Sport Group HoldCo GmbH

Garching b.München

Befreiender Konzernabschluss zum Geschäftsjahr vom 11.03.2024 bis zum 31.12.2024

Ace Holdings Coöperatief U.A.

Amsterdam/Niederlande

Annual report

Short financial year from 11 March 2024 to 31 December 2024

Ace Holdings Cooperatief U.A.

KVK 93213875

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Short financial year from 11 March 2024 to 31 December 2024

Ace Holdings Coöperatief U.A.

1. General Information

Ace Holdings Coöperatief U.A. (the "Company"), a Cooperative with excluded liability, was incorporated under the laws of the Netherlands on 11 March 2024, with the first financial year ending on 31 December 2024. The statutory seat of the Cooperative is in Amsterdam, the Netherlands, the registered office address of the Cooperative is at Honthorststraat 19, 3rd floor, 1071 DC, Amsterdam, the Netherlands.

The Company had no activity until the contribution to Ace Holdings I B.V., Amsterdam, the Netherlands, for the acquisition of the Sport Group business by its fully controlled subsidiaries Sport Group GmbH, Garching, Germany, (formerly Ace Bidco GmbH) and Ace Bidco Inc., Wilmington, USA, on 8 July2024 forming thus the "Group". With the sale and purchase agreement dated 7 April 2024, and the closing agreement as of 8 July 2024, all shares of Sport Group TopCo GmbH, Burgheim, Germany, and thus the Sport Group business have been acquired.

By date of 26 June 2024, the Company's subsidiaries Ace Holdings III B.V., the original guarantors (Sport Group GmbH (formerly Ace Bidco GmbH), Sport Group Holdco GmbH (formerly Ace Holdco GmbH), Ace Holdings III B.V. and Ace Bidco Inc.) and the original borrowers (Sport Group GmbH and Ace Bidco Inc.) concluded a senior facilities agreement (the "Senior Facilities Agreement") with, among others, Barclays Bank PLC as facility agent and the original lenders named therein which represents the Group's main source of funding. For further details of the financing structure, we refer to section III. 18 of the Notes to the consolidated financial statements.

Sport Group is regarded as one of the leading suppliers worldwide in the sector of sale and installation of sport and recreation surface systems and corresponding components. Sport Group profits from global megatrends because its product portfolio offers sustainable solutions for sports and leisure. Urbanization, a healthy lifestyle and global warming are all influencing the design of future sports and leisure facilities - and Sport Group offers the perfect solutions. Having been appointed as supplier for the LA Olympics or as partner of the Major League Baseball are showcasing the continuous success in this field.

2. Operations

Sport Group operates through three organizational regions: EMEA (Europe, the Middle East and Africa), AM (America) and AP (Asia-Pacific). Sport Group maintains eight production sites and its own distribution companies in the individual regions. Sport Group also operates in conjunction with distribution partners worldwide.

Sport Group develops, manufactures, distributes and installs sport surface systems, in particular synthetic turf systems for sports such as football, field hockey, tennis and rugby, as well as synthetic surface systems for athletics, ball sports or play and climbing structures. Sport Group is also involved in the trading of relevant materials and sports equipment, as well as the rendering of services designed to maintain performance and value. Due to an integrated value chain, the components required for this, such as synthetic turf and plastic granules, are also produced and sold within the corporate group. In addition, Sport Group offers cable-filling compounds, for example, or industrial coatings in its "Industrial Applications" segment.

In the short financial year from 11 March through 31 December 2024, Sport Group had a total workforce of 2,351 employees, consisting of 876 white-collar employees and 1,475 blue-collar workers.

The internal organizational structure of Sport Group is based on a local-for-local approach and is aligned across the three key regions: AM, EMEA, and AP. Operational functions such as Sales and Production are embedded within the respective legal entities of each region. The overall management and strategic control for each region lies with the respective Regional CEOs and Vice Presidents of Finance. In addition, each region maintains centralized support functions, including Accounting & Tax, Controlling, HR, and IT, which provide cross-entity services within the region. On a global level, the Company operates a Finance Holding structure that oversees and coordinates global and cross-regional functions in Accounting & Tax, Controlling & Treasury, IT, HR, and Legal.

3. Management Board

During the financial year from 11 March through 31 December 2024, the Management Board of Ace Holdings Coöperatief U.A. was composed of:

– Mr. Florian Küppers, Managing Director

On 27 May 2025, Mr. Tim de Kogel has been appointed as second Managing Director.

With the acquisition of Sport Group dated 8 July 2024, for the period until 31 December 2024, management functions for Sport Group were exercised by:

–Mr. Christoph von Nitzsch, Managing Director Strategy, Marketing and Sales (CEO) (until 1 June 2025)

–Mr. Dr. Klaus Hauschulte, Managing Director Production, Purchasing and Development (COO) (until 16 July 2025)

–Mr. Mathias Schwägerl, Managing Director Finance, HR and IT (CFO)

On 8 April 2025, Mr. Alejandro Pena has been appointed as Managing Director Strategy, Marketing and Sales (CEO) of Sport Group.

In order to ensure adequate representation of women within management functions for Sport Group it is our mid-term goal to increase the proportion of women to at least 33 %. Therefore Sport Group will for the future strongly consider and disproportionately weigh in gender proportion for upcoming hirings on group management level and for leadership functions.

4. Research and development

In 2024, the Sport Group continued to invest financial resources in the further development and improvement of its components, products and processes in synthetic turf for sports and landscaping, running tracks, playgrounds and hardcourt surfaces, with clear focus on securing longterm growth. Sport Group's R&D department has been working to further develop of AstroTurf's Trionic fiber. The target is to increase player's convenience for example by reducing the heating of the turf surface in hot climatic conditions. This will especially help to save water for cooling sport fields.

For the European market Sustainable Public Procurement (SPP) gains importance. To answer this request the group has developed a sustainability program which either uses plant-based renewable natural resources for its turf fiber production "LigaTurf GT" or has recycling content "Ligaturf R". Using green hydropower energy Sport Group has made the first CO_2 -neutral hockey turf, named Poligras GT zero which was developed for the Paris Olympics in August 2024. With a new design (Dual Shape) using biobased technology and allowing a further reduction of water by an improved gliding additive (Dry Turf Generation 4), Sport Group is now developing the official hockey turf for the Los Angeles Olympics in 2028 and will install the first Hockey full-size hockey field of this new generation in Perth, Australia in April 2025.

For landscaping the group has developed a more natural looking turf by making semi-texturized yarn with a proprietary low temperature texturization technology and a natural dull looking landscape fiber by developing an undulated shape design.

On the process side Sport Group has developed and implemented a new technology to achieve greater durability and longevity of the artificial turf carpet by an improved embedding of yarn into the carpet backing. This new process has been applied for a patent and is in use.

For its colored granules and rubber business, the group is working further on elastic and resilient biobased, and biodegradable granulates which will be suitable for tracks, playgrounds and especially artificial turf infill.

For PU (Polyurethane) sport surfaces Sport Group's R&D has developed a new dynamic running track which will be suitable for training as well as competition, thus allowing high running speeds as well as the best possible protection of joints and ligaments and prevention of injuries from fatigue effects. A pilot installation was made at the University of Tennessee and compared with classic Sport Group surfaces as well as competitive track surfaces to optimize sport-technical and biomechanical properties, including muscular fatigue effects. A study is in progress including measurement values as well as runners training perception, which will be a distinguishing feature and strengthen the position of Sport Group in the competitive landscape.

5. Financials

In the consolidated financial statements for the short financial year 2024, the group achieved sales revenue in the amount of € 411 million. Main sales driver is the USA where Sport Group is facing a very positive market development for sports surfaces.

Cost of materials amounted to € 210 million in the short financial year 2024.

Personnel expenses amounted to € 87 million in the short financial year 2024.

In the short financial year 2024, the other operating expenses amounted to € 99 million. The other operating expenses are mainly influenced by transaction fees in connection with business combinations.

The consolidated net loss for the short financial year 2024 stands at € 45 million. The net loss is mainly influenced by transaction fees in connection with business combinations.

In the consolidated financial statements, Ace Holdings Coöperatief U.A. reports liquid funds in the amount of € 79 million as of the balance sheet date of 31 December 2024. Current assets exceed short-term borrowed capital, which is reflected in a current ratio of 1.8. The Group's financial position can be characterized as positive and stable, presented by an equity ratio of 0.3. Financial liabilities mainly relate to the facilities agreement with Barclays from June 2024. Sport Group concluded a syndicated loan with terms up to June 2031. It includes loans repayable upon final maturity and revolving credit lines.

As for the balance sheet date, the Company has at its disposal approved, but unused, lines of credit in the amount of € 53 million.

In its consolidated financial statements for the financial year from 11 March through 31 December 2024, Sport Group reports a positive cash flow from operating activities in the amount of € 46 million.

In the new financial year, Sport Group will be continuing its efforts to further improve its competitiveness. To this end, extensive investments were implemented during the year, among other things, in a new subsidiary Coast to Coast Turf, LLC, in property, plant and equipment and internally generated intangible assets. The net cash inflow amounted to € 78 million. This cash flow mainly resulted from operating cash inflow of € 46 million.

The outlook for Sport Group can be regarded as positive. In the light of the new investor and due to positive markets, management aims to remain on the path of growth. First investments have already been undertaken and there are more to follow.

6. Risk report

Sport Group has a well-balanced risk approach and continuously monitors all risks. This constant monitoring enables the group to recognize the need for action to hedge risks at an early stage. Sport Group also reviews this with external advisors to determine whether hedging is appropriate at a given point in time. It is helpful in this regard that the business is regionalized, with production in the US for the Americas, Australia and Malaysia for AP, and Germany and Poland for EMEA. The significance of the individual risks and opportunities is determined based on the probability of occurrence and the possible effect on forecasts and targets.

Principal Risks:

There is currently no indication of any risks that could endanger the Group's ability to continue as a going concern.

a. Strategic risk

The consequences of an economic downturn might, on the one hand, have a negative impact on the situation of our customers and thus on demand for our products. On the other hand, there might be disruptions of supply chains or impairments to the production and installation of our products. The company's strategic risk is minimized through close communication with suppliers, and the availability of raw materials is ensured by maintaining adequate alternatives. As such, if the risk were to occur, the negative effects are expected to be minimal according to management.

b. Operational risk

Negative effects may result from potential utilization by customers for warranty of products of Sport Group. This risk is countered by the further expansion of operational excellence in the area of quality, ongoing quality assurance measures and testing, and measures for the further development of products. In addition, if a customer files a notification of defects, extensive measures are taken to remedy such defects immediately (e.g., exchange of partial areas, intensive and regular maintenance measures). Based on this package of measures, warranty risks can be avoided or minimized at an early stage. If the risk were to occur, the negative effects are expected to be minor according to management.

c. Price risk

Regarding the operating units, a negative effect on future development could arise from possible changes in sales prices relative to purchase prices for raw materials - in particular due to competitors. However, the management of the Group and the operating units actively strive to counteract this possible development through permanent quality and cost management, optimized product management and project-related price calculation. If the risk were to occur, the negative effects are expected to be moderate according to management.

d. Financial risk

Risk type	Exposure rising from	Risk assessment and mitigation	Remaining risk
Market risk - foreign currency	• Recognized assets and liabilities in a currency other than the functional currency • Future commercial transactions	• Cash flow forecasting and sensitivity analysis performed for risk assessment	significant
Market risk - interest rate	• Loans and borrowings at variable interest rates	• Sensitivity analysis performed for risk assessment	not significant
Market risk - other price risk	• Fair value of deferred consideration	• Limited use of earn-out arrangements in acquisitions	not significant
Credit risk	• Trade receivables, contract assets, cash and cash equivalents	• Aging analysis and sensitivity analysis performed for risk assessment	not significant
		• Diversification of bank deposits and credit rating check	
Cash Flow and Liquidity risk	• Loans and borrowings	• Cash flow forecasting performed for risk assessment	not significant
		• Diversification of borrowing facilities and availability of credit lines	

For further details and information on financial risk management please refer to section IV. 23 of the Notes to the consolidated financial statements.

The company's financial risk is minimized through a dense framework of forecasts and risk assessments. Therefore, if the risk were to occur, the negative effects are not expected to be significant overall.

e. Law and regulation

Sport Group is exposed to different legal and/or fiscal frameworks applicable in the countries the group operates in. These risks are managed by consulting with local experts before entering into new markets and regularly verifying the continued validity of previous assessments.

If unforeseen circumstances occur that confront the group with local regulations that have not been anticipated Sport Group can react to that due to its diversified global setup. No such circumstances have occurred during the financial year.

f. Financial reporting

The system of internal controls aims to prevent or detect material risks and to mitigate material adverse consequences in order to provide reasonable assurance on achieving the Group objectives. This includes the integrity and reliability of the financial statements, safeguarding and maintaining accountability of its assets; and to detect fraud, potential liability, loss and material misstatements while complying with regulations. In order to achieve that the internal control system of Sport Group comprises, inter alia, a stringent four-eyes-principle within the purchase-topay-process as well as for the month-end closing reporting process. Furthermore, the financial figures of each subsidiary is closely monitored and analyzed by the regional and the central Finance departments within the monthly reporting process in order to verify expectations and identify and analyze unusual developments. Sport Group is continuously working on further strengthening the internal control system.

