STARK GROUP

TAX IMPACT REPORT

FY22, 1 August 2021 – 31 July 2022

We build the future by helping others build theirs

Message from Emil Hartmann, Group Head of Tax

STARK Group is built on a solid foundation of integrity, and core values of decency, passion, and pride. Integrity is critical for STARK Group as we strive to be recognised as honest and trustworthy by all our employees, customers, suppliers, partners, and society as a whole.

We recognise our responsibility for contributing to society, and taxes play a significant part in creating a better and more sustainable world. Hence tax payments are not just a cost to manage but also a way for us to build the future by helping others build theirs.

We have adopted a public Tax Policy which states our approach to manage our tax affairs. This includes how we approach tax compliance and tax planning, as well as our governance. We have sound tax risk management and tax control framework, and our commitment to transparency underpins the importance that STARK Group allocates to responsible tax practices.

The Tax Impact Report is our way of showing our stakeholders how we are fulfilling our responsibilities. Combined with our values and Code of Conduct, the Tax Impact Report provides the basis for our approach to responsible tax affairs and our contributions to the local markets where we operate.

STARK Group strongly believes demand for sustainable, transparent and fair tax behaviour will increase, and we are determined to be forerunners, pushing this development in all our markets.

Progress report of our tax activities

In FY22, we renewed our Tax Policy and decided to take the first steps towards making it public available.

We have committed ourselves to publishing information to our stakeholders regarding tax payments and the specific actions taken to fulfil our responsibilities. This is envisioned to be presented in this STARK Group Tax Impact Report inspired by GRI 207: TAX 2019.

To enable our tax transparency agenda and adequate documentation of the statements to be presented, we kicked off the following initiatives:

- Defined and clarified the tax responsibilities throughout the organisation in a new Operational Tax Policy
- Improved our tax risk management framework by developing and implementing new tax controls to strengthen our ability to monitor and document our ongoing tax compliance position
- Initiated procedures eventually enabling seeming less collection and publication of our annual tax contributions per jurisdiction based on the EU Country-by-Country regime and GRI 207 reporting standards

In addition to the above, we also restructured functions and legal entities as a consequence of several business acquisitions, in order to realign our legal structure with our organisational set-up.

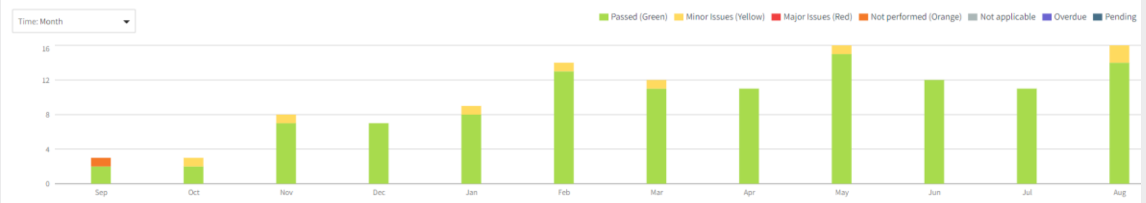
For FY23, we envision our focus will remain on further development of our internal procedures and controls, allowing us to efficiently communicate and document STARK Group's Tax strategy, Tax policy and Tax contributions.

Annual Risk Assessment

In FY22, we remained focused on the Group's overall tax compliance position, including identifying potential risks of non-compliance.

A key contributor to this work is our tax risk management framework, supported by a risk & compliance management software (Impero) to control our ongoing business' tax procedures as well as our recurring tax work conducted in connection with our annual audit procedures performed by external group auditors.

TASKS	PENDING	OVERDUE	PASSED (GREEN)	MINOR ISSUES (YELLOW)	MAJOR ISSUES (RED)	NOT PERFORMED (ORANGE)	NOT APPLICABLE
122	0	0	113	8	0	1	0



As per the above table, we executed 122 tax controls from 1st August 2021 to 31st July 2022 of which 121 passed without any remarks or only minor remarks (issues raised in yellow). Minor remarks are considered minor when the underlying issue has not had any significant impact on our tax procedures or tax contributions. Controls are performed in the following month, thus, controls for August are performed in September etc.

Of the remaining controls, only 1 control was flagged as Not Performed. To ensure no material exposures may be hidden in this Not Performed control, notifications of non-performance are automatically issued to the person responsible for replying to the control, asking them to submit sufficient answers to close the control. As a second layer of support, any Not Performed controls will automatically be flagged in the Risk Report issued to the local Management and Group Head of Risk to engage the entire Organisation on having all controls closed.

Finally, will these Risk reports be shared with our external auditors in connection with our annual audit procedures. Combined, these procedures should ensure a high level of comfort with our control framework.

Based on our findings from our control framework during FY22, we envision to further strengthen our tax risk control framework during FY23 by identifying and implementing additional relevant tax controls as well as reducing the number of minor issues.

In addition to our Tax risks managed via our Control Framework, we remain attentive on the pace of legislative tax development and the increased reporting obligations, which we consider to present one of our key tax challenges in future years.

This is partly due to recent new tax rules, in our view, leaving room for substantial uncertainty when it comes to accurate interpretation and partly due to the increasing amount of reporting obligations which is not yet matched with easily affordable automated systems to comply.

Consequently, being on top of our current compliance obligations, combined with our abilities to identify and prepare for future tax compliance obligations, will also for FY23 be a focus area for the Group.

Our purpose

Introduction to STARK Group

STARK Group is a leading business-to-business distributor of heavy building materials to the construction industry in the Nordics, Germany and Austria, with a strategic focus on serving small- and medium-sized enterprises.

We bridge the gap between our suppliers and customers and add value through quality products and materials, sound advice, and superior logistic solutions and distribution.

Our united strength enables us to source products and building materials internationally to deliver value in the local communities across our six Northern European markets.

As a leading building materials distributor in Northern Europe, STARK Group has a responsibility to address current global challenges and act on them, which is why we are committed to building a more sustainable tomorrow. Our sustainability framework ensures that relevant programmes are in place to boost social, economic, and environmental sustainability while actively supporting our growth and improving employee pride and engagement.

Background for the report

At STARK Group, we support the development of a well-defined standard for public tax reporting. Public reporting on tax matters promotes trust and will enable stakeholders to make informed decisions and enable fact-based dialogues on the global tax landscape.

