Semi-annual Financial Report

for the 1st Half of 2023

COLT CZ GROUP

CONTENTS

1 ABOUT THE COMPANY

Colt CZ Group SE (Colt CZ or the Company), together with its subsidiaries (the Group), is one of the world's leading manufacturers of firearms, tactical accessories and ammunition for military and law enforcement, personal defense, hunting, sport shooting and other commercial use. Its products are marketed and sold mainly under the Colt, CZ (Česká zbrojovka), Colt Canada, CZ-USA, Dan Wesson, swissAA and 4M Systems brands.

The Company's history dates to 1836 when Samuel Colt registered the first patent for a Colt brand pistol and built the first factory. Colt has not only supplied its commercial, military and law enforcement firearms to customers in the USA, but also around the world for more than 185 years. Colt is a supplier to the US army and an exclusive supplier to the Canadian army. Colt is headquartered in West Hartford, Connecticut, and its Canadian subsidiary, Colt Canada, is located in Kitchener, Ontario. Colt has been part of the Group since May 2021, when the Company successfully completed the acquisition of a 100% share in Colt Holding Company LLC ("Colt"), the parent company of the US firearms manufacturer Colt's Manufacturing Company LLC, and its Canadian subsidiary Colt Canada Corporation ("Colt Canada").

In, the 1936 Česká zbrojovka firearms factory was built in the Czech city of Uherský Brod. It was built prior to WWII by the Czechoslovak state with the strategic aim of moving the production of firearms further away from the German border. It was one of the largest and most advanced armaments production facilities in Europe. The factory's production of a full range of firearms started to gradually develop after WWII, resulting in strong product positioning in major segments of the firearms market.

In October 2022, the Company acquired the remaining 75% stake in Spuhr I Dalby AB, a Swedish manufacturer of optical mounting solutions for firearms. At the end of June 2023, the Company acquired a 100% stake in swissAA Holding AG ("swissAA") which owns ammunition production facilities in Switzerland and Hungary.

The Company has its registered office in the Czech Republic and manufacturing facilities in the Czech Republic, the United States, Canada, Sweden, Switzerland and Hungary. As at 30 June 2023, Colt CZ had an average FTE headcount of 2,019 employees. Since October 2020, the Company's shares have been traded on the Prague Stock Exchange. Česká zbrojovka Partners SE is the majority shareholder of the company with a 76% ownership interest and 24% is free float.

2 LETTER FROM THE PRESIDENT OF THE COMPANY

Dear Shareholders,

With the first half of 2023 behind us, I am very pleased to announce that the Group's business performance significantly improved in the second quarter, compared to the first quarter of this year and the same period in 2022. This is a result of all the hard work our colleagues carry out day after day, especially considering the significant changes on the US commercial market. Financial results continue to reflect the increasing seasonality of our business that is related to growth in the share of sales within the military and law enforcement segment. In operating profit, we have been adversely affected by the strengthening of the Czech crown against the US dollar and the Euro. This is, however, compensated for in our financial performance, where the decision to hedge against exchange rate risks associated with our export business is proving to be correct.

We have made several deliveries to military and law enforcement customers, including the Army of the Czech Republic, the Ukrainian armed forces (as part of the Canadian government's military aid package to Ukraine), and to African and Asian countries. I am glad that we have managed to strengthen our position in this segment, as, among other things, evidenced by the signing of a framework agreement in August between Colt Canada and the Royal Danish Army for the supply of rifles and spare parts. The situation in the US commercial market continues to be unsatisfactory in some product groups, with the CZ brand, in particular, failing to gain market share at the expense of its competitors. With respect to the above, the Colt CZ's management has decided to narrow the communicated guidance for 2023 to one scenario.

At the end of June, we also completed the acquisition of a 100% share in swissAA Holding AG, a Swiss producer of top-quality ammunition with plants in Switzerland and Hungary. SwissAA specializes in small caliber ammunition, specifically in 5.56mm, 7.62mm, 9mm, and 12.7mm, and in cartridges for 40mm under-barrel grenade launchers. The Company is a partner of the Swiss, Belgian, and German armies, as well as many other customers from the military and law enforcement segment. This acquisition is an important part of our vision to become the recognized undisputed leader of the small arms industry. I am convinced that swissAA Holding's capabilities will provide new opportunities for Colt CZ Group on the military and law enforcement market. Our teams will work together on the integration of swissAA Holding into our Group to not only maximize the potential and synergies in business, but also in R&D, where professional customers expect us to provide the best systems in terms of functionality. This cooperation is also crucial because the next technological leap in the small arms sector will be closely linked to new types of ammunition.

At the end of June, we reached another milestone by issuing the first Sustainability Report of Colt CZ Group. The report identifies key areas in which our Group's activities have a significant impact on the environment and society and sets out relevant and attainable goals within four pillars titled Environment, People, Products, and Governance. Sustainability has long been an integral part of our business. Today, we are more structured, systematic, and above all, more readable in our approach to our partners and investors. We approach sustainability as an opportunity to transform our business, support changes, accelerate innovations, and develop cooperation. At the same time, we want to reinforce the trust our employees, our customers, and society have in us.

Jan Drahota
President and Chairman of the Board of Directors
Colt CZ Group SE

3 KEY FINANCIAL INDICATORS

Consolidated income statement and statement of comprehensive income

(in CZK thousand)	For six months ended 30 June		Change in %
	2023	2022	
	(unaudited)		
Revenues from the sale of own products, goods and services	6,860,236	7,049,170	(2.7%)
Operating profit (loss)	924,719	**1,303,619**	**(29.1%)**
EBITDA	1,298,152	1,725,203	(24.8%)
Adjusted EBITDA[1]	1,464,196	1,794,731	(18.4%)
Profit (loss) before tax	1,352,073	**1,392,797**	**(2.9%)**
Profit for the year	1,046,155	**1,104,705**	**(5.3%)**
Profit for the year adjusted[2]:	1,198,473	1,182,805	1.3%
Net earnings per share attributable to the owner of the parent company (CZK per share)			
Basic	30	33	(7.2%)
Diluted	30	32	(6.2%)
Adjusted[2]	35	35	(0.8%)

Consolidated statement of financial position

(in CZK thousand)	As of		Change in %
	30 Jun 2023 (unaudited)	31 Dec 2022 (audited)	
Total assets	21,876,633	**19,503,514**	**12.2%**
Total equity	8,052,715	**7,681,371**	**4.8%**
Total liabilities	13,823,918	**11,822,143**	**16.9%**
Total equity and liabilities	21,876,633	**19,503,514**	**12.2%**

[1] In the first half of 2023, EBITDA was adjusted by one-off items related to acquisitions and payments related to the employee stock option plan which are unrelated to operational performance and value creation in the given period. In the first half of 2022, EBITDA was adjusted by one-off items related to acquisitions in 2022 and payments related to the employee stock option plan, which are unrelated to operational performance and value creation in the given period.

[2] In the first half of 2023, profit for the year was adjusted by one-off items related to acquisitions and payments related to the employee stock option plan, costs of revaluation of equity earnout related to the Colt acquisition and by financing cost related to bond issue which are unrelated to operational performance and value creation in the given period. In the first half 2022, net profit was adjusted by one-off items related to acquisitions in 2022, payments related to the employee stock option plan and costs of revaluation of equity earnout related to the Colt acquisition.

4 GROUP RESULTS FOR THE FIRST HALF OF 2023

4.1 COMMENTS ON THE FINANCIAL RESULTS FOR THE FIRST HALF OF 2023

The following table includes an overview of firearm units sold by type for the reported period:

Number of units	For six months ended 30 June		
	2023	**2022**	**Change in %**
Long firearms	117,985	151,793	(22.3%)
Handguns	196,579	210,948	(6.8%)
Total firearms	**314,564**	**362,741**	**(13.3%)**

Revenues

Compared with the results as at 30 June 2022, the revenues for six months ended 30 June 2023 decreased by 2.7% to CZK 6.9 billion. The main reason was the weaker Q1 2023 which was affected by higher seasonality in the M/LE segment, impacts of a strong Czech koruna on FX translation, and the decline of some product segments in the US commercial market. However, on a quarterly basis Q2 2023 revenues went up by 27.7% qoq and up by 10.1% compared to the second quarter of 2022.

Regionally, revenues generated in the Czech Republic increased by 136.6% to CZK 1,371.9 million as at 30 June 2023, primarily as a result of deliveries to the Czech Army under a framework agreement. Revenues generated in the United States for six months ended 30 June 2023 decreased year-on-year by 21.2% to CZK 3,218.8 million, mainly as a result of the decline of some product segments in the US commercial market, even though sales doubled from the first to second quarter. Revenues generated in Canada in the first half of 2023 totalled CZK 970.9 million, which represents a 94.5% y-o-y growth. A significant amount of revenue in Canada is related to supply in Ukraine. Revenues generated in Europe (excluding the Czech Republic) slightly declined year-on-year by 13.5% to CZK 733.9 million for six months ended 30 June 2023.

Revenues generated in Africa increased by 157.5% to CZK 89.6 million for six months ended 30 June 2023 due to the large one-off sales to the military and law enforcement sector. Revenues generated in Asia decreased year-on-year by 65.6% to CZK 272.2 million for six months ended 30 June 2023 as a result of the seasonal deliveries to the military and law enforcement sector.

The following table shows the breakdown of the Group's revenues for the reported periods by regions.

(in CZK thousand)	For six months ended 30 June			
	2023	**2022**	**Change %**	**Share on total revenues %**
	(unaudited)			
Czech Republic	1,371,873	579,939	136.6%	20.0%
United States	3,218,812	4,086,832	(21.2%)	46.8%
Canada	970,866	499,146	94.5%	14.2%
Europe (excl. the Czech Republic)	733,928	848,591	(13.5%)	10.7%
Africa	89,642	34,806	157.5%	1.3%
Asia	272,251	792,510	(65.6%)	4.0%
Other	202,864	207,346	(2.2%)	3.0%
Total	**6,860,236**	**7,049,170**	**(2.7%)**	**100.0%**

Raw materials and consumables used
The use of raw materials and consumables decreased by 9.4% to CZK 3,599.1 million for six months ended 30 June 2023, compared to six months ended 30 June 2022. The main reasons for the increase were lower production in the first half of 2023.

Services
The cost of services decreased by 14.3% to CZK 832.4 million for six months ended 30 June 2023 compared with six months ended 30 June 2022 due to the lower expenses related to M&A.

Personnel expenses
Personnel expenses increased by 11.2% to CZK 1,522.4 million for six months ended 30 June 2023, compared to six months ended 30 June 2022. The increase in personnel expenses was attributable to payments related to the employee stock option plan, as well as higher payroll expenses due to collective agreements in the Czech Republic and the US and costs related to redundancies at Česká zbrojovka Uherský Brod.

