SUPPORTING BIODIVERSITY THROUGH REFORESTATION AND ENGAGEMENT

During the year, Melle Gallhöfer, a STARK Deutschland specialist brand, expanded its BAUMZEIT campaign and committed to planting 22,500 additional trees by 2027 in partnership with PLANT-MY-TREE. Since the programme was launched in 2022, employees and customers have helped plant more than 23,000 trees across Germany, supporting the restoration of climate-resilient, species-rich mixed forests and strengthening local biodiversity and ecosystem resilience. The initiative combines afforestation with stakeholder engagement through joint planting events involving employees, customers and apprentices, helping raise awareness of sustainable forest management and strengthening engagement with nature and biodiversity.

E4-2 13a

IMPROVING TRACEABILITY

Traceability is a key enabler for understanding and managing biodiversity-related impacts in our value chain. Given the scale and complexity of our product

E4 BIODIVERISTY AND ECOSYSTEMS

portfolio and supplier network, achieving traceability across all products is a long-term ambition.

Timber and wood-based products are a key focus area due to their significance in our assortment and their direct link to forest ecosystems. We work with suppliers to improve traceability and transparency for timber products, supported by established chain-of-custody systems and third-party certification schemes such as FSC™ and PEFC. These systems provide greater transparency regarding material origin and responsible forest management practices.

STARK Group works with external partners, including Preferred by Nature, to strengthen our due diligence across timber and other relevant supply chains in the transition from the EU Timber Regulation (EUTR) to the EUDR. To support compliance, we are implementing a dedicated IT solution that strengthens the collection of supply chain information.

While non-EU sourcing is a particular focus due to regulatory requirements, traceability remains a broader priority across the supplier base. We continue to engage with key suppliers to improve data quality, transparency and visibility into product origins. By focusing initially on the direct obligations under the EUDR and expanding coverage over time, we aim to strengthen risk management and enable more informed sourcing decisions.

Through preparations for the implementation of the EUDR, we are strengthening traceability and transparency in timber supply chains. These efforts support responsible sourcing practices and help reduce the risk of contributing to deforestation and ecosystem degradation.

TARGETS AND PERFORMANCE

E4-4

TARGETS

Our ambition is to strengthen responsible sourcing, traceability and biodiversity risk management across the value chain while reducing pressures on forests and ecosystems associated with the products we distribute.

Our biodiversity-related targets aim to address the principal pressures on nature associated with our business and support more responsible sourcing and circular resource use. For 2025/26, these include increasing the share of FSC™- and PEFC-certified timber sales and certified SKUs in our assortment, maintaining branch certification and completing nature-risk screening across our operational locations. The targets support the avoidance and minimisation layers of the mitigation hierarchy and are informed by the results of our biodiversity impact assessment and relevant ambitions of the GBF.

Targets related to waste segregation, recycling and circularity are disclosed in the E5 Resource Use and Circular Economy section. Supplier-related targets are disclosed in S2 Workers in the Value Chain, while targets related to product data availability, traceability and transparency are disclosed in S4 Consumers and End-users. Together, these targets support the implementation of STARK Group's biodiversity framework and contribute to reducing biodiversity-related pressures across the value chain.

PERFORMANCE

Our sourcing practices and product transparency remain central to our approach to biodiversity. Our continued focus on certified products, supplier engagement and improved traceability supports both the reduction of biodiversity-related pressures and the resilience of our supply chains.

We completed a nature risk-screening of our operations covering 100% of our 1,050 locations. 82 locations were identified as being within 1 km of areas of biodiversity interest. Following map-based assessment, 32 locations remained flagged for further investigation.

Certification coverage across our branch network stayed at 70% of branches FSC™-certified while PEFC certified branches increased from 74% to 77%. During the year, the share of certified timber-based product SKUs in our assortment decreased from 37%, to 34%. Despite the decrease, the share of certified timber sales increased slightly from 60% to 61%.

Overall, developments during the year demonstrate modest but continued progress in strengthening responsible sourcing practices, improving branch certification coverage and maintaining the sale of certified products, supporting our biodiversity objectives.

IRO	Target	Target Year
Pressures on nature and biodiversity	Increase the share of FSC™- and PEFC-certified sales	2025/26
	Increase the share of FSC™- and PEFC-certified SKUs in assortment	2025/26
	All locations to undergo nature-risk screening (AXA)	2025/26
Risk of loss of FSC™ and PEFC certifications	Maintain the certification of FSC™- and PEFC-certified locations	2025/26

E4 BIODIVERISTY AND ECOSYSTEMS

E4-5
METRICS

CERTIFIED LOCATIONS

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
Entity spec.	FSC™-certified locations	%	70	70	68	-	-	0pp
Entity spec.	PEFC-certified locations	%	77	74	72	-	-	3pp

CERTIFIED TIMBER

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
Entity spec.	Share of certified timber-based products in stocked assortment	%	34	37	53	-	-	-3pp
Entity spec.	Share of sales of certified timber-based products in stocked assortment	%	61	60	61	-	-	1pp

NATURE-RISK SCREENING

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
Entity spec.	Locations with a nature-risk screening (AXA)	%	100	100	-	-	-	0pp

E4 BIODIVERISTY AND ECOSYSTEMS

§ ACCOUNTING PRINCIPLES

FSC™-certified locations (share of total)
Total number of FSC™-certified locations as a percentage of total eligible locations in STARK Group as per the last day of the reporting period.

PEFC-certified locations (share of total)
Total number of PEFC-certified locations as a percentage of total eligible locations in STARK Group as per the last day of the reporting period.

Share of certified timber-based products in stocked assortment
The number of certified FSC™ and PEFC timber and timber-based stock keeping units (SKUs) in stocked assortment as a percentage of total timber-based SKUs in stocked assortment during the reporting year.

Share of sales of timber-based FSC™- or PEFC-certified products in stocked assortment
The percentage of total sales of timber-based products in stocked assortment comprised of FSC™- and PEFC-certified products during the reporting year.

Locations with nature-risk screening (AXA)
Locations are screened in a 1 km radius for proximity to areas of biodiversity interest with the AXA Altitude tool. The screening is used as a risk-based prioritisation tool and does not in itself constitute an assessment of actual biodiversity impacts. Locations flagged as high risk through the screening are subject to further investigation to determine local conditions, potential interactions with sensitive ecosystems and whether additional mitigation measures or site-specific actions are required.

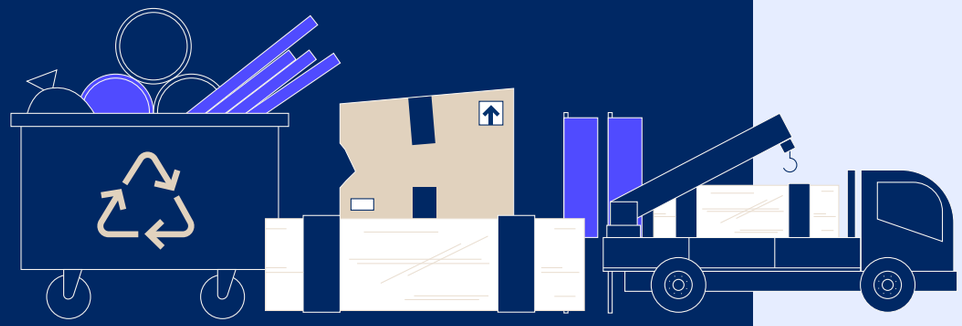


E5 RESOURCE USE AND CIRCULAR ECONOMY

ACCELERATING RESOURCE EFFICIENCY AND CIRCULARITY IN CONSTRUCTION

The construction sector is facing increasing pressure to use resources more efficiently and reduce waste across the building lifecycle. The shift is driven by evolving regulation, rising resource constraints and increasing demand for lower-impact materials and solutions. As a result, customers are now facing growing complexity in managing material choices, documentation requirements and lifecycle performance across projects.

Resource efficiency is also becoming a commercial opportunity. Increasing demand for circular products, reuse solutions and resource-efficient construction creates opportunities to support customers while strengthening our competitive position. As described in our Commercialising Sustainability strategy, STARK Group contributes through future-fit products, product transparency and customer-facing sustainability solutions.



IROs

ESRS	Strategic theme	IRO	Type	Value chain	Time horizon
E5 Resource use and circular economy	**Future-fit products and services**	**Growing demand for circular products and services:** Increasing demand for reused products, recycled-content materials and resource-efficient solutions presents an opportunity for STARK Group to expand its offering and leverage its position in the value chain to supply the market with circular products.	O	■□■	□■■
		Limited availability of cost-viable circular products and recycled materials: Insufficient availability of products with recycled content, reuse potential or robust environmental documentation may reduce STARK's ability to meet evolving customer and regulatory expectations.	R	■□□	■■■
	Simplified documentation and compliance	**Demand for circularity data and transparency:** Growing requirements for EPDs, recycled-content information and product-level environmental data create opportunities for STARK Group to strengthen its role as a trusted source of sustainability information. By providing transparent, reliable and accessible product data, the Group can support more informed purchasing decisions and enable customers to adopt more circular construction practices.	O	■□■	□□■
	ESG-guided future ambition	**Waste generation in the construction industry:** The construction sector is one of the largest sources of waste in Europe. The industry's extensive resource use and limited recovery rates contribute to environmental impacts across the value chain and drives the demand for virgin resources.	I (actual)	■□■	□■■
	Responsible day-to-day operations	**Waste and breakage:** Product damage, packaging waste and material losses during storage, handling and transport increase resource consumption, disposal costs and environmental impacts.	R	□■□	■■■

Type	I Impact, negative	R Risk	O Opportunity
Value chain	■□□ Upstream	□■□ Operations	□□■ Downstream
Time horizon	■■■ <1 year	□■■ 1-5 years	□□■ >5 years

E5 RESOURCE USE AND CIRCULAR ECONOMY

POLICIES AND APPROACH

E5-1

POLICIES

Resource efficiency and circularity are addressed through our Environmental & Climate Policy, Sustainable Sourcing Policy and Supplier Code of Conduct. These policies support waste prevention, responsible resource use, supplier engagement, environmental documentation and the promotion of products and solutions that contribute to more circular material flows across our value chain. The policies apply to our own operations and, where relevant, to suppliers and business partners. Please see our relevant policies on pp. 131-135.

E5-2

KEY ACTIONS

STARK Group works to accelerate circularity across our business and value chain by improving product transparency, strengthening supplier documentation and supporting customers in making more resource-efficient choices. As a distributor, our primary role is to facilitate the flow of information, products and services that enable more future-fit construction practices.

Our actions are ongoing and integrated into our commercial, sourcing and operational activities. Responsibility is shared across Group Sustainability, sourcing functions and local business units. Actions are primarily designed to address the material impacts related to construction waste generation and the risks and opportunities associated with circular products, environmental documentation and waste reduction.

ENHANCING CIRCULAR SOLUTIONS

We collaborate with suppliers and customers to increase the availability and adoption of products and solutions that support circularity.

To reduce demand for virgin raw materials, STARK Danmark has integrated certified reclaimed bricks into its commercial branch assortment. The solution provides builders with documented climate savings and LCA data while significantly reducing embodied carbon compared with conventional alternatives. Environmental Product Declarations indicate that reused bricks can reduce GHG emissions by up to 90% compared with newly manufactured bricks. During 2025/26, STARK Danmark sold approximately 285,000 reclaimed bricks, helping customers preserve material value, reduce waste and lower the embodied carbon of construction projects.

The bricks are CE-marked and tested according to approved EN standards, ensuring quality, durability and suitability for use in modern construction projects. Reclaimed bricks have been supplied to a growing number of projects, including Campus Svendborg, Egtvedpigens Verden Museum and Tingbjerg Skole, demonstrating increasing market demand for circular construction materials. Other examples include expanding access to wood-based solutions with reuse and circular characteristics, and supporting products containing recycled materials. These initiatives contribute to reducing demand for virgin resources and improving resource efficiency across construction projects.

Many opportunities to improve resource efficiency originate upstream in product design, material composition and packaging. Through supplier engagement and sourcing activities, we seek to improve transparency regarding recycled content, strengthen environmental documentation and support the availability of products and solutions that contribute to more circular material flows.

During the year, Beijer Byggmaterial entered a partnership with Bereda to make restored and reused building products available through its branch network. The offering includes interior doors, door portals, glass partitions and fittings, all delivered with product documentation, climate savings reporting and warranty terms equivalent to conventional alternatives. Through Bereda's structured reuse process, products are inspected, restored and quality assured before being reintroduced to the market. By retaining products in use for longer and reducing demand for virgin materials, the initiative contributes to resource efficiency and waste prevention, which are key principles of a circular economy.

Demand for circular building products continues to increase, and the initiative helps customers reduce resource consumption and embodied carbon while maintaining product quality, functionality and transparency. By making quality-assured reused products more accessible through established distribution channels, the collaboration supports more circular material flows and helps make reuse a practical first-choice option in construction projects.

PRODUCT DATA AS AN ENABLER OF CIRCULARITY

Product transparency supports circular construction by improving visibility of material composition, recycled content, environmental performance and end-of-life options. Through EPDs, environmental certifications and product data, customers can identify products that support reuse, recycling and more resource-efficient construction.

OUR OWN OPERATIONS

Within our own operations, we focus on reducing waste and product breakage through improved handling, storage and logistics processes.

Waste generated in our operations consists mainly of packaging materials, operational waste streams and damaged goods. We measure total waste generated, as well as the share of waste directed to recycling, incineration and landfill, and distinguish between hazardous and non-hazardous waste. We continue to focus on increasing recycling rates and reducing waste intensity through improved processes, segregation and supplier engagement.

TARGETS AND PERFORMANCE

E5-3

TARGETS

We monitor progress through a combination of circularity and waste-related indicators, including the share of third-party verified eco-labelled products in our assortment and sales, as well as waste volumes, waste intensity and recycling rates. These indicators support continuous improvement of resource efficiency and circularity performance. We also track the share of sales of LCA-relevant products supported by product-level carbon data (C1-C4), as increased carbon data coverage enables customers to make informed lower-carbon material choices and supports reductions in lifecycle emissions from construction projects.

E5 RESOURCE USE AND CIRCULAR ECONOMY

PERFORMANCE

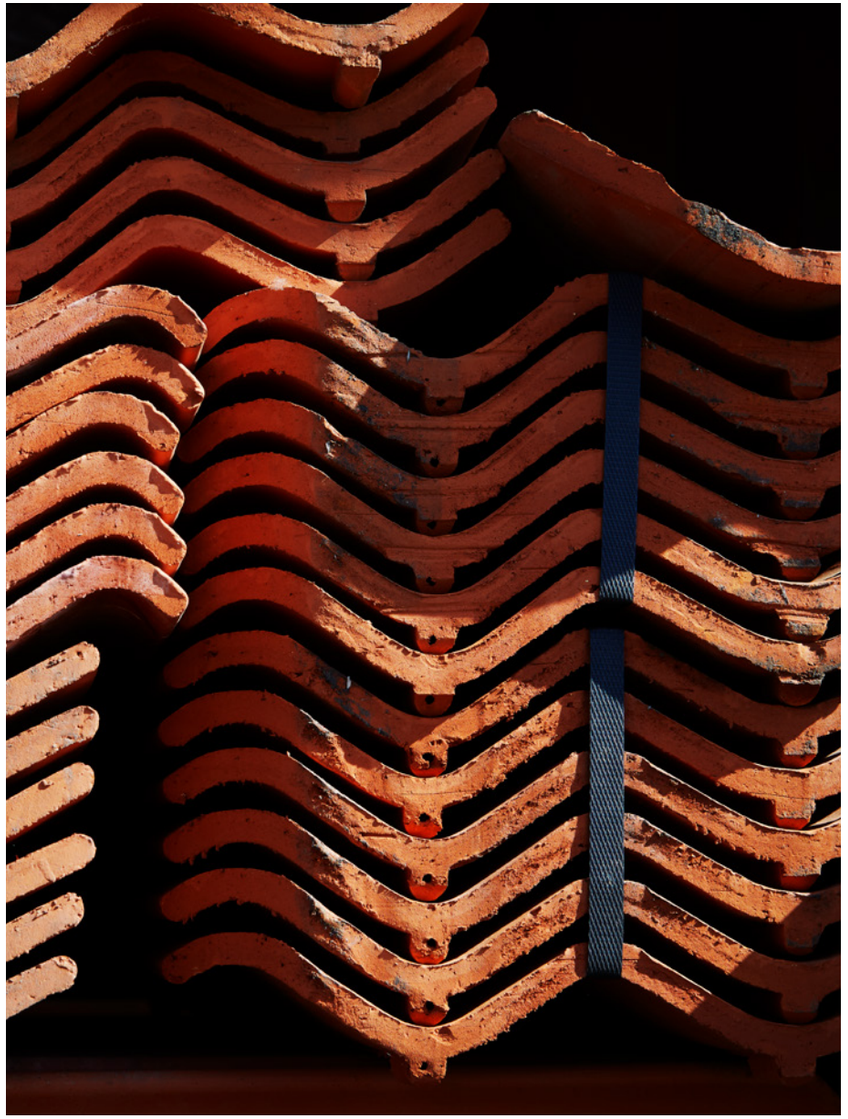
During the year, total waste generated in our operations was reduced from 42.2 thousand tonnes to 38.2 thousand tonnes, while waste intensity improved from 5.4 to 4.9 tonnes per mEUR revenue. This represents a 29% reduction compared to the baseline, exceeding our 20% 2027 target.

The share of waste segregated for recycling decreased from 71% to 66% moving us further away from our target of 80% by 2027. This decrease was primarily related to changes in waste handling and reporting following a change of waste management provider in STARK Deutschland where a greater fraction was incinerated. Improving waste segregation and increasing the share of waste recycled remain key priorities. Waste to landfill continued to decrease from 5.7% to 4.3% of total waste.

The share of third-party verified eco-labelled products in the stocked assortment decreased from 9% to 3%, while the share of sales of eco-labelled products declined although at a lower rate from 30% to 26%. Despite the lower assortment coverage, eco-labelled products continued to account for more than a quarter of sales. Expanding the availability and market uptake of products with recognised environmental labels remains a focus area.

Product carbon data coverage increased to 84% of sales of LCA-relevant products, providing transparency on end-of-life impacts (modules C1-C4), supporting consideration of reuse, recycling and take-back solutions that can reduce both waste and life-cycle emissions.

IRO	Target	Target year
Waste and breakage	Reduction of waste per revenue intensity by 20% compared to 2019/20	2026/27
	80% waste segregated for recycling	2026/27
Waste generation in the construction industry	Increased assortment of eco-labelled products	2026/27
	Increased sales of eco-labelled products	2026/27
	Increased share of sales of LCA-relevant products with carbon data	2026/27



E5 RESOURCE USE AND CIRCULAR ECONOMY

E5
METRICS

ECO-LABELLED PRODUCTS

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Base year 2019/20	Development since previous year
Entity spec.	Share of third-party verified eco-labelled SKUs in stocked assortment	%	3	9	6	-	-	-	-6pp
Entity spec.	Share of sales of third-party varified eco-labelled SKUs in stocked assortment	%	26	30	24	-	-	-	-4pp

E5-5
WASTE

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Base year 2019/20	Development since previous year[1]
E5-5.16(b)	Total waste	1,000 t	38.2	42.2	47.0	45.9	47.2	46.8	-9.5%
E5-5.16(c/d)	Hazardous waste total	% of total waste	1.8	2.3	1.4	1.5	1.0	1.1	-1pp
E5-5.16(c)ii	Recycling	% of total waste	0.0	0.7	0.2	0.2	0.2	0.1	-1pp
E5-5.16(d)i	Incineration	% of total waste	1.6	1.5	0.7	0.7	0.5	0.8	0pp
E5-5.16(d)ii	Landfill	% of total waste	0.1	0.1	0.5	0.6	0.4	0.2	0pp
E5-5.16(c/d)	Non-hazardous waste total	% of total waste	98.2	97.7	98.6	98.5	99.0	98.9	1pp
E5-5.16(c)i	Preparation for reuse	% of total waste	1.4	2.0	-	-	-	-	-1pp
E5-5.16(c)ii	Recycling	% of total waste	64.5	68.5	66.5	67.3	66.5	67.8	-4pp
E5-5.16(d)i	Incineration	% of total waste	28.2	21.6	26.5	24.9	24.4	19.9	7pp
E5-5.16(d)ii	Landfill	% of total waste	4.1	5.6	5.6	6.4	8.1	11.2	-1pp
Entity spec.	Total waste intensity	t/mEUR revenue	4.9	5.4	6.0	5.4	5.3	7.0	-9.3%
Entity spec.	Total waste segregated for recycling	%	66	71	67	67	67	68	-5pp

1. The proportion of waste diverted from disposal, expressed as a percentage of total waste generated.

E5 RESOURCE USE AND CIRCULAR ECONOMY

§ ACCOUNTING PRINCIPLES

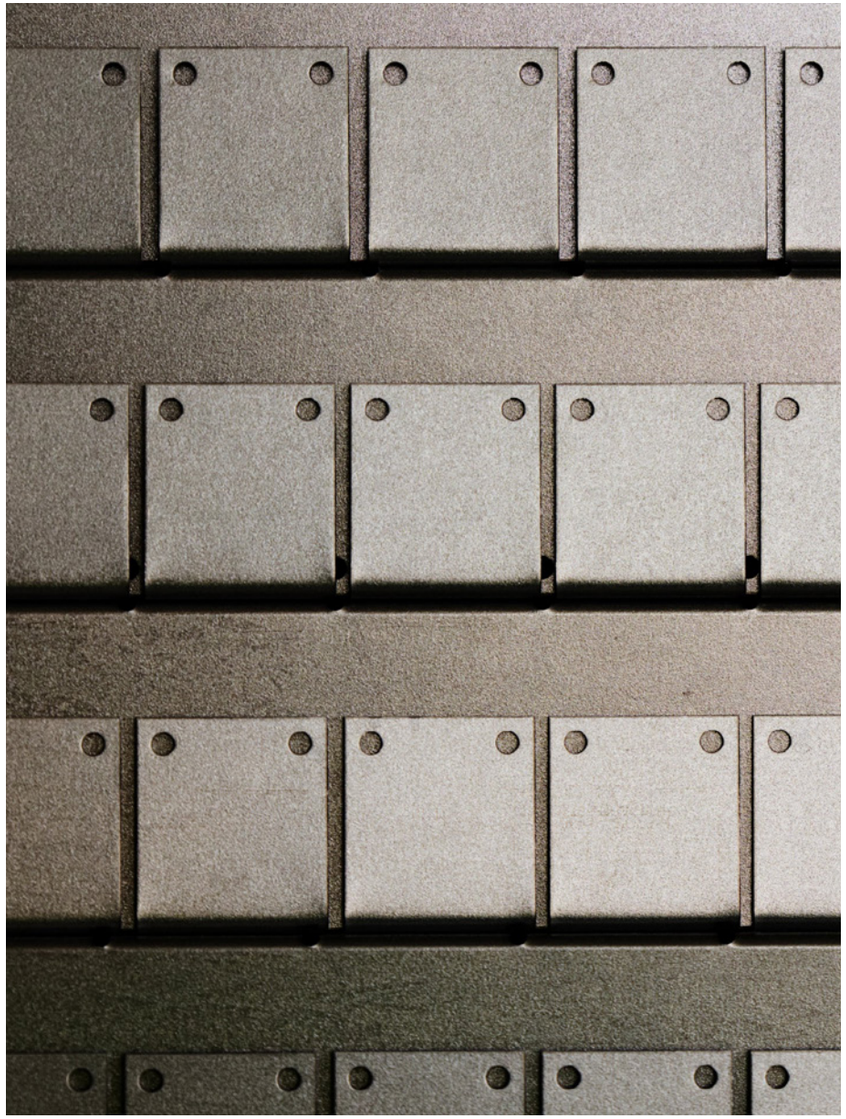
Share of third-party verified eco-labelled SKUs in stocked assortment
The percentage of stocked product SKUs in the reporting period that are covered by recognised third-party verified eco-labels, environmental certifications, indoor climate labels or product assessment schemes. Included labels and schemes are: FSC™, PEFC, Nordic Swan Ecolabel, EU Ecolabel, Blauer Engel, M1, EC1, Cradle to Cradle (C2C), Dansk Indeklima Mærkning, Indoor Air Comfort, Natureplus, BASTA, SundaHus (accepted levels: A, B, C+) and Byggvarubedömningen (accepted levels: Rekommenderas and Accepteras).

Share of sales of third-party verified eco-labelled SKUs in stocked assortment
Net sales from stocked SKUs with a recognised third-party verified environmental label or certification as a percentage of total net sales from the stocked assortment.

Total waste
Waste is reported as absolute waste tonnage, split by hazardous and non-hazardous waste as defined by the European Waste Catalogue and further split by incinerated, landfilled, segregated for recycling and preparation for reuse, respectively.

Total waste intensity
Total waste generated during the reporting year, expressed in tonnes per million EUR of revenue.

Share of waste segregated for recycling
Waste collected separately for recycling as a percentage of total waste generated during the reporting period.



