

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
**(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 20 November 2024.**

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

		<b>30 Sep 2024</b>	<b>30 Sep 2023</b>
	<b>Note</b>	<b>CZK '000</b>	<b>CZK '000</b>
Revenues from the sale of own products, goods and services	9.1	14,971,895	9,910,546
Other operating income		72,291	73,006
Change in inventories developed internally		67,498	981,676
Own work capitalized		161,289	129,248
Raw materials and consumables used		-7,768,744	-5,613,904
Services		-1,708,542	-1,292,710
Personnel costs		-3,345,775	-2,246,009
Depreciation and amortization		-1,003,325	-582,526
Other operating expenses		-202,881	-174,769
Allowances		-2,685	-60,403
<b>Operating profit</b>		<b>1,241,021</b>	<b>1,124,155</b>
Interest income	10.1	630,514	717,015
Interest expense	10.1	-990,477	-737,325
Other financial income	10.1	84,328	379,133
Other financial expenses	10.1	-202,409	-59,233
Gains or losses from derivative transactions	10.1	157,362	144,338
Share in the profit of associates after tax		525	2,671
Bargain purchase gain		-	320,842
<b>Profit before tax</b>		<b>920,864</b>	<b>1,891,596</b>
Income tax	10.2	-212,207	-353,991
<b>Profit for the period</b>		<b>708,657</b>	<b>1,537,605</b>
<b>Items that may be subsequently reclassified to the statement of profit or loss</b>			
Cash flow hedges – remeasurement of effective portion of hedging instruments		-503,809	-156,142
Foreign currency translation of foreign operations		36,444	43,472
<b>Other comprehensive income</b>		<b>-467,365</b>	<b>-112,670</b>
<b>Comprehensive income for the period</b>		<b>241,292</b>	<b>1,424,935</b>
<b>Profit for the period attributable to:</b>			
Owner of the parent company		708,657	1,537,605
<b>Comprehensive income for the period attributable to:</b>			
Owner of the parent company		241,292	1,424,935
<b>Net earnings per share attributable to the owner of the parent company (CZK per share)</b>			
Basic	22	16	44
Diluted	22	16	44

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER**

	Note	30 Sep 2024 CZK '000	31 Dec 2023 CZK '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	11	10,460,885	3,413,881
Goodwill	9	8,411,526	2,547,480
Property, plant and equipment	12	9,483,650	4,281,449
Advance for acquisition of financial investment		-	2,690,040
Equity-accounted securities and investments	18	44,096	40,795
Financial derivatives	19	782,958	1,013,168
Provided loans		18,885	-
Trade and other receivables		26,890	61,891
Other receivables		2,559	2,556
Deferred tax assets		7,360	21,245
<b>Total non-current assets</b>		<b>29,238,809</b>	<b>14,072,505</b>
<b>Current assets</b>			
Inventories	13	8,143,123	5,298,077
Trade and other receivables		2,428,214	1,774,947
Provided loans		811	-
Other financial assets		-	908,580
Financial derivatives	19	176,495	149,047
Other receivables		357,763	351,165
Tax receivables		122,488	93,751
Cash and cash equivalents		5,280,756	3,328,684
<b>Total current assets</b>		<b>16,509,650</b>	<b>11,904,251</b>
<b>Total assets</b>		<b>45,748,459</b>	<b>25,976,756</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		5,256	3,516
Share premium		11,221,066	1,942,818
Capital funds		1,641,512	1,641,512
Cash flow hedge reserve		96,007	599,816
Foreign exchange translation reserve		-106,244	-142,688
Accumulated profits		4,801,395	5,229,872
<b>Equity attributable to the owner of the Company</b>		<b>17,658,992</b>	<b>9,274,846</b>
Non-controlling interests		-	-
<b>Total equity</b>		<b>17,658,992</b>	<b>9,274,846</b>
<b>Non-current liabilities</b>			
Bonds, bank loans and borrowings	17	18,696,923	9,040,540
Financial derivatives	19	390,454	244,169
Lease liabilities		54,119	62,052
Trade and other payables		56,170	42,022
Other payables		9,844	14,569
Provisions	14	117,339	76,188
Deferred tax liability		2,788,808	722,783
Employee benefit liabilities	16	248,325	255,721
<b>Total non-current liabilities</b>		<b>22,361,982</b>	<b>10,458,044</b>
<b>Current liabilities</b>			
Bonds, bank loans and borrowings	17	1,658,349	2,573,744
Financial derivatives	19	7,130	11,038
Lease liabilities		23,612	25,619
Other financial liabilities	19	-	44,580
Trade and other payables		1,863,214	1,746,796
Other payables		1,931,332	1,655,094
Provisions	14	56,486	30,084
Tax liabilities		169,987	142,084
Employee benefit liabilities	16	17,375	14,827
<b>Total current liabilities</b>		<b>5,727,485</b>	<b>6,243,866</b>
<b>Total liabilities</b>		<b>28,089,467</b>	<b>16,701,910</b>
<b>Total equity and liabilities</b>		<b>45,748,459</b>	<b>25,976,756</b>

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	Non-controlling interests	Total equity
<b>Balance at 31 December 2022</b>	<b>3,410</b>	<b>1,366,386</b>	<b>1,641,512</b>	<b>1,068,214</b>	<b>-326,433</b>	<b>3,928,282</b>	<b>7,681,371</b>	-	<b>7,681,371</b>
Profit for the period	-	-	-	-	-	2,042,538	2,042,538	-	2,042,538
Other comprehensive income	-	-	-	-468,398	183,745	-	-284,653	-	-284,653
<b>Total comprehensive income for the period</b>	-	-	-	<b>-468,398</b>	<b>183,745</b>	<b>2,042,538</b>	<b>1,757,885</b>	-	<b>1,757,885</b>
Dividends	-	-	-	-	-	-1,034,016	-1,034,016	-	-1,034,016
Issue of shares	106	576,432	-	-	-	-	576,538	-	576,538
Share-based payments	-	-	-	-	-	293,068	293,068	-	293,068
<b>Balance at 31 December 2023</b>	<b>3,516</b>	<b>1,942,818</b>	<b>1,641,512</b>	<b>599,816</b>	<b>-142,688</b>	<b>5,229,872</b>	<b>9,274,846</b>	-	<b>9,274,846</b>
Profit for the period	-	-	-	-	-	708,657	708,657	-	708,657
Other comprehensive income	-	-	-	-503,809	36,444	-	-467,365	-	-467,365
<b>Total comprehensive income for the period</b>	-	-	-	<b>-503,809</b>	<b>36,444</b>	<b>708,657</b>	<b>241,292</b>	-	<b>241,292</b>
Dividends	-	-	-	-	-	-1,511,069	-1,511,069	-	-1,511,069
Issue of shares	1,567	9,278,248	-	-	-	-	9,279,815	-	9,279,815
Share-based payments	173	-	-	-	-	373,935	374,108	-	374,108
<b>Balance at 30 September 2024</b>	<b>5,256</b>	<b>11,221,066</b>	<b>1,641,512</b>	<b>96,007</b>	<b>-106,244</b>	<b>4,801,395</b>	<b>17,658,992</b>	-	<b>17,658,992</b>