Depreciation and amortization
Depreciation and amortisation decreased by 11.4% to CZK 373.4 million for the six months ended 30 June 2023 compared to six months ended 30 June 2022. The decrease can be attributed lower purchase price allocation in this item connected with the acquisition of Colt in 2021.

EBITDA and adjusted EBITDA
EBITDA decreased by 24.8% to CZK 1,298.2 million for six months ended 30 June 2023, compared to six months ended 30 June 2022. The decrease was primarily due to lower revenues in the first half of 2023 that were affected by the higher seasonality of sales in the M/LE segment, impact of the strong Czech koruna on FX translation, and the decline of some product segments in the US commercial market.

The adjusted EBITDA in the first half of 2023 amounted to 1,464.2 million, which is down by 18.4% y-o-y if compared with the adjusted EBITDA for the same six months in 2022. The highest share of the adjustments (almost 97%) came from ESOP related payments.

Interest income and other financial income
Interest income increased by 279.4% y-o-y to CZK 578.5 million for six months ended 30 June 2023, compared to six months ended 30 June 2022. This increase was primarily related to higher market interest rates. Other financial income slightly decreased by 1.4% to CZK 132.1 million.

Interest expense and other financial expenses
Interest expense went up by 90.8% to CZK 459.8 million for six months ended 30 June 2023, compared to the same period in 2022. This was due to a new bond issue and higher market interest rates. Other financial expenses increased by 42.5% y-o-y to CZK 68.3 million for six months ended 30 June 2023. Gains from derivative transactions reached CZK 243.2 million in the first half of 2023, which was up by 203.0% y-o-y, due to income from hedging derivative transactions in the first quarter this year.

In May 2023, the Company issued bonds totalling CZK 1,929,000,000 with a floating 6M PRIBOR+1.8% interest rate. The acquired funds were used for financing capital investments (CAPEX), working capital, M&A expenses and other general purposes of the Company. The bonds were admitted to trading on the regulated market of the Prague Stock Exchange.

Profit before tax
Profit before tax slightly decreased by 2.9% to CZK 1,352.1 million for six months ended 30 June 2023, compared to six months ended 30 June 2022.

Income tax
Income tax for six months ended 30 June 2023 increased by 6.2% to CZK 305.9 million, compared to six months ended 30 June 2022.

Profit for the period/Adjusted profit for the period
Profit for six months ended 30 June 2023 slightly decreased by 5.3% to CZK 1,046.2 million, compared to six months ended 30 June 2022.

Profit for the period after tax, adjusted for the extraordinary items, increased by 1.3% to CZK 1,198.5 million in six months ended 30 June 2023, compared to the same period in 2022.

4.2 STRATEGY AND OUTLOOK

Outlook for the second half of 2023

The Group's financial results for the first half of 2023 correspond to scenarios that the Company indicated in March of this year when publishing preliminary full-year results. Sales in the first half of 2023 were affected by the higher seasonality of sales to the M/LE segment, impact of FX translation into CZK and a slowdown in the most important commercial market for the Group - the United States of America. Lower demand in the USA affected sales of CZ branded products. The Group responded to fluctuations in demand by adjusting the production cycle and product mix structure, as well as optimizing the headcount and other measures, especially in the Czech Republic.

At the same time, the Group signed several significant contracts in the M/LE segment both in Europe and overseas, which will materialize in the second half of 2023 on the top of the Group's planned budget.

Based on the financial performance in the first half of 2023, the current development up-to-date and management expectations for the rest of the year, the Company has been able to narrow its guidance to followig scenario, as stated below.

In 000'CZK	Guidance	y-o-y change in %
Revenues	16 000 – 16 400	9.7% – 12.4%
Adjusted EBITDA	3 200 – 3 400	-4.9% – 1%

The capital expenditures of the Group in 2023 may reach a 3% share of the 2023 expected revenues, which is in line with the medium-term target of the Company.

4.3 IMPACT OF THE RUSSIAN INVASION OF UKRAINE IN THE FIRST HALF OF 2023

On 24 February 2022, Russia invaded Ukraine. This invasion is part of the Russian military intervention in Ukraine and the culmination of the Russian-Ukrainian crisis. After the first few weeks of the conflict, the Russian invasion of Ukraine became the largest military operation in Europe since WWII.

Responding to the Russian invasion of Ukraine, the EU adopted several measures and imposed sanctions against Russia and Belarus, complementing existing sanctions and restrictions imposed by the EU since 2014.

With regard to the impact on individual Group operations, the Czech Republic was more affected than North America, principally due to its dependency on the supply of Russian natural gas. The largest impact was comprised of the steep growth of electricity, gas, and fuel prices, as well as scarcities and price increases of other input commodities. The Russian invasion magnified the issues in supply chains that were already occurring during the COVID-19 pandemic.

The Group immediately responded and mapped potential risks related to embargoes, the growth of energy prices and the lack of input materials. Česká zbrojovka, a.s. has been facing challenges similar to those of other businesses in the Czech Republic, of which the increase in costs is predominant. Despite the government price cap, energy prices are much higher than prior to the Russian invasion.

The combination of higher performance/productivity and the current situation on the US commercial market led Group management, along with its subsidiary in Uherský Brod, to adopt of several optimization measures in the first half of 2023. These consisted of short-term production shutdowns, in addition to vacations, reduction of overtime, planned redundancies, etc. However, the war in Ukraine did not have a direct impact on the competitiveness of Group‘s products. Heavier weapons are used for the battle in Ukraine; there is a high consumption of ammunition, munition and heavy machinery, i.e., products that were not prevalent in the Group‘s product portfolio in the first half of 2023.

In March 2022, the Company signed an amendment to the 2020 framework agreement with the Czech Ministry of Defence. This amendment has enabled the Czech Army to draw on supplies of firearms by up to CZK 1.18 billion higher than the originally agreed limit of CZK 2.35 billion. The amendment is a direct result of the Russian invasion of Ukraine and contributed to substantially higher sales to the Czech Republic in the first half of 2023 which increased by 136.6 % y-o-y.

Revenues from the sale of the Group’s products to countries sanctioned by the EU (Russia, Belarus) represented approximately 0.2% of the total volume of sales prior to the Russian invasion. All business transactions have always been conducted in full compliance with relevant legislation and based on export licenses awarded by the Ministry of Industry and Trade of the Czech Republic (in the case of sales from the Czech Republic). No purchases were made from these countries. Secondary purchases of e.g., steel from ironworks depending on supplies of Ukrainian iron ore are bolstered by alternative steel suppliers from Sweden and Spain. The Company has a well-developed cybersecurity system for data stored in secondary locations.

Operating costs of production facilities in North America, specifically in the USA and Canada, have not been directly impacted by the Russian invasion of Ukraine. In April 2023, Canada´s Department of National Defence announced the delivery of 21,000 rifles to Ukraine with a total value of 59 million Canadian dollars. The order was awarded to Colt Canada, a subsidiary of Colt CZ Group, with delivery planned by the end of summer 2023. The Company did not comment further on the Canadian government‘s announcement.

5 BASIC INFORMATION ABOUT COLT CZ GROUP SE

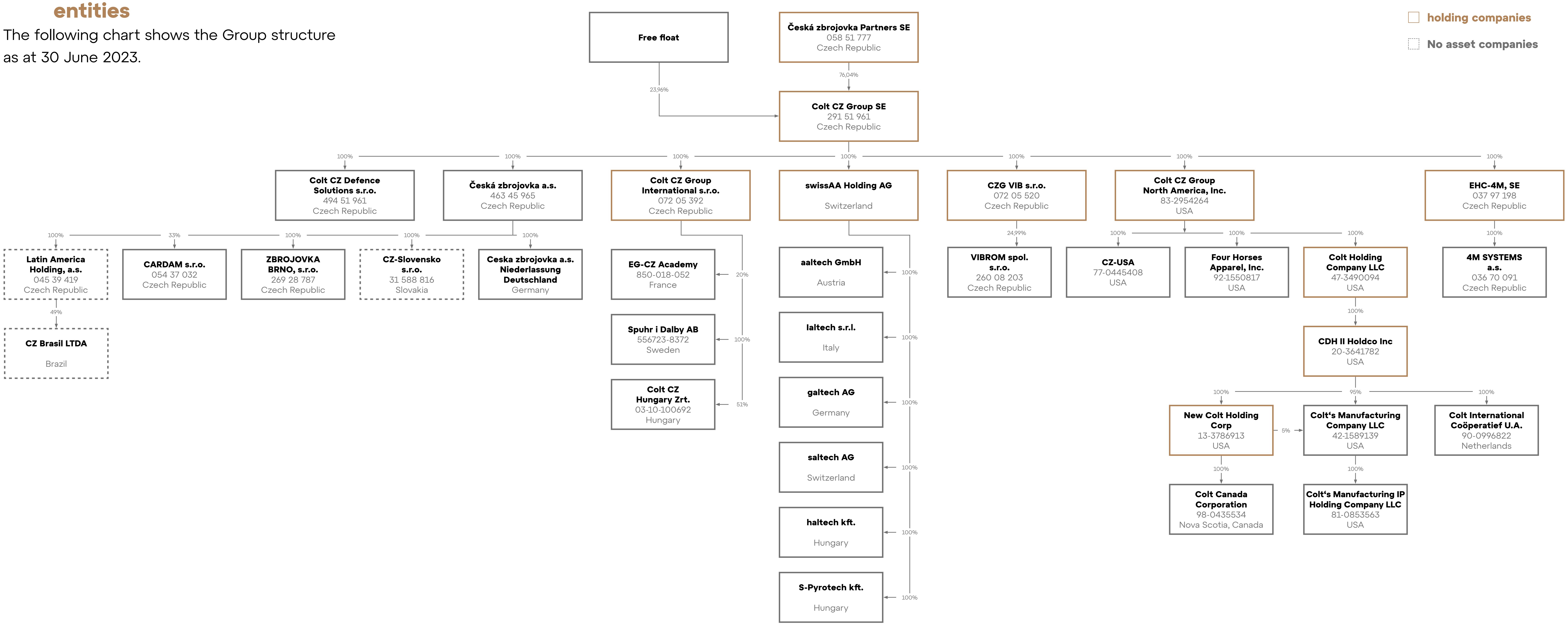
BASIC INFORMATION ABOUT THE COMPANY

Legal name:	**Colt CZ Group SE**
Legal form:	European Company (Societas Europaea – SE)
Address:	Opletalova 1284/37, Nové Město, 110 00 Praha 1 (until June 30, 2023)
Commercial Register:	maintained by the Municipal Court in Prague, file number 962, section H
ID. no.:	291 51 961
Tax iD. no.:	CZ29151961
LEI:	315700O990GR61YDGF96
Phone no.	+420 222 814 617
Email:	info@coltczgroup.com
Date of incorporation:	2013
Web:	www.coltczgroup.com

According to Article of Association no. 2, the Company's scope of business and activities include a) the management of its own assets, b) Manufacturing, trade and services other than those listed in Annex 1 through 3 of the Trade Licensing Act, and c) Accounting advisory, bookkeeping, and tax accounting.