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05 SUSTAINABILITY

SOCIAL

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- S2 Workers in the value chain
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S1 OWN WORKFORCE

A SAFE, ENGAGED AND INCLUSIVE WORKPLACE

Our people are key to delivering our strategy and creating value for customers across our markets. Maintaining safe working conditions, high employee engagement and an inclusive workplace support retention and operational performance. The most material workforce topics for STARK Group relate to health and safety, working conditions, employee engagement and personal-data protection. Together, these influence employee wellbeing, productivity and our ability to attract and retain talent.



IROs

ESRS	Strategic theme	IRO	Type	Value chain	Time horizon
S1 Own workforce	**Responsible day-to-day operations**	**Working conditions, social dialogue and protection of workers** are essential to maintaining employee trust, engagement and retention across STARK Group. Inconsistent application of worker protection mechanisms, social dialogue, engagement follow-up, DE&I expectations or baseline working conditions across markets may lead to disputes, lower engagement, higher attrition and governance or reputational exposure.	R		
		Health and safety of own workforce: Accidents, incidents, fatalities and lost workdays represent a key impact and risk due to the physical nature of warehouse, yard, logistics and branch activities. This covers impacts and risks related to employee safety, new operational activities and M&A integration, emergency preparedness, risk identification, young workers and the opportunity to improve safety performance through efficient prioritisation. Failure to manage these risks may cause harm, operational disruption, productivity loss, claims, insurance cost increases and reduced employee confidence.	I R (potential)		
		GDPR-compliance and personal data protection is required to protect employee privacy and maintain trust. Inadequate governance of employee data across HR systems may lead to privacy breaches, regulatory penalties, remediation costs and reduced confidence in the Group's handling of sensitive workforce information.	R		

Type I Impact, negative · R Risk · O Opportunity
Value chain Upstream · Operations · Downstream
Time horizon <1 year · 1-5 years · >5 years

S1 OWN WORKFORCE

S1-1

POLICIES AND APPROACH

Our employees primarily work in branches, logistics operations, distribution centres and offices and, therefore, our workforce approach is particularly focused on health and safety, engagement, capability building and leadership development across operational environments.

Our approach is governed through Group-wide policies and management systems covering health and safety, working conditions, training and development and equal treatment. Topics related to our workforce are addressed through our People Policy, Code of Conduct, Human Rights Policy, Health & Safety Policy, Diversity, Equity & Inclusion Policy, Personal Data Protection Policy, Compensation Policy and Speak Up! Whistleblower Policy.

Our policies are aligned with the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the ILO Core Conventions. They cover health and safety, non-discrimination, freedom of association and collective bargaining, fair employment conditions, prevention of harassment and protection of personal data. The policies apply to all employees and are supported by local procedures and management systems.

Policies are embedded in our operational model and supported by governance structures, internal controls and processes to ensure consistent implementation across business units. Please refer to pp. 131-135 for further information.

S1-2

ENGAGEMENT AND GRIEVANCE MECHANISMS

We engage with our employees through annual engagement surveys, local dialogue and representation mechanisms. These processes provide insight into employee perspectives and support continuous improvement of working conditions and engagement. We maintain channels for employees to raise concerns or needs, including formal grievance mechanisms including our whistleblower system SpeakUp!, and we have processes in place to assess and address reported issues and provide appropriate remediation, where relevant. Reported concerns are investigated through established procedures and, where relevant, corrective actions, remediation measures and disciplinary actions are implemented. Lessons learned are used to strengthen preventive measures and reduce the likelihood of recurrence. For further information, please see the whistleblower section p. 123.

Feedback from engagement surveys, employee representatives, works councils and local dialogue forums is incorporated into workforce planning, working environment improvements, leadership development initiatives and health and safety priorities. Survey findings are reviewed at both local and Group level and translated into action plans, which are subsequently monitored and followed up.

S1-14

SOCIAL PROTECTION

Employees are generally covered by national social protection schemes and applicable collective agreements. Depending on local regulations and market practices, this includes coverage relating to sickness, unemployment, parental leave, disability and retirement.

S1-3

KEY ACTIONS

CREATING A SAFE, ENGAGED AND FUTURE-READY WORKFORCE

To support a safe, engaged and future-ready workforce, we allocate dedicated resources across the Group, including health and safety teams in each business unit, a central Group Health & Safety function, as well as investments in digital platforms, training and engagement initiatives.

MANAGING THE HEALTH, SAFETY AND WELLBEING OF OUR WORKFORCE

Health and safety is a core priority given the operational nature of our branches, distribution centres and logistics activities. We manage risks through Group-wide policies, operational controls and a health and safety management system aligned with ISO 45001 principles and implemented across all locations. The system includes risk assessments, mandatory training, incident reporting, audits and root-cause analysis to support continuous improvement and prevent recurrence of incidents. Currently 21% of our branches are ISO 45001 certified.

Our approach is guided by Vision Zero and focuses on preventing serious injuries and fatalities through leadership engagement, risk identification, training and learning from incidents and near misses. Performance is monitored through indicators such as reportable incident rates, lost workdays, fatalities and coverage of our health and safety management system.

Each business unit has a dedicated Health & Safety Manager and Health & Safety Steering Committee responsible for local implementation and oversight.

Health and safety requirements are also integrated into the onboarding of newly acquired businesses to support consistent standards across the Group.

Employee wellbeing includes psychological safety, inclusion and a respectful working environment. Through engagement processes, leadership development and local initiatives, we seek to create a workplace where employees feel safe to contribute, develop and raise concerns.

To strengthen reporting, incident management and risk oversight, we continue to roll out a Group-wide digital health and safety platform supporting incident reporting, audits, risk assessments and employee observations. The platform is expected to achieve full Group-wide implementation by 2027.

DATA PRIVACY AND EMPLOYEE TRUST

Personal-data protection is managed through Group-wide governance procedures, access controls, training and monitoring processes. Further information and related KPIs are disclosed in the Governance section.

Employee engagement and social dialogue

The annual TellUs! survey is our primary mechanism for understanding employee engagement and workplace experience. Participation rates remained at 84%. Results are reviewed through structured feedback sessions and translated into local and Group-wide action plans focusing on engagement, leadership, collaboration and psychological safety.

We complement this through social dialogue structures, employee representatives and works councils. We support employees' rights to freedom of association and collective bargaining. At Group

level, employee representation is facilitated through the European Works Council (EWC), established in accordance with Directive 2009/38/EC and relevant national implementing legislation. The EWC comprises employee representatives elected or appointed by and from among employee representatives from participating EU/EEA countries, with representation reflecting workforce size and each represented country guaranteed at least one seat. The EWC met most recently from 9-11 March 2026 with attending representatives from Denmark, Finland, Germany, Norway and Austria. A Select Committee facilitates dialogue with central management between ordinary EWC meetings. Through the EWC, national works councils and other employee representation bodies, employee representatives are informed and consulted on matters affecting the workforce, including organisational changes, workplace improvement initiatives and health and safety topics. Agendas and supporting materials from EWC meetings are made available to participants. These forums help ensure employee perspectives are reflected in decision-making processes, while supporting fair and transparent employment conditions, including remuneration, working time arrangements, employee benefits and development opportunities.

Market conditions remained challenging across several of our markets, resulting in organisational changes and workforce reductions. Employee feedback and dialogue therefore remained an important focus area, helping management understand employee concerns and prioritise actions to support engagement, wellbeing and organisational resilience.

Building a future-fit organisation

Developing leadership, capabilities and diverse talent pipelines is critical to supporting STARK Group's continued growth and integration as a European business. We believe a diverse and inclusive workforce strengthens employee engagement, innovation and our ability to serve customers across our markets. Our approach is based on equal treatment, non-discrimination and fair access to opportunities throughout the employee lifecycle.

Particular focus is placed on increasing female representation in management through recruitment, leadership development and succession planning, while ensuring equal opportunities for all employees regardless of gender, age, ethnicity, nationality, disability, sexual orientation or other protected characteristics. Progress is monitored through diversity metrics and representation targets.

Future-fit leadership

During the year, STARK Group completed its first Future-fit Leadership programme involving 32 leaders from Group functions and business units across STARK Group. The programme complements existing local leadership development initiatives across our business units and was designed to strengthen capabilities in communication, sustainable leadership, emotional intelligence and leading through change.

The programme supports STARK Group's evolution from a Nordic organisation to a broader European business following recent acquisitions. As the Group expands, leaders increasingly need to work across countries, cultures and organisational boundaries while supporting a wider and more diverse employee base. Through training, coaching and mentoring, participants strengthened their ability to lead across cultures, engage stakeholders and translate strategic priorities, including sustainability, into practical actions.

By investing in leadership capabilities, STARK Group seeks to strengthen employee engagement, organisational resilience and the successful delivery of its long-term strategic ambitions.

Learning and development

Training and development support both employee growth and long-term business resilience. Our programmes focus on leadership, digital capabilities, sustainability, compliance, health and safety and job-specific competencies, helping employees adapt to changing customer expectations, new technologies and the ongoing transformation of the construction sector. During the year, employees completed an average of 6.7 training hours and 87% of eligible employees participated in performance reviews, supporting workforce development and future skills requirements.

TARGETS AND PERFORMANCE

S1-4

TARGETS

Effectiveness is evaluated through KPIs, engagement survey results, internal audits and feedback from health and safety committees and employee representatives. Progress is reviewed by Executive Management and the Board and informs ongoing improvements in policies, actions and targets.

We have defined targets for employee engagement, diversity and health and safety. By 2027, we aim to achieve an employee satisfaction and motivation score of 76, an employee loyalty score of 82 and a survey participation rate of 85%. Guided by the principles of Vision Zero, our health and safety targets for 2027 are set to reduce the reportable incident rate to 5.7 and the lost workday rate to 40 per million hours worked.

IRO	Target	Target Year
Working conditions, social dialogue and protection of workers	Employee satisfaction and motivation score: 76	2026/27
	Employee loyalty score: 82	2026/27
	Survey participation rate: 85%	2026/27
	Women in total workforce: 25%	2029/30
	Women in management: 20%	2029/30
Health and safety of own workforce	Reducing the injury rate to 5.7 per million worked hours	2026/27
	Reducing the lost workday rate to 40 per million worked hours	2026/27

S1 OWN WORKFORCE

By 2030, we aim for women to represent 25% of our total workforce and 20% of management positions. These targets support our ambition to increase representation and equal opportunities across the organisation.

PERFORMANCE

Total employee headcount decreased by 3% to 19,085 during the year, reflecting organisational changes across several markets. Despite this, employee engagement remained stable during the year. The employee satisfaction and motivation score increased by 1 point to 74, while the employee loyalty score increased to 82, achieving the Group's 2027 target. Employee Net Promoter Score increased from 21 to 24, and survey participation remained high at 84%, just short of the 2027 target of 85%.

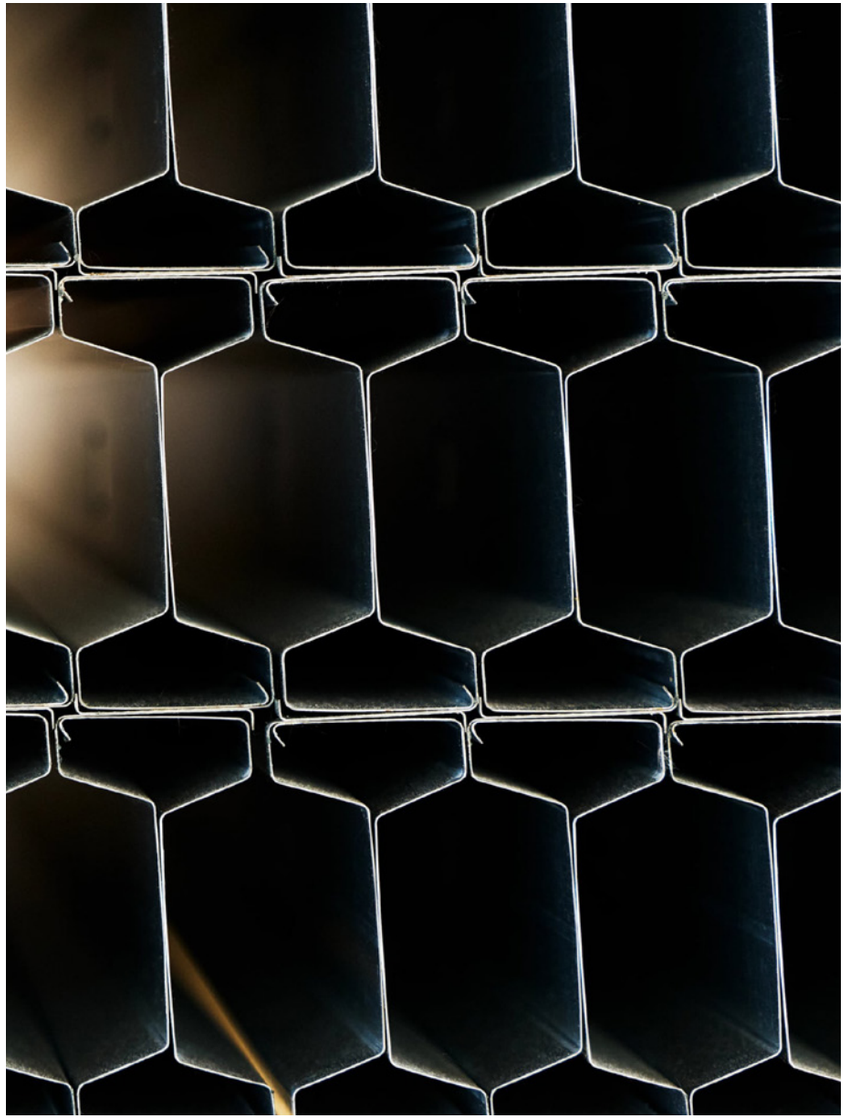
Health and safety remains a key priority. STARK Group maintained 100% coverage of its health and safety management system and recorded zero fatalities. The reportable incident rate increased from 4.2 to 4.7 incidents per million hours worked, while the lost workday rate increased from 79.0 to 98.0 per million hours worked. The number of reportable work-related incidents increased from 153 to 167, while days lost to work-related injuries increased from 2,902 to 3,456. The increase highlights the need for continued focus on safety culture, risk identification and preventive actions to achieve our Vision Zero ambitions.

Gender diversity across management positions improved during 2025/26, with women representing 17% of management positions compared to 16% in the previous year. Within the category Other management levels, comprising managers reporting to the top management body, female representation increased from 17% to 27%, strengthening the leadership pipeline for future senior roles. Female representation within the Executive Committee remained unchanged at 15%, while no women were represented on the Board of Directors or Executive Management Team at year-end, highlighting areas requiring continued focus to achieve our long-term diversity ambitions.

Age diversity remained broadly stable, with 17% of employees under 30 years of age, 43% between 30 and 50 years and 39% above 50 years. Average employee seniority was 10.1 years, reflecting a stable and experienced workforce.

Training and skills development continued to strengthen, with average training hours increasing from 5.3 to 6.7 hours per employee and Code of Conduct training completion increasing from 80% to 88%, supporting employee awareness and responsible business conduct.

We will continue to implement and strengthen the efforts described in our key actions to support the achievement of our targets related to our workforce.



S1 OWN WORKFORCE

METRICS

S1-5
CHARACTERISTICS OF OUR EMPLOYEES

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
S1-5.20(a)	Total number of employees[A]	Headcount	19,085	19,655	20,238	20,959	12,500	-3%
S1-5.20(b)	Austria[A] *	Headcount	342	293	-	-	-	17%
S1-5.20(b)	Denmark[A]	Headcount	2,914	2,886	2,881	2,797	-	1%
S1-5.20(b)	Finland[A]	Headcount	1,137	1,146	1,141	1,113	-	-1%
S1-5.20(b)	Germany[A]	Headcount	4,981	5,254	5,837	5,879	-	-5%
S1-5.20(b)	Greenland[A] **	Headcount	31	-	-	-	-	-
S1-5.20(b)	Norway[A]	Headcount	437	459	462	351	-	-5%
S1-5.20(b)	Sweden[A]	Headcount	2,362	2,345	2,320	2,272	-	1%
S1-5.20(b)	United Kingdom[A]	Headcount	6,882	7,272	7,597	8,547	-	-5%
S1-5.20(a)	Male[A]	Headcount	15,008	15,433	15,881	16,515	9,375	-3%
S1-5.20(a)	Female[A]	Headcount	4,075	4,221	4,357	4,444	3,125	-3%
S1-5.20(a)	Other[A]	Headcount	2	2	-	-	-	0%
S1-5.20(a)	Not disclosed[A]	Headcount	1	-	-	-	-	-
Entity spec.	Gender diversity	% female	21	21	22	21	25	0pp
Entity spec.	Number of leavers	Headcount	4,009	4,456	3,848	-	-	-11%
S1-5.20(d)	Employee turnover rate[A]	%	21.0	22.7	19.5	-	-	-1.7pp

A. KPI subject to limited assurance in FY26
** Previously reported under Germany*
*** Previously reported under Denmark*

Table continues on the next page

S1 OWN WORKFORCE

S1-5
CHARACTERISTICS OF OUR EMPLOYEES (CONTINUED)

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
S1-5.20(c)i	Permanent employees total[A]	Headcount	18,022	18,151	-	-	-	-1%
S1-5.20(c)i	Male[A]	Headcount	14,219	14,316	-	-	-	-1%
S1-5.20(c)i	Female[A]	Headcount	3,801	3,833	-	-	-	-1%
S1-5.20(c)i	Other[A]	Headcount	1	2	-	-	-	50%
S1-5.20(c)i	Not disclosed[A]	Headcount	1	1	-	-	-	0%
S1-5.20(c)ii	Temporary employees[A]	Headcount	1,010	987	-	-	-	2%
S1-5.20(c)ii	Male[A]	Headcount	741	729	-	-	-	2%
S1-5.20(c)ii	Female[A]	Headcount	269	257	-	-	-	5%
S1-5.20(c)ii	Other[A]	Headcount	1	-	-	-	-	-
S1-5.20(c)ii	Not disclosed[A]	Headcount	-	-	-	-	-	-
S1-5.20(c)iii	Non-guaranteed hours employees[A]	Headcount	54	63	6	1	-	-14%
Entity spec.	Total number of employees	FTE	18,000	18,500	19,400	20,900	-	-3%

A. KPI subject to limited assurance in FY26

S1 OWN WORKFORCE

S1-6
CHARACTERISTICS OF THE UNDERTAKING'S NON-EMPLOYEES IN OWN WORKFORCE

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
S1-6.22	Total number of non-employees[A]	Headcount	567	467	-	-	-	21%

S1-7
COLLECTIVE BARGAINING

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
S1-7 24(a)	Share of total employees covered by collective bargaining agreements[A]	%	51	-	-	-	-	-

S1-7.24(b, c)

Coverage rate	Collective Bargaining Coverage[A]			
	% Employees – EEA *(for countries with >50 empl. representing >10% total empl.)*		% Employees – non-EEA	
	Current reporting period	Previous reporting period	Current reporting period	Previous reporting period
0-19%	Norway	Norway	United Kingdom	United Kingdom
20-39%				
40-59%				
60-79%	Denmark Germany Greenland	Denmark Germany Greenland		
80-100%	Sweden Finland Austria	Sweden Finland Austria		

A. KPI subject to limited assurance in FY26

S1 OWN WORKFORCE

S1-8
DIVERSITY METRICS

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22
S1-8.27	Board of Directors[A]	Women/Total (Headcount)	0/6	0/6	1/6	1/5	1/5
S1-8.27	Board of Directors[A]	%	0	0	17	20	20
S1-8.27	Executive Management Team[A]	Women/Total (Headcount)	0/2	0/2	1/2	1/2	1/2
S1-8.27	Executive Management Team[A]	%	0	0	50	50	50
S1-8.27	Executive Committee[A]	Women/Total (Headcount)	2/13	2/13	4/14	4/14	-
S1-8.27	Executive Committee[A]	%	15	15	29	29	25
S1-8.27	Other management levels[A]	Women/Total (Headcount)	21/79	17/98	20/92	-	-
S1-8.27	Other management levels[A]	%	27	17	22	16	22
S1-8.27	Management positions held by women[A]	%	17	16	16	15	16

AGE DIVERSITY

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22
Entity spec.	Under 30 years old	%	17	17	17	18	-
Entity spec.	30-50 years old	%	43	43	43	46	-
Entity spec.	Over 50 years old	%	39	39	39	37	-
Entity spec.	Senority	Years	10.1	8.7	9	10.2	-

A. KPI subject to limited assurance in FY26

S1 OWN WORKFORCE

S1
EMPLOYEE ENGAGEMENT

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
Entity spec.	Employee engagement – satisfaction & motivation	Score	74	73	71	74	74	1 point
Entity spec.	Employee engagement – loyalty	Score	82	81	80	80	80	1 point
Entity spec.	Employee engagement survey participation rate	%	84	84	82	82	83	0 points
Entity spec.	Employee Net Promoter Score	Score	24	21	18	27	–	3 points

S1
CODE OF CONDUCT TRAINING

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
Entity spec.	Trained on Code of Conduct	% of total workforce	88	80	72	–	–	8pp

S1-12
TRAINING AND SKILLS DEVELOPMENT

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
S1-12.35(a)	Share of total employees that participated in performance review	%	66	–	–	–	–	–
Entity spec.	Share of elegible employees that participated in performance review	%	87	–	–	–	–	–
S1-12.35(b)	Average training hours per employee	hours	6.7	5.3	3.1	3.1	3.4	26%

S1 OWN WORKFORCE

S1-13
HEALTH AND SAFETY METRICS

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
S1-13.37(a)	Share of own workforce covered by health and safety management system	%	100	100	100	-	-	0pp
Entity spec.	Share of ISO 45001-certified locations	%	21	22	22	21	40	-1pp
S1-13.37(b)i	Fatalities as a result of work-related injuries	Number	0	0	0	0	0	-
S1-13.37(b)ii	Fatalities as a result of work-related ill health	Number	0	0	0	0	0	-
S1-13.37(c)	Reportable work-related incidents	Number	167	153	168	170	177	9%
Entity spec.	The number of total hours worked	1,000 hours	35,298	36,429	38,182	30,357	22,405	-3%
S1-13.37(c)	Rate of reportable work-related incidents	Per million hours worked	4.7	4.2	4.4	5.6	7.9	12%
S1-13.37(e)	Days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	Days	3,456	2,902	-	-	-	19%
Entity spec.	Lost workday rate	Per million hours worked	98.0	79.0	96.0	52.7	81.2	24%

S1 OWN WORKFORCE

§ ACCOUNTING PRINCIPLES

Total number of employees (headcount)
Total employee headcount comprises employees with an active employment contract as a yearly average during the reporting period from 31 July 2025 to 31 July 2026. Headcount is calculated at the underlying disaggregated level, including by country and gender, and aggregated to determine the total Group employee headcount. Data is sourced from the STARK Group HR system.

Gender diversity
The distribution of employees by gender across the organisation as an average during the reporting period from 31 July 2025 to 31 July 2026. Includes all employees with an active employment contract. Gender categories are based on self-identification and calculated by headcount. Additionally, gender diversity is reported as the share of female employees of the total number of employees.

Number of leavers
Total number of employees, irrespective of contract type, whose active employment contracts were terminated during the reporting period, regardless of reason. Terminations are recognised on the employee's last day of employment and include all terminations recorded from 31 July 2025 to 31 July 2026.

Employee turnover rate
The number of leavers during the reporting period from 31 July 2025 to 31 July 2026 divided by the average headcount, expressed as a percentage.

Permanent employees
Individuals working in STARK Group under a permanent employment contract with a breakdown by gender. The count is based on employees with active permanent contracts expressed as a yearly average during the reporting period from 31 July 2025 to 31 July 2026.

Temporary employees
Individuals working in STARK Group under a limited-term employment contract with a breakdown by gender. This includes seasonal workers and other forms of temporary employment. The count is based on employees with active temporary contracts expressed as a yearly average during the reporting period from 31 July 2025 to 31 July 2026.

Non-guaranteed hours employees
Individuals working in STARK Group under an active employment contract with zero-hour contracts. The count is based on employees with such contracts expressed as a yearly average during the reporting period from 31 July 2025 to 31 July 2026.

Total number of employees (FTE)
FTEs are reported based on contractual working hours, reflecting the proportion of full-time employment for each individual. An FTE of 1.0 represents a full-time employee engaged for the entire reporting period. The data is sourced from the STARK Group HR system to ensure consistency across all entities.

Total number of non-employees
Individuals provided by third-party organisations engaged in employment activities. These individuals are based on active labour contracts expressed as a yearly average during the reporting period from 31 July 2025 to 31 July 2026.

Percentage of employees covered by collective bargaining agreements
Percentage of employees (headcount) covered by collective agreements as of the last day of the reporting period. Data is sourced from the STARK Group HR system based on active employment contracts and applicable national labour agreements.

Board of Directors
Number of female board members divided by the total number of board members expressed as total numbers and a percentage (%) as per the last day of the reporting period.

