

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2023
(unaudited)

Name of the company: Colt CZ Group SE

Registered office: náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1, Czech Republic

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 22 November 2023.

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

	Note	30 Sep 2023 CZK '000	30 Sep 2022 CZK '000
Revenues from the sale of own products, goods and services	9	9,910,546	10,219,903
Other operating income		73,006	70,087
Change in inventories developed internally		981,676	1,130,239
Own work capitalized		129,248	122,437
Raw materials and consumables used		-5,613,904	-5,576,845
Services		-1,292,710	-1,379,589
Personnel costs		-2,246,009	-2,155,109
Depreciation and amortization		-582,526	-658,726
Other operating expenses		-174,769	-262,797
Allowances		-60,403	-22,210
Operating profit		1,124,155	1,487,390
Interest income	10.1	717,015	352,837
Interest expense	10.1	-737,325	-446,619
Other financial income	10.1	379,133	280,117
Other financial expenses	10.1	-59,233	-19,516
Gains or losses from derivative transactions	10.1	144,338	62,019
Share in the profit of associates after tax		2,671	14,113
Bargain purchase gain		320,842	-
Profit before tax		1,891,596	1,703,341
Income tax	10.2	-353,991	-375,445
Profit for the period		1,537,605	1,327,896
Items that may be subsequently reclassified to the statement of profit or loss			
Cash flow hedges – remeasurement of effective portion of hedging instruments		-156,142	394,076
Foreign currency translation of foreign operations		43,472	-215,887
Other comprehensive income		-112,670	178,189
Comprehensive income for the period		1,424,935	1,506,085
Profit for the period attributable to:			
Owner of the parent company		1,537,605	1,327,896
Comprehensive income for the period attributable to:			
Owner of the parent company		1,424,935	1,506,085
Net earnings per share attributable to the owner of the parent company (CZK per share)			
Basic	22	44	39
Diluted	22	44	39

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER

	Note	30 Sep 2023 CZK '000	31 Dec 2022 CZK '000
ASSETS			
Non-current assets			
Intangible assets	11	3,283,281	3,462,131
Goodwill	9	2,457,416	2,457,416
Property, plant and equipment	12	4,055,320	3,066,251
Equity-accounted securities and investments	18	43,284	39,401
Financial derivatives	19	1,107,034	1,181,097
Trade and other receivables		37,133	35,515
Other receivables		2,567	6,560
Total non-current assets		10,986,035	10,248,371
Current assets			
Inventories	13	5,549,815	3,797,557
Trade and other receivables		885,497	1,346,143
Provided loans		-	7,700
Other financial assets		1,107,828	756,834
Financial derivatives	19	73,026	217,123
Other receivables		283,811	304,005
Tax receivables		4,273	-
Cash and cash equivalents		3,349,972	2,825,781
Total current assets		11,254,222	9,255,143
Total assets		22,240,257	19,503,514
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		3,479	3,410
Share premium		1,749,635	1,366,386
Capital funds		1,641,512	1,641,512
Cash flow hedge reserve		912,072	1,068,214
Foreign exchange translation reserve		-282,961	-326,433
Accumulated profits		4,645,706	3,928,282
Equity attributable to the owner of the Company		8,669,443	7,681,371
Equity attributable to the owner of the Company		8,669,443	7,681,371
Total equity		8,669,443	7,681,371
Non-current liabilities			
Bonds, bank loans and borrowings	17	9,086,632	6,972,898
Financial derivatives	19	114,654	28,684
Lease liabilities		56,588	46,796
Other financial liabilities	19	35,333	240,468
Trade and other payables		40,215	7,825
Other payables		16,054	21,169
Provisions	14	68,460	23,654
Deferred tax liability		736,947	731,308
Employee benefit liabilities	16	269,317	265,280
Total non-current liabilities		10,424,200	8,338,082
Current liabilities			
Bonds, bank loans and borrowings	17	113,003	208,597
Financial derivatives	19	52,460	38,610
Lease liabilities		25,471	23,939
Other financial liabilities	19	239,986	238,593
Trade and other payables		1,694,459	1,154,955
Other payables		861,712	1,479,267
Provisions	14	32,482	51,371
Tax liabilities		108,491	269,096
Employee benefit liabilities	16	18,550	19,633
Total current liabilities		3,146,614	3,484,061
Total liabilities		13,570,814	11,822,143
Total equity and liabilities		22,240,257	19,503,514

