Admission to listing and trading of 1,000,000,000 Shares

CSG N.V.

(a public limited liability company (naamloze vennootschap) incorporated under the laws of the Netherlands, with its seat in Amsterdam, the Netherlands)

This prospectus (the "**Prospectus**") has been prepared in connection with the admission to listing and trading of all ordinary shares in the capital of CSG N.V. (the "**Company**" and, together with its subsidiaries, the "**Group**") on Euronext Amsterdam, a regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**") (the "**Admission**").

The Company is offering 30,000,000 newly issued ordinary shares in its share capital with a nominal value of EUR 0.01 each (the "**New Shares**") and CSG FIN a.s. (the "**Selling Shareholder**") is offering for sale 102,173,914 existing Ordinary Shares (the "**Sale Shares**", and together with the New Shares and the Over-allotment Shares (as defined below), the "**Offer Shares**"). The New Shares, when issued, will be fully fungible with all ordinary shares, with a nominal value of EUR 0.01 each, in the share capital of the Company as of the date hereof (the "**Existing Shares**", and together with the New Shares, the "**Shares**") and rank *pari passu* with the Existing Shares in all respects. As of Settlement (as defined below), assuming the Over-allotment Option (as defined below) is exercised in full, the Offer Shares will represent 15.20% of the Shares. See the section entitled "*The Offering*".

The offering of the Offer Shares (the "**Offering**") consists solely of: (i) private placements in the Netherlands to qualified investors as defined in article 2 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") ("**Qualified Investors**"); and (ii) private placements to certain institutional investors in various other jurisdictions, in each case in accordance with securities laws and other rules applicable in the relevant jurisdictions. The Offer Shares are being offered: (i) within the United States of America (the "**US**" or "**United States**"), to persons reasonably believed to be "qualified institutional buyers" ("**QIBs**") as defined in, and in reliance on, Rule 144A under the US Securities Act of 1933, as amended (the "**US Securities Act**") ("**Rule 144A**"); or (ii) pursuant to another exemption from, or in a transaction not subject to, the registration requirement under the US Securities Act and applicable state securities laws; and (iii) to institutional investors in various jurisdictions outside the US in "offshore transactions" as defined in, and in compliance with, Regulation S under the US Securities Act ("**Regulation S**"). As the Offering is being made on a private placement basis only, it is exempt from the obligation to publish a prospectus under the Prospectus Regulation.

Prior to the Offering, there has been no public market for the Shares. Application has been made to list and admit all of the Shares to trading under the symbol "**CSG**" with international securities identification number ("**ISIN**") NL0015073TS8 on Euronext in Amsterdam. Subject to acceleration or extension of the timetable for the Offering, trading on an "as-if-and-when-issued/delivered" basis in the Shares on Euronext Amsterdam is expected to commence at 9:00 (Central European Time ("**CET**")) on or about January 23, 2026 (the "**First Trading Date**").

The price of the Offer Shares (the "Offer Price") is EUR 25.00 per Offer Share.

The Offering will take place from 8:00 CET on January 20, 2026 until 14:00 CET on January 22, 2026 (the "**Offering Period**"), subject to acceleration or extension of the timetable for the Offering. The Offer Price and the number of Offer Shares will also be stated in a pricing statement (the "**Pricing Statement**") which will be filed with the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**"), and announced in a press release that will be posted on the Company's website (https://www.czechoslovakgroup.com). The Company and the Selling Shareholder, based on close consultation with the Joint Global Coordinators, reserve the right to increase or decrease the number of Offer Shares prior to the allocation of the Offer Shares (the "**Allocation**").

Subject to acceleration or extension of the timetable for the Offering, payment (in euro) for, and delivery of, the Offer Shares ("**Settlement**") is expected to take place on or about January 27, 2026 (the "**Settlement Date**") through the book-entry systems of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Nederland**"). If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all applications for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any payments made will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam may be annulled. Any transactions in Offer Shares prior to Settlement are at the sole risk of the parties concerned. The Company, the Selling Shareholder, ING Bank N.V. (as defined below) as listing and paying agent (the "**Listing and Paying Agent**"), the Underwriters (as defined below) and Euronext Amsterdam N.V. do not accept responsibility or liability towards any person as a result of the withdrawal of the Offering or the (related) annulment of any transactions in Offer Shares. For more information regarding the conditions of the Offering and the consequences of any termination or withdrawal of the Offering, see the section entitled "*The Offering*".

INVESTING IN THE OFFER SHARES INVOLVES RISKS. SEE "*RISK FACTORS*" BEGINNING ON PAGE 8 OF THIS PROSPECTUS FOR A DESCRIPTION OF CERTAIN RISKS THAT SHOULD BE CAREFULLY CONSIDERED BEFORE INVESTING IN THE OFFER SHARES.

As at the date of this Prospectus, the Company is still a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) named CSG B.V. The Company is expected to be converted into a public limited liability company (*naamloze vennootschap*) on the First Trading Date.

BNP PARIBAS ("**BNPP**"), Jefferies GmbH ("**Jefferies**"), J.P. Morgan SE ("**J.P. Morgan**") and UniCredit Bank GmbH, Milan Branch ("**UniCredit**") are acting as joint global coordinators (in such and any other capacity, the "**Joint Global Coordinators**" and Česká spořitelna, a.s., COMMERZBANK Aktiengesellschaft, Deutsche Bank Aktiengesellschaft and Morgan Stanley Europe SE as joint bookrunners for the Offering (the "**Joint Bookrunners**", and together with the Joint Global Coordinators, the "**Underwriters**"). The Underwriters are acting exclusively for the Company and the Selling Shareholder and no one else in connection with the Offering, and will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company and the Selling Shareholder for providing the protections afforded to their respective clients, or for providing advice in relation to the Offering or any transaction or arrangement referred to in this Prospectus.

The Selling Shareholder has granted an option (the "**Over-allotment Option**"), exercisable within 30 calendar days after the First Trading Date, pursuant to which J.P. Morgan, as the stabilisation manager (the "**Stabilisation Manager**"), may require the Selling Shareholder to sell, at the Offer Price, up to 19,826,086 Existing Shares (the "**Over-allotment Shares**") (such amount not to exceed 15% of the total number of New Shares issued and Sale Shares sold in the Offering), to cover over-allotments or short positions, if any, in connection with the Offering or to facilitate stabilisation transactions. Such stabilisation shall be conducted in accordance with Regulation (EU) 596/2014 (the "**Market Abuse Regulation**") and Commission Delegated Regulation (EU) 2016/1052. If such stabilisation occurs, it may be undertaken on Euronext Amsterdam, in the over-the-counter markets or otherwise. Any Over-allotment Shares made available pursuant to the Over-allotment Option will be made available on the same terms and conditions as the New Shares and the Sale Shares being offered pursuant to the Offering, will rank *pari passu* in all respects with all other Shares (including with respect to pre-emption rights) and will form a single class with all other Shares for all purposes, including with respect to voting and for all dividends and distributions thereafter declared, made or paid on the share capital of the Company.

The Offering is only made in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made. The Offering and the distribution of this Prospectus, any related materials and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in, Offer Shares may be restricted by law in certain jurisdictions and therefore persons into whose possession this Prospectus comes should inform themselves and observe any restrictions. There will be no public offering in any jurisdiction. The Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state in the US and, subject to certain exceptions, may not be offered or sold directly or indirectly in the US absent such registration, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Offer Shares are being offered and sold outside the US in reliance on Regulation S and within the US to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from or transaction not subject to the registration requirements of the US Securities Act. Prospective purchasers are hereby notified that the Company may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.

Each subscriber or purchaser of Offer Shares, in making a subscription or purchase, will be deemed to have made certain acknowledgments, representations and agreements as set out in the section entitled "*Selling and Transfer Restrictions*". Prospective investors in the Offer Shares should carefully read the section entitled "*Selling and Transfer Restrictions*". None of the Company, the Selling Shareholder and the Underwriters is taking any action to permit a public offering of the Offer Shares in any jurisdiction.

This Prospectus has been approved by the AFM, as competent authority under the Prospectus Regulation. The AFM only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. The validity of this Prospectus will expire on the earlier of: (i) the First Trading Date; and (ii) 12 months from the date of this Prospectus. Accordingly, this Prospectus shall expire on January 23, 2026. The obligation to supplement a prospectus in the event of significant new factors, material mistakes or material inaccuracies shall cease to apply when this Prospectus is no longer valid. See also "*Important Information—Supplementary Prospectus*".

The Underwriters have been authorised by the Company to use this Prospectus for the purposes of the Offering.

Joint Global Coordinators and Joint Bookrunners

BNP PARIBAS	**Jefferies**	**J.P. Morgan**	**UniCredit**

Joint Bookrunners

Česká spořitelna	**COMMERZBANK**	**Deutsche Bank**	**Morgan Stanley**

This Prospectus is dated January 20, 2026.

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SUMMARY

Section A – Introduction and Warnings

This summary should be read as an introduction to the prospectus (the "**Prospectus**") relating to the admission to listing and trading of all ordinary shares in the share capital of CSG N.V. (at the date of the Prospectus still a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) named CSG B.V.) (the "**Company**") on Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**") (the "**Admission**").

The Company is offering 30,000,000 newly issued Shares (the "**New Shares**") and the Selling Shareholder is offering 102,173,914 Existing Shares (the "**Sale Shares**", and together with the New Shares and the Over-allotment Shares (as defined below), the "**Offer Shares**"). The offering of the Offer Shares (the "**Offering**") consists solely of: (i) private placements in the Netherlands to qualified investors; and (ii) private placements to certain institutional investors in various other jurisdictions. As the Offering is being made on a private placement basis only, it is exempt from the obligation to publish a prospectus under the Prospectus Regulation. The New Shares, when issued, will be fully fungible with all ordinary shares, with a nominal value of EUR 0.01 each, in the share capital of the Company as of the date hereof (the "**Existing Shares**", and together with the New Shares, the "**Shares**") and rank *pari passu* in all respects.

Any decision to invest in the Offer Shares should be based on a consideration of the Prospectus as a whole by the investor. An investor could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the relevant national legislation, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Offer Shares.

The international securities identification number ("**ISIN**") of the Shares is NL0015073TS8. The issuer of the Shares is the Company, and its legal name will become CSG N.V. on the First Trading Date (as defined below) and its commercial names will be "CSG" and "Czechoslovak Group". The Company's legal entity identifier ("**LEI**") is 31570078IM9ILNPQUB16, its address is U Rustonky 714/1, Karlín, 186 00, Prague 8, Czech Republic, its telephone number is +420 273 162 150 and its website is https://www.czechoslovakgroup.com. The Company is registered in the Commercial Register of the Chamber of Commerce (*Handelsregister van de Kamer van Koophandel*) under number 99414376.

The competent authority approving the Prospectus is the Dutch Authority for the Financial Markets (Stichting Autoriteit Financiële Markten, the "**AFM**"). The AFM's address is Vijzelgracht 50, 1017 HS Amsterdam, the Netherlands. Its telephone number is +31 (0)20 797 2000 and its website is www.afm.nl. The AFM has approved the Prospectus on January 20, 2026.

Section B – Key Information on the Issuer

Who is the issuer of the securities?

The issuer of the Shares is CSG N.V. (which at the date of the Prospectus is a private limited liability company *besloten vennootschap met beperkte aansprakelijkheid*)) and is incorporated under the laws of, and domiciled, in the Netherlands and has its seat (*statutaire zetel*) in Amsterdam, the Netherlands. The Company is expected to be converted into a public limited liability company (*naamloze vennootschap*) on the First Trading Date (as defined below). Its LEI is 31570078IM9ILNPQUB16 and it operates under the laws of the Netherlands.

The Group is a leading defence group in terms of medium-, large- and small-calibre ammunition sales based in Prague, Czech Republic, operating in Europe, the United States and in other regions including Asia Pacific. The Group sells its products to key long-term customers, ranging from government bodies (mainly NATO members), including ministries of defence, to leading companies in the Group's target industries in over 70 countries worldwide. The Group is the second largest European medium- and large-calibre ammunition producer and largest global small-calibre ammunition producer by sales with 35% and 13% market share, respectively, according to estimates by Renaissance Strategic Advisors.

The Group has grown significantly in recent years through acquisitions and other transactions, including, notably, the Group's acquisition of the Kinetic Group in 2024 (the "**Kinetic Group Acquisition**") and the acquisition of the Fiocchi Munizioni Group ("**Fiocchi Group**") in November 2022 and the acquisition of the 30% stake in the Fiocchi Group not already held by the Group in April 2025 (the "**Subsequent Fiocchi Acquisition**"). Both the Kinetic Group and the Fiocchi Group constitute part of the Group's Ammo+ segment. Furthermore, in connection with the Group's ongoing review of its business operations and strategic priorities, as of January 1, 2025, the Group has transitioned from reporting five business segments (CSG Defence, CSG Aerospace, CSG Ammo+, CSG Mobility and CSG Other) to a new structure comprising two reportable business segments: CSG Defence Systems and CSG Ammo+, with all other

activities included under CSG Other, which encompasses the activities previously reported under CSG Mobility and CSG Other.

As of the date of the Prospectus, the Selling Shareholder directly holds 9,998,175 Shares (being 99.98% of the shares in the Company) and therefore is the only shareholder who holds (either directly or indirectly) a substantial interest (*substantiële deelneming*, *i.e.*, a holding of at least 3% of the share capital or voting rights) in the Company.

	Amount of Share Capital Owned		
Shareholder	**Number of Shares**	**Percentage of share capital**	**Percentage of Voting Rights**
CSG FIN a.s.	9,998,175	99.98%	99.98%

Mr. Michal Strnad, the Principal Shareholder and Executive Director of the Company, indirectly holds 99.98% of the voting rights in the Company.

The following table sets forth information with respect to the size of the shareholdings of the Selling Shareholder both immediately prior to Settlement and immediately after Settlement, assuming: (a) no exercise of the Over-allotment Option; and (b) exercise of the Over-allotment Option in full.

				Shares owned immediately after Settlement					
Shareholder	**Shares owned immediately prior to Settlement**			**Without exercise of the Over-allotment Option**			**With full exercise of the Over-allotment Option**		
	Amount	**Share capital**	**Voting rights**	**Amount**	**Share capital**	**Voting rights**	**Amount**	**Share capital**	**Voting rights**
CSG FIN a.s.	969,832,575	99.98%	99.98%	867,658,661	86.77%	86.77%	847,832,575	84.78%	84.78%

The members of the board of the Company (the "**Board**", and each member a "**Director**") will as of the Settlement Date be Michal Strnad, David Chour, Ladislav Štorek, Petr Formánek, Zdeněk Jurák, John Nicholson, Lynn Fordham, Susanne Wiegand and Virginie Banet.

The statutory auditors of the CZECHOSLOVAK GROUP a.s. and its subsidiaries (the "**CSG Group**") are Deloitte Audit s.r.o. ("**Deloitte Czech Republic**").

What is the key financial information regarding the issuer?

The Company was incorporated on January 5, 2026. On January 15, 2026, CSG FIN a.s. contributed the CSG Group (with such contribution being legally perfected on January 16, 2026), which includes the CSG Business that is operated through the CSG Group, to the Company. Since the contribution, the Company owns and operates the CSG business through CZECHOSLOVAK GROUP a.s. Accordingly, this Prospectus includes the following financial information from CZECHOSLOVAK GROUP a.s. which operated and will continue to operate the CSG business: (i) the audited consolidated financial statements of the CSG Group as of and for the years ended December 31, 2024, 2023 and 2022 and (ii) the unaudited condensed consolidated interim financial statements of the CSG Group as of and for the nine months ended September 30, 2025.

The tables below set out summary financial information of the CSG Group for the periods indicated. Unless otherwise indicated, it has been derived from the audited consolidated financial statements of the CSG Group as of and for the years ended December 31, 2024 and 2023 and the unaudited condensed consolidated interim financial statements of the CSG Group as of and for the nine months ended September 30, 2025. The financial information in this Prospectus relating to the CSG Group as of and for the year ended December 31, 2022 has been derived from the comparative financial information presented in the audited consolidated financial statements of the CSG Group as of and for the year ended December 31, 2023.

Summary consolidated statement of profit or loss

	For the year ended December 31,			For the nine months ended September 30,	
	2024	**2023**	**2022**	**2025**	**2024**
			(€ thousands)		
		(audited)		*(unaudited)*	
Revenues.....	4,008,614	1,734,430	1,014,966	4,485,337	2,458,910
Profit from operating activities.....	1,012,873	378,127	162,564	1,065,125	619,923
Total profit for the period.....	**633,387**	**210,211**	**141,137**	**513,255**	**411,960**
		(unaudited)			
Period-on-period revenue growth..	131.1%	70.9%	-	82.4%	-
Operating EBIT margin.....	25.3%	21.8%	16.0%	23.7%	

Summary consolidated statement of financial position

	As at December 31,			As at September 30,
	2024[(1)]	2023	2022	2025
		(€ thousands)		
	(unaudited)	(audited)		(unaudited)
Total assets	8,253,064	3,352,327	2,537,889	9,646,183
Total liabilities	6,744,142	2,665,411	2,043,857	7,916,153
Total equity	1,508,922	686,916	494,032	1,730,030
Net Debt	1,768,725	573,502	639,585	3,589,681

(1) The statement of financial position of the CSG Group as of December 31, 2024 is derived from the Unaudited Interim Financial Statement and has been restated to reflect finalisation of the Group's accounting process that had not been completed with respect to the purchase price allocation relating to the Kinetic Group Acquisition before the 2024 Audited Financial Statements were issued and includes the re-presentation of certain balances between trade payables and contract liabilities. For additional information, please see Appendix 1 (Restated Consolidated Statement of Financial Position as of December 31, 2024) to the Unaudited Interim Financial Statements.

Summary consolidated statement of cash flows

	For the year ended December 31,			For the nine months ended September 30,	
	2024	2023	2022	2025	2024
			(€ thousands)		
		(audited)		(unaudited)	
Net cash generated from/(used in) operating activities	856,056	199,129	324,812	(850,891)	(152,936)
Net cash from/(used in) investing activities	(2,082,603)	(70,458)	(583,746)	(533,528)	46,499
Net cash generated from/(used in) financing activities	1,919,061	190,709	399,419	976,165	(982)

Selected Unaudited Pro Forma Financial Information

This Prospectus includes unaudited pro forma financial information for the CSG Group to simulate the effects of the Kinetic Group Acquisition, including the unaudited pro forma statement of profit or loss of the CSG Group for the year ended December 31, 2024 prepared to simulate the main effects of the Kinetic Group Acquisition as though it had occurred as of January 1, 2024. The unaudited pro forma statement of profit or loss has been prepared for illustrative purposes only and in accordance with Annex 20 of the Prospectus Delegated Regulation. Because of its nature the unaudited pro forma statement of profit or loss addresses a hypothetical situation and does not, therefore, represent the CSG Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

	CSG Financials Statements for the year ended December 31, 2024*	The Kinetic Group Financials for the period from December 25, 2023 to March 31, 2024	The Kinetic Group Financials for the Period from April 1, 2024 to September 30, 2024	The Kinetic Group Financials for the period from October 1, 2024 to November 26, 2024	Elimination of Transaction between CSG and The Kinetic Group	Transaction accounting adjustments	Combined Pro Forma Consolidated Statement of Profit or Loss from January 1, 2024 to December 31, 2024
				(EUR thousands) (unaudited)			
Profit from operating activities	**1,012,873**	**81,413**	**165,489**	**38,617**	**-**	**(107,064)**	**1,191,328**
Profit/(loss) from financing activities	**(168,960)**	**146**	**(340)**	**(108)**	**-**	**(127,552)**	**(296,814)**
Profit before income tax	**845,838**	**81,559**	**165,149**	**38,509**	**-**	**(234,616)**	**896,439**
Total profit for the period	**633,387**	**62,381**	**125,473**	**29,253**	**-**	**(193,920)**	**656,574**

* Includes the results of the Kinetic Group from the closing date of acquisition on November 27, 2024.

What are the key risks that are specific to the issuer?

The following are the key risks that relate to the Group's industry and business, operations, financial conditions, capital structure, and structure of the Group, based on the probability of their occurrence and the expected magnitude of their negative impact.

- The Group's business reputation is important to its continued viability and any damage to such reputation could materially and adversely affect the Group's business.
- The Group is acquisitive and exposed to risks associated with the acquisition and integration of acquired companies and/or other strategic business transactions, including future acquisitions, which are beyond the Group's control and which could adversely affect the Group's future financial results.

- The Group's acquisitions, investments and other strategic transactions may require significant external financing, increasing leverage and financial risk.
- The Group's financial performance is closely linked to government military expenditure and the allocation of defence budgets across various countries and regions.
- Political developments in the U.S. and the impact of the current presidential administration could directly impact the defence industry and the Group's business.
- The ongoing volatility in global economic conditions and financial markets, in particular as to the economic upheaval due to changes in trade and other government economic policies could increase the cost of doing business in countries where the Group operates.
- International trade barriers and disputes, including U.S. trade tariffs and retaliatory tariffs, could adversely impact the Group's business.
- A large portion of the Group's revenues depend on obtaining and maintaining export licenses.
- The Group's debt service obligations, which may increase in the future, could adversely affect the Group's implementation of its strategy and may in certain conditions restrict the Group's ability to incur or guarantee additional indebtedness in the future.
- The Group may not be able to generate sufficient cash to service the Group's indebtedness or meet its overall liquidity needs, including due to factors outside the Group's control, and may be forced to take other actions to satisfy the Group's obligations under the Group's indebtedness or provide liquidity, which may not be successful.

Section C – Key Information on the Securities

What are the main features of the securities?

The ISIN of the Shares is NL0015073TS8. The Offer Shares (as defined below) are denominated in and will trade in euro. The Company is offering 30,000,000 New Shares and the Selling Shareholder is offering 102,173,914 Sale Shares. As of Settlement, the New Shares will represent 3.00% of the Shares and, assuming the Over-allotment Option (as defined below) is exercised in full, the Offer Shares will represent 15.20% of the Shares. References to the "**Articles of Association**" hereafter will be to the Company's articles of association as they will read after the conversion into a public limited liability company on the First Trading Date. The Shares carry dividend rights. Each Share confers the right to cast one vote in the general meeting of the Company (the "**General Meeting**"). There are no restrictions on voting rights.

Upon issue of Shares or grant of rights to subscribe for Shares, each holder of Shares (a "**Shareholder**") shall have a pre-emptive right in proportion to the aggregate nominal amount of his or her Shares. Shareholders do not have pre-emptive rights in respect of Shares issued: (i) to employees of the Company or of a Group Company; (ii) against payment other than in cash; and (iii) to a person exercising a previously acquired right to subscribe for Shares. Pre-emptive rights may be restricted or excluded by a resolution of the General Meeting.

There are no restrictions on the transferability of the Shares in the Articles of Association. However, the Offering to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the Netherlands, and the transfer of Offer Shares into jurisdictions other than the Netherlands may be subject to specific regulations or restrictions.

In the event of insolvency, any claims of the Shareholders are subordinated to those of the creditors of the Company. This means that an investor could potentially lose all or part of its invested capital.

Dividend policy

The Company currently targets a dividend payout ratio of approximately 30–40% of net profit, payable from 2027 based on 2026-year performance, subject to Board approval and prevailing market conditions. This target is indicative only and does not constitute a commitment.

Where will the securities be traded?

Prior to the Offering, there has been no public market for the Shares. Application has been made to list all Shares under the symbol "CSG" on Euronext Amsterdam. Subject to acceleration or extension of the timetable for the Offering, trading in the Shares on Euronext Amsterdam is expected to commence, on "as-if-and-when-issued/delivered" basis, on or about January 23, 2026 (the "**First Trading Date**"). As of the date of the Prospectus, the Company has not applied to admit to listing and trading the Shares on any other regulated market.

What are the key risks that are specific to the securities?

The following are the key risks relating to the Shares, based on the probability of their occurrence and the expected magnitude of their negative impact.

- The Group's controlling shareholder will retain the ability to exercise control over matters requiring shareholder approval and the interests of the Group's controlling shareholder may conflict with the interest of the Company's other shareholders.
- The Group may be adversely affected by the Company's transition to becoming a public company or a failure by the Company to comply with the resulting additional requirements.
- The payment of future dividends will depend on the Group's financial condition and results of operations, as well as on the Group's operating subsidiaries' distributions to the Company.

Section D – Key Information on the Offering

Under which conditions and timetable can I invest in this security?

The Offering. The Company is offering 30,000,000 New Shares and the Selling Shareholder is offering 102,173,914 Sale Shares. The Offering consists solely of: (i) private placements in the Netherlands to qualified investors as defined in article 2 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") ("**Qualified Investors**"); and (ii) private placements to certain institutional investors in various other jurisdictions. The Offer Shares are being offered: (i) within the United States of America (the "**US**"), to persons reasonably believed to be "qualified institutional buyers" ("**QIBs**") as defined in, and in reliance on, Rule 144A under the US Securities Act of 1933, as amended (the "**US Securities Act**"); and (ii) to institutional investors in various jurisdictions outside the US in "offshore transactions" as defined in, and in compliance with, Regulation S under the US Securities Act. The Offering is made only in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made.

Over-allotment option. The Selling Shareholder has granted an option (the "**Over-allotment Option**"), exercisable up to 30 calendar days after the First Trading Date, pursuant to which the Stabilisation Manager (as defined below) may require the Selling Shareholder to sell at the Offer Price, up to 19,826,086 Existing Shares (the "**Over-allotment Shares**") (such amount not to exceed 15% of the total number of New Shares issued and Sale Shares sold in the Offering), to cover over-allotments or short positions, if any, in connection with the Offering or to facilitate stabilisation transactions.

Offering period. Prospective investors may apply to purchase or subscribe for Offer Shares during the period commencing at 8:00 Central European Time ("**CET**") on January 20, 2026 and ending at 14:00 CET on January 22, 2026 (the "**Offering Period**"), subject to acceleration or extension of the timetable for the Offering.

Offer price and number of Offer Shares. The Offer Price is EUR 25.00 per Offer Share. The Offer Price and the number of Offer Shares to be issued and sold and the maximum number of Over-allotment Shares will also be stated in a pricing statement which will be published through a press release that will also be posted on the Company's website and filed with the AFM. The number of Offer Shares may be increased or decreased prior to the allocation of the Offer Shares (the "**Allocation**").

Allocation. The Allocation is expected to take place after termination of the Offering Period on or about January 23, 2026, subject to acceleration or extension of the timetable for the Offering. Allocation to investors who applied to purchase or subscribe for Offer Shares will be determined by the Company and the Selling Shareholder, based on close consultation with the Joint Global Coordinators, and full discretion will be exercised as to whether or not and how to allot the Offer Shares. There is no maximum or minimum number of Offer Shares for which prospective investors may apply and multiple applications to purchase or subscribe for Offer Shares are permitted. In the event that the Offering is over-subscribed, investors may receive fewer Offer Shares than they applied for.

Payment and delivery of Shares. Subject to acceleration or extension of the timetable for the Offering, payment (in euros) for, and delivery of, the Offer Shares is expected to take place on or about January 27, 2026 through the book-entry systems of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Nederland**"), (the "**Settlement Date**"). Taxes and expenses, if any, must be borne by the investor. Investors must pay the Offer Price in immediately available funds in full in euro on or before the Settlement Date.

If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all applications for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any payments made will be returned without interest or other compensation. Any dealings in Shares prior to Settlement are at the sole risk of the parties concerned.

Underwriters. BNP PARIBAS, Jefferies GmbH, J.P. Morgan SE and UniCredit Bank GmbH, Milan Branch are acting as joint global coordinators for the Offering (together, the "**Joint Global Coordinators**"). Česká spořitelna, COMMERZBANK, Deutsche Bank and Morgan Stanley are acting as joint bookrunners for the Offering (together with

the Joint Global Coordinators, the "**Joint Bookrunners**"). The Joint Global Coordinators and the Joint Bookrunners are acting as underwriters in the Offering (together, the "**Underwriters**").

Listing and Paying Agent. ING Bank N.V. is the listing and paying agent with respect to the Shares on Euronext Amsterdam.

Stabilisation Manager. J.P. Morgan SE is the stabilisation manager (the "**Stabilisation Manager**") with respect to the Shares.

Timetable. Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below sets forth certain expected key dates for the Offering.

Event	Expected Date	Time CET
Start of the Offering Period	January 20, 2026	8:00
End of the Offering Period	January 22, 2026	14:00
Expected pricing and allocation	January 23, 2026	
Admission and commencement of trading on an "as-if-and-when-issued/delivered" basis on Euronext Amsterdam	January 23, 2026	9:00
Settlement Date (payment and delivery)	January 27, 2026	

The dates, times and periods given in the timetable and throughout the Prospectus may be adjusted. If this is the case, this will be made public through a press release, which will also be posted on the Company's website. Any other material alterations will be published through a press release that will also be posted on the Company's website and (if required) in a supplement to the Prospectus that is subject to the approval of the AFM.

Any extension of the timetable for the Offering will be published in a press release before the end of the Offering Period, provided that any extension will be for a minimum of one full day. Any acceleration of the timetable for the Offering will be published in a press release before the proposed end of the accelerated Offering Period.

Dilution. The issuance of the New Shares will result in the Company's share capital increasing by 3.09% and, assuming no exercise of the Over-allotment option and no sale of any Sale Shares, the Selling Shareholder will suffer an immediate dilution of 3.00% as a result of the issuance of the New Shares under the Offering.

Cornerstone Investors. On January 14, 2026, in connection with the Offering, the Company entered into cornerstone investment agreements with certain investors (the "**Cornerstone Investors**") who have agreed, subject to certain conditions that are typical for an agreement of this nature, to subscribe for and/or purchase Offer Shares at the Offer Price (the "**Cornerstone Investment Agreements**"). In aggregate, the Cornerstone Investors have agreed, subject to certain conditions that are typical for an agreement of this nature, to subscribe for and/or purchase Offer Shares for an aggregate amount of EUR 900 million. The total number of Offer Shares subscribed for and/or purchased by the Cornerstone Investors will be 36,000,000 Offer Shares, which represent approximately: (i) 27.24% per cent. of the Offer Shares; and (ii) 3.60% per cent. of the Ordinary Shares in issue following the Offering, in each case, assuming that the Over-allotment Option is not exercised.

Estimated expenses in relation to the Offering and the Admission. The estimated expenses, commissions and taxes payable by the Company amount to approximately EUR 26,000,000 and the commissions and taxes payable by the Selling Shareholder amount to approximately EUR 55,000,000.

Why is the prospectus being produced?

Reasons for the admission and offering. The Admission is expected to raise the profile of the Group with the international investment community, brand recognition and credibility and will also provide additional financial flexibility and diversity through access to a wider range of capital-raising options. In addition, the Admission will create a market in the Shares for the future shareholders of the Company.

The Offering is being conducted to raise capital by the Company, facilitate the sale of the Sale Shares and provide the Selling Shareholder with an opportunity to partially realise its investment in the Company through the sale of the Sale Shares by the Selling Shareholder.

Use of proceeds. The Company will receive the net proceeds from the sale of the New Shares and the Selling Shareholder will receive the net proceeds from the sale of the Sale Shares and the Over-allotment Shares, if any. Assuming that the Over-allotment Option is exercised in full, the net proceeds from the Offering are expected to amount to EUR 3,719 million, of which the Company will receive EUR 724 million and the Selling Shareholder will receive EUR 2,995 million. The Company intends to use the net proceeds received by it from the Offering for general corporate purposes.

Underwriting agreement. The Company, the Selling Shareholder and the Underwriters have entered into an underwriting agreement on or about the date of this Prospectus (the "**Underwriting Agreement**") pursuant to which,

on the terms and subject to the conditions contained therein, including the entry into of the pricing memorandum between the Company, the Selling Shareholder and the Underwriters following the completion of the bookbuilding of the Offering (the "**Pricing Memorandum**"), the Underwriters will, subject to certain conditions, severally and not jointly nor jointly and severally agree to use their reasonable endeavours to procure subscribers for or, failing which, to subscribe themselves for the New Shares and to procure purchasers for or, failing which, to purchase themselves the Sale Shares, in each case pursuant to the Offering at the Offer Price, and the Company will agree to issue the New Shares to subscribers procured by the Underwriters or, failing which, to the Underwriters themselves and the Selling Shareholder will agree to sell the Sale Shares to purchasers procured by the Underwriters or, failing which, to the Underwriters themselves, in each case, pursuant to the Offering at the Offer Price.

The Underwriting Agreement provides that the obligations of the Underwriters to use their respective reasonable endeavours to procure subscribers and/or purchasers for or, failing which, to subscribe for and/purchase themselves (on a several and not a joint or joint and several basis) the number of Offer Shares set forth in the Pricing Memorandum, are subject to certain customary closing conditions, including there having occurred no material adverse change in relation to the Group between the date of the Underwriting Agreement and Settlement. In addition, upon the occurrence of specific events, such as conditions precedent not being satisfied or waived, the Underwriting Agreement may cease to have effect immediately at any time prior to Settlement and/or the Underwriters may elect to terminate the Underwriting Agreement at any time prior to Settlement (or thereafter, in respect of the Over-allotment Option only).

Most material conflicts of interest. Certain of the Underwriters and/or their respective affiliates are currently engaged, have in the past been engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company, the Selling Shareholder or any parties related to the Company, in respect of which they have received, and may in the future receive, customary fees and commissions.

Additionally, the Underwriters may, in the ordinary course of their business, in the future hold the Company's securities for investment. In respect of the aforementioned, the sharing of information is generally restricted for reasons of confidentiality by internal procedures or by rules and regulations.

As a result of acting in the capacities described above, the Underwriters may have interests that may not be aligned, or could potentially conflict, with the interests of investors or with the interests of the Company.

The Company is aware of the fact that the Principal Shareholder serves as Executive Director while the Principal Shareholder will continue to be an (indirect) majority Shareholder. Accordingly, the Principal Shareholder may through his (indirect) vote in the General Meeting support strategies and directions that are in his best interests as a Shareholder, which may conflict with the interests of the Company and the other Shareholders.

RISK FACTORS

Investing in the Offer Shares involves risks, including risks relating to the Company and the Group, the global economy, the financial markets, the Group's industry generally, regulatory and political matters, legal and administrative proceedings. Prospective investors should consider these risk factors before making an investment decision with respect to the Offer Shares and consider such an investment in light of their personal circumstances. Prospective investors should consider all information provided in this Prospectus and consult with their own professional advisors (including their financial, accounting, legal and tax advisors) if they consider it necessary.

Prospective investors should note that the risks relating to the Group, its industry and the Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Company believes to be the most material to an assessment by a prospective investor of whether to consider an investment in the Offer Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, together with all other information contained in this Prospectus, the risks described below. The Group assesses the risks relating to its business, industry and the Shares on an ongoing basis. The risk factors within each of the risk categories mentioned below considered to be the most material at the date of this Prospectus are presented first within each such category, in accordance with such assessment that takes into account its level of impact and likelihood of occurrence as well as the risk management actions and measures implemented by the Group. Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication: of the likelihood of the risks actually materialising, of the potential significance of the risks, or of the scope of any potential negative impact on the Group's business, financial condition, results of operations or prospects. The risk factors below have been divided into categories, and some risk factors could belong in more than one category. However, each risk factor is presented within the most appropriate category, and prospective investors should carefully consider all of the risk factors set out in this section.

The risk factors described below are specific to the Group and the shares offered hereby. The Group believes that the risk factors described below are the material risks relating to the Group's business, industry and Offer Shares and are material for making an investment decision by prospective investors with respect to the Offer Shares. This section is however not an exhaustive list or explanation of all risks relating to the Group and should be used as guidance only. Additional risks relating to the Group that are not currently known to it, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations, cash flow, financial condition and prospects. In addition, investors should be aware that the individual risks described might combine or otherwise exacerbate other risks described. In any such case, the Group may not be able to pay dividends on the Shares and you may lose all or part of an investment in the Offer Shares. In addition, the Group's past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

The Group's business, financial condition or results of operations could suffer material adverse effects due to any of the following risks. This could have an adverse effect on the market price of the Offer Shares, and the Group may ultimately not be able to pay dividends or make any distributions to investors in its Shares. This Prospectus also contains forward-looking statements that involve risks. The Group's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Prospectus. See "Forward-Looking Statements."

Risks Relating to the Group's Business

The Group's business reputation is important to its continued viability and any damage to such reputation could materially and adversely affect the Group's business.

The Group operates in an industry where integrity, trust and confidence are paramount and therefore, the Group's reputation is important to its business for reasons including, but not limited to, partnering with governments and participating in government tenders, attracting employees and contractors, obtaining financing, negotiating favourable terms with suppliers of raw materials and successfully completing acquisitions with suitable targets. The Group is consequently exposed to reputational risks arising from matters that may be within or outside of the Group's control, such as allegedly unfair claims handling

processes in connection with insurance, warranty or contractual disputes, litigation, failure or default by other counterparties, employee misconduct, activities of rogue traders or other persons claiming to be an employee, agent or representative of the Group or any of the Group's affiliates, operational failures, regulatory investigations (irrespective of whether the Group is found innocent of any perceived breaches of laws or regulations), negative publicity, disclosure of confidential information and poor performance, accidents, injuries, product misuse, and illegal export or onward sales, among other factors. Further, the resale of the Group's products in an unauthorized or unintended manner to controversial or belligerent governments or non-state actors may implicate the Group's reputation regardless of the Group's robust contracting and compliance procedures. For example, in 2017, it was alleged in the media that the Group illegally sold products to Azerbaijan. This negative media attention led to regulatory scrutiny of the Group's export activities in the Czech Republic and Slovakia. Although none of the allegations were proven, negative media attention such as this can lead to reputational harm and heightened scrutiny from regulators and commercial counterparties.

The Group may also be subject to allegations in the media of corrupt practices, illegal weapons transfers, relationships with illegal crime figures or other illegal activities, which, even if subsequently proved to be unfounded, may damage the Group's reputation and require significant expense and management time to investigate. There has been a substantial increase in the use of social media platforms, including blogs, social media websites, and other forms of internet-based communications, which allow individuals access to a broad audience of consumers and other interested persons. Negative commentary regarding the Group or its brands, or the firearms industry generally, may be posted on social media platforms at any time and may have a material adverse impact on the Group's reputation, business, or relationships with third parties, including suppliers, customers, investors, and lenders. Consumers could act on such information without further investigation and without regard to its accuracy or context. The harm may be immediate without affording the Group an opportunity for redress or correction.

Any damage to the Group's reputation, whether arising from litigation, regulatory, supervisory or enforcement actions, environmental incidents, injury and loss of life, matters affecting the Group's financial reporting or compliance with corporate governance best practice, administrative agencies in the jurisdictions in which the Group does business, negative publicity, including from social or environmental activists, protestors or the conduct of the Group's business or otherwise, could materially and adversely affect the Group's business, prospects, financial condition and results of operations and reputation. For example, in 2020, a criminal investigation was initiated in Slovakia into MSM Martin s.r.o. and Mr. Marián Goga (a former shareholder and executive director of MSM Martin) for alleged manipulation of a public procurement process organised by the Slovak Administration of State Material Reserves related to the purchase of recovery vehicles, tanks and mobile bridges. MSM Martin s.r.o. continues to actively cooperate with the Slovak criminal authorities and the proceedings remain pending. The investigation has, to this point in time, not resulted in significant reputational damage for the Group, but there is no assurance that this, or any other such allegations in the future, will not increase scrutiny from stakeholders and heightened diligence requirements in government-related business activities. The Group believes that it maintains appropriate levels of engagement with, and standards pertaining to, corporate governance and administrative agencies, however no assurance can be given that the Group will continue to meet such standards.

The Group is acquisitive and exposed to risks associated with the acquisition and integration of companies and/or other strategic business transactions, including future acquisitions, which are beyond the Group's control and which could adversely affect the Group's future financial results.

The Group has grown significantly through acquisitions and other transactions, including, notably, the Group's acquisition of the Kinetic Group in 2024 and the Group's acquisition of the Fiocchi Group in November 2022 and the Subsequent Fiocchi Acquisition, among others. The expected benefits, both in terms of cost and revenue synergies, of these or any future acquisitions or other transactions may fail to be realized. Costs could be incurred on pursuits of proposed acquisitions that may never close that could significantly impact the Group's business, financial condition or results of operations. Further, target companies are subject to substantial risks, including the failure to identify material problems or liabilities during due diligence (for which the Group may not be indemnified post-closing), or the risk that closing conditions, such as required regulatory approvals, are not met. While the Group performs due diligence on prospective acquisitions, it may not discover all potential operational deficiencies in such projects. Although acquired businesses may have significant operating histories at the time the Group acquires them, the Group will have no history of owning and operating these businesses and possibly limited or no experience operating in the country or region where these businesses are located. Unforeseen issues and/or

costs could arise that adversely affect the Group's anticipated returns or that are otherwise not recoverable as an adjustment to the purchase price. For example, following its acquisitions of both the Fiocchi Group in 2022 and the Kinetic Group in 2024, the Group is required under an agreement with the U.S. Committee on Foreign Investment ("**CFIUS**") to undergo an independent third-party audit of the Group's compliance systems for its defence companies for a five-year period. These audits may identify compliance deficiencies or areas for improvement that would require remedial action or additional investment by the Group, resulting in additional costs and expenses. Furthermore, the Kinetic Group Acquisition has required and continues to require substantial time and focus from the Kinetic Group's management and employees, which could have an impact on work quality and retention which could adversely affect the Kinetic Group's ability to manage its business.

Even after careful integration efforts, actual results of operations may vary significantly from initial estimates due to a variety of factors, including general economic conditions affecting the market for the Group's products. Furthermore, if, due to declining market conditions or other factors, the Group determines that the carrying value of the goodwill or other intangible assets associated with an acquired business exceeds the fair value of such assets, the Group may be required to record a significant impairment charge in the period during which such determination was made, which would negatively affect the Group's results of operations. In addition, the Group may be required to incur a subsequent purchase price adjustment under the terms of the acquisition agreement, which could further impact the Group's financial position and results of operations.

Additionally, following an acquisition, the Group may not be able to attract or retain the target's key employees, suppliers or customers. The Group may also face additional risks relating to incompatibility of the Group's existing information technology ("**IT**") and other manufacturing or distributed systems with those of the target and the challenge of creating uniform standards, controls, procedures, policies, and information systems. Risks may also include delays in adopting the Group's financial and managerial controls and reporting systems and procedures, and greater than anticipated costs and expenses related to the integration of the acquired business with the Group's business.

The Group considers investments in what it considers value-enhancing acquisitions where the Group believes that market conditions are right and where such acquisitions are expected to deliver attractive returns in support of its strategy. The Group's objective of completing these new acquisitions in the future depends on the existence of suitable and attractive targets and the Group's ability to identify them, which are in turn dependent on a number of factors, many of which are beyond the Group's control, including, without limitation, the level of competition for acquiring products or companies (which may affect prices for such products or companies), the Group's ability to raise the funds required for such acquisitions at a commercially reasonable cost, the willingness of companies to be acquired or to sell the rights for their products to us, and the Group's reputation as a reliable and trusted partner. For example, the Group may fail to identify transactions that would enable it to execute the Group's business strategy, at a time when competition for target companies and development programs in the Group's industry has intensified, resulting in decreased availability of, or increased prices for, suitable transactions.

The Group's acquisitions, investments and other strategic transactions may require significant external financing, increasing leverage and financial risk.

The Group's business growth has been partially driven by acquisitions, including the Group's acquisition of the Kinetic Group in 2024 and the Group's acquisition of the Fiocchi Group in November 2022 and Subsequent Fiocchi Acquisition in April 2025, among others. The Group is continually looking for new opportunities and, at any one time, will be in various stages of evaluating, negotiating and completing a variety of acquisitions and other transactions. From time to time, attractive opportunities may arise because of unusual conditions in a region, conditions in the industries in which the Group operates or circumstances particular to a seller. In these and other situations, the Group may be required to act quickly or risk losing the opportunity.

As the Group grows, the size of potential acquisitions that the Group generally targets and executes also grows and may be considered material. To execute these potential acquisitions, the Group may need to increase its financial borrowings, which may result in higher interest expense, reduced financial flexibility and increased leverage ratios. In addition to debt financing, the Group may also consider issuing new equity to fund future acquisitions, which could result in dilution to existing shareholders.

The Group's disposals may alter the Group's business profile or prospects.

From time to time, the Group enters into disposal transactions to optimize its portfolio, maximize value for shareholders, or reduce leverage. Such disposals may include any of the Group's subsidiaries (including, but not limited to, the Group's Business Projects segment), all or part of specific business lines, or other assets. For example, the Group is in the process of completing the disposal of JOB AIR Technic a.s. to FL Technics, a member of the Avia Solutions Group. Such disposals could alter the Group's business profile or prospects and may result in reliance on third parties for key aspects of the Group's business. Further, such transactions may consume a portion of the Group's management's focus, and the Group may not be able to complete such disposals as planned or at all, or even when completed, it may not realize the strategic goal of such disposal. In addition, disposals may give rise to post-closing warranty claims or indemnity obligations, which could result in unexpected liabilities or disputes.

The Group's financial performance is closely linked to government military expenditure and the allocation of defence budgets across various countries and regions.

The defence industry has experienced steady growth, mostly as a result of increased geopolitical instability and consequential increases in military-related spending by governments around the world. This increase in defence spending has resulted in a significant revenue concentration for the Group, with CSG Defence Systems revenues accounting for 86.6% of total revenues in 2022, 74.3% in 2023 and reaching 85.9% in 2024, reflecting growth in defence revenues as well as the acquisitions of the Kinetic Group and Fiocchi Group with higher sales to non-defence or civil customers. In particular, the Russian invasion of Ukraine which started in 2022 (the "**Ukraine War**") has driven higher levels of defence spending across Europe, which is the Group's most significant market for its CSG Defence Systems segment. After a long period of neglect, NATO members have recently renewed their commitment to defence spending, resulting in the 2025 Hague Summit, where NATO members pledged to increase annual defence expenditure to 5% of GDP by 2035, including a binding target of 3.5% of GDP for core defence requirements. While this commitment reflects strong political will to strengthen collective defence capabilities, many European governments face high levels of public debt and fiscal constraints, which may limit their ability to meet these targets without breaching domestic or EU fiscal rules. As a result, there is a risk that actual defence spending may fall short of pledged levels, especially in countries where defence budgets compete with other public priorities. Moreover, the success of the NATO-wide initiative is expected to rely disproportionately on Germany, which has committed to substantial increases in defence expenditure. However, Germany itself faces political and economic challenges, including debates over debt-financed military budgets, which may affect its ability to sustain long-term spending growth.

A significant portion of the Group's recent revenue growth has been driven by demand related to the Ukraine War, including direct and indirect sales to Ukraine, as well as to companies engaged in supplying Ukraine's defence needs. As a result, the Group has developed a revenue concentration tied to demand associated with the conflict in Ukraine and NATO's evolving procurement priorities, re-stocking and re-armament. While there may be continued requirements by NATO countries to restock ammunition and defence equipment even in the case of a ceasefire or peace agreement, it cannot be guaranteed that the Group will be able to sell products to Ukraine, or customers active in Ukraine, in the same volume as in prior periods or contribute to the Group's results in an amount similar to its historic revenues, if at all.

Further, the outcome of the war in Ukraine and changes in the U.S. government's approach to European defence could determine the course of defence spending by neighbouring countries within Europe or influence the formation of pan-European military capabilities. If global security threats, including ongoing conflicts such as the Ukraine War, ease and the Group enters a broader period of peace and geopolitical stability, the Group could experience materially reduced demand for the Group's products, resulting in a reduction of Backlog and lower revenues, which would impact the Group's financial targets.

Beyond Europe, increasing fears of Chinese power in the Pacific Ocean are driving additional defence spending across the United States and the Asia-Pacific regions. Further, in the Middle East and North Africa, countries are modernizing their militaries and have increasingly sophisticated defence needs. As a result of these favourable industry dynamics, the Group has seen a sharp increase in demand for its products and revenue in recent years. While the Group anticipates that governments' defence budgets will continue to increase in response to expanding global security threats, there is no assurance that this will materialize or that the favourable demand cycle will continue. A downturn in defence procurement, whether driven by political, economic, or military developments, could have a material adverse effect on the Group's sales, results of operations, and financial performance.

Political developments in the U.S. and the impact of the current presidential administration could directly impact the defence industry and the Group's business.

Changes put into effect by the new U.S. administration after the presidential election in 2024 introduced significant shifts in trade policy, energy markets and geopolitical stability, all of which could directly impact the European defence industry.

- *Trade policy and tariffs:* The Trump administration announced the implementation of more protectionist trade policies, including higher tariffs on imported goods, possibly reducing container shipping demand, shifting supply chains and disrupting traditional trade flows, as well as rising component costs. See "*—International trade barriers and disputes, including U.S. trade tariffs and retaliatory tariffs, could adversely impact the Group's business.*"

- *Raw materials independence policies:* The Trump administration likely may limit export of critical U.S. raw materials to maintain domestic stockpiles. This could reduce the Group's ability to maintain global supplies of the Group's key inputs and vertical integration strategy.

- *Geopolitical strategy and global stability*: foreign policy shifts, particularly regarding NATO commitments, relations with China and Middle Eastern conflicts could lead to increased U.S. isolationism and a more aggressive trade stance which could lead to further global instability.

As a result of these policies, the Group could face higher costs, supply chain disruptions, reduced access to key markets and lower demand for its products, all of which could negatively affect the Group's revenue, profitability, and long-term growth. Furthermore, any resulting economic slowdown could negatively impact the Group's business to the extent it affects discretionary government spending, procurement cycles, or customer liquidity in non-contracted segments. Such shifts in U.S. trade policies under the current administration will likely impact international trade patterns, commodity pricing and fuel costs, which in turn may influence the cost of production and the Group's ability to rely on globalized supply chains. In particular, approximately 79% of the Group’s revenue in its Ammo+ business for the nine months ended September 30, 2025, was derived from the sale of small calibre ammunition to customers in the U.S. and sales in the U.S. represent 20% of the Group's total revenue for the nine months ended September 30, 2025. While this business has a large domestic U.S. manufacturing and sourcing footprint across 6 manufacturing facilities, the use of imported raw materials and components may be subject to tariffs and supply chain disruption.

The ongoing volatility in global economic conditions and financial markets, in particular as to the economic upheaval due to changes in trade and other government economic policies, could increase the cost of doing business in countries where the Group operates.

The Group's business, financial condition and results of operations are materially affected by general economic conditions and financial markets, which are also influenced by changes in fiscal and monetary policy, laws and regulations. Particular concerns and uncertainties include increased volatility in energy and commodity prices, exacerbated by Russia's invasion of Ukraine, rising inflation in the countries the Group operates in, increased monetary tightening and interest rates in various economies, and stagnating or decreasing consumer demand and related impact on the stock markets and consumer markets.

Persistent inflationary pressures in the United States and Europe continue to impact economic conditions, affecting costs and interest rates. In the United States, inflation has remained elevated, with the Federal Reserve maintaining high interest rates to curb price increases. Similarly, in Europe, inflation has proven more resilient than expected, with the European Central Bank facing challenges in achieving its target rate. Rising costs for raw materials, labour, and transportation may adversely affect the Group's operating expenses and profitability. Furthermore, prolonged inflationary trends could lead to tighter monetary policies, increased borrowing costs, and reduced consumer and business spending, which may negatively impact the Group's financial performance and growth prospects.

The Group cannot predict the future trajectory of inflation and its potential impact on ongoing economic conditions or the Group's operations, although the direct impact of inflation of the Group's defence business is expected to be limited, as many of its defence contracts include pass-through pricing mechanics. While inflation has declined from its peak in the United States and in Europe, it remains above central bank targets and United States Federal Reserve and European Central Bank policies remain cautious. Any future inflationary increase could undermine economic growth, contribute to regional or global economic

recessions, cause declines in consumer spending and confidence, and increase borrowing costs, among other effects, each of which could materially adversely impact the Group's business and financial results.

An inflationary environment and related intensified general price increases (particularly due to rising tariffs, energy costs and scarcity of raw material supply), combined with an increase in interest rates, leads to a significant reduction of budgets available for the Group's products and services, particularly with the Group's sales of small calibre ammunition to the civil market in the CSG Ammo+ segment. Furthermore, increasing inflation may put upward pressure on operating costs, and the Group's ability to raise prices to counteract increased operating costs (such as labour costs) may be limited, which may reduce its operating profit to the extent the Group is not able to pass on related price increases to its customers, either contractually or based on its customers' ability to bear higher costs. In addition, the Group's initiatives to offset headwinds from inflation in its operating costs may not be sufficient to mitigate these risks. A failure to accurately anticipate higher inflation and factor it into the Group's product pricing assumptions may also result in mispricing of its products, which could materially and adversely impact the Group's operating results.

Furthermore, while the unemployment rate across Europe remains low, a combination of low economic growth and surging inflation may lead to stagflation, a situation with high unemployment and stagnant demand, which could impact the Group's business negatively. Other concerns include geopolitical instability, including material changes in regional economic or political unions or associations between countries, including, for example, Russia's invasion of Ukraine and related sanctions imposed against Russia by other countries, and tensions regarding the status of Taiwan. The development of Russia's invasion of Ukraine, trade, and security tensions, including but not limited to between the United States and China, give rise to concerns about economic instability in those and other regions and could affect European and global economic conditions.

The Group's economic results are determined by the inflation level in countries in which the Group operates. Major changes in the inflation level, or changes which significantly differ from anticipated values, could have material adverse impacts on the Group's business, financial condition, results of operations and prospects. As a result of the above, or as a result of increasing competitive pressure or other factors beyond the Group's control, the Group's ability to maintain margins and forecast demand may be significantly affected, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

International trade barriers and disputes, including U.S. trade tariffs and retaliatory tariffs, could adversely impact the Group's business.

Introduction of regional or international trade barriers, disputes and tensions, including threatened or implemented tariffs by the United States, threatened or implemented retaliatory tariffs by European countries, changes in global trade policies, anti-dumping customs duties or changes in taxation may adversely impact the Group's business operations and results. Trade barriers and other governmental action related to tariffs or international trade could also increase the cost of raw materials used in certain of the Group's products, which could in turn increase the Group's costs of raw materials. Changes in legislation and government policy on the imposition of tariffs on certain materials could increase the Group's product costs. For example, tariffs on key imports could increase annual procurement costs by several million euros, depending on the volume and type of materials affected. Supply chain disruptions or the need to modify the Group's operations could result in production delays, lost sales, and additional expenses. Reduced access to certain markets or customers due to trade barriers may also negatively impact revenue and profitability.

The recently announced U.S. tariffs, which applied a baseline ad valorem rate of 10% on imports from most countries, with certain country-specific rates ranging from 25% to 50%, if maintained, and the potential escalation of trade disputes could adversely affect the Group's business and prospects. The extent and duration of the tariffs and their impact on general economic conditions and on the Group's business are uncertain and depend on various factors, such as the outcome of any negotiations between the United States government and governments of affected countries, the responses of other countries to actions taken by the United States and any exemptions or exclusions that may be granted. Further, actions taken to adapt to new tariffs or trade restrictions may require the Group to modify its operations, which could be time-consuming and expensive.

A large portion of the Group's revenues depend on obtaining and maintaining export licenses.

The export market is a key feature of the Group's operations and supply chains and the export of many of the Group's products and technologies from the various countries where the Group's production facilities are located is subject to export control regulations. Approximately 65% to 75% of the Group's revenues depends on obtaining such export licenses, and although the Group has historically been successful in securing the necessary licenses for its products and technologies, there is no assurance that this will continue to be the case. Further, the Group's products manufactured in the Czech Republic are currently subject to Czech, EU and U.S. export restrictions. These regulations are constantly changing and vary by jurisdiction. There can be no assurance that the export controls to which the Group is subject will not become more restrictive, that the delivery and export of new products offered by the Group will not also be subject to similar or more stringent controls, including sanctions that could affect a wider portfolio of business, or that geopolitical factors or changing international circumstances, will not prohibit business or make it difficult to obtain or maintain export licenses for one or more customers, either in a timely fashion or at all, or constrain the Group's ability to perform under previously signed contracts in the manner and to the timescales envisaged. In particular, CSG Defence Systems develops and offers products that are considered important to the national security of some of the Group's key customers. The fact that such products are considered important to national security may mean that those products are particularly likely to be affected by any geopolitical tensions that result in changes to export control regulations.

Moreover, the Group's activity in the defence industry is highly regulated and certain of the Group's subsidiaries must obtain an authorization to carry out foreign trade with military equipment for it to be able to operate internationally. The issuance of an export license lies within the discretion of the issuing government authority, and such authorities may at any time decide not to grant such a license, or revoke a license already granted. The Group's subsidiaries engaged in trading with military equipment are predominantly governed by Act No. 38/1994 Coll., on Foreign Trade with Military Equipment, as amended (the "**Czech Foreign Trade Act**"). In line with the Czech Foreign Trade Act, the Group has an authorization for foreign trade with military equipment, which is a general authorization that requires certain specific transactions, namely imports or exports of military equipment, to obtain a further approval (and license) by the Licensing Administration under the Ministry of Industry and Trade of the Czech Republic (hereinafter referred to as the "**Ministry of Industry and Trade**"). This administration body grants specific licenses based on binding opinions of the respective bodies including: (i) the Ministry of Foreign Affairs with regard to transactions implicating the foreign and political interests of the Czech Republic, compliance with obligations arising for the Czech Republic from international treaties as well as from the membership of the Czech Republic in international organizations; (ii) the Ministry of the Interior with regard to transactions implicating public order, safety and citizen protection; and (iii) the Ministry of Defence with regard to transactions implicating the defence of the Czech Republic. Such controls of exports are designed to prevent exports to risky countries where such export may be misused, such as to suppress human rights or for resale to unofficial armed forces. Furthermore, the Group is also subject to common rules of the EU governing control of exports of military equipment (Council Common Position 2008/944/CFSP), which govern the approval of specific foreign transactions including military equipment. Such a review examines the security situation in the specific region and the policies of international organizations in which the Czech Republic participates. All of the factors outlined above similarly apply to the Group's Slovak and Spanish subsidiaries as well as its subsidiaries domiciled in other jurisdictions. Additionally, in some markets, the approval proceedings by state bodies also take place with regard to imports from the Czech Republic or Slovakia. These export control regulations in the Czech Republic, Slovakia and other relevant markets have a material impact on which customers and into which markets the Group can export and sell its products, which can affect the Group's sales and financial performance. Any issues in relation to these regulations may prevent the Group from accessing certain markets or customers, forcing reliance on less favourable markets or customers. If the Group is unable to obtain or maintain necessary export licenses, it could face delays or cancellations of deliveries, loss of revenue, and disruption of customer relationships. Any inability to secure these licenses in a timely manner, or at all, could materially and adversely affect the Group’s financial performance, growth prospects, and ability to fulfil contractual obligations. Additionally, increased regulatory scrutiny or changes in export control regimes may require the Group to invest further in compliance systems and processes, potentially increasing operating costs and administrative burdens.

Products manufactured in the United States under the Group's Fiocchi brand or any of the products manufactured by the Kinetic Group which are sold to foreign military, law enforcement and commercial customers are currently subject to United States export restrictions and have a material impact on which customers and into which markets the Group can export and sell its products made in the United States, which can affect the Group's sales and financial performance. Any issues in relation to these regulations

may prevent the Group from accession certain markets or customers, forcing reliance on less favourable markets or customers. If the Group is unable to obtain or maintain necessary export licenses, the Group could face delays or cancellations of deliveries, loss of revenue, and disruption of customer relationships. Any inability to secure these licenses in a timely manner, or at all, could materially and adversely affect the Group's financial performance, growth prospects, and ability to fulfil contractual obligations. Additionally, increased regulatory scrutiny or changes in export control regimes may require the Group to invest further in compliance systems and processes, potentially increasing operating costs and administrative burdens. In the United States, obtaining export licenses is also generally required to export the Group's products and technology. In the United States, substantially all of the Group's export licenses for military applications are processed and issued by the Directorate of Defence Trade Controls ("**DDTC**") within the U.S. Department of State, in accordance with the Executive Order 13637 and the International Traffic in Arms Regulations (No 22 CFR 120-130) which implement the Arms Export Control Act (No. 22 U.S.C. 2778). In the case of large transactions, DDTC is required to notify the U.S. Congress before it issues an export license. Compliance with these regulations involves operational and legal obligations, including recordkeeping, vetting of counterparties and adherence to end-use and end-user restrictions. The Group is subject to periodic audits and inspections by U.S. authorities, in respect of its compliance with these regulations, and these audits may prove invasive, especially when and unannounced. Non-compliance or perceived violations could result in penalties, loss of contracts, reputational damage or the suspension or revocation of export privileges. Additionally, the regulatory framework to which the Group's business model is subject monitors both the Group and its counterparties and transaction structures and entails ongoing compliance costs. If the Group is unable to obtain or maintain required U.S. export licenses, or if it fails to comply with applicable regulations, it could face delays or cancellations of shipments of products from its U.S. operations, contributing to loss of revenue and disruption of customer relationships. Non-compliance or perceived violations may result in significant penalties, reputational harm or suspension of export privileges, which could materially and adversely affect the Group's financial performance and ability to operate in key markets. Additionally, ongoing compliance obligations and audits may increase operational costs and administrative burdens.

Any delays, denials or revocations of export licenses could have in the future a material adverse effect on the Group's revenue, financial condition and results of operations.

Changes in government policies and the regulatory environment in the United States, particularly firearms and ammunition legislation, could adversely affect the Group's business and financial results.

The sale, purchase, ownership and use of firearms and ammunition to civilians are subject to numerous and varied federal, state and local governmental regulations. Sales of the Group's ammunition products from its Ammo+ segment can be correlated with sales of firearms, and legislation restricting the sale or use of firearms could negatively affect sales of the Group's ammunition products. For example, within the United States, federal laws governing firearms and ammunition include the National Firearms Act, the Federal Firearms Act, the Arms Export Control Act and the Gun Control Act of 1968. These laws generally govern the manufacture, import, export, sale and possession of firearms and ammunition. The Group holds all necessary licenses to legally sell ammunition in the U.S. The Group, however, faces tightening regulatory requirements (including in respect of firearms ownership and environmental concerns like climate change), growing public interest in concerns and pressure from environmental organizations and from customer requirements, particularly in relation to the use of lead and other toxic substances in the production of, or in hunting and other ammunitions. See "*—The Group is subject to increasingly stringent environmental regulations, which could result in increased costs and fines, as well as the potential for reputational damage*."

In addition, in recent years, federal and state courts and legislatures have increased their attention on the regulation of firearms and ammunition. The laws passed and bills proposed to date are extremely varied and include, without limitation, laws and court decisions increasing the age of ownership, imposing additional licensing or registration requirements for the purchase or ownership of firearms or ammunition, curtailing or creating liability for certain types of advertising, and allowing civil causes of action against marketers and sellers of firearms and ammunition arising out of the criminal misuse of their products. These laws and decisions could impose liability on manufacturers of firearms or ammunition or effectively ban or severely limit the sale of certain categories of firearms, which would negatively impact sales of the Group's related ammunition products. Any adverse change to the interpretations of the Second Amendment to the U.S. constitution (which includes the right to bear arms) could impact the Group's ability to conduct business by restricting the ownership and use of firearms and ammunition in the United States. The

regulation of firearms and ammunitions could become more restrictive in the future and any such restrictions could have a material adverse effect on the Group's business and results of operations.

In addition, political factors, including concerns about elections and policy shifts resulting from those elections can adversely affect demand for its products. Further, heightened fears of terrorism and crime can lead to increased public pressure for tighter controls and legislative proposals restricting access to firearms and ammunition, particularly in certain civilian markets. These developments may adversely affect consumer demand for the Group's products, limit market access and increase compliance burdens, which could negatively impact the Group's business, financial condition and results of operations.

If the Group is unable to comply with existing or new regulation or meet emerging customer requirements, or if new regulation restricts the operations of the Group's ammunition business in the United States, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's business operations are subject to extensive anti-bribery, anti-corruption, and international sanctions laws and regulations.

The Group’s activities often involve dealings with government entities, state-owned enterprises, and third-party agents in high-risk jurisdictions, increasing its exposure to potential violations of anti-corruption and sanctions regimes such as the U.S. Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and EU and UN sanctions lists.

Failure to comply with applicable anti-bribery, anti-corruption, or sanctions laws could result in significant civil or criminal penalties, monetary fines, debarment from government contracts, the inability to complete transactions, and reputational harm. Investigations or enforcement actions could also lead to substantial costs, diversion of management time, and restrictions on the Group’s ability to operate in certain markets or with certain counterparties. Even the perception of non-compliance or association with sanctioned parties can adversely affect the Group’s relationships with customers, suppliers, financial institutions, and investors.

Although the Group complies with all applicable anti-bribery, anti-corruption and sanction laws, given the nature of the Group’s business, the complexity of its international operations, and the evolving global regulatory environment, there can be no assurance that the Group’s policies, procedures, and compliance programs will be sufficient to prevent, detect, or mitigate all potential violations. Any actual or alleged breach of anti-bribery, anti-corruption, or sanctions laws could have a material adverse effect on the Group’s business, financial condition, results of operations, and prospects.

The Group's future success depends, in part, on its ability to innovate, develop new products and technologies to meet the needs of the Group's customers and keep pace with technological advances in the industry it operates.

The Group's technology product portfolio and long-term operating results depend substantially on continuing investment in the Group's R&D, its ability to bring technology to defence applications and its success in regularly developing, introducing and marketing new and innovative products and services as well as the Group's ability to keep pace with technological advances in these industries. Over the last three years, the Group has invested more than €250 million in R&D to support and develop its technology portfolio. Many of the Group's markets are characterized by high R&D costs, requiring significant investments with a high level of complexity and variable chances of success.

The Group's ability to compete for contracts depends on the depth of the Group's intellectual property rights and technical know-how, together with the effectiveness and innovation of its R&D programs, the ability to offer better program performance than the Group's competitors at a lower cost to its customers, and the readiness of the Group's facilities, equipment and personnel to successfully and efficiently execute the programs for which it competes. The Group cannot be certain that its competitors will not develop competing technologies which gain market acceptance to a greater degree than the Group's products. The Group's competitors may develop new technologies or offerings that cause the Group's existing technologies and offerings to become obsolete, or which effectively reduce the price the Group is able to charge its customers for its products and services. If the Group fails in its new product development efforts, or if the Group's products or services fail to achieve market acceptance as rapidly as the Group's competitors, the Group's ability to procure new contracts could be negatively impacted, while obsolescence

of the Group's products as a result of the emergence of new technologies could result in substitution or reduction in the use of such products. Disruptive technologies or new entrants with alternative business models could reduce the Group's ability to regularly obtain future business, achieve positive operating results and realize future growth opportunities. In addition, unsuccessful R&D initiatives may result in significant write-downs of capitalized development costs or inventory. These circumstances could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Within the defence industry, the development and innovation of new weapons technology takes years and is subject to frequent obstacles that delay the timing and increase the costs of the program. Due to the complexity of the process, extensive R&D expenditure does not always return a commercially successful product. If the Group is unable to respond to the changing requirements of the Group's customers and maintain the required pace of innovation and technological development or if the Group is unable to produce equipment that performs consistently and reliability, the Group may lose out on business to competitors within the defence industry, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Furthermore, technological and technical progress is moving forward very quickly in all areas of the defence and aviation industries. For instance, as air transport and its safety are about processing data, the volume of which is constantly increasing, it is necessary to develop products to handle the amount of data that will be required by the Group's aviation customers. Given this is related to modern data processing technologies, corporate suppliers focused on artificial intelligence and related fields are way ahead and if the Group is not able to keep pace, the Group could be disadvantaged in aviation tenders.

The Group faces risks related to the inability to dispose of, or maintain control over, certain foreign subsidiaries.

In Russia, local foreign exit laws and regulatory restrictions have prevented or delayed the Group's ability to dispose of 2 subsidiaries located in Russia, with shareholdings of 100% in one and 10% in another. As a result, these subsidiaries are currently dormant, and control over their operations has been assumed by local partners. The Group no longer has access to, or control over, the assets, personnel, or decision-making processes of these entities. Although the Group believes the risk is minimal, this exposes the Group to potential risks related to unauthorized or malicious actions by the local partners, potential reputational harm, unforeseen liabilities, and possible defaults under local obligations.

The Group may fail to effectively compete in the highly competitive industries in which the Group operates.

The Group operates mainly in the defence and ammunition industries, which are each subject to intense competition. The Group may be unable to respond to changing market conditions, competitors' behaviour and client requirements.

The Group competes internationally against the products and services of other defence and ammunition companies. The Group is the second largest producer of medium and large calibre ammunition in Europe and the largest producer of small-calibre ammunition globally based on sales with 35% and 13% market share, respectively, according to estimates by Renaissance Strategic Advisors. The presence of large, financially strong competitors in many of the Group's markets and specifically in the small calibre ammunition market, means that the Group may become susceptible to significant price pressure, even in markets that are mature or that have few competitors. In addition, certain competitors have formed joint ventures and other alliances (e.g., in the land systems sub-segment of the Group's defence segment, one of the Group's main competitors, KNDS, resulted from the merger of German Krauss-Maffei Wegman and French Nexter Defense Systems) in order to address specific customer requirements. The Group's main competitors may also benefit from access to significant government funding programs or government joint ventures, as well as the ability to invest heavily in technology and industrial capability. In some of the Group's core industries, particularly defence, high levels of competition between established businesses for high-value and/or long-term government contracts may result in the Group expending significant resources to compete for one or more of such contracts without ultimately being successful. If the Group cannot compete adequately in the markets in which the Group operates, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, consolidations among competitors, suppliers and/or customers as well as horizontal integration across value chains could increase competitive pressure on the Group's business, including by increasing

the cost and difficulty of sourcing materials and services, reducing the Group's market share in certain markets and/or reducing the Group's profits. Interventions by competition authorities may also change the competitive dynamics of one or more of the Group's markets, including by restricting the Group's activities and/or adopting measures designed to promote increased competition, such as by facilitating participation by new market entrants. Any of these actions, whether taken by competitors, suppliers, customers and/or regulators, could have a negative impact on the Group's competitive position in one or more markets and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to litigation and other disputes, the outcome of which may affect the Group's business, financial condition, results of operations and prospects.

The Group is subject from time to time to litigation and/or arbitration arising from the Group's operations and may be involved in disputes with other parties in the future, which may result in litigation and/or arbitration or other disputes. Due to the nature of the Group's business, which involves a significant amount of government contracting in certain of the Group's segments, this litigation and/or arbitration may arise with governments and/or state-owned entities, as well as private third parties with whom the Group deals. The Group is also from time to time subject to litigation claims relating to its delivery under contracts (for example, relating to meeting delivery times under contracts or meeting contract specifications).

The Group cannot predict the outcome of any litigation or arbitration. These current or potential future proceedings, whether individually or in the aggregate, could involve substantial claims for damages or other payments and, even if successfully disposed of without direct adverse financial effect, could have a material adverse effect on the Group's reputation and divert the Group's financial and management resources from more beneficial uses. If the Group was to be found liable under any such claims, the Group's business, financial condition, results of operations and future prospects could be adversely affected.

Disruption to the Group's external supply chains could have a material adverse effect on the Group's operations.

If the Group's external supply chains are not sufficiently resilient to unforeseen events, such events could affect the Group's operations, which could result in significant financial and reputational damage. Major supply chain disruption could result in delayed delivery of the Group's products, which could, in turn, result in increased costs for the Group's business in mitigating the effects of delays and/or compensating customers, as well as damage to the Group's reputation that may reduce demand for the Group's products in the future.

The Group's products and services are delivered through the operation of complex supply chains which rely upon multiple other companies including subcontractors, suppliers and joint ventures to produce and provide raw materials and components and to perform certain of the services that it provides to the Group's customers. For instance, the Group currently depends on its supply chains for critical raw materials such as gunpowder and propellant charges, both of which are currently in short supply globally. Disruption to these external supply chains as a result of problems with key supplier facilities, natural disasters, pandemics, regional conflicts, financial difficulty or insolvency of a critical subcontractor, supplier or joint venture partner, scarcity of materials, export controls, tariff policy or other production issues or delays could result in significantly higher input costs, for which the Group may be unable to recover from its customers, and also reduce the Group's ability to meet the Group's product and service commitments to the Group's customers, which could have a material adverse effect on the Group's operations and financial position. Although the Group maintains a policy of securing a minimum of two suppliers for each component wherever possible, however, for certain critical components where dual sourcing is not feasible, the Group has secured its own production capabilities, ensuring full control over supply. Additionally, the Group believes that it maintains appropriate stock levels for critical components to mitigate potential disruptions. Collectively, these measures provide resilience against global supply constraints and ensure continuity of operations. To maintain the viability of the Group's supply chains, the Group is, in certain cases, required to provide financial or other forms of assistance to subcontractors, suppliers and/or joint venture partners and there is a risk that it may be necessary for the Group to significantly expand the scale of such support in the future and/or that the Group may be required to seek alternative subcontractors, suppliers or joint venture partners, to ensure continued supply or other dealings. This could increase the cash amounts that are required to be committed to the Group's supply chains and increase the working capital requirements of the Group's business operations.

The Group also has eight joint ventures which are part of its business operations, although none of these joint ventures are considered material to the Group's business. For example, in 2025, the Group formed a joint venture with Greece's state-owned Hellenic Defence Systems for the production of ammunition and a joint venture in India for capacity expansion in the production of ammunition and vertical integration. The Group is able to exercise less operational control and oversight over the Group's joint ventures than it exercises in respect of CSG companies performing similar functions, resulting in an increased risk of disruption to the Group's business to the extent that the Group relies on joint ventures in order to provide products or services to customers, including as part of the Group's supply chains. This increased risk of disruption to the Group's business operations and/or supply chains could be both substantial and sustained where the role of a joint venture business in the Group's supply chains is such that it cannot be quickly or easily replaced. There is also a broader risk of deterioration in the Group's relationships with the Group's joint venture partners, which could ultimately require it to significantly adjust aspects of the Group's business operations and/or supply chains, including by exiting certain joint ventures and/or ceasing operations in certain jurisdictions.

In addition, the specialist nature of the products supplied by certain of the Group's suppliers, as well as the quantities of raw materials and components required by the Group in some cases, results in a heightened risk that the Group may not be able to substitute suppliers quickly, easily or at all if one or more of the Group's current suppliers become unable or unwilling to supply us. This could result in increased costs and/or delays in finding alternative suppliers capable of meeting the Group's requirements. In some circumstances, components used in the Group's products are sourced from single-source suppliers. For example, there are very limited supplier alternatives for critical inputs such as TNT, nitrocellulose and other energetics, where global production capacity is constrained and prices are subject to volatility and scarcity risk. In relation to TNT, although the Group believes its joint venture with Greece's state-owned Hellenic Defence Systems strengthens its supply security, residual risks remain for approximately 30% of the Group's requirements in respect of meeting future production needs for which the Group relies on a single supplier, NitroChem, which is wholly owned by the Polish Government. Such suppliers may be affected by a range of circumstances that prevent them from being able to continue to supply to the Group including, but not limited to, financial difficulties, insolvency, acquisition by a competitor or loss of required regulatory approvals. If these suppliers become temporarily or permanently unable to supply us, the Group's production of certain products could be materially impacted as the Group may be unable to source such components and may have to redesign any products requiring such components or may have to invest significant time and resources in establishing in-house production of components to satisfy the Group's requirements. Further, given the nature of the industries in which the Group serves, the Group faces heightened security risks in the transport and storage of the Group's raw materials and finished products. If the Group is unable to ensure safe and effective transport and secure the Group's inventories, the Group may suffer damage to the Group's physical locations, the Group's employees or the Group's reputation.

Inventory related risks could have a material adverse effect on the Group's operations.

The Group relies on efficient inventory management. Certain products and components necessary to the Group's business activities tend to be readily available and, as a result, the Group typically maintains a limited inventory of such items. Any misalignment between inventory levels and production demand could result in excess inventory, leading to increased storage costs and potential obsolescence, or insufficient inventory, which may impact the Group's ability to fulfil customer orders in a timely manner. If there is widespread disruption to the Group's external supply chains and/or to global supply chains as a whole, there is a risk that low inventory levels of such items may result in disruption to the Group's ability to carry out the Group's business if the Group is unable to acquire such products and components within expected timeframes. By contrast, certain other products and components necessary to the Group's business activities, such as TNT and primers, are typically difficult to source and, as a result, the Group usually maintains a larger inventory of such products and components. Maintaining larger inventory levels, particularly for hard-to-source components, also requires significant working capital investment, which may constrain liquidity, particularly if demand forecasts do not materialize as expected. Following the Ukraine War, certain of the key raw materials used by the Group, such as TNT, have come under increasing supply pressure and in response, the Group has increased its inventories of critical supplies. If such inventories prove to be insufficient, the Group may be forced to purchase such supplies on the open market, if they are available at all, and at prices that may adversely affect its profitability. Conversely, if there is a sudden or unexpected decline in the Group's Backlog and the Group no longer requires the same number of such products and components to carry outs its business activities, then there is a risk that the Group may be unable to make economic use of its inventory, which may lose value when such inventory becomes unusable and/or unsellable and, therefore, may have an adverse effect on the Group's balance sheet.

The Group may experience adverse effects if production facility utilization is not maintained at optimal levels or if it fails to meet growing demand for its defence products.

The Group's ability to maintain high utilization rates across its production facilities is critical to operational efficiency and profitability. Any prolonged underutilization, whether due to supply chain disruptions, regulatory delays, such as delays in obtaining or renewing export license, permits or certifications, or shifts in defence procurement cycles, could result in increased per-unit costs and reduced margins. For example, underutilization of facilities dedicated to medium- and large-calibre ammunition could result in inefficiencies and increased unit costs, particularly given the specialized equipment and regulatory oversight required for high-volume defence-grade production, requiring significant expense regardless of output volume. Furthermore, production facilities for military-use vehicles require sustained throughput to remain cost-effective, and any disruption in demand or delays in procurement contracts with the Group's customers, or by key suppliers, may lead to idle capacity and reduced operational margins. Facilities producing small-calibre ammunition are highly sensitive to volume fluctuations, and failure to maintain consistent utilization may impact economies of scale and the Group's ability to meet rapid-response defence supply requirements. Conversely, failure to scale production in response to growing demand for military systems and equipment may lead to missed contract opportunities, reputational damage, and adverse impacts on revenue growth.

The Group relies on efficient logistics and transportation networks and any disruptions could have a material adverse effect on the Group's operations.

Logistics and other transportation-related costs have a significant impact on the Group's operations. Multiple forms of transportation are used to bring the Group's products to the market, including transportation by sea, air and through trucks. Disruption to the timely supply of transportation services or increases in the cost of these services for any reason, including due to the availability or cost of fuel, regulations, service failures by the Group's third-party logistics service providers, availability of various modes of transportation, spillover effects on maritime transport from different conflicts or natural disasters, could have an adverse effect on the Group's ability to serve the Group's customers, and could have a material adverse effect on the Group's financial performance. Moreover, in certain jurisdictions, the Group is exposed to import duties and freight costs. An increase in the selling prices for the Group's products resulting from an attempt to pass through increased energy or transportation costs could have an adverse impact on the volumes the Group sells and decrease its revenue.

Additionally, the Group relies to some extent on air carriers and ocean shipping services for most of the Group's international shipping needs, including shipment of the Group's products and receipt of raw materials and many of the components the Group uses to manufacture the Group's products. If there is any significant interruption in service by such providers or at airports or shipping ports or shipping routes in the future disruptions, including as a result of natural disasters and public health crisis or other significant catastrophic events such as armed conflicts affecting international shipping routes like the attacks on commercial shipping on the Red Sea by Houthi rebels between October 2023 to March 2024, the Group may face significant disruption to the Group's supply chain and operations, and may be unable to engage alternative suppliers or to receive or ship goods through alternative means in order to deliver the Group's products or receive raw materials or components for the Group's manufacturing activities in a timely and cost-efficient manner. As a result, the Group could experience manufacturing delays, increased manufacturing and shipping costs and lost sales due to missed delivery deadlines and product demand cycles. Furthermore, if the cost of delivery or shipping services increases significantly, and the Group cannot recover such costs through product pricing (i.e., passing such costs on to the Group's customers), the Group's results of operations and/or financial performance could be materially adversely affected.

The Group may face significant risks if its vertical integration strategy does not achieve intended supply chain security, operational efficiencies or cost benefits.

While the Group's strategy to vertically integrate production of critical components for ammunition and military vehicles in its M&L ammunition and Land Systems business is designed to secure supply chains, protect profit margins, and enhance control over manufacturing processes, it exposes the Group to risks such as potential delays or cost overruns in developing in-house capabilities for critical components such as propellants, fuses, primers, projectiles, explosives, and casings, as well as challenges in scaling production to meet demand across medium- and large-calibre ammunition and small-calibre ammunition segments. The inability to achieve supply chain security may also expose the Group to supply constraints in components such as propellants and explosives which may exert upward pressure on price floors for

medium- and large- calibre ammunition. Any failure to achieve targeted levels of vertical integration, or disruptions in sourcing raw materials (such as lead, copper, brass, nickel, nitrocellulose and TNT), could result in supply bottlenecks, increased dependency on external suppliers, and reduced flexibility to respond to market changes. Furthermore, maintaining intellectual property rights and managing complex manufacturing processes as part of vertical integration may increase operational and regulatory risks for the Group.

The Group's results are affected by fluctuations in electricity and commodity prices.

The Group is also exposed to fluctuations in the price of electricity and commodities, including metals, gas and propellant, which are key elements in the production and cost of the Group's products. Some of these raw materials may be rare and/or exhibit significant price volatility and it may not be possible to hedge the prices of those raw materials through long-term price agreements, financial derivatives, strategic inventory or other means. Alternatively, hedges may only be available over short periods. Significant external events could also materially impact forecast currency and commodity exposures, potentially resulting in over-hedged positions and derivative liabilities.

Sustained increases in the price of oil could cause the operation of the Group's products to become more expensive for the Group's customers, particularly in relation to the Group's land systems products, all of which are powered by internal combustion engines and rely on oil-based fuels. Such customers could increasingly favour alternative power sources in order to reduce their reliance on oil-based fuels and, in so doing, attempt to cut their overall operating costs and/or reduce their exposure to the price of oil. These changes in customer behaviours could result in a reduction in the demand for certain of the Group's products that use oil-based fuels, particularly in the event of sustained increases in the price of oil.

The Group's inability to offset material price inflation through increased prices to customers or commodity hedges, the impact of external events on forecast currency and commodity exposures and/or oil price rises reducing demand for the Group's products could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. The Group does not currently engage in commodity price hedging and therefore remains exposed to fluctuations in the prices of key inputs, including raw materials and energy.

Quality and safety issues in one or more of the Group's products or services could have a material long-term adverse financial and reputational impact.

Quality control or unsafe design issues could cause the Group's products or services to fail to meet the safety expectations of the Group's customers and/or regulatory requirements. If the Group's products and services have, or are perceived to have, safety issues, this could result in significant remediation, replacement and/or compensation costs, including recalls and/or additional testing requirements and revisions to the Group's procedures. In addition, although the Group has not been the subject of any product failure claims or litigation that have had a material impact on its business, some of the Group's products are used in applications or situations that involve risk of personal injury and death. As such, the Group's products, particularly small calibre ammunition products sold in the U.S., expose the Group to product liability, warranty liability and personal injury claims and litigations relating to the use or misuse of the Group's products including allegations of manufacturing defects, defects in design, deceptive advertising, a failure to warn of dangers inherent in the product or activities associated with the product, negligence, strict liability or other non-compliance with regulatory requirements as well as failure to meet customers' quality expectations and failure to provide care and support in the required form in response to any problems. Further, use or misuse of the Group's products for any reason can also result in reputational damage. If successful, such claims could have a material adverse effect on the Group's business, including in the form of financial penalties and/or reputational damage. In addition, if a large number of units of a particular product have already been supplied to customers and are in operation, the emergence of any safety concerns affecting that product, both for products the Group manufacture and service, could result in significant recall and/or other related costs for the Group and have a material adverse effect on its results of operations.

For instance, a major product failure could result in the loss of life, product warranty payments and significant financial and reputational damage. The potential consequences of any such failure are likely to be significant and wide-ranging. The immediate financial consequences would likely include compensation payments and/or penalty payments to those affected and costs associated with investigating a major product failure in order to identify its root cause. The Group's reputational damage, particularly where a major

product failure in service results in loss of life, could substantially reduce future demand for the Group's products and/or require significant spending in order to restore the Group's reputation. Damage to the Group's reputation may also result in reduced use of the Group's products already in service, which may be driven by customer perceptions concerning safety, as well as by identified safety issues. In addition, such safety concerns could result in order cancellations or postponements, which could have a material adverse effect on the Group's Backlog. Extensive regulatory consequences may also result from any failure of the Group's products. These consequences could include financial penalties, the suspension or revocation of the regulatory authorizations that the Group requires to operate elements of the Group's business and/or the withdrawal of certain of the Group's products from some or all of the markets in which they are offered.

Either as a result of smaller safety issues with the Group's products that affected multiple customers, or due to a single major failure in service, product failures could potentially materially reduce the demand for the Group's products and/or restrict the Group's ability to offer those products for a sustained or indefinite period. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is exposed to risks from product liability.

The Group is exposed to risks from product liability, in particular from lawsuits by customers alleging defective product design, defective manufacture and/or failure to provide adequate warnings and seeking punitive as well as compensatory damages. See "*—Quality and safety issues in one or more of the Group's products or services could have a material long-term adverse financial and reputational impact*."

In particular, the Group is monitoring developments in a U.S. case related to an unrelated firearms manufacturer, which could pose significance for ammunition manufacturers like the Group. In November 2019, the U.S. Supreme Court declined to review a case related to the Protection of Lawful Commerce in Arms Act (the "**PLCAA**") enacted by the U.S. Congress in October 2005, which protects firearms manufacturers and dealers from liability when their legally manufactured and lawfully sold products are later used in criminal acts, subject to certain exceptions. The U.S. Supreme Court's decision allows the family members of victims of gun violence to move forward with their suit against a gun manufacturer for damages and could ultimately erode the protections of the PLCAA. Though the Group still believes that the likelihood of success of an action for monetary damages against it in the United States significantly decreased after the U.S. Congress enacted the PLCAA (and in a 2025 case, Smith & Wesson Brands, Inc. v. Estados Unidos Mexicanos, the U.S. Supreme Court unanimously held that gun manufacturer defendants sued by Mexico for negligence and related torts were immune from suit under the PLCAA), there can be no assurance that plaintiffs will not seek damages from ammunition manufacturers such as the Group in the United States or elsewhere. Even if the Group is ultimately successful in defending against any such claims, the Group may incur significant defence costs. Also, there can be no assurance that the PLCAA will not be repealed, amended or reinterpreted in the future.

Because the nature and extent of liability based on the production or sale of allegedly defective products is uncertain, particularly as to firearms, the Group's resources may not be adequate to cover future product liability and product related occurrences, cases or claims, in the aggregate, and such cases and claims may have a material adverse effect upon the Group's reputation and financial condition. Though certain of the Group's entities maintain product liability insurance, for example, for liability to third parties caused by a faulty product, those insurance policies have limits and a large part of the costs of a complete recall of a product from the market would not be covered by the relevant product liability insurance.

The Group's association with the defence and ammunition industries may affect its relationships with certain third parties that are critical to the Group's success.

The Group utilizes the services of numerous financial institutions, resellers, insurance carriers, suppliers, transportation providers and other service providers. Some third parties, as well as some customers and investors, have decided or may in the future decide to cease doing or limit their business with companies associated with the defence and ammunition industries or impose unacceptable or costly restrictions on the Group's business due to reputational concerns, pressure from politicians or activists, negative rating consequences from ESG rating services or high-profile media coverage of events. These decisions could have a material adverse impact on the Group's business, financial condition, results of operations and prospects. For example, following the death of Saudi journalist Jamal Khashoggi in 2018, the Group was unable to deliver on certain contracts for the export of trucks equipped with German engines to certain countries in the Middle East due to restrictions imposed on a third-party supplier by the German

government. The Group was only able to resume delivery upon securing a replacement engine supplier approximately one year following the suspension.

The Group's ability to pass on cost increases to the Group's customers may be contractually limited.

The Group provides its products over medium to long term multi-year contracts and its operating income can be adversely affected when estimated contract costs increase, especially without comparable increases in revenue. There are many reasons estimated contract costs can increase, including commodity or component price inflation, labour challenges, supply chain challenges, and market and exchange rate volatility; delays or limitations in customer funding; design or other development challenges; production challenges (including from technical or quality issues and other performance concerns); inability to realize learning curves or other cost savings; changes in laws or regulations; actions necessary for long-term customer satisfaction; challenges caused by the global health environment; and natural disasters or environmental matters.

A significant portion of the Group's revenue is derived from multi-year fixed-price contracts, the arrangements of which, due to the terms of those contracts, will not be adjusted through inflation or other measures, which may cause the contract value to be less over the period if general costs increase whether as a result of inflation, shortages or otherwise. Given the fact that such contracts fixed price, in the absence of agreed upon pass-through provisions, the Group has limited capability to pass-through to the customers unexpected cost increases in the course of delivery. If the Group is unable to adjust pricing or pass on rising costs to the Group's customers, the Group's profitability and financial condition may be adversely affected. Fixed-price contracts inherently tend to have more financial risk than cost-type contracts, including as a result of inflationary pressures, labour rates and shortages, and supplier challenges. These fixed-price contracts are difficult to amend, and some may also be terminated without adequate compensation. The Group often enters into fixed-price contracts in connection with the Group's contracts with the Group's government customers.

More stringent regulations in the area of data privacy could adversely affect the Group's business, financial condition, results of operations and prospects.

The Group collects, stores and uses personal data, primarily from the Group's employees, in the ordinary course of the Group's business operations. The Group is therefore subject to data protection legislation (including the General Data Protection Regulation (EU 2016/679), the "**GDPR**" and other national data protection laws and regulations). The GDPR, which came into effect on May 25, 2018, and was immediately binding across all Member States of the European Union, is a privacy regime regarding the protection of natural persons in relation to the processing of personal data and the free movement of such data. The GDPR obligates European Union-based companies or companies that process personal data about European Union subjects (either as "**data controllers**" or as "**data processors**") to comply with a large number of obligations, which relate, for example, to (i) the processing of personal data including transparency, data minimization, accuracy, storage limitation, security and confidentiality, (ii) the ability of the controller to demonstrate compliance with such principles (accountability), (iii) the obligation to identify a legal basis before the processing and (iv) the rights of data subjects, such as, among others, transparency, a right of access, the right to rectification and the right to erasure. The GDPR obligates companies to implement a number of formal processes and policies to review and document the privacy implications of the development, acquisition, or use of all new products, technologies or types of data. The Group works to continue to be fully compliant with the Group's obligations under the GDPR and periodically verify the Group's compliance obligations to ensure that the Group's software systems safely process personal data, which mainly relates to personal data of employees, visitors, customers, suppliers and job applicants.

Although the Group has not been the subject of any penalties due to non-compliance with GDPR, non-compliance with the GDPR may result in significant penalties, including fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach. The fine may be imposed instead of, or in addition to, measures that may be ordered by supervisory authorities (such as the request to cease processing). Non-compliance or technical defects resulting in a leak or the misuse of such data could also result in damage to the Group's reputation and otherwise harm the Group's business. Moreover, evolving regulation relating to privacy, information security and data protection could increase the Group's costs and affect or limit the way through which the Group collects, processes, uses, stores and transfers personal data. If any of the foregoing occurs, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Due to the volatile and flammable nature of certain components of the Group's products and equipment, fires or explosions may disrupt the Group's business or cause significant injuries, which could adversely affect the Group's financial results.

The development and manufacture of certain of the Group's products involves the handling of a variety of explosive and flammable materials as well as high power equipment. A potential incident may cause the Group to temporarily shut down or otherwise disrupt some manufacturing processes, causing production delays. The Group has safety and loss prevention programs that require detailed reviews of process changes and new operations, along with routine safety audits of operations involving explosive materials, to mitigate such incidents, as well as a variety of insurance policies. However, the Group cannot ensure that the Group will not experience such incidents in the future or that any such incidents will not result in production delays or otherwise have a material adverse effect on the Group's business or financial condition.

Attempts to disrupt or improperly access the Group's IT systems through cyber-attacks or otherwise could result in the manipulation, corruption, or destruction of data, systems or products and could cause harm to us, the Group's customers, suppliers and partners.

The Group faces certain cyber-security threats, including threats to confidentiality, as well as the availability and integrity of the Group's data and systems. While the Group employs measures designed to prevent, detect and respond to unauthorized activity in the Group's systems, the inadequacy or failure of such measures could result in certain types of attacks, including cyber-attacks causing significant financial or information losses and/or reputational harm. Cyber-security threats are particularly persistent, as they evolve quickly and may include, but are not limited to, computer viruses, attempts to access information, denial of service and other breaches. For example, from time to time, the Group faces cyber-attacks from cybercriminal groups with the aim to steal and encrypt data. Although the Group has detected and mitigated these instances at an early stage and prior to any data encryption or exfiltration and such attempts to disrupt or access its IT systems have not had material impact on its business, the Group cannot guarantee that it will be able to do the same in future attacks. Also, if the Group is unable to protect sensitive information, the Group's customers or governmental authorities could question the adequacy of the Group's threat mitigation and detection processes and procedures and therefore be more reluctant to do business with the Group. In addition to extraction of data from the Group's systems, cyber-attacks could involve the destruction, manipulation and/or corruption of the Group's data, including data relating to the Group's R&D programs, and could also temporarily prevent it from offering products and/or providing services to the Group's customers. In addition, a cyber-attack could give rise to product safety concerns that require repairs to or replacement of certain products or parts of products and/or may result in the temporary or permanent suspension of the use of certain products, particularly in the defence and power systems markets.

The Group could also be subject to cyber-attacks designed to gain access to the Group's proprietary information, including production processes and know-how. The Group considers itself to be at particular risk in this regard, given the activities of CSG Defence Systems. In particular, the Group handles classified information, including secret and top secret information, from certain of the Group's government customers. Loss of this sensitive information either through deliberate or accidental means could result in fines, prosecution and potential debarment from current or future government contracts. The Group's government customers also require that the Group puts in place appropriate measures to prevent cyber-attacks and to report any significant attacks that have the potential to endanger national security. Failure to put in place the required measures and to maintain them to an acceptable standard could preclude the Group from tendering for new government contracts. If the Group fails to prevent or otherwise address cyber-attacks designed to gain access to the Group's proprietary information, the Group's critical applications, intellectual property rights and know-how may be jeopardized. This could result in interruption to the Group's business operations, damage to the Group's systems and/or increased liability to customers as a result of delays in the provision of products and/or services. Such consequences could, in turn, have a material adverse effect on the Group's financial position and reputation.

In addition, the Group is party to agreements allowing it to hold and/or have continuing access to the confidential information (in particular, intellectual property) of third parties, where such confidential information is used by the Group as part of its R&D activities, the production of the Group's products or the provision of the Group's services. The Group could face significant financial and/or reputational consequences as a result of the disclosure of such confidential information, whether such disclosure was inadvertent, as a result of the deliberate actions of an employee or external actor, or otherwise. Third parties affected by the unauthorized disclosure of their confidential information could bring claims against the Group, with potentially significant financial consequences. In addition, current or potential strategic

partners may be less likely to cooperate with the Group on new projects as a result of the damage to its reputation associated with any unauthorized disclosure. The Group's rights to use or continue to have access to third-party confidential information could also be significantly restricted or withdrawn, which could have an adverse effect on the Group's R&D activities and/or the Group's ongoing business operations, resulting in a material adverse effect on the Group's financial condition, results of operations and prospects.

Moreover, the Group's employees may, either maliciously, under duress from a third party or unwittingly, release data or damage systems. Although the Group works cooperatively with the Group's customers, suppliers, subcontractors and strategic partners to seek to minimize the impact of cyber-security threats, other security threats or business disruptions, it must rely on the safeguards put in place by these entities, which may affect the security of the Group's information. The manifestations of risk to the Group's information technology systems, including with respect to cyber-security, change rapidly and require continued focus and investment by the Group. The failure to adequately protect ourselves or prevent such breaches or failures could have a material adverse effect on the Group's financial position and reputation.

Developments in data protection worldwide (including, in particular, the implementation of the GDPR) may also increase the financial and reputational implications for the Group following a significant breach of the Group's IT systems or those of the Group's third-party suppliers, with regulators imposing significant fines. See "*—More stringent regulations in the area of data privacy could adversely affect the Group's business, financial condition, results of operations and prospects*."

The Group has a disaster recovery system in place across the Group's core business operations that is designed to enable the recovery of data and the continuation of vital IT infrastructure following disruption caused by natural disaster, human errors, technical failures or malicious third-party cyber-attacks. There can be no assurance, however, that the Group's disaster recovery system will be successful in recovering data or ensuring the continuation of the Group's IT infrastructure following accidental or malicious disruption. This may result in permanent loss of data or prolonged disruptions to the Group's IT infrastructure. As a result, the failure of the disaster recovery system to mitigate the impact of a cyber-event may have a material adverse effect on the Group's business, financial condition, results or operations and prospects.

If any of the foregoing occurs, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

A substantial portion of the Group's revenue is generated by the Group's largest contracts.

The Group derives a substantial amount of revenues from several large customers, with the Group's top 10 customers, mostly governments and government agencies, generating approximately €2,600 million, or 50% of the Group's revenues for the year ended December 31, 2024 (calculated on a pro forma basis for the Kinetic Group Acquisition). A decision by one or more of the Group's top customers to terminate or not renew their contracts could be driven by a range of factors, including changes in their procurement strategies, internal restructuring, budgetary constraints, shifts in geopolitical or regulatory environments, dissatisfaction with the Group's performance or pricing, changes in technology or the introduction of competing technologies or a strategic move to consolidate suppliers. The loss of, or significant reduction in demand from, one or more of these large customers, or an inaccurate forecast of the revenue the Group expects to generate from any such customers, including as a result of factors outside of the Group's control, could have a material adverse effect on the Group's business, financial conditions, results of operation and prospects.

Also, significant customers of the Group, could also be competitors with respect to other products within the Group's portfolio and, as a result, such customers may choose to partly diversify away from the Group to avoid dependence on a competitor. Furthermore, because the Group does not have exclusive relationships with these customers, they may buy and sell competitors' products or form alliances and long-term relationships with the Group's competitors. There is no assurance that the Group will continue to maintain these contracts will be renewed when they expire, or that the Group will continue to maintain the critical customer relationships necessary for sustaining these contracts, and loss of any of these significant contracts could have a material adverse effect on the Group's revenue, results of operations and financial performance.

Amounts included in the Group's estimated Backlog and Pipeline may not result in actual revenue or translate into profits, and the Group's estimated Backlog and Pipeline may be subject to delays,

accounting errors and unexpected adjustments and is therefore an uncertain indicator of future results of operations.

There can be no assurance that the contractual terms of the Group's Backlog and Pipeline will not change, and that the Group's Backlog and Pipeline will result in an actual recognition of revenue within the period initially anticipated, if at all. For the nine months ended September 30, 2025, the Group's Backlog Coverage Ratio (which refers to the Group's Backlog divided by revenue and is believed to be useful in assessing the Group's visibility on its revenue relative to committed orders from customers) was 2.8x, implying that the Group has visibility on future revenue based on its current Backlog. However, certain contracts included in the Group's Backlog and Pipeline may not be profitable. The Group may experience variances in the realization of the Group's estimated Backlog or Pipeline because of project delays or cancellations resulting from project deferrals or delays, scope adjustments, external market factors and economic factors beyond the Group's control. If the Group's estimated Backlog or Pipeline fails to materialize as the Group anticipates, it may experience lower-than-expected cash flows, reduced profitability, and increased volatility in its financial results. This could adversely affect the Group's ability to plan and invest in future growth, meet its financial obligations, and maintain investor confidence. In some cases, failure to realize anticipated Backlog and Pipeline may require the Group to adjust its operational strategy, reduce costs, or seek alternative sources of revenue, which could have a material negative impact on its business, financial condition, and results of operations. Accordingly, the Group's estimated Backlog and Pipeline as of any particular date are an uncertain indicator of future revenue or earnings.

The Group's business could be adversely affected by future reductions or changes in spending by countries to which the Group sells its products.

For the nine months ended September 30, 2025, approximately 79% of the Group's revenues within its Defence Systems segment were generated from sales contracts with governments or government agencies or where the ultimate owner is a government or government agency. The Group has long-standing relationships and security arrangements with a number of government customers, including the governments (and/or their agencies and subdivisions) of the Czech Republic, Slovakia, Italy, Poland, Greece, Indonesia, the Netherlands, Bulgaria, India and Ukraine, as well as the EU and NATO. It is important for the Group's business that the Group maintains and expands these relationships and arrangements.

There are many competing factors that influence how governments and individual defence, law enforcement and military agencies within those governments allocate their budgets. These factors include both internal fiscal concerns and external fiscal, geo-political developments, domestic political and economic factors, all of which may put pressure on government ammunitions budget and spendings, as well as user feedback on the performance of the Group's products in the field, each of which will in turn affect the Group's sales. The Group's business with government entities, both domestically and international, is subject to certain risks, including:

- Changing government budgets and ammunition spending;
- Reputational concerns related to the Group's business and ownership or other pressure from politicians, activists or the media; and
- Governments requisitioning or demanding access to the Group's inventory, particularly during periods of armed conflict or national emergency, which may occur without adequate compensation or outside of standard commercial terms.

As is common in the defence and security industries, the governments the Group contracts with typically are able to modify the Group's contracts for their convenience or terminate them at short notice. Governments also from time to time review their terms of trade and underlying policies and seek to impose such new terms and policies when entering into new contracts. The Group's performance on its contracts with certain government customers, such as the United States following the Group's acquisition of the Fiocchi Group, are subject to audits and other reviews which can result in adjustments to prices and costs.

The Group's profits and cash flows are dependent, to a significant extent, on the successful awards and timing of defence contracts and the profile of cash receipts on those contracts. Amounts receivable under defence contracts can be substantial and, therefore, the timing of, or failure to receive, awards and associated cash advances and milestone payments could materially affect the Group's profits and cash flows

for the periods affected, thereby reducing cash available to meet the Group's cash allocation priorities, potentially resulting in the need to arrange external funding and impact the Group's credit rating.

Defence spending by governments can fluctuate depending on change of government policy, other political considerations, budgetary constraints and specific threats. For example, demand in the Group's defence segment has increased significantly as a result of the Ukraine War, which has affected policy decisions related to defence spending and capabilities in many European countries in addition to Ukraine. However, future spending cuts, or the failure to reach anticipated growth in defence spending levels by European countries, may decrease demand, or result in less than expected growth in demand, for the Group's products. Additionally, the Group may have incurred significant costs to prepare for execution of projects delayed or interrupted by spending cuts by government customer, and there is no assurance that the Group will recover such costs, due to inflation or other factors, even if the project is ultimately completed. Selection procedures for a military contract are characterized by strong competition, having increased requirements in terms of technology, certifications, time and finance. Any cancellation or discontinuation of tenders or the Group's failure in individual tenders may have material adverse impacts on the Group's operation, financial performance and financial outlooks. Lower defence spending, or slower than anticipated growth, by the Group's major customers could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Government contracts are usually subject to competitive bidding, and bidding for such contracts may require the Group to incur additional costs.

The Group's companies are partly dependent on revenues made through public procurement. The Group participates in a significant amount of tenders per year in the field of engineering, technology, ammunition and defence. Tenders are both time-consuming and financially demanding, and any failure of tenders to result in contract awards may have a negative impact on the sale of the Group's products, which may negatively affect the Group's business, financial condition, results of operations and prospects. Deterioration in the Group's principal government relationships resulting in the failure to obtain contracts or expected funding appropriations, adverse changes in the terms of its arrangements with those customers or their agencies, or the termination of contracts, or the delay in receipt of payments could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

For example, if the Group is not successful in a tender, if a tender, in which the Group was successful is terminated, the significant costs of preparation and future implementation of a contract are typically not recoverable. Tenders for supplies to the armed forces are highly competitive and technically and financially demanding and time-consuming. The possible cancellation or suspension of tenders (where the contract/offer is "**tailor-made**") or failure to win individual significant tenders may have a negative impact on the Group's operations, financial performance and financial prospects.

Furthermore, the Group's defence segment, CSG Defence Systems, accounted for 86% of the Group's revenues in 2024 and 76% of the Group's revenues for the nine months ended September 30, 2025 (historically, this segment accounted for approximately half of the Group's revenues). As such, cuts in government expenditure on the military and armed forces in the Czech Republic and abroad may reduce the demand for arms industry products supplied by the Group's subsidiaries which could in turn have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is exposed to the risk associated with the regulatory environment in the military material and ammunitions market in the Czech Republic and internationally.

The Group's defence business is highly regulated. Selected companies within CSG have to obtain foreign trade permits for the sale of military equipment for the Group to be able to operate in the international military equipment market. In particular, the Group's subsidiaries engaged in foreign trade in military equipment are subject to statutory regulation under the Czech Foreign Trade Act. The relevant subsidiaries hold, in accordance with the Czech Foreign Trade Act, a permit for foreign trade in military equipment, which, however, is only a general permit, and specific transactions, or the export or import of military equipment, are subject to further approval (and licensing) by the Licensing Administration of the Ministry of Industry and Trade. This administrative body decides on the issuance of a specific license on the basis of binding opinions of the authorities concerned, which are: (a) the Ministry of Foreign Affairs in terms of the foreign policy interests of the Czech Republic, compliance with the obligations of the Czech Republic under international treaties, as well as the membership of the Czech Republic in international organizations,

(b) the Ministry of the Interior in terms of public order, security and protection of the public and (c) the Ministry of Defence in terms of ensuring the defence of the Czech Republic.

The permit for foreign trade in military equipment is issued for an unlimited term, and the permit can be lost as at certain instances provided by law. In addition to the dissolution of a company or a bankruptcy decision, a permit may be terminated by a decision of the Ministry of Industry and Trade if (i) the permit was granted on the basis of incorrect or incomplete information, (ii) the legal entity or natural person no longer meets the requirements for granting the permit, (iii) it is required by foreign political, commercial and security interests of the Czech Republic (which is beyond the Group's control), or (iv) the holder of the permit has seriously violated a provision of the Czech Foreign Trade Act, or a regulation of the European Union, a regulation of a Member State of the European Union, or a promulgated international treaty by which the Czech Republic is bound, insofar as it regulates trade in or disposition of military equipment. A license granted by the Licensing Administration of the Ministry of Industry and Trade is granted for a specific business case, i.e. for specific goods and a specific country. Consequently, there are limitations. In the license application, the term of validity of the license is proposed. The proposal is based on the commercial contract for which the license is to be issued. A draft of this contract must also be attached to the application. A granted license will be revoked by the Ministry of Industry and Trade if the transaction in military equipment has not been carried out or has not yet been fully completed, and (i) the license was granted on the basis of incorrect or incomplete data, (ii) it is justified by the foreign policy interests of the Czech Republic or the protection of public order, security and protection of the public, (iii) the conditions provided in the granted license have not been complied with, or (iv) the permit has been terminated.

These export control regulations for military equipment are intended to prevent exports to high-risk countries where there is a risk that such equipment might be misused, e.g. for the suppression of human rights or for resale to unofficial armed forces. Therefore, the security situation in the various world regions and the policy of the international organizations of which the Czech Republic is a member towards such security situation play an important role in the decision-making process for the approval of specific foreign transactions in military equipment. The Group's subsidiaries in the Slovak republic are subject to similar export control regime for military equipment as described above with respect to the Czech Republic, and as such, all the foregoing risk arising from these regulations apply by analogy to the Group's Slovak military equipment operations. Furthermore, in some other markets, there are approval procedures applied by relevant governmental authorities there for imports from the Czech Republic or Slovakia.

In addition to the military equipment market, the ammunition market is also highly regulated. The production, distribution and sale of ammunition for the defence forces in many instances are subject to different rules and regulations than ammunition designated for the commercial market. As such, the Group's individual subsidiaries involved in the ammunition market are required to comply with local regulations and requirements applicable to the production of and/or trade in ammunition primarily for itself different from both the Group's CSG Ammo+ division and CSG Defence Systems division. Additionally, the Group's subsidiaries involved in the production of and/or trade in ammunition are part of professional organizations comprising both ammunition manufacturers and small arms manufacturers in the countries and territories where the Group operates, in particular where the relevant subsidiaries have their manufacturing facilities.

In addition, the Group currently faces pressure from environmental organizations and/or customer requests regarding the use of lead or other toxic substances in production of or in ammunition itself, primarily in small calibre ammunition (representing 11% of the Group's total revenues for the year ended December 31, 2024 calculated on a pro forma basis to account for the Kinetic Group Acquisition which became effective on November 27, 2024, and 22% of the Group's total revenues for the nine months ended September 30, 2025). Although the Group's relevant subsidiaries are fully compliant with the current regulatory requirements and closely follow the development of new technologies and requirements from the market as with other ammunition manufacturers (for example, the Fiocchi Group is following the current trend with its newly developed "Green Core" range – this ammunition is optimized to meet the most stringent environmental requirements and does not contain lead or any other heavy toxic metals, and at the same time part of the cartridge case is made of environmentally friendly, naturally degradable material), there is no assurance that current regulations will not be changed as a result of pressures from advocacy groups or otherwise, and new requirements imposed as a result of these pressures. See "*—A regulatory ban on the use of lead as a manufacturing input for ammunition products could have a material adverse effect on the Group's operations.*" Similarly, in response to an increased in the number or import of firearm attacks, there could be future changes in the regulation of the possession or use of firearms, possibly with an impact on the regulation of the actual production of and/or trade in ammunition, which may have a negative impact on the current set-up of production or business processes in the relevant divisions of the Group's business.

The above regulatory restrictions and developments, and in particular their possible tightening or the lack or loss of licenses and permits, may have a negative impact on the Group's business, financial condition, results of operations and prospects.

The Group may be subject to extensive environmental and/or health-related liabilities in connection with the Group's facilities and operations.

The Group's business operations are, and have been in the past, subject to environmental and health-related hazards that are inherent to certain of the Group's activities. In particular, such hazards include: (i) the discharge of pollutants or hazardous chemicals; (ii) industrial and mechanical accidents; and (iii) occupational and health hazards. Any of these hazards could restrict or prevent the continued operation of one or more of the Group's facilities, reduce the production output of such facilities and/ or result in personal injury, death, environmental damage, monetary losses and possible legal liability (including, potentially, liability relating to certain of the Group's historical and now discontinued activities).

The nature and long history of the Group's business creates an increased risk of legal claims by affected parties and/or regulatory enforcement actions relating to the environmental impact of current or former sites. This is a particular risk in respect of those sites that the Group has owned and/or operated for a long period of time, including periods when environmental regulations imposed less stringent requirements than those that are currently applicable or where changes in land use near the Group's sites or former sites have increased the likelihood and/or magnitude of potential liability associated with them.

Certain of the Group's activities, including the disposal of hazardous chemical waste, as well as the use of substances such as exotic metals, acids, bases, alcohols and hydrocarbon lubricants as part of manufacturing processes and of fuels and oils as part of the testing of products, may be harmful to people or the environment and present an increased risk of liability and potential future regulatory enforcement action. The hazards associated with the Group's activities could also result in claims and/or regulatory enforcement action under applicable environmental legislation in the jurisdictions in which the Group operates or previously operated facilities. Such claims and/or enforcement action may be instigated for a number of reasons including, but not limited to: (i) land contamination; (ii) environmental pollution; (iii) impacts on the health of those present on sites owned or operated by us; and (iv) impacts on the health of those living or working near to such sites. Legal claims may also arise in relation to decommissioned sites previously owned or operated by the Group in respect of environmental matters. Any claims or regulatory enforcement action as described above could have a material adverse effect on the Group's financial position and could also materially damage the Group's reputation and prospects.

The Group may also be subject to claims from current or former employees, agents or subcontractors alleging breach of applicable health and safety legislation and/or that the Group's activities have contributed to mental and/or physical health problems, some of which may not emerge until many years after their involvement with the Group came to an end. The nature of the Group's business, including the potential for exposure to hazardous materials and historic manufacturing methods (e.g., manual handling, working with vibrating tools and machining of components producing very small metal particles) may result in as-yet-undiagnosed health issues by current or former employees or others. The Group has previously been party to a number of health-related claims and have taken action to manage the risk of such claims as appropriate. However, the Group cannot guarantee that future claims will not be brought by large numbers of current or former employees, agents or subcontractors relating to health, safety and current or previous working practices. Any such claims could materially damage the Group's reputation, employee relations and ability to attract future personnel, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group depends on the recruitment and retention of qualified personnel and senior management.

The Group requires sufficient qualified employees with, for example, specialized engineering, manufacturing, business and digital skills and qualifications, organizational, leadership, technical and functional capability to deal with the Group's existing business commitments and for the Group's future growth requirements and plans. The Group faces significant competition for such individuals from its competitors worldwide and may not be able to attract new qualified employees or retain existing employees. Additionally, certain personnel, especially in the Group's defence, are required to receive security clearance and specialized training in order to work on certain of the Group's programs, which limits the pool of individuals available to it for such roles while the lead times for processing such clearance or completing such training could also affect the speed at which the Group could secure replacement personnel for such

roles should any of the Group's current employees end their relationship with us. The loss of key personnel, difficulties and/or delays in hiring new personnel and an inability to adequately train existing personnel could all have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Further, some of the Group's core industries require a highly specialized workforce with expert qualifications. As the Group expands, it may be increasingly difficult to recruit and maintain a qualified workforce due to the limited number of specialists in the relevant fields, including as a result of competition from the Group's peers and other potential employers, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's future success also depends substantially on the continued service and performance of the Group's senior management team for the running of the Group's daily operations as well as for the planning and execution of the Group's strategy, including in relation to the Group's acquisitions. There is strong competition worldwide for experienced senior management. The Group's future growth depends on the Group's ability to continue to attract, retain and motivate skilled and experienced personnel for the Group's executive and senior management positions. There can be no assurance that any of the Group's key executive and management personnel will continue to be employed by the Group or that the Group will be able to attract and retain qualified personnel for such roles in the future. For example, the Group's principal shareholder, Michal Strnad (the "**Principal Shareholder**"), has significant influence on, and is a driver of, the Group's business planning, strategy and culture. The Group's success depends to a certain degree on his leadership, long-term vision, relationships and knowledge. The loss of one or more of the Group's key executive and senior management personnel, or the failure to attract and retain additional key executive and management personnel, could have a material adverse effect on the Group's business, financial condition and results of operations. This could also result in additional duties for the remaining members of the executive and management team, which could have a material adverse effect on the Group's business, financial condition and results of operations.

If the Group loses the services of members of its senior management team or other key personnel, the Group may have difficulty, and incur additional costs, in replacing them. If the Group is unable to find suitable replacements in a timely manner, the Group's ability to realize the Group's strategic objectives could be impaired, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's business is dependent on the Group's ability to establish and maintain intellectual property rights in the technology and products used in the Group's operations, as well as on the Group's ability to continue to make use of third-party intellectual property.

The Group relies on patent, copyright, trademark, trade secret, know-how and other intellectual property laws and agreements with the Group's employees, customers, suppliers and other parties to establish and maintain the Group's intellectual property rights in the technology and products used in the Group's operations. For example, the Group's portfolio of intellectual property rights includes trademark rights in the Group's trading brands such as TATRA, FIOCCHI, VOP Nováky, ELDIS Pardubice and EXCALIBUR ARMY and various domain names including https://www.czechoslovakgroup.com. There can be no assurance that the resources that the Group invests to protect the Group's intellectual property rights will be sufficient or that the Group's intellectual property portfolio will adequately deter misappropriation or improper use of the Group's technology or that it will prevent competitors from independently developing or selling products or services duplicative of or similar to those offered or sold by us.

Despite the Group's efforts to protect the Group's intellectual property rights, any of the Group's direct or indirect intellectual property rights could be challenged, invalidated or circumvented. The Group also faces attempts to gain unauthorized access to the Group's IT systems or products for the purpose of improperly acquiring the Group's trade secrets or confidential business information. The theft or unauthorized use or publication of the Group's trade secrets and other confidential information as a result of such an incident could adversely affect the Group's competitive position and the value of R&D (see "*—Attempts to disrupt or improperly access the Group's IT systems through cyber-attacks or otherwise could result in the manipulation, corruption, or destruction of data, systems or products and could cause harm to us, the Group's customers, suppliers and partners*"). Further, the laws of certain jurisdictions in which the Group seeks to protect or enforce the Group's intellectual property rights may not protect the Group's proprietary rights to the same extent and in the same manner as the laws in Europe and the US. Therefore, in certain jurisdictions the Group may be unable to protect the Group's proprietary technology adequately against

unauthorized third-party copying or use, which could result in a material adverse effect on the Group's product offering, competitive position and results of operations.

The Group may be subject to claims asserted against it for interfering with the intellectual property rights granted to others. These claims may harm the Group's reputation, result in increased costs and limit the Group's ability to offer certain products or services. Any claims or litigation relating to intellectual property, regardless of whether the Group is found to have infringed any rights, could be time-consuming and costly, injure the Group's reputation or require the Group to enter into licensing arrangements (potentially on unreasonable terms). An injunction may also be ordered against us, preventing the Group from continuing to use certain intellectual property. Where the Group relies on third-party intellectual property as part of the Group's provision of products and/or services, it is exposed to the risk that the Group's right to use such intellectual property may be modified or withdrawn or the costs associated with continued access to that intellectual property could materially increase in the future. Loss of access to third party intellectual property that the Group relies on may cause significant disruption to the Group's business, including delaying and/or preventing the Group from offering certain of its products or services. Due to the Group's involvement in joint ventures, the Group may become a co-owner of intellectual property created within the joint venture. Co-ownership of intellectual property may lead to complications (*e.g.*, in the enforcement of co-owned intellectual property rights). Furthermore, the failure to renew trademarks or the expiry of trademarks, particularly in areas where the Group relies on distinctive branding, could pose a risk to the Group's market position and brand recognition. These potential costs and consequences of any dispute concerning intellectual property could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's business involves significant risks and uncertainties that may not be covered by indemnities or insurance, or, if they are covered, may not provide full coverage.

The Group has taken out insurance for the Group's major assets. Nevertheless, substantial costs resulting from an accident, defects in the Group's products or services, natural catastrophes, pandemics, terrorist acts or other incidents or liability arising from the Group's manufacturing operations, products or services in excess of any legal protection, indemnity or the Group's insurance coverage (or for which indemnity or insurance coverage could not be obtained) could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Although the Group endeavours to obtain insurance coverage from established insurance carriers to cover certain of these risks and liabilities as it considers appropriate, the amount of insurance coverage that the Group maintains may not be adequate to cover all claims or liabilities, existing coverage may be cancelled, and it may not be possible to obtain insurance to protect against all operational risk and liabilities. Any accident, failure or defect related to the Group's products or services, even if fully indemnified or insured, could negatively affect the Group's reputation among the Group's customers and the public and make it more difficult for the Group to compete effectively. Additionally, disputes with insurance carriers over coverage terms or the insolvency of one or more insurance carriers may significantly affect the amount or timing of the Group's cash flows. Such circumstances could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Claims made by the Group under its insurance policies could significantly increase the insurance premiums payable under those policies to the extent that it is no longer financially viable for it to purchase some types of insurance coverage. The Group may be unable to continue certain of its activities or to offer certain products and/or services when it is unable to obtain insurance on an economic basis to cover the risks associated with these activities, products and/or services. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is exposed to risks related to interest rate fluctuations.

The Group's business activity is exposed to the risk of interest rate fluctuations where interest-bearing assets (including investments) and liabilities fall due or are remeasured in different times or to different amounts. The period over which the interest rate of the financial asset is fixed indicates the extent of the interest rate risk to which the instrument is exposed. Interest rate fluctuations are material for the Group because its interest-bearing assets (including investments) and interest-bearing liabilities have various maturity dates or interest rate refixing dates. As of December 31, 2024, the Group’s interest-bearing financial assets, which represent total loans and other financial assets as presented in the financial statements of the Group, totalled €146,680 thousand, while interest-bearing liabilities, which represent the total loans, borrowings, put

options and bonds as presented in the financial statements of the Group, amounted to €3,066,968 thousand, resulting in a negative net exposure of €2,920,288 thousand (which is calculated by deducting interest-bearing financial liabilities from interest-bearing assets). Of this net exposure, €2,803,209 thousand is subject to floating rates, primarily linked to PRIBOR and EURIBOR. To mitigate risk, the Group has interest rate swaps covering CZK bonds (€83,382 thousand) and EUR credit facilities (€82,268 thousand) as of December 31, 2024, fixing rates between 1.90% and 5.39% from 2025 to 2026 for the CZK bonds and 1.23% and 5.39% from 2025 through 2028 for the EUR credit facilities, though there is no assurance nor any security that these will provide completely effective in mitigating interest rate risk. Although the Group has a policy of hedging at least 50% of the Group's interest rate exposure under the Group's term loans and bonds, the Group may experience losses from unfavourable interest rate fluctuations, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

An exposure to adverse fluctuations in currency exchange rates may affect the Group's ability to maintain the Group's current margin structure.

The Group pays the majority of its overseas suppliers in euros and U.S. dollars. The Group's customers pay for products mostly in euros or in U.S. dollars. The Group reports its consolidated financial results in euros while significant amounts of the Group's debt as well as revenues are primarily denominated in euros, U.S. dollars and Czech Koruna. As a result, the Group bears the risk of disadvantageous changes in exchange rates. The Group engages in foreign exchange hedging instruments for specific transactions to provide greater insulation from transactional volatility. However, the Group's hedging instruments cannot provide protection against translation risk and, in addition, may reduce any benefit that the Group might otherwise receive as a result of favourable movements in exchange rates. The Group seeks to hedge a portion of the Group's translational foreign exchange exposure naturally by borrowing in a currency in which the Group has an operational cash flow surplus (for example, euros). The Group's exposure to foreign exchange risk could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. There is also a risk that the natural hedge the Group benefits from, which occurs when revenues and costs are denominated in the same currency, reducing exposure to exchange rate fluctuations without using financial instruments, may become imbalanced over time, reducing its effectiveness and increasing exposure to currency volatility. There can be no assurance that the Group will be able to manage effectively the currency risks it faces, either through the use of forward contracts, and any future exchange rate losses could have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

Failure by the Group to adapt to the trend towards an environmentally regulated global economy and an increasing public and governmental focus on environmental protection could make the Group's products less attractive to existing or potential customers and restrict or prevent their continued use.

The Group manufactures complex equipment that is currently heavily dependent on fossil fuels. The world's transition to a low net carbon economy will be dependent on the development of technological solutions that move away from fossil fuels and towards low net carbon energy alternatives. Any failure by the Group to continue to identify opportunities to supply new products that result in lower net carbon emissions and keep pace with technological change in this area could result in the Group's existing products being less attractive to customers and use of such products being restricted and ultimately prevented by regulations limiting greenhouse gas emissions in various jurisdictions in which the Group's customers operate. Such regulatory interventions could include carbon pricing schemes, which could increase the cost for the Group's customers of operating the Group's products.

In addition to increasingly stringent environmental regulations, growing public interest in environmental concerns, and particularly climate change, may result in rising pressure on the Group to reduce its net carbon emissions and to reduce or eliminate the Group's offering of those products that are reliant on fossil fuels. Public pressure and changing consumer behaviour could also have a wider impact on the markets for the Group's products and services. As well as regulatory interventions, public pressure to use fuels producing lower emissions may require changes to the Group's manufacturing processes and other business operations and also alter the behaviours and preferences of the Group's customers. Such pressure could cause the Group's customers to prefer lower-emissions alternatives; a preference that the Group may not be able to cater for if the Group does not have sufficient product offerings. Public pressure and/or changes in consumer behaviour could cause reductions in the size and/or value of more carbon-intensive markets and could also drive rapid innovation in such markets to reduce net carbon emissions and make them more environmentally sustainable.

Climate change may have the effect of increasing the Group's susceptibility to physical climate-related risks as well as risks associated with the transition to operations with a lower net carbon impact. The Group has identified the need to adapt its products and services through new initiatives and investments for a low net carbon economy as part of the Group's corporate responsibility commitments and global efforts to reduce net carbon emissions. For example, the Group, through its subsidiary, TATRA TRUCKS a.s., is developing a hydrogen fuel cell truck aimed at producing a fully electrified truck powered by hydrogen to support eco-friendly transport solutions. A failure to transition at pace away from products and services that result in high levels of net carbon emissions and towards lower net carbon alternatives could impact the Group's ability to win future business, achieve operating results, attract and retain talent, secure access to funding and realize future growth opportunities and could also force further governmental intervention to limit emissions.

A failure by the Group to anticipate and prepare for the impact of the trend towards a lower net carbon global economy and an increasing public and governmental focus on environmental protection on the Group's business and chosen markets could restrict the Group's future business operations and leave it less able to exploit opportunities in these markets. These consequences could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may face certain risks associated with having minority shareholders of certain of the Group's subsidiaries.

The Group faces certain risks associated with having minority shareholders in certain of the Group's subsidiaries. Certain of the Group's subsidiaries have minority shareholders who may have different interests, and any disagreements with such minority shareholders may affect the successful implementation of the Group's business plans with respect to those subsidiaries. While there are shareholder agreements in place for most of the Group's subsidiaries with minority shareholders that mitigate against such problems, any significant disagreements between the Group's Group management and those minority shareholders with respect to the identification and achievement of strategic and operation objectives or otherwise could have a material adverse effect on the results of operations and financial condition of those companies.

The Group has limited control over some of the Group's joint ventures and other similar business arrangements, which may impede the strategic value of these entities within the Group's operations.

The Group has made investments and entered into eight joint ventures and other strategic alliances. For example, the Group has established joint ventures in Greece with the Greek government and are looking to set up new joint ventures with other governmental partners. Although none of these joint ventures and strategic partnerships are currently considered material to the Group's business, the Group may enter into additional joint ventures and strategic partnerships which could be material to the business and where these partnerships are established by means of joint ventures, some of these entities may be subject to joint control. The Group's ability to control these joint ventures, take strategic decisions, or receive dividends, royalties and other payments from joint ventures generally depends not only on the joint venture's cash flow and profits, but also upon the terms of the joint venture agreement with the Group's partners. There is a risk that the steps that the Group has taken to protect the Group's interests in joint ventures have not been, or will not be, effective. The Group may invest substantial amounts in these joint ventures and cannot provide assurance that they will produce expected returns. Any inability to achieve projected synergies or properly address operational risks, with regard to joint ventures or acquisitions, could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations. Further, there is a risk that the Group's relationships with its joint venture partners will deteriorate in the future and result in a significant disagreement. Disagreements with its partners or termination of one or more of such partnerships would undermine the effectiveness of such a joint venture in the pursuit of the Group's strategy and future development and could therefore have a material adverse effect on the Group's business, financial position, results of operations or ability to achieve the Group's targets. The success of joint ventures and other similar arrangements is not always predictable, and any given joint venture may fail to realize the Group's anticipated objectives. The bankruptcy, insolvency or severe financial distress of the Group's businesses or those of any of the Group's partners could adversely affect the Group's joint ventures or similar business arrangements. Should these joint ventures not perform as expected, the Group may be unable to execute the Group's expansion strategies as anticipated, and may incur losses or other liabilities that could adversely affect the Group's financial condition or results of operations.

A regulatory ban on the use of lead as a manufacturing input for ammunition products could have a material adverse effect on the Group's operations.

The European Union has initiated regulatory measures aimed at phasing out the use of lead ammunition and fishing weights, with the objective of making these regulations applicable between 2028 and 2030. While the primary intent of these regulations is to mitigate environmental and health risks associated with lead exposure, the coming into force of such regulations will impact the Group's production of hunting and sport shooting ammunition for civilian use in Europe.

The proposed regulations include provisions to ban lead in hunting activities, aiming to reduce lead exposure to wildlife, livestock and humans. However, certain exemptions and extended timelines for implementation could result in prolonged periods of regulatory uncertainty and potential non-compliance risks. For instance, the proposal allows for continued use of lead in specific contexts, such as traditional hunting practices and certain cultural events, which may complicate enforcement and monitoring efforts. Certain of the Group's subsidiaries engage in activities that may be subject to these regulations and may face increased compliance costs and operational disruptions.

While the Group is actively monitoring these developments and assessing potential impacts, there can be no assurance that the proposed regulatory changes will not affect the Group's operations, financial performance or market position.

A failure to meet the Group's customers' and wider society's expectations in addressing ESG issues can lead to public scrutiny and significant reputational damage to the Group and its brands.

There is a risk of failure to address the growing needs and expectations from society if the Group does not meet the Group's Environmental, Social and Governance ("**ESG**") goals, resulting in reputational damage and reduced customer demand for the Group's products and brand and limited access to financing both in capital markets and with banks. In addition, investor expectations and policies on ESG performance are constantly evolving and, if the Group's policies or procedures are perceived as insufficient or misaligned with prevailing market standards, it may reduce the Group's attractiveness to capital providers or increase the risk of greenwashing allegations.

The Group takes various steps to ensure that the Group's manufacturers and suppliers of products comply with applicable labour and social welfare laws, as well as acceptable social and environmental standards. The Group seeks to cultivate a positive brand image premised on corporate integrity, culture, mission, vision and values; however, there is a risk that the Group's efforts will not be sufficient in detecting non-compliance or that the Group may face allegations of wrongful conduct. From time to time the Group's suppliers, manufacturers, or subcontractors may not be in compliance with local labour law or recognized ethical standards. If it emerges that the Group's suppliers or manufacturers of the Group's products have not complied with applicable labour laws or recognized ethical standards, or if the public perceives that such an event is occurring, whether or not it is, the public perception and reputation of the Group and its lines could suffer, possibly damaging customer relationships and causing a considerable decrease in revenue.

The Group's third-party contractors may fail to comply with the Group's codes of conduct, applicable labour and social laws, acceptable social or ethical standards, adequate health and safety requirements, or international conventions on production and manufacturers. The Group's control mechanisms may not be successful or may fail. In addition, changing a supplier or manufacturer following discovery of a violation could result in additional costs and supply shortages or disruptions. Any of these events could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, in light of the increasing importance of ESG and sustainability practices to the Group's brand and business.

The Group is exposed to the economic and political risks of the Czech Republic.

The Group's headquarters and a significant portion of the Group's operations are located in the Czech Republic and the Group is therefore exposed to economic and political risks associated with conducting business in the Czech Republic and, to a lesser extent, certain other European countries, including Slovakia. As a result, any economic and political risks in relation to the Czech Republic can have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The economy of the Czech Republic is vulnerable to external shocks. A significant decline in the economic growth of any of the Czech Republic's trading partners, in particular Germany, Austria, Poland and

Slovakia, could in the future have an adverse effect on the Czech Republic's balance of trade and adversely affect its economic growth. There can be no assurance that any crises, slowdown or economic volatility such as the ongoing war between Ukraine and Russia or similar events will not negatively affect investor confidence in markets relevant for the Group's businesses. The Ukraine War, may, among other things, result in an increase of commodity prices and subsequently in an increase of inflation. Any such external shocks or changes in economic, regulatory, administrative or other policies of the government, as well as political or economic developments in the Czech Republic, including potential changes in the Czech Republic's credit ratings, over which the Group has no control could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Since October 2021, the Czech government was formed by two coalitions: SPOLU coalition (ODS (Občanská demokratická strana), TOP 09 and KDU-ČSL (Křesťanská a demokratická unie – Československá strana lidová)) and the Piráti a Starostové coalition (Czech Pirate Party (Česká pirátská strana) and Mayors and independents (Starostové a nezávislí). Recently, general elections were held in the Czech Republic on 3 October 2025. In these elections, the ANO party, led by Andrej Babiš, emerged as the largest party in parliament, winning 80 out of 200 seats, while the previous governing coalition lost its majority. The emergence of the ANO party as the new governing party could lead to policy changes in the Czech Republic, including with respect to public procurement initiatives such as the government's ammunition procurement initiative for Ukraine, which the ANO party has announced that it may end. If this initiative is implemented by the ANO party, it could negatively impact demand for the Group's products to be used in Ukraine. The Group can give no assurance that any changes in the government of the Czech Republic or its policy prior to the expiration of its current mandate will not impact the Group or that any future government will continue in the current economic, fiscal, and regulatory policies, including in any Czech ammunition initiatives, nor can there be any assurance that any changes in such policies will not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Risks Relating to the Group's Financing Arrangements and Financial Position

The Group's debt service obligations, which may increase in the future, could adversely affect the Group's implementation of its strategy and may in certain conditions restrict the Group's ability to incur or guarantee additional indebtedness in the future.

The Group is highly leveraged and has significant debt service obligations. The Group has significant liquidity requirements to support the Group's operations, and the Group relies on the availability of credit and financing arrangements to manage these working capital requirements and maintain sufficient liquidity. The Group's ability to access these facilities is subject to market conditions, lender confidence, and the Group's ongoing compliance with financial and other covenants. If the Group is unable to renew, extend, or replace these facilities on acceptable terms, or at all, the Group may face liquidity shortfalls that could impair the Group's ability to meet the Group's obligations, fund operations or pursue strategic initiatives.

As of September 30, 2025, the Group had total third-party financial indebtedness outstanding, which includes loans and borrowings and bonds, in the amount of €4,312 million. This means a significant portion of the Group's cash flow from operating activities must be dedicated to the payment of principal and interest on the Group's borrowings and lease liabilities. This reduces the availability of cash flow for acquisitions, capital expenditures or other general corporate purposes in line with the Group's growth strategy.

Under the Group's Existing Local Law Senior Secured Notes, the CSG Group is subject to a maximum leverage ratio covenant of 3.5:1 at any time during the term of those notes. Further, under the Existing Senior Facilities Agreement, the CSG Group is subject to a maintenance covenant such that the net leverage ratio shall not exceed 3.5:1, the interest cover ratio shall not be less than 3.0:1 and the adjusted leverage ratio shall not exceed 4.0:1. As of September 30, 2025, the CSG Group's net leverage ratio, interest coverage ratio and adjusted leverage ratio was 2.1:1.00, 6.17: 1.00 and 2.92:1.00, respectively. The CSG Group is in compliance with the requirements of these covenants but any failure to comply with these covenants in the future could result in a default under the Group's financing arrangements, which would permit the acceleration of the maturity of the indebtedness under such agreements.

If the Group is unable to refinance any of its indebtedness in a timely fashion or on acceptable terms in the longer term, it could have a material adverse effect on the Group's business, results of operations, financial condition, and prospects. The Group's continued ability to arrange diverse sources of external financing, both debt, and equity, and the cost of such financing, will depend on numerous factors, including the

Group's credit rating, future financial condition and results of operations, general macroeconomic and capital markets conditions, including the credit ratings of the countries in which the Group operates, interest rates, credit availability from banks or other lenders, foreign exchange rates, investor confidence in the Group, applicable provisions of tax and securities laws, and political and economic conditions in any relevant jurisdiction.

If any of the foregoing occurs, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may not be able to generate sufficient cash to service the Group's indebtedness or meet its overall liquidity needs, including due to factors outside the Group's control, and may be forced to take other actions to satisfy the Group's obligations under the Group's indebtedness or provide liquidity, which may not be successful.

The Group's ability to make payments on or to refinance its debt obligations will depend on the Group's future operating performance and ability to generate sufficient cash. This depends on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond the Group's control.

As of September 30, 2025, the Group had total third-party financial indebtedness outstanding, which includes loans and borrowings and bonds, in the amount of €4,312 million and a total interest expense of €235 million. The Group's businesses may not generate sufficient cash flows from operations to make payments on its debt obligations, and additional debt and equity financing may not be available to the Group in an amount sufficient to enable it to pay debts when due, or to refinance such debts. In addition, the Group may require significantly higher levels of working capital and capital expenditures to meet increasing customer demand and to deliver on its growing contracted backlog, which could further strain liquidity and cash flow. If the Group's future cash flows from operations and other capital resources are insufficient to pay obligations as they mature or to fund the Group's liquidity needs, the Group may be forced to:

- reduce or delay certain business activities, planned acquisitions and capital expenditures;
- sell assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of the Group's debt on or before maturity.

If the Group is not able to accomplish the above, it may not be able to satisfy the Group's debt obligations, including the Group's obligations under the Existing Senior Facilities and the 2031 Notes. In that event, borrowings under the other debt agreements or instruments that contain cross-default or cross-acceleration provisions may become payable on demand, and the Group may not have sufficient funds to repay all the Group's debts, including under the Existing Senior Facilities and the 2031 Notes. In addition, any refinancing of the Group's debt could be at higher interest rates and may require the Group to comply with more onerous covenants, which could further restrict the Group's business operations. There can be no assurance that any assets which the Group could be required to dispose of can be sold or that, if sold, the timing of such a sale and the amount of proceeds realized from such sale would be acceptable.

In addition, any lack of sufficient funds to pay obligations as they mature or to fund liquidity needs as well as any inability to satisfy debt obligations could potentially trigger insolvency filing obligations subject to (local) mandatory law, as applicable.

The Group may incur substantially more debt in the future, which may make it difficult for it to service the Group's existing debt and impair its ability to operate the Group's businesses.

The Group may incur substantial additional debt in the future. Although the terms of certain of the Group's indebtedness (including the indenture governing the 2031 Notes (the "**2031 Notes Indenture**") and the Existing Senior Facilities Agreement) contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial.

Under the 2031 Notes Indenture, for example, the Group is able to incur additional indebtedness so long as on a pro forma basis (i) the Group's Fixed Charge Coverage Ratio (as defined in the 2031 Notes Indenture)

is at least 2.0 to 1.0 and (ii) to the extent such indebtedness is senior secured indebtedness, the Group's consolidated Senior Secured Leverage Ratio (as defined in the 2031 Notes Indenture) would not exceed 3.25 to 1.0. The terms of the Existing Senior Facilities and the 2031 Notes Indenture permit the Group to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those of the 2031 Notes Indenture. In addition, the terms of the Existing Senior Facilities and the 2031 Notes Indenture do not regulate and will not prevent the Group from incurring obligations that do not constitute indebtedness under those agreements, subject to fixed amounts or leverage tests, such as indebtedness under credit facilities, intercompany indebtedness, capital leases and purchase money debt, debt of acquired or merged subsidiaries and local working capital lines.

The incurrence of additional debt would increase the leverage related risks described in the Prospectus.

The Group will be subject to restrictive covenants, which will limit the Group's operating and financial flexibility and, if the Group defaults under its debt covenants, the Group may not be able to meet its payment obligations.

Certain of the Group's debt instruments, particularly the 2031 Notes Indenture, and any future debt instrument the Group may enter into, may contain covenants which impose significant restrictions on the way the Group can operate, including restrictions on the Group's ability to:

- pay dividends or make other payments to the Group's shareholders;
- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or permit to exist certain liens;
- make certain restricted payments;
- make certain investments;
- transfer or sell certain assets;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates;
- impair the security interests for the benefit of the holders of the Group's debt instruments;
- make payments for consent;
- engage in certain business activities; and
- amend the Group's debt instruments, including the 2031 Notes Indenture and the Intercreditor Agreement.

These covenants limit the Group's ability to finance future operations and capital needs and the Group's ability to pursue acquisitions and other business activities that may be in the Group's interest. The Group is in compliance with the requirements of the covenants in the 2031 Notes Indenture. However, the Group's ability to continue to comply with these covenants and restrictions may be affected by events beyond the Group's control such as the prevailing economic, financial and industry conditions. The Existing Senior Facilities Agreement also has certain covenants which impose significant restrictions on the way the Group can operate, including certain of the restrictions listed above. The Existing Senior Facilities Agreement also requires the Group to maintain a specified financial ratio in certain circumstances. The Group is in compliance with this financial ratio. However, its ability to continue to meet this financial ratio could be affected by deterioration in the Group's operating results, as well as by events beyond the Group's control, including increases in raw material prices and unfavourable economic conditions, and the Group cannot assure you that this ratio will be met. If the Group breaches any of the covenants, restrictions, ratios or tests under the Group's Existing Senior Facilities, it could be in default under the terms of the Existing Senior Facilities and the lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable and proceed against any collateral securing that debt. In such a scenario, the Group could be forced to seek alternative financing under unfavourable terms, sell assets at distressed prices, or curtail operations to generate liquidity. If the Group’s assets are insufficient to cover

these obligations, it could face insolvency or bankruptcy proceedings, which would have a material adverse effect on its business, financial condition, and prospects. Borrowings under other debt instruments, including the 2031 Notes, that contain cross acceleration or cross default provisions also may be accelerated or become payable on demand. In these circumstances, the Group's assets may not be sufficient to repay in full that indebtedness and the Group's other indebtedness then outstanding, which could result in insolvency or bankruptcy proceedings.

Risks relating to the structure of the Company, the Offering and the Shares

The Group's controlling shareholder will retain the ability to exercise control over matters requiring shareholder approval and the interests of the Group's controlling shareholder may conflict with the interest of the Company's other shareholders.