Executive Management Team
The STARK Executive Management Team comprises the Group CEO and Group CFO as per the last day of the reporting period.

Executive Committee
The STARK Group Executive Committee comprises the Group CEO, CFO, CSO, CHRO, CCOM, General Council, and business unit CEOs from STARK UK, STARK Deutschland, STARK Danmark, Beijer Byggmaterial, STARK Suomi, Neumann Bygg and STARK Sourcing, as per the last day of the reporting period. Gender diversity within the Executive Committee is expressed as female executive committee members / executive committee members.

Other management levels
Other management levels are defined as managers who refer to the top management body with manager responsibilities. The metric is given as the headcount of women in other management levels and the total headcount in other management levels. The metric is also reported as a percentage. The percentage is calculated as per the last day of the reporting period.

Management positions held by women
The share of management positions in STARK Group held by women. Management positions are defined as positions held by employees with one or more direct reports in the HR system, including employees or contingent workers. Management headcount is calculated as the average of headcount at the beginning and end of the financial year. The percentage is calculated as the average number of management positions held by women divided by the average total number of management positions, multiplied by 100.

Age diversity
The number of employees per age group <30, 30-50 and >50 years, is reported as the percentage of the total headcounts, employed by STARK Group as per the last day of the reporting period and includes permanent, temporary, and seasonal employees.

Seniority
Average number of years an employee has been employed within the company (excluding newly acquired companies who have not yet been integrated into our HR system).

Employee engagement survey score
An annual employee engagement survey is made through Ennova, resulting in a satisfaction and motivation score and a loyalty score. The STARK

S1 OWN WORKFORCE

Group engagement survey is carried out annually in November.

Employee Net Promoter Score
Internal surveys asking employees how likely they are to recommend STARK Group as a workplace. Responses are categorised into promoters, passives and detractors, and the score is calculated as the percentage of promoters minus the percentage of detractors. Data is collected via the Ennova platform and reported for the relevant organisational scope and period.

Trained on Code of Conduct
The completion rate of employees in scope for the Code of Conduct e-learning out of the total employee population in scope. The completion rate is based on completed modules in the e-Learning system as per the last day of the reporting period.

Share of total employees that participated in performance review
Number of employees who completed a formal performance review during the reporting period divided by the total headcount, expressed as a percentage. Data is sourced from the STARK Group HR system.

Share of elegible employees that participated in performance review
Number of elegible employees who completed a formal performance review during the reporting period divided by the eligble total headcount, expressed as a percentage. Data is sourced from the STARK Group HR system. Elegible employees are defined as employees with an employment of at least 12 months and working at least 6 hours per week (8 hours in STARK DK).

Average training hours per employee
Average training hours are calculated by dividing total training hours, including online modules via Eloomi, the Learning platform and other training documented in the HR system, by the headcount on the last day of the reporting period.

Share of employees covered by a health and safety management system
The share of STARK Group employees covered by the Group-wide health and safety management system, including risk assessments, training and processes for managing and reporting health and safety incidents and accidents. The percentage is calculated as the number of employees covered by the system divided by the total number of employees, multiplied by 100.

Share of ISO 45001-certified locations
Total number of locations certified according to ISO 45001 at the last day of the reporting year as a percentage of the total number of locations in STARK Group.

Fatalities as a result of work-related injuries
The number of work-related accidents leading to the death of the employee.

Fatalities from work-related ill health
Fatalities resulting from work-related ill health reported as the total number of deaths among employees due to occupational diseases or conditions during the reporting period.

Reportable work-related incidents
The number of occupational injuries, excluding commuting-related injuries, that meet Stark Group's criteria for reporting.

Rate of reportable work-related incidents
The number of reportable work-related accidents, excluding commuting-related accidents, per 1,000,000 employee hours worked within the reporting period as defined by GRI and in line with the revised ESRS S1-13 standards. Worked hours are calculated by multiplying the number of FTEs at the end of the month by the number of working days in that month multiplied by 8 (daily working hours). The annual number of worked hours is calculated based on the monthly figures compiled throughout the year.

Number of total hours worked
Worked hours are calculated on a monthly basis by multiplying the number of working days in each month by 8 standard working hours per day and multiplying the result by the number of FTEs. This calculation is performed separately for each BU, as the number of working days varies between countries due to differences in public holidays and local calendars. The worked hours calculated for each country are aggregated to determine the total number of worked hours across the Group.

Cases of reportable work-related ill health
Cases STARK Group has been informed of by affected individuals, compensation agencies or healthcare professionals or cases that we have identified through medical surveillance during the reporting period. Work-related musculoskeletal disorders are covered under work-related ill health.

Days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health
Including the first full day and the last day of absence. Calendar days are used for the count. Days on which the affected individual is not scheduled for work (for example weekends, public holidays) therefore count as lost days.

Lost workday rate
The lost workday rate formula is defined according to GRI as the total number of workdays lost per 1,000,000 hours worked by all employees within the reporting period. Lost workdays include days lost due to injuries not requiring medical treatment. Worked hours are calculated by multiplying the number of FTEs at the end of the month by the number of working days in that month multiplied by 8 (daily working hours). The annual number of worked hours is calculated based on the monthly figures compiled throughout the year.

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S2 WORKERS IN THE VALUE CHAIN

EMBEDDING SOCIAL RESPONSIBILITY IN OUR SUPPLY CHAIN

STARK Group depends on a global supplier network that provides the products and materials distributed across our markets. Our most material impacts and risks relate to working conditions, health and safety, human rights and modern slavery risks in upstream supply chains. Through responsible sourcing, supplier engagement and human-rights due diligence, we seek to strengthen supply chain transparency, address potential adverse impacts on workers and support continuous improvement across the value chain.



IROs

ESRS	Strategic theme	IRO	Type	Value chain	Time horizon
S2 Workers in the value chain	**Leading advice and guidance**	**Supplier engagement:** Supporting suppliers through training, dialogue and collaboration on sustainability requirements, human-rights due diligence, documentation standards and evolving regulatory expectations creates an opportunity to improve working conditions, transparency and sustainability performance in our supply chain, while strengthening supplier capabilities and long-term commercial relationships.	O	Upstream	>5 years
	Responsible day-to-day operations	**Insufficient supplier transparency and due diligence:** Insufficient transparency regarding supply chain practices may increase exposure to regulatory, reputational and supply chain risks, while weakening the ability to meet customer and stakeholder expectations regarding responsible sourcing and business conduct.	R	Upstream	1-5 years
		Working conditions and human rights in the supply chain: Through our upstream value chain, STARK Group may be connected to adverse impacts on workers related to working conditions and human rights. These impacts may include labour rights violations, child labour, forced labour, excessive working hours or exploitation of workers. Failure to identify and address such impacts through effective due diligence may increase regulatory, reputational and supply chain risks for the Group.	I R (potential)	Upstream	<1 year
		Health and safety in the supply chain: Unsafe working environments in supplier operations may lead to injuries or fatalities among workers. Although STARK Group does not operate these sites, such incidents can affect workers directly and create reputational and supply chain risks.	I R	Upstream	<1 year

Type	I Impact, negative		R Risk		O Opportunity
Value chain	Upstream		Operations		Downstream
Time horizon	<1 year		1-5 years		>5 years

S2 WORKERS IN THE VALUE CHAIN

S2-1
POLICIES AND APPROACH

Our approach to workers in the value chain is governed by our Human Rights Policy, Sustainable Sourcing Policy and Supplier Code of Conduct. These policies apply across our upstream value chain and are aligned with international standards such as the UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises and core ILO conventions. Our policies support compliance with the UK Modern Slavery Act, the Norwegian Transparency Act and emerging EU due diligence requirements.

Our policies are supported by supplier sustainability assessments and due diligence processes designed to identify, prevent, mitigate and address adverse impacts on workers in the value chain. We have set out clear requirements in our Supplier Code of Conduct aligned with amfori codes of conduct and require suppliers to comply with these standards as a condition of doing business with STARK Group. Through memberships of amfori, we expect all our suppliers to meet the same standards.

Together, these policies support our commitment to respecting internationally recognised human rights and promoting decent working conditions throughout the value chain. See more about our policies on pp. 131-135.

S2-2
ENGAGEMENT, GRIEVANCE MECHANISMS AND REMEDY

We engage with suppliers through sustainability assessments, audits and ongoing dialogue regarding working conditions, labour rights, health and safety and human rights due diligence. We do not generally engage directly with workers in upstream supply chains but seek to understand worker perspectives through supplier sustainability assessments, audits and industry initiatives such as amfori and Ethical Trade Denmark.

We provide access to grievance mechanisms through our whistleblower system Speak Up!, which is available to employees, suppliers and third parties and ensures secure and confidential reporting of concerns. We are committed to remediation and work with suppliers and partners to address and resolve identified issues, where relevant. The effectiveness of our grievance channels is assessed through monitoring of reported concerns, investigation outcomes and remediation actions. Read more about our whistleblower system on p. 125.

S2-3
KEY ACTIONS

MITIGATING RISKS THROUGH RESPONSIBLE SOURCING

We apply a risk-based due diligence approach to identify, assess and address potential human rights impacts across our value chain. This includes supplier sustainability assessments, country and category risk assessments, sustainability assessments and on-site audits, where relevant. Suppliers operating in higher-risk geographies or categories are prioritised for enhanced due diligence and engagement.

Where potential adverse impacts are identified, we will work collaboratively with suppliers to develop corrective actions and support continuous improvement. Remediation and capability building will be prioritised wherever meaningful progress can be achieved. Termination of supplier relationships is considered as a last resort only where serious breaches occur or sufficient improvement cannot be demonstrated.

Our Sustainable Sourcing team leads the implementation of due diligence processes, supported by digital tools and external data sources that provide insight into governance, labour conditions and structural risks. Supplier oversight is strengthened through contractual requirements, self-assessments, audits and ongoing dialogue. Further information on STARK Group's due diligence processes is provided in the Due Diligence section on p. 62.

We complement these activities through participation in initiatives such as the UN Global Compact and industry collaborations, as well as training programmes that build internal capabilities on human rights and responsible sourcing.

Going forward, we plan to continue strengthening our responsible sourcing and human rights due diligence. This includes further assessments of social and human rights risks across our supplier base and sourcing categories, using the results to prioritise suppliers for engagement and, where relevant, on-site audits. We also plan to continue following up on identified risks and corrective actions and to further develop the data and processes supporting our risk-based approach.

SUPPLIER ENGAGEMENT AND CAPABILITY BUILDING

During the year, STARK Group established a supplier sustainability network involving ten strategic suppliers representing approximately 135,000 employees, EUR 45 billion revenue and 42 million tonnes of scope 3 emissions. The first in-person roundtable was held in London in February 2026 at the Scope 3 Peer Group Strategy Days and focused on decarbonisation roadmaps, SBTi targets, EPDs, carbon data and supplier capability building.

SUPPLIER RISK ASSESSMENTS

During the year, we further strengthened our risk-based due diligence approach by expanding the use of supplier risk assessments across our supplier base. Country risk assessments are based on the amfori ESG Risk Compass and cover social and human rights indicators including freedom of association, discrimination, fair remuneration, precarious employment, bonded labour, working hours, occupational health and safety and child labour. The assessment supports prioritisation of suppliers and sourcing categories for further due diligence activities, in line with the OECD Due Diligence Guidance for Responsible Business Conduct.

Based on the current assessment, approximately 0.26% of our supplier spend was associated with suppliers located in countries classified as high-risk from a social and human rights perspective. The assessment represents an important step in strengthening transparency and guiding due diligence efforts. As data quality and country attribution continue to improve, including for suppliers where country information is currently unavailable or requires validation, future results may change. We therefore view the assessment as a dynamic tool for continuous improvement rather than a static measure of risk exposure. This supports a more targeted approach to supplier engagement, sustainability assessments and on-site audits in higher-risk areas of the supply chain.

S2 WORKERS IN THE VALUE CHAIN

TARGETS AND PERFORMANCE

S2-4

TARGETS

As supplier assessments and due diligence processes have matured, our KPI framework was expanded in 2025/26 to support increasing regulatory expectations and improved supply chain transparency, including indicators related to supplier sustainability assessments, SBTi alignment and high-risk country exposure. We therefore moved beyond reliance on ESG risk score coverage and average risk score metrics and now monitor performance through indicators covering supplier engagement, supplier sustainability assessments and sustainability integration in procurement.

Consequently, the ESG risk score metrics are no longer reported and are not directly comparable with prior years. The revised framework is intended to provide greater visibility into supplier due diligence coverage and risk exposure. The indicators inform supplier prioritisation, risk management and follow-up activities, while supporting our objectives of strengthening human rights due diligence, supplier transparency and responsible sourcing practices.

PERFORMANCE

This year, progress was made in expanding supplier sustainability assessments and contractual coverage, supporting our objective of improving visibility into social and human rights risks across the value chain.

At year-end, 78% of supplier spend was covered by suppliers that had signed or contractually accepted STARK Group's Supplier Code of Conduct, while 100% of new targeted suppliers had signed the Group's legal terms and conditions. Sustainability assessments covered 91.5% of our supplier spend, providing an increasingly robust basis for risk identification and due diligence activities.

Supplier engagement also remained a key element of our risk-based sourcing approach. During the year, 15% of supplier spend was with suppliers covered by supplier engagement activities, while 52% of targeted suppliers underwent a sustainability on-site audit.

As part of the enhanced KPI framework introduced in 2025/26, we also expanded monitoring of suppliers' sustainability maturity, including SBTi alignment (p. 85) and exposure to suppliers operating in high-risk countries. At year-end, 35% of supplier spend was with suppliers that have SBTi-validated targets, while 0.26% of supplier spend was associated with suppliers located in high-risk countries. Together, these indicators provide improved visibility into supplier risks and performance, supporting prioritisation of engagement activities, compliance monitoring and continuous improvement across the supply chain.

We will continue these efforts, including supplier risk and sustainability assessments, targeted supplier engagement and follow-up on identified risks and corrective actions, to strengthen our responsible sourcing and human rights due diligence and support progress towards our targets for workers in the value chain.

IRO	Target	Target Year
Insufficient supplier transparency and due diligence	Mature supplier due diligence reporting	2025/26
	Increase share of spend under contract (% suppliers signed SCoC)	2026/27
	Increase or maintain share of spend with sustainability assessment	2026/27
	Increase or maintain share of spend with suppliers engaged in supplier due diligence	2026/27

S2 WORKERS IN THE VALUE CHAIN

METRICS

SUPPLIER DUE DILIGENCE

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
Entity spec.	Share of spend with suppliers with SBTi	%	35	–	–	–	–	–
Entity spec.	Share of spend with signed Supplier Code of Conduct	%	78	–	–	–	–	–
Entity spec.	Share of spend with sustainability assessment	%	91.5	–	–	–	–	–
Entity spec.	Share of spend in high-risk countries	%	0.26	–	–	–	–	–
Entity spec.	Share of targeted suppliers that have gone through sustainability on-site audit	%	52	–	–	–	–	–
Entity spec.	Share of spend covered by sustainability engagement activities	%	15	–	–	–	–	–
Entity spec.	Share of new targeted suppliers who have signed the Supplier Code of Conduct	%	100	100	100	100	100	0pp
Entity spec.	Number of suppliers with ESG risk score	Number	N/A[1]	14,828	10,847	5,097	–	–
Entity spec.	Share of spend covered by ESG risk score	%	N/A[1]	92	84	45	–	–
Entity spec.	Share of suppliers covered by ESG risk score	%	N/A[1]	73	62	31	–	–
Entity spec.	Average ESG risk score	Score 1-5	N/A[1]	2.6	2.6	2.4	–	–

1. In 2025/26, STARK Group enhanced its supplier due diligence methodology and introduced new supplier sustainability KPIs. As a result, ESG risk score metrics reported in prior years were discontinued and are not directly comparable.

S2 WORKERS IN THE VALUE CHAIN

§ ACCOUNTING PRINCIPLES

Share of spend with suppliers with SBTi
The share of total supplier spend associated with suppliers that have an active SBTi validated near-term or net-zero emissions reduction target as of the reporting date. The metric is expressed as a percentage of total supplier spend for the reporting period.

Share of spend with signed Supplier Code of Conduct
The percentage of total supplier spend related to suppliers that have formally committed to STARK Group's Supplier Code of Conduct through contractual agreements in force during the reporting period.

Share of spend with sustainability assessment
The percentage of total supplier spend that has been assessed through STARK Group's sustainability due diligence processes.

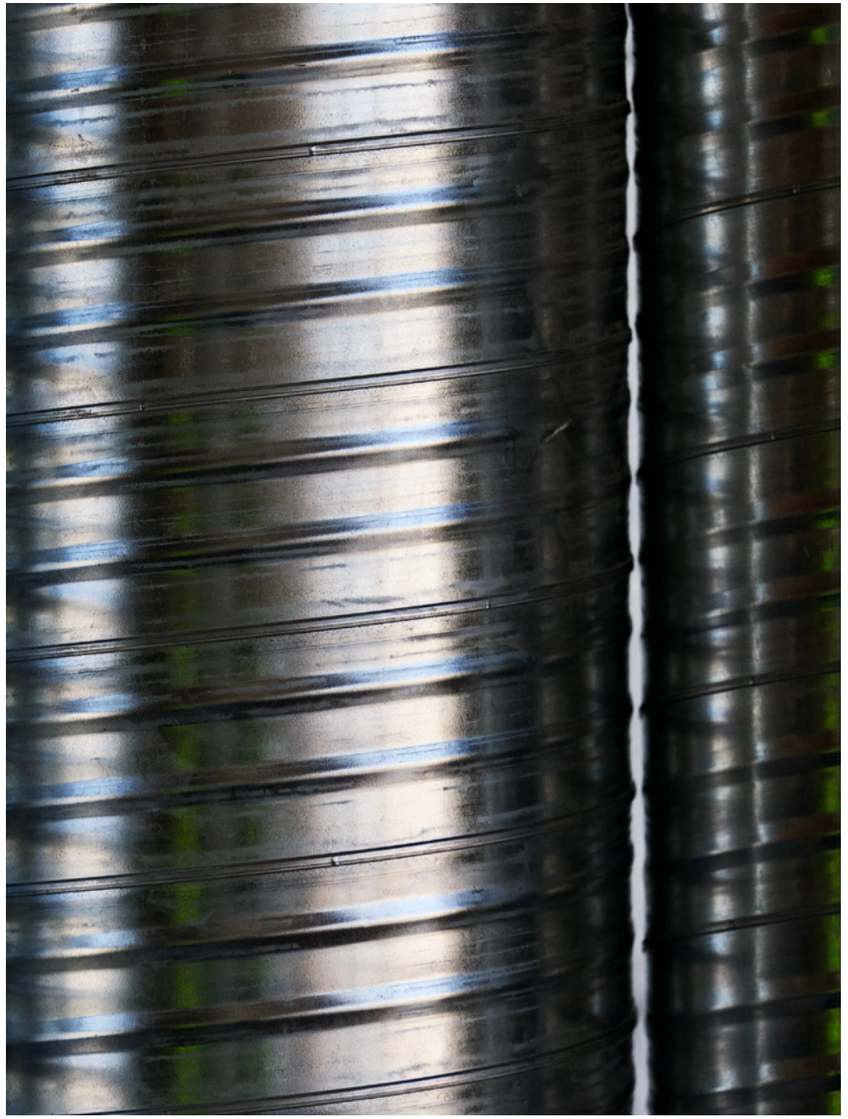
Share of spend in high-risk countries
The percentage of total supplier spend related to suppliers located in countries classified as high or very high risk according to the amfori ESG Risk Compass, calculated based on each supplier's country and expressed as a percentage of total supplier spend.

Share of targeted suppliers that have gone through a sustainability on-site audit
The percentage of risk-based targeted suppliers with a valid sustainability on-site audit at the reporting date, expressed as a percentage of all targeted suppliers.

Share of spend with suppliers covered by sustainability engagement activities
The percentage of total supplier spend related to suppliers that participated in sustainability engagement activities during the reporting period, including round table sessions, bilateral meetings, assessments, or other sustainability-related engagement initiatives.

Share of new targeted suppliers who have signed the Supplier Code of Conduct
The percentage of new targeted suppliers that signed STARK Group's legal terms and conditions during the reporting period, including commitment to comply with the Supplier Code of Conduct.

ESG risk score
A supplier-specific indicative score assigned by Dun & Bradstreet that reflects exposure to environmental, social and governance risks. The score is used to assess STARK Groups general exposure to risks in the supply chain and give an indication of supplier sustainability performance. This was discontinued in 2026 due to increased maturity in ESG assessments in STARK Group.



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S4 CONSUMERS AND END-USERS

EMPOWERING CUSTOMERS' SUSTAINABLE CHOICES

Our customers and end-users are increasingly affected by sustainability requirements, product transparency and compliance obligations. Our most material positive impact is enabling informed product selection through trusted product information, environmental documentation and expert guidance. As described in the Commercialising Sustainability section, we seek to make sustainability practical and actionable for customers through products, data and advisory services.

We also recognise operational risks relating to customer and contractor safety at branches and logistics sites, where structured site management and clear safety procedures are essential.



IROs

ESRS	Strategic theme	IRO	Type	Value chain	Time horizon
S4 Consumers and end-users	**Future-fit products and services**	**Exposure to hazardous substances:** Products containing or emitting harmful substances may adversely affect builders' and end-users' health.	I (potential)	■□□	■■■
	Leading advice and guidance	**Advisory services and expert guidance:** Combining expertise, product data and digital tools creates an opportunity to support customers in navigating increasing complexity related to carbon, documentation and regulatory requirements.	O	□■□	■■■
		Reducing complexity for tradespeople: We help tradespeople save time, reduce complexity and improve productivity through reliable availability, efficient delivery, expert advice and value-adding services, enabling them to focus on delivering projects.	P (actual)	□□■	■■■
		Product and equipment safety: Inadequate guidance regarding products, equipment or machinery (including rentals) may lead to accidents, injuries or unsafe use.	I R (potential)	□■■	■■■
		Misleading sustainability claims and greenwashing risks: Unclear or overstated sustainability claims may mislead customers, reduce trust and expose STARK Group to reputational and regulatory consequences.	R	□■■	■■■

Table continues on the next page

Type I Impact, negative · P Impact, positive · R Risk · O Opportunity
Value chain ■□□ Upstream · □■□ Operations · □□■ Downstream
Time horizon ■■■ <1 year · □■■ 1-5 years · □□■ >5 years

S4 CONSUMERS AND END-USERS

IROs (CONTINUED)

ESRS	Strategic theme	IRO	Type	Value chain	Time horizon
S4 Consumers and end-users	**Simplified documentation and compliance**	**Product data and information:** As environmental documentation becomes a condition for market access, demand for reliable product data continues to grow. By improving the availability of verified product information, STARK Group can help customers meet regulatory requirements, reduce complexity and make informed purchasing decisions.	O	Upstream, Operations	1-5 years, >5 years
		Limited product data and transparency: Insufficient availability of product data may limit STARK Group's ability to meet regulatory requirements, support customer compliance and maintain competitiveness in increasingly data-driven markets.	R	Upstream, Operations, Downstream	1-5 years, >5 years
		Poor sourcing transparency: Limited traceability and transparency in supply chains may reduce STARK Group's ability to identify and manage environmental and human rights risks, increasing exposure to regulatory, reputational and sourcing-related risks.	R	Upstream	1-5 years, >5 years
	Responsible day-to-day operations	**Health and safety of customers and contractors on site:** Customers and contractors at our sites are exposed to hazards such as forklift and loading activities which can create safety risks and potential liability exposure.	I R (potential)	Operations	<1 year, 1-5 years, >5 years
		GDPR-compliance and personal data protection: Poor management of customer data across operations and value chain may lead to misuse or breaches, harming individuals and exposing STARK Group to penalties and reputational risk.	R	Operations, Downstream	<1 year, 1-5 years, >5 years



Type I Impact, negative · P Impact, positive · R Risk · O Opportunity

Value chain Upstream · Operations · Downstream

Time horizon <1 year · 1-5 years · >5 years

S4 CONSUMERS AND END-USERS

S4-1
POLICIES AND APPROACH

Our approach to consumers and end-users is guided by our Code of Conduct, Products Standards Policy, Health and Safety Policy, Personal Data Protection Policy and relevant product compliance guidelines. These policies apply across our customer and end-user base and are supported by Group-wide governance processes, training and controls.

As environmental documentation, carbon-related building requirements and responsible sourcing become increasingly important in construction procurement, we aim to ensure customers have access to reliable product-level sustainability information, including EPDs, certifications, carbon data and compliance documentation.

S4-2
CUSTOMER ENGAGEMENT AND GRIEVANCE MECHANISMS

We engage with customers and end-users through daily interactions in branches, net promotor score measurements, Big Loop surveys, sustainability events and targeted engagement initiatives, providing valuable insight into evolving expectations related to product information, documentation, regulatory compliance and sustainable construction practices.

Insights from customer surveys, branch interactions, sustainability events and other feedback channels are used to inform the development of future-fit products, digital tools, sustainability documentation and advisory services.