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTHS ENDED 30 SEPTEMBER

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
<i>Total comprehensive income for the period</i>	-	-	-	<i>948,231</i>	<i>-125,035</i>	<i>2,034,192</i>	<i>2,857,388</i>	<i>2,857,388</i>
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	-	-	-	-	-	1,537,605	1,537,605	1,537,605
Other comprehensive income	-	-	-	-156,142	43,472	-	-112,670	-112,670
<i>Total comprehensive income for the period</i>	-	-	-	<i>-156,142</i>	<i>43,472</i>	<i>1,537,605</i>	<i>1,424,935</i>	<i>1,424,935</i>
Dividends*	-	-	-	-	-	-1,034,016	-1,034,016	-1,034,016
Issue of shares	69	383,249	-	-	-	-	383,318	383,318
Share-based payments	-	-	-	-	-	213,835	213,835	213,835
Balance at 30 September 2023	3,479	1,749,635	1,641,512	912,072	-282,961	4,645,706	8,669,443	8,669,443

*For detailed information about payment of dividends see note 20.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTHS ENDED 30 SEPTEMBER

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	2,539,146	5,241,828	5,241,828
Profit for the period	-	-	-	-	-	1,327,896	1,327,896	1,327,896
Other comprehensive income	-	-	-	394,076	-215,887	-	178,189	178,189
<i>Total comprehensive income for the period</i>	-	-	-	<i>394,076</i>	<i>-215,887</i>	<i>1,327,896</i>	<i>1,506,085</i>	<i>1,506,085</i>
Dividends	-	-	-	-	-	-843,416	-843,416	-843,416
Issue of shares	36	227,175	-	-	-	-	227,211	227,211
Share-based payments	-	-	-	-	-	123,170	123,170	123,170
Balance at 30 September 2022	3,410	1,366,386	1,641,512	514,059	-417,285	3,146,496	6,254,878	6,254,878

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

**CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE-MONTHS ENDED 30 SEPTEMBER
2023**

	Note	30 Sep 2023 CZK '000	30 Sep 2022 CZK '000
Cash flows from principal economic activity (operating activity)			
Profit from ordinary activity before tax		1,891,596	1,703,341
Depreciation/amortization of non-current assets	11, 12	582,526	658,726
Change in allowances and provisions	14	55,663	74,630
Gain/Loss on sale of fixed assets		-1,877	-
Interest expense and interest income	10	20,310	120,782
Share in the profit of associates	18	-2,671	-14,113
Unrealized foreign exchange gain and losses		-118,108	-536,046
Contingent consideration – remeasurement	19	17,807	-24,804
Partial earnout settlement		213,695	227,211
Change in other financial assets	10	-350,994	-
Cash flow hedging – remeasurement of the effective portion of hedging instruments		-156,142	394,076
Bargain purchase gain	8	-320,842	-
Share-based payments	15	213,835	123,170
Adjustments for other non-cash transactions		18,422	55,048
Net operation cash flows before changes in working capital		2,063,220	2,782,021
Change in working capital		-965,737	-914,471
Change in receivables and deferrals		723,762	-690,365
Change in liabilities and accruals		-423,312	1,425,275
Change in inventories	13	-1,266,187	-1,649,381
Net cash flow from operating activities		1,097,483	1,867,550
Paid interest	10	-624,322	-473,601
Interest received	10	769,760	309,677
Income tax paid for ordinary activity	10.2	-600,968	-212,563
Net cash flow from operating activities *		641,953	1,491,063
Cash flows from investing activities			
Acquisition of non-current assets	11, 12	-424,376	-446,248
Income from the sale of non-current assets		1,934	-
Acquisition of subsidiaries – opening balance	8	-728,687	-
Acquisition of subsidiaries – cash and cash equivalents	8	150,863	-
Acquisition of equity-accounted securities and investments		-1,212	-
Provided loans		7,700	177,181
Employee benefit liabilities		-	-7,477
Net cash flow from investing activities		-993,778	-276,544
Cash flows from financing activities			
Proceeds from issue of bonds	17	1,917,756	1,984,796
Proceeds from issue of shares	20	169,623	-
Dividends paid to owners	20	-1,034,016	-843,416
Proceeds from loans	17	13,480	-
Loan repayment	17	-214,931	-2,317,579
Net cash flow from financing activities		851,912	-1,176,199
Net change in cash and cash equivalents		500,087	38,320
Opening balance of cash and cash equivalents		2,825,781	3,573,467
Effect of exchange rate on cash and cash equivalents		24,104	37,233
Closing balance of cash and cash equivalents		3,349,972	3,649,020