A significant portion of management compensation is related to achieving several targets tied to Sport Group’s financial results. These targets are reviewed by top management and compensation is approved by the owners of Sport Group. The targets are set in line with market trends and the Group’s past financial performance. Therefore, there is no indication that the Company’s financial performance could significantly threaten the management’s personal financial situation.

The Group’s operations do not provide opportunities to engage in fraudulent financial reporting considering the following:

- There are no significant related party transactions in or outside the normal course of business.
- Significant estimates that involve subjective judgments are assessed with the management.
- The line of reporting is set up in multi-stage reporting levels with Directors/Managers responsible for the review of a subsidiary’s transactions and further reviews on regional and group level.

7. Fraud prevention, anti-bribery and anti-corruption

Corporate compliance at Sport Group includes measures to systematically ensure compliance across all regions with applicable global and local laws, regulations and internal company guidelines. Sport Group expects all employees to act lawfully and ethically in their daily business activities. Sport Group’s principles of conduct are set out in the Code of Conduct, complemented by Group-wide policies and compliance programs. These documents, evaluated by external consultants, form the basis for integrity-driven behavior throughout the organization. The current version of the Code of Conduct - mandatory for all employees across the Group - is sent to all employees by the Management Board via email once a year and is also published on the company website.

Sport Group applies a zero-tolerance approach to deliberate misconduct and serious breaches of the Code of Conduct or Group policies. To facilitate the reporting of potential rule violations, Sport Group has implemented a digital whistleblower system that enables anonymous and confidential submissions. The Management Board discusses any fraud incidents and high-risk areas as reported by our risk and control frameworks.

The Director Legal & Compliance global reports regularly to the Management Board, supporting the monitoring and continuous development of an effective compliance management system. In cooperation with compliance officers in the subsidiaries, the Director ensures consistent implementation and continuous improvement of the compliance program throughout the Group. Employees can seek advice on compliance-related questions either from their line managers or directly from the Compliance department.

8. Environmental, Social and Governance Matters

a. Governance

Sport Group maintains a robust governance framework to ensure our sustainability goals are embedded across all operations. Oversight of ESG matters lies with the Chief Operating Officer (COO), who regularly reports key developments to the Management Board. Sport Group actively engages with its investors on ESG topics, keeping them informed through structured reporting and periodic reviews. The overall ESG strategy is embedded within Sport Group and throughout our units. A deeper understanding and insight into our level of ambition, initiatives, management and targets can be seen in our ESG Report 2023 - available on Sport Group's website. The newest sustainability report for 2024 is currently in progress, preparing Sport Group further for CSRD.

b. Environment

Sport Group is committed to environmental excellence and pollution prevention, meeting or exceeding all environmental regulatory requirements, and producing products which offer the highest quality with lower environmental impact. Sport Group acknowledges that our production and installation processes require energy and utilize other resources taken from the environment. To minimize the potential harm to the environment, the group has set clear standards and guidelines.

The organization’s environmental policy reaffirms its commitment to sustainability by ensuring that products, manufacturing, and installation processes are designed with environmental responsibility in mind. The goal is to create long-term value while serving both local communities and the planet.

In addition, our sustainable procurement policy aims to build a responsible and sustainable supply chain. In close collaboration with suppliers, the policy seeks to continuously reduce environmental, social, and economic impacts. It aligns with global frameworks and encourages ongoing improvements in sourcing and supplier practices.

c. Social

Sport Group is committed to respecting and protecting human rights in all its business activities. This includes the prohibition of child labor, forced labor and human trafficking, the promotion of diversity, equality and inclusion, respect for the rights of external stakeholders, fair working conditions, freedom of association and collective bargaining, anti-harassment and non-discrimination as well as health and safety.

Through its human rights policy, the group commits to respecting and promoting human rights across all business activities and partnerships. This policy is grounded in international standards and ensures that dignity, freedom, and equality are upheld for all stakeholders.

d. Ethics

Sport Group is committed to conducting business with transparency, honesty and fairness, and to detecting, reporting, and addressing any fraudulent activities.

Our ethics policy establishes binding standards for integrity, fairness, and accountability. It outlines principles for addressing bribery, corruption, fraud, conflicts of interest, anti-competitive behavior, and information security, ensuring compliance with applicable laws and ethical standards. Also, Sport Group fosters a culture of ethical awareness and open communication, where employees are encouraged to speak up without fear of retaliation. Through strong leadership, by example, continuous training, and the promotion of shared values, we aim to build trust, support ethical decision-making, and embed integrity into our everyday behavior.

9. Subsequent events

For a detailed description of subsequent events please refer to section IV. 26 of the Notes to the consolidated financial statements.

Amsterdam, 31 July 2025

Management Board of Ace Holdings Coöperatief U.A.

Florian Küppers

Tim de Kogel

Consolidated Financial Statements

Short financial year from 11 March 2024 to 31 December 2024

Ace Holdings Coöperatief U.A.

KVK 93213875

Consolidated income statement

(in millions of €)	Notes	11 March to 31 December 2024
Revenue	5	411
Other operating income	6	5
Change in finished goods and work-in-process		-30
Own work capitalized		4
Cost of materials		-210
Personnel expenses		-87
Other operating expenses	7	-99
EBITDA		-6
Depreciation, amortization and impairment losses	11,12	-34
Net financial loss	8	-11

(in millions of €)	Notes	11 March to 31 December 2024
Net loss before tax		-51
Taxes on income	10	6
Net loss		-45

Consolidated statement of other comprehensive income

(in millions of €)	11 March to 31 December 2024
Net loss	-45
Items not reclassified to the income statement	
Remeasurements from defined benefit plans	0
Related tax	0
Total	0
Items that are or may be reclassified to the income statement	
Differences from currency translations	4
Total	4
Other comprehensive loss for the period	4
Total comprehensive loss for the period	-41

Consolidated statement of financial position

(in millions of €)	Notes	31 December 2024	11 March 2024
ASSETS			
Non-current assets			
Property, plant and equipment	11, 21	225	-
Intangible assets	12	251	-
Goodwill	12, 15	229	-
Financial assets	23	2	-
Deferred tax assets	10	1	-
Other non-current assets	14	4	-
Total non-current assets		711	-
Current assets			
Inventories	13	124	-

(in millions of €)	Notes	31 December 2024	11 March 2024
Trade and other receivables		93	-
Contract assets	5	10	-
Current tax assets	10	5	-
Other current assets	14	17	-
Cash and cash equivalents	23	79	-
Total current assets		329	-
TOTAL ASSETS		1,040	-
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			-
Membership capital	16	375	-
Reserves		5	-
Retained earnings		-45	-
TOTAL EQUITY		335	-
Non-current liabilities			
Financial liabilities	18	447	-
Contract liabilities	5	1	-
Provisions	19	6	-
Deferred tax liabilities	10	70	-
Total non-current liabilities		524	-
Current liabilities			
Trade payables	23	47	-
Financial liabilities	18	64	-
Contract liabilities	5	9	-
Current tax liabilities	10	1	-
Employee benefits		15	-
Provisions	19	6	-
Other current liabilities	20	39	-
Total current liabilities		181	-
TOTAL LIABILITIES		705	-
TOTAL EQUITY AND LIABILITIES		1,040	-

Consolidated statement of changes in equity

(in millions of €)	Notes	Membership Capital	Reserves Translation reserves	Reserves related to pensions	Share-based payments reserves	Retained Earnings	Total equity
Balance at 11 March 2024		-	-	-	-	-	-
Net loss		-	-	-	-	-45	-45
Other comprehensive loss		-	4	0	-	-	4
Total comprehensive loss		-	4	0	-	-45	-41
Capital contribution	16	375	-	-	-	-	375
Equity-settled share-based payment	9	-	-	-	1	-	1
Total transactions with the owners		375	-	-	1	-	376
Balance at 31 December 2024		375	4	0	1	-45	335

Consolidated statement of cash flows

(in millions of €)	Notes	11 March to 31 December 2024
Cash flow from operating activities		
Net loss before tax		-51
Depreciation and amortization	11,12	34
Interest income/expense	8	19
Income tax paid	10	-6
Gain/loss on derivative instruments	23	6
Other non-cash expenses/income		-7
Change in inventories		31
Change in trade and other receivables		46
Change in contract assets		8
Change in trade payables		-22
Change in contract liabilities		-2
Change in provisions		-2
Change in other assets and liabilities		-8
Net cash from operations		46
Cash flow from investing activities		
Payments for acquisition of property, plant and equipment	11	-7

(in millions of €)	Notes	11 March to 31 December 2024
Payments for acquisition of intangible assets	12	-5
Payments for acquisition of investments and shareholdings	15	-329
Net cash from investing activities		-341
Cash flow from financing activities		
Proceeds from loans and borrowings	18	442
Repayment of loans and borrowings	18	-401
Payment of lease and hire purchase liabilities	18	-7
Interest paid	18	-36
Proceeds from issue of membership interests	16	375
Cash flow from financing activities		373
Net increase in cash and cash equivalents		78
Cash and cash equivalents at the beginning of the period		0
Effects of movements in exchange rates on cash and cash equivalents held		1
Cash and cash equivalents at the end of the period		79

Notes to the consolidated financial statements of Ace Holdings Cooperatief U.A. for the short financial year from 11 March 2024 to 31 December 2024

I. Accounting principles

1. General information

Ace Holdings Coöperatief U.A., hereinafter referred to as "the Company", or, together with its subsidiaries as "the Group", is domiciled in the Netherlands. The address of the company's registered office is Honthorststraat 19, 3rd floor, 1071 DC, Amsterdam, the Netherlands and it is registered in the Trade Register of Amsterdam under the number KVK 93213875. The Company was founded with articles of association dated 11 March 2024 with the purpose to form further holding companies that would eventually acquire the shares of Sport Group TopCo GmbH ("Sport Group"). After the acquisition of Sport Group on 8 July 2024, the purpose of the company is the holding of investments in companies, in particular shares and business interests in companies and enterprises that are active in the field of sports facility construction and plastics production as well as in the real estate and construction industry or that have a direct or indirect interest in such companies and enterprises.

These consolidated financial statements of the Group were prepared in accordance with the International Financial Reporting Standards ("IFRS accounting standards") as issued by the International Accounting Standards Board (IASB) and adopted by the European Union. As this is the first set of consolidated financial statements prepared for the Group, there are no comparative figures for the previous year. The consolidated financial statements were prepared and authorized for issue on 31 July 2025 by the Management Board.

The financial year corresponds to the calendar year. The current financial year 2024 started 11 March 2024 and ended 31 December 2024. The consolidated financial statements are prepared in Euros, the Group's presentation currency, and have been rounded up or down to the nearest million Euros, unless otherwise noted. Amounts presented as "0" in the notes to the consolidated financial statements represent non-zero amounts that are rounded to € 0 million. Due to commercial rounding of amounts, minor discrepancies may occur in additions and percentages.

The consolidated income statement is presented using the nature of expense method.

The consolidated financial statements have been prepared on a going concern basis, and management has a reasonable expectation that the Group has and will have adequate resources to continue operations for the foreseeable future.

The financial statements are prepared on the historical cost basis except for certain assets and liabilities measured at fair value as described in the following accounting policy notes.

2. Consolidation and measurement of equity investments

a) Participations

The consolidated financial statements include the Company and its subsidiaries. A subsidiary is a company that is directly or indirectly controlled by the Company. Control exists if the Company has power over the investee, has exposure or rights to variable returns from its involvement with the investee and has the ability to affect the amount of returns from its involvement with the investee.

An entity is included in the consolidated financial statements from the date the Company obtains control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the reporting period are recognized in the consolidated financial statements from the date on which control over the subsidiary is obtained until the date on which control ends.

All intragroup assets and liabilities, equity, income and expenses and cash flows from transactions between Group companies are eliminated on consolidation.

Consolidation ends when control over the subsidiary is relinquished. In this case, the associated assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognized. Any resulting gain or loss is recognized in profit or loss.

b) Scope of Consolidation

The list of companies included in the consolidated financial statements of the Company can be found in Note 24. List of shareholdings.

The following companies are not included in the consolidated financial statements of the Company, due to the minor significance of the investment:

(in millions of €)	Location	Country	Capital share in %	Preferred capital share in %	Voting rights in %
CLS Surfaces (Holding) Ltd.	Linwood	UK	-	50.00	-
ProTurf AS	Trondheim	Norway	1.00	-	1.00

The following Group companies make use of the exemption options under Article 2:403 of the Dutch Civil Code1 and Section 264 (3), 264b and 291 of the German Commercial Code2 and therefore do not disclose their annual financial statements and do not prepare the notes to the financial statements or separate management reports:

•Ace Holdings I B.V., Amsterdam, Netherlands1

•Ace Holdings II B.V., Amsterdam, Netherlands1

•Ace Holdings III B.V., Amsterdam, Netherlands1

•Sport Group Holdco GmbH, Burgheim, Germany2

•Sport Group GmbH, Garching, Germany2

•Sport Group TopCo GmbH, Burgheim, Germany2

•Sport Group Holding GmbH, Burgheim, Germany2

•POLYTAN GmbH, Burgheim, Germany2

•Polytan Service GmbH, Burgheim, Germany2

•FormaTurf GmbH, Essen, Germany2

•POLYTEX Sportbeläge Produktions-GmbH, Grefrath, Germany2

•GEP Immobilien GmbH & Co. KG, Burgheim, Germany2

•Möller GmbH, Krailling, Germany2

•PolyComp Holding GmbH, Melle, Germany2

•SYNLawn Europe GmbH, Gütersloh, Germany2

•Melos GmbH, Melle, Germany2

•Melos Grundstücks Verwaltungs GmbH, Melle, Germany2

c) Foreign currency translation

The reporting currency for the period presented is the Euro. The functional currency for the Company is the Euro, and the functional currency for the Group’s foreign operating subsidiaries is determined for each subsidiary individually. Transactions in foreign currencies are translated into the respective functional currency of the subsidiary at the time of the transaction. Gains or losses from translation of foreign currency transactions, whether realized or unrealized, and the remeasurement of certain intercompany balances, are included in the consolidated income statement. Foreign currency gains or losses resulting from the translation of financial instrument transactions are included in net financial income (loss), and all other foreign currency gains or losses resulting from the translation of other transactions are included in other operating income or other operating expenses.

Goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recognized in the functional currencies of the respective foreign operations.

The financial statements of subsidiaries outside the Eurozone are translated into Euros using exchange rates in effect at each reporting date for assets and liabilities, average exchange rates during the period for revenues and expenses and historical exchange rates for components of equity. The resulting differences from translation into the reporting currency are recognized in other comprehensive income.

3. Principles of preparation of the consolidated financial statements

The Group classifies assets and liabilities in the consolidated statement of financial position by maturity. Assets and liabilities are classified as current if they are expected to be realized within 12 months of the reporting date. All other assets and liabilities are classified as non-current.

Bank liabilities under the Group's Senior Facilities Agreement are reported under non-current liabilities if and as long as the remaining term of the syndicated loan agreement is at least 12 months as at the reporting date.

The Group has consistently applied the following accounting policies in all periods presented.

a) Revenue recognition

Recognition of revenue is based on individual contracts with customers. Revenue is recognized when performance obligations to customers are fulfilled, which occurs when (or as) control of goods or services transfers to the customer. Revenue is measured at the transaction price. The transaction price is the consideration that the Group expects to receive upon the transfer of goods or services. Variable consideration is recognized in the transaction price to the extent that it is probable that there will not be a significant reversal of the cumulative revenue recognized. Payment terms vary across the Group’s subsidiaries, but in most cases shall be made within 30 calendar days of delivery or acceptance, where applicable, and receipt of the invoice.

The Groups revenue-generating activities include

1) the sale and delivery of components used in sports surface systems (like artificial turf for American football fields or granules), leisure and landscaping applications (like artificial turf for landscaping) or industrial applications (like cable filling compounds) and

2) the installation of and maintenance for sports surface systems (like the delivery and installation of hockey fields or running tracks).

The Group further disaggregates revenues within each revenue type into three major product categories: artificial turf, polyurethan surfaces, and industrial applications.

The Group provides general assurance-type, statutory warranties on sales and installations and does not sell additional or more extensive warranties than those required by law.

The following table presents the Group’s revenue recognition methods by revenue type.

Revenue type	Revenue recognition
• Sale of components used in sports surface systems and industrial applications	Revenues are recognized at a point in time when control is transferred to the customer, usually upon delivery.
• Installation of sports surface systems	Revenues are recognized over time, as the Group satisfies its performance obligations to its customers by creating or enhancing an asset that the customer controls.
• Specific maintenance	Satisfaction of each performance obligation is determined using an inputbased method as there is assumed to be a direct correlation between the costs incurred and the progress of the installation. Revenue is recognized based on the ratio of costs already incurred to the total expected costs ("cost-to-cost" method). Only in cases where it is not yet possible to measure the current progress of satisfaction of a performance obligation appropriately at certain stages of the contract is revenue recognized on the basis of costs incurred (at cost).
• Multi-year maintenance	Revenues are recognized over time, generally on a straight-line basis over the contract term, as the customer receives and consumes the benefit as the services are provided.

In most cases, the period over which the Group satisfies its performance obligations is less than one year. Therefore, the Group applies the practical expedient to recognize incremental costs of obtaining a contract as an expense when incurred and elects not to adjust the transaction price of a contract for effects of any significant financing components.

Contract balances

A contract asset represents the Group’s right to receive consideration in exchange for goods or services already transferred to a customer. If the Group’s performance obligation to its customer is satisfied before payment is received or becomes due, a contract asset is recognized.

A contract liability represents the Group’s obligation to transfer goods or services for which it has or will receive payment. If the Group receives payment or payment has become due from the customer, a contract liability is recognized. In some cases, the Group’s subsidiaries receive advance payments related to installation of sports surface systems and maintenance that result in recognition of contract liabilities. Contract liabilities are recognized as revenue as soon as the Group satisfies the related performance obligations.

Contract balances are determined individually for each contract and not offset on the balance sheet.

b) Finance income and expenses

The Group’s finance income and expenses include:

–interest income

–interest expense

–the fair value gain or loss on financial assets measured at FVTPL

–the foreign currency gain or loss on non-current financial assets and financial liabilities related to financing activities

–the unwind of the discount on provisions

–the fair value gain or loss on contingent consideration classified as a financial liability

Interest expense is recognized under the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortized cost of the financial liability. In calculating interest expense, the effective interest rate is applied to the amortized cost of the financial liability.

c) Share-based payments

The grant-date fair value of equity-settled share-based payments agreements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market and non-vesting conditions, the grant-date fair value of the sharebased payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

d) Intangible assets

Internally created intangible assets

Expenses for the development of new products and processes are capitalized as development costs if the products are technically and economically feasible and intended for the company's own use or marketing, the expenses can be reliably measured and sufficient resources are available to complete the development project.

Production costs of internally generated intangible assets are capitalized at the directly attributable acquisition and production costs. Development expenses that do not meet the criteria set out in the previous paragraph and research expenses are recognized immediately in the income statement. Internally generated intangible assets are amortized on a straight-line basis over the period of their use and impaired if there are indications of impairment.

Acquired intangible assets

Separately acquired intangible assets are recognized at cost.

Intangible assets acquired as part of a business combination are measured at their fair value at the time of acquisition.

Amortization and impairment

Intangible assets with finite useful lives are amortized on a straight-line basis over the period of their use and subjected to an annual impairment test if there is an indication of impairment. The estimated useful lives of the Group’s intangible assets are as follows:

	Useful life
Software concessions	3-5 years

	Useful life
Brands	15-20 years
Customer relationships	13.5 years
Technologies	5 years
Internally created intangible assets	3-5 years
Order Backlog	0.5 years

Useful lives and residual values are reviewed at each reporting date and adjusted if necessary. Apart from goodwill, the Group does not recognize any intangible assets with indefinite useful lives.

e) Goodwill

Goodwill arising from business combinations is measured at the time of acquisition at the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests, and, for a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held interest in the acquiree over the net assets acquired. The net assets acquired is equal to the difference between the fair values of the assets acquired and the fair values of the liabilities assumed.

f) Property, plant & equipment

Property, plant and equipment are initially recognized at cost and subsequently measured at amortized cost less accumulated depreciation and accumulated impairment losses. The cost of internally generated assets includes directly attributable productions costs and pro rata production overheads.

Expenses for maintenance and repairs are recognized in the income statement.

Property, plant and equipment is depreciated on a straight-line basis over the expected useful life to the expected residual value. The useful lives of property, plant and equipment are reviewed at each reporting date and adjusted if necessary. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment in 2024 are as follows:

	Useful life
Buildings	10-50 years
Technical equipment and machinery	2-20 years
Operating and office equipment	2-15 years

An item of property, plant and equipment is derecognized latest at the time of its disposal and earlier, if no more economic benefits are expected from it.

g) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses whether a contract is, or contains, a lease at contract inception.

As a lessee, the Group recognizes a right-of-use asset and a lease liability for each lease on the commencement date, the date on which the leased asset becomes available for use.

At the commencement date, the Group measures the lease liability at an amount equal to the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate, which is determined by obtaining interest rates from external financing sources and making certain adjustments to reflect the terms and currency of the lease and type of the asset leased.

The following lease payments are included in the measurement of a lease liability:

–fixed payments, less any lease incentives paid to or on behalf of the lessee

–variable lease payments based on an index or interest rate

–expected payments under residual value guarantees

–the exercise price of a purchase option where exercise is reasonably certain

–penalties for terminating the lease if the determination of the lease term includes the exercise of an option to terminate the lease.

Right-of-use assets from leases are initially recognized at cost. Right-of-use assets are initially measured as the total of the initial lease liability, plus the lease payments made before or at the beginning of the lease less any incentive payments, plus any initial direct costs and the estimated costs that the lessee will incur to dismantle and remove the underlying asset.

The right-of-use assets are subsequently measured at amortized cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized either over the useful life of the right-of-use asset or the term of the lease, whichever is shorter. If ownership of the leased asset is transferred to the Group (by exercising an option or on the basis of another contractual agreement), the asset is depreciated over the (remaining) useful life of the leased asset.

Right-of-use assets that do not meet the definition of investment property are presented as property, plant and equipment in the consolidated statement of financial position.

The Group elects the exemption option for short-term leases as well as low-value leases and does not recognize right-of-use assets and lease liabilities for these leases. A lease is considered a short-term lease, if the total lease term, or remaining lease term after acquisition date for leases acquired in business combinations, is less than 12 months. Items with a value of less than 5 thousands of € are considered to be of low value. Expenses from these leases are recognized as an expense on a straight-line basis over the term of the lease.

The Group applies the practical expedient to not separate lease and non-lease components for all classes of assets.

The Group’s leases do not generally impose restrictions or covenants on the respective Group companies and do not include a purchase of the leased asset at the end of the lease term.

Lease term

Most of the Group’s leases do not include options to terminate the lease before the end of the initial lease term without significant penalty. Many of the Group’s leases contain options for the lessee to extend the lease after the initial lease term. Such options are assessed at inception of the lease to determine whether it is reasonably certain the option will be exercised. Subsequently, the lease term is redefined if a material event or change in circumstances occurs that is within the Group's control and affects the original determination of the lease term.

Lease acquired in a business combination

The Group measures a lease liability acquired in a business combination at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The right-of-use asset is measured at acquisition at the same amount as the lease liability, adjusted to reflect any favorable or unfavorable terms of the lease when compared with market terms.

Lease liabilities and right-of-use assets acquired in a business combination for which the lease term ends within 12 months of the acquisition date or, leases for which the underlying asset value is low, are not recognized.

h) Impairment losses on intangible assets and property, plant and equipment

At each reporting date, the Group examines whether there are any indications of impairment of property, plant and equipment and intangible assets with finite useful lives. If such an indication exists, an impairment test is carried out. Goodwill is tested for impairment at least annually.

An asset is generally tested on a stand-alone basis. If an individual asset does not generate cashinflows that are largely independent of those from other (groups of) assets, it is tested as part of the cash-generating unit to which it belongs.

For the impairment test, the carrying amount of the CGU or individual asset is compared with the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. If the recoverable amount is less than the carrying amount of the asset or CGU, the carrying amount is reduced to the lower recoverable amount and the difference is recognized as an expense in the income statement.

Goodwill acquired in business combinations is allocated to those CGUs that are expected to benefit from the synergies of the combination. For the Company, each region represents a group of CGUs to which goodwill is allocated for the impairment test.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. If an impairment has to be recognized for a CGU, it is first allocated to the goodwill attributable to the CGU and then distributed pro rata to the remaining carrying amounts of the (group of) assets that make up the CGU.

Impairment losses on goodwill are not reversed. Impairment losses on tangible assets and other intangible assets recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

i) Inventories

Inventories are recognized at the lower of cost or net realizable value. The net realizable value is the estimated selling price, less the estimated costs of completion and sale. In addition to the directly attributable direct costs, production costs also include a systematic allocation of fixed and variable overheads that are incurred in converting materials into finished goods.

For inventories that are interchangeable, the First-in, First-out method is applied. For inventories that are not interchangeable, such as work in process and finished goods that are developed specifically to a customer order, the specific identification method is applied.

j) Financial instruments

Recognition and initial measurement

Financial instruments are contracts that give rise to a financial asset of one party and a financial liability or equity instrument of the other party. These include both primary financial instruments (e.g. trade receivables, cash and cash equivalents, loans and promissory note loans as well as trade payables and other liabilities) and derivative financial instruments.

Primary financial instruments are initially recognized on the settlement date in the case of regular way purchases or sales, while derivative financial instruments are initially recognized on the trade date.

A financial asset or financial liability not subsequently measured at fair value through profit or loss ("FVTPL") is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue. Trade receivables without a significant financing component are initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through OCI ("FVOCI"), or FVTPL.

Financial assets are classified as subsequently measured at amortized cost if they are not designated as at FVTPL and:

–they are held within a business model whose objective is to collect contractual cash flows; and

–the contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets in the "at amortized cost" category particularly include trade receivables (not including factoring), other receivables and cash and cash equivalents.

Certain portfolios of trade receivables of the Group are subject to factoring agreements, for which part of the receivables are sold. These portfolios of receivables are measured at FVOCI.

All other financial assets not measured at amortized cost or FVOCI are measured at FVTPL.

On initial recognition, financial liabilities are classified as subsequently measured at amortized cost or at FVTPL. A financial liability is classified as measured at fair value through profit or loss if it is classified as held-for-trading or designated as such on initial recognition. Other financial liabilities are subsequently measured at amortized cost under the effective interest method. When applying the effective interest method, all directly attributable fees, fees paid or received, transaction costs and other premiums or discounts included in the calculation of the effective interest rate are amortized over the expected term of the financial instrument. Interest income and expenses from the application of the effective interest method are recognized in the income statement under interest income or interest expenses.