5.1 Organisational chart and the Group's entities

The following chart shows the Group structure as at 30 June 2023.



Acquisition of swissAA Holding AG

On 28 June 2023, the Company executed a share purchase agreement ("SPA") resulting in the acquisition of a 100% stake in swissAA Holding AG ("swissAA"), a company which owns ammunition production facilities in Switzerland and Hungary. The transaction price was not disclosed. The acquisition was financed from the Company's existing cash resources, including a recent bond issue.

SwissAA is a producer of ammunition and technology for the armed forces. It specializes in small caliber ammunition, specifically 5.56 mm, 7.62 mm, 9 mm, and 12.7 mm, as well as 40 mm grenade launcher ammunition. The holding consists of several 100% owned subsidiaries located in Switzerland and Hungary and holds several patents for ammunition.

Ownership structure and changes in the Company's equity in the first half of 2023

The Company's majority owner is Česká zbrojovka Partners SE, which held a 76.0% share in the Company's share capital as at 30 June 2023. The remaining 24.0% share is free float.

On 16 May 2023, the Company registered an increase of its share capital by CZK 36,529 by the issue of 365,291 new book-entry shares. The issue price of one new share was determined as the closing price at which the Company's shares were traded on 3 May 2023, on the Prague Stock Exchange and thus corresponds to the amount of CZK 585 per share.

The shares, which were subscribed in the capital increase based on the authorization of the Company's Board of Directors, had been offered for a subscription to a pre-selected prospective buyer, i.e., without the exercise of pre-emptive right. The shares were issued in connection with the provision of the second part of the consideration in the settlement for acquisition of a 100% stake in Colt Holding Company LLC in 2021.

Changes in the Company's statutory bodies in the first half of 2023

Based on decisions adopted by its General Meeting per rollam, the Company made the following changes in its governing bodies. As of 1 July 2023, Mr. David Aguilar and Mr. René Holeček were appointed as members of the Supervisory Board. Subsequently, the Supervisory Board elected Mr. David Aguilar as its Chairman, and Mr. René Holeček and Mr. Lubomír Kovařík as its Vice-chairmen. The General Meeting also elected Jiří Nekovář as a new member of the Audit committee and accepted the resignation of Tomáš Machuča from the Audit committee, effective 1 July 2023. Mr. Jiří Nekovář was subsequently elected as the Chairman of the Audit Committee. The CVs of the newly appointed members are available at https://www.coltczgroup.com/en/about-us-statutory-bodies/.

Decision on profit distribution for 2022 and payment of a dividend

In June 2023, the general meeting of the Company decided outside the general meeting (per rollam decision) to distribute the profit for 2022 and pay a dividend.

Calculation of the share of profits per share is based on the total number of shares issued by the Company. The dividend for 2022 amounts to CZK 30 per share before tax.

The record date for exercising the right to a share in the profit was 19 June 2023. Shareholders had the choice to receive their share of the profit in the form of new shares in the Company or a cash dividend. The right to receive a share of the profit in the form of Company shares may be exercised by shareholders who hold at least 27 shares in the Company and also time have the right to a share of the profit as of 19 June 2023. Shareholders who did not exercise their right to receive a distribution in the form of new shares automatically received dividend in cash.

The conditions and method of payment of the share of profits are published on the Company's website at https://www.coltczgroup.com/ under the "Investors" heading in the "General meetings" and "Dividend" sections.

5.2 Transactions with related parties

The Group's related parties include subsidiaries and associated companies, as well as key management personnel and their family members. Transactions that the Group ensures for related parties primarily include trade receivables and provided loans, while costs of transactions with related parties include remuneration to members of the Supervisory Board and Board of Directors, together with trade payables. Transactions with related parties are part of normal business activities and are implemented at arm's length.

During the six-month period ended 30 June 2023, the Company conducted the following transactions with related parties:

Key management personnel:
During the six-month period ended 30 June 2023, key management included all members of the Board of Directors and Supervisory Board. Short-term benefits provided to key management (including gross remuneration, annual bonuses, health and social insurance, and additional pension insurance) amounted to CZK 23,093 thousand.

The Company further provided an Employee Share Option Plan (ESOP), as described in note 14 to the financial statements, to selected key management personnel. The Company provided no other benefits (e.g., monetary or non-monetary benefits related to a member's termination of office from a body) to its key management personnel.

The Company had the following receivables and transactions with its related parties during the six- month period ended 30 June 2023:

Keriani, a.s.:
As at 30 June 2023, the Company had receivables from and payables to Keriani, a.s. of CZK 2,029 thousand and CZK 608 thousand, respectively. During the six-month period ended 30 June 2023, the Company purchased services from Keriani, a.s. amounting to CZK 2,919 thousand.

CZ-SKD Solutions a.s.:
As at 30 June 2023, the Company had receivables from and payables to CZ-SKD Solutions a.s. of CZK 3,886 thousand and CZK 1,050 thousand., respectively. During the six-month period ended 30 June 2023, the Company purchased services of CZK 3,351 thousand. from CZ-SKD Solutions a.s. and provided services of CZK 380 thousand.

CZ-AUTO SYSTEMS a.s:
As at 30 June 2023, the Company had receivables from and payables to CZ-AUTO SYSTEMS a.s. of CZK 2,487 thousand and CZK 1,122 thousand., respectively. During the six-month period ended 30 June 2023, the Company purchased services of CZK 3,412 thousand. from CZ-AUTO SYSTEMS a.s. and provided services of CZK 39,304 thousand.

B:TECH, a.s.
As at 30 June 2023, the Company had receivables from and payables to B-TECH, a.s. of CZK 2,618 thousand and CZK 0, respectively. During the six-month period ended 30 June 2023, the Company purchased services of CZK 261 thousand. from B-TECH, a.s and provided services of CZK 0 thousand.

M&H Management a.s.:
As at 30 June 2023, the Company registered services provided to M&H Management, a.s. in the amount of CZK 43 thousand.

ITeuro, a.s.:
As at 30 June 2023, the Company registered services purchased from ITeuro, a.s. in the amount of CZK 2,175 thousand and provided services in the amount of CZK 0.

A complete overview of transactions with related parties is shown in note 20 to the financial statements.

5.3 Subsequent events

With effect from July 1, 2023, the Company changed its registered address to náměstí Republiky 2090/3a, Nové Město, 110 00 Praha 1.

No other events occurred after the balance sheet date that would have a material impact on the condensed consolidated financial statements.

6 DECLARATION OF PERSONS RESPONSIBLE FOR THE SEMI-ANNUAL FINANCIAL REPORT

To the best of our knowledge, we believe that the condensed consolidated financial statements for the period of the first six months of 2023 until 30 June 2023 give a fair and true view of the assets, liabilities, financial position and financial performance of the issuer and its consolidated group, and the description according to Article 119 (2) (b) of the Act no. 256/2004 Coll., on Capital Market Business, provides a true overview of required information according to (b).

Prague, 18 September 2023

On behalf of the Board of Directors of Colt CZ Group SE signed by:

....	....
Jan Drahota Chairman of the Board of Directors	Josef Adam Vice-chairman of the Board of Directors

7 ALTERNATIVE PERFORMANCE MEASURES

This report contains certain financial measures that are not defined or recognised under IFRS and which are considered to be alternative performance measures as defined in the ESMA Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 5 October 2015 (the „Alternative Performance Measures“). This report presents the following Alternative Performance Measures: EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, net profit margin, adjusted net profit, adjusted net profit margin, adjusted net earnings per share and net financial debt and net leverage ratio. The Company uses the Alternative Performance Measures because they serve its management as key measures in assessing the Group‘s operating performance. Further, management believes that the presentation of the Alternative Performance Measures is helpful to prospective investors because these, as well as other similar measures and related ratios are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity to evaluate the efficiency of a company‘s operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. Management also believes that the presentation of Alternative Performance Measures facilitates operating performance comparisons on a period-to-period basis to exclude the impact of items which management does not consider being indicative of the Group‘s core operating performance.

The Alternative Performance Measures are not sourced directly from the financial statements but are derived from the financial information contained therein. These measures have not been audited or reviewed by an independent auditor. They are not defined in the IFRS and should neither be treated as metrics of financial performance or operating cash flows nor deemed an alternative to information about profit. The Alternative Performance Measures should only be read as additional information to and not as a substitute for or superior to, the financial information prepared in accordance with the IFRS. The Alternative Performance Measures should not be given more prominence than measures sourced directly from the financial statements. The Alternative Performance Measures should be read in conjunction with the financial statements. There are no generally accepted principles governing the calculation of the Alternative Performance Measures. The criteria upon which the Alternative Performance Measures are based can vary from company to company, limiting the usefulness of such measures as comparative measures. Even though the Alternative Performance Measures are used by management to assess the Group‘s financial results, and are commonly used by investors, they have important limitations as analytical tools and by themselves do not provide a sufficient basis to compare the Company‘s performance to that of other companies and should not be considered in isolation or as a substitute to the revenue, profit before tax or cash flows from operations calculated in accordance with IFRS to analyse the Group‘s position or results. The Alternative Performance Measures have limitations as analytical tools, such as:

- They do not reflect the Group‘s cash expenditures or future requirements for capital expenditures or contractual commitments.
- They do not reflect changes in, or cash requirements for, the Group‘s working capital needs.
- They do not reflect the significant interest expense or related cash requirements, to service interest or principal payments on the Group‘s debt.
- Although depreciation and amortisation are non-monetary charges, the assets being depreciated and amortised will often need to be replaced in the future and the Alternative Performance Measures do not reflect any cash requirements that would be required for such replacements.
- Some of the exceptional items the Company eliminates in calculating the Alternative Performance Measures reflect cash payments that were or will be made in the future.
- Other companies in the Group‘s industry may calculate the Alternative Performance Measures differently than the Company, which limits their usefulness as comparative measures.
- The terms used for alternative measures may not have the same or similar meaning as other terms, that may be defined in other documentation for other financial liabilities of the Group.
- Alternative measures presented in this half year financial report may differ from alternative measures in annual and semi-annual financial reports from previous periods. To assess the Group’s financial performance, the Company uses such Alternative Performance Measures that it deems relevant and indicative of its financial position in a given year.