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

COLT CZ GROUP SE

Condensed consolidated interim financial statements for the period of nine-months from 1 January to 30 September 2023 prepared under the International Financial Reporting Standards as adopted by the European Union

(unaudited)

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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, Spuhr, 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 Sep 2023	31 Dec 2022
Česká zbrojovka Partners SE	76.20%	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:	Jan Holeček
Member:	Dennis Veilleux
Member:	Jan Zajíc

Supervisory Board	
Chair:	David Aguilar
Vice-chair:	René Holeček
Vice-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.Sep 2023	30.Dec 2022	30.Sep 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 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 (Q3 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	Balatonfüzfő, Hungary	Full	100%	-	-
S-Pyrotech kft **	Rental of property and buildings	Balatonfüzfő, 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 swissAA Holding AG group was acquired. For a detailed description refer to note 8.

** 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. Detailed description of the transaction is presented in note 8.

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.

On 20 September 2023, the Company's share capital was increased by CZK 32,217 by issue of 322,170 new book-entry shares. The issue price of one new share was set at CZK 526.50. The capital increase and subscription of new shares were related to the dividend payout in the form of new shares in the Company based on the prior choice made by the shareholders. In relation to this issue, the ownership of the Company's majority shareholder, Česká zbrojovka Partners SE, changed to 76.2%.

4. BASIC PRINCIPLES FOR PREPARATION OF THE INTERIM REPORT

These condensed interim consolidated financial statements for the nine-months period ended 30 September 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 September 2023 and 31 December 2022 are disclosed in note 19 Financial assets and liabilities at fair value.

8. SWISSAA AQUISITION

On 28 June 2023, the Group acquired 100% of the shares in swissAA Holding AG ("swissAA"). SwissAA Holding AG became part of the consolidation unit on 1 July 2023. The holding company consists of several subsidiaries (see Note 2 for an overview).

SwissAA is a producer of ammunition and law enforcement technology, specialized 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.

This acquisition is part of the Group's long-term growth strategy not only in the small arms segment but also in related sectors where ammunition is a natural complement to our core products.

SwissAA recognised revenues from the sale of own products, goods and services from the date of acquisition to 30 September in total amount CZK 206,283 thousand. Pro-forma revenues from the sale of own products, goods and services from 1 January to 30 September amounts to CZK 468,721 thousand.

Financial result from the date of acquisition to 30 September 2023 represent a profit of CZK 16,174 thousand. The pro-forma result from 1 January 2023 to 30 September 2023 represents a loss of CZK 51,535 thousand.

8.1. Consideration transferred

	28 Jun 2023
	CZK '000
Monetary settlement	728,687
	728,687

Acquisition-related costs

In connection with the acquisition, the Group incurred costs of CZK 268 thousand, primarily relating to advisory services. These costs are recognized in the Services item in the consolidated statement of profit and loss and other comprehensive income.

8.2. Assets acquired and liabilities assumed at the acquisition date

	28 Jun 2023
	CZK '000
Intangible assets	1,521
Property, plant, and equipment	881,471
Other non-current assets	9,255
Inventories	492,981
Trade and other receivables	60,121
Cash and cash equivalents	150,863
Long-term loans and borrowings	-182,182
Long-term lease liabilities	-9,193
Long-term provisions	-29,244
Deferred tax liability	-108,088
Short-term loans and borrowings	-1,186
Short-term lease liabilities	-2,485
Trade and other payables	-148,419
Other current liabilities	-52,732
Tax liabilities	-13,154
Fair value of acquired identifiable net assets	1,049,529

8.3. Bargain purchase gain

	28 Jun 2023
	CZK '000
Consideration transferred	728,687
Fair value of acquired identifiable net assets	1,049,529
Bargain purchase gain	320,842

Bargain purchase gain in amount of CZK 320,842 thousand is recognized in separate position within the consolidated statement of profit and loss and other comprehensive income. As at the date of these financial statements, acquisition accounting has not been completed and the asset and liability values presented may differ from the final values.