The Group’s trade and other payables and liabilities to banks are subsequently measured at amortized cost. The Group’s contingent consideration liability is measured at FVTPL.

Financial assets and financial liabilities are reported gross. They are only offset if there is a legally enforceable right to offset the amounts at the present time and the intention is to settle on a net basis.

Impairment of financial assets and contract assets

The Group recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost and on contract assets.

The Group measures loss allowances for trade receivables and contracts assets at an amount equal to lifetime expected credit losses (simplified approach).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The calculation of expected credit losses is based on a provision matrix. Loss rates are calculated under a ‘roll rate’ method based on the probability of a receivable migrating through successive stages to write-off. Roll rates are calculated separately for exposures based on homogenous credit risk characteristics and differentiated by geographical region.

In case of significant changes in credit risk indicated by forward looking information, the group adjusts the historical roll rates by a scaling factor for forward looking information. The scaling factor is based on the change of the 5Y benchmark credit default swap spread of the average rating of the Group’s debtors over a defined period.

The Group considers that financial assets in the general approach have a low credit risk when its credit risk rating is equivalent to an investment grade rating. The impairment on cash and cash equivalents is calculated using the 12-month expected loss basis that reflects the short maturities of the exposures. The Group applies a low credit risk assumption to its cash and cash equivalents.

The Group considers a financial asset to be in default, when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held). At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired, when one of more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

–significant financial difficulty of the debtor

–a breach of contract such as default

–the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise

–it is probable that the debtor will enter bankruptcy or other financial reorganization

–the disappearance of an active market for a security because of financial difficulties

–presentation of allowances for ECL in the statement of financial position

–loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Derecognition

A financial asset is derecognized when the contractual rights to receive cash flows from the asset have expired or the rights to receive the cash flows and all material risks and rewards incidental to ownership of the financial asset have been transferred to another company. Derecognition does not take place if all material risks and rewards are retained or if control over the asset is retained in the event of risk sharing.

Financial liabilities are derecognized when all contractual obligations have been fulfilled, canceled or have expired.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include amounts exceeding 360 days past due or deterioration of the financial condition of the customer, including bankruptcy and insolvency. Financial assets that are written off could still be subject to enforcement activities on order to comply with the Group’s procedures for recovery of amounts due.

Financial assets are derecognized if they are uncollectible, for example as a result of the conclusion of insolvency proceedings.

k) Income taxes

The tax expense for the period comprises current and deferred taxes. Taxes are recognized in profit or loss unless they relate to items that are recognized directly in equity or in other comprehensive income. In this case, the taxes were recognized in equity or in other comprehensive income.

Current tax assets and liabilities are determined in accordance with the tax regulations applicable on the reporting date.

Current tax assets and liabilities may only be offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the tax assets and liabilities relate to income taxes levied by the same taxation authority either on the same taxable entity or on different taxable entities that intend to settle or realize significant amounts of tax liabilities or tax assets in each future period in which they are expected to be settled or realized.

Deferred taxes are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred taxes are recognized for temporary differences between the carrying amounts under IFRS and the tax bases of assets and liabilities as well as for tax loss carryforwards. Deferred taxes are not recognized for temporary differences arising from the initial recognition of an asset or liability if the assets or liabilities result from a transaction that is not a business combination and, at the time of the transaction, has affected neither the pre-tax result nor the taxable income.

The Group recognizes deferred tax assets only to the extent that it is probable that the deductible temporary differences and the unused tax losses and tax credits can be offset against future taxable income. Deferred tax assets are tested for impairment on each reporting date.

Deferred tax liabilities arising from temporary differences in connection with investments in subsidiaries, associates and interests in joint arrangements are recognized unless the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Unrecognized deferred tax assets are reviewed at each reporting date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are currently expected to apply in accordance with the current legal situation.

Deferred tax assets and deferred tax liabilities are offset if they relate to the same tax authority and the same taxable entity or a group of different taxable entities that are assessed jointly for income tax purposes.

In accordance with IAS 1.65, deferred taxes are recognized as non-current.

I) Provisions

Provisions are recognized for a present obligation that results from a past event and where there is a probable outflow of economic benefits to settle the liability whose amount can be reliably estimated.

Provisions are recognized at the best estimate of the amount required to settle the obligations.

Provisions are presented separately in the consolidated statement of financial position as either current or non-current. Non-current provisions are recognized at present value if the effect of discounting is material.

m) Business Combinations

Business combinations are accounted for using the acquisition method. The acquirer recognizes all identifiable assets acquired and liabilities assumed at the acquisition date, measured at fair value. Any non-controlling interest in the acquiree is measured either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets.

The costs incurred in connection with the business combination are recognized as an expense.

If the fair value of the net assets acquired exceeds the total consideration transferred, the difference is recognized in profit or loss.

n) Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS accounting standards requires discretionary decisions and assumptions to be made about future events that affect the Group’s accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group’s risk management where appropriate. Revisions to estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Revenue: Contract assets and contract liabilities from revenue recognition over time according to the stage of completion are based on assumptions about the expected total project costs.
- Leases: The determination of lease term is based on the Group’s assessment of whether the Group, as a lessee, is reasonably certain to exercise extension options.
- Membership Capital: The company has issued A preference membership interests which include a fixed annual yield of 8.5%. A critical judgement was made in determining if these instruments meet the definition of an equity instrument under IAS 32. The key factor in this assessment is that the members and the management board have agreed that the management board retains full and complete discretion to withhold its approval for any distributions of membership interests to current and former members as agreed in the membership agreement (which is the agreement that prevails any other organizational documents in case of inconsistencies between the membership agreement and another organizational document). Accordingly, there is no contractual obligation to deliver cash or another financial asset to the holders, nor is there a contractual obligation to redeem the instruments at the option of the holder or upon the occurrence of a future event that is beyond the control of the entity. Based on the substance of the contractual terms and the rights and obligations arising from them, management has concluded that the instruments should be classified as equity instruments in accordance with IAS 32.

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year is included in the following notes:

- Intangible assets: Impairment tests are carried out annually for all cash-generating units that contain goodwill. The impairment tests are based on assumptions regarding the development of cash flows and the weighted average cost of capital (WACC) of the respective unit.
- Provisions: Provisions are based on assumptions and estimates regarding the occurrence, amount and timing of the respective obligations.
- Business combination: Fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed are measure on a provisional basis.

For measurement of fair values, refer to Note 23. Financial instruments and financial risk management.

4. Changes in accounting standards and methods

New or amended IFRS not applied

By the date of preparation of these consolidated financial statements, the IASB and IFRIC had published new accounting standards whose first-time application is not required or permitted until after the reporting date for these consolidated financial statements. Below the regulations and the expected effects of their application on the consolidated financial statements:

Standard or amendment	Description	Effective date
Amendments to IAS 21	Amendment for lack of exchangeability of certain currencies	1 January 2025
	The impact of the amendments on the consolidated financial statements and the notes to the consolidated financial statements had not yet been conclusively examined at the time of issuance of the consolidated financial statements for the financial period ended 31 December 2024.	

Standard or amendment	Description	Effective date
Amendments to IFRS 9, IFRS 7	Classification and disclosure for financial instruments with contingent features	1 January 2026
	The impact of the amendments on the consolidated financial statements and the notes to the consolidated financial statements had not yet been conclusively examined at the time of issuance of the consolidated financial statements for the financial period ended 31 December 2024.	
Amendments to IFRS 9, IFRS 7	Amendments to improve reporting on the financial effects of nature-dependent electricity contracts	1 January 2026
	The impact of the amendments on the consolidated financial statements and the notes to the consolidated financial statements had not yet been conclusively examined at the time of issuance of the consolidated financial statements for the financial period ended 31 December 2024.	
IFRS 18	Presentation and disclosure in financial Statements: Disaggregation of information in income and cash flow statement	1 January 2027
	As of the reporting date, the Company had not yet completed its assessment of the impact of the standard, but it is expected that the presentation of the consolidated income statement will change significantly and that further disclosures will be made in the notes to the consolidated financial statements.	
IFRS 19	Disclosure requirements for subsidiaries without public accountability	1 January 2027
	The impact of the standard on the notes to the consolidated financial statements had not yet been conclusively examined at the time of issuance of the consolidated financial statements for the financial period ended 31 December 2024.	

II. Notes to the consolidated income statement

5. Revenue

The following table provides an overview of revenue from contracts with customers, disaggregated by major products groups:

(in millions of €)	11 March to 31 December 2024
Synthetic turf	242
Polyurethane surfaces	134
Industrial applications	35
Total	411

The percentage of revenue that was realized over time was 46 % in 2024 (€ 187 million).

The following table provides information about contract assets and contract liabilities from contracts with customers.

(in millions of €)	31 December 2024
Contract assets	10
Contract liabilities	10

The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The majority of the Group’s contracts have an expected duration of one year or less; for contracts with an expected duration of one year or more, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period is € 1 million.

6. Other operating income

(in millions of €)	11 March to 31 December 2024
Income from foreign currency translation	3
Other	2
Total	5

7. Other operating expenses

(in millions of €)	11 March to 31 December 2024
Transaction and acquisition related expenses	37
Distribution and freight expenses	13
Advertising and travel expenses	8
Legal and consultancy fees	6
Repair and maintenance costs	5
IT costs	3
Leasing costs	3
Insurance expenses	3
Foreign currency translation expenses	3
Fuel costs	2
Packaging expenses	2
Warranty costs	2
Other expenses	12
Total	99

8. Financial result

The financial result includes the following income and expenses:

(in millions of €)	11 March to 31 December 2024
Income	
Foreign currency gain	26
Other interest and similar income	0
Expenses	
Foreign currency loss	-13

(in millions of €)	11 March to 31 December 2024
Interest expense	-19
Accrued interest on provisions and liabilities	0
Fair value loss on financial assets measured at FVTPL	-6
Total	-11

The financial result includes gains and losses from foreign currency relating to refinancing. Furthermore, the financial result also includes interest expenses from financial liabilities that were not measured at fair value through profit or loss, which mainly relates to the term loan of the Senior Facilities Agreement.

9. Share-based payment arrangements

In 2024, the Management Equity Plan ("MEP") was established. The MEP is an equity-settled share-based payment arrangement allowing members of the key management personnel and other senior management employees to acquire a specific and individual number of ordinary membership interests in the Group through their limited partnership interests in an intermediate investment partnership for an issue price of € 1.0 per share. The Group itself does not have an obligation to settle. The rights to those instruments were granted and will be settled by the investment partnership in its capacity as a shareholder. Therefore, the Group accounts for these share-based payments as equity settled.

The purpose of the MEP is to align the interests of management with those of the shareholders by providing incentives to improve Group's performance on a long-term basis, thereby increasing shareholder value.

As part of the MEP, which was granted on 27 September 2024, a total of 703,125 C ordinary membership interests and a total of 703,125 D ordinary membership interests, in total 0.4 % of the Group's outstanding membership capital, were issued and are attributable to MEP participants. Both classes of membership interests contain certain vesting conditions. C ordinary membership interests vest fully with an exit. KPS has a call option to repurchase the ordinary membership interests in case of a leaver event. In case of a good leaver the repurchase price depends on the vesting percentage of the membership interests and will be fair market value for all vested membership interests. However, in case of unvested membership interests of a good leaver or in case of a bad leaver, the repurchase price is the lower of fair market value and subscription price. D ordinary membership interests vest upon an exit between 0 % and 100 % based on the return of that exit.

The fair value of the equity instruments granted has been derived based on a binominal tree model on the value development of the Group with an expected time to exit of 5 years by assuming a riskfree rate of 2.1 % and an expected equity volatility of 55.0 %. Expected equity volatility was determined by analyzing historical equity volatility of peer companies over a 5-year period. Additionally, a dividend yield of nil was used, as dividends do not affect the payouts. The total amount of personnel expense shall be recognized over the respective vesting periods on a pro rata basis.

The Group recognized employee benefit expense of € 1 million related to equity-settled sharebased payment transactions.

10. Income taxes

Current and deferred tax expense

(in millions of €)	11 March to 31 December 2024
Current tax expense/income	-1
Corporate income tax	-1
Global minimum top-up tax	0
Deferred tax expense/income	7
Origination and reversal of temporary differences	7
Changes in tax rates	0
Tax expense/income on continuing operations	6

Reconciliation of effective tax rate

	11 March to 31 December 2024	
	(in %)	(in millions of €)
Net loss before tax		-51

	11 March to 31 December 2024	
	(in %)	(in millions of €)
Expected tax using the Company’s domestic tax rate	25.8 %	13
Effect of tax rates in foreign jurisdictions	-2.0 %	-1
Tax effect of:		
Non-deductible expenses	-11.8 %	-6
Tax-exempt income	5.9 %	3
Current-year losses for which no deferred tax asset is recognized	-9.8 %	-3
Other impact		0
Total	11.8 %	6

The group uses the tax rate applicable in Netherlands (registered seat of Ace Holdings Cooperatief U.A.) to calculate the expected tax expense.

Deferred Taxes

As of 31 December 2024, deferred tax assets amounted to € 27 million and deferred tax liabilities amounted to € 96 million. The deferred taxes arise mainly from the purchase price allocation in connection with the acquisition of the Sport Group business.