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

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

<b>CZK '000</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Capital funds</b>	<b>Cash flow hedge reserve</b>	<b>Foreign exchange translation reserve</b>	<b>Accumulated profits</b>	<b>Equity attributable to the owner of the parent company</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
<b>Balance at 31 December 2022</b>	<b>3,410</b>	<b>1,366,386</b>	<b>1,641,512</b>	<b>1,068,214</b>	<b>-326,433</b>	<b>3,928,282</b>	<b>7,681,371</b>	<b>-</b>	<b>7,681,371</b>
Profit for the period	-	-	-	-	-	1,537,605	1,537,605	-	1,537,605
Other comprehensive income	-	-	-	-156,142	43,472	-	-112,670	-	-112,670
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-156,142</b>	<b>43,472</b>	<b>1,537,605</b>	<b>1,424,935</b>	<b>-</b>	<b>1,424,935</b>
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
<b>Balance at 30 September 2023</b>	<b>3,479</b>	<b>1,749,635</b>	<b>1,641,512</b>	<b>912,072</b>	<b>-282,961</b>	<b>4,645,706</b>	<b>8,669,443</b>	<b>-</b>	<b>8,669,443</b>

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

**CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE-MONTHS ENDED 30 SEPTEMBER  
2024**

	Note	30 Sep 2024 CZK '000	30 Sep 2023 CZK '000
<i>Cash flows from principal economic activity (operating activity)</i>			
<b>Profit from ordinary activity before tax</b>		<b>920,864</b>	<b>1,891,596</b>
Depreciation/amortization of non-current assets	11, 12	1,003,325	582,526
Change in allowances and provisions	13, 14	56,847	55,663
Profit from the sale of non-current assets		-1,922	-1,877
Interest expense and interest income		359,963	20,310
Share in the profit of associates	18	-525	-2,671
Unrealized foreign exchange gain and losses		192,871	-118,108
Contingent consideration – remeasurement	19	-	17,807
Partial settlement of contingent consideration		-	213,695
Remeasurement of Other financial assets	9	-113,402	-350,994
Cash flow hedging – remeasurement of the effective portion of hedging instruments		-503,809	-156,142
Bargain purchase gain		-	-320,842
Share-based payments	15	374,107	213,835
Adjustments for other non-cash transactions	10.1	-11,464	18,422
<b>Net operation cash flows before changes in working capital</b>		<b>2,276,855</b>	<b>2,063,220</b>
<b>Change in working capital</b>			
Change in receivables and deferrals		768,379	723,762
Change in liabilities and accruals		-320,169	-423,312
Change in inventories	13	-299,902	-1,266,187
<b>Cash flow from operating activities</b>		<b>2,425,163</b>	<b>1,097,483</b>
Paid interest	10.1	-1,124,160	-624,322
Interest received	10.1	732,813	769,760
Income tax paid for ordinary activity	10.2	-618,852	-600,968
<b>Net cash flow from operating activities</b>		<b>1,414,964</b>	<b>641,953</b>
<b>Cash flows from investing activities</b>			
Acquisition of non-current assets	11, 12	-655,634	-424,376
Proceeds from the sale of non-current assets		1 922	1,934
Acquisition of subsidiaries – opening balance	22	-5,231,350	-728,687
Acquisition of subsidiaries – cash and cash equivalents	22	443,521	150,863
Acquisition of equity-accounted securities and investments		-3,776	-1,212
Proceeds from sale of Other financial assets		1,021,982	-
Provided loans		-18,979	7,700
<b>Net cash flow from investing activities</b>		<b>-4,442,314</b>	<b>-993,778</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of bonds		468,000	1,917,756
Proceeds from issue of shares	17	-	169,623
Dividend paid to owners		-260,445	-1,034,016
Proceeds from drawdown of loans	17	10,799,270	13,480
Repayment of loans		-6,021,995	-214,931
Repayment of leases		-21,869	-
<b>Net cash flow from financing activities</b>		<b>4,962,961</b>	<b>851,912</b>
<b>Net change in cash and cash equivalents</b>		<b>1,935,611</b>	<b>500,087</b>
<b>Opening balance of cash and cash equivalents</b>		<b>3,328,684</b>	<b>2,825,781</b>
Effect of exchange rate on cash and cash equivalents		16,461	24,104
<b>Closing balance of cash and cash equivalents</b>		<b>5,280,756</b>	<b>3,349,972</b>

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

**COLT CZ GROUP SE**

**Condensed consolidated interim financial statements for the nine-month period from 1 January to 30 September 2024 prepared in accordance with IFRS Accounting 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 registered in the Commercial Register kept by the Municipal Court in Prague on 10 January 2013, with its registered office at náměstí Republiky 2090/3a Nové Město, 110 00 Prague 1, Czech Republic, corporate ID No. 291 51 961. The 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), Sellier & Bellot, 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 2024	31 Dec 2023
Česká zbrojovka Partners SE	53.27 %	75.40 %
CBC Europe S.á r.l.	26.33 %	-

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 Mr. 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:	Radek Musil (from 1 August 2024)
Member:	Dennis Veilleux
Member:	Jan Zajíc

  