9. 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 September 2023 and 30 September 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 Sep 2023	30 Sep 2022
Czech Republic (home country)	1,715,846	875,946
United States	4,581,293	5,709,242
Canada	1,378,353	768,731
Europe (apart from the Czech Republic)	1,291,582	1,137,150
Africa	161,512	76,185
Asia	485,462	1,326,471
Others	296,498	326,178
Total	9,910,546	10,219,903

The Group has production facilities in the Czech Republic, USA, Canada, Sweden, Switzerland and Hungary.

Net book value of property, plant and equipment		
	30 Sep 2023	31 Dec 2022
Czech Republic (home country)	2,215,433	2,305,539
United States	625,389	524,576
Canada	210,701	186,851
Sweden	39,064	49,315
Switzerland	872,204	-
Hungary	92,529	-
Total	4,055,320	3,066,251

Net book value of intangible assets		
	30 Sep 2023	31 Dec 2022
Czech Republic (home country)	598,304	601,244
United States	1,814,550	1,942,710
Canada	550,339	570,177
Sweden	318,577	348,000
Switzerland	1,510	-
Hungary	1	-
Total	3,283,281	3,462,131

Net book value of goodwill		
	30 Sep 2023	31 Dec 2022
Czech Republic (home country)	280,686	280,686
United States	1,925,741	1,925,741
Canada	183,700	183,700
Sweden	67,289	67,289
Total	2,457,416	2,457,416

Goodwill represents the expected synergies arising from the integration of the companies' activities within the existing Group.

10. PROFIT AND LOSS INFORMATION

10.1. Financial result

- ▶ An interest expense of CZK 737,325 thousand (CZK 446,619 thousand in the nine-months period ended 30 September 2022) is mainly represented by interest incurred on issued bonds of CZK 538,519 thousand (CZK 312,360 thousand in the nine-months period ended 30 September 2022). Information on the bonds issued is disclosed in Note 17. An interest expense of CZK 195,274 thousand (CZK 134,231 thousand in the nine-months period ended 30 September 2022) represents interest from cross currency interest rate swaps. These swaps also generate interest income in the amount of CZK 591,685 thousand (CZK 226,738 thousand in the nine-months period ended 30 September 2022) presented under Interest income position. The remaining interest income in the amount of CZK 125,330 thousand (CZK 126,000 thousand in the nine-months period ended 30 September 2022) mainly represents interest from deposits.
- ▶ Other financial income in the amount of CZK 379,133 thousand (CZK 280,117 thousand in the nine-months period ended 30 September 2022) mainly represents remeasurement of Other financial assets of CZK 287,703 thousand (CZK 0 thousand in the nine-months period ended 30 September 2022) and foreign exchange gain in net basis of the amount CZK 91,430 thousand (CZK 239,665 thousand in the nine-months period ended 30 September 2022).
- ▶ Other financial expenses of CZK 59,233 thousand (CZK 19,516 thousand for the period from 1 January to 30 September 2022) mainly represent remeasurement of the contingent consideration arising from the Colt acquisition of CZK 17,807 thousand (CZK 24,804 thousand in nine-months period ended 30 September 2022 recognized in Other financial income).

- ▶ 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 nine-months period ended 30 September 2023, the Group recognized profit from derivative instruments of CZK 144,338 thousand (gain CZK 62,019 thousand in the nine-months period ended 30 September 2022).

In other comprehensive income for the nine-months period ended 30 September 2023, the Group recognized a loss of CZK 156,142 thousand from the remeasurement of financial derivatives classified as hedging instruments (gain of CZK 394,076 thousand in the nine-months period ended 30 September 2022).

10.2. 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 September 2023 is 18.7% (22.04% for the period from 1 January to 30 September 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%, Switzerland – 16%, Hungary – 9%).

11. INTANGIBLE ASSETS

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

Acquisition costs

GROUP	Opening balance	Business combination – balance at the date of entry into consolidation	Additions	Disposals	Transfers	Impact of FX fluctuations	Closing balance
Software	241,532	7,625	1,393	-	1,651	505	252,706
Intangible assets under construction or being acquired	64,442	-	52,556	-	-14,468	-	102,530
Other intangible assets	890,614	-	195	-	-	10,327	901,136
Trademarks and logos	1,638,762	-	-	-	-	20,135	1,658,897
Capitalized development	532,878	-	6,085	-	12,817	-	551,780
Concessions, license rights and other intellectual property rights	350,245	14,478	46	-	-	5,069	369,838
Contractual customer relations	1,667,688	-	-	-	-	1,380	1,669,068
Total	5,386,161	22,103	60,275	-	-	37,416	5,505,955