(CZK thousands, unless otherwise indicated)	For six months ended 30 June	
	2023	**2022**
EBITDA [1]	1,298,152	1,725,203
EBITDA margin [2]	18.9%	24.5%
Adjusted EBITDA [3]	1,464,196	1,794,731
Adjusted EBITDA margin [4]	21.3%	25.5%
Net income margin [5]	15.2%	15.7%
Adjusted net profit [6]	1,198,473	1,182,805
Adjusted net profit margin [7]	17.5%	16.8%
Adjusted net earnings per share (CZK) [8]	34.6	34.9

[(1)] The Group's management considers EBITDA a key performance indicator in evaluating the Group's business. As described above, EBITDA is not a measure of performance defined or recognised under IFRS. The Group calculates EBITDA based on the figures included in the interim financial statements. EBITDA is defined as post-tax profit for the monitored period plus income tax less other financial revenues plus other financial expenses less interest revenue plus interest expense, less share of profit of associates and profit from investments in associated companies after tax, adjusted by gains or losses from derivatives operations, and plus depreciation and amortisation. All items of the EBITDA calculation are based on the consolidated statement of profit or loss and statement of comprehensive income.
[(2)] An EBITDA margin is defined as EBITDA divided by revenues from the sale of own products, goods, and services expressed as a percentage. The EBITDA margin allows for a comparison of one company's performance relative to others in its industry.
[(3)] Adjusted EBITDA for the first half of 2023 is defined as EBITDA less one-off items related to acquisitions and payments related to the employee stock option plan. In the first half of 2022, EBITDA was adjusted by one-off items related to acquisitions in 2022 and payments related to the employee stock option plan. Expenses on professional advisors and expenses associated with acquisitions are presented under "Services" in the consolidated statement of profit or loss and other comprehensive income of the interim financial statements. The ESOP related costs are included in the consolidated statement of profit or loss and statement of comprehensive income, under "Personnel costs" and "Other operating expenses".
[(4)] Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenues from the sale of own products, and goods and services expressed as a percentage. All items of the adjusted EBITDA margin calculation are based on the consolidated statement of profit or loss and statement of comprehensive income.

(CZK thousands, unless otherwise indicated)	As at 30 June 2023	As at 31 December 2022
Net financial debt at the end of the period [9]	4,413,809	3,669,615
Net leverage ratio (x) [10]	1.6	1.5

[(5)] Net income margin is defined as profit for the period as a percentage of revenue from the sale of own products, goods and services, each as shown in the consolidated statement of profit or loss and other comprehensive income in the interim financial statements and the unaudited interim financial statements.
[(6)] In the first half of 2023, net profit was adjusted by one-off items related to acquisitions and payments related to the employee stock option plan, cost of revaluation of equity earnout related to the Colt acquisition and by financing costs related to a bond issue which are not related to operational performance and value creation in the given period. In the first half 2022, net profit was adjusted by one-off items related to acquisitions in 2022, payments related to the employee stock option plan and costs of revaluation of equity earnout related to the Colt acquisition. One-off costs of the issue of bonds are included in the consolidated statement of profit or loss and statement of comprehensive income, under "Other financial expenses".
[(7)] Adjusted net income margin is defined as adjusted profit for the period as a percentage of revenue from the sale of own products, goods and services as shown in the consolidated statement of profit or loss and other comprehensive income in the interim financial statements and the unaudited interim financial statements.
[(8)] The Group calculated adjusted net earnings per share in the first half of 2023 as adjusted net profit for the period attributable to the owner of the parent company divided by an average number of shares issued by the Company. All items of the adjusted net earnings per share are based on the consolidated statement of profit or loss and statement of comprehensive income.
[(9)] The Group defines net financial debt as long-term and short-term bank bonds, loans and borrowings and lease payables (non-current and current), less cash and cash equivalents and other financial assets as reported in the audited financial statements and the unaudited interim financial statements. Net financial debt is used by the Group to assess its indebtedness to financial institutions, including banks, lease companies and bond investors.
[(10)] Net leverage ratio is defined as the ratio of net financial debt at the end of the period to EBITDA for the last twelve months.

THE FOLLOWING TABLE SETS FORTH THE GROUP'S NET FINANCIAL DEBT FOR THE PERIODS INDICATED.

(CZK thousands)	As at 30 June 2023	As at 31 December 2022
Bonds, bank loans and borrowings (long-term and short-term)	9,125,483	7,181,495
Lease payables (current and non-current)	58,466	70,735
Less: Cash and cash equivalents and other financial assets	4,770,140	3,582,615
Net financial debt at the end of the period	**4,413,809**	**3,669,615**

THE FOLLOWING TABLE PROVIDES A COMPARISON OF PROFIT OR LOSS AFTER TAX AND EBITDA FOR THE PERIODS.

(CZK thousands)	For six months ended 30 June	
	2023	**2022**
Post-tax profit for the period	**1,046,155**	**1,104,705**
Income tax	305,918	288,092
Interest revenue	(578,505)	(152,478)
Interest expense	459,812	240,933
Depreciation and amortisation	373,433	421,584
Other financial revenues	(132,098)	(134,022)
Other financial expenses	68,343	47,971
Profit/loss from derivative transactions	(243,241)	(80,279)
Share of profit of associates after tax	(1,665)	(11,303)
EBITDA	**1,298,152**	**1,725,203**
One-off expenses for services related to acquisition	4,865	33,455
ESOP related costs	161,179	36,073
Adjusted EBITDA	**1,464,196**	**1,794,731**

THE FOLLOWING TABLE PROVIDES THE CALCULATION OF ADJUSTED NET INCOME AND ADJUSTED NET EARNINGS PER SHARE.

(CZK thousands/per share)	For six months ended 30 June	
	2023	**2022**
Profit before tax	1 352 073	1 392 797
One-off expenses for services related to acquisitions	4,865	33,455
ESOP related costs	161,179	36,073
One-off financial expenses related to the issue of bonds	3,997	0
Revaluation of earn-out	26,818	28,856
Tax effect on the adjustment	(350,459)	(308,376)
Numerator		
Profit attributable to the owner of the parent company	1,198,473	1,182,805
Denominator		
Number of shares issued	34,631	33,919
Adjusted net earnings per share (CZK per share) attributable to the owner of the parent company	34.6	34.9

8 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR SIX-MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

Name of the company:	Colt CZ Group SE
Registered office:	náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1, Czech Republic (from 1 July 2023)
Legal form:	European Company
Id. no.:	291 51 961

Components of the condensed consolidated interim financial statements:
- Consolidated statement of profit and loss and other comprehensive income
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated cash flow statement
- Notes to condensed consolidated interim financial statements

These condensed consolidated interim financial statements were prepared and approved on 18 September 2023.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE

	Note	30 Jun 2023 CZK ‘000	30 Jun 2022 CZK ‘000
Revenues from the sale of own products, goods and services	8	6,860,236	7,049,170
Other operating income		51,590	36,851
Change in inventories developed internally		408,960	972,245
Own work capitalized		92,814	96,972
Raw materials and consumables used		-3,599,095	-3,973,056
Services		-832,362	-971,228
Personnel costs		-1,522,398	-1,369,613
Depreciation and amortization		-373,433	-421,584
Other operating expenses		-125,600	-116,775
Allowances		-35,993	637
Operating profit		**924,719**	**1,303,619**
Interest income	9.1	578,505	152,478
Interest expense	9.1	-459,812	-240,933
Other financial income	9.1	132,098	134,022
Other financial expenses	9.1	-68,343	-47,971
Gains or losses from derivative transactions	9.1	243,241	80,279
Share in the profit of associates after tax		1,665	11,303
Profit before tax		**1,352,073**	**1,392,797**
Income tax	9.2	-305,918	-288,092
Profit for the period		**1,046,155**	**1,104,705**

	Note	30 Jun 2023 CZK ‘000	30 Jun 2022 CZK ‘000
Items that may be subsequently reclassified to the statement of profit or loss			
Cash flow hedges – remeasurement of effective portion of hedging instruments		-5,520	113,064
Foreign currency translation of foreign operations		1	-103,374
Other comprehensive income		**-5,519**	**9,690**
Comprehensive income for the period		**1,040,636**	**1,114,395**
Profit for the period attributable to:			
Owner of the parent company		1,046,155	1,104,705
Comprehensive income for the period attributable to:			
Owner of the parent company		1,040,636	1,114,395
Net earnings per share attributable to the owner of the parent company (CZK per share)			
Basic	21	30	33
Diluted	21	30	32

Notes are an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Note	30 Jun 2023 CZK '000	31 Dec 2022 CZK '000
ASSETS			
Non-current assets			
Intangible assets	10	3,226,411	3,462,131
Goodwill	8	2,457,416	2,457,416
Property, plant and equipment	11	3,024,723	3,066,251
Investments in subsidiaries in the acquisition process*	3	724,200	-
Equity-accounted securities and investments	17	42,278	39,401
Financial derivatives	18	1,504,214	1,181,097
Trade and other receivables		27,345	35,515
Other receivables		2,527	6,560
Total non-current assets		**11,009,114**	**10,248,371**
Current assets			
Inventories	12	4,488,953	3,797,557
Trade and other receivables		1,213,856	1,346,143
Provided loans		-	7,700
Other financial assets		829,492	756,834
Financial derivatives	18	194,471	217,123
Other receivables		200,099	304,005
Cash and cash equivalents		3,940,648	2,825,781
Total current assets		**10,867,519**	**9,255,143**
Total assets		**21,876,633**	**19,503,514**

	Note	30 Jun 2023 CZK '000	31 Dec 2022 CZK '000
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		3,447	3,410
Share premium		1,580,044	1,366,386
Capital funds		1,641,512	1,641,512
Cash flow hedge reserve		1,062,694	1,068,214
Foreign exchange translation reserve		-326,432	-326,433
Accumulated profits		4,091,450	3,928,282
Equity attributable to the owner of the Company		**8,052,715**	**7,681,371**
Equity attributable to the owner of the Company		8,052,715	7,681,371
Total equity		**8,052,715**	**7,681,371**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Note	30 Jun 2023 CZK '000	31 Dec 2022 CZK '000
Non-current liabilities			
Bonds, bank loans and borrowings	16	8,899,499	6,972,898
Financial derivatives	18	55,964	28,684
Lease liabilities		36,998	46,796
Other financial liabilities	18	33,643	240,468
Trade and other payables		38,313	7,825
Other payables		15,871	21,169
Provisions	13	33,578	23,654
Deferred tax liability		725,103	731,308
Employee benefit liabilities	15	259,329	265,280
Total non-current liabilities		**10,098,298**	**8,338,082**

	Note	30 Jun 2023 CZK '000	31 Dec 2022 CZK '000
Current liabilities			
Bonds, bank loans and borrowings	16	225,984	208,597
Financial derivatives	18	18,302	38,610
Lease liabilities		21,468	23,939
Other financial liabilities	18	237,211	238,593
Trade and other payables		2,054,483	1,154,955
Other payables		769,372	1,479,267
Provisions	13	29,962	51,371
Tax liabilities		351,176	269,096
Employee benefit liabilities	15	17,662	19,633
Total current liabilities		**3,725,620**	**3,484,061**
Total liabilities		**13,823,918**	**11,822,143**
Total equity and liabilities		**21,876,633**	**19,503,514**

Notes are an integral part of these consolidated interim financial statements.