Supervisory Board	
Chair:	David Aguilar
Vice-chair:	René Holeček
Vice-chair:	Lubomír Kovařík
Member:	Daniel Birmann (from 27 May 2024)
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 2024	31 Dec 2023	30 Sep 2023
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%	100%
Latin America Holding, a.s.	Holding company	Uherský Brod, Czech Republic	Full	100%	100%	100%
ZBROJOVKA BRNO, s.r.o.	Purchase and sale of firearms and ammunition	Brno, Czech Republic	Full	100%	100%	100%
Sellier & Bellot a.s.*	Production, and sale of ammunition	Vlašim, Czech Republic	Full	100%	-	-
Sellier & Bellot Trade a.s.*	Sale of ammunition	Vlašim, Czech Republic	Full	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	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%
CDH II Holdco Inc***	Holding company	West Hartford, Connecticut, USA	Full	-	-	100%
New Colt Holding Corp.***	Holding company	West Hartford, Connecticut, USA	Full	-	-	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%
Four Horses Apparel, Inc.	Purchase and sale of clothing and fashion accessories	West Hartford, Connecticut, USA	Full	100%	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, Netherlands	Full	-	-	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%
Spuhr i Dalby AB	Manufacture and assembly of optics	Löddeköpinge, Sweden	Full	100%	100%	100%
CZG VIB s.r.o.	Holding company	Prague, Czech Republic	Full	100%	100%	100%
Vocatus investment a.s.	Holding company	Prague, Czech Republic	Full	100%	100%	-
Colt CZ Insurance Limited	Captive reinsurance company	Saint Peter Port, Guernsey	Full	100%	100%	-
swissAA Holding AG**	Holding company	Däniken, Switzerland	Full	100%	100%	100%
aaltech GmbH**	Purchase and sale of ammunition	Sollenau, Austria	Full	100%	100%	100%
laltech s.r.l.**	Purchase and sale of ammunition	Bad Krozingen, Germany	Full	100%	100%	100%
galtech AG**	Purchase and sale of ammunition	Bad Krozingen, Germany	Full	100%	100%	100%
saltech AG**	Production and sale of ammunition	Däniken, Switzerland	Full	100%	100%	100%
haltech kft.**	Production and sale of ammunition	Balatonfüzfő, Hungary	Full	100%	100%	100%
S-Pyrotech kft.**	Rental of property and buildings	Balatonfüzfő, Hungary	Full	100%	100%	100%
CZ BRASIL LTDA	Production, purchase and sale of firearms and ammunition	Brazil	Equity	49%	49%	49%
CARDAM s.r.o.	Research and development	Dolní Břežany, Czech Republic	Equity	33%	33%	33%
EG-CZ Academy	Academy	Quimper, France	Equity	20%	20%	20%
VIBROM spol.	Production	Třebechovice pod Orebem, Czech Republic	Equity	25%	25%	25%
Colt CZ Hungary Zrt.****	Production of firearms	Hungary	Equity	51%	51%	51%

\* On 16 May 2024, the Company acquired Sellier & Bellot a.s. and Sellier & Bellot Trade a.s.

\*\* On 28 June 2023, the Company acquired the swissAA Holding AG group.

\*\*\* A restructuring within the Colt Group took place during 2023. The assets and liabilities of the designated companies were transferred to other companies within the Colt Group.

\*\*\*\* The Group holds 51% equity interest and 50% non-controlling interest in Colt CZ Hungary Zrt.

Česká zbrojovka a.s., Sellier & Bellot a.s. and the companies of the Colt Group 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 29 January 2024, the Group provided a loan in the amount of CZK 18,735 thousand to the associate company Colt CZ Hungary Zrt.

On 26 February 2024, the General Meeting of the Company decided to increase the Company's share capital by a maximum of CZK 1,500 thousand through the issue of book-entry shares in the maximum amount of 15,000,000 units. The newly issued shares will be offered for subscription to CBC Europe S.à r.l. in connection with the acquisition of a 100% share in Sellier & Bellot a.s.

During the first quarter of 2024, the Group sold Other financial assets representing the Group's short-term investment in listed shares. The Group recognized a profit of CZK 113,402 thousand on these sales.

On 18 April 2024, the Company's Board of Directors approved an increase in the volume of the existing COLTCZ VAR/30 bond issue in the amount of CZK 1,071,000 thousand. The increase in the volume of the existing bond issue is in accordance with the prospectus issued on 18 May 2023, which allows for an increase in the volume of the bond issue up to a maximum of CZK 3,000,000 thousand. On 17 May 2024, the Company exercised the option to increase the volume of the existing bonds and issued CZK 468,000 thousand of these bonds by 30 September.

In connection with the acquisition of 100% share in Sellier & Bellot a.s., the Group entered into a loan agreement on 7 May 2024. The Group can draw a loan of up to EUR 485 million. The loan was drawn on 16 May 2024. At the same time, the short-term loan provided by Komerční banka a.s. in the amount of EUR 91 million (CZK 2,255,639 thousand) was repaid.

On 16 May 2024, the acquisition of Sellier & Bellot a.s. was finalized and the Group became a 100% owner of this company. The Group paid the remaining part of the purchase price of EUR 230 million, including a share-based payment of USD 353 million, which represents 13,476,440 shares. These shares were issued on 16 May 2024, increasing the Group's registered capital by CZK 1,348 thousand. The issue price was set at CZK 595.8 per share.

As a result of this issue, the stake held by the majority shareholder Česká zbrojovka Partners SE changed to 54.5%. CBC Europe S.à r.l. holds 27.7% and the remaining 17.8% represents free float.

On 26 June 2024, the Company's share capital was increased by CZK 173,510 by issue of 1,735,100 new book-entry shares. The share capital was increased in connection with the performance of the Company's share option plan. The issue price was set at CZK 0.1 per share.

As a result of the capital increase, the free float has increased to 20.4%. The stake held by the majority shareholder Česká zbrojovka Partners SE equals to 52.8% and the stake held by CBC Europe S.à r.l. to 26.8% after the new share issuance.

In June 2024 two subsidiaries of Colt CZ Group SE signed contracts with the "Ukrainian Defense Industry" Ukroboronprom as a part of the Czech-Ukrainian intergovernmental consultations. Sellier & Bellot and Ukroboronprom agreed to cooperate in the production of multiple types of small caliber ammunition in Ukraine. Česká zbrojovka, following upon the Agreement of Intent with Ukroboronprom from February, signed a transfer of technology contract to produce the CZ BREN 2 rifles in Ukraine.

On 3 July 2024, 1,735,100 employee options were settled under the Share Program. The option holders exercised their right to purchase the Company's shares at a nominal value of CZK 0.1. These shares were issued by the Company on 26 June 2024.

On 1 August 2024, Mr. Radek Musil was appointed as a member of the Board of Directors. Radek Musil is the CEO of Sellier & Bellot a.s., a subsidiary of the Company. Mr. Musil will represent the ammunition segment, in which he has extensive experience and knowledge.