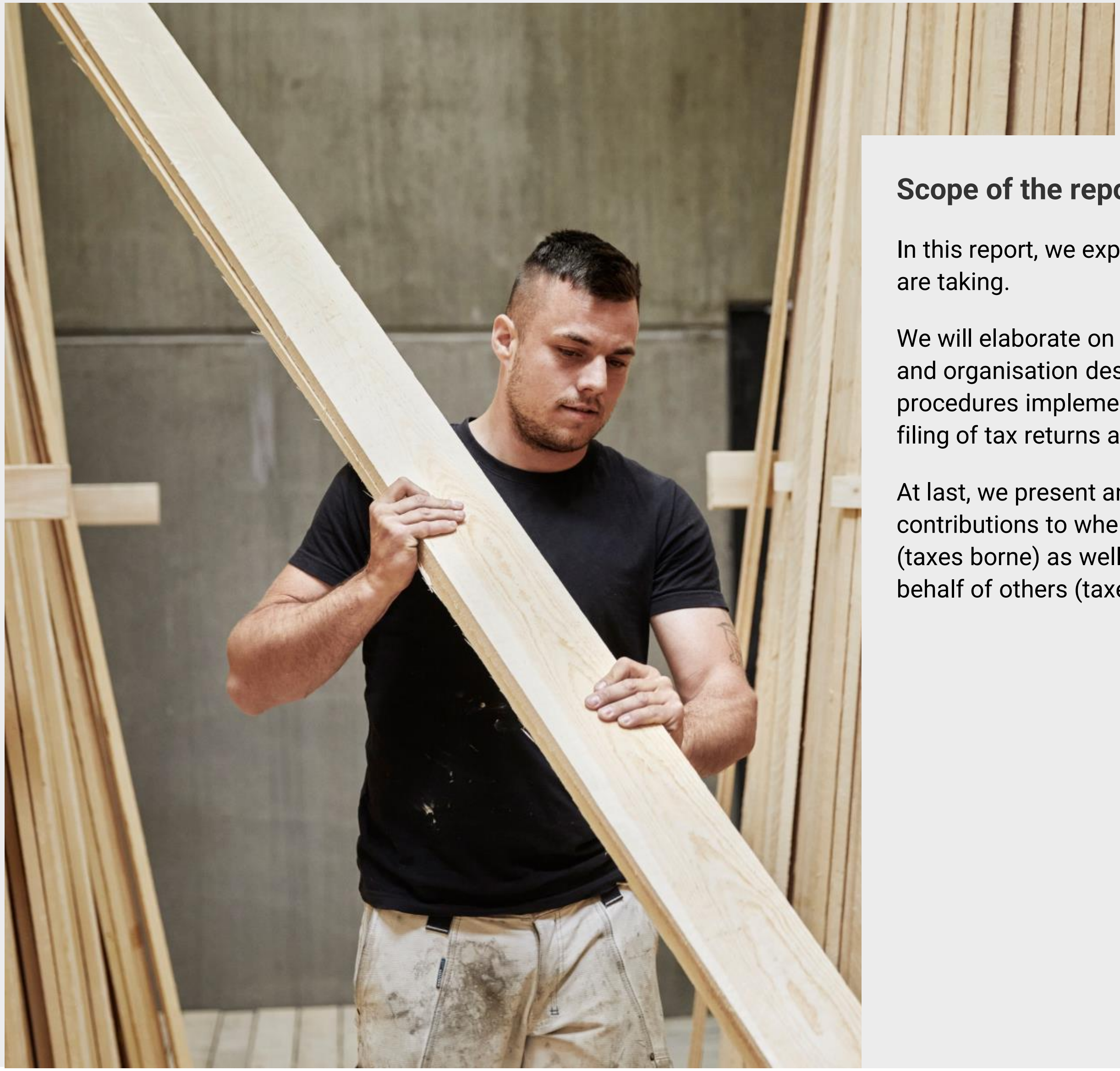
We hope our approach to tax transparency will push our own and the industry's level for better transparent tax reporting.

The Global Sustainability Standards Board (GSSB) of the Global Reporting Initiative (GRI) has defined a set of global standards for sustainability reporting designed to be used by companies to report their impacts on the economy, environment and society as a whole. One of the standards, GRI 207: TAX 2019, focuses specifically on taxes as part of the sustainability strategy. The standard is applicable from 1 January 2021, and we have decided to use the GRI 207-standard as inspiration for our Tax Impact Report.

Limitations

In line with common practice, some data might be aggregated or omitted when it is either not relevant, not material, or sensitive and confidential. In such cases, we explain what type of information is omitted and why.

Our approach (1/9)



Scope of the report

In this report, we explain our approach to what we believe is good tax governance and the actions that we are taking.

We will elaborate on the principles set out in STARK Group's public tax policy and the underlying strategy and organisation designed to ensure a responsible tax practice. Furthermore, we elaborate on the procedures implemented into our business in order to ensure compliance with tax laws, including timely filing of tax returns and due payment of taxes.

At last, we present an overview of STARK Group's total tax contributions as well as country by country tax contributions to where we do business. The overview will include both the taxes paid by the STARK Group (taxes borne) as well as the taxes we are responsible for collecting and paying to the tax authorities on behalf of others (taxes collected).

Our approach (2/9)

Tax policy objectives

The overall ambition for our tax management is to ensure that we pay the right amount of taxes at the right time and in the right place. This is what we mean by good tax governance. We want to pay our fair share of taxes in all the markets where we conduct business, as we strongly believe our approach to tax and associated tax contributions constitute a vital part and economic foundation of our ambitions to support the Sustainable Development Goals. See our FY22 Sustainability Report (https://starkgroup.dk/sustainability).

Our public tax policy is founded on this ambition, and its main purpose is to provide clear guidance on STARK Group's approach to tax which all employees are expected to follow. Our tax policy is focused on i) prescribing a strong compliance culture, ii) communicating a clear governance structure, iii) setting out our views on key tax management topics and iv) ensuring a basis for an open and transparent dialogue with stakeholders.

For FY22, this meant a deliberate decision to make our tax policy public for the first time as well as updating our operational tax policy to further define tax responsibilities throughout the organisation.

Approach to tax compliance

An essential aspect of our tax compliance is the expectation that all our tax returns and filings must be submitted correctly and accurately by the applicable deadlines in each country in which we operate and have filing obligations.

STARK Group considers the tax laws of all countries in which we operate to be equally important and does, therefore, not rank or prioritise such laws. The Group aims to have a competitive tax charge within the context of our commercial operations while at the same time contributing to the societies in which we do business. This means tax planning will be considered but only if based on sound commercial rationale and not for artificial arrangements.

When applying our interpretation of tax laws, we consider both the letter and the spirit of the law. This means that we take reasonable steps to determine the intention of the legislation, and we interpret tax rules consistent with that intention in light of the statutory language and relevant, contemporaneous legislative history.

The above approach and principles were applied in FY22 and proved a supporting foundation for the structuring and planning of our many business acquisitions and restructurings.

Our approach (3/9)

Tax risk management

STARK Group aims to proactively manage tax risks and therefore has formal procedures in place for this purpose. These procedures are based on i) maintaining an appropriate tax control framework, ii) having a system in place for identifying and controlling tax risks and iii) monitoring and continuously improving the tax control framework. We believe that having a tax control framework is key to ensuring timely detection, correct measurement and control of tax risks.

A range of specified controls are included and designed in our tax control framework. Such controls may include, but are not limited to, controls related to ensuring that all tax return filings and tax payments are made in a timely manner, confirming that all decisions impacting our total tax contributions have genuine business purposes, and that any tax planning is deemed to be within the spirit of the law when subject to legislative interpretation.

Our focus on tax controls is an ongoing process, and we will continuously seek to improve the effectiveness of our framework, which for FY22 led to the introduction of several new tax controls intended to strengthen our ability to monitor and document compliance.

Governance structure

The Board of Directors of STARK Group is ultimately accountable for the Group’s tax affairs, while the Audit Committee oversees the implementation of STARK Group’s tax policy and receives regular reports from the Group Head of Tax on the Group’s tax affairs and risks.

The Group Chief Financial Officer (CFO) has the overall responsibility for the STARK Group’s tax affairs, and is supported by the Group Head of Tax, who is responsible for the Group’s tax management.

