

# SEMI-ANNUAL REPORT

for the 1<sup>st</sup> Half of 2022

**COLT**  
**CZGROUP**

# CONTENT

<b>1</b>	<b>About the Company</b> .....	3
<b>2</b>	<b>Letter of the President of the Company</b> .....	4
<b>3</b>	<b>Key financial indicators</b> .....	5
<b>4</b>	<b>Group results for the first half of 2022</b> .....	6
4.1	Comments on the financial results for the first half of 2022 .....	6
4.2	Strategy and outlook .....	8
4.3	Impact of the COVID-19 pandemic and the Russian invasion of Ukraine in the first half of 2022 .....	9
<b>5</b>	<b>Basic information about Colt CZ Group SE</b> .....	11
5.1	Organisational chart and the Group's entities .....	12
5.2	Ownership structure and changes in the Company's equity in the first half of 2022 .....	13
5.3	Transactions with related parties .....	13
5.4	Subsequent events .....	15
<b>6</b>	<b>Declaration of persons responsible for the semi-annual report</b> .....	16
<b>7</b>	<b>Glossary and alternative performance measures</b> .....	17
7.1	Alternative performance measures .....	17
7.2	Glossary .....	20
<b>8</b>	<b>Condensed consolidated interim financial statements for the period from 1 January to 30 June 2022 (unaudited)</b> .....	25

# 1 ABOUT THE COMPANY

Colt CZ Group SE („Colt CZ“ or „the Company“) and subsidiaries („the Group“) is one of the leading world producers of firearms and tactical accessories for military and law enforcement, personal defence, hunting, sport shooting, and other civilian uses. Colt CZ primarily sells its products under the Colt, CZ, CZ-USA, Colt Canada, Dan Wesson, Brno Rifles, and 4M Systems brands. The Company's history dates back to 1936, when the Česká zbrojovka firearms factory was built in Uherský Brod. It was one of the largest and most modern armaments production facilities in Europe. The factory's production of a full range of firearms started to develop gradually after WWII, resulting in strong product positioning in major segments of the firearms market.

In 1997, CZ-USA was established in the United States to handle local distribution, sales, and service of firearms. In 2004, the Group acquired the firearms division of Zbrojovka Brno, and subsequently in the following year, it acquired Dan Wesson through its subsidiary CZ-USA. In 2020, the Company acquired a minority stake in Spuhr i Dalby AB, a Swedish manufacturer of optical mounting solutions for weapons. In 2021, the Company successfully completed the acquisition of a 100% share in Colt Holding Company LLC („Colt“), the parent company of the US firearms manufacturer Colt's Manufacturing Company LLC, and its Canadian subsidiary Colt Canada Corporation („Colt Canada“).

As at 30 June 2022, Colt CZ had an average FTE headcount of 2 200 employees, based in the Czech Republic, United States, Germany, and Canada. Since October 2020, the Company's shares have been traded on the Prague Stock Exchange. The majority shareholder of the Company is Česká zbrojovka Partners SE with a 76,5% ownership interest and the rest is free float.

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## 2 LETTER OF THE PRESIDENT OF THE COMPANY

Dear shareholders,

Colt CZ Group experienced another record performance in this past half-year. Our year-on-year comparison was positively impacted not only by the consolidation of Colt revenues but especially by the product mix and the increase of firearms sold and sales in key territories, primarily in North America and Asia. In the Czech Republic, we also noted a significant growth in sales thanks to the continuing cooperation with the Czech Army under the framework agreement which was extended with an amendment in March, following the outbreak of the war in Ukraine.

In May, we celebrated the first anniversary of the Colt Group acquisition. We are firmly straddling both sides of the Atlantic and now own two of the best-known brands of firearms, thus becoming stronger not only financially, technologically and product-wise, but also in terms of our human capital.

The growth of the Group and the success of the Colt acquisition are further supported by a dividend of

CZK 25 per share from the net profit for 2021, which is more than three times last year's CZK 7.5.

In the first half of this year, we also increased the volume of free float to 23.5%, which was linked to the sale via accelerated bookbuilding of a 6% share in Colt CZ. Increasing the free float means increasing the attractiveness of our shares for current and potential investors, as reflected in the adjustment of regional stock exchange indices of CECE and the Prague Stock Exchange, which in June showed increased weight of the Colt CZ title in response to the free float increase.

At the same time, I would like to mention a very successful January bond issue on the regulated market of the Prague Stock Exchange. Due to high investor demand, the issue size was increased to a total of CZK 1,998,000,000.

Nevertheless, our activities have been affected by the recent global developments. We have experienced two challenging years marked by the Covid-19 pandemic, which we managed successfully thanks to the discipline

and commitment of our employees. However, as soon as the worst of the pandemic was over, Russia invaded Ukraine. The war in Ukraine is first and foremost a huge human tragedy and an unprecedented breach of international law. I am, therefore, very pleased to report that Colt CZ is participating in the material help to Ukraine in coordination with Czech and US governments.

However, we cannot be lulled by the successes we have achieved to date. We are operating in a highly competitive environment. Thus, we need to focus on innovating our products, manufacturing, and internal process to remain relevant and competitive in the eyes of our customers. I believe that we will continue to succeed in the future thanks to our strong portfolio diversification, geographic spread, and our employees' passion.

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



### 3 KEY FINANCIAL INDICATORS

Consolidated income statement and statement of comprehensive income

(in CZK thousand)	For six months ended 30 June (unaudited)		Change in %
	2022	2021	
Revenues from the sale of own products, goods and services	7,049,170	4,728,737	49.1%
<b>Operating profit (loss)</b>	<b>1,303,619</b>	<b>712,205</b>	<b>83.0%</b>
EBITDA	1,725,203	984,138	73.3%
Adjusted EBITDA	1,794,731 <sup>1</sup>	1,203,65 <sup>2</sup>	49.1%
<b>Profit (loss) before tax</b>	<b>1,392,797</b>	<b>748,994</b>	<b>85.6%</b>
<b>Profit for the year</b>	<b>1,104,705</b>	<b>587,915</b>	<b>87.9%</b>
<b>Profit for the year attributed to:</b>			
Owner of the parent company	1,104,705	584,766	87.9%
Non-controlling interests	–	3,149	n/a
<b>Net earnings per share attributable to the owner of the parent company (CZK per share)</b>			
Basic	33	17	94.1%
Diluted	32	17	94.1%
Adjusted <sup>3</sup>	35	24	44.8%

Consolidated statement of financial position

(in CZK thousand)	As of		Change in %
	30 June 2022 (unaudited)	31 Dec 2021 (unaudited)	
<b>Total assets</b>	<b>18,290,852</b>	<b>17,013,073</b>	<b>7.5%</b>
<b>Total equity</b>	<b>5,546,587</b>	<b>5,241,828</b>	<b>5.8%</b>
<b>Total liabilities</b>	<b>12,744,265</b>	<b>11,771,245</b>	<b>8.3%</b>
<b>Total equity and liabilities</b>	<b>18,290,852</b>	<b>17,013,073</b>	<b>7.5%</b>

<sup>1</sup> In the first half 2022, adjusted for extraordinary one-time costs associated acquisitions and costs related to ESOP that are generally unrelated to the current period's operations and value creation. These one-off items are described in Section 7.1 Alternative performance measures.

<sup>2</sup> In the first half 2021, adjusted for extraordinary one-time costs associated with the acquisition of Colt, the write-off of a wasted investment in relation to a project in Arkansas that are generally unrelated to the current period's operations and value creation. These one-off items are described in Section 7.1 Alternative performance measures.

<sup>3</sup> Adjusted for extraordinary one-time costs described in footnotes 1 and 2, including the costs of the revaluation of contingent consideration for the Colt acquisition to market value.



# 4 GROUP RESULTS FOR THE FIRST HALF OF 2022

## 4.1 COMMENTS ON THE FINANCIAL RESULTS FOR THE FIRST HALF OF 2022

The following table includes an overview of the firearm units sold by the Group (including firearm units sold by Colt since the acquisition date) by type for the reported period:

Number of units	For the six months ended 30 June		
	2022	2021	Change in %
Long firearms	151,793	121,477	25.0%
Handguns	210,948	182,845	15.4%
<b>Total firearms</b>	<b>362,741</b>	<b>304,322</b>	<b>19.2%</b>

### Revenues

Compared with the results as at 30 June 2021, the revenues for the six months ended 30 June 2022 increased by 49.1% to CZK 7.0 billion, mainly due to an increase in the firearm sales volumes resulting from higher sales and full consolidation of Colt revenues.

Regionally, the revenues generated in the Czech Republic increased by 329.2% to CZK 579.9 million as at 30 June 2022. Revenues for the six months ended 30 June 2022 generated in the United States increased year-on-year by 38.2% to CZK 4,086.8 million, mainly as a result of increased demand in the US commercial market and consolidation of Colt's revenues in the US. Revenues generated in Canada in the first half of 2022 totalled CZK 499.1 million, which represents a 218.8% y-o-y growth, also due to a full consolidation of Colt revenues. Revenues generated in Europe (excluding the Czech Republic)

increased year-on-year by 67.3% to CZK 848.6 million for the six months ended 30 June 2022, mainly as a result of higher sales in the Central and Eastern Europe.

Revenues generated in Africa decreased by 93.0% to CZK 34.8 million for the six months ended 30 June 2022 as the large one-off sales to the military and law enforcement sector customers were carried out in the last year. Revenues generated in Asia increased year-on-year by 174.9% to CZK 792.5 million for the six months ended 30 June 2022 as a result of increased sales to both the military and law enforcement sector customers and commercial customers.

The following table shows the breakdown of the Group's revenues for the monitored periods by region.

(in CZK thousand)	For six months ended 30 June (unaudited)		Change in %
	2022	2021	
Czech Republic	579,939	135,107	329.2%
United States	4,086,832	2,957,368	38.2%
Canada	499,146	156,586	218.8%
Europe (excl. the Czech Republic)	848,591	507,163	67.3%
Africa	34,806	496,835	(93.0%)
Asia	792,510	288,313	174.9%
Other	207,346	187,365	10.7%
<b>Total</b>	<b>7,049,170</b>	<b>4,728,737</b>	<b>49.1%</b>

### Raw materials and consumables used

Raw materials and consumables used increased by 95.7% to CZK 3,973.1 million for the six months ended 30 June 2022 compared with the six months ended 30 June 2021. The main reasons of the increase were higher revenues and production due to Colt consolidation as well as global energy and materials price growth.

### Services

Cost of services increased by 9.6% to CZK 971.2 million for the six months ended 30 June 2022 compared with the six months ended 30 June 2021.

### Personnel expenses

Personnel expenses increased by 73.9% to CZK 1,369.6 million for the six months ended 30 June 2022 compared with the six months ended 30 June 2021. The increase of personnel expenses was attributable to higher number of Group employees due to the Colt acquisition, and higher payroll expenses due to the newly concluded collective agreements in the Czech Republic and the US in the first half of 2022.

### Depreciation and amortization

22. Depreciation and amortisation increased by 55,0% to CZK 421.6 million for the six months ended 30 June 2022 compared with the six months ended 30 June 2021. The increase can be attributed to the consolidation of Colt.

### EBITDA

EBITDA increased by 73.3% to CZK 1,725.2 million for the six months ended 30 June 2022 compared with the six months ended 30 June 2021. The increase is attributable to the impact of higher global

sales and volume of sold firearms. In 2022, the Company did not adjust EBITDA for the one-off items related to the Colt acquisition, but adjustment include costs related to unrealized acquisitions and ESOP. Compared with the adjusted EBITDA for the six month of 2021, the adjusted EBITDA in the first half of 2022 increased by 49.1% to CZK 1,794.7 million.

### Interest income and other financial income

Interest income increased substantially to CZK 152.5 million for the six months ended 30 June 2022 compared CZK 8.2 million recorded in the six months ended 30 June 2021. This increase was related primarily to the higher market interest rates. Other financial income increased by 71.9% to CZK 134.0 million, primarily as a result of exchange rate differences, reclassification of financial income from derivative transactions and costs related to bond issue.