On 23 August 2024, the increase of Company's share capital by CZK 219,408 by issue of 2,194,078 new book-entry shares was registered. The issue price of one new share was set at CZK 570. The increase in the share capital was approved by the Company's Board of Directors on August 22, 2024, based on the authorization by the General meeting. The capital increase and subscription of new shares are related to the dividend payout in the form of new shares in the Company based on the prior choice made by the shareholders. The remainder of the dividend was paid to shareholders on 21 August 2024.

As a result of this issue, the stake held by the majority shareholder Česká zbrojovka Partners SE changed to 53.27%. CBC Europe S.à r.l. holds 26.33% and the remaining 20.4% represents free float.

On 28 August 2024, the Company announced the intent to adopt decisions of the General Meeting of Colt CZ Group SE outside its meeting (decisions per rollam). The planned points of draft decisions per rollam include the authorization to the Board of Directors to increase the registered capital, decision on changes in the composition of the Supervisory Board and remuneration of its members and decision on the appointment of an auditor for the purpose of verifying the sustainability report.

## **4. BASIC PRINCIPLES FOR PREPARATION OF THE INTERIM REPORT**

These condensed consolidated interim financial statements for the nine-month period ended 30 September 2024 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 2023, 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 2023.

## **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 2023. No changes in the rules and policies of managing these risks have been made since the end of 2023.

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 2024 and 31 December 2023 are disclosed in note 19 Financial assets and liabilities at fair value.

## **8. ACQUISITION OF SELLIER & BELLOT**

On 18 December 2023, the Company entered into an agreement with CBC Europe S.à r.l. („CBC“) to purchase a 100% share in Sellier & Bellot a.s.

Sellier & Bellot, founded in 1825, is one of the world's oldest companies in the ammunition and defense industry and ranks among the most important industrial companies in the Czech Republic. The company's production portfolio includes a wide range of hunting and sporting ammunition. Sellier & Bellot is also a major supplier of ammunition to the military and law enforcement customers around the world. Advanced technology in all stages of production guarantees products of the highest quality. Investments in R&D enable the company to introduce new products every year. Recent successes include lead-free bullets for hunting and law enforcement applications, as well as proprietary products such as Nontox primer compound and infrared tracer bullets. The company has approximately 1,600 employees and operates a production facility in Vlašim, Czech Republic.

On 16 May 2024, the Group acquired 100% of shares of Sellier & Bellot a.s. for the combination of the cash consideration in the amount of USD 350 million and a new issue of 13,476,440 of common shares of the Company. Total acquisition price equals to USD 703 million in total, excluding net debt of Sellier & Bellot a.s. The selling company CBC Europe S.à r.l. (“CBC“) therefore gained a 27.71% stake in the share capital of the Company.

New shares were issued on 16 May 2024, and Sellier & Bellot a.s. entered in the Group's consolidation also as of 16 May 2024.

Revenues from the sale of own products, goods and services of Sellier & Bellot a.s. from the date of acquisition to 30 September 2024 amount to CZK 2,956,229 thousand. Pro-forma revenues from the sale of own products, goods and services for the nine-month period ended 30 September 2024 amount to CZK 5,673,351 thousand.

Profit for the period of Sellier & Bellot a.s. from the date of acquisition to 30 September 2024 amounts to CZK 558,952 thousand. Pro-forma profit for the nine-month period ended 30 September 2024 amounts to CZK 1,305,926 thousand.

## 8.1. Consideration transferred

	<b>16 May 2024</b>
	<b>CZK '000</b>
Monetary settlement – payment of the first part of the purchase price on 18 December 2023	2,756,452
Monetary settlement – payment of the remaining part of the purchase price on 16 May 2024	5,231,350
Issued shares (13,476,440 ordinary shares of Colt CZ Group SE)	8,032,049
Takeover of CBC's liability to Sellier & Bellot a.s.*	1,858,147
<b>Total consideration transferred</b>	<b>17,877,998</b>

\* This item becomes an intra-group transaction upon acquisition and is therefore eliminated in consolidation.

## 8.2. Assets acquired and liabilities assumed at the acquisition date

	<b>16 May 2024</b>
	<b>CZK '000</b>
Intangible assets	7,431,976
Property, plant, and equipment	5,141,003
Financial derivatives – non-current assets	219,628
Inventories	2,515,446
Trade and other receivables	1,064,291
Provided loans*	1,858,147
Financial derivatives – current assets	3,576
Other receivables	23,887
Cash and cash equivalents	443,521
Long-term loans and borrowings	-2,855,983
Financial derivatives – non-current liabilities	-7,315
Long-term lease liabilities	-8,295
Other non-current payables	-14
Long-term provisions	-13,520
Deferred tax liability	-2,386,570
Employee benefit liabilities	-11,587
Short-term loans and borrowings	-543,504
Financial derivatives – current liabilities	-1,154
Short-term lease liabilities	-843
Trade and other payables	-334,405
Other current liabilities	-271,628
Tax liabilities	-245,552
<b>Fair value of acquired identifiable net assets</b>	<b>12,021,105</b>

\* This item becomes an intra-group transaction upon acquisition and is therefore eliminated in consolidation.



## 8.3. Goodwill

	<b>16 May 2024</b>
	<b>CZK '000</b>
Consideration transferred	17,877,998
Fair value of acquired identifiable net assets	12,021,105
<b>Goodwill</b>	<b>5,856,893</b>

Goodwill primarily includes expected synergies arising from the integration of Sellier & Bellot a.s. into the existing activities of the Group. It is not expected that reported goodwill will be tax effective.

As at the date of these financial statements, the acquisition accounting has not been completed. The fair values presented for the identifiable net assets acquired represent preliminary values and may differ from the final values.

## 9. INFORMATION ABOUT SEGMENTS AND REVENUES

The Group's operations are organized into two operating segments as at 30 September 2024 - the Firearms and Accessories segment and the Ammunition segment. The structure of the segment information corresponds to the structure of the Group's principal business activities and the structure of the financial ratios and information that are regularly monitored and evaluated by the Group's management.

As at 30 September 2023, the production, purchase and sale of firearms and accessories represented the Group's primary business activity. The Group's other activities at 30 September 2023 were considered insignificant as none of the Group's other activities accounted for more than 10% of revenue from sales to external customers.