Movement in deferred tax balances

(in millions of €)	Net balance at 11 March 2024	Recognized in profit or loss	Recognized as part of business combinations
Property, plant and equipment	-	1	-33
Intangible assets	-	4	-55
Financial Assets	-	0	-1
Trade and other receivables	-	-1	-1
Inventories	-	1	5
Contract assets	-	3	-3
Financial liabilities (non-current)	-	-3	8
Other non-current liabilities	-	-1	0
Financial liabilities (current)	-	0	2
Contract liabilities	-	-2	-1
Employee benefits	-	0	1
Other current liabilities	-	0	1
Other items	-	1	-1
Tax loss/interest carried forward	-	4	1
Tax assets (liabilities) before set-off	-	7	-77
Set-off of tax	-	-	-
Net tax assets (liabilities)	-	7	-77

(in millions of €)	Balance at 31 December 2024 Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-32	-	32
Intangible assets	-51	2	53
Financial Assets	-1	-	1
Trade and other receivables	-2	-	2
Inventories	6	6	-
Contract assets	-	-	-
Financial liabilities (non-current)	5	9	4
Other non-current liabilities	-1	-	1
Financial liabilities (current)	2	2	
Contract liabilities	-3	-	3
Employee benefits	1	1	-
Other current liabilities	1	1	-
Other items	-	-	-
Tax loss/interest carried forward	5	5	-
Tax assets (liabilities) before set-off	-70	27	96
Set-off of tax	-	-26	-26
Net tax assets (liabilities)	-70	1	70

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	11 March to 31 December 2024	
(in millions of €)	**Gross amount**	**Tax effect**
Deductible temporary differences	-	-
Tax losses - corporate tax	14	2
Tax losses - local tax	3	1
Tax losses - US state tax	3	0
Interest carryforward	8	2
Total	28	5

The tax losses and interest carryforwards were incurred by subsidiaries in Germany, UK, USA and France and are unused because it is not likely that they generate taxable income in the foreseeable future. Tax losses and interest carryforwards can be utilized indefinitely.

See Note 3.k) Income taxes for information about recognized tax losses and related significant judgements applied.

Outside Basis Differences

Outside Basis Differences result from differences between the equity of a consolidated entity and its tax base at the level of its shareholders. These differences may result in additional tax expenses at shareholder level once realized. Outside basis differences can arise from dividend distributions or sales.

The Group controls the reversal of temporary differences related to taxes chargeable on dividends from subsidiaries or gains upon their disposal. No deferred tax liability was recognized as the dividends distributed in 2025 do not result in an additional tax charge.

Global minimum top up tax

With regard to an exposure of any additional current tax expenses due to implemented Pillar Two legislation, the Group internally carried out an assessment whether there might be the need to account for any potential Pillar Two income taxes at the end of the reporting year 2024.

According to this assessment on CbCR-based financial figures, the Group currently is not subject to global minimum top-up tax effects in the respective legislations in which the Group's entities have legal presence or are performing otherwise business activities.

The Group has applied a temporary relief from deferred tax accounting for the impacts of the topup tax and accounts for it as a current tax when it is incurred.

III. Notes to the consolidated statement of financial position

11. Property, plant and equipment

(in millions of €)	Land and buildings	Right-of-use assets on Land and buildings	Technical equipment and machinery	Other equipment, operating and business equipment
Acquisition and production costs				
Balance at 11 March 2024	-	-	-	-
Additions	0	2	4	3
Acquisitions through business combinations	28	40	115	34
Disposals	-	-	-4	-1
Reclassification	0	-	3	1
Exchange rate effects	0	0	2	1
Balance at 31 December 2024	28	42	121	37
Accumulated depreciation				
Balance at 11 March 2024	-	-	-	-
Depreciation	1	4	8	3
Disposals	-	-	-3	-1
Reclassification	0	-	-0	0
Exchange rate effects	0	0	1	0
Balance at 31 December 2024	1	4	5	2
Carrying amount				
At 11 March 2024	-	-	-	-
At 31 December 2024	27	38	115	35

(in millions of €)	Right-of-use assets on other equipment	Advance payments and assets under construction	Total
Acquisition and production costs			
Balance at 11 March 2024	-	-	-

(in millions of €)	Right-of-use assets on other equipment	Advance payments and assets under construction	Total
Additions	2	2	13
Acquisitions through business combinations	4	7	227
Disposals	-	-0	-5
Reclassification	-	-5	-0
Exchange rate effects	0	-0	3
Balance at 31 December 2024	6	5	239
Accumulated depreciation			
Balance at 11 March 2024	-	-	-
Depreciation	1	0	17
Disposals	-	-0	-5
Reclassification	-	-	-0
Exchange rate effects	0	-	1
Balance at 31 December 2024	1	-	13
Carrying amount			
At 11 March 2024	-	-	-
At 31 December 2024	5	5	225

12. Intangible assets

(in millions of €)	Goodwill	Internally generated industrial property rights and similar rights and assets	Tradenames	Customer relationship
Acquisition and production costs				
Balance at 11 March 2024	-	-	-	-
Additions	-	4	0	0
Acquisitions through business combinations	222	33	135	53
Effect of movements in exchange rates	7	1	6	2
Balance at 31 December 2024	229	37	140	54
Accumulated amortization and impairment losses				
Balance at 11 March 2024	-	-	-	-
Amortization	-	6	4	1
Impairment loss	-	0	-	-
Reversal of impairment loss	-	-	-	-
Effect of movements in exchange rates	-	0	1	0

(in millions of €)	Goodwill	Internally generated industrial property rights and similar rights and assets	Tradenames	Customer relationship
Balance at 31 December 2024	-	6	5	2
Carrying amount				
Balance at 11 March 2024	-	-	-	-
At 31 December 2024	229	31	136	53
(in millions of €)	**Technologies**	**Others**	**Prepayments**	**Total**
Acquisition and production costs				
Balance at 11 March 2024	-	-	-	-
Additions	0	0	1	5
Acquisitions through business combinations	28	5	2	478
Effect of movements in exchange rates	1	0	0	16
Balance at 31 December 2024	29	6	4	499
Accumulated amortization and impairment losses				
Balance at 11 March 2024	-	-	-	-
Amortization	3	3	-	17
Impairment loss	-	-	-	0
Reversal of impairment loss	-	-	-	-
Effect of movements in exchange rates	0	0	-	1
Balance at 31 December 2024	3	3	-	18
Carrying amount				
Balance at 11 March 2024	-	-	-	-
At 31 December 2024	26	2	4	481

Intangible assets other than goodwill relate to acquired brands, technology related to production processes, customer relationship, IT systems and associated licenses as well as other software. The company reports its internally generated intangible assets separately for projects under development, including those acquired through the acquisition of Sport Group in July 2024, in accordance with the operating structure of the Group and the origin of the projects. The amount of research and development recognized as an expense during the period was less than € 1 million.

For the purpose of impairment testing, goodwill resulting from the business combination has been allocated to those CGUs that are expected to benefit from the synergies of the business combinations. The CGUs are identified as the regions in which the Group operates. Goodwill impairment testing is carried out at the level of these CGUs.

(in millions of €)	31 December 2024
AM (Americas)	194
AP (Asia Pacific)	35
Total	229

The fair value less costs of disposal to be determined for the impairment test is calculated on the basis of a company valuation model (discounted cash flow). The calculation is based on cash flow plans approved by management and valid at the time of the impairment test. These plans are based on experience as well as expectations regarding future market developments. The growth rates are estimated individually for each CGU on the basis of general economic data for the regional market, market opportunities and past experience.

The key assumptions used in the estimation of value in use were as follows:

	AM	AP
Discount rate	14.07 %	14.51 %
Terminal value growth rate	2.0 %	2.0 %
Budgeted sales and EBITDA growth rate (average of next five years)	6.4 %	4.7 %

The sales and EBITDA growth rates are the average of the next five years. The main factors influencing impairment are sales and EBITDA and the development of the interest rate and terminal value. Expected changes in the input factors of sales, EBITDA and terminal value do not lead to an impairment requirement for any of the CGUs.

A sensitivity analysis of the recoverability of goodwill in the CGUs was carried out independently of the current and assumed economic situation. The effects of the following scenarios were examined:

- Reduction of the growth rate in the perpetual annuity to 1 %

- Increase of the discount rate by 0.5 %.

The sensitivity analyses indicate, even under the tested assumptions, that no impairment loss on goodwill should be recognized for any CGU as of 31 December 2024.

13. Inventories

The Group's inventories are made up as follows:

(in millions of €)	31 December 2024
Raw materials and supplies	51
Work in process	10
Finished goods	63
Total	124

Impairment losses on inventories (2024: € 0 million) are recognized in the consolidated income statement. No reversals of impairment losses were recognized during the period.

14. Other current and non-current assets

	31 December 2024	
(in millions of €)	Total	Thereof short term
Prepaid expenses	11	7
Refund claims and deposits	7	7
Receivables from the tax authority for VAT	1	1
Payments on account for inventories	1	1
Suppliers with debit balances	1	1
Total	21	17

15. Business combinations

Acquisition of Sport Group

On 8 July 2024, 100 % of the voting interests of Sport Group TopCo GmbH were acquired and all existing debt owed by Sport Group TopCo GmbH and its subsidiaries to the former owners was repaid by the acquirer. The Company was founded for the purpose of acquiring Sport Group, as described in Note 1. General information. Consideration transferred was € 338 million in cash consideration.

The Group accounted for a management bonus as a separate transaction and expensed such as incurred. For additional information see also Note 25. Related parties.

The Senior Facilities Agreement existing within the Sport Group consolidated group prior to the acquisition, including the USD portion, with the bank consortium and lead arranger Unicredit, terminated at the time of the business combination. This was treated as a separate transaction. For further details on the transaction amounts, refer to Note 18. Financial liabilities on the reconciliation of financial debt.

Total acquisition related costs incurred during the period ended 31 December 2024 was € 35 million. The acquisition costs are included in other operating expenses in the consolidated income statement. The acquisition was accounted for under the purchase method of accounting.

The purchase price has been allocated to the assets acquired and liabilities assumed based on estimated fair values of the acquisition date.

The following table summarizes the allocation of the purchase price by the Company to the fair value of assets and liabilities. Identified intangible assets include trade names, technologies, and customer relationships.

	(in millions of €)
Property, plant and equipment and right-of-use assets	227
Intangible Assets	245
Deferred tax assets	1
Other non-current assets	1
Inventories	157
Trade and other receivables	135
Contract assets	18
Current tax assets	2
Other current assets	15
Cash and cash equivalents	34
Financial liabilities (non-current)	395
Provisions (non-current)	5
Deferred tax liabilities	75
Other liabilities (non-current)	4
Trade payables	65
Financial liabilities (current)	80
Contract liabilities (current)	11
Provisions (current)	9
Employee benefits	15
Current tax liabilities	2
Other current liabilities	40
Total identifiable net assets acquired	134

	(in millions of €)
Consideration transferred	332
Goodwill	198

Goodwill arises from Sport Group’s unique vertical integration of artificial turf and polyurethane surfaces products, with capabilities across the value-chain (design, manufacturing, installation and recycling).

The fair value of the acquired receivables was € 135 million, which equates to the gross contractual receivable. The best estimate at acquisition date was that all contractual cash flows would be collected.

In the period from the date of acquisition to 31 December 2024, revenue of € 411 million and a loss of € 45 million contributed to the Group’s results. If the acquisition had occurred on 11 March 2024, management estimates that revenue of € 676 million and a net loss of € 56 million would have contributed to the Group’s results. In estimating these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on 11 March 2024.

Acquisition of Coast to Coast Turf, LLC

On 10 December 2024, 100 % of the voting interests of Coast to Coast Turf, LLC were acquired. The purpose of the acquisition was to expand the scope of Sport Group operations in the United States and further develop the Group’s value chain coverage in the installation business for the US Northwest region. Consideration transferred was € 34 million, comprised of cash consideration of € 30 million and contingent consideration of € 4 million related to an earn-out agreement.

The future earn-out payments are due in two tranches on 31 March 2026 and 31 March 2027, subject to the acquiree meeting minimum gross profit thresholds as defined in the sale and purchase agreement. The potential total future undiscounted payments range from € 0 to € 5 million. At the acquisition date, the contingent consideration is measured at fair value. The Group estimates fair value of the future earn-out payments by estimating performance of the acquiree for the next 2 years with a forecast model and discounting the resulting estimated earn-out payments by the US treasury bond yield corresponding to the future payment date. The continent consideration will be remeasured at fair value at each reporting date.

Total acquisition related costs incurred during the period ended 31 December 2024 amounted to € 2 million. The acquisition costs are included in other operating expenses in the consolidated income statement. The acquisition was accounted for under the purchase method of accounting. The purchase price has been allocated to the assets acquired and liabilities assumed based on estimated fair values of the acquisition date. The purchase price was allocated to the underlying net assets acquired equal to € 9 million, including intangible assets (€ 12 million), contract assets (€ 2 million), trade and other receivables (€ 2 million), deferred tax liabilities (€ 3 million) and trade payables and other liabilities (€ 4 million). Identified intangible assets include tradename, order backlog, and customer relationships.

The purchase price exceeded the current estimate fair value of the net assets acquired by € 25 million, which is recognized as goodwill resulting from the acquisition. Goodwill relates to certain synergies identified for the Group’s track and tennis business specific to Sport Group based on the position of Coast to Coast Turf, LLC as a distributor within the value chain.