Prior to the Offering, the Principal Shareholder, indirectly controls 99.98% of the Company's voting rights. This control is based on the indirect ownership of 100% of the voting rights in the Selling Shareholder. Upon Settlement, the percentage shareholding of the Selling Shareholder and, as a result, indirectly of the Principal Shareholder, is expected to be reduced to approximately 83.88%, resulting in the Selling Shareholder holding approximately 83.88% of the voting rights in the Company, assuming that the Over-allotment Option is exercised in full. By virtue of the level of its voting power as of Settlement, the Principal Shareholder will retain the ability to exercise control over matters requiring shareholder approval as long as the Principal Shareholder will continue to hold a sizeable stake. For example, as the members of the Board are appointed by the general meeting of the Company (the "**General Meeting**"), the election of the Board is one of the matters over which the Principal Shareholder may indirectly exercise control. The Principal Shareholder will also retain the ability to exercise indirect control over, among other things, the increase or decrease of the share capital of the Company, amendments to the Company's articles of association as they will read after the conversion into a public limited liability company on the First Trading Date (the "**Articles of Association**"), the payment of dividends and approval of financial statements of the Company. In addition, the Selling Shareholder is entitled, as long as the Selling Shareholder will continue to hold at least three per cent. of the issued and outstanding share capital in the Company, to request the Board to include items on the agenda of the General Meeting and, as long as the Selling Shareholder's interest in the Company represents at least one-tenth of the Company's share capital, to request a General Meeting to be convened. The Principal Shareholder may, through the vote of the Selling Shareholder in the General Meeting, support strategies and directions that are in the best interests of the Principal Shareholder but which may conflict with the interests of the other Shareholders.

As of the Settlement Date, the Principal Shareholder is one of the five executive Directors of the Board (the "**Executive Directors**") and holds the title of Chair and CEO. The Principal Shareholder may be reappointed without any limit on the number of times of appointment as Director. Pursuant to the Articles of Association, the Board as a whole, as well as any two (2) Executive Directors acting jointly are authorised to represent the Company. In the event of a tied vote in the Board, the Principal Shareholder will have a casting vote if: (i) he is a Director; (ii) the Company has more than two (2) Directors in office, (iii) he is not suspended; and (iv) he does not have a conflict of interest is entitled to vote on the proposal concerned. This leaves the Principal Shareholder with significant management power.

The Group may be adversely affected by the Company's transition to becoming a public company or a failure by the Company to comply with the resulting additional requirements.

The Company's transition to become a public company involves, in particular, changes in the Company's corporate governance, financial and non-financial reporting requirements as well as the implementation of an internal compliance framework and function. Subject to Admission, the Company will become for the first time subject to the legal requirements of a company with equity shares listed on a regulated market. This will be a new situation for the Company and the Company will need the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards, more detailed financial and non-financial disclosure requirements (for example, with respect to the timely publication of financial results or inside information), and securities and potential investor relations issues, which requires significant management attention and results in increased costs which may be significantly higher than currently anticipated.

The Group periodically evaluates the effectiveness of the design and operation of its system of internal controls with the objective of providing reasonable assurance that: (i) transactions are properly authorised; (ii) assets are safeguarded against unauthorised or improper use; and (iii) transactions are properly recorded

and reported, all to permit the preparation of financial information in conformity with applicable accounting principles. However, upon becoming a public company, the Group's management will have to re-evaluate the internal control system independently with new materiality thresholds, and to implement necessary changes to its internal control system. Yet, any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. There is therefore no assurance that the Group's operational management will always be performed in an orderly and careful manner, with well-defined objectives and that it will be successful in preventing uneconomic and inefficient use of resources.

Failure to respond to these additional requirements without difficulties or inefficiencies and compliance violations could result in sanctions imposed by regulatory authorities, including a termination of the trading of the Shares as well as cause the Group to incur significant additional costs and expose the Group to civil litigation and penalties.

The payment of future dividends will depend on the Group's financial condition and results of operations, as well as on the Group's operating subsidiaries' distributions to the Company.

Distribution of an annual dividend will take place after the adoption of the annual accounts referred to in article 2:391 DDC (the "**Annual Accounts**") by the General Meeting which show that the distribution is allowed, or, in the case of an interim dividend, it appears from an interim statement of assets signed by the Board that the distribution is allowed. The Company may only make distributions to its Shareholders insofar as the Company's equity exceeds the sum of the paid-up and called-up share capital increased by the reserves as required to be maintained by Dutch law or by the Articles of Association. The Board determines whether the Company is able to make the distributions. No decision has been taken to pay any dividends for any future periods.

Because the Company is a holding company that conducts its operational business mainly through its subsidiaries, the Company's ability to pay dividends depends directly on the Company's operating subsidiaries' distributions to the Company and the amount and timing of such distributions will depend on the laws of the operating companies' respective jurisdictions. If the subsidiaries did not achieve the anticipated results or if their ability to make dividend payments in favour of the Company were limited for other reasons (*e.g.*, unavailability of available resources, legal or tax regulation), this could restrict the Company's ability to pay dividends.

Applicable law imposes certain restrictions upon certain of Group companies' ability to access cash of certain of the Group's subsidiaries. The inability to transfer cash within the Group may mean that, though the Group, in the aggregate, may have sufficient funds, the Group may not be permitted to make the necessary transfers from one entity in the Group to another entity in the Group in order to make payments to the Company for the purpose of dividend payments. Furthermore, certain of the Group's financing agreements and instruments, such as the 2031 Notes Indenture, will materially limit the ability of CZECHOSLOVAK GROUP a.s. and/or certain of the Group's subsidiaries to pay dividends or distributions unless they are in compliance with certain covenants in such financing agreements or instruments, which could in turn limit the Company's ability to access cash from relevant Group entities and to pay dividends to its Shareholders.

Future issuances or sales of Shares or debt or equity securities convertible into Shares by the Company may adversely affect the market price of the Shares, and any future issuance of Shares may dilute investors' shareholdings.

On the Settlement Date, the Board is expected to be granted the authority to issue Shares or rights to subscribe for Shares in the capital of the Company for a period of 18 months following the conversion into a public limited liability company (*naamloze vennootschap*) and to limit or exclude the pre-emptive rights pertaining to such Shares. Pursuant to this designation, the Board may resolve to issue Shares or grant rights to subscribe for Shares up to a maximum of 15% of the number of Shares issued as of the Settlement Date and to limit or exclude pre-emptive rights in relation thereto.

The Group may in the future seek to raise capital by issuing additional Shares, debt or equity securities convertible into Shares or rights to acquire these securities and exclude the pre-emptive rights pertaining to

the then outstanding Shares. In addition, the Company may in the future, subject to the lock-up arrangements in the Underwriting Agreement (as defined below), seek to issue additional Shares as consideration for or otherwise in connection with the acquisition of new businesses. Furthermore, the Company may issue Shares in the context of any management or employee incentive arrangement. The issuance of any additional Shares may dilute an investor's shareholding interest in the Company. Furthermore, any additional debt or equity financing the Group may need may not be available on terms favourable to the Group or at all, which could adversely affect the Group's future plans and the market price of the Shares. Any additional offering or issuance of Shares by the Company, or the perception that an offering or issuance may occur, could also have a negative impact on the market price of the Shares and could increase the volatility in the trading price of the Shares.

Future sales or the possibility of future sales of a substantial number of the Shares by the Selling Shareholder and/or the Executive Directors may adversely affect the market price of the Ordinary Shares.

The Selling Shareholder and the Company have agreed with the Underwriters, pursuant to an underwriting agreement entered into on or about the date of this Prospectus (the "**Underwriting Agreement**"), to restrictions on the Company's ability to issue, sell or transfer Shares for a period of 180 days after the Settlement Date and the Selling Shareholder's ability to sell or transfer Shares for a period of 360 days after the Settlement Date. In addition, certain Directors and Jaroslav Strnad Jr. have agreed with the Joint Global Coordinators (on behalf of themselves and the other Underwriters) to restrictions set out in lock-up deeds (the "**Lock-up Deeds**") on their ability to sell or transfer Shares that they hold/will hold for a period of 360 days after the Settlement Date, subject to customary exceptions. After expiration of the applicable lock-up period, the Selling Shareholder, the relevant Directors and Senior Managers may sell their Shares or the Company may issue Shares or securities linked to them. In addition, the Joint Global Coordinators have full discretion to waive the lock-up in connection with the Selling Shareholder and the Company at any time before its expiry. This could also result in the Selling Shareholder or the Company selling or issuing Shares before expiry of the applicable lock-up periods. In addition, there could also be a perception in the market that such sales could occur due to the expiry of the relevant lock-up period or its waiver.

The market price of the Shares could decline if, following the Offering and after the expiration of the lock-up period, a substantial number of Shares is sold by the Selling Shareholder, in the public market or if there is a perception that such sale could occur. Furthermore, a sale of Shares by any Director or Senior Manager could be perceived as a lack of confidence in the performance and prospects of the Group and could cause the market price of the Shares to decline. In addition, any such sales could make it more difficult for the Company to raise capital through the issuance of equity securities in the future.

Holders of Shares outside the Netherlands may suffer dilution if they are unable to exercise pre-emptive rights in future offerings.

In the event of an increase in the Company's share capital, holders of Shares are generally entitled to full pre-emptive rights unless these rights are limited or excluded either by virtue of Dutch Law, a resolution of the General Meeting, or by a resolution of the Board, with the consenting vote of at least a majority of the non-exclusive directors of the Company (the "**Non-Executive Directors**") entitled to vote (if the Board has been authorised by the General Meeting to do so). However, certain holders of Shares outside the Netherlands may not be able to exercise pre-emptive rights, and therefore suffer dilution, unless local securities laws have been complied with.

In particular, a beneficial owner of Offer Shares who is also: (i) a citizen or individual resident of the United States; (ii) a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the United States, any state therein or the District of Columbia; or (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source (a "**U.S. Holder**"), may not be able to exercise its pre-emptive rights or participate in a rights offer, as the case may be, unless a registration statement under the U.S. Securities Act of 1933, as amended, is effective with respect to such rights or an exemption from the registration requirements is available. The Group intends to evaluate at the time of any issue of Shares subject to pre-emptive rights or in a rights offer, as the case may be, the costs and potential liabilities associated with any such registration statement, as well as the indirect benefits to it of enabling the exercise of U.S. Holders of their pre-emptive rights to Shares or participation in a rights offer, as the case may be, and any other factors considered appropriate at the time and then to make a decision as to whether to file such a registration statement. The Group currently does not intend to file a registration statement and cannot assure investors that any registration statement would be filed as to enable the exercise of such holders' pre-emptive rights or participation in a rights offer.

The Shares have not been publicly traded, and there is no guarantee that an active and liquid market for the Shares will develop.

Prior to the Admission, there has been no public trading market for the Shares. There can be no assurance that an active trading market for the Shares will develop after the Admission or, if it does develop, that it will be sustained or liquid. If such market fails to develop or be sustained, this could negatively affect the liquidity and price of the Shares, as well as increase their price volatility. In addition, an illiquid market for the Shares may result in lower market prices and increased volatility, which could adversely affect the value of an investment in the Shares.

The Company's Share price may fluctuate significantly, and investors could lose all or part of their investment.

Until trading on Euronext Amsterdam commences on an "as-if-and-when-delivered" basis, which is currently expected on January 23, 2026 (the "**First Trading Date**"), and subject to acceleration or extension and pricing taking place, there is no public trading market for the Shares. There can be no assurance that an active trading market for the Shares will develop after the Offering or, if it does develop, that it will be sustained or liquid. If such market fails to develop or be sustained, this could materially adversely affect the liquidity and price of the Shares, as well as increase their price volatility. Investors may not be in a position to sell their Shares quickly at or above the Offer Price if there is no active trading in Shares, which could materially adversely affect the value of an investment in the Shares.

The Offer Price may not be indicative for the market price of the Shares after the Offering has been completed. The market price of the Shares could also fluctuate substantially due to factors such as the risks described in the section entitled "*— Risks Relating to the Group's Business*" or factors relating to the equity markets generally. As a result of such factors, the Shares may trade at prices significantly below the Offer Price. This may be the case even if a liquid market for the Shares develops and is sustained. The Company cannot assure that the market price of the Shares will not decline, and the Shares may trade at prices significantly below the Offer Price, regardless of the Group's actual operating performance, and investors could lose all or part of their investment.

If Settlement does not take place, purchases of the Offer Shares will be disregarded and transactions effected in the Offer Shares will be annulled.

Application has been made to list the Shares on Euronext Amsterdam under the symbol "CSG". The Company expects that the Shares will be admitted to listing and that trading in the Offer Shares will commence prior to the Settlement Date on the First Trading Date on an "as-if-and-when-issued/delivered" basis. The closing of the Offering may not take place on the Settlement Date or at all, if certain conditions of events referred to in the Underwriting Agreement are not satisfied or waived or occur on or prior to such date. Trading in the Shares before the closing of the Offering will take place subject to the condition that, if closing of the Offering does not take place, the Offering will be withdrawn, all applications for the Shares will be disregarded, any allotments made will be deemed not to have been made, any application payments made will be returned without interest or other compensation and transactions on Euronext Amsterdam will be annulled. All dealings in the Shares prior to settlement and delivery are at the sole risk of the parties concerned. The Company, the Listing and Paying Agent, the Underwriters, the Financial Adviser and/or Euronext Amsterdam N.V. do not accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transaction on Euronext Amsterdam.

If securities or industry analysts do not publish research or reports about the Company's business or industry, or if such analysts (if any) change their recommendations regarding the Shares adversely, the market price and trading volume of the Shares could decline.

The trading market for the Shares will be influenced by the research and the research reports that securities or industry analysts publish about the Group's business or industry. If securities or industry analysts do not publish or cease to publish research or reports about the Group's business or industry, the Group could lose visibility in the financial markets, which could cause the market price or trading volume of the Shares to decline. Also, if one or more of the analysts covering the Group's business or industry recommends selling Shares, or if negative research is published on the industry or geographic markets the Group serves, the market price of the Shares could decline.

Investors from countries that do not use the euro as their currency may face an additional risk due to changes in currency exchange rates.

The Shares are denominated in euro. In addition, any dividends the Company may pay on the Shares will be declared and paid in euro. Accordingly, investors resident outside the Eurozone are subject to risks arising from adverse movements in the value of the investor's reference currency against the euro, as well as additional transaction costs in converting the euro into the investor's reference currency, which may materially reduce the value of the Shares, as well as that of any dividends paid. Investors whose reference currency is a currency other than the euro are therefore urged to consult their financial advisers.

Risks related to Taxes

The Company's tax residency might change if the Czech Republic changes its provisional election on the corporate residence tie-breaker of the MLI.

The Company's tax residency in the Czech Republic for purposes of the convention between the Czech Republic and the Netherlands for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (the "**Czech Republic-Dutch tax treaty**") is subject to the application of the provisions on tax residency as stipulated in the Czech Republic-Dutch tax treaty in force as of the date of this prospectus.

However, among other treaties, the Czech Republic and the Netherlands have entered into a Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ("**MLI**"). The MLI operates to amend bilateral tax treaties between participating states, provided there is a match between certain options made by the relevant states. The MLI provides, amongst others, for an amendment of relevant treaty rules regarding tax residency for purposes of relevant tax treaties. According to its elections, the Netherlands applies such deviating rules on tax residency, i.e., it did not opt out. However, currently, according to its elections, the Czech Republic does not apply such deviating rules on tax residency as it has elected to opt out as per the list of reservations and notifications attached to the Implementation Act of the MLI which was signed on June 7, 2017 and entered into force for the Czech Republic on September 1, 2020. As a result, the MLI does not amend the current provision on tax residency of the Czech Republic-Dutch tax treaty.

If the Czech Republic were to change its current election to apply the MLI corporate residence tie-breaker, the determination of the Company’s treaty residency could change, which may limit or delay access to treaty benefits and result in higher withholding taxes on cross-border payments (including dividends, interest and royalties), increased risk of double taxation absent timely relief, and greater administrative burden and dispute risk until any competent-authority outcome is reached.

Any such change could increase the Group’s effective tax rate, adversely affect cash flows and earnings, and may necessitate adjustments to intra-group arrangements to maintain tax certainty and efficiency.

Future changes to tax laws could materially and adversely affect the Group and reduce net returns to the Company's shareholders.

The Group's tax treatment is subject to changes in tax laws, regulations, and treaties, or the interpretation thereof, tax policy initiatives and reforms under consideration, and the practices of tax authorities in jurisdictions in which the Group operates. The income and other tax rules in the jurisdictions in which the Group operates are constantly under review by taxing authorities and other governmental bodies. Changes to tax laws (which may have retroactive application) could adversely affect the Group or the Company's shareholders. The Global Minimum Tax regime, which has been implemented in the Czech Republic on December 31, 2023, may lead to an increase in the Group's overall tax burden. Although there was no increase in the Group's tax burden in the fiscal year 2024 (or expected increase for the fiscal year 2025), the Global Minimum Tax regime could increase the Group's tax burden in subsequent years.

The Group is unable to predict what tax proposals may be proposed or enacted in the future or what effect such changes would have on its business, and, to the extent such changes are brought into tax legislation, regulations, policies or practices, could affect the Group's financial position overall or its effective tax rates in the future in countries where the Group has operations and where members of the Group are organised or deemed a resident for tax purposes, and increase the complexity, burden and cost of tax compliance.

The Company may be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes, which could subject U.S. investors in Offer Shares to significant adverse U.S. income tax consequences.

In general, a non-U.S. corporation is a passive foreign investment company (a "**PFIC**") for any taxable year in which: (i) 75% or more of its gross income consists of passive income; or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, and royalties and certain gains.

Based on the manner the Company and its subsidiaries conduct their business and the gross income and assets composition of the Company and its subsidiaries, the Company does not expect to be classified as a PFIC for the current taxable year or in the foreseeable future. However, PFIC status depends on facts that generally are not determinable until after the close of the taxable year and depends upon the income and assets composition of the Company and its subsidiaries, as well as the market value of their assets, which may vary from time to time. Therefore, there can be no assurance that the Company will not be a PFIC for any particular taxable year. The Company does not intend to conduct annual assessments of its PFIC status. If the Company is a PFIC for any taxable year during which a U.S. investor holds its Offer Shares, certain materially adverse U.S. federal income tax consequences could apply to such U.S. investor.

IMPORTANT INFORMATION

General

The content of this Prospectus is not to be considered or interpreted as legal, financial or tax advice. It is not intended to provide a recommendation by any of the Company, the Selling Shareholder, the Underwriters or any of their respective representatives that any recipient of this Prospectus should purchase any Offer Shares. Prior to making any decision whether to subscribe for or purchase the Offer Shares, prospective investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarised within it. Each prospective investor should consult his or her own stockbroker, bank manager, lawyer, auditor or other financial, legal or tax advisers before making any investment decision with regard to the Offer Shares, among other things to consider such investment decision in light of his or her personal circumstances and in order to determine whether or not such prospective investor is eligible to subscribe for the Offer Shares. In making an investment decision, prospective investors must rely on their own examination and analysis of the Company, the Shares and the terms of the Offering, including the merits and risks involved.

Prospective investors should rely only on the information contained in this Prospectus, the Pricing Statement and any supplement to this Prospectus within the meaning of article 23 of the Prospectus Regulation. The Company does not undertake to update this Prospectus, unless required pursuant to article 23 of the Prospectus Regulation, and therefore potential investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Admission or any offering of Shares (including the Offering), other than as contained in this Prospectus, and, if given or made, any other such information or representations must not be relied upon as having been authorised by the Company, the Selling Shareholder, the members of the Board, the Listing and Paying Agent, any of the Underwriters and/or any of their respective affiliates and/or representatives. The delivery of this Prospectus at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in the Group's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

Prospective investors are expressly advised that an investment in Shares entails risks and that they should therefore carefully read and review the entire Prospectus. Prospective investors should, in particular, read the section entitled "*Risk Factors*" when considering an investment in the Shares. A prospective investor should not invest in Shares unless it has the expertise (either alone or with a financial adviser) to evaluate how the Shares will perform under changing conditions, the resulting effects on the value of the Shares and the impact this investment will have on the prospective investor's overall investment portfolio. Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, subscription, ownership and disposal of the Shares.

No representation or warranty, express or implied, is made or given by the Listing and Paying Agent, the Underwriters and/or any of their respective affiliates and/or any of their respective directors, officers or employees and/or any other person(s), as to the accuracy, completeness or fairness of the information or opinions contained in this Prospectus, or incorporated by reference herein, and nothing in this Prospectus, or incorporated by reference herein, is, or shall be relied upon as, a promise or representation by the Listing and Paying Agent, the Underwriters and/or any of their respective affiliates and/or representatives as to the past or future. Neither the Listing and Paying Agent nor the Underwriters accept any responsibility whatsoever for the contents of this Prospectus, for any omissions from this Prospectus and/or for any other statements made or purported to be made by either itself and/or on its behalf in connection with the Company, the Selling Shareholder, the Group, the Offering or the Shares. Accordingly, each of the Listing and Paying Agent, the Underwriters and their respective affiliates disclaim, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of this Prospectus and/or any such omission or statement.

Although the Underwriters are party to various agreements pertaining to the Offering and each of the Underwriters has entered or might enter into a financing arrangement with the Company or any of its affiliates, this should not be considered as a recommendation by any of them to invest in the Offer Shares.

Each of the Underwriters is acting exclusively for the Company and/or the Selling Shareholder and for no one else and will not regard any other person (whether or not a recipient of this Prospectus) as their respective clients in relation to the Offering and will not be responsible to anyone other than to the Company

and/or the Selling Shareholder for giving advice in relation to the Offering and for the listing and trading of the Shares and/or any other transaction or arrangement referred to in this Prospectus.

In connection with the Offering, the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Offer Shares being offered, placed, issued, subscribed, acquired or otherwise dealt in should be read as including any offering, placement, issue, subscription, acquisition or dealing of Offer Shares to the Underwriters or any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which the Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares. The Underwriters do not intend to disclose the extent of any such investment or transactions otherwise than pursuant to any legal or regulatory obligation to do so.

The distribution of this Prospectus and the Offering may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer of, or an invitation to, subscribe for or purchase any Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. The Company, the Selling Shareholder and the Underwriters require persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. None of the Company, the Selling Shareholder, the Underwriters nor any of their respective affiliates and/or representatives accepts any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of Offer Shares, of any such restrictions. The Company, the Selling Shareholder and the Underwriters reserve the right in their own absolute discretion to reject any offer to subscribe or purchase Offer Shares that the Company, the Underwriters or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations.

Responsibility Statement

This Prospectus is made available by the Company. The Company accepts responsibility for the information contained in this Prospectus. The Company declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that such Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, "distributors" (for the purposes of the MiFID II Product Governance Requirements) should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Underwriters will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or

group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and determining appropriate distribution channels.

Presentation of Financial and Other Information

Historical Financial Information of the CSG Group

The Company was incorporated on January 5, 2026 as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands, to serve as a holding company for the Group. The Company is expected to convert from a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) to a public limited liability company (*naamloze vennootschap*) immediately prior to Admission and commencement of trading of the Shares on an "as-if-and-when-issued/delivered" basis on Euronext Amsterdam. On January 15, 2026, CSG FIN a.s. contributed the CSG Group (with such contribution being legally perfected on January 16, 2026), which includes the CSG Business that is operated through the CSG Group, to the Company. Since the contribution, the Company owns and operates the CSG business through CZECHOSLOVAK GROUP a.s. Accordingly, this Prospectus includes the financial information from CZECHOSLOVAK GROUP a.s., which operated and will continue to operate the CSG business.

Unless otherwise indicated, the financial information in this Prospectus relating to the CSG Group has been derived from the audited consolidated financial statements of the CSG Group as of and for the years ended December 31, 2024 (the "**2024 Audited Financial Statements**"), and December 31, 2023 (including the comparative information as of and for the year ended December 31, 2022) (the "**2023 Audited Financial Statements**" and, together with the 2024 Audited Financial Statements, the "**Audited Financial Statements**") and unaudited condensed consolidated interim financial statements of the CSG Group as of and for the nine months ended September 30, 2025 (including unaudited comparative financial information) (the "**Unaudited Interim Financial Statements**", and together with the Audited Financial Statements, the "**Historical Financial Statements**"), which are included in the section entitled "*Historical Financial Information–Historical Financial Information of the CSG Group*". The financial information in this Prospectus relating to the CSG Group as of and for the year ended December 31, 2023 has been derived from the comparative financial information presented in the audited consolidated financial statements of the CSG Group as of and for the year ended December 31, 2024 because of certain restatements made to the 2023 financial information to reflect adjustments and ensure consistency with the 2024 Audited Financial Statements. The financial information in this Prospectus relating to the CSG Group as of and for the year ended December 31, 2022 has been derived from the comparative financial information presented in the 2023 Audited Financial Statements because the presentation currency for the audited consolidated financial statements of the CSG Group as of and for the year ended December 31, 2022 was CZK and, as a result, is of limited relevance to investors. For additional information, please see "*—Change in Presentation Currency*". Furthermore, the comparative financial information as of and for the year ended December 31, 2022 that is presented in the 2023 Audited Financial Statements can be traced to the financial information included in the audited consolidated financial statements of the CSG Group as of and for the year ended December 31, 2022 and presented in CZK, other than adjustments on account of the change in presentation currency, measurement period adjustments resulting from the finalisation of the acquisition accounting for the acquisition by the CSG Group of C3F S.p.A. in December 2022 and the change made in 2023 to recognise own work capitalized as "Employee benefits cost" instead of "Other operating income". For more information, see note 4 of the 2023 Audited Financial Statements in the section entitled "*Historical Financial Information—Historical Financial Information of the CSG Group—Audited consolidated financial statements of CZECHOSLOVAK GROUP a.s. as of and for the year ended December 31, 2023*".

The statement of financial position of the CSG Group as of December 31, 2024 has been restated in the Unaudited Interim Financial Statements to reflect the finalisation of the Group's accounting process that had not been completed with respect to the purchase price allocation relating to the Kinetic Group Acquisition before the 2024 Audited Financial Statements were issued, and includes the re-presentation of certain balances between trade payables and contract liabilities, and the financial information relating to the CSG Group's financial position as of December 31, 2024 contained in this Prospectus has been derived from the Unaudited Interim Financial Statements unless otherwise stated. For additional information, please

see Appendix 1 (Restated Consolidated Statement of Financial Position as of December 31, 2024) to the Unaudited Interim Financial Statements.

The Historical Financial Statements should be read in conjunction with the accompanying notes thereto and the respective auditor's reports thereon. The Audited Financial Statements included in this Prospectus have been audited by Deloitte Audit s.r.o. ("**Deloitte Czech Republic**") in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing ("**ISAs**"), as amended by the related application guidelines, and prepared in accordance with the International Financial Reporting Standards as adopted by the EU (the "**IFRS**").

The Unaudited Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") and have not been audited but have been reviewed in accordance with ISRE 2410 by Deloitte Czech Republic.

Change in Presentation Currency

During 2023, the CSG Group elected to change its presentation currency from CZK to EUR effective from January 1, 2023. The financial information as of and for the year ended December 31, 2022 appearing in the 2023 Audited Financial Statements was accordingly restated to EUR using the procedures described below:

- the statement of profit or loss and other comprehensive income and statement of cash flows for each group entity were consolidated into EUR using average foreign currency rates prevailing for the relevant period;
- assets and liabilities in the consolidated statement of financial position were translated into EUR at the closing foreign currency rates on the relevant balance sheet dates; and
- the equity section of the consolidated statement of financial position, including foreign currency translation reserve, accumulated losses, share capital and the other reserves, were translated into EUR using the historical rates, being the rate on the date of the transaction.

The presentation currency of EUR was adopted to suit the needs of the primary users of the financial statements.

Historical Financial Information of the Kinetic Group

Unless otherwise stated, the financial information in this Prospectus relating to the historical financial information for The Kinetic group, being the former "Sporting Products business" of the Kinetic Group, Inc. (the "**Kinetic Group**") has been extracted without material adjustment from the audited combined financial statements of the Kinetic Group as of and for the year ended March 31, 2024 (which include comparative numbers for the year ended March 31, 2023), including the accompanying notes thereto (the "**2024 Kinetic Group Annual Financial Statements**"), which have been audited by Deloitte & Touche LLP ("**Deloitte U.S.**").

The 2024 Kinetic Group Annual Financial Statements reflect the historical financial position, results of operations and cash flows of the Kinetic Group as a reportable segment within Vista Outdoor Inc. ("**Vista Outdoor**") prior to the Kinetic Group Acquisition. Consequently, the 2024 Kinetic Group Annual Financial Statements have been prepared on a "carve-out" basis of the Kinetic Group reportable segment derived from the consolidated financial statements and accounting records of Vista Outdoor. The statements include expense allocation for certain functions provided by Vista Outdoor, including, but not limited to, management, finance, legal, information technology, human resources, communications and insurance. These expenses have been allocated to the Kinetic Group on the basis of direct usage when identifiable, with the remainder principally allocated on the basis of percent of revenue, headcount or other measures. The 2024 Kinetic Group Annual Financial Statements may not be indicative of the Kinetic Group's future performance and do not necessarily reflect what the financial position, results of operations and cash flows would have been had the Kinetic Group operated as an independent company during the periods presented.

The 2024 Kinetic Group Annual Financial Statements have been prepared in U.S. dollars and in conformity with the accounting principles generally accepted in the United States of America.

Pro forma Financial Information

This Prospectus includes unaudited pro forma financial information for the Company to simulate the effects of the Kinetic Group Acquisition, including the unaudited pro forma income statement of the Company for the year ended December 31, 2024 prepared to simulate the main effects of the Kinetic Group Acquisition and the related refinancing of existing debt, as described in the pro forma financial information, as though it had occurred as of January 1, 2024 (the "**Unaudited Pro Forma Financial Information**").

The Unaudited Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the actual results of operations of the Group. The Unaudited Pro Forma Financial Information represents a simulation, for illustrative purposes only, of the main potential impacts that may derive from the Kinetic Group Acquisition. In particular, as pro forma information is prepared to illustrate retrospectively the effects of transactions that have occurred, using generally accepted regulations and reasonable assumptions, there are limitations that are inherent to the nature of pro forma information; hence, had the Kinetic Group Acquisition taken place on the dates assumed above, the actual effects would not necessarily have been the same as those presented in the Unaudited Pro Forma Financial Information.

Furthermore, in consideration of the different purposes of the Unaudited Pro Forma Financial Information as compared to the Historical Financial Statements and the different methods of calculation of the effects of the Kinetic Group Acquisition, the Unaudited Pro Forma Financial Information should be read and interpreted without comparisons to the Historical Financial Statements.

The Unaudited Pro Forma Financial Information is based on the Group's current estimates of, and good faith assumptions regarding, the adjustments arising from the Kinetic Group Acquisition. The Unaudited Pro Forma Financial Information is for informational purposes only and does not purport to represent or to be indicative of the consolidated results of operations that the Group would have reported had the Kinetic Group Acquisition been completed as of the dates presented, and is not, and should not be taken as, representative of the Group's future results of operations, nor does it purport to project the Group's financial position as of any future date or results of operations for any future period and should not be used for such purpose.

The Unaudited Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies adopted by the Group and in accordance with IFRS and in accordance with the requirements of sections 1 and 2 of Annex 20 of Commission Delegated Regulation (EU) 2019/980. The Unaudited Pro Forma Financial Information was not prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act or any related manual or guidance, nor does it comply with the financial statement presentation requirements typically applicable to SEC-registered offerings. While the Unaudited Pro Forma Financial Information has been prepared for the year ended December 31, 2024 to reflect the effects of the Kinetic Group Acquisition on such periods, it is for illustrative purposes only and does not reflect any acquisition, disposal, agreement, or event other than the Kinetic Group Acquisition.

Last Twelve Months Financial Information

This Prospectus also includes unaudited financial information for the twelve months ended September 30, 2025, which is calculated by adding the unaudited results of operations for the nine months ended September 30, 2025 derived from the Unaudited Interim Financial Statements to the results of operations for the year ended December 31, 2024 derived from the 2024 Annual Financial Statements and subtracting the unaudited results of operations for the nine months ended September 30, 2024 derived from the unaudited comparative financial information for the nine months ended September 30, 2024 contained in the Unaudited Interim Financial Statements. The financial information for the twelve months ended September 30, 2025 is not necessarily indicative of the results of operations that may be expected for the fiscal year ended December 31, 2025 or any future period, and should not be used as the basis for, or prediction of, an annualized calculation. The unaudited financial information for the twelve months ended September 30, 2025 has not been audited or reviewed by the auditor, is not required by or presented in accordance with IFRS or any other generally accepted accounting principles and has been prepared for illustrative purposes only.

Segmentation

In connection with the Group's ongoing review of its business operations and strategic priorities, as of January 1, 2025, the Group has transitioned from reporting five business segments (CSG Defence, CSG

Aerospace, CSG Ammo+, CSG Mobility and Other) to a new structure comprising of two reportable business segments: CSG Defence Systems and CSG Ammo+, with all other activities included under CSG Other, which encompasses the activities previously reported under CSG Mobility and CSG Other. Under the new segment structure:

- CSG Defence Systems encompasses the activities previously reported under both CSG Defence and CSG Aerospace.
- CSG Ammo+ remains unchanged.

Please see below the statements of profit or loss for the new segments for the historical periods ending December 31, 2024, 2023, and 2022. These statements of profit and loss have been prepared by the Group for illustrative purposes to reflect the Group's new segment structure as if it had been in effect during these historical periods. The figures in columns "Initial A", "Initial B", "Initial C", "Initial D" and "Initial E" below represent previously reported amounts extracted from the audited consolidated financial statements for each respective period, adjusted to reflect the reallocation of activities and certain intersegment eliminations in accordance with the new segment definitions. The reconciliations are unaudited and are based on internal management information and allocation methodologies determined by the Group. For further information, please see "*Operating and Financial Review of the CSG Group—Discussion of the new reportable segments revenue for the year ended December 31, 2024, December 31, 2023 and December 31, 2022*."

Statement of Profit or Loss for the period ended December 31, 2024:

	Initial A	**Initial B**	**Part of Initial C**	**Part of Initial D**	**IC**	**New A + B + C + D + IC**	**Initial E**	**Initial F**	**IC**	**New E + F + IC**	**Part of Initial C**	**Part of Initial D**	**IC**	**New C + D + IC**			
	CSG Defence	**CSG Aerospace**	**Other**	**CSG Mobility**	**Intra-segment**	**CSG Defence Systems**	**CSG Ammo+**	**The Kinetic Group Financials**	**Intra-segment**	**CSG Ammo+**	**CSG Other**	**CSG Mobility**	**Intra-segment**	**CSG Other**	**Disposal and discontinued operations**	**Intra-segment**	**Combined Pro Forma Cons. Statement of P&L**
									(EUR millions) (unaudited)								
Revenue	3,301	289	19	4	(169)	3,443	482	1,185	(11)	1,656	84	74	(81)	77	90	(84)	5,182
Raw material and consumables.....	(1,832)	(158)	(19)	(2)	93	(1,918)	(237)	(482)	11	(708)	11	(31)	16	(4)	(23)	24	(2,628)
External costs	(403)	(29)	(5)	(1)	66	(372)	(61)	(91)	–	(153)	(49)	(13)	21	(41)	(27)	59	(534)
Employee benefits expense ...	(92)	(47)	(7)	(1)	8	(139)	(100)	(319)	–	(419)	(19)	(20)	23	(16)	(31)	0	(605)
Depreciation and amortisation expenses..	(15)	(9)	(0)	(0)	(0)	(23)	(30)	(85)	–	(114)	(9)	(4)	8	(5)	(8)	(0)	(151)
Other operating income	34	9	1	0	(13)	31	12	(0)	–	11	1	4	(3)	2	17	(0)	61
Other operating expenses..	(65)	(5)	(0)	(0)	12	(59)	(15)	(30)	–	(44)	(16)	(2)	19	1	(32)	0	(134)
Profit from operating activities (EBIT)	929	50	(12)	(0)	(3)	964	50	178	–	229	3	8	2	14	(15)	(0)	1,191

Statement of Profit or Loss for the period ended December 31, 2023:

	Initial A	**Initial B**	**Part of Initial C**	**Part of Initial D**	**IC**	**New A + B + C + D + IC**	**Initial E**	**New E**	**Part of initial C**	**Part of initial D**	**IC**	**New C + D + IC**			
	CSG Defence	**CSG Aerospace**	***Other***	***CSG Mobility***	**Intra-segment**	**CSG Defence Systems**	**CSG Ammo+**	**CSG Ammo+**	**CSG Other**	**CSG Mobility**	**Intra-segment**	**CSG Other**	**Disposal and discontinued operations**	**Intra-segment**	**Cons. Statement of P&L**
								(EUR millions) (unaudited)							
Revenue	1,167	256	34	5	(172)	1,289	376	376	6	63	(48)	21	74	(26)	1,734
Raw material and consumables.....	(596)	(165)	(17)	(3)	151	(630)	(194)	(194)	7	(20)	10	(3)	(22)	8	(841)
External costs	(151)	(33)	(6)	(1)	10	(182)	(44)	(44)	(20)	(11)	7	(24)	(13)	17	(245)
Employee benefits expense	(56)	(62)	(7)	(1)	4	(121)	(71)	(71)	(8)	(18)	17	(9)	(21)	0	(222)
Depreciation and amortisation expenses.....	(13)	(12)	0	(0)	0	(26)	(26)	(26)	(5)	(4)	4	(5)	(5)	–	(61)
Other operating income	2	26	2	(0)	(0)	30	3	3	9	4	(2)	11	2	0	46
Other operating expenses.....	(24)	(4)	1	0	(1)	(28)	(6)	(6)	3	(5)	7	5	(5)	0	(34)
Profit from operating activities (EBIT).	**329**	**5**	**6**	**0**	**(7)**	**333**	**38**	**38**	**(8)**	**10**	**(4)**	**(3)**	**10**	**0**	**378**

Statement of Profit or Loss for the period ended December 31, 2022:

	Initial A	Initial B	Part of Initial C	Part of Initial D	IC	New A + B + C + D + IC	Initial E	New E	Part of initial C	Part of initial D	IC	New C + D + IC			
	CSG Defence	CSG Aerospace	*Other*	*CSG Mobility*	Intra-segment	CSG Defence Systems	CSG Ammo+	CSG Ammo+	CSG Other	CSG Mobility	Intra-segment	CSG Other	Disposal and discontinued operations	Intra-segment	Cons. Statement of P&L
								(EUR millions) (unaudited)							
Revenue	**771**	**104**	**15**	**7**	**(18)**	**879**	**26**	**26**	**26**	**90**	**(96)**	**20**	**101**	**(11)**	**1,015**
Raw material and consumables	(465)	(23)	(8)	(5)	4	(497)	(14)	(14)	5	(37)	39	7	(39)	0	(543)
External costs	(120)	(25)	(3)	(1)	12	(136)	(5)	(5)	(21)	(14)	14	(21)	(17)	11	(168)
Employee benefits expense	(31)	(35)	(4)	(1)	5	(66)	(6)	(6)	(8)	(17)	18	(7)	(22)	0	(101)
Depreciation and amortisation expenses	(12)	(10)	(0)	(0)	0	(21)	(1)	(1)	(2)	(3)	4	(1)	(4)	–	(28)
Other operating income	7	4	1	0	(3)	10	1	1	1	1	(1)	1	4	1	17
Other operating expenses	(11)	(5)	(0)	(0)	0	(16)	(1)	(1)	(8)	(3)	3	(8)	(3)	0	(29)
Profit from operating activities (EBIT)	**140**	**10**	**1**	**1**	**0**	**153**	**1**	**1**	**(8)**	**17**	**(20)**	**(11)**	**19**	**0**	**163**

Alternative performance measures

This Prospectus contains certain financial information and measures that are not defined or recognised under IFRS and which are considered to be "alternative performance measures" as defined by the "*ESMA Guidelines on Alternative Performance Measures*" issued by the European Securities and Markets Authority on 5 October 2015 ("**APMs**"). Accordingly, the APMs have not been audited or reviewed. The Company has included the following APMs in this Prospectus:

- "**Adjusted Operating EBIT**" means Operating EBIT for the relevant period, adjusted to reflect an increase to raw materials and consumables to account for the increase in the value of inventories resulting from the purchase price allocation, assuming all inventories were sold during the period;
- "**Adjusted Operating EBIT Margin**" means Adjusted Operating EBIT divided by revenue;
- "**Adjusted Operating EBITDA**" means Operating EBITDA for the relevant period, adjusted to reflect an increase to raw materials and consumables to account for the increase in the value of inventories resulting from the purchase price allocation, assuming all inventories were sold during the period;
- "**Adjusted Operating EBITDA Margin**" means Adjusted Operating EBITDA divided by revenue.
- "**Cash Conversion**" means Adjusted Operating EBITDA less Capex divided by Adjusted Operating EBITDA;
- "**Capex**" means acquisition of property, plant and equipment, investment property and intangible assets as presented in the consolidated statement of cash flows contained in the Historical Financial Statements;
- "**Capex Intensity**" means Capex divided by revenue;
- "**Gross Debt**" means loans and borrowings, bonds and lease liabilities;
- "**Growth Capex**" means capital spent other than Maintenance Capex;
- "**Maintenance Capex**" means capital spent that is required to maintain existing assets in their current condition or capacity;
- "**Net Debt**" means Gross Debt minus cash and cash equivalents;
- "**Net Leverage**" means Net Debt divided by Adjusted Operating EBITDA on a last twelve-month basis;
- "**Adjusted Net Working Capital**" means inventory, trade and other receivables, prepayments made and deferred expenses and accrued income, and other (including contract assets, contract costs, tax receivables less provisions and tax liabilities), less trade and other payables and contract liabilities;

- "**Operating EBIT**" means net profit from continuing operations before income tax, profit/(loss) from financing activities, share of profit/(loss) from associates and JV, net and profit/(loss) from the sale of equity interests;

- "**Operating EBIT Margin**" means Operating EBIT divided by revenue;

- "**Operating EBITDA**" means Operating EBIT plus depreciation and amortisation expenses;

- "**Operating EBITDA Margin**" means Operating EBITDA divided by revenue;

- "**Pro Forma Operating EBIT**" means net profit from continuing operations before income tax, profit/(loss) from financing activities, share of profit/(loss) from associates and JV, net and profit/(loss) from the sale of equity interests, in each case adjusted to reflect the impact of the Kinetic Group Acquisition as if it had occurred as of January 1, 2024;

- "**Pro Forma Operating EBIT Margin**" means Pro Forma Operating EBIT divided by pro forma revenue;

- "**Pro Forma Adjusted Operating EBIT**" means Pro Forma Operating EBIT for the relevant period, adjusted to reflect an increase to raw materials and consumables to account for the increase in the value of inventories resulting from the purchase price allocation, assuming all inventories were sold during the period further;

- "**Pro Forma Adjusted Operating EBIT Margin**" means Pro Forma Adjusted Operating EBIT divided by pro forma revenue;

- "**Pro Forma Operating EBITDA**" means Pro Forma Operating EBIT plus depreciation and amortisation expenses as adjusted to reflect the impact of the Kinetic Group Acquisition as if it had occurred as of January 1, 2024;

- "**Pro Forma Operating EBITDA Margin**" means Pro Forma Operating EBITDA Margin divided pro forma revenue; and

- "**Pro Forma Net Leverage**" means Net Debt divided by Pro Forma Adjusted Operating EBITDA on a last twelve-month basis.

The Company has included the APMs in this Prospectus because they represent key measures used by management to evaluate the Group's operating performance. Further, the Group believes that the presentation of the APMs 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. Management also believes that the APMs facilitate operating performance comparisons on a period-to-period basis to exclude the impact of items, which management does not consider to be indicative of the Group's core operating performance.

APMs are not defined or recognised under IFRS, and other companies may calculate these measures differently or may use such measures for different purposes than the Company does, limiting the usefulness of such measures as comparative measures. In addition, the APMs presented in this Prospectus may not be comparable to similarly titled measures and financial information used by other companies. Neither the Company's independent auditors nor any other independent accountants have audited, reviewed, compiled, examined, or performed any procedures with respect to the presentation of the APMs.

The tables below set out a reconciliation of the APMs to the most directly comparable measures calculated and presented in accordance with IFRS a discussion of their limitations and an explanation of the relevance of each of the APMs. Prospective investors should not consider the APMs in isolation, as alternatives to revenue, profit before tax or cash flows from operations calculated in accordance with IFRS, as indications of operating performance or as measures of the Group's profitability or liquidity. Such APMs must be considered only in addition to, and not as a substitute for or superior to, financial information and measures prepared in accordance with IFRS.

	As of and for the years ended December 31,				As of and for the nine months ended September 30 (unless otherwise stated),
	2024PF*	2024	2023	2022	2025
		(€ thousands, unless otherwise indicated)			
		(unaudited)			
Operating EBIT[(1)]	1,191,328	1,012,873	378,127	162,564	1,065,125
Operating EBIT Margin (%)	23.0%	25.3%	21.8%	16.0%	23.7%
Adjusted Operating EBIT[(1)]	1,238,654	1,012,873	378,127	162,564	1,097,643
Adjusted Operating EBIT Margin (%)	23.9%	25.3%	21.8%	16.0%	24.5%
Operating EBITDA[(1)]	1,342,130	1,079,164	438,781	190,852	1,183,009
Operating EBITDA Margin (%)	25.9%	26.9%	25.3%	18.8%	26.4%
Adjusted Operating EBITDA[(1)]	1,389,456	1,079,164	438,781	190,852	1,215,527
Adjusted Operating EBITDA Margin (%)	26.8%	26.9%	25.3%	18.8%	27.1%
Cash Conversion[(1)] (%)	90.8%	89.2%	83.1%	65.8%	89.8%
Capex[(2)]	128,804	116,804	74,246	65,276	124,006
Capex Intensity[(2)] (%)	2.5%	2.9%	4.3%	6.4%	2.8%
Adjusted Net Working Capital[(3)] **	517,686	517,649	154,254	17,890	2,223,729
Gross Debt[(4)]	3,017,212	3,017,212	1,137,367	881,235	4,426,907
Net Debt [(4)]	1,768,725	1,768,725	573,502	639,585	3,589,681
Net Leverage [(4)]	1.3x	1.6x	1.3x	3.4x	2.2x***

* 2024PF represents the unaudited pro forma financial information for the Company to simulate the effects of the Kinetic Group Acquisition, including the unaudited pro forma income statement of the Company for the year ended December 31, 2024 prepared to simulate the main effects of the Kinetic Group Acquisition as though it had occurred as of January 1, 2024. For the 2024PF column, Operating EBIT, Operating EBIT Margin, Adjusted Operating EBIT, Adjusted Operating EBIT Margin, Operating EBITDA, Operating EBITDA Margin, Adjusted Operating EBITDA, Adjusted Operating EBITDA Margin and Net Leverage are in relation to Pro Forma Operating EBIT, Pro Forma Operating EBIT Margin, Pro Forma Adjusted Operating EBIT, Pro Forma Adjusted Operating EBIT Margin, Pro Forma Operating EBITDA, Pro Forma Operating EBITDA Margin, Pro Forma Adjusted Operating EBITDA, Pro Forma Adjusted Operating EBITDA Margin and Pro Forma Net Leverage are as defined above.

** Adjusted Net Working Capital as of December 31, 2024 has been derived from financial information extracted from the Unaudited Interim Financial Statements. For additional information, see "*—Presentation of Financial and Other Information*".

*** For comparability with other periods, Net Leverage has been presented for the last twelve months ended September 30, 2025. For additional information on the method of calculation of financial information for the last twelve months, see "*—Presentation of Financial and Other Information—Last Twelve Months Financial Information*".

(1) The Company believes Operating EBIT, Adjusted Operating EBIT, Operating EBITDA and Adjusted Operating EBITDA, Pro Forma Operating EBIT, Pro Forma Adjusted Operating EBIT, Pro Forma Operating EBITDA and Pro Forma Adjusted Operating EBITDA are useful to investors in evaluating its operating performance and its ability to incur and service its indebtedness. The Company believes Operating EBIT and Pro Forma Operating EBIT is relevant because it allows for meaningful comparison of operating performance across periods and with peers. The Company considers Adjusted Operating EBIT and Pro Forma Adjusted Operating EBIT relevant because it reflects the Group's underlying operating performance by adjusting for purchase price allocation effects on inventories, thereby providing a more consistent and comparable measure of profitability across periods. The Company believes Operating EBITDA and Pro Forma Operating EBITDA is relevant because it provides a measure of operating performance that excludes the impact of financing, taxation, and non-cash items, offering a clearer view of underlying business profitability. The Company believes Adjusted Operating EBITDA and Pro Forma Adjusted Operating EBITDA is relevant because it further eliminates non-cash and acquisition-related adjustments, offering a clearer view of the Group's cash-generating ability from ongoing operations. The Company believes Cash Conversion is useful to investors in assessing the ability to generate cash from operating performance after capital expenditures, which supports evaluation of liquidity, reinvestment capacity, and financial flexibility. The Operating EBIT, Adjusted Operating EBIT, Adjusted Operating EBITDA, Pro Forma Operating EBIT, Pro Forma Adjusted Operating EBIT, Pro Forma Operating EBITDA and Pro Forma Adjusted Operating EBITDA are not performance indicators recognized under IFRS. Operating EBIT, Adjusted Operating EBIT, Adjusted Operating EBITDA, Pro Forma Operating EBIT, Pro Forma Adjusted Operating EBIT, Pro Forma Operating EBITDA and Pro Forma Adjusted Operating EBITDA reported are not necessarily comparable to the performance figures published by other companies as Operating EBIT, Adjusted Operating EBIT and Adjusted Operating EBITDA or the like. Investors should exercise caution in comparing Adjusted Operating EBIT and Adjusted Operating EBITDA as reported by the Company to Operating EBIT, Adjusted Operating EBIT and Adjusted Operating EBITDA of other companies. Neither the Company's independent auditors nor any other independent accountants have audited, reviewed, compiled, examined, or performed any procedures with respect to the presentation of EBIT, Adjusted Operating EBIT and Adjusted Operating EBITDA contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, such presentation. For more information, see "*Important Information—Presentation of Financial and Other Information—Alternative performance measures*."

	As of and for the years ended December 31,				For the nine months ended September 30,
	2024PF	2024	2023	2022	2025
	(€ thousands, unless otherwise indicated)				
	(unaudited)				
Net profit from continuing operations	**656,574**	**633,387**	**210,211**	**141,137**	**511,483**
Income tax	(239,865)	(212,451)	(68,717)	(40,577)	(182,444)
Profit before tax	**896,439**	**845,838**	**278,928**	**181,714**	**693,927**
Share of profit / (loss) of associates and JVs, net	(300)	(300)	647	9,921	926
Profit / (loss) from the sale of equity interests	2,225	2,225	1,766	418	285
Profit from financing activities	**(296,814)**	**(168,960)**	**(101,612)**	**8,811**	**(372,409)**
Financial income	166,024	165,850	23,154	14,098	26,564
Financial expense	(506,364)	(378,336)	(104,107)	(39,471)	(374,133)
Profit/(loss) from other financial instruments	43,526	43,526	(20,659)	34,184	(24,840)
Operating EBIT	**1,191,328**	**1,012,873**	**378,127**	**162,564**	**1,065,125**
Adjustment to raw materials and consumables	47,326	-	-	-	32,518
Adjusted Operating EBIT	**1,238,654**	**1,012,873**	**378,127**	**162,564**	**1,097,643**
Less: adjustment to raw materials and consumables	*47,326*	-	-	-	*32,518*
Depreciation and amortisation expenses	(150,802)	(66,291)	(60,654)	(28,288)	(117,884)
Operating EBITDA	**1,342,130**	**1,079,164**	**438,781**	**190,852**	**1,183,009**
Adjustment to raw materials and consumables	47,326	-	-	-	32,518
Adjusted Operating EBITDA	**1,389,456**	**1,079,164**	**438,781**	**190,852**	**1,215,527**
Less: Capex	*128,804*	*116,804*	*74,246*	*65,276*	*124,006*
Cash Conversion	90.8%	89.2%	83.1%	65.8%	89.8%

(2) The Company believes Capex, Growth Capex, Maintenance Capex and Capex Intensity are useful to investors in assessing the Group's ability to reinvest in its operations, maintain and expand production capacity, and support future growth. Capex includes both Maintenance Capex, i.e., capital spent that is required to maintain existing assets in their current condition or capacity and Growth Capex i.e., capital spent other than Maintenance Capex. These measures provide insight into the efficiency of capital allocation and the sustainability of cash generation relative to revenue, including how much capital is allocated to maintaining existing assets relative to capital spent in acquiring new assets to grow the business.

	As of and for the years ended December 31,				For the nine months ended September 30,
	2024PF	2024	2023	2022	2025
	(€ thousands, unless otherwise indicated)				
	(unaudited)				
Maintenance Capex	21,121	17,521	22,274	18,474	17,938
Growth Capex	107,683	99,283	51,972	46,802	106,068
Capex	**128,804**	**116,804**	**74,246**	**65,276**	**124,006**
Revenues	**5,182,195**	**4,008,614**	**1,734,430**	**1,014,966**	**4,485,337**
Capex Intensity	**2.5%**	**2.9%**	**4.3%**	**6.4%**	**2.8%**

(3) The Company believes Adjusted Net Working Capital is useful to investors in assessing the Group's short-term liquidity and operational efficiency, as it reflects the amount of capital available to fund day-to-day operations after accounting for current operating assets and liabilities.

	As of and for the years ended December 31,			For the nine months ended September 30,	For the six months ended June 30,	For the three months ended March 31,
	2024[1]	2023	2022	2025	2025	2025
	(€ thousands, unless otherwise indicated)					
	(unaudited)					
Inventory	2,195,068	860,245	561,796	3,598,911	2,976,601	2,857,627
Trade and other receivables	544,899	220,436	213,817	1,192,926	626,166	627,108
Trade and other payables	(782,296)	(356,785)	(238,483)	(907,307)	(1,159,890)	(1,119,740)
Contract liabilities	(2,204,017)	(840,524)	(623,840)	(2,107,525)	(1,247,593)	(1,543,161)
Prepayments made and deferred expenses and accrued income	739,420	223,832	85,124	377,822	368,195	391,876
Other[2]	24,575	47,050	19,476	68,902	67,749	61,360
Contract assets	18,913	15,211	30,125	45,729	33,898	28,201
Contract costs	60,437	41,185	4,712	55,574	61,054	60,454

	As of and for the years ended December 31,			For the nine months ended September 30,	For the six months ended June 30,	For the three months ended March 31,
	2024[1]	2023	2022	2025	2025	2025
	(€ thousands, unless otherwise indicated)					
	(unaudited)					
Tax receivables	21,381	19,331	14,361	31,707	38,364	36,543
Provisions	(31,106)	(13,413)	(13,206)	(17,147)	(22,507)	(23,217)
Tax liabilities	(45,050)	(15,264)	(16,516)	(46,961)	(43,061)	(40,621)
Adjusted Net Working Capital	**517,649**	**154,254**	**17,890**	**2,223,729**	**1,631,228**	**1,275,070**

(1) The information as of and for the year ended December 31, 2024 has been restated and derived from the Unaudited Interim Financial Statements. For additional information, see "*—Presentation of Financial and Other Information*".

(2) Other includes contract assets, contract costs, tax receivables less provisions and tax liabilities.

(4) The Company believes Net Debt, Gross Debt, Net Leverage and Pro Forma Net Leverage are useful to investors in assessing the Group's overall leverage, liquidity position, and financial flexibility. These measures provide insight into the Group's ability to meet its obligations, manage debt structure, and fund operations and growth initiatives.

	As of and for the years ended December 31,				As of and for the twelve months ended September 30,
	2024PF	2024	2023	2022	2025
	(€ thousands, unless otherwise indicated)				
	(unaudited)				
Loans and borrowings	1,912,496	1,912,496	757,399	652,748	1,709,543
Bonds	1,005,695	1,005,695	337,445	190,219	2,602,716
Financial liabilities from leases	99,021	99,021	42,523	38,268	114,648
Gross Debt	**3,017,212**	**3,017,212**	**1,137,367**	**881,235**	**4,426,907**
Cash and cash equivalents	(1,248,487)	(1,248,487)	(563,865)	(241,650)	(837,226)
Net Debt	**1,768,725**	**1,768,725**	**573,502**	**639,585**	**3,589,681**
Adjusted Operating EBITDA	**1,389,456**	**1,079,164**	**438,781**	**190,852**	**1,632,523[1]**
Net Leverage	1.3x	1.6x	1.3x	3.4x	2.2x

(1) Adjusted Operating EBITDA for the last twelve months ended September 30, 2025 is calculated by adding the Adjusted Operating EBITDA for the nine months ended September 30, 2025 to the Adjusted Operating EBITDA for the year ended December 31, 2024 and subtracting the adjusted operating EBITDA for the nine months ended September 30, 2024.

	As of and for the year ended December 31		As of and for the nine months ended September 30	
	2024PF	2024	2025	2024
Net profit from continuing operations	**656,574**	**633,387**	**511,483**	**417,387**
Income tax	(239,865)	(212,451)	(182,444)	(104,146)
Profit before tax	**896,439**	**845,838**	**693,927**	**521,533**
Share of profit / (loss) of associates and JVs, net	(300)	(300)	926	(4,838)
Profit / (loss) from the sale of equity interests	2,225	2,225	285	2,229
Profit / (Loss) from financing activities	**(296,814)**	**(168,960)**	**(372,409)**	**(95,781)**
Financial income	166,024	165,850	26,564	18,061
Financial expense	(506,364)	(378,336)	(374,133)	(77,452)
Profit/(loss) from other financial instruments	43,526	43,526	(24,840)	(36,390)
Operating EBIT	**1,191,328**	**1,012,873**	**1,065,125**	**619,923**
Adjustment to raw materials and consumables	47,326	-	32,518	-
Adjusted Operating EBIT	**1,238,654**	**1,012,873**	**1,097,643**	**619,923**
Less: adjustment to raw materials and consumables	*47,326*	-	*32,518*	-
Depreciation and amortisation expenses	(150,802)	(66,291)	(117,884)	(42,245)
Operating EBITDA	**1,342,130**	**1,079,164**	**1,183,009**	**662,168**
Adjustment to raw materials and consumables	47,326	-	32,518	-
Adjusted Operating EBITDA	**1,389,456**	**1,079,164**	**1,215,527**	**662,168**

Key Performance Indicators

This Prospectus also contains certain key performance indicators ("**KPIs**") that are used by the Company to assess and monitor its business performance. These KPIs are not defined or recognised under IFRS and may differ from measures used by other companies. Accordingly, the KPIs presented herein have not been audited or reviewed. The Company has included the following KPIs in this Prospectus to provide investors with additional insight into its operational and financial performance.

- "**Backlog**" is defined as the sum of: (i) fixed backlog, which consists of signed and effective contracts, of which typically 15-30% (depending on the type and length of the contract) have received downpayments; (ii) frame backlog, which consist of long-term framework agreement for which the specific conditions of fulfilment will be negotiated at later stages and (iii) soft backlog, consisting of contracts that are not yet fully finalised or effective but, based on past experience and the nature of negotiations, are considered nearly certain and included in forecasts. Backlog only consist of contracts within the CSG Defence Systems segment and does not take into consideration contracts assignable to another segment;

- "**Backlog Coverage Ratio**" is defined as Backlog divided by revenue, for the specific period and the Group believes this is useful to investors in assessing the Group's visibility on future revenue, including how much of its expected revenue consists of already committed orders from customers; and

- "**Pipeline**" is defined as projects in various stages of negotiations deemed reasonably achievable based on previous experience in the market and with customer.

The Group does not consider its Backlog and Pipeline to be indicators of future results. Neither of the Group's Backlog nor Pipeline figures provide an indication of the time period over which the Group is contractually entitled to receive such revenues and there is no assurance that such revenues will be actually received by it in the time frames anticipated, or at all. The Group's Backlog and Pipeline is computed based on facts known and assumptions deemed appropriate at the computation date. Unforeseen events or circumstances, including, for example, the termination or scaling down of contracts, may affect the Group's Backlog and Pipeline and could negatively impact its earnings and financial position. There can be no assurance that the revenue projected in the Group's Backlog and Pipeline will be realized or, if realized, that it will result in profits. Because of contract terminations or suspensions and changes in contract scope and schedule, the Group cannot predict with certainty when, or if, the Group's Backlog and Pipeline will be achieved. Additionally, the Group's Backlog includes so-called soft backlog, which consists of contracts that are not yet fully finalized or effective but are considered nearly certain and, subsequently, included in the forecasts. Such soft backlog is inherently subject to an increased scale of uncertainty and the realization rate thereof may be substantially less. The Group can provide no assurance that it will not receive additional terminations, and, even where a contract proceeds as scheduled, it is possible that the customer may default and fail to pay amounts owed by it. To the extent the Group is unable to realize the pipeline of revenue associated with contracts in the Group's Backlog due to material delays, terminations or payment defaults, the Group's business, financial condition and results of operation could be adversely affected. Finally, the Group's Backlog and Pipeline definitions may not necessarily be the same as that used by other companies engaged in activities similar to the Group. As a result, the amount of the Group's Backlog and Pipeline reported by it may not be comparable to similar metrics reported by such other companies.

Rounding and negative amounts

Certain figures in this Prospectus, including financial data, have been rounded. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them.

In preparing the Historical Financial Statements, most numerical figures are presented in thousands of euros. For the convenience of the reader of this Prospectus, certain numerical figures in this Prospectus are rounded to the nearest one million. As a result of this rounding, certain numerical figures presented herein may vary slightly from the corresponding numerical figures presented in the Historical Financial Statements.

The percentages (as a percentage of revenues or costs and period-on-period percentage changes) presented in the textual financial disclosure in this Prospectus are derived directly from the financial information contained in the Historical Financial Statements. Such percentages may be computed using the numerical figures expressed in thousands of euros in the Historical Financial Statements. Therefore, such percentages are not calculated on the basis of the financial information in the textual disclosure that has been subjected to rounding adjustments in this Prospectus.

In tables, negative amounts are shown between brackets. Otherwise, negative amounts may also be shown by "-" or "negative" before the amount.

Currency

All references in this Prospectus to "euro", "EUR" or "€" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Community, as amended from time to time. All references to "US dollars", "US$", "USD", "U.S.$" or "$" are to the lawful currency of the US. All references to "Czech crown", "Czech Koruna" or "CZK" are to the currency of the Czech Republic.

Market and industry information

In this Prospectus, the Company relies on and refers to information regarding Group's business and the markets in which the Group operates and competes. All references to market share, market data, industry statistics and industry forecasts in this Prospectus consist of estimates compiled by industry professionals, competitors, organisations or analysts, of publicly available information or of the Group's own assessment of its sales and markets. Statements based on the Company's own proprietary information, insights, opinions or estimates contain words such as "the Group believes", "the Group expects", "the Group sees", "the Group considers", "the Group aims", "the Group estimates" and as such do not purport to cite, refer to or summarise any third-party or independent source and should not be so read.

Industry publications generally state that their information is obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Where third-party information has been sourced in this Prospectus, the source such information has been identified.

Certain information in this Prospectus is derived from a presentation and analyses dated December 8, 2025 prepared by Renaissance Strategic Advisors II, LLC, including its subsidiary Renaissance Strategic Advisors Ltd. ("**Renaissance Strategic Advisors**") for the use of the Company, using information provided by the Company and other publicly available information (the "**RSA Report**"). Renaissance Strategic Advisors is a well-known global consulting firm specializing in the aerospace, defence, space, and government services sectors. The firm provides advisory services to companies, investors and government agencies, helping them with market analysis, growth strategies, mergers and acquisitions, competitive intelligence, and policy analysis. Renaissance Strategic Advisors has not independently verified the information contained therein, nor does Renaissance Strategic Advisors make any representation, assurance or warranty, either express or implied, as to the accuracy, completeness or reliability of the information contained in that presentation. The information and any analyses in these documents reflect prevailing market conditions and Renaissance Strategic Advisors' views as of the date thereof, all of which are subject to change. The presentation does not purport to address all risks and challenges that the Group faces, its business or the markets in which the Group operates, nor all possible market conditions. Additionally, Renaissance Strategic Advisors does not have a duty to update or supplement any information contained in the presentation and no party may rely on it for any purposes.

The information in this Prospectus that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as the Group is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

In this Prospectus, the Group makes certain statements regarding the characteristics of the defence sector as well as the Group's competitive and market position. The Group believes these statements to be true, based on market data and industry statistics, but the Group has not independently verified the information. The Group cannot guarantee that a third party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition,

the Group's competitors may define their markets and their own relative positions in these markets differently than the Group does and may also define various components of their business and operating results in a manner which makes such figures non-comparable with the Group's.

Notice to investors

The distribution of this Prospectus and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in the Offer Shares may, in certain jurisdictions other than the Netherlands, including, but not limited to, the US, be restricted by law. Persons in possession of this Prospectus are required to inform themselves about, and to observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus may not be used for, or in connection with, and does not constitute, an offer to sell, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation is not authorised or would be unlawful. Neither this Prospectus, nor any related materials, may be distributed or transmitted to, or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws or regulations.

None of the Company, the Selling Shareholder, the members of the Board, any of the Underwriters and/or any of their respective affiliates and/or representatives, is making any representation to any offeree, subscriber or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser.

Investors who subscribe or purchase Offer Shares will be deemed to have acknowledged that: (i) they have not relied on the Listing and Paying Agent, any of the Underwriters and/or any person(s) affiliated with any of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this Prospectus, and that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the Offer Shares (other than as contained in this Prospectus) and, that if given or made, any such other information or representation has not been relied upon as having been authorised by the Company, the Selling Shareholder, the Listing and Paying Agent and/or any of the Underwriters.

EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE OFFERING DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO INVESTORS IN THE US, UNITED KINGDOM, CANADA, AUSTRALIA, JAPAN, SINGAPORE, HONG KONG, PEOPLE'S REPUBLIC OF CHINA, ABU DHABI GLOBAL MARKET OR SOUTH AFRICA.

This Prospectus does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire, Offer Shares in any jurisdiction in which such an offer or solicitation is unlawful or would result in the Company becoming subject to public company reporting obligations outside the Netherlands.

The distribution of this Prospectus, and the offer or sale of Offer Shares, is restricted by law in certain jurisdictions. This Prospectus may only be used where it is legal to offer, solicit offers to purchase or sell Offer Shares. Persons who obtain this Prospectus must inform themselves about and observe all such restrictions. None of the Company, the Selling Shareholder and/or the Underwriters accepts any legal responsibility for any violation by any person, whether or not a prospective purchaser of Shares, of any such restrictions. The Company, the Selling Shareholder and the Underwriters reserve the right in their own absolute discretion to reject any offer to subscriber for or purchase Shares that the Company, the Selling Shareholder, the Underwriters or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations.

No action has been or will be taken to permit a public offer or sale of Offer Shares, or the possession or distribution of this Prospectus or any other material in relation to the Offering, in any jurisdiction outside the Netherlands where action may be required for such purpose. Accordingly, neither this Prospectus nor any advertisement or any other related material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. See "*Selling and Transfer Restrictions*". Subject to certain exceptions, this Prospectus should not be forwarded or transmitted in or into the United States, United Kingdom, Canada, Australia, Japan, Singapore, Hong Kong, People's Republic of China ("**PRC**"), Abu Dhabi Global Market ("**ADGM**") or South Africa.

Notice to prospective investors in the US

The Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state of the US for offer or sale as part of their distribution and may not be offered or sold within the US unless the Offer Shares are registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. In the US the Offer Shares will be sold only to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirement under the US Securities Act and applicable state securities laws. All offers and sales of the Offer Shares outside the US will be made in "offshore transactions" as defined in, and in compliance with Regulation S and in accordance with applicable law. The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. See the section entitled "*Selling and Transfer Restrictions*".

THE OFFER SHARES HAVE NOT BEEN RECOMMENDED BY ANY US FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE US.

Notice to prospective investors in the EEA

In relation each member state of the European Economic Area (each a "**Relevant Member State**"), the Offer Shares which are the subject of the Offering contemplated by this Prospectus have not and will not be offered to the public, except that the Offer Shares may be offered to the public in that Relevant Member State at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

No such offer of Offer Shares shall require the Company and/or the Selling Shareholder or any of the Joint Global Coordinators to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person who initially acquires Offer Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to, and with the Company and the Joint Global Coordinators, that it is a Qualified Investor.

For the purposes of this provision, the expression an 'offer to the public' in relation to the Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares so as to enable an investor to decide to purchase the Offer Shares.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Offer Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Offer Shares to the public other than their offer or resale in a Relevant Member State to Qualified Investors or in circumstances in which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale. The Company, the Underwriters and their affiliates and others, will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a Qualified Investor and who has notified the Joint Global Coordinators of such fact in writing may, with the prior consent of the Joint Global Coordinators, be permitted to acquire Offer Shares in the Offering.

Notice to prospective investors in the United Kingdom

No offer of the Offer Shares which are the subject of the Offering contemplated by this Prospectus may be made to the public in the United Kingdom except that an offer may be made in the United Kingdom:

(a) at any time to any legal entity which is a qualified investor as defined under paragraph 15 of Schedule 1 to the Public Offers and Admission to Trading Regulations 2024 (SI 2024/105) (the "**POATRs**");

(b) at any time to fewer than 150 persons (other than qualified investors as defined in paragraph 15 of Schedule 1 to the POATRs) subject to obtaining the prior consent of the relevant Joint Global Coordinators for any such offer; or

(c) at any time in any other circumstances falling Part 1 Schedule 1 to the POATRs.

For the purposes of this provision, the expression "an offer of Offer Shares to the public" in relation to any Offer Shares means the communication in any form and by any means of sufficient information on the terms of the offer and the Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares.

Enforcement of civil liabilities

The ability of Shareholders in certain countries other than the Netherlands, in particular in the US, to bring an action against the Company may be limited under law. The Company is incorporated under the laws of the Netherlands and has its seat (*statutaire zetel*) in Amsterdam, the Netherlands.

At the date of this Prospectus, all of the members of the Board and two of the officers of the Group named herein are citizens or residents of countries other than the US. All or a substantial proportion of the assets of these individuals are located outside the US. A majority of the Group's assets are located outside of the US. As a result, it may be impossible or difficult for investors to effect service of process within the US upon such persons or the Company or to enforce against them in US courts a judgment obtained in such courts. In addition, there is doubt as to the enforceability, in the Netherlands, or original actions or actions for enforcement based on the federal or state securities laws of the US or judgments of US courts, including judgments based on the civil liability provisions of the US federal or state securities laws.

The US and the Netherlands do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a judgment rendered by a court in the US will not be recognised and enforced by the Dutch courts. However, if a person has obtained a final judgment without appeal in such a matter rendered by a court in the US which is enforceable in the US and files his, her or its claim with the competent Dutch court, the Dutch court will recognise and give effect to such foreign judgment insofar as it finds that (i) the jurisdiction of the US court has been based on grounds which are internationally acceptable, (ii) proper legal procedures have been observed (*behoorlijke rechtspleging*), (iii) the judgment does not contravene Dutch public policy (*openbare orde*), and (iv) the judgment is not irreconcilable with a judgment of a Dutch court or an earlier judgment of a foreign court that is capable of being recognised in the Netherlands. Even if such foreign judgment is given binding effect, a claim based thereon, may, however, still be rejected if the foreign judgment is not or no longer formally enforceable in the country of origin.

Enforcement of any foreign judgment in the Netherlands will be subject to the rules of Dutch civil procedure (*Wetboek van Burgerlijke Rechtsvordering*). Judgments may be rendered in a foreign currency but enforcement is executed in euro at the applicable rate of exchange. Under certain circumstances, a Dutch court has the power to stay proceedings (*aanhouden*) or to declare that it has no jurisdiction if concurrent proceedings are being brought elsewhere.

A Dutch court may reduce the amount of damages granted by a United States court and recognise damages only to the extent that they are necessary to compensate actual losses and damages.

Forward-looking statements

This Prospectus contains forward-looking statements that reflect the Group's intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the

Group operates. Forward-looking statements involve all matters that are not historical facts. The Group has tried to identify forward-looking statements by using words as "may", "will", "would", "should", "expects", "intends", "estimates", "anticipates", "projects", "believes", "could", "hopes", "seeks", "plans", "aims", "aspires", "strives", "objective", "potential", "goal" "strategy", "target", "continue", "annualised" and similar expressions or negatives thereof or other variations thereof or comparable terminology, or by discussions of strategy that involve risks and uncertainties. Forward-looking statements may be found principally in sections in this Prospectus entitled "*Risk Factors*", "*Dividend Policy*", "*Industry and Competition*", "*Business*", "*Operating and Financial Review*" and also elsewhere.

The forward-looking statements are based on the Group's beliefs, assumptions and expectations regarding future events and trends that affect the Group's future performance, taking into account all information currently available to the Group, and are not guarantees of future performance. These beliefs, assumptions and expectations can change as a result of possible events or factors, not all of which are known to the Group or are within the Group's control. If a change occurs, the Group's business, financial condition, liquidity, results of operations, anticipated growth, strategies or opportunities may vary materially from those expressed in, or suggested by, these forward-looking statements. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party reports could prove to be inaccurate. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing the Company and its Group Companies. Such risks, uncertainties and other important factors include, but are not limited to those listed in the section entitled "*Risk Factors*", which contains all material risks. Other factors could also adversely affect the Group's results or accuracy of forward-looking statements in this Prospectus, and you should not consider the factors discussed in the section entitled "*Risk Factors*" to be a complete set of all potential risks.

Investors or potential investors should not place undue reliance on the forward-looking statements in this Prospectus. The Group urges investors to read the sections of this Prospectus entitled "*Risk Factors*", "*Business*" and "*Operating and Financial Review*" for a more complete discussion of the factors that could affect the Group's future performance and the markets in which the Group operates. In light of the possible changes to the Group's beliefs, assumptions and expectations, the forward-looking events described in this Prospectus may not occur. Additional risks currently not known to the Group or that the Group has not considered material as of the date of this Prospectus could also cause the forward-looking events discussed in this Prospectus not to occur. Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Group undertakes no duty to and will not necessarily update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law.

Definitions

This Prospectus is published in English only. Definitions used in this Prospectus are defined in "*Definitions*".

Available information

For so long as any Shares of the Company are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the US Securities Act.

The Company is not currently subject to the periodic reporting and other information requirements of the Exchange Act.

Validity

This Prospectus has been approved by the AFM, as competent authority under the Prospectus Regulation. The AFM only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Prospectus Regulation. Such approval should not be considered as an endorsement

of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The validity of this Prospectus will expire on the earlier of: (i) the First Trading Date; and (ii) 12 months from the date of this Prospectus. Accordingly, this Prospectus shall expire on January 23, 2026. The obligation to supplement a prospectus in the event of significant new factors, material mistakes or material inaccuracies shall cease to apply when this Prospectus is no longer valid. See also "*—Supplementary prospectus*".

Supplementary prospectus

If a significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Offer Shares, arises or is noted between the date of this Prospectus and the end of the validity of this Prospectus (see "*—Validity*"), a supplement to this Prospectus is required. Such a supplement will be subject to approval by the AFM in accordance with article 23 of the Prospectus Regulation and will be made public in accordance with the relevant provisions under the Prospectus Regulation. The summary shall also be supplemented, if necessary to take into account the new information included in the supplement. In case a significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Offer Shares arises after the end of the validity of this Prospectus, the Company will not supplement this Prospectus.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall, except as so modified or superseded, no longer constitute a part of this Prospectus. For the avoidance of doubt, references in this paragraph to any supplement being published by the Company do not include the Pricing Statement.

Documents incorporated by reference

The Articles of Association are incorporated in this Prospectus by reference and, as such, form part of this Prospectus. The Articles of Association (or copies thereof) may be obtained in electronic form free of charge from the Company's website at https://www.czechoslovakgroup.com/en/contact-us or by clicking here. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

No incorporation of website

Other than this Prospectus, the Prospectus summary and the Articles of Association, the contents of the Company's website (https://www.czechoslovakgroup.com), including any websites accessible from hyperlinks on the Company's website, or any external websites included in this Prospectus, do not form part of and are not incorporated by reference in this Prospectus, and have not been scrutinised or approved by the AFM.

REASONS FOR THE ADMISSION AND OFFERING AND USE OF PROCEEDS

Reasons for the Admission and the Offering

The Admission is expected to raise the profile of the Group with the international investment community, brand recognition and credibility and will also provide additional financial flexibility and diversity through access to a wider range of capital-raising options. In addition, the Admission will create a market in the Shares for the future shareholders of the Company.

The Offering is being conducted to facilitate the sale of the Offer Shares. The Company believes that the Admission and the Offering are a logical next step in its development and that their timing is appropriate, given its current profile and level of maturity. The Admission will provide the Company with access to capital markets, enhance the Group's brand recognition and credibility. The Company further expects the Admission and the Offering to create a new long-term shareholder base as well as liquidity for existing and future shareholders. The Offering also provides the Selling Shareholder with an opportunity to partially realise its investment in the Company. In addition, it is also aimed at raising the profile of the Group with the international investment community and establishing a market for the Shares which may benefit the Company in case it desires to access the equity capital markets in the future. The Offer provides the Selling Shareholder with an opportunity to partially realise its investment in the Company. It is the intention of the Company and the Selling Shareholder to create a meaningful free float in the Shares on Admission.

Use of proceeds

The Company will receive the net proceeds from the issuance of the New Shares. The Company intends to use the net proceeds received by it from the Offering for general corporate purposes.

The Selling Shareholder will receive proceeds from the sale of the Sale Shares and/or the sale of any Over-allotment Shares.

Assuming that the Over-allotment Option is exercised in full, the gross proceeds from the Offering are expected to be EUR 3,800 million, of which the gross proceeds from the issuance of the New Shares are expected to be EUR 750 million and from the sale of the Sale Shares and the Over-allotment Shares are expected to be EUR 3,050 million, and the net proceeds from the Offering are expected to amount to EUR 3,719 million, of which the Company will receive EUR 724 million and the Selling Shareholder will receive EUR 2,995 million.

The expenses, commissions and taxes related to the Offering and Admission payable by the Company are estimated to amount to approximately EUR 26 million (assuming the maximum amount of the discretionary commission is paid by the Company to the Underwriters).

The expenses, commissions and taxes related to the Sale Shares and the Over-allotment Option payable by the Selling Shareholder are estimated to amount to approximately EUR 55 million (assuming the Over-allotment Option is exercised in full and the maximum amount of the discretionary commission is paid by the Selling Shareholder to the Underwriters).

No commissions, fees or expenses in connection with the Offering will be charged to investors by the Company or the Selling Shareholder. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

DIVIDENDS AND DIVIDEND POLICY

General

Under Dutch corporate law, the Company may only make distributions to its Shareholders insofar as the Company's equity exceeds the sum of the paid-up and called-up share capital increased by the reserves as required to be maintained by Dutch law or by the Articles of Association. The Board may decide that the profits realized during a financial year will fully or partially be appropriated to increase and/or form reserves. The profits remaining thereafter shall be put at the disposal of the General Meeting. The Board shall make a proposal for that purpose.

Under the Articles of Association, distribution of profits, meaning the net earnings after taxes shown by the adopted Annual Accounts, will be made after the adoption of the Annual Accounts from which it appears that they are permitted for the respective financial year, entirely without prejudice to any of the other provisions of the Articles of Association.

Subject to Dutch law and the Articles of Association, the Board may resolve to distribute an interim dividend insofar as the Company's equity exceeds the sum of the paid-up and called-up share capital increased by the reserves as required to be maintained by Dutch law or the Articles of Association. For this purpose, the Board must prepare an interim statement of assets and liabilities evidencing sufficient distributable equity.

Subject to Dutch law and the Articles of Association, the Board may resolve to distribute a dividend in cash, partly in cash, or in a form other than in cash (including in the form of Shares) to the Shareholders, or that Shareholders shall have the option to receive a distribution as a cash payment and/or as a payment in Shares, **provided that** to the extent a distribution is made in the form of Shares the Board is authorised by the General Meeting to that effect.

According to the Articles of Association, dividends and other distributions will be made payable pursuant to a resolution of the General Meeting within four (4) weeks after adoption, unless the General Meeting sets another date for payment.

The tax legislation of the Shareholder's Member State or other relevant jurisdictions and of the Company's country of incorporation may have an impact on the income received from the Shares.

Dividend history

Prior to the establishment of the Company as the holding company of the Group, dividends were to be declared and paid by the Group entity CZECHOSLOVAK GROUP a.s. No dividend was paid by the Group to the Selling Shareholder for the years ended December 31, 2024, 2023 and 2022.

Dividend policy

The Company currently targets a dividend payout ratio of approximately 30–40% of net profit, payable from 2027 based on 2026-year performance, subject to prevailing market conditions. This target is indicative only and does not constitute a commitment.

Manner and time of dividend payments

Payment of any dividend in cash will in principle be made in euro. According to the Articles of Association, distributions on Shares may be made payable either in euro or in another currency. Any dividends that are paid to Shareholders through Euroclear Nederland, will be automatically credited to the relevant Shareholders' accounts without the need for the Shareholders to present documentation proving their ownership of the Shares. Payment of dividends on the Shares in registered form (not held through Euroclear Nederland, but directly) will be made directly to the relevant Shareholder using the information contained in the Company's shareholders' register and records.

Uncollected dividends

The claim of a shareholder to receive any distributions shall lapse five (5) years after it has become due for payment. Any dividend or distribution that is not collected within this period will be considered to have been forfeited to the Company and will be carried to the reserves.

CAPITALISATION AND INDEBTEDNESS

The tables below set forth the Group's consolidated capitalisation and indebtedness as of November 30, 2025 which was derived from selected financial information of: (i) the CSG Group on an actual basis; and (ii) as adjusted to give effect to the receipt of the net proceeds of the New Shares (assuming payment in full of the discretionary commission to the Underwriters (see the section entitled "*Plan of Distribution – Underwriting Agreement*")). The information below has not been derived from the Historical Financial Statements or audited. These tables should be read in conjunction with the Historical Financial Statements and the notes thereto included elsewhere in this Prospectus and the sections entitled "*Operating and Financial Review*" and "*Important Information—Presentation of Financial and Other Information*".

Capitalisation

	As of November 30, 2025	
	Actual (unaudited)	**As adjusted* (unaudited)**
	(in € thousands)	
Total current debt (including current portion of non-current debt)	**460,847**	**460,847**
Guaranteed	-	-
Secured[(1)]	455,617	455,617
Unguaranteed/unsecured[(2)]	5,230	5,230
Total non-current debt (excluding current portion of non-current debt)	**4,156,740**	**4,156,740**
Guaranteed	-	-
Secured[(3)]	4,155,900	4,155,900
Unguaranteed/unsecured[(4)]	840	840
Shareholder's equity	**1,357,370**	**2,081,370**
Share capital[(5)]	78,427	10,000
Legal reserve	-	-
Other reserves[(6)]	1,278,943	2,071,370
Total	**5,974,957**	**6,698,957**

* The "as adjusted" column reflects only the gross proceeds of the New Shares of €750 million, less estimated transaction costs payable by the Company of approximately €26 million. The "as adjusted" column does not reflect the $50 million drawn under the U.S. ABL Facility as of December 2025. No other material debt transactions have been executed by the Group since November 30, 2025; accordingly, no further adjustments have been included.

(1) Secured current debt includes the outstanding amount of the current portion of bonds and the current portion of loans and borrowings (excluding the current portion of unsecured bank loans) as presented in the line Loans and Borrowings in the Unaudited Interim Financial Statements. The current portion of lease liabilities that are secured against the underlying leased assets within the balance amounts to €19.7 million.

(2) Unguaranteed/unsecured current debt includes the outstanding amount of the current portion of unsecured bank loans as presented in the line Loans and borrowings in the Unaudited Interim Financial Statements.

(3) Secured non-current debt includes the outstanding amount of non-current portion of bonds and non-current portion of loans and borrowings (excluding non-current portion of unsecured bank loans) as presented in the line Loans and Borrowings in the Unaudited Interim Financial Statements. The non-current portion of lease liabilities that are secured against the underlying leased assets within the balance amounts to €93.7 million.

(4) Unguaranteed/unsecured non-current debt includes the outstanding amount of the non-current portion of unsecured bank loans as presented in the line Loans and borrowings in the Unaudited Interim Financial Statements.

(5) Share capital in the "actual" column represents Share capital of CZECHOSLOVAK GROUP a.s. and Share capital in the "as adjusted" column represents Share capital of CSG N.V. after taking into consideration newly issued shares.

(6) Other reserves include the amount of share premium (net of transaction expenses) and the outstanding amount of other reserves, translation reserve, non-controlling interests and retained earnings of past years (excluding profit for the current reporting period) as presented in these lines in the Unaudited Interim Financial Statements.

Indebtedness

	As of November 30, 2025	
	Actual (unaudited)	**As adjusted* (unaudited)**
	(in € thousands)	
A Cash[(1)]	509,961	1,233,961
B Cash equivalents[(2)]	468,462	468,462
C Other current financial assets[(3)]	128,131	128,131
D Liquidity (A + B + C)	**1,106,554**	**1,830,554**
E Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)[(4)]	244,928	244,928
F Current portion of non-current financial debt[(5)]	215,919	215,919
G Current financial indebtedness (E + F)	**460,847**	**460,847**
H Net current financial indebtedness (G – D)	**(645,707)**	**(1,369,707)**
I Non-current financial debt (excluding current portion and debt instruments)[(6)]	1,726,456	1,726,456
J Debt instruments[(7)]	2,430,284	2,430,284
K Non-current trade and other payables[(8)]	-	-
L Non-current financial indebtedness (I + J + K)	**4,156,740**	**4,156,740**
M Total financial indebtedness (H + L)	**3,511,033**	**2,787,033**

* The "as adjusted" column reflects only the gross proceeds of the New Shares of €750 million, less estimated transaction costs payable by the Company of approximately €26 million. The "as adjusted" column does not reflect the $50 million drawn under the U.S. ABL Facility as of December 2025. No other material debt transactions have been executed by the Group since November 30, 2025; accordingly, no further adjustments have been included.

(1) Cash includes the outstanding amount of cash on hand and current accounts with banks as presented in the line Cash and cash equivalents in the Unaudited Interim Financial Statements.

(2) Cash equivalents includes the outstanding amount of term deposits and other cash equivalents as presented in line Cash and cash equivalents in the Unaudited Interim Financial Statements.
The outstanding balance of cash equivalents as of November 30, 2025 includes:
- the outstanding balance of treasury bills, totalling €211 million;
- the outstanding balance of fixed-term deposits (with maturities of less than 90 days), amounting to €208 million; and
- the outstanding balance of repo operations, totalling €50 million.

Cash equivalents represent current (generally with an original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(3) Other current financial assets include the outstanding amount of the current portion of loans and other financial assets excluding current receivables arising from hedging derivatives as presented in the line Loans and other financial assets of the Unaudited Interim Financial Statements.

(4) Current financial debt includes the outstanding amount of current bonds and current loans and borrowings, which are redeemable within the coming 12 months.

(5) Current portion of non-current financial debt includes the outstanding amount of the current portion of non-current loans and borrowings, out of which the current portion of lease liabilities amounts to €19.7 million, and the current portion of non-current bonds.

(6) Non-current financial debt includes the outstanding amount of the non-current portion of loans and borrowings, out of which non-current portion of lease liabilities amounts to €93.7 million.

(7) Debt instruments include the outstanding amount of non-current portion of bonds.

(8) The CSG Group had no outstanding non-current trade and other payables that include non-remunerated debt for which there is a significant financing component as of November 30, 2025.

As of November 30, 2025, the CSG Group had no indirect indebtedness and no contingent indebtedness.

SUMMARY FINANCIAL AND OTHER DATA OF THE CSG GROUP

The summary financial information set forth below has been derived from the Historical Financial Statements. The Historical Financial Statements have been prepared in accordance with IFRS. See "Important Information—Presentation of Financial and Other Information—Historical Financial Information of the CSG Group."

The summary financial information below includes certain APMs that the Company uses to evaluate the Group's economic and financial performance. These measures are not identified as accounting measures under IFRS or any other generally accepted accounting principles and therefore should not be considered a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or any other generally accepted accounting principles or those calculated using financial measures that are prepared in accordance with IFRS or any other generally accepted accounting principles. See "Important Information—Presentation of Financial and Other Information—Alternative performance measures." Some other performance indicators and ratios shown below have been taken from the accounting records used by the Company's management, are not included in the Financial Statements and have not been audited or reviewed by the Company's auditors.

The summary financial and other information presented below is qualified in its entirety by reference to, and should be read in conjunction with, the sections entitled "Important Information—Presentation of Financial and Other Information," "Use of Proceeds," "Capitalisation and Indebtedness" and "Operating and Financial Review" as well as the Financial Statements included elsewhere in this Prospectus.

Summary Consolidated Statement of Profit or Loss

	For the year ended December 31,			For the nine months ended September 30,	
	2024	**2023**	**2022**	**2025**	**2024**
			(*€ thousands*)		
		(audited)		*(unaudited)*	
Revenues	4,008,614	1,734,430	1,014,966	4,485,337	2,458,910
Raw material and consumables	(2,157,664)	(840,848)	(542,654)	(2,391,914)	(1,299,168)
External costs	(442,284)	(245,255)	(168,477)	(366,286)	(318,180)
Employee benefits expense	(286,212)	(222,385)	(101,157)	(440,387)	(167,090)
Depreciation and amortisation expenses	(66,291)	(60,654)	(28,288)	(117,884)	(42,245)
Other operating income	61,028	46,486	16,963	27,099	39,418
Other operating expense	(104,318)	(33,647)	(28,789)	(130,840)	(51,722)
Profit from operating activities	**1,012,873**	**378,127**	**162,564**	**1,065,125**	**619,923**
Financial income	165,850	23,154	14,098	26,564	18,061
Financial expense	(378,336)	(104,107)	(39,471)	(374,133)	(77,452)
Profit/(loss) from other financial instruments	43,526	(20,659)	34,184	(24,840)	(36,390)
Profit from financing activities	**(168,960)**	**(101,612)**	**8,811**	**(372,409)**	**(95,781)**
Share of profit / (loss) of associates and JVs, net	(300)	647	9,921	926	(4,838)
Profit / (loss) from the sale of equity interests	2,225	1,766	418	285	2,229
Profit before tax	**845,838**	**278,928**	**181,714**	**693,927**	**521,533**
Income tax	(212,451)	(68,717)	(40,577)	(182,444)	(104,146)
Net profit from continuing operations	**633,387**	**210,211**	**141,137**	**511,483**	**417,387**
Net profit/(loss) from discontinued operations	**-**	**-**	**-**	**1,772**	**(5,427)**
Total profit for the period	**633,387**	**210,211**	**141,137**	**513,255**	**411,960**

Summary Consolidated Statement of Financial Position

	As of December 31,			As of September 30,
	2024[1]	2023	2022	2025
		(*€ thousands*)		
	(unaudited)	*(audited)*		*(unaudited)*
Assets				
Intangible assets	941,850	217,482	226,814	828,565
Goodwill	1,285,129	416,910	403,812	1,202,701
Property, plant and equipment	926,855	373,073	361,663	891,640
Investment property	5,848	2,572	2,637	6,517
Investments in associates and joint ventures	83,923	103,499	105,617	86,907
Loans and other financial assets	77,206	171,518	179,208	268,900
Trade and other receivables	24,666	2,392	1,928	1,432
Prepayments made and deferred expenses and accrued income	154,534	15,046	2,774	108,530
Deferred tax asset	26,773	11,640	7,766	41,988
Contract costs	60,437	41,185	4,712	55,574
Total non-current assets	**3,587,221**	**1,355,317**	**1,296,931**	**3,492,754**
Inventory	2,195,068	860,245	561,796	3,598,911
Trade and other receivables	520,233	218,044	211,889	1,191,494
Loans and other financial assets	69,474	102,091	96,890	124,376
Prepayments made and deferred expenses and accrued income	584,886	208,786	82,350	269,292
Tax receivables	21,381	19,331	14,361	31,707
Current income tax receivable	7,401	7,458	1,897	54,694
Cash and cash equivalents	1,248,487	563,865	241,650	837,226
Assets classified as held for sale	–	1,979	–	—
Contract Assets	18,913	15,211	30,125	45,729
Total current assets	**4,665,843**	**1,997,010**	**1,240,958**	6,153,429
Total assets	**8,253,064**	**3,352,327**	**2,537,889**	**9,646,183**
Equity				
Share capital	78,427	78,427	78,427	78,427
Other reserves	65,931	(139,845)	(131,960)	39,299
Translation reserve	67,393	34,136	39,090	(77,659)
Retained earnings	983,864	487,720	331,024	1,399,492
Equity attributable to the Company's shareholders	**1,195,615**	**460,438**	**316,581**	**1,439,559**
Non-controlling interests	313,307	226,478	177,451	290,471
Total equity	**1,508,922**	**686,916**	**494,032**	**1,730,030**
Liabilities				
Liability from put option	5,260	176,451	161,164	–
Loans and borrowings	1,140,402	456,940	466,068	1,533,266
Other financial instruments	94,542	40,436	36,349	118,586
Trade and other payables	149,297	11,026	6,489	68,236
Provisions	12,792	10,180	7,612	7,145
Deferred tax liability	288,356(1)	65,672	72,872	241,057
Bonds	1,000,830	278,073	189,162	2,419,428
Contract liabilities	352,229	103,553	126,740	387,301
Total non-current liabilities	**3,043,708**	**1,142,331**	**1,066,456**	**4,775,019**
Liability from put option	143,517	–	–	–
Loans and borrowings	772,094	300,459	186,680	176,277
Other financial instruments	57,622	9,109	6,663	23,802
Trade and other payables	632,999	345,759	231,994	839,071
Provisions	18,314	3,233	5,594	10,002
Tax liabilities	45,050	15,264	16,516	46,961
Current income tax payable	174,185	52,913	31,797	141,509
Contract liabilities	1,851,788	736,971	497,100	1,720,224
Bonds	4,865	59,372	1,057	183,288
Total current liabilities	**3,700,434**	**1,523,080**	**977,401**	**3,141,134**
Total liabilities	**6,744,142**	**2,665,411**	**2,043,857**	**7,916,153**
Total equity and liabilities	**8,253,064**	**3,352,327**	**2,537,889**	**9,646,183**

[1] The statement of financial position of the CSG Group as of December 31, 2024 is derived from the Unaudited Interim Financial Statement and has been restated to reflect finalisation of the Group's accounting process that had not been completed with respect to the purchase price allocation relating to the Kinetic Group Acquisition before the 2024 Audited Financial Statements were issued and includes the re-presentation of certain balances between trade payables and contract liabilities. For additional

information, please see Appendix 1 (Restated Consolidated Statement of Financial Position as of December 31, 2024) to the Unaudited Interim Financial Statements.

Summary Consolidated Statement of Cash Flows

	For the years ended December 31,			For the nine months ended September 30,	
	2024	**2023**	**2022**	**2025**	**2024**
			(€ thousands)		
		(audited)		*(unaudited)*	
Net cash (used in)/from operating activities	856,056	199,129	324,812	(850,891)	(152,936)
Net cash (used in)/from investing activities	(2,082,603)	(70,458)	(583,746)	(533,528)	46,499
Net cash (used in)/from financing activities	1,919,061	190,709	399,419	976,165	(982)
Cash and cash equivalents at beginning of year/period	**563,865**	**241,650**	**104,006**	**1,248,487**	**563,865**
Cash and cash equivalents at end of year/period	**1,248,487**	**563,865**	**241,650**	**837,226**	**435,171**

SUMMARY FINANCIAL AND OTHER DATA OF THE KINETIC GROUP

The summary financial information set forth below has been derived from the 2024 Kinetic Group Annual Financial Statements. The 2024 Kinetic Group Annual Financial Statements have been prepared in accordance with U.S. GAAP. See "Important Information—Presentation of Financial and Other Information—Historical Financial Information of *the Kinetic Group".*

The 2024 Kinetic Group Annual Financial Statements reflect the historical financial position, results of operations and cash flows of the Kinetic Group as a reportable segment within Vista Outdoor. Consequently, the 2024 Kinetic Group Annual Financial Statements have been prepared on a "carve-out" basis of the Kinetic Group reportable segment derived from the consolidated financial statements and accounting records of Vista Outdoor. The statements include expense allocation for certain functions provided by Vista Outdoor, including, but not limited to, management, finance, legal, information technology, human resources and insurance. These expenses have been allocated to the Kinetic Group on the basis of direct usage when identifiable, with the remainder principally allocated on the basis of percent of revenue, headcount or other measures. The 2024 Kinetic Group Annual Financial Statements may not be indicative of the Kinetic Group's future performance and do not necessarily reflect what the financial position, results of operations and cash flows would have been had the Kinetic Group operated as an independent company during the periods presented. See "Important Information—Presentation of Financial and Other Information—Historical Financial Information of *the Kinetic Group".*

The summary financial and other Information presented below is qualified in its entirety by reference to, and should be read in conjunction with, the sections entitled "Important Information—Presentation of Financial and Other Information" and "Operating and Financial Review," as well as the Financial Statements included elsewhere in this Prospectus.

Summary Combined Statement of Comprehensive Income Information of the Kinetic Group

	Years ended March 31,	
	2024	**2023**
	(US$ thousands)	
Sales, net	1,452,632	1,757,932
Cost of sales	966,870	1,104,416
Gross profit	485,762	653,516
Operating expenses:		
Research and development	7,577	7,556
Selling, general, and administrative	123,422	147,093
Income before income taxes	354,763	498,867
Income tax provision	(80,786)	(111,249)
Net income	**273,977**	**387,618**
Net income (from above)	273,977	387,618
Other comprehensive income, net of tax:		
Reclassification of net actuarial loss for pension and postretirement benefit plans recorded to net income, net of tax expense	2,281	2,822
Valuation adjustment for pension and postretirement benefit plans, net of tax benefit (expense)	485	(3,202)
Change in derivative instruments, net of tax benefit	(256)	581
Total other comprehensive income	**2,510**	**201**
Comprehensive income	**276,487**	**387,819**

Summary Combined Balance Sheet Information of the Kinetic Group

	March 31,	
	2024	**2023**
	(US$ thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	46	96
Net receivables	142,269	135,010
Net inventories	316,252	306,927
Other current assets	5,776	7,685
Total current assets	464,343	449,718
Net property, plant, and equipment	140,370	154,885
Operating lease assets	7,302	7,359
Goodwill	86,105	86,105
Net intangible assets	58,323	58,561
Other non-current assets	1,333	1,455
Total assets	**757,776**	**758,083**
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	74,647	67,781
Accrued compensation	21,082	21,480
Accrued income taxes	635	1,206
Sales and other taxes payable	22,930	25,543
Other current liabilities	32,629	38,010
Total current liabilities	**151,923**	**154,020**
Deferred income tax liabilities	14,520	17,960
Long-term operating lease liabilities	5,629	6,138
Accrued pension and postemployment benefits	21,183	24,876
Other long-term liabilities	20,711	21,222
Total liabilities	**213,966**	**224,216**
Commitments and contingencies		
Parent company equity		
Parent company investment	612,448	605,015
Accumulated other comprehensive loss	(68,638)	(71,148)
Total parent company equity	**543,810**	**533,867**
Total liabilities and parent company equity	**757,776**	**758,083**

Summary Combined Statement of Cash Flows of the Kinetic Group

	Years ended March 31,	
	2024	**2023**
	(US$ thousands)	
Cash provided by operating activities	289,266	424,051
Cash used for investing activities	(14,392)	(23,576)
Cash used for financing activities	(274,924)	(400,473)
Increase in cash and cash equivalents	(50)	2
Cash and cash equivalents at beginning of year/period	**96**	**94**
Cash and cash equivalents at end of year/period	**46**	**96**

MARKET OVERVIEW

The information in the following section has been provided for background purposes on the markets and sectors in which the Group operate and compete. The information has been derived from the RSA Report and certain data released by public and private institutions. The information has been accurately reproduced and, as far as the Company is reasonably aware and able to ascertain from the information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company believes that these industry publications, surveys, and forecasts are reliable but has not independently verified them and cannot guarantee their accuracy or completeness.

Prospective investors should read this section in conjunction with the more detailed information contained in this Prospectus including "Risk Factors" and "Business Overview."

Defence

The Group is a manufacturer and supplier of a wide range of products including Land Systems (such as military, wheeled and tracked vehicles, heavy off-road trucks, and weapon systems), M&L calibre ammunition (for combat vehicles, artillery and tanks), Defence Electronics (for surveillance, communications and command and control missions sets) and Advanced Systems (such as key systems for UAVs and long-ranged missile systems, including small form-factor turbojet, turboshaft and turbofan propulsion systems).

The Group has long-standing relationships with the EU, NATO and other partner organisations (*i.e.* Partnership for Peace, Mediterranean Dialogue, Istanbul Cooperation Initiative, and Partners Across the Globe). Key customers of the Group's defence segment include the Czech Army, the Belgian Army, the Ministry of Defence of the Slovak Republic, the Slovak Army, the Spanish Army, the Indonesian Ministry of Defence, the Moroccan Ministry of Defence, certain Polish state-owned defence companies, and certain Ukrainian state-owned agencies and institutions. The Group expects the defence industry to benefit from increasing global uncertainty, leading to a spending super-cycle both globally and especially at NATO level.

Increasing Global Uncertainty

The global geopolitical landscape has radically shifted due to increased political tension and the growing number of ongoing conflicts such as the Ukraine War. This is impacting how countries are positioning themselves in terms of defence and security priorities as well as long-term capability development and is leading to significant increases in overall military spending. Major ongoing conflicts and sources of political tension which are contributing to this geopolitical shift include:

- Russia-Ukraine conflict: since the annexation of Crimea in 2014, tensions continued to escalate in Ukraine, ultimately culminating with the Russian invasion of Ukraine beginning in February 2022. The conflict marked a turning point in the way defence is perceived across Europe, setting the stage for the renewed political focus on defence and the need to rebuild capabilities across the region. This has largely focused on developing new technologies as well as a rebuilding of combat mass across armed forces that atrophied since the end of the Cold War. Moreover, given the intensity of the land-based conflict, ammunition and equipment stocks were quickly depleted contributing to the realization that there is a major lack of adequate supply and industrial capacity to sustain operations in a peer conflict.

- Tensions in East Asia: tensions between China and its neighbours such as Japan, Taiwan, the Philippines and Vietnam in the East China and South China Seas have been growing over the last two decades. Tensions are increasingly focussed on the China – Taiwan relationship with clear potential for military escalation. China has been making vast improvements in its military infrastructure through modernization and development of new technology, and it is further expanding its capabilities in space, cyber, electronic and information warfare. Another source of tensions in the region is North Korea, with its continued expansion in nuclear and missile capabilities used to threaten the U.S. and other countries in the region such as Japan.

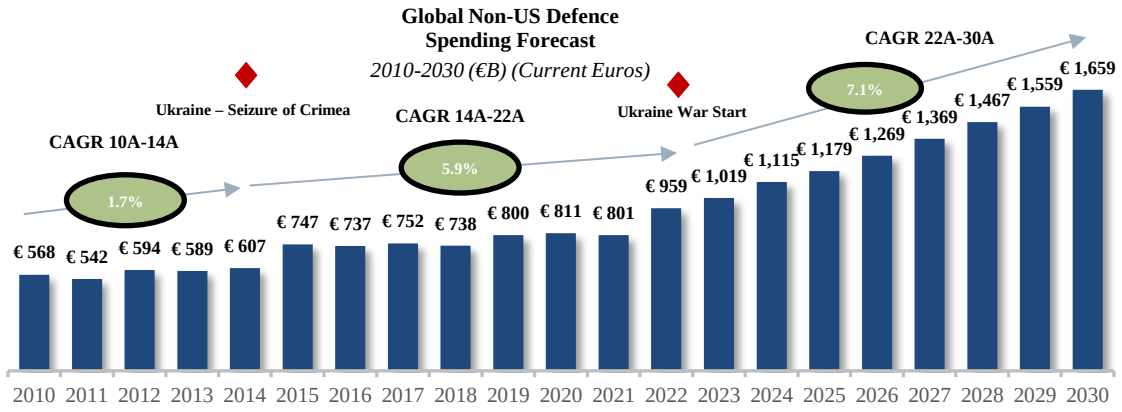
- Israel-Hamas conflict: in October of 2023, Hamas conducted a terrorist attack which reignited the military conflict in the Gaza strip. The conflict has raised tensions in the Middle East, with related operations occurring in Lebanon and Yemen, while Iran has been actively supporting anti-Israeli

proxies. This conflict has also halted political normalization efforts between Israel and other countries in the region such as the UAE and Saudi Arabia. The Israel-Hamas conflict has expedited the ongoing cycle of military capability development across the region as major countries, such as Saudi Arabia and the UAE, continue to professionalize their armed forces.

Defence Spending Super-Cycle

The defence market represents a historically resilient sector with the market generally growing in line or above GDP year-on-year. Global non-US defence spending grew at a CAGR of 1.7% between 2010 and 2014. This spending trend accelerated following the seizure of Crimea in 2014 with the CAGR between 2014 and 2022 growing to 5.9%. In 2022, global non-US spending stood at €959 billion compared to €607 billion in 2014. 2022 marked a turning point for defence spending growth outside of the U.S. driven by the start of the conflict in Ukraine and the heightened focus on defence needs this has created globally. Countries in Europe were particularly affected by the conflict in Ukraine in terms of spending dynamics, but it has also had a noted impact on countries outside of Europe not faced with the reality of a local near-peer conflict occurring. These dynamics are driving a much faster rate of growth in spending post-2022 with non-US spending forecast to grow at a 7.1% CAGR from 2022 through 2030, with spending reaching €1,659 billion in 2030. This is significantly ahead of wider GDP growth projections and is being driven by the wide-ranging recapitalisation of defence capabilities across domains particularly in Europe and the Asia Pacific region. The trend of accelerating spending growth, driven by clear geopolitical threat dynamics is cementing the concept that the world is at the beginning of an extended period of defence spending growth.

The chart below shows the projected growth of global non-US defence spending from 2010 to 2030.



Source: Renaissance Strategic Advisors

The Ukraine War has created a much stronger political focus on the need for long-term defence spending growth, particularly in Europe. This can be seen in the range of commitments that countries have been giving in terms of percentage of GDP defence spending levels. The war in Ukraine has demonstrated the reality of the threat from Russia in direct military terms. Due to proximity of the conflict and its nature as a predominantly land-based conflict, the effect on policy makers and voting populations has been tangible. This will likely result in current planned defence spending increases to be carried out, even if the Ukraine War ends abruptly. The invasion made it clear to Western governments that their military capabilities and supporting industrial bases are inadequate to effectively deal with a peer adversary like Russia. This is being demonstrated by the ongoing struggle to meet Ukrainian requirements for key equipment such as ammunition and armoured vehicles. This is driving a generational shift in terms of the political focus on defence and spending allocation levels within wider government spending systems.

In 2014, following the Russian invasion of Crimea and rising tensions in the Middle East, NATO heads of state and governments issued the 2014 Defence Investment Pledge (the "**2014 Pledge**"), agreeing to commit 2.0% of their national GDP to defence spending to help ensure the Alliance's continued military readiness. The 2014 Pledge reinforced a previous commitment made in 2006 among NATO Defence Ministers to meet the 2.0% of GDP guideline, which few countries were able to achieve.

The 2.0% of national GDP spending pledge has now been superseded by the 5.0% of national GDP commitment on core defence requirements and defence- and security-related spending by 2035 agreed at the 2025 NATO Summat at The Hague. Within this agreement the NATO countries have agreed to target

3.5% of national GDP spending on core defence requirements to meet the NATO Capability Targets, as well as 1.5% of national GDP annually to protect critical infrastructure, defend networks, ensure civil preparedness and resilience, innovate, and strengthen the defence industrial base.

The 5.0% GDP guideline is an important indicator of the political resolve of individual NATO member states to contribute to NATO's common defence efforts. In 2025, NATO is expected to have all allies meet the prior 2.0% minimum target, representing ten-fold increase in the number since 2014 when only 3 allies met the target. Moreover, in order to ensure effective use of the funds raised for defence, NATO is committed to spending at least 20% of these funds on major new military equipment which will provide a significant driver for development of new technologies and contribute to elevated backlog levels across the defence industry.

In addition to pressure raised from NATO, the Ukraine conflict has led European countries to set new defence expenditure targets in the medium-term, often at significantly higher levels than the NATO 2.0% of GDP level. The magnitude of announced spending increase is largest across Eastern and Northern Europe where the threat from Russia is perceived to be greatest, although the relatively smaller announced spending rises in Southern Europe will still have a material long-term impact.

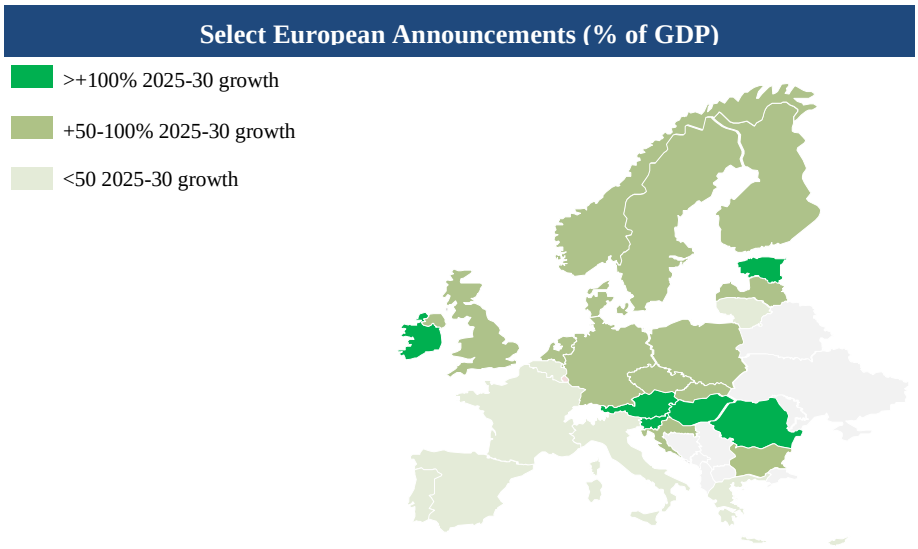
The table below summarises the defence-spending targets announced by selected European countries, expressed as a percentage of GDP.

Select European Announcement (% of GDP)	
Denmark: 2.4% in 2024 to 3%+ in 2025/26	**Poland:** 4.1% in 2024 to 4.7% in 2025
Sweden: 2.4% in '24, 2.6% in '28, 3.5% by '30	**Czechia:** 2.09% in 2024 to 3% by 2030
Finland: 2.4% in 2024 to 3.3% in 2032	**Slovakia:** 2.2% in 2024 to 3% by 2027
Norway: x2 budget between 2024 and 2036	**Bulgaria:** 2.2% in 2024 to 2.5% by 2028
UK: from 2.1% towards 3.0% by early 2030's	**Romania:** 2.2% in 2024 to 3% by 2027
Germany: 1.6% in 2023 to 3.5%+ by 2029	**France:** 2%, long term 3.5% goal
Belgium: 1.3% in 2024, aiming for 2% in '25	**Italy:** 2% target in 2025
Netherlands: 2% in 2024, objective of 3%	**Portugal:** towards 2%+ by 2029
Lithuania: objective of 5% between '26 - '30	**Spain:** 1.28% in 2024 to 2% by 2030
Estonia: 3% in 2023 to 5% by 2026	**Austria:** 1% in 2024 to 2% by 2032
Latvia: 3.3% in 2024, 3.6% in 2025	**Croatia:** 2% in 2024 to 2.5% by 2027

Source: Renaissance Strategic Advisors

These spending commitments are forecast to translate into a major expansion of defence spending across the European continent in nominal terms into the late 2020's and early 2030's. This can be seen most readily in countries such as Germany, Sweden, Denmark, Norway, Czechia, Lithuania and Latvia where nominal defence spending increases is forecast to double their nominal defence spending in € terms by 2030. In these countries this is supporting a wholesale rebuilding of military capability and mass throughout their force structures. This increase in nominal spending levels is also creating space for greater investment in productive capacity across the continent which has the potential to have positive effects for customers in terms of cost efficiency, delivery timelines and technology development cycles.

The following image highlights projected increases in defence spending among key European countries.



Source: Renaissance Strategic Advisors

The Group's Core Industries

The Group operates in the following two core industries:

- Defence (76% of consolidated revenues for the nine months ended September 30, 2025), where the Group, through its CSG Defence Systems segment, offers a wide range of defence products including land systems such as military, wheeled and tracked vehicles, heavy off-road trucks ("**Land Systems**") and weapon systems; medium and large-calibre ("**M&L**") ammunition for combat vehicles, artillery and tanks; electronic systems used for multi mission sets including surveillance, communications and command and control ("**Defence Electronics**"); small form factor turbojet, turboshaft and turbofan engines and systems for long-ranged unmanned and missile systems ("**Advanced Systems**"). The Group's main clients include governments and government agencies such as militaries.

- Small Calibre Ammunition (22% of consolidated revenues for the nine months ended September 30, 2025), where the Group's product portfolio, through its CSG Ammo+ segment, includes ammunition for pistols, revolvers, rifles and shotguns in various price categories (with well-known brands that focus on the premium ammunition market). Approximately 81% of production is directed to the civilian market (including hunting and sport activities) and approximately 19% intended for the law enforcement and military market. The Group's positioning has significantly benefitted from the Kinetic Group Acquisition, which is seen as a strategic platform for military market expansion. See "*Overview—CSG Ammo+*" and "*Description of the Group's Business—Business Segments—CSG Ammo+.*" The Group's main clients include (i) civilian customers (functional wholesale, retail, commercial/buy-groups/OEMs), (ii) law enforcement (municipal governments, national governments) and (iii) military.

The Group offers new equipment as well as aftermarket services, which include spare parts supply and the overhaul and modernisation to extend the life of existing platforms, across defence end-markets. In the Land Systems product segment within the Group's defence segment, where aftermarket represents a key service given product lifecycle for a typical platform is up to 40 years, share of the Group's revenues coming from aftermarket services accounts approximately 30% of consolidated segment revenues for the nine months ended September 30, 2025.

Total Addressable Market ("**TAM**") for the Group's reference markets across its two core industries is estimated to be approximately EUR 80.5 billion globally, based on 2025 data. The following is a breakdown of the TAM across the Group's core industries:

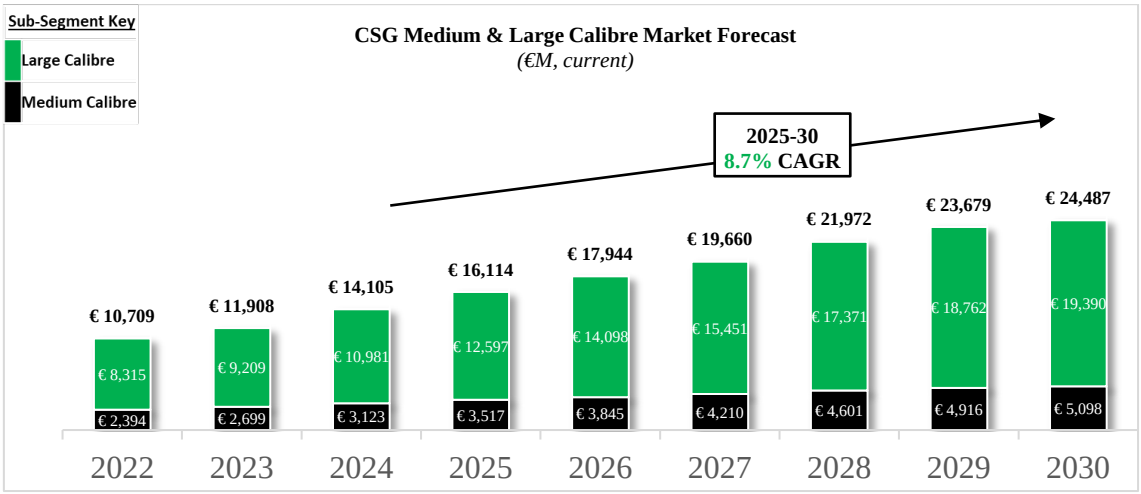
- Defence: EUR 67.2 billion, which is the sum of Land Systems (EUR 34.0 billion), M&L Calibre Ammunition (EUR 16.1 billion), Defence Electronics (EUR 13.5 billion) and Advanced Systems (EUR3.6 billion).

- Small Ammunition: €13.3 billion, split between Civil (EUR 7.3 billion, or 55% of total Small Ammunition market), Military (EUR 4.2 billion, or 32%), and Law Enforcement (EUR 1.8 billion, or 13%).

Medium & Large Calibre Ammunition

The medium and large calibre markets are major growth markets globally with Europe forecasting the fastest growth through to 2030. This is driven by two primary factors, the first being the ongoing high operational usage of these types of ammunition by Ukrainian forces provided primarily by NATO members. The second being the material re-assessment of stockpile requirements upwards across NATO, but also globally, as countries assess operational requirements with learnings from the Ukraine War. These two sources of demand are driving the medium and large calibre market to grow rapidly across the next 5 years. The large calibre market is forecast to grow from EUR 12.6 billion to EUR 19.4 billion between 2025 and 2030 at a CAGR of 9.0%. The global medium calibre market is forecast to grow from EUR 3.5 billion to EUR 5.1 billion between 2025 and 2030 at a CAGR of 7.7%. In both segments Europe is forecast to grow its position as the largest regional market over the period from 56% to 57% in the large calibre market and 35% to 44% of the market in the medium calibre market.

The chart below illustrates the projected growth of the Group's medium- and large-calibre ammunition market.

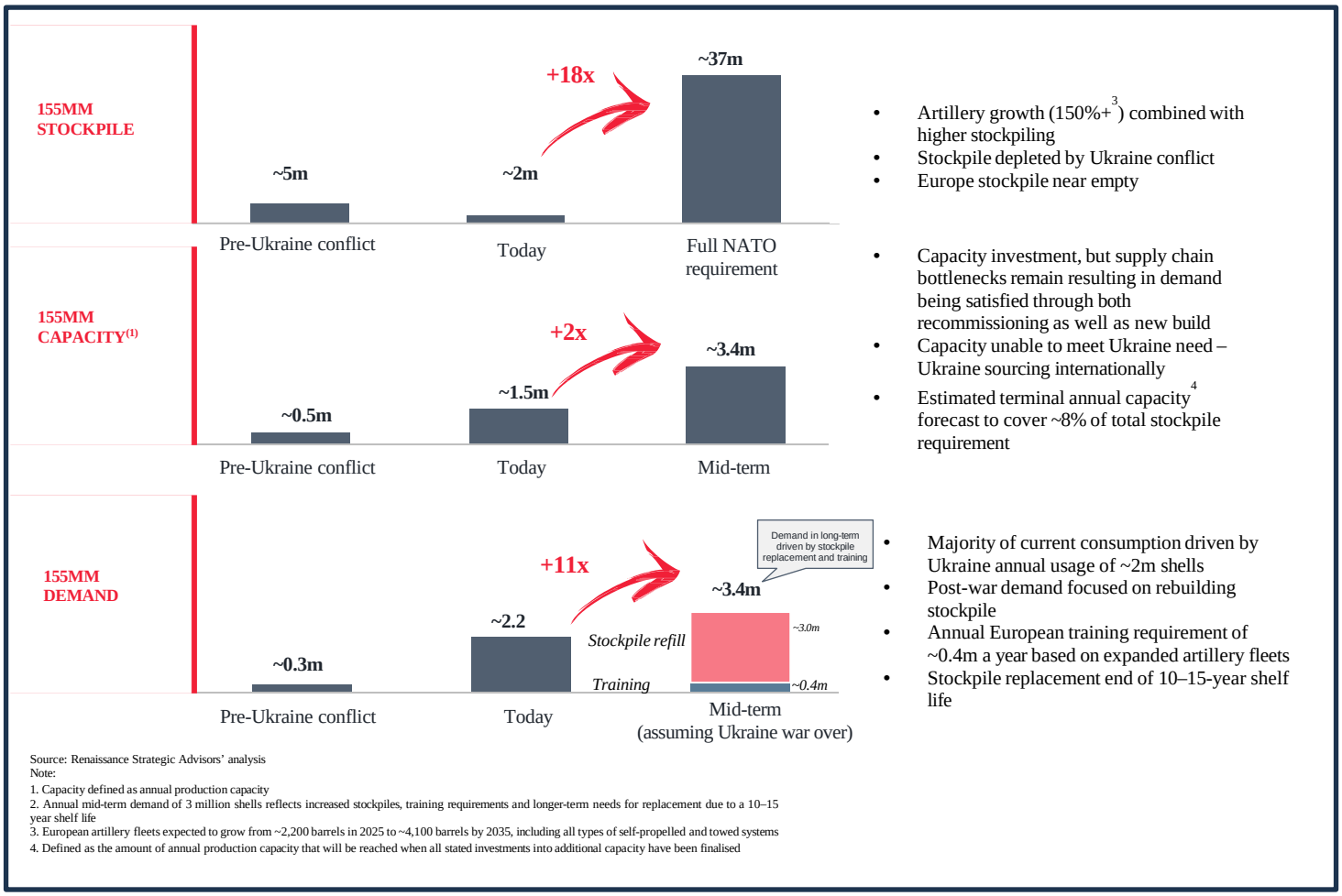


Source: Renaissance Strategic Advisors

Ongoing Ukrainian medium and large calibre ammunition usage rates are very high, and this can be most evidently seen in Ukraine's 155mm ammunition consumption. With this type of ammunition seeing estimated daily usage rates of between 4,000 to 10,000 rounds a day depending on the shifting tempo of the conflict (source: Triangulated estimate based on open sourcing reporting as discussed in Defense One's article titled "The West is underestimating Ukraine's artillery needs"). In aggregate Ukraine is likely consuming approximately 2,000,000 rounds of 155mm ammunition annually. This level of day-to-day demand has challenged the ability of Western industry to keep Ukraine effectively supplied and has led to a significant increase in production capacity across NATO.

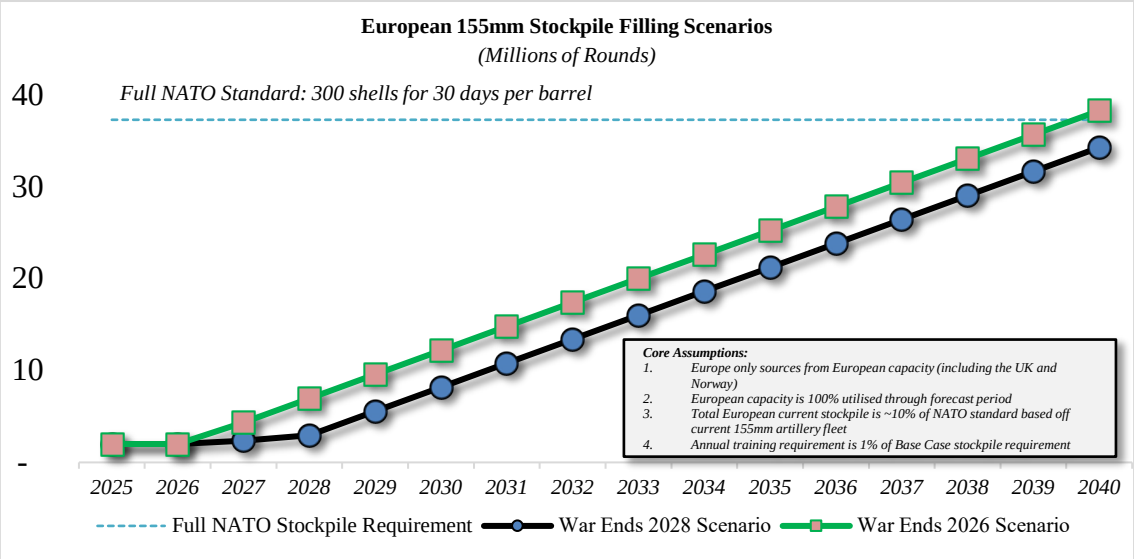
The reassessment of stockpile levels, based on operations in Ukraine, is also creating a significant long-term demand for medium and large calibre ammunition. Prior to the start of the conflict in Ukraine most Western military stockpiles had depleted over time. This was based on the view that modern warfare would rely more heavily on lower numbers of precision guided munitions and less on massed artillery or direct fire munitions. Most NATO countries had stockpiles that were severely below the Cold War NATO standard of 300 rounds per day for 30 days per firing barrel. This was compounded by the reduction in overall numbers of artillery platforms in-service since the end of the Cold War. NATO countries have realized the need to maintain stockpile levels close to, if not at, the NATO standard as well as starting a significant rebuilding of artillery platforms fleets. This level of demand is at a scale that it is likely to take at minimum 13 years to rebuild to those stockpile levels, even if the conflict in Ukraine were to end imminently and productive capacity investments proceeded without delays.

The charts below illustrate projected ammunition demand driven by NATO countries' efforts to rebuild and replenish stockpiles.



Source: Renaissance Strategic Advisors' analysis
Note:
1. Capacity defined as annual production capacity
2. Annual mid-term demand of 3 million shells reflects increased stockpiles, training requirements and longer-term needs for replacement due to a 10–15 year shelf life
3. European artillery fleets expected to grow from ~2,200 barrels in 2025 to ~4,100 barrels by 2035, including all types of self-propelled and towed systems
4. Defined as the amount of annual production capacity that will be reached when all stated investments into additional capacity have been finalised

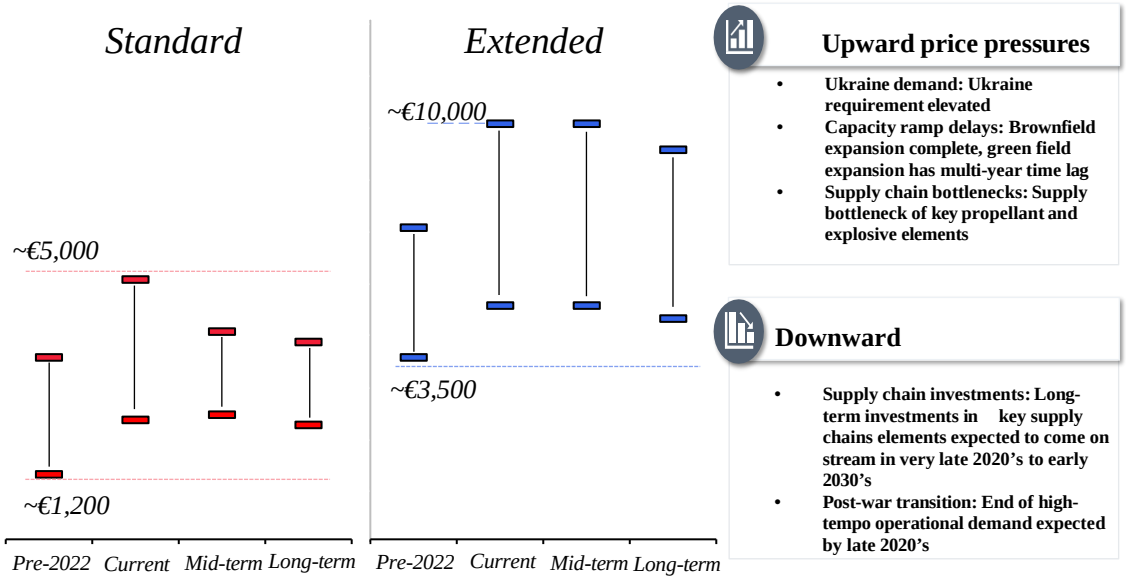
Source: Renaissance Strategic Advisors



Source: Renaissance Strategic Advisors

Supply chain constraints in components such as propellants and explosives are also exerting upward pressure on price floors for medium and large calibre ammunition.

The image below illustrates projected demand for components such as propellants and explosives, driven by ongoing supply-chain constraints.



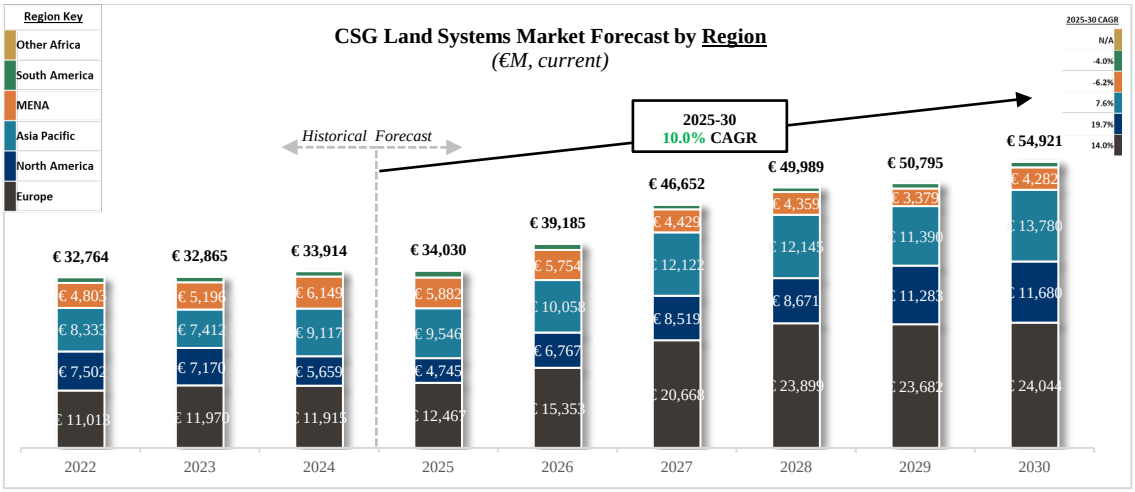
Source: Renaissance Strategic Advisors' analysis

Source: Renaissance Strategic Advisors

Land Systems

The Ukraine War has re-emphasized the importance of securing NATO borders and has marked a return to land-based conventional conflict. This is driving a significant reassessment among European NATO countries of the structure of their land combat capabilities with a clear focus on increasing the scale and capabilities of military tracked and wheeled vehicle fleets. This is a capability area that had seen progressive de-prioritization within Europe as the post-Cold War capability development focus shifted away from peer adversary land-based conflicts. Current fleets are particularly depleted because of recent donations and transfers to Ukraine where several NATO countries such as the U.S., Germany, the UK, Sweden, Canada and Denmark donated significant numbers of artillery vehicles, infantry fighting vehicles, main battle tanks and armoured personnel carriers. This is driving an additional need among countries which donated platforms to rebuild those fleets before expanding them beyond recent historical levels. This renewed demand for new military tracked and wheeled vehicles is occurring at the same time as increased use of existing fleets, resulting in an increased need for MRO services. In 2025, the military vehicle market size was estimated at €34.0 billion, forecasted to grow at a CAGR of 10.0% between 2025 and 2030 and reach €54.9 billion in 2030.

The chart below illustrates projected regional growth across the Group's Land Systems markets from 2022 through 2030.



Source: Renaissance Strategic Advisors

The European market, where the Group is mainly present, presents a particular growth opportunity due to the scale and speed of market growth forecasts. Historically, the European market has been similarly sized to the U.S. market, but this has changed in recent years as the start of the conflict in Ukraine in 2022 spurred an initial growth of spending in land vehicles across the continent. Going into the late 2020's Europe is expected to be the fastest growing region globally driven by a wide range of new procurement programmes started across the continent recently or in the near future.

Key European countries including Germany (Boxer, MGCS, Puma, RCH 155), the UK (Ajax, Boxer, Challenger III, RCH 155), France (Caeser, MGCS, SCORPION), Poland (Borsuk, Abrams, K9), Italy (Panther KF51, A2CS, Freccia) and Sweden (CV90, Archer) all have major programmes ongoing to rebuild and expand armoured vehicle fleets over the next decade. This is driving a more than doubling of the new build market by 2028 and will drive long term market demand for sustainment and upgrade spending on these platforms into the 2030's and 2040's. These trends together are leading to Europe's share of the market increasing from 36.6% in 2025 to 43.7% by 2030 (Source: Renaissance Strategic Advisors Land Systems 2025 – 2030 Market Forecast).

Defence Electronics

(TAM: EUR 13.5 billion)

The Group's Defence Electronics segment offers a wide range of products and services such as design, production and repair of radio navigation systems, radars, control and command systems, ultra-wideband localization and communication systems, recording systems, screen and data recording systems and ATC (Air Traffic Control) systems.

Defence & Security Market

Russia's invasion of Ukraine has highlighted the vulnerability of fixed infrastructure to precision strikes and ubiquitous drones. European governments have responded with large-scale procurement initiatives such as the German-led European Sky Shield Initiative and Poland's adoption of RTX's LTAMDS radar for its Wisła and Narew air-defence layers, demonstrating that key customers across Europe, North America, the Middle East and Asia Pacific regions are taking stock of operational learnings from Ukraine. As NATO members move from platform-centric to force-level "sensor-to-shooter" constructs, spending is shifting towards software-defined C2 systems that can ingest sensor and communication data and distribute them across joint fires networks in real time.

Electronic systems are the primary drivers of capabilities in key missions such as air-defence, battlefield surveillance, tactical and strategic command and control and multi-domain strike. The usage of sensors, communication systems and data management systems are increasing throughout the force structures of NATO countries and key allied countries. This is driven by both an increasing volume of electronic systems

being procured and used, as well as the increasing density of electronic systems integrated onto defence platforms across domains. This latter trend is part of a generational shift to enable greater usage of unmanned systems and the need to minimize manpower requirements to operate modern defence platforms.

Civil Aviation & Air-Traffic Management

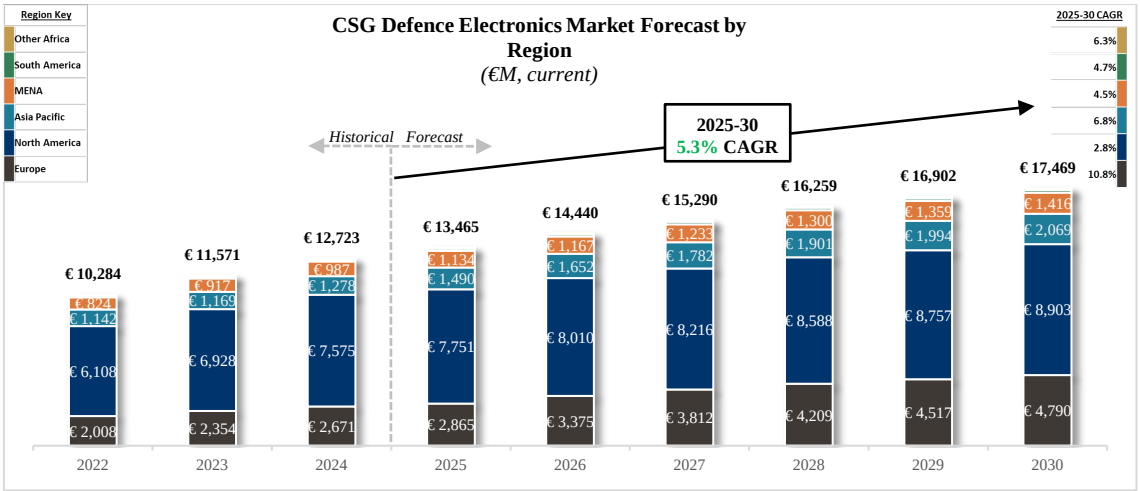
Global revenue-passenger-kilometres matched 2019 levels in early 2024, led by Asia-Pacific and a recovering trans-Atlantic market. Airports are therefore re-starting radar and multilateration upgrade cycles that were paused during COVID-19, with a focus on Mode-S/ADS-B integration and surface-movement radars that enable A-SMGCS "Level 4" operations. Longer term forecasts are for air traffic to increase at a CAGR of 3.8% from 2023 through to 2043 (source: IATA's Global Outlook for Air Transportation Report, June 2024).

To contain costs and extend ATC coverage to regional airfields, ANSPs are fielding remote or "digital" towers that rely on high-resolution electro-optical sensors, short-range primary radars and advanced video processing. EUROCONTROL's DiTo project and Spain's new digital tower in Vigo (operational trials begin June 2025) illustrate how panoramic camera feeds augmented with radar overlays can safely replace traditional towers.

Europe's U-space regulations, effective since January 2023, mandate automated separation services for drones in designated airspace. This framework is pushing civil airports to deploy low-cost counter-drone radars and to integrate their data streams into ATC networks so that conventional and unmanned traffic can coexist, a requirement expected to intensify as eVTOL air-taxi fleets emerge later in the decade.

Due to the above factors, the value of the global defence electronics is forecast to increase from € 13.5 billion in 2025 to more than € 17.5 billion in 2030, at a 5.3% CAGR and with all the main geographical regions, apart from North America, expected to grow strongly through the forecast period. The European and Asia Pacific regions are key drivers of global market growth while the North American market is scaled and mature with slower forecast growth. European and Asian markets are particularly focused on operational learnings from Ukraine in terms of needing greater scale in key areas such as air defence systems and air surveillance radar systems. In terms of the generation refresh of electronically dense platforms, this is occurring across all regions with a focus on North America, European and Asia Pacific regions.

The chart below illustrates projected regional growth across the Group's Defence Systems markets from 2022 to 2030.



Source: Renaissance Strategic Advisors

Advanced Systems

(TAM: EUR 3.6 billion)

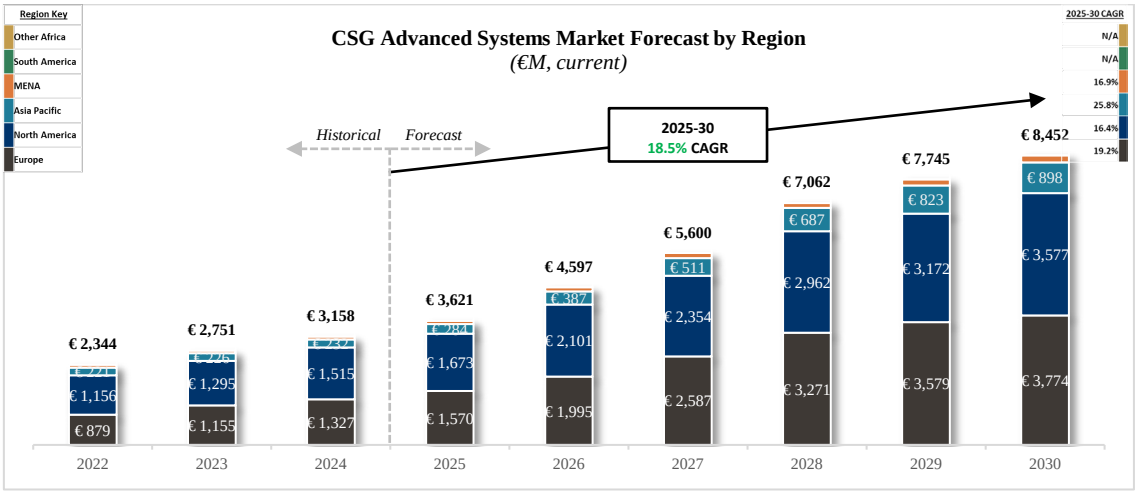
The Group's Advanced Systems segment offers key jet propulsion systems utilized in medium- to long-range UAVs and missile systems, with a specialization in small form factor turbojet, turboshaft and turbofan systems.

The Advanced Systems markets are expanding rapidly as the need to scale up production of medium- to long-ranged UAVs and missile systems has been clearly demonstrated by the Ukraine War as well as growing threats in the Asia Pacific region. Operations in Ukraine have demonstrated the utility of unmanned airborne platforms able to provide multi-mission capabilities from surveillance through to electronic attack and strike. Increasingly these unmanned platforms are expanding in terms of range, speed and endurance requirements driving the shift towards jet propulsion systems and away from propeller-based propulsion systems. Within the missile segment of the market production rates are increasingly rapidly to support elevated utilization of long-ranged strike capabilities as demonstrated in Ukraine. Key systems such as Naval Strike Missile (NSM), Joint Air-to-Surface Standoff Missile – Extended Range (JASSM-ER), Storm Shadow, Taurus and the Type 12 ASM are all having capacity ramped up to meet this elevated demand and new systems are being developed across NATO and key allied countries as well as within Ukraine itself. This production ramp is driving the growth in the market from small form factor turbojet propulsion systems which tend to power these missile tyles.

In the longer term there is a clear shift occurring with the rise of unmanned airborne combat platforms to support manned combat aircraft. These "Loyal Wingman" or "Collaborative Combat Aircraft" are being designed to be significantly smaller and more attritable than manned combat aircraft with current designs all utilizing small form factor turbofan propulsion systems.

These trends are driving significant growth in the Advanced Systems market with the market growing from 3.6 billion in 2025 to 8.5 billion in 2030 at a CAGR of 18.5%. Growth is fast across all regions but the scale of both the North American and European markets is significantly larger than other regions.

The chart below illustrates projected regional growth across the Group's Advanced Systems markets from 2022 to 2030.



Source: Renaissance Strategic Advisors

Small Calibre Ammunition

(*TAM: EUR 13.3 billion – Civil 55%, Military 32%, Law Enforcement 13%)*

CSG and The Kinetic Group's combined product portfolio includes ammunition for pistols, revolvers, rifles and shotguns in various price categories, including premium ammunition, with sales to the civilian market (including hunting and sport activities) generating approximately 81% of consolidated segment revenues for the nine months ended September 30, 2025 and sales to defence and law enforcement or security operators generating approximately 19% of consolidated segment revenues for the nine months ended September 30, 2025.