### **Firearms and accessories segment**

The firearms and accessories segment includes the design, production, assembly and sale of firearms, tactical accessories and optical mounting solutions for the military and law enforcement, personal defense, hunting, sport shooting, and other commercial uses.

### **Ammunition segment**

The ammunition segment consists of the design, production and sale of small-caliber ammunition, including pistol and rifle ammunition, together with shotgun shells for hunting, sport shooting, and military and law enforcement, as well as the production and sale of grenades and other military material. It also includes development and production of ammunition manufacturing machinery and tools.

The tables below provide information on operating segment for the nine-month period ended 30 September 2024 (in CZK '000)

<b>2024</b>	<b>Firearms and accessories segment</b>	<b>Ammunition segment</b>	<b>Elimination of inter-segment transactions</b>	<b>Total</b>
External revenues	11,047,294	3,924,601	-	14,971,895
Inter-segment revenues	27,962	22,761	-50,723	-
<b>Revenues from the sale of own products, goods and services</b>	<b>11,075,256</b>	<b>3,947,362</b>	<b>-50,723</b>	<b>14,971,895</b>
Other operating income	7,985	64,532	-226	72,291
Change in inventories developed internally	439,573	-372,075	-	67,498
Own work capitalized	79,197	82,092	-	161,289
Raw materials and consumables used	-5,596,650	-2,195,014	22,920	-7,768,744
Services	-1,437,541	-298,804	27,803	-1,708,542
Personnel costs	-2,715,857	-629,918	-	-3,345,775
Depreciation and amortization	-482,154	-521,171	-	-1,003,325
Other operating expenses	-184,800	-18,307	226	-202,881
Allowances	1,718	-4,403	-	-2,685
<b>Operating profit</b>	<b>1,186,726</b>	<b>54,295</b>	<b>-</b>	<b>1,241,021</b>
Interest income	633,686	55,732	-58,904	630,514
Interest expense	-954,504	-94,877	58,904	-990,477
Other financial income	83,362	966	-	84,328
Other financial expenses	-189,989	-12,420	-	-202,409
Gains or losses from derivative transactions	124,452	32,910	-	157,362
Share in the profit of associates after tax	525	-	-	525
<b>Profit before tax</b>	<b>884,258</b>	<b>36,607</b>	<b>-</b>	<b>920,864</b>
Income tax	-204,809	-7,398	-	-212,207
<b>Profit for the period</b>	<b>679,449</b>	<b>29,209</b>	<b>-</b>	<b>708,657</b>

<b>30 Sep 2024</b>	<b>Firearms and accessories segment</b>	<b>Ammunition segment</b>	<b>Elimination of inter-segment transactions</b>	<b>Total</b>
<b>Total segment assets</b>	<b>27,217,502</b>	<b>20,864,417</b>	<b>-2,333,460</b>	<b>45,748,459</b>
Acquisition of tangible and intangible fixed assets	404,943	250,691	-	655,634
Companies accounted for using the equity method	44,096	-	-	44,096
<b>Total segment liabilities</b>	<b>-22,876,197</b>	<b>-7,546,730</b>	<b>2,333,460</b>	<b>-28,089,467</b>

## 9.1. Geographical breakdowns

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

<b>Revenues from sales to external customers</b>		
	<b>30 Sep 2024</b>	<b>30 Sep 2023</b>
Czech Republic (home country)	2,990,177	1,715,846
United States	6,347,105	4,581,293
Canada	759,673	1,378,353
Europe (apart from the Czech Republic)	3,642,076	1,291,582
Africa	118,517	161,512
Asia	590,900	485,462
Latin America	472,133	226,478
Australia & Oceania	51,314	70,020
<b>Total</b>	<b>14,971,895</b>	<b>9,910,546</b>

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

<b>Net book value of property, plant and equipment</b>		
	<b>30 Sep 2024</b>	<b>31 Dec 2023</b>
Czech Republic (home country)	7,385,245	2,258,750
United States	693,090	644,651
Canada	208,285	205,190
Sweden	31,951	39,846
Switzerland	1,074,914	1,036,484
Hungary	90,164	96,528
<b>Total</b>	<b>9,483,650</b>	<b>4,281,449</b>

<b>Net book value of intangible assets</b>		
	<b>30 Sep 2024</b>	<b>31 Dec 2023</b>
Czech Republic (home country)	7,730,570	587,763
United States	1,872,975	1,898,353
Canada	501,216	532,597
Sweden	307,346	329,194
Switzerland	48,778	65,974
<b>Total</b>	<b>10,460,885</b>	<b>3,413,881</b>

<b>Net book value of goodwill</b>		
	<b>30 Sep 2024</b>	<b>31 Dec 2023</b>
Czech Republic (home country)	6,137,579	280,686
United States	2,015,175	2,008,590
Canada	192,231	191,603
Sweden	66,542	66,601
<b>Total</b>	<b>8,411,526</b>	<b>2,547,480</b>

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 990,477 thousand (CZK 737,325 thousand in the nine-month period ended 30 September 2023) is mainly represented by interest incurred on issued bonds and bank loans of CZK 855,401 thousand (CZK 538,519 thousand in the nine-month period ended 30 September 2023). Information on the issued bonds and bank loans is disclosed in Note 17. An interest expense of CZK 135,076 thousand (CZK 195,274 thousand in the nine-month period ended 30 September 2023) represents interest from cross currency interest rate swaps.

These swaps also generate interest income in the amount of CZK 481,278 thousand (CZK 591,685 thousand in the nine-month period ended 30 September 2023) presented under Interest income position. The remaining interest income in the amount of CZK 148,426 thousand (CZK 125,330 thousand in the nine-month period ended 30 September 2023) mainly represents interest from deposits.

- ▶ Other financial income in the amount of CZK 84,328 thousand (CZK 379,133 thousand in the nine-month period ended 30 September 2023) mainly represents revaluation of Other financial assets as at the date of sale of CZK 82,422 thousand (CZK 274,621 thousand in the nine-month period ended 30 September 2023) and related foreign exchange gain of CZK 30,980 thousand (gain of CZK 13,082 thousand in the nine-month period ended 30 September 2023). The remaining foreign exchange loss amounts to CZK 166,741 thousand (gain of CZK 91,430 thousand in the nine-month period ended 30 September 2023). The net foreign exchange loss presented under Other financial expenses amounts to CZK 135,761 thousand (gain of CZK 104,512 thousand in the nine-month period ended 30 September 2023).