### Interest expense and other financial expenses

Interest expense went up by 288.1% to CZK 240.9 million for the six months ended 30 June 2022 compared with the six months ended 30 June 2021 as a result of the new bond issue and higher market interest rates. Other financial expenses decreased from CZK 394.0 million in 2021 to CZK 48.0 million for the six months ended 30 June 2022. The gains from the derivative transactions reached CZK 80.3 million in the first half of 2022.

In January 2022, the Company issued bonds totalling CZK 1,998,000,000 with floating 6M PRIBOR+1.4% interest rate. The funds acquired were used to repay current debt and for other general purposes. The bonds were admitted to trading on the regulated market of the Prague Stock Exchange.

#### **Profit before tax**

Profit before tax increased by 85.6% to CZK 1,392.8 million for the six months ended 30 June 2022 compared with the six months ended 30 June 2021. The growth relates to higher operating profit, full consolidation of Colt's revenues and a positive impact of financial operations.

#### **Income tax**

Primarily as a result of higher profit before tax, income tax for the six months ended 30 June 2022 increased by 78.8% to CZK 288.1 million compared with the six months ended 30 June 2021.

#### **Profit for the period / Adjusted profit for the period**

Profit for the six months ended 30 June 2022 increased by 87.9% to CZK 1,104.7 million compared with the six months ended 30 June 2021.

Profit for the period adjusted for above described one-off items increased in the six months ended 30 June 2022 by 44.3% to CZK 1,182.8 million compared to the same period in 2021.

## **4.2 STRATEGY AND OUTLOOK**

#### **Outlook for the second half of 2022**

The Group believes in the growth strategy combining organic growth funded from own resources and non-organic growth through acquisitions.

The management of the Group expects that the total revenues could reach CZK 14.0 billion to 14.6 billion in 2022, which represents y-o-y growth of 31–36% compared to the realised consolidated revenues in 2021.

The expected amount of EBITDA from continuing operations may reach CZK 3.0–3.3 billion in 2022, which represents y-o-y growth of 36–50% compared to the restated consolidated EBITDA in 2021.

The Group's capital expenditures in 2022 could reach 5% of the value of expected total revenues in 2022, which corresponds with the Group's mid-term outlook.

Uncertainty remains from the previous period concerning the continuing impacts of the Covid-19 pandemic on the supply chain and logistics. Nevertheless, based on previous experience, the Group is able to adopt adequate measures and deal with such effects. Issues concerning supplier relationships and logistics from previous periods are further negatively impacted by the military conflict in Ukraine.

For the rest of 2022, the ability to adapt to the changing demand in the key markets and produce in the desired range at the desired price remains challenging. The management of operating expenses and the supply chain remains key challenge going forward.



### 4.3 IMPACT OF THE COVID-19 PANDEMIC AND THE RUSSIAN INVASION OF UKRAINE IN THE FIRST HALF OF 2022

#### Impact of the Covid-19 pandemic on business activities and results of the Group in the first half of 2022

The Group operates its main manufacturing facilities in Uherský Brod, Czech Republic, West Hartford, USA, and Ontario, Canada. The impact of COVID-19 on the Group's business activities in the first half of 2022 was in general relatively limited.

In the Czech Republic, at the beginning of 2022, the sickness rate of production workers was approximately double that of usual periods. The situation calmed down at the end of the first quarter 2022 and at the date of this report, the Uherský Brod plant does not report any restrictions caused by the Covid-19 virus. Even at the highest peak of the pandemic, the Group managed the situation thanks to well thought-through measures which allowed to ensure continuous production without stoppages. The Company monitors the epidemical situation on a daily basis and in case of a worsening is ready to re-impose the measures successfully introduced in 2021 and described in detail in the 2021 Annual Report<sup>3</sup>.

The operation of the Group in North America was impacted by the Covid-19 pandemic in the first half of 2022. The Company noted a major impact on its supply chain and on the supplies of materials and some components, which had a slightly negative effect on the outputs. The strong demand for the Group's products on the American commercial markets from last year slightly weakened in the first half of 2022, which led to a one-off decrease of warehouse stock in the reported period. Weaker demand on the US commercial market was successfully offset by international demand and higher sales to business partners in Turkey. Under strict compliance with the rules set by the Centre for Disease

Control and Prevention (CDC) and local authorities, the Group's operating companies in the US did not have to suspend operations due to Covid-19 in the first half of 2022.

#### Impact of the Russian invasion of Ukraine on the Group's financial situation, business activities, and results in the first half of 2022

On 24 February 2022, Russia invaded Ukraine. This invasion is part of the Russian military intervention in Ukraine and the culmination of the Russian-Ukrainian crisis. In the first weeks after the start of the conflict, the Russian invasion of Ukraine became the largest military operation in Europe since WWII. Several million have fled the war from Ukraine to many EU countries, including the Czech Republic. According to the UNHCR<sup>4</sup>, since the beginning of the conflict, 3.7 million refugees from Ukraine registered in the EU for temporary protection or similar schemes<sup>5</sup>. In response to this military conflict and the migration wave, the Czech government decided to declare a state of emergency, originally for 30 days. The state of emergency was since extended several times and lasted until 30 June 2022.

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

<sup>3</sup> <https://www.coltczgroup.com/en/investors-financial-results-and-presentations/>, 2021 Annual Report

<sup>4</sup> the UN Refugee Agency

<sup>5</sup> <https://www.consilium.europa.eu/cs/policies/eu-migration-policy/refugee-inflow-from-ukraine/>

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

The Group responded immediately and mapped potential risks related to the embargoes and the growth of energy prices and lack of input materials. The production plant in the Czech Republic is part of the Czech macroeconomic environment with all its current economic impacts including the growth in energy prices, inflation, lack of personnel, etc. It faces challenges similar to those of other businesses in the Czech Republic, of which the increase in costs is predominant. To offset the increase in costs as much as possible, the Company's management adopted several measures to make its internal processes more efficient.

The current security situation and the military conflict in Ukraine can result in increased interest in our products by customers from the military and law enforcement sectors. On the other hand, it may have a negative impact on the operation and financial results of the Group in 2022. In March 2022, the Company signed an amendment to the 2020 framework agreement with the Czech Ministry of Defence on the acquisition of firearms. This amendment enables the Czech Army to draw on supplies of firearms higher by up to CZK 1.18 billion than the originally agreed limit of CZK 2.35 billion. The amendment is a direct result of the Russian invasion of Ukraine.

Revenues from the sale of the Group's products in the countries on which the EU has imposed sanctions (Russia, Belarus) in 2017-2021 represented approximately 0.2% of the total volume of sales. All business transactions have always been conducted in full compliance with relevant legislation

and based on export licenses awarded by the Ministry of Industry and Trade of the Czech Republic (for business outgoing from the Czech Republic). No purchases were made from these countries. Secondary purchases of e.g., steel from ironworks depending on supplies of Ukrainian iron ore are bolstered by alternative steel suppliers from Sweden and Spain. The Company has a well-developed cybersecurity system for data security stored in secondary localities.

Operating units in North America, specifically in the US and Canada, have not been directly impacted by the Russian invasion of Ukraine. However, combined with the growing inflationary pressures in the US and the Federal Reserve's interest rate hike in June 2022 and the continuing effects of the Covid-19 pandemic on the supply chain, the Company has noted a slowdown of its growth on the US commercial market.

# 5 BASIC INFORMATION ABOUT COLT CZ GROUP SE

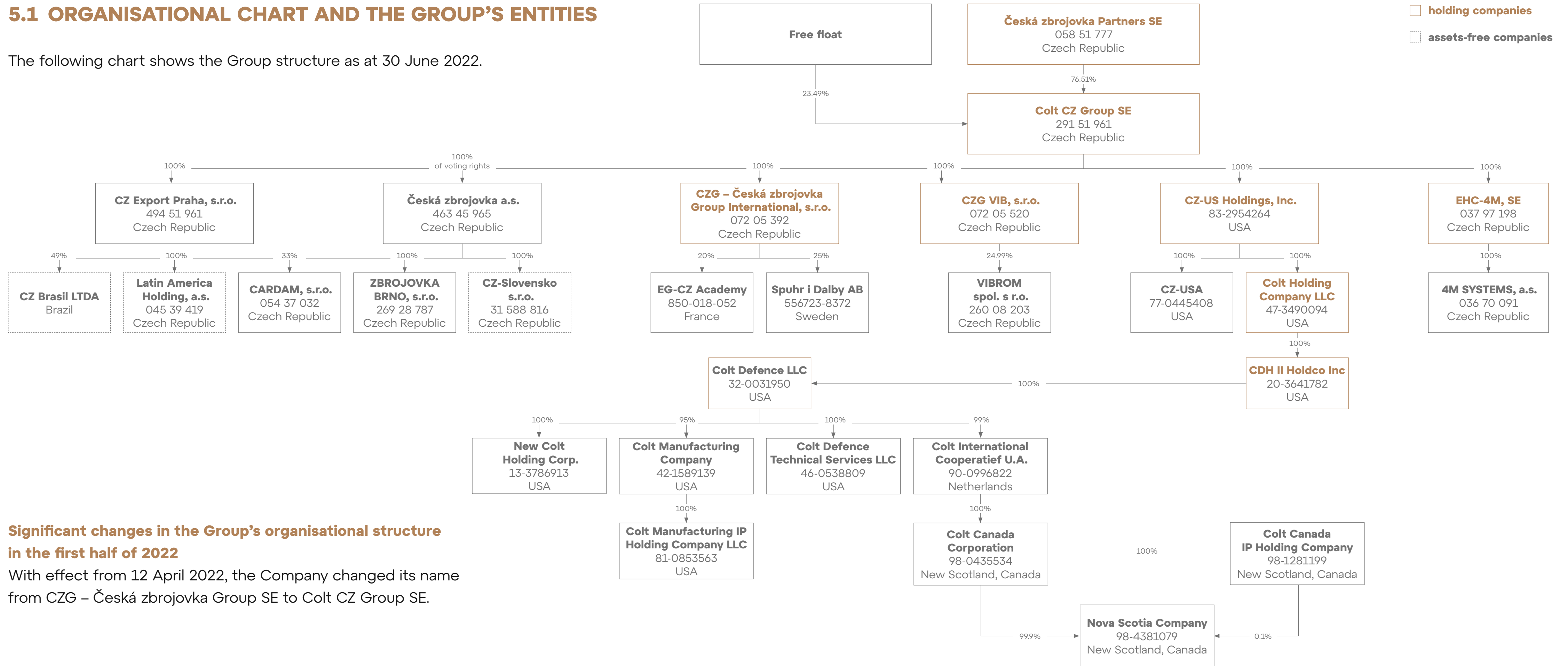
## BASIC INFORMATION ABOUT THE COMPANY

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

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

### 5.1 ORGANISATIONAL CHART AND THE GROUP'S ENTITIES

The following chart shows the Group structure as at 30 June 2022.



#### Significant changes in the Group's organisational structure in the first half of 2022

With effect from 12 April 2022, the Company changed its name from CZG – Česká zbrojovka Group SE to Colt CZ Group SE.

## 5.2 OWNERSHIP STRUCTURE AND CHANGES IN THE COMPANY'S EQUITY IN THE FIRST HALF OF 2022

Ownership structure and changes in the Company's equity in the first half of 2022

The Company's majority owner is Česká zbrojovka Partners SE, which held a 76.5% share in the Company's share capital as at 30 June 2022. The remaining 23.5% share is free float.

The following significant changes were made in the ownership structure in the first half of 2022:

- ▶ On 7 April 2022, several shareholders of the Company sold part of their shares through accelerated book-building to selected investors. The price per share was set at CZK 555. In the accelerated book-building, a total of 2,030,000 shares were sold, 1,350,000 of which had been held by Česká zbrojovka Partners SE.
- ▶ In May 2022, the Company increased its capital by CZK 36,529 through the issue of 365,291 shares based on a prior decision by the general meeting. The issue price of one new share was set as the closing price of the Company's shares on 26 May 2022 on the Prague Stock Exchange, i.e., CZK 622 per share. The newly issued shares were subscribed by Colt CZ Group North America, Inc. (formerly CZ-US Holdings, Inc.) solely in connection with the provision of a consideration in the settlement of the acquisition of Colt Company in 2021.