Accumulated amortization and carrying value

GROUP	Opening balance	Business combination – balance at the date of entry into consolidation	Amortization	Disposals	Changes in allowances	Impact of FX rate fluctuations	Closing balance	Carrying amount
Software	-175,444	-7,215	-14,947	-	-	-476	-198,082	54,624
Intangible assets under construction or being acquired	-	-	-	-	-	-	-	102,530
Other intangible assets	-291,363	-	-88,114	-	-	-4,030	-383,507	517,629
Trademarks and logos	-	-	-	-	-	-	-	1,658,897
Capitalized development	-220,991	-	-20,888	-	143	-	-241,736	310,044
Concessions, license rights and other intellectual property rights	-235,546	-13,367	-14,856	-	-	-2,525	-266,294	103,544
Contractual customer relations	-1,000,686	-	-126,681	-	-	-5,688	-1,133,055	536,013
Total	-1,924,030	-20,582	-265,486	-	143	-12,719	-2,222,674	3,283,281

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.

12. PROPERTY, PLANT AND EQUIPMENT

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

Acquisition costs

GROUP	Opening balance	Business combination – balance at the date of entry into consolidation	Additions	Disposals	Transfers	Impact of FX fluctuations	Closing balance
Buildings	1,630,089	625,666	17,128	-1,701	1,267	31,792	2,304,241
Machinery, instruments and equipment	3,662,785	551,567	220,667	-55,615	80,711	25,279	4,485,394
Other non-current tangible assets	44,896	61,966	12,149	-4	-	3,744	122,751
Other non-current tangible assets under construction	99,361	2,413	123,114	-20,476	26,181	6,198	236,791
Prepayments made for non-current tangible assets	124,214	217,701	15,297	-3,428	-108,159	6,965	252,590
Lands	324,539	97,895	-	-	-	9,251	431,685
Total	5,885,884	1,557,208	388,355	-81,224	-	83,229	7,833,452

Accumulated amortization and carrying value

GROUP	Opening balance	Business combination – balance at the date of entry into consolidation	Amortization	Disposals	Changes in allowances	Impact of FX rate fluctuations	Closing balance	Carrying amount
Buildings	-641,433	-329,013	-66,001	4,325	-	-15,142	-1,047,264	1,256,977
Machinery, instruments, and equipment	-2,150,335	-291,442	-243,023	49,303	-	-9,649	-2,645,146	1,840,248
Other non-current tangible assets	-14,135	-55,282	-8,016	-	-	-3,023	-80,456	42,295
Other non-current tangible assets under construction	-12,581	-	-	-	7,056	-1	-5,526	231,265
Prepayments made for non-current tangible assets	-1,149	-	-	-	-550	-	-1,699	250,891
Lands	-	-	-	-	-	-	-	431,685
Total	-2,819,633	-675,737	-317,040	53,628	6,506	-27,815	-3,780,091	4,055,320

Machinery, instruments and equipment and Buildings as at 30 September 2023 include right of use assets arising from lease contracts of CZK 78,251 thousand (CZK 63,393 thousand as at 31 December 2022).

Additions to the rights of use arising from lease contracts amounted to CZK 23,309 thousand in 2023 (CZK 6,216 thousand in the nine-months period ended 30 September 2022). These primarily include lease contracts for warehouses and office space, as well as cars and technical office equipment.

Depreciation for the nine-months period ended 30 September 2023 includes depreciation of right of use assets of CZK 20,731 thousand (CZK 18,265 thousand in the nine-months period ended 30 September 2022).

13. INVENTORIES

The structure of inventories as at 30 September 2023 and 31 December 2022 is as follows (in CZK '000):

	30 Sep 2023	31 Dec 2022
Material	1,975,866	1,495,410
Work-in-progress and semi-finished products	911,743	663,939
Finished products	2,077,920	1,334,103
Goods	537,543	270,246
Prepayments made for inventories	46,743	33,859
Total	5,549,815	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 September 2023, allowances for inventories of CZK 550,306 thousand (CZK 441,366 thousand as at 31 December 2022) were included in the statement of financial position. In the nine-months period ended 30 September 2023, an impairment loss of CZK 72,082 thousand was recorded in the profit and loss (loss of CZK 25,970 thousand in the nine-months period ended 30 September 2022). The allowances increased also due to acquisition of swissAA which contributes CZK 33,935 thousand. The remainder of the change in allowances for inventories is mainly due to exchange rate differences of the translation of foreign subsidiaries.