*For detailed information see note 3.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH ENDED 30 JUNE

CZK '000	Share capital	Share premium	Capital funds	Cash flow hedge reserve	Foreign exchange translation reserve	Accumulated profits	Equity attributable to the owner of the parent company	Total equity
Balance at 31 December 2021	**3,374**	**1,139,211**	**1,641,512**	**119,983**	**-201,398**	**2,593,146**	**5,241,828**	**5,241,828**
Profit for the period	-	-	-	-	-	2,034,192	2,034,192	2,034,192
Other comprehensive income	-	-	-	948,231	-125,035	-	823,196	823,196
Total comprehensive income for the period	**-**	**-**	**-**	**948,231**	**-125,035**	**2,034,192**	**2,857,388**	**2,857,388**
Dividends	-	-	-	-	-	-843,416	-843,416	-843,416
Issue of shares	36	227,175	-	-	-	-	227,211	227,211
Share-based payments	-	-	-	-	-	198,360	198,360	198,360
Balance at 31 December 2022	**3,410**	**1,366,386**	**1,641,512**	**1,068,214**	**-326,433**	**3,928,282**	**7,681,371**	**7,681,371**
Profit for the period	-	-	-	-	-	1,046,155	1,046,155	1,046,155
Other comprehensive income	-	-	-	-5,520	1	-	-5,519	-5,519
Total comprehensive income for the period	**-**	**-**	**-**	**-5,520**	**1**	**1,046,155**	**1,040,636**	**1,040,636**
Dividends*	-	-	-	-	-	-1,034 016	-1,034,016	-1,034,016
Issue of shares	37	213,658	-	-	-	-	213,695	213,695
Share-based payments	-	-	-	-	-	151,029	151,029	151,029
Balance at 30 June 2023	**3,447**	**1,580,044**	**1,641,512**	**1,062,694**	**-326,432**	**4,091,450**	**8,052,715**	**8,052,715**

Notes are an integral part of these consolidated interim financial statements.

*For detailed information about payment of dividends see note 19.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH ENDED 30 JUNE

CZK '000	Share capital	Own shares	Share premium	Capital funds	Cash flow hedge reserve	Foreign exchange translation reserve	Accumulated profits	Equity attributable to the owner of the parent company	Total equity
Balance at 31 December 2021	**3,374**	**-**	**1,139,211**	**1,641,512**	**119,983**	**-201,398**	**2,539,146**	**5,241,828**	**5,241,828**
Profit for the period	-	-	-	-	-	-	1,104,705	1,104,705	1,104,705
Other comprehensive income	-	-	-	-	113,064	-103,374	-	9,690	9,690
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**113,064**	**-103,374**	**1,104,705**	**1,114,395**	**1,114,395**
Dividends	-	-	-	-	-	-	-843,416	-843,416	-843,416
Issue of shares	36	-227,211	227,175	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	33,780	33,780	33,780
Balance at 30 June 2022	**3,410**	**-227,211**	**1,366,386**	**1,641,512**	**233,047**	**-304,772**	**2,834,215**	**5,546,587**	**5,546,587**

Notes are an integral part of these consolidated interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX-MONTH ENDED 30 JUNE 2023

	Note	30 Jun 2023 CZK '000	30 Jun 2022 CZK '000
Cash flows from principal economic activity (operating activity)			
Profit from ordinary activity before tax		**1,352,073**	**1,392,797**
Depreciation/amortization of non-current assets	10, 11	373,433	421,584
Change in allowances and provisions	13	25,189	-2,160
Gain/Loss on sale of fixed assets		-1,794	–
Interest expense and interest income		-118,693	88,455
Share in the profit of associates	17	-1,665	11,303
Unrealized foreign exchange gain and losses		253,951	-362,175
Contingent consideration – remeasurement	18	26,618	28,856
Partial earnout settlement		213,695	–
Other financial assets – remeasurement	9	-101,916	–
Cash flow hedging – remeasurement of the effective portion of hedging instruments		-5,520	113,064
Share-based payments	14	151,029	33,780
Adjustments for other non-cash transactions		18,815	6,562
Net operation cash flows before changes in working capital		**2,185,215**	**1,732,066**
Change in working capital			
Change in receivables and deferrals		-33,870	-345,765
Change in liabilities and accruals		-1,056,003	925,684
Change in inventories	12	-838,290	-1,101,192
Net cash flow from operating activities		**257,052**	**1,210,793**
Paid interest	9	-443,913	-97,264
Interest received	9	568,606	111,135
Income tax paid for ordinary activity	9.2	-206,039	-174,260
Net cash flow from operating activities *		**175,706**	**1,050,404**

	Note	30 Jun 2023 CZK '000	30 Jun 2022 CZK '000
Cash flows from investing activities			
Acquisition of non-current assets	10, 11	-235,843	-252,379
Income from the sale of non-current assets		-1,814	-29,084
Acquisition of other investments		–	-16,675
Acquisition of equity-accounted securities and investments		-1,212	–
Investments in subsidiaries in acquisition process	3	-724,200	–
Provided loans		7,700	190,000
Employee benefit liabilities		–	-7,477
Net cash flow from investing activities		**-955,369**	**-115,615**
Cash flows from financing activities			
Proceeds from issue of bonds	16	1,917,756	1,984,796
Dividends paid to owners		–	-843,416
Proceeds from loans	16	10,635	–
Loan repayment	16	-1,757	-2,317,579
Net cash flow from financing activities		**1,926,634**	**1,176,199**
Net change in cash and cash equivalents		**1,146,971**	**-241 410**
Opening balance of cash and cash equivalents		**2,825,781**	**3,573,467**
Effect of exchange rate on cash and cash equivalents		-32,104	76,653
Closing balance of cash and cash equivalents		**3,940,648**	**3,408,710**

* Adjusted net cash flow from operating activities and unpaid dividend liability

	Note	30 Jun 2023 CZK '000	30 Jun 2022 CZK '000
Net cash flow from operating activities		**175,706**	**1,050,404**
Dividend liability	19	1,034,016	–
Adjusted net cash flow from operating activities		**1,209,722**	**1,050,404**

Notes are an integral part of these consolidated interim financial statements.

COLT CZ GROUP SE

Condensed consolidated interim financial statements

for the period of six-months from 1 January to 30 June 2023

prepared under the International Financial Reporting Standards

as adopted by the European Union

(unaudited)

CONTENTS

1 PARENT COMPANY

Colt CZ Group SE (the "Consolidating Entity" or the "Company") is a European company recorded in the Register of Companies held by the Municipal Court in Prague on 10 January 2013, having its registered office at náměstí Republiky 2090/3a Nové Město, 110 00 Prague 1, Czech Republic, corporate ID No. 291 51 961. Company together with its subsidiaries, is one of the world's leading manufacturers of firearms, tactical accessories and ammunition for military and law enforcement, personal defense, hunting, sport shooting and other commercial use. Its products are marketed and sold mainly under the Colt, CZ (Česká zbrojovka), Colt Canada, CZ-USA, Dan Wesson, swissAA and 4M Systems brands.

The following table shows individuals and legal entities with an equity interest greater than 10 percent:

Shareholder	Ownership percentage as at	
	30 Jun 2023	31 Dec 2022
Česká zbrojovka Partners SE	**76.04%**	**76.86%**

Since 2017, the majority owner of the Company has been Česká zbrojovka Partners, SE, based at Opletalova 1284/37, Nové Město, 110 00 Prague 1, Czech Republic.

The Consolidating Entity and consolidated entities are part of a larger consolidation group of the ultimate parent company European Holding Company, SE, based at Opletalova 1284/37, Nové Město, 110 00 Prague 1, Czech Republic. The ultimate owner of the Company is René Holeček.

Members of the Board of Directors and Supervisory Board as at the balance sheet date:

Board of Directors	
Chair:	Jan Drahota
Vice-chair:	Josef Adam
Member:	David Aguilar (until 30 June 2023)
Member:	Jan Holeček
Member:	Dennis Veilleux
Member:	Jan Zajíc
Supervisory Board	
Chair:	Lubomír Kovařík
Member:	Jana Růžičková
Member:	Vladimír Dlouhý

The consolidation group (the "Group") comprises the Company and the consolidated entities of the Group (subsidiaries). The consolidation group includes the Company and entities controlled by the Company.

All amounts in these financial statements and the related notes are reported in thousands of Czech crowns (CZK '000), which is also the functional currency.