### Decision on profit distribution for 2021 and dividend payment

In May 2022, the general meeting of the Company decided outside the general meeting (per rollam decision) on the profit distribution for 2021 and the payment of the dividend.

The calculation of the share of profits per share is based on the total number of shares issued by the Company. The dividend for 2021 amounts to CZK 25 per share before tax.

The decisive date for exercising the right to a share of profits was 2 June 2022 under Article 28.4. of the Company's Articles of Association. The share of profits is payable from 29 June 2022.

The payment of the share of profits is made through Komerční banka, a.s., with its registered office at Prague 1, Na Příkopě 33/969, post code 114 07, Id. no.: 453 17 054, registered in the Commercial Register maintained by the Municipal Court in Prague, under file number B 1360.

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

### Changes in the Company's statutory bodies in the first half of 2022

As at 30 June 2022, no changes were made in the composition of the Company's statutory bodies in the first half of 2022.

## 5.3 TRANSACTIONS WITH RELATED PARTIES

The Group's related parties include subsidiaries, associated companies and key management personnel and their family members. Transactions that the Group ensures for related parties primarily include trade receivables and provided loans, while costs of transactions with related parties include remuneration to members of the supervisory board and board of directors and trade payables. Transactions with related parties are part of regular activities and are implemented at arm's length.



During the half-year to 30 June 2022, the Company conducted the following transactions with related parties:

**Key management personnel:**

During the half-year to 30 June 2022, 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 9,429 thousand.

The Company provided no other benefits (e.g. monetary or non-monetary benefits related to the termination of office of a body's member) to its key management personnel.

The Company had the following receivables and transactions with its related parties during the half-year to 30 June 2022:

**Česká zbrojovka Partners SE (parent company):**

As at 30 June 2022, the Company had receivables from and payables to Česká zbrojovka Partners SE of CZK 212 thousand and CZK 0 thousand. During the half-year to 30 June 2022, the Company purchased services of CZK 10 thous. from Česká zbrojovka Partners SE. Furthermore, the Company paid out dividend of CZK 652 262 thous. to Česká zbrojovka Partners SE.

**Keriani, a.s.:**

As at 30 June 2022, the Company had receivables from and payables to Keriani, a.s. of CZK 2,299 thousand and CZK 0, respectively. During the half-year to 30 June 2022, the Company purchased services of CZK 5,144 thous. from Keriani, a.s.

**EHC zdravotní s.r.o.:**

As at 30 June 2022, the Company had receivables from and payables to EHC zdravotní s.r.o. of CZK 9,258 thousand and CZK 0, respectively. During the half-year to 30 June 2022, the Company provided services of CZK 589 thousand.

**CZUB zdravotní s.r.o.:**

As at 30 June 2022, the Company had receivables from and payables to CZUB zdravotní s.r.o. of CZK 12 thousand and CZK 0 thous., respectively. During the half-year to 30 June 2022, the Company purchased services of CZK 4,028 thous. from CZUB zdravotní s.r.o. and provided services of CZK 24 thousand.

**CZ-SKD Solutions a.s. (dříve Česká zbrojovka CZ-AUTO a.s.):**

As at 30 June 2022, the Company had receivables from and payables to CZ-SKD Solutions a.s. of CZK 744 thousand and CZK 396 thous., respectively. During the half-year to 30 June 2022, the Company purchased services of CZK 4,439 thous. from CZ-SKD Solutions a.s. and provided services of CZK 1 thousand.

**CZ-AUTO SYSTEMS a.s.:**

As at 30 June 2022, the Company had receivables from and payables to CZ-AUTO SYSTEMS a.s. of CZK 9,917 thousand and CZK 2,790 thous., respectively. During the half-year to 30 June 2022, the Company purchased services of CZK 12,077 thous. from CZ-AUTO SYSTEMS a.s. and provided services of CZK 29,636 thousand.

**TRX, s.r.o.:**

As at 30 June 2022, the Company had receivables from and payables to TRX, s.r.o. of CZK 0 and CZK 85 thous., respectively. During the half-year to 30 June 2022, the Company purchased services of CZK 420 thous. from TRX, s.r.o. and provided services of CZK 0.

A complete overview of transactions with related parties is shown in note 19 to the financial statements.

## 5.4 SUBSEQUENT EVENTS

As at 27 July 2022 subsidiary CZ-US Holdings, Inc. was renamed to Colt CZ Group North America, Inc.

On 15 July 2022, in relation to the 2021 acquisition of Colt Company the first part of the contingent consideration (earn-out) was settled. Under this settlement, the Group transferred 365,291 shares to the previous owners of the Colt Company.

Colt CZ together with its subsidiary Česká zbrojovka a.s. implemented the process of spin-off merger. The spin-off merger documentation is available for viewing in the commercial files of both

participating companies. The date of registration of the spin-off by merger in the commercial register is September 1, 2022.

In August 2022, the Colt CZ Supervisory Board discussed the resignation of Alice Poluchová from the Board of Directors, which became effective as of August 11, 2022. Ms Poluchová also resigned from all other positions in the Group.

On 29 August 2022, the Group signed an agreement to acquire the remaining 75% stake in Spuhr i Dalby AB. At the date of this report, the transaction and transfer of ownership had not been completed.

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

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

To the best of our knowledge, we believe that this consolidated financial report gives a fair and true view of the Group's financial position, business activities and results for the six months of 2020 until 30 June 2022, and outlook for the development of Group's financial situation, business activities and results.

Prague, 8 September 2022

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



.....  
Jan Drahota  
Chairman of the Board of Directors



.....  
Josef Adam  
Vice-chairman of the Board of Directors

# 7 GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES

## 7.1 ALTERNATIVE PERFORMANCE MEASURES

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

The Alternative Performance Measures are not sourced directly from the financial statements, but are derived from the financial information contained therein. These measures have not been audited or reviewed by an independent auditor. They are not defined in the IFRS and should neither be treated as metrics of financial performance or operating cash flows nor deemed an alternative to information about profit. The Alternative Performance Measures should only be read as additional information to and not as a substitute for or superior to, the financial information prepared in accordance with the

IFRS. The Alternative Performance Measures should not be given more prominence than measures sourced directly from the audited financial statements. The Alternative Performance Measures should be read in conjunction with the audited financial statements. There are no generally accepted principles governing the calculation of the Alternative Performance Measures and the criteria upon which the Alternative Performance Measures are based can vary from company to company, limiting the usefulness of such measures as comparative measures. Even though the Alternative Performance Measures are used by management to assess the Group’s financial results and these types of measures are commonly used by investors, they have important limitations as analytical tools and by themselves do not provide a sufficient basis to compare the Company’s performance with that of other companies and should not be considered in isolation or as a substitute to the revenue, profit before tax or cash flows from operations calculated in accordance with IFRS to analyse the Group’s position or results. The Alternative Performance Measures have limitations as analytical tools, such as:

- ▶ They do not reflect the Group’s cash expenditures or future requirements for capital expenditures or contractual commitments.
- ▶ They do not reflect changes in, or cash requirements for, the Group’s working capital needs.
- ▶ They do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on the Group’s debt.
- ▶ Although depreciation and amortisation are non-monetary charges, the assets being depreciated and amortised will often need to be replaced in the future and the Alternative Performance Measures do not reflect any cash requirements that would be required for such replacements.
- ▶ Some of the exceptional items the Company eliminates in calculating the Alternative Performance Measures reflect cash payments that were or will be made in the future.
- ▶ Other companies in the Group’s industry may calculate the Alternative Performance Measures differently than the Company does, which limits their usefulness as comparative measures.



## GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES

(in CZK thousands, unless otherwise indicated)	For the six months ended 30 June	
	2022	2021
EBITDA <sup>(1)</sup>	1,725,203	984,138
EBITDA margin <sup>(2)</sup>	24.5%	20.8%
Adjusted EBITDA	1,794,731 <sup>(3)</sup>	1,203,652 <sup>(4)</sup>
Adjusted EBITDA margin <sup>(5)</sup>	25.5%	25.4%
Adjusted net earnings per share	CZK 34.9 <sup>(6)</sup>	CZK 24.1 <sup>(7)</sup>
Net financial debt at the end of the period <sup>(8)</sup>	3,742,944	3,770,060

<sup>(1)</sup> The Group's management considers EBITDA a key performance indicator in evaluating the Group's business. As described above, EBITDA is not a measure of performance defined or recognised under IFRS. The Group calculates EBITDA based on the figures included in the audited financial statements. EBITDA is defined as post-tax profit for the monitored period plus income tax less other financial revenues plus other financial expenses less interest revenue plus interest expense plus the share of profit of associated companies, and plus depreciation and amortisation. All items of the EBITDA calculation are based on the consolidated statement of profit or loss and statement of comprehensive income.

<sup>(2)</sup> An EBITDA margin is defined as EBITDA divided by revenues from the sale of own products, goods, and services expressed as a percentage. The EBITDA margin allows for a comparison of one company's performance relative to others in its industry.

<sup>(3)</sup> In the first half of 2022, adjusted EBITDA is defined as EBITDA less expenses related to the acquisition in 2022 and costs related to ESOP. The costs of acquisitions are included in the consolidated statement of profit or loss and statement of comprehensive income, under "Services". The ESOP related costs are included in the consolidated statement of profit or loss and statement of comprehensive income, under "Personnel costs" and in the Consolidated cash flow statement under "Payments connected with shares". This is an auxiliary indicator primarily intended for investors, debtors and shareholders, which enables us to interpret the achieved results of operation excluding extraordinary, usually one-off impacts that are generally not related to ordinary operations and value creation in the period.

<sup>(4)</sup> In the first half of 2021, adjusted EBITDA is defined as EBITDA less expenses related to the acquisition of Colt. These primarily include costs for professional consultants, one-off costs of the revaluation of inventories and depreciation of wasted assets. All items of the adjusted net earnings per share are based on the consolidated statement of profit or loss and statement of comprehensive income. The costs for professional consultants are included in the consolidated statement of profit or loss and statement of comprehensive income, under "Services". Depreciation of the investment is included in the consolidated statement of profit or loss and statement of

comprehensive income, under "Other operating expenses". One-off costs of the issue of bonds are included in the consolidated statement of profit or loss and statement of comprehensive income, under "Other financial expenses".

<sup>(5)</sup> Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenues from the sale of own products, and goods and services expressed as a percentage. All items of the adjusted EBITDA margin calculation are based on the consolidated statement of profit or loss and statement of comprehensive income.

<sup>(6)</sup> In the first half 2022, the Group calculated adjusted net earnings per share as profit for the period attributable to the owner of the parent company plus one-time costs of acquisitions and ESOP related costs and revaluation of earn-out divided by an average number of shares issued by the Company. The ESOP related costs are included in the consolidated statement of profit or loss and statement of comprehensive income, under "Personnel costs" and in the Consolidated cash flow statement under "Payments connected with shares".

<sup>(7)</sup> In the first half of 2021, the Group calculated adjusted net earnings per share as profit for the period attributable to the owner of the parent company plus one-off expenses associated with the acquisition of Colt, the cost of wasted investment, the one-off costs of the issue of bonds associated with the acquisition of Colt and revaluation of earn-out divided by an average number of shares issued by the Company. All items of the adjusted net earnings per share are based on the consolidated statement of profit or loss and statement of comprehensive income. The costs for professional consultants are included in the consolidated statement of profit or loss and statement of comprehensive income, under "Services". Cost of wasted investment is included in the consolidated statement of profit or loss and statement of comprehensive income of the audited financial statements, under "Other operating expenses". One-off costs of the issue of bonds are included in the consolidated statement of profit or loss and statement of comprehensive income, under "Other financial expenses".

<sup>(8)</sup> The Group defines net financial debt as long-term and short-term bank loans and borrowings and lease payables (non-current and current), less cash and cash equivalents as reported in the audited financial statements and the unaudited interim financial statements. Net financial debt is used by the Group to assess its indebtedness to financial institutions, including banks, lease companies and bond investors. Net financial debt in 2021 is as of 31 December.