The global small calibre ammunition market is approximately €13.3 billion in 2025 and is split into three main end-customer groups: civil comprising private individuals (so-called civilians) accounts for 55% or

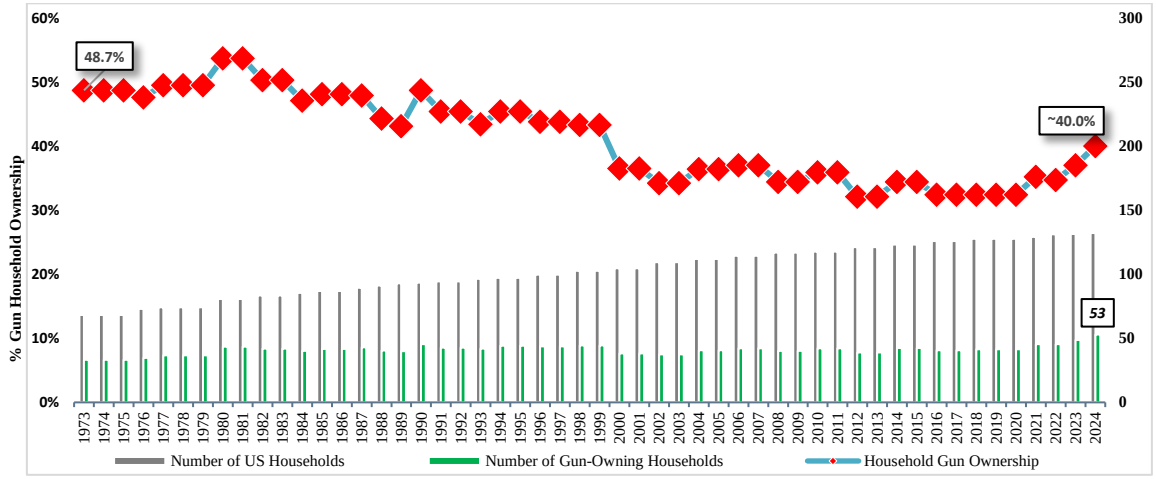
approximately €7.3 billion, military accounts for 32% or approximately €4.2 billion, and law enforcement accounts for 13% or €1.8 billion. The key geographies are North America (particularly the U.S.), Europe, and Asia Pacific respectively representing 42%, 20% and 19% of the global market in 2024.

Civil Small Calibre Ammunition

The civilian small calibre market is diverse in terms of end markets and their individual buying dynamics. Ammunition is bought and consumed for a range of activities including hunting, self-defence, and sport shooting, and each market has unique regulatory and customer buying habit trends. Across each of these use cases North America remains the single largest regional market accounting for just under approximately 60% of the global market, predominantly driven by the United States.

Historically, ammunition sales have been tied closely to overall firearms ownership rates, particularly in the U.S. where gun ownership and ammunition purchases are most closely associated with self-defence purposes rather than hunting or sport shooting. Since the early 2000's, gun ownership in the U.S. had remained steady in terms of household ownership rates, at just over 30% of households. This trend shifted notably after 2020 during the peak of the COVID-19 pandemic, where rates of household gun ownership jumped significantly as concerns of crime rates and wider civil unrest increased across the population. This was driven by increasing crime rates across the U.S., with homicide rates running at a 25-year high in the United States by 2023. As a result, household gun ownership rates are currently at a 25-year high at approximately 40%.

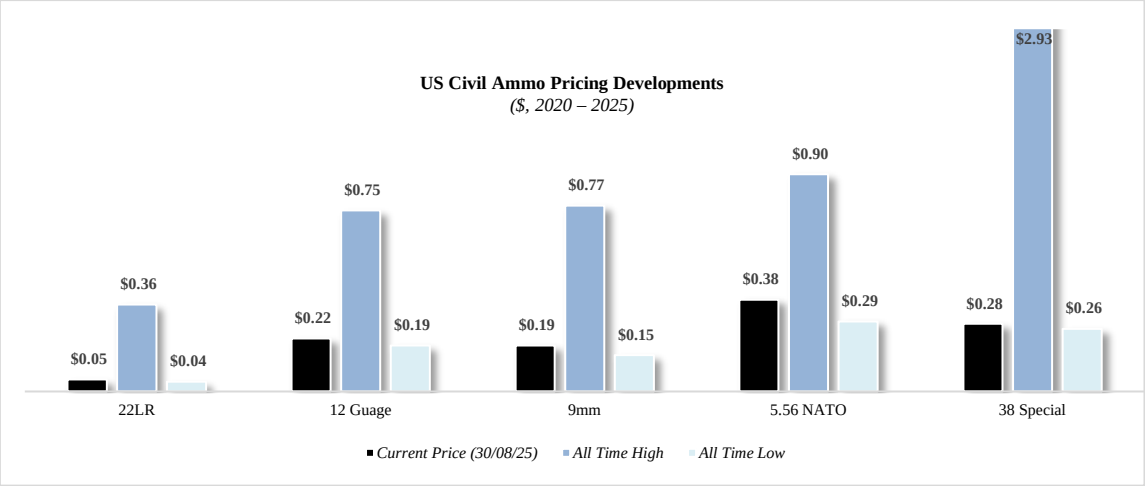
The chart below illustrates household gun-ownership trends in the United States from 1973 to 2024.



Source: U.S. Census Data, General Social Survey, Open Source, Renaissance Strategic Advisors

This increase in gun ownership occurred as ammunition production rates were stressed due to social distancing requirements throughout the supply chain during the COVID-19 pandemic, particularly in the U.S. where the majority of civil ammunition production occurs. This was compounded by further supply reductions in the civil market when, in 2022, following the Russian invasion of Ukraine, many factories refocused production from civil calibre types to military calibre types. Restrictions on civil ammunition imports from Russia following the start of the war in Ukraine further reduced civil market supply. Consequently, it took time for supply and demand in the civil segment to rebalance, which was reached only in 2023/2024. This led to significant price increases during the initial phases of the COVID-19 pandemic as supply was reduced, followed by a period of price normalization through mid-2024 as prices decreased following supply restarts and inventory build-ups. Prices have now stabilized above post-COVID lows as ammunition supply returned to historical norms post-2023 and inventory levels have normalized across the retail environment.

The chart below illustrates pricing trends in the U.S. civil small-calibre ammunition market from 2020 to 2025.



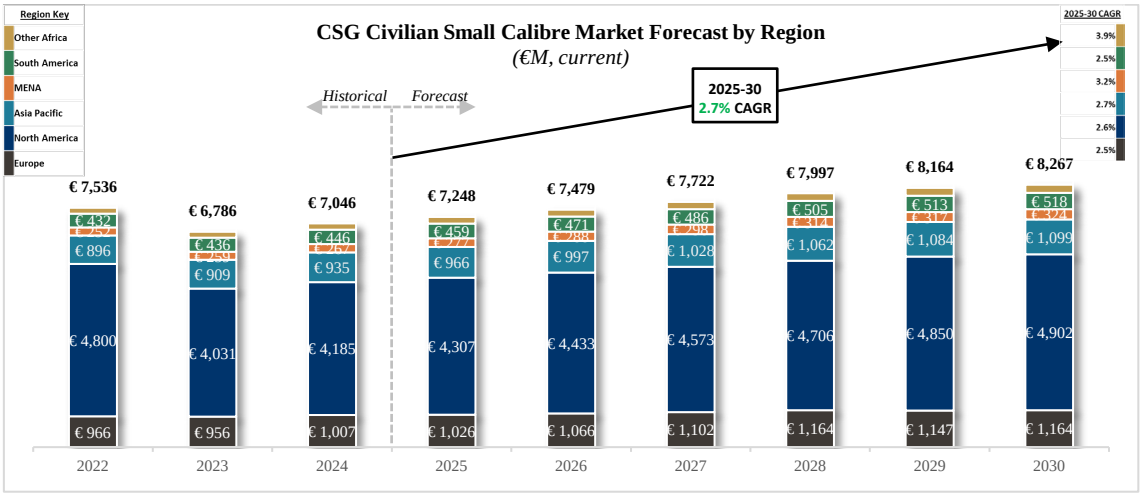
Source: Black Basin Outdoors, Renaissance Strategic Advisors

Regulatory changes can have a major impact on the civil small calibre ammunition market. This is particularly true in the United States where purchases of firearms tend to ebb and flow with the perception of future regulatory restrictions. Direct regulatory focus on ammunition is limited, with firearms tending to be the focus within wider political and societal conversations. With the start of the current United States Presidential administration, the likely regulatory impact is limited even on the wider firearms market. This is supported by trends in public perception and demand for regulatory intervention, which remains below historical highs.

Hunting and sport shooting remain key elements of the wider civil market but are concentrated in the North American and European markets in terms of volumes. Hunting levels have steadily declined since peaking in the late 1970s but have recently become more popular due to increased followings of hunting influencers on social media channels.

The civil ammunition market is a historically resilient market representing €7.3 billion in 2025. The market is set to grow steadily at a 2.7% CAGR 2025-2030 to a forecast €8.3 billion in 2030. This modest growth is expected until 2030, driven by slowly growing volumes coupled with iterative increase pricing following the balancing of supply and demand following COVID-19 shortages.

The chart below illustrates historic and projected regional growth in the Group's civilian small-calibre ammunition markets from 2022 to 2030.



Source: Renaissance Strategic Advisors

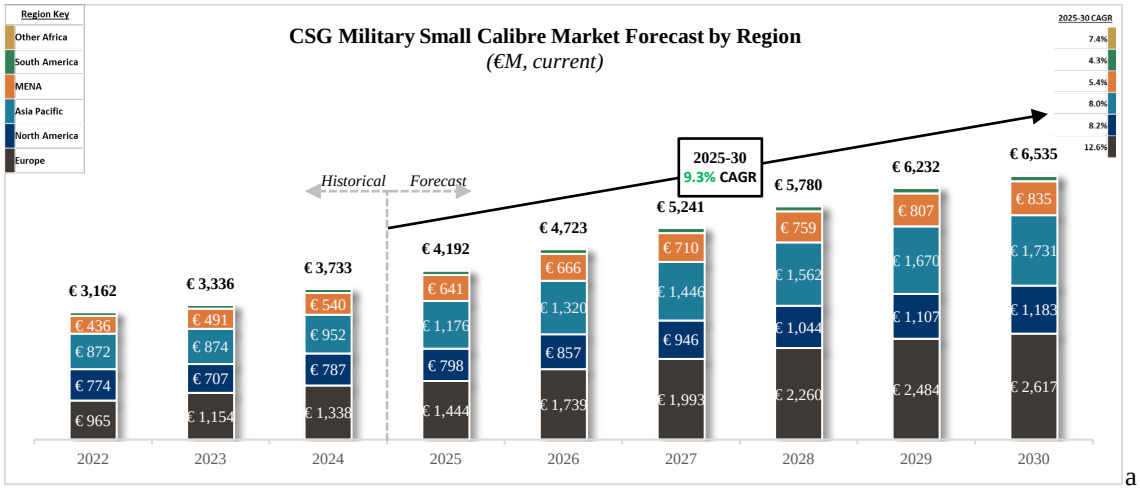
Law Enforcement and Military Small Calibre Ammunition

The environment for global military small calibre ammunition has been similarly impacted as the medium and large calibre markets by the effects of the Ukraine war as well as the wider deterioration of the global geopolitical environment. European and North American customers have identified the need to rebuild and increase stockpiles as well as secure domestic or regional sources of supply. This is being compounded by the beginning of a reappraisal of force structure size and make-up across Europe, which is starting to reverse the long-running trend of shrinking armed forces across the region. Several countries including Germany, Poland, Sweden and the UK have announced that they will grow troop levels into the late 2020's and 2030's with a focus on frontline combat capabilities. This will have a cumulative effect on the stockpile rebuilding process as stockpile levels are determined by the number of frontline combat personnel. Meanwhile the United States is beginning the process of moving towards a new calibre type for its primary infantry weapon set, from 5.56mm to 6.8mm. This is having multiple effects on the wider market as United States-focused suppliers are retooling to meet this new demand, reducing the potential supply for 5.56mm demand outside of the United States which was previously being met by U.S. Producers.

Due to the above factors, the value of the global military small calibre ammunition is forecast to increase from € 4.2 billion in 2025 to more than € 6.5 billion in 2030, at a 9.3% CAGR and with all the main geographical regions expected to attain either high single-digit or low double digit growth rates. The European, Asia Pacific and North American regions are all key drivers of market growth. The former two being driven by an appraisal of near-term military threats and stockpiling needs, and the latter being driven by the ongoing refresh of ammunition stocks towards a new calibre type.

Across the wider small calibre market, the relative size of the military segment is expected to increase from 32% in 2025 to 38% by 2030.

The chart below illustrates historical and projected regional growth in the Group's military small-calibre ammunition markets from 2022 to 2030.



Source: Renaissance Strategic Advisors

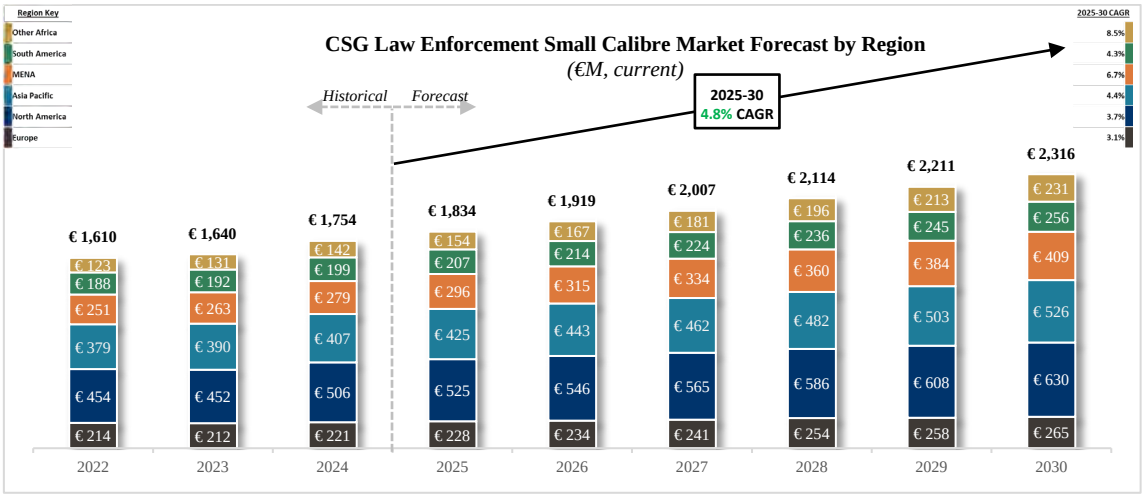
COVID-19's impact on crime rates has had significant impacts on the law enforcement small calibre ammunition market. As crime rates and tensions in civil society increased throughout the pandemic period, the focus on law enforcement spending has increased, particularly in Europe and North America. Spending on law enforcement in key markets such as the United States and European Union have increased significantly in inflation-adjusted terms since 2000, with EU spending increasing 31% between 2001 and 2023, and United States spending increasing 45% between 2000 and 2022. This has gone hand in hand with the increased number of law enforcement officers employed globally, from approximately 14.3 million in 2000 to approximately 16.2 million in 2023, with the United States law enforcement officer numbers growing approximately 16% from 2000 to 2024.

Meanwhile law enforcement officers are having to deal with higher numbers of armed criminal elements. In key markets globally, such as in the United States and across the Asia Pacific and South American regions, gun violence levels have generally trended upwards, driven by both the access to illegal firearms and the rise of organised crime centred around the illegal narcotics trade. This is directly impacting law

enforcement agencies both in terms of overall firearms inventories and usage requirement, as well as subsequent training requirements for officers equipped with firearms. The latter impact is being supported by a growing scrutiny of the use of force by police officers, particularly in the United States, which is driving further complex training needs focused on firearms usage and operations.

These trends are supporting resilient demand for ammunition among law enforcement agencies globally and driving moderate levels of growth over the medium- to long-term. The global law enforcement small calibre market is sized at € 1.8 billion in 2025 and is expected to grow at a stable 2025-30 CAGR of 4.8%, reaching €2.3 billion in 2030.

The chart below illustrates historical and projected regional growth in the Group's law-enforcement small-calibre ammunition markets from 2022 to 2030.



Source: Renaissance Strategic Advisors

Competitive environment

Defence Segment Industrial Environment

The Defence sector is characterised by substantial barriers to entry, long development and procurement cycles, stringent regulatory and certification regimes and an emphasis on proven delivery and lifecycle support. Competition is shaped by a limited number of incumbent original equipment manufacturers and systems integrators with established customer relationships, broad programme execution capabilities and the financial resilience required to support multi-year, capital-intensive contracts. Market access is further constrained by national security considerations, export-control frameworks and offset requirements, which together favour operators with robust compliance infrastructure and transparent governance.

End-Customer Relationships and Track Record

Procurement decisions by government ministries of defence and supranational organisations including NATO agencies, are heavily influenced by demonstrated reliability in delivering mission-critical platforms and systems on to, to specification, and in compliance with strict security protocols. Building and maintaining customer trust typically requires a significant amount of time and is based on clear ability to execute on contracts demonstrated internationally, transparent governance systems and a deep understanding of a customer's procurement rules.

Given its multi-decade partnerships with the leading European ministries of defence, NATO agencies and an expanding roster of non-NATO customers (including Morocco, Vietnam and Indonesia), underpinned by consistent delivery against operational requirements, participation in joint trials and the provision of trade offset packages aligned with local industrial policy, the Group believes that it is well positioned to advantage of its competitive position.

Product Quality, Certification and Technological Edge

Defence platforms and systems must survive extreme environments and hostile action, so equipment is qualified against demanding MIL-STD, NATO STANAG and ISO 9001/14001 criteria. Market entry is further constrained by export-control regimes such as ITAR and the EU Dual-Use Regulation, which oblige suppliers to demonstrate robust end-use monitoring and cyber-secure design.

The Group believes that its in-house engineering capabilities, sustained investment in research and development and co-development programmes with technical universities support incorporation of advanced materials, situational-awareness suites and modular open-systems architectures and contribute to achieving first-time-right certification outcomes and shortening customer acceptance cycles, which are competitively beneficial for the Group in tenders that emphasis schedule adherence and technical risk mitigation.

Long Lead Times and Capital Intensity

Setting up a greenfield defence manufacturing line can take three to five years, owing to specialized tooling, classified production zones and the need to qualify sub-tier suppliers. Working-capital demands are amplified by milestone-based payments and the obligation to carry strategic inventories of long-lead components such as armour-grade steel and secure avionics.

The Group operates a geographically diversified manufacturing footprint with surge capacity which it believes is beneficial to the Group's competitive position as it allows the Group to absorb urgent-operational-requirement (UOR) orders without disrupting baseline programmes

Lifecycle Support and Through-Life Upgrades

A single land platform or radar system can remain in service for 30-40 years, during which customers demand guaranteed spares availability, technology insertions and obsolescence management. OEMs that lack an integrated logistics-support (ILS) ecosystem struggle to compete for follow-on sustainment contracts, where the portion of programme value often exceeds the original acquisition cost.

The Group specialises in through-life support, capability upgrades and life-extension programmes for legacy platforms. Recent mid-life upgrade projects—including digitisation of command-and-control vehicles with secure tactical cloud nodes—illustrate the Group’s ability to extend platform relevance and minimise total cost of ownership, which helps to differentiate the Group in competitions where lifecycle value is a primary evaluation criterion.

Financial Strength and Risk-Sharing Capacity

Defence contracts can be significant in terms of contract size, last an extended period of time when sustainment elements are taken into account and require may require sizeable performance bonds, advance-payment guarantees and—where export credit is involved—complex multilateral financing structures. Contractors with weak balance sheets or limited banking relationships are often screened out early in competitive tenders.

The Group’s credit profile, consistent positive free cash flow and long-standing partnerships with global banks and export-credit agencies enable issuance of required guarantees and support tailored customer financing solutions, including supplier credit and build-operate-transfer models, attributes that the Group believes enhances its competitiveness in tenders where financial robustness and flexibility are integral to bid evaluation.

In the military vehicles market, the Group’s competitors are mainly represented by manufacturers of wheeled and tracked vehicles, heavy off-road trucks and weapon systems. This includes players like Rheinmetall, KNDS, BAE Systems, Elbit Systems, Leonardo and PGZ.

In this segment the Group’s competitive positioning mainly benefits from the following key elements: (i) a complete product portfolio, including production of its own chassis and superstructure through its subsidiaries, TATRA TRUCKS and TATRA DEFENCE VEHICLE subsidiary; (ii) in-house technical expertise and solutions for the integration of combat management and electronic subsystems specific to military vehicles; (iii) capabilities across both new platform manufacturing as well as legacy platform upgrades and life extensions for land systems and radars and (iv) a strategic geographical presence, given

the current geopolitical context with key manufacturing capabilities within Europe (including in Czech Republic, Italy, Serbia, Slovakia and Spain) and a demonstrated ability to export platforms to growth regions such as Asia Pacific and the Middle East.

The below chart depicts the Group's and its competitors' land systems production capabilities.

Select Land Systems Competitors

Competitor	Strength	Value Chain Elements					Assessment
	Land Systems	Chassis	Engine	Super-Structure	Weapon Systems	Electronics	
CSG							• Particular strengths in chassis and superstructure • Limited export history except for some deliveries of logistical vehicles to Indonesia
RHEINMETALL							• Leading global land platform OEM with abundant export experience by itself or through its JV (e.g. ARTEC GmbH, JV with KNDS for Boxer APC development)
KNDS							• Core competence in superstructure (turrets, upper-hull), and weapons (artilleries) • Scaled production capacity to support its extensive global pipelines
BAE SYSTEMS							• Significant in-house capabilities and programme positioning supporting Challenger MBT (Rheinmetall BAE) and CV90 (BAE Hägglunds)
Elbit Systems							• Specialised in developing advanced technologies and systems such as software-defined radars and unmanned turret
LEONARDO							• Core competence in electronics; acquisition of IDV is consolidating and extending its production capabilities to vehicle structures and engines
PGZ POLISH ARMAMENTS GROUP							• Highly integrated and scaled production capacity; however, domestic Polish Army is the primary operator with a handful export cases

Strength:	*No presence*	*Limited*	*Moderate*	*High*

Source: Company Materials, Renaissance Strategic Advisors

When focusing on medium and large calibre ammunition, the competitive environment includes Rheinmetall Group (including Expal, acquired in 2022), BAE Systems, Elbit Systems, and Nammo. In terms of positioning, the Group believes that Rheinmetall and KNDS are its closest peers due to their wide product offering and geographic footprint, although Rheinmetall has the largest manufacturing capacity of the wider customer breadth in comparison to KNDS. Other competitors including PGZ and CBC Group have more niche market positions or specific geographic exposure. BAE Systems has a clear position as the UK's national supplier but is primarily positioned in the U.S. market as a provider of energetics materials through contracts to manage and operate U.S. Army plants. Elbit Systems has historically had an international presence but since the early 2020's has largely focused on supplying domestic requirements in Israel, particularly since the start of the Gaza conflict. Nammo has an established position across Europe, North America and Asia Pacific regions but with much smaller production capacity compared to other medium and large calibre ammunition providers.

In response to the identified shortage of M&L calibre ammunition, the Group and many of its competitors have announced plans to invest in additional production capacity in recent years. However, the Group believes that the ability of the Group or its competitors to effectively ramp up capacity is dictated by access to scarce raw materials with Europe facing significant shortages, caused by capital-intensive investment requirements, the complexity of permitting regimes (for example, environmental and resource management consent) and historical decisions to outsource production to lower-cost regions. The shortage of raw

materials is most acute within energetic nitrocellulose (a propellant used in large-calibre ammunition) and TNT (an explosive material), where there are a very small number of European facilities with suitable scale.

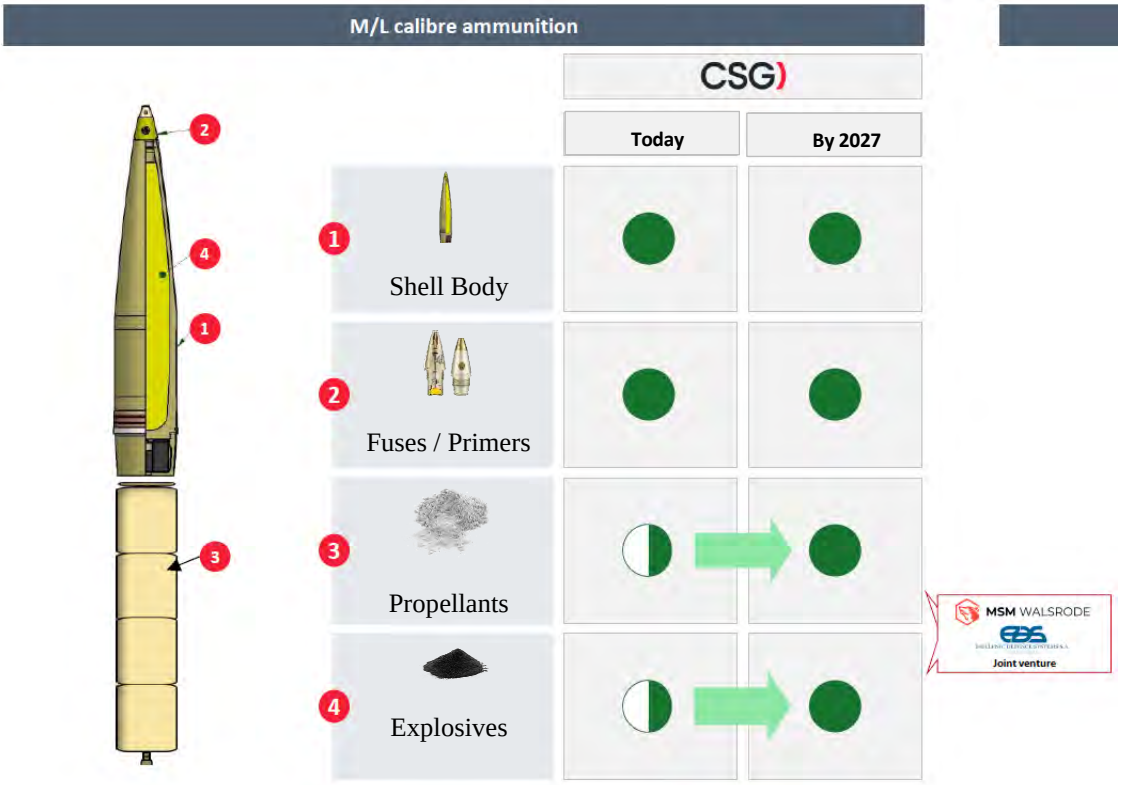
In this context, the Group believes that its vertical integration strategy, with a goal to have in-house production of all key components by the end of 2027, including nitrocellulose and TNT, differentiates from its competitors. Through this strategy, the Group believes it has a lower risk pathway to increase its production capacity relative to other competitors that have a lower degree of vertical integration which makes such competitors more exposed to supply chain challenges for key components.

The chart below depicts the Group's production capacity for M&L calibre ammunition relative to its competitors.

Company	Est. Annual Current Capacity #	Est. Annual Future Capacity #	Capacity Increase Year	Commentary
RHEINMETALL	750,000[i]	1,100,000	2027	• Clear capacity investment plans, scaling up production in multiple locations including Germany, Spain and South Africa
CSG	550,000	1,100,000	Mid-Term	• Investing in existing production capabilities and collaborative programme with Ukrainska Bronetechnika to expand 155mm productive capacity within Ukraine • Estimated 2025 capacity, stated plans to increase capacity in the near to medium term through brownfield and greenfield expansion, includes JV with Hellenic Defence
STV GROUP	100,000	300,000	2026	• Estimated 2025 capacity, stated plans to increase capacity 3x by 2026
KNDS	50,000	100,000	2026	• Historically limited capacity, increased to 50,000 annual units by end of 2024, plans to double capacity by 2026
PGZ	50,000	150,000	2028	• PGZ is heading Polish consortium to double domestic production capacity, somewhat constrained by legacy productive systems
Nammo	30,000	200,000	2028	• Expanding productive capacity across Nordic region, also includes licensed produced capacity in Ukraine
Others	40,000	280,000	2026-2027	• Includes Diehl JV with Nammo to provide ARGE DiNa 155mm shell, BAE capacity increase form ~20,000 to ~160,000 units, and limited Saab productive capacity through Swiss subsidiary
Total	**1,170,000**	**2,740,000**	***Multiple***	• Total European capacity planned to grow by ~135% by 2030 allowing Europe to meet Ukraine operational requirement while beginning restock effort

Source: Renaissance Strategic Advisors

The following image depicts the Group's production capacity for M&L calibre ammunition components:



Source: Renaissance Strategic Advisors

The below chart depicts the Group's and its competitors' M&L calibre ammunition production capabilities.

Select Medium and Large Calibre Ammunition Competitors

Competitor	*Strength*	Value Chain Elements					Assessment
	M/L Calibre Ammo.	Casing	Projectiles	Fuses /Primers	Propellants	Explosives	
CSG)							• One of the few fully integrated manufacturers for medium- and large-calibre ammo
RHEINMETALL							• Potentially a major competitor with a high level of vertical integration
KNDS							• Produces a wide range of rounds and shells, including advanced rounds, but relatively weak in some segments
BAE SYSTEMS							• Substantial in-house manufacturing capabilities at facilities in US and Europe
Elbit Systems							• Manufactured in-house, likely at its Chemical Plant, e.g. M26, M30, NC-NG and LOVA • Also likely sourced from external suppliers
LEONARDO							• Develops electronic fuses, such as microwave RF-programmable multifunction fuses
PGZ POLISH ARMAMENTS GROUP							• Produces range of components and finished systems, though less well developed production capability and capacity than most major providers

Competitor	*Strength*	Value Chain Elements					Assessment
	M/L Calibre Ammo.	Casing	Projectiles	Fuses /Primers	Propellants	Explosives	
Nammo							• Extensive production capabilities and distribution apparatus in US, Germany and Finland, though less vertically integrated
CBC Global Ammunition							• CBC combines scale and high degree of vertical integration, though lacks portfolio depth, customer positioning and geographical reach of other major contractors
IAI							• IAI focussed on design and integration of high-end large munitions; conversion of existing 155 mm into PGW using precision guidance kits, e.g. GPS-based strike fuses
Strength:	*No presence*		*Limited*		*Moderate*		*High*

Source: Renaissance Strategic Advisor

In addition to the factors described above, the competitive environment in the medium and large calibre ammunition is also influenced by the level of vertical integration, something particularly relevant in a period when significantly higher-than-average demand is challenging the supply chain. In such an environment, the Group can rely on a high level of vertical integration, with in-house production of powder covering approximately 25% of the Group's total needs and with the remaining portion secured through long-term contracts with suppliers. When sourcing components where the sector is currently facing constraints, the Group can rely on in-house production of elements such as fuses. This provides the Group with a competitive advantage given the shortage of these kinds of components.

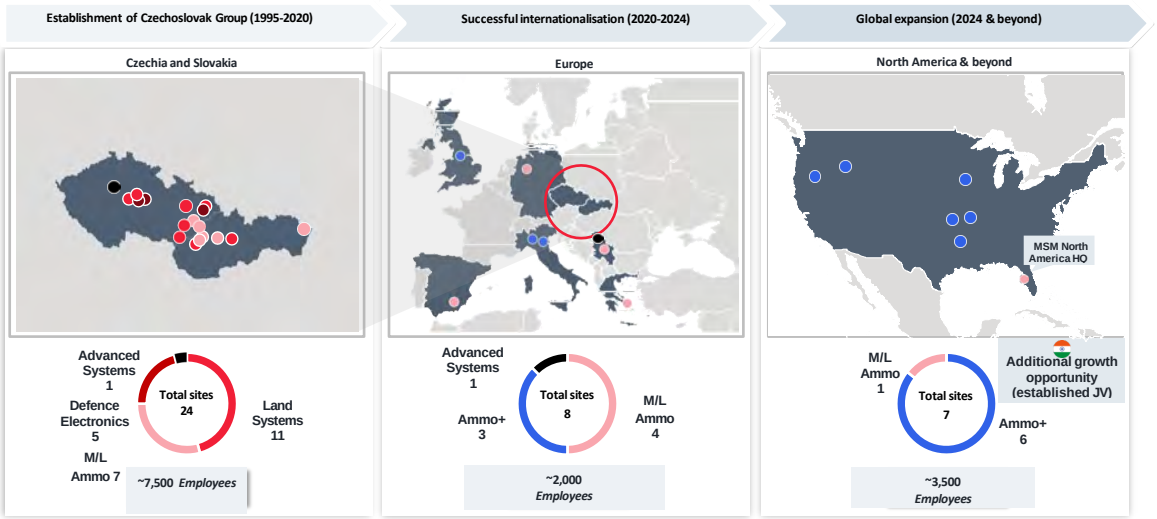
As an additional key competitive element, the Group possesses several certifications which allows its ammunition to be used by different combat systems (in particular with reference to howitzers). The Group believes that such flexibility, particularly in the current environment characterized by a mismatch between demand and supply in medium and large calibre ammunition, represents an important competitive advantage.

Proximity to NATO's European eastern border

One of the key competitive drivers in the current environment, with reference in particular to the need to support Ukraine and to reinforce NATO defence capabilities on Eastern European borders, is represented by availability of manufacturing sites close to the areas of interest. This is critical to meet quick delivery times set by NATO customers, and the Group leverages its unique central European geographic position. The Group has manufacturing capabilities throughout Czechia and Slovakia and is expanding its footprint directly into Ukraine to further expand production and improve connectivity with key customers.

The below chart depicts the Group's manufacturing footprint.

CSG strategic manufacturing footprint



Sources: Company materials

Small ammunition segment environment

In the small ammunition market, the Group's main competitors are CBC Group, Winchester, Beretta Holdings, Sig Sauer, Sellier & Bellot, Hornady and Nammo. Most these competitors have a presence across market segments with several having established positions in the U.S. market including Winchester, Hornady and CBC Group. However, the Group believes that the Kinetic Group has a leadership position in the U.S., where it is the major player across civil and law enforcement markets.

The below chart depicts the Group's and its competitors' small calibre ammunition value chain capabilities.

Select Small Ammunition Competitors

Competitor	Strength	Value Chain Elements				Assessment
	Ammo+	Casing	Projectile	Primer	Propellant	
CSG						• Broad portfolio in both medium and large calibres and strong product positioning; however, focussed on Europe and US; more limited presence internationally
BAE SYSTEMS						• Well established across all segments, with major contracts across NATO and internationally, including GOCO frameworks for US military; not fully vertically integrated
Elbit Systems						• Major provider, with number of plants dedicated to different elements of the value chain; small-calibre business focussed on home market, though good relationships with major foreign customers
PGZ POLISH ARMAMENTS GROUP						• Established small calibre provider, though distance still to cover in vertically integrating and scaling; relatively limited advanced offering
Nammo						• Extensive portfolio, track record of winning large contracts and high rate of R&D; opening primer production facility; production facilities in Germany, Finland and US
WINCHESTER						• Major ammunition provider within US, with strong civilian business and major defence contracts, including operating Lake City Army Ammunition Plant; limited international presence
HORNADY						• Relatively new entrant to defence market and limited / no international customer base; fully vertically

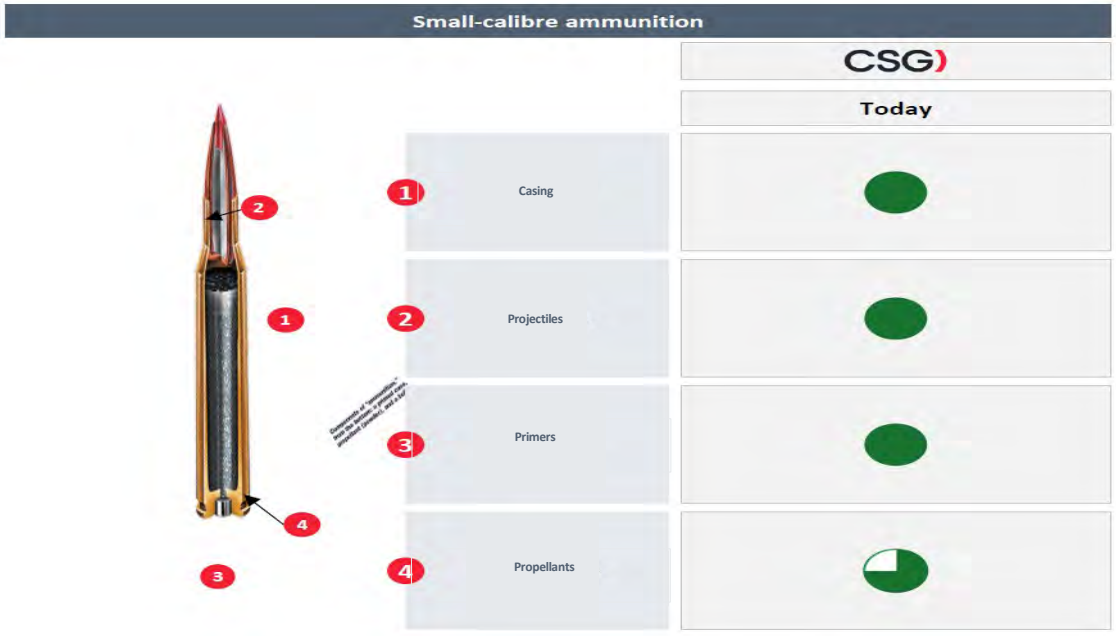
Competitor	Strength	Value Chain Elements				Assessment
	Ammo+	Casing	Projectile	Primer	Propellant	
						integrated though limited production capacity, especially of propellant
CBC GLOBAL AMMUNITION						• Large number of customers, including most major NATO countries, and active partnerships in small calibre space, including in DUXFORD core markets, e.g. with Colt CZ; fully vertically integrated
SIG						• Specialist very well positioned within US market, though limited / no presence elsewhere; makes advanced rounds; potential to expand internationally in medium term
FN						• Largest exporter of military small arms; focus on European customers, including EU, though also sells to US armed forces; lack of in-house propellant capacity a strategic weakness
BERETTA HOLDING						• Strong customer relationships and vertical integration underpin a scaled small calibre offering; actively bolstering its offering and capacity, such as with recent acquisition of RUAG Ammotec
Strength:	*No presence*	*Limited*		*Moderate*		*High*

Source: Renaissance Strategic Advisor

The Group's competitive environment is heavily influenced by the relative positioning of its brands within the market. The Group believes that the Group's brands (Fiocchi, Hevi-Shot, Speer, Remington, CCI and Federal) are positioned in the medium-to-high segment of the market, in terms of brand perception and product quality, which is in turn reflected in Group's premium price positioning.

Although the small calibre ammunition market is not facing the same bottlenecks experienced by medium and large calibre ammunition segment, supply chain issues represent a key element within small calibre market as well. Within the small calibre market, the Group believes that its satisfactory level of vertical integration, covering all the main pillars of the value chain, from R&D to logistics is beneficial for its market positioning. With reference to raw materials, the Group is investing in its own powder production capacity expansion through the acquisition of IFF's nitrocellulose business and is currently the major producer of primer within the market. The Group's in-house production of casings, a critical component, fully covers its production needs.

The below chart depicts the Group's production capacity for small calibre ammunition components.



Source: Renaissance Strategic Advisors

Defence Electronics segment environment

In the Defence Electronics segment the competitive environment is wider and more varied across applications, given the wide range of sub-segments in which the Group operates. This includes companies such as Rheinmetall, BAE Systems, Leonardo, Elbit Systems, Safran, IAI, and Teledyne.

While the Group's market share in the Defence Electronics sector is lower than the players highlighted above, its presence is strategically important considering synergies (both industrial and commercial) with Group's defence segment, giving it the possibility to have a complete solution platform to propose to its customers. Additionally, the Group entered this sector through an iterative and focused investment strategy, with the precise aim of entering those sub-segments with better market prospects and more synergies with the rest of its product portfolio.

In terms of its competitive position, the Group believes that on top of a strong balance between technological content of its products and its competitive pricing, the ability to offer tailor-made solutions to customers, specifically designed to satisfy its customers' needs is a distinctive element of the Group's offering.

The below chart depicts the Group's and its competitors' defence electronics capabilities.

Select Defence Electronics Competitors

Competitor	**Strength**	**Value Chain Elements**							**Assessment**
	Defence Electronics	**Acoustics**	**Radar**	**EW**	**Optronics**	**Avionics & Vetronics**	**Comms**	**C2 / BM**	
CSG									• Focused on radar and C2 systems particularly for air defence application with export record outside Europe to North America, APAC, and Africa
RHEINMETALL									• Strengths in optronics and C2/BM systems in addition to vetronics supported by substantial in-house capabilities across UK and German plants
KNDS									• Rather an integrator than an electronics supplier; limited in-house capability • Extended global geographical presence as platform integrator
BAE SYSTEMS									• A range of advanced electronics offerings across sub-segments; highly integrated and scaled in-house manufacturing capabilities
Elbit Systems									• Highly consolidated in-house capabilities reinforced by specialised subsidiaries such as Elisra for radar/EW; Universal Avionics for avionics, and AEL Sistemas for comms
LEONARDO									• Vertically integrated production capabilities especially in radar and avionics/ vetronics; that are in operation with numerous foreign militaries
PGZ POLISH ARMAMENTS GROUP									• Consists of various group companies with different technological focuses • Production capacity and geographical reach are

Competitor	Strength	Value Chain Elements							Assessment
	Defence Electronics	Acoustics	Radar	EW	Optronics	Avionics & Vetronics	Comms	C2 / BM	
									moderate compared to large OEMs
SAFRAN									• Expertise concentrated in sensors, avionics, and comms mounted on various platforms; vertically integrated production covering each layer of value chain
ANDURIL									• Core competence in C2 / BM software has been reinforced through the acquisition of KLAS specialised in edge computing and tactical comms incl. rugged hardware
TELEDYNE TECHNOLOGIES									• Emphasis exclusively on radar and optronics; has in-house production capabilities for smaller RF/microwave components and materials such as quantum memory crystals
IAI									• Significant in-house capabilities across segments; R&D and production of electronics relying on subsidiaries such as Elta Systems
Strength:	*No presence*		*Limited*			*Moderate*			*High*

Source: Company materials, Renaissance Strategic Advisors analysis

Advanced Systems segment environment

In the Advanced Systems segment the competitive environment is relatively narrow with the design and production of small form factor turbojet, turboshaft and turbofan engines being limited to small number of providers globally.

Historically this market been a very specialized segment of the wider jet propulsion market with key providers being subsidiaries of larger aero engine providers, such as Safran and Pratt & Whitney, as well as business jet propulsion providers such as Williams International. The Group has been able to rapidly enter the market through the acquisition of its AviaNera subsidiary in 2025.

The Group is a relatively new entrant in the Advanced Systems market but through its subsidiary, AviaNera, the Group is already positioned to provide a wide range of turbojet, turboshaft and turbofan propulsion systems for a wide range of technical and form factor requirements with the intended release new products to market including larger turbo jet engines for UAVs (450N, 900N, 1250N, 1600N) as well as 4,000N turbo fan engines for high-performance UAVs and cruise missiles, and 70kW turbo shaft engines for UAVs. The Group believes it also has the advantage of not being tied down to legacy systems and products, making it more agile in terms of meeting customer needs and developing new iterations of systems and products to capture a wider range of the UAS and missile value chain in the future.

The below chart depicts the Group's and its competitors' Advanced Systems capabilities:

Select Advanced Systems Competitors

Competitor	Strength	Missile / Effect UAS				Assessment
	Advanced Systems	Propulsion	Guidance	Structures	Warhead / Effect	
CSG						• Specialised engines capabilities for both missiles and effector UAS through Czechia-based company AviaNera; expected to enter

Competitor	Strength	Missile / Effect UAS				Assessment
	Advanced Systems	Propulsion	Guidance	Structures	Warhead / Effect	
						production once testing and development facilities are completed
						• Delivers gas-turbine engines for medium and large-class unmanned aircraft; also develops small turbofans for uncrewed tactical jets; legacy missile propulsion division acquired by L3Harris
SAFRAN						• Sophisticated propulsion solutions for both missile and UAS applications; also supplies warhead/munition modules and modular guidance kits for aircraft-delivered munitions
Williams INTERNATIONAL						• Provides advanced propulsion systems for UAS and missiles and primarily supplies to the US; recently received substantial contract to expand production capacity of turbine engines for missile systems
TEI						• Turkish engine manufacturer for aircraft, including unmanned aerial systems (e.g. TEI-PD170 for medium-altitude long-endurance UAS); limited capabilities outside of this value chain element
ANDURIL						• Sophisticated capabilities across the entire value chain spectrum, developing vertically integrated solutions in unmanned effectors; develop kinetic UAS interceptors, though limited warhead solutions
TELEDYNE TECHNOLOGIES						• Teledyne has some legacy advanced systems exposure delivering rocket/engine capabilities, although major capabilities lie in guidance solutions as a key supplier of IMUs and navigation stacks
BAYKAR						• Core capabilities in the design and manufacture of UAS, including relevant subsystems such as onboard avionics suites and jet-powered solutions; integrates effectors procured from external suppliers
KRATOS						• Recently acquired small engine manufacturing capability to complement engineering competences related to the UAS market; develops advanced propulsion solutions for hypersonic systems

Strength:	*No presence*	*Limited*	*Moderate*	*High*

Source: Company materials, Renaissance Strategic Advisors analysis

BUSINESS OVERVIEW

Investors should read the following discussion in conjunction with the other information contained in this Prospectus including the financial and other information appearing in the "Operating and Financial Review." Where stated, financial information in this section has been extracted from "Historical Financial Information."

Overview

The Group is a leading defence group in terms of medium-, large- and small-calibre ammunition sales, based in Prague, Czech Republic, operating in Europe, the United States and in other regions, including Asia Pacific. The Group sells its products to key long-term customers, ranging from government bodies (mainly NATO members), including ministries of defence, to well-established companies in the Group's target industries in over 70 countries worldwide. The Group is the second largest European medium- and large-calibre ammunition producer and largest global small-calibre ammunition producer by sales, with 35% and 13% market share, respectively, according to estimates by Renaissance Strategic Advisors.

For the nine months ended September 30, 2025, the Group's revenues were €4,485.3 million and Adjusted Operating EBIT was €1,097.6 million, with an Adjusted Operating EBIT margin of 24.5%. During this period, 75% of revenues were derived from sales in Europe (with Ukraine constituting 26% of overall sales), 18% from the United States, and 6% from the rest of the world. Revenues by end market for the nine months ended September 30, 2025 was split as follows: 79% from defence, 19% from civil, and 2% from industrial non-defence sectors. Before intersegment eliminations, CSG Defence Systems accounted for 76% of total revenue, with CSG Ammo+ and Other representing 22% and 2% of total revenues for the nine months ended September 30, 2025. M&L calibre ammunition and Land Systems represented 60% and 13% of total revenues before intersegment eliminations for the nine months ended September 30, 2025, respectively.

For the year ended December 31, 2024, on a pro forma basis for the acquisition of the Kinetic Group (the "**Kinetic Group Acquisition**"), the Group's pro forma revenues were €5,182.2 million and pro forma Adjusted Operating EBIT was €1,238.7 million, representing a 24% pro forma Adjusted Operating EBIT margin. In 2024, 68% of pro forma revenues were derived from sales in Europe (with Ukraine accounting for 33% of overall sales), 26% from the United States, and 6% from the rest of the world. Pro Forma revenues by end market for 2024 was split as follows: 70% from defence, 25% from civil, and 5% from industrial non-defence sectors. Before intersegment eliminations, CSG Defence Systems accounted for 66% of total pro forma revenues, with CSG Ammo+ and Other representing 31% and 3% of total pro forma revenues, and M&L calibre ammunition and Land Systems representing 48% and 15% of total pro forma revenues, respectively.

The Group maintains a strong presence within Europe and NATO, and approximately 68% of the Group's revenues were derived from NATO countries for the nine months ended September 30, 2025 and the year ended December 31, 2024 on a pro forma basis for the Kinetic Acquisition, underscoring the Group's positioning within NATO-aligned defence markets. The Group believes that the continued increases in defence spending across Europe and NATO member states further reinforce the outlook for its capabilities and strategic relevance in these regions. Simultaneously, the Group believes that it is one of the largest suppliers of ammunition to Ukraine.

The Group's business is divided into two segments: CSG Defence Systems and CSG Ammo+.

- CSG Defence Systems: the Group's defence segment consists of the Group's portfolio companies focusing on the production, sale, service and maintenance of military and defence equipment to customers, including governments and private companies. CSG Defence Systems has four product lines: (1) medium and large ("**M&L**") calibre ammunition (e.g., 155mm and other artillery ammunition as well as tank ammunition, rockets, mortar bombs and medium calibre ammunition), with 14 facilities in total and a high degree of vertical integration, (2) military-use vehicles ("**Land Systems**"), (3) defence electronics ("**Defence Electronics**"), offering a wide range of products, software and services including military radars for land vehicles and air defence systems, surveillance radars and systems for air traffic control and (4) advanced systems ("**Advanced Systems**"), an emerging business, focused on turbo jet engines for unmanned aerial vehicles ("**UAVs**") and missiles. All of the Group's customers for M&L calibre ammunition, and almost all of the Group's customers for Land Systems and the Group's key defence electronics customers are

government entities, including entities from the Czech Republic, Slovakia, Ukraine, Belgium, Spain, the Netherlands, Poland, Vietnam, Indonesia and Morocco. Contracts in the Group's Defence segment are typically long-term: the Group's contracts for M&L calibre ammunition typically range from three to four years, with some contracts extending for longer (up to approximately six years) as customers seek longer-term supply certainty in a capacity constrained market, Land Systems contracts are for a minimum of three years and typically range from five to seven years, and defence electronics contracts are generally for a duration of up to 15 years, including post sales logistics and development product support.

- CSG Ammo+: the Group's small calibre ammunition segment consists primarily of the portfolio companies the Group originally acquired as part of the Kinetic Group Acquisition in the United States in 2024 and the Acquisition of the Fiocchi Group in Italy in 2022. With nine facilities in total, of which five are located in the United States, the Group's small calibre ammunition-focused companies are engaged in the development, production and sale of small calibre ammunition for pistols, revolvers, rifles and shotguns in various price categories (with well-known brands that focus on the premium ammunition market). The Group is actively repositioning its small calibre ammunition portfolio to strengthen its presence in defence markets, including both military and law enforcement segments. The Group believes that the recent acquisition of the Kinetic Group provides it with a strategic platform for military market expansion, leveraging its global leadership in small calibre ammunition, where it has 13% of the market share according to estimates by Renaissance Strategic Advisors. To further support this transition, the Group is pursuing NATO certification for its small calibre products, expected to be completed in the second half of 2026, which would enable inclusion on approved supplier lists for upcoming European military tenders. The certification processes involves the review and testing of the Group's products. The Group believes that its established relationships with government entities through its M&L Ammo operations, combined with its market-leading scale as a result of the successful integration of the Kinetic Group and high degree of vertical integration, positions it competitively to capture new opportunities in the military small calibre ammunition space.

The Group has delivered year-on-year growth in revenue, Adjusted Operating EBIT and Cash Conversion, driven by the Group's investment in capacity expansion and vertical integration in M&L ammunition and Land Systems, its partnerships with government and commercial customers on long-term contracts, successful identification and integration of acquisitions and operational efficiencies. The Group's profit from operating activities increased from €162.6 million for the year ended December 31, 2022 to €1,191.3 million on a pro forma basis for the Kinetic Group Acquisition for the year ended December 31, 2024. The Group's Adjusted Operating EBIT increased from €162.6 million for the year ended December 31, 2022 to €1,238.7 million on a pro forma basis for the Kinetic Group Acquisition for the year ended December 31, 2024, primarily driven by increased demand for the Group's products and services, successful integration of acquisitions, operational efficiencies and growing profitability. This, along with the Group's prudent allocation and close monitoring of capital expenditures, has translated into significant positive Cash Conversion generation by focusing on the growth of CSG Defence Systems and CSG Ammo+ in a disciplined and sustainable manner, resulting in Cash Conversion of 89.5% and 90.8% for the nine months ended September 30, 2025 and for the year ended December 31, 2024 on a pro forma basis for the Kinetic Group Acquisition, respectively. As of September 30, 2025, the Group had more than 14,000 employees, including agency and part-time workers, across the Group's 39 manufacturing facilities located in Europe and the United States.

History

Mr. Jaroslav Strnad, the Group's founder, began operations in 1995 in the Czech Republic and expanded rapidly through the successful acquisition of several businesses and manufacturing facilities in the Group's core industries. The following timeline includes some of the most significant acquisition milestones in the Group's development:

2012	Acquisition of MSM Martin s.r.o.
2013	Acquisition of TATRA TRUCKS, which focuses on manufacturing chassis for heavy off-road vehicles for military and civil markets and a former Czech state-owned manufacturing facility in Šternberk, Czech Republic.
2016	Acquisitions of RETIA, a radar manufacturer.
2017	Acquisition of CS SOFT a.s., which develops air traffic control systems and ELDIS Pardubice, which produces radars.

2020 Acquisition of Fábrica de Municiones de Granada, S.L., a Spanish M&L calibre ammunition manufacturer, which marked the Group's expansion into manufacturing in Western Europe.

2022 Acquisition of a majority stake in the Fiocchi Group, a leading Italian-based small calibre ammunition producer with operations in Italy, the United Kingdom and the United States.

2024 Acquisition of the Kinetic Group, the leading producer of small calibre ammunition in the United States and one of the largest worldwide.

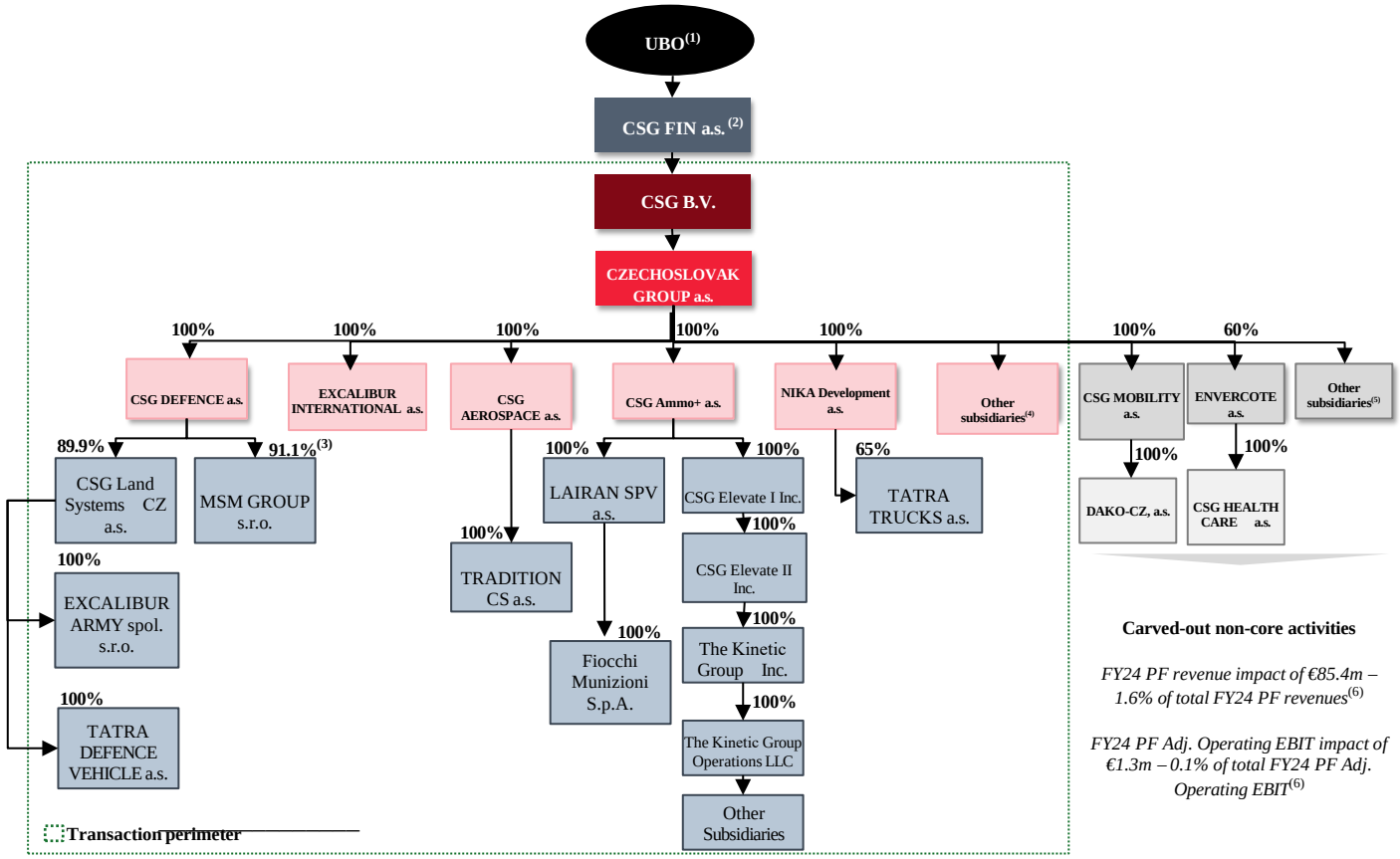
2025 Acquisition of the remainder of the shares in the Fiocchi Group, along with the Walsrode Industrial Park from International Flavors & Fragrances, Inc., securing infrastructure and expertise in nitrocellulose manufacturing, the acquisition of a majority stake in ZVI a.s., a Czech medium-calibre ammunition manufacturer, a joint venture with Greece's Hellenic Defence systems to produce M&L Ammo and commencing the divestment of JOB AIR Technic, a non-core business focused on maintenance, repair and overhaul services for airlines.

In November 2024, the Group completed the Kinetic Group Acquisition, which added the Kinetic Group to the Group's CSG Ammo+ segment. The Kinetic Group is a global designer and manufacturer of small calibre ammunition, with a primary focus on serving the civilian (e.g., hunting and sport shooting) market, as well as the law enforcement and military markets. The Kinetic Group is the largest producer of small calibre ammunition by total revenues in the United States to the civilian and law enforcement markets. The Kinetic Group's products are manufactured in-house across four manufacturing facilities in the United States, with a broad range of customers in the United States and abroad, including governments, law enforcement agencies, commercial original equipment manufacturers ("**OEMs**"), retailers and wholesalers.

Since the Group's founding, it has remained a family-led business. In 2018, the Group had a successful leadership transition when Mr. Jaroslav Strnad transferred the ownership of the Group's business to his son, Mr. Michal Strnad, who was then already actively involved in the Group's operations. Mr. Michal Strnad is currently the Chairman and Owner of the Group.

Group Structure Chart

The below is a summary of the Group's structure immediately prior to Admission. It is only a summary and does not purport to include all subsidiaries of the Group.



(1) The ultimate beneficial owner is Mr. Michal Strnad, the Principal Shareholder and Executive Director of the Company.
(2) The UBO indirectly holds 100% of the voting rights in CSG Fin a.s.
(3) 90.1% directly held by CSG Defence a.s. and 1% indirectly held by CZECHOSLOVAK GROUP a.s.
(4) Small operating entities linked to the core business of the Group.
(5) Small operating entities not linked to the core business of the Group.
(6) 2024PF figures are not restated in this respect. See "*Operating and Financial Review—Factors Affecting Comparability of Results—Other Disposals*".

The above chart reflects a reorganisation prior to Admission pursuant to which the Group decreased minority interests in EXCALIBUR INTERNATIONAL a.s., NIKA Development a.s., CSG Land Systems CZ a.s., MSM GROUP s.r.o., TATRA DEFENCE VEHICLE a.s. and TRADITION CS a.s., resulting in a reduction of non-controlling interests and an increase in equity attributable to the Group. The Group does not expect this to have a material impact on its financial position going forward.

Competitive Strengths

The Group believes that it maintains a strong competitive position across the core industries in which it operates as a result of numerous factors, including the following:

Exposure to highest priority defence segments expected to outgrow the defence supercycle

CSG Defence Systems expects to benefit from a defence spending supercycle, driven by elevated investments in defence from European and NATO governments, compared to historical levels. In The Hague Declaration of June 2025, NATO Allies stated that they *"commit to invest five percent of GDP annually on core defence requirements as well as defence and security-related spending by 2035."* Within this 5% target, NATO Allies committed to allocate at least 3.5% of GDP annually to resource core defence requirements by 2035 (compared to the prior 2.0% target).

Renaissance Strategic Advisors (**"RSA"**) estimate that this supercycle will result in European defence budgets increasing at a 9% compound annual growth rate between 2025 and 2030, compared to growth in global defence budgets which is estimated at a 5% compound annual growth rate. For additional information, see "*Market Overview*."

RSA estimate that the Group's core addressable market will outgrow overall defence spending, growing at an approximately 11% compound annual growth rate between 2025 and 2030. The Group's core addressable market is defined as geographic European markets and customers including the United Kingdom. At a divisional level, this market is segmented as follows:

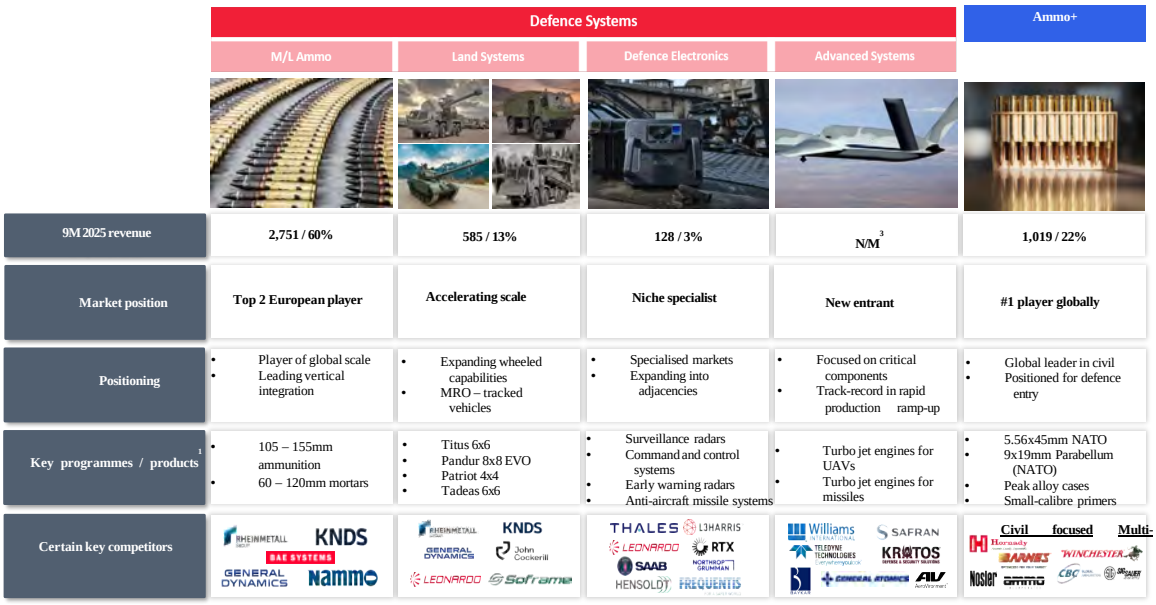
- **M&L Ammo:** estimated to grow at a 10% compound annual growth rate from 2025 to 2030 within the core addressable market, covering all medium and large calibre ammunition types.
- **Land Systems:** estimated to grow at an 11% compound annual growth rate from 2025 to 2030 within the core addressable market, covering both wheeled and tracked vehicle platforms including new build, upgrade and maintenance, repair and overhaul spending.
- **Defence Electronics:** estimated to grow at a 10% compound annual growth rate from 2025 to 2030 within the core addressable market, covering all multi-mission ground radars and command and control (C2) systems.
- **Advanced Systems:** estimated to grow at a 20% compound annual growth rate from 2025 to 2030 in a market defined as European, Asia-Pacific, Middle East and North Africa markets in small-form turbojet and turbofan engines for UAVs and missiles.
- **Ammo+ (defence only):** estimated to grow at a 10% compound annual growth rate from 2025 to 2030 within the core addressable market, covering all small calibre ammunition types used for military (in the U.S., Europe and Asia-Pacific) and law enforcement (in the U.S. and Europe) purposes, and excluding all small calibre ammunition used for civil purposes.

Ideally positioned with scale and market leading positions across its core businesses

Across each of its core businesses, the Group focuses on building scale by increasing capacity and vertically integrating operations, while selectively expanding into new segments either organically or through acquisitions and joint ventures. For example, the Group has eight joint ventures which are part of its

business operations, although none of these joint ventures are considered material to the Group's business. The Group believes that this has positioned the Group as a diversified defence systems and small calibre ammunition manufacturer with significant scale and leading market positions, including the second largest European producer of M&L ammunition and the largest global producer of small calibre ammunition.

The below chart depicts the Group's market position in its market segments.



Note: Other includes Mobility and Business Projects (not represented on the page and not included within the Group following Admission)

1. Non exhaustive, CSG also provides lifecycle services including inspection, maintenance, modernisation and disposal across the product spectrum
2. Revenue split excludes intercompany eliminations
3. Not currently revenue generating but an important component of future strategy

- **M&L Ammo:** the Group believes it is a top two European player, with a network of 12 sites and current annual capacity to produce up to approximately 630,000 rounds of large calibre ammunition per year, plus access to significant additional production capacity through recommissioning and partnership.

  The Group believes this manufacturing scale, combined with its investment in vertical integration to control the supply chain for critical components, positions the Group to be a reliable partner to government counterparties with strong supply chain security and margins.

- **Land Systems:** the Group is a rapidly scaling player, driven by recent investment in advanced wheeled capabilities. Over the past three years, the Group has invested in the design and development of multiple new platforms, including the Pandur 8x8 Evo multi-role infantry fighting vehicle (launched in 2025), the Tadeas 6x6 multi-role armoured vehicle (launched in 2024) and the Morana 8x8 self-propelled howitzer (launched in 2022).

  The Group believes that these next-generation platforms will position it to outpace competitors by scaling up its Land System business through new contract wins, at a time where European governments are expected to accelerate modernisation investment.

- **Defence Electronics:** the Group is positioned as a niche specialist with expertise in defence radars, air traffic control systems and air defence systems, as well as strong integration with the Group's Land Systems business.

  The Group believes that its brands, such as Eldis Pardubice, s.r.o. and Retia, are among the technology leaders in their chosen markets due to their equivalent quality, lower cost and high customer orientation with flexibility and modularity in product design. This is evidenced by large

recent contracts, for example an agreement to deliver 20 new radars by 2024 in India through Eldis Pardubice, s.r.o.

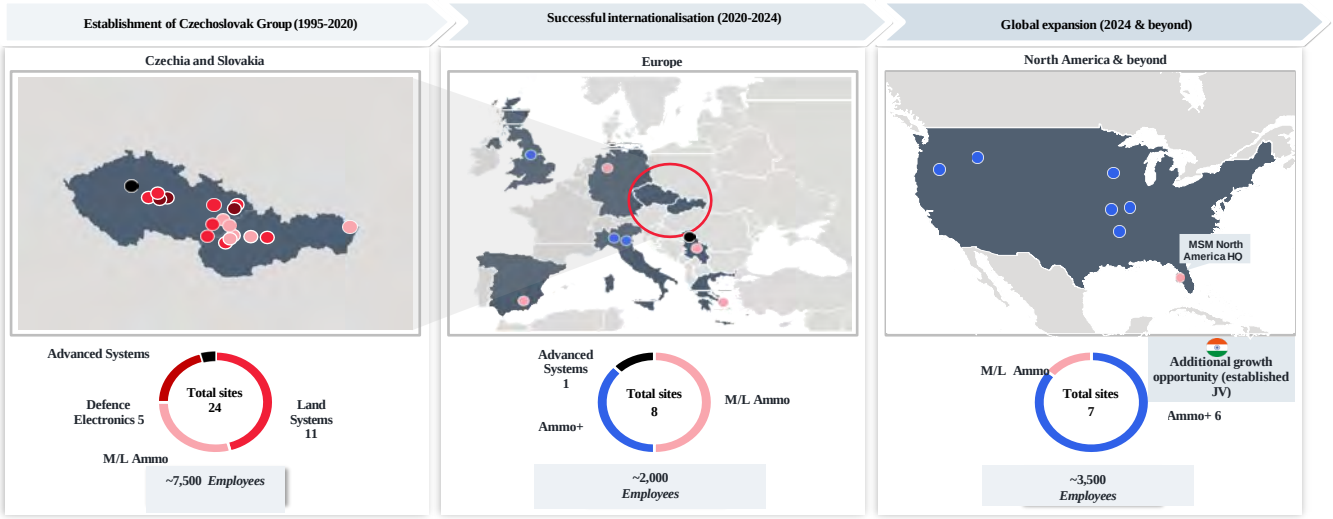
- **Advanced Systems:** the Group is positioning to be a new entrant coming to market with turbo jet and turbo fan engines for unmanned aerial vehicles (**UAVs**) and missiles. In October 2025, the Group announced the establishment of AviaNera Technologies a.s., which will oversee the development, production and trade of UAV technologies.

- **Ammo+**: the Group is the global leader in small calibre ammunition, with nine manufacturing facilities located in the United States, United Kingdom and Italy. Alongside its leadership in the civil market, the Ammo+ segment has an expanding presence within defence markets, which in the nine months to September 30, 2025 accounted for approximately 22% of Ammo+ revenue. The Group aims to increase this share further, leveraging its existing defence relationships with governments in the United States, Europe and Asia-Pacific regions.

The Group seeks to take advantage of synergies across its core businesses, such as its integration of M&L Ammo and Defence Electronics products into its Land Systems vehicles, as well as cross-sell synergies between product groups, to position itself as a leading diversified defence supplier to government and commercial partners.

The below chart depicts the Group's global footprint and vertical integration.

Extensive global footprint and strategic vertical integration



The Group has a global and internationally expanding footprint across CSG Defence Systems and CSG Ammo+ segments: comprising 39 sites, with 37 sites located in NATO countries and the remaining two sites in Serbia.

The Group's footprint has evolved from its origins in Czechia and Slovakia, expanding into Western Europe for the first time in 2020 through the acquisition of Fábrica de Municiones de Granada, S.L in Spain, and into the United States from 2022 through Fiocchi Group and the Kinetic Group.

Along with internationalisation, the Group has organically scaled its manufacturing footprint in response to the war in Ukraine, particularly within M&L Ammo. The Group has achieved this through three differentiated strategies:

- **Recommissioning:** the Group demonstrated a nimble and entrepreneurial approach to capacity expansion to shorten lead times and meet urgent demand from the Ukraine war. Through recommissioning, the Group acquires lower quality large calibre ammunition from NATO member armies (such as expired inventory) and then inspects, upgrades and reassembles inventory for return to the field. The Group successfully applied its life cycle extension capabilities to bridge the substantial time gap between Russia's invasion of Ukraine and the inauguration of new European M&L Ammo production capacity. Recommissioning continues to be an important contributor to

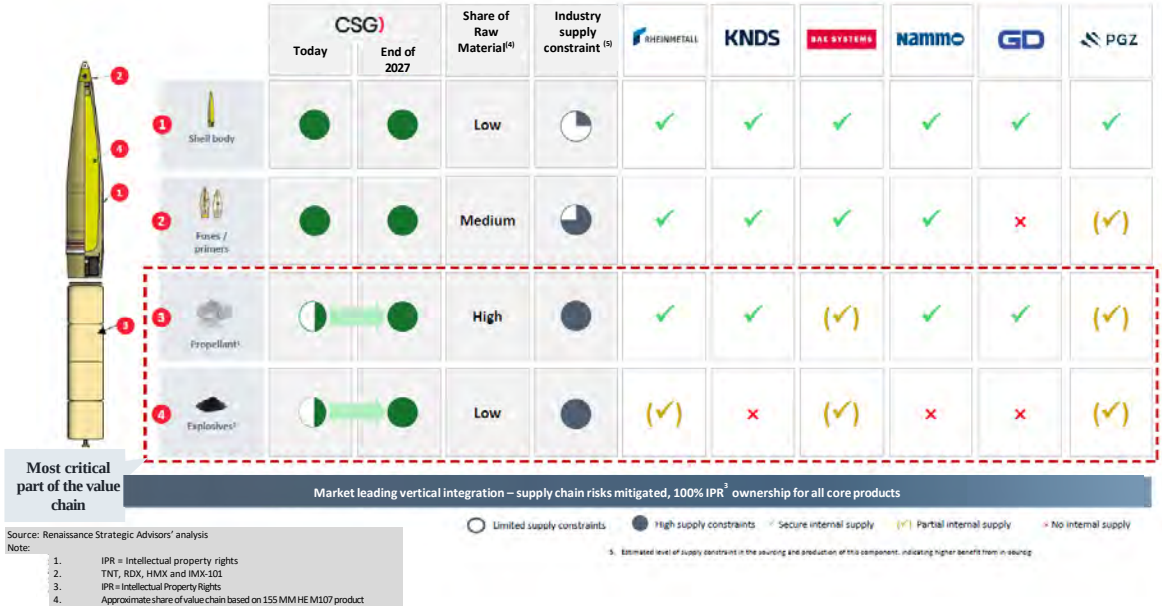
the Group today, but there is limited visibility on the remaining stocks of large calibre ammunition for recommissioning available in the market in the medium-term.

- **Partnership:** The Group has increased capacity by entering partnerships with other companies that have large calibre ammunition components but do not have the ability to deliver integrated shells, due to lack of expertise, financing or supply chain constraints. The Group utilises its market and production capabilities to integrate the shell which is delivered to the Group's standard specification and qualified design. In doing so, the Group has positioned itself as a nimble early mover to overcome market supply chain constraints, while also deepening collaborations with other market participants. Opportunities for partnership are expected to continue into the medium-term.

- **Own production:** The Group has undertaken significant investments in its own permanent production capacity, with installed production capacity increasing by greater than 3.0 times since 2022 (from less than 200,000 rounds per annum in 2022 to approximately 630,000 rounds per annum today of which about 5% are training ammunition). The Group has increased its own production footprint through (a) the installation of new greenfield and brownfield capacity, often with automated equipment to further increase throughput and efficiency; (b) by acquiring businesses to quickly increase usable capacity in underpenetrated markets like medium calibre ammunition (for example, the acquisition of ZVI a.s. in 2025); and (c) through investments in supporting infrastructure such as storage and logistics.

The Group has also pursued strategic vertical integration of its supply chain, particularly within M&L Ammo. The manufacturing process for M&L ammunition is complex and regulated, requiring the integration of numerous components including casing, projectiles, fuses, primers, propellants and explosives. If there are bottlenecks in the supply chain for one or more of these key components, manufacturers risk not being able to meet contracted delivery targets due to delayed lead times, or higher cost to access scarce components. To mitigate these risks to its M&L Ammo business, the Group has focused on vertically integrating its supply chain activities and believes it is among the most vertically integrated players in M&L Ammo, as illustrated below.

The below chart depicts the Group's vertical integration for key components relative to its competitors in the M&L Ammo market.



Source: Renaissance Strategic Advisors

- **Shell body:** Components that form the main body of the shell and hold the explosive filler. Typically, these components face limited supply constraints utilising widely available commodities including lead, copper, brass and nickel. The Group has full vertical integration in shell bodies today and has entered a joint venture in India that provides potential future capacity to sell casings

to third parties. The cost of a shell body is typically a low proportion of the production cost for a 155mm artillery shell.

- **Fuses and Primers:** Components that control when and how the shell detonates. The Group has fully in-sourced production of fuses and primers, which help to protect it against market shortages of pyrotechnic components. The cost of fuses and primers is typically a moderate proportion of the production cost for a 155mm artillery shell.

- **Propellants:** Components that provide the force to launch a projectile. Supply of propellants is subject to considerable supply chain constraints, with only a small number of manufacturers of critical inputs such as energetic nitrocellulose. The Group is in-sourcing production by acquiring the Walsrode industrial park and converting it to manufacture energetic nitrocellulose. The cost of propellants is a high proportion of the production cost for a 155mm artillery shell.

- **Explosives:** Component that produces blast upon impact with a target. Explosives supply in Europe is constrained, following historical decisions to outsource energy-intensive production to other regions, and a lengthy process for permitting and constructing new facilities. The Group has entered a joint venture with Hellenic Defence Systems in Greece to restart a TNT production facility in Lavrio. The cost of explosives is a low proportion of the production cost for a 155mm artillery shell (but supply is highly constrained).

The Group believes its strategy of vertical integration offers several advantages:

- **Mitigates supply chain risk:** allows the Group to better control the lead time and quality of components, and gives the Group more flexibility to expand capacity.

- **Reliable partner to governments:** elevates the Group’s position to win new contracts for M&L Ammo, given supply chain control and delivery lead time are important factors in the decision making process of the Group's customers.

- **Margin enhancement:** meaningful margin upside by internalising margins that would otherwise be paid to suppliers in concentrated, supply-constrained markets where the component manufacturer has high pricing power. By in-sourcing production, the Group estimates that it can reduce its bill of materials by greater than 50% for nitrocellulose and by approximately 70% for TNT, relative to the cost of acquiring components from third parties in the current market. In-sourcing potentially provides substantial margin upside given the high component of production from nitrocellulose.

In addition, the Group is a highly vertically integrated manufacturer of small calibre ammunition, as shown below. In some areas, such as primers, this has enabled the Ammo + segment to be a strategic supplier to third parties in the small calibre ammunition market.

The below chart depicts the Group's vertical integration for key components relative to its competitors in the small calibre ammunition market.

Source: Renaissance Strategic Advisors

For propellants, the Group can also leverage the nitrocellulose production from the M&L Ammo segment to potentially address shortages of nitrocellulose in small calibre ammunition.

Critical, long-term supplier to wide range of NATO and Allied governments

The Group has maintained a 30 year presence in the European market, including through CSG and its predecessor entities, such as Excalibur Army.

Over this period, the Group has focused on developing long-term relationships with its existing customers, evidenced by an average customer relationship length of more than 13 years, with multiple customers maintaining relationships exceeding 25 years.

A selection of the Group's key customer relationships include:

- **M&L Ammo:** Approximately 50 export markets including NATO and Allied governments (such as Ukraine and Indonesia);
- **Land Systems:** Approximately 30 export markets including markets like Czechia, Slovakia, Hungary, Poland, Netherlands and Indonesia; as well as B2B OEM partnerships for key components with companies like KMW + Nexter Defense Systems **(KNDS)** and BAE Systems;
- **Defence Electronics:** Approximately 25 export markets spanning governments (such as Czechia, Slovakia, India, Indonesia and Lithuania) and corporates (such as Thales, Honeywell, KNDS and Leidos); and
- **Ammo+:** Approximately 70 export markets with customer groups spanning civil wholesalers (such as Bass Pro Shops, Academy Sports and Outdoors, Scheels) and law enforcement customers (such as New York Police Department, Federal Bureau of Investigation, German Federal Ministry of the Interior and Community).

The Group is also seeing a trend toward longer-term contracts in both M&L Ammo and Land Systems, as governments focus on ensuring capacity requirements can be met into the future. In some instances, the Group has been able to sign contracts for M&L ammunition supply over a six-to-seven year period, versus the typical M&L ammunition contract of approximately three years or shorter. This long-term contract dynamic is helping to further increase revenue and Backlog visibility and entrench the Group as a critical, long-term partner to governments.

While the Ammo+ segment predominantly supplies the civilian market, the business is focused on expanding these capabilities to become NATO qualified so that it can earn a greater share of revenue from defence markets (including both military and law enforcement) in the European defence space – see Strategy section below.

Strong topline visibility from all-time high backlog and pipeline, and superior profitability

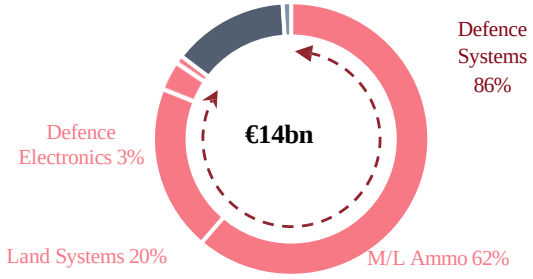
The Group benefits from high revenue visibility from medium and long-term contracted order backlog in a market where industry-wide production capacity is limited and demand exceeds supply. In total, the Group has a revenue opportunity of approximately 32 billion euro across its Backlog and Pipeline under negotiation and across varying levels of visibility (as at September 30 2025):

Total Backlog & Pipeline (as at September 30, 2025)	**€bn**	**Backlog Coverage Ratio**	**% of Total**
Fixed Backlog[1]	7	1.3x	22%
Frame Backlog[2]	4	0.9x	13%
Soft Backlog[3]	3	0.6x	9%
Total Backlog	**14**	**2.8x**	**44%**
Pipeline Under Negotiation[4]	18	3.8x	56%
Total Opportunity	**32**	**6.6x**	**100%**
Total Backlog & Pipeline (as at September 30, 2025)			
M&L Ammo	17	3.8x	51%
Land Systems	9	2.0x	29%
Defence Electronics	4	0.9x	12%
Total Defence Systems	**30**	**6.8x**	**85%**
Ammo +	2	0.5x	6%
Other	-	-	1%[(5)]
Total Opportunity	**32**	**7.3x**	**100%**

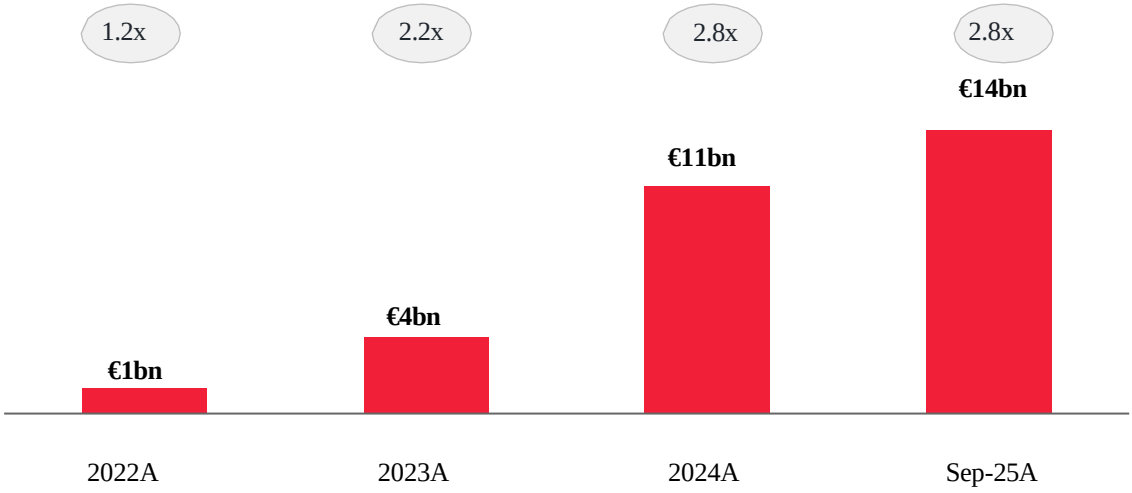
(1) Signed and effective contracts, representing specific orders with agreed conditions, of which 15-30% (depending on the type and length of the contract) have received downpayments.
(2) Part of a long-term framework agreement for which the specific conditions of fulfilment will be negotiated at later stages.
(3) Contracts that are not yet fully finalised and effective but based on previous experience and nature of negotiations are counted towards forecasts as nearly certain.
(4) Projects in various stage of negotiations and deemed reasonably achievable based on previous experience in the market and with the customer
(5) Primarily consists of pipeline from the Advanced Systems.

The below image depicts the Group's total Backlog evolution from the year ended December 31, 2022 to the nine months ended September 30, 2025.

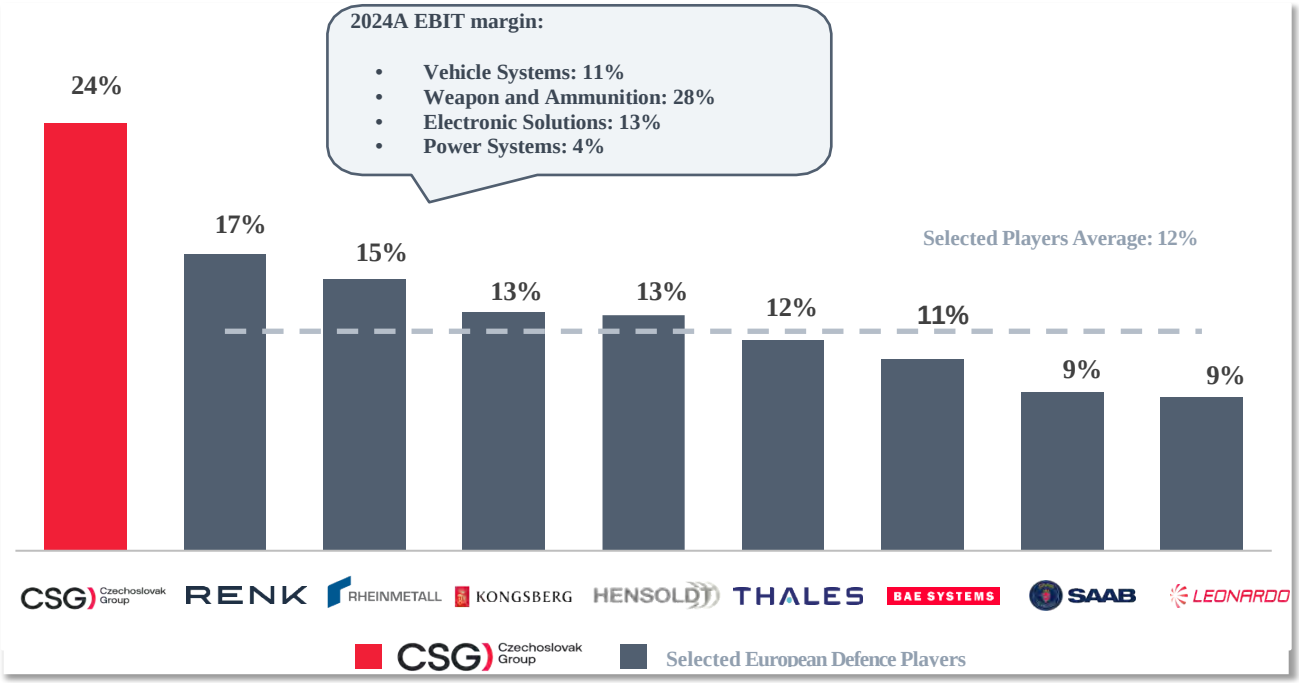
Total Backlog by segment



Coverage ratio



The Group believes it has established a track record of strong profitability when compared to a selected set of defence sector peers as shown in the below table.



The Group believes that its track record of strong profitability reflects several factors:

- **Contract Dynamics:** The Group operates in markets that have been capacity constrained (such as M&L Ammo and Land Systems) and are expected to remain capacity constrained in the medium-to-long term until existing supply chain constraints can be resolved and inventories restocked. This is creating a favourable contracting environment which benefits the Group because it is a supplier of the products and has been able to sell its production capacity under longer-term contracts with more favourable pricing.

- **Vertical Integration:** The Group has invested in vertically integrating, especially in M&L Ammo, which has enhanced supply chain capabilities and allowed the Group to retain margin that would otherwise have been distributed to third party suppliers.

- **Scale and Operating Efficiencies:** The Group continues to invest in its manufacturing footprint which has provided opportunities to optimise capacity utilisation and absorb fixed costs over a larger volume of production. In addition, the Group has strategically invested in automation capabilities across some of its key sites: for example, investment in highly automated new production line for production of 155mm artillery ammunition in Snina (Slovakia). In 2025, the Group announced further investment of up to €300 million in production capacity, modernisation and environmental efficiency. As a result of the Group's investment in automation, modernisation and optimisation of its production capabilities, it has seen incremental benefits, including a 38% reduction in the lead time for production of fuses for M&L Ammo in two years due to increased efficiency and automation, a 45% reduction in the production time of a complete round of M&L Ammo (including casing, filling and surface finishing) over the past four years and a 105% increase in daily filling output over the past three years.

- **Manufacturing Personnel Costs:** Most of the Group’s manufacturing facilities are located in Czechia and Slovakia, which benefit from lower average wage rates than competitors manufacturing from higher-cost locations in Western Europe or the United States.

- **Lean Fixed Cost Base:** Cost discipline is strictly enforced across the Group, ensuring that fixed costs are appropriately managed with limited central overheads.

Demonstrated M&A track record

The Group has executed a series of M&A transactions to accelerate growth in new and existing segments, while strengthening supply chain security, delivering a 126% CAGR in pro forma revenue between 2022 and 2024.

Selected, non-exhaustive examples of historical M&A and key objectives include:

- **Fábrica de Municiones de Granada, S.L. (Spain):** Acquired in 2020, the acquisition expanded the Group's manufacturing capabilities for M&L Ammo and established its first manufacturing facility in Western Europe. The facility is also an important part of the Group's vertical integration strategy, with expanding production of propellants.

- **The Fiocchi Group (Italy):** Majority (70%) shareholding acquired in 2022, with the remaining 30% shareholding acquired in 2025. The acquisition expanded the Group into the small calibre ammunition segment and was the genesis of the Ammo + segment. The acquisition also provided the Group with a production footprint in the United States in its first move outside Europe.

- **The Kinetic Group (USA):** Acquired in 2024 for enterprise value of approximately $2.2 billion, representing the largest acquisition the Group has made. The Group believes that the Kinetic Group has transformed the Group into a global market leader, with 13% market share in small calibre ammunition.

- **MSM Walsrode (Germany):** Acquired in 2025, formerly owned by International Flavours and Fragrances for the manufacture of nitrocellulose. Acquiring this site is a key component of the vertical integration strategy given market supply constraints for nitrocellulose. The facility is currently being converted from manufacture of industrial-grade nitrocellulose to energetic-grade nitrocellulose. The Group believes this conversion will deliver cost savings of over 50% compared to outsourcing, driven by the elimination of supplier margins and the benefits of scaled production facilities.

- **Hellenic Defence Systems (Greece):** Joint venture announced in 2025, with CSG committing to invest €50 million into a jointly owned company called Greek Ammunition. The initial and subsequent investments will further enhance the Group's M&L Ammo vertical integration strategy, by reinstating mothballed TNT production at a site in Lavrio (Greece). The Group believes this conversion will deliver cost savings of approximately 70% compared to outsourcing.

- **AviaNera Technologies a.s. (Czech Republic):** R&D-focused acquisition and the genesis of the Advanced Systems segment, providing access to strong capabilities in the manufacture of turbo jet and turbo fan engines for UAVs and missiles. Further information in the *Strategy* section.

The Group seeks to retain the brand of the acquired entity to preserve its customer relationships, image and brand equity. However, the Group ensures that the businesses are integrated at the operational level and that synergies can be maximised from marketing and cross-sell opportunities to the existing customer base, joint R&D initiatives and execution of cost synergies.

Owner-led company with experienced management team ready to execute on growth

Under the leadership of Mr. Michal Strnad (Owner and Chairman), the Group has experienced consistent growth and transformed into a globally active player across multiple markets in Europe, the United States of America and Asia, delivering approximately 800bps of Adjusted Operating EBIT margin expansion on a pro forma basis between 2022 and 2024. The Group believes it has an agile decision-making process which allows it to adapt to changing market environments coupled with an independent governance framework and strong sustainability practices. See "*—Environmental, Social and Governance*", "*—Competitive Strengths—Strong commitment to ESG and governance throughout the business*", "*Management, Employees and Corporate Governance—Compliance with the Code*".

Mr. Strnad has also spearheaded the Group's focus on using strategic M&A as an important driver of growth, with the Group showing its ability to undertake larger acquisitions such as Fiocchi Group and the Kinetic Group to expand its capabilities in new areas.

Mr. Strnad is supported by an experienced senior management team comprising:

- Mr. David Chour (Vice Chairman, Chief Operating Officer) with more than 20 years of experience and a focus on leading the operations of the business to ensure successful delivery against operational and financial targets;

- Mr Ladislav Štorek (Vice Chairman, General Counsel) with more than 30 years of experience and a focus on overseeing the operation of the legal department and all major legal matters;

- Mr. Petr Formánek (Chief Investment Officer) with more than 30 years of experience, with a focus on driving the Group's external investment activities through M&A, joint ventures and industry partnerships; and

- Mr. Zdeněk Jurák (Chief Financial Officer) with more than 20 years of experience and a focus on overseeing financial reporting, development and execution of the financial plan and related financing activities.

Strong commitment to ESG and governance throughout the business

The Group has instituted a comprehensive and fully integrated compliance and sustainability framework, including:

- **Regulatory Compliance:** Corporate Sustainability Reporting Directive (CSRD) compliant sustainability reporting in alignment with the European Sustainability Reporting Standards (ESRS) and reporting of SFDR Principal Adverse Indicators (PAIs);

- **Audited Disclosures:** Limited assurance audit of the Group's sustainability disclosures;

- **C02 Assessment:** Greenhouse gas emissions measured across Scopes 1, 2 and 3;

- **Committee Oversight:** Sustainability committee chaired by the Chief Sustainability Officer;

- **Human Capital Focus:** Health and safety as a priority and talent programmes offering customised training;

- **Ethical Business:** Comprehensive code of ethics in place at Group level, with group policy framework in development;

- **International Commitments:** Currently on the path toward becoming a United Nations Global Compact (UNGC) signatory; and

- **Sustainability**: established a sustainability strategy, setting out the Group's strategy for conducting comprehensive risk assessments related to climate change and other pertinent sustainability issues and a sustainability committee in 2023 to oversee the implementation of the sustainability strategy. Further, the Group publishes its consolidated sustainability report, a part of its annual report from 2024, which outlines efforts across the Group towards sustainability topics and compliance with its ESG regulatory requirements.

The Group's Strategy

The Group's overall objective is to deliver profitable and sustainable long-term growth. It will achieve this by leveraging the opportunities afforded by the current defence supercycle, building further scale and investing strategically to secure the supply chain and enhance margins.

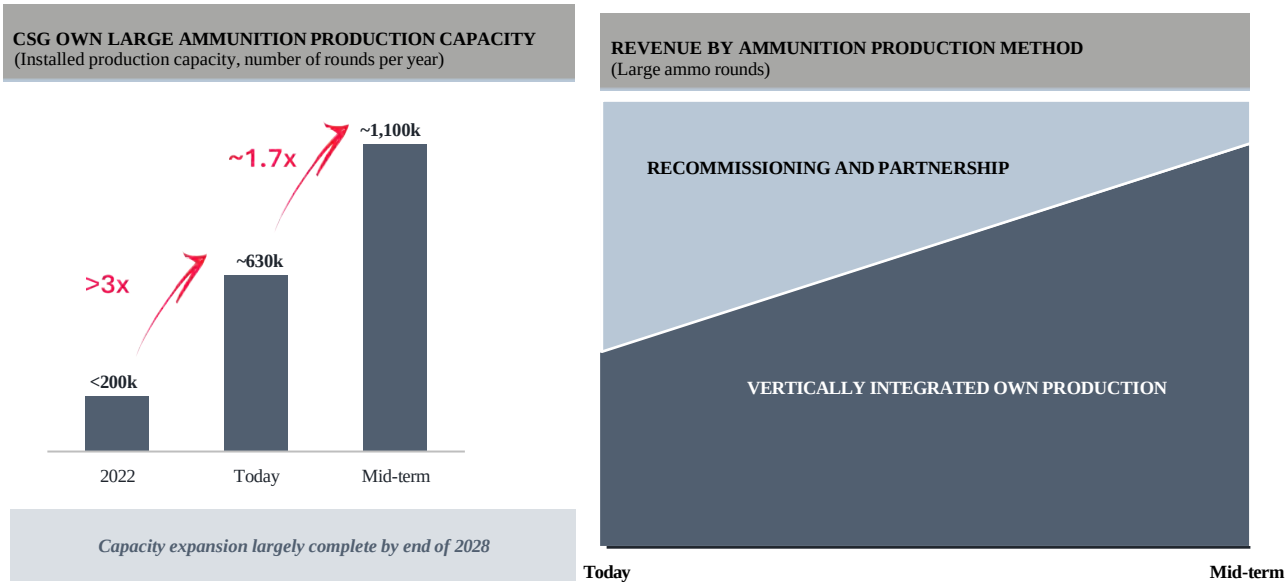
The Group has identified multiple strategic levers, which include:

Increasing production scale and capacity

The Group believes it is well positioned to continue its recent track record of organic capacity expansion across key segments of the business.

- **M&L Ammo:** The Group intends to increase installed production capacity for large calibre ammunition by approximately 1.7x (from approximately 630,000 rounds per annum today to approximately 1,100,000 rounds per annum in the medium-term). The planned production capacity increases are expected to be substantially completed by the end of 2028.

  Additional in-house production capacity will allow the Group to take advantage of further demand from NATO and Allied governments, where availability of capacity and lead times for delivery are key purchasing criteria. It will also increase the Group's control of its supply chain by gradually replacing production capacity that is currently sourced through recommissioning and partnerships with third parties. In the medium-term, the Group expects to have a large majority of its production from own vertically integrated production volumes, with a declining share of recommissioning and partnership ammunition. The following chart shows the Group's large ammunition production capacity:



- By internalising production capacity, the Group can control its supply chain from end-to-end and is less dependent on market uncertainties, including the availability of ammunition volumes suitable for recommissioning. In addition, investment in production capacity will support the Group's vertical integration strategy in M&L Ammo.

- **Land Systems:** The Group intends to increase the annual production capacity of Tatra chassis for military vehicles (from approximately 1,371, 1475 and 1,528 in 2022, 2023 and 2024, respectively, 1,528 to approximately 2,500 per annum in the medium-term). Additional chassis capacity can be used to supply the Group's own requirements for its Land Systems, as well as supplying third parties for military trucks, logistics and tactical vehicles.

  Investment in production capacity will allow the Group to service the expected demand for its next-generation Land Systems as it accelerates scale. As well as supporting the new equipment business, these new facilities will increase maintenance, repair and overhaul capabilities which can be applied both to vehicles originally manufactured by the Group and to vehicles produced by other OEMs.

- **Defence Electronics:** As one example, the Group intends to increase the production of Eldis radars by approximately 1.5x (from approximately 22 units per annum today to approximately 31 units

in the medium-term) to execute on new customer orders such as the delivery of 20 radars to the Airports Authority of India (announced in May 2025). Capacity investments are also being made within Retia to accommodate expected future demand for military radars, including to service implementation of next-generation radar systems in Indonesia, with potential to replicate in other geographies.

- **Advanced Systems:** As a recent entrant in the market, the Group intends to scale its production capacity with the goal of producing approximately 5,000 annual units of turbo jet engines for UAVs and missiles in the medium-term. This rapid scaling of production capacity in Advanced Systems will leverage the Group's successful track record of expanding capacity in other new segments, both organically (such as Land Systems) and inorganically (such as Ammo +)

- **Ammo +:** The Group's production capacity today is sufficient to support medium-term growth, with a focus instead on consolidating the operational footprint of The Kinetic Group and Fiocchi of America to realise operational synergies in small calibre ammunition production.

Accelerating scale as an integrated OEM manufacturer of Land Systems

The Group expects to outgrow its core addressable market by leveraging its next-generation Land Systems, particularly those that are early in their production life. These platforms include:

- **Wheeled Howitzers**: The Group currently manufactures the Dana 8x8 howitzer, Dita 8x8 howitzer and Morana 8x8 howitzer, with the Morana only entering production in 2022. To date, the Group has delivered approximately 100 units of howitzer since the start of the programme life. The Group also provides certain components to KNDS for its Caesar programme, particularly for vehicles manufactured in the Czech Republic. The Group expects to see strong growth in howitzers driven by growing preference for wheeled solutions due to higher mobility and ease of sustainment versus tracked options. The Group offers a modern solution with full automation and ballistic cabin protection, while generating synergies with the M&L Ammo business across 155mm and 152mm artillery shells.

- **Combat Tactical Vehicle**: The Group manufactures the Patriot multi-role vehicle, which is well positioned to grow during a period where European, APAC and South American 4x4 fleets are expected to undergo a period of recapitalisation.

- **Multi-Role Armoured Vehicle:** The Group manufactures the Tadeas 6x6 platform, with an 8x8 platform variant also expected to enter production. The Tadeas is differentiated by its excellent adaptability and can be used as a command vehicle, engineering unit, reconnaissance vehicle, self-propelled mortar vehicle, repair vehicle, ambulance or security force vehicle with a modern armoured hull. The Group is in advanced negotiations to secure an anchor customer in Poland, with clear demand for armoured 6x6 platforms across Europe and Asia Pacific more generally. The Group also provides components for the Titus 6x6, where KNDS is the OEM and which is moving into sustainment phase.

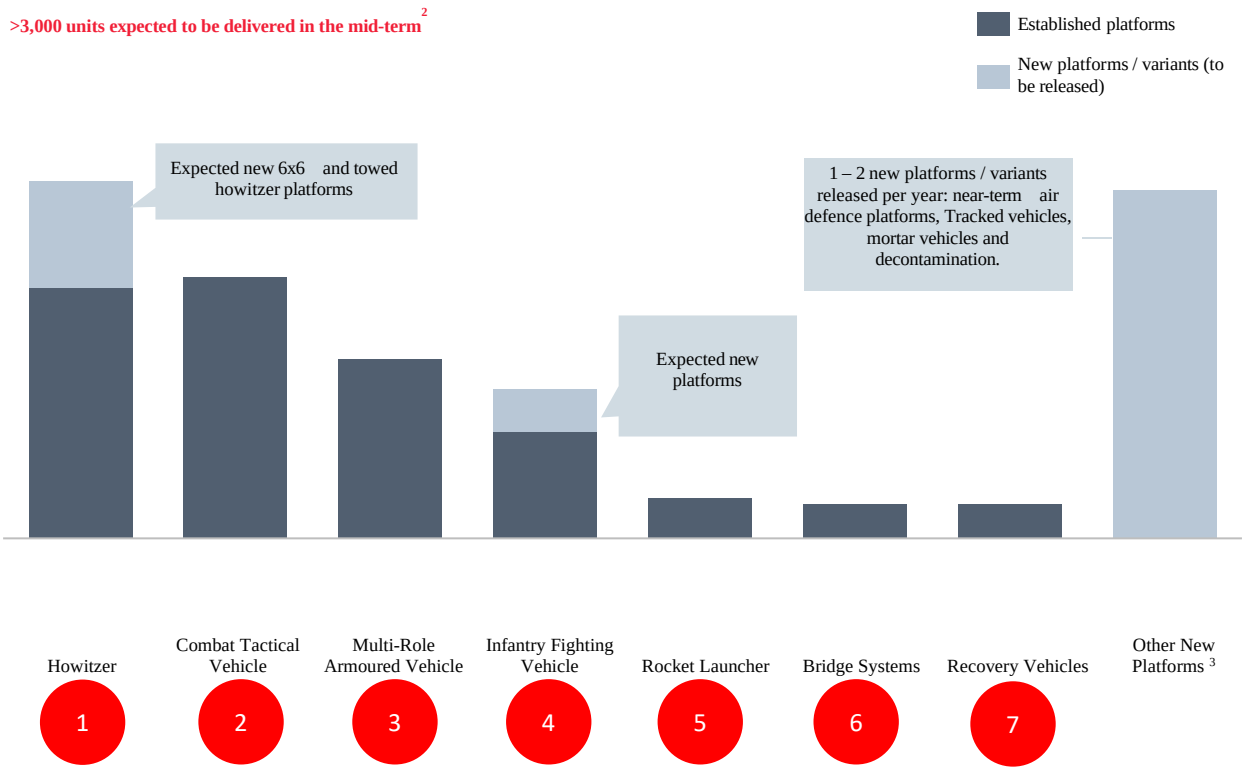
- **Infantry Fighting Vehicle:** The Group has recently released the Pandur 8x8 EVO, which is the next generation of the existing Pandur 8x8 family (of which approximately 150 have been delivered). This product is positioned to capitalise on significant demand for new wheeled vehicles across European and APAC regions. Factors that support adoption of the Pandur 8x8 EVO include its modularity, mobility and performance, advanced modern electronics and situational awareness capabilities, and its appeal to a broad range of potential export markets.

The Group also manufactures a range of rocket launcher (RM70 Vampire, BM21 MT-Striga), bridge system (AM-50 EX, AM-70 EX) and recovery (Treva-30) vehicles, allowing the Group to position itself as a full-solution provider across the portfolio of military, support and logistics vehicles.

In addition, the Group targets to release 1 – 2 new platforms per year to further support growth, leveraging in-house design, prototyping and testing facilities (including variants of existing platforms and new platforms developed in joint ventures). These new platforms are expected to include air defence platforms, tracked vehicles, mortar vehicles, towed howitzers, infantry fighting vehicles and decontamination vehicles, with multiple new platforms in testing phase currently.

In the medium-term, as shown in the chart below, the Group expects to deliver greater than 3,000 new vehicles; with the largest contributors (including established platforms and expected new platforms or variants) expected to be the howitzer programme, combat tactical vehicle programme, multi-role armoured vehicles and infantry fighting vehicles.

CUMULATIVE EXPECTED VOLUME OF DELIVERIES[1]



(1) Excludes other military and logistics vehicles sold through Tatra trucks and excludes licensed production of the Caesar
(2) Based on expected deliveries of new complete platforms where the Group is the OEM; includes new platforms to be released, but excludes overhaul and rebranding of non-OEM vehicles
(3) May be delivered either as new CSG platforms, variants of existing platforms or as joint ventures

By growing its sales of next generation Land Systems, the Group also expects to increase its revenue from maintenance, repair and overhaul activities. The Group estimates that the value of aftermarket revenues (including spare parts, maintenance, modernisation and overhaul) can represent approximately three to four times the value of the original equipment sale, providing the Group with a substantial revenue opportunity over the life cycle of the programme (which can frequently extend for 50 years or more). The Group has capabilities to deliver these services to own and third-party OEM vehicles: for example, the Group has entered into a Memorandum of Understanding with KNDS to modernise Leopard 2A8 main battle tanks utilised in the Czech Republic, and has established a revenue stream from modernising various platforms (such as T-72 tanks) for application in Ukraine under government-financed schemes. Aftermarket sales (including spare parts, maintenance, modernisation and overhaul) accounted for approximately 30% of the consolidated segment revenue as of September 30, 2025.

The Group's investment in new Land System platforms will also enhance synergies with the Defence Electronics segment, by providing more opportunities for Retia and Eldis to supply radar equipment across the Group.

Increasing vertical integration to secure supply chain and increase profitability

The Group intends to extend its position as one of the two most vertically integrated players in the European M&L Ammo market, by implementing full vertical integration of all major components M&L Ammo components by the end of 2027 including through acquisitions. For example, the Group recently acquired the MSM Walsrode industrial nitrocellulose site in Germany for its own nitrocellulose. The Group also intends to extend its vertical integration philosophy to other parts of the business, especially Land Systems.

- **M&L Ammo:** Since Russia's invasion of Ukraine, the Group has focused on both increasing production capacity while also investing in production of key components that are bottlenecks in the European M&L Ammo supply chain, particularly propellants (especially nitrocellulose) and explosives. The Group has acquired the MSM Walsrode industrial nitrocellulose site in Germany and has established a joint venture with Hellenic Defence Systems to restart TNT production at a site in Greece.

  The Group intends to complete the vertical integration of all key components by the end of 2027. For nitrocellulose, the Group intends to invest in the conversion of the MSM Walsrode site to fully manufacture energetic nitrocellulose — an augmented nitrocellulose chemistry that is required in large calibre ammunition. The Group intends to fully satisfy its own production requirements, with surplus production potentially made available for sale to third parties that are facing capacity shortages.

  In explosives, the Group intends to invest further in restarting and expanding TNT production, alongside its joint venture partner. The Group intends to source majority of capacity in-house, supplemented by some third-party purchases.

  These strategic initiatives will secure the Group's supply chain for M&L Ammo and position it as a leader in Europe for vertical integration – making the Group a more secure partner to governments and best positioned to capture future contracts and deliver to plan.

  Vertical integration is also critical for extending the Group's margins. For example, the Group estimates that by manufacturing in-house it can reduce its nitrocellulose bill of materials by greater than 50%; for TNT, the Group estimates that it can reduce its bill of materials by approximately 70%, reflecting the lack of alternative supply sources and accounting for margins charged by external suppliers. The Group expects this Strategy to deliver meaningful upside to the Group's current margins, especially considering the high proportion of M&L Ammo bill of materials that comes from nitrocellulose and explosives.

- **Land Systems:** Today, the Group has full internal capability to manufacture chassis for military vehicles, air-cooled engines and superstructures (such as armoured cabins). In the medium-term, the Group intends to develop full internal capability to manufacture weapon elevation systems, air defence systems, multi-spectral vision systems and next-generation ballistic protection. In particular, the Group is strategically focused on in-sourcing production of gun barrels utilised in, for example, armoured fighting vehicles.

  By producing a broader range of components in-house, the Group expects to enhance supply chain control and internalise margins for its own OEM produced land systems. Vertical integration also positions the Group as a higher value-add partner to other OEMs, such as existing partners KNDS and BAE Systems.

Continuing geographic expansion to take advantage of opportunities in new, high-growth markets

The Group has identified several new geographical markets, such as North America and Asia, where it believes it can selectively expand to become a more globalised defence group. By accessing new markets, the Group believes it can further diversify its revenue, reduce exposure to government defence budgets in single countries or regions, and unlock new growth opportunities in regions with significant and growing defence investment.

- **North America:** The Group has already entered the United States, initially in the small calibre ammunition segment through the acquisition of Fiocchi Group in 2022 and the Kinetic Group in 2024. The Group is also focused on expanding its M&L ammunition capacity in the United States, which stands out as the largest defence market in the world with a total annual addressable market size of approximately $4 billion across all calibres of ammunition, according to RSA estimates.

  As a first step in executing this strategy, in August 2025 the Group was awarded a contract of up to approximately $630 million for construction of the United States Army Future Artillery Complex in Iowa. Under this U.S. Department of Defense contract, the Group will construct a facility to enable the production of up to 36,000 155mm artillery rounds per month, becoming a vital pillar of U.S. and Allied defence readiness.

The Group believes that this agreement underpins its potential to be a trusted M&L ammunition partner to the United States and provides a foundation for follow-on orders, with a contract for operation of the Iowa facility expected to be awarded in 2028 and full operational status currently expected by September 2029. Through the United States Army Future Artillery Complex, as well as the Group's ability to gain CFIUS approval for the acquisition of the Kinetic Group in 2024, the Group has demonstrated that it can meet the stringent regulatory requirements necessary for an international partner to service US Department of Defense contracts.

- **Asia-Pacific:** The Group already has a strong position in the region, particularly in Indonesia, where it currently supplies a range of defence products including air defence systems, armoured vehicles, M&L Ammo and military small calibre ammunition (including plans to install an assembly line in the region). The Group also works with governments in other parts of Asia with focus on Vietnam, India, Singapore, Taiwan, the Philippines and South Korea. Recently, the Group won a large military small calibre ammunition contract in South East Asia worth over U.S.$1 billion and can leverage this experience in future European opportunities.

  The Asia-Pacific region is expected to be a particularly meaningful driver of growth in the Defence Electronics business.

The Group has also identified opportunities to expand in Central Asia as well as Middle East and North Africa, with demand predominantly for new land systems (such as howitzers and tactical systems) and modernisation of existing land systems. In time, markets such as South America are also likely to become addressable.

Diversifying into complementary technologies and end-market segments

As a diversified defence company, the Group is continuously evaluating new complementary technologies and end-market segments. In particular, the Group's strategy seeks to leverage intra-group synergies between different sub-segments to cross-sell multiple products and deliver larger, integrated platforms.

Examples of new complementary technologies and segments include:

- **M&L Ammo:** Today, the Group has a comprehensive large calibre ammunition portfolio and an expanding medium calibre ammunition portfolio (supported by the acquisition of ZVI in 2025). In the medium-term, the Group is focusing on leveraging its R&D capabilities to develop new innovations in areas that will be critical in the "battlefield of the future".

  The Group is investing in the development of guided ammunition alongside a third-party partner. The demand for guided large calibre ammunition is being driven by technological advancements in areas like Global Positioning Systems, sensors, and data linkages. This is providing opportunities to augment conventional large calibre ammunition with precision-guiding to accurately hit high-value targets, even in dynamic environments, while reducing collateral damage.

  The Group is also investing in longer-range conventional ammunition, supplementing its existing products which support range up to 43km (155mm) utilising a base bleed to reduce drag. The 155mm calibre currently represents approximately 80% of the Group's M&L Ammo production. Demand for longer-range ammunition is being supported by requirement for stand off — allowing targets to be engaged before the enemy can return fire and allowing operation from safer and more protected distances. The Group expects longer-range ammunition to make up a higher proportion of its sales mix in future. Given that longer-range ammunition requires more propellant, the Group will be well positioned to meet this demand especially after it completes the conversion of the MSM Walsrode site to energetic nitrocellulose.

  Further, the Group is investing in naval ammunition to support multi-domain capabilities at sea and on land. The origins of this product opportunity lie within Hellenic Defence Systems, which provide the Group with an existing capability in the marine domain where it can adapt and leverage its large calibre ammunition products.

- **Defence Electronics:** For the nine months ended September 30, 2025, revenue from the Group's defence electronics activities totalled €0.1 billion. The largest contribution came from integrating defence electronics into vehicles, representing 52% of the unit's revenue, followed by surveillance

radars at 30%. Radar accessories accounted for 5%, while command and control systems and systems for air traffic control each contributed 3%. The remaining 7% was attributable to other activities. As a niche specialist, the Defence Electronics segment is expanding in areas aligned to its core products. Examples of new products under development include s-band active radars for multi-role air defence, x-band active radars, 3D multi-vision surveillance radars and mobile airports.

The Group's key brands include Atrak, CS Soft, Eldis, Pocket Virtuality and Retia.

The company's recent investments in start-ups such as UpVision (airspace management and access services for drone operators) and Pocket Virtuality (extended reality technologies for industry and defence) also provide opportunities to leverage new R&D capabilities.

- **Advanced Systems:** The Group intends to rapidly grow Advanced Systems through smaller select bolt-on M&A and joint ventures, leveraging group synergies and in-house R&D capabilities.

  The Group's acquisition of AviaNera in 2025 is the first step in this strategy: from 2026 onwards, the Group intends to release multiple new products to market including larger turbo jet engines for UAVs (450N, 900N, 1250N, 1600N) as well as 4,000N turbo fan engines for high-performance UAVs and cruise missiles, and 70kW turbo shaft engines for UAVs.

  As Advanced Systems develops its turbo jet engine business for UAVs and missiles, it will also seek to develop air defence interceptors, cruise missiles and loitering munition capabilities. The Group intends to compete in this space by offering equivalent quality and lower cost – with cost reduced through use of additive technologies in manufacturing, common off-the-shelf components, CSG manufacturing scale and Group synergies.

  Once Advanced Systems has completed these developments, the Group will be well positioned to be a complete, end-to-end provider of integrated C-UAS systems. For example, the Group can supply the necessary land platforms through Land Systems; ammunition and advanced warheads through M&L Ammo; radars, command and control and integration capabilities through Defence Electronics; and effectors through Advanced Systems. When combined, the Group believes there is a compelling opportunity to build integrated air defence and C-UAS systems.

  The following is a chart showing the Group's integrated C-UAS systems:

Integrated C-UAS System:

- **Effectors → Cost effective elimination is a key for today's successful C- UAS defence:**
  - Low-Cost Interceptor (up to 10 km)
  - Korkut 35mm VSHORAD System (up to 4 km)
  - Viking 30mm VSHORAD System (up to 2 km)
  - Laser & Directed Energy (up to 1 km)
- **Sensors & Integration → CSG Defence Electronics:**
  - FCS C4I System Integration
  - S-band & X-band AESA radars
- **Medium-calibre & Energetics → CSG Ammo M/L:**
  - 30mm & 35mm ABM development
  - Solid rocket engine & Advanced warhead design
- **Land Platforms → CSG Land Systems:**
  - Launcher Systems @ Tatra chassis
  - VSHORAD Gun Systems @ Tatra chassis

- **Ammo+:** The Group already has a comprehensive small calibre ammunition range and is in the process of expanding into peak alloy ammunition cases that can withstand significantly higher chamber pressure than traditional brass cases.

  The Group also intends to increase its share of small calibre ammunition revenue from the defence segment. Based on analysis by Renaissance Strategic Advisors, the defence market is forecast to grow at a 9.3% CAGR between 2025E and 2030E, which represents approximately 2.7x the forecast growth rate of the civil small calibre ammunition market over the same period.

In the medium-term, the Group intends to increase its share of Ammo + revenue from defence and law enforcement markets to approximately 35% (compared to approximately 19% in the nine months as of September 30, 2025). The Group is in the process of qualifying its small calibre ammunition with NATO and intends to achieve this in 2026. This qualification will provide the Group with opportunities to enter approved supplier lists to compete on military small calibre ammunition contracts in Europe as they become available. The Group believes it will be well positioned to win defence contracts given its market leadership in the civil small calibre ammunition market, substantial existing production capacity to accommodate growth and relationships with customers through the M&L Ammo business. In addition, the Group recently won a large military small calibre ammunition contract in South East Asia worth over U.S.$1 billion and can leverage this experience in future European opportunities.

Continuing the Group's historical focus on operational excellence while ramping up new capacity

The Group aims to maintain a track record of operational excellence while investing in future growth. Specific identified initiatives include:

- **Digitalisation and automation:** the Group ensures that its production facilities are regularly upgraded with new equipment that enhances efficiency and throughput, reduces costs (especially labour) and encourages health and safety compliance by automating hazardous activities. For example, in August 2024 the Group inaugurated a new production line at VOP Novaky, facilitating automatic filling of 122mm and 120mm ammunition.

- **Footprint Optimisation:** Opportunities for further footprint optimisation, particularly in the United States where the Group can leverage synergies from the acquisition of the Kinetic Group in combination with the existing footprint of Fiocchi of America. The Group intends to realise synergies of approximately $10 million per year once the footprint optimisation programme is completed.

- **Vertical Integration:** the Group's vertical integration investments (as discussed earlier in this section) also support supply chain control and provide opportunities to capture additional margin through procurement savings on in-house production relative to components procured from third parties.

Pursuing value accretive M&A opportunities leveraging a strong historical track record

The Group maintains an active pipeline of M&A targets that it regularly monitors to identify strategic fit with the Group's near-term objectives. The Group uses multiple channels to source new opportunities for its M&A pipeline, including through day-to-day discussions with major customers, suppliers and technology manufacturers, participation in trade shows and broader market screening exercises.

The Group has determined several potential priority areas for M&A:

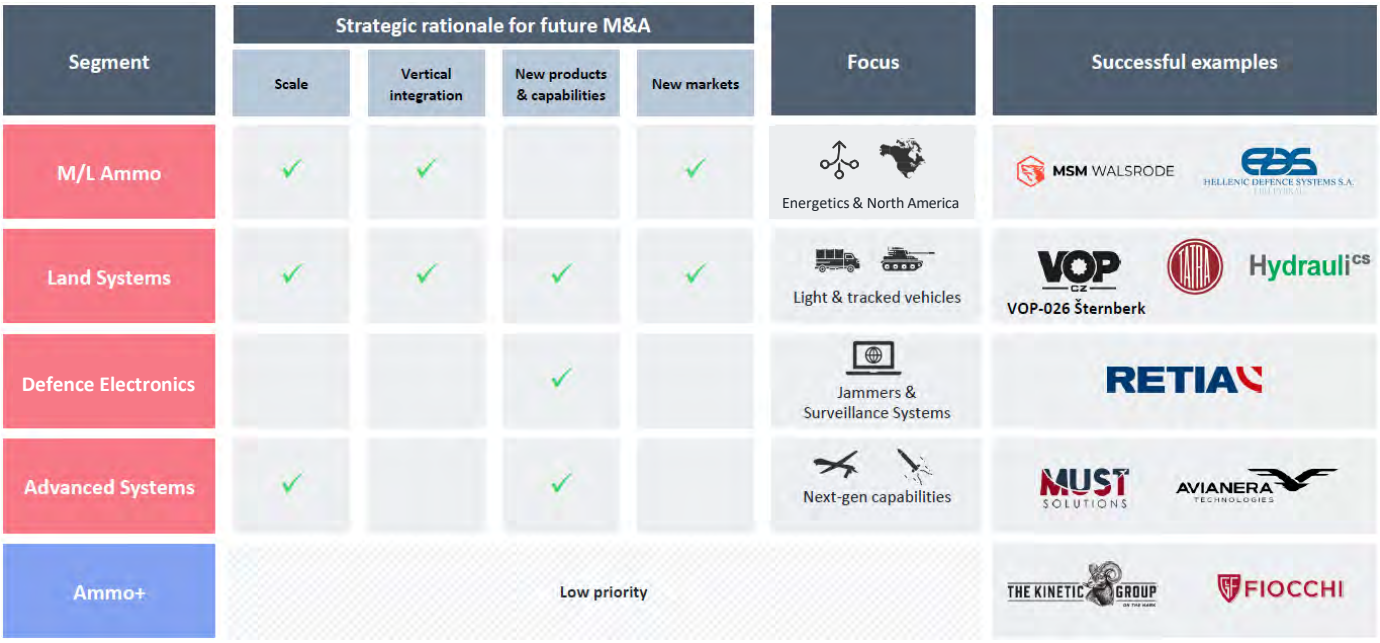
- **M&L Ammo:** The Group will focus on further reinforcing the supply chain through vertical integration in energetics, as well as opportunities to grow the footprint in target growth regions (especially North America).

- **Land Systems:** While the Group has an established presence in the production of heavy wheeled vehicles through its TATRA TRUCK subsidiary, one of the oldest vehicle manufacturers globally, M&A could be used to expand into light and tracked vehicle platforms or enhance vertical integration in specific components categories (such as barrels).

- **Defence Electronics:** The Group will continue to assess opportunities in new niches, with potential M&A opportunities in jammers and surveillance systems.

- **Advanced Systems:** The Group is considering opportunities to acquire or partner with companies offering next-generation capabilities in effectors that are not available in other businesses within the Group.

The following is a chart depicting the Group's historic M&A transactions and strategic rationale for future M&A.



The Group currently expects material M&A to be focused in M&L Ammo and Land Systems, with inorganic growth in Defence Electronics and Advanced Systems more likely to be small, select bolt-on M&A. In assessing M&A targets, the Group will assess the extent of cost and revenue synergies that the Target can generate alongside other businesses in the Group's portfolio. The Group will also assess whether the return on invested capital from pursuing the acquisition (inclusive of estimated synergies) exceeds the Group's cost of capital.

Business Segments

The Group's business is divided into two reportable segments: CSG Defence Systems and CSG Ammo+, with all other activities that do not fall into CSG Defence Systems or CSG Ammo+, included in Other, which constitutes 2% of the Group's revenue for the nine months ended September 30, 2025.

The Group's key portfolio companies are based in the Czech Republic, India, Italy, Germany, Serbia, Slovakia, Spain, the United Kingdom and the United States. A summary of each of the Group's business segments is provided below:

CSG Defence Systems

The Group's defence segment, CSG Defence Systems, consists of the Group's portfolio companies operating in various parts of the defence industry, including EXCALIBUR ARMY spol. s r.o., TATRA DEFENCE VEHICLE a.s., EXCALIBUR INTERNATIONAL a.s., MSM LAND SYSTEMS s.r.o., Fábrica de Municiones de Granada, S.L., ZVS Holding, a.s., VOP Nováky, a.s., ZVI, a.s., VÝVOJ Martin, a.s., ELDIS Pardubice, s.r.o., RETIA, a.s., CS SOFT a.s., ATRAK a.s., UpVision s.r.o. and POCKET VIRTUALITY a.s. The Group's defence segment companies are located in the Czech Republic, Serbia, Slovakia and Spain. See "*—Property and Leases—Headquarters, Manufacturing Plants, and Other Owned Property*." For the nine months ended September 30, 2025, before intersegment eliminations, CSG Defence Systems accounted for 76% of the Group's total revenue, making it the Group's largest business segment by revenue contribution (M&L calibre ammunition: 60%; Land Systems: 13%; and Defence Electronics: 3%), respectively. For the nine months ended September 30, 2025, 33% of the Group's revenue from CSG Defence Systems was generated from Ukraine, 61% generated from Europe (excluding Ukraine) 0.3% from the United States and 6% from the rest of the world, respectively. The Group's CSG Defence Systems

revenue was entirely derived from the defence end market. The below table depicts a breakdown of the Group's CSG Defence Systems revenues by product line for the years ended December 31, 2024, 2023 and 2022:

	For the years ended December 31,		
	2024	**2023**	**2022**
		(*EUR millions*)	
M&L Ammo	2,508	872	789*
Land Systems	793	321	-
Defence Electronics	142	97	90
CSG Defence Systems total revenues	**3,443**	**1,289**	**879**

* Represents combined revenues from M&L Ammo and Land Systems, as a separate breakdown for the year ended December 30, 2022 is not available

The Group's defence companies in its M&L ammunition sub-segment predominantly focus on the production of M&L calibre ammunition and the manufacturing, maintenance and repair of land systems, primarily for government customers. In the M&L calibre ammunition product sub-segment, the Group produces M&L calibre ammunition primarily for combat vehicles, artillery and tanks. In this subsegment, the Group primarily manufactures artillery ammunition, which accounted for approximately 81% of revenues within the M&L calibre ammunition sub-segment for the nine months ended September 30, 2025. In addition, the Group produces complementary products, including tank ammunition, rockets, and mortar bombs. With respect to the Land Systems sub-segment, the Group covers all the main product areas in the land systems market, including infantry fighting vehicles, armoured personnel carriers, self-propelled Howitzers, tanks, rocket launchers, and military engineering vehicles, as well as chassis, engine, weapon systems, superstructures and spare parts. In addition to these core capabilities, the Group's Defence Electronics sub-segment provides advanced defence electronics products, including radars, control and command systems, ultra-wideband localization and communication systems, recording systems designed for voice, screen and data recording and air traffic systems and software. CSG Defence Systems will also include an Advanced Systems sub-segment, dedicated to the production of components of turbo jet engines for UAVs and missiles, and the production of integrated missile effectors. Within the Group's M&L ammunition sub-segment, as of September 30, 2025, artillery ammunition represents the largest share of revenue at approximately 81%, followed by rockets at 9%, tank ammunition at 7%, mortar bombs at 1%, and medium-calibre ammunition at 1%. The Group recently acquired ZVI, which provides a strategic platform to expand in the medium-calibre market by offering qualified ammunition for Bushmaster guns, a widely used system within this category. This acquisition strengthens the Group's position and supports its growth strategy in medium-calibre ammunition.

Key customers include government entities in Czech Republic, Slovakia, Ukraine, Belgium, Spain, Vietnam, Indonesia, Morocco and Poland.

CSG Defence Systems also consists of TATRA TRUCKS, one of the oldest vehicle manufacturers globally. TATRA TRUCKS focuses on the production of heavy off-road vehicles, including trucks and special vehicles for armed forces and civilian use, as well as chassis for weapon systems, radar and other sensitive systems with a deep history in the Czech Republic. TATRA TRUCKS also produces chassis for land systems manufactured by CSG Defence Systems. The Group's mobility companies are based in and/or operate manufacturing facilities located in the Czech Republic. CSG Mobility has a diverse customer base, including both government agencies in Belgium and the Czech Republic and private entities.

CSG Ammo+

The Group's small calibre ammunition segment, CSG Ammo+, was established in 2022 after the Group acquired the Fiocchi Group and currently includes portfolio brands historically linked to the Kinetic Group (including CCI, Federal, HEVI-Shot, Remington and Speer in the United States) and the Fiocchi Group (including Fiocchi Munizioni S.p.A. in Italy, Fiocchi of America Inc. in the United States, Baschieri & Pellagri in Italy, and Lyalvale Express Limited in the United Kingdom). For the nine months ended September 30, 2025, CSG Ammo+ is the Group's second largest segment by revenue, constituting 22% of Group revenue before intersegment eliminations. For the nine months ended September 30, 2025, 79% of the Group's Ammo+ revenue was generated in the United States, with Europe (excluding Ukraine) and the rest of world contributing 21%. For the nine months ended September 30, 2025, 81% of revenue from the Group's Ammo+ segment was primarily derived from the civil end market, with the remaining 19%

attributable to defence and law enforcement customers. For the year ended December 31, 2024 on a pro forma basis for the acquisition of the Kinetic Group, CSG Ammo+ pro forma revenues totalled €1,656 million and pro forma Adjusted Operating EBIT was €276 million.

Companies within the Group's CSG Ammo+ segment develop, manufacture and sell small calibre ammunition for pistols, revolvers, rifles and shotguns in various price categories, including premium ammunition, with approximately 81% of production directed to the global civilian market and approximately 19% intended for the global defence and law enforcement markets. Ammunition is a consumable, repeat purchase product and the Group believes ammunition brands have a strong and loyal customer base.

The Group is repositioning its small calibre ammunition portfolio to expand in defence markets, targeting military and law enforcement segments for their stable, contract-based revenue. The Group aims to leverage the Kinetic Group Acquisition to provide a strategic platform for growth. With strong government ties through its M&L Ammo operations, market-leading scale, and vertical integration, the Group is well-positioned to capture new opportunities in the military small calibre space.

Manufacturing, Sourcing, Quality Assurance and Distribution

The Group aims to build a vertically integrated business model, with a clear focus on the critical phases of its products' value chain and life cycle (including manufacturing and procurement), which is aimed at protecting the Group's business from potential supply chain disruptions or bottlenecks and enabling it to meet any unexpected rise in demand.

Manufacturing

The Group has a total of 39 manufacturing facilities based in the Czech Republic, India, Italy, Serbia, Slovakia, Spain, the United Kingdom and the United States. See "*—Property and Leases—Headquarters, Manufacturing Plants and Other Owned Property*."

The Group manufactures diverse products such as special military vehicles, heavy offroad trucks, radar and M&L and small calibre ammunition. As a result, the Group's production processes, administrative facilities, design and reporting are each tailored to the specific product type. Currently, given the Group's vertically integrated business model, several of the components the Group uses in its products, including fuses, casings and primers, are manufactured across the Group's facilities. Further, the Group believes it is a significant producer of fuses and has designed an in-house casing production process which can cover the Group's total needs for certain key components across the Group's ammunition products. The Group is continuing to invest heavily in modernizing and expanding the Group's production facilities, particularly in CSG Defence Systems. A summary of the Group's key manufacturing processes by segment is provided below:

<u>CSG Defence Systems</u>

Production of Land Systems

Manufacturing of the Group's land systems (which primarily consist of tanks and other armoured vehicles) involves the full product life cycle, including its design, production through metal operations (e.g., material cutting and machining) using machinery primarily consisting of cutting machines and machine tools (e.g., lasers and numerical control machines) and similar standing equipment, and then assembly of the metal parts of the products and electronics. Typically, the Group's orders for land systems come with unique product specifications, which necessitates the close involvement of the Group's R&D and technical department with the manufacturing team, overseeing the production and logistics for the fulfilment of the order. For these orders, setting uniform standards for each sub-process and quality control measures enable the Group to achieve maximum production efficiency.

Production of M&L Calibre Ammunition

Production of M&L calibre ammunition is a highly regulated process, with local legislation and supervisory authorities regulating most processes with certain prescribed limits and conditions, and the stringency of such regulations often vary from country to country. See "*Risk Factors—The Group is exposed to the risk associated with the regulatory environment in the military material and ammunitions market in the Czech Republic and internationally*" and "*—Regulation*." Common certifications required to produce M&L

calibre ammunition include NATO STANAG compliance, national military certifications, end-use control and export licenses and proof house certifications. Production must also comply with specific measurement requirements and the standards of each customer.

The critical raw materials for M&L calibre ammunition production include power, fuses, casings and propellants. As part of the Group's strategy, the Group has designed its in-house casing production to cover the Group's total need for fuses and cases. For items not covered by the Group's in-house capacity, such as the power components, the Group secures them from suppliers to ensure an advance supply of one to three years. See "*—Sourcing*" below.

For the actual production of M&L calibre ammunition, essential machinery includes both high-pressure presses and related equipment enabling the heating of metals and the pressing of large-calibre bodies, as well as numerical control machines for the subsequent machining of the pressed bodies. These high-pressure presses are very capital-intensive and vary depending on the strength of the pressure and the maximum size of the body to be pressed. The production of such presses is currently very limited due to both high demand and a limited number of manufacturers; delivery times for the presses in excess of four years are common. This creates a significant barrier to potential competitors entering this business.

The Group is investing in, and looking to expand, the automation of the Group's M&L calibre ammunition production plants, with a particular focus on facilities in Slovakia, Spain, and Serbia. These investments include the automation of critical production steps, such as filing operations, capacity expansion to meet increasing NATO-aligned demand and the integration of advanced safety and process control systems to enhance throughput and reduce manual handling.

A core element of the Group's strategy is vertical integration, aimed at securing long-term access to critical raw materials and reducing supply chain risk. Through the Walsrode Industrial Park Acquisition, the Group is establishing in-house nitrocellulose production to support the Group's ammunition manufacturing. In parallel, the Group's joint venture with the Greek Ministry of Defence, focused on TNT production, further strengthens the Group's access to essential materials.

To support these initiatives, the Group has placed orders for specialized production equipment in advance, with lead times typically ranging from 12 to 18 months depending on complexity and supplier capacity. Several systems have already been delivered and commissioned, with remaining installations scheduled throughout 2025, with full operational ramp-up expected in 2026.

Production of Defence Electronics

Radar manufacturing is a bespoke manufacturing process that primarily involves metal work and electrotechnical components. Many of the Group's orders in aerospace products involve multi-year projects whereby the Group's R&D and technical departments work closely with the manufacturing team to customize the radar to meet the client's needs. The process of developing and producing radars requires highly specialized expertise in precision machining, advanced soldering of complex circuit boards, integration of high-frequency components and rigorous calibration and testing using dedicated anechoic chambers and diagnostic equipment.

Production of TATRA TRUCKS

For TATRA TRUCKS, machine tools, measuring and testing equipment and other machinery are essential. TATRA TRUCKS and its manufacturing capabilities are one of the significant pillars of the Group's vertical integration strategy as its chassis serve as superstructures for the Group's Land Systems products. Efficient line set-up, automation and precise logistics are achieved through modular assembly lines, targeted use of automation for repetitive tasks, and streamlined material flows supported by digital production planning. These measures help ensure overall efficiency of the entire production process. In 2022, 2023 and 2024, respectively, the Group produced 1,371, 1,475 and 1,528 TATRA chassis, out of which approximately 60-70% were for military vehicle.

Production of Defence Advanced Systems

Beginning in 2026, the Group intends to commence in-house production of components for its advanced defence systems, supported by a combination of strategic acquisitions and organic development initiatives. This production will initially focus on turbojet engines designed for deployment in unmanned aerial vehicles and missile technologies. The Group views this capability as a critical enabler of its long-term

growth strategy in the defence sector, enhancing vertical integration, operational control, and technological differentiation.

CSG Ammo+

The production of small calibre ammunition is a heavily regulated process, with strict regulations covering all aspects of procurement, storage, handling and manipulation of explosives, as well as their onward sale and export. For example, there are strict transportation regulations for transporting primers, which are a key component for ammunition given their explosive nature, resulting in certain ports not accepting ships carrying primers. Moreover, the toxic nature of projectiles imposes similar and additional transportation restrictions. These constraints primarily affect logistics rather than production, which the Group addresses through diversified transport and inventory planning.

CSG Ammo+ production facilities have a combined production capacity of 10 billion pieces per annum and are located in Italy, the United Kingdom and the United States, enabling proximity to key markets and supporting timely delivery. The manufacturing process consists of several interlinked machinery blocks including material cutting and processing, as well as heat treatment. Ammunition filling and assembly machines are the most important links in the production process. Different types of ammunition require a certain degree of optimization of each of the individual machines and some even require a separate set of machines and production lines. The Group's experienced teams are able to develop and customize certain production machines which enable it to effectively utilize production capacity, develop "fit for purpose" machines and reduce the Group's dependence on external suppliers, which assists in reducing the time the Group requires to deliver finished products. The degree of automation of the individual machines, their own capacity and the logistically efficient set-up of the individual production operations and their continuity are essential.

Aside from some lengthy lead times for the machinery required for mass production of small calibre ammunition, the Group encounters limited manufacturing difficulty due to the Group's vertical integration strategy which allows it to control the Group's raw material supply chains and limit supply bottlenecks in the Group's manufacturing. For example, the Group's in-house production capacity covers certain of the Group's raw materials and components needs, including the Group's casing needs, a majority of the Group's primer needs and a quarter of the Group's typical powder requirements. See "—*Sourcing*" below.

Sourcing

As many of the Group's projects are long-term and tailored to the customer, timely and efficient sourcing is a crucial element of the overall profitability of individual projects. The Group's sourcing strategy and management is therefore focused on securing a long-term supply of critical raw materials and components for the Group's products that the Group does not produce in-house, including certain fuses, propellants, primers, metals, industrial gases, energy, and gunpowder.

Given the scarcity of certain of the Group's key raw materials and components, such as powder and nitrocellulose, the Group's vertical integration strategy is a critical aspect of the Group's sourcing management, allowing it to take control of certain aspects of the Group's raw material supply chain. The Kinetic Group Acquisition brought the highly integrated supply chain management of the Kinetic Group to the Group's operations. As a result, the Group is able to procure large quantities of raw materials, including copper, zinc, and lead, primarily from domestic U.S. sources, and manufactured components, including resin, corrugate, propellant and projectiles, leveraging negotiating discipline and production methods with the objective of obtaining the best price and delivery available as well as low-cost conversion of raw materials into finished product. The Group continuously seeks to improve the Group's vendor base through an integrated supply chain management process, which seeks to achieve year-over-year reductions in input costs. The Group believes the scope and scale of its sourcing network would be difficult to replicate. For example, through vertical integration, the Group has in-house capacity for its full casing requirements and 70% of the Group's primer requirements. Furthermore, with respect to certain materials like powder, the Group relies on long-term supply contracts. Currently, the Group has contracts in place guaranteeing the Group's powder supply needs for approximately three years and have proactively secured new sources of nitrocellulose, an essential raw material for powder. Following the completion of the Walsrode Industrial Park Acquisition, the Group believes it will be able to source all of the Group's nitrocellulose requirements in house in the medium-term. The Group purchases certain other materials that are generally traded commodities and are not in short supply, like iron, steel and projectiles, directly on the spot market.

As part of the Group's sourcing strategy, the Group has a specialized subsidiary, CSG DEAL a.s. ("**CSG DEAL**"), which focuses on purchasing synergies within the Group and implements framework contracts for certain types of commodities, products and services, which are then used by the entire Group. CSG DEAL is also involved in the creation of group standards, methodologies and rules for the purchasing departments of the individual group companies, thus contributing to the professionalization of sourcing within the Group.

Quality Assurance

The Group supplies products to major customers around the world. These include national governments and large multinational corporations. The quality of these products is thus a crucial condition to the Group's success. Considering the diversity of the Group's products and manufacturing processes, quality control varies according to the product and manufacturing type. As a result, the Group's quality management strategy is to combine technical and commercial excellence, skilled and motivated employees, and quality partnerships with customers, authorities and suppliers.

To ensure the effectiveness of the Group's quality system and to constantly improve processes, the Group undergoes regular audits in accordance with the Group's regulatory and bespoke customer certification requirements. For example, the Group is certified under ISO 9001:2015 and ISO 14001. These internationally recognized certifications reflect the Group's commitment to consistent product quality, customer satisfaction and sustainable business practices. In addition, the Group's individual businesses work to ensure that quality control evaluation is set up efficiently and independently at each stage of the production process, so transparency and professionalism of performance are maintained. Furthermore, certain of the Group's products are typically subject to various test procedures conducted by customers before they are deemed safe and ready to use:

- CSG Defence Systems: the Group's land systems are produced to meet specific requirements of each customer's weapons system to ensure successful integration with that system. Similarly, the Group's M&L calibre ammunitions are produced in accordance with the specific measurement tables of each customer and are tested against such measurements by each customer. The Group's defence electronics are subject to various regulatory standards, and the Group has quality management processes aimed at ensuring compliance with such quality standards.

- CSG Ammo+: in addition to the Group's internal quality assurance processes, the Group's small calibre ammunition products are subject to various testing requirements carried out by the end-users, especially with respect to the law enforcement and military-use markets. In the United States, the Group also has customer call centres, which allow it to collect feedback on the Group's customer service, and robust social media tracking and engagement tools that enable the Group to collect real-time feedback, communicate with end-users and ensure that the Group's customers and end consumers are satisfied with the Group's products and customer service.

As part of the Group's quality assurance strategy, the Group's businesses internally report their quality control, record individual quality assurance cases noting the reasons for any quality issues and the cost of rectification and track their quality statistics. Effective reporting provides the Group's management with essential data for any follow-up actions. Further, the education and training of the Group's employees across the Group's segments is an essential element of the Group's quality assurance strategy.

Health and Safety

Health and safety are governed by the individual portfolio companies, guided by both the general local legislation of the relevant jurisdiction and by the specific regulation for those areas of production. The responsibility for meeting all the requirements imposed by local legislation lies with the management of the individual companies. Compliance with these requirements is essential and is monitored through regular internal reviews and site visits by the Group's HR team, with incidents reported to the Group's Chief Compliance Officer. In addition, ongoing monthly monitoring is being developed to ensure timely identification of any issues.

