

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 9M PERIOD ENDED 30 SEPTEMBER 2020

Name of the Company: CZG - Česká zbrojovka Group SE

Registered Office: Opletalova 1284/37, Nové Město, 110 00 Praha 1

Legal Status: Joint Stock Company/Limited Liability Company

Corporate ID: 291 51 961

Components of the Consolidated Financial Statements:

Consolidated Profit and Loss Account

Consolidated Balance Sheet

Consolidated Statement of Changes in Equity

Consolidated Cash Flow Statement

These consolidated financial statements were prepared on 23 November 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2020

	30 SEP 2020	30 SEP 2019
	CZK '000	CZK '000
Revenues from the sale of own products, goods and services	4 964 212	4 502 695
Other operating income	89 294	130 320
Changes in inventories of finished goods and works in progress	-135 590	61 753
Own work capitalised	91 226	73 024
Raw materials and consumables used	-2 251 592	-2 251 126
Services	-693 888	-648 770
Personnel costs	-935 492	-790 786
Depreciation and amortisation	-291 709	-278 856
Other operating expenses	<u>-20 806</u>	<u>-57 830</u>
Operating profit	815 655	740 424
Interest income	14 176	20 325
Interest expense	-81 011	-64 733
Other financial income	378 795	202 404
Other financial expenses	-544 480	-190 261
Share in the profit of associates	<u>10 730</u>	<u>161</u>
Profit before tax	593 865	708 320
Income tax	<u>-116 350</u>	<u>-152 056</u>
Profit for the period from continued operations	477 515	556 264
Discontinued operations		
Post-tax profit from discontinued operations	<u>0</u>	<u>19 250</u>
Post-tax profit for the period	477 515	575 514
Items that may be subsequently reclassified to the statement of profit or loss		
Cash Flow Hedges - remeasure of effective portion of hedging	-100 225	-99 229
Foreign currency translation of foreign operations	<u>-2 253</u>	<u>24 867</u>
Other comprehensive income:	-102 478	-74 362
Comprehensive income for the period	375 037	501 152
Profit attributable to owner of the parent		
Profit for the period from continued operations	472 966	556 264
Profit for the period from discontinued operations	0	19 250
Profit for the period attributable to owner of the parent	<u>472 966</u>	<u>575 514</u>
Profit attributable to non-controlling interests		
Profit for the period from continued operations	<u>4 549</u>	<u>19 017</u>
Total comprehensive income for the period attributable to:		
Shareholder of the parent company	371 133	502 884
Non-controlling interests	<u>3 904</u>	<u>-1 733</u>
Net earnings per share attributable to the owner of the parent company (CZK '000 per share)		
Basic	16	19
Diluted	16	19

All comparative amounts for the 9M ended 30 September 2019 have been restated to reflect reclassification of discontinued operations.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2020