(in CZK thousands)	As at 30 June 2022	As at 31 December 2021
Bank loans and borrowings (long-term and short-term)	7,104,198	7,290,226
Lease payables (current and non-current)	47,456	53,301
Less: Cash and cash equivalents	3,408,710	3,573,467
<b>Net financial debt at the end of the period</b>	<b>3,742,944</b>	<b>3,770,060</b>



## GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES

The following is a reconciliation of post-tax profit for the period to adjusted EBITDA for the periods indicated.

(in CZK thousands)	For the six months ended 30 June	
	2022	2021
<b>Post-tax profit for the period</b>	<b>1,104,705</b>	<b>587,915</b>
Income tax	288,092	161,079
Interest revenue	-152,478	-8,210
Interest expense	240,933	62,075
Depreciation and amortisation	421,584	271,933
Other financial revenues	-134,022	-476,749
Other financial expenses	47,971	393,886
Share of profit of associates	-11,303	-7,791
Profit/loss from derivative transactions	-80,279	-
<b>EBITDA</b>	<b>1,725,203</b>	<b>984,138</b>
One-off expenses for services related to acquisitions	33,455	177,103
Depreciation of investment	-	42,411
ESOP related costs	33,780	-
ESOP related provision for health insurance	2,293	-
<b>Adjusted EBITDA</b>	<b>1,794,731</b>	<b>1,203,652</b>

The following table provides a calculation of adjusted net earnings per share.

(in CZK thousands/per share)	For the six months ended 30 June	
	2022	2021
<b>Profit before tax</b>	<b>1,392,797</b>	<b>748,994</b>
One-off expenses for services related to acquisitions	33,455	177,103
Depreciation of wasted investment	-	42,411
One-off financial expenses related to the issue of bonds	-	31,412
Revaluation of earn-out	28,856	43,943
ESOP related costs	33,780	-
ESOP related provision for health insurance	2,293	-
<b>Adjusted profit before tax</b>	<b>1,491,181</b>	<b>1,043,863</b>
Adjusted income tax	308,376	224,431
<b>Numerator</b>		
Adjusted net income	1,181,805	819,432
<b>Denominator</b>		
Number of shares issued avg.	33,919	33,737
<b>Adjusted net earnings per share (CZK per share)</b>	<b>35</b>	<b>24</b>

## 7.2 GLOSSARY

### **CARDAM s.r.o.**

CARDAM is a partially owned subsidiary of CZUB based in Dolní Břežany, Czech Republic, with CZUB owning 33% of CARDAM's share capital. Besides CZUB, the founding members and shareholders of CARDAM are the Institute of Physics of the Czech Academy of Sciences and the Beneš and Lát foundry. The shareholding grants the Group access to research conducted at the Institute of Physics of the Czech Academy of Sciences and an in-house research and development platform. CARDAM serves as the Group's centre of research and development for additive manufacturing and advanced surface treatment.

### **CDH II Holdco Inc**

CDH II Holdco Inc is a U.S. C corporation and a holding company. CDH II Holdco holds a 100% ownership interest in Colt Defense LLC, limited liability company.

### **Colt Canada Corporation**

Colt Canada Corporation is located in Nova Scotia, Canada, and is also Colt's manufacturing company in Canada. Colt Canada manufactures and supplies firearms, including machine guns, assault rifles, sniper rifles, carbines, and grenade launchers to the Canadian government and to European armed forces. Colt Canada Corporation is a member of the Canadian Munitions Supply Program and has concluded a Strategic Source Agreement with the Canadian government. As such, it is the key supplier of handguns, spare parts and accessories to firearms for the Canadian government.

### **Colt Canada IP Holding Company**

Colt Canada IP Holding Company is located in Nova Scotia and together with Colt Canada Corporation holds a 100% ownership interest in Colt Canada IP Holding Partnership.

### **Colt CZ Group SE (formerly "CZG – Česká zbrojovka Group SE")**

Colt CZ Group SE (until 12 April 2022 CZG – Česká zbrojovka Group SE) is a holding company and the parent company of all subsidiaries of the Group, with its registered office at Opletalova 1254/37, 110 01 Prague 1, Czech Republic.

### **Colt Defense LLC**

Colt Defense LLC is a limited liability company and a holding company owning 100% of New Colt Holding Corp, a US C corporation, and Colt Defense Technical Services LLC, a limited liability company. Colt Defense LLC and New Colt Holding Corp co-own 100 % of Colt's Manufacturing Company LLC, Colt's US operating company. Colt Defense LLC and Colt Defense Technical Services LLC co-own 100% of Colt International Coöperatief U.A., a Dutch entity owning 100% of Colt Canada Corporation.

### **Colt Defense Technical Services LLC**

Colt Defense Technical Services LLC is a holding company which together with Colt Defense LLC owns 100% of the Dutch entity Colt International Coöperatief U.A.

### **Colt Holding Company LLC**

Colt Holding Company LLC is the parent company of the Colt Group, which is 100% owned by CZ-US Holdings, Inc., a subsidiary of CZG. Colt Holding Company LLC wholly owns CDH II Holdco Inc, a US C corporation. Colt Holding Company LLC and its subsidiaries („Colt“) is a leading global designer, developer, and producer of firearms.

**Colt International Coöperatief U.A.**

Colt International Coöperatief U.A. is a cooperative company in the Netherlands which owns 100% of Colt Canada Corporation. Colt International Cooperatief U.A. was formed to own and manage Colt's non-US holdings, such as Colt Canada Corporation.

**Colt's Manufacturing Company LLC**

Colt's Manufacturing Company LLC is Colt's operating company in the US. Colt's Manufacturing Company LLC wholly owns subsidiary of Colt's Manufacturing IP Holding Company LLC, a company holding intellectual property rights.

**Colt's Manufacturing IP Holding Company LLC**

Colt's Manufacturing IP Holding Company LLC is an intellectual property rights holding company. Colt's Manufacturing IP Holding Company LLC owns Colt's intellectual property and brands in the US. Colt's Manufacturing IP Holding Company LLC generates revenue from licensing Colt's trademarks.

**CZ-US HOLDINGS, Inc.**

CZ-US HOLDINGS is a fully owned subsidiary of the Group based in Kansas City, Kansas, United States. The company is a holding company which does not conduct any business operations of its own and has no employees. The main asset of the company is its direct shareholdings in CZ-USA and CZ-MFG, Inc. In July 2022, it changed its name to Colt CZ Group North America.

**CZ-USA Inc.**

CZ-USA is a fully owned subsidiary of CZ-US Holdings, Inc. based in Kansas City, Kansas, United States. CZ-USA mainly imports its products from the Group's production facility in the Czech Republic, but also imports shotguns from Turkey, where CZ-USA has a long-standing relationship with two large manufacturers which are not part of the Group. Due to US regulations, CZ-USA does not sell directly to end customers but instead sells its product through wholesalers and other merchants.

**CZ-MFG, Inc.**

CZ-MFG was a legal entity and fully owned subsidiary of CZ-US HOLDINGS. The company was dissolved at the date of this report.

**CZ Brasil**

CZ Brasil is a subsidiary of CZUB based in Brazil. CZ Brasil is no longer an active company. CZ Brasil was originally founded as a joint venture with R&T, its local partner, with the intention to enhance the visibility of the Group on the Brazilian market. The project is no longer being actively pursued by the Group.

**CZ Export Praha, s.r.o.**

CZ EXPORT is a fully owned subsidiary of the Company based in Uherský Brod, Czech Republic. The company specialises in the international trade of military equipment and material. It also provides services in the field of financing, training and support throughout the entire lifecycle of the delivered products and technologies.

**CZG International**

CZG International is a fully owned subsidiary of the Company based in Prague, Czech Republic. The company does not conduct any business operations of its own and has no employees. The main asset of the company is its direct 20% direct share in VIBROM spol. s r.o.

**CZG VIB s.r.o.**

CZG VIB is a fully owned subsidiary of the Company based in Prague, Czech Republic. The company does not conduct any business operations of its own and has no employees. The main asset of CZG VIB is its approximately 24.99% direct share in VIBROM spol. s r.o.

**Česká zbrojovka a.s.**

CZUB is the main operating company of the Group and is based in Uherský Brod. The Group effectively owns 99.32% of the share capital of CZUB while the remaining share capital is owned by CZUB's management. Due to the dual share structure, the Group controls 100% of voting rights of CZUB.

**Česká zbrojovka Partners SE**

The majority shareholder of the Company. A 97.5% stake is held and controlled by EHC. The remaining 2.5% stake is held by René Holeček.

**EG-CZ Academy**

Academy is a partially owned subsidiary of CZG-Česká zbrojovka Group International s.r.o. based in Quimper, France. CZG owns a 20% shareholding in Academy. Academy was founded in cooperation with Eric Grauffel, the seven-time World IPSC Champion. Academy aims to provide a new experience in indoor shooting. It operates a modern training facility providing its members (from sport shooters to government bodies) with access to all types of modern shooting disciplines. Academy serves as a marketing tool for the Group and its importance lies mainly in its impact on increasing brand and product awareness and loyalty.

**EHC-4M, SE**

EHC 4M is a fully owned subsidiary of the Company based in Prague, Czech Republic. The company does not conduct any business operations of its own and has no employees. The main asset of the company is its 54.26% shareholding in 4M SYSTEMS a.s.

**European Holding Company, SE**

The majority shareholder of Česká zbrojovka Partners SE which holds 97.5% of the share capital and voting rights in Česká zbrojovka Partners SE. EHC is owned and controlled by René Holeček, who controls 100% of the share capital in EHC.

**New Colt Holding Corp**

New Colt Holding Corp is a US C corporation and holding company. New Colt Holding Corp, together with Colt Defense LLC, own 100% of Colt's Manufacturing Company LLC, Colt's U.S. operating company.

**Nova Scotia**

Nova Scotia Company is a holding company formed in December 2021 in Canada to manage equity investments.

**Spuhr i Dalby AB**

SPUHR is a renowned Swedish manufacturer of class leading optical mounting solutions for weapons. The Group acquired a minority stake (25%) in SPUHR on 6 May 2020. SPUHR was founded in 2007 and has its own factory in Löddeköpinge.

**VIBROM spol. s r.o.**

VIBROM is a strategic equity investment of the Group based in Třebechovice pod Orebem, Czech Republic. It specialises in powder injection moulding (PIM), a modern technology that combines plastics and a conventional powder method, allowing for the cost-effective serial production of durable and high-precision metal (MIM) and ceramic powder injection moulding (CIM) parts. The company utilises modern and innovative technology and a system of 100% quality control (3D measurement, defectoscopy station) and holds an ISO 9001 certificate.



**ZBROJOVKA BRNO, s.r.o.**

Zbrojovka Brno is a fully owned subsidiary of CZUB based in Brno, Czech Republic. Zbrojovka Brno used to be an independent firearm producer with its own rich production history. It was acquired by the Group in 2004. Zbrojovka Brno currently produces mainly hunting rifles and provides customised solutions for the Group customers. CZUB intends to use Zbrojovka Brno as the customisation centre for its online firearms configurator.

**4M Systems a.s.**

4M SYSTEMS is a fully owned subsidiary of EHC 4M, SE based in Prague, Czech Republic. 4M SYSTEMS activities include the development, production and sale of tactical equipment for armed forces such as the military, police, customs, prison service, border guards etc.

**Other companies**

Latin America Holding, a.s. and CZ – Slovensko s.r.o. are special purpose vehicles which do not conduct any business operations, have no material assets or liabilities, and no employees.

**GLOSSARY OF TECHNICAL TERMS**

The glossary of technical terms contains explanations and definitions of certain terms used in this report in connection with the Group and the Group's business. The terms and their meanings may not correspond to meanings or usage of these terms used elsewhere.

**Striker-fired**

One of the most common pistol fire-action systems that eliminates the use of the hammer. Striker-fired pistols use a spring that provides energy to the firing pin that initiates the cartridge primer.

**Long guns**

All firearms except pistols and revolvers.

**Handguns**

Pistols and revolvers.

**MIM**

Metal injection moulding is a metalworking process in which finely powdered metal is mixed with binder material to create a feedstock that is then shaped and solidified using injection moulding. This process allows a high volume of complex parts to be shaped in a single step.

**Bolt-action**

Type of firearm action where the handling of cartridges into and out of the barrel chamber is operated by manually manipulating the bolt directly via a handle.