The Group also considers the creation of an adequate working environment for employees and the provision of appropriate technical and work equipment for employees as essential. Employee safety is a top priority for the Group's management. The risk related to certain of the Group's operations in explosives and weapons requires a fully responsible and professional approach by management and individual employees. The

Group has established a dedicated service subsidiary, CSGM a.s. ("**CSGM**"), to provide the Group's companies with consulting and inspection/audit services in these areas. CSGM also oversees an annual internal audit in this area. Employees of the risk production units are subject to regulatory training. The Group is also certified under ISO 45001, demonstrating its commitment to maintaining a robust occupational health and safety management system across its operations

Compliance

Given the nature of the Group's business and customer base, the Group is committed to building a robust compliance program and a corporate culture of adherence to the highest ethical and moral standards. To that end, the Group has adopted a compliance program designed to fit the Group's individual risk profile.

The Group's compliance program includes the Group's code of ethics ("**Code of Ethics**"), which sets out the key principles to maintain a good reputation and trust among employees, customers, business partners and the public alike. The Group's Code of Ethics prohibits corruption, conflicts of interest and discriminatory behaviour, requires reporting of suspicious and non-ethical behaviour and requires strict compliance with the Group's anti-corruption program. The Group's employees are also required to adhere to policies regarding corporate hospitality as well as the provision of donations and sponsorships.

The Group's compliance team is led by the Group's Chief Compliance Officer who plays a central role in overseeing the Group's ethical standards, regulatory adherence, and risk management and reports to the Group's board of directors and is responsible for the implementation and design of the Group's compliance programs, with a particular focus on anti-corruption, antitrust, data protection, and export controls. The Group adheres to applicable data protection and antitrust compliance policies. The Group adheres to the EU's General Data Protection Regulation (GDPR), and extends compliance to jurisdictions outside the EU where local laws impose additional obligations. The Group also demonstrates its commitment to antitrust regulation, with procedures in place to ensure compliance, notably, for example, receiving antitrust clearance under the Hart-Scott-Rodino Act for the Kinetic Group Acquisition. The Group also regularly seeks and obtains support from external legal counsel on certain compliance matters.

The Group's compliance process is also supported by the Group's internal audit department and audit committee, which is involved in conducting periodic compliance-focused auditing of the Group's internal control processes. The Group's internal control processes are aimed at ensuring that the Group's business operations comply with relevant laws, including export control laws and drafting and enforcing internal policies. These internal audit functions include practical testing and evaluation of the adequacy and effectiveness of the Group's main compliance processes relating to the Group's resources, risk management systems and internal control processes.

Conscious of the nature of the Group's business, corruption, export control and trade sanctions violations are critical risks for the Group and constitute the key focus areas of the Group's compliance programs. See "*Risk Factors—A large portion of the Group's revenue depend on obtaining and maintaining export licenses*." With respect to corruption, the Group's main exposure results from dealings with sales agents and other third parties providing business development or sales and marketing support services to the Group or on its behalf or are otherwise involved in such activities. The Group is continuing to devote substantial attention and resources to address this exposure, including through the Group's Code of Ethics which provides a special section dedicated to procurement, the creation of an ethics hotline as well as an ongoing assessment of the Group's corruption risks based on the Group's current business activities, employee groups and markets in which the Group operates.

Although anti-corruption, export control and trade sanctions are the key areas of the Group's compliance efforts, the Group regularly evaluates its compliance programs and conducts a risk analysis of its operations to identify new risks and areas where the Group could improve its compliance mechanisms. In the Group's review, the Group takes into account its industry, product portfolio, international sales into countries with high corruption risks and the Group's customers' background.

Any potential new contracts are screened and reviewed by the Group's compliance and legal departments simultaneously in order to ensure compliance with all national or international regulations, with any required measures set up to alleviate any compliance risks. A potential business partner is also subjected to a know-your-customer diligence examination, including a real-time screening of the beneficial owner and management against up-to-date and comprehensive sanctions lists to ensure adherence to the EU, U.S. and U.K. sanctions regimes. In addition, the Group's compliance team undertakes applicable export control

checks to ensure that the Group is not dealing with counterparties or countries on any sanction lists (such as applicable U.S. sanctions against Russia). These compliance checks are conducted through a regular and thorough comparison of external and internal information. In countries in which there are public registers with reliable and up-to-date information (e.g., commercial registers, sanction lists, criminal records, etc.), such information is automatically uploaded into and updated in the Group's TOVEK ARMS software. In such cases, the Group relies on the automated process based on TOVEK ARMS and a manual analysis is also carried out by the Group's compliance team. For other countries, over time, the Group has developed a network of professional advisors (e.g., external legal counsel in those countries) that help it with data collection and verification. If such an advisor is not available locally, the Group uses well-established and recognized international advisors (e.g., international legal and financial advisory firms) who usually have a local partner firm/advisor to provide country-specific services.

Contracts, Bidding and Customer Acquisition

The Group's senior management is actively involved in the sales process and in consultation with the individual businesses. The Group's Principal Shareholder frequently participates in sales meetings with existing or potential clients, particularly in the defence industry. For identifying and pursuing leads, as well as customer relationship management, the Group relies on its international sales force, including those from the Group's joint ventures, complementing the Group's sales unit in Prague.

A focus of the Group's promotional sales activities includes attending and presenting at international trade fairs and exhibitions, particularly in the defence industry, including IDEX Abu Dhabi, UAE, Eurosatory in Paris, France, MSPO in Kielce, Poland and IDET in Brno, Czech Republic. Because of the importance of these events in the Group's key industries, it typically times advertising campaigns or product launches around certain key exhibitions and consider them valuable opportunities to demonstrate the Group's capabilities and to generate press coverage. Exhibitions are also important for identifying trends in sensor development and customer needs, as well as exploring possible business opportunities with partners and competitors. In addition, the Group uses databases and market studies in order to forecast and analyse the market.

The Group also actively engages with the NATO Support and Procurement Agency ("**NSPA**"), which facilitates multinational acquisition and logistics support for NATO member states. Through participation in NSPA Industrial Days and Czech-led NATO programs, the Group showcases its capabilities and aligns with NATO procurement standards, enhancing its visibility and credibility within the NATO's defence supply chain.

With respect to certain geographic markets, the Group frequently relies on business partners through the Group's joint ventures or otherwise to represent the Group locally and act as the first point of contact for existing and potential customers. The Group evaluates and engages business partners in accordance with the Group's counterparty due diligence evaluation mechanism, which involves active and risk-based due diligence and evaluation by members of the Group's sales, compliance, legal and senior management teams (among other stakeholders), as well as, on a case-by-case basis, external law firms and specific due diligence providers. See "*—Compliance*." As a matter of compliance policy, the Group generally does not engage business partners on a commission-only or success fee-only basis, and when the Group does engage business partners on such basis, the Group imposes strict compliance procedures for the review, approval, control and monitoring of the engagement.

Given the diversity of the Group's products and services, the method or combination of methods the Group uses to win contracts and sell the Group's products to its end-customers varies depending on the type of customer and the industry. Besides direct sales to government and their agencies, the Group also sells to non-government customers, such as other defence contractors, as intermediaries to the Group's government end-customers. Below are descriptions of each of these customer types and sales channels the Group uses by segment.

Contracts

The Group enters into a variety of long-term contracts with the Group's customers and supplies, including defence product manufacturing and supply contracts with the Group's government and non-government customers as well as raw material and component supply contracts by which the Group secure the Group's raw materials and component requirements from the Group's suppliers. See "*Risk Factors—A substantial portion of the Group's revenue is generated by the Group's largest contracts*."

As part of the Group's routine business operations, the Group enters into a variety of long-term and short-term contracts with its customers and suppliers. These include defence product manufacturing and supply contracts with government and non-government entities, as well as raw material and component supply agreements to secure the Group's input requirements. See "*Risk Factors—A substantial portion of the Group's revenue is generated by the Group's largest contracts*." For example, on December 5, 2025, the Group, through ZVS holding a.s., a Slovak ammunition manufacturer in which the Group and the Slovak Republic each hold a 50% stake, concluded a framework agreement with the Ministry of Defence of the Slovak Republic for the supply of large-calibre and medium-calibre ammunition worth up to €58 billion over a period of seven years with the potential to utilise the EU SAFE programme. The EU SAFE programme offers EU member states the opportunity to draw favourable long-term loans for up to €150 billion at a 1% interest rate and 40-year repayment period from the European Commission to finance existing and new defence projects and the framework agreement with Ministry of Defence of the Slovak Republic anticipates that other European member states joining the framework agreement alongside the Slovak Government with negotiations under way with several interested EU member states.

In addition, the Group also enters into agency agreements, engineering, procurement and construction contracts, contracts for the overhaul and modification of helicopters, and training contracts. These contracts may be structured as one-time engagements or as long-term framework agreements, depending on the nature of the services or products involved. To support the Group's obligations under these contracts, the Group, at times, may be required to provide guarantees or other forms of credit support.

CSG Defence Systems

Customers of the Group's defence segment are mostly governments and government agencies (approximately 79%) as well as non-government entities (approximately 21%).

Government Customers

Government contracts are primarily governed by regulations of the client's country or EU legislation. The Group utilizes two main forms of government contracting. The first is the method of implementation by direct approach, meaning that in specific cases clearly described by the local legislation, a contract may be awarded to one selected supplier. Usually, this covers cases where the product or service cannot be supplied by another supplier, or where the new contract is a renewal and, by its nature, cannot be performed by anyone other than the original supplier. The form of direct approach is only rarely implemented by governments, typically when two or more governments submit a combined order.

The second form of government contracting is a standard open tender, regulated by local legislation. The Group wins the majority of the Group's defence contracts from governments or other state institutions (ministries of defence, national armies, army purchasing agencies) through open tenders. For these defence sales, the Group generally participates in public tenders and then negotiates and contracts with the respective government or armed forces' procurement agency.

With respect to the sales process, sales to government customers are usually preceded by a request for proposals from the potential customer. In advanced economies, which tend to have sophisticated government procurement agencies, the procurement processes are typically designed to evaluate the total economic value of each alternative offer across a variety of metrics, for which price, technology, and aftermarket services can all be factors. In emerging economies, price is often the key competitive differentiator, as such government customers' budgets tend to be tighter and procurement agencies tend to be less sophisticated in their analysis; however, sometimes even a higher priced offer might succeed in a tender by involving the right local partner or offering attractive offsets, such as local procurement or transfers of know-how. For this reason, the Group takes a pragmatic approach in building each offer and tailors each offer based on how the individual government customer makes its procurement decision. In some sales processes, for example, the Group assists its customers in developing an operational concept that realizes the maximum potential of the product or technology that the Group is marketing to them.

For multinational defence projects, in particular by EU and NATO countries, government end-customers often encourage (or even require) bidding consortiums of companies from each country involved, in order to promote and maintain know-how in their indigenous defence industries. Certain large projects may also involve several consortiums nested within one another. For example, the Group is currently participating in several EU and NATO funded projects with other defence companies. In general, consortiums are entered into for a specific project, and as such, terminate when that project is completed. They are controlled by the

member that is the leader of the consortium (typically selected by the end-customer) and responsible for setting standards, maintaining the relationship with the customer, and handling delivery, as well as customer support and services. Customers typically require that all consortium partners be their direct contracting partners; hence there is generally no separate limited liability entity under which the consortium operates. Instead, consortiums are formed typically by a contract among its members, and the terms of each consortium contract normally differ, reflecting the circumstances of the individual project and composition of the consortium membership.

Unless the Group is selling a standard product by list price, the Group calculates its offer price based on the customer's specific requirements and available budget, its development and production costs, associated risks, as well as, in some cases, competitive and strategic considerations. Typically, after an initial selection of proposals by the customer, the Group enters into negotiations, whereby any part of the offer, including price, technical specifications and delivery timeframe, can be discussed by the customer.

For the execution of certain projects with government customers, the Group collaborates with its customers, for example when projects involve the development of new products or manufacturing methods. This may include, for instance, the funding by the Group's customers of specific R&D required for the project.

Non-government Customers

The Group's non-government customers (i.e., other defence contractors) typically install the Group's products as components into integrated products or onto platforms, such as tanks, which they then sell to government end-customers. As the Group's non-government customers almost exclusively procure the Group's components in connection with defence and security projects for government end-customers, the Group's business relationships with them are typically driven by the contract between such customers and the respective government end-customer. This may occur by way of "flow-down" provisions, according to which the whole or parts of the contract with the government end-customer, such as product specifications or liability provisions, become part of the Group's contract with the Group's non-government customer.

There is no typical procedure for the Group's sales to non-government customers. Sometimes, such customers involve the Group directly or ask it to submit an offer in a competitive process, whereas in other instances, the Group needs to push more actively for inclusion in a project. In particular for large platforms of prime defence contractors, competition for inclusion is intense, and demands are high with respect to product specifications and constraints (e.g., size and weight), as well as price expectations. In all cases, the demands of the end-customer drive these projects and the Group occasionally interacts directly with the end-customer to discuss their requirements. In some cases, the Group becomes "convoy partners" with its non-government customers, which means that the Group's customers build the Group into their platform from the start, and the Group thus becomes part of the value proposition that they offer to the end-customer. In such instances, if the Group is to provide particularly critical components, the Group might even be involved in the negotiations between the Group's customer and the government end-customer. In other cases, the Group's customers bring the Group on board after they have already obtained an order from the end-customer. In these situations, the respective government end-customers sometimes explicitly request the Group's inclusion.

Even though the Group only has an indirect relationship with the government end-customer, certain features of sales relationships with government customers apply in similar ways. For instance, in some cases, the end-customer may fund specific R&D activities required for the project, with that funding ultimately flowing through to us. The Group may also be the beneficiary of offset obligations, such as local procurement or know-how transfers, that are fulfilled through the Group's participation in the project.

CSG Ammo+

The Group's small calibre ammunition customers include both civil customers and law enforcement agencies, with an average customer relationship length of approximately 19 years. With respect to the law enforcement agencies, a similar approach to winning work for government customers as in the Group's defence segment apply. See "*—CSG Defence Systems—Government Customers*" above. The Group's customers range from law enforcement entities in the United States, Germany and France, to non-governmental customers including civilian shooters, hunters and shooting ranges and academies.

For the civilian market, the Group utilizes marketing channels, including trade fairs, direct contact with potential clients and advertising. As this is largely a retail-based market, the Group has long-established

relationships with many of the Group's customers and have a diverse product offering that has enabled the Group to command shelf space, but the Group generally does not have long-term sales agreements with the Group's customers. As such, the Group's sales to customers in the civilian market are dependent on individual purchase orders. As a result, prior to acceptance these retail customers are able to cancel their orders, change purchase quantities from forecast volumes, delay purchases, change other terms of the Group's business relationship or cease to purchase the Group's products entirely. Thus, in order to ensure consistent orders, the Group's management team interfaces directly with the executives of many of its top retail partners to ensure the Group is delivering the products the Group's retailers need to meet the demands of the end-consumer in an efficient, profitable manner. Furthermore, the Group's scale, especially in the United States following the Kinetic Group Acquisition, allows it to leverage the Group's resources to service the Group's largest retail customers efficiently and profitably. For example, the Group work with key retail customers to develop marketing and advertising campaigns, provide inventory replenishment support and organize product category merchandising plans.

The Group is aided by the valuable intellectual property the Group holds in its Ammo+ section, as it includes brands that are often decades old and have robust market recognition. See "*—Intellectual Property*." As such, the maintenance and expansion of these brands is a key aspect of the Group's sales strategy in the small calibre ammunition market and a key activity of the marketing departments of the individual portfolio companies. The Group invests in marketing and brand promotional activities, including various sport sponsorship partnerships and corporate social responsibility activities.

Research and Development

The Group's R&D programs and initiatives are critical to the Group's strategy and focus on meeting the needs of customers as well as proactively improving the attractiveness and technological sophistication of the Group's products. The Group's R&D programs involve extensive cooperation across the Group's segments at 18 R&D centre locations as of September 30, 2025.

The following is a summary of selected key recent R&D initiatives:

- The Group's M&L ammunition sub-segment continues to develop the Group's howitzers with funding from the Czech Ministry of Industry and Trade under EU-aligned subsidy programs. In 2022, EXCALIBUR ARMY unveiled the prototype of the Group's Morana self-propelled 155 mm calibre howitzer with a 52 calibre barrel length, which is capable of integration with the Group's TATRA wheeled chassis. Its combination of a lighter self-propelled artillery systems, heavy artillery systems with battle towers, a unique fire control system and a diagnostic system enables autonomous fulfilment of combat tasks, high mobility and a high level of crew protection.

- TATRA DEFENCE VEHICLE and TATRA TRUCKS continue to coordinate to develop, design and produce a new generation of the Group's TATRA Phoenix cabins, which are expected to enhance the comfort, safety and operational efficiency of armed forces personnel.

- TATRA TRUCKS is developing alternative fuel engine technologies in cooperation with the Czech Technical University, including a hydrogen propulsion electric motor that will be integrated into the Group's TATRA vehicles as either the sole engine or in a hybrid vehicle alongside an internal combustion engine as a range extender.

Furthermore, the Group's defence electronics sub-segment is developing artificial intelligence (AI) to automatically detect anomalies in software application log data, interconnected systems that will offer a comprehensive solution to support drone management in unmanned aircraft system traffic management and air traffic management systems, and a new function in primary radar to identify and track unmanned reconnaissance assets separately from manned aircraft. The Group is aiming to strategically harness the potential of artificial intelligence across its operations and portfolio through three primary initiatives:

- *Internal Development:* The Group has established a dedicated CSG AI Division to drive the internal adoption and development of AI technologies. The division's focus lies in two key areas: (i) the optimization of corporate processes, including HR, finance, IT, legal, and business development; and (ii) the advancement of industrial applications. Existing proprietary AI solutions are already in use, such as predictive maintenance systems within the MRO segment and AI-driven tools that streamline and accelerate the preparation of tender documentation.

- *Integration of Third-Party AI Solutions:* The Group actively incorporates advanced third-party AI technologies into its products and services. For example, the Group's armoured vehicles are being equipped with AI-enabled systems designed to enhance real-time decision-making, threat detection, and situational awareness on the battlefield.

- *Strategic Partnerships and Investments*: In collaboration with Presto Tech Horizons, a venture capital fund focused on emerging defence technologies, the Group identifies and invests in promising innovations. These include AI-driven acoustic detection for air defence systems, autonomous navigation for uncrewed vehicles, and quantum software AI applications.

The Group believes that its diversified industrial structure across defence and civilian sectors will support its role in integrating operations and applying AI solutions across multiple domains, including development, deployment, and proof-of-concept testing of its products.

Information Technology

The IT teams of the Group's individual portfolio companies are primarily responsible for meeting their IT requirements, with overall supervision provided by the Group's central holding services company, CSGM. CSGM also provides basic IT support and services to the Group's portfolio companies that either do not have an independent IT function or have a limited independent IT function.

The Group has group IT and cybersecurity standards that each of the Group's portfolio companies are required to follow, which are reviewed and updated regularly. The Group also performs an annual assessment of the Group's portfolio companies' compliance with these standards. Furthermore, day-to-day cybersecurity activities are performed by the Group's dedicated group-wide security team in close cooperation with the respective IT teams of the Group's portfolio companies.

In 2023, with a view to establishing a fully dedicated group IT function, the Group created a Chief Information Officer role for the entire group. The Group has formulated a group-wide IT strategy to support the IT needs of the Group's entire business and to enable the smooth integration of newly acquired companies' IT systems.

Intellectual Property

The Group holds a wide portfolio of intellectual property rights ranging from trademark rights in the Group's trading brands (including TATRA, FIOCCHI, VOP Nováky, ELDIS Pardubice and EXCALIBUR ARMY), various domain names (including https://www.czechoslovakgroup.com) and copyrights in the websites the Group operates, registered design rights in certain designs of the Group's products and patents relating to the Group's technology and innovations. In addition, the Group is party to certain product license agreements permitting it to design, develop, manufacture and sell certain products and related advertising and promotional materials incorporating the names and/or images of characters in which other companies own intellectual property rights, such as the Pandur 8x8 which the Group manufactures under a licence from General Dynamics.

As of 2024, the Group held over 300 registered trademarks across more than 100 jurisdictions, including recent additions in key European and North American markets following a comprehensive trademark review. The Kinetic Group Acquisition also added over 200 issued patents and pending patent applications in addition to a substantial portfolio of registered copyrights, primarily in the United States and Canada, with key brands acquired, among others, including: Federal Premium, Remington, HEVI-Shot, CCI and Speer. The Group believes that the brand names of each of its various brands enjoy a degree of brand recognition and are material to the Group's business. As of September 30, 2025, the group has registered approximately 100 additional patents.

The Group's intellectual property policy is centred around the protection of the Group's brands, associated logos and the Group's domain names. There is no pending or threatened material claims pending against the Group challenging its right to use any of the Group's material trademarks in any country.

Insurance

The Group exercises discretion in determining amounts, coverage limits and deductibility, provisions of title, casualty, and other insurance relating to the Group's properties and the Group's operations, considering the estimated replacement value of the property, in each case, to obtain appropriate insurance coverage at

reasonable cost and on suitable terms. The Group currently carries insurance policies covering all major assets, including its production facilities, testing ranges, ammunition stockpiles, specialized military vehicles, radar systems, and aerospace assets, across all jurisdictions where the Group has operations, which it believes provides it with reasonable coverage in the ordinary course of its business. These policies cover areas specific to the nature of the Group's business, including aviation products liability insurance, pilots' personal accident and loss of license insurance, property damage and consequential loss insurance and third party death or injury cover in relation to facilities.

In addition, the Group maintains a Directors & Officers liability insurance policy that provides coverage for legal costs and damages arising from claims made against members of the Group's management and supervisory boards.

Legal and Administrative Proceedings

In the ordinary course of business, the Group is subject to various claims, litigations and arbitrations relating to matters such as contract disputes, debt recoveries, customer insolvencies, tax disputes, product defects and similar matters, the outcome of which cannot be predicted.

Save as disclosed below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on the Group's financial position or profitability. In the year ended December 31, 2024, the Group released all provisions for pending litigation and claims against it and currently does not have any provisions for litigation.

MSM Martin, s.r.o. (Slovakia)

In 2020, a criminal investigation was initiated in Slovakia into MSM Martin, s.r.o. ("**MSM Martin**") and Mr. Marián Goga (a former shareholder and executive director of MSM Martin). Both MSM Martin and Mr. Goga were accused (*obvinení*) of an alleged manipulation of a public procurement process organised by the Slovak Administration of State Material Reserves related to the purchase of recovery vehicles, tanks and mobile bridges. In December 2020, the charges against MSM Martin were dropped. However, in March 2021, the decision was reversed and the criminal charge reinstated by a higher prosecutorial authority. MSM Martin continues to actively cooperate with the Slovak criminal authorities and the proceedings remain pending. Following further investigation, which was completed in December 2024, counsel for the accused again filed a petition in January 2025 for the charges to be dropped and the investigation terminated. At the same time, the investigator submitted a proposal to the state prosecutor to continue pressing charges and file a lawsuit against the accused. In October 2025, the prosecutor rejected said proposal and returned the file back to the investigator, to continue and supplement the investigation. The prosecutor asked for a re-hearing of certain witnesses and certain formalities regarding the file, both by the end of December 2025. The requested witness re-hearings and procedural steps did not occur by the December 2025 deadline, which the prosecutor has now extended indefinitely. Subsequently, the prosecutor shall decide what next. Thus, the proceedings continue pending with no visibility on when the case might end.

If MSM Martin is to be found guilty by the Slovak courts, the following possible criminal penalties might apply to it: (i) the winding up of the legal entity, (ii) the forfeiture of property, (iii) the forfeiture of assets, (iv) a financial penalty, (v) a prohibition on business activities, (vi) a prohibition on receiving state subsidies, (vii) a prohibition on receiving EU funds, (viii) a prohibition from participating in public procurement and/or (ix) a publication of the conviction. Given these risks, the length and unpredictable nature of the proceedings, MSM Martin has wound down all business activities and is currently a dormant entity with no significant assets. As a result, although the outcome of these proceedings may have a reputational risk for the Group, the Group believes that it should not have an adverse economic impact on MSM Martin or the Group as a whole.

The Kinetic Group

Following the Kinetic Group Acquisition, the Group acquired certain of its former subsidiaries which have been identified as potential responsible parties ("**PRPs**"), along with other parties, in regulatory agency actions associated with hazardous waste sites.

As a PRP, the Group may be required to pay a share of the costs of the investigation and clean-up of these sites. While uncertainties exist with respect to the amounts and timing of the Group's ultimate environmental liabilities, based on currently available information, the Group does not currently expect that these potential liabilities, individually or in the aggregate, will have a material adverse effect on the Group's operating results, financial condition, or cash flows. The description of certain of these environmental matters is contained in "*Operating and Financial Review—Contingencies*."

Property and Leases

The following is a description of the Group's material properties and leases as of the date of this Prospectus or as at the period indicated.

Headquarters, Manufacturing Plants, and Other Owned Property

Most of the Group's real properties consist of manufacturing plants and repair facilities, distribution centres and offices in the countries in which the Group operate. In total, the Group has 39 manufacturing facilities worldwide, of which the Group own 30, as detailed below:

Description	Location	Business Segment
Manufacturing Facility	Brescia, Italy	Other
Corporate Headquarters and Manufacturing Facility	Lecco, Italy	CSG Ammo+
Corporate Headquarters and Manufacturing Facility	Třemošnice, Czech Republic	CSG Defence Systems
Manufacturing Facility	Nové Město nad Metují, Czech Republic	Other
Corporate Headquarters and Manufacturing Facility	Pardubice, Czech Republic	CSG Defence Systems
Manufacturing Facility	Bezděkov, Czech Republic	CSG Defence Systems
Manufacturing Facility	Šternberk, Czech Republic	CSG Defence Systems
Manufacturing Facility	Přelouč, Czech Republic	CSG Defence Systems
Corporate Headquarters and Manufacturing Facility	Mošnov, Czech Republic	CSG Defence Systems
Corporate Headquarters and Manufacturing Facility	Přelouč, Czech Republic	Other
Manufacturing Facility	Pardubice, Czech Republic	CSG Defence Systems
Corporate Headquarters and Manufacturing Facility	Kopřivnice, Czech Republic	CSG Defence Systems
Manufacturing Facility	Čepí, Czech Republic	CSG Defence Systems
Manufacturing Facility	Kopřivnice, Czech Republic	CSG Defence Systems
Manufacturing Facility	Kopřivnice, Czech Republic	CSG Defence Systems
Manufacturing Facility	Kopřivnice, Czech Republic	CSG Defence Systems
Manufacturing Facility	Kopřivnice, Czech Republic	CSG Defence Systems
Manufacturing Facility	Ostrava, Czech Republic	CSG Defence Systems
Manufacturing Facility	Přelouč, Czech Republic	CSG Defence Systems
Corporate Headquarters and Manufacturing Facility	Lichfield, Staffordshire, UK	CSG Ammo+
Manufacturing Facility	Lower Saxony, Germany	CSG Defence Systems
Manufacturing Facility	Kruševac, Serbia	CSG Defence Systems
Manufacturing Facility	Nováky, Slovakia	CSG Defence Systems
Manufacturing Facility	Dubnica, Slovakia	CSG Defence Systems
Manufacturing Facility	Dubnica, Slovakia	CSG Defence Systems
Manufacturing Facility	Snina, Slovakia	CSG Defence Systems
Manufacturing Facility	Ozark, Missouri	CSG Ammo+
Manufacturing Facility	Lewiston, Idaho	CSG Ammo+
Corporate Headquarters and Manufacturing Facility	Anoka, Minnesota	CSG Ammo+
Manufacturing Facility	Lonoke, Arkansas	CSG Ammo+
Manufacturing Facility	Sweet Home, Oregon	CSG Ammo+

Leases

The Group also leases offices and storage space. The Group's lease terms are negotiated on an individual bases and contain a wide range of different terms and conditions. Rental contracts are typically made for fixed periods, which can be for any length of time, from less than five years to 10 years. Some of the leases contain extension or break options. The lease agreements generally do not impose any covenants other than the security interests. The Group leases offices, storage space and equipment for production lines and use lease financing for vehicles only to a limited extent. Lease terms are negotiated individually and vary widely. Rental contracts are typically concluded for fixed periods ranging from less than five years to up to ten years, and some include extension or termination options. The monthly rents for the Group's leases range from €1,000 to greater than €30,000. Some of the Group's leases contain anti-assignment provisions, which require the consent of the landlord prior to assignment of the lease. In addition, extension and termination options are included in a number of the Group's leases.

Competition

Competition in the markets in which the Group operates is based on several factors, including price, quality, product innovation, performance, reliability, styling, product features, brand recognition and warranties, as well as sales and marketing programs. The following chart shows the breakdown of the Group's selected significant competitors across the Group's defence and small calibre ammunition segments. For further information, see "*Market Overview*":

CSG Defence Systems	**CSG Ammo+**
Rheinmetall Group	Hornady
KNDS	Lapua
General Dynamics European Land Systems	Nosler
Arquus	Barnes
John Cockerill	Winchester
Iveco Defence Vehicles (IDV)	CBC Global Ammunition
Soframe	Sig Sauer
BAE Systems	Browning
Poongsan Corporation	Ammotec
Nammo	Sig Sauer
Elbit Systems	
Thales	
Leonardo	
BAE Systems	
Indra	
Hensoldt	
RTX	
Nordam	
Adacel	
Northrop Grumman	
SR Technics	
AAR	

Employees

The Group's employees are critical to its success across R&D, supply chain management, product development, manufacturing, engineering, maintenance, distribution, marketing, compliance and customer/public relations. The Group prioritizes employee success and well-being through strong corporate infrastructure and local programming that supports employee engagement, recruiting, professional development, safety, diversity, compensation and benefits.

Certain of the Group's portfolio companies, including TATRA TRUCKS, MSM Land Systems and Fábrica de Municiones de Granada, S.L., are subject to collective bargaining agreements with unions or trade councils. This covers approximately one-third of the Group's employees. Collective bargaining agreements typically regulate minimum working conditions. The Group believes the relationship with its employees and with these unions and trade councils to be positive.

As of September 30, 2025, the Group employed approximately 14,000 people worldwide (including full-time equivalent and temporary agency employees). The table below provides an overview of the average numbers of employees of the Group, subdivided per geographic segment. These numbers are measured in full-time employees (excluding associates) ("**FTEs**").

	Average number total Employees of the Group as at December 31,		
Geographic subdivision of employees	**2024**	**2023**	**2022**
Czech Republic and Slovakia	7,500	6,050	5,800
Europe	1,650	1,500	1,400
North America	3,800	300	200
Other countries	50	50	-
Total	**13,000**	**7,900**	**7,400**

The increase in the number of employees from 7,900 in 2022 to 13,000 in 2024 is mainly due to employee absorbed by the Group as part of the Kinetic Group Acquisition.

Regulation

The Group has developed a comprehensive and fully integrated sustainability framework, assisting in regulatory compliance across all operations. The Group's reporting is CSRD-compliant and aligned with the European Sustainability Reporting Standards (ESRS), including disclosure of Sustainable Finance Disclosure Regulation (SFDR) Principal Adverse Impacts (PAIs). CSG has no involvement in controversial weapons, including nuclear, chemical, biological, cluster munitions, or antipersonnel systems, and fully complies with the Ottawa and Oslo Conventions as well as all applicable international laws

The below sections provide an overview of the regulatory environment in which the Group operates, which represent the main legal and compliance considerations for the Group's business.

CSG

The Group's companies operate in highly regulated industries, including defence and aviation, the stringency of which varies from country to country. See "*Risk Factors—The Group is exposed to the risk associated with the regulatory environment in the military material and ammunitions market in the Czech Republic and internationally*." As a result, the Group's businesses and operations are subject to various laws and regulations in the jurisdictions in which the Group operates and where the Group's products are manufactured and marketed. In general, the Group's operations are subject to regulation from local, national, and EU regulatory authorities concerning, among other things, export and import controls and other customs regulations applicable to the defence industry and other industries the Group operates in, consumer and data protection, the advertisement, promotion, and sale of products, taxation, product safety, the health, safety and working conditions of the Group's employees, the safety of its plants/facilities and their accessibility for the disabled, environmental matters, cyber security and the Group's competitive and marketplace conduct.

For instance, in the Group's home market of Czech Republic, where it has a substantial portion of its operations, the Group's subsidiaries engaged in trading with military equipment are predominantly governed by Czech Foreign Trade Act. In line with the Czech Foreign Trade Act, the relevant subsidiaries have an authorization for foreign trade with military equipment, which is, however, a highly general authorization and specific transactions, more precisely exports or imports of military equipment, are subject to a different approval (and licensing) regime conducted by the License Administration ("**License Administration**") under the Ministry of Industry and Trade of the Czech Republic. Approval from the License Administration may take several weeks or significantly longer depending on the complexity of the application. The License Administration is responsible for making decisions on granting a specific license based on binding opinions of the respective bodies including:

- Ministry of Foreign Affairs with respect to foreign and political interests of the Czech Republic, compliance with obligations arising for the Czech Republic from international treaties as well as from the membership of the Czech Republic in international organizations;
- Ministry of the Interior as regards public order, safety and protection of citizens; and
- Ministry of Defence with respect to securing defence of the Czech Republic.

In addition, in order for the Group's Czech subsidiaries to obtain the necessary licenses to engage in foreign trade of military equipment, the Czech Foreign Trade Act requires that no more than 49% of those entities registered capital is made up of contributions from foreign persons, excluding persons in EU Member States. All of the Group's Czech subsidiaries comply with this requirement. The Czech Foreign Trade Act

applies to the following entities: ARMY TRADE a.s., CSG CENTRAL ASIA a.s., CSG Engineering, a.s., CZECH CAMOUFLAGE SYSTEMS a.s., CZECH DEFENCE SYSTEMS a.s., CZECHOSLOVAK EXPORT a.s., FIOCCHI DEFENCE SYSTEMS a.s., ELDIS Pardubice, s.r.o., EUROPEAN AIR SERVICES s.r.o., EXCALIBUR ARMY spol. s r.o., EXCALIBUR INTERNATIONAL a.s., EXCALIBUR USA a.s., KARBOX s.r.o., PLATINUM DEFENCE a.s., REAL TRADE PRAHA a.s., RETIA, a.s., SHER Technologies a.s., TATRA DEFENCE PROJECTS s.r.o., TATRA DEFENCE SYSTEMS s.r.o., TATRA DEFENCE VEHICLE a.s., TATRA EXPORT s.r.o., TATRA MANUFACTURE a.s., TRUCK SERVICE GROUP s.r.o.

Furthermore, the Group is subject to common rules of the EU governing control of exports of military equipment (Council Common Position 2008/944/CFSP) which further restrict or regulate the group's business activity in this segment. In the decision-making process concerning the approval of specific foreign transactions including military equipment, the security situation in relevant global region as well as by the policy of international organizations, which the Czech Republic is part of, responding to such security situation plays a key role.

Two new laws in Czech Republic that may affect the Group's businesses are going to enter into force on January 1, 2026. These laws include a bill on firearms and ammunition that seeks to modernize the legal framework regarding firearms and ammunition, with, among others, changes in the structure of firearms permits and licenses, the abolition of the obligation to have permits and licenses in physical form or the introduction of electronic communication with the competent administrative authorities. The new bill shall require the vendors to report suspicious transactions, allows for the confiscation of weapons due to security risks and also shortens the time limit for medical examinations of holders of weaponry. However, the new bill preserves the right to acquire, own and carry weapons under statutory conditions and therefore, no material changes in the rules shall occur. The Group may need to update its compliance procedures, reporting systems, and customer verification processes to align with new electronic and reporting requirements. Also, another bill that enters into force on January 1, 2026 aims to comprehensively regulate the acquisition, handling, storage and transportation of firearms and ammunition and pyrotechnical survey in the Czech Republic. The Group may need to review and potentially adapt its internal logistics, storage, and transportation protocols to ensure compliance with the new regulatory framework.

Previously, the area of cyber security and data protection was governed by Act No. 181/2014 Coll., on Cyber Security, as amended. With the adoption of Directive (EU) 2022/2555 of the European Parliament and of the Council of December 14, 2022 ("**NIS 2 Directive**"), which significantly expands the scope of the cybersecurity regulation in the EU, there was a need for a new bill in the Czech Republic and, in January 2023, the Czech Cyber and Information Security Agency drafted a new bill on cybersecurity. In addition to what is set out in the NIS 2 Directive, the new bill also lists among other entities and subjects to which this bill shall apply in its entirety entities engaged in the production of military material and entities carrying out foreign trade in military material. The bill entered into force on November 1, 2025. The Group may need to update its information technology and information and data security systems to align with this new cybersecurity bill and monitor compliance on an ongoing basis.

Additional regulations of general application to the Group include the following:

- *Slovakia*: Act No. 190/2003 Coll, on firearms and ammunition and on the amendment and supplementation of certain acts;

- *Italy*: Act 185/90, which regulates all import, export and transit activities relating to the defence sector and related activities; as well as legislation regulating the production of and trade in ammunition in Italy – "*Testo Unico delle leggi di pubblica sicurezza*;"

- *Spain*: Act 17/1997, on weapons and explosives, which establishes a regulatory framework for the control, possession, use, production, trade and transport of firearms, ammunition and explosives; together with implementing decrees;

- *the United States*: Gun Control Act of 1968, which provides a federal framework for regulating ammunition, the Arms Export Control Act, which regulates the export of defence articles, including certain types of ammunition, or the Federal Firearms Act; and since regulation at the federal level does not cover all areas, the regulations of the individual states could also apply;

- *the United Kingdom*: the Firearms Act 1968 and related regulations concerning the regulation of the manufacture, sale and possession of ammunition; and

- *the European Union*: at the level of the European Union, the primary regulation is the Directive on transfers of defence-related products within the EU (Directive 2009/43/EC of the European Parliament and of the Council of May 6, 2009 simplifying terms and conditions of transfers of defence-related products within the Community which applies the Group's ammunition manufacturing operations in the Czech Republic and the Slovak Republic as well as Italy, Germany, Spain, the U.S. and the U.K. The Group is also subject to the EU Common Rules on Export Controls for Military Equipment (Common Position 2008/944/CFSP), which further restrict and/or regulate the Group's business in this segment.

The Kinetic Group Specific Regulations

While the Kinetic Group does not manufacture firearms, it is subject to the rules and regulations of the Bureau of Alcohol, Tobacco, Firearms and Explosives and various state and international agencies that control the manufacture, export, import, distribution, and sale of firearms, explosives, and ammunition. If the Kinetic Group fails to comply with these rules and regulations, these agencies may limit the Kinetic Group's growth or business activities, or, in extreme cases, revoke its licenses to do business. The Kinetic Group's business, as well as the business of all producers and marketers of ammunition, is also subject to numerous federal, state, local, and foreign laws, regulations and protocols. Applicable laws:

- require the licensing of all persons manufacturing, exporting, importing, or selling ammunition as a business;

- require labelling and tracking the acquisition and disposition of certain types of ammunition, and certain related products;

- regulate the use and storage of gun powder or other energetic materials;

- regulate the interstate sale of certain ammunition;

- limit the mail-order sale of ammunition;

- regulate the Kinetic Group's employment of personnel with certain criminal convictions; and

- restrict access to ammunition manufacturing facilities for certain individuals from other countries or with criminal convictions.

In some cases, the handling of technical data and the international sale of the Kinetic Group's products are also regulated by the U.S. Department of State and Department of Commerce. These agencies oversee the export of the ammunition products. In many instances, it must obtain export authorizations for international shipments. To date, most of the Kinetic Group's requests for export licenses have been approved. These agencies can impose civil and criminal penalties, including preventing the Kinetic Group from exporting its products, for failure to comply with applicable laws and regulations.

The Kinetic Group is also regulated by the U.S. Department of Homeland Security, which regulates the out-bound and in-bound movement of certain of its products, as well as components, parts, and materials used in its manufacturing processes. The agency is authorized to detain and seize shipments, as well as penalize the Kinetic Group for failure to comply with applicable regulations. However, there has been no instances of the U.S. Department of Homeland Security detaining or seizing Kinetic Group shipments or imposing penalties on the Kinetic Group. The agency also works closely with the Department of State and the Department of Commerce to protect national security.

There are many laws at the international, federal, state and local levels regulating the purchase, possession and use of the Kinetic Group's products. The Kinetic Group has robust policies and procedures in place to help ensure it complies with these requirements, and it actively supports and encourages the safe, lawful and responsible use of its products. The Kinetic Group partners with a variety of organizations who share these goals, supports policies that advance safety initiatives, and uses its brand platforms to educate, reinforce and share best practices for the safe use of its products. Through membership in trade organizations, the Kinetic Group supports efforts to reduce the unlawful use of firearms, prevent suicides,

prevent illegal purchases of firearms, and educate the public on the safe use and storage of firearms and ammunition. The Kinetic Group has a robust export control program in place, screens its international customers for compliance or ethical concerns, and insists that its business partners comply with all laws applicable to the manufacture, sale and distribution of its products.

Environmental, Social and Governance

The Group is committed to actively enhancing the Group's Environmental, Social and Governance ("**ESG**") footprint through bespoke measures and strategic investments in alternative fuel technology, healthcare, education and sports, reflecting the Group's commitment to sustainability. For example, the Group recently launched the CSG Foundation, a philanthropic entity established with the aim to support initiatives in education, social development, and community welfare through grants and partnerships.

In 2023, the Group established a sustainability committee ("**Sustainability Committee**") to oversee the implementation of the Group's sustainability strategy ("**Sustainability Strategy**"), including conducting comprehensive risk assessments related to climate change, human rights, and other pertinent sustainability issues. The Group's Sustainability Strategy is structured around eight strategic goals and sixteen strategic activities. These pillars span the breadth of ESG concerns, including but not limited to mitigating environmental impacts, promoting employee diversity and inclusion, improving working conditions and workplace safety, conducting business ethically and reducing the Group's carbon footprint. Each initiative under the Group's Sustainability Strategy is carefully designed to address the specific challenges and opportunities within the Group's operations, ensuring that its efforts are both effective and impactful. Through the framework of the Group's Sustainability Strategy, the Group aims to integrate ESG principles into every aspect of its business.

As ESG matters represent an integral component of the Group's operations and the Group implements its ESG strategy through a tailored approach that reflects the requirements and needs of each entity within the Group. As such, while ESG initiatives are carried out at the level of the Group's individual businesses, the overarching framework and strategic direction are driven across all of the Group. This ensures that the Group's ESG approaches are localized and responsive to the specific needs of the Group's respective businesses while also being aligned with the Group's group-wide commitment to sustainability and responsible business practices.

Environmental

The Group is committed to trying to mitigate the potential negative environmental impacts of the Group's operations through proactive measures and continuous improvement and innovation towards making the Group's operations more environmentally sustainable.

The Group is making investments in new technologies and renewable energy sources targeted towards both immediate improvements and long-term sustainability goals. For example, the Group is channelling resources into the development of energy-efficient and low-carbon technologies, as well as making the Group's products more environmentally sustainable. See "*—Research and Development*." Further, the Group began to collect data on its Scope 1, 2 and 3 greenhouse gas emissions in 2023 and published its first CSRD-compliant report in 2024, which was subject to limited assurance by an independent auditor and included Scopes 1, 2 and 3 emissions. The Group recorded 38,813 tonnes of CO_2 equivalent (tCO_2eq) in Scope 1 emissions, representing direct greenhouse gas outputs from its owned and controlled operations. Scope 2 emissions, arising from purchased electricity and heat, totalled 116,612 tCO_2eq, reflecting the Group's energy consumption across its facilities. The most substantial contribution to the Group's carbon footprint came from Scope 3 emissions, which encompass indirect value chain activities and amounted to 842,424 tCO_2eq. The Group currently meets CSRD reporting standards, verified through independent audit reviews and is CSRD-compliant in relation to its Scope 1, 2 and 3 emissions. The Group is in the process of further strengthening its climate commitments, including becoming a signatory to the UN Global Compact and engaging with the Science Based Targets initiative (SBTi) on near-term target setting. Data from 2025 will serve as the auditor-approved base year for future transition plans and commitments.

In 2024, CSG conducted a comprehensive double materiality assessment in alignment with the Corporate Sustainability Reporting Directive (CSRD), marking a significant advancement in the Group's sustainability management. This assessment built upon the 2023 SASB-based materiality analysis, which had initially identified key ESG topics relevant to the Group's industry and stakeholders.

The 2024 process expanded on this foundation by mapping CSG's Impacts, Risks, and Opportunities (IROs) across all sustainability matters. As a result, the Group gained a deeper understanding of its actual and potential impacts, leading to a strategic shift in focus. Priority areas now include GHG emissions, pollution and waste, and water management on the environmental side; workforce management, health and safety, and employee development on the social side; and corporate culture, ethics, anti-corruption, and whistleblowing mechanisms on the governance side. This work represents a major step forward in embedding sustainability into the Group's risk management and long-term strategic planning.

Social

The Group is committed to enhancing the social aspects of the Group's operations, including its relationship with its employees, suppliers, customers and the communities where it operates. In particular, the Group is committed to creating a work environment where differences are respected and everyone has the opportunity to thrive. This commitment is evident in the Group's policies and practices designed to ensure equity, respect and inclusion across all levels. The Group's policies and procedures are structured to provide fair wage policy and safe working conditions, ensuring that the Group's employees are not only fairly compensated but also work in environments that prioritize their health and safety. Ensuring the wellbeing of the Group's employees and fostering a workplace free from discrimination, bullying and harassment is of utmost importance to us. The Group's diversity policy, in operation since September 2019 and recently updated to meet the requirements of the Dutch Corporate Governance Code, aims to achieve a balanced representation in the Group's Board of Directors and senior management, considering age, gender and the other diversity aspects relevant to the Group.

Through the Group's subsidiary, TATRA TRUCKS, the Group has established a long-term partnership with the Integrated Rescue System in the Czech Republic aimed at providing vital support to rescue service agencies including providing vehicles for disaster relief operations and supporting firefighting efforts. For example, in 2021 the Group provided vehicles to Czech firefighters to support debris removal operations after the tornado in southern Moravia and serviced their vehicles during their forest firefighting operation in Greece in 2022. Additionally, the Group regularly supports chartable projects within and outside the Czech Republic, including regular contributions to the Military Solidarity Fund (a joint project of the Czech Ministry of Defence and Charity Czech Republic aimed at supporting service members and their families in difficult times). In March 2023, the Group also provided relief materials (including beds, medical cot, food and clothing materials) to victims of the earthquake in Türkiye. Since 2021, the Group has also been funding research initiatives on treatments for acute leukaemia at the Institute of Haematology and Blood Transfusion in Prague.

Governance

The Group is committed to a culture of good governance, characterized among others by the Group's commitment to transparency and open engagement with the Group's stakeholders. For instance, the Group adheres to the Global Reporting Initiative standards for the Group's non-financial data disclosure and have recently aligned the Group's reporting practices with the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards.

Furthermore, the Group focuses on good governance practices including transparency, adherence to strong ethical standards and a commitment to sustainability reporting. In accordance with Section 118 (4) of Act No. 256/2004 Coll., on Capital Market Undertakings, the Group is governed by and adheres to all requirements for corporate governance stipulated by the generally binding legal regulations of Czech Republic, primarily Act No. 90/2012 Coll., on Business Corporations and Cooperatives (Business Corporations Act), Act No. 563/1991 Coll., on Accounting, Act No. 256/2004 Coll., on Capital Market Undertakings, and relating legal norms. To provide for effective governance, the Group established an internal corporate governance code adopting the principal standards of the Corporate Governance Code of the Czech Republic issued in 2018 by the Institute of Members of Administrative Bodies based on international standards of corporate governance (primarily based on the G20/OECD Principles of Corporate Governance of 2015). The internal code forms an integral part of the Group's internal standards which the Group is continually evolving through various projects aimed at addressing corporate responsibility and sustainable business.

OPERATING AND FINANCIAL REVIEW OF THE CSG GROUP

Investors should read the following discussion in conjunction with the Historical Financial Statements as well as the sections "*Presentation of Financial and other Information*," "*Market Overview*," "*Description of the Group's Business*," "*Historical Financial Information*" and "*Capitalisation*" included elsewhere in this Prospectus. Prospective investors should read the entire document and not just rely on the information set out below. The financial information considered in this section is extracted from the financial information set out in "*Historical Financial Information*."

The following discussion of the CSG Group's results of operations and financial condition contains forward-looking statements. The Group's actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Prospectus, particularly under the sections "*Risk Factors*" and "*Presentation of Financial and other Information*." In addition, certain industry issues also affect the Group's results of operations and are described in "*Market Overview*."

Overview

The Group is a leading defence group in terms of medium-, large- and small-calibre ammunition sales, based in Prague, Czech Republic, operating in Europe, the United States and in other regions including Asia Pacific. The Group sells its products to key long-term customers, ranging from government bodies (mainly NATO members), including ministries of defence, to well-established companies in the Group's target industries in over 70 countries worldwide. The Group is the second largest European medium- and large-calibre ammunition producer and largest global small-calibre ammunition producer by sales with 35% and 13% market share, respectively, according to estimates by Renaissance Strategic Advisors.

For the nine months ended September 30, 2025, the Group's revenues were €4,485.3 million and Adjusted Operating EBIT was €1,097.6 million, with an Adjusted Operating EBIT margin of 24.5%. During this period, 75% of revenues were derived from sales in Europe (with Ukraine constituting 26% of overall sales), 18% from the United States, and 6% from the rest of the world. Revenues by end market for the nine months ended September 30, 2025 was split as follows: 79% from defence, 19% from civil, and 2% from industrial non-defence sectors. Before intersegment eliminations, CSG Defence Systems accounted for 76% of total revenue, with CSG Ammo+ and Other representing 22% and 2% of total revenues for the nine months ended September 30, 2025. M&L calibre ammunition and Land Systems represented 60% and 13% of total revenues before intersegment eliminations for the nine months ended September 30, 2025, respectively.

For the year ended December 31, 2024, on a *pro forma* basis for the acquisition of the Kinetic Group (the "**Kinetic Group Acquisition**"), the Group's *pro forma* revenues were €5,182.2 million and *pro forma* Adjusted Operating EBIT was €1,238.7 million, representing a 24% *pro forma* Adjusted Operating EBIT margin. In 2024, 68% of *pro forma* revenues were derived from sales in Europe (with Ukraine accounting for 33% of overall sales), 26% from the United States, and 6% from the rest of the world. Pro Forma revenues by end market for 2024 was split as follows: 70% from defence, 25% from civil, and 5% from industrial non-defence sectors. Before intersegment eliminations, CSG Defence Systems accounted for 69% of total *pro forma* revenues, with CSG Ammo+ and Other representing 31% and 3% of total *pro forma* revenues, and M&L calibre ammunition and Land Systems representing 48% and 15% of total *pro forma* revenues, respectively.

The Group maintains a strong presence within Europe and NATO, and approximately 68% of the Group's revenues were derived from NATO countries for the nine months ended September 30, 2025 and the year ended December 31, 2024 on a *pro forma* basis for the Kinetic Acquisition, underscoring the Group's positioning within NATO-aligned defence markets. The Group believes that the continued increases in defence spending across Europe and NATO member states further reinforce the outlook for its capabilities and strategic relevance in these regions. Simultaneously, the Group believes that it is one of the largest suppliers of ammunition to Ukraine.

The Group's business is divided into two segments: CSG Defence Systems and CSG Ammo+.

- CSG Defence Systems: the Group's defence segment consists of the Group's portfolio companies focusing on the production, sale, service and maintenance of military and defence equipment to customers, including governments and private companies. CSG Defence Systems has four product

lines: (1) medium and large ("**M&L**") calibre ammunition (e.g., 155mm and other artillery ammunition as well as tank ammunition, rockets, mortar bombs and medium calibre ammunition), with 14 facilities in total and a high degree of vertical integration, (2) military-use vehicles ("**Land Systems**"), (3) defence electronics ("**Defence Electronics**"), offering a wide range of products, software and services including military radars for land vehicles and air defence systems, surveillance radars and systems for air traffic control and (4) advanced systems ("**Advanced Systems**"), an emerging business, focused on turbo jet engines for unmanned aerial vehicles ("**UAVs**") and missiles. All of the Group's customers for M&L calibre ammunition, almost all of the Group's customers for Land Systems and the Group's key defence electronics customers are government entities, including entities from the Czech Republic, Slovakia, Ukraine, Belgium, Spain, the Netherlands, Poland, Vietnam, Indonesia and Morocco. Contracts in the Group's Defence segment are typically long-term: the Group's contracts for M&L calibre ammunition typically range from three to four years, with some contracts extending for longer (up to approximately six years) as customers seek longer-term supply certainty in a capacity constrained market, Land Systems contracts are for a minimum of three years and typically range from five to seven years, and defence electronics contracts are generally for a duration of up to 15 years, including post sales logistics and development product support.

- CSG Ammo+: the Group's small calibre ammunition segment consists primarily of the portfolio companies the Group originally acquired as part of the Kinetic Group Acquisition in the United States in 2024 and the Acquisition of the Fiocchi Group in Italy in 2022. With nine facilities in total, of which five are located in the United States, the Group's small calibre ammunition-focused companies are engaged in the development, production and sale of small calibre ammunition for pistols, revolvers, rifles and shotguns in various price categories (with well-known brands that focus on the premium ammunition market). The Group is actively repositioning its small calibre ammunition portfolio to strengthen its presence in defence markets, including both military and law enforcement segments. The Group believes that the recent acquisition of the Kinetic Group provides it with a strategic platform for military market expansion, leveraging its global leadership in small calibre ammunition where it has 13% of the market share according to estimates by Renaissance Strategic Advisors. To further support this transition, the Group is pursuing NATO certification for its small calibre products, expected to be completed in the second half of 2026, which would enable inclusion on approved supplier lists for upcoming European military tenders. The certification processes involves the review and testing of the Group's products. The Group believes that its established relationships with government entities through its M&L Ammo operations, combined with its market-leading scale as a result of the successful integration of the Kinetic Group and high degree of vertical integration, positions it competitively to capture new opportunities in the military small calibre ammunition space.

The Group has delivered year-on-year growth in revenue, Adjusted Operating EBIT and Cash Conversion, driven by the Group's investment in capacity expansion and vertical integration in M&L ammunition and Land Systems, its partnerships with government and commercial customers on long-term contracts, successful identification and integration of acquisitions and operational efficiencies. The Group's profit from operating activities increased from €162.6 million for the year ended December 31, 2022 to €1,191.3 million on a *pro forma* basis for the Kinetic Group Acquisition for the year ended December 31, 2024. The Group's Adjusted Operating EBIT increased from €162.6 million for the year ended December 31, 2022 to €1,238.7 million on a *pro forma* basis for the Kinetic Group Acquisition for the year ended December 31, 2024, primarily driven by increased demand for the Group's products and services, successful integration of acquisitions, operational efficiencies and growing profitability. This, along with the Group's prudent allocation and close monitoring of capital expenditures, has translated into significant positive Cash Conversion generation by focusing on the growth of CSG Defence Systems and CSG Ammo+ sectors in a disciplined and sustainable manner, resulting in Cash Conversion of 89.5% and 90.8% for the nine months ended September 30, 2025 and for the year ended December 31, 2024 on a *pro forma* basis for the Kinetic Group Acquisition, respectively. As of September 30, 2025, the Group had more than 14,000 employees, including agency and part-time workers, across the Group's 39 manufacturing facilities located in Europe and the United States.

Key Factors Affecting the Group's Results of Operations

The results of the CSG Group's operations have been, and will continue to be, affected by many factors, some of which are beyond the Group's control. This section sets out certain key factors the Group believes

have affected the CSG Group's results of operations in the period under review and could affect the Group's results of operations in the future.

Geopolitical and Macroeconomic Conditions

Demand for the Group's products and services is dependent on the industries in which the Group's customers operate, the general economy, the stability of the global credit markets and other factors and is correlated to conditions in the industries in which the Group operates, geopolitical conditions as well as the general economy.

Geopolitical Conditions

The Ukraine War and the overall global geopolitical situation, such as in the Middle East and Asia, has increased demand for the Group's products and services, particularly in the Group's CSG Defence Systems segment, which has resulted in a significant increase in the demand from other European governments. Further, recent statements by the new U.S. administration have brought U.S. security guarantees in Europe into question, renewing efforts by European governments to increase defence spending. This has led to a change in governments' perception about their defence production, such as in Germany, whose government increased its capacity for borrowing to pay for increased defence and infrastructure spending in March 2025. Currently, most of the NATO member countries have begun to fulfil, and in some cases, such as Poland, surpass, their long-term commitments for defence spending to equal 2% of their GDP. Following the June 2025 Hague Declaration, NATO members have pledged to further increase defence spending, with a binding interim target of 3.5% of GDP for core defence requirements and a long-term goal of reaching 5% of GDP by 2035.

There has also been the emergence of major support initiatives introduced by other global institutions such as the EU and its "Act on Supporting Ammunition Production" program to fund and promote the production and supply of ammunition in Europe. Following these developments, as well as support from local government and other global institutions, ammunition producers have begun to maximize their capacity utilizations and increase the amount of rounds produced per year. However, in turn, this has led to a decrease in the availability of critical raw materials and components to ammunition, including nitrocellulose, propellant and explosives, which the Group envisages could lead to potential downward pressures on the Group's profitability margins.

Despite these demand drivers, many European economies remain heavily indebted and face slow growth, which may constrain their ability to deliver on long-term defence spending commitments. Budgetary limitations, political shifts, and competing fiscal priorities could result in delayed or reduced procurement activity. These factors, combined with elevated input costs and supply chain pressures, may adversely affect the Group's margins, liquidity, and overall financial performance.

Macroeconomic Conditions

In 2022, the Russian invasion of Ukraine (the "**Ukraine War**") contributed to rising global inflation, and particularly in Europe, which caused a general rise in interest rates from central banks in the periods under review. Inflationary pressures across the Eurozone and broader global markets resulted in increased costs for raw materials, transportation, and labour. While inflation has moderated from its 2022 peaks, input costs across labour, energy, and materials remain above historical averages, exerting pressure on margins and pricing strategies. Central banks in key markets, including the United States and Europe, have maintained restrictive monetary policies, resulting in higher financing costs. Higher inflation rates not only affect operational expenses but also impact the purchasing power of the Group's clients, including government entities and private sector buyers, potentially leading to prolonged procurement cycles or budget constraints. Additionally, the effects of monetary policy decisions, such as rising interest rates, can influence capital availability and investment trends in the defence sector.

The Ukraine War, and subsequent events such as the sanctions placed on the Russian Federation, the debt crisis in the euro area and the current political environment in the United States, has also increased concerns about energy security, leading to higher energy costs, which in turn has increased the costs of raw materials, shipping and transportation. Overall, higher energy costs and inflationary pressures increased the variable portions of the Group's operating costs, including the Group's raw materials and consumables, which rose by 156.6%, and external costs, which increased by 80.3% for the year ended December 31, 2024 compared to the year ended December 31, 2023. Despite higher material, energy, and logistics costs, the Group

successfully maintained profitability through strategic cost controls, process optimization, vertical integration and sourcing. In addition, in certain contracts, particularly in Land Systems products, the Group benefits from contractual pass-through mechanisms that allow for the partial recovery of increased input costs from customers, thereby mitigating the impact of inflation on margins

On April 2, 2025, U.S. President Trump announced plans to impose a minimum 10% import tariffs worldwide starting on April 5, 2025 and to increase U.S. tariffs on imported goods from various trading partners, including Canada, China and the EU. On June 4, 2025, a 50% tariff on steel and aluminium imports went into effect and on August 19, 2025, the 50% steel and aluminium tariffs were extended to cover 407 additional product categories, including car parts, plastics, specialty chemicals, construction materials, and machinery. These protectionist U.S. measures have, and may continue to cause retaliatory protectionist countermeasures to be adopted by other countries. While the Group does not currently expect a material impact on its profitability as a result of these measures due to its significant presence and scale in Europe, any commencement or escalation of a trade war, tariffs, retaliatory tariffs or other trade restrictions on products, particularly products involving metal components, imported by the Group into or out of any country may upset markets or lead to unexpected costs as the Group copes with supply chain issues or the availability of inputs.

Acquisitions and Dispositions

The Group makes acquisitions to take advantage of opportunities for consolidation, to grow the Group's capabilities in its existing markets or to enter new geographical or specialist markets. Acquisitions can result in the addition of new products, locations or capabilities and also the closing of existing ones related to vertical integration as the Group streamlines its operations. Both of these can have a significant impact on the Group's revenues from one period to the next and the profitability of the Group's business. See "— *Factors Affecting Comparability of Results*" below for an explanation of how certain acquisitions during the periods under review have affected the comparability of the Group's results across these periods.

With respect to recent acquisitions, for example, in the year ended December 31, 2022, the Group completed the Fiocchi Acquisition, which added €330.0 million in revenue for the year ended December 31, 2023. Furthermore, in the year ended December 31, 2024, the Group completed the Kinetic Group Acquisition, which has significantly bolstered the Group's presence in the U.S. as well as expanded the Group's product and manufacturing capabilities in the Group's CSG Ammo+ sector. Further, the Group announced the Walsrode Industry Park Acquisition, related to the production of large-calibre ammunition based in Germany, where the Group acquired in May 2025 a nitrocellulose production plant, and the industrial park in which the plant is located. Furthermore, in 2024, the Group established a joint venture with a Greek state-owned entity to resume large-calibre ammunition and TNT production, strengthening its vertical integration and ensuring security of supply for critical inputs across the Group's European defence portfolio.

As part of its ongoing growth strategy, the Group is actively evaluating a range of potential acquisition targets across various sizes, spanning complementary technologies, geographies, and capabilities. These discussions are at a preliminary stage, and none of the potential transactions are currently subject to exclusivity arrangements or have reached the stage of a recommended offer. Any acquisitions the Group pursues may be funded through a variety of sources. There can be no assurance that any of these acquisition opportunities will result in completed transactions or that, if completed, they will achieve the intended strategic or financial benefits.

Long-Term Contracts

Most of the Group's revenue comes from contracts that do not allow the Group to increase prices if its costs rise unexpectedly during the delivery of the contract. In rare exceptions, the Group is able to incorporate pass through clauses in the Group's contracts; however, this is becoming increasingly prevalent. Actual costs may exceed the projected costs on which the prices are agreed and, since these contracts can extend over many years, it can be difficult to predict the ultimate outturn costs. However, the long-term nature of these contracts, many of which are structured as take-or-pay arrangements, provide strong revenue visibility and support multi-year planning, making the Group's revenue more predictable.

The Group has implemented multiple risk mitigation strategies for possible cost volatility. While most contracts do not allow the Group to pass through unexpected cost increases, for certain mid- to long-term contracts, the Group is able to negotiate inflation adjustment clauses that partially offset increases in labour,

energy, and general input costs. For contracts involving critical raw materials with volatile pricing, such as powder or TNT, the Group incorporates price adjustment or renegotiation mechanisms to preserve margin integrity.

In parallel, the Group is actively reducing cost exposure through strategic supply chain initiatives, such as entering long-term supply agreements with fixed pricing for key materials and components and investing in vertical integration to secure control over critical inputs, such as the recent Walsrode Industrial Park Acquisition, through which the Group is developing in-house nitrocellulose production to support 100% of the Group's medium- and large-calibre ammunition capacity. Additionally, the Group's Greek joint venture further reduces reliance on external suppliers for sensitive materials.

Backlog and Pipeline Dynamics

The Group monitors Backlog and Pipeline as key indicators of future revenue visibility. The Group recorded a 126% *pro forma* revenue CAGR between 2022 and 2024, reflecting strong conversion of Backlog and Pipeline into revenue. As of September 30, 2025, the Group's total Backlog exceeded €14 billion. The Group categorizes backlog orders as orders from signed and effective contracts, long-term framework agreements and contracts that are not yet fully finalized and effective but based on the previous experience and nature of negotiation, are counted towards forecasts as nearly certain. The Group's multi-stage backlog, comprising fixed (signed and effective), frame (long-term framework agreements for which the specific conditions of fulfilment to be negotiated at later stages), and soft backlog (contracts that are not yet fully finalised and effective but based on previous experience and nature of negotiations), provides high revenue visibility, with historically strong conversion rates from soft to frame and fixed backlog, underscoring the reliability of backlog as an indicator of future revenue. Historically, the Group's actual sales have exceeded year-end Backlog levels. Actual sales for the year ending December 31, 2024 in the Group's CSG Defence Systems segment reached €3.4 billion, reflecting strong order conversion and additional in-year bookings.

As of September 30, 2025, the Group's total pipeline amounted to €18 billion. Pipeline projects include projects in various stages of negotiation deemed reasonably achievable based on previous experience in the market and with customer.

As of September 30, 2025, M&L Ammo accounted for the largest share of the Group's total Backlog and Pipeline with €17 billion consisting of €8.6 billion of Backlog and €7.9 billion of Pipeline.

Research and Development

Levels of the Group's R&D spending from period to period depend in part on the lifecycle of the Group's products and programs. In recent years, such spending increased in line with the launch of a number of new programs, in particular in the Group's defence electronics sub-segment in the CSG Defence Systems segment (formerly CSG Aerospace). The Group expects R&D spending to continue to increase, as the Group and its competitors need to continually invest in innovation.

The Group estimates that R&D represents an average of approximately 1%-2% of its revenue each year. Consistent with the long-term needs and nature of the business, the Group has made, and expect to continue to make, significant technology and R&D investments. However, the Group expects overall R&D expenditure to decrease, measured as R&D as a proportion of underlying revenues going forward, as a result of the Kinetic Group Acquisition since the Kinetic Group is primarily focused on the manufacturing of ammunition products (cartridges, cases, bullets, etc.) where R&D needs are lower compared to other segments of the Group. Over the last three years, the Group has invested more than €250 million in R&D to support and develop its technology portfolio.

Expenditure incurred on R&D is distinguished as relating either to a research phase or to a development phase. All research phase R&D related costs are charged to the income statement. R&D costs, categorized as development expenditure, are capitalized as an internally generated intangible asset rather than charged to the income statement, only if they meet strict criteria, relating in particular to technical feasibility and generation of future economic benefits. If not capitalized, then these costs are charged to the income statement.

Financing

In order to fund its acquisitions and continuing operations, the Group borrows money from multiple lenders in different jurisdictions. This includes the Existing Local Law Senior Secured Notes, Existing Local Law Unsecured Notes, the 2031 Notes and the Existing Senior Facilities, the Group's lease liabilities and bilateral loan facilities. A significant portion of the Group's cash flow from operating activities must be dedicated to the payment of principal and interest on the Group's borrowings and lease liabilities. See "*Risk Factors—The Group's debt service obligations, which may increase in the future, could adversely affect the Group's implementation of the Group's strategy and may in certain conditions restrict the Group's ability to incur or guarantee additional indebtedness in the future*." As a result, higher debt levels and any increase in interest rates applicable to the floating portion of the Group's debt may lead to higher financial expenses and reduce the Group's profit before tax.

Seasonality

The Group's revenues, operating profit, working capital levels, and cash flows are subject to significant seasonal influences and generally reflect activity fluctuations and related demand fluctuations for the Group's products. A significant share of the Group's annual revenues is typically generated in the third and fourth fiscal quarters, which coincides with government contract spending where governments approve and draw down their annual budgets prior to the year-end. As a result, the Group often experiences working capital outflows in the first and second quarters, driven by upfront project costs and inventory build-up, followed by stronger cash inflows in the third and fourth quarters as revenues are recognized and payments are received. Following the Kinetic acquisition, structural improvements in cash management have strengthened cash conversion. For example, cash conversion has remained near 90% (2024: 89%, 2024PF: 91%, 9M 2025: 90%) despite increased growth investments, underscoring the Group's ability to generate strong cash flow from operations and self-fund expansion while maintaining liquidity discipline even during seasonal working capital swings.

Furthermore, due to the project-driven nature of the Group's business, the Group's revenues for any period can be influenced by large orders and may not necessarily be comparable to sales generated and/or services provided during the same period in other years.

Corporate Tax

Taxation can have a significant impact on the Group's results of operations. The Group is subject to income tax in the Czech Republic, Slovakia, Serbia, Italy, Spain, the United Kingdom, the United States, Greece, India and Poland. The Group had a cumulative income tax expense of €182 million for the nine months ended September 30, 2025 and €212 million for the year ended December 31, 2024. The Group recognizes deferred tax assets on unused tax losses where it is probable that future taxable profits will be available for utilization. This requires the Group's management to make judgements and assumptions regarding the amount of deferred tax that can be recognized, as well as the likelihood of future taxable profits. The Group is entitled to fully deduct interest expenses that do not exceed interest income.

Exchange rates and inflation

The Group's local operating subsidiaries generate revenue, incur overhead costs and record their financial results in their respective local currencies (predominately Czech koruna, Euro and U.S. dollars) while the Group's consolidated financial results are reported in euros. Where transaction risk is considered to be material, these currency flows are covered by appropriate foreign currency hedging instruments. However, to the extent not covered by these instruments, a significant movement of one of the Group's functional currencies in relation to euros could significantly impact the Group's financial results as reported in euros and could have a significant negative impact on the Group's financial position and cash flows. See "*Risk Factors—An exposure to adverse fluctuations in currency exchange rates may affect the Group's ability to maintain the Group's current margin structure*."

Factors Affecting Comparability of Results

Historical results of operations for the periods presented are not entirely comparable between years for the reasons set forth below:

Segment Disclosure

In connection with the Group's ongoing review of its business operations and strategic priorities, as of January 1, 2025, the Group has transitioned from reporting five business segments (CSG Defence, CSG Aerospace, CSG Ammo+, CSG Mobility and Other) to a new structure comprising of two reportable business segments: CSG Defence Systems and CSG Ammo+, with all other activities included under CSG Other. Under the new segment structure:

- CSG Defence Systems encompasses the activities previously reported under both CSG Defence and CSG Aerospace.

- CSG Ammo+ remains unchanged.

This realignment is intended to better reflect the Group's operational focus and strategic direction, concentrating its resources and management's attention on defence related activities. However, as a result of these changes, the financial information presented for the nine months ended September 30, 2025 and any future financial information presented may not be directly comparable to prior periods, which were prepared under the previous segment structure.

The Kinetic Acquisition aligns with this segmental realignment as it significantly expanded the Group's defence-related business, particularly in the area of ammunition manufacturing and supply. Integrating the Kinetic Group into the new segment structure reinforces the Group's commitment to defence as its core business and supports the strategic objective of consolidating and growing its presence in key defence markets such as the United States.

Other Disposals

As part of its ongoing strategic review, the Group has undertaken a series of disposals of non-core subsidiaries and related assets. These transactions were designed to streamline the Group's operations and focus resources on its core business segments, namely CSG Defence Systems and CSG Ammo+, with only a marginal impact on the Group's financial performance and size.

On September 30, 2025, the Group disposed of shareholdings in certain subsidiaries operating within the civil and aerospace business lines. In connection with the Group's transaction perimeter restructuring, various non-core activities (including CSG Mobility and Envercote (CSG Healthcare) and other subsidiaries) were carved out as of September 2025.

These disposals are not expected to have a material impact on the Group's consolidated financial position or results of operations, given the limited contribution of the disposed assets to its consolidated EBITDA. The transactions resulted in a €275 million outstanding receivable from an affiliate of the Selling Shareholder in favour of the Group, which is expected to be settled in the first half of 2026.

The Kinetic Group Acquisition

On November 27, 2024, the Group completed the Kinetic Group Acquisition for consideration of U.S.$2,290,845 thousand.

the Kinetic Group's results of operations and production have been consolidated with the Group's results of operations following completion of the Kinetic Group Acquisition. As of December 31, 2024, the Group's financial statements included a combined CSG and Kinetic Group balance sheet and an income statement that includes profit or loss information of the Kinetic Group only for the period following completion of the Kinetic Group Acquisition through December 31, 2024. Therefore, the financial information for the year ended December 31, 2024 is not directly comparable to the Group's results of operations for the equivalent periods in 2023 and 2022, which do not include the Kinetic Group. Additionally, the Group's results of operations for the years ended December 31, 2023 and 2022, which do not reflect the Kinetic Group results of operations, may not be indicative of the Group's year-end results going forward. The Group believes that the Kinetic Group fits well in the Group's existing structure within the CSG Ammo+ segment, and that the Group's knowledge of the Kinetic Group's operations has enabled an efficient process of integration involving an expert team consisting of technical, finance and operations personnel.

The Fiocchi Acquisition

On November 24, 2022, the Group completed the purchase of 70% of the outstanding shares of the Fiocchi Group (the "**Initial Fiocchi Acquisition**").

The Fiocchi Group's results of operations and production have been consolidated with the Group's results of operations following completion of the Initial Fiocchi Acquisition. As of December 31, 2023, the Group's financial statements included a combined CSG and Fiocchi Group balance sheet and an income statement that includes profit and loss information of the Fiocchi Group for a full year period from January 1, 2023. Therefore, the financial information for the years ended December 31, 2024 and December 31, 2023 is not directly comparable to the Group's results of operations for the equivalent period in 2022, which do not include the Fiocchi Group. Additionally, the Group's results of operations for the year ended December 31, 2022, which do not reflect the Fiocchi Group results of operations, may not be indicative of the Group's year-end results going forward. Further, on April 15, 2025, the Group conducted the Subsequent Fiocchi Acquisition (together with the Initial Fiocchi Acquisition, the "**Fiocchi Acquisition**"). The Fiocchi Acquisition resulted in the creation of the Group's Ammo+ segment of small-calibre ammunition and strengthened the Group's global profile with production in Italy, the UK and the US.

Recent Developments

As of the date of this Prospectus, there has been no significant change in the financial performance of the Group since September 30, 2025. The Group continues to trade in line with the directors' expectations and the year-end 2025 estimates for Revenues and Adjusted Operating EBIT margin, with no material qualitative developments that would impact current trading.

For the year ended December 31, 2025, the Company currently expects that the revenue split between the Group's sub segments will be broadly in line with the splits reported for such sub segments contained in the Group's unaudited interim financial statements for the nine months ended September 30, 2025. Going forward, the Group believes the financial performance trend will continue and that there will be no significant changes to the financial position of the Group, which cannot be attributed to the ordinary course of business.

In the fourth quarter of 2025, the Group secured several significant contracts that are expected to support future growth and reinforce its position in the defence and manufacturing sectors:

- In December 2025, the Group secured a contract valued at several hundred million US dollars to supply small-calibre ammunition to the Ministry of Defence of a Southeast Asian state.
- In December 2025, TATRA Defence, a member of the Group, signed a strategic contract with KNDS Deutschland for the production of hulls for Leopard 2A8 main battle tanks.
- In December 2025, TATRA Defence Slovakia, a member of the Group, was awarded a $1 billion+ production contract for 4,000 Tatra vehicles for a South-East Asian client.
- The Group's Slovak subsidiary, ZVS Holding, secured a framework agreement with Slovakia's Ministry of Defence in December 2025 to supply up to €58 billion worth of large and medium-calibre ammunition to Slovakia and other EU member states over seven years.

Key Income Statement Items

Set forth below is a brief description of the key line items of the Group's consolidated statement of profit or loss:

Revenues

Revenue is recognized when the Group transfer control of the goods and services to the Group's customers and in the amount of the expected consideration. Following the fulfilment of specific requirements, revenue is reported either over time or at a point in time when control of goods or services is transferred. The Group enters into contracts with customers for different supplies and under different conditions.

The Group also presents a breakdown of revenues by geographic location. For further information on how it recognizes revenues and the breakdown of revenues by geographic location, please see Note 8 of the 2024 CSG Annual Financial Statements.

Raw material and consumables

Raw material and consumables is comprised of consumed material, movements in stock of products and work in progress, purchase costs of sold goods and change in allowance for inventory.

External costs

External costs is comprised of administrative costs and other external costs, services and supplies relating to production, transport and travel expenses, cost of energy, rental and repairs and maintenance.

Employee benefits expense

Employee benefits expense is comprised of payroll costs, social security and health insurance and other employee benefits costs.

Depreciation and amortisation expenses

Depreciation and amortisation expenses is comprised of the periodic allocation of the cost of tangible and intangible assets over their useful lives, reflecting the portion of asset value used during the period.

Other operating income

Other operating income is comprised of gain from the sale of tangible and intangible assets, gain from the sold receivables, proceeds from insurance claims, own assets capitalized and other non-core operating income.

Other operating expense

Other operating expense is comprised of loss from the sale of material, change in provisions, taxes and fees, insurance costs, other, charge/release of asset and inventory allowances and impairment losses and gains (including reversals of impairment losses) on financial assets and contract assets.

Financial income

Financial income is comprised of interest income, foreign exchange gain and other financial income.

Financial expense

Financial expense is comprised of interest expense, foreign exchange loss and interest expense from lease liabilities.

Other financial expense

Other financial expense includes loss on the sale of financial investments with the Group's share of less than 20% and other various financial charges not classified under interest or foreign exchange expenses.

Income tax

Income tax is comprised of current tax and deferred tax.

Results of Operations

Comparison of the Consolidated Statement of Profit or Loss for the Nine Months Ended September 30, 2025 with the Nine Months Ended September 30, 2024

	For the nine months ended September 30,	
	2025	**2024**
	(EUR thousands)	
Revenues	4,485,337	2,458,910

	For the nine months ended September 30,	
	2025	2024
	(EUR thousands)	
Raw material and consumables	(2,391,914)	(1,299,168)
External costs	(366,286)	(318,180)
Employee benefits expense	(440,387)	(167,090)
Depreciation and amortisation expenses	(117,884)	(42,245)
Other operating income	27,099	39,418
Other operating expense	(130,840)	(51,722)
Profit from operating activities	**1,065,125**	**619,923**
Financial income	26,564	18,061
Financial expense	(374,133)	(77,452)
Profit/(loss) from other financial instruments	(24,840)	(36,390)
Profit (loss) from financing activities	**(372,409)**	**(95,781)**
Share of profit / (loss) of associates and JVs, net	926	(4,838)
Profit / (loss) from the sale of equity interests	285	2,229
Profit before tax	**693,927**	**521,533**
Income tax	(182,444)	(104,146)
Net profit from continuing operations	**511,483**	**417,387**
Net profit/(loss) from discontinued operations	**1,772**	**(5,427)**
Total profit for the period	**513,255**	**411,960**

Revenues

Revenues increased by €2,026,427 thousand or 82.4%, to €4,485,337 thousand for the nine months ended September 30, 2025, from €2,458,910 thousand for the nine months ended September 30, 2024. The year-on-year growth was mainly driven by strong demand across all major product lines, particularly medium and large calibre ammunition, reflecting both the elevated geopolitical environment and the Group's expanded production and delivery capabilities. A significant portion of the existing backlog was also converted into revenue during the nine month period. The inclusion of the Kinetic Group Acquisition also supported overall revenue expansion.

The following table shows revenues from the Group's two reportable segments (and Other) for the periods indicated:

	For the nine months ended September 30,	
	2025	2024
	(EUR thousands)	
CSG Defence Systems	3,464,421	2,184,974
CSG Ammo+	1,019,209	271,480
Other*	81,669	27,903
Elimination of intersegment relations	(79,962)	(25,447)
Total revenues	**4,485,337**	**2,458,910**

* Other does not represent a reporting segment for the Group but rather a non-segmental classification for the Group's other activities that do not fall into its two reporting segments. Other constitutes 2% of the Group's revenues before elimination of intersegment relations for the nine months ended September 30, 2025.

Total revenues from CSG Defence Systems increased by €1,279,447 thousand or 58.6%, to €3,464,421 thousand for the nine months ended September 30, 2025 from €2,184,974 thousand for the nine months ended September 30, 2024. This increase was primarily a result of higher demand for large-calibre artillery systems primarily due to demand from Ukraine customers, including direct and indirect sales to Ukraine as well as companies engaged in supplying Ukraine's defence needs.

Total revenues from CSG Ammo+ increased by €747,729 thousand, to €1,019,209 thousand for the nine months ended September 30, 2025 from €271,480 thousand for the nine months ended September 30, 2024. This increase was a result of significant growth in ammunition volumes, driven by the integration of the Kinetic Group.

The following table shows revenues by geographic location for the periods indicated:

	For the nine months ended September 30,	
	2025	**2024**
	(EUR thousands)	
Europe (excluding Ukraine)	2,226,550	1,037,839
Ukraine	1,159,177	1,151,495
United States	815,866	132,158
Other	283,744	137,418
Total revenues	**4,485,337**	**2,458,910**

Total revenues from Europe (excluding Ukraine) increased by €1,188,711 thousand, to €2,226,550 thousand for the nine months ended September 30, 2025, from €1,037,839 thousand for the nine months ended September 30, 2024. The increase in revenues was primarily due to increased demand for ammunition and military equipment as European governments raised defence spending and sought to continue supporting Ukraine while also rebuilding their own military capacity.

Total revenues from Ukraine increased by €7,682 thousand, or 0.7%, to €1,159,177 thousand for the nine months ended September 30, 2025, from €1,151,495 thousand for the nine months ended September 30, 2024. Revenues remained relatively stable, reflecting consistent demand driven by the ongoing conflict and high usage rates of military equipment and ammunition.

Total revenues from the United States increased by €683,708 thousand, to €815,866 thousand for the nine months ended September 30, 2025, from €132,158 thousand for the nine months ended September 30, 2024. The increase in revenues was driven by the integration of the Kinetic Group Acquisition, slightly offset by challenging market conditions and the impact of tariffs.

Total revenues from the other regions increased by €146,326 thousand, to €283,744 thousand for the nine months ended September 30, 2025, from €137,418 thousand for the nine months ended September 30, 2024.

Raw material and consumables

Raw material and consumables costs increased by €1,092,746 thousand, or 84.1%, to €2,391,914 thousand for the nine months ended September 30, 2025, from €1,299,168 thousand for the nine months ended September 30, 2024. This increase in costs was primarily driven by higher sales volumes in line with revenue growth and delivery activity, as well as increased costs for copper, propellants and other materials used in ammunition production. The increase was also partially a result of impacts of tariffs. Raw material and consumables as a portion of the Group's revenues in the nine months ended September 30, 2025 represented 53.3%, compared to 52.8% in the nine months ended September 30, 2024. The ratio of raw materials and consumables to revenue remained stable, evidencing efficient cost control and improved production yields despite macroeconomic pressures.

External costs

External costs increased by €48,106 thousand, or 15.1%, to €366,286 thousand for the nine months ended September 30, 2025 from €318,180 thousand for the nine months ended September 30, 2024. The increase was primarily driven by higher spending on production-related services and external supplies, consistent with increased operational activity and higher production and delivery volumes, especially in the defence and ammunition segments. External costs as a portion of the Group's revenues in the nine months ended September 30, 2025 represented 8.2%, compared to 12.9% in the nine months ended September 30, 2024., demonstrating improved scale efficiency and operating leverage.

Employee benefits expense

Employee benefits expense increased by €273,297 thousand, to €440,387 thousand for the nine months ended September 30, 2025, from €167,090 thousand for the nine months ended September 30, 2024. Employee benefits as a portion of the Group's revenues in the nine months ended September 30, 2025 represented 9.8%, compared to 6.8% in the nine months ended September 30, 2024. The increase in expenses was primarily due to an increase in payroll costs as a result of an increase in employee numbers and increase of number of employees due to the Kinetic Group acquisition.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by €75,639 thousand, to €117,884 thousand for the nine months ended September 30, 2025, from €42,245 thousand for the nine months ended September 30, 2024. Depreciation and amortisation expenses as a portion of the Group's revenues in the nine months ended September 30, 2025 represented 2.6%, compared to 1.7% in the nine months ended September 30, 2024. The increase primarily reflects the Group's continued capital investment program within CSG Defence Systems, including the commissioning of new production lines, facility expansions, and automation projects aimed at increasing output across the segments.

In addition, depreciation and amortisation were affected by the acquisition of The Kinetic Group, completed in late 2024, which contributed a full nine months of amortisation on the newly consolidated asset base in 2025.

The increase further includes the impact of purchase price allocation (PPA) adjustments related to the acquisition.

Other operating income

Other operating income decreased by €12,319 thousand, or 31.3%, to €27,099 thousand for the nine months ended September 30, 2025, from €39,418 thousand for the nine months ended September 30, 2024. The decrease mainly reflects a lower level of non-recurring income items such as gains from the sale of materials, and reduced operating-related gains recognized during the period.

Other operating income in the nine months ended September 30, 2025 primarily comprised of various ancillary operating revenues generated in the ordinary course of business.

Other operating expense

Other operating expense increased by €79,118 thousand, to €130,840 thousand for the nine months ended September 30, 2025, from €51,722 thousand for the nine months ended September 30, 2024. This increase primarily reflects higher insurance costs and taxes and fees associated with the expansion of overall business activity, as well as charges related to provisions and inventory allowances following the consolidation of new business lines and investments in operational infrastructure.

Other operating expense (net) totalled €103,741 thousand for the nine months ended September 30, 2025, and as a portion of the Group's revenues for the nine months ended September 30, 2025 represented 2.3%.

Financial income

Financial income increased by €8,503 thousand, to €26,564 thousand for the nine months ended September 30, 2025, from €18,061 thousand for the nine months ended September 30, 2024. The increase was primarily driven by foreign exchange gains, resulting from higher transaction volumes and the Group's active foreign exchange hedging policy.

Financial expense

Financial expense increased by €296,681 thousand, to €374,133 thousand for the nine months ended September 30, 2025, from €77,452 thousand for the nine months ended September 30, 2024. The increase in financial expense was primarily driven by higher interest expense resulting from the overall growth in the Group's financial indebtedness. This includes the new financing raised for the acquisition of The Kinetic Group at the end of 2024, the additional debt obtained for the nitrocellulose business in Germany during 2025 and further borrowing to support the Group's expansion and investment activities. In addition, financial expenses were affected by foreign exchange losses.

Profit (loss) from other financial instruments

Loss from other financial instruments decreased by €11,550 thousand, or 31.7%, to a loss of €24,840 thousand for the nine months ended September 30, 2025, from a loss of €36,390 thousand for the nine

months ended September 30, 2024. The improvement was due to less adverse fair value movements and reduced losses on financial assets compared to the prior period.

Income tax

Income tax increased by €78,298 thousand, or 75.2%, to €182,444 thousand for the nine months ended September 30, 2025 from €104,146 thousand for the nine months ended September 30, 2024. The increase in income tax was primarily due to increased profit before tax and partially due to an increase tax deductible finance expense.

Net profit from continuing operations

Net profit from continuing operations increased by €94,096 thousand, or 22.5%, to €511,483 thousand for the nine months ended September 30, 2025, from €417,387 thousand for the nine months ended September 30, 2024. The increase was primarily due to higher operating income driven by improved revenue performance across core business segments.

Net profit from discontinued operations

Net profit from discontinued operations increased by €7,199 thousand to €1,772 thousand for the nine months ended September 30, 2025, compared to a net loss of €5,427 thousand for the nine months ended September 30, 2024. The increase was primarily due to the completion of restructuring activities and the disposal of underperforming assets.

Total profit for the period

Total profit for the period increased by €101,295 thousand, or 24.6%, to €513,255 thousand for the nine months ended September 30, 2025 from €411,960 thousand for the nine months ended September 30, 2024.

Comparison of the Consolidated Statement for the Financial Year ended December 31, 2024 with the Financial Year ended December 31, 2023

	For the years ended December 31,	
	2024	**2023**
	(*EUR thousands*)	
Revenues	4,008,614	1,734,430
Raw material and consumables	(2,157,664)	(840,848)
External costs	(442,284)	(245,255)
Employee benefits expense	(286,212)	(222,385)
Depreciation and amortisation expenses	(66,291)	(60,654)
Other operating income	61,028	46,486
Other operating expense	(104,318)	(33,647)
Profit from operating activities	**1,012,873**	**378,127**
Financial income	165,850	23,154
Financial expense	(378,336)	(104,107)
Profit/(loss) from other financial instruments	43,526	(20,659)
Profit (loss) from financing activities	**(168,960)**	**(101,612)**
Share of profit / (loss) of associates and JVs, net	(300)	647
Profit / (loss) from the sale of equity interests	2,225	1,766
Profit before tax	**845,838**	**278,928**
Income tax	(212,451)	(68,717)
Net profit from continuing operations	**633,387**	**210,211**
Total profit for the period	**633,387**	**210,211**

Revenues

Revenues increased by €2,274,184, to €4,008,614 thousand for the year ended December 31, 2024 from €1,734,430 thousand for the year ended December 31, 2023. The increase in revenues was primarily a result of an increase in revenues in the Group's CSG Defence segment driven by strong demand, as well as the single month contribution of the Kinetic Group following the Kinetic Group Acquisition.

On a *pro forma* basis for the Kinetic Acquisition, total revenues for the year ended December 31, 2024 were €5,182,195 thousand.

The following table shows revenues from the Group's five operating segments for the periods indicated:

	For the years ended December 31,	
	2024	2023
	(*EUR thousands*)	
CSG Defence	3,301,218	1,167,185
CSG Aerospace	288,661	256,007
CSG Ammo+	482,191	375,570
CSG Mobility	77,823	67,363
Other	102,329	39,615
Elimination of intersegment relations	(243,608)	(171,310)
Total revenues	**4,008,614**	**1,734,430**

Total revenues from the CSG Defence segment increased by €2,134,033 thousand, to €3,301,218 thousand for the year ended December 31, 2024 from €1,167,185 thousand for the year ended December 31, 2023. The increase in revenues was primarily due to an increase in demand for goods and production as a result of the Ukraine War as well as repairs of military machinery.

Total revenues from the CSG Aerospace segment increased by €32,654 thousand or 12.8%, to €288,661 thousand for the year ended December 31, 2024 from €256,007 thousand for the year ended December 31, 2023. The increase in revenues was primarily due to the expansion of the Group's production capacities of products and components and the acquisition of smARtoo, a Czech company specializing in software solutions with augmented reality, in September 2024.

Total revenues from the CSG Ammo+ segment increased by €106,621 thousand, to €482,191 thousand for the year ended December 31, 2024 from €375,570 thousand for the year ended December 31, 2023. The increase in revenues was primarily due to the Kinetic Group Acquisition.

Total revenues from the CSG Mobility segment increased by €10,460 thousand or 15.5%, to €77,823 thousand for the year ended December 31, 2024 from €67,363 thousand for the year ended December 31, 2023. The increase in revenues was primarily due to increased sales of rail brake systems.

Total revenues from the other segment increased by €62,714 thousand, to €102,329 thousand for the year ended December 31, 2024 from €39,615 thousand for the year ended December 31, 2023. The increase in revenues was primarily due to full year consolidation of Armi Perazzi S.p.A., an Italian shotgun manufacturing company, and increased sales of special containers.

The following table shows revenues by geographic location for the periods indicated:

	For the years ended December 31,	
	2024	2023
	(*EUR thousands*)	
Europe (excluding Ukraine)	1,750,093	889,316
Ukraine	1,714,509	399,432
United States	268,847	230,838
Other	275,165	214,844
Total revenues	**4,008,614**	**1,734,430**

Revenues from Europe (including Ukraine) represented 86.4% of total revenues in 2024, compared to 74.3% in 2023, with Europe (excluding Ukraine) representing 43.7% of total revenues in 2024 and Ukraine representing 42.8% of total revenues for the same period. The increase in concentration of revenues from Europe was primarily due to increased defence budgets, and a strategic push for enhanced security capabilities, particularly in response to ongoing conflicts and evolving global threats.

Total revenues from Europe (excluding Ukraine) increased by €860,777 thousand or 96.8%, to €1,750,093 thousand for the year ended December 31, 2024 from €889,316 thousand for the year ended December 31, 2023. The increase in revenues was primarily due to increased demand of the Group's products and services within the CSG Defence segment, especially within the Czech Republic.

Total revenues from Ukraine increased by €1,315,077 thousand, to €1,714,509 thousand for the year ended December 31, 2024 from €399,432 thousand for the year ended December 31, 2023. The increase in revenues was primarily due to the continued increase in demand as a result of the Ukraine War.

Total revenues from the United States increased by €38,009 thousand or 16.5%, to €268,847 thousand for the year ended December 31, 2024 from €230,838 thousand for the year ended December 31, 2023. The increase in revenues was primarily due to the Group's increased presence in the United States as a result of the Kinetic Group Acquisition.

Total revenues from the other regions increased by €60,321 thousand or 28.1%, to €275,165 thousand for the year ended December 31, 2024 from €214,844 thousand for the year ended December 31, 2023. The increase in revenues was primarily due to the Group's increased presence in these regions.

Raw material and consumables

Raw material and consumables costs increased by €1,316,816 thousand, to €2,157,664 thousand for the year ended December 31, 2024. This increase reflects the scale of the Group's business expansion and higher production volumes as the Group increased output to meet growing demand in 2024. Despite higher material, energy, and logistics costs, the Group maintained profitability through rigorous cost controls, process optimization, and strategic sourcing. The ability to manage input costs effectively while upholding high production standards casts a positive light on the Group's operational efficiency and financial discipline. Raw material and consumables costs as a portion of the Group's revenues in 2024 represented 53.8%, compared to 48.5% in 2023.

On a *pro forma* basis for the Kinetic Acquisition, raw material and consumables costs comprised €2,628,355 thousand for the year ended December 31, 2024, or 51% of revenues for the year ended December 31, 2024 on a *pro forma* basis for the Kinetic Acquisition.

External costs

External costs increased by €197,029 thousand, or 80.3%, to €442,284 thousand for the year ended December 31, 2024 from €245,255 thousand for the year ended December 31, 2023. The increase in external costs was primarily due to an increase in administrative costs and an increase in services and supplies relating to production. External costs as a portion of the Group's revenues in 2024 represented 11.0%, compared to 14.1% in the year ended December 31, 2023.

On a *pro forma* basis for the Kinetic Acquisition, external costs comprised €533,654 thousand for the year ended December 31, 2024, or 10.3% of revenues for the year ended December 31, 2024 on a *pro forma* basis for the Kinetic Acquisition.

Employee benefits expense

Employee benefits expense increased by €63,827 thousand, or 28.7%, to €286,212 thousand for the year ended December 31, 2024 from €222,385 thousand for the year ended December 31, 2023. The increase in expenses was primarily driven by the hiring of additional employees to support growth. Despite the increase in personnel expenses, their proportion to revenue decreased to 7.1% for the year ended December 31, 2024 compared to 12.8% for the year ended December 31, 2023, demonstrating effective cost management and productivity improvements across various functions.

On a *pro forma* basis for the Kinetic Acquisition, employee benefits expense comprised €605,033 thousand for the year ended December 31, 2024, or 11.7% of revenue for the year ended December 31, 2024 on a *pro forma* basis for the Kinetic Acquisition.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by €5,637 thousand, or 9.3%, to €66,291 thousand for the year ended December 31, 2024 from €60,654 thousand for the year ended December 31, 2023. Depreciation and amortisation expenses as a portion of the Group's revenues in 2024 represented 1.7%, compared to 3.5% in the year ended December 31, 2023. The increase was primarily due to ongoing investments in production infrastructure, modern equipment, and advanced technologies to support the Group's growth trajectory. By reinvesting in critical assets, the Group ensures long-term operational efficiency and capacity expansion, preserving the Group's competitive edge in a high-demand market.

On a *pro forma* basis for the Kinetic Acquisition, depreciation and amortisation expenses comprised €150,801 thousand for the year ended December 31, 2024, or 2.9% of revenues for the year ended December 31, 2024 on a *pro forma* basis for the Kinetic Acquisition.

Other operating income and expense

Other operating income increased by €14,542 thousand, to €61,028 thousand for the year ended December 31, 2024 from €46,486 thousand for the year ended December 31, 2023, primarily driven by revenue from non-core operational activities of the Group, reflecting the Group's ability to maximise returns from ancillary business activities.

Other operating expense increased by €70,671 thousand, to €104,318 thousand for the year ended December 31, 2024 from €33,647 thousand for the year ended December 31, 2023, primarily due to an increase in other category of operating expenses such as sale of investment real estate.

On a *pro forma* basis for the Kinetic Acquisition, other operating income comprised of €60,851 thousand for the year ended December 31, 2024 and other operating expense comprised of €133,875 thousand for the year ended December 31, 2024. Other operating income and other operating expense (net) comprised of €73,024 thousand, or 1.4% of revenues for the year ended December 31, 2024 on a *pro forma* basis for the Kinetic Acquisition.

Financial income

Financial income increased by €142,696 thousand, to €165,850 thousand for the year ended December 31, 2024 from €23,154 thousand for the year ended December 31, 2023. The increase was attributable to foreign exchange gains recognized during the period.

Financial expense

Financial expense increased by €274,229 thousand, to €378,336 thousand for the year ended December 31, 2024 from €104,107 thousand for the year ended December 31, 2023. The increase was primarily driven by foreign exchange losses as well as financing costs associated with recent strategic initiatives and the Kinetic Group Acquisition.

Profit/(loss) from other financial instruments

Profit/(loss) from other financial instruments increased by €64,185 thousand, to a profit of €43,526 thousand for the year ended December 31, 2024, from a loss of €20,659 thousand for the year ended December 31, 2023. The improvement was primarily driven by favourable fair value movements and higher gains on financial instruments compared to the prior year.

Income tax

Income tax increased by €143,734 thousand, to €212,451 thousand for the year ended December 31, 2024 from €68,717 thousand for the year ended December 31, 2023. The increase in income tax was primarily due to an increase in current tax as a result of higher profit.

Total profit for the period

As a result of the factors above, total profit for the period increased by €423,176 thousand, to €633,387 thousand for the year ended December 31, 2024 from €210,211 thousand for the year ended December 31, 2023.

Comparison of the Consolidated Statement for the Financial Year ended December 31, 2023 with the Financial Year ended December 31, 2022

	For the years ended December 31,	
	2023	**2022**
	(*EUR thousands*)	
Revenues	1,734,430	1,014,966
Raw material and consumables	(840,848)	(542,654)
External costs	(245,255)	(168,477)
Employee benefits expense	(222,385)	(101,157)

	For the years ended December 31,	
	2023	2022
	(*EUR thousands*)	
Depreciation and amortisation expenses	(60,654)	(28,288)
Other operating income	46,486	16,963
Other operating expense	(33,647)	(28,789)
Profit from operating activities	**378,127**	**162,564**
Financial income	23,154	14,098
Financial expense	(104,107)	(39,471)
Profit/(loss) from other financial instruments	(20,659)	34,184
Profit (loss) from financing activities	**(101,612)**	**8,811**
Share of profit / (loss) of associates and JVs, net	647	9,921
Profit / (loss) from the sale of equity interests	1,766	418
Profit before tax	**278,928**	**181,714**
Income tax	(68,717)	(40,577)
Net profit from continuing operations	**210,211**	**141,137**
Total profit for the period	**210,211**	**141,137**

Revenues

Revenues increased by €719,464 thousand or 70.9%, to €1,734,430 thousand for the year ended December 31, 2023 from €1,014,966 thousand for the year ended December 31, 2022. The increase in revenues was primarily a result of an increase in the Group's CSG Defence and CSG Ammo+ operating segments due to the ongoing Ukraine War as well as the Fiocchi Acquisition at the end of 2022.

The following table shows revenues from the Group's five operating segments for the periods indicated:

	For the years ended December 31,	
	2023	2022
	(*EUR thousands*)	
CSG Defence	1,167,185	770,957
CSG Aerospace	256,007	104,139
CSG Ammo+	375,570	26,455
CSG Mobility	67,363	97,131
Other	39,615	40,842
Elimination of intersegment relations	(171,310)	(24,558)
Total revenues	**1,734,430**	**1,014,966**

Total revenues from the Group's CSG Defence segment increased by €396,228 thousand or 51.4%, to €1,167,185 thousand for the year ended December 31, 2023 from €770,957 thousand for the year ended December 31, 2022. The increase in revenues was primarily due to an increase in the Group's production and repair services for military machinery and production and resale of M&L calibre ammunition.

Total revenues from the Group's CSG Aerospace segment increased by €151,868 thousand, to €256,007 thousand for the year ended December 31, 2023 from €104,139 thousand for the year ended December 31, 2022. The increase in revenues was primarily due to increase in sales of radars and supporting technology to land system vehicles.

Total revenues from the Group's CSG Ammo+ segment increased by €349,115 thousand, to €375,570 thousand for the year ended December 31, 2023 from €26,455 thousand for the year ended December 31, 2022. The increase in revenues was primarily due to the Fiocchi Acquisition.

Total revenues from the Group's CSG Mobility segment decreased by €29,768 thousand, to €67,363 thousand for the year ended December 31, 2023 from €97,131 thousand for the year ended December 31, 2022. The decrease in revenues was primarily due to decreased sales in rail brake systems and in supporting features for vehicles.

The following table shows revenues by geographic location for the periods indicated:

	For the years ended December 31,	
	2023	**2022**
	(*EUR thousands*)	
Europe (excluding Ukraine)	889,316	462,247
Ukraine	399,432	416,299
United States	230,838	19,549
Other	214,844	116,871
Total revenues	**1,734,430**	**1,014,966**

Revenues from Europe (excluding Ukraine) represented 51.3% of total revenues in 2023, compared to 45.5% in 2022. This increase in concentration of revenues from Europe (excluding Ukraine) was primarily due to heightened geopolitical tensions, increased defence budgets and aid to Ukraine, and a strategic push for enhanced security capabilities.

Total revenues from Europe (excluding Ukraine) increased by €427,069 thousand or 92.4%, to €889,316 thousand for the year ended December 31, 2023 from €462,247 thousand for the year ended December 31, 2022. The increase in revenues was primarily due to increased demand for the Group's products and services in the defence industry within Europe following the outbreak of the conflict in Ukraine.

Total revenues from Ukraine decreased by €16,867 thousand or 4.1%, to €399,432 thousand for the year ended December 31, 2023 from €416,299 thousand for the year ended December 31, 2022. The decrease in revenues was primarily due to the increased contribution and support of military aid and supplies to Ukraine from third parties rather than through the Group.

Total revenues from the United States increased by €211,289 thousand, to €230,838 thousand for the year ended December 31, 2023 from €19,549 thousand for the year ended December 31, 2022. The increase in revenues was primarily due to the Fiocchi Acquisition, which drove the Group's expansion into the U.S. market in the CSG Ammo+ segment.

Total revenues from the other regions increased by €97,973 thousand or 83.8%, to €214,844 thousand for the year ended December 31, 2023 from €116,871 thousand for the year ended December 31, 2022. The increase in revenues was primarily due to an increase in demand for the Group's products and services in the defence industry.

Raw material and consumables

Raw material and consumables costs increased by €298,194 thousand, or 55.0%, to €840,848 thousand for the year ended December 31, 2023 from €542,654 thousand for the year ended December 31, 2022. The increase in costs was primarily due to an increase in consumed material due to the growth in revenue. Raw material and consumables costs as a portion of the Group's revenues in 2023 represented 48.5%, compared to 53.5% in 2022.

External costs

External costs increased by €76,778 thousand, or 45.6%, to €245,255 thousand for the year ended December 31, 2023 from €168,477 thousand for the year ended December 31, 2022. The increase in external costs was primarily due to an increase in costs of suppliers and other external costs, services and supplies relating to production and transport and travel expenses. External costs as a portion of the Group's revenues in 2023 represented 14.1%, compared to 16.6% in 2022.

Employee benefits expense

Employee benefits expense increased by €121,228 thousand, to €222,385 thousand for the year ended December 31, 2023 from €101,157 thousand for the year ended December 31, 2022. Employee benefits expense as a portion of the Group's revenues in 2023 represented 12.8%, compared to 10.0% in 2022. The increase in expenses was primarily due to an increase in payroll costs due to the full year integration of Fiocchi as well as social security and health insurance from the Group's increased headcount.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by €32,366 thousand, to €60,654 thousand for the year ended December 31, 2023 from €28,288 thousand for the year ended December 31, 2022. Depreciation and amortisation expense as a portion of the Group's revenues in 2023 represented 3.5%, compared to 2.8% in 2022. The increase was primarily due to investments in the infrastructure of production facilities throughout the Group as well as full year consolidation of Fiocchi Group.

Other operating income

Other operating income increased by €29,523 thousand, to €46,486 thousand for the year ended December 31, 2023 from €16,963 thousand for the year ended December 31, 2022. The increase in other operating income was primarily due to gains from the sale of tangible and intangible assets such as sale of investment real estate.

Other operating expense

Other operating expense increased by €4,858 thousand, or 16.9%, to €33,647 thousand for the year ended December 31, 2023 from €28,789 thousand for the year ended December 31, 2022. The increase in other operating expense was primarily due to higher loss from the sale of material and impairment losses on gains on financial assets and contract assets.

Other operating income and other operating expense (net) amounted to other net operating income of €12,839 thousand for the year ended December 31, 2023, representing 0.7% of the Group's revenues for that year and other net operating expense of €11,826 thousand for the year ended December 31, 2022, which represented 1.2% of the Group's revenue in 2022.

Financial income

Financial income increased by €9,056 thousand, or 64.2%, to €23,154 thousand for the year ended December 31, 2023 from €14,098 thousand for the year ended December 31, 2022. The increase in financial income was primarily due to an increase in interest income stemming from expanded investments and loans over the course of the year.

Financial expense

Financial expense increased by €64,636 thousand, to €104,107 thousand for the year ended December 31, 2023 from €39,471 thousand for the year ended December 31, 2022. The increase in financial expense was primarily due to an increase in interest expense as a result of additional secured bank loans obtained for the acquisition of the Fiocchi Group.

Profit (loss) from other financial instruments

Profit/(loss) from other financial instruments decreased by €54,843 thousand, to a loss of €20,659 thousand for the year ended December 31, 2023, from a profit of €34,184 thousand for the year ended December 31, 2022. The decline was primarily driven by unfavourable changes in the fair value of financial instruments and reduced gains compared to the prior year.

Income tax

Income tax increased by €28,140 thousand, or 69.3%, to €68,717 thousand for the year ended December 31, 2023 from €40,577 thousand for the year ended December 31, 2022. The increase in income tax was primarily due to an increase in current tax as a result of increased profit and additional tax jurisdictions.

Total profit for the period

As a result of the factors above, total profit for the period increased by €69,074 thousand, or 48.9%, to €210,211 thousand for the year ended December 31, 2023 from €141,137 thousand for the year ended December 31, 2022.

Discussion of the new reportable segments revenue for the year ended December 31, 2024, December 31, 2023 and December 31, 2022

Total revenues from CSG Defence Systems increased by €2,154 million, or 167.1%, to €3,443 million for the year ended December 31, 2024 from €1,289 million for the year ended December 31, 2023. This increase was primarily a result of higher demand for large-calibre artillery systems primarily due to demand from Ukraine customers, including direct and indirect sales to Ukraine as well as companies engaged in supplying Ukraine's defence needs.

Total revenues from CSG Ammo+ (on a *pro forma* basis taking into account the full effect of the Kinetic group Acquisition) increased by €1,280 million or 340.4%, to €1,656 million for year ended December 31, 2024 from €376 million for the year ended December 31, 2023. This increase was primarily as a result of the Kinetic Group Acquisition in 2023.

Total revenues from CSG Defence Systems increased by €410 million or 46.6%, to €1,289 million for the year ended December 31, 2023 from €879 million for the year ended December 31, 2022. This increase was primarily a result of an increase in the Group's production and repair services for military machinery and production and resale of M&L calibre ammunition driven by demand related to the ongoing Ukraine War.

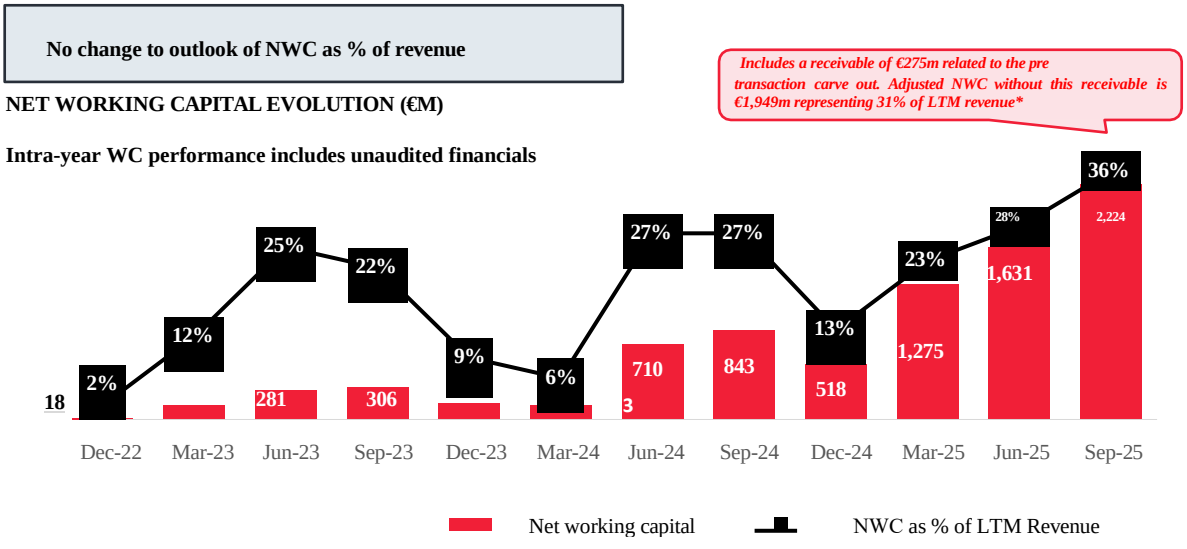
Total revenues from CSG Ammo+ increased by €350 million or 1,346.2%, to €376 million for year ended December 31, 2023 from €26 million for the year ended December 30, 2022. This increase was primarily due to the Fiocchi Acquisition.

For further information and the breakdown of the preparation of the statements of profit or loss for the new segments for the historical periods ending December 31, 2024, 2023, and 2022, please see "*Important Information—Last Twelve Months Financial Information*."

Liquidity and Capital Resources

The Group's principal sources of funds have been net cash provided by operating activities and borrowings under the revolving credit facilities entered into pursuant to the Existing Senior Facilities Agreement (the "**Revolving Facility**") and the U.S. ABL Facilities in the U.S as well as bilateral working capital facilities throughout the Group. The Group also has access to long-term financing from certain facilities and other instruments discussed below. The Group's principal uses of cash are for capital expenditure, to fund debt service obligations and for working capital. As of September 30, 2025 and December 31, 2024, the Group had cash and cash equivalents of €837,226 thousand and €1,248,487 thousand, respectively.

Below is breakdown of the Group's adjusted net working capital evolution on a quarterly basis between December 31, 2022 and September 30, 2025.



* For more information, see "*—Factors Affecting Comparability of Results—Other Disposals*".

The working capital available to the Group is, in the opinion of the Company, sufficient for the Group's present requirements; that is for at least 12 months following the date of this Prospectus. The net proceeds from the issue of the New Shares have not been taken into account in assessing the working capital available to the Group.

The continued availability of the Revolving Facility and the U.S. ABL Facilities is dependent upon certain conditions as described further under "*—Description of Significant Financing Arrangements—Existing Senior Facilities*" and under "*—Description of Significant Financing Arrangements—U.S. ABL Facilities*."

Below is a table depicting the debt structure of the Group as at September 30, 2025, including maturity and cost of debt:

	As at September 30, 2025	Maturity	Cost of Debt
	(EUR thousands)		
Cash and cash equivalents	(837,226)		
Overdrafts and related party loans	54,120	November 2027	3mE + (2.25% - 2.75%)
Syndicated Bank Facilities	1,655,423	November 2029	3mE + (2.5% - 3.0%)
Issued Bonds			
2026 Czech Floating Rate Bonds	83,562	July 2026	
2026 Czech Fixed Rate Private Bonds (EUR)	15,025	September 2026	3.50% - 4.65%
2027 Czech Floating Rate Private Bonds (EUR)	11,282	December 2027	6mE + (3.50%)
2028 CZK Fixed Rate Bonds	209,442	July 2028	8.0%
2030 CZK Fixed Rate Bonds	380,114	June 2030	5.75%
2030 USD Floating rate bonds[(1)]	62,322	December 2025	
2031 Notes (USD and EUR Bonds)	1,876,443	January 2031	USD Bonds: 6.50% EUR Bonds: 5.25%
Less transaction costs	(35,474)		
Total Bonds	2,602,716		
Financial liabilities from leases	114,648		
Gross Debt	**4,426,907**		
Net Debt	**3,589,681**		

(1) The 2030 USD floating rate bonds were fully redeemed on December 2, 2025.

By the terms of the Existing Senior Facilities and the Protego Facilities, the material terms of which are described under "*Description of Significant Financing Arrangements*", the applicable lenders under each financing make available to the Group a revolving credit facility in an amount of €300 million and syndicated bank term facilities in a total amount of €1.7 billion. The U.S. ABL Facilities Agreement, the material terms of which are described under "*Description of Significant Financing Arrangements*", makes available to the Group a revolving ABL in an amount of U.S.$150 million. As of December 2025, $50 million was drawn under the U.S. ABL Facility, and the Group does not anticipate any further borrowings under the U.S. ABL Facility prior to the date of this Prospectus. On July 10, 2025, the Group issued the 2031 Notes, the material terms of which are as described under "*Description of Significant Financing Arrangements*".

The Group is in compliance with the requirements of the financial covenants in its financing instruments and expects to be able continue to satisfy the requirements of these financial covenants based on the net cash generation from its operating activities and its access to the long-term financing capabilities from certain facilities and instruments. See "*Description of Significant Financing Arrangements*". However, the Group's ability to generate cash depends on the Group's future operating performance, which, in turn, depends to some extent on general economic, financial, industry and other factors, many of which are beyond the Group's control. See "*Risk Factors*."

Cash flows

The table below presents a summary of the Group's cash flows for the periods indicated, which have been extracted without material adjustment from the historical financial information set out in "*Historical Financial Information*."

	For the years ended December 31,			For the nine months ended September 30,	
	2024	2023	2022	2025	2024
			(*EUR thousands*)		
Net cash (used in)/from operating activities	856,056	199,129	324,812	(850,891)	(152,936)
Net cash (used in)/from investing activities	(2,082,603)	(70,458)	(583,746)	(533,528)	46,499
Net cash (used in)/from financing activities	1,919,061	190,709	399,419	976,165	(982)
Cash and cash equivalents at beginning of year/period	**563,865**	**241,650**	**104,006**	**1,248,487**	**563,865**
Cash and cash equivalents at end of year/period	**1,248,487**	**563,865**	**241,650**	**837,226**	**435,171**

Net cash from operating activities

Net cash from operating activities decreased by €697,955 thousand for the nine months ended September 30, 2025 as compared to the nine months ended September 30, 2024. The primary reason for the decrease was a higher inventory buildup and reduced payables, driven by a shift in revenue mix toward longer-term contracts, resulting in timing differences between cost recognition and cash inflows.

Net cash from operating activities increased by €656,927 thousand for the year ended December 31, 2024 as compared to the year ended December 31, 2023. The primary reason for the increase was higher operating profits and substantial positive working capital movements due to increased scale of the Group's operations and efficient working capital management.

Net cash from operating activities decreased by €125,683 thousand for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The primary reason for the decrease was due to an increase in working capital which corresponds to the growth of overall business.

Net cash (used in)/from investing activities

Net cash used in investing activities increased by €580,027 thousand for the nine months ended September 30, 2025 as compared to the nine months ended September 30, 2024. The primary reason for the increase was a decrease in repayments received.

Net cash used in investing activities increased by €2,012,145 thousand for the year ended December 31, 2024 as compared to the year ended December 31, 2023. The primary reason for the increase was the acquisition of investments in subsidiaries, partially offset by proceeds from the repayment of loans, interest received and disposal of subsidiaries.

Net cash used in investing activities decreased by €513,288 thousand for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The primary reason for the decrease was due to the Fiocchi Acquisition in 2022; partially offset by loans provided.

Net cash (used in)/from financing activities

Net cash from financing activities increased by €977,147 thousand for the nine months ended September 30, 2025 as compared to the nine months ended September 30, 2024. The primary reason for the increase was a significant expansion in financing through the 2031 Notes to support the Group's strategic acquisitions and investments.

Net cash from financing activities increased by €1,728,352 thousand for the year ended December 31, 2024 as compared to the year ended December 31, 2023. The primary reason for the increase was a significant expansion in financing to support the Group's strategic acquisitions and investments.

Net cash from financing activities decreased by €208,710 thousand for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The primary reason for the decrease was primarily due to lower proceeds from new borrowings and higher dividend payments in 2023.

Capital Expenditures

The Group's capital expenditures primarily relate to investments in property, plant and equipment, technology infrastructure, and strategic initiatives, intended to support long-term growth and operational efficiency. These expenditures are a key component of the Group's strategy to enhance production capabilities, improve service delivery, and maintain compliance with evolving regulatory standards. In

2024, capital expenditure investments supported the Group's strategy to modernize infrastructure, scale up production capacity, and invest in technology upgrades that will sustain long-term operational competitiveness.

	As of and for the years ended December 31,				For the nine months ended September 30,	
	2024PF	**2024**	**2023**	**2022**	**2025**	**2024**
			(€ thousands, unless otherwise indicated)			
				(unaudited)		
Maintenance Capex	21,121	17,521	22,274	18,474	17,938	14,369
Growth Capex	107,683	99,283	51,972	46,802	106,068	93,662
Capex	**128,804**	**116,804**	**74,246**	**65,276**	**124,006**	**108,031**

For the year ended December 31, 2024 on a *pro forma* basis for the Kinetic Group Acquisition and for the years ended December 31, 2023 and 2022, total capital expenditures, which is comprised of the acquisition of property, plant and equipment, investment property and intangible assets as presented in the consolidated statement of cash flows amounted to €128.8 million (including €12 million from the Kinetic Group), €74.2 million and €65.3 million, respectively. For the nine months ended September 30, 2025 and 2024, total capital expenditures amounted to €124 million and €108 million, respectively. Historically, the Group's capex consisted of investments into new product developments in the Land Systems and Defence Electronics operations and capacity expansion, including construction of new sites, production halls and buildings, as well as investments into machinery aimed at increasing capacity, improving automation and supporting operational efficiency. The most significant of these investments were in the Czech Republic within the Land Systems unit, and in Slovakia and Germany relating to the M&L Ammo unit, including the development of a new production facility in Šternberk, an investment into automated machinery such as filling lines and presses, the expansion of the Group's Dubnica nad Váhom site with new filling capacities and fuse production, and the automation upgrades in the Group's Nováky facility in Slovakia.

The Group expects its Capex Intensity (i.e., capex divided by revenue) for 2025 and 2026 to be approximately 5% and 8.5%, respectively, of the Group's total revenues, with 70% allocated to growth capex and 30% allocated to maintenance capex. The intended capital expenditure for 2025 and 2026 will consist of mainly of investments into machinery, buildings and facility upgrades, predominantly across the Group's sites in Slovakia, Germany, Greece and India and will be financed through a combination of existing debt facilities and operating cash flow.

Full Year 2025 and 2026 and Medium-Term Outlook

For full year 2025, the Group expects revenue to exceed €6.4 billion. Adjusted Operating EBIT Margin is anticipated to remain in the range of approximately 24-25%. Capital expenditure is projected at around 5% of revenue, while net working capital is expected to remain below 25% of revenue at year-end. Net leverage for full year 2025 is expected to be approximately 1.8x and at the time of this Offering, net leverage is forecast to be less than 1.5x taking into account the net proceeds of the offering to be received by the Company, consistent with the Group's financial discipline.

For full year 2026, revenue is expected to be in the range of €7.4-7.6 billion, with Adjusted Operating EBIT margin maintained at approximately 24-25%. Capital expenditure is projected to increase to around 8.5% of revenue and net working capital is expected to reduce further to below 20% of revenue.

Over the medium-term, the Group targets mid-teens organic revenue CAGR. Defence Systems is expected to deliver high-teens CAGR, M/L Ammo is set to grow at mid to high single digit CAGR (with 20% CAGR for M/L Ammo own production). Land Systems is projected to contribute 40–50% revenue CAGR, while Defence Electronics is expected to deliver 50–60% revenue CAGR. Advanced Systems is forecast to generate mid-hundred million euro revenue by the mid-term horizon. Finally, Ammo+ will grow at mid-single digit CAGR. Adjusted Operating EBIT margin is expected to increase to approximately 26–28%, reflecting benefits from vertical integration (achieved by the end of 2027) and scale. Defence Systems margin expansion will be primarily driven by material increase of M/L Ammo margin. Land Systems margin will expand moderately, and Defence Electronics will experience significant margin expansion. Advanced Systems will positively contribute to short-term, with margin to align with the Group by mid-term. Finally, Ammo+ will experience low to moderate margin improvement. Capital expenditure is anticipated to normalize after 2026/2027 at approximately 4-5% of revenue, with maintenance capex approximately one-third of total.

The expectations in this section are forward-looking and subject to market conditions and the Group's operational performance.

Contractual Obligations and Other Liabilities

Off Balance Sheet Arrangements

The Group is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Group's financial condition or results of operations. The Group regularly enters into guarantees of indebtedness drawn by other entities within the Group and guarantees to customers for the delivery of products without defects.

Significant Accounting Policies and Estimates

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the parent company and entities controlled by the parent company (its subsidiaries) made up to December 31, each year. Control is achieved when the parent company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The parent company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the parent company obtains control over the subsidiary and ceases when the parent company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the parent company gains control until the date when the parent company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. After acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the parent company and to the non-controlling interests.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent company. When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Revenue Recognition

The Group recognizes revenue in accordance with IFRS 15 using a five-step model, based on the transfer of control of goods or services to customers for the expected consideration. Revenue is recognized either over time, when the Group has an enforceable right to payment and progress can be measured reliably, or at a point in time upon transfer of control. For long-term contracts, progress is typically assessed using the cost-to-cost input method. The Group also evaluates performance obligations, significant financing components, and contract modifications individually. Contract assets and liabilities arise from timing differences between revenue recognition and billing, and incremental costs to obtain or fulfil contracts are capitalized when expected to benefit future periods.

Goodwill and Impairment Testing

Goodwill is initially recognized and measured as set out above. Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. The Group's policy for goodwill arising on the acquisition of an associate is described below

Following the assessment of the recoverable amount of goodwill allocated to group cash-generating units to which goodwill of €1,285 million is allocated as of December 31, 2024, the Group considers the recoverable amount of goodwill to be most sensitive to the achievement of the 2025 – 2029 financial plan. This financial plan comprise forecasts of revenue, employee benefit expense and overheads based on current and anticipated market conditions that have been considered and approved by the Board. While the group is able to manage most costs, revenue projections are inherently uncertain due to the future market conditions. Revenue of the CGU is most sensitive to changes in the sectors demand for sales in defence and aerospace sector. The sensitivity analysis in respect of the recoverable amount of goodwill is presented in note 16 of the 2024 Financial Statements.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Foreign Currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

Provisions

The Group recognizes provisions when a present legal or constructive obligation exists as a result of a past event, settlement is probable, and the amount can be reliably estimated. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date, considering risks and uncertainties. Where material, provisions are discounted to present value. If reimbursement from a third party is virtually certain and measurable, a corresponding asset is recognized.

Financial Instruments

The Group recognizes financial assets and liabilities when it becomes a party to the contractual terms. Initial measurement is at fair value, with transaction costs included unless the instrument is classified at fair value through profit or loss (FVTPL). Subsequent measurement depends on classification:

- Financial assets are measured at amortized cost, fair value through other comprehensive income (FVTOCI), or FVTPL based on business model and cash flow characteristics. Interest income is recognized using the effective interest method.

- Impairment is assessed under the expected credit loss (ECL) model, with lifetime ECL applied to trade receivables and contract assets.

- Financial liabilities are generally measured at amortized cost, except those designated at FVTPL.

- Derivatives and hedging instruments are measured at fair value, with hedge accounting applied when qualifying criteria are met. Effective hedge gains/losses are recognized in other comprehensive income and reclassified to profit or loss when the hedged item affects earnings.

Fair Value Measurement

The Group determines fair value using quoted market prices when available. If not, valuation techniques such as discounted cash flow models or market-based inputs are applied. For non-derivative financial assets and liabilities, fair value is estimated based on present value of future cash flows using market interest rates at the reporting date. Lease liabilities use the lessee's incremental borrowing rate when the contractual rate is unavailable. Put option liabilities are measured at the present value of the exercise price, based on net book value or earnings multiples, and may involve external valuations. Derivative instruments are measured at fair value and classified as Level 2 under the fair value hierarchy.

Contract Assets and Liabilities

Contract assets are recognized in connection with contracts with customers if, in the case of contract manufacturing, the cumulative sales recognized over time exceed the sum of the advance payments received and progress billings. As of the end of the reporting period, this asset item is tested for impairment, and, if necessary, an impairment is recognized on the basis of expected losses. If the recognized sales are lower than the sum of the advance payments received and progress billings, a contract liability is recognized. A contract liability is also recognized if advance payments are received, and consideration has not yet been provided. Provisions for loss-making contracts are reported.

Legal Disputes

The Group recognizes provisions for legal disputes when a present legal or constructive obligation exists as a result of a past event, settlement is probable, and the amount can be reliably estimated. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date, considering risks and uncertainties. For additional information, see "*—Provisions*" above.

Quantitative and Qualitative Disclosure about Market Risk

Credit Risk

Credit risk is a risk of the Company incurring a financial loss if the customer or counterparty fails to meet its contractual obligations in transactions with financial instruments. The risk primarily arises in respect of the Group's amounts due from customers and in respect of loans and borrowings. Credit risk is limited in respect of highly liquid assets (cash product on bank accounts) given that counterparties are entities with high credit ratings. As of December 31, 2024, trade and other receivables and total other assets totalled €1,284,319 thousand (2023: €444,268 thousand; 2022: €298,941 thousand). The maximum credit risk exposure corresponds to the carrying amount of these financial assets. There is no material concentration of credit risk with respect to any single counterparty.

Liquidity Risk

Liquidity risk is a risk of the Group running into difficulties in meeting its commitments in relation to financial liabilities that are settled through cash or other financial assets. Individual Group entities use different methods to manage liquidity risk. The Group's management focuses on the methods used by financial institutions, i.e. diversifying the sources of funds. Thanks to the diversification, the Group is more flexible and its dependency, if any, on a single source of funding, is limited. Liquidity risk is primarily assessed by monitoring the changes in the structure of funding and by comparing the changes with the Group's liquidity risk management strategy. As of December 31, 2024, the Group's contractual cash outflows amounted to €6,425.7 million, including €980.3 million due within three months and €778.3 million due within more than three months to one year. The largest exposure relates to long-term maturities, with €2,408.9 million due in 1–5 years and €860.9 million beyond five years, reflecting the Group's reliance on diversified funding sources to mitigate liquidity risk. Liabilities without contractually stipulated maturity dates are classified under the "unspecified due date" category and amounted to €1,397.3 million as of December 31, 2024.

Interest Rate Risk

During its activities, the Group is exposed to the risk of interest rate fluctuations, the reason being that the interest-bearing assets (including investments) and interest-bearing liabilities have various maturity dates or interest rate refixing dates. The period during which a specific financial instrument has a fixed interest rate shows to what extent the financial instrument is exposed to interest rate risk. The Group manages interest rate risk through interest rate swaps. As of December 31, 2024, the Group's interest-bearing financial assets, which represent total loans and other financial assets as presented in the financial statements of the Group, totalled €146,680 thousand, while interest-bearing liabilities, which represent the total loans, borrowings, put options and bonds as presented in the financial statements of the Group, amounted to €3,066,968 thousand, resulting in a negative net exposure of €2,920,288 thousand (which is calculated by deducting interest-bearing financial liabilities from interest-bearing assets). Of this net exposure, €2,803,209 thousand is subject to floating rates, primarily linked to PRIBOR and EURIBOR. To mitigate risk, the Group has interest rate swaps covering CZK bonds (€83,382 thousand) and EUR credit

facilities (€82,268 thousand) as of December 31, 2024, fixing rates between 1.90% and 5.39% from 2025 to 2026 for the CZK bonds and 1.23% and 5.39% from 2025 through 2028 for the EUR credit facilities.

Currency Risk

The Group's financial positions and cash flows are affected by fluctuations in the effective foreign exchange rate. The entities in the Group are exposed to currency risk in relation to sales, purchases and loans denominated in currencies other than the relevant functional currencies applied by the Group. This primarily includes EUR and USD in respect of Czech entities and CZK and USD in respect of Slovak entities. The Company manages currency risk by concluding derivative transactions to hedge future cash flows (however, this does not constitute hedge accounting) and also covers currency risk management for the CSG Group.

Operating Risk

Operating risk is a risk of losses arising from embezzlement, unlawful activities, errors, negligence, inefficiency or system failure. The risk of this type arises during all of the Group's activities and all of the corporate entities are exposed to it. Operating risk also includes legal risk. The Group's objective is to manage operating risk so that balance is preserved between preventing financial losses and damage to the Group's good name on the one hand, and the total effectiveness of the costs incurred on the other hand. In addition, risk management procedures should not hinder initiative and creativity.

The primary responsibility for the Implementation of control mechanisms to cope with operating risks is borne by management of each subsidiary. The Group's management is responsible for managing operating risks, whereby it may set the direction of procedures and measures resulting in the mitigation of operating risks and the adoption of decisions about the acknowledgement of individual existing risks, the commencement of processes that will result in the mitigation of possible effects; or a decrease in the extent of risky activities or their full discontinuation.

OPERATING AND FINANCIAL REVIEW OF THE KINETIC GROUP

Investors should read the following discussion in conjunction with the 2024 Kinetic Group Annual Financial Statements as well as the sections "Presentation of Financial and Other Information," "Market Overview" and "Historical Financial Information" included elsewhere in this Prospectus. Prospective investors should read the entire document and not just rely on the information set out below. The financial information considered in this section is extracted from the financial information set out in "Historical Financial Information."

The following discussion of the results of operations and financial condition of the Kinetic Group contains forward-looking statements. The Kinetic Group's actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Prospectus, particularly under the sections "Risk Factors" and "Presentation of Financial and Other Information." In addition, certain industry issues also affect the Kinetic Group's results of operations and are described in "Market Overview."

As used in this section, unless the context otherwise requires, references to "management" are to the management of the Kinetic Group as of the date of this Prospectus.

Business and Products

the Kinetic Group designs, develops, manufactures and distributes ammunition, primers and components serving devoted hunters, recreational shooters, federal and local law enforcement agencies and the military. The brands include Alliant Powder, CCI, Estate Cartridge, Federal Premium, HEVI-Shot, Remington and Speer, which are collectively referred to as the Kinetic Group business.

The product lines are focused on the following categories:

- Centerfire pistol ammunition for use in handguns for training, target shooting and personal protection;
- Centerfire rifle ammunition for use in rifles for hunting, target shooting, training and personal protection;
- Rimfire ammunition for training and recreational target shooting in rifles and handguns;
- Shotshell ammunition for clay target shooting, waterfowl, and upland game hunting; and
- Ammunition components for the OEM and reloading markets.

Among these categories, the Kinetic Group derives the largest portion of sales from ammunition, which is a consumable, repeat purchase product.

Key Factors Affecting the Kinetic Group's Results of Operations

The results of the Kinetic Group's operations have been, and will continue to be, affected by many factors, some of which are beyond the Kinetic Group's control. This section sets out certain key factors management believes have affected the Kinetic Group's results of operations in the period under review and could affect its results of operations in the future.

The Kinetic Group Acquisition

On November 27, 2024, the Group completed the Kinetic Group Acquisition.

The 2024 Kinetic Group Annual Financial Statements included elsewhere in this Prospectus reflect the historical financial position, results of operations and cash flows of the Kinetic Group as the Kinetic Group was historically managed within Vista Outdoor, prior to the Kinetic Group Acquisition. The 2024 Kinetic Group Annual Financial Statements have been prepared on a "carve-out" basis and are derived from the consolidated financial statements and accounting records of Vista Outdoor. The 2024 Kinetic Group Annual Financial Statements have been prepared in U.S. dollars and in conformity with U.S. GAAP, not IFRS. The combined financial statements may not be indicative of the Kinetic Group's future performance and do not necessarily reflect what the results of operations, financial position and cash flows would have been had it

operated as an independent company nor as part of the Group during the periods presented. See "*Presentation of Financial and Other Information*."

The combined financial statements include expense allocations for certain functions provided by Vista Outdoor, including but not limited to general corporate expenses related to finance, legal, information technology, human resources and insurance. These expenses have been allocated to the Kinetic Group on the basis of direct usage when identifiable, with the remainder principally allocated on the basis of percent of revenue, headcount or other measures. During the fiscal years ended March 31, 2024 and 2023, the Company was allocated $34,345 and $52,762, respectively, of such general corporate expenses, which were included within selling, general and administrative expenses in the combined statements of comprehensive income. The Kinetic Group considers the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to or the benefit received by the Kinetic Group during the periods presented. The allocations may not, however, reflect the expenses the Kinetic Group would have incurred if the Kinetic Group had been an independent company for the periods presented. Actual costs that may have been incurred if the Kinetic Group had been an independent company or operated within the Group would depend on several factors, including the organizational structure, whether functions were outsourced or performed by employees and strategic decisions made in areas such as information technology, supply chain, sales and marketing, operations and infrastructure. The Kinetic Group is unable to determine what such costs would have been had the Kinetic Group been independent.

Gun Sales in the United States

While macroeconomic conditions pressure consumer purchasing, the firearms industry in the United States continues a growth trend. For the 70th straight month, data from the U.S. National Instant Criminal Background Check System surpassed more than one million firearm background checks. The Kinetic Group continues to benefit from positive participation trends, as increases in gun sales correlates with growth in its small calibre ammunition products. The Kinetic Group believes it is positioned to gain market share while expanding its presence into new markets.

Inflation and Consumer Spending

the Kinetic Group is exposed to inflationary factors which may adversely affect its operating results. Since the COVID-19 pandemic, pressures posed by inflation have increased input costs which resulted in decreased gross profits in the 2023 and 2024 financial years. If these adverse conditions persist or become more severe, this may continue to have an adverse effect on the operating results if the selling prices of the products are not able to offset these increased costs, or if increased selling prices reduce demand for its products. The Kinetic Group management cannot predict the impact of these adverse conditions on the liquidity and financial results.

Commodity Price and Supply Risk

the Kinetic Group has been impacted by changes in the prices of raw materials used in production as well as changes in oil and energy costs. In particular, increases in the cost and availability of raw materials used in propellants over the period presented, along with the volatility of commodity metals, such as copper, zinc and lead continued to impact the Kinetic Group's business. It has a strategic sourcing, pricing and hedging strategy to mitigate risk from commodity price fluctuation. The Kinetic Group will continue to evaluate the need for future price changes in light of these trends, the competitive landscape, and its financial results. If its sourcing and pricing strategy is unable to offset impacts of the commodity price fluctuations, the future results from operations and cash flows would be materially impacted.

Termination of the Lake City Contract

At the beginning of the third fiscal quarter of 2023, the Kinetic Group terminated its supply contract to purchase ammunition produced at the Lake City Army Ammunition Plant (the "**Lake City Contract**"), which had been in effect for two years. The reduction in Lake City ammunition available for it to sell contributed to a decrease in sales.

Results of Operations

The table below presents the Kinetic Group's results of operations for the periods indicated, which have been extracted without material adjustment from the historical financial information set out in "*Historical Financial Information*."

Year Ended March 31, 2024 Compared to the Year Ended March 31, 2023

The net sales, cost of sales, gross profit, operating expenses, including R&D and selling, general and administrative expenses, income before income taxes and income tax provision are presented below:

	Years ended March 31,	
	2024	**2023**
	(US$ in thousands)	
Net sales	1,452,632	1,757,932
Cost of sales	966,870	1,104,416
Gross profit	**485,762**	**653,516**
Operating expenses:		
Research and development	7,577	7,556
Selling, general and administrative	123,422	147,093
Income before income taxes	354,763	498,867
Income tax provision	(80,786)	(111,249)
Net Income	**273,977**	**387,618**

Net Sales

Net sales decreased by $305.3 thousand, or 17.4%, to $1,452,632 thousand in the year ended March 31, 2024 from $1,757,932 thousand in the year ended March 31, 2023. The decrease in net sales was a result of lower shipments across nearly all categories as channel inventory has normalized, the termination of the Lake City contract at the beginning of the third fiscal quarter in the prior fiscal year, and lower pricing.

Cost of Sales

Cost of sales decreased by $137.5 thousand, or 12.5%, to $966,870 thousand in the year ended March 31, 2024 from $1,104,416 thousand in the year ended March 31, 2023. The decrease was primarily driven by lower net sales over the period and partially offset by higher input costs.

Selling, General and Administrative

Selling, general and administrative expenses decreased by $23,671 thousand, or 16.1%, to $123,422 thousand in the year ended March 31, 2024 from $147,093 thousand in the year ended March 31, 2023. This decrease was primarily driven by lower costs related to performance based compensation.

Income before Income taxes

Income before income taxes decreased by $144,104 thousand, or 28.8%, to $354,763 thousand in the year ended March 31, 2024 from $498,867 thousand in the year ended March 31, 2023. The decrease in income before income taxes was primarily caused by decreased gross profit, partially offset by decreased selling costs. Operating income margin was 24.4% compared to 28.4% in the prior year.

Income tax provision

Income tax provision decreased by $30,463 thousand to ($80,786) thousand in the year ended March 31, 2024 from ($111,249) thousand in the year ended March 31, 2023. The effective rate was 22.8% in the year ended March 31, 2024 from 22.3% in the year ended March 31, 2023. See Note 12, Income Taxes, to the 2024 Kinetic Group Annual Financial Statements included elsewhere in this Prospectus for more details regarding income taxes.

The effective tax rate for the year ended March 31, 2024 includes the U.S. federal statutory rate of 21% increased by state taxes and partially offset by the deduction for the foreign derived intangible income. The effective tax rate for the year ended March 31, 2024 includes the U.S. federal statutory rate of 21% increased by state taxes and non-deductible executive compensation partially offset by favourable discrete items and the deduction for the foreign derived intangible income.

The increase in the effective rate for the year ended March 31, 2024 from the prior year ended March 31, 2023 is primarily driven by deduction for the foreign derived intangible income in the current period, offset in part by a decrease in non-deductible executive compensation. The prior year included beneficial discrete expenses related to return to provision true-ups.

Liquidity and Capital Resources

Historically, the Kinetic Group has operated within Vista Outdoor's corporate structure, and an important source of liquidity for the business, particularly for the execution of Vista Outdoor's growth strategy, has been cash generated by the Kinetic Group segment of Vista Outdoor.

Following completion of the Kinetic Group Acquisition, the Kinetic Group is a party to the U.S. ABL Facility, which it uses primarily to fund trade working capital and general corporate expenditures within the Kinetic Group.

Cash flows

The table below presents a summary of the Group's cash flows for the periods indicated, which have been extracted without material adjustment from the historical financial information set out in "*Historical Financial Information*."

	Years ended March 31,	
	2024	2023
	(US$ thousands)	
Cash provided by operating activities	**289,266**	**424,051**
Cash used for investing activities	**(14,392)**	**(23,576)**
Cash used for financing activities	**(274,924)**	**(400,473)**
Increase in cash and cash equivalents	**(50)**	**2**
Cash and cash equivalents at beginning of year	**96**	**94**
Cash and cash equivalents at end of year	**46**	**96**

Net Cash from operating activities

Net cash provided by operating activities decreased by $134,785 thousand for the year ended March 31, 2024 as compared to the year ended March 31, 2023. The primary reason for the decrease was the reduction in net income and sales to customers with longer payment terms, partially offset by lower performance based compensation payments.

Net Cash from investing activities

Cash used for investing activities decreased by $9,184 thousand for the year ended March 31, 2024 as compared to the year ended March 31, 2023 due to lower capital expenditures.

Net Cash from financing activities

Cash used for financing activities decreased $125,549 thousand for the year ended March 31, 2024 as compared to the year ended March 31, 2023. This decrease was related to a decrease in net transfers between the Kinetic Group and Vista Outdoor compared to the prior period. These transfers are considered to be effectively settled for cash at the time the transfer is recorded. The components of these transfers include (i) constructive cash transfers from the Kinetic Group to Vista Outdoor and (ii) an allocation of Vista Outdoor's corporate expenses. The decrease in cash the Kinetic Group provided to Vista Outdoor as compared to the prior year period was due to decreased cash flows from operating activities compared to the prior year period.

Liquidity

The Kinetic Group's principal future cash requirements are related to funding its normal operations. Its short-term cash requirements for operations are expected to consist mainly of capital expenditures to maintain production facilities and working capital requirements; which are supported by the accession to the U.S. ABL Facility.

Based on its current financial condition, management believes that the Kinetic Group's cash position and future cash creation will be adequate to fund future growth and make capital expenditures over the next 12 months.

Contingencies

Litigation

From time-to-time, the Kinetic Group is subject to various legal proceedings, including lawsuits, which arise out of and are incidental to the conduct of its business. Management does not consider any of such proceedings that are currently pending, individually or in the aggregate, to be material to the business or likely to result in a material adverse effect on its operating results, financial condition or cash flows.

Environmental Liabilities

The Kinetic Group's operations and ownership or use of real property are subject to a number of federal, state, and local environmental laws and regulations, as well as applicable foreign laws and regulations, including those governing the discharge of hazardous materials, remediation of contaminated sites, and restoration of damage to the environment. The Kinetic Group is obligated to conduct investigation and/or remediation activities at certain sites that it owns or operate or formerly owned or operated.