Alongside the Group Head of Tax, the local managements of business units in the various countries are responsible for managing tax compliance and tax risks as well as monitoring new legislation at local level.

Our approach (4/9) - Key tax management topics

Structural considerations

Having a complex group structure is both time and cost consuming. For those reasons, we constantly work towards keeping our legal structure as simple as possible.

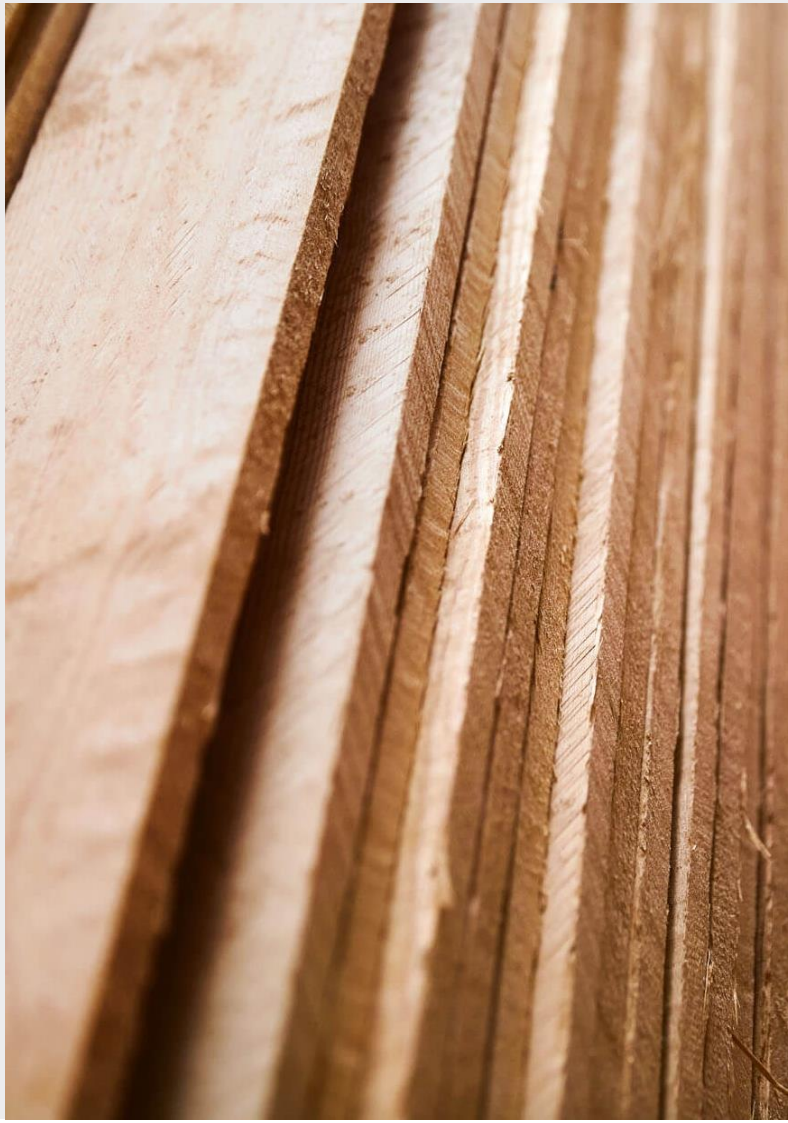
We are currently present in Denmark, Greenland, Sweden, Norway, Finland, Germany* and Austria. Most of our entities perform operational trading activities. Some entities serve a limited purpose, such as providing management and head office services or holding real estate or subsidiary shares. A few entities are entirely dormant with no activity or purpose. These are legacy entities whose activity or purpose has ceased and are in the process of being dissolved where feasible without triggering material adverse consequences or administrative burdens. In 2022, for example, we investigated steps to liquidate or merge such entities in Denmark and Germany where feasible.

In connection with STARK Group's change of ownership to Winterfell Financing Sarl, a Luxembourg tax resident and private limited company controlled by funds advised by CVC, we recognise that investor taxation has been subject to consideration and regarded as an important part of the understanding of company taxation in the public debate in recent years. We work in close coordination with CVC to ensure that all the transactions with our shareholder adhere to the principles set out in this policy. We have furthermore disclosed any such material transactions in this report for full transparency.

For a further description of our operational activities and locations, reference is also made to the transfer pricing section of this report.

Any tax planning that is undertaken must be based on sound commercial rationale. No business decisions are made or structures set up primarily to obtain tax benefits that are disproportionate with what is commonly understood as being the intention of the law.

STARK Group Tax Policy



*Our German business unit currently also operates a small branch in Luxembourg, which has been deemed immaterial for the purpose of this report.

Our approach (5/9) - Key tax management topics

Special regimes

As a consequence of the geographic focus of our commercial activities, STARK Group does not have operational activities in low or nil tax jurisdictions.

With respect to STARK Group's ownership by CVC, STARK Group, as well as CVC, are jointly committed to certifying that the structure will not reduce our tax contributions to the markets where STARK Group conducts its business.

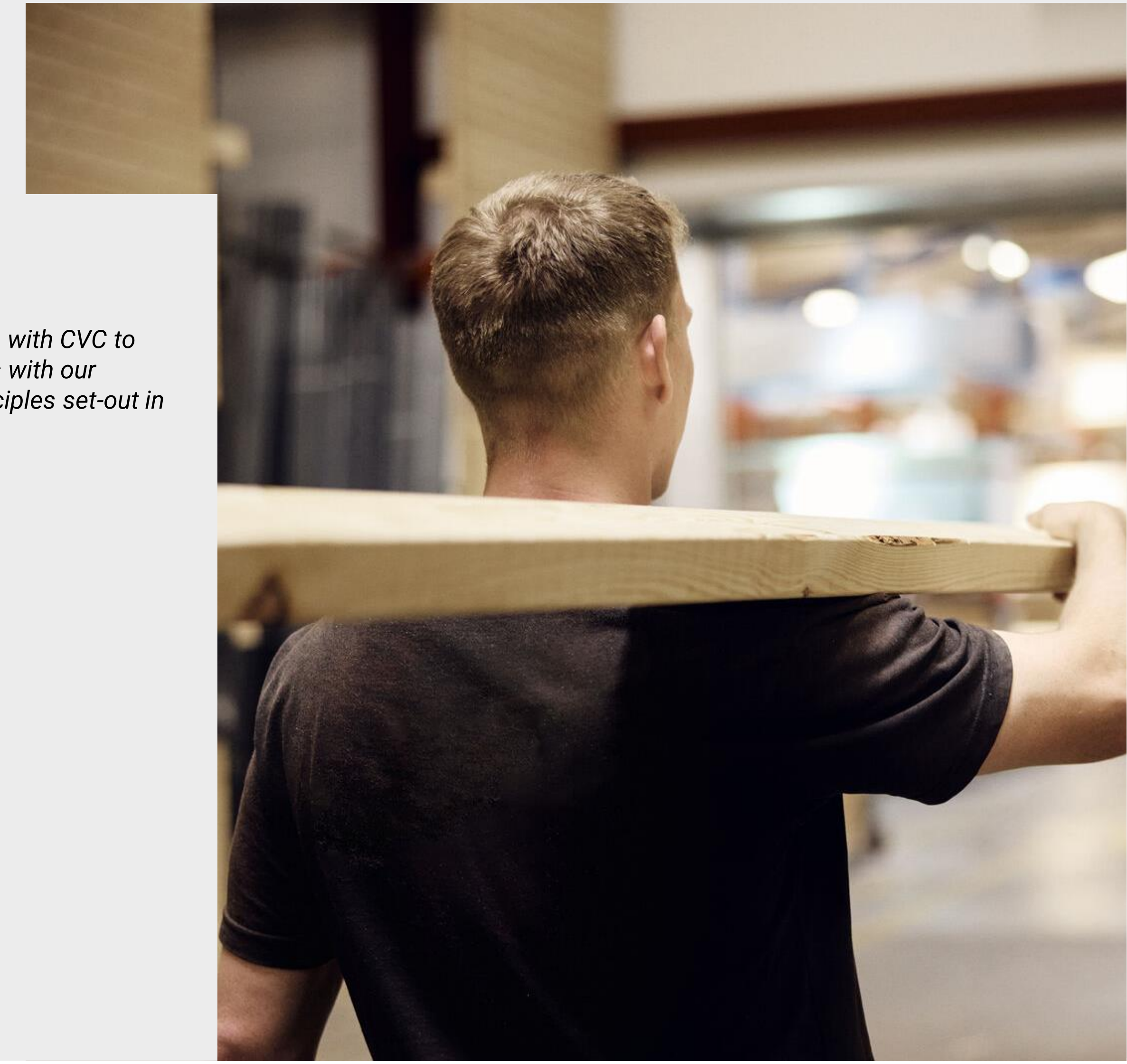
In this respect, we note that STARK Group has taken out interest-bearing loans from its direct parent company in Luxembourg, Winterfell Financing Sarl (reference made to page 12). In this context, benchmark studies were prepared upon the establishment of these loans to determine i) the arm's length interest rate applied and ii) an arm's length margin to remunerate OPEX incurred by Winterfell Financing Sarl for its financial services provided. In addition, from time to time, invoices issued by third-party advisers to Winterfell Financing Sarl but related to Stark Group, will be recharged to Stark Group.