**Rimfire rifle**

A rifle in which the firing pin strikes the rim of the cartridge case to ignite the primer.

**Break-action**

Type of firearm action in which the barrel is hinged and rotates perpendicularly to the bore axis to expose the breech and allow loading and unloading of cartridges.



**Centrefire rifle**

A rifle loaded with cartridges which have a primer located in the centre of the cartridge case head.

**Submachine gun**

Self-loading automatic or semi-automatic firearm with detachable magazine commonly chambered in pistol cartridges. Primarily designed to be used by armed forces. Depending on region-specific legislation available for commercial use in semi-auto variants.

**Tactical accessories**

Firearms accessories, tactical and ballistic equipment and apparel.

**Assault rifle**

Any type of the self-loading automatic or semi-automatic rifles with detachable magazine chambered in intermediate cartridge. Primarily designed for military or commercial use depending on the region-specific legislation.

**Locked breech**

One of the wide-spread designs of firearm mechanisms used to slow down the opening of the breech to ensure flawless function.

**Magazine-fed**

Firearm design in which ammunition is drawn from a magazine.

**GLOSSARY OF OTHER TERMS**

**Center for Disease Control and Prevention**

The Center for Disease Control and Prevention (CDC) is the leading US and state public health institute. CDC is a US federal agency under the United States Department of Health & Human Services, based in Atlanta, Georgia.

**IFRS**

International Financial Reporting Standards are accounting standards issued by the IFRS Foundation and the International Accounting Standards Board.

**ESMA**

The European Securities and Markets Authority is an independent EU Authority that contributes to safeguarding the stability of the European Union's financial system by enhancing the protection of investors and promoting stable and orderly financial markets.

**Prime Market**

The Prime Market is a market intended for trading in blue chip shares in the Czech and foreign companies on the Prague Stock Exchange.

**PSE**

The Prague Stock Exchange (PSE) is the main organiser of the securities market in the Czech Republic.

# 8 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022 (UNAUDITED)

<b>Name of the company:</b>	<b>Colt CZ Group SE</b>
Legal form:	European Company (Societas Europaea – SE)
Registered office:	Opletalova 1284/37, Nové Město, 110 00 Prague 1
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 on 8 September 2022.

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

	Note	30 Jun 2022 CZK '000	30 June 2021 CZK '000
Revenues from the sale of own products, goods and services	8	7,049,170	4,728,737
Other operating income		36,851	26,376
Change in inventories developed internally		972,245	-38,555
Own work capitalized		96,972	65,849
Raw materials and consumables used		-3,973,056	-2,029,634
Services		-971,228	-886,013
Personnel costs		-1,369,613	-787,331
Depreciation and amortization		-421,584	-271,933
Other operating expenses		-116,775	-95,291
Allowances		637	-
<b>Operating profit</b>		<b>1,303,619</b>	<b>712,205</b>
Interest income		152,478	8,210
Interest expense	9.1	-240,933	-62,075
Other financial income	9.1	134,022	476,749
Other financial expenses	9.1	-47,971	-393,886
Gains or losses from derivative transactions	9.1	80,279	-
Share in the profit of associates after tax		11,303	7,791
<b>Profit before tax</b>		<b>1,392,797</b>	<b>748,994</b>
Income tax	9.2	-288,092	-161,079
<b>Profit for the period</b>		<b>1,104,705</b>	<b>587,915</b>

	Note	30 Jun 2022 CZK '000	30 June 2021 CZK '000
<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		113,064	-3,430
Foreign currency translation of foreign operations		-103,374	-29,577
<b>Other comprehensive income</b>		<b>9,690</b>	<b>-33,007</b>
<b>Comprehensive income for the period</b>		<b>1,114,395</b>	<b>554,908</b>
<b>Profit for the period attributable to:</b>			
Owner of the parent company		1,104,705	584,766
Non-controlling interests		-	3,149
<b>Comprehensive income for the period attributable to:</b>			
Owner of the parent company		1,114,395	551,393
Non-controlling interests		-	3,515
<b>Net earnings per share attributable to the owner of the parent company (CZK per share)</b>			
Basic	19	33	17
Diluted	19	32	17

Notes are integral part of these consolidated interim financial statements.

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

	Note	30 Jun 2022 CZK '000	31 Dec 2021 CZK '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	10	3,507,336	3,505,464
Goodwill	8	2,390,127	2,390,127
Property, plant and equipment	11	2,910,429	2,810,115
Equity-accounted securities and investments	16	97,618	109,445
Financial derivatives	17	289,050	171,195
Trade and other receivables		38,919	58,999
Other receivables		4,991	11,163
Deferred tax asset		–	–
<b>Total non-current assets</b>		<b>9,238,470</b>	<b>9,056,508</b>
<b>Current assets</b>			
Inventories	12	3,966,687	2,861,673
Trade and other receivables		1,290,328	1,012,879
Provided loans		24,200	197,973
Financial derivatives	17	86,974	156,118
Other receivables		234,759	148,098
Tax assets		40,724	6,357
Cash and cash equivalents		3,408,710	3,573,467
<b>Total current assets</b>		<b>9,052,382</b>	<b>7,956,565</b>
<b>Total assets</b>		<b>18,290,852</b>	<b>17,013,073</b>

	Note	30 Jun 2022 CZK '000	31 Dec 2021 CZK '000
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		3,410	3,374
Own shares		–227,211	–
Share premium		1,366,386	1,139,211
Capital funds		1,641,512	1,641,512
Cash flow hedge reserve		233,047	119,983
Foreign exchange translation reserve		–304,772	–201,398
Accumulated profits		2,834,215	2,539,146
<b>Equity attributable to the owner of the Company</b>		<b>5,546,587</b>	<b>5,241,828</b>
Equity attributable to the owner of the Company		5,546,587	5,241,828
Non-controlling interests		–	–
<b>Total equity</b>		<b>5,546,587</b>	<b>5,241,828</b>

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

	Note	30 Jun 2022 CZK '000	31 Dec 2021 CZK '000
<b>Non-current liabilities</b>			
Bonds, bank loans and borrowings	15	6,960,529	4,972,647
Financial derivatives	17	381,985	270,515
Lease liabilities		26,414	32,606
Other financial liabilities	17	213,094	372,531
Trade and other payables		5,788	5,422
Other payables		23,290	27,357
Provisions	13	68,713	63,695
Deferred tax liability		778,959	789,646
Employee benefit liabilities	14	378,869	357,707
<b>Total non-current liabilities</b>		<b>8,837,641</b>	<b>6,892,126</b>

	Note	30 Jun 2022 CZK '000	31 Dec 2021 CZK '000
<b>Current liabilities</b>			
Bonds, bank loans and borrowings	15	143,669	2,317,579
Financial derivatives	17	141,922	20,097
Lease liabilities		21,042	20,695
Other financial liabilities	17	423,007	185,568
Trade and other payables		1,719,817	1,116,373
Other payables		1,185,402	1,073,755
Provisions	13	59,100	50,780
Tax liabilities		191,870	76,156
Employee benefit liabilities	14	20,795	18,116
<b>Total current liabilities</b>		<b>3,906,624</b>	<b>4,879,119</b>
<b>Total liabilities</b>		<b>12,744,265</b>	<b>11,771,245</b>
<b>Total equity and liabilities</b>		<b>18,290,852</b>	<b>17,013,073</b>

Notes are integral part of these consolidated interim financial statements.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD OF SIX-MONTHS ENDED 30 JUNE**

CZK '000	Share capital	Own shares	Share premium	Capital funds	Cash flow hedge reserve	Foreign exchange translation reserve	Accumulated profits	Equity attributable to the owner of the parent company	Non-controlling interests	Total equity
<b>Balance at 31 December 2020</b>	<b>3,264</b>	-	<b>722,944</b>	<b>1,642,107</b>	<b>161,794</b>	<b>-47,960</b>	<b>2,027,994</b>	<b>4,510,143</b>	<b>12,543</b>	<b>4,522,686</b>
Profit for the period	-	-	-	-	-	-	760,462	760,462	-	760,462
Other comprehensive income	-	-	-	-	-42,836	-153,438	-	-196,274	-	-196,274
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>-42,836</b>	<b>-153,438</b>	<b>760,462</b>	<b>564,188</b>	-	<b>564,188</b>
Dividends	-	-	-	-	-	-	-253,025	-253,025	-8,101	-261,126
Change in other capital funds	-	-	-	-297	-	-	-	-297	-	-297
Issue of shares	110	-	416,267	-	-	-	-	416,377	-	416,377
Changes in non-controlling interest and treasury holdings	-	-	-	-298	1,025	-	3,715	4,442	-4,442	-
<b>Balance at 31 December 2021</b>	<b>3,374</b>	-	<b>1,139,211</b>	<b>1,641,512</b>	<b>119,983</b>	<b>-201,398</b>	<b>2,539,146</b>	<b>5,241,828</b>	-	<b>5,241,828</b>
Profit for the period	-	-	-	-	-	-	1,104,705	1,104,705	-	1,104,705
Other comprehensive income	-	-	-	-	113,064	-103,374	-	9,690	-	9,690
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>113,064</b>	<b>-103,374</b>	<b>1,104,705</b>	<b>1,114,395</b>	-	<b>1,114,395</b>
Dividends*	-	-	-	-	-	-	-843,416	-843,416	-	-843,416
Issue of shares	36	-227,211	227,175	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	33,780	33,780	-	33,780
<b>Balance at 30 June 2022</b>	<b>3,410</b>	<b>-227,211</b>	<b>1,366,386</b>	<b>1,641,512</b>	<b>233,047</b>	<b>-304,772</b>	<b>2,834,215</b>	<b>5,546,587</b>	-	<b>5,546,587</b>

Notes are integral part of these consolidated interim financial statements.

\* For detailed information about dividends refer to note 3 and 18.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD OF SIX-MONTHS ENDED 30 JUNE**

CZK '000	Share capital	Own shares	Share premium	Capital funds	Cash flow hedge reserve	Foreign exchange translation reserve	Accumulated profits	Equity attributable to the owner of the parent company	Non-controlling interests	Total equity
<b>Balance at 31 December 2020</b>	<b>3,264</b>	-	<b>722,944</b>	<b>1,642,107</b>	<b>161,794</b>	<b>-47,960</b>	<b>2,027,994</b>	<b>4,510,143</b>	<b>12,543</b>	<b>4,522,686</b>
Profit for the period	-	-	-	-	-	-	584,766	584,766	3,149	587,915
Other comprehensive income	-	-	-	-	-3,430	-29,943	-	-33,373	366	-33,007
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3,430</b>	<b>-29,943</b>	<b>584,766</b>	<b>551,393</b>	<b>3,515</b>	<b>554,908</b>
Dividends	-	-	-	-	-	-	-253,025	-253,025	-7,559	-260,584
Issue of shares	110	-	416,267	-	-	-	-	416,377	-	416,377
Impact of Colt acquisition as at 21 May 2021	-	-	-	-	-	-	-995	-995	-	-995
Changes in non-controlling interest and treasury holdings	-	-	-	-	-366	-	-	-366	-	-366
<b>Balance at 30 June 2021</b>	<b>3,374</b>	<b>-</b>	<b>1,139,211</b>	<b>1,642,107</b>	<b>157,998</b>	<b>-77,903</b>	<b>2,358,740</b>	<b>5,223,527</b>	<b>8,499</b>	<b>5,232,026</b>

Notes are integral part of these consolidated interim financial statements.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD SIX-MONTHS ENDED 30 JUNE 2022**