Certain of its former subsidiaries have been identified as potential responsible parties ("**PRPs**"), along with other parties, in regulatory agency actions associated with hazardous waste sites. As a PRP, those former subsidiaries may be required to pay a share of the costs of the investigation and clean-up of these sites. In that event, the Kinetic Group would be obligated to indemnify those former subsidiaries for such costs. While uncertainties exist with respect to the amounts and timing of the ultimate environmental liabilities, based on currently available information, the Kinetic Group does not currently expect that these potential liabilities, individually or in the aggregate, will have a material adverse effect on its operating results, financial condition, or cash flows. See "*Description of the Group's Business—Legal and Administrative Proceedings—the Kinetic Group*."

The Kinetic Group could incur substantial additional costs, including cleanup costs, resource restoration, fines, and penalties or third-party property damage or personal injury claims, as a result of violations or liabilities under environmental laws or non-compliance with environmental permits. While environmental laws and regulations have not had a material adverse effect on its operating results, financial condition, or cash flows in the past, and the Kinetic Group has environmental management programs in place to mitigate these risks, it is difficult to predict whether they will have a material impact in the future.

Critical Accounting Policies and Estimates

The Kinetic Group's discussion and analysis of its financial condition and results of operations are based on its combined financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. In preparing the combined financial statements, management makes estimates and judgments that affect the reported amounts of assets, liabilities, sales, expenses and related disclosure of contingent assets and liabilities. They re-evaluate their estimates on an on-going basis. These estimates are based on historical experience and on various other assumptions that they believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. They review their estimates on an ongoing basis to ensure the estimates appropriately reflect changes in the business and the most recent information available.

Management of the Kinetic Group believes the critical accounting policies discussed below affect their most significant estimates and judgments used in the preparation of the combined financial statements. For a complete discussion of all the significant accounting policies, see Note 2, Significant Accounting Policies, to the 2024 Kinetic Group Annual Financial Statements included elsewhere in this Prospectus.

Revenue Recognition

The total amount of revenue the Kinetic Group recognizes for the sale of its products reflect various sales adjustments for discounts, returns, refunds, allowances, rebates and other customer incentives. These sales adjustments can vary based on market conditions, customer preferences, timing of customer payments, volume of products sold and timing of new product launches. These adjustments require management to make reasonable estimates of the amount they expect to receive from the customer. They estimate sales adjustments by customer or by product category on the basis of their historical experience with similar contracts with customers, adjusted as necessary to reflect current facts and circumstances and their expectations for the future. Sales taxes, federal excise tax and other similar taxes are excluded from revenue.

Allowance for Estimated Credit Losses

The Kinetic Group maintains an allowance for credit losses related to accounts receivable for future expected credit losses resulting from the inability or unwillingness of its customers to make required payments. It estimates the allowance based upon historical bad debts, current customer receivable balances, age of customer receivable balances and the customers' financial condition and in relation to a representative pool of assets consisting of a large number of customers with similar risk characteristics. The allowance is adjusted as appropriate to reflect differences in current conditions as well as changes in forecasted macroeconomic conditions.

Inventories

The Kinetic Group's inventories are valued at the lower of cost or net realizable value. It evaluates the quantities of inventory held against past and future demand and market conditions to determine excess or slow-moving inventory. For each product category, it estimates the market value of the inventory comprising that category based on current and projected selling prices. If the projected market value is less than cost, it provides an allowance to reflect the lower value of the inventory. This methodology recognizes projected inventory losses at the time such losses are evident rather than at the time goods are actually sold. The projected market value of the inventory may decrease due to consumer preferences, legislative changes or loss of key contracts among other events.

Income Taxes

Provisions for federal, state and foreign income taxes are calculated based on reported pre-tax earnings and current tax law. Such provisions differ from the amounts currently receivable or payable because certain items of income and expense are recognized in different time periods for financial reporting purposes than for income tax purposes. Significant judgment is required in determining income tax provisions and evaluating tax positions. The Kinetic Group periodically assesses its liabilities and contingencies for all periods that are currently open to examination or have not been effectively settled based on the most current available information. Where it is not more likely than not that the tax position will be sustained, it records the entire resulting tax liability and when it is more likely than not of being sustained, it records management's best estimate of the resulting tax liability. As per its policy, any applicable interest and penalties related to these positions are also recorded in the combined financial statements. To the extent management's assessment of the tax outcome of these matters changes, such change in estimate will impact the income tax provision in the period of the change.

Deferred tax assets are assessed to determine whether it is more likely than not that some portion or all of the deferred tax assets will be realized. Significant estimates are required for this analysis. If it is determined it is not more likely than not that all of the deferred tax assets will be realized, a valuation allowance will be recorded. Changes in the amounts of valuation allowance are recorded in the tax provision in the period when the change occurs.

Quantitative and Qualitative Disclosure about Market Risk

The Kinetic Group mitigates the impact of commodity forward contracts that are accounted for as designated hedges pursuant to ASC Topic 815, "Derivatives and Hedging" ("**ASC Topic 815**"). ASC Topic 815 requires that an entity recognize all derivatives as either assets or liabilities on the balance sheet, measure those instruments at fair value and recognize changes in the fair value of derivatives in earnings in the period of change unless the derivative qualifies as designated cash flow hedge that offsets certain exposures. Certain criteria must be satisfied in order for derivative financial instruments to be classified and accounted for as a cash flow hedge. Derivatives that are not elected for hedge accounting treatment are recorded immediately in earnings. The Kinetic Group may use derivatives to hedge commodity price risks, but do not use derivative financial instruments for trading or other speculative purposes. It utilizes counterparties for the derivative instruments that it believes are creditworthy at the time the transactions are entered into and closely monitor the credit ratings of these counterparties. See Note 5, Derivative Financial Instruments to the 2024 Kinetic Group Annual Financial Statements for additional information.

The Kinetic Group would discontinue hedge accounting prospectively (i) if it is determined that the derivative is no longer effective in offsetting changes in the cash flows of a hedged item, (ii) when the derivative expires or is sold, terminated, or exercised, (iii) if it becomes probable that the forecasted transaction being hedged by the derivative will not occur, (iv) if a hedged firm commitment no longer meets

the definition of a firm commitment, or (v) if it is determined that designation of the derivative as a hedge instrument is no longer appropriate. The fair value of the forward contracts based on pricing models using current market rates. These contracts are classified under Level 2 of the fair value hierarchy (see Note 3, Fair Value of Financial Instruments to the 2024 Kinetic Group Annual Financial Statements).

The combined balance sheets and statements of comprehensive income do not include an attribution of Vista Outdoor's third-party debt and the related interest expense because the Kinetic Group is not the primary obligor of such debt and will not assume any portion of such debt in connection with the Transaction.

PROFIT ESTIMATE AND PROFIT FORECAST

This discussion of estimates and forecasts presented below includes forward-looking statements that have been prepared by the Group's management and represent, to the best of management's knowledge and belief, the Group's expected course of action. They are based on management's current beliefs, expectations, assumptions and business plan and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from the estimates and forecasts described. No assurance can be given that the estimates or forecasts described below will occur or be achieved. These forward-looking statements involve assessments about matters that are inherently uncertain and actual results may differ for a variety of reasons including those described in the sections entitled "Risk Factors" and "Important Information–Forward-looking statements" of this Prospectus. No assurance can be given that actual results will track those described in the forward-looking statements below.

The estimates for the year ending December 31, 2025 and forecasts for the year ending December 31, 2026 presented below are based on data, assumptions and estimates considered reasonable by the Group as at the date of this Prospectus. These data and assumptions may change or be modified due to the uncertainties related in particular to the economic, financial, accounting, competitive, regulatory and tax environment or to other factors that the Group may not be aware of as at the date of this Prospectus.

Furthermore, the occurrence of one or more risks described in the section entitled "Risk Factors" in this Prospectus could have an impact on the Group's business, financial condition, results or outlook and could therefore adversely affect these forecasts. Consequently, the Group makes no commitment and gives no guarantee that it will meet the forecasts set out in this section.

Profit Estimate of Revenues and Adjusted Operating EBIT Margin for the period from January 1, 2025 to December 31, 2025 and Profit Forecast of Revenues and Adjusted Operating EBIT Margin for the period from January 1, 2026 to December 31, 2026, prepared by the Company

The estimate of Revenues and Adjusted Operating EBIT Margin (as defined below) of the CSG Group for the period from January 1, 2025 to December 31, 2025 ("**Fiscal Year 2025**", and such estimate, the "**FY2025 Profit Estimate**") as well as the forecast of Revenues and Adjusted Operating EBIT Margin of the Group for the period from January 1, 2026 to December 31, 2026 ("**Fiscal Year 2026**", and such forecast, the "**FY2026 Profit Forecast**") are not a representation of facts and should therefore not be interpreted as such by prospective investors. Rather, the FY2025 Profit Estimate and the FY2026 Profit Forecast reflect the expectations of the Group's management with respect to the Revenues and Adjusted Operating EBIT Margin for Fiscal Year 2025 and Fiscal Year 2026, respectively.

The CSG Group is in the year-end process of closing the books for individual companies in the CSG Group, which will be used for preparation of consolidated financial statements for Fiscal Year 2025. The FY2025 Profit Estimate is based on the Unaudited Interim Financial Statements and supplemented by the remaining three months of Fiscal Year 2025 as follows: (i) Financial information regarding October and November 2025, which is based on the actual unaudited results of these months and is neither audited nor reviewed; and (ii) Financial information for December 2025, which is based on preliminary financial information that is not approved by the Board and is neither audited nor reviewed.

The FY2025 Profit Estimate and the FY2026 Profit Forecast are based on the basis of preparation and the principal assumptions set out below. These assumptions are about factors: (i) that are exclusively outside the influence of the Directors; or (ii) which the Directors can influence. Even if the Company considers these assumptions to be reasonable on the dates on which the FY2025 Profit Estimate as well as the FY2026 Profit Forecast are prepared, they may retrospectively prove to be inappropriate or incorrect in the future. If one or more of these assumptions prove to be unjustified or incorrect, the actual Revenues and/or Adjusted Operating EBIT Margins of the CSG Group for Fiscal Year 2025 and of the Group for Fiscal Year 2026 may deviate materially from the FY2025 Profit Estimate and FY2026 Profit Forecast, respectively. Accordingly, prospective investors should treat this information with caution and should not place undue reliance on the FY2025 Profit Estimate and/or FY2026 Profit Forecast.

The FY2025 Profit Estimate is necessarily based on a number of assumptions and estimates about past events and actions whereas the FY2026 Profit Forecast contains forward-looking statements about future uncertain events and actions, both including management's assessment of opportunities and risks. Such assumptions and estimates are inherently subject to significant business, operational, economic and

competitive uncertainties and contingencies, many of which are beyond the Group's control, and upon assumptions with respect to future business decisions that are subject to change. For purposes of the FY2026 Profit Forecast, the occurrence or non-occurrence of these assumptions, estimates, contingencies, uncertainties and other factors could cause the Group's actual results, including the financial condition and profitability of the Group, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. It is also possible that the future events mentioned in the FY2026 Profit Forecast might not occur. The Group's business is subject to a number of substantial risks and uncertainties that could result in a forward-looking statement later proving to be incorrect.

Definition of Adjusted Operating EBIT Margin and Adjusted Operating EBIT

Adjusted Operating EBIT means Operating EBIT for the relevant period, adjusted to reflect an increase to raw materials and consumables to account for the increase in the value of inventories resulting from the purchase price allocation, assuming all inventories were sold during the period.

Adjusted Operating EBIT Margin and Adjusted Operating EBIT are alternative performance measures, or APMs, as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on October 5, 2015, on alternative performance measures. These APMs represent key measures used by management to evaluate the CSG Group's and the Group's operating performance. Further, the Group believes that the presentation of these APMs 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. Management also believes that these APMs facilitate operating performance comparisons on a period-to-period basis to exclude the impact of items, which management does not consider to be indicative of the CSG Group and the Group's core operating performance.

These APMs are not defined or recognised under IFRS, and other companies may calculate these measures differently or may use such measures for different purposes than the Company does, limiting the usefulness of such measures as comparative measures. In addition, these APMs may not be comparable to similarly titled measures and financial information used by other companies. Prospective investors should not consider these APMs in isolation, as alternatives to revenue, profit before tax or cash flows from operations calculated in accordance with IFRS, as indications of operating performance or as measures of the Group's profitability or liquidity. Such APMs must be considered only in addition to, and not as a substitute for or superior to, financial information and measures prepared in accordance with IFRS. The following table provides a reconciliation of profit / (loss) from operating activities to Adjusted Operating EBIT and Adjusted Operating EBIT Margin:

=	**Profit / (loss) from operating activities**
+/-	**Non-recurring effects**
	PPA adjustment to raw materials and consumables[1]
=	**Adjusted Operating EBIT**
/	Revenues
=	**Adjusted Operating EBIT Margin**

[1] Adjustment made due to purchase price allocation (adjustment to raw materials and consumables for increase of value of inventories assuming all inventories were sold during the period). PPA adjustments have been taken into account for the FY2025 Profit Estimate. For the FY2026 Profit Forecast, no non-recurring adjustments have been identified or made.

FY2025 Profit Estimate of Revenues and Adjusted Operating EBIT Margin

Based on the data recorded in the accounting systems of the CSG Group and on the current knowledge of management about the business development of the CSG Group for Fiscal Year 2025 as well as the assumptions of management with respect to past events and actions, the Company estimates that the Revenue of the CSG Group for Fiscal Year 2025 will be in excess of €6.4 billion and the Adjusted Operating EBIT Margin of the CSG Group for Fiscal Year 2025 will be in the range of approximately 24 to 25 per cent.

FY2026 Profit Forecast of Revenue and Adjusted Operating EBIT Margin

Based on the development of Fiscal Year 2025 and the expected development of Fiscal Year 2026, the Company expects that the Revenues of the Group for Fiscal Year 2026 will be in the range of approximately

€7.4 billion to €7.6 billion and the Adjusted Operating EBIT Margin of the Group for Fiscal Year 2026 will be in the range of approximately 24 to 25 per cent. The Group believes that revenue growth in Fiscal Year 2026 will be driven mainly by the Group's Land Systems and M&L Ammo units of CSG Defence Systems segment as well as a recovery in Ammo+, supported by margin expansion due to the benefits of vertical integration and operating leverage related to capacity ramp-up in both M&L Ammo and Land Systems which is expected to continue to materialise even in the years just after.

Explanatory Notes to the FY2025 Profit Estimate and FY2026 Profit Forecast of Revenue and Adjusted Operating EBIT Margin

Basis of Preparation

Although Adjusted Operating EBIT Margin is not an IFRS measure of operating income, operating performance or liquidity, the FY2025 Profit Estimate and FY2026 Profit Forecast were prepared using IFRS accounting standards and in accordance with the CSG Group's accounting policies as described in the notes to the consolidated financial statements of the CSG Group for the period ended December 31, 2024.

The FY2025 Profit Estimate and the FY2026 Profit Forecast have been compiled based on the assumptions stated below and prepared on a basis which is both: (i) comparable with the historical financial information of the CSG Group included in the Prospectus; and (ii) consistent with the CSG Group's accounting policies.

The FY2025 Profit Estimate reflects all known facts and circumstances and adjusting events up to and including January 5, 2026. Adjusting events are events that are relevant to the closing of accounts, which occurred on or before the balance sheet date (i.e., December 31, 2025), but which only become known after the balance sheet date until the date the consolidated financial statements are prepared. Such events are not within the Group's control. Adjusting events between January 6, 2026 and the date of preparation of the consolidated financial statements of the CSG Group for Fiscal Year 2025 may therefore affect the accuracy of the FY2025 Profit Estimate.

With respect to the FY2025 Profit Estimate, the CSG Group is in the year-end process of closing the books for individual companies in the CSG Group, which will be used for preparation of consolidated financial statements for Fiscal Year 2025. In the course of this process, changes may still occur with regard to matters that have not yet been processed, but also with regard to matters that have already been processed.

The FY2025 Profit Estimate as well as the FY2026 Profit Forecast have been prepared solely for the inclusion in the Prospectus and represent the best estimates of the Board as at January 5, 2026 and are still valid as of the date of the Prospectus.

In preparing the FY2025 Profit Estimate and FY2026 Profit Forecast, the Company has considered several factors relating to the operational and financial performance of the CSG Group and the Group, as applicable. The development of these factors is based on specific assumptions made by the Board, which are set forth below.

Assumptions

Assumptions about factors which are exclusively outside the influence of the Directors

The FY2025 Profit Estimate and the FY2026 Profit Forecast are subject to assumptions about factors which are exclusively outside the influence of the Directors. These assumptions are described below:

Factor 1: Unforeseen events

Unforeseen events could occur that result in material or lasting constraints on the ongoing operations of the Group, such as, but not limited to, force majeure, including natural disasters (e.g. fires, floods, hurricanes, storms, and earthquakes), war or terrorist attacks, extraordinary macroeconomic events (other than reflected in the following factors) or cyber-attacks, maintenance outages, power or equipment failure, social unrest, work stoppages and public health concerns (including COVID-19).

For the purpose of the FY2025 Profit Estimate, the Group concludes that no unforeseen events occurred that resulted in material or lasting constraints on the operations of the Group.

For the purpose of the FY2026 Profit Forecast, the Group assumes no unforeseen events will occur that could result in material or lasting constraints on the ongoing operations of the Group.

Factor 2: Legal & Regulatory Framework

The Group's operations are located in several countries in Europe, as well as in United Kingdom ("**UK**") and the US. Therefore, the Group's business is subject to various regulatory requirements under regional laws and regulations, the applicable national laws of the countries in which the Group operates in as well as the applicable international technical and environmental standards.

For the purpose of the FY2025 Profit Estimate, the Group complied with all material applicable laws, regulations and standards in the countries it operated in. The FY2025 Profit Estimate includes the impact of currently applicable tariffs, and the Company assumes that there will not be any unanticipated compliance costs arising from a change in law in Fiscal Year 2025.

For the purpose of the FY2026 Profit Forecast, the Group assumes a stable legal and regulatory framework and thus, no material impact from changes in the applicable legal and regulatory framework in Fiscal Year 2026. Currently applicable tariffs are assumed to remain unchanged, and the Group does not assume any export restrictions (for which any transportation licences will be required) which would have a negative impact on its ability to export products in Fiscal Year 2026.

Factor 3: Defence Budgets

Global uncertainty in the global security landscape further grew in Fiscal Year 2025 and is expected to continue, driven by escalating geopolitical tensions and the Russia-Ukraine conflict (refer to Factor 4: "*The Russia-Ukraine Conflict*"), all of that has led to further implementation of protectionist measures.

Global defence spending has grown considerably since annexation of Crimea by Russia in 2014. Since 2022, the Russia-Ukraine Conflict has accelerated the pace of this growth. The Group's business significantly relies on defence spending by its customers, including governments, government agencies, international organisations as well as companies that depend on government spending to purchase the Group's products and services. Therefore, the Group is dependent on decisions in government programs due to, amongst others, socio-political considerations, general macroeconomic conditions or changes in government or administrative policy. As a result of the Super-Cycle, the Group expects an extended period of growth in defence spending and procurement activities.

However, for the purpose of the FY2025 Profit Estimate, the Group concludes no significant impact as the 2025 Profit Estimate is already covered by contracted customer purchase orders and related production expenses in Fiscal Year 2025.

For the purpose of the FY2026 Profit Forecast, the Group assumes no significant impact as the FY2026 Profit Forecast is mostly already covered by contracted customer purchase orders and purchase orders that are close to being finalized, driven by the increased budget spending for defence during Fiscal Year 2025. A potential cease-fire in the Russia–Ukraine conflict is expected to result in the reallocation of orders between Ukraine and NATO countries, the modernization of stockpiles to NATO standards and an acceleration in Europe's rearmament but this is not expected to significantly impact the FY2026 Profit Forecast.

Factor 4: The Russia-Ukraine Conflict

Besides the impact on the defence budget (refer to Factor 3: "*Defence Budgets*") the Russia-Ukraine Conflict, along with the sanctions and export-control measures imposed by the EU, the UK, the US, and other nations against Russian and Belarusian individuals and entities, have contributed and could further contribute to price volatilities (e.g. for oil and natural gas) or may cause shortages in gas supply, disruptions in supply chains, market volatility and economic uncertainty, particularly in Europe.

For the purpose of the FY2025 Profit Estimate, the Group concludes that the effects of the Russia-Ukraine Conflict did not negatively impact the Group's operations in Fiscal Year 2025.

For the purpose of the FY2026 Profit Forecast, the Group assumes the continuing effects of the Russia-Ukraine Conflict on the Group's operations to remain unchanged compared to Fiscal Year 2025.

Factor 5: Availability of Components, Supply Chain Constraints

The Group's operations are highly dependent on the timely delivery as well as the appropriate quality and quantity of purchased critical components (e.g. propellants, explosives) from third-party suppliers and is partially dependent on single sources (explosives) or a limited number of suppliers (propellants).

For the purpose of the FY2025 Profit Estimate, the Group concludes that supply chain constraints did not have a negative impact on the Group's operations in Fiscal Year 2025 as raw materials and components were available as necessary (and secured by long-term contracts) to process the orders and the supply of raw materials and components was in time and of adequate quality as well as its relationships with its suppliers have remained unchanged.

For the purpose of the FY2026 Profit Forecast, the Group assumes that supply chain constraints will not have a negative impact on the Group's operations in Fiscal Year 2026 as the Group assumes raw materials and components to be available (secured through long-term contracts) as necessary to process the orders and the supply of raw materials and components to be in time and adequate quality as well as its relationships with its suppliers to remain unchanged.

Factor 6: Exchange Rate Fluctuation

The Group conducts business worldwide and is therefore exposed to risks arising from fluctuations in currency exchange rates. Further, the Group is exposed to the risk associated with currency conversion in the context of consolidation from entity currency to group currency. The Group generates a significant portion of its revenues, and incurs substantial portion of its costs, in currencies other than euro ("**EUR**") as a reporting currency. The Group's primary foreign currency exposure is to the U.S. dollar ("**USD**") and the Czech Koruna ("**CZK**").

For the purpose of the FY2025 Profit Estimate, the Group applied the following currency rates for its primary foreign currency exposure in Fiscal Year 2025:

Currency rate	for Fiscal Year ended December 31, 2025
EUR/USD	1.12
EUR/CZK	24.77

For the purpose of the FY2026 Profit Forecast, the Group assumes the following currency rates for its primary foreign currency exposure in Fiscal Year 2026:

Currency rate	for Fiscal Year ended December 31, 2026
EUR/USD	1.20
EUR/CZK	24.82

Factor 7: Defence Spending

The global defence spendings are expected to grow at a compound annual growth rate ("**CAGR**") of 5.3% between 2025 and 2030. Moreover, European defence spendings are expected to grow at a 8.9% CAGR between 2025 and 2030 (Source: Renaissance Strategic Advisors analysis). Given that levels of 2026 defence spending in Europe and globally will be determined by decisions that will be made by the relevant governments, the Company believes that this is a factor exclusively outside the influence of the Directors.

For the purpose of the FY2026 Profit Forecast, the Group believes that it is well-positioned to serve the defence market and, as a result, assumes that the growth in defence spending will provide the Group with a significant market opportunity due to the overall industry growth rate and low penetration.

Assumptions about factors which the Directors can influence

In addition to the assumptions that are beyond the Company's control, the FY2025 Profit Estimate and the FY2026 Profit Forecast are based on assumptions about factors which the Directors can influence. These assumptions are described below:

Factor 1: Revenue Drivers

Revenues are mainly derived from the Group's order backlog supplemented. The order backlog represents, with respect to binding customer contracts and purchase orders concluded and/or received, the portion of

the associated transaction price for which the amount of revenue has not yet been recognized ("**Order Backlog**").

For the purpose of the FY2025 Profit Estimate and the FY2026 Profit Forecast, the Group assumes that the Defence backlog coverage ratio (calculated as backlog from the CSG Defence and CSG Ammo+ segments divided by the last twelve months Revenues) will continue to remain at levels similar to those for the year ended December 31, 2024 and the nine months ended September 30, 2025.

From a segment perspective, the Group assumes that the continued demand for its products and services will also contribute towards an increase in Revenues across all segments. The Group also assumes recurring clients and the Group's continued investments in capacity expansions and sustainably good client relationships will drive an increase in Revenues within its core clients i.e. NATO/European countries. For the clients from the rest of the world (NATO allies), the Group assumes growth due to market penetration and recurring contracts coming from those countries.

Factor 2: Operating expenses

Operating expenses comprise primarily: (i) raw materials and consumables; (ii) external costs; (iii) employee benefits expense; and (iv) other operating expense. The most significant portion of the Group's operating expenses are raw materials and consumables.

For the purpose of the FY2025 Profit Estimate, the Group assumes that operating expenses will increase accordingly compared to the financial year ended December 31, 2024. The increase is expected to correspond with the Group's growth in Revenues described in Factor 1, but at a lower rate.

For the purpose of the FY2025 Profit Estimate, the Group estimates an increase of raw materials and consumables compared to Fiscal Year 2024, mainly due to higher sales volumes and increase of efficiency and vertical integration.

For the purpose of the FY2026 Profit Forecast, the Group assumes cost of raw materials and consumables to increase considerably compared to Fiscal Year 2025, mainly due to further higher sales volumes partially offset by a product mix as well as the assumed effects of projects related to further process optimizations and increase of vertical integration.

Factor 3: Product mix, Order Backlog and visibility over profitability

For the purpose of the FY2025 Profit Estimate and the FY2026 Profit Forecast, the Group assumes that the product mix of the CSG Group and the Group, as applicable, will materially be the same as that for the year ended December 31, 2024 and the nine months ended September 30, 2025, and the Order Backlog and visibility over profitability (as measured by Adjusted Operating EBIT as a percentage of Revenues) will continue to remain at levels similar to those for the year ended December 31, 2024 and the nine months ended September 30, 2025.

Factor 4: Non-recurring Items

Non-recurring items primarily relate to Raw material and consumables (e.g. PPA effects).

For the purpose of the FY2025 Profit Estimate, the Group estimates that non-recurring items represent a one-off adjustment to PPA related to acquisition of The Kinetic Group. The amount has been split between years 2024 and 2025 due to closing of the acquisition in November 2024, first estimate done for closing of Fiscal year 2024 and then PPA finalised in 2025. The adjustment represents an increase to raw materials and consumables to account for the increase in the value of inventories, assuming all inventories were sold during the period.

For the purpose of the FY2026 Profit Forecast, the Group assumes no non-recurring items.

Factor 5: M&A Activities

The Group may make acquisitions and disposals that the Group expects present opportunities for growth and strengthening of its vertical integration, synergies or business in general, including by adding technological capabilities as well as improving its operational efficiencies and localizing the Group's production facilities.

For the purpose of the FY2025 Profit Estimate, the Group concludes there was no further significant impact from M&A activities on Revenues and Adjusted EBIT in the last quarter of Fiscal Year 2025.

For the purpose of the FY2026 Profit Forecast, the Group assumes there will be no significant impact from M&A activities on Revenues and Adjusted EBIT in Fiscal Year 2026.

Other Explanatory Notes

The FY2025 Profit Estimate and the FY2026 Profit Forecast do not take into account any extraordinary events, or results from non-recurring activities, except where explicitly stated otherwise in the explanatory notes above.

As the FY2025 Profit Estimate and the FY2026 Profit Forecast are based on several assumptions and estimates about uncertain events and actions in the past and future, respectively, both inherently involve significant uncertainties. Because of these uncertainties, it is possible that the Group's actual Revenues and Adjusted Operating EBIT Margin for Fiscal Year 2025 as well as Fiscal Year 2026 may deviate from the FY2025 Profit Estimate and the FY2026 Profit Forecast, even substantially.

This FY2025 Profit Estimate as well as this FY2026 Profit Forecast were prepared solely for the inclusion in this Prospectus and represent the best estimates of the Board as of January 5, 2026 and are still valid as of the date of this Prospectus.

The FY2026 Profit Forecast has been prepared before taking into account any costs associated with the Offering, known or unknown, which the Company may be required to or has paid.

MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

This section summarises information concerning the Board, the Group's employees and the Company's corporate governance. It is based on relevant provisions of Dutch law as in effect on the date of this Prospectus, and the Articles of Association and the Board Rules (as defined below), as in effect immediately prior to Admission and commencement of trading of the Shares on an "as-if-and-when-issued/delivered" basis on Euronext Amsterdam.

This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the relevant provisions of Dutch law as in force on the date of this Prospectus and the Articles of Association, the Board Rules and the charters of the committees. The Articles of Association in the governing Dutch language and in an unofficial English translation thereof are available on the Company's website (https://www.czechoslovakgroup.com/en/contact-us). The Board Rules and the terms of reference of the committees in the governing English language (only) are available on the Company's website.

Management structure

Upon the conversion of the Company into a public limited liability company on the First Trading Date, the Company will have a one-tier board structure consisting of five Executive Directors and four independent Non-Executive Directors. The Executive Directors shall carry out the day to day business of the Company. The Non-Executive Directors shall supervise the management and the performance of the duties of the Executive Directors as well as the day to day business of the Company.

As at the date of this Prospectus, the provisions in the DCC that are commonly referred to as the "large company regime" (*structuurregime*) do not apply to the Company. This will not change upon conversion of the Company into a public limited liability company (*naamloze vennootschap*). Note that the Company may meet the large company regime requirements in the future, which will have an impact on the governance described below. The Company may then be eligible to apply the holding and financing company exemption to prevent the large company regime becoming applicable to it if at least 50% of its employees works outside the Netherlands.

Board

Powers, responsibilities and functioning

The Board, as a one-tier board, is both the executive and supervisory body of the Company. The Board is responsible for the management of the Company's operations as well as the operations of the Group. It also supervises the general course of affairs of the Company and its business enterprise, taking into consideration the interests of the Group's stakeholders (which includes but is not limited to its customers, its suppliers, its employees and the Shareholders). The Board will also observe the corporate social responsibility issues that are relevant to the Group.

The Board's responsibilities include, among other things, defining and attaining the Company's objectives, determining the Company's strategy and risk management policy, day-to-day management of the Company's operations, and developing a view on sustainable long-term value creation by the Company. The Board may perform all acts necessary or useful for achieving the Company's objectives, with the exception of those acts that are prohibited or are expressly attributed to the General Meeting by law or by the Articles of Association. Pursuant to the Articles of Association and the Board Rules, the Directors will divide their tasks among themselves in mutual consultation. Pursuant to the Articles of Association, the Board as a whole has been entrusted with certain powers on which basis the Board as a whole is authorised to resolve upon certain matters. However, in light of the main task of the Non-Executive Directors to supervise the Executive Directors, certain responsibilities and tasks are allocated to the Non-Executive Directors. In addition to the aforementioned supervisory tasks, these include:

- the selection and proposal (for nomination) of Non-Executive Directors to the General Meeting;
- the selection and proposal (for election) of a Non-Executive Director as the Senior Independent Director to the Board;
- defining the roles of Committees; and

- the approval of other positions of Non-Executive Directors to the extent required under the Board Rules.

In performing their duties, the Directors are required to be guided by the interests of the Company and its business enterprise, taking into consideration the interests of the Group's stakeholders (which includes but is not limited to its customers, its suppliers, its employees and the Shareholders).

The Non-Executive Directors have drawn up a profile for the composition of the Board, taking into account the nature and size of the Company and the business connected with it (the "**Board Profile**"). The Board Profile shall address the desired expertise and background of the Executive Directors and the Non-Executive Directors, the desired diversity in the composition of the Board, as expressed in the Company's diversity and inclusion policy, size of the Board and the independence of the Non-Executive Directors. The Board will evaluate the Board Profile when it deems necessary and each change to the Board Profile will be discussed at the general meeting of shareholders of the Company.

Certain important decisions of the Board require either the affirmative vote of at least the majority of the Non-Executive Directors entitled to vote or the approval of the General Meeting, as more fully described below under "*—Board—Board meetings and decisions*".

Subject to certain statutory exceptions, the Board as a whole is authorised to represent the Company. In addition, two Executive Directors acting jointly have the authority to represent the Company. Pursuant to the Articles of Association, the Board is authorised to appoint proxy holders (*procuratiehouders*) who are, acting either individually or jointly with one or more other persons, authorised to represent the Company within the limits of the specific delegated powers provided to them in the proxy.

Board rules

Pursuant to the Articles of Association, the Board must adopt board rules governing its internal proceedings and the allocation of responsibility for one or more specific matters of the Board to a certain Director or certain Directors, including but not limited to the authority to resolve on such matters (the "**Board Rules**"). The Board Rules will be in effect upon conversion of the Company into a public limited liability company.

Composition, appointment and removal

The Articles of Association provide that the General Meeting is authorised to determine the total number of Directors, as well as the number of Executive Directors and Non-Executive Directors. As of the date of this Prospectus, the management board of the Company comprises five (5) members as of the Settlement Date, the Board will consist of nine (9) Directors.

Directors are appointed by the General Meeting. The Board may nominate persons for appointment as a Director on a non-binding basis. The nomination shall be included in the notice of the General Meeting at which the appointment shall be considered.

The General Meeting may appoint an Executive Director as the chief executive officer. The Executive Director so appointed shall be granted the title 'Chair' and/or 'CEO' ("**Chair/CEO**") by the General Meeting.

The chairperson of the Board as referred to under Dutch law shall be elected by the Board from among the Non-Executive Directors. The Non-Executive Director so elected shall be granted the title 'Senior Independent Director' by the Board.

Each Director may at any time be suspended or removed from the office by the General Meeting. An Executive Director may also be suspended by the Board. A resolution to suspend or remove other than on the proposal of the Board, may only be adopted by an absolute majority of the votes cast, representing more than one third of the issued share capital of the Company.

A suspension may be extended one or more times, but the total duration of the suspension may not exceed three months. If at the end of that period, no decision has been taken on termination of the suspension or removal, the suspension shall end. A suspension can be ended by the General Meeting at any time.

The Board may dismiss the Senior Independent Director, provided that the Senior Independent Director so dismissed shall subsequently continue his term of office as a Non-Executive Director without having the title of Senior Independent Director.

Term of appointment

The General Meeting shall appoint the Directors. A Director shall be appointed (i) either as an Executive Director or as a Non-Executive Director and (ii) in principle for a term lapsing ultimately at the end of the annual General Meeting held in the fourth (4th) year after the year of his appointment or re-appointment, unless otherwise specified by the General Meeting. For the avoidance of doubt, Directors may also be appointed for an indefinite period of time. See "*—Directors*" for the terms of appointment of the Directors to be appointed as per the moment of conversion.

Board meetings and decisions

The Board shall meet as often as the Chair/CEO or the Senior Independent Director deems, or two Directors together deem, necessary.

Where unanimity cannot be reached and the applicable law, the Articles of Association or the Board Rules do not prescribe a larger or more stringent majority, all resolutions of the Board are adopted by an absolute majority of the votes validly cast. Each Director has one vote. In the event of a tied vote, the Chair/CEO shall have a casting vote, provided that (i) the Company has more than two Directors in office, (ii) the Chair/CEO is not suspended and (iii) the Chair/CEO does not have a conflict of interest. Pursuant to the Board Rules, resolutions of the Board can only be adopted if the majority of the Directors – who are then in office, who are not suspended and who do not have a conflict of interest– is present or represented at the meeting.

The Board must obtain the approval of the General Meeting for resolutions regarding a significant change in the identity or nature of the Company or its business, including in any event:

- transferring the business, or practically the entire business, to a third party;
- concluding ending any long-lasting cooperation by the Company or a subsidiary with any other legal person or company or as a fully liable general partner of a limited partnership or a general partnership, provided that such cooperation or the ending thereof is of a material significance to the Company; and
- acquiring or disposing of a participating interest in the capital of a company with a value of at least one-third of the sum of the assets according to the balance sheet including the explanatory notes or, if the Company prepares a consolidated balance sheet, according to the consolidated balance sheet including the explanatory notes according to the last adopted Annual Accounts of the Company, by the Company or a subsidiary.

In addition, pursuant to the Board Rules, the following resolutions of the Board are adopted by an absolute majority of the votes validly cast, including the affirmative vote of the majority of the Non-Executive Directors who are then in office, who are not suspended and who do not have a conflict of interest:

- to adopt or amend the Company's individual and consolidated annual budget, long-term budget, strategic plan, individual and consolidated annual financial statements and consolidated half-year financial statements (and related documents);
- to acquire or divest an interest in another company exceeding an aggregate value or purchase price of five hundred million euro (EUR 500,000,000), unless the counterparty is a Group Company;to sell, merge or demerge any business (or similar transaction), unless the counterparty is a Group Company;
- to enter into a credit facility agreement (or similar debt transaction) in relation to a debt amount exceeding an aggregate of five hundred million euro (EUR 500,000,000) whereby the Company or any Group Company is a debtor;
- to grant, or to approve – in its capacity as (ultimate) shareholder – any Group Company to grant, any credit (or similar debt instrument) to a third party in relation to a debt amount exceeding an aggregate of five hundred million euro (EUR 500,000,000);

- to grant, or to approve – in its capacity as (ultimate) shareholder – any Group Company to grant, any guarantee on behalf of a third party exceeding an aggregate value of five hundred million euro (EUR 500,000,000);
- to enter into transactions in which there are conflicts of interest with Directors that are of material significance to the Company and/or to the relevant Director;
- to enter into transactions with legal or natural persons who hold at least ten per cent (10%) of the shares in the Company that are of material significance to the Company and/or to such persons;
- to approve a Qualified Related Party Transaction (as defined in the Related Party Transaction Policy);
- to adopt or amend the Related Party Transaction Policy;
- to enter into any joint venture agreement whereby the liability of the Company or any Group Company exceeds an amount of five hundred million euro (EUR 500,000,000);
- to enter into, or to approve – in its capacity as (ultimate) shareholder – any Group Company to enter into, any agreement outside the ordinary course of business exceeding an aggregate value of five hundred million euro (EUR 500,000,000);
- to appoint or dismiss the Company's chief audit executive;
- to adopt or amend the Company's D&I policy for senior management and the rest of the workforce within the Company;
- to adopt or amend the Company's insider trading policy;
- to appoint, replace or remove of the Company's company secretary;
- to adopt the Company's whistleblowers' policy;
- to approve the Company's internal audit plan;
- to invoke the reflection period;
- to grant personal loans, guarantees or the like to Directors as part of the Company's usual business operations; and
- to adopt or amend the Board Rules.

Pursuant to the Articles of Association and the Board Rules, resolutions of the Board may be adopted without holding a meeting, provided that (i) this is done in writing, (ii) none of the Directors without a Conflict of Interest objected, on reasonable grounds, to adopting resolutions in this manner of decision making process, (iii) all Directors without a Conflict of Interest have been given the opportunity to express their opinion on the proposed resolution and (iv) the requisite quorum and/or majority requirements for validly adopting the relevant resolution are met.

In each of the abovementioned situations, the lack of approval from the General Meeting or the lack of an affirmative vote of the majority of the Non-Executive Directors) does not affect the authority of the Board Director to represent the Company.

Conflict of interest

Dutch law **provides that** a director of a Dutch company, such as the Company, may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal interest conflicting with the interests of the company. Such a conflict of interest only exists if in the situation at hand the Director is deemed unable to serve the interests of the Company and the business connected with it with the required level of integrity and objectivity. Pursuant to the Board Rules and in line with the Dutch Corporate Governance Code each Director, shall report any potential personal conflict of interest that is of a material significance to the Company and/or to this relevant Director, to the Senior

Independent Director and to the other Directors without delay. The board shall provide all information relevant on this subject, including any relevant information concerning his, her or its spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Board shall decide, without the presence of the Director concerned, whether there is a conflict of interest.

A Director shall not take part in any discussion and decision-making that involves a subject or transaction in relation to which he has a conflict of interest with the Company. If as a consequence none of the Directors may participate in the consultation and decision-making, the Board shall remain authorized to adopt the resolution. All transactions in which there are conflicts of interests with Directors will be agreed on terms that are customary for arm's-length transactions in the market of business in which the Company and its subsidiaries operate. If a Director does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*).

The existence of a (potential) personal conflict of interest does not affect the authority to represent the Company, as described under "*—Board—Powers, responsibilities and functioning*" above.

Directors

On the Settlement Date, the Board will comprise the following nine Directors:

Name	Date of Birth	Position
Michal Strnad	August 4, 1992	Executive Director designated as Chair/CEO
David Chour	January 28, 1978	Executive Director
Ladislav Štorek	July 21, 1972	Executive Director
Petr Formánek	May 28, 1965	Executive Director
Zdeněk Jurák	July 26, 1982	Executive Director
John Nicholson	May 8, 1957	Non-Executive Director designated as Senior Independent Director
Lynn Fordham	April 9, 1963	Non-Executive Director
Susanne Wiegand	March 14, 1972	Non-Executive Director
Virginie Banet	January 18, 1966	Non-Executive Director

All Executive Directors were appointed on January 5, 2026 at incorporation of the Company and all Non-Executive Directors are appointed as per the conversion of the Company from a private limited liability company to a public limited liability company. All terms lapse ultimately at the end of the annual General Meeting held in 2030.

The business address for all Directors is U Rustonky 714/1, Karlín, 186 00 Prague 8, Czech Republic.

Biographies

Michal Strnad

Mr. Strnad currently serves as the chairman of the Board of Directors. He has been the chairman of CZECHOSLOVAK GROUP a.s. since 2015 and has been involved in the Group's business since 2010. From 2010 to 2013, he worked in the business/project unit of EXCALIBUR ARMY spol. s r.o. and, from 2014 to 2015, held the position of assistant to the project manager at CSGM a.s. Mr. Strnad was also the CEO at CSGM a.s. until 2019. Mr. Strnad also holds management roles outside of the Group. As the ultimate owner of the Group, Mr. Strnad is responsible for shaping the strategic direction of the business. Mr. Strnad completed his secondary education at Anglické gymnázium, Střední odborná škola and Vyšší odborná škola, s.r.o.

David Chour

Mr. Chour has been a member of the board of directors of CZECHOSLOVAK GROUP a.s. since September 1, 2020. In January 2023, Mr. Chour was appointed as the COO of the CSG Group. Mr. Chour also currently holds management roles outside of the Group.

Before joining the CSG Group as CFO in September 2020, Mr. Chour accumulated nearly two decades of experience with the financial group Profireal Group, where he was appointed CEO in 2003 and became chairman of the board of directors in 2007. Under his leadership, Profireal Group evolved into a global player, successfully expanding into multiple European markets.

Mr. Chour is a graduate of the Faculty of Economics and Administration at University of Pardubice, Pardubice, Czech Republic.

Ladislav Štorek

Mr. Štorek has been a member of the board of directors of CZECHOSLOVAK GROUP a.s. since September 1, 2022. He has also been serving as the general counsel of the CSG Group since September 1, 2022. In his capacity as general counsel, he provides strategic advice to the top management of the Group and the Principal Shareholder. His responsibilities include overseeing the legal department's operations and addressing all significant legal matters within the Group's business, contributing to effective management and legal compliance across all the Group's operations.

Mr. Štorek holds a law degree from the Faculty of Law at the Charles University. After obtaining his degree, he began his career as an associate at the American law firm Altheimer & Gray, which subsequently underwent mergers with SALANS and Dentons, where he became partner in 2002. Starting in 2008, he led its Prague office as managing partner for a decade, while concurrently managing the Bratislava office for several years. He was also a member of the firm's European organizations. Mr. Štorek is currently a member of the Czech Bar Association and was a member of the Slovak Bar Association from 2009 to 2024.

Petr Formánek

Mr. Formánek has been a member of the board of directors of CZECHOSLOVAK GROUP a.s. since November 2019. Prior to this, he held various roles within banks' financial market segments and board positions in both the Czech Republic and Canada from 1988 to 2001. From 2001 to 2005, Mr. Formánek was involved in managing a distressed asset portfolio through a joint venture with the finance division of General Motors.

Between 2005 to 2016, as a member of the board of directors of Patria Corporate Finance, he was responsible for overseeing numerous public and private projects in the capital markets, both in the Czech Republic and internationally. Mr. Formánek holds a degree in Finance from the Prague University of Economics and Business.

Zdeněk Jurák

Mr. Jurák has been a member of the board of directors of CZECHOSLOVAK GROUP a.s. since January 1, 2024. He currently serves as the CFO of the Group, having assumed the position of CFO of the CSG Group in June 2023.

With over eight years of experience at KKCG, an international investment group, Mr. Jurák has gained valuable insights into financial management in both domestic and foreign settings. His areas of expertise include mergers and acquisitions, bond issues, and guiding companies through capital markets preparations. During his time at KKCG, Mr. Jurák played a key role in implementing new ERP and CPM systems. Prior to this tenure, Mr. Jurák worked at Generali PPF Group and Mazars. Mr. Jurák currently holds management roles outside of the Group.

Mr. Jurák holds a degree in finance and economics from Mendel University, Brno, Czech Republic and has completed an internship at the University of Illinois in the United States. He is ACCA/DipIFR certified and holds certification as a qualified accounting expert.

John Nicholson

General (Ret.) Nicholson serves as an independent Non-Executive Director of the Company. He has previously served as the chief executive of Lockheed Martin Middle East, overseeing strategic operations across nine countries in the region. General Nicholson retired from the United States Army in 2018 after a 36-year career, including command of NATO's Resolute Support Mission and U.S. Forces-Afghanistan. He has held senior leadership roles within NATO and the U.S. Army, including command of the 82nd Airborne Division and NATO's Allied Land Command. General Nicholson holds degrees from Georgetown University and the United States Military Academy at West Point, along with two master's degrees and multiple honorary doctorates.

Lynn Fordham

Ms. Fordham serves as an independent Non-Executive Director of the Company. She has over 40 years of experience in investment, finance and corporate leadership, including senior executive roles across the oil and gas, consumer, retail, financial services and private equity sectors. She was previously chief executive officer of SVG Capital plc and managing partner of Larchpoint Capital LLP, where she led complex investment strategies and major public transactions. Ms. Fordham has held board and committee roles at Newriver REIT, Pollen Street Capital, Domino's Pizza Group, Enfinium Group, NCC Group and Caledonia Investments, among others. She is a chartered accountant and a graduate of Glasgow University and Warwick University.

Susanne Wiegand

Ms. Wiegand serves as an independent Non-Executive Director of the Company. She has over 29 years of experience in industrial strategy, defence, engineering and corporate leadership. She is currently a supervisory board member and chair of the audit committee at Volkswagen AG, and also serves on the supervisory boards of Brenntag SE and BWI GmbH, as well as the board of Deutsche Gesellschaft für Auswärtige Politik. Ms. Wiegand was previously chief executive officer of Rheinmetall Electronics GmbH and held senior roles at Rheinmetall Air Defence AG, Rheinmetall Italia S.p.A. and ISRA VISION AG. She began her career in management consulting and held leadership roles at thyssenkrupp Marine Systems and several German shipyards before joining RENK in 2021 as chief executive officer. Ms. Wiegand holds a degree in business administration from Johann Wolfgang von Goethe University in Frankfurt.

Virginie Banet

Ms. Banet serves as an independent Non-Executive Director of the Company. She has over 35 years of experience in finance, investment banking and corporate governance. She is the founder of Iolite Financial Consulting and currently acts as a senior advisor to Brunswick and Alix Partners, and has held board positions at Mediobanca, Lagardère, Vallourec, Netgem and GTT. Her executive career includes senior roles at Nomura, Natixis, Deutsche Bank and Ondra Partners, with sector expertise in media, aerospace and defence and industrials. She also held industry roles at Lagardère and Airbus, focusing on investor relations and M&A. Ms. Banet is a graduate of Sciences Po Paris, Paris II Assas and the Société Française des Analystes Financiers.

Board committees

The Board has an audit committee (the "**Audit Committee**") and a selection, appointment nomination and remuneration committee (the "**Selection, Appointment and Remuneration Committee**"). Each of the committees has a preparatory and/or advisory role to the Board. Each committee has terms of reference on its role, responsibilities and functioning, which terms of reference will be in effect as of the conversion of the Company from a private limited liability company to a public limited liability company. The committees consist of Non-Executive Directors who are appointed for such committees by the Board. The committees report their deliberations and findings to the Board, which is ultimately responsible for all decision-making.

Audit Committee

The duties of the Audit Committee include preparing the Board's decision-making regarding the supervision of the integrity and quality of the Company's financial and sustainability reporting and the effectiveness of the Company's internal risk management and control systems. The Audit Committee advises the Board on the exercise of certain of its duties and prepares nominations and reviews for the Board in this regard. The Audit Committee also supervises the submission of financial information by the Company, the compliance with recommendations of the Internal Audit Function (as defined in the charter of the Audit Committee) and the External Auditor (as defined in the charter of the Audit Committee), the Company's policy on tax planning, the Company's financing arrangements, and assists the Board with the Company's information and communications technology. It furthermore maintains regular contact with and supervises the External Auditor and it prepares the nomination of an External Auditor for appointment by the General Meeting. The Audit Committee also issues preliminary advice to the Board regarding the approval of the Annual Accounts and the annual budget and major capital expenditures. The Audit Committee meets as often as required for a proper functioning of the Audit Committee, but at least four times a year. The Audit Committee shall furthermore meet if this is deemed necessary by the chairperson of the Audit Committee, or by two other members of the Audit Committee.

As per the conversion of the Company from a private limited liability company to a public limited liability company, the Audit Committee shall consist of Lynn Fordham, Virginie Banet and Susanne Wiegand (chairperson).

Selection, Appointment and Remuneration Committee

The Selection, Appointment and Remuneration Committee advises the Board on the exercise of its duties regarding the selection and appointment of Directors and senior management, and on the remuneration policy of the Directors, and preparing proposals for the Board on these subjects. The duties of the Selection, Appointment and Remuneration Committee include preparing the selection criteria and appointment procedures for Directors, and proposing the composition profile for the Board. It also periodically assesses the scope and composition of the Board, and the functioning of the individual Directors. The Selection, Appointment and Remuneration Committee supervises the Board's policy on selection criteria and appointment procedures and submits proposals for appointments and reappointments of Directors and senior management.

Furthermore, the duties of the Selection, Appointment and Remuneration Committee include the preparation of proposals of the Board on the remuneration policy for the Directors to be adopted by the General Meeting, and on the remuneration of the individual Executive Directors to be determined by the Non-Executive Directors. When drafting the proposal for the remuneration of the individual Executive Directors, the Selection, Appointment and Remuneration Committee shall take note of the view of individual Executive Directors with regard to the amount and structure of their own remuneration. The Selection, Appointment and Remuneration Committee also prepares a remuneration report on the execution of the remuneration policy for the Board during the respective year to be adopted by General Meeting. The General Meeting has an annual advisory vote on the remuneration report. The Selection, Appointment and Remuneration Committee shall meet as often as required for a proper functioning of the Selection, Appointment and Remuneration Committee, but at least twice a year.

On the Settlement Date, the Selection, Appointment and Remuneration Committee shall consist of Lynn Fordham, John Nicholson and Virgine Banet (chairperson).

Maximum number of supervisory and non-executive positions of directors

Restrictions apply with respect to the overall number of supervisory or non-executive positions that a managing director or supervisory director (including a one-tier board) of "large Dutch companies" may hold. The term "large Dutch companies" applies to Dutch public limited liability companies, Dutch private limited liability companies and Dutch foundations that meet at least two of the following three criteria: (i) the value of the company's/foundation's assets according to its balance sheet together with explanatory notes, on the basis of the purchase price or manufacturing costs exceeds EUR 25 million; (ii) its net turnover in the applicable year exceeds EUR 50 million; and (iii) its average number of employees in the applicable year is 250 or more.

Note that the terms "large Dutch companies" as defined in this paragraph and the "large company regime" (*structuurregime*) as referred to under "*—Management Structure*" refer to different concepts.

A person cannot be appointed as a managing or executive director of a "large Dutch company" if he or she already holds a supervisory or non-executive position at more than two other "large Dutch companies" or if he or she is the chairperson of the supervisory board or one-tier board of another "large Dutch company". Also, a person cannot be appointed as a supervisory director or non-executive director of a "large Dutch company" if he or she already holds a supervisory position or non-executive at five or more other "large Dutch companies", whereby the position of chairperson of the supervisory board or one-tier board of another "large Dutch company" is counted twice.

Diversity

Pursuant to Dutch law, Dutch listed companies with a one-tier board need to comply with a quota of a least one-third of the non-executive members being male and one-third of the non-executive board members being female. The quota will apply to new appointments, i.e. companies can reappoint a supervisory or non-executive director without complying with the one-third quota, but only where this happens within eight years after the year of the supervisory or non-executive director's first appointment. A new appointment not in accordance with the one-third quota will in principle be regarded as null and void

(nietig), although such nullity does not affect the validity of the decision-making process in which the relevant Non-Executive Director participated. As a result, the person in question will not become a non-executive director of the company. This rule also does not apply in the case of so-called exceptional circumstances, whereby such an appointment may be for a maximum term of two years.

This allocation of seats will be taken into account in connection with the designation, recommendation, appointment, or nomination for the appointment of Non-Executive Directors and the drafting of the criteria for the size and composition of the Board.

Currently, the Company does not yet comply with these requirements as, upon Admission, there will be one (1) Non-Executive Director that is male and 3 (three) Non-Executive Directors that are female. The Company will need to take these requirements into account in respect of proposed future (re-)appointments of Non-Executive Directors.

The Dutch Corporate Governance Code **provides that** the Company should have a diversity and inclusion policy for the enterprise. This policy should address the establishment of specific, appropriate and ambitious targets to achieve a good balance in gender diversity and other aspects of diversity and inclusion relevant to the Company, for Board composition and senior management. The Company is required to disclose information about the implementation of the diversity and inclusion policy in its annual management report, including information on the gender composition of the Board and senior management at the end of the past financial year. If one or more diversity goals for the composition of the Board and senior management have not been achieved, an explanation of the reasons should be included, as well as on the proposed actions to attain the goals.

If the Company meets the criteria of a 'large Dutch company', within the meaning of the Dutch accounting law, additional reporting will be required on gender diversity of the Board and senior management (target numbers, underlying plan and an explanation if goals are not achieved) towards the Dutch Social and Economic Council (Sociaal Economische Raad). This reporting is due within ten months after the close of the financial year.

Currently, the Company does not meet the criteria to be classified as a large company under these provisions, as, among other factors, it has not prepared annual accounts for two or more consecutive balance sheet dates.

Senior Managers

On the Settlement Date, the senior management of the Group will comprise the following:

Name	Date of Birth	Position
Jason Vanderbrink	August 17, 1977	Chief Executive Officer, the Kinetic Group
Jason Gaines	November 20, 1980	Chief Executive Officer, MSM North America
Vladimir Stulancak	May 15, 1979	Chief Executive Officer, Excalibur Army
Jaroslav Strnad Jr.	October 26, 1998	Chief Executive Officer, MSM Group

Biographies

Jason Vanderbrink

Jason Vanderbrink is the chief executive officer and board chair of the Kinetic Group. He was previously the Co-CEO and Director of Vista Outdoor Inc., CEO of the Kinetic Group Segment of Vista Outdoor Inc., and President of the Ammunition Segment of Vista Outdoor Inc. Prior to this role, he was the vice president of sales from 2005 to 2017 at Vista Outdoor Inc. Mr. Vanderbrink has more than 25 years of increasing leadership experience in the outdoor industry, including five years with The Cullerton Company from 2000 to 2005. Mr. Vanderbrink currently serves on the National Shooting Sports Foundation's (NSSF) board of governors and Congressional Sportsmen's Foundation board of directors. Mr. Vanderbrink holds a bachelor's degree from Saginaw Valley State University and a master's degree from Missouri State University and completed the Advanced Management and Leadership Programme at the University of Oxford in 2013.

Jason Gaines

Mr. Jason W. Gaines is an executive leader within the US munitions industry with over 20 years of experience in the fields of engineering, program management, business development and general

management. He is the current chairman of the NDIA Industrial Committee of Ammunition Producers (ICAP) and is the former senior vice president and general manager of the munitions business of General Dynamics-Ordnance and Tactical Systems (OTS). As the chief executive officer of MSM North America, he guides the overall management and strategic direction of the company. Mr. Gaines partnered with the CSG Group in January 2025 to start MSM North America with clear focus on establishing broader depth and capability within the US munitions industrial base. Mr. Gaines holds a bachelor's degree in industrial engineering from Mercer University and a master's degree in business administration from the University of Tampa.

Vladimir Stulancak

Vladimír Stulančák has been the chief executive officer of Excalibur Army since September 2024. He has over 20 years of experience in operations, logistics, and executive management across the automotive, aviation and defence sectors. He previously served as chief operation officer of the CSG Defence division at CZECHOSLOVAK GROUP and held the roles of chief executive officer and chairman of the board of directors at Job Air Technic. His earlier positions include chief operation officer, head of logistics and purchasing and deputy managing director at Austrian Airlines Technik Bratislava as well as logistic and purchasing senior leader at Inergy Automotive Systems and supervisor JIT (Just in Time) at Volkswagen Slovakia. He holds a degree in company management from the Faculty of Economy and Management, SPU University, Slovakia.

Jaroslav Strnad Jr.

Jaroslav Strnad has served as chief executive officer of MSM Group since March 2025. He has over five years of experience in business development, sales, strategy and executive management within the defence industry. He previously held the positions of chief strategy officer (ammunition) at CSG Defence and executive director of MSM Export and sales director at MSM Group. Earlier in his career, he held the position of business development manager at Excalibur International between March 2020 and August 2021. He holds a bachelor's degree in business from Bayes Business School (formerly Cass Business School).

Potential conflicts of interest and other information

The Company is aware of the fact that the Principal Shareholder serves as Executive Director while the Principal Shareholder will continue to be an (indirect) majority Shareholder (see the section entitled "*Selling Shareholder and Related Party Transactions — Selling Shareholder*"). Accordingly, the Principal Shareholder may through his (indirect) vote in the General Meeting support strategies and directions that are in his best interests as a Shareholder, which may conflict with the interests of the Company and the other Shareholders (see "*Risk Factors—Risks relating to the structure of the Company, the Offering and the Shares—The Group's controlling shareholder will retain the ability to exercise control over matters requiring shareholder approval and the interests of the Group's controlling shareholder may conflict with the interest of the Company's other shareholders*"). Other than these circumstances, there are as of the date of this Prospectus no potential conflicts of interests between the private interests or other duties of the Directors or the Senior Managers on the one hand and their duties to the Company on the other hand. Other than Michal Strnad and Jaroslav Strnad Jr., there are no family relationships between any Director and/or Senior Manager.

During the last five years, none of the Directors or Senior Managers: (i) has been convicted of fraudulent offenses; (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation; or (iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer.

The Company is not aware of any arrangement or understanding with major Shareholders, suppliers, customers or others pursuant to which any Director or Senior Manager was selected as a member of such management or supervisory bodies or member of senior management of the Company.

Other directorships and partnerships of the Directors

In addition to their directorships of the Company (in the case of the Directors) and its subsidiaries and subsidiary undertakings, the Directors and the Senior Managers hold, or have held, the following directorships and are or were members of the following partnerships, within the past five years:

Name	Current directorships / partnerships	Past directorships / partnerships
Directors		
Michal Strnad	ALTIOR RE a.s. Karlova Offices s.r.o. TALASIUS a.s. HELA GROUP s.r.o. YTARA SPV a.s.	CASERMANIX s.r.o. INDUSTRYIN a.s. INNOVATION CS a.s. SYNERGY CS a.s. SFBS Real Estate a.s. (renamed from INDUSTRY SPV a.s.) PROJECT SPV a.s. DEVELOP SPV a.s. SPV Sakura s.r.o. VELOGRES SPV a.s. TURNIKA SPV a.s. BatteryCells a.s. (renamed from TESLA CS a.s.) ABLESTAR a.s. ACCENT SPV a.s. ORBITER HOLDING a.s. TESLA RADARS a.s. CSG AUTOMOTIVE a.s.
David Chour	Fedemir s.r.o. SFBS Real Estate a.s. MINORCO CZ a.s. YTARA SPV a.s.	CASERMANIX s.r.o. INDUSTRYIN a.s. INDUSTRY INNOVATION a.s. INNOVATION CS a.s. Pilgrima SPV a.s. RELAZA SPV a.s. INDUSTRY SPV a.s. SYNERGY CS a.s. Špindlerův Mlýn Investment s.r.o.
Ladislav Štorek	INNOVATION CS a.s. SYNERGY CS a.s. YTARA SPV a.s.	Dentons Europe CS LLP OF1, s.r.o.
Petr Formánek	Villa Roztoky s.r.o. Na Valech s.r.o. YTARA SPV a.s.	CHEMCOMEX, a.s. VÍTKOVICE MACHINERY TRADE s.r.o.
Zdeněk Jurák	FSHP s.r.o. NOBLE HOSPITALITY s.r.o. SFBS GROUP a.s. LBP 80 S.r.l. MINORCO CZ a.s. YTARA SPV a.s.	FIFTY LTD KKCG a.s. G-JET s.r.o. ES MIRADOR DE SA PEDRISSA, S.L.U. ZOOMWIRE LIMITED
John Nicholson	Lockheed Martin Middle East Khalifa University Veteran Coalition International	Eutelsat America Corp. PENFED Foundation
Lynn Fordham	Conquering Horizons Limited Enfinium Group Limited Enfinium Holdings Limited FGHL Limited NCC Group plc Newriver REIT plc Pollen Street Group Royal Marines Association – the Royal Marines Charity Spiezia Organics Limited TRMC Enterprises Limited	Caledonia Investments plc Deliver London Limited Domino's Pizza Group plc Larchpoint RB GP Limited Larchpoint RB Carry GP Limited Larchpoint 1B RB GP Limited Larchpoint 1B RB Carry GP Limited Larchpoint Alternative RB GP Limited Larchpoint Alternative RB Carry GP Limited Larchpoint Capital LLP SVGC Managers Limited
Susanne Wiegand	BWI GmbH Deutsche Gesellschaft für Auswärtige Politik e.V. Volkswagen AG Brenntag SE	RENK Group AG Rheinmetall Italia S.p.A Rheinmetall Air Defence AG
Virginie Banet	GTT Group CMA Audiovisual SAS	Vallourec S.A. Netgem S.A.

Name	Current directorships / partnerships	Past directorships / partnerships
	La Fondation pour la Recherche Médicale	Lagarère S.A. Mediobanca S.p.A.
Senior Managers		
Jason Vanderbrink.....	National Shooting Sports Foundation Congressional Sportsmen's Foundation	-
Jason Gaines.....	-	-
Vladimir Stulancak.....	-	STERI s.r.o
Jaroslav Strnad Jr.	VEHICLE SPV a.s.	-

Board remuneration

The Company has established a remuneration policy in respect of the remuneration of the Executive Directors and the Non-Executive Directors. The General Meeting adopts the remuneration policy for the Executive Directors and Non-Executive Directors with an absolute majority of the votes validly cast upon the submission of a proposal by the Board. The General Meeting adopted and approved the remuneration policy which will be effective as per the conversion of the Company from a private limited liability company to a public limited liability company (the "**Remuneration Policy**") and which will be made available free of charge on the Company's website (https://www.czechoslovakgroup.com).

Remuneration Policy for Executive Directors and Non-Executive Directors

The Company's Remuneration Policy is designed to attract, incentivize, reward, and retain the highly skilled and qualified Directors which the Company needs to achieve its strategic and operational objectives. It is transparent and aligns the interests of the Company, Shareholders and other stakeholders in the long term to deliver sustainable performance in line with the strategy, purpose and values of the Company.

The Remuneration Policy is structured to:

- align with the company strategy;
- offer competitive compensation and pay for performance;
- create sustainable, long-term value;
- align with Shareholder and stakeholder interests;
- be consistent and transparent; and
- be in compliance with applicable laws and corporate governance standards.

The Non-Executive Directors, upon recommendation from the Selection, Appointment and Remuneration Committee, are responsible for implementing and monitoring the Remuneration Policy.

The General Meeting adopts the remuneration policy for the Executive Directors and Non-Executive Directors with an absolute majority of the votes validly cast upon proposal of the Non-Executive Directors. At least every four years, the Board shall present the Remuneration Policy to the General Meeting for re-adoption. Amendments to the Remuneration Policy are subject to approval by the General Meeting.

In exceptional circumstances, as provided for in article 2:135a of the Dutch Civil Code, the Non-Executive Directors may decide to temporarily derogate from the Remuneration Policy, until a new policy is adopted. Exceptional circumstances cover situations in which the derogation from the Remuneration Policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability, such as the appointment of an interim Executive Director or the appointment of a new Executive Director. The rationale and detail of any such deviation will be disclosed in the Company's annual remuneration report.

Executive Directors

When developing the Remuneration Policy, the Board and the Selection, Appointment and Remuneration Committee considered multiple perspectives including business requirements, shareholder views, the Company's identity, culture and values, the overall pay philosophy across the Company, the pay ratio between the Executive Directors pay and the average employee pay, views of the Executive Directors on the structure and quantum of their remuneration and social context. The Executive Directors may not participate in the discussion and decision-making process of the Board with respect to their own remuneration or the Remuneration Policy.

Remuneration components

The remuneration of Executive Directors may consist of the following primary components:

- Base salary;
- Short-term incentive;
- Long-term incentive; and
- Benefits.

Base salary

Executive Directors are entitled to an annual fixed base salary, including any local statutory requirements per country, paid in cash that is determined by the Non-Executive Directors, having obtained advice from the Selection, Appointment and Remuneration Committee, in accordance with the Remuneration Policy. The level of the base salary has been set as considered appropriate by the Non-Executive Directors to attract and retain individuals of the calibre required to lead the Company through the post-listing phase and deliver its strategic objectives.

The base salary is reviewed annually by the Selection, Appointment and Remuneration Committee, which may propose adjustments to the Non-Executive Directors. The Nomination and Remuneration Committee considers various factors when evaluating changes in the base salary, including the benchmark data using the Company's Global Labour Market Peer Group, individual and business performance, the scope of the role and market practice in relevant countries, such as inflation, cost-of-living changes and the relevant labour market. The base salary and any changes thereto will be disclosed in the annual remuneration report.

Short-term incentive

The annual short term incentive (the "**STI**") is designed to incentivize the achievement of short-term financial, strategic and sustainability related objectives.

The bonus levels for on-target performance are set at 100% of annual base salary for the Executive Directors. The maximum STI opportunity for exceptional performance is 200% for financial performance measures and 100% for non-financial performance measures.

Performance measures are determined annually by the Selection, Appointment and Remuneration Committee and may be based on a combination of financial targets, strategic and/or sustainability related objectives. The specific performance measures and the weighting of these measures are set each year to reflect the Company's evolving strategic priorities and to ensure alignment between Executive performance and the delivery of shareholder value. This will be explained in the annual remuneration report.

The Non-Executive Directors retain discretion to adjust STI outcomes to ensure alignment with underlying performance.

The STI is typically satisfied in cash and payment thereof is subject to customary leaver provisions and malus and clawback provisions.

Long-term incentive - Performance Share Plan

Long-term incentives are provided through the Performance Share Plan (the "**PSP**"), which is intended to incentivize and recognize delivery of longer-term business priorities, financial growth, long-term value creation, as well as drive alignment between the Executive Directors and the Shareholders. Under the PSP, Executive Directors receive annual conditional awards of shares subject to performance over a three-year period, after which vesting occurs and the shares are delivered. Vested shares are subject to a subsequent two-year holding requirement.

Awards will not exceed 250% of annual base salary for the Chair/CEO and between 200% and 225% for the other Executive Directors.

Vesting of awards granted under the PSP will be subject to performance conditions determined by the Non-Executive Directors (on recommendation of the Selection, Appointment and Remuneration Committee) and tied to the Company's long-term strategy. Further details of the applicable performance measures, including (ex post) targets, will be disclosed in the Company's annual remuneration report. An additional vesting requirement is continued employment, subject to the leaver arrangements set out in the Remuneration Policy. The maximum vesting level of awards granted under the PSP is two times the award, meaning that such maximum applies to the number of shares and not to the value of such shares.

After the end of the performance period, the vesting of performance shares will be calculated for all performance measures, based on predefined pay-out matrices.

The Non-Executive Directors, in cooperation with the relevant subcommittees, set performance targets at the beginning of the performance period and assesses the extent to which the performance targets are met. The Board may adjust vesting outcomes to reflect underlying performance and will disclose any such adjustments in the annual remuneration report.

Awards are eligible for dividend equivalent payments in respect of dividends that would have been paid on the Shares that vest under the PSP awards during the vesting period (or to the end of any relevant post-vesting holding period). The Non-Executive Directors may determine that the dividend equivalent will be calculated as if the dividends have been reinvested in additional shares.

In case a tax payment is due by the Executive Directors over the retrieved variable income, performance shares may be partially sold at vesting (‘sell to cover') in accordance with the applicable laws and (internal) regulations.

Long-term incentives will be subject to the malus and clawback provisions summarized below.

Malus and clawback

In line with the Dutch Civil Code, the Dutch Corporate Governance Code and governance best practices, the Non-Executive Directors, upon recommendation from the Selection, Appointment and Remuneration Committee, may reduce, cancel, or recover any variable remuneration awarded to Executive Directors to an appropriate level if payment of the variable remuneration is unacceptable according to the requirements of reasonableness and fairness and/or if they determine that such action is necessary to ensure alignment with the Company's long-term interests and sound governance standards.

These powers may be invoked in cases including, but not limited to, material misstatement of financial results, misconduct, serious reputational harm attributable to the Executive Director, corporate failure, or any other situation where the award was made or determined based on incorrect or misleading information.

Any application of claw-back or discretion will be disclosed and explained in the Company's annual remuneration report.

Recruitment

In the event that the Company wishes to recruit and appoint an Executive Director to the Board, the Company's approach to remuneration is to pay no more than is necessary to attract the best candidates to the role. The approach to the recruitment of a new Executive Director aims to be competitive and to structure ongoing remuneration arrangements in line with this Policy.

The Board may grant additional awards in order to facilitate recruitment of new or interim Executive Directors, comprising cash or short- to long-term incentives. This may include, for example, buy out awards for any remuneration forfeited on joining the Company.

If a new hire is required to relocate to take up their appointment, the Company may provide relocation allowances, including but not limited to: relocation costs, cost-of-living adjustments, housing assistance, home leave, tax and social security equalisation, and education support, in line with the policy for existing Executive Directors.

In the event that an internal candidate is promoted to Executive Director, legacy terms and conditions would normally be honoured.

Share ownership guidelines

To reinforce alignment with Shareholders, Executive Directors are subject to shareholding guidelines of 300% of annual base salary for the Chief Executive Officer and 100% of annual base salary for the other Executive Directors, to be achieved within five years of appointment. Until the relevant Share ownership requirements have been met, Executive Directors are required to hold all shares acquired as a result of the vesting of awards under the PSP.

Non-Executive Directors

Pursuant to the Articles of Association, the authority to establish remuneration and other terms of service for Non-Executive Directors is vested in the General Meeting, with due observance of the Remuneration Policy and applicable provisions of law. Non-Executive Directors receive remuneration that reflects the time commitment and responsibilities, independent of Company performance, comprising fixed cash payments only (with no variable compensation and no participation in incentive plans).

Non-Executive Directors are not entitled to any pension allowances or contribution or participation in the Company's incentive schemes.

The Non-Executive Directors are entitled to the following elements: (i) a base fee and other benefits for membership of the Board; (ii) a committee fee for chairing a committee of the Board; (iii) a fixed committee fee for membership of a committee of the Board and (iv) compensation for travel expenses and other reasonable expenses made for attending meetings of the Board, committee meetings and the General Meeting.

Fees and reimbursement of costs are aligned with the median fee levels observed among companies in the Company's Global Labor Market Peer Group and companies listed on the AEX. Fees and reimbursement of costs are reviewed regularly and may be adjusted by the Board from time to time to maintain alignment with evolving market practice and levels as well as to address specific circumstances that require Non-Executive Directors to undertake specific projects requiring a significant additional time commitment. These fees and reimbursement of costs will be disclosed in the Company's annual remuneration report.

Remuneration for the Directors and Senior Managers in 2025

The Directors were not yet in service of the Company during 2025, so did not receive any remuneration directly from the Company in the financial year ended December 31, 2025.

In 2025, the Executive Directors and Senior Managers had an employment or service contract with a subsidiary of the Company. Such employment or service contracts comply with the laws in the relevant jurisdictions.

In 2025, the remuneration of the Executive Directors and Senior Managers was comprised of a fixed and variable part and included base salary, a bonus, post-employment benefits (e.g., 401(k) Plan contributions in the U.S.) and long term incentive benefits. The total gross aggregate remuneration (including social, health and mandatory pension insurance contributions) paid in 2025 to the Executive Directors and Senior Managers amounted to the local currency equivalent of EUR 11,387,000. In addition, during the financial year ended December 31, 2025, the following benefits in kind were provided to the Executive Directors and Senior Managers: personal use of a company car and aircraft, medical, life and disability insurance, and supplemental retirement insurance contributions, the total value of which amounted to EUR 152,200. In 2025, no amounts were set aside for pension, retirement or similar benefits (see "—*Pension schemes*").

Shareholding of Directors

As of the date of this Prospectus, the only Directors and Senior Manager to hold Shares are set forth in the table below. None of the Directors hold stock options as of the date of this Prospectus.

Name	Total number of Shares
Michal Strnad*	9,998,175
David Chour	365
Jaroslav Strnad Jr.	365
Ladislav Štorek	365
Petr Formánek	365
Zdeněk Jurák	365

* Shares held indirectly through his shareholding in the Selling Shareholder

Service agreements of Directors

Each envisaged Director will enter into a service agreement (*overeenkomst van opdracht*) with the Company, that will become effective on or around the Settlement Date in relation to the appointment as a Director of the Company.

Non-Executive Directors are, in principle, appointed for a maximum of four years per term, after which reappointment is possible. Non-Executive Directors are not entitled to contractual severance packages.

Executive Directors have a separate service agreement with the Company in relation to the appointment as a Director of the Company and an employment or service contract with a subsidiary of the Company. Such employment or service contracts comply with the laws in the relevant jurisdictions. The maximum notice period included in such employment or service contracts is five months.

Executive Directors are appointed for a maximum period of 4 years, after which reappointment is possible. A separate board agreement is agreed upon with the Company in relation to the appointment as an Executive Director of the Company.

The board agreement can be terminated by each party by observing a notice period of 5 months for both the Company and the Executive Director and arranges adherences to the Company's Board Rules and the STI and PSP awards provided by the Company.

Severance

Based on the Dutch Corporate Governance Code, severance payments for Executive Directors should be limited to a maximum of one-year gross base salary upon termination. The board agreements of the Executive Directors with the Company do not contain a contractual severance. The relevant employment or service contracts may be terminated in line with the laws in the relevant jurisdictions. The maximum contractual severance payment in these employment or service contracts is 5 months.

Liability of Directors

Under Dutch law, the Directors may be liable towards the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages towards the Company for infringement of the Articles of Association or of certain provisions of the DCC. In addition, they may be liable towards third parties for infringement of certain provisions of the DCC. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

Insurance

It is intended that the Directors are insured under a customary directors' and officers' insurance policy taken out by the Company against damages resulting from their conduct when acting in their capacities as directors.

Indemnification

Pursuant to the Articles of Association, and unless Dutch law provides otherwise, the Company shall, to the extent permitted by law, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative

or investigative (other than an action, suit or proceeding by or in the right of the Company) by reason of the fact that this person is or was a Director, officer, employee or agent of the Company, or was or is serving at the request of the Company as a Director, officer or agent of another Company, a partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgements, fines and amounts paid in settlement actually and reasonably incurred by this person in connection with such action, suit or proceeding if it acted in good faith and in a manner it reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit or proceeding by a judgement, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and not in a manner which this person reasonably could believe to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that its conduct was unlawful.

Under the Articles of Association, the Board may stipulate additional terms, conditions and restrictions in relation to the indemnification described above.

The indemnified person shall comply with the Company's instructions regarding the defence strategy and coordinate the defence strategy with the Company beforehand to the extent this relates to a third party claim. The indemnified person requires the Company's prior written consent for: (i) acknowledging personal liability, (ii) deciding not to put up a defence, and (iii) entering into a settlement.

Share incentive plans

Other than set out above in relation to the Executive Directors, no arrangements involving the employees in the share capital of the Company are in effect as at the date hereof or contemplated to come into effect upon Admission.

Pension schemes

As of the Settlement Date, the Company does not have any pension schemes.

Works council

As of the Settlement Date, no works council has been established.

Corporate resolutions

It is expected that on or around the Settlement Date, the General Meeting will adopt a resolution to issue up to 30,000,000 New Shares and to exclude all pre-emptive rights accruing to Shareholders in relation to the issuance of these New Shares in the context of the Offering. The issuance of New Shares and the delivery of the Offer Shares will take place on the Settlement Date. See also the sections entitled "*The Offering—Timetable*" and "*The Offering—Payment*".

Corporate governance code

The Dutch Corporate Governance Code applies to all Dutch companies listed on a government-recognised stock exchange, whether in the Netherlands or elsewhere. The Code therefore applies to the Company. The Code contains a number of principles and best practice provisions in respect of the board, shareholders and the general meeting, financial reporting, auditors, disclosure, compliance and enforcement standards.

The Company is required to disclose in its management report in its annual report whether or not it applies the provisions of the Code and, if it does not apply those provisions, to explain the reasons why.

Compliance with the Code

The Company acknowledges the importance of good governance. The Company agrees with the general approach and is committed to adhering to the best practices of the Code as much as possible. The Company fully complies with the Code, with the exception of best practice provision 5.1.1 that prescribes that the majority of the board of a company should consist of non-executive directors. As of the Settlement Date, the Board consists of four Non-Executive Directors and five Executive Directors.

DESCRIPTION OF SHARE CAPITAL

The following paragraphs summarise information concerning the Company's share capital and material provisions of the Articles of Association and applicable Dutch law. This section summarises the Articles of Association as these will be in effect as of the Settlement Date.

The Articles of Association in the governing Dutch language and in an unofficial English translation thereof are available on the Company's website (https://www.czechoslovakgroup.com/en/contact-us). See also "*Management, Employees and Corporate Governance*" for a summary of material provisions of the Articles of Association, Board Rules and Dutch law relating to the Board.

General

The Company was incorporated as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on January 5, 2026 and was named CSG B.V. The Company is expected to be converted to a public limited liability company (*naamloze vennootschap*) on the First Trading Date pursuant to a notarial deed of conversion and amendment of the articles of association of the Company in accordance with a resolution of the General Meeting expected to be adopted on or prior to the First Trading Date (the "**Deed of Amendment**"). Following the execution of the Deed of Amendment, the legal name of the Company will be CSG N.V. and its commercial names will be 'CSG' and 'Czechoslovak Group'. The seat of the Company will be in Amsterdam, the Netherlands and address at U Rustonky 714/1, Karlín, 186 00, Prague 8, Czech Republic. The principal place of business and effective management of the Company is in Prague, Czech Republic. The Company's telephone number is +420 273 162 150 and its website is https://www.czechoslovakgroup.com. The Company is registered in the Commercial Register of the Netherlands Chamber of Commerce (*Handelsregister van de Kamer van Koophandel*) under number 99414376 and its legal entity identifier ("**LEI**") is 31570078IM9ILNPQUB16.

Corporate purpose

Pursuant to article 3 of the Articles of Association, the objects of the Company are:

(i) to incorporate, to participate in any manner whatsoever, to manage, to supervise, to cooperate with, to acquire, to maintain, to dispose of, to transfer or to administer in any other manner whatsoever all sorts of participations and interests in businesses, legal entities and companies, including, but not limited to, CZECHOSLOVAK GROUP a.s., as well as to enter into joint ventures;

(ii) to finance businesses, legal entities and companies;

(iii) to borrow, to lend and to raise funds, to participate in all sorts of financial transactions, including the issue of bonds, promissory notes or other securities, to invest in securities in the widest sense of the word, and to enter into agreements in connection with the foregoing;

(iv) to grant guarantees, to bind the Company and to grant security over the assets of the Company for the benefit of legal entities and companies with which the Company forms a group and for the benefit of third parties;

(v) to advise and to render services to legal entities and companies with which the Company forms a group and to third parties;

(vi) to acquire, to administer, to operate, to encumber, to dispose of and to transfer moveable assets and real property and any right to or interest therein;

(vii) to trade in currencies, securities and financial assets in general;

(viii) to obtain, to exploit, to dispose of and to transfer patents and other industrial and intellectual property rights, to obtain and to grant licenses, sub-licenses and similar rights of whatever name and description and, if necessary, to protect the rights derived from patents and other industrial and intellectual property rights, licenses, sub-licenses and similar rights against infringements by third parties;

(ix) to carry out all sorts of industrial, financial and commercial activities, including the import, export, purchase, sale, distribution and marketing of products and raw materials,

and all matters related or conducive to the above, with the objects to be given their most expansive possible interpretation. In pursuing its objects, the Company shall also take into account the interests of the legal entities and companies with which it forms a group.

Share capital

Authorised and issued share capital of the Company

As of the date of this Prospectus: (i) the issued share capital of the Company amounts to EUR 100,000.00 and consists of 10,000,000 Existing Shares with a nominal value of EUR 0.01 each; and (ii) all Existing Shares are fully paid-up.

Upon execution of the Deed of Amendment, (i) the authorised capital of the Company will amount to EUR 500,000.00 and be divided into 50,000,000 Shares with a nominal value of EUR 0.01 each, while (ii) the issued capital of the Company will remain in the amount of EUR 100,000.00, divided into 10,000,000 Existing Shares with a nominal value of EUR 0.01 each.

Immediately prior to Settlement, 960,000,000 Shares will be issued to the Company's shareholders, as a consequence of which: (i) the authorised capital of the Company will amount to EUR 48,500,000.00 and be divided into 4,850,000,000 Shares with a nominal value of EUR 0.01 each; and (ii) the issued share capital of the Company will amount to EUR 9,700,000.00 and consist of 970,000,000 Shares with a nominal value of EUR 0.01 each.

The Offer Price is EUR 25.00 per Offer Share.

As of the date of this Prospectus, no Shares are held by the Company. At the date of this Prospectus, all issued Shares are fully paid-up and are subject to, and have been issued under, the laws of the Netherlands.

History of share capital

For the period covered by the historical financial statements included in this Prospectus, the Group was (indirectly) 100% owned by Mr. Michal Strnad, the Principal Shareholder and Executive Director of the Company (see the section entitled "*Management, Employees and Corporate Governance—Directors*").

Shareholders register

The Shares are in registered form (*op naam*). No share certificates (*aandeelbewijzen*) are or may be issued. If requested, the Board will provide a Shareholder, usufructuary or pledgee of such Shares with an extract from the Company's shareholders' register relating to his, her or its title to a Share free of charge. If the Shares are encumbered with a right of usufruct (*vruchtgebruik*) or a right of pledge (*pandrecht*), the extract will state to whom such rights will fall to. The shareholders' register of the Company is kept by the Board.

The Company's shareholders' register records the names and addresses of the Shareholders, the number of Shares held, the date on which the Shares were acquired, the date of acknowledgement and/or service upon the Company of the instrument of transfer, the amount paid on each Share and the date of registration in the shareholders register. In addition, each transfer or passing of ownership is registered in the shareholders register. The shareholders register also includes the names and addresses of persons and legal entities with a right of pledge or a right of usufruct on those Shares, the date on which they acquired such a right and the date of acknowledgement or service upon the Company of the instrument of transfer.

Any shares as referred to in the Dutch Securities Giro Transactions Act (*Wet giraal effectenverkeer*), including the Offer Shares, which are included in the giro system as referred to in the Dutch Securities Giro Transaction Act will be registered in the name of Euroclear Netherlands or the relevant intermediary as referred to in the Dutch Securities Giro Transactions Act.

Issuance of shares

The General Meeting, or the Board, to the extent so authorised by the General Meeting for a period not exceeding five years with due observance of the applicable statutory provisions, may resolve to issue Shares. This also applies to the granting of rights to subscribe for Shares, such as options, but is not required for an issue of Shares pursuant to the exercise of a previously acquired right to subscribe for Shares. The

authorisation may be extended by consecutive periods not exceeding five years with due observance of applicable statutory provisions. The Company may not subscribe for its own Shares on issue.

Pursuant to a resolution of the General Meeting to be adopted on or prior to the Settlement Date, the Board is authorised by the General Meeting for a period of 18 months following the Settlement Date to resolve to issue Shares and to grant rights to subscribe for Shares. Aforementioned authorisation of the Board is limited to 15% of the total nominal issued share capital of the Company as of the Settlement Date.

Pursuant to a resolution of the General Meeting to be adopted on or prior to the Settlement Date, the Board is authorised by the General Meeting to resolve to issue Shares and grant rights to subscribe for Shares for up to such amount as required with a view to facilitate for a scrip dividend regarding the financial year 2026 if the Board decides to provide for such interim dividend, with due observance of the Articles of Association and the Board Rules. Aforementioned authorisation is limited to such number of Shares as reflected on by Shareholders when offered to receive such interim dividend (partly) in cash or (partly) in the form of Shares.

Prior to or on the Settlement Date, the General Meeting will further adopt a resolution to issue the New Shares.

Pre-emptive rights

Upon issue of Shares or grant of rights to subscribe for Shares, each Shareholder shall have a pre-emptive right in proportion to the aggregate nominal amount of his, her or its existing Shares. Shareholders do not have pre-emptive rights in respect of Shares issued: (i) to employees of the Company or of a Group Company; (ii) against payment other than in cash; or (iii) to a person exercising a previously acquired right to subscribe for Shares. These pre-emptive rights and non-applicability of pre-emptive rights also apply in case of the granting of rights to subscribe for Shares.

Pre-emptive rights may be limited or excluded by the General Meeting, or by the Board if the Board is authorised by the General Meeting to do so. The designation will only be valid for a period not exceeding five years and may be extended by consecutive periods not exceeding five years with due observance of applicable statutory provisions. Unless provided otherwise in the designation, the designation cannot be withdrawn.

Pursuant to a resolution of the General Meeting to be adopted on or prior to the Settlement Date, the Board is authorised for a period of 18 months following the Settlement Date, to resolve to restrict or exclude pre-emptive rights of shareholders in relation to the issue of, or grant of rights to subscribe for, Shares for which it was authorised by the General Meeting to resolve upon as described above. Aforementioned authorisation of the Board is limited to 15% of the total nominal issued share capital of the Company as of the Settlement Date.

Pursuant to a resolution of the General Meeting to be adopted on or prior to the Settlement Date, is authorised to resolve to restrict or exclude pre-emptive rights of Shareholders in relation to the issue of Shares and grants of rights to subscribe for Shares for up to such amount as required with a view to facilitate for a scrip dividend regarding the financial year 2026 if the Board decides to provide for such interim dividend, with due observance of the Articles of Association and the Board Rules. Aforementioned authorisation is limited to such number of Shares as reflected on by Shareholders when offered to receive such interim dividend (partly) in cash or (partly) in the form of Shares.

Prior to or on the Settlement Date, the General Meeting will further adopt a resolution to exclude pre-emptive rights with regard to the issue of the New Shares.

Acquisition by the Company of its Shares

The Company may acquire Shares in its own share capital for no consideration or, subject to Dutch law and the Articles of Association, for valuable consideration if: (i) its shareholders equity less the purchase price for these Shares is not less than the aggregate amount of the paid up and called up capital and the reserves which must be maintained pursuant to the law; (ii) the aggregate par value of the Shares in its capital which the Company acquires, already holds or on which it holds a right of pledge or which are held by a subsidiary company, does not exceed the statutory threshold of the issued share capital; and (iii) the Board has been authorised by the General Meeting to acquire such Shares, which authorization may be given for no more than 18 months on each occasion, notwithstanding the further provisions of the law. The General Meeting's authorisation is valid for a specific period with due observance of applicable statutory provisions. As part

of the authorisation, the General Meeting must specify the number of Shares that may be acquired, the manner in which the Shares may be acquired and the price range within which the Shares may be acquired. The acquisition by the Company of Shares in its own capital that are not fully paid-up is void.

No authorisation from the General Meeting is required for the acquisition of fully paid up Shares for the purpose of transferring these Shares to employees of the Company or of a Group Company pursuant to any applicable equity plan.

The Company may not cast votes on, and is not entitled to dividends paid on, Shares held by it nor will such Shares be counted for the purpose of calculating a voting quorum. Pledgees or usufructuaries of a Share owned by the Company or a subsidiary are not excluded from exercising voting rights if the right of pledge or usufruct was created before the Share was owned by the Company or such subsidiary and the voting rights were transferred to the respective pledgee or usufructuary. For the computation of the profit distribution, the Shares held by the Company in its own capital shall not be included. The Board is authorised to dispose of the Company's own Shares held by it.

Pursuant to a resolution of the General Meeting to be adopted on or prior to the Settlement Date, the Board will be authorised by the General Meeting to resolve to repurchase fully paid-up Shares, under the following conditions: (i) up to ten percent (10%) of the total number and outstanding immediately following Settlement, (ii) provided that the Company will not hold more shares in stock than ten percent (10%) of the issued share capital, and (iii) at a price (excluding expenses) not less than the nominal value of the Shares and not higher than the opening price of the Shares on Euronext on the day of repurchase plus ten percent (10%).

Transfer of Shares

A transfer of a Share (not being, for the avoidance of doubt, a Share held through the system of Euroclear Nederland) or the creation of a restricted right (*beperkt recht*) thereto requires a deed drawn up for that purpose and the acknowledgment of the transfer by the Company in writing. Such acknowledgement is not required if the Company itself is a party to the deed. The same applies to the creation of a right of pledge or right of usufruct on a Share, provided that a right of pledge may also be created without acknowledgement by or service of notice on the Company, subject to the relevant provisions of the law.

If a Share is transferred for inclusion in a collective depot, the transfer will be accepted by the intermediary concerned. If a Share is transferred for inclusion in a giro depot, the transfer will be accepted by the central institute, being Euroclear Nederland. Upon issue of a new Share to Euroclear Nederland or to an intermediary, the transfer and acceptance in order to include the Share in the giro depot or the collective depot will be effected without the cooperation of the other participants in the collective depot or the giro depot, respectively. A Share included in the collective depot or giro depot shall be recorded in the shareholders' register of the Company in the name of Euroclear Nederland or the relevant intermediary. Depot shareholders are not recorded in the shareholders' register of the Company.

Shares included in the collective depot or giro depot can only be delivered from a collective depot or giro depot with due observance of the related provisions of the Dutch Securities Giro Transactions Act. The transfer by a depot shareholder of its book-entry rights representing such Shares shall be effected in accordance with the provisions of the Dutch Securities Giro Transactions Act. The same applies to the establishment of a right of pledge and the establishment or transfer of a usufruct on these book-entry rights.

Capital reduction

Subject to the provisions of Dutch law and the Articles of Association, the General Meeting may resolve to reduce the issued share capital by: (i) reducing the nominal value of the Shares through an amendment of the Articles of Association; or (ii) cancellation of Shares held by the Company itself. A resolution of the General Meeting to reduce the share capital requires a majority of at least a two-thirds majority of the votes cast if less than half of the issued share capital is represented at the General Meeting. If half or more of the issued share capital is represented at the General Meeting, the resolution of the General Meeting requires a simple majority of the votes cast. A reduction of the nominal value of Shares, with or without repayment must be made *pro rata* on all Shares concerned. This *pro rata* requirement may be waived if all Shareholders concerned so agree. In addition, Dutch law contains detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital shall not take effect as long as creditors have legal recourse against the resolution.

Dividends and other distributions

General

The Company may only make distributions, whether a distribution of profits or of freely distributable reserves, to its Shareholders if its Shareholders' equity exceeds the sum of the paid-up and called-up share capital *plus* the reserves as required to be maintained by Dutch law or by the Articles of Association. See the section entitled "*Dividends and Dividend Policy*" for a more detailed description regarding dividends.

Annual profit distribution

A distribution of profits other than an interim distribution is only allowed after the adoption of the Company's annual accounts (i.e., non-consolidated) by the General Meeting, and the information therein will determine if the distribution of profits is legally permitted for the respective financial year.

Right to reserve

The profits shall be put at the disposal of the General Meeting. The General Meeting may resolve to reserve the profits or a part of the profits realised during a financial year.

Furthermore, the General Meeting may decide that payments to the Shareholders shall be at the expense of reserves which the Company is not prohibited from distributing by virtue of Dutch law or the Articles of Association.

Interim distribution

Subject to Dutch law and the Articles of Association, the Board may resolve to make an interim distribution of profits provided that it appears from an interim statement of assets and liabilities signed by the Board that the Company's equity does not fall below the sum of called-up and paid-up share capital *plus* the reserves as required to be maintained by Dutch law or by the Articles of Association.

Distribution in kind

The Board may decide that a distribution on Shares shall not take place as a cash payment but as a payment in the form of Shares, or decide that shareholders shall have the option to receive a distribution as a cash payment and/or as a payment in Shares, provided that the Board is designated by the General Meeting to do so.

Profit ranking of the Shares

All of the Shares issued on the day following the Settlement Date will rank equal.

In the event of insolvency, any claims of the holders of Shares are subordinated to those of the creditors of the Company. This means that an investor could potentially lose all or part of its invested capital.

Payment

Payment of any future dividend on Shares in cash may be made in euro or in another currency. Any dividends on Shares that are paid to Shareholders through Euroclear Nederland will be automatically credited to the relevant Shareholders' accounts. There are no restrictions in relation to the payment of dividends under Dutch law in respect of holders of Shares who are non-residents of the Netherlands. However, see the section entitled "*Taxation*" for a discussion of certain aspects of taxation of dividends and refund procedures for non-residents of the Netherlands. Payments of profit and other payments are announced in a notice by the Company. Dividends and distributions that have not been claimed upon the expiry of five years and one day after the date when they became payable will be forfeited to the Company and will be carried to the reserves of the Company.

Exchange controls and other provisions relating to non-Dutch Shareholders

Under Dutch law, subject to the 1977 Sanction Act (*Sanctiewet 1977*) or otherwise by international sanctions, there are no exchange control restrictions on investments in, or payments on, Shares (except as to cash amounts). There are no special restrictions in the Articles of Association or Dutch law that limit the right of Shareholders who are not citizens or residents of the Netherlands to hold or vote on Shares.

General meetings and voting rights

General meetings

General Meetings shall be held in the place where the Company has its statutory seat (*statutaire zetel*) or in The Hague, Haarlem, Rotterdam, Schiphol (Haarlemmermeer) or Utrecht, the Netherlands. The annual General Meeting must be held at least once a year, within six months after the end of the financial year. Extraordinary General Meetings may be held, as often as the Board, the Chair/CEO or the Senior Independent Director deems necessary, but in any event within three months after the Board has considered it plausible that the shareholders' equity of the Company has decreased to an amount equal to or less than one half of the issued and paid up part of the capital, in order to discuss the measures to be taken, if necessary. In addition, one or more Shareholders or others entitled to attend General Meetings, who solely or jointly represent at least the percentage of the issued share capital as required by law, which currently is at least one-tenth of the issued share capital, may request in writing that a General Meeting be convened, the request setting out in detail matters to be considered. If no General Meeting has been held within six weeks of the Shareholder(s) or others entitled to attend General Meetings making such request, such Shareholder(s) or others entitled to attend General Meetings will be authorised to request in summary proceedings a District Court to convene a General Meeting. Within three months of it becoming apparent to the Board that the equity of the Company has decreased to an amount equal to or lower than one-half of the paid-up part of the capital, a General Meeting will be held to discuss any requisite measures.

The convocation of the General Meeting must be published through an announcement by electronic means. The notice convening a General Meeting shall be publicly announced on the website of the Company, and shall be issued by the Board, the Senior Independent Director or the Chair/CEO. The notice must state the subject to be dealt with, the time and place of the meeting, the record date, the manner in which persons entitled to attend the General Meeting may register and exercise their rights, the time on which registration for the meeting must have occurred ultimately, as well as the place where the meeting documents may be obtained, and such other information as may be required by Dutch law. The notice must be given by at least such number of days prior to the day of the meeting as required by Dutch law, which is currently 42 days.

The agenda for the annual General Meeting must, among other things, include the adoption of the Annual Accounts, the discussion of any substantial change in the corporate governance structure of the Company and the allocation of the profits, insofar as this is at the disposal of the General Meeting. At least every four years, the adoption of the remuneration policy for the Board is included in the agenda. In addition, the agenda shall include such items as have been included therein by the Board or Shareholders (with due observance of Dutch law as described below). If the agenda of the General Meeting contains the item of granting discharge to the Directors concerning the performance of their duties in the financial year in question, the matter of the discharge shall be mentioned on the agenda as a separate item for the Board. The agenda shall also include such items as one or more Shareholders and others entitled to attend General Meetings, representing, pursuant to the Articles of Association, at least the percentage of the issued and outstanding share capital as required by law (which as of the date of this Prospectus is 3%), have requested the Board by a motivated request to include in the agenda, at least 60 days before the day of the General Meeting. No resolutions may be adopted on items other than those which have been included in the agenda (unless the resolution would be adopted unanimously during a meeting where the entire issued share capital of the Company is present or represented).

The General Meeting is in principle chaired by the Senior Independent Director. In case of absence of the Senior Independent Director, the General Meeting shall be presided by the Chair/CEO, unless the Board determines otherwise. In case of absence of the Chair/CEO, the General Meeting shall be presided by any Director elected by the Directors present. The Company Secretary will act as secretary of that General Meeting. In case of absence of the Company Secretary, the chairperson of the General Meeting shall appoint the secretary of that General Meeting. Directors may attend a General Meeting. In these General Meetings, the Directors have an advisory vote. The chairperson of the General Meeting may decide at his, her or its discretion to admit other persons to the General Meeting.

Each Shareholder (as well as other persons with voting rights or meeting rights) may attend the General Meeting, address the General Meeting and exercise voting rights *pro rata* to his, her or its shareholding, either in person or by proxy. Shareholders may exercise these rights, if they are the holders of Shares on the record date as required by Dutch law, which is currently the 28th day before the day of the General Meeting, and they or their proxy have notified the Company of their intention to attend the General Meeting in writing or by any other electronic means that can be reproduced on paper at the address and by the date

specified in the notice of the General Meeting. The convocation notice shall state the record date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights.

The first annual general meeting will be held in 2027 pertaining to the 2026 financial year.

Voting rights

Each Share confers the right to cast one vote in the General Meeting. Subject to certain exceptions provided by Dutch law or the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of votes cast, regardless of which part of the issued share capital such votes represent. Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of Shares which are held by the Company or any of its subsidiaries.

Amendment of the Articles of Association

The General Meeting may, resolve to amend the Articles of Association, with an absolute majority of the votes cast. A proposal to amend the Articles of Association must be stated in the notice of the General Meeting. In the event of a proposal to the General Meeting to amend the Articles of Association, a copy of the proposal, containing the verbatim text of the proposed amendment, must be deposited at the Company's offices and this copy shall be made available for inspection by the shareholders until the end of the General Meeting.

Legal merger / legal division

The General Meeting may pass a resolution to effect a legal merger or a legal division, with an absolute majority of the votes cast. A proposal to effect a legal merger or a legal division must be stated in the notice.

Dissolution and liquidation

The Company may only be voluntarily dissolved by a resolution of the General Meeting, with an absolute majority of the votes cast.

If the General Meeting has resolved to dissolve the Company, the Executive Directors must carry out the liquidation of the Company, unless otherwise resolved by the General Meeting. During liquidation, the provisions of the Articles of Association will remain in force as far as possible.

The balance of the assets of the Company remaining after all liabilities and the costs of liquidation shall be distributed among the Shareholders in proportion of their number of Shares.

Certain tax aspects of liquidation proceeds are described in the section entitled "*Taxation*".

Annual accounts and semi-annual accounts

Annually, within four months after the end of the financial year, the Board must prepare the Annual Accounts and make them available for inspection by the Shareholders at the offices of the Company. The Annual Accounts must be accompanied by an auditor's statement, a management report and certain other information required under Dutch law. The Annual Accounts must be signed by all Directors. If the signature of one or more of them is missing, this will be stated and reasons for this omission will be given.

The Annual Accounts, the auditor's statement, the management report and the other information required under Dutch law must be made available to the Shareholders for review as from the day of the notice convening the annual General Meeting where they are discussed until the conclusion of such meeting. The Annual Accounts must be adopted by the General Meeting. The Board must send the adopted Annual Accounts to the AFM within five business days after adoption.

The Company must prepare and make publicly available a semi-annual financial report as soon as possible, but at the latest three months after the end of the first six months of the financial year. If the semi-annual financial report is audited or reviewed, the independent auditor's audit or review report, respectively, must be published together with the semi-annual financial report.

The first annual financial statements to be submitted for approval by the new shareholders will be the 2026 financial statements.

Dutch Financial Reporting Supervision Act

On the basis of the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*) (the "**FRSA**") the AFM supervises the application of financial reporting standards by, among others, companies whose corporate seat is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange, such as the Company.

Pursuant to the FRSA, the AFM has an independent right to: (i) request an explanation from the Company regarding its application of the applicable financial reporting standards if, based on publicly known facts or circumstances, it has reason to doubt that the Company's financial reporting meets such standards; and (ii) recommend the Company to make available further explanations. If the Company does not comply with such a request or recommendation, the AFM may request that the enterprise chamber of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) (the "**Enterprise Chamber**") orders the Company to: (i) provide an explanation of the way it has applied the applicable financial reporting standards to its financial reports; or (ii) prepare its financial reports in accordance with the Enterprise Chamber's instructions.

Rules governing obligations of Shareholders to make a public takeover bid

Pursuant to the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) ("**FMSA**"), and in accordance with European Directive 2004/25/EC, also known as the Takeover Directive, any shareholder who (individually or jointly) directly or indirectly obtains control of a Dutch listed company (on a regulated market within the meaning of the FMSA) is required to make a public takeover bid for all issued and outstanding shares in that company's share capital. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of such listed company (subject to an exemption for major shareholders who, acting alone or in concert, already had such stake in the company at the time of that company's initial public offering).

In addition, it is prohibited to launch a public takeover bid for shares of a listed company, such as the Shares, unless an offer document has been approved by the AFM. A public takeover bid may only be launched by way of publication of an approved offer document unless a company makes an offer for its shares. The public takeover bid rules are intended to ensure that in the event of a public takeover bid, among others, sufficient information will be made available to the shareholders, that the shareholders will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period.

Squeeze-out proceedings

Pursuant to article 2:92a DCC, a shareholder who for his, her or its own account contributes at least 95% of the issued share capital of a public limited liability company (*naamloze vennootschap*) incorporated in the Netherlands may institute proceedings against such company's minority shareholders jointly for the transfer of their shares to him, her or it. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him, her or it. Unless the addresses of all of them are known to him, her or it, he, she or it is required to publish the same in a daily newspaper with nationwide circulation.

The offeror under a public takeover bid is also entitled to start squeeze-out proceedings if, following the public takeover bid, the offeror contributes at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. The claim of a takeover squeeze-out needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In

principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90% of the shares to which the offer related were received by way of voluntary offer.

Pursuant to article 2:359d DCC those minority shareholders that have not previously tendered their shares under an offer to transfer their shares to the offeror are entitled to institute proceedings with the Enterprise Chamber (*Ondernemingskamer*), provided that the offeror has acquired at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. In regard to price, the same procedure as for takeover squeeze-out proceedings initiated by an offeror applies. The claim also needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

Obligations to disclose holdings

Shareholders may be subject to notification obligations under the FMSA. Shareholders are advised to seek professional advice on these obligations.

Shareholders

Pursuant to the FMSA, any person who, directly or indirectly, acquires or disposes of an actual or potential interest in the capital or voting rights of the Company must notify the AFM without delay, if, as a result of such acquisition or disposal, the actual, potential or aggregate percentage of capital interest or voting rights held by such person in the Company reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%

A notification requirement also applies if a person's capital interest or voting rights reaches, exceeds or falls below the abovementioned thresholds as a result of a change in the Company's total outstanding share capital or voting rights. Such notification has to be made no later than the fourth trading day after the AFM has published the Company's notification of the change in its outstanding share capital.

Under the FMSA, the Company is required to notify the AFM without delay of the changes in its share capital or voting rights, if its issued share capital or voting rights changes by 1% or more compared to the Company's previous notification. The Company must furthermore notify the AFM within eight days after each quarter, in the event its share capital or voting rights changed by less than 1% in that relevant quarter or since the Company's previous notification.

The AFM keeps a public register of all notifications made pursuant to these disclosure obligations and publishes all notifications received by it. The shareholder notifications referred to in this section should be made electronically through the notification system of the AFM.

Controlled entities, within the meaning of the FMSA, do not have notification obligations under the FMSA, as their, direct and indirect, interests are attributed to their (ultimate) parent. Any person may qualify as a parent for purposes of the FMSA, including an individual. A person who has a 3% or larger interest in the Company's share capital or voting rights and who ceases to be a controlled entity for these purposes must immediately notify the AFM. As of that moment, all notification obligations under the FMSA will become applicable to the former controlled entity.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, *inter alia*, be taken into account: (i) shares and voting rights directly held (or acquired or disposed of) by any person; (ii) shares and voting rights held (or acquired or disposed of) by such person's controlled entity or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement; (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment; (iv) shares which such person (directly or indirectly) or third party referred to above, may acquire pursuant to any option or other right to acquire shares; (v) shares which determine the value of certain cash settled financial instruments such as contracts for difference and total return swaps; (vi) shares that must be acquired upon exercise of a put option by a counterparty; and (vii) shares which are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares. Special attribution rules apply to shares and voting rights which are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote on the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger the reporting obligations as if the pledgee or beneficial owner were the legal holder of the shares.

For the purpose of calculating the percentage of capital interest or voting rights, the following instruments qualify as 'shares': (i) shares; (ii) depositary receipts for shares (or negotiable instruments similar to such receipts); (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds); and (iv) options for acquiring the instruments under (i) or (ii).

Finally, when calculating the percentage of capital interest a person is also considered to be in possession of shares if: (i) such person holds a financial instrument the value of which is (in part) determined by the value of the shares or any distributions associated therewith and which does not entitle such person to acquire any shares; (ii) such person may be obliged to subscribe for or purchase shares on the basis of an option; or (iii) such person has concluded another contract whereby such person acquires an economic interest comparable to that of holding shares.

The notification to the AFM should indicate whether the interest is held directly or indirectly, and whether the interest is an actual or a potential interest.

Gross short positions in shares must also be notified to the AFM. For these gross short positions the same thresholds apply as for notifying an actual or potential interest in the capital and/or voting rights of a Dutch listed company, as referred to above, and without any set-off against long positions.

In addition, pursuant to Regulation (EU) No 236/2012, as amended, and ESMA Decision of December 16, 2024, ESMA70-155-9546, each person holding a net short position attaining 0.1% of the issued share capital of a Dutch listed company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.1% must also be notified. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set-off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located. The notification shall be made no later than 15:30 CET on the following trading day.

Management

Pursuant to the FMSA, each Director must notify the AFM: (a) immediately following the admission to trading and listing of the Shares of the number of Shares and options he or she holds and the number of votes he or she is entitled to cast in respect of the Company's issued share capital; and (b) subsequently of each change in the number of Shares or options he holds and of each change in the number of votes he is entitled to cast in respect of the Company's issued share capital, immediately after the relevant change. If a Director has notified a change in shareholding to the AFM under the FMSA as described above under "*—Obligations to Disclose Holdings—Shareholders*" above, such notification is sufficient for purposes of the FMSA as described in this paragraph.

Furthermore, pursuant to the Market Abuse Regulation and the regulations promulgated thereunder, any Director, as well as any other person discharging managerial responsibilities in respect of the Company who has regular access to inside information relating directly or indirectly to the Company and power to take managerial decisions affecting future developments and business prospects of the Company, must notify the AFM by means of a standard form of any transactions conducted for his, her or its own account relating to the Shares or debt instruments of the Company or to derivatives or other financial instruments linked thereto.

In addition, pursuant to the Market Abuse Regulation, certain persons who are closely associated with Directors, or any of the other persons as described above, are required to notify the AFM of any transactions conducted for their own account relating to the Shares or debt instruments of the Company or to derivatives or other financial instruments linked thereto. The Market Abuse Regulation covers, *inter alia*, the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership whose, among other things, managerial responsibilities are discharged by a person referred to under (i) to (iii) above or by the relevant Directors, or other person discharging the managerial responsibilities in respect of the Company as described above.

The notifications pursuant to the Market Abuse Regulation described above must be made to the Company and to the AFM by the PDMRs and by closely associated persons no later than the third business day following the relevant transaction date. Under certain circumstances, these notifications may be postponed until all transactions within a calendar year have reached a total amount of EUR 5,000 (calculated without netting). Any subsequent transaction must be notified as set forth above.

Non-compliance

Non-compliance with the disclosure obligations set out in the paragraphs above is an economic offense (*economisch delict*) and may lead to the imposition of criminal prosecution, administrative fines, imprisonment or other sanctions. The AFM may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and *vice versa*, the criminal prosecution is no longer allowed if administrative penalties have been imposed. Furthermore, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be correctly notified. A claim requiring that such measures be imposed must be instituted by the Company and/or one or more Shareholders who alone or together with others represent(s) at least 3% of the issued share capital or are able to exercise at least 3% of the voting rights. The measures that the civil court may impose include:

- an order requiring the person violating the disclosure obligations to make appropriate disclosure;
- suspension of voting rights in respect of such person's Shares for a period of up to three years as determined by the court;
- voiding a resolution adopted by a General Meeting, if the court determines that the resolution would not have been adopted if the voting rights of the person who is obliged to notify had not been exercised, or suspension of a resolution until the court makes a decision about such voiding; and

an order to the person violating the disclosure obligations to refrain, during a period of up to five years as determined by the court, from acquiring Shares and/or voting rights in Shares.

Public registry

The AFM does not issue separate public announcements of these notifications. It does, however, keep a public register of all notifications under the FMSA on its website (www.afm.nl). Third parties can request to be notified automatically by e-mail of changes to the public register in relation to a particular company's shares or a particular notifying party.

Identity of Shareholders

The Company may, in accordance with Chapter 3A of the Dutch Securities Giro Transactions Act, request Euroclear Nederland, admitted institutions, intermediaries, institutions abroad, and managers of investment institutions, to provide certain information on the identity of its Shareholders. No information will be given on Shareholders with an interest of less than 0.5% of the issued share capital. A Shareholder who, individually or together with other Shareholders, holds an interest of at least 10% of the issued share capital may request the Company to establish the identity of its Shareholders. This request may only be made during a period of 60 days until (and not including) the 42nd day before the day on which the General Meeting will be held.

If a request as referred to in the previous paragraph has been made by either the Company or a Shareholder in accordance with the previous paragraph, Shareholders who, individually or with other Shareholders, hold Shares that represent at least 1% of the issued and outstanding share capital or a market value of at least EUR 250,000, may request the Company to disseminate information that is prepared by them in connection with an agenda item for a General Meeting. The Company can only refuse disseminating such information, if received less than seven business days prior to the General Meeting, if the information gives or could give an incorrect of misleading signal or if, in light of the nature of the information, the Company cannot reasonably be required to disseminate it.

Related party transactions

The Shareholder Rights Directive II establishes requirements in relation to the exercise of certain shareholder rights attached to voting shares in relation to general meetings of companies which have their registered office in a Member State of the European Union and the shares of which are admitted to trading on a regulated market situated or operating within a Member State of the European Union.

The Dutch act to implement the Shareholder Rights Directive II (*bevordering van de langetermijnbetrokkenheid van aandeelhouders*) (the "**Dutch SRD Act**") entered into force on December 1, 2023. The Dutch SRD Act, among other things, added new rules on related party transactions to the Dutch Civil Code and provided that "material transactions" with "related parties" not entered into within the ordinary course of business or not concluded on normal market terms, must be approved by the supervisory board, or, in the case of a one-tier board, the (non-executive members of the) board of directors, and be publicly announced at the time that the transaction is entered into. In addition, certain items in respect of any such related party transaction not concluded on normal market terms must be disclosed in the explanatory notes to the Company's annual accounts. If information is required to be published at an earlier stage under the Market Abuse Regulation, that requirement prevails. The supervisory board, or, in the case of a one-tier board, the board of directors, is required to establish an internal procedure to periodically assess whether transactions are concluded in the ordinary course of business and on normal market terms.

Any director or shareholder that is involved in the transaction with the related party cannot participate in the deliberations or decision-making with respect to the related party transaction concerned. In this context: a "related party" is interpreted in accordance IFRS-EU (IAS 24 (Related Party Disclosures)) and includes a party that has "control" or "significant influence" over the company or is a member of the company's key management personnel; and a transaction is considered "material" if information about the transaction would constitute inside information within the meaning of the Market Abuse Regulation and is concluded between the company and a related party (which for this purpose in any event includes one or more shareholders representing at least 10% of the issued share capital or a managing director or supervisory director). Certain transactions are not subject to the approval and disclosure provisions of articles 2:167 through 2:170 DCC, including transactions concluded between a company and its subsidiary).

Market Abuse Regulation

The rules on preventing market abuse set out in the Market Abuse Regulation are applicable to the Company, the members of the Board, other insiders and persons performing or conducting transactions in the Company's financial instruments. Certain important market abuse rules that are relevant for investors are described hereunder.

The Company is required to make inside information public. Pursuant to Market Abuse Regulation, inside information is information of a precise nature, which has not been made public, relating, directly or indirectly, to the issuer or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. Unless an exception applies, the Company must without delay publish inside information which directly concerns the Company by means of a press release, and post and maintain it on its website for at least five years. The Company must also provide the AFM with this inside information at the time of publication.

It is prohibited for any person to make use of inside information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates, as well as an attempt thereto (insider dealing). The use of inside information by cancelling or amending of an order concerning a financial instrument also constitutes insider dealing. In addition, it is prohibited for any person to disclose inside information to anyone else (except where the disclosure is made strictly as part of the person's regular duty or function) or, whilst in possession of inside information, recommend or induce anyone to acquire or dispose of financial instruments to which the information relates. Furthermore, it is prohibited for any person to engage in or attempt to engage in market manipulation, for instance by conducting transactions which could lead to an incorrect or misleading signal of the supply of, the demand for or the price of a financial instrument.

The Company and any person acting on its behalf or on its account is obliged to draw up an insiders' list of persons working for the Company and having, on a regular or incidental basis, knowledge of inside

information. The Company is obliged to update the insider list and provide the insider list to the AFM upon its request. The Company and any person acting on its behalf or on its account is obliged to take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information.

A person discharging managerial responsibilities is not permitted to (directly or indirectly) conduct any transactions on its own account or for the account of a third party, relating to Shares or debt instruments of the Company or other financial instruments linked thereto, during a closed period of 30 calendar days before the announcement of an interim financial report or an annual report of the Company.

Non-compliance with the market abuse rules

In accordance with the MAR, the AFM has the power to take appropriate administrative sanctions, such as fines, and/or other administrative measures in relation to possible non-compliance with the market abuse rules. Non-compliance with the market abuse rules set out above could also constitute an economic offence (*economisch delict*) and/or a crime (*misdrijf*).

The public prosecutor could press criminal charges resulting in fines or imprisonment. If criminal charges are pressed, the public prosecutor is no longer allowed to impose administrative penalties and *vice versa*.

The AFM shall in principle also publish any decision imposing an administrative sanction or measure in relation to an infringement of the MAR.

Insider trading policy

The Company has adopted, with effect from Admission, an insider trading policy in relation to the Ordinary Shares which is based on the requirements of the MAR. The policy adopted will apply to all persons working, under a contract of employment or otherwise, for the Group, including independent contractors, Directors and other PDMRs.

Transparency Directive

As a consequence of the Admission, the Netherlands will be the Company's home member state for the purposes of Directive 2004/109/EC (as amended by Directive 2013/50/EU), and the Company will be subject to the FMSA in respect of certain ongoing transparency and disclosure obligations.

SELLING SHAREHOLDER AND RELATED PARTY TRANSACTIONS

Selling Shareholder

The Selling Shareholder is the major shareholder of the Company as of the date of this Prospectus. The address of the Selling Shareholder is U Rustonky 714/1, Karlín, 186 00 Prague 8, Czech Republic.

	Amount of Share Capital Owned		
Shareholder	**Number of Shares**	**Percentage of share capital**	**Percentage of Voting Rights**
CSG FIN a.s.	9,998,175	99.98%	99.98%

Mr. Michal Strnad, the Principal Shareholder and Executive Director of the Company (see the section entitled "*Management, Employees and Corporate Governance—Directors*") indirectly holds 100% of the voting rights in the Selling Shareholder.

Each Share gives the right to cast one vote at the General Meetings. All Shareholders have the same voting rights.

Holdings immediately prior and after Settlement

Immediately prior to Settlement, 960,000,000 Shares will be issued to the Company's shareholders. Following this issuance, and immediately prior to Settlement, the Selling Shareholder will own 969,832,575 Shares. Out of these 969,832,575 Shares, the Selling Shareholder is offering 102,173,914 Sale Shares in the Offering. The following table sets forth information with respect to the size of the shareholdings of the Selling Shareholder both immediately prior to Settlement and immediately after Settlement, assuming: (a) no exercise of the Over-allotment Option; and (b) exercise of the Over-allotment Option in full.

				Shares owned immediately after Settlement					
Shareholder	**Shares owned immediately prior to Settlement**			**Without exercise of the Over-allotment Option**			**With full exercise of the Over-allotment Option**		
	Amount	**Share capital**	**Voting rights**	**Amount**	**Share capital**	**Voting rights**	**Amount**	**Share capital**	**Voting rights**
CSG FIN a.s.	969,832,575	99.98%	99.98%	867,658,661	86.77%	86.77%	847,832,575	84.78%	84.78%

To the extent known to the Company, none of the Selling Shareholder or the Directors intends to subscribe for shares in the Offering.

Related party transactions

Save as disclosed in note 23 of the Unaudited Interim Financial Statements, note 35 of the 2024 Audited Financial Statements, note 35 of the 2023 Audited Financial Statements and note 34 to the 2022 Audited Financial Statements, there are no related party transactions that were entered into during the nine months ended September 30, 2025 and the financial years ended December 31, 2024, December 31, 2023 and December 31, 2022.

Prior to Admission, the Group has undertaken a series of disposals of non-core subsidiaries and related assets. These disposals have resulted in an outstanding €275 million receivable from an affiliate of the Selling Shareholder in favour of the Group, which is anticipated to be settled in the first half of 2026. See "*Operating and Financial Review—Factors Affecting Comparability of Results—Other Disposals*."

There were no other related party transactions that were entered into since October 1, 2025 and up to January 19, 2026 (the latest practicable date prior to the publication of this Prospectus) which the Group considered material.

THE OFFERING

Introduction

The Company is offering 30,000,000 New Shares and the Selling Shareholder is offering 102,173,914 Sale Shares, in each case pursuant to the Offering. In addition, the Selling Shareholder has granted the Over-allotment Option, exercisable within 30 calendar days after the First Trading Date, pursuant to which the Stabilisation Manager may require the Selling Shareholder to sell, at the Offer Price, Over-allotment Shares such amount not to exceed 15% of the total number of New Shares issued and Sale Shares sold in the Offering, to cover over-allotments, if any, in connection with the Offering. As of Settlement, assuming the Over-allotment Option (as defined below) is exercised in full, the Offer Shares will represent 15.20% of the Shares. The Offering consists solely of: (i) private placements in the Netherlands to Qualified Investors; and (ii) private placements to certain institutional investors in various other jurisdictions. The Offer Shares are being offered: (i) within the US, to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirement under the US Securities Act and applicable state securities laws; and (ii) to institutional investors in various jurisdictions outside the US, in "offshore transactions" as defined in, and in compliance with, Regulation S. The Offering is made only in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made. There will be no public offering in any jurisdiction.

Timetable

Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below sets forth certain expected key dates for the Offering.

Event	Expected Date	Time CET
Start of Offering Period	January 20, 2026	8:00
End of Offering Period	January 22, 2026	14:00
Expected pricing and allocation	January 23, 2026	
Admission and commencement of trading on an "as-if-and-when-issued/delivered" basis on Euronext Amsterdam	January 23, 2026	9:00
Settlement (payment and delivery)	January 27, 2026	

The Company and the Selling Shareholder, based on close consultation with the Joint Global Coordinators, may adjust the dates, times and periods given in the timetable and throughout this Prospectus. If the Company and the Selling Shareholder should decide to do so, it will make this public through a press release, which will also be posted on the Company's website. Any other material alterations will be published through a press release that will also be posted on the Company's website and (if required) in a supplement to this Prospectus that is subject to the approval of the AFM.

Any extension of the timetable for the Offering will be published in a press release before the end of the Offering Period, provided that any extension will be for a minimum of one full day. Any acceleration of the timetable for the Offering will be published in a press release before the proposed end of the accelerated Offering Period.

Offer Price and number of Offer Shares

The Offer Price is EUR 25.00 per Offer Share.

The Offer Price, the number of Offer Shares issued and/or sold, as the case may be, and the maximum number of Over-allotment Shares will also be stated in the Pricing Statement which will be published through a press release that will also be posted on the Company's website and filed with the AFM.

Each of the Cornerstone Investors intends to subscribe for and/or purchase more than 5% of the Offer Shares. For more information, see the sections entitled "*—Cornerstone Investors*" and "*General Information–Material Agreements–Cornerstone Investment Agreements*".

Change of the number of Offer Shares

The Company and the Selling Shareholder, based on close consultation with the Joint Global Coordinators, reserve the right to increase or decrease the number of Offer Shares prior to Allocation. Upon a change of the number of Offer Shares, references to Offer Shares in this Prospectus should be read as referring to the

amended number of Offer Shares and references to Over-allotment Shares should be read as referring to the amended number of Over-allotment Shares.

Offering Period

Subject to acceleration or extension of the timetable for the Offering, prospective investors may apply for Offer Shares during the period commencing at 8:00 CET on January 20, 2026 and ending at 14:00 CET on January 22, 2026. In the event of an acceleration or extension of the Offering Period, pricing, allotment, admission and first trading of the Offer Shares, as well as payment (in euros) for and delivery of the Offer Shares in the Offering may be advanced or extended accordingly.

If a significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Offer Shares arises or is noted before the later of the closing of the Offering Period and the start of trading of the Offer Shares on Euronext Amsterdam, a supplement to this Prospectus will be published, the Offering Period will be extended, if so required by the Prospectus Regulation or the rules promulgated thereunder.

Application and allocation

The allocation of the Offer Shares is expected to take place after the closing of the Offering Period on or about January 23, 2026, subject to acceleration or extension of the timetable for the Offering. After the end of the Offering Period, all purchase orders from Qualified Investors in the Netherlands and from institutional investors in other jurisdictions will be evaluated according to the prices offered and certain qualitative criteria, such as: the time of purchase order, the investor type and investment horizons of the respective Qualified Investors and institutional investors, qualitative feedback during marketing process, focus on the industry and/or the region in which the Company operates as well as other criteria that allow a high-quality investor base. Allocation to investors who applied to subscribe for or purchase Offer Shares will be determined by the Company and the Selling Shareholder, based on close consultation with the Joint Global Coordinators, and full discretion will be exercised as to whether or not and how to allocate the Offer Shares subscribed for. There is no maximum or minimum number of Offer Shares for which prospective investors may apply and multiple applications for Offer Shares are permitted. In the event that the Offering is over-subscribed, investors may receive fewer Offer Shares than they applied to subscribe for or purchase. The Company, the Selling Shareholder, the Joint Global Coordinators and the Joint Bookrunners may, at their own discretion and without stating the grounds therefor, reject any subscriptions or applications wholly or partly. On or around the day that Allocation occurs the Joint Global Coordinators, on behalf of the Underwriters, will notify investors (or the relevant financial intermediary) of any allocation of Offer Shares made to them. Any monies received in respect of applications which are not accepted in whole or in part will be returned to the investors without interest and at the investors' risk.

Investors participating in the Offering will be deemed to have checked whether and to have confirmed they meet the requirements of the selling and transfer restrictions in the section entitled "*Selling and Transfer Restrictions*". Each investor should consult his, her or its own advisors as to the legal, tax, business, financial and related aspects of subscribing for and/or purchasing Shares.

Payment

Payment (in euros) for and delivery of the Offer Shares will take place on the Settlement Date. Taxes and expenses, if any, must be borne by the investor (for more information, see the section entitled "*Taxation*"). Investors must pay the Offer Price in immediately available funds in full in euro on or before the Settlement Date.

Listing and trading

Prior to the Offering, there has been no public market for the Shares. Application has been made to list all of the Shares on Euronext Amsterdam under the symbol "CSG" with ISIN NL0015073TS8. Subject to acceleration or extension of the timetable for the Offering, trading on an "as-if-and-when-issued/delivered" basis in the Offer Shares is expected to commence on or about January 23, 2026.

Immediately following Admission and assuming no exercise of the Over-allotment Option, it is expected that 13.22% of the Shares will be held in public hands.

Delivery, clearing and settlement

The Offer Shares will be delivered in book-entry form through the facilities of Euroclear Nederland. Application has been made for the Shares to be accepted for clearance through the book-entry facilities of Euroclear Nederland. Euroclear Nederland has its offices at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.

Delivery of the Offer Shares will take place on the Settlement Date, through the book-entry facilities of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities and against payment (in euros) for the Offer Shares and the Over-allotment Shares, if applicable, in immediately available funds.

The closing of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement are not satisfied or waived or occur on or prior to such date. See the section entitled "*Plan of Distribution*".

If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any dealings in Shares prior to Settlement are at the sole risk of the parties concerned. Neither the Company, the Selling Shareholder, the Underwriters, the Listing and Paying Agent nor Euronext Amsterdam N.V. accepts any responsibility or liability for any loss incurred by any person(s) as a result of a withdrawal of the Offering or the related annulment of any transactions in Shares on Euronext Amsterdam.

Voting rights

Each Share confers the right to cast one vote in the General Meeting, see the section entitled "*Description of Share Capital—General Meetings and Voting Rights*". All Shareholders have the same voting rights.

Ranking and dividends

The Shares (including, if the Over-allotment Option is exercised (either in part or in full), any Over-allotment Shares) rank equally in all respects and will be eligible for any dividends that may be declared on the Shares. See the section entitled "*Dividend Policy*".

Dilution

The issuance of the New Shares under the Offering will result in the Company's share capital increasing by 3.09% and the Selling Shareholder will suffer an immediate dilution of 3.00% as a result of the issuance of the New Shares under the Offering.

Listing and Paying Agent

ING Bank N.V. is the Listing and Paying Agent with respect to the Shares on Euronext Amsterdam.

Stabilisation Manager

J.P. Morgan is the Stabilisation Manager with respect to the Shares on Euronext Amsterdam.

Cornerstone Investors

On January 14, 2026, in connection with the Offering, the Company entered into cornerstone investment agreements with certain investors (the "**Cornerstone Investors**") who have agreed, subject to certain conditions that are typical for an agreement of this nature, to subscribe for and/or purchase Offer Shares at the Offer Price (the "**Cornerstone Investment Agreements**"). The terms of the arrangements between each of the Cornerstone Investors and the Company are summarised below.

The total number of Offer Shares subscribed for and/or purchased by the Cornerstone Investors will be 36,000,000 Offer Shares, which represent approximately: (i) 27.24% per cent. of the Offer Shares; and (ii) 3.60% per cent. of the Ordinary Shares in issue following the Offering, in each case, assuming that the Over-allotment Option is not exercised.

The Offer Shares to be subscribed for and/or purchased by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements will rank *pari passu* in all respects with the other Ordinary Shares. The Cornerstone Investors are independent third parties and none of them is an existing shareholder or a connected person of the Company. The Offer Shares to be acquired by the Cornerstone Investors will not be affected by any exercise of the Over-allotment Option.

Cornerstone Investors

A brief description of each of the Cornerstone Investors is as follows. The information set out below in respect of each of the Cornerstone Investors has been provided by each relevant Cornerstone Investor.

Artisan Partners

Artisan Partners Limited Partnership ("**Artisan Partners**") is a U.S.-based SEC-registered investment manager organised under the laws of the State of Delaware and is the investment manager for certain funds and accounts managed by the Artisan Partners Global Equity Team.

Artisan Partners has, as investment manager on behalf of certain funds and accounts managed by the Artisan Partners Global Equity Team, agreed to acquire, directly or indirectly, such number of the Shares which may be acquired with EUR 300 million at the Offer Price.

BlackRock

Certain funds and accounts under the direct and indirect investment management of BlackRock Inc. ("**BlackRock Entities**") have agreed to acquire such number of Offer Shares which may be acquired with EUR 300 million at the Offer Price.

BlackRock Inc. is a Delaware corporation listed on the New York Stock Exchange (NYSE:BLK). BlackRock is one of the world's preeminent asset management firms and a provider of global investment management, risk management and advisory services to institutional, intermediary and individual investors around the world.

Qatar Investment Authority

Al-Rayyan Holding LLC ("**QIA Investor**") is a limited liability company established in the State of Qatar pursuant to the rules and regulations of the Qatar Financial Centre. It is 100% directly and wholly owned by Qatar Holding LLC, which is in turn directly and wholly owned by Qatar Investment Authority ("**QIA**"), the sovereign wealth fund of the State of Qatar which was established in 2005 to protect and grow Qatar's financial assets and diversify its economy. QIA Investor invests globally across various sectors in alignment with the general objectives of QIA and directly or indirectly holds publicly listed and other investments.

The QIA Investor has agreed to acquire, either through itself or through another entity that is an affiliate of QIA, such number of the Shares which may be acquired with EUR 300 million at the Offer Price.

Cornerstone Investment Agreements

The obligation of each Cornerstone Investor to subscribe for and/or purchase Offer Shares is conditional upon certain conditions that are typical for an agreement of this nature, including: (i) the Underwriting Agreement being entered into and having become unconditional in respect of the Offering and not having been terminated on or prior to the Settlement Date; (ii) the approval of this Prospectus by the AFM and publication of this Prospectus by the Company in accordance with the Prospectus Regulation; (iii) this Prospectus containing no amendments which are materially adverse to the interests of the Cornerstone Investor as compared to an earlier draft; (iv) the Offer Price being equal to or less than EUR 25 and the market capitalisation of the Company on Admission being equal to or less than EUR 25 billion; and (v) Admission having occurred.

Please refer to the section entitled "*General Information–Material Agreements–Cornerstone Investment Agreements*" for further information on the Cornerstone Investment Agreements.

PLAN OF DISTRIBUTION

Underwriting

The Company, the Selling Shareholder and the Underwriters have entered into the Underwriting Agreement. For further details, see the section entitled "*General Information – Material Agreements – Underwriting Agreement*".

The Offer Shares have not been and will not be registered under the US Securities Act or the applicable securities laws of any state of the US and may not be offered, sold, pledged or transferred within the US, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Offer Shares may be offered and sold: (i) in the US only to persons reasonably believed to be QIBs, as defined in, and in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirement under the US Securities Act and applicable state securities laws; and (ii) outside the US in "offshore transactions" as defined in, and in compliance with Regulation S. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the Exchange Act. Terms used in this paragraph have the meanings given to them by Regulation S and Rule 144A.

Any offer or sale of Offer Shares in the United States in reliance on Rule 144A, or pursuant to another exemption from the registration requirements of the Securities Act, will be made by broker-dealers who are registered as such with the US Securities and Exchange Commission. BNP PARIBAS, Jefferies, J.P. Morgan, UniCredit, Česká spořitelna, COMMERZBANK, Deutsche Bank and Morgan Stanley are not registered broker-dealers in the US, and therefore, to the extent that any of them intend to effect any offers or sales of Offer Shares in the United States, they will do so through one or more US registered broker-dealers, pursuant to applicable US securities laws.

Potential conflicts of interests

The Underwriters are acting exclusively for the Company and the Selling Shareholder and for no one else and will not regard any other person (whether or not a recipient of this Prospectus) as their respective clients in relation to the Offering and will not be responsible to anyone other than to the Company and the Selling Shareholder for giving advice in relation to the Offering and for the listing and trading of the Shares and/or any other transaction or arrangement referred to in this Prospectus.

The Underwriters are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and/or their respective affiliates have in the past been engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company or any parties related to any of them, in respect of which they have received, and may in the future receive, customary fees and commissions. In addition, certain of the Underwriters or their affiliates are, or may in the future be, lenders, and in some cases agents or managers for the lenders, under certain of the Group's credit facilities and other credit arrangements, the Selling Shareholder or their respective affiliates. In their capacity as lenders, such lenders may, in the future, seek a reduction of a loan commitment to the Company, the Selling Shareholder or their respective affiliates, or impose incremental pricing or collateral requirements with respect to such facilities or credit arrangements, in the ordinary course of business. In addition, certain of the Underwriters or their affiliates that have a lending relationship with the Company and/or the Selling Shareholders may routinely hedge their credit exposure to the Company and/or the Selling Shareholders consistent with their customary risk management policies. A typical hedging strategy would include these Underwriters or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Shares and/or the Selling Shareholder's securities.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) in the Company, the Selling Shareholder and their respective affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain,

purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than pursuant to any legal or regulatory obligation to do so. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

As a result of acting in the capacities described above, the Underwriters may have interests that may not be aligned, or could potentially conflict, with investors' and the Company's interests.

Lock-up arrangements

Company lock-up

Pursuant to the Underwriting Agreement, the Company undertakes to the Underwriters that, from the date of the Underwriting Agreement until the date falling 180 days after the Settlement Date, it will not and, so far as it has the power to do so, will procure that its affiliates (which for this purpose excludes the Selling Shareholder) will not, without the prior written consent (not to be unreasonably withheld or delayed) of the Joint Global Coordinators (for themselves and on behalf of the other Underwriters), directly or indirectly, (i) issue, offer, lend, mortgage, assign, charge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any interest in Shares or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Shares or any interest in Shares or file any registration statement under the Securities Act or file or publish any prospectus with respect to any of the foregoing; or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or otherwise had the same economic effect as (i), whether any such transaction in the case of (i) and (ii) is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transactions, or (iv) submit to its shareholders a proposal to effect any of the foregoing, save that the above restrictions shall not apply in respect of: (a) the issue of the Shares in relation to conversion of the Company from a private limited liability company to a public limited liability company through the execution of the deed of conversion and amendment of the Company's articles of association and the issue of Shares to the Selling Shareholder and the Restricted Managers in connection with the Offering, in each case on the Settlement Date; (b) the issue of New Shares (including any New Shares subscribed for by Cornerstone Investors); and (c) the issue of the Shares pursuant to the performance share plan described in the section entitled "*Management, Employees and Corporate Governance*".

Selling Shareholder lock-up

Pursuant to the Underwriting Agreement, the Selling Shareholder undertakes to the Underwriters that, from the date of the Underwriting Agreement until the date falling 360 days after the Settlement Date, it will not, without the prior written consent (not to be unreasonably withheld or delayed) of the Joint Global Coordinators (for themselves and on behalf of the other Underwriters), directly or indirectly, (i) offer, lend, mortgage, assign, charge, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any optionor contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any interest in Shares or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Shares or any interest in Shares or request or demand that the Company file any registration statement under the Securities Act or file or publish any prospectus with respect to any of the foregoing; (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or otherwise had the same economic effect as (i), whether any such transaction in the case of (i) and (ii) is to be settled by delivery of Shares or such other securities, in cash or otherwise; (iii) publicly announce such an intention to effect any such transactions; or (iv) submit to its or the Company's shareholders a proposal to effect any of the foregoing, save that the above restrictions shall not apply in respect of: (a) the sale of the Sale Shares (including any Sale Shares purchased by Cornerstone Investors) and the Over-allotment Shares in the Offering; (b) lending the Shares pursuant to the Stock Lending

Agreement; (c) accepting a general offer made to all holders of issued and allotted Shares for the ordinary share capital of the Company made in accordance with applicable Dutch takeover laws and regulations; (d) executing and delivering an irrevocable commitment or undertaking to accept a general offer (without any further agreement to transfer or dispose of any Shares or any interest therein) as is referred to in sub-paragraph (c) above; (e) selling or otherwise disposing of Shares pursuant to any offer by the Company to purchase its own Shares which is made on identical terms to all holders of Shares in the Company; (f) transferring or disposing of Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its shareholders or any class of them which is agreed to by the creditors or shareholders; (g) taking up any Shares or other rights and disposing of any rights granted in respect of a rights issue or other pre-emptive share offering by the Company; and (h) transferring Shares to any affiliate or connected person of the Selling Shareholder, provided that prior to any such transfer made pursuant to sub paragraph (h) the transferee shall have agreed to be bound by the foregoing restrictions for the remainder of the lock-up period.

Directors and Senior Manager Lock-up

Each of David Chour, Ladislav Štorek, Petr Formánek, Zdeněk Jurák and Jaroslav Strnad Jr. (together, the "**Restricted Managers**") has agreed with the Joint Global Coordinators (on behalf of themselves and the other Underwriters) that, from the date of his respective Lock-up Deed until the date falling 360 days after the Settlement Date, he will not, without the prior written consent (not to be unreasonably withheld or delayed) of the Joint Global Coordinators (for themselves and on behalf of the other Underwriters), directly or indirectly, (i) offer, lend, mortgage, assign, charge, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any interest in Shares or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Shares or any interest in Shares or request or demand that the Company file any registration statement under the Securities Act or file or publish any prospectus with respect to any of the foregoing; (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares or otherwise has the same economic effect as (i), whether any such transaction described in (i) and (ii) above is to be settled by delivery of the Shares or such other securities, in cash or otherwise; (iii) publicly announce such an intention to effect any such transactions; or (iv) submit to the Company's shareholders or any other body of the Company a proposal to effect any of the foregoing, save that the above restrictions shall not apply in respect of: (a) accepting a general offer made to all holders of issued and allotted Shares for the ordinary share capital of the Company made in accordance with applicable Dutch takeover laws and regulations; (b) executing and delivering an irrevocable commitment or undertaking to accept a general offer (without any further agreement to transfer or dispose of any Shares or any interest therein) as is referred to in sub-paragraph (a) above; (c) selling or otherwise disposing of Shares pursuant to any offer by the Company to purchase its own Shares which is made on identical terms to all holders of Shares in the Company; (d) transferring or disposing of Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its shareholders or any class of them which is agreed to by the creditors or shareholders; (e) taking up any Shares or other rights and disposing of any rights granted in respect of a rights issue or other pre-emptive share offering by the Company; (f) any disposal of the Shares to family members of the relevant Director or Senior Manager, any family trust (and upon change of trustees of a trust, to the new trustees of such family trust) and by the trustees of such family trusts to the beneficiaries thereof or any entities that are directly or indirectly wholly-owned by such relevant Director or Senior Manager, provided that the transferee shall have agreed to be bound by the foregoing restrictions for the remainder of the lock-up period; (g) any disposal of the Shares by an inheritor after the Shares have (in)directly transferred by operation of law (*overgang onder algemene titel*) to such inheritor as a result of the relevant Director or Senior Manager's death; (h) any disposal of the Shares by the relevant Director or Senior Manager after such Director or Senior Manager has become permanently occupationally disabled; (i) any disposal of Shares necessary to satisfy tax liabilities arising out of the receipt by the relevant Director or Senior Manager of Shares pursuant to the performance share plan described in the section entitled "*Management, Employees and Corporate Governance*"; or (j) transferring the legal interest in Shares provided the beneficial owner shall not change, provided that the transferee shall have agreed to be bound by the foregoing restrictions for the remainder of the lock-up period.

Over-allotment and Stabilisation

In connection with the Offering, the Stabilisation Manager, or any of its agents, on behalf of the Underwriters may (but will be under no obligation to), to the extent permitted by applicable law, over-allot

Shares or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilisation Manager will not be required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange (including Euronext Amsterdam) or otherwise and may be undertaken at any time during the period commencing on the First Trading Date and ending no later than 30 calendar days thereafter. The Stabilisation Manager or any of its agents will not be obligated to effect stabilising transactions, and there will be no assurance that stabilising transactions will be undertaken. Such stabilising transactions, if commenced, may be discontinued at any time without prior notice. Save as required by law or regulation, neither the Stabilisation Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions under the Offering. The Underwriting Agreement **provides that** the Stabilisation Manager may, for purposes of stabilising transactions, over-allot Shares up to 15% of the total number of New Shares issued and Sale Shares sold in the Offering.

In connection with the Over-allotment Option, up to 15% of the total number of New Shares issued and Sale Shares sold will be made available to the Stabilisation Manager for the account of the Underwriters by the Selling Shareholder through a securities loan entered into on or about the date of this Prospectus (the "**Stock Lending Agreement**").

None of the Company, the Selling Shareholder or any of the Underwriters makes any representation or prediction whatsoever as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Shares or any other securities of the Company. In addition, none of the Company, the Selling Shareholder or any of the Underwriters makes any representation that the Stabilisation Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

SELLING AND TRANSFER RESTRICTIONS

No action has been or will be taken in any jurisdiction by the Company or the Underwriters that would permit, other than pursuant to the Offering, an offer of the Offer Shares or possession, circulation or distribution of this Prospectus or any other offering material in any jurisdiction where action for that purpose is required. The distribution of this Prospectus and the offer of the Offer Shares in certain jurisdictions may be restricted by law.

Accordingly, no Offer Shares may be offered or sold either directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Offer Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

If an investor receives a copy of this Prospectus, the investor may not treat this Prospectus as constituting an invitation or offer to the investor of the Offer Shares, unless, in the relevant jurisdiction, such an offer could lawfully be made to the investor, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if the investor receives a copy of this Prospectus or any other offering materials or advertisements, the investor should not distribute the same in or into, or send the same to any person in, any jurisdiction where to do so would or might contravene local securities laws or regulations.