No recharges other than as set out above have been made by the CVC fund to STARK Group, and no dividends or royalties have been paid by STARK Group to CVC.

We are proud of our owners and appreciate their expertise and help in supporting our growth and expansion, which will help generate further significant staff hires and trading volumes, which is our biggest source of tax contributions to the markets where we conduct business.

"We work in close coordination with CVC to ensure that all the transactions with our shareholder adhere to the principles set-out in this policy."

STARK Group Tax Policy;



Our approach (6/9) - Key tax management topics

Transfer pricing considerations

From a transfer pricing perspective, STARK Group's business model entails that the business units are considered domestic businesses that assume their own domestic market-related risks and rewards. This reduces the requirement for complex intercompany transactions and makes for a simple transfer pricing set-up.

The business units operate autonomously within the overall STARK Group strategy, meaning that they decide, for instance, where to locate their stores and which stores to shut down; which suppliers to use; which products, assortments and brands to sell in the stores; which consumer segments to target, etc. The business units are also responsible for monitoring their own costs and achieving positive bottom-line results.

All core business functions along the STARK Group's supply chain are carried out by the local business units, and almost all materials are sourced directly from the suppliers. Head office and corresponding group service lines provide centralised back-office support services to the business units. The main functions are reflected in the following table:

Functions	HQ	BUs
Procurement		✓
Inbound logistics		✓
Warehousing		✓
Marketing		✓
Sales		✓
After-sales		✓
Financing	✓	
Support functions (IT, sourcing, admin etc.)	✓	

The most significant risks (market risk, inventory risk, foreign exchange risk and credit risk) and key assets are owned locally by the business units.

Due to our decentralised model and sourcing set-up using, to a large extent, groupwide framework agreements, STARK Group has relatively few types of intercompany transactions, most of which are deemed either supportive in nature and applied at a simple cost +5% mark-up or as mere pass-through of costs at no mark-up.

A continuous effort is made to monitor our intercompany transactions to ensure that they are aligned with and covered by arm's length transfer pricing policies throughout the year.

Our approach (7/9) - Key tax management topics

Intercompany financing – Loans

Loans of EURm 1,713 from related parties at the beginning of the year consisted of EURm 1,696 in principal debt and EURm 17 in accrued interest.

The cash flow movement of EURm 47 illustrated below consists of a new loan of EURm 59 from Winterfell Financing Sarl to Stark Deutschland GmbH in connection with the acquisition of Melle Gallhöfer Dach GmbH, and the part payment of accrued interest at 1 August 2021 of approx. EURm 12. Other non-cash movements for the year include accrued interest of EURm 35 on loans from related parties. By the end of FY22, loans from related parties amounted to a total of EURm 1,795.

The intercompany loan consists of several loans established in connection with CVC's acquisition of STARK Group, in which EURm 628 was loaned to STARK Group A/S, EURm 450 to Winterfell Sweden AB, EURm 655 to Winterfell Germany GmbH and EURm 59 to STARK Deutschland GmbH in connection with the acquisition of Melle Gallhöfer Dach GmbH, in total EURm 1,793. The difference of EURm 97 (1,793 less 1,696) relates to financing expenses upon the formation of the loans of approx. EURm 37 and the new loan of EURm 59.

2021/22

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

Accrued interest are posted on the Balance Sheet

Intercompany financing - Expenses

All intercompany loans carry arm's length interest, based on either in-house or external interest rate analyses and using external benchmarks. In general, the intercompany financing consists of long-term financing with variable interest rates. In FY22, total interest on loans from related parties amounted to EURm 70 with a weighted average interest rate of 3.9% (70 / 1,793).

We note the Group has previously submitted certain intercompany loans to the authorities under the DAC6 mandatory disclosure rules. While we believe intercompany financing related to the acquisition of shares, which is the case here, is in accordance with relevant tax legislation as well as the spirit of the law, we believe that the DAC6 regime causes some uncertainty as to the scope of the law and that the current law seems to be designed to also collect information on many permitted arrangements. Thus, in line with our tax policy and transparency agenda, we have applied a conservative approach in our interpretation of DAC6.