	Note	30 Jun 2022 CZK '000	30 June 2021 CZK '000
<b>Cash flows from principal economic activity (operating activity)</b>			
<b>Profit from ordinary activity before tax</b>		<b>1,392,797</b>	<b>741,203</b>
Depreciation/amortization of non-current assets	10, 11	421,584	271,933
Change in allowances and provisions	13	-2,160	63,573
Loss from the sale of non-current assets		-	4
Interest expense and interest income		88,455	53,865
Share in the profit of associates		11,303	7,791
Unrealized foreign exchange gain and losses		-362,175	-
Contingent consideration - revaluation		28,856	43,943
Cash flow hedging – revaluation of the effective part of hedging instruments		113,064	-3,430
Share-based payments		33,780	-
Adjustments for other non-current operations		6,562	-149,856
<b>Net operation cash flows before changes in working capital</b>		<b>1,732,066</b>	<b>1,029,026</b>
<b>Change in working capital</b>			
Change in receivables and deferrals		-345,765	-498,392
Change in liabilities and accruals		925,684	1,097,039
Change in inventories	12	-1,101,192	-213,246
<b>Net cash flow from operating activities</b>		<b>1,210,793</b>	<b>1,414,427</b>
Paid interest		-97,264	-45,847
Interest received		111,135	5,682
Income tax paid for ordinary activity	9.2	-174,260	-180,668
<b>Net cash flow from operating activities</b>		<b>1,050,404</b>	<b>1,193,594</b>

	Note	30 Jun 2022 CZK '000	30 June 2021 CZK '000
<b>Cash flows from investing activities</b>			
Acquisition of non-current assets	10, 11	-252,379	-239,722
Income from the sale of non-current assets		-29,084	332
Acquisition of subsidiaries – opening balance		-	-4,695,237
Acquisition of subsidiaries – cash and cash equivalents		-	-416,378
Acquisition of other investments		-16,675	-
Provided loans		190,000	-
Employee benefit liabilities		-7,477	-
<b>Net cash flow from investing activities</b>		<b>-115,615</b>	<b>-5,351,005</b>
<b>Cash flows from financing activities</b>			
Proceeds from the bond issue		1,984,796	5,286,152
Dividends paid to owners	18	-843,416	-
Loan and interest repayment	15	-2,317,579	-
<b>Net cash flow from financing activities</b>		<b>1,176,199</b>	<b>5,286,152</b>
<b>Net change in cash and cash equivalents</b>		<b>-241,410</b>	<b>1,118,868</b>
<b>Opening balance of cash and cash equivalents</b>		<b>3,573,467</b>	<b>2,358,608</b>
Effect of exchange rate on cash and cash equivalents		76,653	-9,874
<b>Closing balance of cash and cash equivalents</b>		<b>3,408,710</b>	<b>3,477,476</b>

Notes are integral part of these consolidated interim financial statements.

# COLT CZ GROUP SE

Condensed consolidated interim financial statements  
for the period of six months from 1 January  
to 30 June 2022 prepared under International Financial  
Reporting Standards as adopted by the European Union.

(non-audited)

# CONTENT

<b>1 PARENT COMPANY</b> .....	34	<b>12 INVENTORIES</b> .....	43
<b>2 GROUP DESCRIPTION</b> .....	35	<b>13 CURRENT AND NON-CURRENT PROVISIONS</b> .....	43
<b>3 SIGNIFICANT EVENTS IN THE CURRENT REPORTING PERIOD</b> .....	37	<b>14 EMPLOYEE BENEFIT LIABILITIES</b> .....	44
<b>4 BASIC PRINCIPLES OF PREPARATION OF INTERIM REPORT</b> .....	38	<b>15 BONDS, BANK LOANS AND BORROWINGS</b> .....	44
<b>5 SIGNIFICANT ACCOUNTING POLICIES</b> .....	38	<b>16 INTEREST IN ASSOCIATES</b> .....	45
<b>6 ESTIMATES AND SOURCES OF UNCERTAINTY</b> .....	38	<b>17 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE</b> .....	45
<b>7 FINANCIAL RISK MANAGEMENT</b> .....	39	17.1 Financial derivatives.....	45
<b>8 INFORMATION ABOUT THE SEGMENTS AND REVENUES</b> .....	39	17.2 Financial liabilities at fair value through profit or loss.....	46
<b>9 PROFIT AND LOSS INFORMATION</b> .....	40	<b>18 PROFIT DISTRIBUTION</b> .....	46
9.1 Significant events and transactions.....	40	<b>19 TRANSACTIONS WITH RELATED PARTIES</b> .....	47
9.2 Income tax.....	40	<b>20 NET EARNINGS PER SHARE</b> .....	49
<b>10 INTANGIBLE ASSETS</b> .....	41	<b>21 CONTINGENT LIABILITIES</b> .....	49
<b>11 PROPERTY, PLANT AND EQUIPMENT</b> .....	42	<b>22 SUBSEQUENT EVENTS</b> .....	49



## 1 PARENT COMPANY

Colt CZ Group SE, (the “Consolidating Entity” or the “Company”) is a *societas Europaea* company recorded in the Register of Companies held by the Municipal Court in Prague on 10 January 2013, having its registered office at Opletalova 1284/37, Nové Město, 110 00 Prague 1, Czech Republic, corporate ID No. 291 51 961. Company, together with its subsidiaries, is one of the leading European producers of firearms for military and law enforcement, personal defense, hunting, sport shooting and other civilian use. The Group markets and sells its products mainly under the CZ (Česká zbrojovka a.s.), CZ-USA, Colt, Colt Canada, Dan Wesson, Brno Rifles and 4M Systems brands.

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

Shareholder	Ownership percentage as at	
	30 Jun 2022	31 Dec 2021
<b>Česká zbrojovka Partners SE</b>	<b>76.51%</b>	<b>81%</b>

Since 2017, the majority owner of the Consolidating Entity has been Česká zbrojovka Partners, SE, based at Opletalova 1284/37, Nové Město, Prague 1.

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, Prague 1, Czech Republic. Ultimate owner of the entities is Mr René Holeček.

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

### Board of directors

Chair:	Jan Drahota
Vice-chair:	Alice Poluchová (until 11 August 2022)
Vice-chair:	Josef Adam
Member:	David Aguilar
Member:	Jan Holeček
Member:	Dennis Veilleux
Member:	Jan Zajíc

### Supervisory board

Chair:	Lubomír Kovařík
Member:	Jana Růžičková
Member:	Vladimír Dlouhý

The consolidation group (the “Group”) comprises the Company and the consolidated entities of the Group (subsidiaries). The consolidation group includes the Company and entities controlled by the Company, i.e. entities in which the Company holds more than 50 % of voting rights.

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

## 2 GROUP DESCRIPTION

Company name	Principal activity	Place of foundation and business operation	Consolidation method	Share in voting rights held by the Group		
				30 Jun 2022	31 Dec 2021	30 June 2021
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%
CZ-MFG, LLC**	Production	Little Rock, USA	full	–	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%
Česká zbrojovka, a. s.	Production, purchase and sale of firearms and ammunition	Uherský Brod, 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%
ZBROJOVKA BRNO, s. r. o.	Purchase and sale of firearms and ammunition	Brno, Czech Republic	full	100%	100%	100%
CZ BRASIL LTDA	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%
CZ Export Praha, s. r. o.	Purchase and sale of firearms and ammunition	Uherský Brod, Czech Republic	full	100%	100%	100%
CZG-Česká zbrojovka Group International, s. r. o.	Holding Company	Prague, Czech Republic	full	100%	100%	100%
EG-CZ Academy	Academy	Quimper, France	equity	20%	20%	20%
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%
Spuhr i Dalby AB	Manufacture and assembly of optics	Löddeköpinge, Švédsko	equity	25%	25%	25%
CARDAM, s. r. o.	Research and development	Dolní Břežany, Czech Republic	equity	33%	33%	33%
Colt Holding Company LLC	Production, purchase and sale of firearms	West Hartford, Connecticut, USA	full	100%	100%	100%
CDH II Holdco Inc	Holding company	West Hartford, Connecticut, USA	full	100%	100%	100%

Company name	Principal activity	Place of foundation and business operation	Consolidation method	Share in voting rights held by the Group		
				30 Jun 2022	31 Dec 2021	30 June 2021
Colt Defence LLC	Holding company	West Hartford, Connecticut, USA	full	100%	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	West Hartford, Connecticut, USA	full	100%	100%	100%
Manufacturing IP Holding Company LLC	Holds, maintains, and licenses Colt USA trademarks	West Hartford, Connecticut, USA Colt USA	full	100%	100%	100%
Colt Defence Technical Services LLC	Holding company	West Hartford, Connecticut, USA Colt USA	full	100%	100%	100%
Colt International Cooperatief U.A.	Holding company	Amsterdam, the Netherlands	full	100%	100%	100%
Colt Canada Corporation	Production, purchase and sale of firearms	Kitchener, Ontario, Canada	full	100%	100%	100%
Colt Canada IP Holding Company	Holding company	Kitchener, Ontario, Canada	full	100%	100%	100%
Colt Canada IP Holding Partnership***	Possession of trademarks and intellectual property	Kitchener, Ontario, Canada	full	–	100%	100%
Nova Scotia Company 43 81079***	Possession of trademarks and intellectual property	Kitchener, Ontario, Canada	full	100%	–	–

On 21 May 2021, the Group completed the acquisition of a 100% share in Colt Holding Company LLC (“Colt”), the parent company of the US firearms manufacturer Colt’s Manufacturing Company LLC, and its Canadian subsidiary Colt Canada Corporation.

During 2021, the Group purchased shares without a change of control in Česká zbrojovka a.s.

Česká zbrojovka 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.

\* Formerly CZ-US Holdings, Inc.

\*\* On 21 February 2021, company was liquidated.

\*\*\* On 31 December 2021, the Company was dissolved and its assets and liabilities were transferred to Nova Scotia Company 43 81079.

### 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:

As of 1 January 2022, CZ Export Praha s.r.o. transferred a part of the activities relating to the sale of Česká zbrojovka a. s. products and associated with ten jobs to Česká zbrojovka a. s. The rights and obligations under the employment relationships were also transferred based on an agreement.

On 27 January 2022, the Company issued bonds with a nominal value of CZK 1,998,000 thousand. On the same date, the Company raised cash of CZK 1,500,000 thousand to provide a loan to its subsidiary Česká zbrojovka a.s. The loan was denominated in EUR. The subsidiary Česká zbrojovka a.s. used the loan to repay its bonds in nominal value CZK 2,250,000 thousand, which also matured on 27 January 2022. This transaction was fully hedged by the Group through cross currency interest rate swaps. The derivatives were purchased at the same currency and interest rate terms as the bond issue or loan to the subsidiary.

On 9 February 2022, the remaining part of the loan of CZK 190,000 thousand was repaid by CZ-AUTO Systems a.s.

On 24 February 2022, the Russian invasion of Ukraine began. The world reacted to Russia's act of violence by adopting the historically toughest economic and trade embargoes. An exodus of the Ukrainian population ensued, with several hundred thousand Ukrainians fleeing to the Czech Republic, and more still arriving. Energy prices have begun to rise, as have shortages of certain commodities necessary for production. This situation may have a significant impact on the European and global economies.

The Group has immediately responded to the situation and mapped out potential risks related to embargoes, rising energy prices, and commodity shortages.

In terms of the volume of orders, the Group's sales to Russia, Belarus, and Ukraine are insignificant in the total volume of the Company's annual sales (accounted for less than 1% of the turnover in 2021); cooperation with a Russian partner was already terminated during 2021. Any transactions were always conducted under applicable legislation and based on export licenses granted by the Ministry of Industry and Trade of the Czech Republic. The Group does not make any direct purchases from these countries.

Secondary purchases of e.g., steel from ironworks with Ukrainian iron ore suppliers, are backed up by alternative steel suppliers from Sweden and Spain. The Group has a sophisticated cyber security system for data stored in secondary locations.

The Group has recently seen an increased interest in its products from both the Czech military and law enforcement and the civilian market. With the situation changing every day, we can expect further growth in the interest in our products.

On 2 March 2022, the Group announced its intention to vote outside the General Meeting (per rollam) between 17 March and 6 April 2022, with the results of the vote announced on 12 April 2022. The General Meeting approved the change of the Company's name from CZG – Česká zbrojovka Group SE to COLT CZ Group SE (approved by amending Articles of Association) and confirmed the appointment of Ms Jana Růžičková as a member of the Supervisory Board.

On 30 May 2022, the registered capital was increased through the issue of 365,291 book-entry shares with a unit price of CZK 622. The newly issued shares were subscribed by Colt CZ Group North America, Inc. (formerly CZ-US Holdings, Inc.) solely in connection with the provision of a consideration



in the settlement of the acquisition of Colt Company in 2021. As at the balance sheet date, this settlement has not been performed and the newly issued shares are reported under Own shares.