Customers and end-users can raise concerns through local customer service channels, commercial contacts and direct engagement with our businesses. Concerns may also be raised through our whistleblower system, SpeakUp!. The effectiveness of the channels is monitored through response rates, complaint resolution, average response times and recurring themes identified through customer feedback and engagement activities.

Where we identify that STARK Group has caused or contributed to a material adverse impact on customers or end-users, we seek to provide or cooperate in appropriate remediation and corrective actions.

During the reporting period, no material incidents relating to consumer health and safety, customer data privacy, misleading sustainability claims or other material human rights impacts on consumers and end-users were identified.

S4-3
KEY ACTIONS

FUTURE-FIT PRODUCTS AND SERVICES

We continue to develop our assortment of future-fit, lower-carbon, third-party certified eco-labelled and circular products. By increasing the availability of product carbon data and information relating to chemical content, emissions and regulatory compliance, we aim to enable customers to compare products and make informed choices based on their project requirements. Digital solutions in several markets also enable customers to identify alternative materials with a lower carbon footprint, bringing climate considerations into purchasing and project decisions.

LEADING ADVICE AND GUIDANCE

We strengthen sustainability capabilities across our organisation to help customers navigate increasingly complex sustainability requirements. Sustainability training, our network of Sustainability Ambassadors and customer-facing events help translate regulatory developments, product documentation and sustainability requirements into practical guidance for customers.

Our ambition is that our Sustainability Ambassadors provide guidance at the point of sale on building regulation climate requirements, climate documentation, certified materials and materials for certification schemes such as DGNB, LEED, BREEAM and the Nordic Swan Ecolabel. In Denmark, customers can also obtain more specialised guidance through a dedicated Climate Hotline. Training is continuously developed and updated to keep employees informed about developments in the market.

SIMPLIFIED DOCUMENTATION AND COMPLIANCE

We continued to develop and implement digital solutions to make product-level carbon data and sustainability documentation more accessible and easier to use. During the year, digital climate tools became available across all four Nordic markets, with solutions adapted to national requirements and existing digital platforms. Across Denmark, Sweden, Norway and Finland, the tools provide professional customers with access to climate information linked to product choices and purchases, supporting climate documentation as an increasingly integrated part of construction projects.

The functionality varies between markets. In Sweden, for example, customers can access information on product carbon emissions and recycled content and use this information when comparing materials and making climate calculations. In Denmark, KlimaLog combines climate data with information on purchases, transport and certifications. Its quotation functionality enables customers to compare the carbon footprint of materials and identify alternatives with a lower carbon footprint early in the building process, while the data can also support LCA calculations and ESG reporting.

By integrating carbon data into customer-facing digital systems across the Nordic markets, we aim to simplify access to the information customers need for building regulations, climate declarations and sustainability reporting, while supporting them in making more informed material choices.

IRO	Target	Target year
Product data and information	Increase share of sales of LCA-relevant products supported by product-level carbon data	2025/26
Advisory services and expert guidance	Increase share of employees trained in sustainability	2025/26
	Launch digital climate tools in all markets	2029/30

S4 CONSUMERS AND END-USERS

TRUSTED PRODUCT INFORMATION

We work continuously to improve the quality, availability and accessibility of product information across our assortment. Product documentation, carbon data, EPDs, eco-label information and third-party certifications are being integrated into customer-facing platforms and sales processes to support transparent communication and informed customer decisions.

We strive for all sustainability-related claims to be supported by available documentation, recognised third-party verification schemes or official frameworks. As sustainability communication requirements continue to evolve, including under the EU Empowering Consumers for the Green Transition Directive (EmpCo), we continue to strengthen our processes for substantiation, review and communication of product-related sustainability information.

TARGETS AND PERFORMANCE

S4-4

TARGETS

We monitor progress through targets relating to product carbon data coverage, sustainability training and deployment of digital climate tools. For 2025/26, these focused on increasing the share of sales of LCA-relevant products supported by product-level carbon data, increasing the share of employees trained in sustainability and expanding the availability of digital climate tools across our markets.

PERFORMANCE

In 2025/26, digital climate tools providing product-level carbon information were available in all Nordic markets (four business units), representing progress towards the 2030 Group-wide rollout target. Product carbon data coverage increased from 78% to 84% of sales of LCA-relevant products, improving customers' access to climate-related information and documentation.

At year-end 7,871 employees had completed basic sustainability training, a decrease of 9% from the previous year. The number of trained Sustainability Ambassadors decreased from 729 to 685, while the share of total workforce remained stable at 4% of the workforce.

During the year, 37 customer sustainability events were held, reflecting continued engagement with customers on the topic.

METRICS

COMMERCIALISING SUSTAINABILITY

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
Entity spec.	Share of sales of LCA-relevant products with carbon data	%	84	78	43	-	-	6pp
Entity spec.	Basic sustainability trained employees	Number	7,871	8,663	2,220	37	-	-9%
Entity spec.	Trained Sustainability Ambassadors	Number	685	729	780	520	250	-6%
Entity spec.	Trained Sustainability Ambassadors	% of total employees	4	4	4	3	2	0pp
Entity spec.	Sustainability events held	Number	37	56	65	55	17	-34%
Entity spec.	Digital climate tool launched	Business units	4	3	2	-	-	33%

S4 CONSUMERS AND END-USERS

§ ACCOUNTING PRINCIPLES

Share of sales of LCA-relevant products with carbon data
The percentage of sales from stocked construction materials in LCA-relevant categories with mapped product carbon data (GWP-total), supporting national LCA legislation and customer sustainability requirements. The UK is not included.

Basic sustainability trained employees
Number of employees that received basic sustainability training, including e-learning modules such as FSC™ and PEFC, ISO 14001, and Supply Chain Sustainability School (UK) as per the last day of the reporting period.

Trained Sustainability Ambassadors
Employees who have successfully completed the fundamental Sustainability Ambassador Programme as per the last day of the reporting period. Expressed as the total number and the percentage of total employees.

Sustainability events held
The number of sustainability events held during the reporting period. Sustainability events are defined as customer events where sustainability has been a key topic. Examples include events held together with suppliers of sustainable and energy-efficiency products and solutions, information evenings regarding sustainability in building regulations (i.e. LCA) and eco-labelled products.

Digital climate tool launched
The number of business units where a digital climate tool has been launched to give customers carbon data at the point of the purchasing decision and purchase.



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05 SUSTAINABILITY

GOVERNANCE

G1 Business conduct

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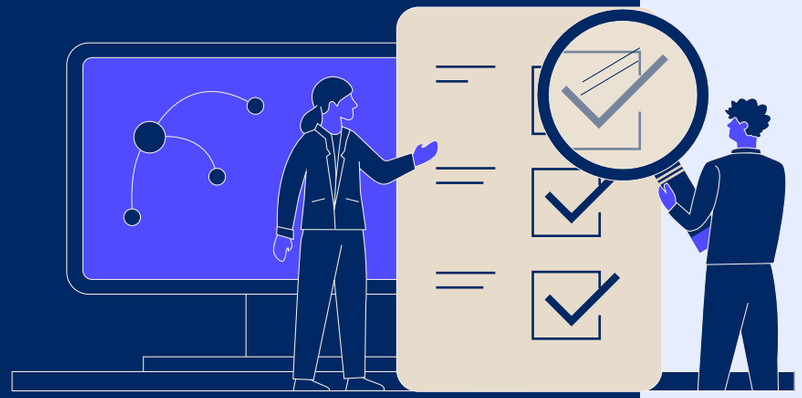
G1 BUSINESS CONDUCT

BUILDING TRUST THROUGH OUR CORPORATE CULTURE

STARK Group operates across multiple markets and value chains, creating exposure to business conduct risks including bribery and corruption, anti-competitive behaviour, data protection breaches and failures in whistleblower protection. Maintaining high standards of business conduct is essential to protecting stakeholder trust, ensuring compliance and supporting our licence to operate.



IROs

ESRS	Strategic theme	IRO	Type	Value chain	Time horizon
G1 Business conduct	Responsible day-to-day operations	**Anti-competitive behavior, fraud, bribery and corruption:** STARK may be exposed to legal and reputational risks if anti-competitive behaviour, fraud, or bribery occurs in operations or among business partners.	R	Upstream	<1 year
		Whistleblower protection: Insufficient whistleblower protection weakens STARK's ability to detect and remediate issues early and exposes the company to governance, legal and reputational risks. Risks include retaliation or fear of retaliation, confidentiality leaks, inadequate triage and investigation quality, slow remediation and weak tracking of corrective actions.	R	Upstream	<1 year
		GDPR compliance and personal-data protection: Inadequate data protection may lead to privacy breaches. Privacy breaches can result in reputational damage, regulatory penalties and reduced trust from investors and lenders, job applicants, employees, customers and suppliers.	R	Upstream	<1 year
	Trusted disclosure and transparency	**Trusted sustainability reporting and governance:** Transparent disclosures, reliable ESG data and strong governance can strengthen stakeholder trust, investor and customer confidence and enhance STARK Group's reputation as a credible and compliant sustainability partner.	O	Downstream	<1 year

Type	I Impact, negative	R Risk	O Opportunity
Value chain	Upstream	Operations	Downstream
Time horizon	<1 year	1-5 years	>5 years

G1 BUSINESS CONDUCT

POLICIES AND APPROACH

G1-2, G1-1

GOVERNING OUR BUSINESS

Operating across six major markets and a global supplier base, STARK Group is exposed to risks relating to competition law, responsible sourcing, fraud, bribery, corruption and protection of personal data. Effective business conduct governance is therefore essential to maintaining customer, supplier and investor trust. Business conduct is governed through our Code of Conduct and supporting policies, including Anti-Corruption, Sustainable Sourcing and Whistleblower policies. These establish expected behaviours, define processes for identifying and managing risks and support a zero-tolerance approach to corruption. The Anti-Corruption Policy is aligned with internationally recognised principles, including the United Nations Convention against Corruption.

Employees in relevant roles are assigned training on fraud, anti-bribery, competition law and data protection, supported by monitoring and compliance programmes. Functions with elevated corruption and bribery risk include sourcing, procurement, supplier negotiations, sales, commercial management, M&A activities and interactions with public authorities.

A confidential whistleblower system is available to internal and external stakeholders for reporting suspected misconduct. Reports are assessed and, where relevant, investigated in accordance with established procedures designed to support confidentiality. Governance is supported through clear accountability, internal controls and regular reporting to management and the Audit Committee.

KEY ACTIONS

G1-2 9a

BUILDING STRONG SUPPLIER RELATIONS

Strong supplier relationships are fundamental to STARK Group's ability to provide efficient access to high-quality and well-documented building materials. We work to build long-term, transparent and commercially effective partnerships that balance performance, compliance and sustainability considerations.

Sustainability considerations are integrated into sourcing decisions and ongoing supplier management through due diligence processes, risk assessments and sustainability requirements. All suppliers are expected to comply with the STARK Group Supplier Code of Conduct, which includes requirements relating to business ethics, labour conditions and environmental practices. These expectations are reinforced through supplier sustainability assessments, risk-based due diligence and ongoing engagement activities. Further information on our due diligence processes is provided on p. 62 and information on supplier engagement activities is provided in the S2 Workers in the value chain section and on pp. 113-117.

G1-2 9b

ZERO TOLERANCE TOWARDS CORRUPTION AND BRIBERY

STARK Group maintains a zero tolerance stance on bribery, corruption and anti-competitive behaviour. The Group's Anti-Corruption Policy and compliance programmes provide clear guidance on acceptable conduct and define procedures for preventing, detecting and responding to misconduct.

Employees in higher-risk functions, including sourcing, procurement, sales and senior management, are assigned targeted training on fraud, anti-bribery, corruption and competition law. Risk areas such as supplier interactions, contract negotiations and commercial activities are subject to specific controls and monitoring.

Potential incidents are managed through structured investigation processes, ensuring independence, confidentiality and timely resolution. The whistleblower system forms a key part of this framework, enabling early identification of issues and strengthening the overall control environment. Where breaches are identified, corrective actions may include additional training, disciplinary actions, strengthened controls and process improvements.

Going forward, we will continue our anti-corruption and bribery activities, including training for relevant employees and ongoing monitoring of compliance and identified risk areas. We will also continue to assess our controls and processes and strengthen them where relevant based on identified risks and compliance findings.

G1-1 7b

Our confidential whistleblower system

STARK Group encourages employees, suppliers and other stakeholders to raise concerns regarding suspected misconduct, breaches of our Code of Conduct or violations of applicable laws. Concerns can be reported through our confidential whistleblower system, Speak Up!, which allows for anonymous reporting. Speak Up! can be accessed online at https://starkgroup.dk/whistleblower.

All reports are assessed and investigated in accordance with established procedures designed to ensure independence, confidentiality and appropriate follow-up. Where relevant, corrective actions are implemented and matters may be escalated to relevant authorities.

The Group is committed to protecting whistleblowers from retaliation and maintaining confidentiality throughout the reporting and investigation process. Oversight of the whistleblower system is shared between Group Internal Controls & Enterprise Risk Management and Group HR, with reporting provided to Executive Management and the Audit Committee as part of the Group's governance and compliance framework.

G1-5

POLITICAL INFLUENCE AND PUBLIC POLICY ENGAGEMENT

STARK Group engages with policymakers, industry associations and other stakeholders on matters relevant to housing, sustainable construction, skills development and the green transition of the built environment. We do not make political donations and seek to conduct all public policy engagement in a transparent and responsible manner.

During the year, our business units participated in industry forums, public discussions and stakeholder dialogues across several markets. In Sweden, Beijer Byggmaterial participated in Almedalen Week, engaging with politicians, authorities and industry representatives on topics including sustainable construction, the green transition, skills shortages, resilient supply chains and the conditions required to accelerate sustainable building activity. Beijer Byggmaterial also advocated for measures supporting activity among construction professionals and SMEs, including the role of the ROT deduction in supporting renovation activity, employment and investments in more sustainable and energy-efficient buildings.

G1 BUSINESS CONDUCT

In Denmark, STARK Danmark participated in Folkemødet and industry debates focused on accelerating the green transition and addressing labour shortages. These discussions contributed to joint recommendations from the construction sector to the Danish Minister of Education aimed at improving recruitment and access to skilled labour.

In the United Kingdom, STARK UK contributed to public debate on housing and construction through media engagement and industry initiatives. STARK UK CEO John Carter highlighted that the UK faces a housing shortfall of more than six million homes and that up to 25% of tradespeople are expected to leave the sector within the next five years. Public engagement focused on improving planning processes, increasing housing delivery and strengthening workforce development and vocational skills.

In Norway, STARK Group representatives contributed to public discussions regarding the prolonged downturn in the construction sector and its implications for housing supply, employment and economic activity. Discussions highlighted the importance of policy measures that can stimulate renovation and construction activity, maintain employment and support investment in more sustainable buildings.

Through these activities, we contribute practical perspectives from customers, suppliers and construction professionals to policy discussions relating to sustainable construction, housing, workforce development, skills shortages and the long-term resilience of the construction sector. These engagements help ensure that practical industry experience is reflected in discussions regarding future regulation and market development.

ÅRL 99d

DATA ETHICS

STARK Group uses data across customer, supplier, employee and operational processes. As the Group increasingly relies on digital systems, data-driven processes and AI-enabled solutions, effective governance of data and personal information is essential to maintaining stakeholder trust and complying with regulatory requirements.

During the year, we introduced a Group Data Governance Policy, establishing requirements for data ownership, quality, security and accountability across the Group. The AI Usage Policy, introduced in 2025, continued to guide the responsible use of artificial intelligence across the organisation and is currently being supplemented by a hands-on AI usage manual.

All employees and affiliates are expected to comply with Group policies and our Code of Conduct. Critical data is assigned to accountable owners with responsibility for data quality, security and compliance.

We continued to strengthen our governance framework for data protection, data ethics and artificial intelligence. Building on the work undertaken in previous years to map and risk-assess processes involving personal data and to embed privacy-by-design principles in new systems and processes, we continued to assess new applications, systems and AI-enabled solutions through established governance and risk assessment processes.

The AI Usage Policy defines permitted and prohibited use cases, requirements for human oversight and restrictions on the use of confidential and personal data in external AI tools. AI applications must comply with applicable legislation, including the EU AI Act and data protection regulations. AI is used as an aid to, rather than a replacement for, human decision-making.

Personal data is processed only where a legitimate business purpose and legal basis exist, in accordance with GDPR and applicable local legislation, and is governed through our Personal Data Protection Policy. Processing activities follow the principles of data minimisation, privacy by design and privacy by default. New systems, applications and processes are assessed to ensure that data protection requirements are considered from the outset, including Data Protection Impact Assessments where required. Suppliers entrusted with personal data are subject to due diligence and data processing agreements.

Our data ethics policies are approved by the Board of Directors and reviewed annually. Compliance is monitored through risk assessments, annual policy reviews, training completion monitoring and established governance mechanisms. Employees receive mandatory training to support awareness and accountability. During 2025/26, 78% of relevant employees completed mandatory data protection training. Concerns related to data ethics can be reported through the Group's confidential whistleblower system.

Information security

STARK Group works to support the confidentiality, integrity and availability of its information assets through our information security management system. We use industry recognised frameworks to ensure controls across the organisation are implemented and healthy.

Through our IT Security Risk Board, we take a proactive approach to managing IT security risks across the organisation.

Controls include system monitoring, compliance reporting, penetration testing and e-mail security measures designed to prevent incidents, detect vulnerabilities and support rapid response.

TARGETS AND PERFORMANCE

G1-3

TARGETS

In 2025/26, we targeted 100% completion of assigned e-learning for employees covered by our business conduct and personal data protection training programmes. We monitor performance through training assignment and completion rates and compliance reporting.

Furthermore, we have set a target to deliver full ESRS-aligned sustainability reporting by 2028, supporting our strategic focus on trusted sustainability reporting and governance.

PERFORMANCE

During the year, completion rates for assigned anti-bribery and anti-corruption training decreased from 88% to 87%, while completion rates for assigned competition law training decreased from 92% to 85%. Personal data protection training completion among assigned employees decreased from 88% to 78%.

Personal data protection training was assigned to 88% of employees, compared with 85% in the previous year, reflecting a broader rollout across the organisation. Anti-bribery and anti-corruption training was assigned

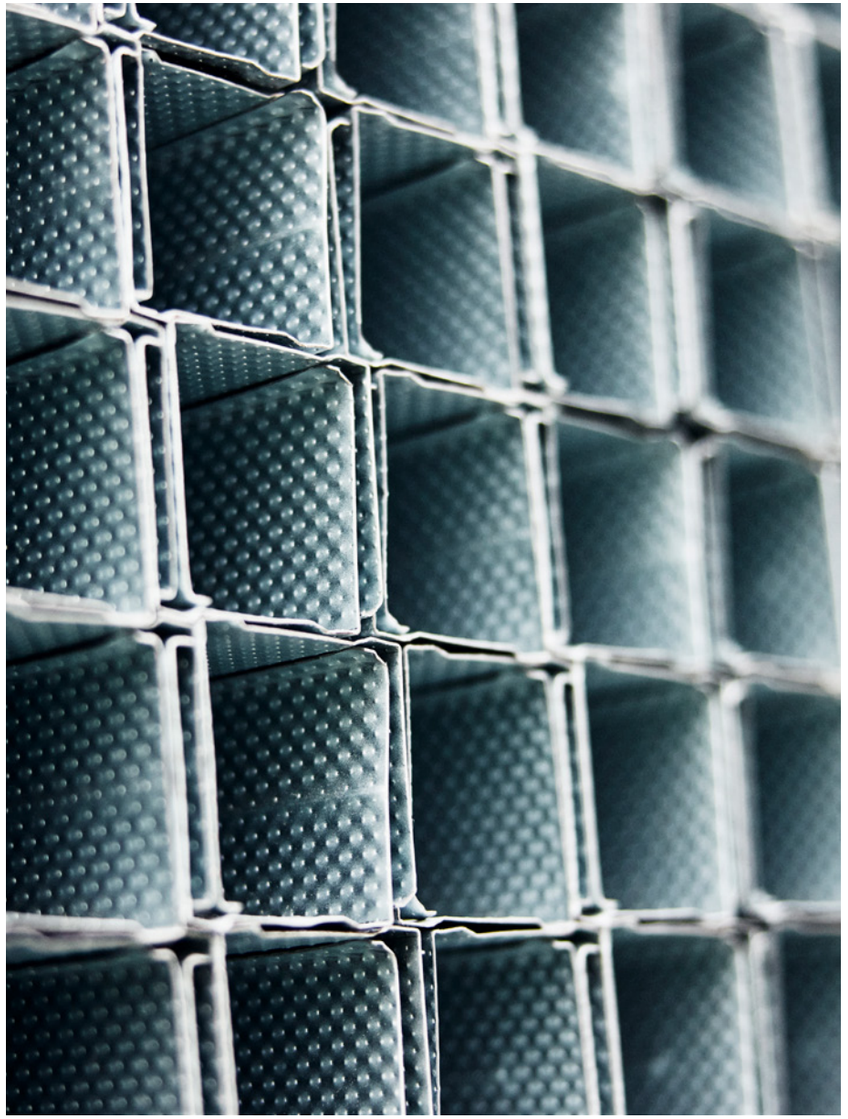
G1 BUSINESS CONDUCT

to 87% of employees and competition law training to 70%. Our target of 100% completion was not achieved and remains an area of ongoing focus.

We maintained our zero-tolerance approach to bribery and corruption and recorded no convictions for violations of anti-corruption or anti-bribery laws and no related fines during the reporting period.

We will continue the activities outlined in our key actions, including anti-corruption and anti-bribery training, compliance monitoring and follow-up on identified risks, to strengthen our business conduct framework and support progress towards our training targets.

IRO	Target	Target Year
Anti-competitive behaviour, fraud, bribery and corruption	100% completion of e-learning of assigned employees	2025/26
GDPR-compliance and personal data protection	100% completion of e-learning of assigned employees	2025/26
Trusted sustainability reporting and governance	Full ESRS-aligned reporting	2027/28



G1 BUSINESS CONDUCT

METRICS

G1-2

TRAINING AND E-LEARNING (ANTI-BRIBERY, COMPETITION, PERSONAL DATA PROTECTION)

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
G1-2(b) i	E-learning module Fraud Anti-Bribery and Corruption assigned of total workforce	%	87	82	82	42	42	5pp
G1-2(b) i	E-learning module Fraud Anti-Bribery and Corruption completed by assigned	%	87	88	88	93	93	-1pp
G1-2(b) i	E-learning module Fraud Anti-Bribery and Corruption completed of total employees	%	76	72	72	39	39	4pp
Entity spec.	E-learning module Competition Law assigned of total workforce	%	70	78	78	38	38	-8pp
Entity spec.	E-learning module Competition Law completed by assigned	%	85	92	92	93	93	-7pp
Entity spec.	E-learning module Competition Law completed of total employees	%	59	72	72	35	35	-13pp
Entity spec.	E-learning module Personal Data Protection assigned of total workforce	%	88	85	85	56	56	3pp
Entity spec.	E-learning module Personal Data Protection completed by assigned	%	78	88	88	92	93	-10pp
Entity spec.	E-learning module Personal Data Protection completed of total employees	%	69	75	75	52	52	-6pp

G1-4

INCIDENTS OF CORRUPTION AND BRIBERY

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
G1-4 12	Number of convictions and sanctions for violation of anti-corruption and anti-bribery laws	Number	0	0	0	0	0	0
G1-4 12	Amount of fines for violation of anti-corruption and anti-bribery laws	EUR	0	0	0	0	0	0

G1 BUSINESS CONDUCT

§ ACCOUNTING PRINCIPLES

Training and e-learning

E-learning modules within business conduct: Employees in relevant positions are trained within code of conduct, anti-fraud, -bribery and -corruption, personal data protection and competition law.

The e-learning modules “Code of Conduct”, “Anti-Fraud, Bribery and Corruption”, “Personal Data Protection” and “Competition Law” have a two-year cycle and must be retaken after two years. All relevant new employees have been assigned the modules in connection with onboarding.

Data is provided as percentage assigned of total workforce, percentage completed by assigned and percentage completed of total employees.

Incidents of corruption and bribery

The number of convictions and sanctions comprises final decisions issued during the reporting period for violations of applicable anti-corruption and anti-bribery laws. Convictions comprise final decisions issued by a criminal court against an individual or undertaking in respect of a criminal offence related to corruption or bribery, where the court decision is entered in the relevant criminal record or equivalent register. Sanctions comprise final decisions issued by administrative or regulatory authorities against an individual or undertaking in respect of corruption or bribery.

Fines for corruption and bribery

Fines comprise mandatory monetary penalties resulting from violations of applicable anti-corruption and anti-bribery laws imposed by a court, administrative or regulatory authority, paid to a public treasury and recognised in STARK Group's financial statements during the reporting period.