If an investor forwards this Prospectus or any other offering materials or advertisements into any such territories (whether under a contractual or legal obligation or otherwise) the investor should draw the recipient's attention to the contents of this section.

Subject to the specific restrictions described below, investors (including, without limitation, any investor's nominees and trustees) wishing to accept, sell or purchase Offer Shares must satisfy themselves as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

Investors that are in any doubt as to whether they are eligible to purchase Offer Shares should consult their professional adviser without delay.

Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions. None of the Company, the Selling Shareholder or the Underwriters accepts any legal responsibility for any violation by any person, whether or not a prospective investor in any of the Offer Shares, of any such restrictions.

United States

The Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with applicable state securities laws.

In the United States, the Offer Shares will be offered and sold only to persons reasonably believed to be QIBs as defined in and in reliance on Rule 144A under the US Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements under the US Securities Act and applicable state securities laws. All offers and sales of the Offer Shares outside the United States will be made in "offshore transactions" as defined in, and in compliance with, Regulation S under the US Securities Act. The Underwriting Agreement **provides that** the Underwriters may directly or through their broker-dealer affiliates, arrange for the offer and resale of Offer Shares within the United States only to QIBs in reliance on Rule 144A. Prospective investors are hereby notified that any seller of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A. The Offer Shares are not transferable except in accordance with the restrictions described below.

Recipients of this Prospectus in the United States are hereby notified that this Prospectus has been furnished to them on a confidential basis and is not to be reproduced, retransmitted or otherwise redistributed, in whole or in part, under any circumstances. Furthermore, recipients are authorised to use it solely for the

purpose of considering a purchase of the Offer Shares in the Offering and may not disclose any of the contents of this Prospectus for any other purpose. This Prospectus is personal to each offeree and does not constitute an offer to any other person or the public generally to subscribe for or otherwise acquire the Offer Shares.

In addition, until the end of the 40th calendar day after commencement of the offering, an offering or sale of Offer Shares within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Offering of the Offer Shares is being made in the United States through US broker dealer affiliates of the Underwriters.

Rule 144A

Each purchaser of the Offer Shares within the United States pursuant to Rule 144A, by accepting delivery of this Prospectus or the Offer Shares, will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

(i) It is (a) a QIB within the meaning of Rule 144A (b) acquiring the Offer Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth in this paragraph; (c) acquiring the Offer Shares for investment purposes, and not with a view to further distribution of such Offer Shares; and (d) aware, and each beneficial owner of the Offer Shares has been advised, that the sale of the Offer Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;

(ii) It understands and agrees that the Offer Shares are being offered and sold in the United States only in a transaction not involving any public offering within the meaning of the U.S. Securities Act and that the Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred, except (a)(1) to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act; (2) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; (3) pursuant to an exemption from the registration requirements of the US Securities Act provided by Rule 144 thereunder (if available); or (4) pursuant to an effective registration statement under the Securities Act; and (b) in accordance with all applicable securities laws of any state, territory or other jurisdiction of the United States;

(iii) It acknowledges that the Offer Shares (whether in physical, certificated form or in un-certificated form) are 'restricted securities' within the meaning of Rule 144(a)(3) under the US Securities Act, that the Offer Shares are being offered and sold in a transaction not involving any public offering in the United States within the meaning of the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of Offer Shares;

(iv) It understands that the Offer Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

"**THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT"), ANY STATE SECURITIES LAWS IN THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT: (A) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE US SECURITIES ACT, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER; (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE**

WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT; (C) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE); OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT FOR RESALES OF THIS SECURITY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THIS SECURITY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THIS SECURITY ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH INVESTOR IN THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER AND EACH INVESTOR WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY INVESTOR IN THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. EACH HOLDER, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS";

(v) Notwithstanding anything to the contrary in the foregoing, it understands that Offer Shares may not be deposited into an unrestricted depositary receipt facility in respect of Offer Shares established or maintained by a depositary bank unless and until such time as such Offer Shares are no longer 'restricted securities' within the meaning of Rule 144(a)(3) under the Securities Act;

(vi) It agrees that it will give to each person to whom it offers, resells, pledges or otherwise transfers Offer Shares notice of any restrictions on transfer of such Offer Shares; and

(vii) It: (a) acknowledges that the Company, the Underwriters, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements; and (b) agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Offer Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Offer Shares as a fiduciary or agent for one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account (in which case it hereby makes such acknowledgements, representations and agreements on behalf of such QIBs as well).

(viii) The Company shall not recognise any offer, sale, resale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.

Prospective purchasers are hereby notified that sellers of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.

Regulation S

Each purchaser of the Offer Shares outside of the United States pursuant to Regulation S, by its acceptance of delivery of this Prospectus or the Offer Shares, will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

(i) It is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;

(ii) It is, or at the time the Offer Shares were purchased will be, the beneficial owner of such Offer Shares and (a) is, and the person, if any, for whose account it is acquiring the Offer Shares is, outside the United States (within the meaning of Regulation S) and is purchasing such Offer Shares in an "offshore transaction" in accordance with Rule 903 or 904 of Regulation S; (b) is not an affiliate of the company or a person acting on behalf of such an affiliate; and (c) is not in the

business of buying or selling securities or, if it is in such business, it did not acquire such Offer Shares from the company or an affiliate thereof in the initial distribution of such Offer Shares;

(iii) It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that such Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;

(iv) It (a) acknowledges that the Company, the Underwriters and their respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs and (b) agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Offer Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Offer Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account (in which case it hereby makes such acknowledgements, representations and agreements on behalf of such accounts as well);

(v) It is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Prospectus; and

(vi) The Company shall not recognise any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.

European Economic Area

In relation to a Relevant Member State, no Offer Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Regulation, except that the Offer Shares may be offered to the public in that Relevant Member State at any time:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Offer Shares shall require the Company and/or Selling Shareholder or any Joint Global Coordinator to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an 'offer to the public' in relation to the Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Offer Shares.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Offer Shares under, the Offering contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Underwriters and their affiliates and the Company that:

(i) it is a qualified investor within the meaning of the Prospectus Regulation; and

(ii) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in article 5 of the Prospectus Regulation, the Offer Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any circumstances which may give rise to an offer to the public, other than their offer or resale in a Relevant Member State to Qualified Investors, in circumstances in

which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale.

The Company, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a Qualified Investor and who has notified the Joint Global Coordinators of such fact in writing may, with the prior consent of the Joint Global Coordinators, be permitted to acquire Offer Shares in the Offering.

United Kingdom

No Offer Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the Financial Conduct Authority, except that the Offer Shares may be offered to the public in the United Kingdom at any time:

(i) to any legal entity which is a qualified investor as defined under paragraph 15 of Schedule 1 of the POATRs;

(ii) to fewer than 150 persons (other than qualified investors as defined under paragraph 15 of Schedule 1 to the POATRs), subject to obtaining the prior consent of the Global Coordinators for any such offer; or

(iii) in any other circumstances falling within Part 1 of Schedule 1 to the POATRs.

For the purposes of this provision, the expression an "offer to the public" in relation to the Offer Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Offer Shares.

Furthermore, in the United Kingdom, this Prospectus and any other material in relation to the Offer Shares described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with persons who are: (i) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FPO**"); (ii) high net worth entities falling within Article 49(2)(a) to (d) of the FPO; and/or (iii) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Offer Shares may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**Relevant Persons**"). The Offer Shares are only available in the UK to, and any invitation, offer or agreement to purchase or otherwise acquire the Offer Shares will be engaged in only with, the Relevant Persons. This Prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the UK. Any person in the UK that is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

Each person in the UK who acquires any Offer Shares in the Offer or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Underwriters and their affiliates that it meets the criteria outlined in this section.

Canada

The Offer Shares may be sold only in Canada to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The

purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("**NI 33-105**"), the Underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Australia

This document (a) does not constitute a prospectus, a product disclosure statement or any other form of "disclosure document" under the Corporations Act 2001 of the Commonwealth of Australia ("**Corporations Act**"); (b) has not been, is not required to be, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission ("**ASIC**"), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia, and is not required to nor does it purport to, and does not, include all of the information required of a disclosure document under the Corporations Act; and (c) may not be provided in Australia other than to select investors ("**Exempt Investors**") who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Chapter 6D of the Corporations Act, or (ii) are otherwise a person to whom a disclosure document is not required under the Corporations Act.

This document may not be made available, and the Offer Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Offer Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Offer Shares may be distributed, received or published in Australia, except where a disclosure document is not required to be given to investors under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Offer Shares, each purchaser or subscriber of Offer Shares in Australia represents and warrants to the Company, the Underwriters and their affiliates that such purchaser or subscriber is an Exempt Investor.

As any offer of Offer Shares under this document, any supplement or the accompanying prospectus or other document will be made without a disclosure document in Australia under Chapter 6D of the Corporations Act, the offer of those Offer Shares for resale in Australia within 12 months from their issue may require a disclosure document to be given to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Offer Shares each purchaser or subscriber of Offer Shares undertakes to the Company and the Underwriters that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Offer Shares, offer, transfer, assign or otherwise alienate those Offer Shares to investors in Australia except in circumstances where a disclosure document not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

This document contains general information only and should not be taken as financial product advice and has been prepared as general information only, without consideration for your particular investment objectives, financial circumstances or particular needs. The persons referred to in this document may not hold Australian financial services licences and may not be licensed to provide financial product advice. No "cooling-off" regime will apply to an acquisition of any Offer Shares. Before making any investment decision, prospective advisors should assess whether the acquisition of Offer Shares is appropriate in light of their financial circumstances or seek professional advice.

Japan

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Law (Law No.25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Shares may not be circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA; (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Offer Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (however described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 of the SFA except:

    (i) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

    (ii) where no consideration is or will be given for the transfer;

    (iii) where the transfer is by operation of law;

    (iv) as specified in Section 276(7) of the SFA; or

    (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2022 of Singapore.

Hong Kong

This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of the Prospectus or any documents issued in connection with it. Accordingly: (a) the Offer Shares may not be offered or sold in Hong Kong by means of this document or any other document other than to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong); and (b) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Offer Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as set out above).

No person sold Offer Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such shares.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. Potential equity investors are advised to exercise caution in relation to the offer. Potential equity investors in doubt about any contents of this document should obtain independent professional advice.

People's Republic of China

The Offer Shares may not be offered, sold or delivered, or offered, sold or delivered to any person for reoffering, resale or redelivery, directly or indirectly, in the PRC in contravention of any applicable laws. Neither the Company nor the Underwriters represent that this Prospectus may be lawfully distributed, or that any securities may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Company or the Underwriters which would permit a public offering of any securities or distribution of this document in the PRC. For this purpose, the term "PRC" excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

Abu Dhabi Global Market

This Prospectus relates to an Offering which is not subject to any form of regulation or approval by the Financial Services Regulatory Authority ("**FSRA**"). The FSRA has not approved this Prospectus nor has any responsibility for reviewing or verifying any document or other documents in connection with this Offering. Accordingly, the FSRA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it. If you do not understand the contents of this Offering or are unsure whether the securities to which the Offering relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

The Offer Shares have not been offered and will not be offered to any persons in the Abu Dhabi Global Market except on the basis that an offer is:

(a) an "Exempt Offer" in accordance with the FSRA Financial Services and Markets Regulations (the "**FSMR**") and the Market Rules of the FSRA; and

(b) made only to persons who are Authorised Persons or Recognised Bodies (as such terms are defined in the FSMR)

or persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 18 of FSMR) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated.

Dubai International Financial Centre

This Prospectus relates to an Offering which is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("**DFSA**"). The DFSA has not approved this Prospectus nor has any responsibility for reviewing or verifying any document or other documents in connection with the Offering. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it. If you do not understand the contents of this Offering or are unsure whether the securities to which this Offering relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

The Offer Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on the basis that an offer is:

(a) an "Exempt Offer" in accordance with the Market Rules module of the DFSA Rulebook; and

(b) made only to persons who are existing clients of the DFSA Authorised Person distributing this Prospectus or who otherwise meet the Deemed Professional Client criteria set out in Rule 2.3.4 of the DFSA Rulebook Conduct of Business Module and who are not natural persons.

This Prospectus must not, therefore, be delivered to, or relied on by, any other type of person. The Offering to which this document relates may be illiquid and/or subject to restrictions on its resale. Prospective purchasers should conduct their own due diligence on the Offering.

United Arab Emirates (excluding the ADGM and the DIFC)

This Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. If you are in any doubt about the contents of this Prospectus, you should consult an authorised financial adviser.

The Offering, including the Offer Shares, has not been, and will not be, approved, registered, or licensed by the UAE Central Bank, UAE CMA, or any other relevant authority in the UAE. This Prospectus does not constitute, and may not be construed as, a public offer of securities in the UAE, nor is it intended to be a public offer, sale, or delivery of Offer Shares in the UAE or to any persons in the UAE, other than to persons who are "Professional Investors" as defined in the UAE Chairman of the Authority's Board of Directors' Decision (No.13/Chairman) of 2021 or otherwise in compliance with the laws of the UAE.

The Offer Shares may only be offered, sold, acquired, exercised, or delivered in the UAE in compliance with all applicable laws and regulations of the UAE (excluding the ADGM and DIFC), including the CMA regulations. The Prospectus and any related offering materials may not be distributed to the public in the UAE and are being provided only to a limited number of investors who qualify as Professional Investors and must not be provided to any person other than the original recipient. No marketing or offering of the Offer Shares has been or will be made from within the UAE other than in compliance with the above restrictions. Persons in possession of this Prospectus must inform themselves of and observe all such restrictions and are responsible for obtaining any required approvals, consents, or permissions.

Nothing contained in this Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice. This Prospectus is for your information only and nothing in this Prospectus is intended to endorse or recommend a particular course of action. Any person considering acquiring securities should consult with an appropriate professional for specific advice rendered based on their respective situation.

Kingdom of Saudi Arabia

This Prospectus and the Offering, including the Offer Shares, may not be distributed in the Kingdom of Saudi Arabia ("**KSA**") except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations ("**OSCOs**") issued by the KSA CMA. The Offer Shares may only be offered, sold, acquired, exercised, or delivered in the KSA to Institutional and Qualified clients under Article 8 of the OSCO Rules or by way of a limited offer under Article 9 of the OSCO Rules.

The KSA CMA does not make any representations as to the accuracy or completeness of this Prospectus and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Any investor who wishes to acquire Offer Shares pursuant to the Offering should conduct their own due diligence on the accuracy of the information relating to the Offer Shares. If a prospective investor does not understand the contents of this Prospectus, they should consult an authorised financial adviser.

The offering of any Offer Shares in the KSA shall not constitute a "Public Offer" pursuant to the OSCO Rules. Any investor in the KSA who acquires Offer Shares pursuant to the Offering should note that they may not offer, sell, or transfer such rights or shares to any person unless the offer, sale, or transfer is made in compliance with the OSCO Rules and other applicable regulations of the KSA CMA.

Kuwait

This Prospectus is not for general circulation to the public in Kuwait. The Offer Shares have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the Offer Shares in Kuwait on the basis a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 and the executive bylaws thereto (as amended). No private or public offering of the Offer Shares is being made in Kuwait, and no agreement relating to the sale of the Offer Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Offer Shares in Kuwait.

The State of Qatar

This Prospectus relates to securities which are not subject to any form of regulation or approval by the Qatar Central Bank, Qatar Financial Markets Authority (the "**QFMA**"), the Qatar Financial Centre Regulatory Authority (the "**QFCRA**") or any other relevant licensing authorities in the State of Qatar, and this Prospectus is being provided in the context of a private placement of the Offer Shares in the State of Qatar in accordance with the QFMA regulations.

The QFMA, Qatar Central Bank, QFCRA and any other relevant licensing authorities in the State of Qatar have no responsibility for reviewing or verifying this Prospectus or any other documents in connection with or relating to the Offer Shares. Accordingly, the QFMA, Qatar Central Bank, QFCRA and any other relevant licensing authorities in the State of Qatar have not reviewed or approved this Prospectus or any other documents in connection with or relating to the Offer Shares nor taken any steps to verify the information set out in this Prospectus or any other documents in connection with or relating to the Offer Shares, and have no responsibility for it.

This Prospectus and any offering materials in connection with or relating to the Offer Shares are strictly private and confidential and this Prospectus is being issued to a limited number of investors in the State of Qatar which are "qualified investors" for the purposes of Qatari and QFMA regulations, upon their request, on the express condition that they do not provide this Prospectus or any other documents in connection with or relating to the Offer Shares to any person other than the original recipient who may not reproduce or use this Prospectus or any other documents in connection with or relating to the Offer Shares for any other purpose. Any distribution of this Prospectus or any other documents in connection with or relating to the Offer Shares by the original recipient to third parties in the State of Qatar in breach of the terms hereof is not authorised and shall be at the liability of such recipient.

Nothing in this Prospectus or any other documents in connection with or relating to the Offer Shares constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute any offer or sale of the Offer Shares in the State of Qatar or in the Qatar Financial Centre, or the inward marketing of an investment fund or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre.

The Offer Shares are not and will not be traded on the Qatar Stock Exchange.

Israel

The securities offered hereunder may not be offered or sold to the public in Israel absent the publication of a prospectus that has been approved by the Israel Securities Authority (the "**ISA**"). This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968 (the "**Israeli Securities Law**"), and has not been filed with or approved by the ISA. In Israel, this document is being distributed only to, and is directed only at, and any offer of the securities hereunder is directed only at, (i) a limited number of persons in accordance with the Israeli Securities Law and (ii) investors listed in the first addendum to the Israeli Securities Law (the "**Addendum**"), consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters, venture capital funds, entities with equity in excess of NIS 50 million and "qualified individuals," each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors (in each case, purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). Qualified investors are required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of same and agree to it.

South Africa

Due to restrictions under the securities laws of South Africa, no "offer to the public" (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the "**South African Companies Act**")) is being made in connection with the issue of the Offer Shares in South Africa. Accordingly, this document does not, nor is it intended to, constitute a "registered prospectus" (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. The Offer Shares are not offered, and the

offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions stipulated in section 96 (1) applies:

Section 96 (1) (a)

The offer, transfer, sale, renunciation or delivery is to:

(i) persons whose ordinary business, or part of whose ordinary business, is to deal in securities, as principal or agent;

(ii) the South African Public Investment Corporation;

(iii) persons or entities regulated by the Reserve Bank of South Africa;

(iv) authorised financial service providers under South African law;

(v) financial institutions recognised as such under South African law;

(vi) a wholly-owned subsidiary of any person or entity contemplated in (iii), (iv) or (v), acting as agent in the capacity of an authorised portfolio manager for a pension fund, or as manager for a collective investment scheme (in each case duly registered as such under South African law); or

(vii) any combination of the person in (i) to (vi); or

Section 96 (1) (b)

The total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000 or such higher amount as may be promulgated by notice in the Government Gazette of South Africa pursuant to section 96(2)(a) of the South African Companies Act.

Information made available in this Prospectus should not be considered as "*advice*" as defined in the South African Financial Advisory and Intermediary Services Act, 2002.

TAXATION

Taxation in the Czech Republic

General considerations

Except where expressly stated otherwise, the paragraphs below are intended to apply only to:

(a) the Shareholders, who:

(i) are, for the whole calendar or financial year, as applicable, residents in the Czech Republic under Czech tax laws as well as for the purposes of any relevant tax treaty;

(ii) do not have a permanent establishment outside the Czech Republic with which the Offer Shares are effectively connected or to which any income in respect of the Offer Shares is attributable; and

(iii) are the beneficial owners of their Offer Shares and of any income received in respect of them, with 'beneficial owner' of any such income defined accordingly to the Czech Income Taxes Act and any relevant tax treaty following the meaning of this term in the OECD Model Tax Convention on Income and Capital and its Commentary; (the "**Czech tax resident Shareholders**"); and

(b) the Shareholders, who:

(i) are, for the whole calendar or financial year, residents in the Czech Republic neither under Czech Income Taxes Act nor under any relevant tax treaty;

(ii) do not have a permanent establishment outside of their country of tax residence (including in the Czech Republic), with which the Offer Shares are effectively connected or to which any income in respect of the Offer Shares is attributable; and

(iii) are the beneficial owners of their Offer Shares and of any income received in respect of them, with 'beneficial owner' of any such income defined according to the Czech Income Taxes Act and any relevant tax treaty following the meaning of this term in the OECD Model Tax Convention on Income and Capital and its Commentary (the "**non-Czech tax resident Shareholders**").

In addition, the tax position of certain categories of the Shareholders who are subject to specific rules have not been considered, including but not limited to: persons acquiring (or deemed to acquire) the Offer Shares in connection with an employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, collective investment schemes, pension schemes, partnerships, tax-exempt or tax-transparent organizations or schemes, persons related to the Company or the Company, and persons holding the Offer Shares as part of hedging or conversion transactions.

For Czech income tax purposes, taxpayers, whether they are tax resident in the Czech Republic or not, are generally categorized as either individuals, who are subject to Czech personal income tax, or entities other than individuals, who are subject to corporate income tax. For simplicity and readability, the latter category of taxpayers, which may include also various entities without legal personality, shall be referred to as 'corporations' for the purposes of this summary. Furthermore, for the Shareholders who are individuals, it is assumed that the Offer Shares will be held as personal investments, separate from any of their business assets.

It is also assumed that the corporations have sufficient substance as required by the relevant tax legislation and that the purpose of their existence or ownership of Offer Shares is not to avoid tax or allow for double non-taxation.

Income taxation of dividends, decreases of issued share capital and distributions of share premium

Czech tax resident Shareholders

Dividends distributed by the Company to Czech tax resident Shareholders, whether individuals or corporations, are subject to Czech withholding tax of 15%, which is due on the gross amount of dividend. However, in the case of corporations only, a tax exemption may apply under the Czech participation exemption rules (see the section entitled "*Czech participation exemption—dividend and decrease of issued share capital previously increased from profit*").

Distribution of share premium or valuation differences to Czech tax resident Shareholders is subject to Czech withholding tax of 15%. The tax is due on the gross distributable amount which can be decreased by the tax basis of the Offer Shares if the Shareholder proves that tax basis to the Company.

When the Company's issued share capital is reduced and the amount of such reduction is distributed to the Shareholders, the tax treatment follows the source of such distribution. If the distribution comes from sources other than the Company's profits or profit reserves that had increased the issued share capital, the distributed amount, after subtracting the tax basis of the Offer Shares, is generally not subject to withholding tax and should be reported by the Shareholders on their Czech tax return. For individuals, this income is generally subject to a progressive tax rate of 15 or 23%, with the higher rate applicable when the individual's income exceeds a threshold which is set at 36 times the average wage, amounting to CZK 1,676,052 (approximately €69,000) for 2025. Corporations are subject to a 21% tax rate on such distributions. Conversely, if the reduction in issued share capital is sourced from the Company's profits or profit reserves that had increased the issued share capital (the reduction is deemed to come first from this profit-sourced portion, ensuring that the distribution is attributed primarily to the profits that increased the issued share capital, before any other sources are considered), the income is subject to a 15% withholding tax, up to the amount of the profit-sourced increase. This is the case unless, as regards corporations only, the distribution qualifies for a tax exemption under the Czech participation exemption rules (see the section entitled "*Czech participation exemption—dividend and decrease of issued share capital previously increased from profit*).

When withholding tax applies, the Company is responsible for making the withholding at source from distributions that it makes and for remitting the tax to the Czech tax authorities. The tax withheld is considered final, meaning no further tax obligations arise from these distributions. Shareholders are generally required to provide certain documents to evidence their tax residency and beneficial ownership status.

Non-Czech tax resident Shareholders

Dividends distributed by the Company to non-Czech tax resident Shareholders, whether individuals or corporations, are subject to Czech withholding tax of 15 or 35% (see the rules for the application of the 35% rate below), which is due on the gross amount of dividend. However, in the case of corporations only, a tax exemption may apply under the Czech participation exemption rules (see the section entitled "*Czech participation exemption—dividend and decrease of issued share capital previously increased from profit*" described below).

Distribution of share premium or valuation differences to non-Czech tax resident Shareholders is subject to Czech withholding tax of 15 or 35% (see the rules for the application of the 35% rate below). The tax is due on the gross distributable amount which can be decreased by the tax basis of the Offer Shares if the Shareholder proves that tax basis to the Company.

When the Company's issued share capital is reduced and the amount of such reduction is distributed to Shareholders, the tax treatment follows the source of such distribution. If the distribution comes from sources other than the Company's profits or profit reserves that had increased the issued share capital, the distributed amount, after subtracting the tax basis of the Offer Shares, is generally not subject to withholding tax and should be reported by the Shareholders on their Czech tax return. For individuals, this income is generally subject to a progressive tax rate of 15 or 23%, with the higher rate applicable when the individual's income exceeds a threshold which is set at 36 times the average wage amounting to CZK 1,676,052 (approximately €69,000) for 2025. Corporations are subject to a 21% tax rate on such distributions. Moreover, if the Shareholder is not a tax resident in the EU/EEA member state, such income is generally subject to 10% securing tax to be withheld by the Company from the gross amount of such income. The securing tax is creditable against the tax liability declared in the Shareholder's Czech tax return with any

overpayment being generally refundable (see also the section entitled "*Securing tax*" below). Conversely, if the reduction in issued share capital is sourced from the Company's profits or profit reserves that had increased the issued share capital (the reduction is deemed to come first from this profit-sourced portion, ensuring that the distribution is attributed primarily to the profits that increased the issued share capital, before any other sources are considered), the income is subject to a 15 or 35% withholding tax up to the amount of the profit-sourced increase. This is so, unless in the case of corporations only, the distribution qualifies for a tax exemption under the Czech participation exemption rules (see the section entitled "*Czech participation exemption—dividend and decrease of issued share capital previously increased from profit*" described below). The withholding tax rate of 35% applies if the Shareholder is not a tax resident in another EU member state, in another state that is part of the EEA, or in a third country with which the Czech Republic has a valid and effective double taxation treaty, or an international agreement for the exchange of tax information on income matters, including any multilateral international treaties. According to official administrative guidance, the 35% withholding tax rate also applies if the tax residency (or, more generally, withholding tax status) of the recipient cannot be determined.

When withholding tax applies, the Company is responsible for making the withholding at source from distributions that it makes and for remitting the tax to the tax Czech authorities. The tax withheld is considered final, meaning no further tax obligations arise from these distributions. Shareholders are generally required to provide certain documents to evidence their tax residency and beneficial ownership status.

Czech participation exemption—dividend and decrease of issued share capital previously increased from profit

The Czech participation exemption rules implement into Czech tax law the Directive 2011/96/EU, on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States, as amended (the "**Parent-Subsidiary Directive**").

Under these rules, dividends, or income from a reduction in the Company's issued share capital – provided the capital reduction is sourced from the Company's profits or profit reserves – are exempt from Czech taxation if a parent company Shareholder holds at least 10% in the issued capital of the subsidiary (*i.e.*, the Company) for an uninterrupted period of at least 12 months. This minimum holding period can be satisfied after the distribution has occurred.

An entity qualifies as a parent company if it is:

(a) a Czech tax resident entity having the legal form listed in the Annex to the Parent-Subsidiary Directive, a cooperative (in Czech: družstvo), a trust fund (in Czech: svěřenský fond), a family foundation (in Czech: rodinná fundace), a municipality (in Czech: obec) or an association of municipalities (in Czech: svazek obcí); or

(b) an EU member state tax resident entity that: (i) has a legal form listed in the Annex to the Parent-Subsidiary Directive; (ii) is considered to be a tax resident of an EU Member State and is not considered to be a tax resident outside the EU Member States based on a tax treaty concluded with a third state (i.e. a non-EU Member State); and (iii) is subject to tax as listed in the Annex to the Parent-Subsidiary Directive without being exempt or having an option for exemption.

Dividends distributed by the Company to its Shareholders are also exempt from Czech taxation if the Shareholder is a tax resident in Switzerland, Norway, Iceland, or Liechtenstein, under equivalent conditions to those described above for a parent company that is a tax resident in an EU Member State (other than the Czech Republic).

The Czech participation exemption is inapplicable to dividends if the parent company is exempt from corporate income tax, or from a similar tax, or has the option to elect exemption from such tax or is subject to tax at a zero% rate. Additionally, the exemption does not apply to dividends if the Company is in liquidation and such distribution is made to a parent company that is a tax resident of the Czech Republic, Switzerland, Norway, Iceland, or Liechtenstein.

Income taxation of disposals (capital gains)

Czech tax resident Shareholders - individuals

Unless exempt from tax, capital gains upon sale of the Offer Shares are subject to progressive taxation at 15 or 23%, depending on the relevant Shareholder's income bracket (the higher rate applying on the tax base exceeding CZK 1,676,052 (approximately €69,000) in 2025). Any loss will generally be treated as non-deductible, except where such loss is compensated by taxable gains on the sales of other securities in the same year and the income from the sale of the Offer Shares is not tax-exempt.

Capital gains realised from the sale of the Offer Shares are exempt from tax if:

(a) the individual has held such Offer Shares continuously for more than three years before their sale (the "**Holding Exemption**"); or

(b) the total gross income (i.e. not a gain) from the sale of securities (including the Offer Shares) in one calendar year does not exceed CZK 100,000 (approximately €4,000).

In 2025, the Holding Exemption is subject to an annual threshold of CZK 40,000,000 (approximately €1.7 million). This threshold refers to the amount of exempt income (i.e., not gains) and, besides income from the sale of securities (including the Offer Shares), income from the sale of equity participations in corporations, where such participations are not represented by securities, and income from the sale of crypto assets will also count towards this threshold. With effect from January 1, 2026, this threshold is no longer applicable.

If the income from the sale of the Offer Shares is tax exempt and such income exceeds CZK 5,000,000 (approximately €207,000), then the individual must notify such income to the tax authorities.

Czech tax resident Shareholders—corporations

Unless exempt from tax, capital gains from the sale of the Offer Shares are subject to tax at 21% An exemption from tax may apply under the Czech participation exemption rules (see the section entitled "*—Czech participation exemption—disposal*" below for more details).

The tax deductibility of losses incurred from the sale of the Offer Shares generally depends on their treatment for Czech accounting purposes. Shareholders who are required to re-measure their Offer Shares to fair value for accounting purposes – typically when the Offer Shares are held for trading – can generally deduct such losses for tax purposes. However, this deductibility does not apply if the income from the sale of the Offer Shares is exempt under the Czech participation exemption rules. Conversely, losses realized by the Shareholders who do not re-measure the Offer Shares to fair value for accounting purposes are generally not deductible for tax purposes.

Non-Czech tax resident Shareholders

Income derived from the sale of the Offer Shares is – unless exempt from tax – subject to Czech taxation, including where both the seller and purchaser are non-Czech tax residents. The taxation rules that apply to non-Czech tax resident Shareholders when selling their Offer Shares are generally similar to those that apply to Czech tax resident Shareholders.

In the case where a non-Czech tax resident, who is a tax resident outside of the EU/EEA, sells the Offer Shares, the purchaser may be obligated to withhold a securing tax of one% of the total purchase price (see the section entitled "*Securing tax*" below for more details).

Securing tax

In general, a Czech tax resident or a Czech tax non-resident acting through a Czech permanent establishment, when they purchase the Offer Shares from a seller who is a resident for tax purposes outside the EU/EEA, are required, under their own responsibility, to withhold and to remit to the Czech tax authorities a securing tax at the rate of one% from the (gross) purchase price. Such obligation can be waived based on a decision of Czech tax authorities.

In general, the securing tax is creditable against the tax liability declared by a non-Czech tax resident in their annual Czech tax return.

Czech participation exemption—disposal

Income from the sale of the Offer Shares is exempt from Czech taxation if a parent company Shareholder holds at least 10% of the issued share capital of the subsidiary (i.e., the Company) for an uninterrupted period of at least 12 months. This 12-month holding period requirement may be satisfied post-disposal. The definition of a parent company, as provided in the section entitled "*Czech participation exemption—dividend and decrease of issued share capital previously increased from profit*" above, applies equally to income from the sale of the Offer Shares.

Income from the sale of the Offer Shares realized by the Shareholder tax resident in Norway, Iceland, or Liechtenstein is exempt from Czech taxation under conditions equivalent to those described above for a parent company that is a tax resident of an EU Member State.

The Czech participation exemption is inapplicable if the parent company is exempt from corporate income tax, or from a similar tax, or has the option to elect exemption from such tax, or is subject to tax at a zero% rate. Furthermore, the Czech participation exemption on income from the sale of Offer Shares is inapplicable if the Company is in liquidation.

Czech tax treaties

For non-Czech tax resident Shareholders, valid and effective double taxation treaties between the Czech Republic and their countries of tax residence may eliminate or reduce Czech tax liability. This applies to both distributions on or gains from selling the Offer Shares, generally provided the relevant income is not attributable to a permanent establishment of that Shareholder in the Czech Republic. To benefit from a double taxation treaty, the non-Czech tax resident Shareholders must, at a minimum, be tax-resident in the given tax treaty country (including for the purposes of the relevant treaty) and must beneficially own the income in question (as proven by an up-to-date tax residency certificate and other necessary documents in accordance with applicable practice). Depending on a particular treaty, further requirements may apply.

Other Czech taxes

No Czech transfer tax, VAT, stamp duty or any other similar tax or duty is payable in the Czech Republic in respect of or in connection with the acquisition, holding and disposal of the Offer Shares.

Taxation in the Netherlands

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could have retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Offer Shares, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. An investor holding Offer Shares is being referred to as a shareholder ("**Shareholder**").

For the purpose of the section entitled "*–Taxes on Income and Capital Gains*" below, it is assumed that an individual holding Offer Shares who is taxed as a resident of the Netherlands for income tax purposes did not, does not and will not have a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in the Company.

Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with his partner, directly or indirectly has or is deemed to have, or (b) certain relatives of such individual or his partner directly or indirectly have or are deemed to have (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (*winstbewijzen*) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company. Also, an individual has a substantial interest in a company if his partner has, or if certain relatives of the individual or his partner have, a deemed substantial interest in such company. Generally, an individual or his partner or relevant relative has a deemed substantial interest in a company if either (a) such person or his predecessor has disposed of or is deemed to have disposed of all or part of a substantial interest or (b) such person has transferred an enterprise in exchange for shares in such company, on a non-recognition basis.

This overview does not address the Dutch tax consequences for a Shareholder who is an affiliated (*gelieerde*) entity of the Company within the meaning of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*). Generally, a Shareholder is regarded as 'affiliated' for these purposes if such Shareholder, whether alone or together with related parties or as part of a qualifying unity (*kwalificerende eenheid*), can exercise decisive influence over the Company's activities (or if the Company can, either alone or together with related parties or as part of a qualifying unity (*kwalificerende eenheid*), exercise such influence over the activities of such Shareholder, or if there is a third party, either alone or together with related parties or as part of a qualifying unity (*kwalificerende eenheid*), that can exercise such control over both the Company and such Shareholder). A qualifying unity (*kwalificerende eenheid*) is defined as entities that act jointly with the main purpose or one of the main purposes of avoiding the imposition of tax on one of those entities.

Where this summary refers to a Shareholder, holder of Offer Shares, an individual holding Offer Shares or an entity holding Offer Shares, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Offer Shares or otherwise being regarded as owning Offer Shares for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate and gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "the Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

This overview assumes that the Company shall have its place of effective management in the Czech Republic and that it is treated as a Czech tax resident for Czech tax purposes and solely a resident of the Czech Republic for purposes of the convention between the Czech Republic and the Netherlands for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income ("**Czech Republic-Dutch tax treaty**").

Investors should consult their professional advisers as to the tax consequences of acquiring, holding and disposing of Offer Shares.

Dividend Withholding tax

In general, the Company must withhold Dutch dividend tax from dividends distributed on the Offer Shares at the rate of 15%

Dividends include, without limitation:

(i) distributions of profits (including paid-in capital not recognised for Dutch dividend tax purposes) in cash or in kind, including deemed and constructive dividends;

(ii) liquidation distributions and, generally, proceeds realised upon a repurchase of Offer Shares by the Company or upon the transfer of Offer Shares to a direct or indirect subsidiary of the Company, in excess of the average paid-in capital recognised for Dutch dividend tax purposes;

(iii) the par value of Offer Shares issued to a shareholder or any increase in the par value of Offer Shares, except to the extent such (increase in the) par value is contributed to or funded out of the Company's paid-in capital recognised for Dutch dividend tax purposes;

(iv) repayments of paid-in capital recognised for Dutch dividend tax purposes up to the amount of Company's profits (*zuivere winst*) unless Company's general meeting of shareholders has resolved in advance that the Company shall make such repayments and the par value of the Offer Shares concerned has been reduced by a corresponding amount through an amendment of the Company's articles of association.

However, the Company is not required to withhold Dutch dividend tax from dividends distributed on the Offer Shares if, and for as long as, the Company is resident solely in the Czech Republic for purposes of the Czech Republic-Dutch tax treaty, unless:

(i) the Shareholder is an individual who is resident or deemed to be resident in the Netherlands for Dutch income tax purposes or an entity or enterprise that is subject to the Dutch Corporate Tax Act

1969 (*Wet op de vennootschapsbelasting 1969*) and resident or deemed to be resident in the Netherlands for Dutch corporate tax purposes; or

(ii) the Shareholder is an individual not resident and not deemed to be resident in the Netherlands for Dutch income tax purposes or an entity not resident and not deemed to be resident in the Netherlands for Dutch corporate tax purposes and derives profits from an enterprise, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, to which the Offer Shares are effectively connected.

The current Czech Republic-Dutch tax treaty stipulates that if a company is treated as tax resident of both the Netherlands and Czech Republic it shall be treated as resident of the country in which it has its place of effective management for purposes of the treaty. As set out above, for the purposes of this summary it is assumed that the Company shall have its place of effective management in the Czech Republic.

If the Shareholder is a resident or deemed to be a resident of the Netherlands for Dutch corporate or income tax purposes, Dutch dividend withholding tax which is withheld with respect to proceeds from the Offer Shares will generally be creditable for Dutch corporate tax or Dutch income tax purposes. For Shareholders that are subject to Dutch corporate tax, the credit of Dutch dividend withholding tax per annum is limited to the amount of Dutch corporate tax due in that year. Any uncredited Dutch dividend withholding can be carried forward without time restrictions.

Under the terms of Dutch domestic anti-dividend stripping rules, a recipient of dividends distributed on Offer Shares will not be entitled to an exemption from, reduction, refund, or credit of dividend tax if the recipient is not the beneficial owner of such dividends as meant in those rules.

It is currently uncertain what evidence, information and documentation will be required by the Dutch tax authorities for purposes of accepting application of the Czech Republic-Dutch tax treaty as described above, either at source or through a refund request by a Shareholder.

Taxes on Income and Capital Gains Residents

Resident entities

An entity holding the Offer Shares which is or is deemed to be resident in the Netherlands for Dutch corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax (*vennootschapsbelasting*) in the Netherlands in respect of income or a capital gain derived from such Offer Shares at rates up to 25.8%, unless the entity has the benefit of the participation exemption (*deelnemingsvrijstelling*) with respect to such Offer Shares. Generally speaking, the entity holding Offer Shares will have the benefit of the participation exemption if the entity owns at least 5% of the nominal paid-up share capital of the Company.

Resident individuals

A Shareholder who is or is deemed to be resident in the Netherlands for Dutch income tax purposes will generally be subject to income tax in the Netherlands in respect of income or a capital gain derived from such Ordinary Shares at rates up to 49.5% if:

(i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or

(ii) the income or capital gain qualifies as income from miscellaneous activities *(belastbaar resultaat uit overige werkzaamheden*) as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, the individual will in principle be subject to Dutch income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from the Offer Shares. For 2025, separate deemed return percentages for savings, debts and investments apply, 5.88% for the category investments (including the Offer Shares), as at the beginning of the relevant calendar year. The applicable percentages should be updated annually on the basis of historic market yields.

However, if the individual demonstrates that the actual return – calculated in accordance with the Dutch Counterevidence Act (*Wet tegenbewijsregeling box 3*) – is lower than the applicable deemed return, the taxable basis should be that lower amount.

The individual's taxable income from savings and investments (including the Offer Shares) will be taxed at the prevailing statutory rate (36% in 2025).

Non-residents

A Shareholder which is not and is not deemed to be resident in the Netherlands for the relevant tax purposes will not be subject to taxation in the Netherlands on income or a capital gain derived from Offer Shares, unless:

(i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in the Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in the Netherlands and the Shareholder derives profits from such enterprise (other than by way of the holding of securities); or

(ii) the Shareholder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in the Netherlands as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

Gift and Inheritance Taxes

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Shareholder by way of gift by, or on the death of, a holder, unless:

(i) such holder is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value Added Tax

There is no Dutch value added tax payable by a Shareholder in respect of payments in consideration for the acquisition of Offer Shares, payments of dividend on the Offer Shares, or payments in consideration for the disposal of Offer Shares.

Other Taxes and Duties

There is no Dutch registration tax, stamp duty, or any other similar tax or duty payable in the Netherlands in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of Offer Shares.

Residence

A Shareholder will not be and will not be deemed to be resident in the Netherlands for Dutch tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of Offer Shares.

Certain United States Federal Income Tax Considerations

The following is a description of certain U.S. federal income tax consequences to U.S. Holders described below of the purchase, beneficial ownership and disposition of the Offer Shares, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to acquire the Offer Shares. This discussion applies only to U.S. Holders that hold the Offer Shares as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the tax

consequences that may be relevant in light of a U.S. Holder's particular circumstances, including alternative minimum tax consequences, estate and gift tax laws, the tax on net investment income, and tax consequences applicable to U.S. Holders subject to special rules, such as:

- banks or other financial institutions;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- persons holding the Offer Shares as part of a hedging transaction, straddle, wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to the Offer Shares;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities or arrangements classified as partnerships, grantor trusts, or S corporations for U.S. federal income tax purposes;
- expatriates;
- tax-exempt entities, including an "individual retirement account" or "Roth IRA" or other tax-deferred accounts;
- persons that own directly, indirectly or constructively own ten percent or more of the Company's voting stock or the Company's value;
- persons who acquired the Offer Shares pursuant to the exercise of an employee stock option or otherwise as compensation; or
- persons holding the Offer Shares in connection with a trade or business conducted outside of the United States.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds the Offer Shares, the U.S. federal income tax treatment of a partner of such partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships holding the Offer Shares and partners in such partnerships should consult their tax advisors as to the particular U.S. federal income tax consequences of the acquisition, beneficial ownership and disposition of the Offer Shares.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, administrative pronouncements of the U.S. Internal Revenue Service (the "**IRS**"), judicial decisions, and final, temporary and proposed Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect. The Company has not sought any ruling from the IRS with respect to the statements made and the conclusions reached in this discussion, and there can be no assurance that the IRS will agree with these statements and conclusions.

A "U.S. Holder" is a person who, for U.S. federal income tax purposes, is a beneficial owner of the Offer Shares and is:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

U.S. Holders should consult their tax advisors concerning the U.S. federal, state, local and foreign tax consequences of the acquisition, beneficial ownership and disposition of the Offer Shares in their particular circumstances.

Except as otherwise indicated, this summary assumes that the Company will not be a passive foreign investment company for U.S. federal income tax purposes. See "*— Passive Foreign Investment Company*" below in this summary.

Taxation of Distributions

The U.S. dollar value of distributions paid on the Offer Shares (including the amount of any non-U.S. taxes withheld), other than certain *pro rata* distributions of the Offer Shares, generally will be treated as foreign source dividends for U.S. federal income tax purposes.

Dividends paid by the Company will not be eligible for the dividends received deduction applicable to certain dividends received by U.S. corporations. If the Company is eligible for benefits of a U.S. income tax treaty, subject to applicable limitations (including a minimum holding period requirement), dividends paid on the Offer Shares to certain non-corporate U.S. Holders may be taxable at a preferential tax rate applicable to "qualified dividend income," provided that the Company is not a PFIC (and is not treated with respect to the U.S. Holder as a PFIC) for the taxable year of the distribution or its preceding taxable year. U.S. Holders should consult their tax advisors regarding the availability of the reduced tax rate on dividends in their particular circumstances.

A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any non-U.S. withholding taxes imposed on dividends received on the Offer Shares. A U.S. Holder who does not elect to claim a foreign tax credit for non-U.S. tax withheld may instead claim a deduction, for U.S. federal income tax purposes, in respect of such withholdings, but may not claim a deduction for some creditable taxes and a foreign tax credit for others in the same tax year. If a refund of the tax withheld is available under foreign law, the amount of tax withheld that is refundable will not be eligible for such credit against a U.S. Holder's federal income tax liability and will not be eligible for the deduction against U.S. federal taxable income. The rules governing the foreign tax credit are complex, and recent changes to the foreign tax credit rules introduced additional requirements and limitations that may impact the creditability of foreign taxes. Recent IRS guidance provides temporary relief from some of these additional requirements and limitations, subject to certain requirements being met, until further notice is provided by the IRS. Each prospective U.S. Holder is advised to consult its tax advisor regarding the availability of the foreign tax credit under its particular circumstances.

Prospective investors should consult their own tax advisors about how to account for distributions received in a currency other than the U.S. dollar.

Sale or Other Disposition of The Offer Shares

For U.S. federal income tax purposes, gain or loss realized on the sale or other disposition of the Offer Shares will be U.S. source capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the Offer Shares for more than one year. Long-term capital gains of certain U.S. Holders (including individuals) are eligible for reduced rates of U.S. federal income taxation. The amount of the gain or loss will equal the difference between the U.S. Holder's adjusted tax basis in the Offer Shares disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. The deductibility of capital losses is subject to certain limitations under the Code.

Prospective investors should consult their own tax advisors about how to account for payments made or received in a currency other than the U.S. dollar.

Passive Foreign Investment Company

In general, a non-U.S. corporation will be considered a "passive foreign investment company" ("**PFIC**") for any taxable year in which either (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the stock of another corporation is treated as if it held its proportionate share of the assets of such other corporation and received directly its proportionate share of the income of such other corporation. For this purpose, passive

income generally includes, among other items, dividends, interest, gains from certain commodities transactions, certain rents and royalties, and gains from the disposition of passive assets.

Based on the manner the Company and its subsidiaries conduct their business and the gross income and assets composition of the Company and its subsidiaries, the Company does not expect to be classified as a PFIC for the current taxable year or in the foreseeable future. However, PFIC status depends on facts that generally are not determinable until after the close of the taxable year and depends upon the income and assets composition of the Company and its subsidiaries, as well as the market value of their assets, which may vary from time to time. Therefore, there can be no assurance that the Company will not be a PFIC for any particular taxable year. The Company does not intend to conduct annual assessments of its PFIC status.

If the Company were classified as a PFIC at any time during a U.S. Holder's holding period for its Offer Shares, such U.S. Holder could be subject to additional taxes on any "excess distributions" received and any gain realized from the sale or other taxable disposition of the Offer Shares (including certain pledges) regardless of whether the Company continues to be a PFIC. A U.S. Holder will have excess distributions to the extent that distributions on the Offer Shares during a taxable year exceed 125% of the average amount received during the three preceding taxable years (or, if shorter, the U.S. Holder's holding period). In addition, non-corporate U.S. Holders will not be eligible for reduced rates of taxation on any dividends received from the Company if the Company is a PFIC for the taxable year such dividends are paid or in the preceding taxable year. If subsidiaries or other companies in which the Company owns equity interests were also PFICs (any such entity, a "Lower-tier PFIC"), U.S. Holders would be deemed to own a proportionate amount (by value) of the shares of each Lower-tier PFIC and would be subject to U.S. federal income tax according to the rules described above on (i) certain distributions by a Lower-tier PFIC and (ii) dispositions of shares of Lower-tier PFICs, in each case as if the U.S. Holders held such shares directly, even though the U.S. Holders had not received the proceeds of those distributions or dispositions.

A U.S. Holder may be able to make an election to mark its Offer Shares to market, provided the Offer Shares are treated as "marketable stock" for purposes of the PFIC rules. However, even if the mark-to-market election is available for Offer Shares, it would not apply to any Lower-tier PFIC interests. Given the Company is a pure holding company and carries out business primarily through subsidiaries, it is not clear whether making a mark-to-market election would avoid the application of the general PFIC rules described above with respect to any gains upon a taxable disposition of the Offer Shares. Consequently, U.S. Holders should consult their own advisors about the potential availability of a mark-to-market election if the Company is a PFIC and such election's limitation given the structure of the Company.

If the Company were classified as a PFIC at any time during a U.S. Holder's holding period for its Offer Shares, the U.S. Holder generally would be required to file annual reports together with its U.S. federal income tax returns, subject to certain exceptions. U.S. Holders should consult their tax own advisors about the consequences if the Company and its subsidiaries are classified as PFICs.

Information Reporting and Backup Withholding

Information reporting requirements may apply to certain payments of dividends on, and proceeds from a sale, exchange or other taxable disposition of, Offer Shares held by a U.S. Holder. A portion of any such payment may be withheld as a backup withholding against such U.S. Holder's potential U.S. federal income tax liability if such U.S. Holder fails to establish it is exempt from these rules, furnish its correct taxpayer identification number or otherwise comply with such information reporting requirements. Corporate U.S. Holders are generally exempt from these information reporting requirements and backup withholding but may be required to comply with certification and identification requirements in order to prove their exemption. Any amounts withheld under the backup withholdings rules from a payment to a U.S. Holder will be credited against such U.S. Holder's federal income tax liability, if any, or refunded if the amount withheld exceeds such tax liability, provided the required information is timely furnished to the IRS.

Prospective investors should consult their own tax advisors concerning any U.S. reporting requirements that may arise out of their ownership or disposition of the Offer Shares in light of their particular circumstances. The penalty for failing to comply with reporting requirements can be significant.

The above discussion is not intended to constitute a complete analysis of all tax consequences relating to the purchase, beneficial ownership and disposition of the Offer Shares. U.S. Holders should consult their own tax advisor concerning the tax consequences applicable in their particular situation.

INDEPENDENT AUDITORS

The consolidated financial statements of the CSG Group as of and for the years ended December 31, 2024, 2023 and 2022, and the related notes to the consolidated financial statements have been audited by Deloitte Czech Republic, independent auditors, as stated in their report appearing herein.

Deloitte Czech Republic is an independent and registered accounting firm with its address at Churchill I, Italská 2581/67, 120 00 Prague 2-Vinohrady, Czech Republic. The auditor that signed the auditor's reports on behalf of Deloitte Czech Republic is a member of the Chamber of Auditors of the Czech Republic, which is responsible for the licensing and supervision of audit firms and individuals which provide audit services in Czech Republic.

The Group intends to appoint Deloitte Accountants B.V. as the statutory auditor of the Company for the year ending December 31, 2026.

Deloitte Accountants B.V. is an independent registered accounting firm with its address at Gustav Mahlerlaan 2970, 1081 LA Amsterdam, the Netherlands. The auditor intended to sign the auditor's report in respect of the 2026 financial statements is a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*).

The combined financial statements of The Kinetic Group as of and for the years ended March 31, 2024 and 2023 have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report accompanying the financial statements.

The address of Deloitte & Touche LLP is 50 South 6th Street, Suite 2800, Minneapolis, MN. 55402-1538, United States of America.

GENERAL INFORMATION

Expenses of the Offering and Admission

Assuming full payment of discretionary commissions and full exercise of the Over-allotment Option, the expenses, commissions and taxes related to the Offering are estimated at approximately €81 million and include, among other items, the fees due to AFM and Euronext Amsterdam N.V., the commission for the Underwriters and legal and administrative expenses, as well as publication costs and applicable taxes, if any. For further information, see the sections entitled "*Reasons for the Offer and Use of Proceeds*" and "*Plan of Distribution*".

Availability of Documents

The following documents (or copies thereof) may be obtained free of charge from the Company's website (https://www.czechoslovakgroup.com/en/contact-us) from the date of this Prospectus (except for the Pricing Statement, which will be available after pricing of the Offering) until at least 12 months thereafter:

- this Prospectus, including the Historical Financial Statements;
- the Articles of Association;
- the Board Rules, including the rules for the Audit Committee and the Selection, Appointment and Remuneration Committee; and
- the Pricing Statement.

The Pricing Statement will be available after pricing of the Offering.

No Significant Change

There has been no significant change in the financial position or financial performance of the CSG Group since September 30, 2025, the date to which the latest historical financial information of the CSG Group was published.

Material Agreements

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group either: (i) within the period of two years immediately preceding the date of this document which are or may be material to the Group; or (ii) which contain any provisions under which any member of the Group has any obligation or entitlement which is, or may be, material to the Group as at the date of this document.

Underwriting Agreement

The Underwriting Agreement was entered into on January 20, 2026. Pursuant to the Underwriting Agreement, on the terms and subject to the conditions contained therein, including the entry into of the pricing memorandum between the Company, the Selling Shareholder and the Underwriters following the completion of the bookbuilding of the Offering (the "**Pricing Memorandum**"), the Underwriters will severally and not jointly nor jointly and severally agree to use their reasonable endeavours to procure subscribers for or, failing which, to subscribe themselves for the New Shares and to procure purchasers for or, failing which, to purchase themselves the Sale Shares, in each case pursuant to the Offering at the Offer Price, and the Company will agree to issue the New Shares to subscribers procured by the Underwriters or, failing which, to the Underwriters themselves and the Selling Shareholder will agree to sell the Sale Shares to purchasers procured by the Underwriters or, failing which, to the Underwriters themselves, in each case, pursuant to the Offering at the Offer Price.

The Underwriting Agreement **provides that** the obligations of the Underwriters to use their respective reasonable endeavours to procure subscribers and purchasers for or, failing which, to subscribe for and/or purchase themselves (on a several and not a joint or joint and several basis) the number of Offer Shares set forth in the Pricing Memorandum, are subject to the closing conditions described below. In addition, upon the occurrence of specific events described below, the Underwriting Agreement may cease to have effect immediately at any time prior to Settlement and/or the Underwriters may elect to terminate the

Underwriting Agreement at any time prior to Settlement (or thereafter, in respect of the Over-allotment Option only).

Subject to the satisfaction of these conditions, the agreed proportion of total Offer Shares that each Underwriter may severally and not jointly nor jointly and severally be required to subscribe for or purchase is indicated below.

Underwriters	**Underwriting commitment of Offer Shares**
	(in%)
BNP PARIBAS	17.50
Jefferies GmbH	17.50
J.P. Morgan SE	17.50
UniCredit Bank GmbH, Milan Branch	17.50
Česká spořitelna	7.50
COMMERZBANK	7.50
Deutsche Bank	7.50
Morgan Stanley	7.50
Total	**100.00**

In the Underwriting Agreement, each of the Company and the Selling Shareholder has made and provided certain customary representations and warranties in favour of the Underwriters. In addition, the Company has agreed to indemnify the Underwriters against liabilities in connection with the Offering.

The Underwriting Agreement **provides that** the obligations of the Underwriters to procure subscribers or purchasers for the Offer Shares or, failing subscription or purchase by such procured purchasers, to purchase, or subscribe for, the Offer Shares themselves are subject to, among other things, the following conditions precedent: (i) receipt of opinions on certain legal matters from counsel; (ii) receipt of customary officers' certificates; (iii) the execution of documents relating to the Offering and such documents and the AFM's approval of this Prospectus being in full force and effect; (iv) the entering into of the pricing memorandum and publication of a pricing statement; (v) the admission of the Shares to listing and trading on Euronext Amsterdam occurring no later than 9:00 a.m. (Amsterdam time) on the First Trading Date; (vi) the Company not having published any supplement to this Prospectus in order to ensure that it reflects an important new event or does not contain an untrue statement of, or omits to state, a material fact; (vii) the completion of the corporate restructuring; (viii) there having occurred no material adverse change in relation to the Group between the date of the Underwriting Agreement and Settlement; (ix) accuracy of representations and warranties by the Company and the Selling Shareholder and each of the Company and the Selling Shareholder having complied with the terms of the Underwriting Agreement; and (x) Admission having occurred. The Underwriters have the right to waive certain of such conditions in whole or part.

The Joint Global Coordinators (on behalf of themselves and the other the Underwriters) may, among other things, terminate the Underwriting Agreement at any time upon to occurrence of: (i) a material adverse change in the business, financial position, results of operations or prospects of the Group taken as a whole since the date of the Underwriting Agreement; (ii) a breach of any representation, warranty or undertaking or otherwise of the Underwriting Agreement; (iii) a statement in this Prospectus being untrue, inaccurate or misleading in any material respect or a new matter having arisen that constitutes a material inaccuracy or omission from this Prospectus; (iv) any material adverse change occurs in certain financial markets, trading in any securities of the Company has been suspended or limited by the relevant exchange, a general moratorium on commercial banking activities has been declared by the relevant authorities in respect of certain jurisdictions or any material change in taxation adversely affecting any member of the Group, the Shares or their transfers have been imposed; or (v) the application for Admission is withdrawn or refused by Euronext Amsterdam. Following termination of the Underwriting Agreement, all applications to purchase, or subscribe for, Offer Shares will be disregarded, any allocations made will be deemed not to have been made and any payments made by investors will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam may be annulled.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriters an aggregate commission of 1.25% of the gross proceeds of the Offering from the sale of the New Shares (excluding any New Shares subscribed for in the Offering by a certain investor and/or its affiliates procured by the Company (the "**Excluded Investor**")). In addition, the Company has agreed, at its discretion, that it may pay the Underwriters a discretionary fee of up to 0.75% of the gross proceeds of the Offering from the sale of the New Shares (excluding any New Shares subscribed for in the Offering by the Excluded Investor). Pursuant to the Underwriting Agreement, the Selling Shareholder has agreed to pay the Underwriters an

aggregate commission of 1.25% of the gross proceeds of the Offering from the sale of the Sale Shares (excluding any Sale Shares purchased in the Offering by the Excluded Investor) and any Over-allotment Shares pursuant to the exercise of the Over-allotment Option. In addition, the Selling Shareholder has agreed, at its discretion, that it may pay the Underwriters a discretionary fee of up to 0.75% of the gross proceeds of the Offering from the sale of the Sale Shares (excluding any Sale Shares purchased in the Offering by the Excluded Investor) and any Over-allotment Shares pursuant to the exercise of the Over-allotment Option. The Company has also agreed to reimburse the Underwriters for legal fees and other expenses incurred by them in connection with the Offering.

Cornerstone Investment Agreements

On January 14, 2026, in connection with the Offering, the Company and the Cornerstone Investors entered into the Cornerstone Investment Agreements.

A brief description of each of the Cornerstone Investors is as set out the section entitled "*The Offering–Cornerstone Investors*". Each of the Cornerstone Investment Agreements has been entered into on substantially the same terms. A summary of the material terms of the Cornerstone Investment Agreement is as set out below:

Pursuant to the terms of each Cornerstone Investment Agreement:

(a) the obligation of the Company to deliver, and the obligation of the Cornerstone Investor to acquire and pay for, the Offer Shares pursuant to the relevant Cornerstone Investment Agreement are subject to certain conditions that are typical for an agreement of this nature. These conditions include:

  (i) the Underwriting Agreement having been entered into and having become unconditional by no later than the Settlement Date and not having been terminated on or prior to the Settlement Date (in accordance with its original terms or as subsequently varied by agreement of the relevant parties);

  (ii) the approval of this Prospectus by the AFM and publication of this Prospectus by the Company in accordance with the Prospectus Regulation;

  (iii) this Prospectus containing no amendments which are materially adverse to the interests of the Cornerstone Investor as compared to an earlier draft;

  (iv) the Offer Price being equal to or less than EUR 25 and the market capitalisation of the Company on Admission being equal to or less than EUR 25 billion; and

  (v) Admission having occurred;

(b) the Company has the right to terminate the Cornerstone Investment Agreement in certain circumstances including:

  (i) the aforementioned conditions are not satisfied and/or waived by the Company (and in the case of Admission, with the Cornerstone Investor's prior written consent) on or before February 15, 2026 (or such other date as may be agreed among the Company and the Cornerstone Investor);

  (ii) payment for the Offer Shares (whether in whole or in part) is not received or settled in the time and manner stipulated in the relevant Cornerstone Investment Agreement;

  (iii) material breach of the relevant Cornerstone Investment Agreement on the part of the Cornerstone Investor; and

  (iv) in the event that any representation and warranty by the Cornerstone Investor in the relevant Cornerstone Investor Agreement is or proves to be untrue, incorrect or misleading on the date of the relevant Cornerstone Investment Agreement or on the Settlement Date (by reference to the facts then subsisting);

(c) the Cornerstone Investment Agreement can be terminated by the written consent of all parties; and

(d) each of the parties has given certain customary representations and warranties to the other, in particular regarding compliance with laws and regulations affecting the entry into of the Cornerstone Investment Agreement in relevant jurisdictions. The terms of the Cornerstone Investment Agreement do not limit the liability of the parties for breach of contract as to time or amount.

The number of Offer Shares to be acquired by the Cornerstone Investor will not be affected by any exercise of the Over-allotment Option. The Cornerstone Investors will not be subject to any lock-up.

The total number of Offer Shares to be acquired by the Cornerstone Investors under the Cornerstone Investment Agreements is set out below:

Name of Cornerstone Investor	Number of Offer Shares subscribed for	Total amount committed in EUR (million)
Artisan Partners.....	12,000,000	300
BlackRock Entities.....	12,000,000	300
Al-Rayyan Holding LLC.....	12,000,000	300

Description of Significant Financing Arrangements

Set forth below is a summary of certain of the Group's significant financing arrangements. The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. The terms defined in this section apply to this section only.

Existing Senior Facilities

CZECHOSLOVAK GROUP a.s. (as company and original borrower) and CSG FIN a.s. (as original parent) entered into a €1,545,000,000 senior facilities agreement on November 22, 2024 (as may be amended and/or restated from time to time, the "**Existing Senior Facilities Agreement**"), with, *inter alios*, the Group's material subsidiaries as original guarantors and UniCredit Bank Czech Republic and Slovakia, a.s., UniCredit S.p.A., as global coordinators, Global Loan Agency Services Limited, as agent, and GLAS Trust Corporation Limited, as security agent. The facilities set out in the Existing Senior Facilities Agreement consist of (1) an amortizing euro-denominated term loan facility with a total commitment, as of November 22, 2024, of €498 million ("**Facility A**") (2) a non-amortizing euro-denominated term loan facility with a total commitment, as of November 22, 2024, of €747 million ("Facility B") (3) a multi-currency revolving credit facility with a total commitment, as of November 22, 2024, of €300 million (the "**Revolving Facility**").

Purpose

Borrowings under Facility A and Facility B are made available to refinance the Issuer's defence group and ammunition group debts, including refinancing of the acquisition costs of the Vista Outdoor Group. Subsequently, borrowings under the Revolving Facility shall be applied towards financing of general corporate purposes of the Restricted Group, as defined therein, subject to customary exclusions.

Accordion Option

The Group may elect to request a *pro rata* increase in the Facility A and Facility B Commitments (the "**Additional Commitments**"), subject to customary terms and conditions (including that the net leverage ratio for the relevant period is equal to or less than 3.25:1.00). The Group's net leverage ratio as at September 30, 2025 is 2.1:1.00. The Group may agree with the relevant lenders the purpose for which such Additional Commitments may be applied.

On June 4, 2025, the Issuer exercised the accordion option pursuant to the Existing Senior Facilities Agreement. The Facility A commitments and the Facility B commitments were increased *pro rata* by PPF banka a.s. by €100 million on April 2, 2025 to be utilised in line with the purposes of the Existing Senior Facilities Agreement.

Incremental Facilities

The Group may elect to request additional commitment for a new term facility and/or for a new revolving facility, either as a new facility or as additional commitments of existing facilities (the "**Incremental Facility Commitments**") at any time up to the termination date of Facility B. The Group may agree with

the relevant lenders on terms in relation to the Incremental Facility Commitments, such as the termination date and the availability period.

Maturity and Repayments

Loans made under Facility A must be repaid pursuant to a quarterly repayment schedule, starting from March 31, 2025 and ending (with the remaining balance under Facility A being repayable) on November 22, 2029.

The loans made under Facility B must be repaid in full on November 22, 2029.

The Revolving Facility matures on the date falling thirty-six months after the date of the Existing Senior Facilities Agreement, being November 22, 2027. The maturity of the Revolving Facility may be extended to November 22, 2028 and further extended to November 22, 2029. Each advance under the Revolving Facility will be repaid on the last day of each interest period relating thereto. All outstanding amounts under the Revolving Facility must be repaid in full on or prior to the termination date for the Revolving Facility. Amounts repaid by the borrowers on loans made under the Revolving Facility may be re-borrowed during the availability period applicable to the Revolving Facility.

Prepayment

The Existing Senior Facilities Agreement contains customary prepayment and cancellation clauses, permitting each lender to require the mandatory prepayment of all amounts due to that lender. In the event of a "change of control" (as defined therein) of the Company (such an event being at such time when any person or group (other than the initial investors) acquires, directly or indirectly, control of the Company by owning more than 50% of its shares or voting rights, or obtaining the ability to determine the majority of its board), each lender may cancel its commitments and declare all amounts outstanding under its participation, together with accrued interest and all other amounts in respect of that lender, immediately due and payable. Additionally, the Group is required to apply certain acquisition proceeds and disposal proceeds, as well as listing proceeds (100% thereof where the net leverage ratio is greater than 3.25:1.00, and 0% where the net leverage ratio is equal to or less than 3.25:1.00) in prepayment of the Existing Senior Facilities.

The Group may also voluntarily prepay the whole or part of a loan made under the Existing Senior Facilities Agreement by giving prior notice (without premium or penalty).

Interest

Loans under the Existing Senior Facilities Agreement bear interest at a rate equal to the aggregate of EURIBOR (with a zero floor) in relation to any utilisation in euro, PRIBOR, in relation to any utilisation in CZK and Term SOFR, in relation to any utilisation in dollars and a margin of, (1) in respect of loans drawn under Facility A, 3.25% per annum, (2) in respect of loans drawn under Facility B, 3.75% per annum, and (3) in respect of loans drawn under the Revolving Facility, 2.75% per annum.

Guarantees and Security

The Existing Senior Facilities are guaranteed by the Group's material guarantors and secured by the 2031 Notes Collateral. See "*—2031 Notes—Security and Collateral*".

Representations

The Existing Senior Facilities Agreement contains representations, actual knowledge and other qualifications, exceptions and baskets, including: organizational existence; enforceability and binding obligations; non-conflict with other obligations; organizational power and authority; validity and admissibility in evidence; governing law and enforcement; insolvency; no default; no misleading information – financial statements; ranking; good title to assets; legal and beneficial ownership; shares; no breach of laws; centre of main interests and establishments; anti-bribery and anti-money laundering law; sanctions; investment company act and margin stock.

Covenants

The Existing Senior Facilities Agreement requires the Issuer and each guarantor and/or borrower to observe affirmative covenants, including, but not limited to obtaining all necessary authorizations, compliance with laws, acquisitions, disposals, loans or credit, no guarantees or indemnities, change of business, *pari passu* ranking, dividends and share redemption and compliance with sanctions and anti-corruption laws.

The Existing Senior Facilities Agreement contains an information covenant under which, among other things, the Issuer is required to deliver to the Agent annual financial statements, quarterly financial statements and compliance certificates.

Financial Covenants

The Existing Senior Facilities Agreement requires the Issuer to ensure:

(a) for each period of four consecutive financial quarters ending each March 31, June 30, September 30 and December 31:

  (i) the net leverage ratio (total net debt on the last day of the relevant period to consolidated EBITDA in respect of that relevant period) is not greater than 3.50:1.00;

  (ii) the interest cover ratio (the ratio of consolidated EBITDA in respect of that relevant period to net finance charges in respect of that relevant period) is not less than 3.00:1.00;

  (iii) the adjusted leverage ratio (the ratio of total debt plus the aggregate principal amount available to be drawn under any committed Group credit facility, to consolidated EBITDA in respect of that relevant period) is not greater than 4.00:1.00; and

(b) on the last day of each financial quarter, the consolidated liquidity is at least EUR 100,000,000 (or its equivalent in other currencies).

Compliance with each of the above covenants is to be tested quarterly by reference to the quarterly financial statements or annual financial statements (as applicable) and compliance certificates delivered by the Issuer. As of September 30, 2025, the CSG Group's net leverage ratio, interest coverage ratio and adjusted leverage ratio was 2.1:1.00, 6.17: 1.00 and 2.92:1.00, respectively.

The Existing Senior Facilities Agreement allows the Company to cure a breach of financial covenants by way of an equity injection from shareholders, subject to customary timing and frequency restrictions. If the cure is made in accordance with the terms, the breach is deemed not to have occurred.

Events of Default

The Existing Senior Facilities Agreement contains customary events of default, subject to customary materiality and other qualifications, exceptions, baskets and/or grace periods, as appropriate, including (but not limited to): failure to pay any amount payable pursuant to a finance document, as defined therein; failure to comply with financial covenants, anti-money laundering and sanctions provisions and conditions subsequent; failure to comply with any other provision of the finance documents, as defined therein, subject to a 20-day grace period; cross-default, insolvency, creditors' process; unlawfulness and invalidity; change of control; material adverse change, cessation of business; expropriation; litigation and ownership of obligors.

Governing law

The Existing Senior Facilities Agreement is governed by English law. English courts have exclusive jurisdictions to settle any dispute arising out of or in connection with the Existing Senior Facilities Agreement.

Protego Senior Facilities

On May 1, 2025, the Issuer, as company and original borrower, and CSG FIN a.s., as original parent and third party security provider, entered into a €300,000,000 senior term facilities agreement (the "**Protego Senior Facilities Agreement**"), with, *inter alios*, Deutsche Bank Aktiengesellschaft, as arranger, Global

Loan Agency Services Limited, as agent, and GLAS Trust Corporation Limited, as security agent. The facilities set out in the Protego Senior Facilities Agreement consist of (1) an amortizing euro-denominated term loan facility with a total commitment, as of May 1, 2025, of €300 million (the "**Term Facility (EUR)**") (2) an amortizing dollar-denominated term loan facility with a total commitment, as of May 1, 2025, of €0 (the "**Term Facility (USD)**").

The Term Facility (EUR) commitments and the Term Facility (USD) commitments may be increased, in aggregate, up to an amount not exceeding €650 million if the accordion option is exercised by the Issuer within nine months after the execution of the Protego Senior Facilities Agreement and subject to the Maximum Amortisation Rate, as defined therein. Additional term facilities may be established as incremental facilities, also subject to the Maximum Amortisation Rate and other customary conditions.

Borrowings under the Protego Senior Facilities Agreement are available to (i) finance or refinance the acquisition (purchase price and related costs) of Walsroder NC GmbH, Walsroder Ipark GmbH and NC1 USA LLC, (ii) finance or refinance the capital expenditure of the Issuer and its subsidiaries outlined in the agreement (other than any capital expenditure related to Azerbaijan), (iii) repay or refinance any existing Financial Indebtedness of the Issuer and its subsidiaries outlined in the agreement, and (iv) finance the working capital requirements of the Issuer and its subsidiaries outlined in the agreement (other than any working capital requirements related to Azerbaijan).

The Protego Senior Facilities Agreement matures on November 22, 2029.

Repayments and Prepayments

Repayments of principal under the loans drawn under the Term Facility (EUR) and, if relevant, the Term Facility (USD) are payable subject to a repayment schedule, starting from April 30, 2026 and ending on November 22, 2029.

Mandatory prepayments are made, among others, due to illegality, change of control in the Issuer, listing or admission to trading on investment exchange, disposals and acquisitions. Voluntary prepayments are possible.

Interest

Loans under the Term Facility (EUR) bear interest at a rate equal to the aggregate of EURIBOR (with a zero floor) and a margin of 3.50% per annum. Loans under the Term Facility (USD) bear interest at a rate equal to the aggregate of Term SOFR (with a 0.50% floor) and a margin determined by agreement between the relevant borrower and the relevant lenders under the Term Facility (USD).

Guarantees and Security

The Protego Senior Facilities Agreement is guaranteed by the 2031 Notes Guarantors (as defined below) and secured by the 2031 Notes Collateral. See "*—2031 Notes—Security and Collateral*".

Covenants, financial covenants and events of default

Covenants, financial covenants and events of default provisions are consistent with those contained in the Existing Senior Facilities Agreement.

Governing law

The Protego Senior Facilities Agreement is governed by English law. English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Existing Senior Facilities Agreement.

U.S. ABL Facility Agreement

The Kinetic Group, Inc. (f/k/a Vista Outdoor Inc.), as parent borrower, and additional borrowers from time-to-time party thereto, entered into the U.S. ABL Facility Agreement on December 20, 2024 (the "**U.S. ABL Facility Agreement**"), in connection with the Kinetic Acquisition (in order to replace prior asset-backed revolving facilities available to the Kinetic Group prior to the Kinetic Acquisition). The U.S. ABL Facilities Agreement provides for an initial aggregate principal amount of up to $150,000,000 in revolving credit

commitments to the borrowers thereunder during the availability period of which, at any time, not more than $20,000,000 in aggregate principal, notional or stated amount may be in the form of letter of credit extensions. The U.S. ABL Facilities mature on the earliest of December 20, 2029 or an inside date that is 91 days prior to the earliest final maturity of the 2031 Notes but only if the 2031 Notes remain outstanding on such date.

As of December 2025, $50 million was drawn under the U.S. ABL Facility, and the Group does not anticipate any further borrowings under the U.S. ABL Facility prior to the date of this Prospectus.

Repayments and Prepayments

The loans under the U.S. ABL Facilities are not subject to amortisation and the aggregate principal amount outstanding is subject to a bullet payment at maturity. The loans under the U.S. ABL Facilities may be voluntarily prepaid in whole or in part without premium or penalty, subject to the condition provided therein.

The loans under the U.S. ABL Facilities are subject to mandatory prepayment in the event of: revolver usage exceeding the revolving line cap (i.e., if the outstanding revolving credit loans thereunder plus letter of credit usage exceeds at any time the revolving line cap, which is the lesser of the borrowing base and the aggregate commitments of the lenders in effect at such time), disposals of the collateral included in the borrowing base, the occurrence of a cash dominion period (i.e., excess availability under the U.S. ABL Facilities is less than the greater of 10.0% of the revolving line cap in effect and U.S.$15,000,000 for a period of at least five days, or a specified event of default has occurred and is continuing), and the issuance of permitted cure securities (that are not disqualified equity interests) by the parent borrower.

Interest

Loans under the U.S. ABL Facilities bear interest at a rate equal to Adjusted Term SOFR or the Base Rate (linked to the agent's prime rate), as applicable based on if the loan is a SOFR Loan or a Base Rate Loan, plus the relevant applicable rate. The applicable rate for any Base Rate Loans or SOFR Loans under the U.S. ABL Facilities is based on a sliding scale tied to the average daily amount the borrowers are entitled to borrow as revolving credit loans (after giving effect to the outstanding under the revolving credit loans plus letter of credit usage at any time) as compared to the revolving line cap for the most recently ended fiscal quarter.

Guarantees and Security

The U.S. ABL Facility Agreement is guaranteed by the Kinetic Group and its certain subsidiaries and secured by certain assets of the Kinetic Group and the subsidiary guarantors (which also constitute part of the 2031 Notes Collateral). See "*—2031 Notes—Security and Collateral*". The U.S. ABL Facility Agreement will also be guaranteed by any subsidiaries of the Kinetic Group organised under the laws of the United States or any state or territory of the United States if certain conditions are met under the U.S. ABL Facility Agreement.

Covenants

The U.S. ABL Facility Agreement requires the borrowers, and in certain cases their subsidiaries, to observe

- affirmative covenants, including, but not limited to compliance with laws, compliance with sanctions and anti-corruption laws, delivery of financial statements, compliance certificates, borrowing base certificates, inventory reports, preservation of existence, use of proceeds; and

- negative covenants, including limitations on liens, indebtedness, investment, fundamental changes, dispositions, restricted payments, with customary and meaningful carveouts as set forth therein.

Financial Covenants

The U.S. ABL Facility Agreement requires the borrowers and guarantors thereunder to ensure that the consolidated fixed charge coverage ratio (i.e., for any period, the ratio of (a)(i) consolidated EBITDA for such period, minus (ii) the aggregate amount of all capital expenditures made by the Kinetic Group and its subsidiaries during such period (excluding capital expenditures to the extent financed with the proceeds of any incurrence of indebtedness (except for indebtedness incurred under the U.S. ABL Facility Agreement))

to (b) consolidated fixed charges (including interest expense, schedule principal payments of indebtedness, cash income taxes paid and all other cash restricted payments made) for such period) to be not less than 1.00 to 1.00. The financial covenant is tested if an Event of Default (as defined thereunder) has occurred or if excess availability falls under a minimum level set at the greater of 10% of the line cap and $15,000,000.

Governing law

The U.S. ABL Facility Agreement is governed by the laws of the State of New York and the parties agree that any legal proceedings arising out of the U.S. ABL Facility Agreement must be brought exclusively in New York Courts (either the state courts located in New York County, New York or the U.S. District Court for the Southern District of New York) and submit to the jurisdiction of those courts.

Local Working Capital Facilities

The Group's subsidiaries are from time-to-time parties to various local working capital financings, which may be unsecured and/or secured by assets which do not secure the Group's other existing financings (including the Existing Senior Facilities, the Protego Facilities, the U.S. ABL Facilities, the 2031 Notes, the 2031 Notes Guarantees (as defined below), or the Existing Local Law Senior Secured Notes), and may be guaranteed by the Issuer.

2031 Notes

On June 25, 2025, the Issuer issued €1,000,000,000 of 5.250% senior secured notes due 2031 (the "**Euro Notes**") and $1,000,000,000 of 6.500% senior secured notes due 2031 (the "**Dollar Notes**", together with the Euro Notes, the "**2031 Notes**"), with interest payable semi-annually in arrears, with the first payment due January 10, 2026. The final maturity date of the 2031 Notes is January 10, 2031.

Ranking

The 2031 Notes are senior secured obligations of the Issuer. They rank *pari passu* in right of payment with all other existing and future senior secured indebtedness of the Issuer and 2031 Notes Guarantors (as defined below), and senior to any subordinated indebtedness. The 2031 Notes are effectively subordinated to any indebtedness secured by assets not pledged as collateral for the 2031 Notes, and to indebtedness of subsidiaries that do not guarantee the 2031 Notes.

Guarantees

The 2031 Notes are guaranteed (the "**2031 Notes Guarantees**") on a senior secured basis by material subsidiaries of the Issuer (the "**2031 Notes Guarantors**"). The 2031 Notes Guarantees are subject to limitations arising from local law, financial assistance, and corporate benefit requirements.

Security and Collateral

The Notes are secured by a collateral package (the "**2031 Notes Collateral**"). The 2031 Notes Collateral includes a pledge over all issued share capital of the Issuer (excluding non-voting preferred shares), its bank accounts, and any intercompany receivables owed to it. In addition, pledges were granted over significant equity interests in key subsidiaries such as CSG Land Systems CZ a.s., EXCALIBUR INTERNATIONAL a.s., RETIA a.s., NIKA Development a.s., Remington Licensing Corporation, MSM GROUP s.r.o., and other designated guarantor entities.

The collateral also comprises pledges of intercompany receivables owed to certain Czech, German, Slovak, and Spanish guarantors, as well as security interests over all present and future assets of CSG Elevate I Inc., The Kinetic Group U.S. Guarantors, and CSG Elevate II Inc., subject to customary exclusions including real property and equity interests in immaterial subsidiaries. These security interests include a first-priority lien on U.S. Non-ABL Priority Collateral, a second-priority lien on U.S. ABL Priority Collateral, and an all-assets security interest over NC1 USA LLC. The collateral also secures obligations under other senior facilities and certain hedging arrangements on a *pari passu* basis. Security interests may be subject to legal limitations and can be released under specified circumstances.

Covenants

The 2031 Notes do not contain any requirement to maintain any financial ratio.

In addition to affirmative covenants, which are the obligation to pay interest and principal on the 2031 Notes, an obligation to provide annual and quarterly reports to bondholders, to provide an annual compliance certificate to the trustee under the 2031 Notes, and to maintain the listing of the 2031 Notes, the 2031 Notes include negative covenants restricting the ability of the Group to incur indebtedness, make restricted payments (including dividends and investments), liens, asset sales, from restricting payment of dividends to the issuer of the 2031 Notes, from entering into affiliate transactions, from impairing security in connection with the 2031 Notes, from providing guarantees of other indebtedness without guaranteeing the 2031 Notes, from entering into mergers and sales of all or substantially all of the Group' assets, and from paying consent fees to not all consenting holders of 2031 Notes.

In particular, the ability of the Issuer and its restricted subsidiaries to incur additional indebtedness (other than permitted financial indebtedness) is subject to the Issuer and its restricted subsidiaries meeting (on a *pro forma* basis for the indebtedness being incurred) a Fixed Charge Coverage Ratio of at least 2.0 to 1.0 and, if such indebtedness is secured on a senior basis, a Consolidated Senior Secured Leverage Ratio.

Fixed Charge Coverage Ratio means, with respect to any entity as of any date of determination, the ratio of (i) the aggregate amount of consolidated EBITDA of such entity for the most recently ended four full fiscal quarters for which internal financial statements of such entity are available immediately preceding such date of determination to (y) the consolidated interest expense of such entity for such four full fiscal quarters. Consolidated Senior Secured Leverage Ratio of the Issuer and its subsidiaries shall not equal or exceed 3.25 to 1.0 and the Group's Fixed Charge Coverage Ratio (as defined therein) is at least 2.0 to 1.0 if the Issuer or any if its subsidiaries intend to incur indebtedness. Consolidated Senior Secured Leverage means the sum of the aggregate outstanding senior secured indebtedness of the Issuer and its restricted subsidiaries (excluding hedging obligations entered into for *bona fide* hedging purposes and not for speculative purposes (as determined in good faith by an officer or the board of directors of the Issuer)), less cash and cash equivalents of the Issuer and its restricted subsidiaries, as of the relevant date of calculation on a consolidated basis on the basis of IFRS. As of September 30, 2025, the Consolidated Senior Secured Leverage Ratio of the Issuer and its restricted subsidiaries did not exceed 3.25 to 1.0 and the Group's Fixed Charge Coverage Ratio was at least 2.0 to 1.0.

Optional Redemption

The Issuer may redeem the 2031 Notes, in whole or in part, at specified redemption prices. Prior to certain dates, redemption is subject to make-whole premiums; thereafter, the Notes may be redeemed at par, subject to notice requirements and conditions for any redemption. Redemption may also be contingent on conditions precedent such as completion of financing, regulatory approvals, or receipt of proceeds from an asset sale or other corporate transaction.

Change of Control

Upon a change of control, each holder of 2031 Notes may require the Issuer to repurchase its Notes at 101% of principal plus accrued and unpaid interest. Under the 2031 Notes, a change of control occurs when a person or group (excluding permitted holders) gains beneficial ownership of more than 50% of the Company's voting stock, or when substantially all of the issuer's assets are transferred to another entity (excluding restricted subsidiaries), unless the Company becomes a subsidiary of a successor parent. The 2031 Notes change of control provision will not be triggered by this Offering.

Events of Default

Events of default under the 2031 Notes include non-payment of principal or interest, breach of covenants, cross-default to other material indebtedness, insolvency, and enforcement of security. If an event of default occurs and continues, the trustee or holders of at least 30% of the outstanding 2031 Notes can declare all amounts due, including principal, premium, and accrued interest, to be immediately payable. Upon such declaration, those amounts become due.

Existing Local Law Senior Secured Notes

EUR 25,000,000 notes with fixed (step-up) coupon due 2026, ISIN CZ0003534174

On September 17, 2021, the Issuer issued EUR 15 million of these notes due 2026, bearing a fixed (step-up) interest rate ranging from 3.50% p.a. to 4.65% p.a. (the "**Czech Fixed Private Bonds**"), with interest payable on the 17th day of March, June, September, and December each year until the final maturity date.

The final maturity date of the Czech Fixed Private Bonds is September 17, 2026. The Czech Fixed Private Bonds constitute direct, general, unsecured, unsubordinated obligations of the Issuer. The Issuer is not entitled, at its discretion, to redeem the Czech Fixed Private Bonds prior to their final maturity date.

Holders of the Czech Fixed Private Bonds have the right to demand early repayment of the Czech Fixed Private Bonds in circumstances such as a change of control (as defined therein) of the Issuer or voting against (or abstaining from voting on) certain resolutions at a meeting of the holders. The holders of the Czech Fixed Private Bonds also have a put option to require repurchase of the notes on September 17, 2025.

The Czech Fixed Private Bonds include a maintenance covenant pursuant to which, for so long as the Czech Fixed Private Bonds remain outstanding, the Consolidated Net Indebtedness Ratio of the Issuer and its subsidiaries shall not equal or exceed 3.50x. Consolidated Net Indebtedness Ratio is defined as, as of the relevant date, the ratio of (a) the Group's Net Indebtedness as of such date to (b) the Group's Adjusted EBITDA (Pro Forma) for the most recently completed measurement period for which internal financial statements are available immediately prior to the relevant date. "Net Indebtedness" is calculated as the sum of loans and borrowings, bonds and lease liabilities less cash and cash equivalents. "Adjusted EBITDA (Pro Forma)" is defined according to the EBITDA used in the Issuer's financial statements but is adjusted to reflect acquisitions and dispositions during the relevant measurement period. As of September 30, 2025, the Consolidated Net Indebtedness Ratio of the Issuer and its subsidiaries was 2.14x.

Additionally, the bonds include a covenant stipulating that if assets of the Issuer or its subsidiaries are provided as security for other indebtedness, the Czech Fixed Private Bonds shall be equally and rateably secured under the applicable jurisdiction's law, or secured by such other security as may be approved by a resolution at a bondholders' meeting.

The Group is aware that the Czech Fixed Private Bonds are held by an entity subject to sanctions. While the Group has remained in compliance with the Group's obligations to pay interest under the Czech Fixed Private Bonds to the paying agent (a Czech financial institution), the Group is aware that the paying agent has not made onward payment of interest to the ultimate holder of the Czech Fixed Private Bonds given such sanctions. The Group's intention is to redeem the bonds fully and immediately once there is a possibility to do so, given the current sanctions. Due to the immaterial size of the bond, the Group believes that this matter has not triggered, and is not expected to trigger, any cross-default provisions under the Group's existing debt arrangements or otherwise result in any payment obligations becoming due and payable. The Group has likewise been unable to redeem or repay the Czech Fixed Private Bonds given sanctions and have not been able to comply with any terms of the Czech Fixed Private Bonds that require noteholders to take any action (for example, the Negative Pledge Provision), and may not be able to do so in the future.

EUR 15,000,000 notes with floating coupon due 2027, ISIN CZ0003546780

On December 21, 2022, the Issuer issued EUR 11 million of these notes due 2027, bearing a floating interest rate equal to the reference rate (6M EURIBOR) plus a margin of 3.50% p.a. (the "**Czech Floating Private Bonds**"), with interest payable on the 21st day of June and December of every year until the final maturity date. The final maturity date of the Czech Floating Private Bonds is December 21, 2027. The Czech Floating Private Bonds constitute direct, general, unsubordinated obligations of the Issuer, and are secured by the 2031 Notes Collateral. The Issuer is not entitled, at its discretion, to redeem the Czech Floating Private Bonds prior to the final maturity date.

Holders of the Czech Floating Private Bonds have the right to demand early repayment under circumstances such as a change of control (as defined therein) of the Issuer or voting against (or abstaining from voting against) certain resolutions at a meeting of bondholders.

The Czech Floating Private Bonds include a maintenance covenant pursuant to which, for so long as the Czech Floating Private Bonds remain outstanding, the Consolidated Net Indebtedness Ratio (as defined in the Czech Fixed Private Bonds) of the Issuer and its subsidiaries shall not equal or exceed 3.50x. As of September 30, 2025, Consolidated Net Indebtedness Ratio of the Issuer and its subsidiaries was 2.14x.

The Czech Floating Private Bonds include a covenant pursuant to which if assets of the Issuer or its subsidiaries are provided as security for other indebtedness, the Czech Floating Private Bonds shall be equally and rateably secured under the applicable jurisdiction's law, or secured by such other security as may be approved by a resolution of the bondholders' meeting.

CZK 1,500,000,000 notes, with option to increase up to CZK 2,000,000,000, with floating coupon, ISIN CZ0003532681

On July 1, 2021, the Issuer issued CZK 1,999.5 million (approximately €82.8 million) of these notes due 2026, bearing a floating rate equal to the reference rate (6M PRIBOR) plus a margin of 3.25% p.a. (the "**Czech Floating Public Bonds**"), with the interest payable on the 1st day of January and July of every year until the final maturity date. The final maturity date of the Czech Floating Public Bonds is July 1, 2026. The Czech Floating Public Bonds are traded on the Prague Stock Exchange. The Czech Floating Public Bonds constitute direct, general, unsubordinated obligations of the Issuer, secured by the 2031 Notes Collateral. The Issuer is not entitled, at its discretion, to redeem the Czech Floating Public Bonds prior to the until the final maturity date. Holders of the Czech Floating Public Bonds have the right to demand the early repayment of the Czech Floating Public Bonds in circumstances in case of a change of control (as defined therein) of the Issuer and voting or abstaining from vote against certain decisions at the meeting of the holders.

The Czech Floating Public Bonds include a maintenance covenant pursuant to which, for so long as the Czech Floating Public Bonds remain outstanding, the Consolidated Net Indebtedness Ratio (in Czech Konsolidovaný čistý poměr zadluženosti, as defined in the Czech Fixed Private Bonds) of the Issuer and its subsidiaries shall not reach or exceed 3.50x. As of September 30, 2025, the Consolidated Net Indebtedness Ratio of the Issuer and its subsidiaries was 2.14x.

The Czech Floating Public Bonds include a covenant pursuant to which if assets of the Issuer or its subsidiaries are provided as security for indebtedness, the Czech Floating Public Bonds shall be equally and rateably secured therewith applying the respective jurisdiction law, or secured by such other security as may be approved by resolution of the noteholders' meeting.

CZK 5,000,000,000 notes with fixed coupon due 2028, ISIN CZ0003550808

On July 4, 2023, the Issuer issued CZK 5,000 million (approximately €206.8 million) notes due 2028, with the possibility of an increase up to CZK 5,000 million, with a fixed rate of 8% p.a. (the "**2028 Czech Fixed Public Bonds**"), payable on the 4th day of January and July of every year until the final maturity date. The final maturity date of the 2028 Czech Fixed Public Bonds is July 4, 2028. The 2028 Czech Fixed Public Bonds are traded on the Prague Stock Exchange. The 2028 Czech Fixed Public Bonds constitute direct, general, unsubordinated obligations of the Issuer, secured by the 2031 Notes Collateral. The Issuer is not entitled, at its discretion, to redeem the 2028 Czech Fixed Public Bonds prior to the until the final maturity date. Holders of the 2028 Czech Fixed Public Bonds have the right to demand the early repayment of the 2028 Czech Fixed Public Bonds in circumstances including in case of a change of control (as defined therein) of the Issuer and voting or abstaining from vote against decisions at the meeting of the holders.

The 2028 Czech Fixed Public Bonds include a maintenance covenant pursuant to which, for so long as the 2028 Czech Fixed Public Bonds remain outstanding, the Consolidated Net Indebtedness Ratio (in Czech Konsolidovaný čistý poměr zadluženosti, as defined in the Czech Fixed Private Bonds) of the Issuer and its subsidiaries shall not reach or exceed 3.50x. As of September 30, 2025, the Consolidated Net Indebtedness Ratio of the Issuer and its subsidiaries was 2.14x.

The 2028 Czech Fixed Public Bonds include a covenant pursuant to which if assets of the Issuer or its subsidiaries are provided as security for indebtedness, the 2028 Czech Fixed Public Bonds shall be equally and rateably secured therewith applying the respective jurisdiction law, or secured by such other security as may be approved by resolution of the noteholders' meeting.

CZK 10,000,000,000 notes with fixed coupon due 2030, ISIN CZ0003572695

On June 10, 2025, the Issuer issued CZK 10,000 million (approximately €414 million) notes due 2030, with a fixed rate of 5.75% p.a. (the "**2030 Czech Fixed Public Bonds**"), payable on the 10th day of December and June of every year until the final maturity date, with the first interest payment due on December 10, 2025. The final maturity date of the 2030 Czech Fixed Public Bonds is June 10, 2030. The 2030 Czech Fixed Public Bonds are traded on the Prague Stock Exchange. The 2030 Czech Fixed Public Bonds constitute direct, general, unsubordinated obligations of the Issuer, secured by the 2031 Notes Collateral. The Issuer is entitled, at its discretion, to redeem the 2030 Czech Fixed Public Bonds starting from the 4.5-year anniversary of the issue date. Holders of the 2030 Czech Fixed Public Bonds have the right to demand the early repayment of the 2030 Czech Fixed Public Bonds in circumstances, including in case of a change

of control (as defined therein) of the Issuer and voting or abstaining from vote against decisions at the meeting of the holders.

The 2030 Czech Fixed Public Bonds includes a maintenance covenant pursuant to which, for so long as the 2030 Czech Fixed Public Bonds remain outstanding, the Net Debt Ratio (Pro Forma) of the Issuer and its subsidiaries shall not reach or exceed 3.50x. "Net Debt Ratio (Pro Forma)" means, as of the relevant date, the ratio of (a) the Group's Net Debt as of such date to (b) the Group's Operating EBITDA (Pro Forma) for the most recently completed measurement period for which internal financial statements are available immediately prior to the relevant date. "Net Debt" is calculated as the sum of loans and borrowings, bonds and lease liabilities less cash and cash equivalents. "Operating EBITDA (Pro Forma)" is defined according to the EBITDA used in the Issuer's financial statements but is adjusted to reflect the true economic position of the Issuer and the Group *pro forma* for certain actions taken following the measurement period but on or prior to the date of calculation of the ratio.

As of September 30, 2025, Net Debt Ratio (Pro Forma) of the Issuer and its subsidiaries was 2.14x.

The 2030 Czech Fixed Public Bonds include a covenant pursuant to which if assets of the Issuer or its subsidiaries are provided as security for indebtedness, the 2030 Czech Fixed Public Bonds shall be secured on a *pari passu* basis, or secured by such other security as may be approved by resolution of the noteholders' meeting. A certain amount of the 2030 Czech Fixed public bonds is currently held in the treasury account of the Issuer. See "*Capitalisation*."

Hedging Obligations

Hedging transactions under the following hedging documents have been entered into by the Issuer in relation to the Existing Senior Facilities Agreement. These hedging arrangements are designed to manage financial risks associated with interest rate and foreign exchange exposure under the Existing Senior Facilities. Specifically, they typically include interest rate swaps to mitigate the impact of fluctuations in variable interest rates and, where applicable, foreign exchange forward contracts or swaps to reduce currency risk on borrowings or related cash flows.

- ISDA Master Agreement dated October 23, 2023 with COMMERZBANK Aktiengesellschaft, pobočka Praha, as amended and/or restated from time to time;
- ISDA Master Agreement dated February 17, 2025 with UniCredit Bank Czech Republic and Slovakia, a.s., as amended and/or restated from time to time;
- ISDA Master Agreement dated February 17, 2025 with Československá obchodní banka, a.s., as amended and/or restated from time to time;
- ISDA Master Agreement dated February 19, 2025 with Komerční banka, a.s., as amended and/or restated from time to time;
- ISDA Master Agreement dated March 12, 2025 with Česká spořitelna, a.s., as amended and/or restated from time to time;
- ISDA Master Agreement dated May 30, 2024 with J.P. Morgan SE, as amended and/or restated from time to time;
- ISDA Master Agreement dated July 03, 2025 with Morgan Stanley Europe SE amended and/or restated from time to time; and
- ISDA Master Agreement dated March 17, 2025 with J&T BANKA, a.s., as amended and/or restated from time to time.

European Intercreditor Agreement

In order to govern the rights and priorities of the Group's secured creditors under its financing arrangements, the Issuer and the 2031 Notes Guarantors are party to an Intercreditor Agreement with, among others, the agent, arrangers and lenders under the Existing Senior Facilities Agreement, and creditor representatives with respect to the Protego Senior Facilities, the 2031 Notes, the Existing Local Law Senior Secured Notes, certain Hedging Obligations, and the Security Agent.

The Intercreditor Agreement is governed by English law and sets out various matters governing the relationship of the creditors to the Group, including the relative ranking of certain debt of the Issuer, the 2031 Notes Guarantors and any other person that becomes party to the Intercreditor Agreement as a debtor or third-party security provider, when payments can be made in respect of debt of the debtors or third-party security providers, when enforcement action can be taken in respect of that debt, the terms pursuant to which certain of that debt will be subordinated upon the occurrence of insolvency events and turnover provisions and provisions related to the enforcement of shared security outlined in the agreement.

The European Intercreditor Agreement generally states that claims by creditors under the Existing Senior Facilities, the Protego Senior Facilities, the 2031 Notes, the Existing Local Law Senior Secured Notes, and certain Hedging Obligations will rank *pari passu* and equally in right of payment between them (along with any future creditors that accede to the European Intercreditor Agreement in future as a *pari passu* creditor).

U.S. Intercreditor Agreement

To establish the relative rights of the Group's creditors under the Group's financing arrangements, the Security Agent is party to the U.S. Intercreditor Agreement with the ABL Security Agent.

The U.S. Intercreditor Agreement is governed by New York law and sets out various matters governing the relationship of the U.S. ABL creditors to the Group, including but not limited to the relative lien priority of such creditors, provisions related to the enforcement of shared security and the exercise of rights and remedies with respect to ABL Debt (*i.e.*., debt incurred under the U.S. ABL Facility) and ABL Priority Collateral (generally, inventory, receivables, related deposit accounts and chattel paper in the U.S.) and Non-ABL Debt (*i.e.,* the Existing Senior Facilities, the Protego Senior Facilities, the 2031 Notes, the Existing Local Law Senior Secured Notes, Hedging Obligations, and any other future debt that may constitute non-ABL Debt in the future) and Non-ABL Priority Collateral (*e.g.*, present and future U.S. domestic assets of the Kinetic Group that is not ABL Priority Collateral), the right to restrict or permit, or approve or disapprove the sale or disposition of pledged collateral, application of proceeds from the sale of ABL collateral and non-ABL collateral, provisions related to insolvency events of a grantor, the secured parties' purchase option with respect to ABL Debt and turnover provisions.

The U.S. Intercreditor Agreement contains provisions relating the sharing of liens granted by the Kinetic Group among both ABL Debt and non-ABL Debt. The U.S. Intercreditor Agreement states that any liens on ABL Priority Collateral will be senior in priority to any lien on ABL Priority Collateral securing non-ABL Debt. Non-ABL Debt has a lien on non-ABL Priority Collateral (*e.g.*, present and future U.S. domestic assets of the Kinetic Group that is not ABL Priority Collateral) that is senior in priority to any lien securing ABL Debt on any non-ABL Priority Collateral.

DEFINITIONS

The following definitions are used in this Prospectus:

"**ADGM**"	Abu Dhabi Global Market
"**Admission**"	The admission to listing and trading of all ordinary shares in the capital of the Company on Euronext Amsterdam, a regulated market of Euronext Amsterdam N.V.
"**AFM**"	The Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*)
"**Allocation**"	The allocation of the Offer Shares, expected to take place after termination of the Offering Period. Allotment to investors will be determined by the Company at full discretion as to whether or not and how to allot the Offer Shares
"**Annual Accounts**"	The annual accounts referred to in article 2:391 DCC
"**APMs**"	Alternative performance measures as defined by the "*ESMA Guidelines on Alternative Performance Measures*" issued by the European Securities and Markets Authority on October 5, 2015
"**Articles of Association**"	The articles of association of the Company as they will read after the conversion into a public limited liability company
"**ASIC**"	The Australian Securities and Investments Commission
"**Audit Committee**"	Audit committee of the Board
"**Board**" or "**Board of Directors**"	The board (*raad van bestuur*) of the Company
"**Board Profile**"	The board profile for the Board, as prepared by the Non-Executive Directors
"**Board Rules**"	The rules regarding the Board's functioning and internal organisation of the Company
"**CAGR**"	Compound annual growth rate
"**CEE**"	The Central and Eastern Europe region
"**CEO**"	Chief executive officer of the Company
"**CET**"	Central European Time
"**CSG Group**"	CZECHOSLOVAK GROUP a.s. and its subsidiaries
"**Company**"	CSG N.V. (at the date of this prospectus a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) named CSG B.V., expected to be converted into a public limited liability company (*naamloze vennootschap*) pursuant to a notarial deed of amendment of the articles of association and conversion in accordance with a resolution of the General Meeting to be adopted prior to the First Trading Date)
"**Corporations Act**"	Corporations Act 2001 of the Commonwealth of Australia
"**COVID-19**"	Strain of a novel coronavirus disease SARS-CoV-2

"**Czech Foreign Trade Act**"	Act No. 38/1994 Coll., on Foreign Trade with Military Equipment, as amended
"**Czech Republic-Dutch Tax Treaty**"	Convention between the Kingdom of the Netherlands and the Czechoslovak Socialist Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital
"**DCC**"	Dutch Civil Code
"**DDTC**"	The United States Directorate of Defence Trade Controls
"**Delegated Regulation**"	Commission Delegated Regulation (EU) No. 2023/980
"**Director**"	A member of the Board
"**Dutch SRD Act**"	The Dutch act to implement the Shareholder Rights Directive II (*bevordering van de langetermijnbetrokkenheid van aandeelhouders*)
"**EEA**"	European Economic Area
"**Enterprise Chamber**"	The Dutch enterprise chamber of the court of appeal in Amsterdam *(Ondernemingskamer van het Gerechtshof te Amsterdam)*
"**EU**"	European Union
"**EUR**" **or** "**euro**" **or** "**€**"	The lawful currency of the European Economic and Monetary Union
"**Euroclear Nederland**"	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.
"**Euronext Amsterdam**"	Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.
"**Exchange Act**"	US Securities Exchange Act of 1934, as amended
"**Executive Directors**"	Executive Directors of the Company
"**Exempt Investors**"	Select investors who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act and (ii) are 'wholesale clients' for the purpose of section 761G of the Corporations Act
"**Existing Shares**"	Ordinary shares, with a nominal value of EUR 0.01 each, issued by the Company comprising 100% of its registered share capital prior to the issue of the New Shares
"**First Trading Date**"	The date on which trading on an "as-if-and-when-issued/delivered" basis in the Shares on Euronext Amsterdam commences, which is expected to be at 9:00 (CET) on or about January 23, 2026
"**FMSA**"	Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*)
"**FRSA**"	Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*)
"**FSRA**"	Financial Services Regulatory Authority of the ADGM
"**GDP**"	Gross domestic product
"**GDPR**"	General Data Protection Regulation (EU 2016/679)

"**General Meeting**"	General meeting of the Company, being the corporate body, or where the context so requires, the physical meeting of Shareholders
"**Group**"	The Company and its Group Companies
"**Group Companies**"	The Company's subsidiaries within the meaning of article 2:24b DCC
"**IAS**"	International Accounting Standards
"**IFRS**"	The International Financial Reporting Standards as adopted by the European Union
"**Indebtedness**"	Interest-bearing loans and borrowings from financial institutions
"**Internal Revenue Code**"	Internal Revenue Code of 1986, as amended
"**ISIN**"	International securities identification number
"**Joint Bookrunners**"	The Joint Global Coordinators, COMMERZBANK, Česká spořitelna, Deutsche Bank and Morgan Stanley
"**Joint Global Coordinators**"	BNP PARIBAS, Jefferies, J.P. Morgan, UniCredit in their capacity as joint global coordinators.
"**Kinetic Group**"	The former "Sporting Products business" of the Kinetic Group, Inc.
"**Land Systems**"	Military-use vehicles
"**LEI**"	Legal Entity Identifier
"**Listing and Paying Agent**"	ING Bank N.V.
"**Lock-up Deeds**"	The lock-up deeds entered into on or about the date of this Prospectus between the Restricted Managers and the Joint Global Co-ordinators (on behalf of themselves and the other Underwriters)
"**LTIP**"	Long-term incentive plan
"**LTIP Awards**"	Awards of shares granted by Non-Executive Directors or Executive Directors as appropriate
"**Market Abuse Regulation**"	Regulation (EU) No 596/2014 on market abuse, as amended
"**Market Report**"	Market report dated December 8, 2025 and prepared by Renaissance Strategic Advisors
"**MiFID II**"	Directive (EU) No 2014/65/EU on markets in financial instruments, as amended
"**M&L ammunition**"	Medium and large calibre ammunition
"**New Shares**"	The Shares that will be issued by the Company in the Offering
"**NI 33–105**"	The Canadian National Instrument 33–105 *Underwriting Conflicts*
"**Selection, Appointment and Remuneration Committee**"	Selection, Appointment and Remuneration Committee of the Board

"**Non-Executive Directors**"	Non-executive Directors of the Company
"**NSPA**"	NATO Support and Procurement Agency
"**OEMs**"	Original equipment manufacturers
"**Offer Price**"	The price of the Offer Shares, being EUR 25.00
"**Offer Shares**"	Together the New Shares, the Sale Shares and the Over-allotment Shares
"**Offering**"	The offering of Offer Shares that solely consists of (i) private placements in the Netherlands to Qualified Investors and (ii) private placements to certain institutional investors in various other jurisdictions
"**Offering Period**"	The period during which the Offering will take place, commencing on 8:00 CET on January 20, 2026 and ending at 14:00 CET on January 22, 2026, subject to acceleration or extension of the timetable for the Offering
"**Over-allotment Option**"	The option granted by the Selling Shareholder, exercisable within 30 calendar days after the First Trading Date, pursuant to which the Stabilisation Manager (on behalf of the Underwriters) may require the Selling Shareholder to sell, at the Offer Price, up to 19,826,086 Existing Shares, such amount not to exceed 15% of the total number of New Shares issued and Sale Shares sold in the Offering, to cover over-allotments, if any, in connection with the Offering
"**Over-allotment Shares**"	The Shares that may be made available pursuant to the Over-allotment Option
"**PFIC**"	Passive foreign investment company
"**POATRs**	Public Offers and Admission to Trading Regulations 2024 (SI 2024/105)
"**PRC**"	People's Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"**Pricing Agreement**"	The pricing memorandum entered into between the Company, the Selling Shareholder and the Underwriters, expected to be concluded following the completion of the bookbuilding of the Offering
"**Pricing Statement**"	The pricing statement in which the Offer Price, the number of the New Shares to be issued and Sale Shares to be sold and the maximum number of Over-allotment Shares will also be included and which will be filed with the AFM
"**Principal Shareholder**"	Michal Strnad
"**Product Governance Requirements**"	MiFID II, articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and local implementing measures
"**Prospectus**"	This prospectus dated January 20, 2026
"**QIBs**"	Qualified institutional buyers defined in Rule 144A under the US Securities Act 1933, as amended
"**Qualified Investor**"	Qualified investors as defined in article 2 of the Prospectus Regulation
"**Regulation S**"	Regulation S under the US Securities Act
"**Relevant Member State**"	Each member state of the EEA

"**Relevant Person**"	Has the meaning given to it in "*Selling and Transfer Restrictions*"
"**Remuneration Policy**"	The remuneration policy of the Company which will be effective as per the conversion of the Company from a private limited liability company into a public limited liability company
"**Rule 144A**"	Rule 144A under the US Securities Act of 1933, as amended
"**Sale Shares**"	The Shares to be sold by the Selling Shareholder in the Offering
"**Settlement**"	Payment (in euro) for the Offer Shares and delivery of the Offer Shares
"**Settlement Date**"	The date on which Settlement occurs which is expected to be on or about January 27, 2026, subject to acceleration or extension of the timetable for the Offering
"**Selling Shareholder**"	CSG FIN a.s.
"**Senior Manager**"	means a person named as a senior manager in the section entitled "*Management, Employees and Corporate Governance*"
"**SFA**"	Securities and Futures Act of Singapore, as modified or amended from time to time
"**Shareholder(s)**"	A holder of Shares
"**Shares**"	Together the Existing Shares and the New Shares
"**Stabilisation Manager**"	J.P. Morgan SE
"**Stock Lending Agreement**"	The stock lending agreement entered into on or about the date of this Prospectus between the Selling Shareholder and the Stabilisation Manager
"**Target Market Assessment**"	A product approval process, which has determined that the Shares are: (i) compatible with an end target market of investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II
"**The Netherlands**"	The part of the Kingdom of the Netherlands located in Europe
"**UAVs**"	Unmanned aerial vehicles
"**Underwriters**"	Each of the Joint Global Coordinators and Joint Bookrunners
"**Underwriting Agreement**"	The underwriting agreement entered into on or about the date of this Prospectus between the Company, the Selling Shareholder and the Underwriters
"**US**" **or** "**United States**"	United States of America
"**US dollars**" **or** "**US$**" **or** "**USD**" **or** "**$**"	The US Dollar, the lawful currency in the US
"**U.S. Holder**"	A beneficial owner of Offer Shares and (i) a citizen or individual resident of the United States; (ii) a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the United States, any state therein or the District of Columbia; or (iii) an estate or trust the income of which is subject to US federal income taxation regardless of its source
"**US Securities Act**"	The United States Securities Act of 1933, as amended

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Introduction

On November 27, 2024, CZECHOSLOVAK GROUP a.s. (together with its subsidiaries, "**CSG**" or the "**CSG Group**" completed the acquisition of 100% share in The Kinetic Group, a leading U.S. manufacturer of small-calibre ammunition. The Kinetic Group ("**TKG**") was formed by a spin-off of the Sporting Products division from Vista Outdoor Inc., a publicly traded entity. The acquisition fell under the scope of International Financial Reporting Standard 3 - Business Combinations ("**IFRS 3**"). Subsequent to the acquisition date, CSG Group started to include its new wholly owned subsidiary TKG in its consolidated financial statements by the full method.

Subsequent to the acquisition of TKG, CSG executed significant refinancing of its debt, by issuing of CZK 10,000 million (EUR 367 million) senior secured bonds on the regulated market of Prague Stock Exchange in May 2025 and a dual tranche senior secured notes due 2031 of EUR 1,000 million and USD 1,000 million (EUR 854 million) on unregulated market of Euronext Dublin used to partially refinance its previous debt including financing used to acquire TKG. The proceeds were used to repay the existing USD private notes, revolving facility and certain local working capital facilities.

Acquisition of TKG and subsequent refinancing described are interrelated and referred to as the Transaction.

The Unaudited Pro Forma Combined Statement of Profit or Loss has been prepared in accordance with Annex 20 of Commission Delegated Regulation (EU) 2019/980 consistent with the accounting policies adopted by CSG in preparing its consolidated financial statements for the year ended December 31, 2024 and on the basis of the notes set out below to illustrate the effect of the Transaction on the consolidated statement of profit or loss of CSG as if the Transaction occurred on January 1, 2024 (together "**Unaudited Pro Forma Financial Information**").

The Transaction has the meaning as described in this paragraph:

(a) The Transaction involves two entities (i) CSG, and (ii) the Kinetic Group, and

(b) The Transaction describes the acquisition of the Kinetic Group by CSG and associated acquisition financing.

As the closing of the acquisition of TKG occurred on November 26, 2024, the Consolidated Statement of Financial Position of CSG Group as of December 31, 2024 already includes all assets and liabilities arising from of the TKG acquisition, the Pro Forma Statement of Financial Position is not presented, as its results would be identical with the audited consolidated statement of financial position of CSG Group as of December 31, 2024.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation. It does not purport to represent what CSG Group's financial performance would have been if the Transaction had been completed on the date indicated. Actual results may differ materially from the assumptions made for the purposes of the Unaudited Pro Forma Financial Information. The Unaudited Pro Forma Financial Information is based on factually supportable *pro forma* adjustments described in the accompanying notes, which CSG Group considers reasonable. It does not include incremental revenues or costs that are not directly related to the Transaction and does not reflect the results of any future initiatives, or the effect of anticipated synergies and efficiencies associated with the Transaction. Future results of operations may differ materially from those presented in the Unaudited Pro Forma Financial Information. As a result, it may not give a true picture of CSG Group's financial performance nor it is indicative of the results that may, or may not, be expected to be achieved in the future.

This Unaudited Pro Forma Financial Information has been prepared in connection with the proposed equity transaction/admission of shares to trading on Dutch Regulated Market and forms part of the prospectus prepared pursuant to Regulation (EU) 2017/1129 and Commission Delegated Regulation (EU) 2019/980 (Annex 20).

Unaudited Pro Forma Statement of Profit and Loss for the last year ended December 31, 2024

	Historical Financial Information				Pro Forma Adjustment		Pro Forma
	CSG Financials Statements for the year ended December 31, 2024	**The Kinetic Group Financials for the period from December25, 2023 to March 31, 2024**	**The Kinetic Group Financials for the Period from April 1, 2024 to September 30, 2024**	**The Kinetic Group Financials for the period from October 1, 2024 to November 26, 2024**	**Elimination of Transaction between CSG and The Kinetic Group**	**Transaction accounting adjustments**	**Combined Pro Forma Consolidated Statement of Profit and Loss from January 1, 2024 to December 31, 2024**
				(*EUR thousands*) *(unaudited)*			
	Note 1	**Note 2**	**Note 2**	**Note 2**	**Note 3**	**Note 4**	
Revenues	4,008,614	333,020	663,513	188,102	(11,054)		5,182,195
Raw materials and consumables	(2,157,664)	(123,841)	(246,838)	(63,740)	11,054	(47,326)	(2,628,355)
External costs	(442,284)	(25,584)	(48,783)	(17,003)			(533,654)
Employee benefits expense	(286,212)	(85,903)	(175,101)	(57,817)			(605,033)
Depreciation and amortisation expenses	(66,291)	(7,004)	(13,667)	(4,101)		(59,739)	(150,801)
Other operating income	61,028	(26)	–	(151)			60,851
Other operating expense	(104,318)	(9,249)	(13,635)	(6,673)			(133,875)
Profit from operating activities	**1,012,873**	**81,413**	**165,489**	**38,617**	**–**	**(107,064)**	**1,191,328**
Financial income	165,850	229	–	(55)			166,024
Financial expense	(378,336)	(83)	(340)	(53)		(127,552)	(506,364)
Profit/(loss) from other financial instruments	43,526	–	–	–			43,526
Profit/(loss) from financing activities	**(168,960)**	**146**	**(340)**	**(108)**	**–**	**(127,552)**	**(296,814)**
Share of profit / (loss) of associates and JVs, net.	(300)	–	–	–			(300)
Profit (loss) from sale of equity interests	2,225	-	–	–			2,225
Profit before income tax	**845,838**	**81,559**	**165,149**	**38,509**	**–**	**(234,616)**	**896,439**
Income tax	(212,451)	(19,178)	(39,676)	(9,256)		40,696	(239,865)
Net profit from continuing operations	**633,387**	**62,381**	**125,473**	**29,253**	**–**	**(193,920)**	**656,574**
Total profit for the period	**633,387**	**62,381**	**125,473**	**29,253**	**–**	**(193,920)**	**656,574**
Profit attributable to:							
Non-controlling interest	107,313						107,313
Shareholders of the Company	**526,074**	**62,381**	**125,473**	**29,253**	**-**	**(193,920)**	**549,261**

Basis of Preparation

The Unaudited Pro Forma Financial Information has been prepared in all material aspects in accordance with International Financial Reporting Standards adopted by the European Union ("**IFRS ® Accounting Standards**") and CSG Group accounting policies described in the notes to the consolidated financial statements of CSG Group for the year ended December 31, 2024 and on the basis of notes set out below in this section, which describe the *pro forma* assumptions and *pro forma* adjustments based on such assumptions.

The *pro forma* adjustments made for the purposes of the Unaudited Pro Forma Financial Information are based on the information available at the time of preparation of the Unaudited Pro Forma Financial Information and on preliminary estimates as well as on certain *pro forma* assumptions, which are described in the accompanying notes and which CSG Group considers reasonable. The *pro forma* adjustments are directly attributable to the Transaction, including transaction-related costs and related financing, determinable and factually supportable. The Unaudited Pro Forma Financial Information contains neither potential anticipated synergies and efficiencies associated with the Transaction nor any additional future expenses or effects that could results from the Transaction.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only. Given its nature, the Unaudited Pro Forma Financial Information merely describes a hypothetical situation and is based on assumptions, and it therefore does not represent the actual results of operations of CSG Group. It is also not intended to forecast the results of operations of CSG Group on any future date. The Unaudited Pro Forma Financial Information is only meaningful when read in conjunction with, and therefore should only be read in conjunction with, the audited consolidated financial statements of CZECHOSLOVAK GROUP a.s. for the year ended December 31, 2024, prepared in accordance with IFRS Accounting Standards. The Unaudited Pro Forma Financial Information is presented in euros ("**EUR**") rounded to the nearest thousand.

Historical Financial information included in the Unaudited Pro Forma Financial Information

The unaudited *pro forma* consolidated financial information for the year ended December 31, 2024 set forth in "Unaudited *Pro Forma* Financial Information of the CZECHOSLOVAK GROUP a.s. for the year ended December 31, 2024" was prepared on the basis of the following historical financial information:

- Audited consolidated financial statements of CZECHOSLOVAK GROUP a.s. for the year ended December 31, 2024 prepared in accordance with IFRS Accounting Standards, including the results of The Kinetic Group from the date of closing of the acquisition on November 27, 2024.

- Unaudited and unreviewed combined financial information for the Kinetic Group for the period from December 25, 2023 to March 31, 2024, prepared in accordance with the accounting principles generally accepted in the United States of America ("**US GAAP**"). This historical financial information has been extracted from the accounting records for the year ended March 31, 2024. CSG considered the non-coterminous year ends of CSG (1 January – 31 December) and the Kinetic Group (1 April – 31 March) and deemed the difference between December 25, 2023 (period end of the Kinetic Group) and December 31, 2023 (period end of CSG) to have immaterial impact. No adjustments were recognized for this matter in the Unaudited Pro Forma Consolidated Financial Information. Furthermore, the Kinetic Group did not operate as a separate legal entity. Unaudited and unreviewed financial information for three months ended March 31, 2024 has been prepared on a "carve-out" basis and are derived from the accounting records of Vista Outdoor Inc.

- Unaudited and unreviewed combined financial information of the Kinetic Group for the periods from (i) April 1, 2024 to September 30, 2024 and (ii) October 1, 2024 to November 26, 2024, prepared in accordance with the accounting principles generally accepted in the United States of America ("**US GAAP**"). This historical financial information has been extracted from the unaudited and unreviewed financial information of the Kinetic Group for the period from April 1, 2024 to November 26, 2024.

The unaudited combined financial information include expense allocations for certain functions provided by Vista Outdoor, including, but not limited to, general corporate expenses related to management, finance, legal, information technology, human resources, communications, supply chain and insurance for the period that the Kinetic Group was under Vista Outdoor ownership. These expenses have been allocated to TKG on the basis of direct usage. Management considers the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to or the benefit received by TKG during the period presented. The allocations may not, however, reflect the expenses TKG would have incurred if TKG had been an independent company for the periods presented. Actual costs that may have been incurred if TKG had been an independent company would depend on several factors, including the organizational structure, whether functions were outsourced or performed by employees, and strategic decisions made in areas such as information technology and infrastructure. TKG is unable to determine what such costs would have been had TKG been independent. Upon the recently completed separation from Vista Outdoor, TKG began to perform these functions using its own resources and purchased services. Some of these purchased services were provided by the formerly related entity Revelyst under a transition services agreement.

The Kinetic Group Financial Statements may not be indicative of the Kinetic Group's future performance and do not necessarily reflect what the results of operations would have been had the Kinetic Group operated as an independent company during the periods presented.

The Kinetic Group financial information has been prepared in accordance with US GAAP and has been presented in U.S. dollars and therefore is not readily comparable to CSG's financial statements, which have been prepared in accordance with IFRS Accounting Standards and have been presented in euro. The

following adjustments have been made for differences between IFRS Accounting Standards as applied in the Historical Financial Statements and US GAAP as applied in the Kinetic Group financial information that have been identified:

- Accounting for pension plans: IAS 19 Employee benefits requires that net benefit obligation recognized in the statement of comprehensive income is calculated using the same discount rate applied for both pension plans and gross value of employment benefit obligation, while under US GAAP, specific discount rate is used for valuation purposes of pension plan which differs from discount rate applied to calculate present value of gross benefit obligation.

- Leases: For operating leases under US GAAP; the lease expense generally results in a straight-line expense profile that is presented as a single line in the income statement. As interest on the lease liability is generally declining over the lease term, amortisation of the right of use asset increases over the lease term to provide a constant expense profile. Under IFRS 16, however, the right of use asset is generally amortized on a straight-line basis. This amortisation, when combined with the interest on the lease liability, results in a front-loaded expense profile, where the total lease expense is higher at the start of the lease and decreases over time.

The Transaction was accounted for as a business combination using the acquisition method of accounting in conformity with IFRS 3, Business Combinations (referred to as "**IFRS 3**"), under which the consideration is allocated to assets acquired and liabilities assumed based on their estimated fair values as of the date of completion of the Transaction, with CSG identified as the accounting acquirer. Under this method, assets acquired, and liabilities assumed are usually recorded based on preliminary estimates of fair value.

Explanatory notes to basis of preparation to Pro Forma Statement of Profit or Loss for the year ended December 31, 2024:

1. **CSG Group financial information**

   The CSG Statement of Profit or Loss for the year ended December 31, 2024 was extracted without any adjustment from the consolidated financial statements of CZECHOSLOVAK GROUP a.s. for the year ended December 31, 2024 prepared in accordance with IFRS Accounting Standards.

2. **The Kinetic Group financial information**

   The Kinetic Group Statement of Profit or Loss for the period from December 25, 2023 to November 26, 2024 was extracted from the Kinetic Group's financial information and accounting records as adjusted to the CSG accounting policies and presentation format. The period from December 25, 2023 to November 26, 2024 is split into the following periods: from December 25, 2023 to March 31, 2024, from April 1, 2024 to September 30, 2024 and from October 1, 2024 to November 26, 2024. A reconciliation of the Kinetic Group Statement of Profit or Loss for the period ending March 31, 2024, September 30, 2024 and November 26, 2024 to the CSG accounting policies is presented as follows respectively:

Reclassifications and adjustments from US GAAP to IFRS

	The Kinetic Group Combined statement of profit or loss for the period from December 25, 2023 to March 31, 2024 under CSG statement of profit or loss presentation	**Allocation of overhead costs**	**Leasing adjustment**	**Pension Adjustment**	**Kinetic Group statement of comprehensive income for the period from December 25, 2023 to March 31, 2024 under CSG comprehensive income statement presentation and after IFRS adjustments**	**Translated to CSG presentation currency**
	Note (2)	*Note (2.1)*	*Note (2.2.1)*	*Note (2.2.2)*	*Sum*	*Note (2.3)*
				(USD thousands)		
Revenues	361,585	-	-	-	361,585	333,020

	The Kinetic Group Combined statement of profit or loss for the period from December 25, 2023 to March 31, 2024 under CSG statement of profit or loss presentation	Allocation of overhead costs	Leasing adjustment	Pension Adjustment	Kinetic Group statement of comprehensive income for the period from December 25, 2023 to March 31, 2024 under CSG comprehensive income statement presentation and after IFRS adjustments	Translated to CSG presentation currency
	Note (2)	*Note (2.1)*	*Note (2.2.1)*	*Note (2.2.2)*	*Sum*	*Note (2.3)*
				(USD thousands)		
Raw materials and consumables	(134,464)	-	-	-	(134,464)	(123,841)
External costs	(26,747)	(1,787)	755	-	(27,779)	(25,584)
Employee benefits expense	(87,594)	(5,295)	-	(382)	(93,271)	(85,903)
Other operating income	(29)	-	-	-	(29)	(26)
Other operating expense	(11,599)	1,557	-	-	(10,042)	(9,249)
Depreciation and amortisation expenses	(6,465)	(475)	(664)	-	(7,604)	(7,004)
Profit from operating activities	94,687	(6,000)	91	(382)	88,396	81,413
Financial income	248	-	-	-	248	229
Financial expense	-	-	(91)	-	(91)	(83)
Profit from other financial instruments	-	-	-	-	-	-
Profit from financing activities	248	-	(91)	-	158	146
Share of profit / (loss) of associates and JVs, net	-	-	-	-	-	-
Profit / (loss) from sale of equity interests	-	-	-	-	-	-
Profit before tax	94,936	(6,000)	(0)	(382)	88,554	81,559
Income tax	(20,914)	-	-	91	(20,823)	(19,178)
Net profit from continuing operations	74,022	(6,000)	(0)	(291)	67,731	62,381
Total profit for the period	**74,022**	**(6,000)**	**(0)**	**(291)**	**67,731**	**62,381**

Reclassifications and adjustments from US GAAP to IFRS

	The Kinetic Group Combined statement of profit or loss for the period from April 1, 2024 to September 30, 2024 under CSG statement of profit or loss presentation	Leasing adjustment	Pension Adjustment	Kinetic Group statement of comprehensive income for the period from April 1, 2024 to September 30, 2024 under CSG comprehensive income statement presentation and after IFRS adjustments	Translated to CSG presentation currency
	Note (2)	*Note (2.2.1)*	*Note (2.2.2)*	*Sum*	*Note (2.3)*
			(USD thousands)		
Revenues	721,759	-	-	721,759	663,513
Raw materials and consumables	(268,506)	-	-	(268,506)	(246,838)
External costs	(54,575)	1,510	-	(53,065)	(48,783)
Employee benefits expense	(189,708)	-	(764)	(190,472)	(175,101)

	The Kinetic Group Combined statement of profit or loss for the period from April 1, 2024 to September 30, 2024 under CSG statement of profit or loss presentation	Leasing adjustment	Pension Adjustment	Kinetic Group statement of comprehensive income for the period from April 1, 2024 to September 30, 2024 under CSG comprehensive income statement presentation and after IFRS adjustments	Translated to CSG presentation currency
	Note (2)	*Note (2.2.1)*	*Note (2.2.2)*	*Sum*	*Note (2.3)*
			(USD thousands)		
Other operating income	(0)	-	-	(0)	-
Other operating expense	(14,832)	-	-	(14,832)	(13,635)
Depreciation and amortisation expenses	(13,538)	(1,329)	-	(14,867)	(13,667)
Profit from operating activities	**180,600**	**181**	**(764)**	**180,017**	**165,489**
Financial income	-	-	-	-	-
Financial expense	(189)	(181)	-	(370)	(340)
Profit from other financial instruments	-	-	-	-	-
Profit from financing activities	**(189)**	**(181)**	**-**	**(370)**	**(340)**
Share of profit / (loss) of associates and JVs, net	-	-	-	-	-
Profit / (loss) from sale of equity interests	-	-	-	-	-
Profit before tax	**180,411**	**(0)**	**(764)**	**179,647**	**165,149**
Income tax	(43,342)	-	183	(43,159)	(39,676)
Net profit from continuing operations	137,069	(0)	(581)	136,488	125,473
Total profit for the period	**137,069**	**(0)**	**(581)**	**136,488**	**125,473**

Reclassifications and adjustments from US GAAP to IFRS

	The Kinetic Group Combined statement of profit or loss for the period from October 1, 2024 to November 26, 2024 under CSG statement of profit or loss presentation	Leasing adjustment	Pension Adjustment	Kinetic Group statement of comprehensive income for the period from October 1, 2024 to November 26, 2024 under CSG comprehensive income statement presentation and after IFRS adjustments	Translated to CSG presentation currency
	Note (2)	*Note (2.2.1)*	*Note (2.2.2)*	*Sum*	*Note (2.3)*
			(USD thousands)		
Revenues	202,892	-	-	202,892	188,102
Raw materials and consumables	(68,752)	-	-	(68,752)	(63,740)
External costs	(18,813)	473	-	(18,340)	(17,003)
Employee benefits expense	(62,124)	-	(239)	(62,363)	(57,817)
Other operating income	(163)	-	-	(163)	(151)
Other operating expense	(7,198)	-	-	(7,198)	(6,673)
Depreciation and amortisation expenses	(4,008)	(416)	-	(4,424)	(4,101)
Profit from operating activities	**41,835**	**57**	**(239)**	**41,652**	**38,617**
Financial income	(59)	-	-	(59)	(55)
Financial expense	-	(57)	-	(57)	(53)
Profit from other financial instruments	-	-	-	-	-
Profit from financing activities	(59)	(57)	-	(116)	(108)

	The Kinetic Group Combined statement of profit or loss for the period from October 1, 2024 to November 26, 2024 under CSG statement of profit or loss presentation	Leasing adjustment	Pension Adjustment	Kinetic Group statement of comprehensive income for the period from October 1, 2024 to November 26, 2024 under CSG comprehensive income statement presentation and after IFRS adjustments	Translated to CSG presentation currency
	Note (2)	*Note (2.2.1)*	*Note (2.2.2)*	*Sum*	*Note (2.3)*
			(USD thousands)		
Share of profit / (loss) of associates and JVs, net	-	-	-	-	-
Profit / (loss) from sale of equity interests	-	-	-	-	-
Profit before tax	**41,775**	**(0)**	**(239)**	**41,536**	**38,509**
Income tax	(10,041)	-	57	(9,984)	(9,256)
Net profit from continuing operations	**31,735**	**(0)**	**(182)**	**31,552**	**29,253**
Total profit for the period	**31,735**	**(0)**	**(182)**	**31,552**	**29,253**

2.1 As the Kinetic Group did not operate as a separate legal entity before March 31, 2024, an adjustment has been made to include allocations of certain central functions provided by Vista Outdoor Inc. for the three-month period ended March 31, 2024, including, but not limited to, management, finance, legal, information technology, human resources, communications and insurance. These expenses have been allocated to the Kinetic Group based on direct usage when identifiable, with the remainder principally allocated based on percent of revenue, headcount or other operating measures, consistent with the presentation within the Kinetic Group. Overview of central function allocated costs is disclosed in the following table:

	USD '000
External costs	1,787
Employee benefits expense	5,295
Depreciation and amortisation expenses	475
Other operating income	-
Other operating expense	(1,557)
Total	**6,000**

The Kinetic Group financial information may not be indicative of the Kinetic Group's future performance and does not necessarily reflect what the financial position, results of operations and cash flows would have been had the Kinetic Group operated as an independent company during the periods presented.

2.2 Certain IFRS adjustments and reclassifications were made to reflect the difference in accounting policy under the CSG IFRS accounting policies as opposed to US GAAP:

2.2.1. Under the US GAAP, lease expense is recognized on a straight-line basis as incurred while IFRS requires recognition of finance liability at present value of minimum lease payments, and right of the use asset, which lead to separate recognition of depreciation expense for the right of use asset and interest expense from lease obligation recognized in liabilities. Resulting of this adjustment is reduction of external costs by USD 755 thousand in the three-month period ending March 31, 2024, by USD 1,510 thousand in the six-month period ending September 30, 2024 and by USD 473 thousand in period ending November 26, 2024, followed by an increase of depreciation and amortisation expenses by USD 664 thousand, by USD 1,329 thousand and by USD 416 thousand respectively and increase of interest expense by USD 91 thousand, by USD 181 thousand and by USD 57 thousand respectively.

2.2.2. Under the US GAAP accounting policy, the Kinetic Group has recorded pension costs using a straight-line method while IFRS requires discounting of pension costs. The adjustment resulted in increase of Employee benefits expense by USD 382 thousand in the three-month period ending March 31, 2024, by USD 764 thousand in the six-month period ending September 30, 2024 and by USD 239 thousand in period ending November 26, 2024, followed by decrease of income tax provision by USD 91 thousand, by USD 183 thousand and by USD 57 thousand respectively.

2.3 The Kinetic Group financial information has been converted from USD to EUR using the average exchange rate of USD 1:0.9210 EUR for the period from December 25, 2023 to March 31, 2024, rate of USD 1:0.9193 EUR for the period from April 1, 2024 to September 30, 2024, and the rate of USD 1:0.9271 EUR for the period from October 1, 2024 to November 26, 2024 as per the Czech National Bank.

Explanatory note to Pro Forma Adjustments to the Statement of Profit or Loss for the year ended December 31, 2024:

Date of Transaction

The acquisition date for the purpose of CSG's consolidated financial statements is November 27, 2024. The Unaudited Pro Forma Financial Information is prepared as if the acquisition had occurred on January 1, 2024.

The Kinetic Group Acquisition Accounting Adjustments

IFRS 3 – Business Combinations requires the acquirer to allocate the consideration transferred to acquiree's identifiable assets acquired and liabilities assumed based on their estimated fair values. Goodwill or bargain purchase gain is measured as the difference between the consideration transferred and the CSG Group's share of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

The total purchase price for the Transaction was USD 2,290,845 thousand (EUR 2,172,518 thousand), which consists of basic purchase price USD 2,225,000 thousand (EUR 2,110,074 thousand) and USD 65,845 thousand (EUR 62,444 thousand) customary purchase price adjustment made under the terms of the sale and purchase agreement, reflecting the difference between the target and actual net working capital at closing. The total purchase price was all paid in cash on the acquisition date.

The table below represents an allocation of the consideration transferred to TKG's identifiable assets acquired and liabilities assumed based on the estimated fair values as of acquisition date as determined by independent valuation expert:

	The Kinetic Group balance sheet as at November 27, 2024 at historical book values	**Fair value adjustment based on initial purchase price analysis**	**The Kinetic Group balance sheet as at November 27, 2024 after fair value adjustments**
		(EUR thousands)	
Cash and cash equivalents	69,628		69,628
Trade and other current receivables	168,178		168,178
Inventory	352,153	47,326 a)	399,479
Property, plant and equipment	130,908	274,736 b)	405,644
Trade and other non-current receivables	1,341		1,341
Total current and tangible assets	**722,208**	**322,062**	**1,044,270**
Trade name and trademarks – CCI	6,452	80,133	86,585
Trade name and trademarks – Federal	18,293	124,217	142,510
Trade name and trademarks – Hevi Shot	-	1,901	1,901
Trade name and trademarks – Remington	23,234	21,382	44,616
Trade name and trademarks – SPEER	3,541	12,607	16,148
Customer relationships – Distributor Method	3,640	403,884	407,524
Total identifiable intangible assets	**55,160**	**644,124 c)**	**699,284**
Total acquired identifiable assets	**777,368**	**966,186**	**1,743,554**
Non-current provisions	4,783		4,783
Other non-current financial instruments	5,055		5,055

	The Kinetic Group balance sheet as at November 27, 2024 at historical book values	Fair value adjustment based on initial purchase price analysis	The Kinetic Group balance sheet as at November 27, 2024 after fair value adjustments
		(EUR thousands)	
Trade and other non-current payables	21,173		21,173
Deferred tax liability	7,474	209,890	217,364
Other current financial instruments	2,566		2,566
Trade and other current payables	122,975		122,975
Current income tax payable	7,127		7,127
Tax liabilities	17,515		17,515
Total liabilities	**188,68**	**209,890**	**398,558**
Acquired identifiable assets and assumed liabilities	**588,700**	**756,296**	**1,344,996**
Purchase price consideration			2,172,518
Goodwill recognized			**827,522**

The following purchase price allocation adjustments have been identified:

(a) An amount of EUR 47,326 thousand was allocated to value of inventories acquired as part of the Transaction. Pro forma adjustment of EUR 47,326 thousand has been made assuming these inventories were all sold during the period. This assumption has been made in order to reflect the one-time impact of the fair value step-up in cost of sales within usual TKG inventory turnover of approximately six months.

(b) An amount of EUR 274,736 thousand was allocated to value of property, plant and equipment acquired as part of the Transaction. CSG has assessed the remaining life of the property, plant and equipment acquired to be between 3 – 15 years, various across the PP&E. Accordingly, a *pro forma* adjustment of EUR 34,337 thousand has been made for the depreciation property, plant and equipment allocation adjustment for the period.

(c) An amount of EUR 240,240 thousand was allocated to value of trademarks acquired as part of the Transaction, and EUR 403,884 thousand was allocated to value of customer relationship acquired. Trademarks were valued using the relief-from-royalty method, while customer relationships were valued using the multi-period excess earnings method, both of which are commonly applied valuation techniques for such intangible assets. CSG has assessed the remaining life of trademarks to be indefinite, except the Trademark – Hevi shot, which useful life was set to 12 years and estimated useful life of customer relationship to 16 years. Accordingly, a *pro forma* adjustment of EUR 158 thousand and EUR 25,243 thousand has been made for the amortisation of the Trademark – Hevi shot, and for customer relationship for the period respectively.

(d) An Amount of EUR 222,223 thousand was recognised as a deferred tax liability to reflect tax effect of step up in the value of identifiable assets assuming TKG effective tax rate of 23%. Furthermore, the amount of previously recognized deferred tax related to goodwill of EUR 12,333 thousand was released.

3. Elimination of Transactions between CSG and Kinetic Group

An adjustment was recorded in the *pro forma* statement of profit or loss to eliminate the purchase and sale transactions between the Kinetic Group and CSG in the amount of EUR 11,054 thousand. No adjustment for unrealised profit has been made assuming these inventories were also sold during the period.

4. Transaction Accounting Adjustments

4.1 Adjustments due to Purchase Price Allocation

An adjustment for non-recurring increase of costs of EUR 47,326 thousand has been made to increase of raw materials and consumables for increase of value of inventories resulting from the purchase price allocation, assuming all inventories were sold during the period, and *pro forma* adjustment for recurring increases of costs of EUR 59,739 thousand has been made to increase the depreciation and amortisation expenses to reflect step up value of property, plant and equipment

and intangibles. Refer also to section the Kinetic Group Acquisition Accounting Adjustments above.

4.2 New Financing and Financing Costs

In order to fund the Transaction, CSG raised a new financing comprising EUR 1,245,000 thousand syndicated term loan and EUR 745,192 thousand USD private notes. Subsequently to the acquisition of TKG, CSG executed refinancing of this transaction and raised new financing represented by issuing of CZK 10,000 million senior secured bonds on the regulated market of Prague Stock Exchange in May 2025 and a dual tranche senior secured notes due 2031 of EUR 1,000 million and USD 1,000 million on unregulated market of Euronext Dublin. The proceeds were used to fully repay the existing USD private notes, existing revolving facility and certain local working capital facilities. Furthermore, the terms of the syndicated term loan facilities were renegotiated resulting in the decreased interest rates.

In the Unaudited Pro Forma Combined Statement of Profit or Loss, it is assumed that the new financing was obtained on January 1, 2024 and interest expenses are adjusted to reflect the average interest rate attributable to the new financing agreements. The increase in interest expense of EUR 127,552 thousand is calculated using the weighted average interest rate of 6.32% in line with conditions of new financing and is expected to have a continuing effect. The adjustment is a compound effect of the reversal of formerly charged interest expense included in the consolidated financial statements of CZECHOSLOVAK GROUP a.s. for the year ended December 31, 2024 prepared in accordance with IFRS Accounting Standards in the amount of EUR 19,146 thousand and inclusion of interest expense for the newly structured financing for the full year in the amount of EUR 146,698 thousand.

Income tax expense

The income tax impact due to purchase price allocation has been determined using the effective income tax rate of The Kinetic Group for the year (23%), resulting in the *pro forma* adjustment in the amount of EUR 24,625 thousand.

The income tax impact for financing costs, which were incurred by CSG, was estimated using a statutory income tax rate of 21% in the Czech Republic assuming that approximately 60% of finance cost would be tax deductible, which resulted in total adjustment of income tax expense in the amount of EUR 16,071 thousand.

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Registered by the Municipal Court in Prague, Section C, File 24349
ID. No.: 49620592
Tax ID. No.: CZ49620592

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

To: the Board of Directors of CZECHOSLOVAK GROUP a.s.

Report on the Compilation of Unaudited Pro Forma Financial Information Included in a Prospectus

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of CZECHOSLOVAK GROUP a.s. (hereinafter "CSG" or the "CSG Group") prepared by the Board of Directors of CSG (hereinafter the "Board of Directors") which consists of the pro forma combined statement of profit or loss for the year ended 31 December 2024, and related explanatory notes (together the "Pro Forma Financial Information") as set out on pages 259-268 of the prospectus issued by the CSG N.V. dated 20 January 2026 in connection with the offering and admission to listing and trading on the securities exchange operated by Euronext Amsterdam N.V of the ordinary shares of the CSG N.V. (the "Prospectus"). The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Financial Information are specified in sections 1 and 2 of Annex 20 of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 and described in section Basis of Preparation of the Pro Forma Financial Information ("Applicable Criteria").

The Pro Forma Financial Information has been prepared for the sole purpose of illustrating the impact that the acquisition of Vista Outdoor Inc. Sporting Products segment (hereinafter "The Kinetic Group") and related financing transactions might have had on the consolidated statement of profit or loss of CSG for the year ended 31 December 2024 had it taken place with effect from 1 January 2024. By its very nature, this information is based on a hypothetical situation and does not represent the financial position or performance that would have been reported, had the operation or event taken place at an earlier date than the actual acquisition date of 27 November 2024.