EUR million	2021/22
Financial expenses	
Interest on loans from related parties	70
Interest on loans from third party	8
Net interest employee benefit obligations	(1)
Foreign exchange losses	11
Lease interest (IFRS16)	14
Total financial expenses	**102**

Interest expenses are posted in the Profit & Loss account

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Our approach (8/9) - Key tax management topics

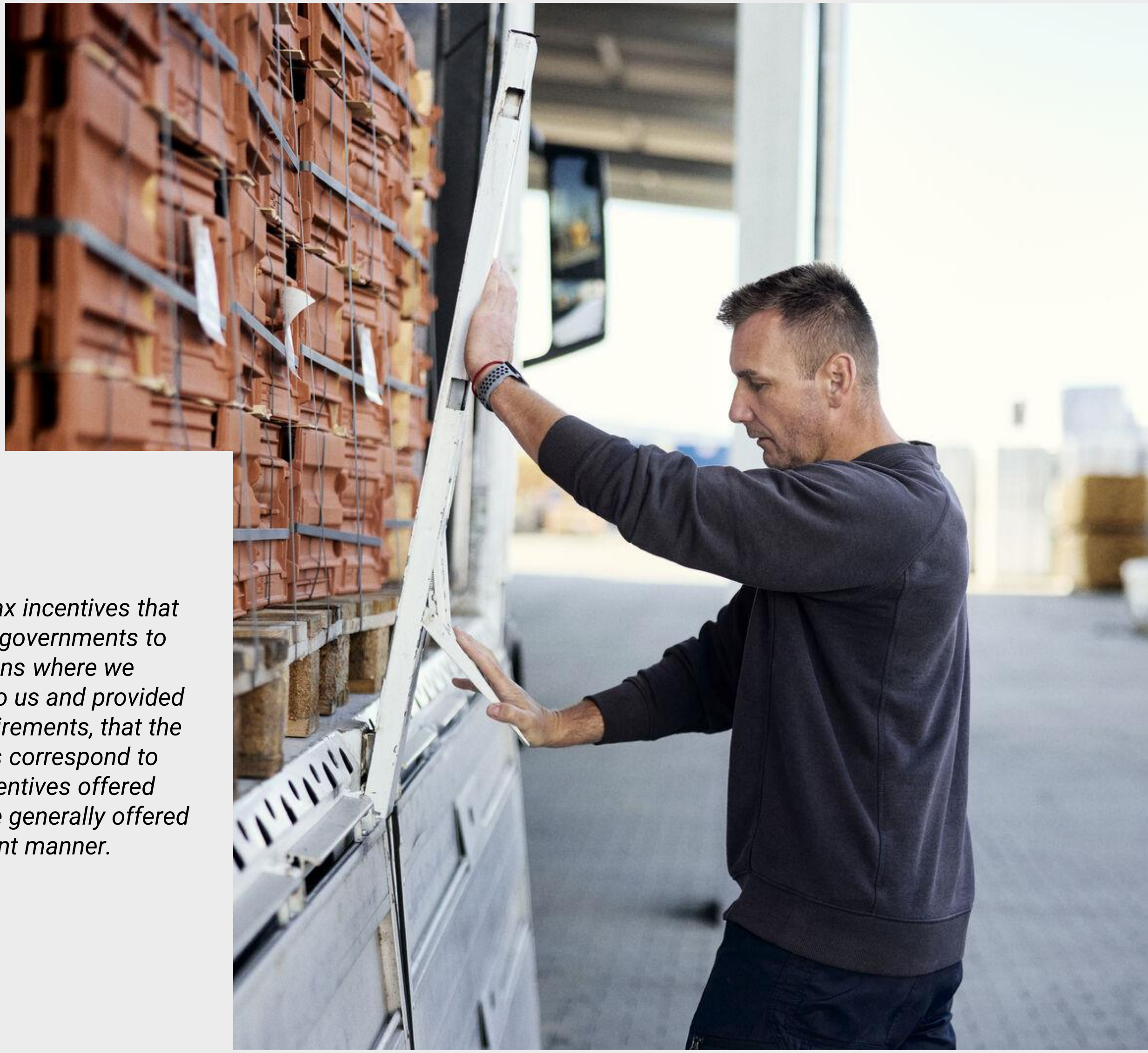
Incentives

Presently, we apply only one extraordinary tax incentive, as listed below:

- STARK Deutschland GmbH has received a tax incentive from the Investitionsbank Sachsen-Anhalt. The incentive amounts to EURm 3.6 and relates to a logistics facility in Osterweddingen. In connection with obtaining the incentive, STARK Deutschland GmbH agreed to meet a number of conditions over a period of five years, of which the key conditions relate to having i) a minimum number of employees and ii) a low number of temporaries.

Additionally, the STARK Group has utilised various tax incentives such as an increased tax depreciation base for new 'green' assets. These tax incentives are regarded as ordinary and immaterial, and are therefore not explicitly disclosed or explained in detail here.

> *STARK Group will utilise tax incentives that are made available by the governments to taxpayers in the jurisdictions where we operate when they apply to us and provided that we live up to the requirements, that the substance of our business correspond to the intentions with the incentives offered and that the incentives are generally offered and applied in a transparent manner.*
>
> ***STARK Group Tax Policy***



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Our approach (9/9) – Stakeholder management

Open and transparent dialogue

Naturally, the tax authorities relevant to our markets are among our most important stakeholders from a tax point of view. STARK Group not only values a good working relationship with the tax authorities but also relies on and appreciates their support. In this context, relevant employees are obliged to establish and maintain a constructive working relationship with governments on all aspects of taxation and to engage in equally constructive dialogues with such governments.

We furthermore wish to push the ongoing legislative development towards fair, easy and transparent tax compliance procedures and obligations, allowing businesses to make fair tax contributions using a minimum of resources in order to enable them to focus on the commercial development of their businesses which is the fundamental backbone to generating additional tax revenue.

Examples hereof can involve commentaries, business insights and opinions on new tax legislation proposals often shared through our advisory network, as well as our contribution to and participation in political tax forums.

In addition to the above, STARK Group is also committed to considering our other key stakeholders when defining our tax transparency agenda. Among other key stakeholders, we appreciate input from our staff, customers, investors, lenders and suppliers.

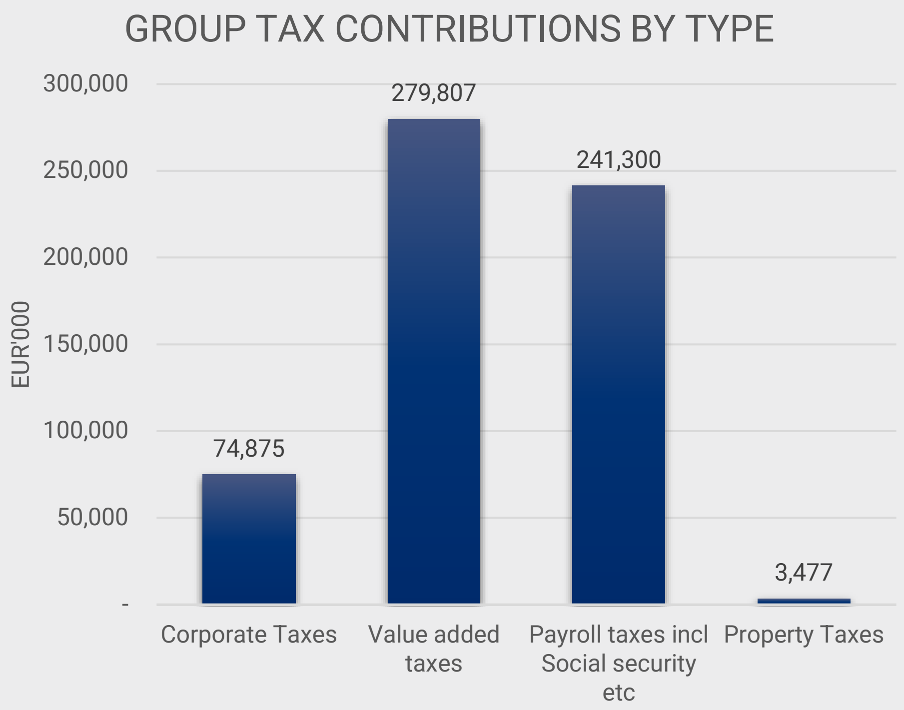
The public debate on transparent tax reporting continued in FY22, and as many key stakeholders of STARK Group participate in this debate, we have followed these developments closely and used them as a driver and source of inspiration for initiating our own (this) Tax Impact Report.