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05 SUSTAINABILITY

APPENDICES AND ADDITIONAL INFORMATION

- Policy overview
- Disclosure requirements covered in the Management report
- Supplementary information

POLICY OVERVIEW

Our policies set the direction for how STARK Group conducts business. They establish clear expectations for our employees, suppliers and partners and guide decision-making across the organisation. Together, they form the framework that underpins our governance and enables us to deliver on our commitments.

During the year, we reviewed and refreshed our Group policies to make them shorter, clearer and easier to apply in practice. The policies were redesigned to strengthen engagement across the organisation and align with STARK Group's new corporate visual identity.

All our policies and annual updates are publicly available at starkgroup.dk/sustainability/policies to ensure they remain accessible to all stakeholders. The table below presents an overview of our policies. For each policy, we indicate which IROs it is relevant to, provide a summary of its content, and highlight any specific commitments contained in it. This structure is inspired by the GDR-P requirements and ensures that our policies can be clearly linked to the material topics identified in our DMA.

Policy	Description	IRO	Policy owner	Commitments/certifications
Anti-Corruption Policy	Our Anti-Corruption Policy outlines our zero-tolerance approach to corruption in all its forms, including bribery and extortion. It is grounded in international frameworks such as the UN Convention against Corruption, the UN Guiding Principles and OECD standards and supports Principle 10 of the UN Global Compact. The policy aims to prevent, detect and remediate corruption risks across our operations and value chain. It promotes a culture of transparency, integrity and accountability and includes detailed procedures for gifts, entertainment, public sector interactions, sponsorships and financial records. The policy applies to all STARK Group operations and to our upstream and downstream value chain. Affected stakeholders include our own workforce, workers in the value chain and consumers and end-users.	G1: • Anti-competitive behavior, fraud, bribery and corruption (R) • Whistleblower protection (R)	Group General Counsel	• UN Convention against Corruption • UN Global Compact • UN Guiding Principles on Busines and Human Rights • OECD Guidelines for Multinational • Enterprises • amfori • Ethical Trade Denmark • FSC™ or PEFC
Code of Conduct	Our Code of Conduct outlines the ethical standards and behavioural expectations for all employees, reinforcing our core values of decency, passion and pride. It serves as a practical guide for responsible decision-making and integrity in daily operations, applying to all employees and extending to suppliers and partners. Our Code of Conduct supports a culture of transparency, safety, and respect and provides mechanisms for confidential reporting through our Speak Up! system.	All	Group CEO	• UN Global Compact • UN Guiding Principles on Business and Human Rights • OECD Guidelines for Multinational Enterprises • UN Convention against Corruption
Communications Policy	Our Communications Policy outlines our commitment to open, transparent and responsible communication with stakeholders. The policy aims to build trust, support informed decision-making and strengthen STARK Group's reputation as a reliable and responsible partner by ensuring accurate, timely and consistent communication. It establishes principles for stakeholder engagement, transparency, media relations and public disclosure and promotes dialogue based on openness, respect and accountability. The policy applies across all STARK Group operations and covers engagement with employees, customers, suppliers, investors, media and other stakeholders.	S4: • Misleading sustainability claims and greenwashing risks (R)	Group CCO	

POLICY OVERVIEW

Policy	Description	IRO	Policy owner	Commitments/certifications
Compensation Policy	Our Compensation Policy outlines our commitment to fair, transparent and performance-driven remuneration across all STARK Group business units. Compensation packages are determined by market standards, role complexity and individual and team performance and are governed by clear principles of fairness, clarity, and alignment with our values of decency, passion and pride. The policy aims to prevent discriminatory practices and promote equal pay, while enabling opportunities for employee engagement, retention and business performance. It also establishes governance structures, approval processes and standardised systems to ensure consistency and compliance. The policy applies across all STARK Group operations, and the affected stakeholders are our own workforce.	S1: • Working conditions, social dialogue and protection of workers (R)	Group CHRO	• UN Global Compact • UN Guiding Principles on Business and Human Rights
Diversity, Equity & Inclusion Policy	Our DE&I Policy outlines our commitment to fostering a diverse, equitable and inclusive workplace across all STARK Group entities. We view DE&I as business critical rather than a compliance requirement, and believe it strengthens our performance, innovation and long-term relevance. The policy promotes representation, fair treatment, inclusive behaviour and a strong sense of belonging. It supports recruitment, development, succession and leadership practices that reflect our values of decency, passion and pride and aims to prevent discrimination, harassment and exclusion while enabling opportunities for diverse talent engagement and retention. The policy applies across all STARK Group operations, and the affected stakeholders are our own workforce.	S1: • Working conditions, social dialogue and protection of workers (R)	Group CHRO	• UN Global Compact • UN Guiding Principles on Business and Human Rights
Environmental & Climate Policy	Our Environmental & Climate Policy outlines our commitment to reducing environmental and climate impacts across our operations and value chain. We aim to support the transition to a net-zero future by cutting emissions, increasing circularity, promoting responsibly produced products and protecting ecosystems. The policy is aligned with international frameworks such as the GHG Protocol and the UN Global Compact, and it supports our SBTi targets. It addresses material impacts including GHG emissions, biodiversity loss, pollution and resource inefficiency, while also enabling opportunities for sustainable innovation and stakeholder collaboration. The policy applies to all STARK Group operations as well as to our upstream and downstream value chains.	E1: • Future-fit procucts (O) • Supply chain resilience (R) • Advisory services and expert guidance (O) • Product carbon data availability (R) • Product embodied carbon (I) • Structural barriers to the sustainability transition in construction (R) • Operational emissions (R) • Robust climate reporting (O)	Group CFO	• SBTi net-zero • ISO 14001 • UN Global Compact • GHG Protocol • OECD Guidelines for Multinational Enterprises

POLICY OVERVIEW

Policy	Description	IRO	Policy owner	Commitments/certifications
Health & Safety Policy	STARK Group's Health & Safety Policy reflects our commitment to ensuring a safe and healthy work environment for all employees, customers and stakeholders. We comply with all relevant laws and operate a management system based on ISO 45001 to promote consistent safety standards. Continuous improvement, proactive prevention and employee involvement are central to our safety culture. We go beyond compliance by setting high standards to minimize risks across our operations and value chain, embedding health and safety into daily practices from our own operations to supplier relationships. The policy applies to all STARK Group operations as well as to our upstream and downstream value chains. Affected stakeholders include our own workforce, workers in the value chain and consumers and end-users.	S1: • Health and safety of own workforce (I/R) • Working conditions, social dialogue and protection of workers (R) S2: • Health and safety in the supply chain (I/R) S4: • Exposure to hazardous substances (I) • Product and equipment safety (I/R) • Health and safety of customers and contractors on site (I/R)	Group CHRO	• ISO 45001 • Vision Zero • ILO Declaration on Fundamental Principles and Rights at Work • OECD Guidelines for Multinational Enterprises
Human Rights Policy	Our Human Rights Policy outlines our commitment to respecting internationally recognised human rights across our value chain. We aim to continuously improve our practices in alignment with global standards such as the UN Guiding Principles on Business and Human Rights, the OECD Guidelines and the International Bill of Human Rights. The policy emphasises due diligence, stakeholder engagement and responsible sourcing, and we expect our suppliers and business partners to uphold the same standards. This includes supporting fair treatment, safe working conditions and ethical practices as outlined in our Supplier Code of Conduct. Our due diligence processes focus on identifying risks, mitigating impacts and driving continuous improvement, and we are committed to providing remediation where we cause or contribute to harm. The policy applies to all STARK Group operations as well as to our upstream and downstream value chains. Affected stakeholders include our own workforce, workers in the value chain, and consumers and end-users.	S1: • Working conditions, social dialogue and protection of workers (R) S2 • Supplier engagement (O) • Insufficient supplier transparency and due diligence (R) • Working conditions and human rights in the supply chain (R) • Health and safety in the supply chain (R)	Group CFO	• UN Guiding Principles on Business and Human Rights • ILO Declaration on Fundamental Principles and Rights at Work • OECD Guidelines for Multinational Enterprises • Universal Declaration of Human Rights • ISO 45001 • United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) • Free, Prior and Informed Consent
People Policy	Our People Policy outlines our commitment to respecting international labour rights, ensuring fair treatment and fostering a positive and inclusive workplace across all STARK Group business units. The policy supports fair wages, health and safety and diversity, while also promoting wellbeing and work-life balance. We encourage open dialogue, uphold compliance with all relevant labour laws and expect all employees to follow this policy and embody our core values of decency, passion and pride. The policy applies across all STARK Group operations, and the affected stakeholders are our own workforce.	S1: • Working conditions, social dialogue and protection of workers (R)	Group CHRO	• UN Guiding Principles on Business and Human Rights • ILO Declaration on Fundamental Principles and Rights at Work • OECD Guidelines for Multinational Enterprises • ISO 45001
Personal Data Protection Policy	Our Personal Data Protection Policy reflects our commitment to handling personal data responsibly and securely across all STARK Group operations. We strive for compliance with GDPR and relevant national laws, embedding data protection into our systems and processes by design. The policy establishes clear principles for the collection, use, retention and deletion of personal data and sets expectations for all employees to uphold these standards to protect individual rights and maintain trust with customers, colleagues and partners. The policy applies across all STARK Group operations.	S1/S4/G1: • GDPR-compliance and personal data protection (R)	Group General Counsel	• UN Guiding Principles on Business and Human Rights • ILO Declaration on Fundamental • Principles and Rights at Work • OECD Guidelines for Multinational Enterprises

POLICY OVERVIEW

Policy	Description	IRO	Policy owner	Commitments/certifications
Product Standards Policy	Our Product Standards Policy outlines our commitment to supplying safe, reliable and compliant products to customers across all markets. The policy establishes requirements for product safety, quality, regulatory compliance and documentation. It supports the identification and mitigation of product-related risks through supplier requirements, employee training and product governance processes. The policy applies across all STARK Group operations and supports responsible sourcing and the provision of robust, compliant products to customers.	S4: • Product and equipment safety (I/R) • Product data and information (O) • Limited product data and transparency (R)	Group Sourcing CEO	
Responsible Timber Policy	Our Responsible Timber Policy outlines our commitment to eliminating deforestation and forest degradation across our timber supply chains. We aim to source timber and timber-based products from well-managed forests, in full compliance with the EUDR, and to increase the share of certified timber. The policy supports our broader sustainability goals, including climate action, biodiversity protection and human rights. It addresses material impacts such as illegal logging, land degradation and supply chain opacity, while enabling opportunities for certified sourcing, supplier engagement and customer awareness. The policy applies across the full value chain.	E4: • Pressures on nature and biodiversity (I) • Supply chain resilience (R) • Risk of loss of FSC™ and PEFC certifications (R)	Group Sourcing CEO	• FSC™ and PEFC certification schemes • UN Guiding Principles on Business and Human Rights • ILO Declaration on Fundamental Principles and Rights at Work • UN Global Compact • OECD Guidelines for Multinational Enterprises • Free, Prior and Informed Consent
Speak Up! Whistleblower Policy	Our Speak Up! Whistleblower Policy supports our commitment to ethical and responsible business conduct. It provides a secure and confidential channel for employees, customers and third parties to report suspected misconduct, including fraud, harassment and violations of laws or company policies. The policy ensures protection against retaliation and promotes transparency, accountability and trust. It is designed to prevent and mitigate material impacts such as unethical behaviour, legal breaches and reputational harm, while enabling opportunities for early detection and remediation. The policy applies to all STARK Group operations as well as to our upstream and downstream value chains. Affected stakeholders include our own workforce, workers in the value chain and consumers and end-users.	S1: • Working conditions, social dialogue and protection of workers (R) G1: • Anti-competitive behavior, fraud, bribery and corruption (R) • Whistleblower protection (R)	Group CHRO	• EU-DIRECTIVE 2019/1937 on the protection of whistleblowers • UN Guiding Principles on Business and Human Rights
Supplier Code of Conduct	Our Supplier Code of Conduct outlines the expectations we have for all suppliers and their sub-suppliers regarding responsible business conduct. It is based on international standards including the amfori BSCI and BEPI Codes of Conduct and covers 13 social compliance and 8 environmental performance areas. The policy sets out requirements which aim to prevent and mitigate material impacts such as human rights violations, environmental degradation and unethical practices, while promoting opportunities for collaboration, continuous improvement and transparency across our supply chain. It serves as a foundational tool for risk assessment and due diligence. The policy applies to STARK Group's upstream value chain. Affected stakeholders include workers in the value chain.	All supplier related	Group Sourcing CEO	• UN Global Compact • UN Guiding Principles on Business and Human Rights • ILO Conventions • OECD Guidelines for Multinational Enterprises • amfori BSCI and BEPI

POLICY OVERVIEW

Policy	Description	IRO	Policy owner	Commitments/certifications
Sustainability Policy	Our Sustainability Policy outlines our commitment to responsible sourcing, climate action and sustainable construction across our operations and value chain. The policy addresses key material impacts across applicable standards and is embedded within a broader Sustainability Framework, with structured processes for monitoring, continuous improvement and stakeholder engagement. The policy applies to all STARK Group entities and employees and covers upstream and downstream activities across all geographies.	All	Group CFO	• UN Global Compact • ILO Conventions • UN Sustainable Development Goals • Net-zero emissions • FSC™/PEFC
Sustainable Sourcing Policy	Our Sustainable Sourcing Policy outlines our commitment to responsible business conduct across our supply chain. We aim to promote responsible business conduct in our supply chain and mitigate adverse impacts. The policy supports our net-zero targets and complements our Human Rights, Environmental & Climate and Supplier Code of Conduct policies. It addresses material impacts such as climate emissions, human rights risks and product sustainability, while enabling opportunities for collaboration, innovation and improved ESG performance. The policy applies to all STARK Group operations as well as to our upstream value chain.	E4: • Pressures on nature and biodiversity (I) • Supply chain resilience (R) • Risk of loss of FSC™ and PEFC certifications (R) E5: • Growing demand for circular products and services (O) • Limited availability of cost-viable circular products and recycled materials (R) • Demand for circularity data and transparency (O) • Waste generation in the construction industry (I) • Waste and breakage (R) S2: • Supplier engagement (O) • Insufficient supplier transparency and due diligence (R) • Working conditions and human rights in the supply chain (I/R) • Health and safety in the supply chain (I/R) S4: • Poor sourcing transparency (R)	Group Sourcing CEO	• SBTi net zero • UN Global Compact • OECD Guidelines for Multinational Enterprises • UN Guiding Principles on Business and Human Rights • amfori • Ethical Trade Denmark • Free, Prior and Informed Consent
Tax Policy	Our Tax Policy outlines STARK Group's commitment to responsible tax management, tax transparency and compliance with applicable tax laws and regulations. The policy establishes principles for managing tax affairs in line with commercial substance, a low appetite for tax risk and a commitment to paying taxes where value is created. It promotes transparency, constructive engagement with tax authorities and compliance with OECD guidelines and international tax standards. The policy applies across all STARK Group operations and covers all material taxes and duties relevant to the Group's activities.	–	Group CFO	• OECD Guidelines for Multinational Enterprises • National law in all markets

DISCLOSURE REQUIREMENTS COVERED IN THE MANAGEMENT REPORT

IRO-2

Disclosure requirements included in the Management report.

ESRS	DR	Disclosure requirement	Page
General disclosures	BP-1	General basis for preparation of the sustainability statement	61
	BP-2	Specific information if the undertaking uses phasing-in options	-
	GOV-1	The role of the administrative, management and supervisory bodies in relation to sustainability	50
	GOV-2	Integration of sustainability-related performance in incentive schemes	81
	GOV-3	Statement on due diligence	62
	GOV-4	Risk management and internal controls over sustainability reporting	61
	SBM-1	Strategy, business model and value chain	64
	SBM-2	Interests and views of stakeholders	68
	SBM-3	Interaction of material impacts risks and opportunities with strategy and business model, and financial effects	70
	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities and material information to be reported	67
	IRO-2	Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement	69
	GDR-P	General disclosure requirement for policies	131

ESRS	DR	Disclosure requirement	Page
E1 Climate change	E1-1	Transition plan for climate change mitigation	78
	E1-2	Identification of climate-related risks and scenario analysis	80
	E1-3	Resilience in relation to climate change	80
	E1-4	Policies related to climate change mitigation and adaptation	80
	E1-5	Actions and resources in relation to climate change mitigation and adaptation	80
	E1-6	Targets related to climate change	81
	E1-7	Energy consumption and mix	83
	E1-8	Gross scope 1, 2, 3 GHG emissions	84
	E1-9	GHG removals and GHG mitigation projects financed through carbon credits	-
	E1-10	Internal carbon pricing	81
	E1-11	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	81

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DISCLOSURE REQUIREMENTS COVERED IN THE MANAGEMENT REPORT

ESRS	DR	Disclosure requirement	Page
E4 Biodiversity and ecosystems	E4-1	Biodiversity and ecosystems transition plan	90
	E4-2	Policies related to biodiversity and ecosystems	90
	E4-3	Actions and resources related to biodiversity and ecosystems	90
	E4-4	Targets related to biodiversity and ecosystems	92
	E4-5	Metrics related to biodiversity and ecosystems change	93
E5 Resource use and circular economy	E5-1	Policies related to resource use and circular economy	96
	E5-2	Actions and resources related to resource use and circular economy	96
	E5-3	Targets related to resource use and circular economy	96
	E5-4	Resource inflows	-
	E5-5	Resource outflows	98

ESRS	DR	Disclosure requirement	Page
S1 Own workforce	S1-1	Policies related to own workforce	102
	S1-2	Channels for own workforce to raise concerns and approaches to remedy	102
	S1-3	Actions and resources related to own workforce	102
	S1-4	Targets related to own workforce	103
	S1-5	Workforce characteristics (own workforce overview and breakdown)	105
	S1-6	Characteristics of non-employees in own workforce	107
	S1-7	Collective bargaining coverage and social dialogue	107
	S1-8	Gender diversity in top management	108
	S1-9	Adequate wages	-
	S1-10	Social protection	-
	S1-11	Persons with disabilities	-
	S1-12	Training and skills development metrics	109
	S1-13	Health and safety metrics	110
	S1-14	Work-life balance metrics	102
	S1-15	Remuneration metrics	-
	S1-16	Incidents of discrimination and other human rights incidents	-

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DISCLOSURE REQUIREMENTS COVERED IN THE MANAGEMENT REPORT

ESRS	DR	Disclosure requirement	Page
S2 Workers in the value chain	S2-1	Policies related to workers in the value chain	114
	S2-2	Engagement with workers in the value chain, including channels to raise concerns and approaches to remedy	114
	S2-3	Actions and resources related to workers in the value chain	114
	S2-4	Targets related to workers in the value chain	115
S4 Consumers and end-users	S4-1	Policies related to consumers and end-users	120
	S4-2	Engagement with consumers and end-users, including channels to raise concerns and approaches to remedy	120
	S4-3	Actions and resources related to consumers and end-users	120
	S4-4	Targets related to consumers and end-users	121
G1 Business conduct	G1-1	Policies related to business conduct	125
	G1-2	Actions related to business conduct	125
	G1-3	Targets related to business conduct	126
	G1-4	Metrics related to corruption or bribery	128
	G1-5	Metrics related to political influence, including lobbying activities	125
	G1-6	Metrics related to payment practices	-

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SUPPLEMENTARY INFORMATION

In addition to the disclosures included based on our DMA, we provide supplementary information to meet specific requirements from external stakeholders, including rating agencies, investor questionnaires and other relevant frameworks. They do not form part of the outcomes of our DMA and are presented separately so to not obscure material information in this sustainability review.

	Licence no. FSC™ https://fsc.org/en	**Licence no. PEFC** https://pefc.org/
STARK Group	FSC-N002910™	PEFC/09-44-48
STARK United Kingdom	FSC-C004856™	PEFC/16-37-1047
STARK Deutschland	FSC-C100156™	PEFC/04-31-1576
STARK Danmark	FSC-C004720™	PEFC/09-31-026
STARK Suomi	FSC-C189454™	PEFC/02-31-194
Beijer Byggmaterial	FSC-C118054™	PEFC/05-37-215
Neumann Bygg		PEFC/03-31-41

ISO-CERTIFIED LOCATIONS

ESRS ref.	Parameter	Unit	UK	DE	DK	FI	SE	NO
Entity spec.	Environmental certified locations (ISO 14001 or similar)	Number	466	215	0	28	92	20
Entity spec.	Health and Safety certified locations (ISO 45001)	Number	0	215	0	28	0	0
Entity spec.	Quality Management Systems certified location (ISO 9001)	Number	0	215	0	0	92	0
Entity spec.	Total no. of ISO certifiable locations	Number	551	376	99	31	122	35

CHAIN-OF-CUSTODY-CERTIFIED LOCATIONS

ESRS ref.	Parameter	Unit	UK	DE	DK	FI	SE	NO
Entity spec.	FSC™-certified locations	Number	528	34	95	1	90	0
Entity spec.	PEFC-certified locations	Number	528	34	95	29	91	20
Entity spec.	Total no. of FSC™- and PEFC-certifiable locations	Number	528	286	97	29	111	20

SUPPLEMENTARY INFORMATION

E3-4

WATER CONSUMPTION

ESRS ref.	Parameter	Unit	2025/26	2024/25	2023/24	2022/23	2021/22	Development since previous year
Entity spec.	Water consumption	1,000 m^3	297	250	221	254	293	18%

§ ACCOUNTING PRINCIPLES

Locations eligible for certification (certifiable locations)
An eligible location is an active location that fulfils the below requirements for each certification type. Eligible locations are determined based on location status and activities as of the last day of the reporting period.

FSC™ and/or PEFC chain of custody (CoC)
A CoC-eligible location is any site where STARK has operational control and where wood-based products are handled, stored, processed, labelled or controlled. A certified location is a location that holds a valid FSC™ or PEFC certification.

Management System Standards (ISO 9001, ISO 14001, ISO 45001)
A location eligible for ISO 9001, ISO 14001 or ISO 45001 includes only STARK's own operations (not outsourced services) that impact product quality, environmental performance, or employees' health and safety.

ISO 45001-certified locations
Total number of ISO 45001-certified locations as per the last day of the reporting period.

Environmentally certified locations (ISO 14001 or equivalent)
Total number of ISO 14001 and Eco-lighthouse (Norway) certified locations as per the last day of the reporting period.

FSC™-certified locations
Total number of FSC™-certified locations as per the last day of the reporting period.

PEFC-certified locations
Total number of PEFC-certified locations as per the last day of the reporting period.

Water consumption
The total water consumption is reported in 1,000 m^3 and covers all water withdrawn throughout the reporting period.