14. CURRENT AND NON-CURRENT PROVISIONS

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

Provisions	Balance at 30 Sep 2023	Balance at 31 Dec 2022
Warranty repairs	27,465	46,263
Other current provisions	5,017	5,108
Total current provisions	32,482	51,371
Warranty repairs	39,844	10,411
Share-based payments	24,808	10,168
Other non-current provisions	3,808	3,075
Total non-current provisions	68,460	23,654
Total provisions	100,942	75,025

15. 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	17,650	0.10
Unsettled at 30 September 2023	2,824,950	0.10

15.1. Expenses recognized in the statement of profit and loss

In connection with the Share Program, the Group recognized expenses of CZK 213,835 thousand in Personal expenses (CZK 123,170 thousand for the period from 1 January to 30 September 2022). Of this amount, CZK 92,680 thousand represents personnel expenses related to key management personnel (CZK 37,502 thousand for the period from 1 January to 30 September 2022).

In addition, the Group has created a provision for social and health insurance recognized under Other operating expenses in the amount of CZK 14,640 thousand (CZK 34,042 thousand for the period from 1 January to 30 September 2022). In connection with this provision, the Group recognized deferred tax in the amount of CZK 2,836 thousand (CZK 6,468 thousand for the period from 1 January to 30 September 2022).

15.2. Items recognized in the statement of financial position

The fair value of 2,824,950 stock options allocated to own employees of CZK 412,195 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 September 2023 of CZK 24,808 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 3,860 thousand (CZK 1,024 thousand as at 31 December 2022).

16. EMPLOYEE BENEFIT LIABILITIES

Employee benefit liabilities (CZK '000):

	30 Sep 2023	31 Dec 2022
Net employee benefit liability	140,672	141,889
Liability for medical (healthcare) benefits	147,195	143,024
Total net employee benefit liability	287,867	284,913
Non-current net employee benefit liabilities	269,317	265,280
Current net employee benefit liabilities	18,550	19,633
Total net employee benefit liability	287,867	284,913

17. BONDS, BANK LOANS AND BORROWINGS

				30 Sep 2023	31 Dec 2022
	Terms	Interest rate %	Aggregate limit as at 30 Sep 2023 (CZK '000)	CZK '000	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				7,855	124,839
Issued bonds – issue cost				-18,201	-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				31,062	77,606
Issued bonds – issue cost				-10,282	-11,725
Issued bonds	18 May 2030	6M Pribor + margin % p.a.	1,929,000	1,929,000	-
Issued bonds – unpaid interest				65,659	-
Issued bonds – issue cost				-10,647	-
Other			207,189	207,189	14,893
Total			9,134,189	9,199,635	7,181,495
Repayments in the following year				113,003	208,597
Repayments in future years				9,086,632	6,972,898

18. INTEREST IN ASSOCIATES

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

	30 Sep 2023
	CZK '000
Beginning of the period	39,401
Colt CZ Hungary Zrt. investment	1,212
Share in the profit of associates after tax	2,671
End of the period	43,284

19. 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 September 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.

19.1 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 September 2023 and 31 December 2022 (CZK ‘000):

CZK ‘000	30 Sep 2023			31 Dec 2022		
	Fair value			Fair value		
	Nominal	Positive	Negative	Nominal	Positive	Negative
Put Option	184,800	2,848	-	965,806	70,142	-
Call Option	203,600	-	3	1,555,779	-	1,550
Forwards	1,461,640	85,498	663	2,020,123	64,557	20,126
Currency swap	1,115,775	1,583	36,976	830,007	24,581	-
Total	2,965,815	89,929	37,642	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 September 2023 and 31 December 2022 (CZK ‘000):

CZK ‘000	30 Sep 2023			31 Dec 2022		
	Fair value			Fair value		
	Nominal	Positive	Negative	Nominal	Positive	Negative
Interest rate swap	2,429,000	90,985	-	500,000	98,260	-
Put Option	650,000	27,034	-	1,911,409	113,135	-
Call Option	670,200	-	18,785	1,911,409	-	14,792
Currency swap	5,298,290	408,987	18,743	4,503,470	327,129	-
Forwards	4,813,515	142,406	31,700	4,456,425	114,620	30,826
Cross currency interest rate swap - USD	3,212,700	172,012	-	3,212,700	274,828	-
Cross currency interest rate swap - CHF	724,200	-	60,244	-	-	-
Cross currency interest rate swap - EUR	1,500,000	248,707	-	1,500,000	310,968	-
Total	19,297,905	1,090,131	129,472	17,995,413	1,238,940	45,618