- ▶ Other financial expenses of CZK 202,409 thousand (CZK 59,233 thousand for the period from 1 January to 30 September 2023) mainly represent foreign exchange loss in total amount of CZK 135,761 thousand and bank fees in total amount of CZK 44,641 thousand. Other financial expenses in the nine-month period ended 30 September 2023 represented mainly bank fees in the amount of CZK 18,436 thousand and remeasurement of the contingent consideration arising from the Colt acquisition of CZK 17,807 thousand.
- ▶ Gains or losses from derivative transactions – 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-month period ended 30 September 2024, the Group recognized gain from derivative instruments of CZK 157,362 thousand (gain CZK 144,338 thousand in the six-month period ended 30 September 2023).

In other comprehensive income for the nine-month period ended 30 September 2024, the Group recognized a loss of CZK 503,809 thousand from the remeasurement of financial derivatives classified as hedging instruments (loss of CZK 156,142 thousand in the nine-month period ended 30 September 2023).

## 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 2024 is 23.0% (18.7% for the period from 1 January to 30 September 2023).

The amount of the effective tax rate is affected by the level of tax rates in individual countries, where the Group operates (Czech Republic – 21%, 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 2024 (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	243,729	5,033	18,651	-104	2,308	7,834	277,451
Intangible assets under construction or being acquired	101,297	1,745	83,322	-	-6,630	-575	179,159
Other intangible assets	1,050,677	-	-	-2,630	-	-1,507	1,046,540
Trademarks and logos	1,629,235	2,167,611	-	-	-	1,640	3,798,486
Capitalized development	575,790	-	6,570	-	4,322	-	586,682
Concessions, license rights and other intellectual property rights	343,036	968	4	-	-	7,597	351,605
Contractual customer relations	1,747,178	5,256,619	-	-	-	2,516	7,006,313
<b>Total</b>	<b>5,690,942</b>	<b>7,431,976</b>	<b>108,547</b>	<b>-2,734</b>	<b>-</b>	<b>17,505</b>	<b>13,246,236</b>

### Accumulated amortization and carrying value

GROUP	Opening balance	Amortization	Disposals	Changes in allowances	Impact of FX rate fluctuations	Closing balance	Carrying amount
Software	-196,147	-11,898	87	-	-7,785	-215,743	61,708
Intangible assets under construction or being acquired	-	-	-	-	-	-	179,159
Other intangible assets	-405,187	-70,215	1,227	-	1,638	-472,537	574,003
Trademarks and logos	-	-	-	-	-	-	3,798,486
Capitalized development	-248,890	-20,427	-	-	-101	-269,418	317,264
Concessions, license rights and other intellectual property rights	-227,550	-18,719	-	-	-9,588	-255,857	95,748
Contractual customer relations	-1,199,287	-373,706	-	-	1,197	-1,571,796	5,434,518
<b>Total</b>	<b>-2,277,061</b>	<b>-494,965</b>	<b>1,314</b>	<b>-</b>	<b>-14,638</b>	<b>-2,785,350</b>	<b>10,460,885</b>

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 2024 (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	2,025,596	846,423	34,156	-13,660	75,864	-923	2,967,456
Machinery, instruments and equipment	4,268,454	2,777,238	215,456	-131,055	122,121	1,608	7,253,822
Other non-current tangible assets	71,548	137	12,208	-	16,817	-586	100,124
Other non-current tangible assets under construction	325,274	63,366	299,720	-28,907	-144,889	-894	513,670
Prepayments made for non-current tangible assets	306,178	66,609	56,958	-115	-69,913	-162	359,555
Lands	430,071	1,387,230	-	-	-	12	1,817,313
<b>Total</b>	<b>7,427,121</b>	<b>5,141,003</b>	<b>618,498</b>	<b>-173,737</b>	<b>-</b>	<b>-945</b>	<b>13,011,940</b>

## Accumulated depreciation and carrying value

GROUP	Opening balance	Depreciation	Disposals	Changes in allowances	Impact of FX rate fluctuations	Closing balance	Carrying amount
Buildings	-733,605	-97,131	131	-	-	-830,605	2,136,851
Machinery, instruments, and equipment	-2,370,591	-387,489	127,407	-	-30	-2,630,703	4,623,119
Other non-current tangible assets	-31,227	-23,740	-	-	376	-54,591	45,533
Other non-current tangible assets under construction	-9,365	-	-	199	-	-9,166	504,504
Prepayments made for non-current tangible assets	-884	-	-	-2,341	-	-3,225	356,330
Lands	-	-	-	-	-	-	1,817,313
<b>Total</b>	<b>-3,145,672</b>	<b>-508,360</b>	<b>127,378</b>	<b>-2,142</b>	<b>346</b>	<b>-3,528,290</b>	<b>9,483,650</b>

Machinery, instruments and equipment and Buildings as at 30 September 2024 include right of use assets arising from lease contracts of CZK 74,230 thousand (CZK 85,765 thousand as at 31 December 2023).

Additions to the rights of use arising from lease contracts amounted to CZK 13,823 thousand in 2024 (CZK 23,309 thousand in the nine-month period ended 30 September 2023) and an increase by the balance as at the date of entry into consolidation as a result of the acquisition of Sellier & Bellot a.s. in the amount of CZK 9,138 thousand. These primarily include lease contracts for warehouses and office space, as well as cars and technical office equipment.

Depreciation for the nine-month period ended 30 September 2024 includes depreciation of right of use assets of CZK 21,413 thousand (CZK 20,731 thousand in the nine-month period ended 30 September 2023).

## 13. INVENTORIES

The structure of inventories as at 30 September 2024 and 31 December 2023 is as follows (in CZK '000):

	30 Sep 2024	31 Dec 2023
Material	2,934,659	2,036,572
Work-in-progress and semi-finished products	1,934,368	969,183
Finished products	2,823,233	1,910,278
Goods	265,738	326,830
Prepayments made for inventories	185,126	55,214
<b>Total</b>	<b>8,143,123</b>	<b>5,298,077</b>



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 2024, allowances for inventories of CZK 499,967 thousand (CZK 513,540 thousand as at 31 December 2023) were included in the statement of financial position. In the nine-month period ended 30 September 2024, gain from impairment of inventories change of CZK 14,388 thousand was recorded in the profit and loss (loss of CZK 72,082 thousand in the nine-month period ended 30 September 2023).