As part of this process, information about the CSG's financial performance has been extracted by the Board of Directors from:

- The CSG Group's financial statements for the year ended 31 December 2024 prepared in accordance with the International Financial Reporting Standards as adopted by the European Union. These consolidated financial statements were audited by Deloitte Audit s.r.o., which issued unmodified audit opinion on 2 April 2025 (the "CSG 2024 Consolidated Financial Statements").
- Unaudited combined financial information of The Kinetic Group for the period from 25 December 2023 to 31 March 2024, the six months ended 30 September 2024 and for the period from 1 October 2024 to 26 November 2024, which were prepared in accordance with the accounting principles generally accepted in the United States of America, after reclassifications and adjustments that the Board of Directors has considered necessary to conform to CSG accounting policies and presentation format. The combined financial information also includes expense allocations for certain functions provided by Vista Outdoor Inc. These allocations may not be reflective of the actual expenses that would have been incurred had The Kinetic Group operated as an independent company apart from Vista Outdoor Inc.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Responsibility of the Board of Directors for the Pro Forma Financial Information

The Board of Directors is responsible for compiling the Pro Forma Financial Information based on the Applicable Criteria.

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audit and Reviews of Financial Statements, and Other assurance Related Services Engagements*, and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

Our responsibility is to express an opinion, as required by Section 3 of Annex 20 of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129, about whether the Pro Forma Financial Information has been compiled, in all material respects, by the Board of Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information of the CSG has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Board of Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to the Applicable Criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the CSG, the event or transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- The Pro Forma Financial Information has been properly compiled on the basis stated, and
- Such basis is consistent with the accounting policies of the CSG as described in the notes to the financial statements of the CSG for the year ended 31 December 2024.

Restriction in use

The Pro Forma Financial Information is prepared solely for the purpose of inclusion in the Prospectus. As a result, the Pro Forma Financial Information may not be suitable for another purpose. This report is required by the Commission Delegated Regulation (EC) No 2019/980 and is given for the purpose of complying with that Delegated Regulation and inclusion in the Prospectus and for no other purpose.

In Prague on 20 January 2026

David Batal
Partner
Deloitte Audit, s.r.o.
Churchill I, Italská 2581/67, 120 00, Prague 2 – Vinohrady, Czech Republic

HISTORICAL FINANCIAL INFORMATION

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CZECHOSLOVAK GROUP a.s.

Unaudited condensed consolidated interim financial statements of CZECHOSLOVAK GROUP a.s. as of and for the nine months ended September 30, 2025

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Basic Information on CZECHOSLOVAK GROUP a.s.

Name of the company:	CZECHOSLOVAK GROUP a.s.
National Corporate ID:	034 72 302
LEI number:	315700SWFD7G70AVG768
Date of establishment:	October 13, 2014
Registered office:	U Rustonky 714/1, Karlín, 186 00 Prague 8
Registered at:	Municipal Court in Prague, file number B 20071

CZECHOSLOVAK GROUP a.s. (the "Company" or "CSG") is a joint-stock company formed in compliance with the legal regulations of the Czech Republic on October 13, 2014. Its registered office is located at U Rustonky 714/1, Karlín, 186 00 Prague 8.

The Company's condensed consolidated interim financial statements covering the period of nine months ended September 30, 2025, encompass the financial statements of the Company, its subsidiaries, and associates or joint ventures (jointly referred to as the "Group" or "CSG Group").

As of September 30, 2025, the Company's sole shareholder was CSG FIN a.s., which, as the sole shareholder, was acting as the company's highest governing authority.

September 30, 2025	Shares	Ownership percentage	Voting rights
	EUR '000	%	%
CSG FIN a.s., Corporate ID: 141 41 442	78,427	100	100

As of September 30, 2025, the Group's 100% ultimate owner was Michal Strnad.

Composition of the Board of Directors as of September 30, 2025:

- Michal Strnad (Chair of the Board of Directors)
- David Chour (Vice-Chair of the Board of Directors)
- Ladislav Štorek (Vice-Chairman of the Board of Directors)
- Petr Formánek (Member of the Board of Directors)
- Zdeněk Jurák (Member of the Board of Directors)

Composition of the Supervisory Board as of September 30, 2025:

- Michaela Katolická (Chair of the Supervisory Board)
- Rudolf Bureš (Member of the Supervisory Board)
- Aleš Klepek (Member of the Supervisory Board)

Overview of Selected CSG Indicators

(EUR '000)	September 30, 2025	December 31, 2024
Assets	9,646,183	8,253,064
Equity	1,730,030	1,508,922

(EUR '000)	For the 9-month period ended September 30, 2025	For the 9-month period ended September 30, 2024
Revenues	4,485,337	2,458,910
Profit before tax	693,927	521,533
Operating EBITDA*	1,183,009	662,168
Operating EBIT*	1,065,125	619,923

*Note this is an Alternative Performance Measure ("APM"). Please refer the Interim Financial Statements for definitions and reconciliations.

Selected Events from the Three Quarters of 2025

- Closing of acquisition of nitrocellulose plant in Bomlitz (“IFF”), Germany, strengthening vertical integration and securing a critical raw material
- Completion of Joint Venture with Greek state-owned company HDS, ensuring increase of medium & large (“M/L”) caliber ammo capacities and long-term TNT explosives supply, further strengthening vertical integration
- Successful integration of The Kinetic Group acquisition, delivering expected synergies and enhancing our U.S. market position
- Completion of minority buyout in Fiocchi Group and merger of Fiocchi USA into The Kinetic Group, supporting group transformation an mitigating pricing and tariff risks
- Recent successful capital structure optimization:
  - CZK 10bn senior secured bonds 5.75 per cent. due 2030
  - Proceeds used for refinancing and growth support
- New prototype of military vehicle Pandur 8x8 Evo introduced at IDET Brno trade fair, showcasing innovation and product development capabilities
- New investments into AI
  - Investments into advanced optimization and maintenance systems, autonomous defense vehicles, next-generation radars, and situational awareness technologies to enhance operational efficiency, autonomy, and threat response
- Secured major defense contracts:
  - 2,000+ different military vehicles contracts signed recently
  - Multi-year contracts for M/L caliber ammunition
  - Backlog increased to €14bn
  - Pipeline increased to €18.5bn
- Continued strong business performance,
- In July 2025 the Group acquired the company BlackBird Services a.s.
- In September 2025 the Group acquired the company ZVI Vsetín,
- In July, CSG Group carried out bond issuances. On international markets, CSG placed 6.50 per cent. bonds amounting to USD 1 billion and 5.25 per cent EUR 1 billion bonds, both maturing in 2031,
- Change in the Group’s structure:
  - through the sale of more than 35 companies,
  - restructure its segments, now organizing them into two main segments: CSG Defence Systems and CSG Ammo+,
  - Within the CSG Defence Systems segment, divisions have been created: M/L Ammo, Land Systems, Defence Electronics, and a new division, Advanced Systems, established in late 2025. Its purpose is to develop cutting-edge defence and aerospace capabilities within the CSG portfolio. The new division offers high synergy potential with the existing Land Systems, Defence Electronics, and M/L Ammo divisions.
- CSG Group acquired a 9.9% stake in German Alzchem Group AG.
- Signed a contract for the construction of a production facility in the USA under MSM North America.
- CSG Group will participate in the strategic partnership between the Hungarian group 4iG and Rába Automotive Holding Plc., a leading Hungarian manufacturer of heavy vehicles and their components.
- Excalibur Army has completed the construction of a new production hall, which will significantly increase its production capacity.
- The CSG Group has launched the licensed production of large-caliber ammunition in Ukraine.
- CSG Group has entered into a strategic partnership through a joint venture with an Indian partner in the large-caliber ammunition sector.

Unaudited Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

EUR '000	Note	For the 9-month period ended September 30, 2025	For the 9-month period ended September 30, 2024
Continuing operations			
Revenues	3	4,485,337	2,458,910
Raw material and consumables	4	(2,391,914)	(1,299,168)
External costs		(366,286)	(318,180)
Employee benefits expense	5	(440,387)	(167,090)
Depreciation and amortisation expenses		(117,884)	(42,245)
Other operating income		27,099	39,418
Other operating expense		(130,840)	(51,722)
Profit from operating activities		**1,065,125**	**619,923**
Financial income	6	26,564	18,061
Financial expense	6	(374,133)	(77,452)
Profit/ (loss) from other financial instruments		(24,840)	(36,390)
Profit / (Loss) from financing activities		**(372,409)**	**(95,781)**
Share of profit/(loss) from associates & JVs, net	10	926	(4,838)
Profit from the sale of equity interests		285	2,229
Profit before tax		**693,927**	**521,533**
Income tax	7	(182,444)	(104,146)
Net profit from continuing operations		**511,483**	**417,387**
Discontinued operations			
Net profit /(loss) from discontinued operations	22	1,772	(5,427)
Total profit for the period		**513,255**	**411,960**
Other comprehensive income			
Items not reclassified to profit/loss			
FX differences from presentation currency		(35,591)	(9,203)
Items that are or may be subsequently reclassified to profit or loss			
FX differences on foreign operations, net		(111,965)	6,072
Fair value gain/(loss) on hedging instruments		(675)	(542)
Other comprehensive income, net		**(148,231)**	**(3,673)**
Total comprehensive income		365,024	408,287
Profit for the period attributable to:			
Shareholders of the Company		403,326	337,792
Non-controlling interest		109,929	74,168
Total profit/ (loss) for the period		**513,255**	**411,960**
Total comprehensive income attributable to:			
Shareholders of the Company		257,109	334,119
Non-controlling interest		107,915	74,168
Total comprehensive income for the period		**365,024**	**408,287**

Condensed Consolidated Interim Statement of Financial Position

As of September 30, 2025:

EUR '000	Note	September 30, 2025	December 31, 2024 (restated)
Assets			
Non – current assets			
Intangible assets	1	828,565	941,850
Goodwill	8	1,202,701	1,285,129
Property, plant and equipment	9	891,640	926,855
Investment property		6,517	5,848
Investments in associates and joint ventures	10	86,907	83,923
Loans and other financial assets	12	268,900	77,206
Trade and other receivables	11	1,432	24,666
Prepayments made and deferred expenses and accrued income		108,530	154,534
Deferred tax asset		41,988	26,773
Contract costs		55,574	60,437
Total non-current assets		3,492,754	3,587,221
Current assets			
Inventory	15	3,598,911	2,195,068
Trade and other receivables	11	1,191,494	520,233
Loans and other financial assets	12	124,376	69,474
Prepayments made and deferred expenses and accrued income		269,292	584,886
Tax receivables		31,707	21,381
Current income tax receivable		54,694	7,401
Cash and cash equivalents		837,226	1,248,487
Contract Assets		45,729	18,913
Total current assets		6,153,429	4,665,843
Total assets		9,646,183	8,253,064

EUR '000	Note	September 30, 2025	December 31, 2024 (restated)
Equity			
Share capital		78,427	78,427
Other reserves		39,299	65,931
Translation reserve		(77,659)	67,393
Retained earnings of past years including profit or loss for the current accounting period		1,399,492	983,864
Equity attributable to the Company's shareholders		1,439,559	1,195,615
Non-controlling interests		290,471	313,307
Total equity		1,730,030	1,508,922
Liabilities			
Non-current liabilities			
Liability from put option	13	—	5,260
Loans and borrowings	13	1,533,266	1,140,402
Other financial instruments	13	118,586	94,542
Trade and other payables	16	68,236	149,297
Provisions		7,145	12,792
Deferred tax liability		241,057	288,356
Bonds	14	2,419,428	1,000,830
Contract liabilities		387,301	352,229
Total non-current liabilities		4,775,019	3,043,708
Current liability			
Liability from put option	13	—	143,517
Loans and borrowings	13	176,277	772,094
Other financial instruments	13	23,802	57,622
Trade and other payables	16	839,071	632,999
Provisions		10,002	18,314
Tax liabilities		46,961	45,050
Current income tax payable		141,509	174,185
Contract liabilities		1,720,224	1,851,788
Bonds	14	183,288	4,865
Total current liabilities		3,141,134	3,700,434
Total liabilities		7,916,153	6,744,142
Total equity and liabilities		9,646,183	8,253,064

Condensed Consolidated Interim Statement of Changes in Equity

for the nine months ended September 30, 2025:

(EUR '000)	Note	Attributable to the shareholder of the Company					Non-controlling interests	Total equity
		Share capital	Other reserves	Foreign exchange translation reserve	Retained earnings	Total		
Balance as at January 1, 2025 (A)		78,427	65,931	67,393	983,864	1,195,615	313,307	1,508,922
Total comprehensive income for the period:								
Profit for the period (B)		—	—	—	403,326	403,326	109,929	513,255
Other comprehensive income:								
FX differences from presentation currency		—	—	(35,591)	—	(35,591)	—	(35,591)
FX differences on foreign operations, net		—	—	(109,951)	—	(109,951)	(2,014)	(111,965)
Fair value gain/(loss) arising on hedging instruments during the period		—	(675)	—	—	(675)	—	(675)
Total other comprehensive income (C)		—	(675)	(145,542)	—	(146,217)	(2,014)	(148,231)
Total comprehensive income for the period (D) = (B + C)		—	(675)	(145,542)	403,326	257,109	107,915	365,024
Additions and disposals:						—		
Changes in non-controlling interests without change of control		—	150,798	490	(9,683)	141,605	(74,782)	66,823
Effects of acquisitions in the form of business combinations		—	—	—	—	—	1,518	1,518
Effects of transactions under common control		—	—	—	(4,589)	(4,589)	9	(4,580)
Effects of disposed entities		—	—	—	—	—	(4,270)	(4,270)
Changes in ownership interests in subsidiaries (E)		—	150,798	490	(14,272)	137,016	(77,525)	59,491
Distribution of other capital funds	2	—	(150,181)	—	—	(150,181)	—	(150,181)
Dividends	2	—	—	—	—	—	(53,192)	(53,192)
Contributions and distributions to owners (F)		—	(150,181)	—	—	(150,181)	(53,192)	(203,373)
Transfer in equity (G)		—	(26,574)	—	26,574	—	(34)	(34)
Balance as at September 30, 2025 (H) = (A + D + E + F + G)		78,427	39,299	(77,659)	1,399,492	1,439,559	290,471	1,730,030

(EUR '000)	Note	Attributable to the shareholder of the Company					Non-controlling interests	Total equity
		Share capital	Other reserves	Foreign exchange translation reserve	Retained earnings	Total		
Balance as at January 1, 2024		78,427	(139,845)	34,136	487,720	460,438	226,478	686,916
Total comprehensive income for the period:								
Profit for the period (B)		—	—	—	337,792	337,792	74,168	411,960
Other comprehensive income:								
FX differences from presentation currency		—	—	(9,203)	—	(9,203)	—	(9,203)
FX differences on foreign operations, net		—	—	6,072	—	6,072	—	6,072
Fair value gain/(loss) arising on hedging instruments during the period		—	(542)	—	—	(542)	—	(542)
Total other comprehensive income (C)		—	(542)	(3,131)	—	(3,673)	—	(3,673)
Total comprehensive income for the period (D) = (B + C)		—	(542)	(3,131)	337,792	334,119	74,168	408,287
Additions and disposals:								
Changes in non-controlling interests without a change of control	1	—	—	—	(11,916)	(11,916)	(5,594)	(17,510)
Changes in ownership interests in subsidiaries (E)		—	—	—	(11,916)	(11,916)	(5,594)	(17,510)
Change in present value of put option liability		—	(9,222)	—	—	(9,222)	—	(9,222)
Dividends	2	—	—	—	—	—	(15,954)	(15,954)
Contributions and distributions to owners (F)		—	(9,222)	—	—	(9,222)	(15,954)	(25,176)
Transfer in equity (G)		—	64	—	—	64	—	64
Balance as at September 30, 2024 (H) = (A + D + E + F + G)		78,427	(149,545)	31,005	813,596	773,483	279,098	1,052,581

Condensed Consolidated Interim Statement of Cash Flows

(EUR '000)	Note	For the 9-month period ended September 30, 2025	For the 9-month period ended September 30, 2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period from continuing operations		513,255	411,960
Adjustments for:			
Amortisation/depreciation of property, plant and equipment, investment property and intangible assets	9	122,898	46,734
Impairment of inventory		6,554	13,739
Impairment of property, plant and equipment		311	(3)
Impairment of financial assets		3,203	1,258
Gain (-) /loss (+) from the sale of property, plant and equipment, investment property and intangible assets		(3)	(1,647)
Gain (-) / loss (+) from financial instruments		4,385	3,312
Gain (-) / loss (+) from the disposal of subsidiaries		(16,616)	(2,229)
Net interest income (-) / expense (+)		276,592	58,436
Recognition (+) / release (-) of allowances for trade and other receivables, write-offs		23,833	14,602
Recognition (+) / release (-) of provisions		(7,571)	6,259
Income tax		183,640	105,372
Unrealised foreign exchange rate (gains)/losses, net		71,924	(7,839)
Share of profit (-) /loss (+) of associates and joint ventures		(926)	4,838
Operating cash flows before movements in working capital		1,181,479	654,792
Increase (-) / decrease (+) in trade receivables and other assets*		(267,291)	(1,065,399)
Increase (-) / decrease (+) in inventory		(1,432,460)	(984,696)
Increase (+) / decrease (-) in trade and other payables**		(106,763)	1,317,169
Cash generated by operations		(625,035)	(78,134)
Income taxes paid		(225,856)	(74,802)
Net cash used in operating activities		(850,891)	(152,936)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment, investment property and intangible assets		13,139	4,067
Proceeds (outflows) on disposal of subsidiaries, net of cash disposed	1	(47,384)	6,465
Repayment of provided loans		73,328	298,400
Interest received		15,498	36,657
Acquisition of property, plant and equipment, investment property and intangible assets	9	(124,006)	(108,031)
Acquisition of investments in subsidiaries, net of cash acquired	1	(149,159)	(3,850)
Other investments ***		(147,631)	—
Loans provided		(167,313)	(187,209)
Net cash (used in)/from investing activities		(533,528)	46,499
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,499,683	213,458
Proceeds on bond placements		2,220,770	1,737
Repayments of borrowings		(1,607,927)	(124,096)
Payments of transaction fees		(32,924)	(437)
Payments of bonds		(611,576)	(100)
Dividends paid	2	(48,192)	(19,553)
Payments of obligations under leases		(9,611)	(3,339)
Interest paid		(168,279)	(68,652)
Distribution from other capital funds	2	(150,181)	—
Payments to / from holders of non-controlling interests ****	1	(115,598)	—
Net cash (used in)/from financing activities		976,165	(982)
Net increase/decrease in cash and cash equivalents		(408,254)	(107,419)
Cash and cash equivalents at beginning of year		1,248,487	563,865
Foreign exchange rate gains (+) / losses (-) from the translation of cash and cash equivalents		(3,007)	(21,275)
Cash and cash equivalents at end of period		837,226	435,171

* Increase (-) /decrease (+) in receivables and other assets includes trade and other receivables, prepayments made, deferred expenses and accrued income, and tax receivables, with the exception of the income tax receivable..

** Increase (+) /decrease (-) in trade and other payables includes trade and other payables, financial instruments and financial liabilities, deferred income, and tax payables, with the exception of the income tax payable.

*** Other investments include payment for purchase of shares in Alzchem Group AG.

**** Payments from/to holders of non-controlling interest is predominantly connected to buyout of outstanding non-controlling interest of the Fiocchi Group (Note 1)

Notes to the Condensed Consolidated Interim Financial Statements

These Unaudited Condensed Consolidated Interim Financial Statements (the “Interim Financial Statements”) for the nine months ended September 30, 2025 comprise the accounts of CZECHOSLOVAK GROUP a.s. and its subsidiaries and entities under significant influence or joint control (jointly referred to as the “Group” or “CSG Group”).

Basis for the Preparation of the Consolidated Financial Statements

a. Statement of compliance

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting. These Interim Financial Statements do not include all the information required for a complete set of Accounting Standards), and should therefore be read in conjunction with CSG’s most recent annual consolidated financial statements for the year ended December 31, 2024 (the “Latest Annual Financial Statements”), which have been prepared in accordance with IFRS Accounting Standards.

In accordance with IAS 34 Interim Financial Reporting, selected narratives are included in these Interim Financial Statements to explain events and transactions that are significant to an understanding of changes in the Group’s financial position and performance since the Latest Annual Financial Statements.

These Interim Financial Statements were authorized for issue by the Board of Directors on December 8, 2025.

b. Going concern

These Interim Financial Statements were prepared on a going concern basis. The Board of Directors has, at the time of approving the Interim Financial Statements, a reasonable expectation that CSG Group has adequate resources to continue in operational existence for the foreseeable future.

c. Functional and presentation currency

The Interim Financial Statements are presented in euro (“EUR”), which has been the Group’s defined presentation currency since January 1, 2021. The Company’s functional currency is the Czech crown (“CZK”). Each entity included into the Interim Financial Statements determines its functional currency in accordance with the requirements of IAS 21. All amounts included in this document are presented in thousands of EUR, unless otherwise indicated.

d. Use of estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates that affect the reported amounts of assets, liabilities, income, and expenses. It also requires management to use its own judgment in applying the Group’s accounting policies. The resulting accounting estimates are rarely the same as the underlying actual results.

The significant estimates made by management used in the preparation of these Interim Financial Statements and the significant sources of estimation uncertainty are both consistent with those made in the preparation of the latest annual financial statements except for the impact of newly adopted accounting policies as described below.

e. Restatement of comparative information and changes in accounting policies

Except as described below, the significant accounting policies and methods used in the preparation of these Interim Financial Statements are consistent with those used in the latest annual financial statements.

Disposal of certain non-core assets and discontinued operations

As of September 30, 2025 the Group's management approved and completed the sale of several subsidiaries to a related party. These subsidiaries can be categorized into three significant subgroups:

- CSG Mobility – breaking systems for rail vehicles
- Perazzi Group – high-quality shotguns for sport shooters and elite hunters
- Prague Fertility Center – clinic for assisted reproduction.

As these represent a separate major line of business or geographical area of operations or significant part of business, which is decided to be sold, the Group classifies these activities as discontinued operations for the period ended September 30, 2025, including restatement of comparatives. These are presented in the condensed consolidated statement of comprehensive income under a separate line Net profit from discontinued operations. Any intercompany transactions between continuing and discontinued operations are fully eliminated within Net profit from discontinued operations. For details on the impacts of discontinued operations including cash flows on the Interim Financial Statements refer to Note 21.

Adjustments to purchase price allocation

During the nine-month period ended September 30, 2025, the purchase price allocation process for a subsidiary acquired in 2024 was completed. The completion led to adjustments of the provisional amounts in connection with acquisition of The Kinetic Group. For details of the restatement refer to Appendix 1 – Restated Consolidated statement of financial position and Note 1B. Since the opening balance as of January 1, 2024 remained unaffected, restated consolidated statement of financial position as of January 1, 2024 is not presented.

Change of composition of reportable segments

In connection with the Group's ongoing review of its business operations and strategic priorities, during 2025, the Group reorganized its operating segments from five reportable segments (CSG Defence, CSG Aerospace, CSG Ammo+, CSG Mobility, and CSG Other) into two reportable segments: CSG Defence Systems and CSG Ammo+, with all other activities reported under CSG Other category. The main reason for the change was the change of the strategic direction of the Group towards the defence industry the Group's principal business lines after the strategic repositioning.

Under the new segment structure:

- CSG Defence Systems encompasses the activities previously reported under both CSG Defence and CSG Aerospace.
- CSG Ammo+ remains unchanged.

The activities accumulated under CSG Other include the holding entities, Group service companies and other non-operating companies. Because they are not separately included in the reports provided to the Board of Directors, they are not reportable operating segments. No individual activity within CSG Other meets the quantitative thresholds set out in IFRS 8 for separate disclosure.

Furthermore, there was a change in the information reported to the Group's Board of Directors – which his also the Chief Operating Decision Maker ("CODM"). CODM no longer monitors EBITDA in review of operating results and rather focuses on Operating EBIT, Operating EBITDA and CAPEX.

Operating EBIT is defined as net profit from continuing operations before income tax, financing activities, share of profit/loss from associates and JV, net and profit/loss from the sale of equity interests.

Operating EBITDA is defined as Operating EBIT increased by depreciation and amortisation expenses.

CAPEX is defined as acquisition of property, plant and equipment, investment property and intangible assets as presented in the Consolidated Statement of Cash Flows

As a result of the above-described changes and in line with IFRS 8 Operating segments provision, the information reported for prior period has been restated to reflect the new segment structure, ensuring comparability across periods, as well as the change in the performance measures. Also, a bridge between the former and new segment reporting is provided in Note 20.

Change in presentation of advances received

During 2025, the Group aligned the presentation of advances received from customers throughout the Group's entities, which resulted in a restatement of prior period figure of Trade and other payables and Contract Liabilities. All advances payments from customers that represent Group's obligation to transfer goods or services to a customer for which the Group has received consideration are now included under Contract liabilities. For details of the restatement, refer to Appendix 1 – Restated Consolidated statement of financial position.

New accounting policies adopted on acquisiton of IFF group

Due to the acquisition of IFF group, the Group has adopted new accounting policy related to pension plans.

In accordance with IAS 19, the projected unit credit method is the only permitted actuarial method. The benchmark (target value) applied to measure defined benefit pension obligations is the present value of vested pension rights of active and former employees and beneficiaries (present value of the defined benefit obligation). It is in general assumed that each partial benefit of the pension commitment is earned evenly from commencement of service until the respective due date.

If specific plan assets are established to cover the pension payments, these plan assets can be netted against the pension obligations and only the net liability is shown. The valuation of existing plan assets is based on the fair value at the balance sheet date in accordance with IAS 19.

Assets used to cover pension obligations that do not fully meet the requirement of plan assets have to be carried as assets on the balance sheet. Any netting off against the liability to be covered will not apply in this respect.

The Group recognises all actuarial gains and losses arising from benefit plans immediately in other comprehensive income and all expenses related to the defined benefit plan in profit or loss.

The Group recognises gains and losses on the curtailment or settlement of a benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service costs that had not been previously recognised.

f. Recently issued accounting standards

Amended IFRS Accounting Standard effective for the current year
In the current year, the Group has applied amendments to IAS 21 Lack of Exchangeability issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2025. Adoption of those amendments has not had any material impact on the disclosures or on the amounts reported in these Interim Financial Statements.

New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following revised IFRS Accounting Standards that have been issued by IASB and adopted by EU but are not yet effective:

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments issued by IASB on 30 May 2024. Amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features. Amendments also clarify the date on which a financial asset or financial liability is derecognised and introduce additional disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features.

Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 – Annual Improvements to IFRS Accounting Standards - Volume 11 issued by IASB on 18 July 2024. These amendments include clarifications, simplifications, corrections and changes in the following areas: (a) hedge accounting by a first-time adopter (IFRS 1); (b) gain or loss on derecognition (IFRS 7); (c) disclosure of deferred difference between fair value and transaction price (IFRS 7); (d) introduction and credit risk disclosures (IFRS 7); (e) lessee derecognition of lease liabilities (IFRS 9); (f) transaction price (IFRS 9); (g) determination of a 'de facto agent' (IFRS 10); (h) cost method (IAS 7).

The Group is currently reviewing the impact of these amendments to its financial statements and to the disclosures the Group provides.

New and revised IFRS Accounting Standards in issue but not adopted by the EU

At present, IFRS accounting standards as adopted by the EU do not significantly differ from IFRS accounting standards adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at the date of authorisation of these Interim Financial Statements:

IFRS 18 Presentation and Disclosures in Financial Statements issued by IASB on 9 April 2024 will replace IAS 1 Presentation of Financial Statements. Standard introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies. The main changes in the new standard compared with IAS 1 comprise: (a) The introduction of categories (operating, investing, financing, income tax and discontinued operations) and defined subtotals in the statement of profit or loss; (b) the introduction of requirements to improve aggregation and disaggregation; (c) The introduction of disclosures on Management-defined Performance Measures (MPMs) in the notes to the financial statements.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The Group is currently reviewing the impact of the new standard to its financial statements and to the disclosures the Group provides.

g. Seasonality of operations

The Group's revenues, operating profit, working capital levels, and cash flows are subject to significant seasonal influences and generally reflect activity fluctuations and related demand fluctuations for the Group's products. A significant share of the Group's annual revenues is typically generated in the third and fourth fiscal quarters, which coincides with government contract spending where governments approve and draw down their annual budgets prior to the year-end. As a result, the Group often experiences working capital outflows in the first and second quarters, driven by upfront project costs and inventory build-up, followed by stronger cash inflows in the third and fourth quarters as revenues are recognized and payments are received. Furthermore, due to the project-driven nature of the Group's business, the Group's revenues for any period can be influenced by large orders and may not necessarily be comparable to sales generated and/or services provided during the same period in other years. In the financial year ended December 31, 2024, 61.3% of revenues accumulated in the first nine months of the year, with 38.7% accumulating in the fourth quarter.

1. Changes in Group's Structure

Newly established subsidiaries

Company name	Acquisition type	Establishment date	Effective ownership in %
CSG Ammo+ Trade a.s.	Established	28.02.25	100%
AERIS TRADE a.s.	Established	03.03.25	100%
ERION TRADE a.s.	Established	03.03.25	100%
FORTIS TRADE a.s.	Established	03.03.25	100%
CSG AI a.s.	Established	24.06.25	93%
MSM LS SPV, s. r. o.	Established	03.04.25	89%
CSE GREECE SINGLE MEMBER PRIVATE COMPANY	Established	21.05.25	100%

Acquired companies

Company name	Acquisition date	Effective ownership in %	Type of acquisition
DEFENCE SPV a.s.	13.03.25	89%	Common control
TITANIUM DEFENCE a.s.	28.05.25	100%	Common control
BlackBird Services a.s	01.07.25	100%	Common control
CZECHOSLOVAK INDUSTRIAL a.s.	01.02.25	100%	IFRS 3 Business Combinations
ZVI a.s.	19.08.25	51%	IFRS 3 Business Combinations
IFF group	09.05.25	80%	IFRS 3 Business Combinations

IFF Group Acquisition

On May 9, 2025 the Group, via its subsidiary MSM Group, completed the acquisition of 100% of shares in the Walsrode industrial park in Bomlitz, Germany, including the production plant for Walsroder nitrocellulose for a provisional purchase price of EUR 142,348 thousand. The acquisition supports CSG's strategy to build a vertically integrated ammunition production chain and to secure reliable access to nitrocellulose, a key material for defence and other strategic sectors.

The purchase price allocation is provisional and as such the assets acquired and liabilities assumed are measured at their provisional values during the measurement period. The contractually agreed process to determine the final purchase price has not been completed as of September 30, 2025.

Effect of acquisitions as of September 30, 2025

The below table summarizes the effect of acquisitions for the period ended September 30, 2025, split separately to impact of IFF Group and Other that includes the aggregate impact of all other not material acquisitions.

("EUR '000")	IFF group*	Other	Total
Assets			
Intangible assets	16,309	4	16,313
Property, plant and equipment	52,314	2,921	55,235
Loans and other non-current financial assets	12,000	—	12,000
Costs of obtaining/fulfilling a contract	65	—	65
Deferred tax asset	11,761	—	11,761
Inventory	20,785	5,024	25,809
Trade and other current receivables	78,515	447	78,962
Loans and other non-current financial assets	36,800	162	36,962
Current prepayments and accruals	—	—	—
Tax assets	—	—	—
Cash and cash equivalents	5,343	599	5,942
Total acquired identifiable assets	233,892	9,157	243,049
Liabilities			
Non-current loans and borrowings	(55,840)	(346)	(56,186)
Trade and other non-current payables	(46,648)	—	(46,648)
Deferred tax liability	—	6	6
Current financial instruments and liabilities	—	—	—
Current loans and borrowings	(60)	(433)	(493)

(“EUR ‘000”)	IFF group*	Other	Total
Trade and other current payables	(36,305)	(4,592)	(40,897)
Tax liabilities	—	17	17
Total identifiable assumed liabilities	(138,853)	(5,348)	(144,201)
Acquired identifiable assets and assumed liabilities (D)	95,039	3,809	98,848
Payment for the acquired company effective (A)	142,348	11,468	153,816
Deferred payment effective (G)	—	—	—
Investment value as of the control acquisition (I)	—	—	—
Paid (H)	142,348	11,393	153,741
Acquired non-controlling interests EUR (E)	—	1,527	1,527
Goodwill or bargain purchase (F) = (G + A + I – (D – E)	47,309	4,597	51,906
RE correction	—	4,589	4,589
Less: Acquired cash (B)	5,343	599	5,942
Net cash income (+)/ expense (-) of the transactions (C) = (B – H)	(137,005)	(10,794)	(147,799)

The following table provides information on the (unaudited) estimated revenues and profit or loss that would have been included in the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income, if the acquisition had occurred at the beginning of the reporting period (i.e. as at January 1, 2025).

(EUR ‘000)	IFF group*	Other	Total
Revenues	119,734	3,222	122,956
Profit (+) / loss (-) from operating activities	(1,440)	(84)	(1,524)
Profit (+) / loss (-) before taxation	(1,219)	(60)	(1,279)
Income tax	(223)	24	(199)
Profit (+) / loss (-) for the period	(1,442)	(36)	(1,478)
- of which profit (+) / loss (-) attributable to shareholders	(1,157)	(83)	(1,240)
Other comprehensive income	—	—	—
Total comprehensive income	(1,442)	(36)	(1,478)
Share of the Group in total comprehensive income	(1,157)	(83)	(1,240)

The following table provides information on revenues and profit or loss of acquirees that have been included in the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income for the reporting period.

(EUR ‘000)	IFF group*	Other	Total
Revenues from acquistion till 30/09/2025	49,889	147	50,036
Profit (+) / loss (-) from operating activities	(600)	(29)	(629)
Profit (+) / loss (-) before taxation	(508)	(23)	(531)
Income tax	(93)	6	(87)
Profit (+) / loss (-) for the period	(601)	(17)	(618)
- of which profit (+) / loss (-) attributable to shareholders	(482)	(25)	(507)
Other comprehensive income	—	—	—
Total comprehensive income	(601)	(17)	(618)
Share of the Group in total comprehensive income	(482)	(25)	(507)

*IFF group – see chapter “Selected Events from the Three-Quarter 2025.

Effect of acquisitions as of December 31, 2024

The Kinetic Group

In November 2024, the Group acquired 100% of Vista Outdoor Inc. and its segment, The Kinetic Group, which is based in the United States and consists of the following companies: Vista Outdoor Sales LLC, Vista Commercial Ammunition Company Inc., The Kinetic Group Operations LLC, Remington Licensing Corporation, Federal Cartridge Company, and Ammunition Operations LLC. The Kinetic Group focuses on designing, developing, distributing, and manufacturing ammunition, primers, and components for hunters, recreational shooters, law enforcement, and the military, with a focus on centerfire pistol ammunition for handguns used in training, target shooting, and personal protection, as well as centerfire rifle ammunition for rifles used in hunting, target shooting, training, and personal protection.

During 2025 the Group has finalised the acquisition purchase accounting that had not been completed before issuing the 2024 consolidated financial statements. Consequently, the Group has retrospectively adjusted values of identifiable assets acquired and liabilities assumed of The Kinetic Group provisionaly used in the 2024 consolidated financial statements. The resulting adjustments stemming from the finalized purchase price allocation were reflected in the balance sheet as of December 31, 2024.

The fair value of the amounts recognized for identifiable assets acquired and liabilities assumed as at the acquisition date of The Kinetic Group are provided in the following table.

The below table summarizes the impact of The Kinetic Group acquisition upon the finalization of purchase price allocation as of acquisition date.

("EUR '000")	**Carrying Amount**	**Fair value adjustment**	**Total**
Assets			
Intangible assets	55,160	644,124	699,284
Property, plant and equipment	130,908	274,736	405,644
Trade and other non-current receivables	1,341	—	1,341
Deferred tax asset	—	—	—
Inventory	352,153	47,326	399,479
Trade and other current receivables	168,178	—	168,178
Cash and cash equivalents	69,628	—	69,628
Total acquired identifiable assets	**777,368**	**966,186**	**1,743,554**
Liabilities			
Non-current provisions	(4,783)	—	(4,783)
Other non-current financial instruments	(5,055)	—	(5,055)
Trade and other non-current payables	(21,173)	—	(21,173)
Deferred tax liability	(7,474)	(209,890)	(217,364)
Other current financial instruments	(2,566)	—	(2,566)
Trade and other current payables	(122,975)	—	(122,975)
Current income tax payable	(7,127)	—	(7,127)
Tax liabilities	(17,515)	—	(17,515)
Total assumed liabilities	**(188,668)**	**(209,890)**	**(398,558)**
Acquired identifiable assets and assumed liabilities (D)	588,700	756,296	1,344,996
Payment for the acquired company effective (A)	2,172,518	—	2,172,518
Deferred payment effective (G)	—	—	—
Investment value as of the control acquisition (I)	—	—	—
Paid (H)	2,172,518	—	2,172,518
Acquired non-controlling interests EUR (E)	—	—	—
Goodwill or bargain purchase (F) = (G + A + I – (D – E)			827,522
Less: Acquired cash (B)	69,628	—	69,628
Net cash income (+)/ expense (-)) of the transactions (C) = (B – H)	(2,102,890)	—	(2,102,890)

Acquisitions of non-controlling interests

On April 15, 2025 the Group acquired additional 30% minority stake in Fiocchi Munizioni S.p.A., upon the seller exercising the put option over the non-controlling interest. As a result, the Group became the sole shareholder of the subsidiary, effective interest of the Group increased from 70% to 100%. The transaction resulted in derecognition of non-controlling interest in the amount of EUR 139,779 thousand as well as derecognition of put option liability in the amount of EUR 148,777 thousand, with the remainder difference booked against equity.

Effect of disposed subsiriaries as of September 30, 2025

On September 30, 2025 the Group disposed of several non-core activities, that consisted mainly of the following sub-groups:

- CSG Mobility – breaking systems for rail vehicles
- Perazzi Group – high-quality shotguns for sport shooters and elite hunters
- Prague Fertility Center – clinic for assisted reproduction.

The table below summarizes the impact of disposed subsidiaries during the period ended September 30, 2025 including the net assets disposed as well as the gain on disposal split between continuing and discontinued operations for all disposals that occurred during the period.

(„EUR ´000")	PerazziLBP 80 Group *	Prague Fertility CenterEnvercot e Group **	CSG Mobility Group ***	ELTON hodinářská, a.s.	ReDat	REALID SPV a.s.	CSG Industry Group ****	Total
Disposal date	September 30, 2025	September 30, 2025	September 30, 2025	June 06 2025	July 07, 2025	September 30, 2025	September 30, 2025	
Assets								
Intangible assets	18,752	170	5,072	334	103	—	—	24,431
Property, plant and equipment	9,677	183	57,070	2,593	51	1,957	2,028	73,559
Rights of use	429	3,215	969	215	—	—	—	4,828
Investment property	—						2,582	2,582
Financial investments	11	—	19	0	—	—	10,237	10,267
Trade and other non-current receivables	101	63	3,234	120	—	—	1,124	4,642
Deferred tax asset	—	308	27	88	—	—	269	692
Inventory	11,388	175	34,066	1,937	305	—	—	47,871
Current investments	—	—	—	0	—	—	20,666	20,666
Trade and other current receivables	5,570	5,913	32,995	236	1,536	—	2,376	48,626
Tax assets	—	—	—	—	21	—	—	21
Cash and cash equivalents	1,865	375	60,446	45	295	5	240	63,271
Total assets disposed (A)	47,793	10,402	193,898	5,568	2,311	1,962	39,522	301,456
Liabilities								
Non-current loans and borrowings	(486)	—	(109,422)	(1,196)	—	—	(5)	(111,109)
Non-current provisions	(224)	—	(5,798)		—	—	—	(6,022)
Trade and other non-current payables	(281)	(2,931)	(806)	(127)	—	—	—	(4,145)
Other non-current financial liabilities	—	—	(1)	—	—	—	—	(1)
Non-current contract liabilities	—	—	(280)	—	—	—		(280)
Deferred tax liability	(6,616)	—	(5,072)	—	—	—	(256)	(11,944)
Current loans and borrowings	(23,597)	(15,452)	(13,976)	(196)	—	—	(10,151)	(63,372)
Trade and other current payables	(14,720)	(2,071)	(5,483)	(931)	(359)	(1)	(24)	(23,589)
Current provisions	—	—	—	(57)	(14)	—	—	(71)
Other current financial liabilities	(3,837)	(621)	(17,606)	(3)	—	—	—	(22,067)
Tax liabilities	(394)	(451)	(961)	(56)	(186)	—	(526)	(2,574)
Current contract liabilities	—	—	(56)	—	(22)	—	—	(78)

(„EUR ´000”)	PerazziLBP 80 Group *	Prague Fertility CenterEnvercot e Group **	CSG Mobility Group ***	ELTON hodinářská, a.s.	ReDat	REALID SPV a.s.	CSG Industry Group ****	Total
Total liabilities disposed (B)	(50,155)	(21,526)	(159,461)	(2,566)	(581)	(1)	(10,962)	(245,252)
Assets and liabilities sold (C = A – B)	(2,362)	(11,124)	34,437	3,002	1,730	1,961	28,560	56,204
Non-controlling interest (D)	(472)	(4,444)	(318)	848	116	—	—	(4,270)
Goodwill not written off (E)	—	7,586	278	160	—	—	1,026	9,050
Total consideration (F)	11,394	459	37,917	2,926	3,293	2,014	28,139	86,142
Gain/(loss) on disposal of subsidiaries classified as discontinued operations	13,283	(448)	2,884	612	—	—	—	16,331
Gain/ (loss) on disposal of subsidiaries	—	—	—	—	1,679	53	(1,447)	285
Total gain/ (loss) on disposal of subsidiaries = (F - C + D - E)	13,283	(448)	2,884	612	1,679	53	(1,447)	16,616
Cash disposed	1,865	375	60,446	45	295	5	240	63,271
Sales price receivable outstanding as of period end	11,622	468	38,676	—	—	2,054	28,702	81,522
Proceeds (outflows) on disposal of subsidiaries, net of cash disposed	(2,093)	(384)	(61,205)	2,881	2,998	(45)	(803)	(58,651)

* Perazzi Group consists of the following entities: LBP 80; Armi Perazzi S.p.A.; Perazzi USA, Inc.

** Prague Fertility Center consists of the following entities: ENVERCOTE a.s.; CSG HEALTH CARE a.s.; Prague Fertility Centre s.r.o.; AsterIVF s.r.o.; Sondany s.r.o.

*** CSG Mobility consists of the following entities: CSG MOBILITY a.s.; DAKO-CZ, a.s.; JWL DAKO-CZ (INDIA) PRIVATE LIMITED; DAKO-CZ RE, s.r.o.; TRUCK MACHINERY GROUP a.s.; DAKO-CZ EN, a.s.; DAKO-CZ INDIA PRIVATE LIMITED; MEDHA DAKO-CZ PRIVATE LIMITED

**** CSG Industry Group consists of the following entities: CSG INDUSTRY a.s.; RADIATIK a.s.; TATRA AVIATION a.s.; TECHPARK Hradubická a.s.; EXCALIBUR USA a.s.; MADE CS a.s.; TATRA MANUFACTURE a.s.; LOSTR a.s.; LIAZ TRUCKS a.s.; PROGRESS SPV a.s.; ENGINEERING SPV a.s.; VORNEA SPV s.r.o.; AVIEN, spol. s r.o.; TABLON SPV a.s.; GERLENAIR a.s.; TATRA a.s.; MEFITIS TRADE a.s.; MANDURIA TRADE a.s.; Cs BROSS, s.r.o. ; FORTIS TRADE a.s.; CZECHOSLOVAK INDUSTRIAL a.s.

2. Dividends and other distributions to shareholders

Dividends are recognized in equity as a distribution of earnings to shareholders, subject to approval of payment by CSG's shareholders. Dividends declared by subsidiaries to minority shareholders in the amount of EUR 53,192 thousands are recorded here as a reduction of non-controlling interests in the statement of changes in equity, of that amount EUR 5,252 thousand remains upaid as of period end. Furthermore, during the period ended September 30, 2025 the Group also distributed and paid other capital funds in the amount of EUR 150,181 thousand to its shareholder.

3. Revenues

The table below shows the split of revenue by geography, key products and services as well as on the basis on which revenue is regognised.

For the 9-month period ended September 30, 2025:

("EUR '000")	Defence systems	Ammo+	Other	Total continued activities
Revenues by geographic location				
Europe excl. Ukraine	2,096,851	127,991	1,708	2,226,550
Ukraine	1,157,172	2,005	—	1,159,177
USA	10,207	805,659	—	815,866
Rest of the World	200,190	83,554	—	283,744
Total revenues	3,464,420	1,019,209	1,708	4,485,337
Revenues of the key products and services				
Land Systems	585,489	—	—	585,489
Defence Electronics	127,842	—	—	127,842
Advanced Systems	—	—	—	—
M/L Ammo	2,751,089	—	—	2,751,089
Small Ammo	—	1,019,209		1,019,209
Other	—	—	1,708	1,708
Total revenues	3,464,420	1,019,209	1,708	4,485,337
Revenues by timing of revenue recognition				
Products and services transferred at a point in time	3,070,001	1,019,209	3	4,089,213
Products and services transferred over time	201,600	—	—	201,600
Other income	192,819	—	1,705	194,524
Total revenues	3,464,420	1,019,209	1,708	4,485,337

For the 9-month period ended September 30, 2024:

("EUR '000")	Defence systems	Ammo+	Other	Total continued activities
Revenues by geographic location				
Europe excl. Ukraine	917,391	118,044	2,404	1,037,839
Ukraine	1,150,759	736	—	1,151,495
USA	3,065	129,093	—	132,158
Rest of the World	113,778	23,640	—	137,418
Total revenues	2,184,993	271,513	2,404	2,458,910
Revenues of the key products and services				
Land Systems	406,270	—	—	406,270
Defence Electronics	118,176	—	—	118,176
Advanced Systems	—	—	—	—
M/L Ammo	1,660,547	—	—	1,660,547
Small Ammo	—	271,513		271,513
Other	—	—	2,404	2,404
Total revenues	2,184,993	271,513	2,404	2,458,910
Revenues by timing of revenue recognition				
Products and services transferred at a point in time	2,071,877	271,513	2,325	2,345,715
Products and services transferred over time	112,859	—	—	112,859
Other income	257	—	79	336
Total revenues	2,184,993	271,513	2,404	2,458,910

4. Raw Materials and Consumables

	For the 9-month period ended	
(EUR '000)	September 30, 2025	September 30, 2024
Consumed material	741,373	514,202
Movements in stock of products and work in progress	(104,296)	(130,172)
Purchase costs of sold goods	1,748,177	915,138
Change in allowance for inventory	6,660	—
Total raw materials and cosumables	2,391,914	1,299,168

The increase of raw materials and cosumables is driven by dynamic growth of business.

5. Employee Benefits Expense

	For the period 9-month ended September 30, 2025	
(EUR '000)	Total staff costs	Of which key management costs
Payroll costs	317,749	20,789
Social security and health insurance	51,024	3,858
Other employee benefits costs	71,614	1,243
Total employee benefits costs	440,387	25,890

	For the period 9-month ended September 30, 2024	
(EUR '000)	Total staff costs	Of which key management costs
Payroll costs	121,455	10,069
Social security and health insurance	38,754	2,619
Other employee benefits costs	6,881	202
Total employee benefits costs	167,090	12,890

As of September 30, 2025, the Group had 10,404 regular employees (September 30, 2024: 6,361 employees) and 173 key managers (September 30, 2024: 167).

6. Financial income and expense

	For the 9-month period ended	
(EUR '000)	September 30, 2025	September 30, 2024
Interest income	24,521	16,715
Foreign exchange gain	—	—
Other financial income	2,043	1,346
Total financial income	26,564	18,061
Interest expense	234,634	66,027
Foreign exchange loss	60,325	150
Interest expense from lease liabilities	3,451	2,027
Other financial expenses	75,723	9,248
Total financial expense	374,133	77,452

Increase in interest expense is mainly driven by new issues of bonds and financing that is connected to dynamic growth of the CSG group. For more details see Note 14.

Other financial expenses predominantly include fees and expenses connected with early repayments of US bonds, see Note 14 for more details.

7. Income Tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

Pillar Two income tax (Global minimum top-up tax)

As disclosed in the consolidated financial statements of the CSG Group as of and for the year ended December 31, 2024, the Group is in scope of the OECD Pillar Two model rules starting in 2024. For the nine-month period ended September 30, 2025, there have been no significant changes in the methodology and assumptions used in the assessment for the year ended December 31, 2024. The Group will perform its next assessment of potential exposure to Pillar Two top-up taxes for the year ended December 31, 2025. In relation to deferred taxes, the Group continues to apply the temporary mandatory exemption from deferred tax accounting impact and neither recognizes nor discloses information about deferred tax related to Pillar Two income taxes. The Group at the same time continues to monitor developments in the Pillar Two legislation.

8. Goodwill

(EUR '000)	September 30, 2025	December 31, 2024
The Kinetic Group, Fiocchi of America	1 050 922	863 909
Fiocchi Italia	46 069	355 350*
ELDIS Pardubice, s.r.o.	25 926	25 058
VÝVOJ Martin, a.s.	20 302	20 302
Prague Fertility Centre s.r.o.	—	7 364
IFF	47 318	9
Other	12 164	13 136
Goodwill	1 202 701	1 285 128

* Fiocchi italia and Fiocchi of America were presented in previous year as one group.

In 2025, the balance of goodwill increased by EUR 47,309 thousand due to acquisition of IFF and decreased by EUR 9,050 thousand due to disposal of several subsidiaries, see Note 1. The remaining movement of goodwill is attributable to movement of foreign exchange rates.

Impairment testing of Goodwill

As at September 30, 2025 the enterprise value for individual cash-generating units was estimated using the discounted cash flow method based on financial plans prepared by the Group's management throughout the period until 2026 - 2030.
As the enterprise value exceeds the carrying amount of individual cash-generating units, no related impairment of goodwill, trademarks and other intangible assets was recognized.

9. Property, Plant, and Equipment

(EUR '000)	Property and plant	Machinery and equipment	Building and structure equipment	Right-of-use assets - property and plant	Right-of-use assets - machinery and equipment	Tangible assets under construction	Total
Balance as at January 1, 2025	308,943	397,287	10,271	48,255	59,464	102,635	926,855
Acquisitions through business combinations	37,686	13,637	590	105	2,975	3,202	58,195
Additions	13,774	24,310	1,981	15,792	5,796	93,501	155,154
Depreciation for the period	(11,013)	(60,820)	(1,953)	(7,425)	(5,803)	(71)	(87,085)
Disposals	(5,884)	(14,089)	(730)	(733)	(412)	(20,251)	(42,099)
Disposals related to disposed subsidiaries	(44,943)	(20,216)	(2,440)	(4,298)	(529)	(5,961)	(78,387)
Reclassification	1,608	13,707	1,259	(18)	28	(13,541)	3,043
Impact of exchange rate changes	(11,109)	(30,813)	(327)	1,243	1,196	(4,226)	(44,036)
Balance as at September 30, 2025	289,062	323,003	8,651	52,921	62,715	155,288	891,640

(EUR '000)	Property and plant	Machinery and equipment	Building and structure equipment	Right-of-use assets – property and plant	Right-of-use assets – machinery and equipment	Tangible assets under construction	Total
Balance as at January 1, 2024	176,019	90,222	7,057	25,142	24,002	50,631	373,073
Acquisitions through business combinations	112,053	281,666	958	4,603	4,352	7,597	411,229
Additions	21,836	45,549	5,000	28,807	40,830	72,388	214,410
Depreciation for the period	(8,397)	(25,091)	(2,578)	(6,016)	(4,784)	—	(46,866)
Allowance	—	(37)	1	—	(34)	(218)	(288)
Disposals	1,391	(2,594)	(33)	(3,769)	171	(20,745)	(25,579)
Disposals related to disposed subsidiaries	(4,413)	—	—	—	—	—	(4,413)
Reclassification	4,646	7,072	(272)	(455)	(372)	(7,696)	2,923
Impacts of exchange rate changes	5,808	500	138	(57)	(4,701)	678	2,366
Balance as at December 31, 2024	308,943	397,287	10,271	48,255	59,464	102,635	926,855

The most significant additions to tangible assets under construction include the modernization of ammunition equipment at ZVS Holding, a.s. amounting to EUR 36,890 thousands and modernization of equipment at EXCALIBUR ARMY spol. s r.o., amounting to EUR 7,040 thousands.

10. Investments in Associates and Joint Ventures

The Group has investments in the following associates and joint ventures:

(EUR '000)		Direct ownership percentage September 30, 2025	Investment carrying amount September 30, 2025	Direct ownership percentage December 31, 2024	Investment carrying amount December 31, 2024
Associates	State	%		%	
ZVS technology, s.r.o.	Slovakia	27.54	2	27.54	2
Target Products 1978 Ltd	New Zealand	20.00	1,475	20.00	1,475
C.F.L. S.a.s.	Italy	14.00	—	14.00	—
Joint ventures					
CSG CENTRAL ASIA a.s.	Czech Republic	30.00	—	30.00	—
FALCON CSG a.s.	Czech Republic	30.00	—	30.00	28
HARVO Reality s.r.o.	Czech Republic	44.55	994	44.55	589
Milconn a.s.	Czech Republic	50.00	1,053	50.00	711
TATRA group*	Czech Republic	65.00	83,134	65.00	81,118
VMT Trade s.r.o.	Slovakia	40.10	249		—
Total			86,907		83,923

* TATRA Group includes the entities TATRA TRUCKS a.s., TATRA METALURGIE a.s., and TATRA EXPORT s.r.o.

The Group holds a 65% equity interest in TATRA TRUCKS a.s. (TATRA group). The Articles of Association of TATRA TRUCKS a.s. require the agreement of 75% of shareholders for certain essential decisions of the General Meeting; therefore the Group does not control TATRA TRUCKS a.s. independently and considers it a joint venture. The Group has not concluded any agreements with the other shareholder of TATRA TRUCKS a.s. regarding control of the company.

For the nine-month period ended September 30, 2025, share of profit/(loss) from associates & JVs, net consists mainly of the share of loss of JV TATRA group of EUR 326 thousand (for the nine-month period ended September 30, 2024: share of profit/(loss) from associates & JVs, net consists mainly of the share of loss of JV TATRA group of EUR 5,433 thousand).

11. Trade and other receivables

Increase in Trade and other receivables is driven predominantly by receivables from sale of companies that is disclosed in Note 1 – Changes in Group structure. The related party receivable from this transaction is recorded in the amount of EUR 81,522 thousand. Additionally, there is an outstanding receivable connected to customer contracts transferred to the new shareholder upon disposal of the entities in amount of EUR 195,555 thousands. The rest of increase is driven by increase of business.

12. Loans and other financial assets

Increase in Loans and other financial assets is attributable to newly granted loans to entities outside of the group during the period amounting to EUR 120,718 thousand and partial repayment of EUR 26,154 thousand, as well as to acquisitions of 9.2% interest in Alzchem Group A.G. amounting to EUR 147,444 thousand.

13. Loans and Borrowings and Other Financial Instruments

(EUR '000)	September 30, 2025	December 31, 2024
Overdraft	134,827	449,589
Secured bank loans	1,560,849	1,414,816
Unsecured bank loans	7,309	44,077
Loans from the shareholder and other related parties	2,300	1,216
Loans from third parties (other loans)	4,258	2,798
Total loans and borrowings at amortised cost	1,709,543	1,912,496
Liability from put option	—	148,777
Derivative instruments	27,717	13,017
Total financial liabilities at fair value	27,717	161,794
Other financial liabilities	23	40,126
Financial liabilities from leases	114,648	99,021
Total loans, borrowings, derivatives and other financial instruments	1,851,931	2,213,437
Non-current loans and borrowings	1,533,266	1,140,402
Current loans and borrowings	176,277	772,094
Total loans and borrowings	1,709,543	1,912,496
Non-current other financial instruments	118,586	99,802
Current other financial instruments	23,802	201,139
Total other financial instruments	142,388	300,941
Non-current loans, borrowings and other financial instruments	1,651,852	1,240,204
Current loans, borrowings and other financial instruments	200,079	973,233
Total loans, borrowings and other financial instruments	1,851,931	2,213,437

Settlement of put option over non-controlling interest

The put option was settled by purchase of the outstanding Non controlling interest of Fiocchi Munizzioni in April 2025, which resulted in the Group becoming the sole shareholder of Fiocchi Munizioni S.p.A.

Protego Senior Facilities

On May 1, 2025, the Group entered into a EUR 600,000 thousand and USD 100,000 thousand senior term facilities agreement (the "Protego Senior Facilities Agreement"), provided by a syndicate of banks led by Deutsche Bank Aktiengesellschaft. The loan bears a floating interest rate of 3M EURIBOR + 3% margin and matures in November 2029.

Borrowings under the Protego Senior Facilities Agreement are available to (i) finance or refinance the acquisition (purchase price and related costs) of Walsroder NC GmbH, Walsroder Ipark GmbH and NC1 USA LLC, (ii) finance or refinance the capital expenditure of the Issuer and its subsidiaries outlined in the agreement (other than any capital expenditure related to Azerbaijan), (iii) repay or refinance any existing Financial Indebtedness of the Issuer and its subsidiaries outlined in the agreement, and (iv) finance the working capital requirements of the Issuer and its subsidiaries outlined in the agreement (other than any working capital requirements related to Azerbaijan).

The outstanding balance of Protego Senior Facilities as of September 30, 2025 amounts to EUR 551,053 thousand.

Refinancing of the Existing Senior Facilities

The Group entered into an EUR 1,545,000 thousand senior facilities agreement on November 22, 2024 with a syndicate of banks lead by UniCredit Bank Czech Republic and Slovakia, a.s., UniCredit S.p.A. The facilities set out in the Existing Senior Facilities Agreement consist of (1) an amortizing euro-denominated term loan facility with a total commitment, as of November 22, 2024, of EUR 498,000 thousand ("Facility A") (2) a non-amortizing euro-denominated term loan facility with a total commitment, as of November 22, 2024, of EUR 747,000 thousand ("Facility B") (3) a multi-currency revolving credit facility with a total commitment, as of November 22, 2024, of EUR 300,000 thousand (the "Revolving Facility").

As of September 30, 2025 the outstanding balance of Facility A amounts to EUR 408,089 thousand and of Facility B to EUR 717,000 thousand.

During the period the terms of the Existing Senior Facilities were re-negotiated resulting in reduced margin by 75 - 100 basis points.

In July 2025, the Group fully repaid and terminated the original EUR 300,000 thousand revolving facility within the UniCredit-led syndicate. This facility was replaced with a new revolving credit line provided by UniCredit Bank Czech Republic and Slovakia, a.s., in the amount of EUR 50,000 thousand with zero outstanding balance as of September 30, 2025, which the Group intends to terminate by year-end.

Other development

In March 2025, our company CSG Capital, a.s., entered into an overdraft facility agreement with UniCredit Bank Czech Republic and Slovakia, a.s., with a limit of EUR 40,000 thousand, intended to support the Group’s cash pooling structure.

During 2025, the revolving credit facilities of Excalibur Army, s.r.o., and CSG Defence, a.s., were also repaid and closed.

14. Bonds

The following tables contain basic information on the Group's issued bonds.

(EUR '000)	September 30, 2025	December 31, 2024
Issued bonds	2,598,780	1,049,719
Accrued interest	39,410	15,297
Transaction costs	(35,474)	(59,321)
Total bonds	2,602,716	1,005,695
Non-current	2,419,428	1,000,830
Current	183,288	4,865
Total bonds	2,602,716	1,005,695

The following conditions applied to bonds at September 30, 2025 and December 31, 2024:

(EUR '000)	Currency	Nominal interest rate	Due in	Principal and accrued interest as at September 30, 2025	Due in 1 year	Due in 1 to 5 years	Due in subsequent years
CSG VAR/26	CZK	variable	2021-2026	83,562	83,562	—	—
CSG VAR/26	EUR	fixed (step-up)	2021-2026	15,025	15,025	—	—
CSG VAR/27	EUR	variable	2022-2027	11,282	182	11,100	—
CSG 8,00/2028	CZK	fixed	2023-2028	209,442	4,017	205,425	—
CSG USD 2030	USD	variable	2024-2030	62,322	62,322	—	—
CSG 5,75/2030	CZK	fixed	2025-2030	380,114	6,622	373,492	—
CSG FIX 6,50/2031	USD	fixed	2025-2031	863,673	12,104	—	851,569
CSG FIX 5,25/2031	EUR	fixed	2025-2031	1,012,770	12,761	—	1,000,009
TOTAL				2,638,190	196,595	590,017	1,851,578

(EUR '000)	Currency	Nominal interest rate	Due in	Principal and accrued interest at December 31, 2024	Due in 1 year	Due in 1 to 5 years	Due in subsequent years
CSG VAR/26	CZK	variable	2021-2026	79,392	—	79,392	—
CSG VAR/26	EUR	fixed (step-up)	2021-2026	15,025	25	15,000	—
CSG VAR/27	EUR	variable	2022-2027	11,121	21	11,100	—
CSG 8,00/2028	CZK	fixed	2023-2028	206,177	7,775	198,402	—
CSG USD 2030	USD	variable	2024-2030	753,301	7,476	—	745,825
TOTAL				1,065,016	15,297	303,894	745,825

*CZK 10,000,000,000 notes with fixed coupon due 2030Z*On June 10, 2025, CSG issued CZK 10,000 million (EUR 370,726 thousand) notes due 2030, with a fixed rate of 5.75% p.a., payable on the 10th day of December and June of every year until the final maturity date, with the first interest payment due on December 10, 2025. The final maturity date of the bonds is June 10, 2030, these are traded on the Prague Stock Exchange. Z*2031 Notes*ZOn June 25, 2025, CSG issued €1,000,000,000 of 5.250% senior secured notes due 2031 and $1,000,000,000 (EUR 853 785 thousand) of 6.500% senior secured notes due 2031, with interest payable semi-annually in arrears, with the first payment due January 10, 2026. The final maturity date of the 2031 Notes is January 10, 2031.

Repayment of CSG USD 2030 bonds

During July and August 2025 the nominal value of USD 704,5 million equivalent to EUR 617,899 thousand of the USD bond was repaid, with the remainder of USD 70.5 million equivalent to EUR thousand deposited with scheduled repayment on December 2, 2025.

15. Inventory

(EUR '000)	September 30, 2025	December 31, 2024
Raw materials	539,262	543,353
Finished products and Goods for resale	685,971	514,118
Work in progress	321,306	197,769
Prepayments to suppliers	2,052,372	939,828
Total inventory	3,598,911	2,195,068

As of September 30, 2025 the provision for inventory amounts to EUR 43,197 thousand (as of 31 December, 2024: EUR 14,333 thousand).

The increase of prepayments to suppliers is connected mostly with major contracts for supply of 155mm ammunition.

16. Trade and other payables

(EUR '000)	September 30, 2025	December 30, 2024
Prepayments received	1,174	107,965
Trade payables	404,906	342,340
Other payables	126,427	134,681
Payables to employees	93,189	56,169
Payables arising from outstanding vacation days	9,797	9,349
Government grants	696	14,334
Unbilled supplies	246,480	105,762
Accrued expenses	24,638	11,696
Trade and other payables – total	907,307	782,296
Non-current	68,236	149,297
Current	839,071	632,999
Trade and other payables – total	907,307	782,296

The Non-current trade and other payables include the Pension Liability in the amount of EUR 45,529 thousands.
The Pension Liability is effective for the Company MSM Walsrode GmbH & Co KG. The calculation has been prepared through actuarial valuation of the direct pension obligation, for the pension plan directly in effect. The valuation is based on actuarial calculations that reflect assumptions regarding future events. The main demographic and economic assumptions are as follows:

Discount rate	3.71%
Pensionable earnings increase rate	2.75%
Indexation of pensions in payment	2.25%

17. Financial Guarantees and Contingent Liabilities

(EUR '000)	September 30, 2025	December 31, 2024
Contingent Liabilities	5,928	5,071
Total Contingent Liabilities	5,928	5,071

There is a change of presentation of contingent liabilities and financial guarantees when compared to the annual report 2024. To increase transparency, we have decided to present separately contingent liabilities that newly represent the liabilities arising from guarantees for companies outside the consolidated group.

Other financial and bank guarantees that were previously included in the table are now part of guarantees described below in the text.

The total value of guarantees provided as of September 30, 2025 is attributable solely to CZECHOSLOVAK GROUP a.s. Bank guarantees issued by the above entities are connected with guarantees to customers for the delivery of products without defects.

18. Risk Management Methods

The Group's financial and operational risk management policies and procedures have not changed since December 31, 2024 and are described in Group's Latest Annual Financial Statements.

19. Classes and Categories of Financial Instruments and Fair Value Measurements

The financial risks the Group is exposed to in the normal course of business, as well as the processes that are in place to manage these risks are described in the Latest Annual Financial Statements of the Group. These risks, policies and processes remain valid and should be read in conjunction with these Interim Financial Statements.

During the 9 month period ended September 30, 2025, there have been no material changes to the fair value hierarchy.

For secured bank loans the fair value as of September 30, 2025 was EUR 1,740,240 thousand compared to carrying amount measured at amortised cost of EUR 1,560,849 thousand.

For issued bonds the fair value as of September 30, 2025 was EUR 2,673,115 thousand compared to carrying amount measured at amortised cost of EUR 2,602,716 thousand.

For all the other categories of financial assets and financial liabilities that are not measured at fair value, the carrying amount is a reasonable approximation of fair value.

20. Impairment Losses

The movements reported in allowances against financial assets representing the credit risk exposure are as follows:

(EUR '000)	Allowance as of	
	September 30, 2025	December 31, 2024
Balance as at January 1	46,601	34,264
Impairment losses reported during the period	28,389	18,645
Cancellation of the impairment loss reported during the period	(6,774)	(14,151)
Acquisitions through business combinations	151	8,316
Sale of equity investment with loss of control	(3,664)	—
Impact of changes in FX rates	315	(473)
Closing balance	65,018	46,601

The increase of allowance is consistent with the increase of the receivables.

21. Operating Segments

The Group's organizational structure comprises four divisions, which are managed by its own management coordinating the development, production, and business activities in order to implement complex projects and achieve synergies. For the purposes of segment reporting, the three divisions Land Systems, M/L Ammunition and Defence Electronics are combined into one segment – CSG Defence Systems. The resulting two reportable segments are as follows:

a. CSG Defence Systems

CSG Defence Systems offers a diverse portfolio ranging from land systems such as militariy, wheeled and tracked vehicles, heavy off-road trucks and weapon systems (Land Systems), through medium and larg-calibre ammunition for combat vehicles, artillery and tanks (M/L Ammunition), to electronic systems used for multi mission sets including surveillance, communications and command and control (Defence Electronics).

b. CSG Ammo+

CSG Ammo + segment includes small calibre ammunicato products including ammunition for pistols, revolvers, rifles and shotguns for both civilian customers, law enforcement and military.

All financial measures presented herein are based upon continuing operations.

The tables below shows the segment information provided to the CODM for reportable segments for the nine months ended 30 September 2025 and 30 September 2024, respectively:

For the 9-months period ended September 30, 2025 (EUR '000)	CSG DEFENCE SYSTEMS	CSG AMMO+	CSG OTHER	Elimination of intersegment relations	Consolidated data
External revenues	3,463,846	997,524	23,967	—	4,485,337
Intersegment revenues	575	21,685	57,702	(79,962)	—
Revenues	3,464,421	1,019,209	81,669	(79,962)	4,485,337
Raw material and consumables	(1,920,211)	(493,535)	(1,136)	22,968	(2,391,914)
External costs	(294,686)	(89,596)	(39,899)	57,895	(366,286)
Employee benefits expense	(144,505)	(279,234)	(16,648)	—	(440,387)
Depreciation and amortisation expense	(27,732)	(85,050)	(5,211)	109	(117,884)
Other operating income	5,781	20,475	695	148	27,099
Other operating expense	(87,494)	(41,528)	(1,916)	98	(130,840)
Operating EBIT	995,574	50,741	17,554	1,256	1,065,125
Depreciation and amortisation expense	(27,732)	(85,050)	(5,211)	109	(117,884)
OPERATING EBITDA	1,023,306	135,791	22,765	1,147	1,183,009
CAPEX	101,955	19,227	465	—	121,647

For the period 9-month ended September 30, 2024 (EUR '000)	CSG DEFENCE SYSTEMS	CSG AMMO+	CSG OTHER	Elimination of intersegment relations	Consolidated data
External revenues	2,184,500	261,716	12,694	—	2,458,910
Intersegment revenues	474	9,764	15,209	(25,447)	—
Revenues	2,184,974	271,480	27,903	(25,447)	2,458,910
Raw material and consumables	(1,162,185)	(143,874)	(3,058)	9,949	(1,299,168)
External costs	(263,897)	(38,297)	(31,428)	15,442	(318,180)
Employee benefits expense	(97,305)	(59,936)	(9,854)	5	(167,090)
Depreciation and amortisation expense	(16,974)	(19,760)	(5,511)	—	(42,245)
Other operating income	32,223	6,723	212	260	39,418
Other operating expense	(40,566)	(6,198)	(5,572)	614	(51,722)
Operating EBIT	636,270	10,138	(27,308)	823	619,923
Depreciation and amortisation expense	(16,974)	(19,760)	(5,511)	—	(42,245)
OPERATING EBITDA	653,244	29,898	(21,797)	823	662,168
CAPEX	82,427	11,158	5,791	—	99,376

Sales between segments are carried out at arm's length and are eliminated on consolidation. The amounts reported to the Board of Directors with respect to segment revenue are measured consistently with the Group's external reporting.

Major customers

For three quarters of 2025, the Group's analysis of its customer base identified three major customers. Two of them are in the CSG Defence Systems segment, accounting for 52% of Defence systems segment revenues, namely the Ministry of Defence of the Czech Republic amounted to EUR 982,356 thousand (EUR 144,905 thousand as of September 30, 2024) and the Ministry of Defence of Ukraine amounted to EUR 826,777 thousand (EUR 1,052,874 thousand as of September 30, 2024). In the CSG Ammo+ segment, the main customer is Sports Inc. amounted to EUR 68,087 thousand (EUR 10,162 thousand as of September 30, 2024), accounting for 7% of Ammo+ segment revenues.

The table below presents reconciliation of Operating EBIT and Operating EBITDA to Profit before tax and Net profit from continuing operations.

(EUR '000)	9-months period ended September 30, 2025	9-months period ended September 30, 2024
Reportable segments Operating EBIT	1,046,315	646,408
Other segments Operating EBIT	17,554	(27,308)
Elimination of intersegment relations in Operating EBIT	1,256	823
Total Operating EBIT	**1,065,125**	**619,923**
Finance income	26,564	18,061
Financial expense	(374,133)	(77,452)
Profit/(loss) from other financial instruments	(24,840)	(36,390)
Profit/(loss) from financing activities	**(372,409)**	**(95,781)**
Share of profit/(loss) of associates and joint ventures, net	926	(4,838)
Profit from the sale of equity interests	285	2,229
Profit before tax	**693,927**	**521,533**
Income tax	(182,444)	(104,146)
Net profit from continuing operations	**511,483**	**417,387**

(EUR '000)	9-months period ended September 30, 2025	9-months period ended September 30, 2024
Reportable segments Operating EBITDA	1,159,097	683,142
Other segments Operating EBITDA	22,765	(21,797)
Elimination of intersegment relations in Operating EBITDA	1,147	823
Total Operating EBITDA	**1,183,009**	**662,168**
Depreciation and amortisation expense	(117,884)	(42,245)
Finance income	26,564	18,061
Financial expense	(374,133)	(77,452)
Profit/(loss) from other financial instruments	(24,840)	(36,390)
Profit/(loss) from financing activities	**(372,409)**	**(95,781)**
Share of profit/(loss) of associates and joint ventures, net	926	(4,838)
Profit from the sale of equity interests	285	2,229
Profit before tax	**693,927**	**521,533**
Income tax	(182,444)	(104,146)
Net profit from continuing operations	**511,483**	**417,387**

Following the re-segmentation performed during 2025, we present a bridge between the former and the new reporting segments.

The former operating segments (before re-segmentation):

For the period 9-month ended 30 September, 2024 (EUR '000)	CSG DEFENCE	CSG AEROSPACE	CSG AMMO+	CSG MOBILITY	CSG OTHER	Elimination of intersegment relations	Consolidated data
External revenues	2,006,222	161,986	261,716	1,373	27,613		2,458,910
Intersegment revenues	83,494	22,548	9,764	575	32,848	(149,229)	
Revenues	2,089,716	184,534	271,480	1,948	60,461	(149,229)	2,458,910
Raw material and consumables	(1,149,803)	(121,399)	(143,874)	(803)	(17,105)	133,816	(1,299,168)
External costs	(265,665)	6,164	(38,297)	(687)	(34,808)	15,113	(318,180)
Employee benefits expense	(57,436)	(34,482)	(59,936)	(603)	(14,638)	5	(167,090)
Depreciation and amortisation expense	(10,020)	(6,480)	(19,760)	(187)	(5,798)	—	(42,245)
Other operating income	27,261	4,009	6,723	135	1,111	179	39,418
Other operating expense	(36,922)	(3,587)	(6,198)	(52)	(5,566)	603	(51,722)
Profit/(loss) from operating activities (OPERATING EBIT)	597,131	28,759	10,138	(249)	(16,343)	487	619,923
Depreciation and amortisation expense	(10,020)	(6,480)	(19,760)	(187)	(5,798)	—	(42,245)
Operating EBITDA	607,151	35,239	29,898	(62)	(10,545)	487	662,168

The bridge between the former and the new operating segments:

	Former (A)	Former (B)	Former-Part of (C)	Former-Part of (D)	A+B+C+D		New
For the period 9-month ended 30 September, 2024 (EUR '000)	CSG DEFENCE	CSG AEROSPACE	CSG OTHER	CSG MOBILITY	ADJUSTED	Intersegment Eliminations	CSG DEFENCE SYSTEMS
External revenues	2,006,222	161,986	14,919	1,373	2,184,500		2,184,500
Intersegment revenues	83,494	22,548	16,730	109	122,881	(122,407)	474
Revenues	2,089,716	184,534	31,649	1,482	2,307,381	(122,407)	2,184,974
Raw material and consumables	(1,149,803)	(121,399)	(14,294)	(785)	(1,286,281)	124,096	(1,162,185)
External costs	(265,665)	6,164	(3,554)	(441)	(263,496)	(401)	(263,897)
Employee benefits expense	(57,436)	(34,482)	(4,784)	(602)	(97,304)	(1)	(97,305)
Depreciation and amortisation expense	(10,020)	(6,480)	(287)	(187)	(16,974)	—	(16,974)
Other operating income	27,261	4,009	904	62	32,236	(13)	32,223
Other operating expense	(36,922)	(3,587)	2	(25)	(40,532)	(34)	(40,566)
Profit/(loss) from operating activities (OPERATING EBIT)	597,131	28,759	9,636	(496)	635,030	1,240	636,270
Depreciation and amortisation expense	(10,020)	(6,480)	(287)	(187)	(16,974)	—	(16,974)
Operating EBITDA	607,151	35,239	9,922	(309)	652,003	1,241	653,244

	Former Part of (A)	Former Part of(B)	Remove Part of (C)	Remove Part of (D)	A+B+C+D		New
For the period 9-month ended 30 September, 2024 (EUR '000)	CSG MOBILITY	CSG OTHER	CSG MOBILITY	CSG OTHER	ADJUSTED	Intersegment Eliminations	CSG OTHER
External revenues	1,373	27,613	(1,373)	(14,919)	12,694		12,694
Intersegment revenues	575	32,848	(109)	(16,730)	16,584	(1,375)	15,209
Revenues	1,948	60,461	(1,482)	(31,649)	29,278	(1,375)	27,903
Raw material and consumables	(803)	(17,105)	785	14,294	(2,829)	(229)	(3,058)
External costs	(687)	(34,808)	441	3,554	(31,500)	72	(31,428)
Employee benefits expense	(603)	(14,638)	602	4,784	(9,855)	1	(9,854)
Depreciation and amortisation expense	(187)	(5,798)	187	287	(5,511)	—	(5,511)
Other operating income	135	1,111	(62)	(904)	280	(68)	212
Other operating expense	(52)	(5,566)	25	(2)	(5,595)	23	(5,572)
Profit/(loss) from operating activities (OPERATING EBIT)	(249)	(16,342)	496	(9,636)	(25,731)	(1,577)	(27,308)
Depreciation and amortisation expense	(187)	(5,798)	187	287	(5,511)	—	(5,511)
Operating EBITDA	63	(10,544)	309	(9,922)	(20,094)	(1,703)	(21,797)

22. Net Profit from discontinued operations

Condensed Consolidated Statement of Profit or Loss of Discontinued Activities

EUR '000	DISCONTINUED ACTIVITIES For the 9-month period ended September 30, 2025	 For the 9-month period ended September 30, 2024
Revenues	60,292	60,701
Raw material and consumables	(14,855)	(18,169)
External costs	(25,176)	(12,623)
Employee benefits expense	(21,155)	(22,259)
Depreciation and amortisation expenses	(5,007)	(4,489)
Other operating income	744	2,894
Other operating expense	(2,193)	(1,736)
Profit from operating activities	(7,350)	4,319
Financial income	488	363
Financial expense	(2,912)	(8,124)
Profit from other financial instruments	(3,589)	(759)
Profit from financing activities	(6,013)	(8,520)
Profit before tax	(13,363)	(4,201)
Income tax	(1,196)	(1,226)
Discontinued operations	(14,559)	(5,427)
Gain/ (loss) on disposals of discontinued operations	16,331	—
Net profit (loss) from discontinued operations	1,772	(5,427)
Net profit (loss) from discontinued operations attributable to:		
Shareholders of the Company	2,329	(3,158)
Non-controlling interest	(557)	(2,269)
Total net profit (loss) from discontinued operations	1,772	(5,427)

The impact of discontinued operations on the condensed consolidated interim statement of cash flows of the Group was as follows:

(EUR '000)	For the 9-month period ended September 30, 2025	For the 9-month period ended September 30, 2024
Net cash from operating activities	(29,620)	9,755
Net cash (used in)/from investing activities	(2,240)	(8,612)
Net cash (used in)/from financing activities	84,249	(696)

23. Related Parties

Definition of related parties

The Group's relations with related parties include relations with shareholders and other parties as disclosed in the table below.

23.1. Summary of Balances with Related Parties as of September 30, 2025 and December 31, 2024:

(EUR '000)	Receivables and other financial assets 2025	Payables and other financial liabilities 2025	Receivables and other financial assets 2024	Payables and other financial liabilities 2024
Shareholders	77	—	—	45,115
Related parties and related individuals	301,466	20,330	4,272	732
Joint ventures	56,034	30,933	31,500	16,992
Associates	248	484	267	584
Total	357,825	51,747	36,039	63,423

The balance of related party receivables includes EUR 81,522 thousand and EUR and EUR 195,555 thousands related to the disposal of subsidiaries during the period. The related gain on this disposal amounts to EUR 16,331 thousand.

23.2. Summary of Transactions with Related Parties for the 9-month Periods ending September 30, 2025 and September 30, 2024:

(EUR '000)	Income 2025	Expense 2025	Income 2024	Expense 2024
Shareholder	278	193	3,052	5,950
Related parties and individuals	117,834	4,647	1,354	1,087
Joint ventures	29,209	75,370	25,509	46,620
Associates	245	841	43,761	5
Total	147,566	81,051	73,676	53,662

Transactions with shareholder and consist of relations arising from received and provided loans. Transactions with related parties and related individuals as well as with associates and joint ventures principally include business relations and relations arising from received and provided loans.

Remuneration of the key Group management is disclosed in Note 5, Employee Benefits Costs.

24. Subsequent Events

Major acquisitions

- In October the Group acquired a additional minority share of NIKA Development a.s. for EUR 25,000 thousand and became the sole shareholder of the company.

- In October, the Group completed the acquisition of 100% share of GAMA OCEL, spol. s r.o., a company for a purchase price of EUR 3,673 thousand, The transaction resulted in deeper vertical integration of ground equipment manufacturing.

- In November the Group has completed the acquisition of a 51% stake in the Serbian company Mechatronics Unmanned Systems and Technology Solutions (MUST Solutions) for a purchase price of EUR 8,000 thousand. MUST Solutions is a company specializing in the development and production of propulsion systems for advanced unmanned aerial vehicles. The acquisition of MUST Solutions represents the first tangible step in implementing Unmanned Aerial Systems strategy.

- The Group is in the process of completing the acquisition of Hydraulics s.r.o., a leading Czech manufacturer in the field of hydraulics specializing in linear hydraulic motors – hydraulic cylinders, units, and systems, focusing on both production and service activities. With this acquisition, the Group continues its vertical integration and strengthens its self-sufficiency in the field of land systems production. The transaction value remains undisclosed. The completion of the acquisition is subject to approval by the Office for the Protection of Competition (ÚOHS).

- The Group expects to complete the above business combinations and purchase price allocation as per IFRS 3 in its next annual financial statements for the period ended December 31, 2025.

Other subsequent events

- As of October 1, 2025 the Board of Directors of Czechoslovak Group has been expanded by two additional members, following the appointment of Michaela Katolická and Alena Kozáková. Furthermore, Zuzana Slováková has been appointed as of October 1, 2025 as the new Chair of the Supervisory Board.

- Except for the matters described above, the Group’s management is not aware of any other material subsequent events that could have an effect on the Interim Financial Statements as at September 30, 2025.

Approval of the Three-Quarter Report

The members of the Company's Board of Directors declare that, to the best of their knowledge, the unaudited consolidated financial statements as of September 2025 and for the six months ended September 2025 have been prepared in accordance with the applicable accounting standards, that they provide a true and fair view of the assets, liabilities, financial position, and economic performance of the issuer and the consolidated entities as a group, and that the quarterly-year financial report provides a true and fair view of the development and performance of the issuer and the position of the issuer and the consolidated entities as a group, together with a description of the principal risks and uncertainties that they are facing.

Ladislav Štorek
Vice-Chairman of the Board of Directors

Zdeněk Jurák
Member of the Board of Directors

Appendix I – Restated Consolidated Statement of Financial Position as of December 31, 2024

During 2025 the Group has finalised acquisition accounting process that had not been completed before issuing 2024 consolidated financial statements. Consequently, the Group has retrospectively adjusted values of identifiable assets acquired and liabilities assumed of The Kinetic Group provisionaly used in 2024 consolidated financial statements.

During Purchase price allocation the book values of the identifiable assets were valued at fair value. Simultaneiously the new intangible assets were recognized or revalued. The new values of intangible assets are as follows:

- Trade Marks
  - CCI..... USD 95,000 thousands (EUR 91,447 thousands)
  - Federal.... USD 150,000 thousands (EUR 144,390 thousands)
  - Hevi Shot. USD 2,000 thousands (EUR 1,952 thousands)
  - Remington USD 47,000 thousands (EUR 45,242 thousands)
  - SPEER..... USD 17,000 thousands (EUR 16,364 thousands)
- Customer relationship USD 425,000 thousands (EUR 409,105 thousands)

The resulting adjustments stemming from the finalized purchase price allocation were reflected in the balance sheet as of December 31, 2024.

In EUR thousand (EUR '000)	Restated amounts for the period ended December 31, 2024	Originallly recognized amounts for the period ended December 31, 2024	Difference
Assets			
Non – current assets			
Intangible assets	941,850	289,636	652,214
Goodwill	1,285,129	2,021,760	(736,631)
Property, plant and equipment	926,855	653,588	273,267
Investment property	5,848	5,848	—
Investments in associates and joint ventures	83,923	83,923	—
Loans and other financial assets	77,206	77,206	—
Trade and other receivables	24,666	24,666	—
Prepayments made and deferred expenses and accrued income	154,534	154,534	—
Deferred tax asset	26,773	26,773	—
Contract assets	—	—	—
Contract costs	60,437	60,437	—
Total non-current assets	3,587,221	3,398,371	188,850
Current assets			
Inventory	2,195,068	2,160,141	34,927
Trade and other receivables	520,233	520,233	—
Loans and other financial assets	69,474	69,474	—
Prepayments made and deferred expenses and accrued income	584,886	584,886	—
Tax receivables	21,381	21,381	—
Current income tax receivable	7,401	7,401	—
Cash and cash equivalents	1,248,487	1,248,487	—
Assets classified as held for sale	—	—	—
Contract Assets	18,913	18,913	—
Total current assets	4,665,843	4,630,916	34,927
Total assets	8,253,064	8,029,287	223,777
Equity			
Share capital	78,427	78,427	—
Other reserves	65,931	65,931	—
Translation reserve	67,393	38,150	29,243
Retained earnings of past years including profit or loss for the current accounting period	983,864	998,070	(14,206)
Equity attributable to the Company's shareholders	1,195,615	1,180,578	15,037
Non-controlling interests	313,307	313,307	—

In EUR thousand (EUR '000)	Restated amounts for the period ended December 31, 2024	Originallly recognized amounts for the period ended December 31, 2024	Difference
Total equity	1,508,922	1,493,885	15,037
Liabilities			
Non-current liabilities			
Liability from put option	5,260	5,260	—
Loans and borrowings	1,140,402	1,140,402	—
Other financial instruments	94,542	94,542	—
Trade and other payables	149,297	149,297	—
Provisions	12,792	12,792	—
Deferred tax liability	288,356	79,616	208,740
Bonds	1,000,830	1,000,830	—
Contract liabilities	352,229	352,229	—
Total non-current liabilities	3,043,708	2,834,968	208,740
Current liability			
Liability from put option	143,517	143,517	—
Loans and borrowings	772,094	772,094	—
Other financial instruments	57,622	57,622	—
Trade and other payables	632,999	1,956,951	(1,323,952)
Provisions	18,314	18,314	—
Tax liabilities	45,050	45,050	—
Current income tax payable	174,185	174,185	—
Contract liabilities	1,851,788	527,836	1,323,952
Bonds	4,865	4,865	—
Total current liabilities	3,700,434	3,700,434	—
Total liabilities	6,744,142	6,535,402	208,740
Total equity and liabilities	8,253,064	8,029,287	223,777

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Tax ID. No.: CZ49620592

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholder of
CZECHOSLOVAK GROUP a.s.

Having its registered office at: U Rustonky 714/1, Karlín, 186 00 Prague 8

Introduction

We have reviewed the accompanying Unaudited Condensed Consolidated Interim Financial Statements of CZECHOSLOVAK GROUP a.s. (hereinafter also the "Company") and its subsidiaries (the "Group"), which comprise the condensed consolidated interim statement of financial position as at 30 September 2025, and the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the nine month period ended 30 September 2025 and notes to the condensed consolidated interim financial statements (hereinafter also the "Interim Financial Statements"). Management is responsible for the preparation and fair presentation of these Interim Financial Statements in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these Interim Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Statements do not give a true and fair view of the financial position of the entity as at 30 September 2025, and of its financial performance and its cash flows for the nine month period then ended in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

In Prague on 8 December 2025

Audit firm:

Deloitte Audit s.r.o.

Represented by:

David Batal
Statutory Executive

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CZECHOSLOVAK GROUP a.s.

Audited consolidated financial statements of CZECHOSLOVAK GROUP a.s. as of and for the year ended December 31, 2024

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2024

In EUR thousand (EUR '000)	Note	For the year ended December 31, 2024	For the year ended December 31, 2023
Revenues	8	4,008,614	1,734,430
Raw material and consumables	9	(2,157,664)	(840,848)
External costs	10	(442,284)	(245,255)
Employee benefits expense	11	(286,212)	(222,385)
Depreciation and amortisation expenses	16,17	(66,291)	(60,654)
Other operating income	12	61,028	46,486
Other operating expense	13	(104,318)	(33,647)
Profit from operating activities		**1,012,873**	**378,127**
Financial income	14	165,850	23,154
Financial expense	14	(378,336)	(104,107)
Profit /(loss) from other financial instruments	14	43,526	(20,659)
Profit from financing activities		**(168,960)**	**(101,612)**
Share of profit/(loss) from associates & JVs, net	19	(300)	647
Profit (loss) from the sale of equity interests	7	2,225	1,766
Profit before tax		**845,838**	**278,928**
Income tax	15	(212,451)	(68,717)
Net profit from continuing operations		**633,387**	**210,211**
Total profit		**633,387**	**210,211**
Other comprehensive income			
Items not reclassified to profit/loss			
FX differences from presentation currency		5,491	(2,046)
Items that are or may be subsequently reclassified to profit or loss			
FX differences on foreign operations, net		(1,477)	(2,908)
Fair value gain/(loss) on hedging instruments		1,474	1,196
Share of OCI of associates & JV, net of tax		—	(501)
Other comprehensive income, net		**5,488**	**(4,259)**
Total comprehensive income		**638,875**	**205,952**
Profit attributable to:			
Shareholders of the Company		526,074	174,055
Non-controlling interest	27	107,313	36,156
Profit for the year		**633,387**	**210,211**
Total comprehensive income attributable to:			
Shareholders of the Company		531,562	169,796
Non-controlling interest	27	107,313	36,156
Total comprehensive income for the year		**638,875**	**205,952**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2024

In EUR thousand (EUR '000)	Note	December 31, 2024	December 31, 2023
Assets			
Non - current assets			
Intangible assets	16	289,636	217,482
Goodwill	16	2,021,760	416,910
Property, plant and equipment	17,18	653,588	373,073
Investment property		5,848	2,572
Investments in associates and joint ventures	19	83,923	103,499
Loans and other financial assets	20	77,206	171,518
Trade and other receivables	21	24,666	2,392
Prepayments made and deferred expenses and accrued income	21	154,534	15,046
Deferred tax asset	22	26,773	11,640
Contract costs	8	60,437	41,185
Total non-current assets		**3,398,371**	**1,355,317**
Current assets			
Inventory	23	2,160,141	860,245
Trade and other receivables	21	520,233	218,044
Loans and other financial assets	20	69,474	102,091
Prepayments made and deferred expenses and accrued income	21	584,886	208,786
Tax receivables	24	21,381	19,331
Current income tax receivable		7,401	7,458
Cash and cash equivalents	25	1,248,487	563,865
Assets classified as held for sale		—	1,979
Contract Assets	8	18,913	15,211
Total current assets		**4,630,916**	**1,997,010**
Total assets		**8,029,287**	**3,352,327**
Equity			
Share capital	26	78,427	78,427
Other reserves	26	65,931	(139,845)
Translation reserve	26	38,150	34,136
Retained earnings of past years including profit or loss for the current accounting period		998,070	487,720
Equity attributable to the Company's shareholders		1,180,578	**460,438**
Non-controlling interests	27	313,307	226,478
Total equity		**1,493,885**	**686,916**
Liabilities			
Non-current liabilities			
Liability from put option	20	5,260	176,451
Loans and borrowings	20	1,140,402	456,940
Other financial instruments	20	94,542	40,436
Trade and other payables	28	149,297	11,026
Provisions	29	12,792	10,180
Deferred tax liability	22	79,616	65,672
Bonds	20	1,000,830	278,073

In EUR thousand (EUR '000)	Note	December 31, 2024	December 31, 2023
Contract liabilities	8	352,229	103,553
Total non-current liabilities		**2,834,968**	**1,142,331**
Current liability			
Liability from put option	**20**	143,517	–
Loans and borrowings	20	772,094	300,459
Other financial instruments	20	57,622	9,109
Trade and other payables	28	1,956,951	345,759
Provisions	29	18,314	3,233
Tax liabilities	30	45,050	15,264
Current income tax payable	30	174,185	52,913
Contract liabilities	8	527,836	736,971
Bonds	20	4,865	59,372
Total current liabilities		**3,700,434**	**1,523,080**
Total liabilities		**6,535,402**	**2,665,411**
Total equity and liabilities		**8,029,287**	**3,352,327**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2024

In EUR thousand (EUR '000)		Attributable to the shareholders of the Company						
		Share capital	Other reserves	Foreign exchange translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2024 (A)	**26**	**78,427**	**(139,845)**	**34,136**	**487,720**	**460,438**	**226,478**	**686,916**
Total comprehensive income for the year:								
Profit for the year (B)		—	—	—	526,074	526,074	107,313	633,387
Other comprehensive income:								
Foreign exchange differences on translation of foreign operations recycled		—	—	(1,477)	—	(1,477)	—	(1,477)
Foreign exchange differences on translation of foreign operations non-recycled		—	—	5,491	—	5,491	—	5,491
Fair value gain/(loss) arising on hedging instruments during the period		—	1,474	—	—	1,474	—	1,474
Total other comprehensive income (C)		**—**	**1,474**	**4,014**	**—**	**5,488**	**—**	**5,488**
Total comprehensive income for the year (D) = (B + C)		**—**	**1,474**	**4,014**	**526,074**	**531,562**	**107,313**	**638,875**
Additions and disposals:								
Changes in non-controlling interests without a change of control	27	—	858	—	(9,164)	(8,306)	(5,594)	(13,900)
Effects of acquisitions in the form of business combinations	7	—	—	—	—	—	1,064	1,064
Change in present value of put option liability		—	27,674	—	—	27,674	—	27,674
Capital contribution		—	169,210	—	—	169,210	—	169,210
Dividends	26	—	—	—	—	—	(15,954)	(15,954)
Total additions and disposals (E)		**—**	**197,742**	**—**	**(9,164)**	**188,578**	**(20,484)**	**168,094**
Transfer in equity		—	6,560	—	(6,560)	—	—	—
Total transfers in equity (F)		**—**	**6,560**	**—**	**(6,560)**	**—**	**—**	**—**
Balance at December 31, 2024 (H) = (A + D + E + F)		**78,427**	**65,931**	**38,150**	**998,070**	**1,180,578**	**313,307**	**1,493,885**

For the year ended December 31, 2023

In EUR thousand (EUR '000)		Attributable to the shareholders of the Company						
		Share capital	Other reserves	Foreign exchange translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2023 (A)	**26**	**78,427**	**(131,960)**	**39,090**	**331,024**	**316,581**	**177,451**	**494,032**
Total comprehensive income for the year:								
Profit for the year (B)		—	—	—	174,055	174,055	36,156	210,211
Other comprehensive income:								
Foreign exchange differences on translation of foreign operations recycled		—	—	(2,908)	—	(2,908)	—	(2,908)
Foreign exchange differences on translation of foreign operations non-recycled		—	—	(2,046)	—	(2,046)	—	(2,046)
Share of the other comprehensive income of equity accounted investees, net of tax		—	—	—	(501)	(501)	—	(501)
Fair value gain/(loss) arising on hedging instruments during the period		—	1,196	—	—	1,196	—	1,196
Total other comprehensive income (C)		**—**	**1,196**	**(4,954)**	**(501)**	**(4,259)**	**—**	**(4,259)**
Total comprehensive income for the year (D) = (B + C)		**—**	**1,196**	**(4,954)**	**173,554**	**169,796**	**36,156**	**205,952**
Additions and disposals:								
Changes in non-controlling interests without a change of control	27	—	3,409	—	(14,889)	(11,480)	15,988	4,508
Effects of acquisitions in the form of business combinations	7	—	616	—	—	616	3,390	4,006
Effects of subsidiaries sold		—	(14)	—	226	212	(212)	—
Conditional commitment to acquire non-controlling share		—	(4,800)	—	—	(4,800)	—	(4,800)
Change in present value of put option liability		—	(10,487)	—	—	(10,487)	—	(10,487)
Dividends	26	—	—	—	—	—	(6,295)	(6,295)
Total additions and disposals (E)		**—**	**(11,276)**	**—**	**(14,663)**	**(25,939)**	**12,871**	**(13,068)**
Transfer in equity		—	2,195	—	(2,195)	—	—	—
Total transfers in equity (F)		**—**	**2,195**	**—**	**(2,195)**	**—**	**—**	**—**
Balance at December 31, 2023 (H) = (A + D + E + F)		**78,427**	**(139,845)**	**34,136**	**487,720**	**460,438**	**226,478**	**686,916**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

In EUR thousand (EUR '000)	Note	For the year ended December 31, 2024	For the year ended December 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		633,387	210,211
Adjustments for:			
Amortisation/depreciation of fixed assets	16,17	66,291	60,654
Impairment of inventory		4,757	(696)
Impairment of property, plant and equipment		1,551	(40)
Impairment of financial assets		(8,272)	(1,462)
Gain (-) /loss (+) from the sale of property, plant and equipment, investment property and intangible assets	12,13	44	(13,688)
Gain (-) / loss (+) from the sale of inventory	12,13	11,100	818
Gain (-) / loss (+) from financial instruments		(22,999)	12,336
Gain (-) / loss (+) from the disposal of subsidiaries		(2,225)	(1,766)
Net interest income (-) / expense (+)	14	93,381	68,236
Recognition (+) / release (-) of allowances for trade and other receivables, write-offs		30,896	16,458
Recognition (+) / release (-) of provisions	13	13,190	638
Income tax	15	212,451	68,717
Unrealised foreign exchange rate (gains)/losses, net		(39,926)	2,129
Share of profit (-) /loss (+) of associates and joint ventures	19	300	(647)
Other		(1,594)	107
Operating cash flows before movements in working capital		992,332	422,005
Increase (-) / decrease (+) in trade receivables and other assets*		(655,669)	(218,828)
Increase (-) / decrease (+) in inventory (including income from sale)		(969,047)	(318,332)
Increase (+) / decrease (-) in trade and other payables**		1,573,793	366,906
Cash generated by operations		941,409	251,751
Income taxes paid		(85,353)	(52,622)
Net cash from operating activities		**856,056**	**199,129**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment, investment property and intangible assets		5,190	4,589
Proceeds on disposal of subsidiaries		6,997	19,002
Repayment of provided loans		122,224	83,095
Interest received		39,804	10,245
Acquisition of property, plant and equipment, investment property and intangible assets	16,17	(116,804)	(74,246)
Acquisition of investments in subsidiaries, net of cash acquired	7	(2,104,399)	(47,714)
Loans provided		(35,615)	(65,429)
Net cash (used in)/from investing activities		**(2,082,603)**	**(70,458)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,405,515	252,331
Proceeds on bond placements		770,746	181,317
Repayments of borrowings		(246,514)	(121,306)
Costs related to bond placements		(58,436)	(2,327)
Payments of bonds		(51,663)	(30,399)

In EUR thousand (EUR '000)	Note	For the year ended December 31, 2024	For the year ended December 31, 2023
Dividends paid		(15,954)	(6,295)
Payments of obligations under leases		(8,828)	(7,955)
Interest paid		(79,299)	(79,164)
Other equity contribution		214,244	—
Effect of changes in non-controlling interests		(10,750)	4,507
Net cash (used in)/from financing activities		**1,919,061**	**190,709**
Net increase/decrease in cash and cash equivalents		**692,514**	**319,380**
Cash and cash equivalents at beginning of year		**563,865**	**241,650**
Foreign exchange rate gains (+) / losses (-) from the translation of cash and cash equivalents		(7,892)	2,835
Cash and cash equivalents at end of period		**1,248,487**	**563,865**

* Increase (-) /decrease (+) in receivables and other assets includes trade and other receivables, prepayments made, deferred expenses and accrued income, and tax receivables, with the exception of the income tax receivable.

** Increase (+) /decrease (-) in trade and other payables includes trade and other payables, financial instruments and financial liabilities, deferred income, and tax payables, with the exception of the income tax payable.

Notes to Consolidated Financial Statements

1. Description of The Group

CZECHOSLOVAK GROUP a.s. (the "Parent Company" or the "Company" or "CSG") is a joint stock company formed in compliance with the legal regulations of the Czech Republic on October 13, 2014. Its registered office is located at U Rustonky 714/1, Karlfn, 186 00 Prague 8, Czech Republic.

The Company's consolidated financial statements covering the year ended December 31, 2024, encompass the financial statements of the Parent Company, its subsidiaries, and associates or joint ventures (jointly referred to as the "Group" or the "CSG Group"). The entities included in the Czechoslovak Group are disclosed in Note 36-Group Entities, and primarily include entities operating in the Czech Republic, Slovakia, Italy and USA.

CZECHOSLOVAK GROUP's strategy involves long-term operations and expansion into segments of traditional Czech and Slovak industries with strong export potential. The vast majority of these activities are focused on the B2B or B2G segments. Business activities focusing on end consumers are marginal. The Group's activities are primarily focused on the arms, engineering, automotive, aircraft and rail transport industries.

The Parent Company gradually acquired the subsidiaries as part of joint arrangements and via third parties (refer to Note 7 for details on the acquisitions made in 2024 and 2023).

The Group's formation and subsequent adjustments to its operational and managerial framework have been implemented to leverage synergies. The Group has also combined and unified its financing structure.

As of December 31, 2024, the Company's sole shareholder was CSG FIN a.s., which, as the sole shareholder, acted as the Company's ultimate authority.

As of December 31, 2024, the Company's sole shareholder was as follows:

December 31, 2024	**Shares Ownership percentage**	**Voting rights**	
	EUR '000	**%**	**%**
CSG FIN a.s., Corporate ID: 141 41 442	78,427	100	100
Total shares	**78,427**	**100**	**100**

As of December 31, 2024, the Group's ultimate owner was Michal Strnad.

Composition of the Board of Directors as of December 31, 2024:

- Michal Strnad (Chairman of the Board of Directors)
- David Chour (Vice-Chairman of the Board of Directors)
- Ladislav Storek (Vice-Chairman of the Board of Directors)
- Petr Formanek (Member of the Board of Directors)
- David Stepan (Member of the Board of Directors)
- Zdenek Jurak (Member of the Board of Directors)
- Lukas Andrysek (Member of the Board of Directors)

Composition of the Supervisory Board as of December 31, 2024:

- Michaela Katolicka ..... (Chairman of the Supervisory Board)
- Ales Klepek ..... (Member of the Supervisory Board)
- Rudolf Bures ..... (Member of the Supervisory Board)

2. Statement of Compliance

The consolidated financial statements were authorised for issue by the Board of Directors on April 2, 2025.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) adopted by the European Union.

Furthermore, the consolidated financial statements have been drawn up on a going concern basis and using the conventional historical cost basis, except for in the event the measurement of financial assets and liabilities that required the application of the of fair value criterion.

The consolidated financial statements are presented in euro ("EUR"), which has been the presentation currency set by the CSG Group since January 1, 2021. The Company's functional currency is the Czech crown ("CZK"). Each entity included to the consolidated financial statements determine the functional currency in accordance with the requirements of IAS 21. All amounts included in this document are presented in thousands of euros, unless otherwise indicated. The reason for the presentation currency is that EUR suits the needs of the primary users of the financial statements better than CZK.

The consolidated financial statements are prepared using consistent accounting policies over the whole period covered by the financial statements (i.e. both the current and comparative periods). These accounting policies are in line with the IFRS applicable at the end of the reporting period i.e., December 31, 2024.

The detailed application of consolidation methods is described further in Note 5.

3. Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities stated at their fair value: financial instruments at fair value through profit & loss ("FVTPL") (incl. Those designated upon initial recognition as at FVTPL). Financial assets and liabilities as well as non-financial assets and liabilities measured at historical cost are stated at amortised cost ("AC") using the effective interest method or historical cost, as appropriate, net of any relevant impairment and cumulative depreciation or cumulative amortisation.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (refer to note 7). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes at a minimum an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has the option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets meets the definition of a business. The optional concentration test is met if substantially all fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognized in profit or loss immediately (refer to note 7). Transaction costs are expensed as incurred, expect if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay a contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent considerations are re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent considerations are recognized in profit or loss.

4. Adoption of new and Revised IFRS Accounting Standards

A. Change in accounting policy

Recognition of written put options over non-controlling interest

Furthermore, the Group has adopted its policy related to written put options following recent guidance of IFRS. Where the Group writes a put option, which if exercised triggers the purchase of non-controlling interests as part of its business acquisition, the put option is recognized as a financial liability at the acquisition date. Where risks and rewards remain with the non-controlling interests, a corresponding amount is deducted from equity. Any subsequent changes to the carrying amount of the put option liability are also recognized within equity.

Measurement period adjustments

During 2024, the Group has finalized the acquisition accounting of Armi Perazzi S.p.A. that was acquired in December 2023. The comparative balance sheet as of December 31, 2023 has been revised to include the impact to the provisional amounts recognized.

Recognition of own work capitalized

In 2023, the Group changed the recognition of Own Work Capitalized, which was previously reported under "Other Operating Income" and reclassified under "Employee Benefits Cost".

However, in 2024, the Group decided to revert to the original methodology, once again recognizing Own Assets Capitalized under "Other Operating Income" to better reflect the nature of these transactions in the financial statements.

(EUR '000)	Corrected Value as of Dec 31, 2023	Originally recognised value as of Dec 31, 2023	Difference
Payroll costs	159,649	131,239	(28,410)
Own assets capitalised	28,410	—	(28,410)

B. New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the group has applied a number of new and amended IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective in the EU for an accounting period that begins on or after January 1, 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current

The Group has adopted the amendments to IAS 1 for the first time in 2024. The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments to IAS 1 issued by IASB on 15 July 2020 defer the effective date by one year to annual periods beginning on or after 1 January 2023.

Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback

The Group has adopted the amendments to IAS 1 for the first time in 2024. The amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants

The Group has adopted the amendments to IAS 1 for the first time in 2024. The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

The Group has adopted the amendments to IAS 1 for the first time in 2024. The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.

C. New and revised IFRS Accounting Standards adopted by the EU in issue but not yet effective

At the date of authorisation of these financial statements, the group has not applied the following revised IFRS Accounting Standards that have been issued and adopted by the EU but are not yet effective in the EU:

Amendments to IAS 21	Lack of Exchangeability	Effective from January 1, 2025

The directors do not expect that the adoption of the amendments to the existing Standards listed above will have a material impact on the consolidated financial statements of the group in future periods, except if indicated below.

D. New and revised IFRS Accounting Standards issued by the IASB but not yet adopted by the EU

The following amendments to the existing IFRS Accounting standards have not been endorsed for use in the EU yet and could not therefore be adopted by the group:

(The effective dates stated below are for IFRS as issued by IASB. EU is expected to approve the amendments with the same effective dates.)

IFRS 18	Presentation and Disclosures in Financial Statements	Effective from January 1, 2027

IFRS 19	Subsidiaries without Public Accountability: Disclosure (Voluntary use for eligible subsidiaries)	Effective from January 1, 2027
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards - Volume 11	Effective from January 1, 2026
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	Effective from January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	Effective from January 1, 2026
Amendments to IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments	effective date deferred by IASB indefinitely but earlier application permitted

The impact on the Company's financial statements of new standards, amendments to the standards and interpretations endorsed by EU which are not yet effective and have not been early adopted are being analysed as of the date of the issuance of these financial statements and the final impact is unknown yet.

5. Basis of Preparation of the Consolidated Financial Statements

A. Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

B. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and entities controlled by the parent company (its subsidiaries) made up to December 31, each year. Control is achieved when the parent company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

The parent company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the parent company obtains control over the subsidiary and ceases when the parent company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the parent company gains control until the date when the parent company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group's accounting policies

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value.

After acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the parent company and to the non-controlling interests.

Changes in the group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent company.

When the group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

C. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payments at the acquisition date (see below); or
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5
- Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

D. Goodwill

Goodwill is initially recognized and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The group's policy for goodwill arising on the acquisition of an associate is described below

E. Investments in associates and joint ventures

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the group's share of losses of an associate or a joint venture exceeds the group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the associate or joint venture), the group discontinues recognising its share of further losses. Additional losses are recognized only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

If there is objective evidence that the group's net investment in an associate or joint venture is impaired, the requirements of IAS 36 Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as it's fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the group reduces its ownership interest in an associate or a joint venture but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the group.

The group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the group does not take into account adjustments to their carrying amount required by IAS 28 Investments in Associates and Joint Ventures (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

F. Revenue recognition

Revenue from contracts with customers

The Group applies a five-step model to determine when and to what extent revenue should be recognized. Revenue is recognized when the Group transfers control of the goods and services to its customers and in the amount of the expected consideration. Following the fulfilment of specific requirements, revenue is reported either over time or at a point in time when control of goods or services is transferred. The Group enters into contracts with customers for different supplies and under different conditions, which is why it proceeded to assess the contracts individually.

Information on the method of accounting of revenues under IFRS 15 for individual types of transactions is provided in Note 8 Revenues. The main areas considered by the Group in applying IFRS 15 are the following:

1) Identification of the contract, identification of the performance obligations

The Group assesses performance obligations for all contracts in detail. The Group's contracts often involve several performance obligations. If the Group provides customers with a service of significant integration of these performance obligations, it considers these partial performance obligations to be part of one main performance obligation.

2) Significant financing component

For prepayments, the Group recognises interest expense on received prepayments, which are reflected in the reported contract price if these prepayments are considered a significant financing component in accordance with IFRS 15.

The Group used a practical expedient and does not account for the financing component if the expected time between the delivery and payment at the time of origination of the contractual relationship is less than 12 months.

3) Revenue recognition period

In the case of contracts with customers, where the Group has a legally enforceable right to payment, the Group recognises revenues from these contracts over time. For these contracts, sales and expenses are recognized taking into account the progress of the contractual activity at the balance sheet date using the percentage of completion method. The percentage of completion is usually calculated as the ratio of the costs incurred under the contract to the total estimated costs.

Management believes that this input method is an appropriate indicator of progress towards fully meeting these performance obligations. Only in exceptional cases is the percentage of completion measured by the output method. If it is probable that total costs will exceed total revenues, the loss is recognized immediately in the financial statements.

For contracts where none of the requirements for revenue recognition over time are met, the Group recognises revenue at a point in time when control is transferred. Until the transfer of control, the Group recognises contract costs as work in progress.

Contract assets and contract liabilities

Contract assets are recognized in connection with contracts with customers if, in the case of contract manufacturing, the cumulative sales recognized over time exceed the sum of the advance payments received and progress billings. As of the end of the reporting period, this asset item is tested for impairment, and, if necessary, an impairment is recognized on the basis of expected losses. If the recognized sales are lower than the sum of the advance payments received and progress billings, a contract liability is recognized. A contract liability is also recognized if advance payments are received, and consideration has not yet been provided. Provisions for loss-making contracts are reported under Provisions.

Contract costs

Contracts with customers concluded by the Group may lead to the recognition of incremental costs incurred to obtain, or to perform, the contracts. In this situation, the Group will only recognise the item costs to obtain or perform a contract if the costs are incremental and relate directly to the obtaining and performing of the contract with a customer. The Group uses the possibility of expedient, i.e. the costs are only capitalised in the statement of financial position if their allocation is expected over a period exceeding 12 months, i.e. it is a non-current asset. When an asset is recognized, its current and non-current portions are distinguished. The costs capitalised are subsequently allocated to expenses concurrently with the progress of complete satisfaction of the performance obligation. The costs capitalised are allocated to profit or loss to the relevant nature of cost, e.g. the costs to obtain a contract in the form of a brokerage fee are subsequently allocated to Services.

G. Leases

The group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the group and the lease does not benefit from a guarantee from the group.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss (see note 30).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

H. Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the parent company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

I. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

J. Taxation

The income tax expense represents the sum of current and deferred income tax expense.

1) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

In cases where the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority, uncertain tax liabilities are presented as current tax liabilities and are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the parent company supported by previous experience with similar transactions and their tax impact and in certain cases based on specialist independent tax advice.

2) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences, and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3) Current tax and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

K. Property, plant, and equipment

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Plant, machinery, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings	1.6 per cent - 5.0 per cent per annum
Plant and machinery	5.0 per cent - 33.3 per cent per annum
Fixtures and fittings	5.0 per cent - 33.3 per cent per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

L. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognized on a straight-line basis over their estimated useful lives which are disclosed in note 16. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

M. Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following conditions have been demonstrated:

The technical feasibility of completing the intangible asset so that it will be available for use or sale

- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally- intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

N. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are recognized initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

O. Trademarks

Trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives. In case of indefinite useful life, trademarks are tested for impairment at least annually or whenever there is any indication that impairment occurred.

P. Impairment of property, plant and equipment and intangible assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that

reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognized for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.excluding goodwill.

Q. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

R. Cash and cash equivalents

In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are current (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Bank balances for which use by the group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the group's cash management. Such overdrafts are presented as current borrowings in the statement of financial position.

S. Financial instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs

directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

i. Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

If these criteria are not met, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the group may make the following irrevocable election / designation at initial recognition of a financial asset:

- The group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below)
- The group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below)

ii. Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial

recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognized in profit or loss and is included in the "interest income" line item (Note 14).

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has evidence of a recent actual pattern of short-term profit-taking
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

iii. Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above)
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The group has not designated any debt instruments as at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item (Note 14). Fair value is determined in the manner described in note 32.

iv. Impairment of financial assets

The group recognises a loss allowance for expected credit losses on trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime expected credit losses (ECL) for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

v. Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the extent to which the fair value of a financial asset has been less than its amortised cost;

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

vi. Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due.

vii. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

2) Financial liabilities and equity

i. Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

ii. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

iii. Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the group, are measured in accordance with the specific accounting policies set out below.

3) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if either:

- It has been acquired principally for the purpose of repurchasing it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if either:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in notes 32.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the group has both a legally enforceable right and intention to offset. The impact of the master netting agreements on the group's financial position is disclosed in note 32. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and

it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

5) Hedging derivatives

The Group designates certain derivatives as hedging instruments in relation to currency risk and interest rate risk and classifies them as cash flow hedges. Hedges of foreign currency risk on binding commitments are accounted for as cash flow hedges.

The Group considers derivatives to be hedging derivatives if the hedge accounting model is applied on them and if the following conditions are met:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item

Derivatives that do not meet the above conditions for hedging derivatives are classified by the Group as derivatives held for trading (speculative).

When a hedging relationship is established, the relationship between the hedging instrument and the hedged item, risk management objectives and strategies in executing the various hedging transactions are documented. On an ongoing basis, the hedging instrument is assessed for its effectiveness in offsetting changes in the fair value or cash flows of the hedged item that result from changes in the hedged risk.

If the derivative is used to hedge the risk of changes in cash flows arising from assets, liabilities or legally enforceable contractual relationships or forecast transactions, the change in the fair value of the hedging derivative corresponding to the effective portion of the hedge is recognized in other comprehensive income as a Revaluation Reserve. The ineffective portion of the change in the fair value of the derivatives is included in profit or loss.

Financial derivatives are carried at cost at the time of acquisition and subsequently remeasured to fair value at the date of the consolidated financial statements.

The Group uses financial derivatives only to hedge future cash flows. Changes in the fair value of financial derivatives are recognized in other comprehensive income.

The cumulative amount in equity remains in other comprehensive income and is reclassified to profit or loss in the same period(s) during which the hedged item affects profit or loss.

The Group shall discontinue hedge accounting only when the hedging relationship (or part of it) no longer meets the qualifying criteria. For example, the hedging instrument expires or the hedging instrument is sold, terminated or the contract is exercised. Termination of hedge accounting is accounted for prospectively. Any gains or losses recognized in other comprehensive income and accumulated in the cash flow hedge fund at that point in time remain in equity and are reclassified to profit or loss when the expected transaction is realised. If the expected transaction is no longer expected to occur, the gains or losses accumulated in the cash flow hedge fund are immediately reclassified to profit or loss.

T. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

U. Critical accounting judgements and key sources of estimation uncertainty

In applying the group's accounting policies, which are described in Note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

V. Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

- Note 8 - Revenue recognition
- Note 29 - Provisions
- Note 20 - Measurement of financial instruments
- Note 8 - Contract assets and liabilities
- Note 37 - Legal disputes

W. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

X. Impairment testing

Following the assessment of the recoverable amount of goodwill allocated to groups subsidiaries to which goodwill of EUR 2,022 million is allocated, the directors consider the recoverable amount of goodwill to be most sensitive to the achievement of the 2025 - 2029 financial plan. Financial plan comprise forecasts of revenue, employee benefit expense and overheads based on current and anticipated market conditions that have been considered and approved by the board. Whilst the group is able to manage most costs, the revenue projections are inherently uncertain due to the future market conditions. Revenue of the CGU is most sensitive to changes in the sectors demand for sales in defence and aerospace sector.

The sensitivity analysis in respect of the recoverable amount of goodwill is presented in note 16.

6. Fair Value Measurement

A. Non-Derivative Financial Assets

The fair value is based on their quoted market price as of the balance sheet date with no deduction of transaction costs. If no quoted market price is available, the directors estimate the fair value of the given instrument using price models or techniques based on discounted cash flows.

If techniques based on discounted cash flows are applied, the estimated future cash flows are based on best estimates made by the directors, and a market-based rate as of the balance sheet date for an instrument with similar conditions is used as the discount rate. If price models are used, inputs are based on market rates as of the balance sheet date.

The fair value of trade receivables and other receivables, except for contract assets but including receivables from services provided based on a concession, is estimated as the present value of future cash flows discounted using the interest rate as of the balance sheet date.

The fair value of trade receivables, other receivables and investments reported at amortised cost is only determined solely for the disclosure purposes.

B. Non-Derivative Financial Liabilities

The fair value determined in order to be disclosed is based on the present value of future cash flows from principals and interest discounted by a default interest rate as of the balance sheet date. For leases, the default interest rate is determined as the rate stated by the lessor in the contractual documentation. If this rate is not available, the lessee's incremental borrowing rate is used.

The incremental rate for the Group is derived from PRIBOR + margin 2.59 % for contracts concluded in CZK and EURIBOR + margin 2.80 % for contract concluded in EUR, entered into in 2024.

Put option liabilities are recognized at the present value of the exercise price of each option. The exercise price of the option is generally based on fair value. The methodology the Group uses to estimate the fair values assumes the greater of net book value or a multiple of earnings, based on historical earnings and other factors. From time to time the Group engages external valuation firms for the valuation firms to assess the value of the put options. The external valuation estimates the fair values using a combination of discounted cash flows and a multiple of earnings and/or revenue. The put option liabilities are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The estimated fair values of these put options can also fluctuate, and the discounted cash flows as well as the implicit multiple of earnings and/or revenue at which these obligations may ultimately be settled could vary significantly from the Group's current estimates depending upon market conditions.

C. Derivatives

Financial derivatives are measured at fair value classified under Level 2.

7. Changes in The Group's Structure

A. The Group's New Acquisitions

2024

a. Newly established subsidiaries

Company name	Acquisition type	Establishment date	Effective ownership in %
CSG Engineering, a.s.	Established	10/30/2024	84.55
MSM GREECE Ltd.	Established	06/22/2024	80.20
MSM SPV I, s. r. o.	Established	06/17/2024	80.20
MSM SPV II, s. r. o	Established	06/17/2024	80.20
MSM SPV III, s. r. o.	Established	10/01/2024	80.20
MSM SPV IV, s. r. o.	Established	10/01/2024	80.20
MSM SPV V, s. r. o.	Established	10/01/2024	80.20

b. Acquired subsidiaries - IFRS 3 Business Combinations

1) Vista Group / The Kinetic Group

In November 2024, the Group acquired 100% of Vista Outdoor Inc. and its segment, The Kinetic Group, which is based in the United States and consists of the following companies: Vista Outdoor Sales LLC, Vista Commercial Ammunition Company Inc., The Kinetic Group Operations LLC, Remington Licensing Corporation, Federal Cartridge Company, and Ammunition Operations LLC. The Kinetic Group focuses on designing, developing, distributing, and manufacturing ammunition, primers, and components for hunters, recreational shooters, law enforcement, and the military, with a focus on centerfire pistol ammunition for handguns used in training, target shooting, and personal protection, as well as centerfire rifle ammunition for rifles used in hunting, target shooting, training, and personal protection.

As this extensive acquisition occurred before the end of 2024, the Group's assets and liabilities were not measured at fair value as of the date of preparation of the consolidated financial statements. The assets and liabilities of the acquired company are measured at provisional value, based on the accounting records of the acquired company. Consequently, the acquisition accounting process was not completed in 2024, and the remeasurement to fair value will occur within one year from the acquisition date.

2) Vyvoj Martin a.s.

In December 2024, the Group acquired 80.2%, and the company became fully consolidated again. The company specializes in the production of specialized military containers, modular and mobile air traffic control towers, as well as the development and production of prototypes, customer-specific solutions, and servicing of military equipment.

3) CS Bross s.r.o.

In September 2024, the Group acquired 100% of CS Bross s.r.o., making it a subsidiary of RADIATIK a.s.

4) Platinum Defence a.s.

In November 2024, the Group acquired an 89% stake in Platinum Defence a.s., making it a subsidiary of CSG Land Systems CZ a.s.

2023

c. Newly established subsidiaries

Company name	Acquisition type	Establishment date	Effective ownership in %
LBP 80 S.r.l.	Established	11/20/2023	80.0
MANDURIA TRADE a.s.	Established	10/03/2023	100.0
STALUNA TRADE a.s.	Established	10/03/2023	100.0
DAKO-CZ EN, a.s.	Established	05/02/2023	100.0
DAKO-CZ INDIA PRIVATE LIMITED	Established	03/27/2023	99.9
MEDHA DAKO-CZ PRIVATE LIMITED	Established	07/17/2023	50.0

d. Acquired subsidiaries - IFRS 3 Business Combinations

1) Armi Perazzi S.p.A.

In December 2023 the Group acquired 80 % of the company Armi Perazzi S.p.A., the manufacturer of high-quality shotguns for sport shooters and elite hunters. Olympic medallists and successful competitive shooters belong among owners of these premium firearms, of which Perazzi produces approximately 1,500 units per year. One of them is the Czech Olympic gold medal winner in trap from the 2008 Beijing Olympics, David Kostelecky.

As this extensive acquisition occurred before the end of 2023, the Group's assets and liabilities were not measured at fair value as of the date of preparation of the consolidated financial statements. The assets and liabilities of the acquired company are measured at provisional value, based on the accounting records of the acquired company. Consequently, the acquisition accounting process was not completed in 2023, and the remeasurement to fair value will occur within one year from the acquisition date, including the measurement of the non-controlling interest.

During 2024, the Group has finalised acquisition accounting process that had not been completed before issuing 2023 consolidated financial statements. Consequently, the Group has retrospectively adjusted values of assets and liabilities of Armi Perazzi S.p.A. provisional used in 2023 consolidated financial statements.

Adjustment to assets and liabilities arising from the closing of acquisition accounting were reflected in the financial statements for 2023 of participating company with retrospective effect as follows:

Armi Perazzi S.p.A.	Corrected Value as of Dec 31, 2023	Originally recognised value as of Dec 31, 2023	Difference
Goodwill	—	22,568	(22,568)
Net assets	33,932	15,540	(18,392)
NCI	—	3,108	(3,108)
Investment	33,932	35,000	(1,068)

2) JWL DAKO-CZ (INDIA) LIMITED RN through DAKO-CZ a.s.

In May 2023 the Group acquired 50 % of the company JWL DAKO-CZ (INDIA) LIMITED RN through DAKO-CZ a.s., a manufacturer of braking systems and components for rolling stock. DAKO-CZ wants to improve its position on the Indian market.

3) Pocket Virtuality

In June 2023 the Group acquired the company Pocket Virtuality which develops distinctive solutions utilizing augmented and virtual reality. These solutions can be employed for purposes such as remote technical assistance, design of industrial systems, residential projects, and exhibitions.

4) ABIENNALE s.r.o

The company ABIENNALE s.r.o acquired in September 2023 is a service organization which provides the services in air transport for the companies in the Group.

B. Impact of Acquisitions - IFRS 3 Business Combinations

a. 2024

("EUR '000")	Vista Group / The Kinetic Group	VYVOJ Martin, a.s.	Cs BROSS, s.r.o.	PLATINUM DEFENCE a.s.	Total
Month of acquisition	**November 2024**	**December 2024**	**September 2024**	**February 2024**	
Assets					
Intangible assets and Goodwill	55,160	1,659	—	—	56,819
Property, plant and equipment	130,908	6,665	389	—	137,962
Trade and other non-current receivables	1,341	—	—	—	1,341
Inventory	352,153	1,453	—	11,506	365,112
Trade and other current receivables	168,178	4,159	9	—	172,346
Currnet prepayments and accruals	—	3,381	—	—	3,381
Tax assets	—	49	—	—	49
Cash and cash equivalents	69,628	6,543	3	634	76,808
Total acquired identifiable assets	**777,368**	**23,909**	**401**	**12,140**	**813,818**
Liabilities					
Non-current loans and borrowings	—	—	4	—	4
Non-current provisions	4,783	—	—	—	4,783
Trade and other non-current payables	33,702	1,580	—	—	35,282
Current loans and borrowings	—	8,334	—	—	8,334
Trade and other current payables	150,183	5,172	3	91	155,499
Current provisions	—	1,089	—	—	1,089
Current contract liabilities	—	2,190	—	12,058	14,248
Tax liabilities	—	125	—	—	125
Total identifiable assumed liabilities	188,668	18,490	7	12,149	219,314
Acquired identifiable assets and assumed liabilities (D)	**588,700**	**5,419**	**394**	**(9)**	**588,700**
Payment for the acquired company effective (A)	2,172,518	24,397	1,390	—	2,198,305
Deferred payment effective (G)	—	—	—	—	—
Investment value as of the control acquisition (I)	—	—	—	—	—
Paid (H)	2,172,518	24,397	1,390	—	2,198,305
Acquired non-controlling interests EUR	—	1,073	—	(9)	1,064
Goodwill or bargain purchase (F) = (G + A + I - (D - E)	**1,583,818**	**20,051**	**996**	**0**	**1,604,865**
Less: Acquired cash (B)	69,628	6,542	3	634	76,807
Net cash income (+)/ expense (-) of the transactions (C) = (B - H)	**(2,102,890)**	**(17,855)**	**(1,387)**	**634**	**(2,121,498)**
Aggregate profit or loss					
Revenues	108,760	—	—	—	108,760

Profit (+) / loss (-) from operating activities	23,036	—	—	(15)	23,021
Profit (+) / loss (-) before taxation	23,012	—	—	(12)	23,000
Income tax	(5,217)	—	—	—	(5,217)
Profit or loss for the period	**17,795**	—	—	**(12)**	**17,783**
- of which profit (+) / loss (-) attributable to shareholders	17,795	—	—	(12)	17,783
Other comprehensive income	—	—	—	—	—
Total comprehensive income	**17,795**	—	—	**(12)**	17,783
Share of the Group in total comprehensive income	**17,795**	—	—	**(12)**	17,783

b. 2023

("EUR '000")	Armi Perazzi S.p.A	JWL DAKO-CZ (INDIA) LIMITED RN	POCKET VIRTUALITY a.s.	ABIENNALE s.r.o.	Total
Month of acquisition	**December 2023**	**May 2023**	**June 2023**	**September 2023**	
Assets					
Intangible assets and Goodwill	129	—	404	—	533
Property, plant and equipment	10,557	2,141	172	9,616	22,486
Loans and other non-current financial assets	3	256	—	—	259
Trade and other non-current receivables	1,787	—	(2)	—	1,785
Deferred tax asset	49	—	—	—	49
Inventory	9,628	3,022	3	—	12,653
Trade and other current receivables	7	728	—	203	938
Tax assets	—	—	—	86	86
Cash and cash equivalents	1,178	11	31	62	1,282
Total acquired identifiable assets	**23,338**	**6,158**	**608**	**9,967**	**40,071**
Liabilities					
Non-current loans and borrowings	850	4,518	—	—	5,368
Non-current financial instruments and liabilities	481	—	58	6,059	6,598
Non-current provisions	10	—	—	—	10
Trade and other non-current payables	240	—	—	—	240
Deferred tax liability	90	—	—	—	90
Current financial instruments and liabilities	134	—	—	—	134
Current loans and borrowings	707	1,319	82	5,255	7,363
Trade and other current payables	2,934	—	64	20	3,018
Deferred income	390	—	—	—	390
Current contract liabilities	663	—	—	—	663
Tax liabilities	1,299	—	—	—	1,299
Total identifiable assumed liabilities	**7,798**	**5,837**	**204**	**11,334**	**25,173**
Acquired identifiable assets and assumed liabilities (D)	**15,540**	**321**	**404**	**(1,367)**	**14,898**
Payment for the acquired company effective (A)	35,000	470	283	—	35,753
Deferred payment effective (G)	—	—	—	1,084	1,084
Investment value as of the control acquisition (I)	—	—	—	—	—
Paid (H)	35,000	470	283	—	35,753

("EUR '000")	Armi Perazzi S.p.A	JWL DAKO-CZ (INDIA) LIMITED RN	POCKET VIRTUALITY a.s.	ABIENNALE s.r.o.	Total
Month of acquisition	**December 2023**	**May 2023**	**June 2023**	**September 2023**	
Acquired non-controlling interests EUR	3,108	160	121	—	3,389
Goodwill or bargain purchase (F) = (G + A + I - (D - E))	**22,568**	**310**	**—**	**2,450**	**25,328**
Less: Acquired cash (B)	1,178	11	31	62	1,282
Net cash income (+)/ expense (-) of the transactions (C) = (B - H)	**(33,822)**	**(459)**	**(252)**	**62**	**(34,471)**
Aggregate profit or loss (restated to 12 months by extrapolation from the period in which the company was part of the consolidation group)					
Revenues	13,937	142	69	2,901	17,049
Profit (+) / loss (-) from operating activities	1,808	(628)	(678)	(1,611)	(1,109)
Profit (+) / loss (-) before taxation	692	(471)	(589)	(1,861)	(2,229)
Income tax	(166)	—	—	—	(166)
Profit or loss for the period	**526**	**(471)**	**(589)**	**(1,861)**	**(2,395)**
- of which profit (+) / loss (-) attributable to shareholders	421	(236)	(413)	(1,861)	(2,089)
Other comprehensive income	**—**	**—**	**—**	**—**	**—**
Total comprehensive income	**526**	**(471)**	**(589)**	**(1,861)**	**(2,395)**
Share of the Group in total comprehensive income	**421**	**(236)**	**(413)**	**(1,861)**	**(2,089)**

c. Substantiation of acquisitions

There are several strategic reasons for the purchases, including the following:

- Areas of operation of subsidiaries complete the CSG Group's portfolio;
- Potential for a synergic effect;
- Subsidiaries have technical excellence and production capacities supporting the Group's operational growth.

One of the Group's strategic goals is further expansion of activities in the relevant sectors in the countries where the Group operates. The Group's current goal is to strengthen its position and become a significant market participant.

d. Substantiation of the existence of goodwill

In connection with the acquisition of the Vista Outdoor Inc. / The Kinetic Group, the Czechoslovak Group recognized goodwill in the amount of EUR 1,583,818thousand. As mentioned above, in 2025 the assets and liabilities acquired will be measured at fair value and the amount of goodwill recognized will be adjusted.

With respect to the acquisition of VYVOJ Martin, a.s. the Czechoslovak Group reported goodwill in the amount of EUR 20,051 thousand. As mentioned above, in 2024, the assets and liabilities acquired will be measured at fair value and the amount of goodwill recognized will be adjusted.

e. Disposals of subsidiaries outside the Group

Given the significance of the sales performed this year, fair values of payments for companies sold and the identifiable assets and liabilities sold as of the date of the sale are provided below.

2024

("EUR '000")	RELAZA SPV a.s.
Month of disposal	**February 2024**
Assets	
Property, plant and equipment	4,413
Trade and other current receivables	217
Cash and cash equivalents	4
Total assets sold (A)	**4,634**
Liabilities	
Trade and other current payables	195
Total liabilities sold (B)	**195**
Assets and liabilities sold (C = A - B)	**4,439**
	–
Non-controlling interest (D)	–
Goodwill (E)	–
Selling price (F)	6,659
Proceeds from the sale of subsidiaries = (F - C + D - E)	**2,225**
Cash sold	4
Net cash income from the transaction	**6,655**

2023

("EUR '000")	Ceska letecka servisni a.s.	EHC Service, s.r.o.	EUROPEAN AIR SERVICES SLOVAKIA s. r. o.	HELI COMPANY s.r.o.	Slovak Training Academy, s.r.o.	GAMA OCEL, spol. s r.o.	Total
Month of disposal	**December 2023**	**November 2023**	**November 2023**	**November 2023**	**November 2023**	**November 2023**	
Assets							
Intangible assets and Goodwill	–	–	–	–	3	–	3
Property, plant and equipment	497	–	–	118	16,978	1,507	19,100
Rights of use	–	–	–	–	23	–	23
Deferred tax asset	–	–	–	–	300	–	300
Inventory	1,504	–	–	2,481	23	2,881	6,889
Trade and other current receivables	3,253	–	8	90	234	1,555	5,140
Loans and other non-current financial assets	–	–	–	–	1,692	417	2,109
Current prepayments and accruals	1,583	–	–	23	1,034	12	2,652
Tax assets	212	–	–	190	37	–	439
Cash and cash equivalents	144	–	48	275	113	196	776
Current contract assets	11,244	–	–	–	–	–	11,244
Total assets sold (A)	**18,437**	**–**	**56**	**3,177**	**20,437**	**6,568**	**48,675**
Liabilities							
Non-current financial instruments	–	–	–	–	24	–	24
Deferred tax liability	30	1	–	–	–	1	32
Current loans and borrowings	–	–	–	–	12,313	570	12,883
Non-current loans and borrowings	–	–	–	–	–	3,439	3,439
Trade and other current payables	2,693	10	100	2,000	1,516	844	7,163
Current provisions	146	–	–	–	–	30	176

Deferred income	—	—	—	—	—	9	9
Tax liabilities	223	—	16	44	17	262	562
Non-current contract liabilities	10,756	—	—	—	—	—	10,756
Current contract liabilities	349	—	—	—	—	—	349
Total liabilities sold (B)	**14,196**	**11**	**116**	**2,044**	**13,870**	**5,155**	**35,392**
Assets and liabilities sold (C = A - B)	**4,241**	**(11)**	**(60)**	**1,133**	**6,567**	**1,414**	**13,284**
Non-controlling interest (D)	212	—	—	—	—	—	212
Goodwill (E)	24	48	—	243	—	2,064	2,379
Selling price (F)	4,044	—	4,607	—	4,607	3,904	17,162
Proceeds from the sale of subsidiaries = (F - C + D - E)	**(8)**	**(38)**	**4,807**	**(1,417)**	**(2,018)**	**440**	**1,766**
Cash sold	144	—	48	275	113	196	776
Net cash income from the transaction	**3,900**	**—**	**4,559**	**(275)**	**4,494**	**3,708**	**16,386**

8. Revenues

For the year ended December 31, 2024

For the year ended December 31, 2024 ("EUR '000")	**Defence industry**	**Mechanical engineering**	**Services for aircraft industry**	**Other continued activities**	**Total continued activities**
Revenues by geographic location					
Czech Republic	457,497	40,309	16,467	30,948	545,221
Slovakia	126,159	7,326	1,836	392	135,713
Italy	3,824	1,413	3	54,963	60,203
European Union (all other countries in EU)	842,101	17,347	36,337	107,589	1,003,374
United States of America	6,624	—	1,680	260,543	268,847
Nigeria	291	—	—	—	291
India	101	1,912	12,705	5,115	19,833
Indonesia	102,316	—	—	—	102,316
Serbia	5,072	10	6	494	5,582
Ukraine	1,713,290	—	47	1,172	1,714,509
Other	94,288	4,876	2,218	51,343	152,725
Total revenues	**3,351,563**	**73,193**	**71,299**	**512,559**	**4,008,614**
Revenues of the key products and services					
Production and repair of military machinery	314,483	—	—	—	314,483
Servicing and repair of military machinery	173,749	—	—	—	173,749
Production of trucks	—	3,138	—	—	3,138
Servicing of vehicles and their accessories	—	435	—	—	435
Production of brake systems	—	13,490	—	—	13,490
Servicing and repair of brake systems	—	37,184	—	—	37,184
Energy supply	—	1	—	—	1
Other engineering production	—	6,167	—	—	6,167
Airplane/helicopter maintenance and repair	—	—	38,516	—	38,516
Aircraft industry services	30,231	—	10,232	—	40,463
Production of radar equipment	—	—	21,915	—	21,915
Transportation services/logistics	6,592	—	—	—	6,592
Small arms ammunitions	4	—	—	171,177	171,181
Sale of goods	2,648,180	—	636	299,096	2,947,912
Other	178,324	12,778	—	42,286	233,388
Total revenues	**3,351,563**	**73,193**	**71,299**	**512,559**	**4,008,614**
Revenues by revenue reporting period					
Products and services transferred as of a certain date	3,169,121	73,193	43,425	512,559	3,798,298
Products and services transferred during a period	182,442	—	27,874	—	210,316

Total revenues	**3,351,563**	**73,193**	**71,299**	**512,559**	**4,008,614**

For the year ended December 31, 2023

("EUR '000")	Defence industry	Mechanical engineering	Services for aircraft industry	Other continued activities	Total continued activities
Revenues by geographic location					
Czech Republic	163,328	35,344	24,813	23,723	247,208
Slovakia	53,086	16,245	1,301	4,460	75,092
Italy	400	1,158	1	45,499	47,058
European Union (all other countries in EU)	398,419	11,589	33,859	69,431	513,298
United States of America	26,149	22	10,650	194,017	230,838
Nigeria	12,355	–	–	–	12,355
India	–	7,548	2,160	43	9,751
Indonesia	57,050	–	–	52	57,102
Serbia	5,404	114	–	1,142	6,660
Ukraine	398,218	30	–	1,184	399,432
Other	62,598	6,734	9,179	57,125	135,636
Total sales	**1,177,007**	**78,784**	**81,963**	**396,676**	**1,734,430**
Sales of the key products and services					
Production and repair of military machinery	555,442	–	–	27	555,469
Servicing and repair of military machinery	89,036	–	–	532	89,568
Servicing of vehicles and their accessories	–	533	–	–	533
Production of brake systems	–	44,922	–	–	44,922
Servicing and repair of brake systems	–	17,643	–	–	17,643
Other engineering production	–	4,919	–	–	4,919
Airplane/helicopter maintenance and repair	–	–	2,164	–	2,164
Specialized airplane/helicopter accessories	–	–	6,946	–	6,946
Aircraft industry services	–	–	60,598	–	60,598
Production of radar equipment	–	–	12,038	–	12,038
Transportation services/logistics	3,435	–	–	–	3,435
Small arms ammunitions	–	–	–	368,420	368,420
Sale of goods	487,868	10,508	217	5,729	504,322
Other	41,225	259	–	21,968	63,452
Total sales	**1,177,007**	**78,784**	**81,963**	**396,676**	**1,734,430**
Sales by revenue reporting period					
Products and services transferred as of a certain date	884,186	78,784	64,139	381,175	1,408,284
Products and services transferred during a period	292,821	–	15,130	11,902	319,853
Other income	–	–	2,694	3,599	6,293
Total sales	**1,177,007**	**78,784**	**81,963**	**396,676**	**1,734,430**

The Group assumes that in the following years it will recognize revenues from already concluded contracts with customers in the amount of approximately EUR 2.3 billion relating to performance obligations that are outstanding as of December 31, 2024. The performance will be implemented according to the current assumptions, in particular in the next three years, in 2025 in the amount of approximately EUR 1 billion, in 2026 - 2027 in the amount of EUR 1.1 billion and in the following years in the amount of EUR 0.2 billion. The stated revenues include revenues from separate contracts for different supplies with individual customers, mainly in the defence industry segment.

A. Contractual Balances

The following tables provide information on receivables, contract assets and contract liabilities from contracts with customers in compliance with IFRS 15:

("EUR '000")	December 31, 2024	December 31, 2023
Contract assets	18,913	15,211
Trade receivables and other receivables	544,899	220,436
Contract liabilities	880,066	840,524

The table below shows significant changes in contractual balances in the period ended December 31, 2024.

Changes in contract assets ("EUR '000")	2024	2023
Contract asset as of January 1	**15,211**	**30,125**
Invoicing of contract assets reported as of 1 January	(7,803)	(11,208)
Increase in contract assets based on an ongoing revenue recognition	11,792	7,526
Change in the amount of contract assets due to impairment	(11)	–
Divestment disposals	–	(11,244)
Other changes (such as exchange rate impact)	(276)	12
Contract asset as of December 31	**18,913**	**15,211**

Changes in contract liabilities ("EUR '000")	2024	2023
Contract liabilities as of January 1	**840,524**	**623,840**
Revenue arising from contract liabilities recognised as of 1 January	1,351,921	(448,242)
Partial invoicing and prepayments received for which no revenue was recognised	(1,334,279)	770,389
Divestment disposals		(11,105)
Other changes (such as exchange rate impact)	21,899	(94,358)
Contract liabilities as of December 31	**880,065**	**840,524**

The amount of EUR 840,524thousand (2023: EUR 623,840 thousand) reported as a contract liability as of January 1, 2024 was reported as part of revenue for the year ended December 31, 2024.

B. Performance Obligations and Revenue Reporting Policies

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers controls of a product or service to a customer.

The table below provides additional information on the nature, method and time usual for the performance of performance obligations arising from contracts with customers, including significant payment terms and income recognition under IFRS 15.