06 FINANCIAL STATEMENTS & REPORTS

FINANCIAL STATEMENTS

- Consolidated financial statements
- Parent Company financial statements

REPORTS

- Management’s statement
- Independent auditor’s report
- Independent auditor’s limited assurance report on selected disclosures in the sustainability report





06 FINANCIAL STATEMENTS & REPORTS

CONSOLIDATED FINANCIAL STATEMENTS

- Consolidated income statement
- Consolidated comprehensive income
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated cash flow statement

Notes

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CONSOLIDATED INCOME STATEMENT

EUR million	Note	2025/26	2024/25
Net sales	2.1	7,744	7,760
Cost of sales		(5,716)	(5,724)
Gross profit		**2,028**	**2,036**
Staff costs	2.2	(1,141)	(1,169)
Other external operating expenses		(610)	(589)
Other operating income and expenses		39	10
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**316**	**288**
Depreciation and amortisation of non-current assets	3.1 / 3.2 / 3.3	(321)	(330)
Impairment of non-current assets	3.4	(80)	-
Earnings before interest and tax (EBIT)		**(85)**	**(42)**
Financial income and expenses	2.3	(233)	(249)
Earnings before tax		**(318)**	**(291)**
Income tax	2.4	57	5
Net earnings		**(261)**	**(286)**
Net earnings attributable to			
Shareholder of STARK Group A/S		(261)	(287)
Non-controlling interests		-	1
Total net earnings		**(261)**	**(286)**

CONSOLIDATED COMPREHENSIVE INCOME

EUR million	Note	2025/26	2024/25
Net earnings		**(261)**	**(286)**
Exchange gain/(loss) on translation of foreign operations		3	(6)
Items that may be reclassified subsequently to the income statement		**3**	**(6)**
Actuarial gain/(loss) on retirement benefit plans	6.2	3	12
Tax on actuarial gain/(loss) on retirement benefit plans	2.4 / 6.2	(1)	(3)
Items that will not be reclassified to the income statement		**2**	**9**
Other comprehensive income/(loss), net of tax		**5**	**3**
Total comprehensive income/(loss)		**(256)**	**(283)**
Total comprehensive income attributable to			
Shareholder of STARK Group A/S		(256)	(284)
Non-controlling interests		-	1
Total comprehensive income/(loss)		**(256)**	**(283)**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	Note	31 July 2026	31 July 2025
Non-current assets			
Goodwill	3.1 / 3.4	827	839
Other intangible assets	3.1 / 3.4	960	987
Total intangible non-current assets		**1,787**	**1,826**
Property	3.2 / 3.4	983	1,093
Plant and equipment	3.2	190	189
Non-current tangible assets under construction	3.2	39	62
Right-of-use assets	3.3 / 3.4	847	854
Total tangible non-current assets		**2,059**	**2,198**
Investment in joint ventures		3	3
Other non-current financial assets		10	7
Total financial non-current assets		**13**	**10**
Deferred tax assets	6.1	9	4
Total non-current assets		**3,868**	**4,038**
Current assets			
Inventories	4.1	1,131	1,108
Trade receivables	4.2	527	514
Corporate tax receivables		1	3
Other receivables		247	202
Prepayments		34	36
Cash and cash equivalents		109	281
Total current assets		**2,049**	**2,144**
Assets held for sale	3.5	**25**	**36**
Total assets		**5,942**	**6,218**

EQUITY AND LIABILITIES

EUR million	Note	31 July 2026	31 July 2025
Equity			
Share capital	5.1	2	2
Reserves		654	350
Equity, shareholder of STARK Group A/S		**656**	**352**
Non-controlling interests		8	8
Total equity		**664**	**360**
Non-current liabilities			
Leasing liabilities	3.3	744	700
Deferred tax liabilities	6.1	224	286
Provisions	4.3	85	87
Employee benefit obligations	6.2	72	78
Loans from related parties	5.2 / 6.7	1,787	2,321
Borrowings	5.2	136	149
Total non-current liabilities		**3,048**	**3,621**
Current liabilities			
Leasing liabilities	3.3	162	168
Provisions	4.3	45	42
Loans from related parties	5.2 / 6.7	18	15
Borrowings	5.2	51	180
Payables to related parties		31	31
Trade payables		1,520	1,441
Corporate tax payables		24	13
Other liabilities		379	347
Total current liabilities		**2,230**	**2,237**
Total liabilities		**5,278**	**5,858**
Total equity and liabilities		**5,942**	**6,218**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Shareholder of STARK Group A/S					
EUR million	**Share capital**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Equity as of 1 August 2025	**2**	**1**	**349**	**352**	**8**	**360**
Net earnings	-	-	(261)	(261)	-	(261)
Other comprehensive income/(loss)	-	3	2	5	-	5
Total comprehensive income/(loss)	**-**	**3**	**(259)**	**(256)**	**-**	**(256)**
Capital increase (Note 5.1)	-	-	560	560	-	560
Total transactions with owners	**-**	**-**	**560**	**560**	**-**	**560**
Equity as of 31 July 2026	**2**	**4**	**650**	**656**	**8**	**664**
Equity as of 1 August 2024	**2**	**7**	**627**	**636**	**8**	**644**
Net earnings	-	-	(287)	(287)	1	(286)
Other comprehensive income/(loss)	-	(6)	9	3	-	3
Total comprehensive income/(loss)	**-**	**(6)**	**(278)**	**(284)**	**1**	**(283)**
Dividend paid	-	-	-	-	(1)	(1)
Total transactions with owners	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Equity as of 31 July 2025	**2**	**1**	**349**	**352**	**8**	**360**

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CONSOLIDATED CASH FLOW STATEMENT

EUR million	Note	2025/26	2024/25
Cash flow from operating activities			
Net earnings		**(261)**	**(286)**
Adjustments and reversals for non-cash items	6.3	536	563
Changes in working capital	6.4	36	178
(Decrease)/increase in provisions and other liabilities		(15)	(2)
Cash flow from operating activities before financial items and tax		**296**	**453**
Net interest paid		(210)	(225)
Tax (paid)/received		(1)	11
Cash flow from operating activities		**85**	**239**
Cash flow from investing activities			
Purchase of property, plant and equipment	3.2	(83)	(117)
Proceeds from sale of property, plant and equipment		182	58
Purchase of intangible assets	3.1	(40)	(40)
Cash flow from/(used in) investing activities		**59**	**(99)**

EUR million	Note	2025/26	2024/25
Cash flow from financing activities			
Change in utilisation of revolving credit facilities	5.2	(133)	78
Proceeds from borrowings	5.2	5	14
Repayment of borrowings	5.2	(13)	(13)
Repayment of loans from related parties	5.2	(560)	-
Repayment of loans from non-controlling interests	5.2	(1)	-
Repayment of leasing liabilities	5.2	(172)	(179)
Payment of dividend to minority interests		-	(1)
Proceeds from equity contributions	5.1	560	-
Net cash used in financing activities		**(314)**	**(101)**
Net cash (used)/generated		**(170)**	**39**
Effects of exchange rate changes		(2)	-
Cash and cash equivalents as of 1 August		281	242
Cash and cash equivalents as of 31 July		**109**	**281**

1.1 BASIS FOR REPORTING AND MATERIAL ACCOUNTING POLICIES

Introduction
The consolidated financial statements of STARK Group A/S for the financial year 1 August 2025 - 31 July 2026 comprise STARK Group A/S and its subsidiaries.

The Board of Directors and the Executive Management approved the Annual Report of STARK Group A/S for 2025/26 on 20 November 2026.

Basis of reporting
The consolidated financial statements have been prepared on a going concern basis and in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

The accounting policies have been applied consistently during the financial year and to the comparative figures.

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

New standards, interpretations and amendments adopted
The Group has applied all new or amended IFRS accounting standards and interpretations endorsed by the EU that are effective for the financial year beginning 1 August 2025. The changes did not have any impact on the amounts recognised in current or prior periods and are not expected to significantly affect future periods.

New standards, interpretations and amendments not yet adopted
New IFRS accounting standards, interpretations and amendments that have been issued, but are not mandatory for the financial year beginning on 1 August 2025, have not been early adopted by the Group. Except for the potential presentation and disclosure effects of IFRS 18 described below, the new requirements are not expected to have a material effect on the Group's recognition or measurement of transactions and balances.

IFRS 18 'Presentation and Disclosure in Financial Statements' replaces IAS 1 'Presentation of Financial Statements' and is effective for reporting periods beginning on or after 1 January 2027. The Group is assessing the effects of IFRS 18 on the structure and presentation of the primary financial statements, the disclosure of management-defined performance measures, and the aggregation and disaggregation of information in the financial statements.

Basis of consolidation
The consolidated financial statements include the results of the parent company, its subsidiaries and its share of the results of its associates and joint ventures.

Subsidiaries are entities over which the Group has control. The Group controls an entity when 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 the Group obtains control of the entity. Subsidiaries are deconsolidated from the date that control ceases.

Consolidation is performed by summarising the financial statements of the parent company and its subsidiaries. On consolidation, items of a uniform nature are combined. Intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated in the consolidated figures.

Foreign currencies
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').

Presentation currency
The consolidated financial statements are presented in EUR, reflecting the Group's international operations and broad base of stakeholders across multiple markets. All amounts are rounded to millions of euros (mEUR) unless otherwise stated.

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 financial year.

Cash flows from operating activities are compiled using the indirect method.

Financial items received and paid are included in operating activities.

Cash and cash equivalents comprise cash at bank and deposits due on demand.

Cost of sales
Cost of sales comprises the cost of goods sold, lease expenses relating to rental equipment, and other costs directly attributable to the delivery of services and sale of goods during the financial year.

The Group enters into arrangements with certain vendors providing supplier rebates. Supplier rebates are recognised when earned and are recorded initially as a reduction in the cost price for the inventory resulting in a reduction in cost of sales when the related product is sold.

The key accounting estimate is further described in note 1.2 in key accounting estimates on trade payables/other receivables.

Other external operating expenses
Other external operating expenses comprise 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 expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of property, plant and equipment and gains and losses on lease contracts.

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.

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.

1.2 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 financial statements.

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

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

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The key accounting estimates and judgements are described in the notes to which they relate, except for the key accounting estimate relating to the assessment of supplier rebates, which is described below.

TRADE PAYABLES/OTHER RECEIVABLES

Assessment of supplier rebates (estimate)

The Group enters into agreements with many of its suppliers that provide rebates. Many of these agreements include thresholds 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.

Supplier rebates are presented together with trade payables if there is a legal right and practice to offset in payments made, and otherwise classified as other receivables.

Note	Key accounting estimates and judgements	Estimate/judgement	Impact
Note 1.2	Assessment of supplier rebates	Estimate	Medium
Note 3.3	Determining the lease term of lease contracts with renewal options where the Group is a lessee	Estimate	Low
Note 3.4	Judgement in the determination of cash-generating units and discounted cash flow estimates	Judgement/ Estimate	High
Note 4.1	Valuation of inventory	Estimate	Medium
Note 4.2	Valuation of expected credit losses on trade receivables	Estimate	Low

2.1 NET SALES

EUR million	2025/26	2024/25
Sale of goods	7,621	7,645
Services and other	123	115
Total net sales	**7,744**	**7,760**
Geographical information:		
Nordics (Denmark, Sweden, Finland and Norway)	3,034	2,925
Germany & Austria	2,389	2,370
United Kingdom	2,321	2,465
Total net sales	**7,744**	**7,760**

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

In addition, the Group earns revenue from rental of equipment and other services. In 2025/26, net sales in Denmark, which is the Group's domicile market, amounted to EUR 1,373m (2024/25: EUR 1,370m).

§ ACCOUNTING POLICIES

Net sales
The Group mainly derives its revenues from contracts with customers for the transfer of goods at a point in time, and from the rental of equipment to customers over time.

Net sales comprise the fair value of consideration received or receivable for the sale of goods and the rental of equipment in the ordinary course of the Group's activities. Net sales is recorded net of returns, discounts and value added tax.

Net sales from sale of goods is recognised in the consolidated 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 from the rental of equipment is recognised in the consolidated income statement on a straight-line basis over the rental period, reflecting the pattern in which the customer simultaneously receives and consumes the benefits of having access to the equipment.

Where the price contains variable consideration, such amounts are included in net sales to the extent that it is highly probable that a significant reversal of cumulative revenue will not occur.

2.2 STAFF COSTS

EUR million	2025/26	2024/25
Salaries and wages	939	975
Social security costs	129	126
Pensions - defined contribution plans	62	58
Pensions - defined benefit plans (Note 6.2)	2	1
Other compensation and benefits	9	9
Total staff costs	**1,141**	**1,169**
Average number of full-time employees	17,897	18,593
Number of employees at the end of the financial year	19,015	19,342

Remuneration to key management personnel is disclosed in note 6.7.

§ ACCOUNTING POLICIES

Staff costs
Staff costs 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 financial year in which the employees render the associated services.

Bonuses for eligible personnel are recognised based on the estimated or agreed bonus amounts at the end of the financial year, calculated in accordance with the relevant bonus schemes.

Contributions to defined contribution pension plans and other post-retirement benefits are charged to the income statement as incurred.

Accounting policies on defined benefit plans are disclosed in note 6.2.

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2.3 FINANCIAL INCOME AND EXPENSES

EUR million	2025/26	2024/25
Financial income		
Foreign exchange gains	14	9
Interest income from third parties	1	1
Other financial income	1	2
Total financial income	**16**	**12**
Financial expenses		
Interest on loans from related parties	(134)	(153)
Interest on loans from third parties	(28)	(29)
Amortisation of financing fees	(12)	(13)
Interest on lease liabilities (Note 3.3)	(51)	(48)
Interest on financial liabilities measured at amortised cost	**(225)**	**(243)**
Financing fee expensed	(19)	(12)
Net interest on defined benefit plans (Note 6.2)	(2)	(3)
Unwinding of discount on provisions (Note 4.3)	(3)	(2)
Other financial expenses	-	(1)
Total financial expenses	**(249)**	**(261)**
Total financial income/(expenses), net	**(233)**	**(249)**

§ ACCOUNTING POLICIES

Financial income and expenses mainly comprise interest income and expenses and realised and unrealised exchange gains and losses on transactions denominated in foreign currencies.

2.4 TAXATION

EUR million	2025/26	2024/25
Current tax	(17)	(13)
Deferred tax	50	26
Adjustment of current tax regarding previous years	5	(1)
Adjustment of deferred tax regarding previous years	(1)	(7)
Adjustment of deferred tax due to changes in tax rates	20	-
Total tax income/(expense) recognised in the income statement	**57**	**5**
Deferred tax income/(expense) on actuarial gain/loss on retirement benefit plans	(1)	(3)
Tax income/(expense) on other comprehensive income	**(1)**	**(3)**
Tax income/(expense) on total comprehensive income	**56**	**2**

TAX RECONCILIATION

	2025/26		2024/25	
	%	EUR million	%	EUR million
Corporation tax rate in Denmark	22%	70	22%	64
Adjustment of calculated tax in foreign Group entities relative to 22%	4%	12	4%	12
Non-deductible expenses	0%	(1)	-1%	(2)
Non-taxable income	0%	1	0%	1
Change in recognition of net tax assets	-12%	(39)	-16%	(47)
Effect of interest limitation rules	-4%	(12)	-9%	(27)
Adjustment regarding previous years	1%	4	-2%	(7)
Effect of change in tax rates	6%	20	0%	-
Other	1%	2	4%	11
Tax rate on earnings before tax	**18%**	**57**	**2%**	**5**

§ ACCOUNTING POLICIES

Taxation

Tax for the year included in the consolidated income statement consists of current tax, changes in deferred tax, and adjustments in respect of previous years.

Tax relating to other items is recognised in other comprehensive income or directly in the consolidated statement of changes in equity.

3.1 GOODWILL AND OTHER INTANGIBLE ASSETS

EUR million	Goodwill	Trade names	Customer relation-ships	Software and other intangible assets	Intangible assets not yet in use	Total
2025/26						
Cost as of 1 August 2025	839	494	529	121	55	2,038
Additions	-	-	-	1	39	40
Transfers	-	-	-	17	(17)	-
Exchange rate adjustment	5	1	4	1	-	11
Cost as of 31 July 2026	**844**	**495**	**533**	**140**	**77**	**2,089**
Amortisation as of 1 August 2025	-	-	(148)	(64)	-	(212)
Amortisation for the period	-	-	(38)	(20)	-	(58)
Impairment for the period	(17)	(3)	(10)	(1)	-	(31)
Exchange rate adjustment	-	-	(1)	-	-	(1)
Amortisation and impairment as of 31 July 2026	**(17)**	**(3)**	**(197)**	**(85)**	**-**	**(302)**
Carrying amount as of 31 July 2026	**827**	**492**	**336**	**55**	**77**	**1,787**
2024/25						
Cost as of 1 August 2024	831	491	524	103	33	1,982
Additions	-	-	-	2	38	40
Transfers	-	-	-	15	(15)	-
Exchange rate adjustment	8	3	5	1	(1)	16
Cost as of 31 July 2025	**839**	**494**	**529**	**121**	**55**	**2,038**
Amortisation as of 1 August 2024	-	-	(110)	(44)	-	(154)
Amortisation for the period	-	-	(38)	(20)	-	(58)
Exchange rate adjustment	-	-	-	-	-	-
Amortisation as of 31 July 2025	**-**	**-**	**(148)**	**(64)**	**-**	**(212)**
Carrying amount as of 31 July 2025	**839**	**494**	**381**	**57**	**55**	**1,826**

Additions to software and other intangible assets include internally developed software amounting to EUR 7m.

Impairment review is disclosed in note 3.4.

§ 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 is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment review is disclosed in note 3.4.

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

Intangible assets, primarily trade names and customer relationships, acquired as part of a business combination are capitalised separately from goodwill.

Management has determined that trade names acquired as part of a business combination have indefinite lives as the Group continues to invest in retaining brand awareness and thereby expects to maintain the value of the trade names. The reasonableness of this determination is reassessed annually. Trade names are not amortised but are tested for impairment annually and whenever there is an indication of impairment.

Customer relationships acquired as part of a business combination are amortised over 7 - 15 years based upon historical experience, market trends and strong relationships between the Group and the customers. Amortisation is calculated using the straight-line method.

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. Cost 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 expected useful life of software and other intangible assets is 3 - 7 years.

Management reassesses the expected useful life and the residual value on an ongoing basis. If changing the amortisation due to a change in the useful life and/or residual value, the effect on amortisation is recognised prospectively as a change in accounting estimates.

Intangible assets not yet in use are not amortised but are tested for impairment annually.

3.2 PROPERTY, PLANT AND EQUIPMENT

2025/26 EUR million	Property	Plant and equipment	Assets under construction	Total
Cost as of 1 August 2025	1,207	340	62	1,609
Additions	5	17	61	83
Disposals	(115)	(4)	-	(119)
Transfers	55	29	(84)	-
Transfers to assets held for sale (Note 3.5)	(23)	-	-	(23)
Exchange rate adjustment	7	3	-	10
Cost as of 31 July 2026	**1,136**	**385**	**39**	**1,560**
Depreciation as of 1 August 2025	(114)	(151)	-	(265)
Depreciation for the period	(36)	(42)	-	(78)
Impairment for the period	(21)	-	-	(21)
Disposals	18	-	-	18
Transfers to assets held for sale (Note 3.5)	3	-	-	3
Exchange rate adjustment	(3)	(2)	-	(5)
Depreciation and impairment as of 31 July 2026	**(153)**	**(195)**	**-**	**(348)**
Carrying amount as of 31 July 2026	**983**	**190**	**39**	**1,212**

2024/25 EUR million	Property	Plant and equipment	Assets under construction	Total
Cost as of 1 August 2024	1,253	288	66	1,607
Additions	3	19	95	117
Disposals	(61)	(6)	-	(67)
Transfers	61	36	(97)	-
Transfers to assets held for sale (Note 3.5)	(39)	(1)	-	(40)
Exchange rate adjustment	(10)	4	(2)	(8)
Cost as of 31 July 2025	**1,207**	**340**	**62**	**1,609**
Depreciation as of 1 August 2024	(99)	(108)	-	(207)
Depreciation for the period	(37)	(42)	-	(79)
Disposals	17	2	-	19
Transfers to assets held for sale (Note 3.5)	4	-	-	4
Exchange rate adjustment	1	(3)	-	(2)
Depreciation as of 31 July 2025	**(114)**	**(151)**	**-**	**(265)**
Carrying amount as of 31 July 2025	**1,093**	**189**	**62**	**1,344**

§ 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.

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

Assets under construction are not depreciated.

Management reassesses the expected useful life and residual value on an ongoing basis. If changing the 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.

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

Impairment review is disclosed in note 3.4. Information on sale and leaseback-transactions are disclosed in note 3.3.

The Group has entered into an agreement to acquire property for EUR 36m. The property is expected to be recognised in financial year 2027/28.

3.3 LEASES

RIGHT-OF-USE ASSETS

2025/26 EUR million	Land and buildings	Other equipment	Total
Cost as of 1 August 2025	1,070	310	1,380
Additions	98	55	153
Disposals	(41)	(38)	(79)
Remeasurement due to revised lease terms	54	5	59
Exchange rate adjustment	13	4	17
Cost as of 31 July 2026	**1,194**	**336**	**1,530**
Depreciation as of 1 August 2025	(398)	(128)	(526)
Depreciation for the period	(124)	(61)	(185)
Impairment for the period	(28)	-	(28)
Disposals	31	30	61
Exchange rate adjustment	(3)	(2)	(5)
Depreciation and impairment as of 31 July 2026	**(522)**	**(161)**	**(683)**
Carrying amount as of 31 July 2026	**672**	**175**	**847**

2024/25 EUR million	Land and buildings	Other equipment	Total
Cost as of 1 August 2024	1,016	291	1,307
Additions	31	52	83
Disposals	(30)	(33)	(63)
Remeasurement due to revised lease terms	52	5	57
Exchange rate adjustment	1	(5)	(4)
Cost as of 31 July 2025	**1,070**	**310**	**1,380**
Depreciation as of 1 August 2024	(291)	(91)	(382)
Depreciation for the period	(130)	(63)	(193)
Disposals	23	24	47
Exchange rate adjustment	-	2	2
Depreciation as of 31 July 2025	**(398)**	**(128)**	**(526)**
Carrying amount as of 31 July 2025	**672**	**182**	**854**

Sale and leaseback
During the period, the Group sold land and buildings in the Nordics and the United Kingdom for a consideration of EUR 104m of which EUR 3m is deferred payment.

The Group simultaneously leased back the assets. The transactions meet the criteria for a sale. These transactions form part of the Group's ongoing strategic management of its property portfolio.

The total gain on disposal was EUR 24m. Only the portion related to the rights transferred to the lessor was recognised immediately in the income statement.

The remaining EUR 12m has been deferred and recognised as a part of the right-of-use assets. The lease terms are 10-15 years with options.

Right-of-use assets amounting to EUR 52m, measured as the proportion of the previous carrying amount retained, and a lease liability of EUR 57m, measured at the present value of leaseback payments, have been recognised. The annual lease payments following the transaction amount to EUR 7m.

Other leasing disclosures
Right-of-use assets and related leasing liabilities derive from the Group being lessee in leasing arrangements specially related to land and buildings for the branches in the Group's business units.

In 2025/26, expenses for short-term leases and leases of low-value assets amounted to EUR 25m (2024/25: EUR 23m).

In the United Kingdom, the Group has subleased right-of-use assets. The lease income from operating subleases amounts to EUR 5m (2024/25: EUR 7m).

As of 31 July 2026 the Group had committed to leases which had not yet commenced. Right-of-use assets and leasing liabilities related to these leases were estimated to be EUR 20m which is expected to be recognised in financial year 2026/27.

3.3 LEASES – CONTINUED

LEASING LIABILITY

EUR million	31 July 2026	31 July 2025
Less than 1 year	201	205
Between 1 and 5 years	543	543
More than 5 years	471	410
Undiscounted leasing liability	**1,215**	**1,158**
Current	162	168
Non-current	744	700
Discounted leasing liability	**906**	**868**

EUR million	2025/26	2024/25
Repayment of lease liabilities	172	179
Interest on lease liabilities	51	48
Short term leases and lease of low-value assets	25	23
Total cash outflow for leases	**248**	**250**

! KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group has several lease contracts that include extension options. Judgement is applied 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, all relevant factors that create an economic incentive to exercise the renewal option or to let the leases expire are considered. Unless contractually obligated, the Group never estimates lease lengths of more than 10 years as the Group cannot predict with a very high degree of certainty that it will in all cases remain in leaseholds beyond a planning horizon of 10 years. The estimated lease term is reassessed at each reporting date.

§ ACCOUNTING POLICIES

Right-of-use 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.

For short-term leases and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis. This expense is presented in income statement as other external operating expenses.

The lease liability is initially measured at the present value of the future lease payments, discounted using the incremental borrowing rate for the individual lease. The lease liability is subsequently measured by increasing the carrying amount to reflect interest and by reducing the carrying amount to reflect the lease payments made. Further, lease liabilities are changed when re-measurements are needed with a corresponding adjustment to the related right-of-use asset.

Gains or losses from a lease modification, not accounted for as a separate lease, is recognised in the income statement as other operating income and expense.

The initial right-of-use assets comprise the amount of the initial measurement of the lease liability, lease payments made at or before the commencement day, initial direct costs and costs to restore the underlying asset at the end of the lease period.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset according to the straight-line method.

Property leases normally have a lease term of up to 20 years, whereas leases of plant and equipment normally have lease term of up to 10 years. Property leases may include extension options with the intention of securing flexibility in the lease. Extensions options are included in the lease term if the extension option is reasonably certain to be exercised.

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

Sale and leaseback
Where the Group sells an asset and immediately reacquires use of it by entering into a lease with the buyer, a lease liability is recognised, the associated property, plant and equipment asset is derecognised, and a right-of-use asset is recognised at the proportion of the carrying value relating to the right retained. Any gain or loss arising relates to the rights transferred to the buyer.

3.4 IMPAIRMENT REVIEW

The impairment review assesses whether the carrying amounts of the Group's cash-generating units ("CGUs"), groups of CGUs and individual assets are supported by their recoverable amounts. Recoverable amount is the higher of value in use and fair value less costs of disposal.

Goodwill, trade names and intangible assets not yet in use are tested for impairment annually as of 31 July and whenever there is an indication that they may be impaired. Other non-current non-financial assets are tested for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable.

As of 31 July 2026, impairment indicators were identified for certain CGUs and assets in Germany, Austria and the United Kingdom. The indicators mainly reflect the prolonged period of subdued market activity and a more gradual recovery than previously anticipated, resulting in lower utilisation of certain assets and reduced earnings and cash flow expectations within the forecast and terminal period. Higher discount rates, partly reflecting changes in market interest rates, have also contributed to lower recoverable amounts.

While the timing of the anticipated market recovery has shifted further into the future, Management continues to expect the affected businesses and assets to benefit from improving market conditions over the longer term.

The impairment reviews performed in 2025/26 resulted in impairment losses of EUR 80m (2024/25: no impairment loss). The total impairment loss comprises EUR 17m related to goodwill, EUR 14m related to other intangible assets, EUR 21m related to properties, and EUR 28m related to right-of-use properties.

The impairment losses primarily relate to Germany, Austria and the United Kingdom and have been recognised as impairment losses in the consolidated income statement.