On 31 May 2022 the Company's general meeting decided to pay a dividend for 2021 in the amount of 852,548 thousand CZK. On 29 June 2022 dividends were paid.

On 27 December 2021, the Company's Supervisory Board approved an employee stock option plan. The potential impact of the Option Plan on the Group's consolidated financial statements was assessed in accordance with IFRS 2 Classification and Measurement of Share-based Payment Transactions.

The basic principles of the Option Plan are as follows:

- ▶ to the extent, at the times and subject to the conditions of the Share Plan, the participant will acquire the following options by way of vesting by the Company
  - 15% of the allocated stock options in the period from June 2022 to June 2024
  - 35% of the allocated share options in July 2024 if Target 1 is met
  - 50% of the allocated share options in July 2026 if Target 2 is met
- ▶ Target 1 – to meet the EBITDA target on a consolidated basis for the period 2021 to 2023
- ▶ Target 2 – to meet performance parameters at consolidated level (turnover, EBITDA and net debt/EBITDA ratio) for the 2021 to 2025 period in line with the Group's strategy.

Shares determined for Option Plan will be newly issued and the maximal amount of this emission will be 10% of the share capital as at 31 December 2021. First contracts with Group managers have been signed in six-month period ended 30 June 2022. Option plan impact on interim financial statements for the period of six-months ended 30 June 2022 is CZK 33,780 thousand recognized in profit for the period and retained earnings. Company recognized provision for health insurance in total amount CZK 2,293 thousand. Deferred tax receivables in respect of the Option plan as at 30 June 2022 amounted CZK 6,854 thousand.

## 4 BASIC PRINCIPLES OF PREPARATION OF INTERIM REPORT

These condensed interim consolidated financial statements for the six-months period ended 30 June 2022 have been prepared in line with IAS 34 Interim Financial Reporting.

The condensed interim consolidated financial statements do not include all the notes 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 2021, 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 used 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 the 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 the 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 2021.

## 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 the financial information on risk management and other information required in annual consolidated financial statements and they should be assessed together with the annual consolidated financial statements of the Group as at 31 December 2021. No changes in the rules and policies of managing these risks have been made since the end of 2021.

The Group uses financial derivatives to manage financial risks. The method of measurement of financial derivatives and information on the fair value of financial assets and liabilities as at

30 June 2022 and 31 December 2021 are disclosed in note 17 Financial assets and liabilities at fair value.

## 8 INFORMATION ABOUT THE SEGMENTS AND REVENUES

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

As at 30 June 2022 and 30 June 2021 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 the sale to external customers	30 Jun 2022	30 Jun 2021
Czech Republic (origin country)	579,939	135,107
United states	4,086,832	2,957,368
Canada	499,146	156,586
Europe (apart from the Czech Republic)	848,591	507,163
Africa	34,806	496,835
Asia	792,510	288,313
Others	207,346	187,365
<b>Total</b>	<b>7,049,170</b>	<b>4,728,737</b>

The Group has production facilities in the Czech Republic, USA and Canada. Out of the total carrying amount of property, plant and equipment of CZK 2,910,429 thousand as at 30 June 2022 (31 December 2021: CZK 2,810,115 thousand), the value of items located in the USA is CZK 549,729 thousand (31 December 2021: CZK 475,243 thousand) and in Canada CZK 151,419 thousand (31 December 2021: CZK 139,887); the remainder is in the Czech Republic.

As for intangible assets located outside the Czech Republic, out of the total amount of intangible assets of CZK 3,507,336 thousand (31 December 2021: CZK 3,505,464 thousand),

CZK 2,201,624 thousand (31 December 2021: CZK 2,172,557 thousand) was located in the USA and CZK 657,946 thousand (31 December 2021: CZK 641,657) in Canada as at 30 June 2022.

As at 30 June 2022, goodwill of CZK 280,686 thousand (31 December 2021: 280,686 thousand) relates to activities in the Czech Republic, while CZK 1,925,741 thousand (31 December 2021: CZK 1,925,741) relate to the USA and CZK 183,700 thousand to Canada (31 December 2021: CZK 183,700).

## 9 PROFIT AND LOSS INFORMATION

### 9.1 Significant events and transactions

The Consolidated Statement of Profit and Loss and Other Comprehensive Income and the Consolidated Statement of Cash Flows for the period from 1 January to 30 June 2021 included only Colt group transactions for the period from 21 May 2021 to 30 June 2021, when the COLT group became a part of the Group. For this reason, the data for individual periods are not fully comparable with the current year.

Profit/Loss on financial derivatives: The Group manages its exposure to the currency and interest rate risk by using derivative instruments. As not all of the derivatives are accounted for as hedging instruments the amount of financial expenses was impacted by the decrease in fair value of open financial derivatives for trading. In the six-months period ended 30 June 2022, the Group recognized profit from derivative instrument of CZK 80,279 thousand (loss CZK 14,682 thousand in the six-months period ended 30 June 2021 is recognized in Other financial expenses)

In six months period ended 30 June 2022 in other comprehensive income the Group recognized gain of CZK 113,068 thousand from the remeasurement of financial derivatives classified as hedging instruments (loss CZK 3,430 thousand in six-months period ended 30 June 2021).

Other financial expenses in amount of CZK 47,971 thousand (CZK 393,886 thousand in six months period ended 30 June 2021) mainly represent revaluation of the contingent consideration as a result of Colt acquisition in CZK 28,856 thousand (CZK 41,592 in six months period ended 30 June 2021)

Interest expenses in CZK 240,933 thousand (CZK 62,075 thousand in six months period ended 30 June 2021) are mainly represented by interest from issued bonds in CZK 181,411 thousand (CZK 54,663 thousand in six-months period ended 30 June 2021). The issued bonds overview is given in Note 15.

### 9.2 Income tax

Income tax expense is recognized based on the estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate for the period from 1 January to 30 June 2022 is 20.7% (30 June 2021: 21.5%). The amount of the effective tax rate is affected by level of tax rates in the individual countries, in which the Group operates (Czech Republic – 19%, USA – 22-28%, Canada – 25 %).

## 10 INTANGIBLE ASSETS

### Acquisition costs

The following tables summarize the changes in intangible assets from 1 January 2022 to 30 June 2022

Group	Opening balance	Additions	Disposals	Transfers	Impact of FX fluctuations	Closing balance
Software	219,241	960	–	5,765	996	226,962
Intangible assets under construction or being acquired	48,678	21,169	–	–8,439	–	61,408
Other intangible assets	883,984	1,591	–	1,404	66,772	953,751
Trademarks and logos	1,541,483	850	–	–	126,516	1,668,849
Capitalized development	531,535	874	–4,914	1,270	2,010	530,775
Concessions, license rights and other intellectual property rights	340,280	31	–4,329	–	9,719	345,701
Contractual customer relations	1,384,022	–	–	–	44,239	1,428,261
<b>Total</b>	<b>4,949,223</b>	<b>25,475</b>	<b>–9,243</b>	<b>–</b>	<b>250,252</b>	<b>5,215,707</b>

### Accumulated amortization and carrying value

The following tables summarize the changes in intangible assets from 1 January 2022 to 30 June 2022

Group	Opening balance	Amortization	Disposals	Changes in allowances, reversal of allowances	Impact of FX rate fluctuations	Closing balance	Carrying amount
Software	–166,713	–8,648	–	–	–133	–175,494	51,468
Intangible assets under construction or being acquired	–3,348	–	–	–	–	–3,348	58,060
Other intangible assets	–142,738	–72,557	–	–	–12,398	–227,693	726,058
Trademarks and logos	–	–	–	–	–	–13	1,668,836
Capitalized development	–178,558	–26,085	3,287	387	–1,011	–201,980	328,795
Concessions, licence rights and other intellectual property rights	–51,698	–94,469	4,329	–	–14,064	–155,902	189,799
Contractual customer relations	–900,704	–43,237	–	–	–	–943,941	484,320
<b>Total</b>	<b>–1,443,759</b>	<b>–245,009</b>	<b>7,616</b>	<b>387</b>	<b>–27,606</b>	<b>–1,708,371</b>	<b>3,507,336</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.

## 11 PROPERTY, PLANT AND EQUIPMENT

### Acquisition costs

The following tables summarize the changes in property, plant and equipment from 1 January 2022 to 30 June 2022:

Group	Opening balance	Additions	Disposals	Transfers	Impact of FX fluctuations	Closing balance
Buildings	1,565,130	10,982	-	828	24,347	1,601,288
Machinery, instruments and equipment	3,368,768	101,868	-62,609	57,658	19,497	3,485,183
Other non-current tangible assets	23,994	4,672	-159	-	1,658	30,165
Other non-current tangible assets under construction	90,354	94,865	-4,303	18,980	4,726	204,622
Prepayments made for non-current tangible assets	114,304	13,584	-192	-77,466	768	50,998
Lands	270,714	-	-	-	17,132	287,846
<b>Total</b>	<b>5,433,264</b>	<b>225,972</b>	<b>-67,263</b>	<b>-</b>	<b>68,128</b>	<b>5,660,101</b>

### Accumulated amortization and carrying value

The following tables summarize the changes in property, plant and equipment from 1 January 2022 to 30 June 2022:

Group	Opening balance	Amortization	Disposals	Changes in allowances, reversal of allowances	Impact of FX rate fluctuations	Closing balance	Carrying amount
Buildings	-571,992	-32,709	32	-	-2,814	-607,483	993,805
Machinery, instruments and equipment	-2,027,358	-141,466	59,079	-	-9,333	-2,119,077	1,366,106
Other non-current tangible assets	-4,933	-2,400	109	-	-652	-7,876	22,289
Other non-current tangible assets under construction	-17,529	-	-	4,040	-	-13,489	191,133
Prepayments made for non-current tangible assets	-1,337	-	-	-410	-	-1,747	49,251
Lands	-	-	-	-	-	-	287,846
<b>Total</b>	<b>-2,623,149</b>	<b>-176,575</b>	<b>59,220</b>	<b>3,630</b>	<b>-12,799</b>	<b>-2,749,672</b>	<b>2,910,429</b>



Machinery, instruments and equipment and Buildings as at 30 June 2022 include rights of use arising from lease contracts of CZK 40,820 thousand (CZK 45,695 thousand as at 31 December 2021). Additions to the rights of use arising from lease contracts amounted to CZK 7,210 thousand in 2022 (CZK 11,645 thousand in a six-months period ended 30 June 2021). These primarily include lease contracts for warehouses and office space, cars and office technical equipment.

Depreciation for the six-months period ended 30 June 2022 includes depreciation of rights of use arising from lease contracts of CZK 12,463 thousand (CZK 9,766 thousand in six-months period ended 30 June 2021).

## 12 INVENTORIES

The structure of inventories as at 30 June 2022 and 31 December 2021 is as follows (in CZK '000)

	30 Jun 2022	31 Dec 2021
Material	1,288,270	1,066,005
Work-in-progress and semi-finished products	798,857	936,913
Finished products	1,501,937	267,009
Goods	367,283	570,133
Prepayments made for inventories	10,340	21,613
<b>Total</b>	<b>3,966,687</b>	<b>2,861,673</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 June 2022, allowances for inventories of CZK 390,983 thousand (31 December 2021: CZK 369,399 thousand) were included in the statement of financial position. In the six-months period ended 30 June 2022, an impairment loss of CZK 3,822 thousand was established in the profit and loss (loss of CZK 4,269 thousand in the six-months period ended 30 June 2021). The remainder of the change in the allowances for inventories is mainly due to exchange rate differences on the translation of foreign subsidiaries.