In the period from the date of acquisition to 31 December 2024, revenue and total net loss contributed less than € 1 million to the Group’s results. If the acquisition had occurred on 11 March 2024, management estimates that revenue of € 40 million and a net income of € 4 million would have contributed to the Group’s results. In estimating these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on 11 March 2024.

16. Membership capital

The authorized and issued membership capital amounts to € 375 million and is fully paid in. The total combined payment was made on 8 July 2024. The membership capital is made up of 18,750,000 ordinary membership interests (thereof 17,343,750 B, 703,125 C and 703,125 D ordinary membership interests) and 356,250,000 A preference membership interests, at a par value of € 1 per membership interest.

Holders of ordinary membership interests are entitled to profit distributions at the discretion of the Management Board and are entitled to one vote per membership interest. All ordinary membership interests are recognized in equity and are puttable instruments. Additional details on the amounts of the individual types of membership capital can also be found in Note 9. Share-based payment arrangements. Upon redemption of the instruments, the amounts recognized in equity would be repaid.

Holders of preference membership interests are entitled to profit distributions at the discretion of the Management Board and are preferred in the order of distributions compared to ordinary membership interests. Furthermore, the preference membership interests carry a fixed annual compounding return of 8.5 % ("yield"). These interests do not have voting rights.

In the event of a distribution, payment of distributions to holders of preference membership interests shall be made in the following order: first, payment of any accrued but unpaid yield and second, payment equal to the subscription price paid. Thereafter, any remaining amounts of a declared distribution are paid to holders of ordinary membership interests.

As at 31 December 2024 the unpaid compounded yield amounted to € 8 million.

17. Capital management

The Group endeavors to manage its capital base in such a way that the operational growth of the business operations is supported at all times by securing sufficient liquidity and capital resources to meet the Group's financial obligations.

The Group’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to holders of ordinary membership interests. The Group’s capital management policy seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

Additionally, the Group manages its capital to safeguard that the Group will be able to continue as a going concern. The capital structure of the Group consists of cash and cash equivalents, borrowings, membership capital held through ordinary and preference membership interests, reserves and results carried forward in retained earnings as described in the consolidated statement of changes in equity.

18. Financial liabilities

(in millions of €)	31 December 2024
Bank loans	398
Lease liabilities	34
Hire purchase liabilities	11
Contingent consideration	4
Non-current financial liabilities	447
Current portion of bank loans	50
Current portion of lease liabilities	9
Current portion of hire purchase liabilities	6
Current financial liabilities	64
Total	511

Terms and repayment schedule

(in millions of €)	Currency	Nominal interest rate	Year of maturity	Book Value 31 December 2024
SFA Term loan	EUR	3M EURIBOR + 4.25 %	2031	418
SFA RCF USD	USD	1M Term SOFR + 3.75 %	2031	27
SFA RCF EUR	EUR	1M EURIBOR + 3.75 %	2031	14
Mortgage loan	EUR	2.50 %	2030	1
Other loan	MYR	KLIBOR + 2.00 %	2031	1
Lease liabilities	EUR	5.66 %	2025-2033	17
Lease liabilities	USD	7.43 %	2025-2033	13
Lease liabilities	AUD	4.14 %	2025-2032	9
Lease liabilities	MYR	5.27 %	2025-2032	3
Hire purchase liabilities	USD	6.93 %	2025-2030	8
Hire purchase liabilities	EUR	3.68 %	2025-2031	4
Hire purchase liabilities	AUD	6.96 %	2029	4
Hire purchase liabilities	PLN	8.22 %	2025-2028	0

The bank loans are secured over pledged shares and material operating bank accounts that are pledged under the Senior Facility Agreement ("SFA") as well as material structural intercompany receivables of the obligors that are pledged under the SFA.

The SFA consists of a Term Loan of € 400 million and a revolving credit facility ("RCF") of € 100 million denominated in EUR with a duration of 7 years that can be drawn also in other currencies than EUR. The RCF consists of an actual revolving facility of € 92 million as well as two ancillary lines of € 6 million and € 2 million.

The Senior Facilities Agreement includes a financial covenant for the benefit of the Original Revolving Facility only, which is linked to the Senior Secured Debt leverage. The financial covenant is only tested if the aggregate outstanding amount of all utilizations under any RCF net of cash and cash equivalents held by the Group at the testing date exceeds 40 percent of the total original revolving facility commitment.

Reconciliation of movements of liabilities to cash flows arising from financing activities

(in millions of €)	Bank loans	Other borrowings	Lease and hire purchase liabili-ties	Contingent consideration
Balance at 11 March 2024				
Changes from financing cash flows				
Proceeds from loans and borrowings	442	-	-	-
Proceeds from issue of membership interests	-	-	-	-
Repayment of borrowings	-357	-44	-	-
Payment of lease and hire purchase liabilities	-	-	-7	-
Interest paid	-33	-1	-2	-
Total changes from financing cash flows	52	-45	-9	-
Changes arising from obtaining or losing control of subsidiaries or other businesses	369	45	62	4
Effect of changes in FX rates	0	-	0	-
Other non-cash changes	7	-	-	-
New leases and hire purchases	-	-	5	-
Interest expense	17	-	2	-
Balance at 31 December 2024	447	-	60	4

Other borrowings comprise loans acquired with the acquisition of Sport Group and repaid after closing.

19. Provisions

(in millions of €)	Warranties	Pensions	Other provisions	Total
Balance at 11 March 2024	-	-	-	-
Assumed in a business combination	13	1	0	14
Additions	-	0	0	0
Utilization	1	0	-	1
Reversals	1	-	-	1
Discount	0	0	-	0
Balance at 31 December 2024	11	1	0	12
Thereof non-current	5	1	-	6
Thereof current	6	-	0	6

The provisions for warranties relate to the general assurance-type, statutory warranties provided for product defects that existed at the time of sale and represent the estimate of the Group's potential obligation for the general risk of claims by customers due to defective products.

20. Other current liabilities

(in millions of €)	31 December 2024
Accrued liabilities	30

(in millions of €)	31 December 2024
VAT payable	3
Wage tax and other taxes payable	2
Commissions payables	2
Others	2
Total other current liabilities	39

IV. Other disclosures

21. Leases

Leases as lessee

The Group has entered into various leases for production equipment, IT equipment, vehicles, warehouse and factory facilities, land and office buildings with terms ranging from 1 to 8 years.

(in millions of €)	Right-of-use assets
Balance at 11 March 2024	-
Depreciation	5
Additions	4
Additions through business combinations	44
Derecognition	-
Balance at 31 December 2024	43

Expenses relating to short-term leases in the amount of € 2 million and for low-value leases in the amount of less than € 1 million are reported within other operating expenses in the consolidated income statement.

Interest expenses of € 1 million are reported within interest expenses in the consolidated income statement.

22. Commitments and contingencies

During the reporting period, the Group entered into contracts to make purchases of property, plant and equipment totaling € 1 million, for which the delivery of the items was not yet complete and for which no liability is recognized on the consolidated statement of financial position as of 31 December 2024.

There were no material contingent liabilities or guarantees as of 31 December 2024. Further, as of 31 December 2024, the Group was not subject to litigation that could result in a contingent liability nor was the Group aware of any material litigation pending against it.

23. Financial instruments and financial risk management

Disclosures on the fair value and classification of financial instruments

The determination of the fair value for financial assets and liabilities follows a three-level hierarchy, which is based on the proximity of the valuation factors used to an active market (hereinafter referred to as the "fair value hierarchy"). A market is described as "active" if quoted prices are readily and regularly available and these prices are based on actual, regularly occurring market transactions.

–Level 1: The fair value corresponds to a quoted (unadjusted) price in active markets for identical assets and liabilities.

–Level 2: The fair value is based on either directly or indirectly observable market data for the asset or liability that do not represent quoted prices according to Level 1.

–Level 3: The fair value is based on input data that does not represent quoted prices according to Level 1 and was not derived from directly or indirectly observable market data.

Level 2 and 3 fair values are determined using valuation methods (e.g. discounted cash flow models). They correspond to the prices that would be received between independent market participants for the sale of an asset or paid for the transfer of a liability.

The fair values underlying these consolidated financial statements were determined on the basis of the market conditions prevailing on the reporting date.

Cash and cash equivalents and trade receivables, as well as current financial liabilities, trade payables and other financial liabilities, most of which have short remaining terms, are recognized at amortized cost or FVOCI. The values recognized as at the reporting date therefore correspond approximately to the fair value. Therefore, in accordance with IFRS 7.29, the fair values of such financial instruments are not disclosed. Due to the short term, the fair value of receivables sold roughly corresponds to the carrying amount of the receivables prior to the transfer.

The fair values of other financial liabilities, that are not measured at fair value, are calculated using the discounted cash flow method when fair value is Level 2. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate based on the rating information for Sport Group. The business periods covered by these consolidated financial statements do not include any reclassifications between the hierarchy levels.

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount		
31 December 2024 (in millions of €)	**Note**	**FVTPL**	**FVOCI**	**At amortized cost**
Financial assets measured at fair value				
Embedded derivatives	23	2		
Trade and other receivables subject to factoring arrangements	23		1	
Financial assets not measured at fair value				
Trade and other receivables				94
Cash and cash equivalents	23			79
Financial liabilities measured at fair value				
Contingent consideration	15, 23	4		
Financial liabilities not measured at fair value				
Bank loans	18			447
Hire purchase liabilities	18			17
Trade payables				47

			Fair Value		
31 December 2024 (in millions of €)	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value					
Embedded derivatives	2			2	2
Trade and other receivables subject to factoring arrangements	1		1		1
Financial assets not measured at fair value					
Trade and other receivables	94				
Cash and cash equivalents	79				

	Fair Value				
31 December 2024 (in millions of €)	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities measured at fair value					
Contingent consideration	4			4	4
Financial liabilities not measured at fair value					
Bank loans	447		458		458
Hire purchase liabilities	17		18		18
Trade payables	47				

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments in the statement of financial position, as well as significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Embedded derivatives (Floor and voluntary prepayment option)	The valuation employs two correlated Monte Carlo simulations to generate paths for the risk-free short rate and the credit spread, using stochastic shortrate models (Hull-White for the risk-free rate and Black Karasinski for the spread). Cash flows, including those from the prepayment option and the floor, are discounted along each path using a discount rate equal to the sum of the risk-free rate and the credit spread. At each potential call date, the issuer's decision to call the loan is evaluated by comparing the loan's market value to the call price. The optimal exercise strategy for the American-style option is determined using the Least Squares Monte Carlo (LSM) method.	Credit Spread, Credit Spread Volatility	The estimated fair value would increase (decrease) if the credit spread would be lower (higher).
Contingent consideration	The valuation is based on estimating performance of the acquiree for the next 2 years with a forecast model, discounting the resulting estimated earn-out payments by the US treasury bond yield corresponding to the future payment date.	Gross profit forecast of Coast to Coast Turf, LLC	The estimated fair value would increase (decrease) if the gross profit forecast would be higher (lower).

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

(in millions of €)	Note	Embedded derivatives	Contingent consideration
Balance as at 11 March		-	-
Assumed in a business combination	18	-	4
Issuance of debt		7	-
Net change in fair value recognized in the income statement	8	-6	-

(in millions of €)	Note	Embedded derivatives	Contingent consideration
Balance as at 31 December		2	4

Sensitivity analysis

For the fair values of embedded derivatives, reasonably possible changes at the reporting date of significant unobservable inputs, holding other inputs constant, would result in a decrease (increase) of € 1 million (€ 14 million) from a change of +100 bps (-100 bps) of the credit spread. Reasonably possible changes in the volatility of the credit spread would result in immaterial changes to the fair value measurement.

For the fair value of contingent consideration, reasonably possible changes at the reporting date of significant unobservable inputs, holding other inputs constant, would result in an increase (decrease) of € 0 million (€ 1 million) from a change of +5 % (-5 %) of the gross profit forecast of Coast to Coast Turf, LLC.

Disclosure of the net gains and losses for financial instruments

(in millions of €)	11 March to 31 December 2024
Financial assets measured at amortized cost	1
Financial assets measured at FVOCI	-
Financial liabilities measured at amortized cost	-7
Financial instruments measured at FVTPL	-6

Net gains and losses for financial assets measured at amortized cost include foreign currency translation gains and losses, interest income and impairment losses recognized on trade receivables. Net gains and losses for financial assets measured at FVOCI include derecognition effects from sales, foreign currency translation gains and losses, interest income and impairment losses. Net gains and losses for financial liabilities measured at amortized cost include foreign currency translation gains and losses and interest expenses.

Financial risk management

The principles and responsibilities for managing and controlling risks arising from financial instruments are defined by Group management in accordance with legal requirements and Group guidelines.

The Group’s risk management policies are established to identify and analyze the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group is exposed to various financial risks arising from the Group's business and financial activities. Financial risks arise from credit risks, liquidity risks, and market risks (currency risks and interest rate risks).

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group’s receivables from customers.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets (2024: less than € 1 million) are recognized in other operating expenses in the consolidated income statement.

The Group counters this risk through assessment of creditworthiness and close monitoring of receivables. In principle, the credit risk is low due to the broad customer structure. For all performance relationships underlying the original financial instruments, credit information and references are obtained or historical data from the previous business relationship, in particular payment history, is used to minimize the default risk depending on the type and amount of the respective performance.