## 14. CURRENT AND NON-CURRENT PROVISIONS

The table below shows current and non-current provisions as at 30 September 2024 and 31 December 2023 (CZK '000):

Provisions	Balance at 30 Sep 2024	Balance at 31 Dec 2023
Warranty repairs	26,154	23,750
Provision for legal claims	12,598	-
Other current provisions	17,734	6,334
<b>Total current provisions</b>	<b>56,486</b>	<b>30,084</b>
Warranty repairs	41,737	41,759
Share-based payments	59,045	30,556
Other non-current provisions	16,557	3,873
<b>Total non-current provisions</b>	<b>117,339</b>	<b>76,188</b>
<b>Total provisions</b>	<b>173,825</b>	<b>106,272</b>

## 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 Share Program will be newly issued. The maximum number of shares issued will be 3,373 thousand.

The following table below shows the number and weighted average realisable price of share options under the Share Program.

Total options	Number of options	Weighted average exercise price (in CZK)
Not settled at 1 January 2024	2,870,755	0,10
Settled during nine-month period ended 30 September 2024	1,735,100	0,10
Change in allocation during nine-month period ended 30 September 2024	-169,300	0,10
<b>Not settled at 30 September 2024</b>	<b>966,355</b>	<b>0,10</b>

## 15.1. Expenses recognized in the statement of profit and loss

In connection with the Share Program, the Group recognized expenses of CZK 373,935 thousand in Personal expenses (CZK 213,835 thousand for the period from 1 January to 30 September 2023). Of this amount, CZK 260,435 thousand represents personnel expenses related to key management personnel (CZK 92,680 thousand for the period from 1 January to 30 September 2023).

In addition, the Group has created a provision for social and health insurance recognized under Other operating expenses in the amount of CZK 28,522 thousand (CZK 14,640 thousand for the period from 1 January to 30 September 2023). In connection with this provision, the Group recognized deferred tax in the amount of CZK 6,030 thousand (CZK 2,836 thousand for the period from 1 January to 30 September 2023).

## 15.2. Items recognized in the statement of financial position

The fair value of 966,355 stock options (2,870,755 stock option as at 31 December 2023) allocated to own employees of CZK 122,015 thousand is recognised in Accumulated profits (CZK 491,428 thousand as at 31 December 2023).

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 2024 of CZK 59,078 thousand are recognised in non-current provisions (CZK 30,566 thousand as at 31 December 2023). The Group also recognised deferred tax in respect of these liabilities in the amount of CZK 10,358 thousand (CZK 4,328 thousand as at 31 December 2023).

## 16. EMPLOYEE BENEFIT LIABILITIES

Employee benefit liabilities (CZK '000):

	30 Sep 2024	31 Dec 2023
Net employee benefit liability	126,387	133,047
Liability for medical (healthcare) benefits	139,313	137,501
<b>Total net employee benefit liability</b>	<b>265,700</b>	<b>270,548</b>
Non-current net employee benefit liabilities	248,325	255,721
Current net employee benefit liabilities	17,375	14,827
<b>Total net employee benefit liability</b>	<b>265,700</b>	<b>270,548</b>

## 17. BONDS, BANK LOANS AND BORROWINGS

				30 Sep 2024	31 Dec 2023
	Maturity date	Interest rate %	Aggregate limit as at 30 Sep 2024 (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				4,522	120,811
Issued bonds – issue cost				-12,952	-16,882
Issued bonds	27 Jan 2029	6M Pribor + margin % p.a.	1,998,000	1,998,000	1,998,000
Issued bonds – unpaid interest				21,282	74,361
Issued bonds – issue cost				-8,349	-9,795
Issued bonds	18 May 2030	6M Pribor + margin % p.a.	2,397,000	2,397,000	1,929,000
Issued bonds – unpaid interest				56,410	20,448
Issued bonds – issue cost				-9,037	-10,242
Komerční banka a.s.	10 October 2024	1M Pribor + margin % p.a.	2,256,548	-	2,256,548
Komerční banka a.s. – unpaid interest				-	1,233
Syndicated loan	7 May 2029	3M Euribor + margin % p.a.	11,008,547	10,753,049	-
Syndicated loan – unpaid interest				1,295	-
Syndicated loan – issue cost				-104,351	-
Other				258,403	250,801
<b>Total</b>				<b>20,355,272</b>	<b>11,614,284</b>
Repayments in the following year				1,658,349	2,573,744
Repayments in future years				18,696,923	9,040,540

## 18. EQUITY-ACCOUNTED SECURITIES AND INVESTMENTS

The carrying amount of equity-accounted investments changed as follows in the nine-month period ended 30 September 2024 (in CZK '000):

	30 Sep 2024 CZK '000
Beginning of the period	40,795
Colt CZ Hungary Zrt. Increase in investment	3,776
Dividend received	-1,000
Share in the profit of associates after tax	525
<b>End of the period</b>	<b>44,096</b>

## 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 2024, assets and liabilities representing financial derivatives and share-based payment arrangements.

### 19.1 Financial derivatives

The fair value of interest rate swaps, commodity 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 and commodity 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 2024 and 31 December 2023 (CZK ‘000):

CZK ‘000	30 Sep 2024			31 Dec 2023		
	Fair value			Fair value		
	Nominal	Positive	Negative	Nominal	Positive	Negative
Put Option	-	-	-	49,450	123	-
Call Option	-	-	-	49,450	-	3
Interest rate option - Cap	2,660,795	42,859	-	-	-	-
Interest rate option - Floor	1,299,348	-	7,951	-	-	-
Currency forwards	1,820,780	121,210	249	1,983,865	129,224	2,997
Currency swap	774,098	21,255	2,089	1,196,464	7,567	6,420
<b>Total</b>	<b>6,555,021</b>	<b>185,324</b>	<b>10,289</b>	<b>3,279,229</b>	<b>136,914</b>	<b>9,420</b>

The following table provides an overview of nominal values and positive or negative fair values of open hedging derivatives as at 30 September 2024 and 31 December 2023 (CZK '000):