19.2 Financial liabilities at fair value through profit or loss

CZK '000	30 Sep 2023			31 Dec 2022		
	Fair value			Fair value		
	Nominal	Positive	Negative	Nominal	Positive	Negative
Other financial assets	863,502	1,107,828	-	863,502	756,834	-
Contingent consideration – from Colt acquisition	139,486	-	204,997	227,932	-	404,804
Contingent consideration – from Spuhr acquisition	75,023	-	70,322	75,023	-	74,257
	1,078,011	1,107,828	275,319	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 September 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. Furthermore, the change in fair value of the liability in the amount of CZK 17,807 thousand is caused by the change in the 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 260 thousand represents a foreign exchange gain 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. Change in fair value of the liability in the total amount CZK 3 935 thousand represents a foreign exchange loss and is recognized in Other finance gain on a net basis.

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.

20. 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 was paid by offsetting with newly issued shares in the number of 322,170 units with a total value of CZK 169,623 thousand. The newly issued shares were issued on 20 September 2023. Unpaid liability including withholding tax in a total amount of CZK 738 thousand is presented under Trade and other payables. The remaining part of dividend in the amount of CZK 863,655 thousand was paid to the shareholders.

21. 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 nine-months period ended 30 September 2023 the Group conducted the following transactions with related parties.

Key management personnel

During the nine-months period ended 30 September 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 28,843 thousand.

The Company also provided its key management personnel with the Share Program described in Note 15. 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 September 2023 and the following transactions with related parties in the nine-months period ended 30 September 2023 (in CZK '000):

Entity	Relationship	Liabilities as at 30 Sep 2023	Purchases from 1 Jan to 30 Sep 2023	Receivables as at 30 Sep 2023	Income from 1 Jan to 30 Sep 2023
Keriani, a.s.	Associate of parent company	105	3,851	2,029	-
CZ-SKD Solutions a.s.	Company in the ultimate owner's group	843	5,265	-	462
CZ-AUTO SYSTEMS a.s.	Company in the ultimate owner's group	773	4,547	11,281	53,824
B:TECH, a.s.	Associate of parent company	-	794	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	-	5,263	-	-
Total		1,721	19,937	15,928	54,329

Furthermore, the Company paid a dividend to Česka zbrojovka Partners SE in the amount of CZK 786,314 thousand (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 nine-months period ended 30 September 2022 (in CZK '000):

Entity	Relationship	Liabilities as at 31 Dec 2022	Purchases from 1 Jan to 30 Sep 2022	Receivables as at 31 Dec 2022	Income from 1 Jan to 30 Sep 2022
Česká zbrojovka Partners SE	Parent company	-	-	212	-
Keriani, a.s.	Associate of parent company	418	7,946	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	871
CZUB zdravotní s.r.o.	Company in the ultimate owner's group	64	4,136	15	39
CZ-SKD Solutions a.s.	Subsidiary of parent company	67	4,278	312	-
CZ-AUTO SYSTEMS a.s.	Subsidiary of parent company	2,249	15,309	13,193	41,694
TRX, s.r.o.	Company in the ultimate owner's group	85	630	-	8
M&H Management a.s.	Company in the ultimate owner's group	-	1,936	17	-
Total		2,906	34,235	27,043	42,612

22. NET EARNINGS PER SHARE

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

	30 Sep 2023	30 Sep 2022
Numerator (CZK '000)		
Profit after tax attributable to the owner of the parent company	1,537,605	1,327,896
Denominator (average number of shares in CZK '000)		
Basic	34,778	33,995
Diluted	35,181	34,320
Net earnings per share (CZK/share) attributable to the owner of the parent company		
Basic	44	39
Diluted	44	39

23. CONTINGENT LIABILITIES

As at 30 September 2023, the Group had issued no guarantees in respect to third-party liabilities.

As at 30 September 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 September 2023, the Group records environmental liabilities of CZK 8,255 thousand to which a full provision was established. No other environmental liabilities are recorded.

24. SUBSEQUENT EVENTS

On 17 October 2023, Colt CZ Insurance Limited, a direct subsidiary of Colt CZ Group SE, was established. The company will act as a single parent reinsurance captive for the Group and will contribute to a more efficient risk management of the Group.

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 September 2023.