CARRYING AMOUNT

	Goodwill		Trade names		Intangible assets not yet in use	
EUR million	**31 July 2026**	**31 July 2025**	**31 July 2026**	**31 July 2025**	**31 July 2026**	**31 July 2025**
Germany	276	276	209	209	-	3
Austria	-	17	3	6	-	-
United Kingdom	-	-	-	-	1	5
Denmark	228	229	128	128	1	1
Sweden	183	181	85	84	3	1
Finland	94	94	66	66	1	1
Norway	46	42	1	1	-	-
Group	-	-	-	-	71	44
Total	**827**	**839**	**492**	**494**	**77**	**55**

IMPAIRMENT RECOGNISED IN 2025/26

Germany: The impairment review resulted in an impairment loss of EUR 18m related to the branch network CGUs in Germany. The carrying amount of the impaired CGUs is EUR 41m. The impairment loss has been allocated to properties with EUR 11m and right-of-use properties with EUR 7m.

Austria: The impairment review resulted in an impairment loss of EUR 37m for the Austrian CGUs. The impairment loss has been allocated to goodwill with EUR 17m, other intangible assets with EUR 14m, and right-of-use properties with EUR 6m.

United Kingdom: The impairment review resulted in an impairment loss of EUR 21m related to the branch network CGUs in the United Kingdom. The carrying amount of the impaired CGUs is EUR 57m. The impairment loss has been allocated to properties with EUR 6m and right-of-use properties with EUR 15m.

SENSITIVITY ANALYSIS

Management has performed sensitivity analyses for the impairment tests by applying reasonably possible changes in key assumptions, including the pre-tax discount rate, long-term growth rate and compound annual net sales growth rate during the forecast period, while keeping all other assumptions constant. Except for the CGUs described below, no reasonably possible change in a key assumption would result in the carrying amount exceeding the recoverable amount.

Following the impairment losses recognised in 2025/26, the carrying amounts of certain branch network CGUs in Germany, and the United Kingdom have been reduced to their respective recoverable amounts. In addition, the carrying amounts of the two CGUs containing goodwill in Austria have been reduced to their respective recoverable amounts following the impairment losses recognised in 2025/26. Consequently, these CGUs have no remaining headroom and any adverse change in the key assumptions, all else being equal, could result in additional impairment losses.

For the Finnish geographical CGU, an impairment of goodwill and other intangible assets would arise if the discount rate increased by more than 0.2 percentage points, the long-term growth rate decreased by more than 0.3 percentage points, or the compound annual net sales growth rate during the forecast period decreased by more than 0.1 percentage points, with all other assumptions remaining unchanged. The recoverable amount of the Finnish geographical CGU exceeds its carrying amount by EUR 6m.

In the United Kingdom, no goodwill, trade names or customer relationships are recognised. Accordingly, the sensitivity to changes in key assumptions primarily relates to the branch network CGUs, certain of which have already been impaired to their recoverable amounts.

The German geographical CGU has limited headroom and is therefore sensitive to reasonably possible changes in key assumptions. The five-year financial plan for Germany assumes compound annual net sales growth of approximately 5%. Approximately one third of this growth is expected to arise from price and inflation and two thirds from volume and mix. The assumptions reflect a gradual recovery from the currently subdued market conditions over the forecast period. For the German geographical CGU, excluding the separate impairment assessments of the underlying branch network CGUs, an impairment loss would arise if the discount rate increased by more than 0.3 percentage points, the long-term growth rate decreased by more than 0.5 percentage points, or compound annual net sales growth over the forecast period decreased by more than 0.2 percentage points, with all other assumptions remaining unchanged. The recoverable amount of the German geographical CGU exceeds its carrying amount by EUR 41m.

3.4 IMPAIRMENT REVIEW – CONTINUED

! KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The measurement of recoverable amounts requires significant Management judgement and estimation. Key estimates include expected future sales growth, margins, operating costs, capital expenditure, working capital, long-term growth rates and discount rates as well as the determination of CGUs.

Forecast cash flows reflect Management's best estimate of the economic conditions expected to exist over the forecast period based on information available at the reporting date. Given the current uncertainty in the construction markets in which the Group operates, actual developments may differ from the assumptions applied.

CGUs (judgement)
The determination of CGUs involves judgement and is based on the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Group has identified its CGUs as either geographical areas or more granular groupings below the geographical level based on the branch network. In general, branch network CGUs comprise groups of branches that share cash inflows due to geographical proximity and overlapping customer bases. In some cases, individual branches with largely independent cash inflows are identified as separate CGUs. Property, plant and equipment, right-of-use assets and other assets that can be allocated to the underlying branch network are tested for impairment at this level when impairment indicators exist.

For the purpose of impairment testing goodwill, the underlying CGUs are generally aggregated into geographical areas (Business Units), representing the lowest level at which goodwill is monitored for internal management purposes.

Customer relationships support cash inflows across the respective geographical businesses and cannot be allocated on a reasonable and consistent basis to individual branch-network CGUs. Accordingly, customer relationships are tested for impairment at the geographical Business Unit level.

Discounted cashflows (estimates)
The recoverable amounts of CGUs containing goodwill, trade names and other intangible assets with indefinite useful lives are determined based on value-in-use calculations.

Value in use is determined as the present value of expected future cash flows. Cash flow forecasts for years one to five are derived from the most recent strategic plan approved by Management. Cash flows beyond the five-year forecast period are extrapolated using a long-term growth rate.

The strategic plan is based on Management's expectations and assumptions considering current market conditions, expected market development, future growth, capital allocation and other factors, including macroeconomic trends affecting performance in each geographical area.

The key components of the cash flow forecasts are net sales, cost of goods sold (COGS), operating expenses (OPEX), EBITDA, working capital and capital expenditure (CAPEX). Key assumptions include expected sales growth, gross margins, operating costs, long-term growth rates and discount rates.

Cash flows in the terminal period have been based on a long-term growth rate of 2.0% for the geographical areas (2024/25: 2.0%).

The cash flows are discounted using risk-adjusted, pre-tax discount rates determined by reference to the weighted average cost of capital (WACC). The discount rates are determined separately for each geographical area and are based on observable market data and relevant market participants, including country-specific risk-free rates, equity market risk premiums, an industry peer group for determining beta and capital structure, and market-based credit spreads. The country-specific discount rates reflect differences in, among other factors, risk-free interest rates, inflation expectations, tax rates and country-specific market conditions. The resulting discount rates reflect current market assessments of the time value of money and the risks specific to the relevant CGUs that are not otherwise reflected in the cash flow projections.

PRE-TAX DISCOUNT RATE

	31 July 2026	31 July 2025
Germany	11.1%	10.9%
Austria	10.5%	10.4%
United Kingdom	12.2%	12.9%
Denmark	9.9%	9.4%
Sweden	9.7%	9.2%
Finland	10.4%	10.1%
Norway	11.1%	10.8%
Group	9.9%	9.4%

§ ACCOUNTING POLICIES

Impairment of non-financial assets
Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever events or changes in circumstances indicate that they may be impaired. Intangible assets not yet in use are also tested for impairment annually.

Intangible assets subject to amortisation, property, plant and equipment, assets under construction and right-of-use assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

An impairment loss is recognised when the carrying amount of an asset or CGU exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use.

For CGUs containing goodwill, an impairment loss is first allocated to reduce the carrying amount of goodwill and thereafter to the other assets of the CGU on a pro rata basis, subject to the limitations in IAS 36.

Impairment losses relating to goodwill are not reversed. For other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss previously been recognised.

3.5 NON-CURRENT ASSETS HELD FOR SALE

As part of the ongoing branch network optimisation programme in the United Kingdom, the Group has classified 21 closed branch properties as held for sale as of 31 July 2026. These assets were previously included within Property in Property, plant and equipment. The properties are being actively marketed and the disposals are expected to be completed in financial year 2026/27.

No impairment loss was recognised during the year related to assets after the transfer to asset held for sale, as the fair value less costs to sell exceeded their carrying amount. No liabilities are directly associated with these assets.

§ ACCOUNTING POLICIES

Significant non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use, provided the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets, and the sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment held for sale is not depreciated.

EUR million	2025/26	2024/25
Assets held for sale as of 1 August	36	-
Transfers from property, plant and equipment	20	36
Disposals	(31)	-
Assets held for sale as of 31 July	**25**	**36**

4.1 INVENTORIES

EUR million	31 July 2026	31 July 2025
Goods for resale	1,198	1,187
Provision for excess and obsolete goods	(67)	(79)
Total inventories	**1,131**	**1,108**

! KEY ACCOUNTING ESTIMATES & JUDGEMENTS

Valuation of inventory
Write-downs are recognised for 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 projected sales on the basis of historical experience.

§ ACCOUNTING POLICIES

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

4.2 TRADE RECEIVABLES

EUR million	31 July 2026	31 July 2025
Trade receivables, gross carrying amount	573	562
Provision for expected credit losses	(46)	(48)
Trade receivables	**527**	**514**
Of this, due after more than 1 year	-	-

EUR million	Gross carrying amount	Expected credit loss	Net trade receivables
31 July 2026			
Amounts not yet due	375	(3)	372
Past due not more than one month	83	(2)	81
Past due more than one month and less than two months	15	(2)	13
Past due more than two months and less than three months	6	(1)	5
Past due more than three months and less than six months	11	(2)	9
Past due more than six months	47	(36)	11
Trade receivables in a factoring portfolio	36	-	36
As of 31 July 2026	**573**	**(46)**	**527**
31 July 2025			
Amounts not yet due	369	(4)	365
Past due not more than one month	82	(2)	80
Past due more than one month and less than two months	14	(2)	12
Past due more than two months and less than three months	7	(1)	6
Past due more than three months and less than six months	11	(4)	7
Past due more than six months	42	(35)	7
Trade receivables in a factoring portfolio	37	-	37
As of 31 July 2025	**562**	**(48)**	**514**

4.2 TRADE RECEIVABLES – CONTINUED

EUR million	2025/26	2024/25
Provision for expected credit loss as of 1 August	(48)	(51)
Net charge for the year	(14)	(11)
Utilised in the year	16	14
Provision for expected credit loss as of 31 July	**(46)**	**(48)**

Trade receivables in factoring portfolio
Trade receivables in factoring portfolios are receivables that are held either to collect contractual cash flows or for sale under factoring arrangements.

Credit risk
The Group is not exposed to any significant risks regarding any one individual customer. The Group has chosen to sell some of its trade receivables in non-recourse factoring agreements to expedite cash collection from groups of customers. The Group does not retain any significant credit risk in respect of these customers. Insurance cover is applied for some customers to mitigate credit risk.

! KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

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

§ ACCOUNTING POLICIES

Trade receivables
Trade receivables are non-interest bearing and are recognised initially at transaction price.

Trade receivables held to collect are subsequently measured 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. Credit losses 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. 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.

Before being sold, trade receivables included in factoring portfolios are measured at fair value, with changes recognised in other comprehensive income. The fair value is calculated based on the net invoice amount less financing fee.

The accounting policies applied to financial instruments are disclosed in note 5.3 including accounting policies for derecognition applied for trade receivables in factoring agreements.

4.3 PROVISIONS

EUR million	Environ-mental	Restruc-turing	Dilapi-dations	Other pro-visions	Total
2025/26					
Provision as of 1 August 2025	5	17	91	16	129
Charge for the period	4	9	9	3	25
Utilised in the period	-	(17)	(4)	(3)	(24)
Unused amounts reversed during the period	-	-	(2)	(2)	(4)
Unwinding of discount	-	-	3	-	3
Exchange rate adjustment	-	-	1	-	1
Provision as of 31 July 2026	**9**	**9**	**98**	**14**	**130**
Current					45
Non-current					85
Provision as of 31 July 2026					**130**
2024/25					
Provision as of 1 August 2024	9	16	88	20	133
Charge for the period	1	14	7	2	24
Utilised in the period	(1)	(11)	(4)	(3)	(19)
Unused amounts reversed during the period	(4)	(3)	-	(3)	(10)
Unwinding of discount	-	-	2	-	2
Exchange rate adjustment	-	1	(2)	-	(1)
Provision as of 31 July 2025	**5**	**17**	**91**	**16**	**129**
Current					42
Non-current					87
Provision as of 31 July 2025					**129**

The environmental provision relates to the risk of claims on properties.

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

The dilapidation provision covers estimated costs of restoring leaseholds to their original condition at the end of the lease term. The provision is primarily related to the United Kingdom.

Other provisions mainly consist of warranty obligations and legal claims.

! KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Provisions for dilapidation (estimate)
Provisions for dilapidations are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources will be required to settle the obligation, and when the amount can be reliably estimated. Such provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money.

§ ACCOUNTING POLICIES

Provisions
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 (Unwinding of discount).

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5.1 SHARE CAPITAL AND DIVIDENDS

Share capital
On 26 May 2026, the parent company (STARK Group A/S) issued one new ordinary share (nominal value of DKK 1) to its sole shareholder for a total consideration of EUR 560m. The nominal value of the share was recognised as share capital and the remaining amount was recognised as retained earnings.

As of 31 July 2026 the share capital of the parent company in the Group (STARK Group A/S) is DKK 15,000,001, divided into shares of DKK 1.

No shares are subject to special rights or restrictions on voting rights. All shares are fully paid up. The share premium is unchanged at EUR 0m.

Dividends
No dividends have been paid during the financial year to the shareholder of STARK Group A/S and no dividends are proposed for distribution in 2025/26.

§ ACCOUNTING POLICIES

Dividends
Dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The proposed dividend payment for the year, if any, is disclosed as a separate item in equity.

Translation reserve
The translation reserve comprises the Group's share of foreign exchange differences arising on translation of financial statements of foreign subsidiaries from their functional currencies into the presentation currency.

Retained earnings
Retained earnings comprise the Group's cumulative results, less cumulative dividends paid, and shareholder contributions recognised directly in retained earnings.

5.2 BORROWINGS

	31 July 2026			31 July 2025		
	Non-current	Current	Total	Non-current	Current	Total
Revolving credit facilities	-	-	-	-	133	133
Other interest-bearing loans	136	34	170	149	29	178
Loans from related parties	1,787	18	1,805	2,321	15	2,336
Loans from non-controlling interests	-	17	17	-	18	18
Total borrowings as of 31 July	**1,923**	**69**	**1,992**	**2,470**	**195**	**2,665**

Maturity analysis of financial liabilities is disclosed in note 5.3.

§ ACCOUNTING POLICIES

Borrowings
Interest-bearing loans 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.

CHANGES IN ASSETS AND LIABILITIES FROM FINANCING ACTIVITIES

EUR million	1 August	Cash flows	Other non-cash[1]	31 July
2025/26				
Revolving credit facilities	133	(133)	-	-
Other interest-bearing loans	178	(8)	-	170
Loans from related parties	2,336	(560)	29	1,805
Loans from non-controlling interests	18	(1)	-	17
Total change in financing activities from borrowings	**2,665**	**(702)**	**29**	**1,992**
Leasing liabilities	868	(172)	210	906
Total change from financing activities	**3,533**	**(874)**	**239**	**2,898**
2024/25				
Revolving credit facilities	55	78	-	133
Other interest-bearing loans	177	1	-	178
Loans from related parties	2,307	-	29	2,336
Loans from non-controlling interests	19	(1)	-	18
Total change in financing activities from borrowings	**2,558**	**78**	**29**	**2,665**
Leasing liabilities	934	(179)	113	868
Total change from financing activities	**3,492**	**(101)**	**142**	**3,533**

1. Other non-cash items on loans from related parties mainly includes capitalisation of interest of EUR 24m (2024/25: EUR 23m). Other non-cash items on leasing liabilities mainly includes new leasing contracts amounting to EUR 150m (2024/25: EUR 69m) and re-measurements of EUR 62m (2024/25: EUR 60m).

5.3 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

This note includes disclosures related to financial instruments and describes the exposure to financial risks and how these risks could affect the Group's future financial performance.

The Group's activities expose the Group to a variety of risks related to the Group's financial assets and liabilities. The Group's financial instruments mainly comprise financial liabilities in the form of borrowings, trade and other payables and lease liabilities. Financial assets comprise primarily trade receivables, other receivables and cash.

Financial risks are inherent to the way the Group operates. The Group's overall risk management programme seeks to identify, assess, and mitigate these financial risks in order to reduce the effects on the Group's financial performance. Management has assessed currency risk, interest risk, credit risk and liquidity risk as the relevant financial risks.

It is the Group's policy not to speculate actively in financial risks. The Group's financial management is thus aimed solely at controlling the financial risks, which are a direct result of the Group's operations and financing.

There are no changes in the Group's financial risk management compared to the previous year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. 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's currency risk is primarily related to the net exposure on SEK, NOK and GBP.

Currency risks are primarily related to international purchases and to a limited extent, sale of goods in foreign currencies. The Group's income and expenses denominated in foreign currencies therefore largely offset each other and create a natural hedge of the Group's profit margin. The Group's currency risk on operations is therefore considered low since costs of operations (wages, purchases of inventories etc.) are largely incurred in the same currency as net sales are generated.

The Group is also exposed to currency risk due to fluctuations in exchange rates on intercompany loans and loans to the sole shareholder of the parent company when the lending and borrowing entities have different functional currencies. These fluctuations result in foreign exchange gains or losses, which are recognised in the income statement and not eliminated on consolidation. This risk is not hedged with financial contracts.

The Group is subject to translation risk when results of subsidiaries are translated into EUR. Translation risk is not hedged with financial contracts.

Interest risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market 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 Group's long-term financing is based on loans with fixed interest. The Group's exposure to changes in interest rates primarily relates to the part of borrowings with variable interest rates.

All other things being equal, a decrease in interest rates of 1% p.a. relative to the actual level of interest rates would have a positive effect on the income statement of EUR 4m (2024/25: EUR 19m) and on year-end equity of EUR 4m (31 July 2025: EUR 19m). Conversely, an increase in interest rates of 1% p.a. would have an equivalent negative effect on the income statement and year-end equity.

THE CARRYING AMOUNT OF FINANCIAL ASSETS BY CATEGORY

EUR million	31 July 2026	31 July 2025
Other non-current financial assets	10	7
Trade receivables	491	477
Other receivables	247	202
Cash and cash equivalents	109	281
Financial assets at amortised cost	**857**	**967**
Trade receivables in factoring portfolio	36	37
Trade receivables at fair value through other comprehensive income	**36**	**37**
Total financial assets	**893**	**1,004**

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group's credit risks are mainly related to trade receivables, other receivables and cash. The Group's maximum credit exposure in respect of financial assets corresponds to their carrying amounts in the statement of financial position.

Credit risk on cash is considered low due to the high credit rating on financial institutions used by the Group. Credit risk on trade receivables is described in note 4.2.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's liquidity risk is primarily related to settlement of loans, leasing liabilities and payment of suppliers. The Group applies cash pool arrangements for optimisation and centralisation of cash management. STARK Group A/S is the administration entity of the cash pool.

The Group has a senior revolving credit facility (RCF) amounting to EUR 371m. The facility is committed and matures on 4 November 2027 which the Group currently is well advanced in refinancing during the coming financial year.

During the financial year, the utilisation of credit facilities consisted of drawdowns on the senior revolving credit facilities along with ancillary facilities carved out from the senior revolving credit facilities. A total of EUR 135m has been carved out from the Senior Revolving Credit. Neither the senior revolving credit facility nor the carved-out ancillary facilities were utilised as of 31 July 2026. To further strengthen the liquidity and manage seasonal working capital requirements during the first coming low season, the Group expects to complete property sales and asset-backed property financing transactions during the coming financial year.

5.3 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS – CONTINUED

MATURITY AND CONTRACTUAL CASH FLOWS ON FINANCIAL LIABILITIES

	Undiscounted contractual cash flows, including interest				
EUR million	**<1 year**	**1–5 years**	**> 5 years**	**Total**	**Carrying amount**
31 July 2026					
Payables to related parties	31	-	-	31	31
Trade and other payables	1,899	-	-	1,899	1,899
- of which tax and social security and payroll accruals	(43)	-	-	(43)	(43)
Net trade and other payables	**1,887**	**-**	**-**	**1,887**	**1,887**
Loans from related parties	24	1,986	-	2,010	1,805
Borrowings	59	62	138	259	187
Leasing liabilities	201	543	471	1,215	906
Financial liabilities at amortised cost	**2,171**	**2,591**	**609**	**5,371**	**4,785**
31 July 2025					
Payables to related parties	31	-	-	31	31
Trade and other payables	1,788	-	-	1,788	1,788
- of which tax and social security and payroll accruals	(46)	-	-	(46)	(46)
Net trade and other payables	**1,773**	**-**	**-**	**1,773**	**1,773**
Loans from related parties	148	1,998	686	2,832	2,336
Borrowings	187	58	161	406	329
Leasing liabilities	205	543	410	1,158	868
Financial liabilities at amortised cost	**2,313**	**2,599**	**1,257**	**6,169**	**5,306**

Cash and cash equivalents include EUR 31m of restricted cash held as collateral for guarantees in the UK. Restricted cash comprises funds that are subject to contractual limitations on use and are therefore not available for general operating purposes. These balances primarily relate to amounts held in accounts pledged in favour of a financing counterparty and amounts held in a collateral account for the purposes of insurance and tax payments.

The principal amount of the loans from related parties, amounting to EUR 1,792m, is due in May 2028. See note 6.7 for additional information on related party loans.

Future interest payments on borrowings and payables to related parties have been estimated using current interest rates. Fair value is considered to be equal to or approximate the carrying amounts of the various loans and payables.

§ ACCOUNTING POLICIES

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 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 the income statement when the asset is derecognised, modified or impaired. The Group's financial assets measured at amortised cost include 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 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.

6.1 DEFERRED TAX ASSETS AND LIABILITIES

EUR million	2025/26	2024/25
Deferred tax asset/(tax liability) net balance as of 1 August	(282)	(295)
Recognised in the income statement regarding current year	50	26
Recognised in other comprehensive income	(1)	(3)
Adjustment of deferred tax regarding previous years	(1)	(7)
Effect of change in tax rates	20	-
Exchange rate adjustment	(1)	(3)
Deferred tax asset/(tax liability) net balance as of 31 July	**(215)**	**(282)**

	31 July 2026			31 July 2025		
EUR million	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Intangible assets	14	(210)	(196)	8	(216)	(208)
Property, plant and equipment	5	(128)	(123)	3	(144)	(141)
Defined benefit plans	7	(13)	(6)	6	(10)	(4)
Inventories	4	-	4	5	-	5
Tax loss carryforwards etc.	99	-	99	65	-	65
Other assets and liabilities	161	(154)	7	156	(155)	1
Total deferred tax assets/(tax liabilities)	**290**	**(505)**	**(215)**	**243**	**(525)**	**(282)**
Offset within legal tax entities and jurisdictions	(281)	281	-	(239)	239	-
Total net deferred tax assets/(tax liabilities)	**9**	**(224)**	**(215)**	**4**	**(286)**	**(282)**

EUR million	2025/26	2024/25
Unrecognised deferred tax assets as of 1 August	77	30
Additions	39	53
Utilised	-	(6)
Unrecognised deferred tax assets as of 31 July	**116**	**77**

Unrecognised carried forward tax loss
The Group has an unrecognised deferred tax asset of EUR 116m (2024/25: EUR 77m) relating to tax loss carry forwards where the timing of possible future utilisation is not certain. The related tax losses can be carried forward indefinitely.

Pillar two
We have assessed our potential exposure to BEPS Pillar II and performed the Transitional Safe Harbour calculations in accordance with the applicable guidelines. Based on this assessment, all jurisdictions qualify for safe harbour relief, and therefore no top-up tax is due.

§ ACCOUNTING POLICIES

Deferred tax
Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases.

Deferred tax is measured based on the tax rules and rates applying when the deferred tax becomes current tax.

Deferred tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in equity or in other comprehensive income. In such cases, the related deferred tax is also recognised directly in equity or in other comprehensive income, respectively.

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

6.2 DEFINED BENEFIT PLANS

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

Of the total defined benefit obligation as of 31 July 2026, EUR 54m (31 July 2025: EUR 58m) relates to wholly unfunded plans and EUR 60m (31 July 2025: EUR 64m) relates to wholly or partly funded plans.

Plan assets relate to defined benefit plans in Germany and mainly consist of properties. The assets are unlisted, and the properties are occupied by the Group.

Sensitivity analysis
The sensitivities related to significant actuarial assumptions used in the calculation of the defined benefit obligation in terms of estimated increase/(decrease) in the obligation are illustrated in the sensitivity analysis.

The analysis is based on changes in assumptions, with all other variables held constant.