## 13 CURRENT AND NON-CURRENT PROVISIONS

Table below shows current and non-current provisions at 30 June 2022 and 31 December 2021 (CZK '000)

Provisions	Balance at 30 Jun 2022	Balance at 31 Dec 2021
Warranty repairs	54,335	48,329
Other current provisions	4,765	2,451
<b>Total current provisions</b>	<b>59,100</b>	<b>50,780</b>
Warranty repairs	9,758	10,520
Other non-current provisions	58,955	53,175
<b>Total non-current provisions</b>	<b>68,713</b>	<b>63,695</b>
<b>Total provisions</b>	<b>127,813</b>	<b>114,475</b>



## 14 EMPLOYEE BENEFIT LIABILITIES

Employee benefit liabilities (CZK '000):		
	30 Jun 2022	31 Dec 2021
Net employee benefit liability	200,039	187,910
Liability for medical (healthcare) benefits	199,625	187,913
<b>Total net employee benefit liability</b>	<b>399,644</b>	<b>375,823</b>
Non-current net employee benefit liabilities	378,869	357,707
Current net employee benefit liabilities	20,795	18,116
<b>Total net employee benefit liability</b>	<b>399,664</b>	<b>375,823</b>

## 15 BONDS, BANK LOANS AND BORROWINGS

	Terms	Interest rate %	Aggregate limit as at 30 Jun 2022	30 Jun 2022 CZK '000	31 Dec 2021 CZK '000
Issued bonds	27 Jan 2022	6M Pribor + margin % p.a.	–	–	2,250,000
Issued bonds – unpaid interest				–	25,379
Issued bonds	23 Mar 2027	6M Pribor + margin % p.a.	5,000,000	5,000,000	5,000,000
Issued bonds – unpaid interest				93,172	42,200
Issued bonds – issue cost				–24,871	–27,353
Issued bonds	27 Jan 2029	6M Pribor + margin % p.a.	1,998,000	1,998,000	–
Issued bonds – unpaid interest				50,497	–
Issued bonds – issue cost				–12,600	–
<b>Total</b>			<b>6,998,000</b>	<b>7,104,198</b>	<b>7,290,226</b>
Repayments in the following year				143,669	2,317,579
Repayments in future years				6,960,529	4,972,647

## 16 INTEREST IN ASSOCIATES

The carrying amount of all equity-accounted investments changed as follows in the six-month period ended 30 June 2022.

	30 Jun 2022 CZK '000
Beginning of the period	109,445
Share in profit/loss of equity accounted investments	11,303
Dividends received – Spuhr i Dalby	-23,130
<b>End of the period</b>	<b>97,618</b>

## 17 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 the financial instruments since the last annual financial statements.

As at 30 June 2022, assets and liabilities representing financial derivatives and liabilities due to contingent consideration from the Colt acquisition in 2021 are measured at fair value.

### 17.1 Financial derivatives

The fair value of interest rate swaps and currency forwards is determined based on the present value of future cash flows based on market data (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 realisation rates of individual transactions (“volatility smile”).

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

The following table provides an overview of nominal values and positive or negative fair values of open trading derivatives as at 30 June 2022 and 31 December 2021 (CZK '000):

CZK '000	30 Jun 2022 Fair value			31 Dec 2021 Fair value		
	Nominal	Positive	Negative	Nominal	Positive	Negative
Put Option	312,849	14,841	–	299,563	13,274	–
Call Option	1,138,657	–	15,339	1,595,391	–	23,043
Currency swap	71,463	–	121	–	–	–
Forwards	222,660	–	66,499	292,636	14,814	–
<b>Total</b>	<b>1,647,166</b>	<b>14,841</b>	<b>81,991</b>	<b>2,187,590</b>	<b>28,088</b>	<b>23,043</b>

The following table provides an overview of nominal values and positive or negative fair values of open hedging derivatives as at 30 June 2022 and 31 December 2021 (CZK '000):

CZK '000	30 Jun 2022 Fair value			31 Dec 2021 Fair value		
	Nominal	Positive	Negative	Nominal	Positive	Negative
Interest rate swap	500,000	102,833	–	1,700,000	70,432	–
Put Option	2,382,476	71,813	–	3,827,197	114,646	–
Call Option	2,382,476	–	49,585	3,827,197	–	75,081
Currency swap	4,789,319	10,932	71,416	4,084,071	4,041	106,491
Forwards	5,763,346	1,733	295,000	4,574,648	110,106	36,531
Cross currency swap	4,714,800	173,873	25,915	3,214,800	–	49,466
<b>Total</b>	<b>20,532,417</b>	<b>361,184</b>	<b>441,916</b>	<b>21,227,913</b>	<b>299,225</b>	<b>267,569</b>

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

CZK '000	30 Jun 2022 Fair value			31 Dec 2021 Fair value		
	Nominal	Positive	Negative	Nominal	Positive	Negative
<b>Contingent consideration – COLT</b>	<b>416,378</b>	<b>–</b>	<b>636,101</b>	<b>416,378</b>	<b>–</b>	<b>558,099</b>

The fair value of the contingent consideration is determined based on market price Company's shares listed on the Prague Stock Exchange as at 30 June 2022. The change in fair value of liability in total amount CZK 28,856 thousand is attributable to change in the market price of Company's share and the related loss is recognized in Other financial expenses.

The remaining change in fair value of the liability in the total amount CZK 49,146 thousand represents a foreign exchange loss and is recognized in Other financial income on a net basis.

The remaining financial assets and liabilities are measured at amortized cost. The fair value of all these instruments does not differ significantly from their carrying amount, as the interest rate is close to current market rates or they are short-term.

## 18 PROFIT DISTRIBUTION

In the six months ended 30 June 2022, the Group decided to pay out dividends of CZK 852,548 thousand (CZK 25 per share). In the consolidated statement of changes in equity, this amount was reduced by the dividend related to own shares held by a subsidiary Colt CZ Group North America, Inc., (formerly CZ-US Holdings, Inc.) in the amount CZK 9,132 thousand. An unpaid liability (including withholding tax) to shareholders totaling CZK 41,840 thousand is presented under Trade and other payables.

## 19 TRANSACTIONS WITH RELATED PARTIES

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

During the six-months period ended 30 June 2022 the Group conducted the following transaction with related parties:

### Key management personnel:

During the six-months period ended 30 June 2022, 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 9,429 thousand.

The Company provided no other benefits (e.g. monetary or non-monetary benefits related to the termination of office of a body's member) to its key management personnel.

The Group records the following outstanding balances with related parties as at 30 June 2022 and the following transactions with related parties in the six-months period ended 30 June 2022:

Entity	Relationship	Liabilities as at 30 Jun 2022	Purchases from 1 Jan to 30 Jun 2022	Receivables as at 30 Jun 2022	Income from 1 Jan to 30 Jun 2022
Česká zbrojovka Partners SE	parent company	–	10	212	–
Keriani, a. s.	associate of parent company	1,092	5,144	2,299	–
EHC zdravotní, s. r. o.	company in the ultimate owner's group	–	–	9,258	589
CZUB zdravotní, s. r. o.	company in the ultimate owner's group	–	4,028	12	24
CZ-SKD Solutions, a. s. (Česká zbrojovka CZ-AUTO, a. s.)	subsidiary of parent company	396	3,439	744	1
CZ-AUTO SYSTEMS, a. s.	subsidiary of parent company	2,790	12,077	9,917	29,636
TRX, s. r. o.	company in the ultimate owner's group	85	420	–	–
<b>Total</b>		<b>4,363</b>	<b>25,118</b>	<b>22,442</b>	<b>30,250</b>

Furthermore, the Company paid out dividend to Česká zbrojovka Partners SE in total amount of CZK 652,262 thousand (CZK 222,166 thousand in 2021).

The Group records the following outstanding balances with related parties as at 31 December 2021 and the following transactions with related parties in the six-months period ended 30 June 2021:

Entity	Relationship	Liabilities as at 31 Dec 2021	Purchases from 1 Jan to 30 Jun 2021	Receivables as at 31 Dec 2021	Income from 1 Jan to 30 Jun 2021
European Holding Company, SE	ultimate parent company	–	–	–	146
Česká zbrojovka Partners SE	parent company	–	–	212	146
Česká zbrojovka Defence SE	subsidiary of parent company	–	–	–	44
Keriani, a. s.	associate of parent company	1,039	5,455	2,299	–
Silesia Invest SE	company in the ultimate owner's group	–	–	2	13
EHC zdravotní, s. r. o.	company in the ultimate owner's group	–	–	8,656	520
CZUB zdravotní, s. r. o.	company in the ultimate owner's group	221	2,343	44	19
CZ-SKD Solutions, a. s. (Česká zbrojovka CZ-AUTO, a. s.)	subsidiary of parent company	3,989	3,757	–	207
CZ-AUTO SYSTEMS, a. s.	subsidiary of parent company	1,085	7,586	197,439	23,588
AIT Group – Advanced Industrial Technology Group, a. s.	subsidiary of parent company	–	–	19	15

Entity	Relationship	Liabilities as at 31 Dec 2021	Purchases from 1 Jan to 30 Jun 2021	Receivables as at 31 Dec 2021	Income from 1 Jan to 30 Jun 2021
TRX, s. r. o.	company in the ultimate owner's group	85	420	–	–
Lundmonte, s. r. o.	company in the ultimate owner's group	–	–	–	24
M&H Management, a. s.	company in the ultimate owner's group	24	–	–	19
Kykulin Trade, a. s.	company in the ultimate owner's group	–	–	2	13
CZ AGRO Servis, a. s.	company in the ultimate owner's group	–	–	–	158
CZ AGRO zemědělská, s. r. o.	company in the ultimate owner's group	–	–	–	13
Robousy, s. r. o.	company in the ultimate owner's group	–	–	–	125
RAIL CARGO, a. s.	company in the ultimate owner's group	–	–	2	13
Minezit SE	company in the ultimate owner's group	–	–	–	27
ITeCompany Management, a. s.	company in the ultimate owner's group	–	–	–	15
ITeuro, a. s.	company in the ultimate owner's group	–	2,005	–	–
<b>Total</b>		<b>6,443</b>	<b>21,666</b>	<b>208,675</b>	<b>25,105</b>



## 20 NET EARNINGS PER SHARE

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

	30 Jun 2022	30 Jun 2021
<b>Numerator (CZK '000)</b>		
Profit after tax attributable to the owner of the parent company	1,104,705	584,766
<b>Denominator (average number of shares in CZK '000)</b>		
Basic	33,919	33,737
Diluted	34,102	33,737
<b>Net earnings per share (CZK/share) attributable to the owner of the parent company</b>		
Basic	33	17
Diluted	32	17

## 21 CONTINGENT LIABILITIES

As at 30 June 2022, the Group had issued no guarantees in respect of third-party liabilities.

As at 30 June 2022, 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, with exceptions in the USA mentioned below. In the USA, the Group is a subject of several ongoing legal claims and litigations that are common in the Group's business activity. If it is probable that a loss will be incurred and if the loss can be plausibly estimated, the Group establishes a provision (see note 13). 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 June 2022, the Group records environmental liabilities of CZK 15,152 thousand to which a full provision was established. No other environmental liabilities are recorded.

## 22 SUBSEQUENT EVENTS

On 15 July 2022, in relation to the 2021 acquisition of Colt Company the first part of the contingent consideration (earn-out) was settled. Under this settlement, the Group transferred 365,291 shares to the previous owners of the Colt Company.

On 30 June 2022, a project of demerger by spin-off with acquisition was carried out, with Colt CZ Group SE as the successor company and Česká zbrojovka a.s. as the demerged company. Subjects of the demerger project are own shares owned by subsidiary and trademarks. The effective date of the demerger was set as at 1 January 2022. On 29 August 2022, the opening balances of Colt CZ Group SE and Česká zbrojovka a.s. were approved by boards of directors of both companies and on 1 September 2022 the changes were recorded in the Commercial Register. This transaction has no impact on the consolidated financial statements.

As at 27 July 2022 subsidiary CZ-US Holdings, Inc. was renamed to Colt CZ Group North America, Inc.

As at 29 July 2022 Colt CZ Group SE made loan capitalization in total amount CZK 229,713 thousand provided to company Colt CZ Group North America, Inc.

As at 11 August 2022 Ms. Alice Poluchová submitted her resignation as a vice-chair of the board of directors.

On 29 August 2022, the Group signed an agreement to acquire the remaining 75% stake in Spuhr i Dalby AB. At the date of this report, the transaction and transfer of ownership had not been completed.

No other subsequent events have occurred since the balance sheet date that would have any material impact on the condensed consolidated interim financial statements as at 30 June 2022.