	30 SEP 2020 CZK '000	30 DEC 2019 CZK '000
ASSETS		
Non-current assets		
Property, plant and equipment	1 999 477	1 994 748
Intangible assets	779 860	834 242
Long-term receivables	291 505	45 322
Equity-accounted securities and investments	100 372	17 160
Deferred tax asset	0	1 464
Goodwill	280 686	280 686
Total non-current assets	<u>3 451 900</u>	<u>3 173 622</u>
Current assets		
Inventories	1 714 758	1 747 427
Trade receivables	733 962	915 799
Current tax receivables	21 624	7 385
Other receivables	162 893	137 080
Financial derivatives	285 566	236 486
Cash and cash on bank accounts	1 166 354	805 503
Assets held for sale and for distribution to owners	0	525 273
Total current assets	<u>4 085 157</u>	<u>4 374 953</u>
Total assets	<u>7 537 057</u>	<u>7 548 575</u>
EQUITY AND PAYABLES		
Capital and funds		
Share capital	2 984	2 984
Capital funds	1 431 285	1 533 118
Accumulated profits	1 836 988	1 921 501
Equity attributable to the shareholder of the Company	<u>3 271 257</u>	<u>3 457 603</u>
Equity attributable to the shareholder of the Company	3 271 257	3 457 603
Non-controlling interests	1 822	11 358
Total equity	<u>3 273 079</u>	<u>3 468 961</u>
Non-current liabilities		
Bank loans and borrowings	2 252 645	2 252 688
Lease payables	57 165	57 313
Deferred tax liability	223 877	248 033
Provisions	6 450	25 053
Other long-term payables	3 551	905
Total Non-current liabilities	<u>2 543 688</u>	<u>2 583 992</u>
Current liabilities		
Trade payables	463 179	284 906
Short-term bank loans and overdrafts	71 370	36 958
Lease payables	5 581	6 173
Provisions	60 984	45 837
Current tax payables	132 850	70 127
Other payables	311 495	394 387
Financial derivatives	674 831	339 252
Liabilities related to assets held for sale and for distribution to owners	0	317 982
Total Current liabilities	<u>1 720 290</u>	<u>1 495 622</u>
Total liabilities	<u>4 263 978</u>	<u>4 079 614</u>
Total liabilities and equity	<u>7 537 057</u>	<u>7 548 575</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2020

	Share capital	Capital funds and funds from the translation of foreign currencies	Accumulated profits	Equity attributable to the shareholder of the parent company	Non-controlling interests	Equity
Balance at 31 December 2019	2 984	1 533 118	1 921 501	3 457 603	11 358	3 468 961
Profit for the period from continued operations			472 966	472 966	4 549	381 963
Profit for the period from discontinued operations			0	0		0
Other comprehensive income		-101 833		-101 833	-645	-102 478
Total comprehensive income for the period	0	-101 833	472 966	371 133	3 904	375 037
Dividends			-328 218	-328 218	-4 049	-332 267
Transactions under common control			-207 291	-207 291		-207 291
Change in non-controlling interests and treasury holdings			-21 970	-21 970	-9 391	-31 361
Balance at 30 September 2020	2 984	1 431 285	1 836 988	3 271 257	1 822	3 273 079

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2020

	30 SEP 2020
	CZK '000
<i>Cash flows from principal economic activity (operating activity)</i>	
Profit from ordinary activity before tax	583 135
Adjustments for non-cash transactions	365 370
Depreciation/amortisation of non-current assets	291 709
Change in allowances and provisions	-101 664
Loss from the sale of non-current assets	-389
Interest expense and interest income	66 835
Adjustments for other non-cash operations (deficit and damage on assets and inventories, unrealised profits/losses, remeasurement of derivative transactions)	108 879
Net cash flow from operating activities before changes in working capital	948 505
Change in working capital	393 535
Change in receivables and deferred expenses/accrued income	178 301
Change in payables and accrued expenses/deferred income	-23 953
Change in inventories	239 187
Cash generated by operations	1 342 040
Interest paid	-87 888
Interest received	8 631
Income tax paid for ordinary activity	-169 474
Net cash flow from operating activities	1 093 309
<i>Cash flows from investing activities</i>	
Acquisition of non-current assets	-213 932
Income from the sale of non-current assets	867
Acquisition of subsidiaries	0
Income from the sale of subsidiaries	0
Acquisition of investment in an associate	-69 823
Net cash flow from investing activities	-282 888
<i>Cash flows from financing activities</i>	
Proceeds from issued bonds	-
Repayments of loans and borrowings	-250 054
Proceeds from loans and borrowings	34 412
<i>Changes in equity</i>	-332 267
Dividends paid to shareholders	-328 218
Dividends paid to non-controlling interests	-4 049
Net cash flow from financing activities	-547 909
Net change in cash and cash equivalents	286 039
Opening balance of cash and cash equivalents	880 315
Effects of exchange rate changes on cash and cash equivalents	23 527
Closing balance of cash and cash equivalents	1 166 354