EUR million	2025/26	2024/25
Amounts recognised in the income statement:		
Current service costs	(1)	(3)
Past service cost and gain from plan amendments	(1)	2
Recognised in staff costs	**(2)**	**(1)**
Calculated interest on pension liabilities	(4)	(4)
Calculated interest on plan assets	2	1
Credited/(charged) to financial items	**(2)**	**(3)**
Total recognised in the income statement	**(4)**	**(4)**
Amounts recognised in other comprehensive income:		
Actuarial gain/(loss)	3	12
Taxation	(1)	(3)
Total recognised in other comprehensive income	**2**	**9**
Total recognised in total comprehensive income	**(2)**	**5**

EUR million	2025/26	2024/25
Fair value of plan assets as of 1 August	44	45
Calculated interest	2	1
Disbursed benefits	(4)	(2)
Fair value of plan assets as of 31 July	**42**	**44**
Present value of defined benefit liability as of 1 August	(122)	(132)
Interest on pension liabilities	(4)	(4)
Current service cost, past service costs and gain from plan amendment	(2)	(1)
Disbursed benefits from the Group	8	3
Disbursed benefits from plan assets	4	2
Actuarial gain/(loss) - financial assumptions	3	12
Exchange rate adjustment	(1)	(2)
Present value of defined benefit liability as of 31 July	**(114)**	**(122)**
Net benefit asset/(liability) as of 31 July	**(72)**	**(78)**

6.2 DEFINED BENEFIT PLANS – CONTINUED

The actuarial calculations are based on the following assumptions:

	Sweden		Germany	
	31 July 2026	31 July 2025	31 July 2026	31 July 2025
Discount rate	3.9%	3.7%	3.9%	3.6%
Rate of inflation	1.8%	1.7%	2.0%	2.0%
Increases to pensions in payment	-	-	2.0%	2.0%
Increase in salary	-	-	3.0%	3.0%
Average duration (years)	15	16	9	11

Estimated increase/(decrease) in the defined benefit obligation based on changes in key assumptions:

	31 July 2026		31 July 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (0.25%-point movement)	-3%	4%	-4%	4%
Inflation rate (0.25%-point movement)	3%	-3%	3%	-3%
Life expectancy (1 year movement)	4%	-4%	4%	-4%

§ ACCOUNTING POLICIES

Defined benefit plans

For defined benefit plans, obligations are measured at discounted present value (using the projected unit credit method). The operating and financing costs of such plans are recognised separately in the 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.

Plan assets are measured at fair value.

Actuarial gains and losses are recognised immediately in the statement of other comprehensive income.

6.3 CASH FLOW STATEMENT, ADJUSTMENTS AND REVERSALS FOR NON-CASH ITEMS

EUR million	2025/26	2024/25
Financial income and expenses	233	249
Depreciation and amortisation	321	330
Impairment of non-current assets	80	-
Gain from sale of property, plant and equipment and gain/(loss) on lease contracts	(39)	(10)
Income tax	(57)	(5)
Other	(2)	(1)
Adjustments and reversals for non-cash items	**536**	**563**

6.4 CASH FLOW STATEMENT, CHANGES IN WORKING CAPITAL

EUR million	2025/26	2024/25
(Increase) / decrease in inventories	(16)	(62)
(Increase) / decrease in trade and other receivables	(47)	287
Increase / (decrease) in trade and other payables	99	(47)
Changes in working capital	**36**	**178**

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 proceedings and disputes is not expected to have a material effect on the Group's financial position.

§ ACCOUNTING POLICIES

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

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

6.6 SECURITIES

The shareholdings in the major group companies have been pledged as security for the external financing obtained by the sole shareholder Winterfell Financing S.à r.l. and the same major group companies are jointly and severally liable for the Term loans amounting to EUR 1,795m and the Senior Revolving Credit facilities agreement with lenders up to EUR 371m. The loans are subject to standard clauses, according to which the debt mature in full in case of a change of control. The Term loans and Senior Revolving Credit facilities are furthermore subject to a springing covenant that relates to the gearing ratio of the Group.

As of 31 July 2026, the Group had pledged properties with a book value of EUR 252m as security for the secured bank loans. In addition, EUR 58m is pledged related to pension liabilities.

6.7 RELATED PARTIES

Related parties are considered to be the parent company STARK Group A/S and its subsidiaries. Group companies are disclosed 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.

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

Loans from related parties
The Group has most of its financing from related parties with the sole shareholder Winterfell Financing S.à r.l. The borrowers are STARK Group A/S (EUR 1,078m), Winterfell Sweden AB (EUR 450m) and Winterfell Germany GmbH and subsidiary (EUR 264m). Loans from Winterfell Financing S.à r.l. to Winterfell Germany GmbH amounting to EUR 560m including capitalised and accrued interest, were repaid during the financial year.

In 2025/26 the weighted average interest rate including amortisation of financing fees on the financing with related parties was 6.5% (2024/25: 7.2%). In 2025/26 the interest expense, including amortisation of financing fees amounted to EUR 146m (2024/25: EUR 166m).

Compensation to key management personnel
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 Group has not established share-based incentive programme.

COMPENSATION FOR THE EXECUTIVE MANAGEMENT:

EUR million	2025/26	2024/25
Salaries and wages	3.6	3.7
Pensions - defined contribution plans	0.3	0.3
Other expenses for social security	-	-
Total compensation for the Executive Management	**3.9**	**4.0**

6.8 FEE TO STATUTORY AUDITORS

EUR million	Deloitte	Other audit firms	2025/26 Total	Deloitte	Other audit firms	2024/25 Total
Statutory audit	4.2	-	4.2	3.4	0.9	4.3
Assurance engagements	-	-	-	-	-	-
Tax advisory	0.1	0.6	0.7	-	1.1	1.1
Other services	0.2	0.1	0.3	0.1	-	0.1
Total fee to statutory auditors	**4.5**	**0.7**	**5.2**	**3.5**	**2.0**	**5.5**

6.9 SUBSEQUENT EVENTS

No subsequent events have occurred after the balance sheet date that required adjustment to or disclosure in the Consolidated Financial Statements.

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6.10 LIST OF GROUP COMPANIES

	Name	Place of incorporation	Voting and ownership share
Parent:			
	STARK Group A/S	Denmark	
Investments:			
	Nordics		
	STARK Danmark A/S	Denmark	100%
	STARK Sourcing A/S	Denmark	100%
	C. F. Richs Vej 115 ApS	Denmark	100%
	Fragtvej 7-9 ApS	Denmark	100%
	Jarlsberggade 10 ApS	Denmark	100%
	Anpartsselskabet af 4.1.2024[1]	Denmark	25%
	K/S af 4.1.2024 II[1]	Denmark	25%
	STARK Kalaallit Nunaat A/S	Greenland	100%
	Neumann Bygg AS	Norway	100%
	Fagflis AS	Norway	100%
	STARK Norway Propco AS	Norway	100%
	Margrethe Jørgensens Vei 6 AS	Norway	100%
	STARK Suomi Oy	Finland	100%
	Winterfell Sweden AB	Sweden	100%
	DT Holding (Sweden) AB	Sweden	100%
	Beijer Byggmaterial AB	Sweden	100%
	Centro Kakel & Klinker AB	Sweden	100%
	Vivaldi AB	Sweden	51%
	Lund Sandby 6:45 AB	Sweden	100%
	Sierra-Stark HoldCo AB	Sweden	100%
	Germany & Austria		
	Winterfell Germany GmbH	Germany	100%
	STARK Group Holding Germany GmbH	Germany	100%
	STARK Deutschland GmbH	Germany	100%
	Melle Gallhöfer Dach GmbH	Germany	100%
	Muffenrohr Tiefbauhandel GmbH	Germany	100%
	Platten-Peter Fliesenverlegung GmbH	Germany	100%
	STARK Deutschland Immobilien GmbH	Germany	100%
	STARK Deutschland Sub GmbH & Co. KG (GP)	Germany	100%
	STARK Deutschland Property GmbH & Co. KG	Germany	100%
	Saxonia Baustoffe GmbH	Germany	87.50%
	Sporkenbach GbR	Germany	80.95%
	Balzer Group: [2]		
	Balzer Verwaltungsgesellschaft mbH	Germany	67.40%
	Chr. Balzer GmbH & Co. KG	Germany	67.34%
	STARK Österreich GmbH	Austria	100%
	Dach und Wand Handels GmbH	Austria	100%
	Schilowsky Baustoffhandel GmbH	Austria	100%
	United Kingdom		
	STARK Group Holding UK 1 Ltd.	United Kingdom	100%
	STARK Group Holding UK 2 Ltd.	United Kingdom	100%
	STARK Building Materials UK Limited	United Kingdom	100%
	STARK UK Property Holdings Limited	United Kingdom	100%
	Jewson Limited	United Kingdom	100%
	Norman Limited	Jersey	100%

1. The company has been recognised as a joint venture and is therefore not fully consolidated.
2. The companies in the Balzer Group are held through a combination of direct and indirect ownership interests. In aggregate, the Group holds an ownership interest of approximately 50% and is deemed to control the Balzer Group. In this overview, only the two top entities of the Balzer Group are included. The Balzer Group in total comprises eight entities. Measured on net sales, the Balzer Group represents about 5% of the total German business.

Holding shares or other equity instruments · Sales, Marketing or Distribution · Property Company · Dormant · Administrative, Management or Support Services

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6.11 FINANCIAL DEFINITIONS

DEFINITIONS OF TERMS

FINANCIAL RATIOS

Leverage ratio (external net debt/adj. EBITDA)	External net debt divided by adjusted EBITDA. External net debt is calculated as external interest-bearing debt including leasing liabilities minus cash and cash equivalents, adjusted for the share of intercompany debt that mirrors external borrowings in Winterfell Financing S.à r.l., the sole shareholder of STARK Group A/S.
Gross profit margin	Gross profit as a percentage of net sales
EBITDA margin	EBITDA as a percentage of net sales
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales
Free cash flow	Free cash flow is defined as cash flow from operating and investing activities excluding acquisition of businesses

GLOSSARY

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



06 FINANCIAL STATEMENTS & REPORTS

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INCOME STATEMENT

EUR million	Note	2025/26	2024/25
Net sales	2.1	31	27
Gross Profit		**31**	**27**
Staff costs	2.2	(14)	(14)
Other external operating expenses		(11)	(6)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**6**	**7**
Amortisation of goodwill	3.1	(1)	(1)
Earnings before interest and tax (EBIT)		**5**	**6**
Result from investments in subsidiaries		(37)	91
Financial income	2.3	68	63
Financial expenses	2.3	(108)	(112)
Earnings before tax		**(72)**	**48**
Income tax	2.4	1	2
Net earnings	**4.1**	**(71)**	**50**

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STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	Note	31 July 2026	31 July 2025
Non-current assets			
Goodwill	3.1	-	1
Total intangible non-current assets		**-**	**1**
Leasehold improvements	3.2	2	2
Total tangible non-current assets		**2**	**2**
Investments in subsidiaries	3.3	2,113	2,196
Joint tax contribution		21	-
Deferred tax asset		4	3
Receivables from related parties		1,250	725
Total financial non-current assets		**3,388**	**2,924**
Total non-current assets		**3,390**	**2,927**
Current assets			
Receivables from related parties		195	126
Corporate tax receivables		-	3
Other receivables		10	8
Cash and cash equivalents		17	173
Total current assets		**222**	**310**
TOTAL ASSETS		**3,612**	**3,237**

EQUITY AND LIABILITIES

EUR million	Note	31 July 2026	31 July 2025
Equity			
Share capital	4.1	2	2
Retained earnings		1,432	943
Total equity		**1,434**	**945**
Non-current liabilities			
Payables to related parties	4.2	1,086	1,082
Corporate tax payables		19	-
Total non-current liabilities		**1,105**	**1,082**
Current liabilities			
Payables to related parties	4.2	1,062	1,071
Trade payables		-	1
Borrowings		-	133
Other liabilities		11	5
Total current liabilities		**1,073**	**1,210**
Total liabilities		**2,178**	**2,292**
TOTAL EQUITY AND LIABILITIES		**3,612**	**3,237**

STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Retained earnings	Total equity
Equity as of 1 August 2025	**2**	**943**	**945**
Changes in equity for 2025/26:			
Net earnings	-	(71)	(71)
Capital increase	0	560	560
Equity as of 31 July 2026	**2**	**1,432**	**1,434**
Equity as of 1 August 2024	**2**	**893**	**895**
Changes in equity for 2024/25:			
Net earnings	-	50	50
Equity as of 31 July 2025	**2**	**943**	**945**

1.1 BASIS OF REPORTING

Basis of reporting

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

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

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

The accounting principles are unchanged compared to last year.

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1.2 PARENT COMPANY 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 utilise this loss to reduce their own tax profit/loss.

The tax for the year, consisting of current corporate income tax, the year's joint tax contribution and change in deferred taxes - including as a result of a change in tax rate - are recognised in the income statement with the part attributable to the profit for the year and directly to equity with the part that 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 life which is estimated to be 6 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.

2.1 NET SALES

EUR million	2025/26	2024/25
Service fees from subsidiaries	31	27
Total net sales	**31**	**27**

2.2 STAFF COSTS

EUR million	2025/26	2024/25
Salaries and wages	13	13
Pensions - defined contribution plans	1	1
Total staff costs	**14**	**14**
Average number of fulltime employees	61	59

2.3 FINANCIAL ITEMS

EUR million	2025/26	2024/25
Interest received from related parties	65	60
Foreign exchange gains	-	3
Other financial income	3	-
Total financial income	**68**	**63**
Interest on loans from related parties	78	97
Foreign exchange losses	8	-
Other interest expenses	22	15
Total financial expenses	**108**	**112**

2.4 TAXATION

EUR million	2025/26	2024/25
Current tax	-	2
Deferred tax recognised in income statement	1	-
Total income tax	**1**	**2**

3.1 GOODWILL

EUR million	2025/26	2024/25
Cost as of 1 August	5	5
Cost as of 31 July	**5**	**5**
Amortisation as of 1 August	(4)	(3)
Amortisation charge for the period	(1)	(1)
Amortisation as of 31 July	**(5)**	**(4)**
Carrying amount as of 31 July	**-**	**1**

3.2 LEASEHOLD IMPROVEMENTS

EUR million	2025/26	2024/25
Cost as of 1 August	2	2
Cost as of 31 July	**2**	**2**
Depreciation as of 1 August	-	-
Depreciation for the period	-	-
Depreciation as of 31 July	**-**	**-**
Carrying amount as of 31 July	**2**	**2**

3.3 INVESTMENTS IN SUBSIDIARIES

EUR million	2025/26	2024/25
Cost as of 1 August	3,090	3,056
Additions[1]	20	145
Disposals	-	(111)
Cost as of 31 July	**3,110**	**3,090**
Impairment losses as of 1 August	(894)	(906)
Impairment for the period[2]	(103)	12
Impairment losses as of 31 July	**(997)**	**(894)**
Carrying amount as of 31 July	**2,113**	**2,196**

1) Additions to investments in subsidiaries in 2025/26 of EUR 20 million relates to capital contributions to subsidiaries as part of normal ongoing management of capital structures across the group.
2) In 2025/26, the investment in STARK Suomi Oy has been impaired by EUR 69 million and the investment in STARK Österreich GmbH has been impaired by EUR 34 million.

INVESTMENTS IN SUBSIDIARIES AS OF 31 JULY 2026 ARE SPECIFIED AS FOLLOWS:

Company	Registered office	Voting and ownership share
Winterfell Sweden AB	Sweden	100%
Winterfell Germany GmbH	Germany	100%
STARK Sourcing A/S	Denmark	100%
STARK Danmark A/S	Denmark	100%
STARK Suomi Oy	Finland	100%
Neumann Bygg AS	Norway	100%
STARK Österreich GmbH	Austria	100%
STARK Building Materials UK Limited	United Kingdom	100%
STARK Group Holding UK 1 Limited	United Kingdom	100%

4.1 SHARE CAPITAL AND DIVIDENDS

PROPOSED DISTRIBUTION OF PROFIT

EUR million	2025/26	2024/25
Dividend	-	-
Retained earnings	(71)	50
Total	**(71)**	**50**

Information on share capital is disclosed in the consolidated financial statements note 5.1.

4.2 PAYABLES TO RELATED PARTIES

MATURITY ANALYSIS OF PAYABLES TO RELATED PARTIES

EUR million	2025/26	2024/25
Within 1 year	1,062	1,071
Between 1 and 5 years	1,086	1,082
After 5 years	-	-
Carrying amount as of 31 July	**2,148**	**2,153**

5.1 CONTINGENT LIABILITIES

STARK Group A/S has provided guarantees for the obligations of its subsidiaries as part of normal business operations. These guarantees primarily cover the financial obligations of certain subsidiaries mainly related to lease contracts, whereas STARK Group A/S has guaranteed the repayment of certain lease obligations undertaken by its subsidiaries. As of 31 July 2026, the total value of the guarantees provided by the Parent Company amounts to EUR 183m. STARK Group A/S has recharged a risk premium of the guarantees to its subsidiaries of EUR 3m. This has been recognised in net sales.

These guarantees are not expected to be called upon, as all subsidiaries currently maintain a strong financial position and are fully capable of meeting their contractual obligations. However, STARK Group A/S regularly monitors the financial performance and risk exposure of its subsidiaries to mitigate any potential future liabilities. STARK Group A/S has operating lease commitments amounting to EUR 3m as of 31 July 2026.

Stark Group A/S is the management company in a mandatory joint taxation with all its Danish subsidiaries. Stark Group A/S is jointly and severally liable together with the other companies in the joint taxation scheme for Danish corporate taxes and withholding taxes on dividends, interest and royalties.

5.2 SECURITIES

The shares in the major subsidiaries with a carrying amount of EUR 2,113m have been pledged as security for external financing obtained by the sole shareholder Winterfell Financing S.à r.l. and the same major subsidiaries are jointly and severally 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 facility was not utilised as of 31 July 2026.

5.3 RELATED PARTIES

On 4 May 2021 STARK Group A/S utilised a EUR 628m shareholder loan provided by the parent company, Winterfell Financing S.à r.l. The Loan is a subordinated loan. The loan will mature on 4 May 2028. Interest on the loan is set to reflect an arm's length transaction. Interest expensed in the financial year amounts to EUR 38m (2024/25: EUR 43m).

On 31 March 2023 STARK Group A/S utilised a EUR 450m shareholder loan provided by the parent company, Winterfell Financing S.à r.l. The Loan is a subordinated loan. The loan will mature on 3 May 2028. Interest on the loan is set to reflect an arm's length transaction. Interest expensed in the financial year amounts to EUR 34m (2024/25: EUR 38m).

Controlling interest
Winterfell Financing S.à r.l., 29, Avenue de la Porte Neuve, Luxembourg 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. All transactions are made on an arm's length basis and, according to section 98c(7) of the Danish Financial Statements Act, they are not disclosed.

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

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

Compensation to Board of Directors and Executive Management
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 Company has not established share-based incentive programme.

Compensation paid to the Board of Directors in STARK Group A/S amounts to EUR 0.2m (2024/25: EUR 0.2m).

COMPENSATION FOR THE EXECUTIVE MANAGEMENT

EUR million	2025/26	2024/25
Salaries and wages	3.6	3.7
Pensions - defined contribution plans	0.3	0.3
Other expenses for social security	-	-
Total compensation for the Executive Management	**3.9**	**4.0**

5.4 SUBSEQUENT EVENTS

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

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06 FINANCIAL STATEMENTS & REPORTS

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- Management's statement
- Independent auditor's report
- Independent auditor's limited assurance report on selected disclosures in the sustainability report

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MANAGEMENT'S STATEMENT

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 2025 to 31 July 2026.

The Consolidated Financial Statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the European Union and the Financial Statements of the Parent company have been prepared in accordance with the Danish Financial Statements Act. The Consolidated Financial Statements and the Financial Statements of the Parent company have furthermore been prepared in accordance with additional Danish disclosure requirements. The Management report 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 2026 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 2025 – 31 July 2026.

In our opinion, the Management report 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.

Furthermore, in our opinion, the Sustainability Review included in the Management Report has been prepared in accordance with the Danish Financial Statements Act, the ESG-related basis of preparation, and the accounting policies. It provides a reasonable and fair presentation of the Group's environmental, social, and governance (ESG) activities and performance.

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

Frederiksberg, 20 November 2026

Board of Directors

Jens Bjørn Andersen
(Chair)

Søren Vestergaard-Poulsen
(Vice-chair)

Christoffer Helsengreen Sjøqvist

Philip Bendorff Røpcke

Søren P. Olesen

Thomas Ahle

Executive Management

Søren P. Olesen
Group CEO

Thomas Ahle
Group CFO

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF STARK GROUP A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of STARK Group A/S for the financial year 1 August 2025 - 31 July 2026, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group as well as the Parent. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements 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 31.07.2026, and of the results of its operations and cash flows for the financial year 1 August 2025 - 31 July 2026 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Furthermore, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 July 2026, and of the results of its operations for the financial year 1 August 2025 - 31 July 2026 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management report

Management is responsible for the management report.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management report and, in doing so, consider whether the management report is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management report provides the information required by relevant law and regulations.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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.

INDEPENDENT AUDITOR'S REPORT – CONTINUED

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements and the parent financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

Statement on the report on income tax information

As the Entity's auditor, we are required to provide a statement pursuant to section 137 i of the Danish Financial Statements Act as to whether the Entity was required to prepare a report on income tax information for the financial year 1 August 2024 - 31 July 2025 and, if so, whether the Entity has published the report in accordance with the requirements of the Danish Financial Statements Act.

This statement does not constitute an assurance engagement. We have based our work on the information applied by Management in their assessment of whether the Entity was subject to the requirement to prepare a report on income tax information, the knowledge obtained in connection with our audit of the consolidated financial statements and the parent financial statements, and such procedures as we considered necessary to enable us to provide this statement.

Based on the work we have performed, we conclude that the Entity was not required to prepare a report on income tax information for the financial year 1 August 2024 - 31 July 2025.

Copenhagen, 20 November 2026

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33 96 35 56

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

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

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON SELECTED DISCLOSURES IN THE SUSTAINABILITY REVIEW

TO THE STAKEHOLDERS OF STARK GROUP A/S

Limited assurance conclusion

We have conducted a limited assurance engagement on the selected environmental and social disclosures (hereafter "ESG Disclosures") marked with "A" on pages 56-140 in the Sustainability Review of STARK Group A/S (the "Group") included in the section Management Report for the financial year 1 August 2025 – 31 July 2026.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the ESG Disclosures are not prepared, in all material respects, in accordance with applied accounting policies as described on pages 56-140.

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* ("ISAE 3000 (Revised)") and the additional requirements applicable in Denmark.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the *Auditor's responsibilities for the assurance engagement* section of our report.

Our independence and quality management

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. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Deloitte Statsautoriseret Revisionspartnerselskab applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other matter

Except for gross scope 1 emissions, gross scope 2 emissions (location- and market-based) the comparative information included in the ESG Disclosures of the Group for the financial year 1 August 2024 - 31 July 2025 and previous years was not subject to a limited assurance engagement. Our conclusion is not modified in respect of this matter.

Management's responsibilities for the sustainability review

Management of the Group is responsible for:

- Designing and implementing a process for identifying the information included in the sustainability review as described in the sustainability reporting practice applied on pages 67-73;
- Identifying the information to be reported in ESG Disclosures as described in the accounting policies applied on pages 56-140;
- The preparation of the sustainability review in accordance with accounting policies applied;
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the sustainability review, in accordance with accounting policies applied that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Auditor's responsibilities for the assurance engagement

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the ESG Disclosures in the sustainability review are free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the ESG Disclosures in the sustainability review.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the sustainability review include:

- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to assessed risks of material misstatement at the disclosure level. 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.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the ESG Disclosures in the sustainability review.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the sustainability review.

In conducting our limited assurance engagement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of the ESG Disclosures in its sustainability review by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the ESG Disclosures in the sustainability review but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Performed inquiries of relevant personnel and analytical procedures on ESG Disclosures in the sustainability review;
- Performed substantive assurance procedures on ESG Disclosures in the sustainability review; and

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON SELECTED DISCLOSURES IN THE SUSTAINABILITY REVIEW – CONTINUED

- Evaluated methods, assumptions and data for developing material estimates and forward-looking information and how these methods were applied;

Other information
Management is responsible for other information. The other information comprises the remaining part of the information including targets, which is included in the sustainability review, and which is not included in the ESG Disclosures identified on pages 56-140 in the sustainability review.

Our conclusion on the ESG Disclosures identified on pages 56-140 in the sustainability review does not cover other information, and we do not express any form of assurance conclusion thereon.

In connection with our assurance engagement on the ESG Disclosures identified on pages 56-140 in the sustainability review, our responsibility is to read other information and, in doing so, consider whether other information is materially inconsistent with the ESG Disclosures identified on pages 56-140 in the sustainability review or our knowledge obtained during the assurance engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Copenhagen, 20 November 2026

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Kåre Kansonen Valtersdorf
State Authorised Public Accountant
MNE no 34490

Aida Sasivarevic
State Authorised Public Accountant
MNE mne47817

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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 2025 – 31 July 2026 6th financial year
Executive Management	Søren P. Olesen (CEO) Thomas Ahle (CFO)
Board of Directors	Jens Bjørn Andersen (Chair) Søren Vestergaard-Poulsen (Vice-chair) Christoffer Helsengreen Sjöqvist Philip Bendorff Røpcke Søren P. Olesen Thomas Ahle
Auditor	Deloitte Statsautoriseret Revisionspartnerselskab

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