Whistleblower system

At STARK Group, we welcome feedback. We want to have a culture where people can speak up and voice their opinion. To help us fight corruption and business crime, we have set up a whistleblower system where employees and non-employees alike can report perceived ethical and legal violations.

Tax impact report – Contribution (1/7)

STARK Group's FY22 Tax Contributions stated in TEUR



We notice the Corporate tax figure included in the table represents our 'corporate tax paid on a cash basis', meaning our actual corporate tax cash payments made to the authorities during the financial year in question. As the payments made relate to both i) final tax payments related to prior income years and ii) on account tax payments related to the respective financial year in question, the figure does not reconcile to the final corporate tax payments reflected in the final tax returns.

The figure can be reconciled to our 'Cash Flow Statement' included in our Consolidated Annual Report page 37.

In the table to the left, we present the total tax contributions of STARK Group for FY 22 across all jurisdictions in which we operate, separated into four types of taxes:

- Corporate tax paid on a cash basis
- Net value added taxes exclusive of duties and other indirect taxes
- Payroll taxes inclusive of social security and related charges
- Property taxes inclusive of real estate transfer taxes (RETT)

The four pillars have been identified as the material tax payments generated by STARK Group.
STARK Group does incur other minor indirect taxes and duties which, however, for the purpose of this report are deemed immaterial.

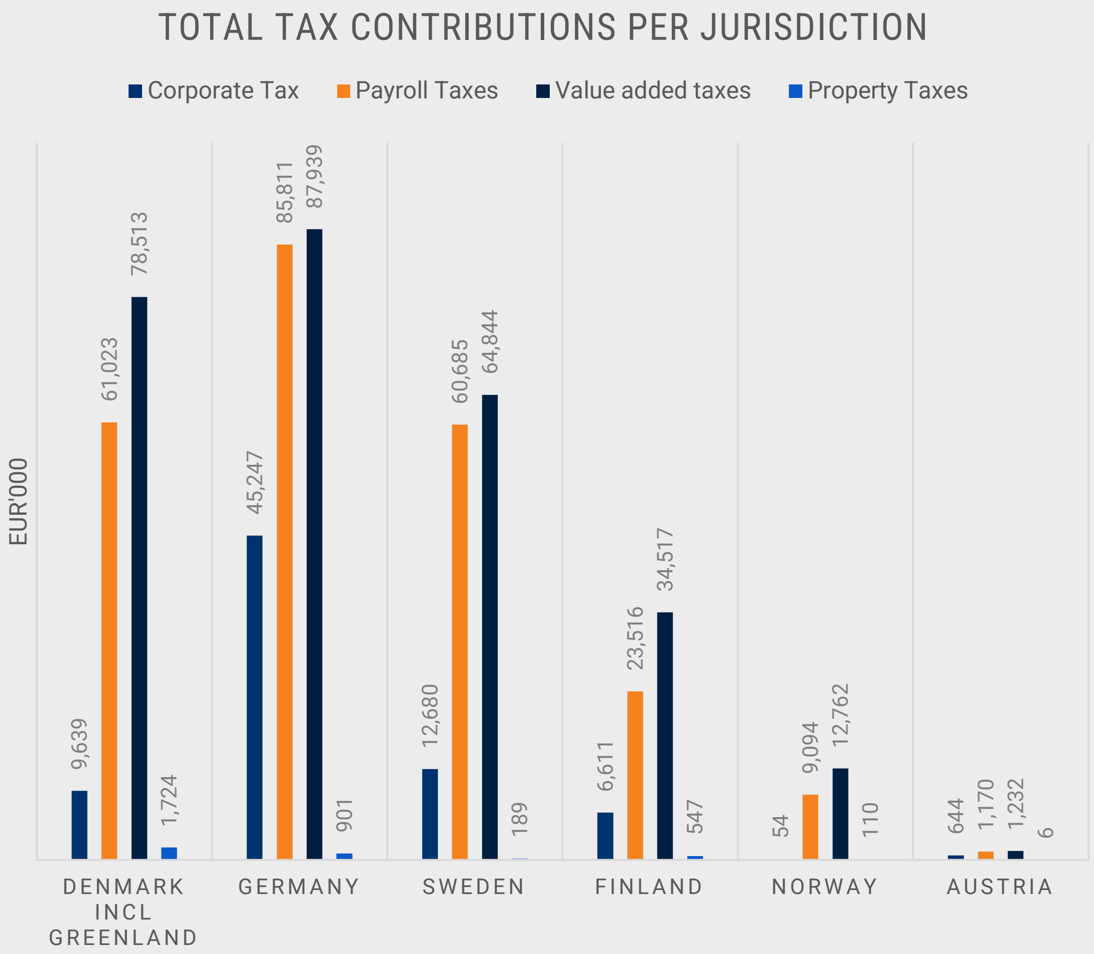
As can be seen from the table, our total tax contributions for FY22 amounted to TEUR 599,458. Our largest source of tax contribution concerns **value added taxes** and reflects the significant trading volume of building materials. Our second-largest source of tax contribution concerns **payroll taxes and social security contributions** and is generated by the extensive workforce employed by STARK Group, counting almost 12,000 employees across the Group at the end of FY22 and total staff costs of TEUR 707,000 (Consolidated Annual Report note 2.3 Staff Costs).

Accumulated, these two types of taxes account for approx. 87% of our total tax contributions, and consequently, is our primary focus when it comes to increasing our tax footprint in our markets of operation. **Corporate tax** accounts for approx. 12% of our total tax contributions, which is considered above the average percentage of corporate tax compared to total tax revenue in the countries where we operate (averages run from 4% to 7% in 2020, according to the OECD).

Property taxes merely account for around 1% of our total tax contributions and is a mix of recurring real estate tax and one-time real estate transfer taxes triggered upon the acquisition of property and, in some instances, due to internal group restructurings.

Tax impact report – Contribution (2/7)

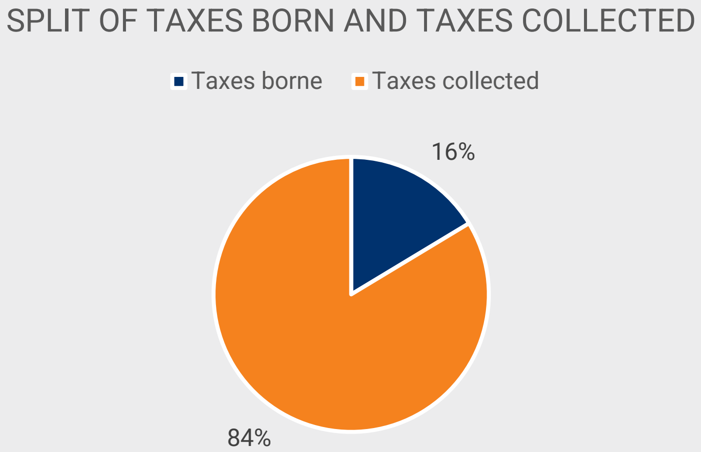
STARK Group's FY22 Tax Contributions stated in TEUR



The chart to the left is an illustration of our total tax contributions as shown on the previous page, now illustrating how our tax contributions break down between the jurisdictions in which we operate. The numbers are directly impacted by the size of our operations in each country compared to the total group and the respective domestic tax rates.