2 GROUP DESCRIPTION

Company name	Principal activity	Place of foundation and business operation	Consolidation method	Share in voting rights held by the Group		
				30. Jun 2023	30. Dec 2022	30. Jun 2022
Česká zbrojovka a.s.	Production, purchase and sale of firearms and ammunition	Uherský Brod, Czech Republic	Full	100%	100%	100%
Česká zbrojovka a.s. Niederlassung Deutschland	Production, purchase and sale of firearms and ammunition	Regensburg, Germany	Full	100%	100%	–
CZ BRASIL LTDA	Production, purchase and sale of firearms and ammunition	Brazil	equity	49%	49%	49%
Latin America Holding, a.s.	Holding company	Uherský Brod, Czech Republic	Full	100%	100%	100%
CARDAM s.r.o.	Research and development	Dolní Břežany, Czech Republic	Equity	33%	33%	33%
ZBROJOVKA BRNO, s.r.o.	Purchase and sale of firearms and ammunition	Brno, Czech Republic	Full	100%	100%	100%
CZ – Slovensko s.r.o.	Production, purchase and sale of firearms and ammunition	Bratislava, Slovakia	Full	100%	100%	100%
Colt CZ Group North America, Inc.	Holding company	Kansas City, USA	Full	100%	100%	100%
CZ-USA, LLC	Purchase and sale of firearms and ammunition	Kansas City, USA	Full	100%	100%	100%
Colt Holding Company LLC	Production, purchase and sale of firearms and ammunition	West Hartford, Connecticut, USA	Full	100%	100%	100%
CDH II Holdco Inc***	Holding company	West Hartford, Connecticut, USA	Full	100%	100%	100%
Colt Defence LLC***	Holding company	West Hartford, Connecticut, USA	Full	–	100%	100%
New Colt Holding Corp.	Holding company	West Hartford, Connecticut, USA	Full	100%	100%	100%
Colt´s Manufacturing Company LLC	Production, purchase and sale of firearms and ammunition	West Hartford, Connecticut, USA	Full	100%	100%	100%
Manufacturing IP Holding Company LLC	Holds, maintains, and licenses Colt USA trademarks	West Hartford, Connecticut, USA	Full	100%	100%	100%
Colt Defence Technical Services LLC*	Holding company	West Hartford, Connecticut, USA	Full	–	–	100%
Four Horses Apparel, Inc.	Purchase and sale of clothing and fashion accessories	West Hartford, Connecticut, USA	Full	100%	100%	–
Colt Canada Corporation	Production, purchase and sale of firearms and ammunition	Kitchener, Ontario, Canada	Full	100%	100%	100%
Colt Canada IP Holding Company*	Holding company	Kitchener, Ontario, Canada	Full	–	–	100%

Company name	Principal activity	Place of foundation and business operation	Consolidation method	Share in voting rights held by the Group		
				30. Jun 2023	30. Dec 2022	30. Jun 2022
Nova Scotia Company 43 81079*	Possession of trademarks and intellectual property	Kitchener, Ontario, Kanada	Full	–	–	100%
Colt International Cooperatief U.A.	Holding company	Amsterdam, Netherlande	Full	100%	100%	100%
Colt CZ Defence Solutions, s.r.o.	Purchase and sale of firearms and ammunition	Uherský Brod, Czech Republic	Full	100%	100%	100%
EHC-4M, SE	Holding company	Prague, Czech Republic	Full	100%	100%	100%
4M SYSTEMS a.s.	Trade with military material	Prague, Czech Republic	Full	100%	100%	100%
Colt CZ Group International s.r.o.	Holding company	Prague, Czech Republic	Full	100%	100%	100%
EG-CZ Academy	Academy	Quimper, France	Equity	20%	20%	20%
Spuhr i Dalby AB	Manufacture and assembly of optics	Löddeköpinge, Sweden	Full (Q2 2022 –Equity)	100%	100%	25%
CZG VIB s.r.o.	Holding company	Prague, Czech Republic	Full	100%	100%	100%
VIBROM spol. s r.o.	Production	Třebechovice pod Orebem, Czech Republic	Equity	25%	25%	25%
swissAA Holding AG**	Holding company	Däniken, Switzerland	Full	100%	–	–
aaltech GmbH**	Purchase and sale of ammunition	Sollenau, Austria	Full	100%	–	–
laltech s.r.l.**	Purchase and sale of ammunition	Bad Krozingen, Germany	Full	100%	–	–
galtech AG**	Purchase and sale of ammunition	Bad Krozingen, Germany	Full	100%	–	–
saltech AG**	Production and sale of ammunition	Däniken, Switzerland	Full	100%	–	–
haltech kft.**	Production and sale of ammunition	Balatonfüzfö, Hungary	Full	100%	–	–
S-Pyrotech kft.**	Rental of property and buildings	Balatonfüzfö, Hungary	Full	100%	–	–
Colt CZ Hungary Zrt.****	Production, of firearms	Hungary	Equity	50%	–	–

* A restructuring within the Colt Group took place during 2022. The assets and liabilities of the designated companies were transferred to other companies within the Colt Group.

** On 28 June 2023 swiss AA Holding AG group was acquired. For a detailed description refer to note 3.

*** On 18 May 2023 Colt Defence LLC merged with CDH II Holdco Inc, the successor company.

**** The Group holds a 51% ownership interest in Colt CZ Hungary Zrt and a 50% non-controlling interest in voting rights.

Česká zbrojovka a.s. and the Colt's Manufacturing Company LLC are the most significant entities in the Group. In the text below, the term 'Group' refers to the consolidation group.

3 SIGNIFICANT EVENTS IN THE CURRENT REPORTING PERIOD

The financial situation and financial performance of the Group were affected by the following events and transactions on a one-off basis:

On 20 January 2023, the remaining part of the provided loan of CZK 7,000 thousand was paid by EHC zdravotní s.r.o.

In the context of increasing labour productivity and in response to fluctuations in demand on some markets, especially in the USA, Česká zbrojovka a.s. responded by adjusting the production flow, the structure of the product mix, optimising the number of employees and other measures. The aim was to increase competitiveness and cost efficiency on global markets. The management of Česká zbrojovka a.s. informed their employees in detail about these initiatives. Partial production outage took place from 29 March to 10 April 2023.

On 16 May 2023, the Company's registered capital was increased by CZK 36,529 through the issue of 365,291 book-entry shares. The issue price was determined at CZK 585 per share. The newly issued shares were subscribed by Colt CZ Group North America, Inc. solely in connection with the provision of consideration in the partial settlement of the acquisition of Colt Holding Company LLC in 2021. The stake held by the majority shareholder Česká zbrojovka Partners SE equals 76.04% after the issuance of new share.

On 18 May 2023, the Company issued bonds with a nominal value of CZK 1,929,000 thousand. The proceeds will be used for capital expenditures (CAPEX), working capital, financing of potential M&A transactions, and other general corporate purposes.

On 28 June 2023, the acquisition of 100% of the share capital of swissAA Holding AG was completed. SwissAA Holding AG is an ammunition producer with facilities in Switzerland and Hungary. As of the date of these interim consolidated financial statements, the acquisition accounting has not been finalized. swissAA Holding AG will become part of the consolidation unit as of 1 July 2023. As of 30 June 2023, the consideration transferred amounted to CZK 724,200 thousand and is recognized under Investments in subsidiaries in the process of acquisition.

4 BASIC PRINCIPLES FOR PREPARATION OF THE INTERIM REPORT

These condensed interim consolidated financial statements for the six-months period ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed interim consolidated financial statements do not include all notes that are normally included in the annual financial statements. Accordingly, the condensed interim consolidated financial statements must be read together with the consolidated financial statements for the year ended 31 December 2022, which were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

The condensed interim consolidated financial statements have not been reviewed by an auditor in accordance with applicable regulations.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies that were utilized are consistent with those of the most recent annual financial statements. A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

6 ESTIMATES AND SOURCES OF UNCERTAINTY

During preparation of the condensed interim consolidated financial statements, the Group's management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses. The actual results may differ from these estimates. Apart from this, the Group's future business may be adversely impacted by factors beyond the Group's control. In the preparation of these condensed interim consolidated financial statements, the significant judgements made by management and the key sources of uncertainty in making estimates were the same as those used in the consolidated financial statements for the year ended 31 December 2022.

7 FINANCIAL RISK MANAGEMENT

The Group's activities give rise to many financial risks: market risk, credit risk and liquidity risk. The condensed interim consolidated financial statements do not include all financial information on risk management and other information required in annual consolidated financial statements. They should be assessed together with the annual consolidated financial statements of the Group as at 31 December 2022. No changes in the rules and policies of managing these risks have been made since the end of 2022.

The Group uses financial derivatives to manage financial risks. The method of measurement of financial derivatives and information on the fair value of financial assets and liabilities as at 30 June 2023 and 31 December 2022 are disclosed in note 18 Financial assets and liabilities at fair value.

8 INFORMATION ABOUT SEGMENTS AND REVENUES

Segment reporting is prepared in accordance with IFRS 8 Operating Segments. Which defines requirements for the disclosure of financial information on the Group's operating segments.

As at 30 June 2023 and 30 June 2022 substantially all assets and liabilities, expenses and revenues of the Group related to the Production, purchase and sale of firearms and accessories.

The table below specifies revenues from the sale of own products, goods and services by the most significant regions (in CZK '000)

Revenues from sales to external customers	30 Jun 2023	30 Jun 2022
Czech Republic (home country)	1,371,873	579,939
United States	3,218,812	4,086,832
Canada	970,866	499,146
Europe (apart from the Czech Republic)	733,928	848,591
Africa	89,642	34,806
Asia	272,251	792,510
Others	202,864	207,346
Total	**6,860,236**	**7,049,170**

The Group has production facilities in the Czech Republic, USA, Canada and Sweden. From the total amount of property, plant and equipment of CZK 3,024,723 thousand as at 30 June 2023 (CZK 3,066,251 thousand as at 31 December 2022), the value of items located in the USA is CZK 546,343 thousand (CZK 524,576 thousand as at 31 December 2022), CZK 200,583 thousand (CZK 186,851 thousand as at 31 December 2022) in Canada and CZK 40,110 thousand (CZK 49,315 thousand as at 31 December 2022) in Sweden with the remainder in the Czech Republic.

From the total amount of intangible assets of CZK 3,226,411 thousand (CZK 3,462,131 thousand as at 31 December 2022) located outside the Czech Republic as at 30 June 2023, CZK 1,761,736 thousand (CZK 1,942,710 thousand as at 31 December 2022) was located in the USA, CZK 540,104 thousand (CZK 570,177 thousand as at 31 December 2022) was in Canada and CZK 309,819 thousand (CZK 348,000 thousand as at 31 December 2022) was in Sweden.

Goodwill as at 30 June 2023 recorded amounts to CZK 280,686 thousand (CZK 280,686 thousand as at 31 December 2022) in the Czech Republic, CZK 1,925,741 thousand (CZK 1,925,741 thousand as at 31 December 2022) in the USA, CZK 183,700 thousand (CZK 183,700 thousand as at 31 December 2022) in Canada and CZK 67,289 thousand (CZK 67,289 thousand as at 31 December 2022) in Sweden. Goodwill represents the expected synergies arising from the integration of the companies ‘activities within the existing Group.