There is no significant concentration of default risks in the Group.

Trade receivables and contract assets

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the region in which customers operate. Certain trade receivables are part of a factoring program which is explained under liquidity risk.

Management has established a process under which each new customer is analyzed individually for creditworthiness before the Group’s standard payment and delivery terms and conditions are offered. The Group’s review includes external rating, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individuals and corporate customers respectively.

In monitoring customer credit risk, customers are grouped according to their geographic location.

There is no significant concentration of risk in trade receivables due to the Group's diversified customer structure.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivables or contract assets for which no loss allowance is recognized because of collateral.

Loss allowances on trade receivables and contract assets are recognized in accordance with the simplified approach of IFRS 9. The expected credit losses are calculated using an impairment matrix depending on the past due status of the receivables. The underlying default rates were established based on historical experience and current expectations. Depending on the diversity of the customer structure, appropriate groupings (e.g. by geographical area, type of business, etc.) can be used.

The Group assesses its exposure to credit risk for trade receivables and contract assets by estimating a weighted average loss rate for time bands ranging from current (0.32 % loss rate) to >12 months past due (16.79 % loss rate). The total estimated allowance for impairment losses recognized as at 31 December 2024 is € 1 million, the majority of which arises from trade receivables >12 months past due. Loss rates are based on actual credit loss experience of Sport Group over the past three years prior to the acquisition by the Company.

The movement in the allowance for impairment losses in respect of trade receivables and contract assets during the year was as follows:

(in millions of €)	Loss allowance on trade receivables and contract assets
Balance at 11 March	-
Amounts written off	0
Net remeasurement of loss allowance recognized in the income statement	0
Changes arising from business combinations	1
Balance at 31 December	1

Cash and cash equivalents

The Group held cash and cash equivalents of € 79 million at 31 December 2024. The cash and cash equivalents are mainly held with bank and financial institution counterparties, which have investment grade ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. No expected credit losses from cash and cash equivalents were recognized during the period due to immateriality.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressful conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 3 months. Cash amounts subject to restrictions imposed by certain counterparties (2024: less than € 1 million) are not excluded when calculating the ratio for the current period.

The Group also monitors the level of expected cash inflows on trade and other receivables, together with expected cash outflows on trade and other payables. At 31 December 2024, the expected cash inflows from trade and other receivables maturing within 3 months were € 63 million and the expected cash outflows from trade and other payables due within two months were € 25 million. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Additionally, the Group participates in a factoring program in which the trade receivables are sold to a financial service provider. The program is used for the principal purpose of facilitating efficient payment processing. Based on the terms and conditions, the program is structured as nonrecourse factoring and trade receivables in the currencies EUR, GBP and USD are bought by the financial service provider. The factoring exposure at year end represents € 6 million, GBP 1 million GBP and USD 1 million (in total € 8 million). Based on the contractual terms of the factoring program, all receivables in the factoring program are subject to late payment risk and receivables in foreign currency are exposed to foreign currency risk. The program allows the Group to centralize payments of trade receivables to a certain extent and regulate the Group’s cash flows as inflows can be controlled as a result of the sale of certain accounts receivable to the factor. Under the terms and conditions of the factoring program and taking materiality considerations into account, all risk and rewards associated with ownership of the financial asset are substantially transferred to the financial service provider and the corresponding trade receivables are derecognized. At 31 December 2024, outstanding receivables in the amount of € 1 million were sold but not paid yet.

In addition to effective working capital and cash management, the Group reduces liquidity risk through unutilized credit lines.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

31 December 2024		Contractual cash flows			
(in millions of €)	Carrying amount	Total	1 year or less	Between 1 and 5 years	More than 5 years
Contingent consideration	4	5	-	5	-
Bank overdrafts	0	0	0	-	-
Bank loans	447	649	72	123	454
Lease and hire purchase liabilities	60	71	18	41	11
Trade payables	47	47	47	-	-
Non-derivative financial instruments	555	1,279	137	677	465

Repayment structures of the above remain unchanged and are not affected by covenants for the bank loan. Interest payments of the Facility B2 loans are affected by the covenant that is the consolidated senior secured debt ratio and is changing by +/-25 bps depending on the consolidated senior secured debt ratio.

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates and interest rates - will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily EUR and USD. The currencies in which these transactions are primarily denominated are USD and EUR.

The translation of the business figures and balance sheets of foreign subsidiaries into euros can give rise to risks that can only be hedged to a limited extent.

Exposure to currency risk

The summary quantitative data about the Group’s exposure to currency risk as reported to the management of the Group is as follows:

The net statement of financial position exposure in EUR is € 291 million and covered by secured bank loan of € 290 million and € 1 million of trade receivables.

The net statement of financial position exposure in USD to EUR is the equivalent of € 6 million, as € 4 million of cash in USD and € 2 million of trade receivables in USD stand against € 0 million of trade payables in USD.

There are further exposures in other currencies at insignificant amounts.

Risk concentration for the Group occurs when one driver is present that is responsible for driving the vast majority of the overall currency or interest risk. Since the majority of the currency risk exposure is related to the secured bank loan of € 290 million denominated in EUR but located in functional currency USD, Management focused on the sensitivity analysis for this instrument applying a year-end spot rate of 1.03890 EUR/USD.

Sensitivity analysis

A reasonably possible strengthening or weakening of the main foreign currencies against the Euro at 31 December 2024 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss		Equity, net of tax	
(in millions of €)	Strengthening	Weakening	Strengthening	Weakening
USD (10 % movement)	28	-28	-	-

Interest rate risk

The Group adopts a policy of ensuring that between 5 and 10 percent of its interest rate risk exposure is at a fixed rate. This is achieved by entering into fixed-rate instruments.

For interest risk, the secured bank loans of € 414 million located in Germany and the USA are driving more than 90 % of the Group’s interest risk as they are variable instruments and linked to the EURIBOR rates. Therefore the Group has an interest risk concentrated in the EURIBOR rates.

Sensitivity analysis

A reasonably possible change of 100 basis points in interest rates at 31 December 2024 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant. The amounts in the table below represent the changes related to EUR instruments linked to the EURIBOR rates.

	Profit or loss		Equity, net of tax	
(in millions of €)	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**50 bp decrease**
Variable-rate instruments	-4	4	-	-
Embedded derivatives	1	-3	-	-
Total	-4	4	-	-

24. List of shareholdings

The following is a list of the Group’s shareholdings as at 31 December 2024.

Subsidiary	Location	Country	Method of inclusion	Capital share in %
Ace Holdings I B.V.	Amsterdam	Netherlands	Consolidated	100.00
Ace Holdings II B.V.	Amsterdam	Netherlands	Consolidated	100.00
Ace Holdings III B.V.	Amsterdam	Netherlands	Consolidated	100.00
Sport Group HoldCo GmbH	Burgheim	Germany	Consolidated	100.00
Ace Bidco Inc.	Wilmington	USA	Consolidated	100.00
Sport Group GmbH	Garching	Germany	Consolidated	100.00
Sport Group TopCo GmbH	Burgheim	Germany	Consolidated	100.00
Sport Group Holding GmbH	Burgheim	Germany	Consolidated	100.00
POLYTAN GmbH	Burgheim	Germany	Consolidated	100.00
Polytan Service GmbH	Burgheim	Germany	Consolidated	100.00
FormaTurf GmbH	Essen	Germany	Consolidated	100.00
Sports Building Material Trading Shanghai Company Ltd.	Shanghai	China	Consolidated	100.00
Sport Group Asia Pte. Ltd.	Singapore	Singapore	Consolidated	100.00
AFN Sports Equipment SDN, BHD	Kapar, Selangor	Malaysia	Consolidated	100.00
POLYTEX Sportbelage Produktions-GmbH	Grefrath	Germany	Consolidated	100.00
Polytan Sports Surfaces (UK) Limited	Leicestershire	UK	Consolidated	100.00
Moller GmbH	Krailling	Germany	Consolidated	100.00
Polytan Scandinavia AB	Stockholm	Sweden	Consolidated	100.00
GEP Immobilien GmbH & Co. KG	Burgheim	Germany	Consolidated	100.00

Subsidiary	Location	Country	Method of inclusion	Capital share in %
GEP Beteiligungs GmbH Gamma	Burgheim	Germany	Consolidated	100.00
PolyComp Holding GmbH	Melle	Germany	Consolidated	100.00
SYNLawn Europe GmbH	Gutersloh	Germany	Consolidated	100.00
Melos GmbH	Melle	Germany	Consolidated	100.00
Melos Grundstücks Verwaltungs GmbH	Melle	Germany	Consolidated	100.00
Unirubber Sp.zo.o.	Wegliniec	Poland	Consolidated	100.00
Polytan France SAS	Amiens	France	Consolidated	100.00
Sportfield France SAS	Amiens	France	Consolidated	100.00
APT Advanced Polymer Technology Corporation	Harmony	USA	Consolidated	100.00
APT ASIA PACIFIC PTY LTD.	Dandenong	Australia	Consolidated	100.00
POLYTAN ASIA PACIFIC PTY LTD	Dandenong	Australia	Consolidated	100.00
Polytan QLD Pty Ltd.	Dandenong	Australia	Consolidated	100.00
Sports Technology International (Asia) Ltd.	Hong Kong	China	Consolidated	100.00
POLYTAN NZ LIMITED	Auckland	New Zealand	Consolidated	100.00
POLYTAN ASIA LIMITED	Hong Kong	China	Consolidated	100.00
AstroTurf Corp.	Dalton	USA	Consolidated	100.00
Synthetic Turf Resources Corp.	Dalton	USA	Consolidated	100.00
ProGrass West Inc.	Sharpsburg	USA	Consolidated	100.00
New APT Advanced Polymer Technology Corp.	Harmony	USA	Consolidated	100.00
Fairmont Industries Sdn Bhd	Klang	Malaysia	Consolidated	100.00
AstroTurf Construction Corp.	Dalton	USA	Consolidated	100.00
Coast To Coast Turf, LLC	Spokane	USA	Consolidated	100.00

25. Related parties

Related parties within the meaning of IAS 24 are natural persons and companies that can be influenced by the Group, that can exert a significant influence on the Group or that are under the influence of another related party of the Group.

The Group’s transactions with related parties are concluded on an arm’s length basis unless otherwise noted.

Parent and ultimate controlling party

KPS Fund Investors V Lt. is the parent and ultimate controlling party of the Group.

Transactions with key management personnel

Key management personnel refers to those persons that have authority for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity.

Key management personnel compensation comprised the following categories and mainly consisted of salaries, variable bonus compensation, and share-based payments. Variable bonus compensation for key management personnel is based on company key figures such as EBITDA or cashflows.

(in millions of €)	11 March to 31 December 2024
Short-term employee benefits	1
Post-employment benefits	-
Other long-term benefits	0
Share-based payments	0
Total	1

During the year, certain members of key management personnel acquired an indirect investment in the Group, in total 0.3 % of the Group’s outstanding membership capital consisting of preference membership interests and ordinary membership interests, through a limited partnership. Through the limited partnership certain members of key management personnel also receive share-based compensation. Share-based payments expense related to key management personnel amounted to less than € 1 million during the period from 11 March 2024 to 31 December 2024. Refer to Note 9. Share-based payment arrangements and Note 16. Membership capital.

As a result of the acquisition of Sport Group on 8 July 2024, a loan from a subsidiary to one key management person was acquired by the Group. The loan amounted to less than € 1 million and was fully repaid on 7 August 2024.

Outstanding balances related to key management personnel as at 31 December 2024 include payables for short-term bonuses and vacation accruals (€ 1 million).

Other related party transactions

As at 31 December 2024, the Company and Ace Holdings III B.V. held other receivables from a related party directly owned by the Group's ultimate controlling party, amounting to less than € 1 million, included within trade and other receivables on the balance sheet.

Management Services Agreement

A Management Services Agreement signed between KPS Management V, LLC ("KPS"), the Company, and Sport Group GmbH has been entered into within the business combination in 2024.

Services provided include general business advice (process engineering, budget preparation, competitive positioning, continuous improvement), advice and consultation regarding management retention and compensation, identifying and structuring bank, institutional and other sources of financing including arranging appropriate introductions and assistance with formulating financing proposals and other consulting advice.

Within the Management Services Agreement described above KPS provides its services on an ongoing basis. In the period from 11 March to 31 December 2024, the KPS Monitoring Fee amounted to € 1 million and other transaction fees incurred and due to KPS amounted to € 23 million. There were no payable amounts outstanding as at 31 December 2024.

26. Events after the reporting date

On 8 January 2025, the Group increased its existing term loan facility by € 100 million. This increase is intended to support the Group's strategic initiatives, including the recent acquisition of Atlantic Sports Group, LLC, Delaware, USA, General Acrylics LLC, Delaware, USA, and other growth opportunities. The revised terms of the loan facility include a lower margin dropping from 4.25 % to 4.00 %. The consolidated senior debt ratio for each margin ratchet remained unchanged. The financial impact of this increase will be reflected in the Group's consolidated financial statements for the year ending 31 December 2025.

Business combinations after the reporting date

On 17 January 2025, the Group completed the acquisition of 100 % of the shares in Atlantic Sports Group, LLC, Canton, MA, USA. The purchase consideration amounted to € 7 million, which was settled in cash. This acquisition is expected to improve capture of value chain in key US North-East region through increased capacity of artificial, leisure, and landscaping turf installation contributing to strategic growth objectives. Total acquisition related costs incurred related to the transaction amount to € 1 million.