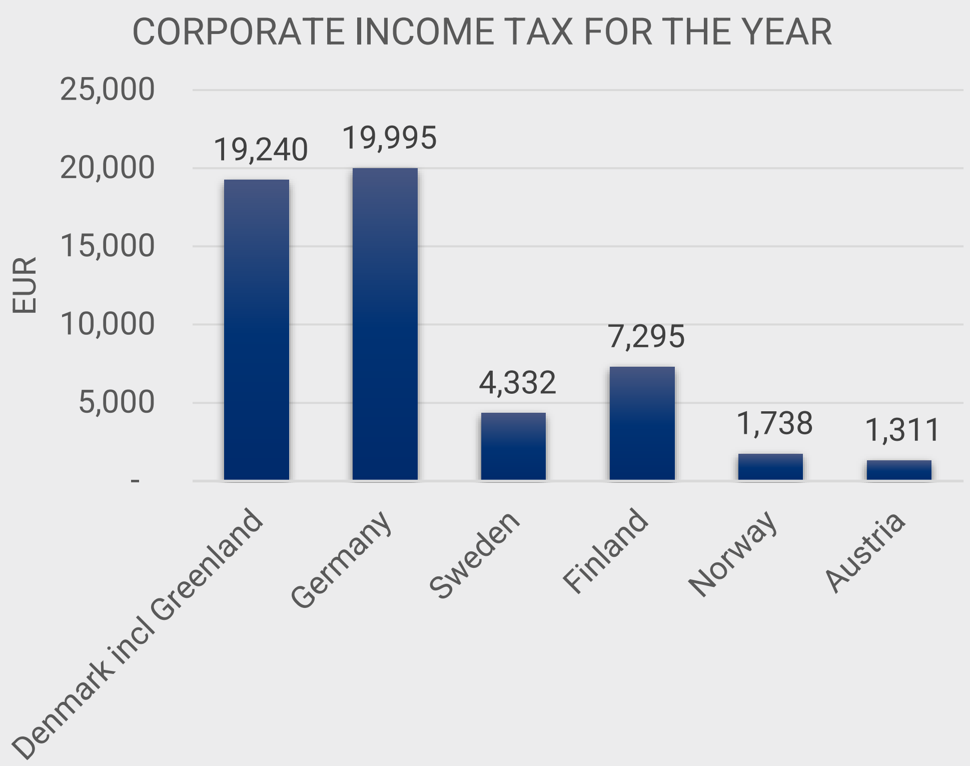
In the second chart below, we have illustrated the estimated balance between taxes collected and taxes borne by STARK Group.

Corporate tax, property tax and withholding tax are all considered Taxes Borne, whereas payroll taxes and VAT are deemed Taxes Collected. This is also the explanation for the overweight of Taxes Collected, since payroll tax and VAT amounts to approx. 87% of our total tax contribution.
In this respect, we note that we have applied a conservative split of 80%/20% on social security charges and other related payroll charges, in the sense that in the table we have allocated 80% to Taxes Collected and 20% to Taxes Borne. The actual percentages may vary from country to country.



Tax impact report – Contribution (3/7)

STARK Group's FY22 Tax Contributions stated in TEUR



In the table to the left, we present the 'tax for the year' for FY22 by STARK Group across our jurisdictions.

Tax for the year consists of current tax, changes in deferred tax, and adjustments in respect of previous years. Tax for the year reflects the estimated tax contribution expected for the financial year in question and hence, does not reconcile to the figure 'corporate tax on a cash basis' presented previously, which concerned tax payments related to multiple financial years.

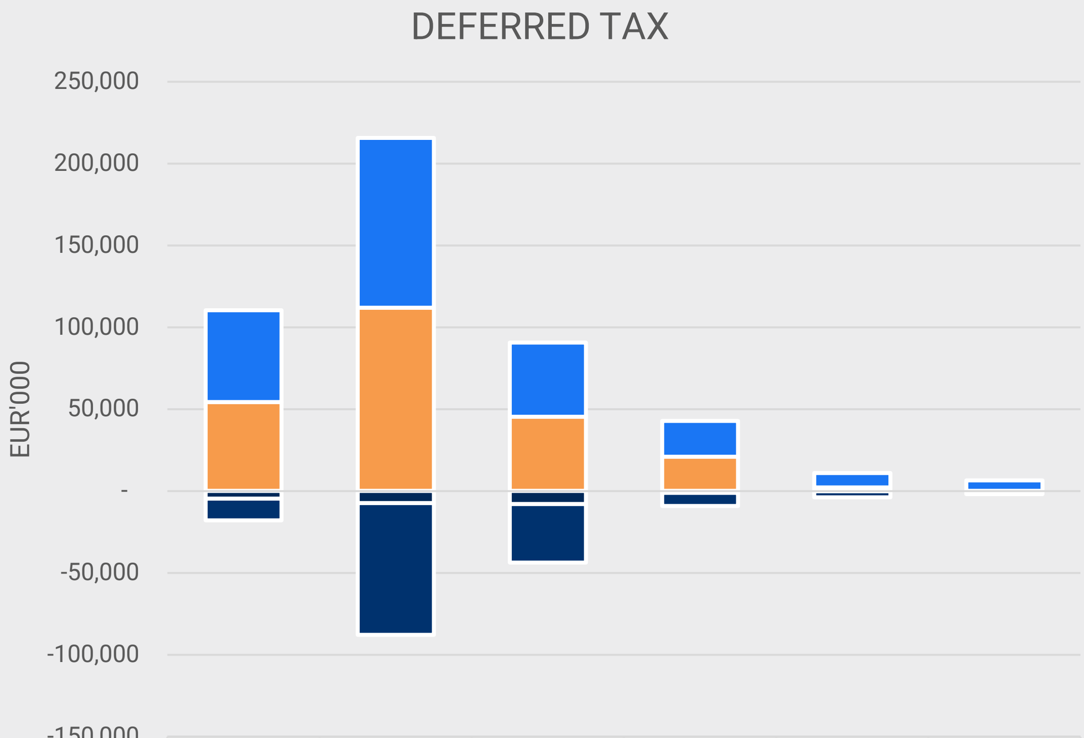
The total tax for the year of TEUR 53,911 can be reconciled to the Income Statement in the Consolidated Annual Report, including note 2.6 Income Tax and note 6.3 Cash. Please see the tax breakdown below for the year:

EUR million	2021/22	2020/21
Current tax	60	21
Deferred tax	(5)	(3)
Adjustment of current tax regarding previous years	3	-
Adjustment of deferred tax regarding previous years	(4)	-
Total	**54**	**18**

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

Tax impact report – Contribution (4/7)

STARK Group's FY22 Tax Contributions stated in TEUR



	DENMARK	GERMANY	SWEDEN	FINLAND	NORWAY	AUSTRIA
IFRS16	-13,204	-80,503	-35,788	-7,967	-3,744	-1,687
Other	-4,686	-7,433	-8,005	-1,111	-142	-291
Tangibles	56,031	103,639	45,299	21,985	8,703	6,485
Intangibles	54,363	112,014	45,285	20,906	2,248	-

Other deferred tax assets in the chart consists of Pensions, Inventory and Other assets and liabilities.