9 PROFIT AND LOSS INFORMATION

9.1. Financial result

- An interest expense of CZK 459,812 thousand (CZK 240,933 thousand in the six-month period ended 30 June 2022) is mainly represented by interest incurred on issued bonds of CZK 335,794 thousand (CZK 181,411 thousand in the six-month period ended 30 June 2022). Detailed information about issued bonds are in Note 16. An interest expense of CZK 123,349 thousand (CZK 56,815 thousand in the six-month period ended 30 June 2022) represents interest from cross currency interest rate swaps. These swaps also generate interest income in the amount of CZK 497,500 thousand (CZK 93,157 thousand in the six-month period ended 30 June 2022) reported in Interest income.
- Other financial income in the amount of CZK 132,098 thousand (CZK 134,022 thousand in the six-month period ended 30 June 2022) mainly represents remeasurement of Other financial assets of CZK 101,916 thousand (CZK 0 thousand in the six-month period ended 30 June 2022) and foreign exchange gain of the amount CZK 30,182 thousand (CZK 134,022 thousand in the six-month period ended 30 June 2022).
- Other financial expenses of CZK 68,343 thousand (CZK 47,971 thousand for the period from 1 January to 30 June 2022) mainly represent remeasurement of the contingent consideration arising from the Colt acquisition of CZK 26,818 thousand (CZK 28,856 thousand in six-months period ended 30 June 2022).
- Profit/Loss on financial derivatives – The Group manages its exposure to currency and interest rate risk by using derivative instruments. As not all of the derivatives are accounted for as hedging instruments, the amount of the financial result was impacted by a change in fair value of open financial derivatives held for trading. In the six-month period ended 30 June 2023, the Group recognized profit from derivative instruments of CZK 243,241 thousand (loss CZK 80,279 thousand in the six-month period ended 30 June 2022).

  In other comprehensive income for the six-month period ended 30 June 2023, the Group recognized a loss of CZK 5,520 thousand from the remeasurement of financial derivatives classified as hedging instruments (gain of CZK 113,064 thousand in the six-month period ended 30 June 2022).

9.2. Income tax

Reported Income tax expense is based on an estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate for the period from 1 January to 30 June 2023 is 22.6% (20.7% for the period from 1 January to 30 June 2022).

The amount of the effective tax rate is affected by the level of tax rates in individual countries, where the Group operates (Czech Republic – 19%, USA – 26-28%, Canada – 25%, Sweden 20.6%).

10 INTANGIBLE ASSETS

Acquisition costs

The following tables summarize changes in intangible assets from 1 January to 30 June 2023 (in CZK ‘000):

GROUP	Opening balance	Additions	Disposals	Transfers	Impact of FX fluctuations	Closing balance
Software	241,532	1,293	–	516	-217	243,124
Intangible assets under construction or being acquired	64,442	36,115	–	-11,462	-1,200	87,895
Other intangible assets	890,614	195	–	–	-29,031	861,778
Trademarks and logos	1,638,762	–	–	–	-58,769	1,579,993
Capitalized development	532,878	4,736	–	10,946	–	548,560
Concessions, license rights and other intellectual property rights	350,245	9	–	–	-6,885	343,369
Contractual customer relations	1,667,688	–	–	–	-37,983	1,629,705
Total	**5,386,161**	**42,348**	**–**	**–**	**-134,085**	**5,294,424**

Accumulated amortization and carrying value

GROUP	Opening balance	Amortization	Disposals, liquidation	Changes in allowances, reversal of allowances	Impact of FX rate fluctuations	Closing balance	Carrying amount
Software	-175,444	-10,181	–	–	354	-185,271	57,853
Intangible assets under construction or being acquired	–	–	–	–	–	–	87,895
Other intangible assets	-291,363	-58,496	–	–	11,447	-338,412	523,366
Trademarks and logos	–	–	–	–	–	–	1,579,993
Capitalized development	-220,991	-12,968	–	64	-146	-234,040	314,520
Concessions, license rights and other intellectual property rights	-235,546	-12,194	–	–	12,359	-235,381	107,988
Contractual customer relations	-1,000,686	-84,422	–	–	10,199	-1074,909	554,796
Total	**-1,924,030**	**-178,261**	**–**	**64**	**34,213**	**-2,068,013**	**3,226,411**

The Group’s management has considered and assessed all assumptions used in determining the value-in-use calculations of the recoverable amount of the cash generating unit to which goodwill and intangible assets with indefinite useful lives belong. The Group’s management has concluded its assumptions as disclosed in the most recent annual financial statements are still appropriate and that there is no indication of impairment.

11 PROPERTY, PLANT AND EQUIPMENT

Acquisition costs

The following tables summarize the changes in property, plant, and equipment from 1 January to 30 June 2023 (in CZK '000):

GROUP	Opening balance	Additions	Disposals	Transfers	Impact of FX fluctuations	Closing balance
Buildings	1,630,089	7,275	–	1,172	-10,441	1,628,095
Machinery, instruments and equipment	3,662,785	104,234	-56,646	13,183	-20,231	3,703,325
Other non-current tangible assets	44,896	10,504	-4	–	-1,344	54,052
Other non-current tangible assets under construction	99,361	52,346	–	13,952	-2,190	163,469
Prepayments made for non-current tangible assets	124,214	9,296	–	-28,307	-170	105,033
Lands	324,539	–	–	–	-7,678	316,861
Total	**5,885,884**	**183,655**	**-56,650**	**–**	**-42,054**	**5,970,835**

Accumulated amortization and carrying value

GROUP	Opening balance	Amortization	Disposals	Changes in allowances, reversal of allowances	Impact of FX rate fluctuations	Closing balance	Carrying amount
Buildings	-641,433	-37,559	–	–	2,045	-676,947	951,148
Machinery, instruments, and equipment	-2,150,335	-152,660	43,092	–	17,049	-2,242,854	1,460,471
Other non-current tangible assets	-14,135	-4,953	–	–	561	-18,527	35,525
Other non-current tangible assets under construction	-12,581	–	–	7,056	-785	-6,310	157,159
Prepayments made for non-current tangible assets	-1,149	–	–	-325	–	-1,474	103,559
Lands	–	–	–	–	–	–	316,861
Total	**-2,819,633**	**-195,172**	**43,092**	**6,731**	**18,870**	**-2,946,112**	**3,024,723**

Machinery, instruments and equipment and Buildings as at 30 June 2023 include right of use assets arising from lease contracts of CZK 50,908 thousand (CZK 63,393 thousand as at 31 December 2022). Additions to the rights of use arising from lease contracts amounted to CZK 1,161 thousand in 2022 (CZK 7,210 thousand in the six-month period ended 30 June 2022). These primarily include lease contracts for warehouses and office space,as well as cars and technical office equipment.

Depreciation for the six-month period ended 30 June 2023 includes depreciation of right of use assets of CZK 12,012 thousand (CZK 12,463 thousand in the six-month period ended 30 June 2022).

12 INVENTORIES

The structure of inventories as at 30 June 2023 and 31 December 2022 is as follows

(in CZK '000):	30 Jun 2023	31 Dec 2022
Material	1,599,063	1,495,410
Work-in-progress and semi-finished products	737,848	663,939
Finished products	1,682,861	1,334,103
Goods	428,662	270,246
Prepayments made for inventories	40,518	33,859
Total	**4,488,953**	**3,797,557**

The valuation of redundant, obsolete, and slow-moving inventories is decreased to the selling price net of the costs of sale. As at 30 June 2023, allowances for inventories of CZK 485,142 thousand (CZK 441,366 thousand as at 31 December 2022) were included in the statement of financial position. In the six-months period ended 30 June 2023, an impairment loss of CZK 51 087 thousand was recorded in the profit and loss (loss of CZK 3,822 thousand in the six-months period ended 30 June 2022). The remainder of the change in allowances for inventories is mainly due to exchange rate differences on the translation of foreign subsidiaries.

13 CURRENT AND NON-CURRENT PROVISIONS

The table below shows current and non-current provisions as at 30 June 2023 and 31 December 2022 (CZK '000):

Provisions	Balance at 30 Jun 2023	Balance at 31 Dec 2022
Warranty repairs	25,596	46,263
Other current provisions	4,366	5,108
Total current provisions	**29,962**	**51,371**
Warranty repairs	9,635	10,411
Share-based payments	20,318	10,168
Other non-current provisions	3,625	3,075
Total non-current provisions	**33,578**	**23,654**
Total provisions	**63,540**	**75,025**

14 SHARE-BASED PAYMENT ARRANGEMENTS

The Group provides a stock option plan (the „Share Program“) to its employees. The Share Program entitles the Group's key executives and employees (option holders) to purchase the Company's shares. The plan is currently only available to executives and senior employees.

Shares designated for the Option Plan will be newly issued. The maximum number of shares issued will be 3,373 thousand.

Table below shows the number and weighted average realisable price of share options under the Share Plan.

	Number of options	Weighted average realisable price (in CZK)
Unsettled at 1 January 2022	**–**	**–**
Provided during the period	2,807,300	0.10
Unsettled at 31 December 2022	**2,807,300**	**0.10**
Provided during the period	9,900	0.10
Unsettled at 30 June 2023	**2,817,200**	**0.10**

14.1. Expenses recognized in the statement of profit and loss

In connection with the Stock Plan, the Group recognized expenses of CZK 151,029 thousand in Personal expenses (CZK 0 thousand for the period from 1 January to 30 June 2022). Of this amount, CZK 65,107 thousand represents personnel expenses related to key management personnel (CZK 0 thousand for the period from 1 January to 30 June 2022).

In addition, the Group has created a provision for social and health insurance recognized under Other operating expenses in the amount of CZK 10,150 thousand (CZK 0 thousand for the period from 1 January to 30 June 2022). In connection with this provision, the Group recognized deferred tax in the amount of CZK 1,969 thousand (CZK 0 thousand for the period from 1 January to 30 June 2022).

14.2. Items recognized in the statement of financial position

The fair value of 2,817,200 stock options allocated to own employees of CZK 349,389 thousand is recognised in Accumulated profits (CZK 198,360 thousand as at 31 December 2022).

The fair value of employee stock options was determined using the Black Scholes measurement model. The options are subject to the employment term/function term and non-market performance condition which were not considered in the fair value determination.

The related social security and health insurance liabilities as at 30 June 2023 of CZK 20,318 thousand are recognised in non-current provisions (CZK 10,168 thousand as at 31 December 2022). The Group also recognised deferred tax in respect of these liabilities in the amount of CZK 2,993 thousand (CZK 1,024 thousand as at 31 December 2022).