CZK '000	30 Sep 2024			31 Dec 2023		
	Fair value			Fair value		
	Nominal	Positive	Negative	Nominal	Positive	Negative
Interest rate swap	8,950,620	31,074	242,280	2,429,000	58,018	106,927
Put Option	539,880	23,054	-	586,474	32,163	-
Call Option	539,880	-	8,725	586,474	-	13,080
Currency swap	4,402,147	299,479	5,907	5,086,546	378,265	2,622
Currency forwards	4,264,501	187,383	21,776	4,018,351	195,390	10,979
Cross currency interest rate swap – USD	3,212,700	21,646	-	3,212,700	186,216	-
Cross currency interest rate swap – USD	724,200	-	94,427	1,500,000	175,249	-
Cross currency interest rate swap – CHF	1,500,000	90,296	-	724,200	-	112,179
Commodity swaps - Copper	2,064,615	99,412	8,950	-	-	-
Commodity swaps - Zinc	209,372	20,573	359	-	-	-
Commodity swaps - Lead	401,604	1,212	4,871	-	-	-
<b>Total</b>	<b>26,809,519</b>	<b>774,129</b>	<b>387,295</b>	<b>18,143,745</b>	<b>1,025,301</b>	<b>245,787</b>

## 19.2 Financial liabilities at fair value through profit or loss

CZK '000	30 Sep 2024			31 Dec 2023		
	Fair value			Fair value		
	Nominal	Positive	Negative	Nominal	Positive	Negative
Other financial assets	-	-	-	863,502	908,580	-
Contingent consideration from the Spuhr acquisition	-	-	-	44,580	-	44,580
	-	-	-	<b>908,082</b>	<b>908,580</b>	<b>44,580</b>

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 28 June 2024, the Company decided to pay a dividend of CZK 1,511,069 thousand (30 CZK per share). Part of the dividend was paid in the form of newly issued shares in the number of 2,194,078 units with a total value of CZK 1,250,624 thousand. The newly issued shares were issued on 23 August 2024. Unpaid liability to shareholders including withholding tax in the total amount of CZK 1,927 thousand is presented under Trade and other payables.

## **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-month period ended 30 September 2024, the Group conducted the following transactions with related parties.

### **Key management personnel**

During the nine-month period ended 30 September 2024, 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 32,881 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 2024 and the following transactions with related parties in the nine-month period ended 30 September 2024 (in CZK '000):

<b>Entity</b>	<b>Relationship</b>	<b>Liabilities as at 30 Sep 2024</b>	<b>Purchases from 1 Jan to 30 Sep 2024</b>	<b>Receivables as at 30 Sep 2024</b>	<b>Sales from 1 Jan to 30 Sep 2024</b>
Keriani, a.s.	Associate of parent company	578	3,815	2,029	-
CZ-SKD Solutions a.s.	Company in the ultimate owner's group	1,895	7,722	-	424
CZ-AUTO SYSTEMS a.s.	Company in the ultimate owner's group	9	709	10,744	36,809
ITeuro, a.s.	Company in the ultimate owner's group	309	6,270	-	-
New Lachaussée S.A.	Company in the ultimate owner's group	-	864	-	-
Fritz Werner Industrie-Ausrüstungen GmbH	Company in the ultimate owner's group	79	759	25,348	-
Magtech Ammunition Company, Inc. - USA	Company in the ultimate owner's group	168	182	262,892	507,856
Companhia Brasileira de Cartuchos S.A.	Company in the ultimate owner's group	4	371	-	2,759
Metallwerk Elisenhütte GmbH	Company in the ultimate owner's group	8,322	294	36,500	66,503
VIBROM spol. s r.o.	associated company	26,155	108,522	6,816	2,305
CARDAM s.r.o.	associated company	295	2,992	-	287
CZ BRAZIL, LTDA	associated company	-	-	1,029	-
Colt CZ Hungary zrt.	associated company	11,017	21,595	90,815	35,589
EG-CZ Academy	associated company	63	564	-	-
<b>Total</b>		<b>48,894</b>	<b>154,659</b>	<b>436,173</b>	<b>652,533</b>

The Group records the following outstanding balances with related parties as at 31 December 2023 and the following transactions with related parties in the nine-month period ended 30 September 2023 (in CZK '000):

Entity	Relationship	Liabilities as at 31 Dec 2023	Purchases from 1 Jan to 30 Sep 2023	Receivables as at 31 Dec 2023	Sales from 1 Jan to 30 Sep 2023
Keriani, a.s.	Associate of parent company	585	3,851	-	-
CZ-SKD Solutions a.s.	Subsidiary of parent company	286	5,265	-	462
CZ-AUTO SYSTEMS a.s.	Subsidiary of parent company	23	4,547	13,351	53,824
B:TECH, a.s.	Company in the ultimate owner's group	1,773	794	187	-
M&H Management a.s.	Company in the ultimate owner's group	-	-	-	43
ITeuro, a.s.	Company in the ultimate owner's group	1,123	5,263	1,297	-
VIBROM spol. s r.o.	associated company	20,102	102,556	9,022	1,161
CARDAM s.r.o.	associated company	1,067	3,023	-	236
CZ BRAZIL, LTDA	associated company	-	-	1,141	-
Colt CZ Hungary Zrt.	associated company	4,738	-	2,206	205
EG-CZ Academy	associated company	62	536	-	-
<b>Total</b>		<b>29,759</b>	<b>125,835</b>	<b>27,204</b>	<b>55,931</b>

## 22. NET EARNINGS PER SHARE

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

	30 Sep 2024	30 Sep 2023
Numerator (CZK '000)		
Profit after tax attributable to the owner of the parent company	708,657	1,537,605
Denominator (average number of shares in CZK '000)		
Basic	44,655	34,778
Diluted	45,089	35,181
Net earnings per share (CZK/share) attributable to the owner of the parent company		
Basic	16	44
Diluted	16	44

The diluted average number of shares of 44,655 thousand is increased from the basic average number of shares of 45,089 thousand by the expected weighted average number of shares to be issued by the Company in 2024.



## **23. CONTINGENT LIABILITIES**

As at 30 September 2024, the Group has issued no guarantees in respect to third-party liabilities.

As at 30 September 2024, 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 unfavorable impact on the Group's results of operation and its cash flows.

As at 30 September 2024, the Group records environmental liabilities of CZK 7,536 thousand to which a full provision was established. No other environmental liabilities are recorded.

## **24. SUBSEQUENT EVENTS**

On 18 October 2024, the Company increased share capital by CZK 390,000 by issue of 3,900,000 new book-entry shares. The issue price of one new share was set at CZK 575. The increase in the share capital was approved by the Company's Board of Directors based on the authorization by the General meeting.

On 21 October 2024, subsidiary Vocatus Investment a.s. was renamed to Sellier & Bellot Int. a.s.

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 2024.