In the chart to the left, we present the 'Deferred Tax' for FY22 by STARK Group across our jurisdictions. Deferred tax is recognised in respect of all temporary differences arising between the tax base of assets and liabilities and their carrying amounts. Deferred tax is calculated at the tax rates expected to apply in the period when the liability is settled, or the asset is realised.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to the consolidated statement of changes in equity or the consolidated statement of comprehensive income.

We note that the deferred tax asset amounts to TEUR 312,382 at group level, and that all countries had a net deferred tax asset by the end of FY22.

In the table below, we present a breakdown of the deferred tax assets, which can also be found in note 6.1 Deferred Tax Assets and Liabilities to the Consolidated Annual Report.

EUR million	2021/22	2020/21
Deferred tax relates to:		
Intangible assets	235	229
Property, plant and equipment	242	210
Pensions	(4)	(12)
Inventory	(7)	(7)
IFRS 16 leasing liabilities	(143)	(112)
Other assets and liabilities	(11)	(7)
Total	**312**	**301**

The Group has an unrecognised deferred tax asset of EUR 3m relating to tax loss carry-forwards for which the timing of possible future utilisation is not certain. The related tax losses can be carried forward indefinitely.

Tax impact report – Contribution (5/7)

STARK Group's FY22 Country by Country Report stated in TEUR

Tax Jurisdiction	Number of entities*****	Unrelated party revenue	Related party revenue**	Total Revenue	Profit (loss) before income tax	Income tax paid (on a cash basis)	Income tax accrued - Current year	Stated capital	Accumulated earnings**	Number of employees***	Tangible assets other than Cash and Cash Equivalents
Denmark	9	1,342,772	16,492	1,359	53,209	9,485	21,158	68,505	3,593,222	2,533	369,817
Greenland	1	18,793	0	19	3,176	-154*	0	134	15,857	32	20,890
Sweden	12	1,037,154	0	1,037	18,937	12,680	6,991	15,230	642,557	2,529	274,181
Norway	3	193,403	0	193	7,670	55	2,170	2,059	70,290	385	58,197
Finland	1	684,586	0	685	36,920	6,611	7,461	10,000	370,265	1,200	173,518
Germany****	12	2,665,299	0	2,665	66,674	46,535	21,992	129,150	881,253	5,203	525,622
Austria	2	53,381	0	53	424	644	458	71	49,510	51	30,953
Total	**40**	**5,995,388**	**16,492**	**6,012**	**187,010**	**75,856**	**60,230**	**225,149**	**5,622,954**	**11,932**	**1,453,178**

*Greenland does not pay corporate income taxes but instead distributes profit for the year as dividends to the parent company in Denmark which are subject to 42% withholding tax. However, according to the double tax agreement between Denmark and Greenland, we can request a refund of dividend taxes withheld that exceeds 35% and apply for credit exemption in Denmark for the remaining taxes exceeding 22%. The income tax paid (on a cash basis) of TEUR -154 is a refund of over-withheld tax on dividends related to FY20.

**Accumulated earnings and related party revenue are stated excluding eliminations and therefore cannot be reconciled to the Consolidated Annual Report.

***We note that the total number of employees has been reported on an FTE basis at year-end based on the monthly average employment level for the year for each entity. The reporting of FTE is based on an internal group procedure where FTE comprises full-time employees, including trainees and temporary employees. For information on total employee remuneration, please refer to the local or consolidated annual reports.

****Figures related to the small branch in Luxembourg are included in the figures for Germany.

*****Reference is made to Appendix 1 for an overview of our controlled (>50% ownership) legal entities and their country of residence, held directly and indirectly, by STARK Group A/S.

Tax impact report – Contribution (6/7)

Tax attributes

All our operational business units generated a taxable profit in FY22.

STARK Sourcing A/S (Denmark) has historical tax loss carry-forwards arising from historical loss-making activities. Such losses are set-off against profitable operational income generated by the relevant entity going forward but are restricted to be set off against profits made by other jointly-taxed entities.

Tax impact report – Tax analysis (7/7)

Effective tax rate reconciliation current year

In the table to the right, we present the consolidated effective tax rate (ETR) for FY22, August 2021 – July 2022.

The ETR is primarily impacted by i) adjustments of calculated tax in foreign Group entities, ii) non-deductible and non-taxable items which primarily consists of investments in new businesses and/or markets and iii) non-deductible interest expenses.

The ETR of 28.82% is considered to be at a reasonable level.

EUR '000		2021/22
Profit before tax		187,010
Corporation tax rate in Denmark	22,00%	41,142
Adjustment of calculated tax in foreign Group	2,65%	4,955
Non-deductible and non-taxable items	1,54%	2,889
Non-deductible interest	3,10%	5,803
Adjustment relating to prior year	-0,66%	(1,231)
Adjustment relating to change in future tax rates	0,20%	381
Roundings	-0,02%	(39)
Effective Tax Rate for STARK Group	**28,82%**	**53,900**

Appendix 1 – Overview of legal entities in Stark Group

Tax Jurisdiction	Constituent Entities resident in the Tax Jurisdiction
Denmark	LSF10 Wolverine BidCo ApS
Denmark	Stark Sourcing A/S
Denmark	Stark Group A/S
Denmark	Stark Danmark A/S
Denmark	Electro Energy A/S
Denmark	Arnum Rør ApS
Denmark	C. F. Richs Vej 115 ApS
Denmark	Fragtvej 7-9 ApS
Denmark	Jarlsberggade 10 ApS
Greenland	STARK KALAALLIT NUNAAT A/S
Sweden	Winterfell Sweden AB
Sweden	DT Holding (Sweden) AB
Sweden	Beijer Byggmaterial Aktiebolag
Sweden	Vagn Jensens Byggkomponenter AB
Sweden	Lund Sandby 6:45 AB
Sweden	Sierra-Stark HoldCo AB
Sweden	BraByggare Sverige AB
Sweden	Vivaldi AB
Sweden	Kakeldax i Sverige AB
Sweden	Centro Kakel & Klinker AB
Sweden	100 Procent Proffs Bandhagen AB
Sweden	100 Procent Proffs Rotebro AB

The Group consisted of 40 legal entities by end of FY22

Tax Jurisdiction	Constituent Entities resident in the Tax Jurisdiction
Norway	NEUMANN BYGG AS
Norway	Stark Norway Propco AS
Norway	Margrethe Jørgensens Vei 6 AS
Finland	Stark Suomi Oy
Germany	Winterfell Germany GmbH
Germany	Stark Group Holding Germany GmbH
Germany	STARK Deutschland GmbH
Germany	Melle Gallhöfer Dach GmbH
Germany	Hermann Konz GmbH & Co
Germany	Verwaltungsgeselschaft Konz Gesellschaft mit beschränkter Haftung
Germany	Konz GmbH
Germany	Probau Kugel GmbH
Germany	Probau Kugel GmbH
Germany	Probau Chemnitz GmbH
Germany	Konz Baustoffring GmbH
Germany	Konz Baustoffring Ulm GmbH
Austria	STARK Group Holding Austria GmbH
Austria	Dach und Wand Handels GmbH

STARK GROUP