On 5 February 2025, the Group completed the acquisition of 100 % of the shares in General Acrylics, LLC, Phoenix, AZ, USA. The purchase consideration amounted to € 28 million, which was settled in cash. This acquisition is expected to accelerate US South-West expansion through increased installation capacity of artificial turf, courts and tracks contributing to strategic growth objectives. Total acquisition related costs incurred related to the transaction amount to € 2 million.

The financial effects of these transactions have not been recognized as of 31 December 2024. The operating results and assets and liabilities of the acquired entities will be consolidated from the respective acquisition dates. Preliminary purchase price allocations have not yet been completed as the analysis and integration of the acquired entities’ results is ongoing and the fair value of the acquired assets at the acquisition date is currently being determined. Due to the short time that has elapsed since the acquisitions, reliable information cannot be provided in accordance with all requirements of IFRS 3.B64(f) to (q), as this information was not fully available at the time the financial statements were authorized for issuance.

Changing tax regulations in Germany and USA

On 11 July 2025, the German Federal Council approved the law for a tax investment program. The so called "Gesetz fur ein steuerliches Investitionssofortprogramm zur Starkung des Wirtschaftsstandorts Deutschland" includes, among other things, a gradual reduction in the corporate tax to 10 % from 2032 onwards. At this point in time, the group is analyzing the potential impacts arising from this change in regulations on the next fiscal year.

Furthermore, the "One Big Beautiful Bill Act" was passed in the US on 4 July 2025. The impact on the Group in the US is currently being analyzed.

Amsterdam, 31 July 2025

Management Board of Ace Holdings Coöperatief U.A.

Florian Küppers

Tim de Kogel

Company Financial Statements

Short financial year from 11 March 2024 to 31 December 2024

Ace Holdings Coöperatief U.A.

KVK 93213875

Company income statement

(in millions of €)	11 March to 31 December 2024
Loss after income tax	-1
Share in result of subsidiaries after tax	-44
Net loss	-45

Company statement of financial position

(before appropriation of result)

(in millions of €)	Notes	31 December 2024	11 March 2024
ASSETS			
Financial assets	1.2	336	-
Total non-current assets		336	-
TOTAL ASSETS		336	-
EQUITY AND LIABILITIES			
Membership capital	1.3	375	-
Reserves		5	-
Result for the period		-45	-
TOTAL EQUITY	2	335	-

(in millions of €)	Notes	31 December 2024	11 March 2024
Other current liabilities		1	-
Total current liabilities		1	-
TOTAL LIABILITIES		1	-
TOTAL EQUITY AND LIABILITIES		336	-

Notes to the company financial statements for the short financial year from 11 March 2024 to 31 December 2024

1. Accounting policies

1.1. General

Ace Holdings Coöperatief U.A. (the "Company"), a Cooperative with excluded liability, was incorporated under the laws of the Netherlands on 11 March 2024 (registration number: 93213875). The statutory seat of the Cooperative is in Amsterdam, the Netherlands, the registered office address of the Cooperative is at Honthorststraat 19, 3rd floor, 1071 DC, Amsterdam, the Netherlands.

The Company Financial Statements have been prepared in accordance with Title 9 of Book 2 of the Dutch Civil Code. The Company statement of profit and loss has been prepared in accordance with Article 402, Title 9 of Book 2 of the Dutch Civil Code. In accordance with the provisions of Article 362, paragraph 8, Title 9 of Book 2 of the Dutch Civil Code the accounting policies used are the same as those explained in the Notes to the Consolidated Financial Statements, prepared under IFRS Accounting standards as adopted by the European Union, except for the accounting policies disclosed below. For an appropriate interpretation, the Company Financial Statements should be read in conjunction with the Consolidated Financial Statements.

1.2. Financial assets

Subsidiaries are all entities (including intermediate holding companies) over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognized from the date on which control is transferred to the Company or its intermediate holding entities. They are derecognized from the date that control ceases.

The Company applies the acquisition method to account for the acquisition of subsidiaries, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in an acquisition are initially measured at their fair values at the acquisition date and are subsumed in the net asset value of the investment in consolidated subsidiaries.

Investments in subsidiaries are measured using the equity method. The measurement of the financial fixed assets using the equity method includes the goodwill (if applicable) as part of the value of the participation and is based on the measurement principles of assets, provisions and liabilities, and the determination of income as applied in the consolidated financial statements.

Financial assets comprise the following participating investments:

Subsidiary	Location	Country	Capital share in %
Ace Holdings I B.V.	Amsterdam	Netherlands	100.00
Ace Management II GmbH	Munich	Germany	100.00

Movement in financial assets in the period from 11 March 2024 to 31 December 2024 were as follows:

(in millions of €)	Financial assets
Balance at 11 March 2024	-
Capital contribution into subsidiaries	375
Share in result of subsidiaries after tax	-44
Foreign currency translation	4
Other movements	1
Balance at 31 December 2024	336

1.3. Membership capital

The authorized and issued membership capital amounts to € 375 million and is fully paid in. The total combined payment was made on 8 July 2024. The membership capital is made up of 18,750,000 ordinary membership interests (thereof 17,343,750 B, 703,125 C and 703,125 D ordinary membership interests) and 356,250,000 A preference membership interests, at a par value of € 1 per membership interest.

Holders of ordinary membership interests are entitled to profit distributions at the discretion of the Management Board and are entitled to one vote per membership interest. All ordinary membership interests are recognized in equity and are puttable instruments. Additional details on the amounts of the individual types of membership capital can also be found in Note 9. Share-based payment arrangements in the Notes to the consolidated financial statements. Upon redemption of the instruments, the amounts recognized in equity would be repaid.

Holders of preference membership interests are entitled to profit distributions at the discretion of the Management Board and are preferred in the order of distributions compared to ordinary membership interests. Furthermore preference membership interests carry a fixed compounding annual yield of 8.5 % ("yield"). These interests do not have voting rights.

In the event of a distribution, payment of distributions to holders of preference membership interests shall be made in the following order: first, payment of any accrued but unpaid yield and second, payment equal to the subscription price paid. Thereafter, any remaining amounts of a declared distribution are paid to holders of ordinary membership interests.

As at 31 December 2024 the unpaid compounded yield amounted to € 8 million.

2. Statement of changes in equity

(in millions of €)	Membership Capital	Translation reserves	Share-based payments reserves	Retained Earnings	Total equity
Balance at 11 March 2024	-	-	-	-	-
Net loss	-	-	-	-45	-45
Other comprehensive income	-	4	-	-	4
Total comprehensive loss	-	4	-	-45	-41
Membership capital	375	-	-	-	375
Equity-settled share-based payments	-	-	1	-	1
Total transactions with the owners	375	-	-	-	375
Balance at 31 December 2024	375	4	1	-45	-335

3. Audit fees

With reference to Section 2:382a (1) and (2) of the Dutch Civil Code the following fees have been charged to the Group for the financial period by PricewaterhouseCoopers Accountants N.V. and other PwC member firms and affiliates (together "PwC") and other audit firms.

(in millions of €)	11 March to 31 December 2024
Group audit and audit of local entities	
PwC	1
Other	0
Other services from Group independent auditor	
PwC	0
Other	0

4. Employees

In the short financial year from 11 March 2024 to 31 December 2024 the Company did not employ any personnel.

5. Management Board

During the short financial year from 11 March 2024 to 31 December 2024, management functions were exercised by:

- Florian Kuppers, Managing Director, Amsterdam

On 27 May 2025 Tim de Kogel has been appointed as second Managing Director of the Company.

6. Appropriation of results

Management proposes to carry forward the net loss of the period to retained earnings.

7. Remuneration

Referring to Article 2:383 and 383b-e of the Dutch Civil Code, the remuneration of the managing directors of the Company is not disclosed.

Amsterdam, 31 July 2025

Management Board of Ace Holdings Coöperatief U.A.

Florian Küppers

Tim de Kogel

Other information

Appropriation of result according to articles of association

The result is appropriated pursuant to Article 16 of the Articles of Association of Ace Holdings Coöperatief U.A. Profits (losses) of the cooperative, as presented in the adopted annual accounts, shall be transferred into (deducted from) the memberships accounts of the respective members pro rata according to the balance on their membership accounts at the moment of the appropriation. Any change to the method of appropriation requires the prior written approval of the general meeting. The resolution to make payments from the membership accounts requires the prior written approval of the general meeting. For further details on distributions please refer to Section II. 16. Membership capital of the Notes to the consolidated financial statements.

Independent auditor's report

Independent auditor’s report

To: the general meeting of Ace Holdings Coöperatief U.A.

Report on the audit of the financial statements for the period 11 March 2024 to 31 December 2024

Our opinion

In our opinion:

- the consolidated financial statements of Ace Holdings Codperatief U.A. together with its subsidiaries (‘the Group’) give a true and fair view of the financial position of the Group as at 31 December 2024 and of its result and cash flows for the period 11 March 2024 to 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the European Union (‘EU’) and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Ace Holdings Cooperatief U.A. ('the Cooperative') give a true and fair view of the financial position of the Cooperative as at 31 December 2024 and of its result for the period 11 March 2024 to 31 December 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements for the period 11 March 2024 to 31 December 2024 of Ace Holdings Cooperatief U.A., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;

- the following statements for the period 11 March 2024 to 31 December 2024: the consolidated income statement, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2024;
- the company income statement for the period 11 March 2024 to 31 December 2024; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is IFRS Accounting Standards as adopted by the EU and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section ‘Our responsibilities for the audit of the financial statements’ of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Ace Holdings Coöperatief U.A. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Ace Holdings Codperatief U.A. and its environment and the components of the internal control system. This included the management board’s risk assessment process, the management board’s process for responding to the risks of fraud and monitoring the internal control system. We note that the management board has not formalised its fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the code of conduct, whistleblower procedures, incident registration and investigation protocols, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board and finance department whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated, in close co-operation with our forensic specialists,fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	Our audit work and observations
Risk of management override of controls Management is in a unique position to perpetrate fraud because of management’s ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: • the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; • estimates; • significant transactions, if any, outside the normal course of business for the entity.	We evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries, making estimates, and monitoring projects. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We primarily performed substantive based audit procedures. We selected journal entries based on risk criteria and conducted specific audit procedures for these entries. These procedures include, among others, inspection of the entries to source documentation. We also performed specific audit procedures related to important estimates of management as disclosed in Note 3-n) to the financial statements. We specifically paid attention to the inherent risk of bias of management in estimates. Where we have identified significant transactions outside the normal course of business we inquired into the nature of

Identified fraud risks	Our audit work and observations
	the significant transactions and obtained an understanding of the business rationale. We assessed the terms and conditions under which these have been entered into. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.
Risk of fraud in revenue recognition As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which type of revenue transactions or assertions give rise to a significant risk of material misstatement due to of fraud in revenue recognition. Revenues and key performance indicators ('KPI') such as sales per division versus budget, gross margin and EBITDA are important KPIs to demonstrate performance. In this context, management has been given specific targets for growth in revenue and results. This could lead to pressure on management to overstate revenue by recognizing fictitious revenue transactions or recognizing project revenue in the wrong period.	We evaluated the design and implementation of the internal control system and assessed the operating effectiveness of relevant controls in the processes related to revenue reporting. We primarily performed substantive based audit procedures with partial reliance on internal controls. We performed data analyses to identify potential notable revenue entries in the fiscal year and performed specific substantive audit procedures on these entries, including determining whether these entries are based on deliveries that actually took place in the financial year. We tested, on a sample basis, the delivered performance and transaction prices of the revenue transactions based on sales agreements, delivery documents, sales invoices, and cash receipts. In addition, we performed audit procedures by confirming accounts receivable balances and or performing cash receipt testing on the accounts receivables balances per year-end to verify existence of sales transaction occurred during the financial year. Finally, we performed audit procedures to determine whether credit invoices were registered in the next financial year that indicate incorrectly registered revenue in the current financial year. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the occurrence of revenue transactions.

We incorporated an element of unpredictability in our audit. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

The management board prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least 12 months from the date of preparation of the financial statements.

Our procedures to evaluate the management board’s going-concern assessment included, amongst others:

- considering whether the management board identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks);
- considering whether the management board's going-concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with the management board regarding the management board's most important assumptions underlying its going-concern assessment. Amongst others, the management board took into consideration the company's operating cash flow for the financial year and available liquidity, ;
- evaluating the management board's current budget including cash flows for at least 12 months from the date of preparation of the financial statements taken into account current developments in the industry and all relevant information of which we were aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- performing inquiries of the management board as to its knowledge of going-concern risks beyond the period of the management board's assessment.

Based on our procedures performed, we concluded that the management board’s use of the going-concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the management report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit Responsibilities of the management board

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the EU and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management board is responsible for assessing the Cooperative’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Cooperative or to cease operations or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Cooperative’s ability to continue as a going concern.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the 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 but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 31 July 2025

PricewaterhouseCoopers Accountants N.V.

Original has been signed by:

J. Kolenberg MSc RA

Appendix to our auditor's report on the financial statements for the period 11 March 2024 to 31 December 2024 of Ace Holdings Coöperatief U.A.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control.
- Obtaining 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 Cooperative's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Cooperative'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 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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Cooperative to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are responsible for planning and performing 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 financial statements. We are also 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 the management board 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.