15 EMPLOYEE BENEFIT LIABILITIES

Employee benefit liabilities (CZK ,000):

	30 Jun 2023	31 Dec 2022
Net employee benefit liability	135,199	141,889
Liability for medical (healthcare) benefits	141,792	143,024
Total net employee benefit liability	**276,991**	**284,913**
Non-current net employee benefit liabilities	259,329	265,280
Current net employee benefit liabilities	17,662	19,633
Total net employee benefit liability	**276,991**	**284,913**

16 BONDS, BANK LOANS AND BORROWINGS

	Terms	Interest rate %	Aggregate limit as at 30 Jun 2023 (CZK '000)	30 Jun 2023 CZK '000	31 Dec 2022 CZK '000
Issued bonds	23 Mar 2027	6M Pribor + margin % p.a.	5,000,000	5,000,000	5,000,000
Issued bonds – unpaid interest				123 033	124,839
Issued bonds – issue cost				-19,522	-22,118
Issued bonds	27 Jan 2029	6M Pribor + margin % p.a.	1,998,000	1,998,000	1,998,000
Issued bonds – unpaid interest				74,068	77,606
Issued bonds – issue cost				-10,768	-11,725
Issued bonds	18 May 2030	6M Pribor + margin % p.a	1,929,000	1,929,000	–
Issued bonds – unpaid interest				21,243	–
Issued bonds – issue cost				-11,051	–
Other			21,479	21,479	14,893
Total			**8,948,479**	**9,125,483**	**7,181,495**
Repayments in the following year				225,984	208,597
Repayments in future years				8 899,499	6,972,898

17 INTEREST IN ASSOCIATES

The carrying amount of all equity-accounted investments changed as follows in the six-month period ended 30 June 2023 (in CZK '000):

	30 Jun 2023 CZK '000
Beginning of the period	39,401
Colt CZ Hungary Zrt. investments	1,212
Share in the profit of associates after tax	1,665
End of the period	**42,278**

18 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

This note provides an update on the judgements and estimates made by the Group in determining the fair value of financial instruments since the last annual financial statements.

As at 30 June 2023, assets and liabilities representing financial derivatives, other financial assets, share-based payment arrangements and liabilities related to contingent consideration from the Colt acquisition in 2021 and Spuhr i Dalby AB acquisition in 2022 are measured at fair value.

18.1. Financial derivatives

The fair value of interest rate swaps, currency forwards and swaps is based on the present value of future cash flows based on market data as yield curves of referential interest rate swaps, spot foreign exchange rates and forward points. For currency options, the respective option model is used (primarily the Black-Scholes model or its modifications), with the specific input data including the volatility of currency exchange rates reflecting specific realization rates of individual transactions ("volatility smile"). The fair value of cross currency interest rate swaps is determined as the present value of future cash flows. The estimate of future variable cash flows is based on quoted swap rates and interbank deposit rates. The estimated future cash flows are discounted using a revenue curve constructed from the above sources.

The fair values of derivative transactions are classified as level 2, whereby the market data used in models originate from active markets.

The following table provides an overview of nominal values and positive or negative fair values of open trading derivatives as at 30 June 2023 and 31 December 2022 (CZK '000):

		30 Jun 2023 Fair value			31 Dec 2022 Fair value	
CZK '000	**Nominal**	**Positive**	**Negative**	**Nominal**	**Positive**	**Negative**
Put Option	334,759	19,992	–	965,806	70,142	–
Call Option	393,600	–	1	1,555,779	–	1,550
Forwards	1,986,594	133,241	13,125	2,020,123	64,557	20,126
Currency swap	1,023,889	140	3,127	830,007	24,581	–
Total	**3,738,842**	**153,373**	**16,253**	**5,371,715**	**159,280**	**21,676**

The following table provides an overview of nominal values and positive or negative fair values of open hedging derivatives as at 30 June 2023 and 31 December 2022 (CZK '000):

CZK '000	30 Jun 2023 Fair value			31 Dec 2022 Fair value		
	Nominal	Positive	Negative	Nominal	Positive	Negative
Interest rate swap	2,429,000	80,220	25,567	500,000	98,260	–
Put Option	710,200	43,034	–	1,911,409	113,135	–
Call Option	727,800	–	13,152	1,911,409	–	14,792
Currency swap	5,658,895	496,956	1,339	4,503,470	327,129	–
Forwards	4,033,415	266,360	548	4,456,425	114,620	30,826
Cross currency interest rate swap - USD	3,212,700	357,370	–	3,212,700	274,828	–
Cross currency interest rate swap - CHF	724,200	–	17,407	–	–	–
Cross currency interest rate swap - EUR	1,500,000	301,372	–	1,500,000	310,968	–
Total	**18,996,210**	**1,545,312**	**58,013**	**17,995,413**	**1,238,940**	**45,618**

18.2. Financial liabilities at fair value through profit or loss

CZK '000	30 Jun 2023 Fair value			31 Dec 2022 Fair value		
	Nominal	Positive	Negative	Nominal	Positive	Negative
Other financial assets	863,502	829,492	–	863,502	756,834	–
Contingent consideration – from Colt acquisition	139,486	–	203,893	227,932	–	404,804
Contingent consideration – from Spuhr acquisition	75,023	–	66,961	75,023	–	74,257
	1,078,011	**829,492**	**270,854**	**1,166,457**	**756,834**	**479,061**

The fair value of other financial assets is based on market quoted bid price in an active market. The fair value of the contingent consideration from the Colt acquisition is based on the parent company's shares, which are measured using Level 1 inputs based on the quoted share price as at 30 June 2023. The change in fair value of liability in total amounts to CZK 217,354 thousand and nominal value CZK 138,446 relates to the transfer of the second part of the contingent consideration of 365,291 shares of the Company to the original owners of Colt on 1 June 2023. The change in fair value of the liability in the amount of CZK 26,818 thousand is also caused by the change in market price of the Company's share and the related expense is recognized in Other financial expenses. The remaining change in fair value of the liability in the total amount CZK 10,375 thousand represents a foreign exchange loss and is recognized in Other finance gain on a net basis.

The fair value of the contingent consideration from the Spuhr acquisition is based on the current estimate of Spuhr's gross profit for the periods defined in the Sale and purchase agreement. The remaining financial assets and liabilities are measured at amortized cost. The fair value of all these instruments does not significantly differ from their carrying amount, as the interest rate is close to current market rates, or they are short-term.

19 PROFIT DISTRIBUTION

On 15 June 2023, the Company decided to pay a dividend of CZK 1,034,016 thousand (30 CZK per share). Part of the dividend will be paid in the form of newly issued shares in the number of 322,170 units with a total value of CZK 169,623 thousand. The newly issued shares will be issued after 19 September 2023. Unpaid liability including withholding tax for a total amount of CZK 1,034,016 is shown under Trade and other payables.

20 TRANSACTIONS WITH RELATED PARTIES

The Group's related parties include subsidiaries and associated companies as well as key management personnel and their family members. Transactions that the Group ensures for related parties primarily include trade receivables and provided loans, and the costs of transactions with related parties include remuneration to members of the Supervisory Board and Board of Directors, together with trade payables. Transactions with related parties are part of regular activity and are implemented at arm's length.

During the six-month period ended 30 June 2023 the Group conducted the following transactions with related parties.

Key management personnel

During the six-month period ended 30 June 2023, key management personnel included all members of the Board of Directors and Supervisory Board. Short-term benefits provided to key management personnel (including gross remuneration, annual bonuses, health and social insurance and additional pension insurance) amounted to CZK 23,093 thousand.

The Company also provided its key management personnel with the Option plan described in Note 14. The Company provided no other benefits (e.g. monetary or non-monetary benefits related to a member's termination of office from a body) to its key management personnel.

The Group records the following outstanding balances with related parties as at 30 June 2023 and the following transactions with related parties in the six-months period ended 30 June 2023 (in CZK '000)

Entity	Relationship	Liabilities as at 30 Jun 2023	Purchases from 1 Jan to 30 Jun 2023	Receivables as at 30 Jun 2023	Income from 1 Jan to 30 Jun 2023
Keriani, a.s.	Associate of parent company	608	2,919	2,029	–
CZ-SKD Solutions a.s.	Company in the ultimate owner's group	1,050	3,351	3,886	380
CZ-AUTO SYSTEMS a.s.	Company in the ultimate owner's group	1,122	3,412	12,487	39,304
B-TECH, a.s.	Associate of parent company	–	261	2,618	–
M&H Management a.s.	Company in the ultimate owner's group	–	–	–	43
ITeuro, a.s.	Company in the ultimate owner's group	–	2,175	–	–
Total		**2,815**	**14,637**	**21,595**	**40,301**

Furthermore, the Company records a liability to Česka zbrojovka Partners SE in the amount of CZK 786,314 thousand in respect of dividend payments (CZK 652,262 thousand paid in 2022).

The Group records the following outstanding balances with related parties as at 31 December 2022 and the following transactions with related parties in the six-month period ended 30 June 2022 (in CZK '000):

Entity	Relationship	Liabilities as at 31 Dec 2022	Purchases from 1 Jan to 30 Jun 2022	Receivables as at 31 Dec 2022	Income from 1 Jan to 30 Jun 2022
Česká zbrojovka Partners SE	Parent company	–	10	212	–
Keriani, a.s.	Associate of parent company	418	5,144	2,299	–
B:TECH, a.s.	Company in the ultimate owner's group	23	–	1,122	–
EHC zdravotní s.r.o.	Company in the ultimate owner's group	–	–	9,873	589
CZUB zdravotní s.r.o.	Company in the ultimate owner's group	64	4,028	15	24
CZ-SKD Solutions a.s.	Subsidiary of parent company	67	3,439	312	1
CZ-AUTO SYSTEMS a.s.	Subsidiary of parent company	2,249	12,077	13,193	29,636
TRX, s.r.o.	Company in the ultimate owner's group	85	420	–	–
M&H Management a.s.	Company in the ultimate owner's group	–	–	17	–
Total		**2,906**	**25,118**	**27,043**	**30,250**

21 NET EARNINGS PER SHARE

Basic and diluted earnings from continued operations per share were determined as follows

	30 Jun 2023	30 Jun 2022
Numerator (CZK '000)		
Profit after tax attributable to the owner of the parent company	1,046,155	1,104,705
Denominator (average number of shares in CZK '000)		
Basic	34,631	33,919
Diluted	35,053	34,102
Net earnings per share (CZK/share) attributable to the owner of the parent company		
Basic	30	33
Diluted	30	32

22 CONTINGENT LIABILITIES

As at 30 June 2023, the Group had issued no guarantees in respect to third-party liabilities.
As at 30 June 2023, the Group recorded no significant legal disputes where the Group acts as a defendant; it also did not record any investments or environmental or other off-balance sheet commitments.

The Group's management regularly monitors and evaluates the development of individual legal claims and litigations. The Group's management is currently not aware of the existence of potential losses that may have a significant unfavourable impact on the Group's results of operation and its cash flows.

As at 30 June 2023, the Group records environmental liabilities of CZK 7,881 thousand to which a full provision was established. No other environmental liabilities are recorded.

23 SUBSEQUENT EVENTS

As of July 1, 2023, Mr. David Aguilar and Mr. René Holeček were appointed members of the Supervisory Board. Subsequently, the Supervisory Board elected Mr. David Aguilar as its Chairman, and Mr. René Holeček and Mr. Lubomír Kovařík as its Vice-chairmen.

As of 1 July 2023, the registered office of the Company was changed to náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1.

No other subsequent events have occurred since the balance sheet date that would have any material impact on the condensed consolidated interim financial statements as at 30 June 2023.