Type of Income	Performance Nature and Time of Performance Obligations	Revenue Reporting Under IFRS 15
Non-current production and service agreements Sales from construction contracts with customers	The Group generates a significant portion of revenues through the sale of products and services that are subject to long-term contracts, namely in security services, mechanical engineering and aircraft industry services (maintenance and repair of airplanes and airplane equipment, production of radar equipment, etc.). Most engagements in this segment relate to specific production or services according to the requirements of customers who have control over the relevant asset or service or gradually consume benefits resulting from performance as the Group delivers the performance. At the same time, the engagements usually grant the Group the right to receive payments for work completed including an appropriate margin if a customer unilaterally terminates a contract. With respect to the above facts, the Group reports income over the period in line with IFRS 15. These projects are mostly financed by non-current or current prepayments that are gradually redeemed. A contract asset or a contract liability are reported depending on the amount of prepayments, in most cases, 5 - 70% of the total amount of the contract and invoicing. Most contracts usually include multiple performance obligations, such as the delivery of products, training, installation, etc. In accordance with IFRS 15, these contract liabilities are assessed based on the separability or degree of integration, where in case of a high degree of integration, they are considered performances of one main contract liability. Furthermore, in the case of the supply of a series of identical products, these performances are regarded as a single contract liability in line with IFRS 15. The usual payment terms combine the use of prepayments made, guarantees and invoicing according to certain milestones, which take into account the degree of completion of the production, the state of delivery to the destination, assembly and final tests. Project implementation is connected to a standard work quality guarantee, i.e. it is not reported as a separate contractual obligation.	Sales are reported over time with respect to the progress of contractual activities as of the date of the financial statements using the percentage of completion method. The percentage of completion is predominantly determined using the method of inputs, specifically the proportion of the costs incurred under the contract and the total estimated costs. The Group has to assess and identify separable goods and services and report them as a separate contractual obligation representing a separate performance obligation. If a contract grants a customer a financing benefit, the benefits should be separated from the benefits resulting from the provision of products, goods and services if the financial component is significant and a financial component should be recognized. If the financial component is significant the interest income/interest expense should be separated from sales of assets and should be reported separately in the Statement of Comprehensive Income.
Sale of products Sales of own products	The Group generates the most significant portion of revenues through the sale of own products, which namely includes income from the defence industry (military vehicles, weapon systems and ammunition) and mechanical engineering (the foundry industry, production of trucks and brake systems). The Group recognises sales as of a certain date as the conditions to report income over time are not met under IFRS 15, i.e. a product becomes under a customer's control after being delivered, customers consume the benefits after contractual obligations are met rather than as part of the production and the Group has no right for	Sales of products are reported at the moment when a customer assumes control over a product. The Group has to assess and identify separable goods and services and report them as a separate performance obligation.

Type of Income	Performance Nature and Time of Performance Obligations	Revenue Reporting Under IFRS 15
	compensation of contractual costs including an appropriate margin if a contract is terminated (for reasons other than the Group's failure).	
Sales of goods	Sales of goods namely include income from the sale of armaments goods, radar equipment and accessories for airplanes and helicopters. The Group reports the sales at the point in time as the conditions to report income over time under IFRS 15 are not met, i.e. the goods become under a customer's control after being delivered, a customer consumes benefits after a contractual obligation is met and the Group is not entitled to receive any compensation of contractual costs including an appropriate margin if a contract is terminated (for reasons other than the Group's failure). If the Group acts as an agent (intermediary) in the sale of goods or services, then it accounts for the revenue from these contracts only as a commission for mediation (on a net basis).	Sales of goods are reported when a customer assumes control over the goods. The Group has to assess and identify separable goods and services and report them as a separate performance obligation.
Sales of services	Sales of services namely include servicing and repairs of military machinery, airplanes and helicopters and services in the aircraft industry, which are provided for less than 30 days. The Group reports the sales at a point in time even if the conditions to report income over time under IFRS 15 are met.	Sales of services are reported when control over the benefit from the service provided is transferred to a customer. The Group has to assess and identify separable goods and services and report them as a separate performance obligation.

C. Contract Costs

The price in the contracts with customers is mostly determined as a fixed cost for an object or a set of products, goods and services. In case of multiple separate performances within a single contract, the Group identifies separable goods and services to be delivered and subsequently allocates the expected transaction cost to the separate contractual obligations in line with the methodology specified in IFRS 15.

("EUR '000")	2024	2023
Cost to obtain	32,263	28,119
Cost to fulfil a contract	28,174	13,066
Total	**60,437**	**41,185**
Non-Current	60,437	41,185
Total	**60,437**	**41,185**

9. Raw Material and Consumables

	For the period ended	
(EUR '000)	December 31, 2024	December 31, 2023
Consumed material	524,314	506,937
Movements in stock of products and work in progress	(145,437)	6,465
Purchase costs of sold goods	1,774,030	326,399
Change in allowance for inventory	4,757	1,047
Total costs	**2,157,664**	**840,848**

10. External Costs

	For the period ended	
(EUR '000)	December 31, 2024	December 31, 2023
Administrative costs and other external costs	217,343	121,844
Services and supplies relating to production	174,035	62,594
Transport and travel expenses	12,339	33,492
Cost of energy	18,677	16,707
Rental	4,110	2,231
Repairs and maintenance	15,780	8,387
Total external costs	**442,284**	**245,255**

11. Employee Benefits Costs

	2024	
(EUR '000)	Total staff costs	Of which key management costs
Payroll costs	205,821	15,026
Social security and health insurance	61,551	3,824
Other employee benefits costs	18,840	801
Total employee benefits costs	**286,212**	**19,651**

	2023	
(EUR '000)	Total employee benefit costs	Of which key management costs
Payroll costs	159,649	10,947
Social security and health insurance	53,653	3,056
Other staff costs	9,083	541
Total employee benefits costs	**222,385**	**14,544**

As of December 31, 2024 the Group had 10,137 employees (2023: 5,724 employees) and 215 key managers (2023: 193).

12. Other Operating Income

(EUR '000)	2024	2023
Gain from the sale of tangible and intangible assets	–	13,688
Gain from the ceased receivables	937	2,462
Proceeds from insurance claims	1,691	1,609
Own assets capitalized	33,100	(28,410)
Other operating income	25,300	317
Total other operating income	**61,028**	**5,237**

13. Other Operating Expenses

(EUR '000)	2024	2023
Loss from the sale of material	11,100	818
Change in provisions	13,190	4,180
Taxes and fees	5,779	2,458
Insurance costs	7,478	4,336
Other	33,984	4,111
Charge/release of asset and inventory allowances	1,891	1,286
Impairment losses and gains (including reversals of impairment losses) on financial assets and contract assets	30,896	16,458
Total other operating expenses	**104,318**	**33,647**

14. Financial Income and Expenses

(EUR '000)	2024	2023
Interest income	21,460	21,799
Foreign exchange gain	139,797	–
Other financial income	4,593	1,355
Financial income	**165,850**	**23,154**
Interest expense	111,072	88,675
Foreign exchange loss	147,001	5,061
Interest expense from lease liabilities	3,769	1,360
Other financial expenses	116,494	9,011
Financial expenses	**378,336**	**104,107**
Charge/(release) of allowances	8,272	(11,108)
Other financial gain/(loss)	12,255	2,215
Gains /(losses) from remeasurement of derivatives	22,999	(11,766)
Profit/(loss) from other financial instruments	**43,526**	**(20,659)**
Net financial income/(expenses)	**(168,960)**	**(101,612)**

Other financial gain/loss predominantly includes loss on the sale of financial investments with the Group's share of less than 20%. The increase of interest expense in 2024 is following the increase of secured bank loans primarily for the Fiocchi group acquisition. Charge / (release) of allowances predominantly includes impairment of financial investments where the Group's share is less than 20%.

15. Income Tax

A. Income tax reported in profit or loss

(EUR '000)	2024	2023
Current tax	230,130	78,874

Deferred tax	(17,679)	(10,157)
Total income tax	**212,451**	**68,717**

Deferred tax is calculated using the currently applicable tax rates that are assumed to be effective in the period when the asset will be recovered or the liability will be settled.

The corporate income tax rate for the fiscal year ended December 31, 2024 is 21% in the Czech Republic (2023: 19%), 21% in Slovakia (2023: 21%), 15% in Serbia (2023: 15%), 25% in Spain (2023: 25%), 24 % (2023: 24%) in Italy, 21 % in USA (2023: 21%), 24 %, in Greece, 25 % in India, 19% in Poland.

B. Reconciliation of the Effective Tax Rate

(EUR '000)	% 2024		% 2023	
Profit before tax on continued operations		845,838		278,928
Tax calculated using the local corporate income tax rate of the Company	22.13%	187,213	19.56%	54,449
Change in the opening balance of deferred tax due to a change in the tax rate		(3,667)		1,856
Tax effect:				
Non-deductible expenses		129,236		22,165
Tax-exempt income		(101,793)		(10,942)
Loss for the current year with no deferred tax receivable identified		4,788		4,020
Tax bonuses		(35)		2
Declaration of the tax effect of non-allowable tax losses of prior periods		(124)		(1,805)
Changes in estimates relating to prior periods		(3,167)		(1,028)
Income tax reported in the statement of comprehensive income	**25.12%**	**212,451**	**24.68%**	**68,717**

The average rate of the Group companies weighted by profit before tax was applied for the reconciliation of the effective tax.

The group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Based on the conducted analysis, The Group has met the conditions for the safe harbors and was therefore not required to recognize a provision for top-up tax as of the balance sheet date. The Group continuously monitors legislative developments and the methodology for applying the top-up tax and will take appropriate measures in the event of any changes affecting its tax obligations.

In accordance with accounting regulations and the principles of a true and fair presentation of its financial position, the Group has not recognized a provision for top-up tax in the 2024 financial statements, as, based on the available information, its application is not expected.

16. Intangible Assets and Goodwill

(EUR '000)	Goodwill	Concessions, licences, rights and software	Internally generated intangible assets	Intangible assets under construction	Other intangible assets	Total
Net book value						

Balance as at January 1, 2024	**416,910**	**182,933**	**18,465**	**835**	**15,249**	**634,392**
Acquisitions through business combinations	1,604,865	52,115	2,344	699	1,661	1,661,684
Additions	—	14,145	1,001	7,296	13,582	36,024
Amortisation for the period	—	(15,375)	(1,490)	—	(2,560)	(19,425)
Allowance	—	—	(593)	(670)	—	(1,263)
Disposals	(22,568)	(1,593)	—	(1,166)	—	(25,327)
Reclassification	—	3,810	(4,277)	2,533	(1,447)	619
Impact of exchange rate changes	22,553	2,828	(79)	(138)	(472)	24,692
Balance as at December 31, 2024	**2,021,760**	**238,863**	**15,371**	**9,389**	**26,013**	**2,311,396**

(EUR '000)	**Goodwill**	**Concessions, licences, rights and software**	**Internally generated intangible assets**	**Intangible assets under construction**	**Other intangible assets**	**Total**
Net book value						
Balance as at January 1, 2023	**403,813**	**193,976**	**16,156**	**611**	**16,070**	**630,626**
Acquisitions through business combinations	26,156	24	341	—	110	26,631
Additions	—	9,236	3,337	1,305	832	14,710
Amortisation for the period	—	(15,905)	(890)	—	(1,220)	(18,015)
Disposals	—	(49)	—	—	(112)	(161)
Divestment disposals	(2,441)	(3)	—	—	—	(2,444)
Reclassification	—	1,082	—	(1,038)	(54)	(10)
Impact of exchange rate changes	(10,618)	(5,428)	(479)	(43)	(377)	(16,945)
Balance as at December 31, 2023	**416,910**	**182,933**	**18,465**	**835**	**15,249**	**634,392**

Amortisation of intangible assets is recognised in the line Amortisation/depreciation of fixed assets in the consolidated statement of comprehensive income. Licences predominantly include a licence valid for 25 years for the exclusive production and distribution of PANDURs (infantry fighting vehicles) with the cost of EUR 3 million (2023: EUR 5 million). Identified trademarks include ELDIS Pardubice s.r.o. in the total amount of EUR 7 million and are included in other intangible assets. The Group does not expect to use the trademarks over a certain period of time and as such it applies an indefinite useful life to them. Trademarks with indefinite useful lives are tested for impairment annually, refer to below. Amortization of the newly built main office of CSGM a.s. amounted to EUR 2.6 million.

The most significant additions to concessions, licenses and rights and software in 2024 include internally generated intangible assets is represented by development work on radars in ELDIS Pardubice, s.r.o. of EUR 2 million predominantly licenses for the information system of DAKO-CZ, a.s. of EUR 1.1 million.

As of December 31, 2024, the most significant goodwill amounts to EUR 348,353 thousand for FIOCCHI MUNIZIONI S.P.A. (2023: EUR 348,353 thousand), EUR 25,522 thousand for ELDIS Pardubice, s.r.o. (2023: EUR 25,522 thousand), and EUR 7,500 thousand for Prague Fertility Centre s.r.o. (2023: EUR 7,500 thousand). The remaining goodwill for other companies amounts to EUR 19,254 thousand (2023: EUR 42,036 thousand).

Goodwill is subject to annual impairment testing, see below.

Impairment testing

A. General information

The Group performs annual impairment testing of goodwill, trademarks and other intangible assets with indefinite useful lives.

The Group management decided to apply the value-in-use method to impairment testing.

As management is not aware of any comparable market transactions the calculation of the value in use for trademarks and goodwill is based on estimated projections of discounted cash flows in financial plans approved and prepared by the Group's management throughout the period until 2025 - 2029. It concerns the goodwill of Fiocchi Munizioni Group, ELDIS Pardubice s.r.o., CS Soft a.s., Prague Fertility Center s.r.o., VYVOJ Martin, a.s. and Vista Group / The Kinetic Group predominantly.

Significant assumptions used by management in the calculation include the predicted amount of sales, predicted profit or loss before interest, tax, depreciation and amortization (EBITDA).

B. Impairment testing of goodwill and trademarks of individual companies

The recoverable amount for individual cash-generating units was estimated as mentioned above using the discounted cash flow method. As the recoverable amount exceeds the carrying amount of individual cash-generating units, no related impairment of goodwill, trademarks and other intangible assets was recognized.

C. The key assumptions used to calculate the value in use and sensitivity to changes of assumed input

The calculation of the value in use of individual cash-generating units is most sensitive to the following input considered:

- Budget sales and profit before interest and tax
- Discount rate
- Continuing value growth rate

The budget sales and profit before interest and tax: projections of sales and profit before interest and tax are updated on a regular basis and approved by senior management for a five-year period.

Discount rate before tax: a discount rate is the measurement of the current market risk; in cash flow estimates it takes into consideration the time value of money and individual risks of underlying assets that were not included in estimates of future cash flows. The discount rate is based on specific circumstances of the Group and segments in which it operates. It is derived from its weighted average cost of capital (WACC). WACC considers both liabilities and equity. The value of equity represents the expected return on investments by the Group's investors while liabilities are derived from the Group's interest-bearing loans. The calculation includes a specific industry risk using beta factors. The discount rate before tax is calculated using the adjustment of the resulting discount rate after tax for future cash flows.

Growth rate of intrinsic value: The growth rate of intrinsic value is used for the extrapolation of cash flows after a planned period.

The following values were used for 2024:

Discount rate	6.89 % - 12.19 % (2023: 7.39 % - 11.61 %)
Growth rate of intrinsic value:	3% (2023: 3%)

D. Trademark and goodwill relating to Fiocchi Munizioni Group

Based on a calculation, the estimated recoverable amount exceeds the carrying amount and as such, as of December 31, 2024, no trademark or goodwill impairment was identified for Fiocchi Munizioni Group, a.s. The calculation was based on budgets for 2025 - 2029.

Based trademark and goodwill impairment testing of Fiocchi Munizioni Group performed in 2024, two key inputs were identified that would have to change significantly for the carrying amount to exceed the recoverable amount. The following table shows the value by which the input would have to change for the estimated recoverable amount to equal the carrying amount:

Change needed for the carrying amount to equal the recoverable amount

In %	December 31, 2024	December 31, 2023
Discount rate before tax	2.77 p. p	10.06 p. p
Growth rate of intrinsic value:	(4.79) p. p.	(32.93) p. p.

E. Trademark and goodwill relating to ELDIS Pardubice, s.r.o.

Based on a calculation, the estimated recoverable amount exceeds the carrying amount and as such as of December 31, 2024, no trademark or goodwill impairment was identified for ELDIS Pardubice, s.r.o. The calculation was based on budgets for 2025 - 2029.

Based on trademark and goodwill impairment testing of ELDIS Pardubice, s.r.o. performed in 2023, two key inputs were identified that would have to change significantly for the carrying amount to exceed the recoverable amount. The following table shows the value by which the input would have to change for the estimated recoverable amount to equal the carrying amount:

Change needed for the carrying amount to equal the recoverable amount

In %	December 31, 2024	December 31, 2023
Discount rate before tax	7.53 p. p	21.72 p. p.
Growth rate of intrinsic value:	(16.27) p. p.	NA

F. Goodwill relating to CS SOFT a.s

Based on a calculation, the estimated recoverable amount exceeds the carrying amount and as such as of December 31, 2024, no goodwill impairment was identified for CS SOFT a.s. The calculation was based on budgets for 2025 - 2029.

Based on goodwill impairment testing of CS SOFT a.s. performed in 2024, two key inputs were identified that would have to change significantly for the carrying amount to exceed the recoverable amount. The following table shows the value by which the input would have to change for the estimated recoverable amount to equal the carrying amount:

Change needed for the carrying amount to equal the recoverable amount

In %	December 31, 2024	December 31, 2023

Discount rate before tax	1.90 p. p	12.96 p. p.
Growth rate of intrinsic value:	(3.22) p. p.	(17.75) p. p.

G. Goodwill relating to Prague Fertility Center s.r.o

Based on a calculation, the estimated recoverable amount exceeds the carrying amount and as such as of December 31, 2024, no goodwill impairment was identified for Prague Fertility Center s.r.o. The calculation was based on budgets for 2025 - 2029.

Based on goodwill impairment testing of Prague Fertility Center s.r.o. performed in 2024, two key inputs were identified that would have to change significantly for the carrying amount to exceed the recoverable amount. The following table shows the value by which the input would have to change for the estimated recoverable amount to equal the carrying amount:

Change needed for the carrying amount to equal the recoverable amount

In %	December 31, 2024	December 31, 2023
Discount rate before tax	4.91 p. p	4.49 p. p.
Growth rate of intrinsic value:	(8.05) p. p.	(7.24) p. p.

H. Goodwill relating to Vista Group /The Kinetic Group

Based on a calculation, the estimated recoverable amount exceeds the carrying amount and as such as of December 31, 2024, no goodwill impairment was identified for The Kinetic Group. The calculation was based on budgets for 2025 - 2029.

Based on goodwill impairment testing of The Kinetic Group performed in 2024, two key inputs were identified that would have to change significantly for the carrying amount to exceed the recoverable amount. The following table shows the value by which the input would have to change for the estimated recoverable amount to equal the carrying amount:

Change needed for the carrying amount to equal the recoverable amount

In %	December 31, 2024	December 31, 2023
Discount rate before tax	3.40 p. p	N/A
Growth rate of intrinsic value:	(5.95) p. p.	N/A

I. Trademark relating to Armi Perazzi Group

Based on a calculation, the estimated recoverable amount exceeds the carrying amount and as such as of December 31, 2024, no trademark impairment was identified for Armi Perazzi Group. The calculation was based on budgets for 2025 - 2029.

Based on trademark impairment testing of Armi Perazzi Group performed in 2024, two key inputs were identified that would have to change significantly for the carrying amount to exceed the recoverable amount. The following table shows the value by which the input would have to change for the estimated recoverable amount to equal the carrying amount:

Change needed for the carrying amount to equal the recoverable amount

In %	December 31, 2024	December 31, 2023
Discount rate before tax	14.06 p. p	N/A
Growth rate of intrinsic value:	(82.02) p. p.	N/A

17. Property, Plant and Equipment

(EUR '000)	Property and plant	Machinery and equipment	Building and structure equipment	Right-of-use assets - property and plant	Right-of-use assets - machinery and equipment	Tangible assets under construction	Total
Balance as at January 1, 2024	**176,019**	**90,222**	**7,057**	**25,142**	**24,002**	**50,631**	**373,073**
Acquisitions through business combinations	60,514	59,938	958	4,603	4,352	7,597	137,962
Additions	21,836	45,549	5,000	28,807	40,830	72,388	214,410
Depreciation for the period	(8,397)	(25,091)	(2,578)	(6,016)	(4,784)	—	(46,866)
Allowance	—	(37)	1	—	(34)	(218)	(288)
Disposals	1,391	(2,594)	(33)	(3,769)	171	(20,745)	(25,579)
Divestment disposals	(4,413)	—	—	—	—	—	(4,413)
Reclassification	4,646	7,072	(272)	(455)	(372)	(7,696)	2,923
Impact of 253exchange rate changes	5,808	500	138	(57)	(4,701)	678	2,366
Balance as at December 31, 2024	**257,404**	**175,559**	**10,271**	**48,255**	**59,464**	**102,635**	**653,588**

(EUR '000)	Property and plant	Machinery and equipment	Building and structure equipment	Right-of-use assets - property and plant	Right-of-use assets - machinery and equipment	Tangible assets under construction	Total
Balance as at January 1, 2023	**179,767**	**101,709**	**5,547**	**27,703**	**18,406**	**28,531**	**361,663**
Acquisitions through business combinations	7,292	2,225	733	742	10,006	2,205	23,203
Additions	8,252	29,263	2,440	2,008	2,579	31,602	76,144
Depreciation for the period	(7,423)	(22,206)	(1,515)	(4,978)	(6,424)	(93)	(42,639)
Allowance	—	40	—	—	—	—	40
Disposals	(6,078)	(4,621)	23	(38)	(61)	(6,115)	(16,890)
Divestment disposals	(2,847)	(16,624)	(29)	(24)	—	(170)	(19,694)
Reclassification	(100)	2,545	(4)	—	—	(4,516)	(2,075)
Impacts of exchange rate changes	(2,844)	(2,109)	(138)	(271)	(504)	(813)	(6,679)
Balance as at December 31, 2023	**176,019**	**90,222**	**7,057**	**25,142**	**24,002**	**50,631**	**373,073**

The most significant addition to machinery and equipment includes new machines related to the construction of the EXCALIBUR ARMY spol. S r.o. hall, amounting to EUR 8.75 million, as well as machines for ammunition production at ZVS Holding, a.s., amounting to EUR 7.85 million. The most significant additions to tangible assets under construction include the modernization of ammunition equipment at ZVS Holding, a.s., amounting to EUR 21.68 million, and the modernization of equipment at FIOCCHI MUNIZIONI S.P.A., amounting to EUR 6.77 million.

Pledged assets

As of December 31, 2024, no property, plant, or equipment was pledged as collateral for bank loans (2023: EUR 71,335 thousand). However, as of December 31, 2024 the Group has pledged shares amounting to EUR 863,928 thousand, along with certain intercompany receivables (2023: EUR 52,793 thousand).

18. Leases

Group as the lessee

A. Right-of-use

(EUR '000)	Right-of-use assets - property and plant	Right-of-use assets - machinery and equipment	Total
Balance as at January 1, 2024	**25,142**	**24,002**	**49,144**
Acquisitions through business combinations	4,603	4,352	8,955
Additions	28,807	40,830	69,637
Depreciation for the period	(6,016)	(4,784)	(10,800)
Allowance	—	(34)	(34)
Disposals	(3,769)	171	(3,598)
Divestment disposals	—	(4,283)	(4,283)
Reclassification	(455)	(372)	(827)
Impacts of 254exchange rate changes	(57)	(418)	(475)
Balance as at December 31, 2024	**48,255**	**59,464**	**107,719**

(EUR '000)	Right-of-use assets - property and plant	Right-of-use assets - machinery and equipment	Total
Balance as at January 1, 2023	**27,703**	**18,406**	**46,109**
Acquisitions through business combinations	742	10,006	10,748
Additions	2,008	2,579	4,587
Depreciation for the period	(4,978)	(6,424)	(11,402)
Disposals	(38)	(61)	(99)
Divestment disposals	(24)	—	(24)
Impacts of exchange rate changes	(271)	(504)	(775)
Balance as at December 31, 2023	**25,142**	**24,002**	**49,144**

The incremental rate for the Group is derived from PRIBOR + margin 2.59 % for contracts concluded in CZK and EURIBOR + margin 2.80 % for contract concluded in EUR, entered into in 2024.

The incremental rate for the Group is derived from PRIBOR + margin 4.92% for contracts concluded in CZK and EURIBOR + margin 4.53 % for contract concluded in EUR, entered into in 2023.

The Group uses mainly administrative buildings, land, production halls and cars for leasing. The average lease term of real estate is 6 years, the average lease term of cars and machines is 3 years. In relation to certain cars, the Group has the right to purchase leased assets at the end of the lease term.

In 2023, the most significant additions to the right-of-use of aircraft due to acquisition of the company ABIENNALE s.r.o. (see Note 7).

Other additions to the right-of-use machinery and equipment primarily include aircraft leased by RELAZA SPV a.s. in the amount of EUR 6 million.

B. Amounts reported in the statement of comprehensive income

(EUR '000)	2024	2023
Right-of-use assets amortisation	(10,800)	(11,402)
Interest expense from lease liabilities	(3,769)	(1,360)
Costs related to current leases	(207)	(257)
Costs related to leases of low-value assets	(190)	(293)
Costs related to variable lease payments not included in lease liabilities	(708)	(406)
Total	**(15,674)**	**(13,718)**

The Group does not report any lease contracts with an early termination or extension option which are highly likely to be utilised.

C. Lease liabilities

As of December 31, 2024, the Group reported the following lease liabilities:

(EUR '000)	December 31, 2024	December 31, 2023
Non-current lease liabilities	84,905	36,200
Current lease liabilities	14,116	6,323
Total lease liabilities	**99,021**	**42,523**

As of December 31, 2024 the lease liability in the amount of EUR 60,981 thousands were classified as operating lease and the lease liability in the amount of EUR 38,040 thousands were classified as financial leases.

In relation to lease liabilities, the Group is not exposed to significant liquidity risk, which is managed by the Treasury department. Lease liabilities are the part of the rows "Other financial instruments" (current and non-current) in the statement of financial position.

19. Investments in Associates and Joint Ventures

The Group has investments in the following associates and joint ventures:

(EUR ,000)		Direct ownership percentage December 31, 2024	Investment carrying amount December 31, 2024	Direct ownership percentage December 31, 2023	Investment carrying amount December 31, 2023
Associates	**State**	**%**		**%**	
ZVS technology, s.r.o.	Slovakia	27.54	1	27.54	2
Target Products 1978 Ltd	New Zealand	20.00	1,475	20.00	1,476
C.F.L. S.a.s.	Italy	14.00	–	14.00	43
Joint ventures					
CSG CENTRAL ASIA a.s.	Czech Republic	30.00	–	30.00	–
FALCON CSG a.s.	Czech Republic	30.00	28	30.00	22
HARVO Reality s.r.o.	Czech Republic	44.55	589	50.00	–
Milconn a.s.	Czech Republic	50.00	711	50.00	493

(EUR ,000)		Direct ownership percentage December 31, 2024	Investment carrying amount December 31, 2024	Direct ownership percentage December 31, 2023	Investment carrying amount December 31, 2023
TATRA group*	Czech Republic	65.00	81,119	65.00	83,417
VYVOJ Martin, a.s.	Slovakia		–	61.56	18,047
Total			**83,923**		**103,499**

* TATRA group includes TATRA TRUCKS a.s., TATRA METALURGIE a.s. and TATRA EXPORT s.r.o.

The Group holds a 65% equity interest in TATRA TRUCKS a.s. (TATRA group). The Articles of Association of TATRA a.s. require the agreement of 75% of shareholders for some essential decisions of the General Meeting, therefore the Group does not control TATRA TRUCKS a.s. independently and considers it a joint venture. The Group has not concluded any agreements with the other shareholder of TATRA TRUCKS a.s. regarding the control of the company.

In December 2024 the Group acquired 80.2% of VYVOJ Martin , and the company became fully consolidated again.

A. 2024

In 2024 there wasn't any new acquisition to Associate or JV.

B. 2023

In 2023 there wasn't any new acquisition to Associate or JV.

The CSG Group's share in the total comprehensive income of the TATRA group is disclosed in the table below:

Effective ownership percentage	TATRA Group Joint venture 65%	TATRA Group Joint venture 65%
(EUR ,000)	December 31, 2024	December 31, 2023
Summary balance sheet		
Non-current assets	124,969	122,252
Current assets (including cash and cash equivalents)	270,343	279,054
Non-current liabilities	27,143	17,682
Current liabilities	250,456	262,537
Net assets (100%)	**117,713**	**121,087**
The Group's share in the profit (+) / loss (-) of the associate	(1,545)	**134**
Summary income statement after the acquisition date		
Income	388,882	575,460
Profit (+) / loss (-) from operating activities	6,751	7,913
Profit (+) / loss (-) before tax	(3,848)	1,955
Income tax	1,471	(1,749)
Profit (+) / loss (-) for the year/reporting period	**(2,377)**	**206**
of which profit (+)/loss (-) attributable to owners	(1,541)	134
Other comprehensive income	(1,541)	(499)
Total comprehensive income	–	206
The Group's share in the total comprehensive income	–	134
Total comprehensive income after considering the impact of IFRS 9	–	–
Group's share in the total comprehensive income after considering the impact of IFRS 9	–	–
Other changes in equity	–	(821)
- of which dividends paid	(767)	–
- of which derivatives remeasured	–	(487)

Effective ownership percentage	TATRA Group Joint venture 65%	TATRA Group Joint venture 65%
(EUR ,000)	December 31, 2024	December 31, 2023
The Group's share in other changes in equity	**–**	**(47)**
Adjustment for retained earnings at the intercompany sale of inventory	(196)	(265)
The Group's share in retained earnings	**(128)**	**(172)**
The Group's adjusted share in the total comprehensive income and other changes in equity	**(1,672)**	**(87)**

The Group only reports its share in the loss from associates if the carrying amount of the equity investment in as associate is not lower than zero. The Group does not account for any payables as it is not obliged to fund operations of an investee.

The CSG Group's investments in associates and joint ventures are disclosed in the table below:

	CSG CENTRAL ASIA a.s.	FALCON CSG a.s.	Milconn a.s.	HARVO Reality s.r.o.	VYVOJ Martin, a.s. *
	Joint venture	Joint venture	Joint venture	Joint venture	Joint venture
	30.00%	30.00%	50.00%	44.55%	61.56%
(EUR ,000)	December 31, 2024	December 31, 2024	December 31, 2024	December 31, 2024	December 31, 2024
Summary balance sheet					
Non-current assets	77	79	—	816	7,065
Current assets (including cash and cash equivalents)	6	—	1,797	772	15,565
Non-current liabilities	—	—	—	—	458
Current liabilities	3	14	361	363	16,729
Net assets (100%)	**80**	**65**	**1,436**	**1,225**	**5,443**
The Group's share in the profit (+) / loss (-) of an associate	**—**	**(1)**	**234**	**387**	**667**
Summary income statement					
Income	—	—	6,636	1,554	19,107
Profit (+) / loss (-) from operating activities	(4)	(1)	(95)	(442)	(10,230)
Profit (+) / loss (-) before tax	2	(2)	469	1,103	1,134
Income tax	—	—	—	(232)	(51)
Profit (+) / loss (-) for the year/reporting period	**2**	**(2)**	**469**	**871**	**1,083**
- Of which profit (+) / loss (-) attributable to owners	—	(1)	234	388	667
Total comprehensive income	1	(2)	469	871	1,083
The Group's share in total comprehensive income	**—**	**(1)**	**234**	**388**	**667**

* VYVOJ Martin, a.s. in December 2024 became fully consolidated company

(EUR '000)	CSG CENTRAL ASIA a.s. Joint venture 30.00% December 31, 2023	FALCON CSG a.s. Joint venture 30.00% December 31, 2023	Milconn a.s. Joint venture 50.00% December 31, 2023	HARVO SPV s.r.o.* Joint venture 45.00% December 31, 2023	VYVOJ Martin, a.s. Joint venture 61.56% December 31, 2023
Summary balance sheet					
Non-current assets	–	81	–	807	7,690
Current assets (including cash and cash equivalents)	81	–	1,216	189	7,286
Non-current liabilities	–	–	–	–	522
Current liabilities	–	12	229	1,043	9,869
Net assets (100%)	**81**	**69**	**987**	**(47)**	**4,585**
The Group's share in the profit (+) / loss (-) of an associate	**1**	**(1)**	**171**	**–**	**315**
Summary income statement					
Income	–	–	5,767	1	10,620
Profit (+) / loss (-) from operating activities	(4)	(3)	451	(13)	707
Profit (+) / loss (-) before tax	3	(4)	421	(36)	515
Income tax	–	–	(80)	–	(3)
Profit (+) / loss (-) for the year/reporting period	**3**	**(4)**	**341**	**(36)**	**512**
- Of which profit (+) / loss (-) attributable to owners	1	(1)	171	–	315
Total comprehensive income	3	(4)	341	(36)	512
The Group's share in total comprehensive income	**1**	**(1)**	**171**	**–**	**315**

20. Financial Instruments

A. Loans and Other Financial Assets

(EUR ,000)	December 31, 2024	December 31, 2023
Assets at amortised cost		
Granted loans	45,723	166,559
Other financial assets	36,108	82,633
Total assets at amortised cost	**81,831**	**249,192**
Assets at fair value		
Derivative instruments	6,983	18,433
Other financial assets	57,866	5,984
Total assets at fair value	**64,849**	**24,417**
Non-current	77,206	171,518
Current	69,474	102,091
Total loans and other financial assets	**146,680**	**273,609**

Granted loans in 2024 primarily consist of a loan of EUR 17 million provided to a third party, which represents the largest loan in this category, along with other loans, including EUR 5 million.

Granted loans in 2023 primarily consisted of a loan provided to a third party and an individual.

The weighted average interest rate relating to loans other than to lending institutions was 7.09 % in 2024 (2023: 8.62 %).

Trade and other receivables are disclosed in Note 21, Trade and other payables are disclosed in Note 28.

Exposure of the Group to credit and currency risks and impairment losses relating to loans and other financial assets are disclosed in Note 32 - Risk Management Methods and Disclosures.

Other financial assets primarily comprise deposits in bank accounts with limited access (2024: EUR 14 million, 2023: EUR 37 million) and advances on financial assets and other investments (2024: EUR 53 million, 2023: EUR 38 million).

Granted loans primarily represent loans provided to external business partners. These loans are issued under standard commercial terms and conditions

B. Loans, borrowings and other financial liabilities

(EUR ,000)	December 31, 2024	December 31, 2023
Overdraft	449,589	76,282
Secured bank loans	1,414,816	587,865
Unsecured bank loans	44,077	53,907
Loans from the shareholder and other related parties	1,216	38,288
Loans from third parties (other loans)	2,798	1,057
Total loans and borrowings at amortised cost	**1,912,496**	**757,399**
Liability from put option	148,777	176,451
Derivative instruments	13,017	6,984
Total financial liabilities at fair value	**161,794**	**183,435**

(EUR ,000)	December 31, 2024	December 31, 2023
Other financial liabilities	40,126	38
Financial liabilities from leases	99,021	42,523
Total loans, borrowings, derivatives and other financial instruments	**2,213,437**	**983,395**
Non-current loans and borrowings	1,140,402	456,940
Current loans and borrowings	772,094	300,459
Total loans and borrowings	**1,912,496**	**757,399**
Non-current financial instruments	99,802	216,887
Current financial instruments	201,139	9,109
Financial instruments and lease liabilities	**300,941**	**225,996**
Non-current loans, borrowings and other financial instruments	1,240,204	673,827
Current loans, borrowings and other financial instruments	973,233	309,568
Total loans, borrowings and other financial instruments	**2,213,437**	**983,395**

Financial liabilities from leases are reported in Note 18 Leases.

Liability from put option in 2024 and 2023 mostly represents option to acquire remaining 30% share in Fiocchi Group at fair value.

In 2024, the weighted average interest rate of loans amounted to 8.58 % (2023: 6.41 %).

C. Terms and Summary of Loan Maturities

The following terms applied to outstanding loans and borrowings as of December 31, 2024:

(EUR ,000)	Currency	Nominal interest rate*	Balance as at December 31, 2024	Due in 1 year	Due in 1 to 5 years	Due in subsequent years
Bank overdraft	CZK	Fixed	265	265	–	–
Bank overdraft	CZK	Variable	(5)	(5)	–	–
Bank overdraft	EUR	Fixed	1,543	1,521	22	–
Bank overdraft	EUR	Variable	447,290	447,290	–	–
Bank overdraft	EUR	Interest free	495	495	–	–
Collateralised bank loan	CZK	Fixed	179	–	179	–
Collateralised bank loan	CZK	Variable	1,146,234	190	1,146,040	4
Collateralised bank loan	CZK	Interest free	283	–	283	–
Collateralised bank loan	EUR	Fixed	2,087	249	1,838	–
Collateralised bank loan	EUR	Variable	295,651	283,651	12,000	–
Collateralised bank loan	EUR	Interest free	(29,679)	(6,037)	(23,642)	–
Collateralised bank loan	USD	Interest free	65	65	–	–
Loans from related parties	CZK	Variable	732	6	726	–
Loans from related parties	CZK	Interest free	421	421	–	–
Loans from related parties	EUR	Variable	77	–	77	–
Loans from related parties	EUR	Interest free	(14)	(14)	–	–
Other loans	CZK	Fixed	953	465	4	484

(EUR ,000)	Currency	Nominal interest rate*	Balance as at December 31, 2024	Due in 1 year	Due in 1 to 5 years	Due in subsequent years
Other loans	CZK	Variable	383	244	139	—
Other loans	CZK	Interest free	150	150	—	—
Other loans	EUR	Fixed	1,312	245	513	554
Other loans	EUR	Interest free	—	—	—	—
Uncollateralised bank loans	CZK	Fixed	274	46	228	—
Uncollateralised bank loans	CZK	Variable	709	—	709	—
Uncollateralised bank loans	CZK	Interest free	(421)	(421)	—	—
Uncollateralised bank loans	EUR	Fixed	22,158	21,928	230	—
Uncollateralised bank loans	EUR	Variable	21,357	21,341	16	—
TOTAL			**1,912,496**	**772,094**	**1,139,361**	**1,041**

* The variable interest rate is derived from the PRIBOR, EURIBOR or LIBOR rate plus a mark-up. All interest rates correspond with arm's length conditions.

Negative amount in EUR and CZK interest free bank loans represents amortised costs of financing.

The following terms applied to outstanding loans and borrowings as of December 31, 2023:

(EUR '000)	Currency	Nominal interest rate*	Balance as at December 31, 2023	Due in 1 year	Due in 1 to 5 years	Due in subsequent years
Bank overdraft	CZK	Fixed	310	40	269	—
Bank overdraft	CZK	Variable	61,302	59,351	1,950	—
Bank overdraft	EUR	Fixed	—	—	—	—
Bank overdraft	EUR	Variable	13,656	13,668	(12)	—
Bank overdraft	RSD	Fixed	1,015	999	16	—
Other loans	CZK	Fixed	37	37	—	—
Other loans	CZK	Variable	195	195	—	—
Other loans	EUR	Variable	712	375	337	—
Other loans	GBP	Fixed	78	78	—	—
Other loans	USD	Fixed	35	35	—	—
Loans from related parties	CZK	Fixed	20,801	1,894	18,907	—
Loans from related parties	CZK	Variable	2,058	2,058	—	—
Loans from related parties	EUR	Variable	6,295	355	5,940	—
Loans from related parties	USD	Fixed	9,050	—	9,050	—
Loans from related parties	USD	Variable	84	84	—	—
Collateralised bank loan	CZK	Fixed	14,955	3,700	10,986	270
Collateralised bank loan	CZK	Variable	10,624	4,983	4,913	728
Collateralised bank loan	EUR	Fixed	35,029	11,622	11,114	12,294
Collateralised bank loan	EUR	Variable	524,735	149,622	355,809	19,303
Collateralised bank loan	USD	Fixed	2,522	—	—	2,522
Uncollateralised bank loans	CZK	Variable	30,216	28,229	1,987	—

Uncollateralised bank loans	EUR	Fixed	20,797	20,769	28	–
Uncollateralised bank loans	EUR	Variable	2,894	2,365	529	–
TOTAL			**757,399**	**300,459**	**421,823**	**35,117**

* The variable interest rate is derived from the PRIBOR, EURIBOR or LIBOR rate plus a mark-up. All interest rates correspond with arm's length conditions.

A majority of the Group's covenants are tied to the financial performance of a specific Group company. Major indicators in the agreed covenants include:

- Equity to total assets;
- Minimum amount of equity; and
- Net debt to EBITDA.

D. Bonds

On July 1, 2021, the Company issued CSG VAR/26 bonds (ISIN CZ0003532681) with a floating interest income in the total nominal value of placement of CZK 2,000 million (approx.EUR 81 million) with maturity in 2026. The bonds were issued as securities in the book-entry form with a nominal value of CZK 10 thousand (EUR 0.4 thousand) per bond. As of December 31, 2023, the Company recognised a payable from these issues in the amount of EUR 79,392 thousand. As of December 31, 2023, the Company recognised a payable from these issues in the amount of EUR 80,890 thousand.

The CSG VAR/24 bonds bear a floating interest rate consisting of 6M PRIBOR + a 3.25% margin per annum (p.a.), with interest falling due biannually as of November 1 and May 1 each year.

On September 17, 2021, the Company issued CSG VAR/26 bonds (ISIN CZ0003534174) with a fixed (step-up) interest income in the estimated total nominal value of placement of EUR 25 million with maturity in 2026. The bonds were issued as securities in the book-entry form with a nominal value of EUR 100 thousand per bond. As of December 31, 2024, the Company recognises a payable from these issues in the amount of EUR 15 million. As of December 31, 2023, the Company recognised a payable from these issues in the amount of EUR 15 million.

The CSG/VAR 26 bonds bear interest at a fixed (step-up) rate, which increases gradually from 3.5% per annum (p.a.), to 4.35% p.a. according to a predetermined procedure specified in the bond prospectus. Interest is payable quarterly on January 17, March 17, June 17 and September 17 of each year.

On December 21, 2022, the Company issued CSG VAR/2027 (ISIN CZ003546780) floating rate bonds with an expected total nominal value of the issue of up to EUR 15 million, maturing in 2027. The bonds were issued as book-entry securities with a nominal value of EUR 100 thousand each. As of December 31, 2024, the Company recognises a payable of EUR 11.1 million for these issues. As of December 31, 2023, the Company recognised a payable of EUR 11.1 million.

CSG/VAR 27 bonds bear interest at a floating rate consisting of 6M EURIBOR + 3.5% per annum (p.a.) margin, with a minimum interest rate of 4.25%. Interest is payable semi-annually on June 21 and December 21 each year.

On July 4, 2023, the Company issued CSG 8.00/2028 bonds (ISIN CZ0003550808) with a fixed interest income in the estimated total nominal value of placement up to CZK 3,000 million (approx. EUR 121 million) and possible increase up to CZK 5,000 million (approx. EUR 202 million). Maturity of the bonds is in 2028. The bonds were issued as securities in the book-entry form with a nominal value of CZK 10 thousand approx EUR 0.4 thousand) per bond. As of December 31,2024, the Company recognises a payable from these issues in the amount of EUR 198,402 thousand. As of December 31, 2023, the Company recognises a payable from these issues in the amount of EUR 173,053 thousand.

CSG 8.00/2028 bonds bear fixed interest 8.00% p.a. interest is payable semi-annually on January 4 and July 4 of each year.

On November 21, 2024, the Company issued USD 734,400,400 Senior Secured Floating Rate (CSG USD) notes due 2030 (ISIN USX1761DAJ10) with floating interest calculated as compounded 6M SOFR + 7%. Total nominal value of placement is 734,400,400 USD. Maturity of the bonds is in 2030. Due to higher demand the Company issued on December 19,2024 additional USD 40,600,000 Senior Secured Floating Rate Notes due 2030. Total value of placement was USD 775,000,000. As of December 31,2024, the Company recognises a payable from these issues in the amount of EUR 745,825 thousand.

(EUR ,000)	December 31, 2024	December 31, 2023
Issued bonds	1,049,719	332,508
Outstanding interest	15,297	7,761
Subtotal	**1,065,016**	**340,269**
Transaction costs	(59,321)	(2,824)
Total bonds	**1,005,695**	**337,445**
Non-current	1,000,830	278,073
Current	4,865	59,372
Total bonds	**1,005,695**	**337,445**

Bonds as of December 31, 2024 and 2023 were subject to the following conditions:

(EUR ,000)	Currency	Nominal interest rate	Due in	Balance as at December 31, 2024	Due in 1 year	Due in 1 to 5 years	Due in subsequent years
CSG VAR/26	CZK	variable	2021-2026	79,392	—	79,392	—
CSG VAR/26	EUR	fixed (step-up)	2021-2026	15,025	25	15,000	—
CSG VAR/27	EUR	variable	2022-2027	11,121	21	11,100	—
CSG 8,00/2028	CZK	fixed	2023-2028	206,177	7,775	198,402	—
CSG USD	USD	variable	2024-2030	753,301	7,476	—	745,825
TOTAL				**1,065,016**	**15,297**	**303,894**	**745,825**

(EUR '000)	Currency	Nominal interest rate	Due in	Balance as at December 31, 2023	Due in 1 year	Due in 1 to 5 years
CSG VAR/24	CZK	variable	2019-2024	53,367	53,367	—
CSG VAR/26	CZK	variable	2021-2026	80,890	—	80,890
CSG VAR/26	EUR	fixed (step-up)	2021-2026	15,024	24	15,000
CSG VAR/27	EUR	variable	2022-2027	11,125	25	11,100
CSG 8,00/2028	CZK	fixed	2023-2028	179,863	6,810	173,053
TOTAL				**340,269**	**60,226**	**280,043**

The sensitivity analysis relating to fair values of financial instruments is disclosed in Note 32 - Risk Management Methods and Disclosures.

21. Trade and Other Receivables and Other Assets

(EUR ,000)	December 31, 2024	December 31, 2023
Receivables from retentions	240	—
Trade receivables	425,034	160,799
Receivables from sale of shares and associates	13,495	10,387
Receivables from assignment	63,123	1,805
Other receivables	38,914	38,140

Estimated receivables	3,814	5,002
Accrued income	278	4,303
Trade and other receivables	**544,899**	**220,436**
Deferred expenses	49,883	48,429
Prepayments made	689,538	175,403
Prepayments made and deferred expenses and accrued income	**739,420**	**223,832**
Trade and other receivables and total other assets	**1,284,319**	**444,268**
Non-current	179,200	17,438
Current	1,105,119	426,830
Trade and other receivables and total other assets	**1,284,319**	**444,268**

The Group's exposure to credit and currency risks and impairment losses in relation to trade and other receivables is disclosed in Note 32 - Risk Management Methods.

As of December 31, 2024, trade and other receivables amounted to EUR 0 thousand (2023: EUR 99,661 thousand) and were provided as collateral to bank loans.

Contract Assets

(EUR ,000)	December 31, 2024	December 31, 2023
Income recognised in the current period	196,949	265,297
Total expenses incurred to date	568,523	402,767
Total recognised profit (minus reported losses) to date*	195,907	141,742
Total income from contracts to date	**764,430**	**544,509**
Gradual billing*	859,279	536,135
Total	**(94,849)**	**8,374**
Of which:		
- Gross amount due from customers for contractual work	26,400	72,276
- Gross amount payable to customers for contractual work	(121,249)	(63,903)
Total	**(94,849)**	**8,373**
Gross amount due from customers for contractual work	26,400	72,276
Prepayments received offset against gross amounts due from customers	(7,554)	(57,077)
Net amount due from customers for contractual work	**18,846**	**15,199**
Prepayments received from customers for contractual work	156,130	200,827

22. Deferred Tax Assets and Liabilities

A. Reported Deferred Tax Assets and Liabilities

The following deferred tax assets (liabilities) were reported:

(EUR ,000)	December 31, 2024			December 31, 2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Intangible fixed assets	3,902	(72,136)	(68,234)	141	(48,983)	(48,842)
Property, plant and equipment	6,212	(45,562)	(39,350)	2,284	(19,965)	(17,681)
Investment property	—	(793)	(793)	192	(210)	(18)
Other investments	29,802	(32,874)	(3,072)	176	—	176
Provided loans	19	(258)	(239)	19	—	19
Receivables	18,118	(1,266)	16,852	3,995	(298)	3,697
Other assets	533	(84)	449	33	(336)	(303)
Inventories	36,011	(314)	35,697	4,419	(2,245)	2,174
Provisions	9,656	(36)	9,620	3,326	—	3,326
Loan interest	—	(4,602)	(4,602)	1	(18)	(17)

Payables	17,007	(4,713)	12,294	394	(48)	346
Other payables	8,757	(6,543)	2,214	2,021	—	2,021
Tax losses of prior years	174	—	174	164	—	164
Other temporary differences	2,529	(16,382)	(13,853)	1,818	(912)	906
Total	132,720	(185,563)	(52,843)	18,983	(73,015)	(54,032)
Tax offsetting	(105,947)	105,947	—	(7,343)	7,343	—
Net deferred tax asset (tax liability)	**26,773**	**(79,616)**	**(52,843)**	**11,640**	**(65,672)**	**(54,032)**

A deferred tax asset arising from unutilised tax losses of prior years is only recognised if it is likely that a future taxable profit will be generated in respect of which it will be possible to utilise unutilised tax losses. The moment when the possibility of utilising tax losses expires is presented in the table below:

(EUR ,000)	2024	2025	2026	2027	2028	2028 onwords	Total
Total tax losses	**385**	**248**	**571**	**387**	**147**	**323**	**2,061**
Tax losses - utilized	—	—	53	53	68	—	174
Tax losses - unutilized	385	248	518	334	79	323	1,887

B. Movements in Temporary Differences During the Year

(EUR ,000) Temporary difference in relation to the below items:	Balance as at January 1, 2024	Reported through comprehensive income	Reported through equity	Acquired	Sold	Effect of changes in foreign exchange rates	Balance as at December 31, 2024
Intangible fixed assets	(48,842)	4,268	(799)	(23,589)	—	728	(68,234)
Property, plant and equipment	(17,681)	(18,259)	8,593	(12,202)	11	188	(39,350)
Investment property	(18)	(589)	(191)	—	—	5	(793)
Other investments	176	(3,095)	(138)	—	—	(15)	(3,072)
Loans provided	19	(592)	334	—	—	—	(239)
Receivables	3,697	4,370	6,329	2,543	—	(87)	16,852
Other assets	(303)	13,809	(21,502)	8,390	—	55	449
Inventories	2,174	17,436	15,652	522	—	(87)	35,697
Provisions	3,326	17	6,338	—	—	(61)	9,620
Loan interest	(17)	15,466	(20,928)	905	—	(28)	(4,602)
Payables	346	(1,753)	6,513	7,095	—	93	12,294
Other liabilities	2,021	(82)	191	122	—	(38)	2,214
Tax losses of prior years	164	(1,004)	1,016	—	—	(2)	174
Other temporary differences	906	(12,313)	(1,516)	(950)	—	20	(13,853)
Total	**(54,032)**	**17,679**	**(108)**	**(17,164)**	**11**	**771**	**(52,843)**

(EUR '000) Temporary difference in relation to the below items:	Balance as at January 1, 2023	Reported through comprehensive income	Reported through equity	Acquired	Sold	Effect of changes in foreign exchange rates	Balance as at December 31, 2023
Intangible fixed assets	(52,955)	2,047	1,960	—	—	105	(48,843)
Property, plant and equipment	(17,304)	(739)	124	1	(16)	253	(17,681)
Investment property	107	(125)	—	—	—	1	(17)
Other investments	131	49	—	—	—	(4)	176
Loans provided	5	15	—	—	—	(1)	19

Receivables	3,955	140	(657)	—	312	(54)	3,696
Other assets	(234)	(82)	1	—	—	12	(303)
Inventories	414	3,018	(1,070)	(36)	(58)	(93)	2,175
Provisions	2,102	1,321	(45)	—	31	(83)	3,326
Loan interest	—	(17)	—	—	—	—	(17)
Payables	143	202	8	—	—	(7)	346
Other liabilities	(618)	2,716	19	—	—	(96)	2,021
Tax losses of prior years	181	(14)	(3)	—	—	—	164
Other temporary differences	(1,033)	1,628	345	(5)	—	(29)	906
Total	**(65,106)**	**10,159**	**682**	**(40)**	**269**	**4**	**(54,032)**

23. Inventory

(EUR ,000)	December 31, 2024	December 31, 2023
Material	543,353	346,836
Finished products	295,807	78,217
Goods	211,065	132,744
Work in progress	170,088	82,749
Prepayments to suppliers	939,828	219,699
Total inventory	**2,160,141**	**860,245**

As of December 31, 2024, the allowance for inventory was EUR 8,715 thousand (2023: EUR 8,015 thousand).

As of December 31, 2024, no inventory was provided as collateral to secure bank loans (2023: EUR 187,975 thousand).

24. Tax Receivables

(EUR ,000)	December 31, 2024	December 31, 2023
Value added tax	18,328	16,973
Other taxes	3,053	2,358
Total tax receivables	**21,381**	**19,331**

25. Cash and Cash Equivalents

(EUR ,000)	December 31, 2024	December 31, 2023
Current accounts with banks	1,160,661	398,276
Term deposits	31,979	105,066
Cash on hand	19,256	839
Other cash equivalents	36,591	59,684
Cash and cash equivalents in the cash flow statement	**1,248,487**	**563,865**

26. Equity

A. Share Capital

As of December 31, 2022, authorised, issued and fully paid-in share capital consisted of twenty ordinary registered shares in the book entry form in the nominal value of CZK 100,000,000. As of December 31, 2021,

share capital consisted of twenty ordinary registered shares in the book entry form in the nominal value of CZK 100,000,000.

In 2021, the sole shareholder decided to increase the share capital of CZECHOSLOVAK GROUP a.s. The share capital was increased by CZK 1,998,000,000 (EUR 78,353,000) from CZK 2,000,000 (EUR 74,000) to CZK 2,000,000,000 (EUR 78,427,000) from the Company's own resources, i.e. from other reserves - other capital reserves. The increase in the share capital was carried out by increasing the nominal value of the existing shares held by the sole shareholder of the Company by increasing the nominal value of each share by CZK 99,900,000, i.e. to CZK 100,000,000, for the existing twenty registered book-entry shares with a nominal value of CZK 100,000 per share.

The shareholder is entitled to a payment of dividends and is entitled to vote at the General Meetings of the Company's shareholders with one vote attributable to a share of CZK 100,000 thousand. In 202, t4he Company paid no dividends (2023: EUR 0 thousand).

December 31, 2024	Number of shares	Shares Ownership percentage		Voting rights
	Pieces	EUR '000	%	%
CSG FIN a.s., Corporate ID: 141 41 442	20	78,427	100	100
Total shares	**20**	**78,427**	**100**	**100**

Funds reported in equity include the following items:

(EUR '000)	December 31, 2024	December 31, 2023
Other capital reserves	65,931	(139,845)
Foreign currency translation reserve	38,150	34,136
Total	**104,081**	**(105,709)**

B. Other Capital Reserves

These reserves include contributions outside the share capital provided by the Company's sole shareholder, which amounted to EUR 202,472 thousand as of December 31, 2024 (2023: EUR 33,262 thousand) and conditional commitment to acquire non-controlling share which amounted to EUR 148,777 thousand as of December 31, 2024 (2023 EUR 176,451 thousand). The conditional commitment to acquire non-controlling interest is disclosed as Put option liability at the same value.

C. Reserve from foreign currency translation

The reserve includes changes in the equity of companies with a functional currency other than the Czech crown due to exchange rate changes over time.

27. Non-Controlling Interests

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests (NCI) is set out below.

December 31, 2024	Fiocchi Munizioni S.p.A	EXCALIBUR ARMY spol. s r.o.	Fiocchi of America Inc.	VOP Novaky, a.s.	ZVS Holding, a.s.	MSM EXPORT, s.r.o.	NIKA Development a.s.	Armi Perazzi S.p.A.	FABRICA DE MUNICIONES DE GRANADA S.L.	Lyalvale Express Limited	Excalibur International	Other immaterial subsidiaries*	Consolidation elimination	Total
(EUR ,000)	**Italy**	**Czech Republic**	**USA**	**Slovak Republic**	**Slovak Republic**	**Slovak Republic**	**Czech Republic**	**Italy**	**Spain**	**United Kingdom**	**Czech Republic**			
Non-controlling interest percentage	30.00%	10.90%	30.00%	19.80%	59.50%	19.80%	10.10%	20.00%	19.80%	33.15%	11.00%			
Non-current assets	613,000	47,734	32,498	28,431	55,833	3,912	72,795	29,555	7,582	8,877	60,485			
Current assets	143,418	2,247,993	106,732	272,338	200,914	872,875	222	14,088	185,293	13,051	530,128			
Non-current liabilities	198,653	67,723	3,274	2,802	12,864	296	—	7,098	6,136	816	9			
Current liabilities	168,259	1,786,371	39,267	181,400	216,395	792,627	12	3,982	153,169	4,830	549,953			
Net assets	**389,506**	**441,633**	**96,688**	**116,567**	**27,487**	**83,864**	**73,004**	**32,563**	**33,570**	**16,282**	**40,651**			
Carrying amount of the non-controlling interest	108,073	50,517	26,897	22,523	16,765	16,020	9,399	6,513	6,426	4,542	4,153	35,058	6,421	313,307
Revenue	253,867	2,599,709	168,382	259,849	119,368	645,244	—	15,277	162,812	23,746	437,337			
Profit (+)/loss (-)	23,095	440,325	8,477	93,911	11,595	82,506	144	728	22,171	1,498	34,257			
Other comprehensive income (OCI)	—	(278)												
Total comprehensive income	**23,095**	**440,046**	**8,477**	**93,911**	**11,595**	**82,506**	**144**	**728**	**22,171**	**1,498**	**34,257**			
Profit (+)/loss (-) attributable to the NCI	6,929	47,995	2,543	17,843	6,899	15,676	15	146	4,213	496	3,768	790	—	107,313
OCI attributable to the NCI		(30)										30	—	
Net increase (+)/decrease (-) in cash and cash equivalents	(24,647)	452,665	(21,774)	(15,450)	28,244	56,292	(0)	579	1,119	1,134	22,136			

Dividends paid to the NCI	–	–	–	–	**2,483**	–	–	–	–	–	**981**	**12,490**	–	**15,954**

Material changes in the non-controlling interest during the year primarily include the following changes to the effective ownership interest:

In the year ended December 31, 2024:

- NIKA Development a.s. from 16.4 % to 10.1 % (effective interest) as of August 28, 2024;
- MSM Group s.r.o (including all its subsidiaries) from 19 % to 19.8 % (effective interest) as of July 11, 2024;

For effects of changes in non-controlling interests reported through equity, refer to the consolidated statement of changes in equity.

December 31, 2023	Fiocchi Munizioni S.p.A	EXCALIBUR ARMY spol. S r.o.	ZVS holding, a.s.	NIKA Development a.s.	VOP Novaky, a.s.	Fiocchi of America Inc.	Lyalvale Express Limited	Baschieri Pellagri S.p.A	MSM EXPORT, s.r.o.	Armi Perazzi S.p.A.	Tatra Defence Vehicle a.s.	Other immaterial subsidiaries*	Consolidation elimination	Total
(EUR '000)	**Italy**	**Czech Republic**	**Slovak Republic**	**Czech Republic**	**Slovak Republic**	**USA**	**United Kingdom**	**Italy**	**Slovak Republic**	**Italy**	**Czech Republic**			
Non-controlling interest percentage	30.00%	10.90%	60.00%	16.40%	19.00%	30.00%	33.00%	30.00%	19.00%	20.00%	20.00%			
Non-current assets	626,866	36,510	73,403	11,982	33,994	31,553	8,990	14,141	2,512	10,436	22,048			
Current assets	126,592	715,730	3,058	144,982	118,872	60,594	6,370	28,328	268,745	10,568	77,300			
Non-current liabilities	242,761	16,822	—	3,484	4,644	13,192	861	6,383	15,701	1,721	2,141			
Current liabilities	134,241	524,400	26	64,023	39,843	57,343	1,917	25,080	239,737	5,450	84,295			
Net assets	**376,456**	**211,018**	**76,435**	**89,457**	**108,379**	**21,612**	**12,582**	**11,006**	**15,819**	**13,833**	**12,912**			
Carrying amount of the non-controlling interest	100,822	22,333	14,137	16,490	31,570	12,486	4,049	3,206	2,947	2,682	2,484	16,182	(2,910)	226,478
Revenue	204,829	783,189	—	130,924	193,095	80,088	9,270	66,103	221,833	—	134,109			
Profit (+)/loss (-)	(5,336)	149,172	213	51,460	17,402	6,045	536	3,243	14,763	—	5,364			
Other comprehensive income (OCI)	—	623	—	—	—	—	—	—	—	—	—			
Total comprehensive income	**(5,336)**	**149,795**	**213**	**51,460**	**17,402**	**6,045**	**536**	**3,243**	**14,763**	**—**	**5,364**			
Profit (+)/loss (-) attributable to the NCI	(1,601)	16,258	35	9,777	5,221	3,597	178	973	2,805	—	1,063	(2,150)	—	36,156
OCI attributable to the NCI	—	68	—	—	—	—	—	—	—	—	—	(68)		
Net increase (+)/decrease (-) in cash and cash equivalents	8,082	90,257	1	25,394	353	8,891	—	793	(6,825)	742	(2,592)			
Dividends paid to the NCI	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**6,295**		**6,295**

Material changes in the non-controlling interest during the year primarily include the following changes to the effective ownership interest:

In the year ended December 31, 2023:

- RETIA a.s. from 5 % to 10 % (effective interest) as of March 29, 2023;
- CSG Land Systems CZ a.s. from 10 % to 10.9 % (effective interest) as of May 31, 2023;
- CS SOFT a.s. from 22 % to 7.5 % (effective interest) as of October 5, 2023;
- KONVERTIAL SPV a.s. from 0 % to 45 % (effective interest) as of July 17, 2023;
- NIKA Development a.s. from 8.03 % to 16.37 % (effective interest) as of August 22, 2023;
- TRADITION CS a.s. from 2.5 % to 7.5 % (effective interest) as of October 5, 2023.

For effects of changes in non-controlling interests reported through equity, refer to the consolidated statement of changes in equity.

28. Trade and Other Payables

(EUR ,000)	December 31, 2024	December 31, 2023
Prepayments received	1,431,917	4,673
Trade payables	342,340	218,365
Other payables	134,681	31,959
Payables to employees	56,169	17,425
Payables arising from outstanding vacation days	9,349	2,611
Government grants	14,334	681
Trade and other payables - subtotal	**1,988,790**	**275,714**
Unbilled supplies	105,762	78,696
Accrued expenses	11,696	2,375
Estimated payables - subtotal	**117,458**	**81,071**
Trade and other payables - total	**2,106,248**	**356,785**
Non-current	149,297	11,026
Current	1,956,951	345,759
Trade and other payables - total	**2,106,248**	**356,785**

Prepayments received mostly consist of prepayments from EXCALIBUR ARMY spol. s r.o. in the amount of EUR 1.213 billion.

29. Provisions

(EUR ,000)	Provision for complaints	Provision for legal claims	Other provisions	Total
Balance as at January 1, 2024	7,452	3,386	2,575	13,413
On acquisition of subsidiary	–	4,854	1,089	5,943
Additions provision in the year	7,881		12,022	19,903
Creation/(release) of provisions through balance sheet	–	–	6	6
Utilisation of provision	(23)	(160)	–	(183)
Release - provisions released in the given year	(2,621)	(3,117)	(792)	(6,530)
Effects of changes in 273exchange rates	(146)	(49)	(1,251)	(1,446)
Balance as at December 31, 2024	**12,543**	**4,914**	**13,649**	**31,106**
Non-current	6,895	4,914	983	12,792
Current	5,648	–	12,666	18,314
Total provisions	**12,543**	**4,914**	**13,649**	**31,106**

(EUR '000)	Provision for complaints	Provision for legal claims	Other provisions	Total
Balance as at January 1, 2023	5,532	2,859	4,815	13,206

(EUR '000)	Provision for complaints	Provision for legal claims	Other provisions	Total
Acquisitions through business combinations	–	–	10	10
Additions - provisions created in the given year	2,918	1,238	1,277	5,433
Creation (+) and release (-) of provisions through balance sheet	–	(202)	(3,345)	(3,547)
Use - provisions used in the given year	(498)	–	–	(498)
Release - provisions released in the given year	(307)	(430)	(13)	(750)
Sales outside the Group	–	–	(181)	(181)
Effects of changes in exchange rates	(193)	(79)	12	(260)
Balance as at December 31, 2023	**7,452**	**3,386**	**2,575**	**13,413**
Non-current	5,636	3,386	1,158	10,180
Current	1,816	–	1,417	3,233
Total provisions	**7,452**	**3,386**	**2,575**	**13,413**

The expected timeframe for the use of non-current warranty provisions is two years, for the other provisions it is 5-10 years. Significant legal disputes are described in the Note 37.

30. Tax Payables

(EUR ,000)	December 31, 2024	December 31, 2023
Value added tax	4,624	1,439
Social security and health insurance	7,256	5,531
Other taxes	33,170	8,294
Total tax payables	**45,050**	**15,264**

Other taxes in 2024 primarily represent excise tax in Vista Outdoor Inc/ The Kinetic Group.

31. Financial Guarantees and Contingent Liabilities

(EUR '000)	December 31, 2024	December 31, 2023
Provided guarantees	93,286	69,323
Total financial guarantees	93,286	**69,323**

The total value of guarantees provided as of December 31, 2024 predominantly included guarantees provided by EXCALIBUR INTERNATIONAL a.s. (EUR 41,527 thousand), FABRICA DE MUNICIONES DE GRANADA S.L. (EUR 38,081 thousand), ELDIS Pardubice s.r.o. (EUR 8,449 thousand), CZECHOSLOVAK GROUP a.s. (EUR 5,071 thousand), DAKO-CZ, a.s. (EUR 149 thousand).

The total value of guarantees provided as of December 31, 2023 predominantly included guarantees provided by CZECHOSLOVAK GROUP a.s. (EUR 46,314 thousand), MSM GROUP s.r.o. (EUR 37,042 thousand), Prague Fertility Centre s.r.o. (EUR 9,342 thousand), CS SOFT a.s. (EUR 8,842 thousand), EXCALIBUR ARMY spol. S.r.o. (EUR 4,216 thousand), ELDIS Pardubice s.r.o. (EUR 4,023 thousand), VOP Novaky, a.s. (EUR 1,021 thousand), DAKO-CZ, a.s. (EUR 407 thousand).

Bank guarantees issued by the above entities are connected with guarantees to customers for the delivery of products without defects.

32. Risk Management Methods

This Note provides a detailed description of the financial and operating risks to which the Group is exposed and the methods used in managing them. The major financial risks to which the Group is exposed include credit risk, liquidity risk, interest rate risk and currency risk.

The following table contains information about:

- Classes of financial instruments;
- Amortised cost of financial instruments;
- Fair values of financial instruments (with the exception of financial instruments whose net book value approximates their fair value); and
- The hierarchy levels of the fair values of financial assets and financial liabilities for which fair value has been disclosed.

December 31, 2024 (EUR ,000)	Note	Mandatorily at fair value FVTPL - other	Financial assets at amortised costs	Other financial payables	Total	Level 1	Level 2	Level 3	Total
Financial assets reported at fair value									
Derivatives	20	6,983	—	—	6,983	—	6,983	—	6,983
Other financial assets	20	57,866	—	—	57,866	—	57,866	—	57,866
Total		**64,849**	—	—	**64,849**	—	**64,849**	—	**64,849**
Financial assets notreported at fair value						—		—	
Trade and other receivables	21	—	544,899	—	544,899	—	—	—	—
Prepayments made and accruals and deferrals	21	—	739,420	—	739,420	—	—	—	—
Provided loans	20	—	45,723	—	45,723	—	45,723	—	45,723
Other financial assets	20	—	36,108	—	36,108	—	36,108	—	36,108
Cash and cash equivalents	25	—	1,248,487	—	1,248,487	—	—	—	—
Contract costs		—	60,437	—	60,437	—	—	—	—
Contract assets		—	18,913	—	18,913	—	—	—	—
Total		—	**2,693,987**	—	**2,693,987**	—	**81,831**	—	**81,831**
Financial liabilities reported at fair value									
Liability from put option	20	148,777	—	—	148,777	—	—	148,777	148,777
Derivatives	20	13,017	—	—	13,017	—	13,017	—	13,017
Total		**161,794**	—	—	**161,794**	—	**13,017**	**148,777**	**161,794**
Financial liabilities not reported at fair value									
Overdraft	20	—	—	449,589	449,589	—	449,589	—	449,589
Secured bank loans	20	—	—	1,414,816	1,414,816	—	1,414,816	—	1,414,816
Unsecured bank loans	20	—	—	44,077	44,077	—	44,077	—	44,077
Owner loans and loans from other related parties	20	—	—	1,216	1,216	—	1,216	—	1,216
Loans from third parties (other loans)	20	—	—	2,798	2,798	—	2,798	—	2,798
Trade and other payables	28	—	—	2,106,248	2,106,248	—	2,106,248	—	2,106,248
Issued bonds including outstanding interest	20	—	—	1,065,016	1,065,016	—	1,065,016	—	1,065,016
Current and non-current contractual payables		—	—	880,066	880,066	—	880,066	—	880,066
Total		—	—	**5,963,826**	**5,963,826**	—	**5,963,826**	—	**5,963,826**

December 31, 2023 (EUR '000)	Note	Mandatorily at fair value FVTPL - other	Financial assets at amortised costs	Other financial payables	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value									
Derivatives	20	18,433	–	–	18,433	–	18,433	–	18,433
Other financial assets	20	5,984	–	–	5,984		5,984	–	5,984
Total		**24,417**	**–**	**–**	**24,417**	**–**	**24,417**	**–**	**24,417**
Financial assets not reported at fair value									
Trade and other receivables	21	–	220,436	–	220,436	–	–	–	–
Prepayments made and accruals and deferrals	21	–	223,832	–	223,832	–	–	–	–
Provided loans	20	–	166,559	–	166,559	–	166,559	–	166,559
Other financial assets	20	–	82,633	–	82,633	–	82,633	–	82,633
Cash and cash equivalents	25	–	563,865	–	563,865	–	–	–	–
Contract costs		–	41,185	–	41,185	–	–	–	–
Contract assets		–	15,211	–	15,211	–	–	–	–
Total			**1,313,721**		**1,313,721**		**249,192**		**249,192**
Financial liabilities reported at fair value									
Liability from put option		(176,451)	(176,451)					(176,451)	(176,451)
Derivatives	20	(6,984)	–	–	(6,984)	–	(6,984)		(6,984)
Total		**(183,435)**	**(176,451)**	**–**	**(6,984)**	**–**	**(6,984)**	**(176,451)**	**(183,435)**
Financial liabilities not reported at fair value									
Overdraft	20	–	–	(76,282)	(76,282)	–	(76,282)	–	(76,282)
Secured bank loans	20	–	–	(587,865)	(587,865)	–	(587,865)	–	(587,865)
Unsecured bank loans	20	–	–	(53,907)	(53,907)	–	(53,907)	–	(53,907)
Owner loans and loans from other related parties	20	–	–	(38,288)	(38,288)	–	(38,288)	–	(38,288)
Loans from third parties (other loans)	20	–	–	(1,057)	(1,057)	–	(1,057)	–	(1,057)
Trade and other payables	28	–	–	(444,268)	(444,268)	–	–	–	–
Issued bonds including outstanding interest	20	–	–	(340,269)	(340,269)	–	(340,269)	–	(340,269)
Current and non-current contractual payables		–	–	(840,524)	(840,524)	–	–	–	–
Total				**(2,382,460)**	**(2,382,460)**		**(1,097,668)**		**(1,097,668)**

A. Credit Risk

a. Credit Risk Exposure

Credit risk is a risk of the Company incurring a financial loss if the customer or counterparty fails to meet its contractual obligations in transactions with financial instruments. The risk primarily arises in respect of the Group's amounts due from customers and in respect of loans and borrowings. Credit risk is limited in respect of highly liquid assets (cash product on bank accounts) given that counterparties are entities with high credit ratings.

1) Credit Risk Management in Respect of Trade and Other Receivables

The Group reviews the financial positions of its existing customers and regularly assesses their creditworthiness. In respect of new customers requesting goods and services above a certain limit (determined on the basis of the size and nature of the specific business), the customer is firstly subject to an individual analysis of creditworthiness and only then are standard payment and supply terms proposed to it.

The Group assesses the credit quality of customers by reference to their financial position, historical experience and other factors. Individual limits for managing this risk are determined based on internal or external ratings in compliance with the limits stipulated by the Group's internal guidelines. The Group's management regularly assesses the level of credit risk and the size of its exposure and, at least on a monthly basis, monitors the balance of overdue trade receivables. The Group also requires that its customers provide it with appropriate forms of guarantees or collateral.

2) Impairment Loss and Write-Off of Receivables

The Group recognises allowances for impairment based on an estimate of future expected losses that may be incurred in respect of trade receivables, other receivables and provided loans. Expected future losses are estimated in compliance with the methodology applied by the Group.

To measure expected credit losses, trade receivables, loans and other receivables were assessed based on the customer's individual rating and days past due (referred to as the "individual approach"). The Group set the individual assessment of receivables in relation to the rating of the debtor's country, the reason being that a majority of the Group's business transactions are concluded with entities directly or closely related to state and public institutions.

Receivables are classified by country of origin of the business from which the receivable is recorded. These countries were assigned rating based on an assessment by Standard and Poors. Using this rating, receivables are classified into three groups based on the risk of potential failure to recover the receivables:

The first low-risk group includes receivables from entities based in countries with a rating of AAA to A-, which are considered to be stable with a low risk of default. A probability of default of 0.08% has been assigned to this group of receivables. This probability corresponds with a one year probability of default of a corporate client included in the investment grade (refer to Standard and Poors 2022 Annual Global Corporate Default, Table No. 24.)

The highest-risk group includes private businesses from countries with a rating of BBB+ and worse, which has been assigned the highest probability of default at 3.52 % as of December 31, 2024 (3.52 % as of December 31, 2023). This probability corresponds with a one-year probability of default of a corporate client included in the speculative grade (refer to Standard and Poors 2022 Annual Global Corporate Default, Table No. 24).

The middle-risk group includes public entities from countries with a rating of BBB+ and worse. This group has been assigned the probability of default at 1.8%. This value has been selected as the arithmetic average of the low-risk and high-risk values.

Furthermore, the Group has identified a group of critical receivables which includes receivables to bankrupt or insolvent entities, with a 100% probability of default. In this respect, the Group reports provisions at the level of lifetime loss in respect of all types of receivables (including provided loans).

The Group anticipates loss given default (LGD) at 100 %, if no guarantee or collateral was stipulated.

The Group always reports lifetime expected credit loss in respect of trade receivables, contract assets and receivables arising from leases.

The allowance amount measured in line with the above-described rating-based system additionally includes factors specific to the given debtors, if such information is available to the Group.

In respect of other financial instruments, the Group reports lifetime expected credit loss for their duration, provided a significant increase in credit risk has occurred since initial recognition. However, if credit risk has not significantly increased since initial recognition in respect of the financial instrument, the Group will calculate the allowance for the loss arising from this financial instrument in the amount of expected credit losses over 12 months.

3) Write-off of Receivables

The Group assesses default receivables. If the receivable is assessed not to be recoverable by any means and the statute of limitations has expired - i.e. a period greater than 3 years from the due date - the Group's management will decide to write it off.

b. Impairment losses

The aging analysis and impairment losses in respect of financial assets with the exception of cash and cash equivalents as of the balance sheet date are as follows.

1) Trade and other receivables and contract assets

As at December 31, 2024

(EUR '000)	Gross	Allowance	Average credit loss	Credit impaired
Group*				
1	417,695	(16,819)	(3.29)%	No
2	77,528	(10,159)	(12.52)%	No
3	110,887	(15,320)	(13.82)%	No
Total	**606,110**	**(42,298)**		

* Low risk (Group 1), Middle risk (Group 2), High risk (Group 3), Critical (Group 4)

(EUR '000)	Gross	Allowance	Average credit loss	Credit impaired
Maturity				
Covered portion of financial assets	20,231	—	—	No
Before due date	443,454	(9,360)	(1.75)%	No
1-90 days past due	72,593	(1,954)	(2.69)%	No
91-180 days past due	31,930	(1,132)	(3.55)%	No
181-360 days past due	12,303	(4,253)	(34.57)%	Yes
More than 360 days past due	25,599	(25,599)	(100.00)%	Yes
Total	**606,110**	**(42,298)**		

As at December 31, 2023

(EUR '000) Group*	Gross	Allowance	Average credit loss	Credit impaired
1	172,692	(5,324)	(3.08)%	No
2	49,293	(3,930)	(7.97)%	No
3	43,019	(20,103)	(46.73)%	No
4	–	–	–	
Total	**265,004**	**(29,357)**		

* Low risk (Group 1), Middle risk (Group 2), High risk (Group 3), Critical (Group 4)

(EUR '000) Maturity	Gross	Allowance	Average credit loss	Credit impaired
Covered portion of financial assets	40,167	–	–	No
Before due date	130,874	(36)	(0.03)%	No
1-90 days past due	50,827	(137)	(0.27)%	No
91-180 days past due	8,717	(266)	(3.05)%	No
181-360 days past due	10,362	(4,861)	(46.91)%	Yes
More than 360 days past due	24,057	(24,057)	(100.00)%	Yes
Total	**265,004**	**(29,357)**		

2) Provided loans and other financial assets

The stated gross amounts and allowances include current and non-current loans and other financial assets, excluding derivatives and bank accounts with limited access.

As at December 31, 2024

(EUR '000) Group*	Gross	Allowance	Average credit loss	Credit impaired
1	42,187	(17)	(0.03)%	No
2	3,626	(2)	(0.06)%	No
Total	**45,813**	**(19)**		

* Low risk (Group 1), Middle risk (Group 2), High risk (Group 3), Critical (Group 4)

(EUR '000) Maturity	Gross	Allowance	Average credit loss	Credit impaired
Covered portion of financial assets	3,313	–	–	No
Before due date	42,500	(19)	(0.03)%	No
1-90 days past due	–	–	–	No
91-180 days past due	–	–	–	No
181-360 days past due	–	–	–	Yes
More than 360 days past due	–	–	–	Yes
Total	**45,813**	**(19)**		

As at December 31, 2023

(EUR '000) Group*	Gross	Allowance	Average credit loss	Credit impaired

1	205,970	(4,607)	(2.24)%	No
2	13,260	(123)	(0.93)%	No
3	14,645	(10,677)	(72.91)%	No
Total	**233,875**	**(15,407)**		

* Low risk (Group 1), Middle risk (Group 2), High risk (Group 3), Critical (Group 4)

(EUR '000)	Gross	Allowance	Average credit loss	Credit impaired
Maturity				
Covered portion of financial assets	38,723	—	—	No
Before due date	190,736	(12,284)	(6.44)%	No
1-90 days past due	1,315	(24)	(1.80)%	No
91-180 days past due	1	—	(4.17)%	No
181-360 days past due	2	(1)	(48.78)%	No
More than 360 days past due	3,098	(3,098)	(100.00)%	Yes
Total	**233,875**	**(15,407)**		

The movements reported in allowances against financial assets are as follows:

(EUR '000)	Allowance as of	
	2024	2023
Balance as at January 1, 2024	**44,766**	**25,878**
Impairment losses reported during the period	23,678	29,289
Cancellation of the impairment loss reported during the period	(15,116)	(5,605)
Acquisitions through business combinations	3,033	55
Sale of equity investment with loss of control	—	(2,152)
Impact of changes in FX rates	(1,044)	(2,699)
Balance as at December 31, 2024	**55,317**	**44,766**

As of the balance sheet date, the maximum exposure to credit risk is classified by counterparty and geographical location as presented in the tables below.

3) Credit Risk by Counterparty

As at December 31, 2024

(EUR '000)	Legal entities (non-financial institutions)	State, government	Financial institutions	Individuals	Other	Total
Assets						
Loans and other financial assets	122,993	—	17,163	6,503	21	146,680
Trade and other receivables	438,303	81,286	11,615	12,318	1,377	544,899
Contract assets	18,913	—	—	—	—	18,913
Tax receivables	665	23,591	3,590	—	936	28,782
Cash and cash equivalents	44,423	547	1,136,187	65,839	1,491	1,248,487
Total	**625,297**	**105,424**	**1,168,555**	**84,660**	**3,825**	**1,987,761**

As at December 31, 2023

(EUR '000)	Legal entities (non-financial institutions)	State, government	Financial institutions	Individuals	Other	Total
Assets						
Loans and other financial assets	171,546	2	40,173	61,888	—	273,609
Trade and other receivables	179,357	13,662	12,935	4,168	10,314	220,436
Contract assets	13,434	1,777	—	—	—	15,211
Tax receivables	1,365	24,441	983	—	—	26,789
Cash and cash equivalents	—	4,955	558,910	—	—	563,865
Total	**365,702**	**44,837**	**613,001**	**66,056**	**10,314**	**1,099,910**

4) Credit Risk by Territory

As at December 31, 2024

(EUR '000)	Czech Republic	Slovakia	Other*	Total
Assets				
Loans and other financial assets	109,272	289	37,119	146,680
Trade receivables and other assets	132,738	38,192	373,969	544,899
Contract assets	2,480	2,500	13,933	18,913
Tax receivables	5,885	11,971	10,926	28,782
Cash and cash equivalents	935,645	158,278	154,564	1,248,487
Total	**1,186,020**	**211,230**	**590,511**	**1,987,761**

* The category of "Other" primarily includes receivables from other European Union countries, such as Hungary, Bulgaria, and Italy, and from other than European Union countries, such as Ukraine, USA, UAE, Pakistan, and Vietnam

As at December 31, 2023

(EUR '000)	Czech Republic	Slovakia	Other*	Total
Assets				
Loans and other financial assets	233,871	3,131	36,607	273,609
Trade receivables and other assets	56,894	19,434	144,108	220,436
Contract assets	1,339	—	13,872	15,211
Tax receivables	8,804	8,613	9,372	26,789
Cash and cash equivalents	303,226	72,864	187,775	563,865
Total	**604,134**	**104,042**	**391,734**	**1,099,910**

* The category of "Other" primarily includes receivables from other European Union countries, such as Hungary, Bulgaria, and Italy, and from other than European Union countries, such as Ukraine, USA, UAE, Pakistan, and Vietnam

B. Liquidity Risk

Liquidity risk is a risk of the Group running into difficulties in meeting its commitments in relation to financial liabilities that are settled through cash or other financial assets. Individual Group entities use different methods to manage liquidity risk.

The Group's management focuses on the methods used by financial institutions, i.e. diversifying the sources of funds. Thanks to the diversification, the Group is more flexible and its dependency, if any, on a single source of funding, is limited. Liquidity risk is primarily assessed by monitoring the changes in the structure of funding and by comparing the changes with the Group's liquidity risk management strategy.

The below-stated table presents a breakdown of the Group's contractual cash flows classified by their due dates, specifically by the period remaining from the balance sheet date until the contractual maturity date. In situations when options and payment schedules make earlier repayment possible, the Group applies maximum caution in assessing the due dates. Therefore, the due dates of liabilities are presented at the earliest possible dates. Liabilities without contractually stipulated due dates are classified under the "unspecified due date" category.

As at December 31, 2024

As at December 31, 2024 (EUR '000)	Carrying amount	Contractual cash flows	Fewer than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Unspecified due date
Liabilities							
Loans and borrowings	1,912,496	2,437,399	416,069	464,967	1,522,574	9,067	24,722
Bonds	1,005,695	1,634,239	34,332	87,194	689,534	823,179	—
Trade and other payables	2,106,248	2,106,248	382,889	215,519	134,906	373	1,372,561
Lease liabilities	99,021	99,021	3,458	10,659	56,622	28,282	—
Put Option	148,777	148,777	143,517	—	5,260	—	—
Total	**5,272,237**	**6,425,684**	**980,265**	**778,339**	**2,408,896**	**860,901**	**1,397,283**

As at December 31, 2023

(EUR '000)	Carrying amount	Contractual cash flows	Fewer than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Unspecified due date
Liabilities							
Loans and borrowings	806,944	887,367	62,020	232,479	495,476	46,096	51,297
Bonds	337,445	428,462	7,178	80,440	340,844	—	—
Trade and other payables	251,005	251,005	173,902	54,737	9,020	—	13,345
Lease liabilities	42,523	42,548	1,733	4,615	22,554	13,646	—
Put Option	176,451	176,451	—	—	176,451	—	—
Total	**1,614,368**	**1,785,833**	**244,833**	**372,271**	**1,044,345**	**59,742**	**64,642**

The value of loans under "unspecified due date" represents loans that have no set contractual maturity, but they are payable upon the creditor's request.

The contractual cash flows are higher than the carrying amount due to the inclusion of unrecognised future interest.

The Group does not expect that the cash flows included in the analysis of due dates would fall due earlier or in much larger volumes.

Among others, financial liabilities were also used to fund non-current assets and inventories.

C. Interest Rate Risk

During its activities, the Group is exposed to the risk of interest rate fluctuations, the reason being that the interest-bearing assets (including investments) and interest-bearing liabilities have various due dates or interest rate refixing dates. The period during which a specific financial instrument has a fixed interest rate shows to what extent the financial instrument is exposed to interest rate risk.

The Group manages interest rate risk through interest rate swaps. As of December 31, 2024, CZECHOSLOVAK GROUP a.s. had interest rate swaps in place for the CZK bonds to hedge the floating 6M Pribor interest rates at fixed rates from 1.90 % to 5.39 % in the total volume of CZK 2,100,000 thousand (EUR 83,382 thousand) during the period from 2025 to 2026. For a credit facility in EUR, the company hedged floating 1M-6M Euribor interest rates at fixed rates from 1.23% to 5.39% in the total volume of EUR 82,268 thousand during the period from 2025 to 2028. Additionally, the company had concluded two currency interest rate swaps CZK/EUR. The first one in the volume of CZK 467,480 thousand / EUR 19,050 thousand with a fixed rate of 16.65% for the CZK portion and 6M Euribor + 11% for the EUR portion and the second one in the volume of CZK 1,683,500 thousands / EUR 70,000 with a fixed rate of 8% for the CZK portion and with a fixed rate 7.18% for the EUR portion.

The Group manages interest rate risk through interest rate swaps. As of December 31, 2023, CZECHOSLOVAK GROUP a.s. had interest rate swaps in place for the CZK bonds to hedge the floating 6M Pribor interest rates at fixed rates from 1.22 % to 5.39 % in the total volume of CZK 2,900,000 thousand (EUR 120,257 thousand) during the period from 2024 to 2026. For a credit facility in EUR, the company hedged floating 1M-6M Euribor interest rates at fixed rates from 0.49% to 3.74% in the total volume of EUR 120,290 thousand during the period from 2024 to 2028. Additionally, the company had concluded two currency interest rate swaps CZK/EUR. The first one in the volume of CZK 467,480 thousand / EUR 19,050 thousand with a fixed rate of 16.65% for the CZK portion and 6M Euribor + 11% for the EUR portion and the second one in the volume of CZK 1,683,500 thousands / EUR 70,000 with a fixed rate of 8% for the CZK portion and with a fixed rate 7.18% for the EUR portion.

As of December 31, 2023, JOB AIR TECHNIC a.s. had concluded interest rate swaps at fixed rates ranging from 1.21% to 3.25% to hedge the floating interest rates of loans amounting to EUR 2,987,218 and USD 685,662.

As of December 31, 2023, DAKO-CZ a.s. had concluded interest rate swaps at fixed rates ranging from 1.4% to 1.55% to hedge the floating interest rates of loans amounting to EUR 30,240,000.

The table presented below presents information on the level of the Group's interest rate risk either based on the contractual maturity periods of the Group's financial instruments or - in respect of financial instruments remeasured at the market interest rate before the due date - based on the date of the next interest rate change. Assets and liabilities that do not have a contractually stipulated maturity period or do not bear interest are classified under the "unspecified due date" category.

Financial information relating to interest-bearing and non-interest-bearing assets and liabilities and their contractual maturity or restatement dates as of December 31, 2024, and December 31, 2023 not including the effects of derivatives are as follows:

As at December 31, 2024	**Floating interest rate**			**Fixed interest rate or unspecified**	**Total**
(EUR '000)	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**		
Interest-bearing financial assets					
Loans and other financial assets	69,474	143	47	77,016	146,680
Total	**69,474**	**143**	**47**	**77,016**	**146,680**
Interest-bearing financial liabilities					
Loans and borrowings	747,377	1,139,364	1,038	24,717	1,912,496
Bonds	836,317	—	—	169,378	1,005,695
Put Option	143,517	5,260	—		148,777
Total	**1,727,211**	**1,144,624**	**1,038**	**194,095**	**3,066,968**

As at December 31, 2024	Floating interest rate			Fixed interest rate or unspecified	Total
(EUR '000)	Less than 1 year	1 year to 5 years	More than 5 years		
Net interest-rate risk balance	**(1,657,737)**	**(1,144,481)**	**(991)**	**(117,079)**	**(2,920,288)**

As at December 31, 2023	Floating interest rate			Fixed interest rate or unspecified	Total
(EUR '000)	Less than 1 year	1 year to 5 years	More than 5 years		
Interest-bearing financial assets					
Loans and other financial assets	144,461	44,438	—	84,710	273,609
Total	**144,461**	**44,438**	**—**	**84,710**	**273,609**
Interest-bearing financial liabilities					
Loans and borrowings	277,273	366,628	32,411	81,087	757,399
Bonds	144,455	—	—	192,990	337,445
Put Option	—	176,451	—	—	176,451
Total	**421,728**	**543,079**	**32,411**	**274,077**	**1,271,295**
Net interest-rate risk balance	**(277,267)**	**(498,641)**	**(32,411)**	**(189,367)**	**(997,686)**

Sensitivity Analysis

The Group performs stress testing using the standardised interest rate shock scenario, during which an immediate decrease/increase in interest rates of 100 basis points is applied to the portfolio interest rate positions in the whole length of the revenue curve.

As of the balance sheet date, the change in interest rates of 100 basis points would increase or decrease profit by the amounts presented in the following table. The analysis assumes that all other variables, namely foreign currency exchange rates, will remain unchanged.

(EUR '000)	For the year ended December 31, 2024	For the year ended December 31, 2023
Interest rate decrease of 100 basis points	18,866	6,704
Interest rate increase of 100 basis points	(18,866)	(6,704)

Following the recognition of the above-described derivative, only a portion of EUR 752,934 thousand (2023: EUR 27,165 thousand) of the financial liabilities from issued bonds is effectively exposed to the floating interest rate risk.

Bonds

(EUR '000)	For the year ended December 31, 2024	For the year ended December 31, 2023
Interest rate decrease of 100 basis points	7,529	272
Interest rate increase of 100 basis points	(7,529)	(272)

The fair value of CSG's bonds (net price without accrued interest) as of December 31, 2024 is EUR 73,689 thousand for the VAR/26 issue, EUR 13,461 thousand for the FIX/26 issue issued in EUR, EUR 9,589 thousand for the VAR/27 issue issued in EUR, 173,922 thousand for the CSG 8,00/28 issued in CZK and EUR 706,829 thousand for the CSG USD issue issued in USD.

The fair value of CSG's bonds (net price without accrued interest) as of December 31, 2023 is EUR 53,078 thousand for the VAR/24 issue, EUR 80,853 thousand for the VAR/26 issue, EUR 14,285 thousand for the VAR/26 issue issued in EUR, EUR 10,923 thousand for the VAR/27 issue issued in EUR and 179,086 thousand for the CSG 8,00/28 issued in CZ

D. Currency Risk

The Group's financial positions and cash flows are affected by fluctuations in the effective foreign exchange rate.

The entities in the Group are exposed to currency risk in relation to sales, purchases and loans denominated in currencies other than the relevant functional currencies applied by the Group. This primarily includes EUR and USD in respect of Czech entities and CZK and USD in respect of Slovak entities. For more information about the countries where the entities primarily operate, refer to Note 36.

The Company manages currency risk by concluding derivative transactions to hedge future cash flows (however, this does not constitute hedge accounting) and also covers currency risk management for the CSG Group.

The table below presents a summary of currency derivatives in nominal values for years 2024 - 2027 recorded by the Group as of December 31, 2024 (the values are presented in EUR thousand as equivalents):

	2025			2026			2027			2028		
(EUR '000)	**EUR**	**USD**	**Total**	**EUR**	**USD**	**Total**	**EUR**	**USD**	**Total**	**EUR**	**USD**	**Total**
Currency derivatives for purchase												
FX forward	12,022	–	12,022	–	–	–	–	–	–	–	–	–
Total currency derivatives for purchase	**12,022**	**–**	**12,022**	**–**	**–**		**–**	**–**		**–**	**–**	
Currency derivatives for sale												
FX forward	171,034	6,075	177,109	111,509	4,783	116,292	52,270	–	52,270	18,981	–	18,981
FX Option	–	–	–	–	–	–	–	–	–	–	–	–
FX Swap	26,640	–	26,640	6,041	–	6,041	4,073	–	4,073	–	–	–
Total currency derivatives for sale	**197,674**	**6,075**	**203,074**	**117,550**	**4,783**	**122,333**	**56,343**	**–**	**56,343**	**18,981**	**–**	**18,981**

	2024			2025			2026			2027		
(EUR '000)	**EUR**	**USD**	**Total**	**EUR**	**USD**	**Total**	**EUR**	**USD**	**Total**	**EUR**	**USD**	**Total**
Currency derivatives for purchase												
FX forward	13,558	–	13,558	–	–	–	–	–	–	–	–	–
Total currency derivatives for purchase	**13,558**	**–**	**13,558**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Currency derivatives for sale												
FX forward	162,119	6,767	168,886	97,038	6,188	103,226	26,403	4,872	31,275	12,591	–	12,591
FX Option	–	–	–	–	–	–	–	–	–	–	–	–
FX Swap	1,386	–	1,386	–	–	–	–	–	–	–	–	–
Total currency derivatives for sale	**163,505**	**6,767**	**170,272**	**97,038**	**6,188**	**103,226**	**26,403**	**4,872**	**31,275**	**12,591**	**–**	**12,591**

The fair value of the open positions disclosed above amounts to EUR 64,849 thousand in the financial assets line and EUR 13,017 thousand in the financial liabilities line, see Note 32.

The following tables present the structure of assets and liabilities as of December 31, 2024 (December 31, 2023) by currency (translated to EUR thousand) at the level of the Group:

As at December 31, 2024

(EUR '000)	CZK	EUR	HUF	USD	Other	Total
Assets						
Loans and other financial assets	23,932	86,680	—	27,035	9,033	146,680
Trade and other receivables	55,959	241,904	—	242,704	4,332	544,899
Contract assets	12,974	5,881	—	—	58	18,913
Cash and cash equivalents	170,799	942,216		130,888	4,584	1,248,487
Total assets	**263,664**	**1,276,681**	**—**	**400,627**	**18,007**	**1,958,979**
Liabilities						
Loans, borrowings and other financial instruments	63,006	1,849,430	—	66	(6)	1,912,496
Bonds	283,291	26,141	—	696,263	—	1,005,695
Trade and other payables	192,250	1,616,756		293,300	3,942	2,106,248
Libility from put option	—	148,777	—	—	—	148,777
Total liabilities	**538,547**	**3,641,104**	**—**	**989,629**	**3,936**	**5,173,216**
Net currency risk balance	**(274,883)**	**(2,364,423)**	**—**	**(589,002)**	**14,071**	**(3,214,237)**

As at December 31, 2023

(EUR '000)	CZK	EUR	HUF	USD	Other	Total
Assets						
Loans and other financial assets	154,761	96,336	—	7,124	15,388	273,609
Trade and other receivables	42,425	136,670	—	37,586	3,755	220,436
Contract assets	1,339	13,135	—	726	11	15,211
Cash and cash equivalents	53,018	436,983	—	71,643	2,221	563,865
Total assets	**251,543**	**683,124**	**—**	**117,079**	**21,375**	**1,073,121**
Liabilities						
Loans, borrowings and other financial instruments	40,275	750,502	—	10,857	5,310	806,944
Bonds	337,445	—	—	—	—	337,445
Trade and other payables	65,914	247,759	—	40,664	2,448	356,785
Put Option	—	176,451	—	—	—	176,451
Total liabilities	**443,634**	**1,174,712**	**—**	**51,521**	**7,758**	**1,677,625**
Net currency risk balance	**(192,091)**	**(491,588)**	**—**	**65,558**	**13,617**	**(604,504)**

The following tables present the exposure to currency risk as of December 31, 2024 (December 31, 2023) without the recognition of financial derivatives:

As at December 31, 2024

(EUR '000)	CZK	EUR	HUF	USD	Other	Total
Assets						
Loans and other financial assets	23,932	86,680	—	27,035	9,033	146,680
Trade and other receivables	55,959	238,925	—	242,704	4,332	541,920
Contract assets	12,974	5,881	—	—	58	18,913
Cash and cash equivalents	218	781,302	—	62,218	365	844,103
Total assets	**93,083**	**1,112,788**	**—**	**331,957**	**13,788**	**1,551,616**
Liabilities						

(EUR '000)	CZK	EUR	HUF	USD	Other	Total
Loans, borrowings and other financial instruments	—	1,606,777	—	—	—	1,606,777
Trade and other payables	—	26,141	—	696,26	—	722,404
Put Option	—	148,777	—	—	—	148,777
Total liabilities	—	1,781,695	—	696,263	—	2,477,958
Net currency risk balance	**93,083**	**(668,907)**	—	**(364,306)**	**13,788**	**(926,342)**

As at December 31, 2023

(EUR '000)	CZK	EUR	HUF	USD	Other	Total
Assets						
Loans and other financial assets	—	92,587	—	7,124	15,388	115,099
Trade and other receivables	170	88,694	—	23,599	3,755	116,218
Contract assets	—	13,135	—	726	11	13,872
Cash and cash equivalents	—	323,195	—	33,778	2,221	359,194
Total assets	**170**	**517,611**	**—**	**65,227**	**21,375**	**604,383**
Liabilities						—
Loans, borrowings and other financial instruments	—	436,906	—	9,754	5,310	451,970
Trade and other payables	66	112,957	—	22,109	2,448	137,580
Put Option	—	176,451	—	—	—	176,451
Total liabilities	66	726,314	—	31,863	7,758	766,001
Net currency risk balance	**104**	**(208,703)**	**—**	**33,364**	**13,617**	**(161,618)**

The following material exchange rates were applied during the year:

	December 31, 2024		December 31, 2023	
CZK	**Average rate**	**Spot exchange rate as of the balance sheet date**	**Average rate**	**Spot exchange rate as of the balance sheet date**
1 EUR	25.119	25.185	24.007	24.725
1 USD	23.208	24.237	22.210	22.376

Sensitivity Analysis

The strengthening of the Czech crown as of the balance sheet date (as presented below) compared to EUR and USD would result in an increase/decrease of equity as presented in the table below. The analysis is based on the departures from foreign currency exchange rates which the Group considered to be sufficiently likely at of the balance sheet date. The sensitivity analysis anticipates that all other variables, namely interest rates, will remain unchanged.

Effect on profit or loss in EUR thousand	December 31, 2024	December 31, 2023
EUR (10% strengthening)	190 461	129
USD (10% strengthening)	52 525	(135)

The weakening of the Czech crown as of the balance sheet date compared to the above-listed currencies would have the same effect (albeit with the opposite sign), provided that all the other variables remained the same.

E. Operating Risk

Operating risk is a risk of losses arising from embezzlement, unlawful activities, errors, negligence, inefficiency or system failure. The risk of this type arises during all of the Group's activities and all of the corporate entities are exposed to it. Operating risk also includes legal risk.

The Group's objective is to manage operating risk so that balance is preserved between preventing financial losses and damage to the Group's good name on the one hand, and the total effectiveness of the costs incurred on the other hand. In addition, risk management procedures should not hinder initiative and creativity.

The primary responsibility for the implementation of control mechanisms to cope with operating risks is borne by management of each subsidiary. The Group's management is responsible for managing operating risks, whereby it may set the direction of procedures and measures resulting in the mitigation of operating risks and the adoption of decisions about:

- The acknowledgement of individual existing risks;
- The commencement of processes that will result in the mitigation of possible effects; or
- A decrease in the extent of risky activities or their full discontinuation.

F. Capital Management

The Group's objective in managing capital is to have a sufficient amount of funds to finance additional acquisitions and settlement of financial liabilities.

The Company is subject to external capital requirements arising from bond placement terms. Furthermore, the Company and its subsidiaries are subject to requirements arising from contracts with banks.

As of the balance sheet date, the Group reported the following ratio of net debt to adjusted capital:

(EUR '000)	December 31, 2024	December 31, 2023
Total liabilities	6,535,403	2,665,411
Decrease for cash and cash equivalents	(1,248,487)	(563,865)
Adjusted net debt	**5,286,916**	**2,101,546**
Total equity attributable to the holders of the Company	1,180,578	460,438
Adjusted capital	**1,180,578**	**460,438**
Ratio of debt to adjusted capital	**4.48**	**4.56**

33. Changes in Liabilities Arising from Financing Activities

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the group's consolidated cash flow statement as cash flows from financing activities.

			Non-cash changes						
("EUR '000")	January 1, 2024	Financing cash flows	Equity component of convertible notes	Acquisition of subsidiary (note 5)	Disposal of subsidiary (note 5)	Fair value adjustments	New leases	Other changes	December 31, 2024
Bank loans (note 20)	612,293	76,170	—	12,731	(16,322)	—	—	33,182	718,054
Loans from related parties (note 20)	28,507	5,592	—	—	—	—	—	4,189	38,288
Loans from third parties (Note 20)	11,948	(10,281)	—	—	—	—	—	(610)	1,057

Lease liabilities (note 18)	38,268	(9,316)	—	6,598	(24)	—	3,110	3,887	42,523
Bonds (Note 20)	190,219	130,332	—	—	—	—	—	16,894	337,445
Interest rate swaps fair value hedging, cash flow hedging or economically hedging financing liabilities	533	—	—	—	—	—	—	6,451	6,984
Total liabilities from financing activities	**881,768**	**192,496**	**—**	**19,329**	**(16,346)**	**—**	**3,110**	**63,994**	**1,144,351**

34. Operating Segments

The Group identifies operating segments at the level of divisions which represents the main pillars of the Group's business. Divisions comprise of individual member companies. Each Division has its own management, which coordinates the development, production, and business activities of the member companies which allows them to implement complex projects and create synergies.

Information reported to the group's Board of Directors which is also the Chief Operating Decision Maker ("CODM") for the purposes of resource allocation and assessment of segment performance is focused on revenue, Operating EBITDA, EBITDA, profit after tax, and additions to tangible and intangible assets of each division.

The Group's reportable segments under IFRS 8 therefore are as follows:

A. CSG AEROSPACE

The following entities operate in this segment: Atrak a.s., JOB AIR Technic a.s., ELDIS Pardubice, s.r.o., and RETIA a.s. These entities principally focus on the development and production of radar systems, development of air traffic control systems and maintenance and repairs of aircraft and aircraft equipment.

B. CSG DEFENCE

Group entities whose principal business activity involves trade and manufacturing activities, or providing services in the area of military material, military equipment and systems belong to the CSG DEFENCE segment. A major portion of sales is realised with external customers outside the CSG Group, namely in the European Union, Ukraine, Asia and Africa. This segment is dominated by Excalibur Army s.r.o., Czech leader on the military material market offering a wide range of military vehicles, weapon systems and ammunition for which it provides comprehensive services - spare parts, ammunition, repairs and modernisation. Some vehicles are manufactured internally directly by Excalibur Army s.r.o. and so is a wide array of spare parts. EXCALIBUR INTERNATIONAL a.s. is a separate entity which does not belong directly under CSG Defence division. However, by nature of its main business, the Group decided to include it under the defense segment for the reporting purposes. The company's activity is mainly trading with defense material, aviation technology and special material including related logistics and aftersale services. TATRA DEFENCE VEHICLE focuses mainly on the development, production, overhaul and modernisation of mainly armoured and special vehicles for domestic and foreign customers. The Slovak entity MSM Martin a.s. predominantly focuses on the repairs of ground military equipment and modernisation of military and special vehicles including the sale of spare parts. Furthermore, the company specialises in the production of ammunition; its services cover the entire ammunition life cycle including technical life extensions. The Company also develops and produces radio-navigation electronics. The Slovak entities ZVS deal with the production of ammunition and development, production and sale of guns. The Spanish company FABRICA DE MUNICIONES DE GRANADA S.L. predominantly manufactures ammunition.

C. CSG MOBILITY

Major players in the CSG MOBILITY segment principally include TRUCK SERVICE GROUP s.r.o., NIKA DEVELOPMENT a.s., and TATRA MANUFACTURE a.s. The company TRUCK SERVICE GROUP s.r.o. is mainly dedicated to the purchase, overhaul and financing of TATRA vehicles.

DAKO-CZ, a.s. dominates as a manufacturer of pneumatic, electromechanical, and hydraulic braking systems and components for rail vehicles with a 205-year tradition. Additionally, the subsidiaries of the aforementioned manufacturer also play a significant role. Companies in this segment realise most of their sales outside the CSG Group.

D. CSG AMMO+

In this segment, we have newly acquired Vista Group/The Kinetic Group, which has become the largest company in the ammunition division. The Kinetic Group is the world's leading ammunition manufacturer, based in the USA, where its largest market is also located. It engineers and manufactures the most accurate, powerful, and reliable ammunition in the world. Other significant part of Ammo+ division is Fiocchi Group, which is the world's third largest small-calibre ammunition manufacturer. The Italian family-owned company, originally founded in 1876, has production facilities not only in its country of origin, but also in the UK and the USA. The representative of the group is Fiocchi Munizioni S.p.A., followed by its subsidiaries Fiocchi of America Inc and Fiocchi UK Limited.

E. OTHER

The operating segment includes entities having an economic specialisation different from that of entities included in the operating segments disclosed above. The income generated by those entities is principally attributable to the rental of real estate and sales of consumables. Since 2021, this segment was expanded to include Prague Fertility Centre, a clinic for assisted reproduction.

The above-specified operating segments have their individual management at the level of individual entities; their accounting policies are identical. The Company accounts for the income and transactions between segments as if they represented income and transaction with third parties, i.e. at the level of arm's length prices.

The following tables summarise the information on operating segments for the period

from January 1, 2024, to December 31, 2024, and as of December 31, 2023, for the period

from January 1, 2023, to December 31, 2023, and as of December 31, 2023:

2024

For the year ended December 31, 2024

(EUR '000)	CSG AEROSPACE	CSG DEFENCE	CSG AMMO+	CSG MOBILITY	OTHER	Elimination of Intra-Segmental relations	Consolidated data
Revenues	**288,661**	**3,301,218**	**482,191**	**77,823**	**102,329**	**(243,608)**	**4,008,614**
Raw material and consumables	(157,953)	(1,831,594)	(237,387)	(33,518)	(7,196)	109,984	(2,157,664)
External costs	(29,386)	(402,740)	(61,261)	(13,485)	(54,660)	119,248	(442,284)

Employee benefits expense	(47,179)	(92,290)	(100,436)	(21,070)	(25,239)	2	(286,212)
Depreciation and amortisation expense	(8,536)	(14,704)	(29,904)	(4,116)	(9,078)	47	(66,291)
Other operating income	9,486	34,220	11,573	4,175	1,977	(403)	61,028
Other operating expense	(5,202)	(64,955)	(14,717)	(2,026)	(16,322)	(1,096)	(104,318)
Profit/(loss) from operating activities	**49,891**	**929,155**	**50,059**	**7,783**	**(8,189)**	**(15,826)**	**1,012,873**
Financial income	6,111	81,145	2,543	10,612	110,683	(45,244)	165,850
Financial expense	(6,363)	(103,586)	(107,024)	(15,584)	(190,226)	44,447	(378,336)
Profit/(loss) from other financial instruments	(2,458)	900	(335)	(424)	105,486	(59,643)	43,526
Profit/(loss) from financing activities	**(2,710)**	**(21,541)**	**(104,816)**	**(5,396)**	**25,943**	**(60,440)**	**(168,960)**
Share of profit/(loss) of associates and joint ventures, net	–	1,055	(44)	(1,545)	234	–	(300)
Profit/(loss) from the sale of equity interests	–	–	–	–	2,225	–	2,225
Profit/(loss) before tax	**47,181**	**908,669**	**(54,801)**	**842**	**20,213**	**(76,266)**	**845,838**
Income tax	(2,192)	(201,826)	(7,902)	(2,287)	1,756	–	(212,451)
Net profit/(loss) from continuing operations	**44,989**	**706,843**	**(62,703)**	**(1,445)**	**21,969**	**(76,266)**	**633,387**

The most significant intra-segmental revenue eliminations include transactions between the CSG DEFENCE and CSG AEROSPACE divisions amounting to EUR 89 million, as well as between the CSG AEROSPACE and CSG DEFENCE divisions totaling EUR 70 million. Additionally, eliminations between the OTHER and CSG DEFENCE divisions account for EUR 52 million.

The most significant intra-segmental cost of sale and external cost eliminations include transactions between the CSG AEROSPACE and CSG DEFENCE divisions amounting to EUR 117 million, as well as between the CSG DEFENCE and OTHER divisions totaling EUR 53 million. Additionally, eliminations between the CSG DEFENCE and CSG AEROSPACE divisions account for EUR 28 million.

Calculation of EBITDA

For the year ended December 31, 2024

(EUR '000)	CSG AEROSPACE	CSG DEFENCE	CSG AMMO+	CSG MOBILITY	OTHER	Elimination of Intra-Segmental relations	Consolidated data

Net profit/(loss) from continuing operations	**44,989**	**706,843**	**(62,703)**	**(1,445)**	**21,969**	**(76,266)**	**633,387**
Interest income	2,740	20,522	**991**	4,958	26,424	(34,175)	21,460
Interest expense	(2,518)	(20,414)	**(41,058)**	(8,636)	(72,646)	34,200	(111,072)
Interest expense from lease liabilities	(181)	(396)	**(153)**	(197)	(2.842)	—	(3,769)
Net interest profit/(loss)	**41**	**(288)**	**(40,220)**	**(3,875)**	**(49,063)**	**25**	**(93,380)**
Income tax	(2,192)	(201,826)	**(7,902)**	(2,287)	1,756	—	(212,451)
EBIT	**47,140**	**908,957**	**(14,581)**	**4,719**	**73,879**	**(76,291)**	**943,823**
Depriciation and amortisation expense	(8,536)	(14,704)	**(29,904)**	(4,116)	(9,078)	47	(66,291)
EBITDA	**55,676**	**923,661**	**15,323**	**8,834**	**82,958**	**(76,338)**	**1,010,114**

Calculation of OPERATING EBITDA

For the year ended December 31, 2024

(EUR '000)	CSG AEROSPACE	CSG DEFENCE	CSG AMMO+	CSG MOBILITY	OTHER	Elimination of intercompany relations	Consolidated data
Net profit (loss) from continuing operations	**44,989**	**706,843**	**(62,703)**	**(1,445)**	**21,969**	**(76,266)**	**633,387**
Income tax	(2,192)	(201,826)	(7,902)	(2,287)	1,756	—	(212,451)
Profit (loss) before tax	**47,181**	**908,669**	**(54,801)**	**842**	**20,213**	**(76,266)**	**845,838**
Share of profit (loss) of associates and joint ventures	—	1,055	(44)	(1,545)	234	—	(300)
Profit (loss) from the sale of equity interests	—	—	—	—	2,225	—	2,225
Profit (loss) from financing activities	**(2,710)**	**(21,541)**	**(104,816)**	**(5,396)**	**25,943**	**(60,440)**	**(168,960)**
Financial income	6,111	81,145	2,543	10,612	110,683	(45,244)	165,850
Financial expense	(6,363)	(103,586)	(107,024)	(15,584)	(190,226)	44,447	(378,336)
Profit (loss) from other financial instruments	(2,458)	900	(335)	(424)	105,486	(59,643)	43,526
Profit (loss) from operating activities	**49,891**	**929,155**	**50,059**	**7,783**	**(8,189)**	**(15,826)**	**1,012,873**
Depreciation and amortisation expense	(8,536)	(14,704)	(29,904)	(4,116)	(9,078)	47	(66,291)
OPERATING EBITDA	**58,427**	**943,859**	**79,963**	**11,899**	**889**	**(15,873)**	**1,079,164**

(EUR '000)	CSG AEROSPACE	CSG DEFENCE	CSG MOBILITY	CSG AMMO+	OTHER	Elimination of Intra-Segmentalintercompany relations	Consolidated data
Net profit (loss) from continuing operations	**44,989**	**706,843**	**(1,445)**	**(62,703)**	**21,969**	**(76,266)**	**633,387**
Income tax	(2,192)	(201,826)	(2,287)	(7,902)	1,756	—	(212,451)
Profit (loss) before tax	**47,181**	**908,669**	**842**	**(54,801)**	**20,213**	**(76,266)**	**845,838**
Share of profit (loss) of associates and joint ventures	—	1,055	(1,545)	(44)	234	—	(300)
Profit (loss) from the sale of equity interests	—	—	—	—	2,225	—	2,225
Profit (loss) from financing activities	**(2,710)**	**(21,541)**	**(5,396)**	**(104,816)**	**25,943**	**(60,440)**	**(168,960)**

Financial income	6,111	81,145	10,612	2,543	110,683	(45,244)	165,850
Financial expense	(6,363)	(103,586)	(15,584)	(107,024)	(190,226)	44,447	(378,336)
Profit (loss) from other financial instruments	(2,458)	900	(424)	(335)	105,486	(59,643)	43,526
Profit (loss) from operating activities	**49,891**	**929,155**	**7,783**	**50,059**	**(8,189)**	**(15,826)**	**1,012,873**
Depreciation and amortisation expense	(8,536)	(14,704)	(4,116)	(29,904)	(9,078)	47	(66,291)
OPERATING EBITDA	**58,427**	**943,859**	**11,899**	**79,963**	**889**	**(15,873)**	**1,079,164**

2023

For the year ended December 31, 2023

(EUR '000)	CSG AEROSPACE	CSG DEFENCE	CSG MOBILITY	CSG AMMO+	OTHER	Elimination of Intra-Segmental relations	Consolidated data
Revenues	**256,007**	**1,167,185**	**67,363**	**375,570**	**39,615**	**(171,310)**	**1,734,430**
Raw material and consumables	(165,469)	(596,385)	(22,316)	(194,299)	(10,355)	147,976	(840,848)
External costs	(33,302)	(151,337)	(11,452)	(43,927)	(26,512)	21,275	(245,255)
Employee benefits expense	(41,245)	(50,612)	(17,118)	(70,305)	(14,698)	4	(193,974)
Depreciation and amortisation expense	(12,048)	(13,315)	(3,964)	(25,790)	(5,537)	—	(60,654)
Other operating income	4,921	(3,319)	1,956	2,745	11,239	534	18,076
Other operating expense	(3,974)	(23,664)	(4,622)	(6,280)	4,568	325	(33,647)
Profit/(loss) from operating activities	**4,890**	**328,553**	**9,847**	**37,714**	**(1,680)**	**(1,196)**	**378,128**
Financial income	3,015	16,124	6,384	(131)	22,029	(24,267)	23,154
Financial expense	(7,701)	(31,978)	(12,357)	(31,287)	(45,644)	24,860	(104,107)
Profit/(loss) from other financial instruments	(1,397)	1,082	(784)	(547)	(19,024)	11	(20,659)
Profit/(loss) from financing activities	**(6,083)**	**(14,771)**	**(6,757)**	**(31,965)**	**(42,640)**	**604**	**(101,612)**
Share of profit/(loss) of associates and joint ventures, net	—	—	(415)	249	484	—	648
Profit/(loss) from the sale of equity interests	1,326	441	—	—	(1)	—	1,766
Profit/(loss) before tax	**133**	**314,223**	**3,505**	**5,998**	**(43,837)**	**(593)**	**278,430**
Income tax	274	(62,497)	(1,528)	(3,878)	(1,088)	—	(68,717)
Net profit/(loss) from continuing operations	**406**	**251,726**	**1,976**	**2,121**	**(44,923)**	**(593)**	**210,713**

Calculation of EBITDA

For the year ended December 31, 2023

(EUR '000)	CSG AEROSPACE	CSG DEFENCE	CSG MOBILITY	CSG AMMO+	OTHER	Elimination of Intra-Segmental relations	Consolidated data
Net profit/(loss) from continuing operations	**406**	**251,726**	**1,976**	**2,121**	**(44,923)**	**(593)**	**210,713**
Interest income	1,751	11,369	6,687	610	18,775	(17,393)	21,799
Interest expense	(5,762)	(16,538)	(9,472)	(28,389)	(46,562)	18,048	(88,675)
Interest expense from lease liabilities	(179)	(455)	(9)	(144)	(573)	—	(1,360)
Net interest profit/(loss)	**(4,190)**	**(5,623)**	**(2,794)**	**(27,922)**	**(28,362)**	**655**	**(68,236)**
Income tax	274	(62,497)	(1,528)	(3,878)	(1,088)	—	(68,717)
EBIT	**4,322**	**319,846**	**5,797**	**33,920**	**(15,473)**	**(1,247)**	**347,165**
Depriciation and amortisation expense	(12,048)	(13,315)	(3,964)	(25,790)	(5,537)	—	(60,654)
EBITDA	**16,370**	**333,161**	**9,760**	**59,711**	**(9,936)**	**(1,247)**	**407,819**

Calculation of OPERATING EBITDA

For the year ended December 31, 2023

(EUR '000)	CSG AEROSPACE	CSG DEFENCE	CSG MOBILITY	CSG AMMO+	OTHER	Elimination of Intra-Segmental relations	Consolidated data
Net profit/(loss) from continuing operations	**406**	**251,726**	**1,976**	**2,121**	**(44,923)**	**(593)**	**210,713**
Interest income	1,751	11,369	6,687	610	18,775	(17,393)	21,799
Interest expense	(5,762)	(16,538)	(9,472)	(28,389)	(46,562)	18,048	(88,675)
Interest expense from lease liabilities	(179)	(455)	(9)	(144)	(573)	—	(1,360)
Net interest profit/(loss)	**(4,190)**	**(5,623)**	**(2,794)**	**(27,922)**	**(28,362)**	**655**	**(68,236)**
Income tax	274	(62,497)	(1,528)	(3,878)	(1,088)	—	(68,717)
EBIT	**4,322**	**319,846**	**5,797**	**33,920**	**(15,473)**	**(1,247)**	**347,165**
Depriciation and amortisation expense	(12,048)	(13,315)	(3,964)	(25,790)	(5,537)	—	(60,654)
OPERATING EBITDA	**16,370**	**333,161**	**9,760**	**59,711**	**(9,936)**	**(1,247)**	**407,819**

Total assets and liabilities by segments

For the year ended December 31, 2024

(EUR '000)	CSG AEROSPACE	CSG DEFENCE	CSG AMMO+	CSG MOBILITY	OTHER	Elimination of Intra-Segmental relations	Consolidated data
Total assets per segment	377,630	4,202,820	3,249,745	207,766	3,531,780	(3,540,453)	8,029,288
Entities accounted for using the equity method	—	590	1,475	81,119	739	—	83,923
Additions of intangible and tangible assets	—	590	1,475	81,119	739	—	83,923
Total liabilities per segment	(242,222)	(3,115,935)	(2,206,861)	(96,731)	(3,146,302)	2,272,648	(6,535,403)

For the year ended December 31, 2023

(EUR '000)	CSG AEROSPACE	CSG DEFENCE	CSG MOBILITY	CSG AMMO+	OTHER	Elimination of Intra-Segmental relations	Consolidated data
Total assets per segment	300,199	1,718,584	261,691	877,323	590,478	(395,946)	3,352,329
Entities accounted for using the equity method	—	18,049	—	1,519	83,931	—	103,499
Additions of intangible and tangible assets	10,923	44,171	9,802	22,625	3,333	—	90,854
Total liabilities per segment	**(238,339)**	**(1,257,896)**	(140,073)	**(698,022)**	**(726,891)**	**395,808**	**(2,665,413)**

Information by country

For the year ended December 31, 2024

(EUR '000)	Czech Republic	India	Italy	Slovakia	USA	Serbia	Spain	United Kingdom	Total operating segments	Consolidated data
Property, plant and equipment	258,985	2,616	95,233	114,214	160,388	9,232	6,943	5,977	653,588	653,588
Intangible assets	50,071	—	521,715	10,130	1,732,683	48	260	2,900	2,317,807	2,317,807
Investment property	2,525	—	3,323	—	—	—	—	—	5,848	5,848
Total	**311,581**	**2,616**	**620,271**	**124,344**	**1,893,071**	**9,280**	**7,203**	**8,877**	**2,977,243**	**2,977,243**

For the year ended December 31, 2023

(EUR '000)	Czech Republic	India	Italy	Slovakia	USA	Serbia	Spain	United Kingdom	Total operating segments	Consolidated data
Property, plant and equipment	176,637	2,064	87,586	56,787	30,858	7,771	5,570	5,800	373,073	373,073
Intangible assets	48,412	—	156,081	8,184	1,440	50	367	2,948	217,482	217,482
Investment property	2,572	—	—	—	—	—	—	—	2,572	2,572
Total	**227,623**	**2,064**	**243,667**	**64,971**	**32,297**	**7,821**	**5,937**	**8,747**	**593,128**	**593,128**

Information on income from external customers, their breakdown by product group and geographical breakdown is included in Note 8 Revenues.

Major customers

The Group's analysis of the customer base identified three major customers in 2024 Their total income amounted to EUR 1,308,338 thousand, accounting for 18.86 % of the Group's aggregate turnover. This income was wholly generated in the CSG DEFENCE segment. In 2023, five major customers accounted for 30.52 % of the Group's aggregate sales.

35. Related Parties

Definition of related parties

The Group's relations with related parties include relations with shareholders and other parties as disclosed in the table below.

A. Summary of balances with related parties as of December 31, 2024 and December 31, 2023:

(EUR '000)	Receivables and other financial assets 2024	Payables and other financial liabilities 2024	Receivables and other financial assets 2023	Payables and other financial liabilities 2023
Shareholders	–	45,115	61,324	35,547
Related parties and related individuals	4,272	732	50,545	4,363
Joint ventures	31,500	16,992	23,655	21,918
Associates	267	584	253	–
Total	**36,039**	**63,423**	**135,777**	**61,828**

B. Summary of transactions with related parties for the years ended December 31, 2024 and 31 December, 2023:

(EUR '000)	Income 2024	Expense 2024	Income 2023	Expense 2023
Shareholders	4,882	5,062	11,591	8,309
Related parties and individuals	1,304	582	12,212	2,255
Joint ventures	31,867	68,673	23,058	47,154
Associates	412	1,298	23	–
Total	**38,465**	**75,615**	**46,884**	**57,718**

Transactions with shareholders and the Group's key management consist of relations arising from received and provided loans. Transactions with related parties and related individuals as well as with associates and joint ventures principally include business relations and relations arising from received and provided loans.

Remuneration of the key Group's management is disclosed in the Note 11, Administrative, Management and Supervisory Bodies of CSG.All transactions have been realised under arm's length conditions.

36. Group Entities

Entity	Country of registration	December 31, 2024 Effective ownership percentage	Ownership interest**	Consolidation method*	December 31, 2023 Effective ownership percentage	Ownership interest**	Consolidation method*
CZECHOSLOVAK GROUP a.s.	**Czech Republic**	**100,00 %**	**parent company**	**-**	**100,00 %**	**parent company**	**-**
14. OKTOBAR d.o.o. Krusevac	Serbia	100.00%	direct	full	100,00 %	direct	full
ABIENNALE s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
Ammunition Operations LLC	USA	100.00%	indirect	full			
ANGERONA TRADE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
Armi Perazzi S.p.A.	Italy	80.00%	direct	full	80.00%	direct	full
ARMY TRADE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
AsterIVF s.r.o.	Czech Republic	59.88%	direct	full	59.88%	direct	full
ATLAN GROUP, spol. s r.o.	Slovakia	80.20%	direct	full	81.00%	direct	full
ATRAK a.s.	Czech Republic	92.50%	direct	full	92.50%	direct	full
AVIA AVIATION a.s.	Czech Republic	50.00%	direct	not consolidated	50.00%	direct	not consolidated
AVIA Motors s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
AVIEN, spol. s r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
C.F.L. S.a.s.	Italy	14.00%	direct	equity	14.00%	direct	equity
CLEVELOPMENT SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full

Entity	Country of registration	December 31, 2024			December 31, 2023		
		Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*
Cs BROSS, s.r.o.	Czech Republic	100.00%	direct	full			
CS SOFT a.s.	Czech Republic	92.50%	direct	full	92.50%	direct	full
CSG a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG AEROSPACE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG Ammo+ a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG CENTRAL ASIA a.s.	Czech Republic	30.00%	direct	equity	30.00%	direct	equity
CSG DEAL a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG DEFENCE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG Elevate I Inc.	USA	100.00%	direct	full		direct	not consolidated
CSG Elevate II Inc.	USA	100.00%	direct	full		direct	not consolidated
CSG Engineering, a.s.	Czech Republic	84.55%	indirect	full			
CSG EXPORT a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG FIN a.s.	Czech Republic	100.00%	direct	not consolidated	100.00%	direct	not consolidated
CSG HEALTH CARE a.s.	Czech Republic	60.00%	direct	full	60.00%	direct	full
CSG Horizons a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG INDUSTRY a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG Land System SK a.s.	Slovakia	89.00%	direct	full	89.10%	direct	full
CSG Land Systems CZ a.s.	Czech Republic	89.00%	direct	full	89.10%	direct	full
CSG MOBILITY a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG RECOVERY s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSGM a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CZECH CAMOUFLAGE SYSTEMS a.s.	Czech Republic	71.20%	direct	full	71.28%	direct	full
CZECH DEFENCE SYSTEMS a.s.	Czech Republic	89.00%	direct	full	89.10%	direct	full
CZECHOSLOVAK EXPORT a.s.	Czech Republic	90.00%	direct	full	90.00%	direct	full
CZECHOSLOVAK GROUP POLSKA SP. Z O.O.	Poland	90.00%	direct	full			
CZECHOSLOVAKIA TRADE a.s.	Slovakia	80.20%	direct	full	100.00%	direct	full
DAKO-CZ EN, a.s.	Czech Republic	100.00%	direct	full	95.00%	direct	full
DAKO-CZ INDIA PRIVATE LIMITED	India	100.00%	direct	full	100.00%	direct	full
DAKO-CZ RE, s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
DAKO-CZ, a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
DEFENCE SYSTEMS a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
DEFENCE TRADE SLOVAKIA, s.r.o.	Slovakia	89.00%	direct	full	86.33%	direct	full
Development Prelouc s.r.o.	Czech Republic	89.00%	direct	full	89.10%	direct	full
ELDIS Pardubice India Plt	India	100.00%	direct	not consolidated	100.00%	direct	not consolidated
ELDIS Pardubice, s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
ELTON hodinarska, a.s.	Czech Republic	73.16%	direct	full	73.16%	direct	full
ENGINEERING SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
ENVERCOTE a.s.	Czech Republic	60.00%	direct	full	60.00%	direct	full
EUROPEAN AIR SERVICES s.r.o.	Czech Republic	89.00%	direct	full	100.00%	direct	full
EXCALIBUR ARMY HELLAS LTD	Cyprus	45.00%	direct	not consolidated	45.00%	direct	not consolidated

Entity	Country of registration	December 31, 2024			December 31, 2023		
		Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*
EXCALIBUR ARMY spol. s r.o.	Czech Republic	89.00%	direct	full	89.10%	direct	full
EXCALIBUR DEFENCE SYSTEMS PRIVATE LIMITED	Cyprus	44.10%	direct	not consolidated	44.10%	direct	not consolidated
EXCALIBUR INTERNATIONAL a.s.	Czech Republic	89.00%	direct	full	89.00%	direct	full
EXCALIBUR USA a.s.	Czech Republic	100.00%	direct	full	51.00%	direct	not consolidated
FABRICA DE MUNICIONES DE GRANADA S.L.	Spain	80.20%	direct	full	81.00%	direct	full
FALCON CSG a.s.	Czech Republic	30.00%	direct	equity	30.00%	direct	equity
Federal Cartridge Company	USA	100.00%	indirect	full			
FIOCCHI MUNIZIONI S.P.A.	Italy	70.00%	direct	full	70.00%	direct	full
Fiocchi of America Inc.	USA	70.00%	direct	full	70.00%	direct	full
FIOCCHI UNITED KINGDOM LIMITED	United Kingdom	52.50%	direct	full	52.50%	direct	full
GAUSSIN S.A.	France	23,15%	direct	not consolidated	20.42%	direct	not consolidated
GERLENAIR a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
HARVO Reality s.r.o.	Czech Republic	44.55%	direct	equity	44.55%	direct	equity
HTH land a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
INTEGRA CAPITAL a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
JOB AIR Technic a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
JWL DAKO-CZ (INDIA) LIMITED RN	India	50.00%	direct	full	50.00%	direct	full
KARBOX Holding s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
KARBOX s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
KARMONIKA AERO a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
KONVERTIAL SPV a.s.	Czech Republic	100.00%	direct	full	55.00%	direct	full
Koprivnice Energy s.r.o.	Czech Republic	27.18%	direct	not consolidated	27.18%	direct	not consolidated
LAIRAN SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
LBP 80 S.r.l.	Italy	80.00%	direct	full	80.00%	direct	full
LIAZ TRUCKS a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
LOSTR a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
Lyalvale Express Limited	Velka Britanie	66.85%	direct	full	70.00%	direct	full
MADE CS a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
MANDURIA TRADE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
MATIS z.a.o.	Russia	5.44%	direct	not consolidated	5.44%	direct	not consolidated
MEDHA DAKO-CZ PRIVATE LIMITED	India	49.95%	direct	full	49.95%	direct	full
MEFITIS TRADE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
MERIT SPV a.s.	Czech Republic	92.50%	direct	full	92.50%	direct	full
Milconn, a.s.	Czech Republic	50.00%	direct	full	50.00%	direct	equity
MSM - OPTICAL s.r.o.	Slovakia	80.20%	direct	full	81.00%	direct	not consolidated
MSM EXPORT, s.r.o.	Slovakia	80.20%	direct	full	81.00%	direct	full
MSM GREECE Ltd.	Slovakia	80.20%	direct	full			
MSM GROUP KAZAKHSTAN LLP	Kazakhstan	40.50%	direct	not consolidated	40.50%	direct	not consolidated
MSM Group North America Inc.	USA	80.20%	indirect	not consolidated			
MSM GROUP s.r.o.	Slovakia	80.20%	direct	full	81.00%	direct	full
MSM LAND SYSTEMS s.r.o.	Slovakia	89.00%	direct	full	89.10%	direct	full
MSM Martin, s.r.o.	Slovakia	80.20%	direct	full	81.00%	direct	full

Entity	Country of registration	December 31, 2024			December 31, 2023		
		Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*
MSM North America Holdings LLC	USA	80.20%	indirect	not consolidated			
MSM Services, s.r.o.	Slovakia	80.20%	direct	full	81.00%	direct	full
MSM SPV I, s. r. o.	Slovakia	80.20%	indirect	full			
MSM SPV II, s. r. o	Slovakia	80.20%	indirect	full			
MSM SPV III, s. r. o.	Slovakia	80.20%	indirect	full			
MSM SPV IV, s. r. o.	Slovakia	80.20%	indirect	full			
MSM SPV V, s. r. o.	Slovakia	80.20%	indirect	full			
NC Bomlitz GmbH	Germany	80.20%	indirect	not consolidated			
NIKA Development a.s.	Czech Republic	89.90%	direct	full	83.63%	direct	full
Perazzi USA, Inc.	USA	80.00%	direct	full	80.00%	direct	full
PLATINUM DEFENCE a.s.	Czech Republic	89.00%	direct	full			
POCKET VIRTUALITY a.s.	Czech Republic	69.99%	direct	full	70.00%	direct	full
PPS VEHICLES, s.r.o.	Slovakia	72.18%	direct	full	72.90%	direct	full
Prague Fertility Centre s.r.o.	Czech Republic	59.88%	direct	full	59.88%	direct	full
Presto Tech Horizons a.s.	Czech Republic	50.00%	indirect	not consolidated			
PROGRESS SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
PTH Services s.r.o.	Czech Republic	50.00%	indirect	not consolidated			
RADIATIK a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
Real Info d.o.o. Krusevac	Serbia	100.00%	direct	full	100.00%	direct	full
REAL TRADE PRAHA a.s.	Czech Republic	80.99%	direct	full	81.90%	direct	full
REALID SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
ReDat Recording, a.s.	Czech Republic	90.00%	direct	full	90.00%	direct	not consolidated
Regionalnf muzeum v Koprivnici, o.p.s.	Czech Republic	0.00%	direct	not consolidated		direct	not consolidated
Remington Licensing Corporation	USA	50.00%	indirect	full			
RETIA, a.s.	Czech Republic	90.00%	direct	full	90.00%	direct	full
SBS ZVS, s.r.o.	Slovakia	40.10%	indirect	full	40.50%	indirect	full
SHER Technologies a.s.	Czech Republic	51.00%	direct	full	51.00%	direct	full
Slovak Aviation Factory s.r.o.	Slovakia	80.20%	direct	full	81.00%	direct	full
Slovak industry s.r.o.	Slovakia	80.20%	direct	full	81.00%	direct	full
Sondany s.r.o.	Czech Republic	59.88%	direct	full	59.88%	direct	full
Space T a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
STA TECHNOLOGY, s.r.o.	Slovakia	40.10%	direct	full	40.50%	direct	full
STALUNA TRADE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
TABLON SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
Target Products 1978 Ltd.	New Zealand	20.00%	direct	equity	20.00%	direct	equity
TATRA a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
TATRA AVIATION a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
TATRA CLASSIC s.r.o.	Czech Republic	54.36%	direct	not consolidated	54.36%	direct	not consolidated
TATRA DEFENCE PROJECTS s.r.o.	Czech Republic	80.10%	direct	full	80.19%	direct	full
TATRA DEFENCE SLOVAKIA s.r.o.	Slovakia	74.02%	direct	full	74.73%	direct	full
TATRA DEFENCE SYSTEMS s.r.o.	Czech Republic	80.10%	direct	full	80.19%	direct	full
TATRA DEFENCE VEHICLE a.s.	Czech Republic	80.10%	direct	full	80.19%	direct	full
TATRA EURASIA t.o.o.	Kazakhstan	19.57%	direct	not consolidated	19.57%	direct	not consolidated
TATRA EXPORT s.r.o.	Czech Republic	54.36%	direct	equity	54.36%	direct	equity
TATRA MACHINERY s.r.o.	Czech Republic	54.36%	direct	not consolidated	54.36%	direct	not consolidated

Entity	Country of registration	December 31, 2024			December 31, 2023		
		Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*
TATRA MANUFACTURE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
TATRA METALURGIE a.s.	Czech Republic	54.36%	direct	equity	54.36%	direct	equity
TATRA Slovensko spol. s .r.o.	Slovakia	54.36%	direct	not consolidated	54.36%	direct	not consolidated
TATRA TRUCK GULF COMMERCIAL BROKERS L.L.C.	United Arab Emirates	26.64%	direct	not consolidated	26.64%	direct	not consolidated
TATRA TRUCK INDIA PRIVATE LIMITED	India	48.92%	direct	not consolidated	48.92%	direct	not consolidated
TATRA TRUCKS a.s.	Czech Republic	54.36%	direct	equity	54.36%	direct	equity
TATRA VOSTOK, OOO	Russia	54.36%	direct	not consolidated	54.36%	direct	not consolidated
TATRABRAS LTDA	Brasil	54.36%	direct	not consolidated	54.36%	direct	not consolidated
TECHNOLOGY CS a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
TECHPARK Hradubicka a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
The Kinetic Group Operations LLC	USA	100.00%	indirect	full			
TRADITION CS a.s.	Czech Republic	92.50%	direct	full	92.50%	direct	full
TRUCK MACHINERY GROUP a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
TRUCK SERVICE GROUP s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
UpVision Defence s.r.o.	Czech Republic	71.23%	direct	full	71.23%	direct	full
UpVision s.r.o.	Czech Republic	71.23%	direct	full	71.23%	direct	full
VENILIA TRADE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
Virte, a. s.	Slovakia	80.20%	direct	full	81.00%	direct	full
Vista Commercial Ammunition Company Inc.	USA	100.00%	indirect	full			
Vista Outdoor Inc.	USA	100.00%	indirect	full			
Vista Outdoor Sales LLC	USA	100.00%	indirect	full			
VMT Trade s.r.o.	Slovakia	40.50%	direct	not consolidated	40.50%	direct	not consolidated
VOP Novaky, a.s.	Slovakia	80.20%	direct	full	81.00%	direct	full
VORNEA SPV s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
VYVOJ Martin, a.s.	Slovakia	80.20%	direct	full	61.56%	direct	equity
ZVS holding, a.s.	Slovakia	40.10%	indirect	full	40.50%	indirect	full
ZVS IMPEX, akciova spolocnost	Slovakia	80.20%	direct	full	81.00%	direct	full
ZVS technology, s.r.o.	Slovakia	27.54%	direct	not consolidated	27.54%	direct	not consolidated

*Entities that are not consolidated - these entities are immaterial in the Group's consolidated financial statements; both on the individual and aggregate bases.

**Indirect ownership percentage means an ownership percentage controlled by way of the management rather than by shares. Other types of ownership percentages are referred to as direct.

The list in the table above is structured based on the ownership of entities at different levels in the Group.

37. Legal Disputes

Provisions for legal disputes are disclosed in the Note 29.

MSM Martin s.r.o. (Slovakia)

In 2020, a criminal investigation was initiated in Slovakia against MSM Martin, s.r.o. and Mr. Marian Goga (a former shareholder and executive director of MSM Martin). Both MSM Martin and Mr. Goga were charged with alleged criminal offenses of bribery and money laundering in connection with a public procurement process organized by the Slovak Administration of State Material Reserves related to the purchase of

recovery vehicles, tanks, and mobile bridges. In December 2020, the charges against MSM Martin and Mr. Goga were dropped. However, in March 2021, the decision was reversed, and the criminal charges were reinstated by a higher prosecutorial authority. MSM Martin and Mr. Goga continue to actively cooperate with Slovak criminal authorities, and the proceedings (under ref. no. PPZ-99/NKA-BA3-2020, originally PPZ-233/NKA-BA3-2020) remain ongoing. The investigation in this case was completed with the final disclosure of the investigation file on December 6, 2024, after which the file was transmitted to the prosecutor, who will decide whether to file an indictment or close the proceedings.

38. Subsequent Events

In the period between December 31, 2024 and the date of preparation of the consolidated annual report, the following changes to the CSG Group structure occurred:

Changes in the Company's Management

As of January 13, 2025, Lukas Andrysek was removed from the Member of the Board of Directors.

As of February 24, 2025, David Stepan was removed from the Member of the Board of Directors.

Acquisition of Minority Stake in Fiocchi Munizioni SPA

The Group signed an agreement to acquire a 30% minority stake in Fiocchi Munizioni SPA. The transaction's closing is subject to regulatory approvals.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholder of CZECHOSLOVAK GROUP a.s.

Having its registered office at: U Rustonky 714/1, Karlfn, 186 00 Praha 8

Audit Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of CZECHOSLOVAK GROUP a.s. and its subsidiaries (hereinafter also the "Group") prepared on the basis of IFRS Accounting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as of 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information. In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the group of CZECHOSLOVAK GROUP a.s. as of 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How it was addressed**
Accuracy of revenues recognition and revenue recognition date	
The key audit matter is the Group's revenues (Note 8 to the consolidated financial statements). Revenues are a significant indicator in evaluating the Group's performance. Because the Group generates revenues from various types of activities, including	In addressing this key audit matter we performed a combination of tests of internal controls and substantive testing.

Key Audit Matter	How it was addressed
revenue from contract with customers recognized over time, on various markets and under various conditions, the accuracy of revenues recognition and the revenue recognition date correctness represent a risk for the audit of the Group. Principally the recognition of revenue from contract with customers recognized over time is based on a high degree of judgement applied by the Group.	• We have obtained understanding of main revenue streams including evaluation of design and implementation of relevant controls. • At certain subsidiaries we performed test of operating effectiveness of relevant controls. • We performed a substantive test of specific revenue transactions on a sample basis. • We tested in detail whether revenue was recognised in the relevant reporting periods and whether revenue was not misstated through reporting in an incorrect period. • On a sample basis, we selected invoices recorded around the year-end and based on supporting documents related to these invoices we assessed if the revenue was recorded in the correct period. • We performed analytical tests of significant revenue accounts and compared the expected amount of revenues on the basis of our calculation with the amount presented in the accounting records. • We tested receivables by sending year-end confirmation letters to selected customers and compared the amounts confirmed by the customers with the balance of receivables reported by the Group. In the case of revenues from contracts with customers and construction contracts, we performed the following audit procedures: • We critically assessed the methodology applied by the Group to determine the stage of completion and subsequently, for the calculation of revenue on the basis of this stage of completion, compliance of the methodology with IFRS 15 *Revenue from Contracts with Customers*. • We evaluated the estimates made by the Group in respect of total and future expected costs and revenues on construction contracts. • We tested in detail the recognition of revenue on a sample of construction contracts, primarily focused on checking the used input data from contracts with customers and financial plans of construction contracts; in addition, we reviewed the calculation for mathematical correctness. • We cooperated with our internal IFRS 15 experts to assess and test the most significant contracts. • We assessed the adequacy of disclosures made in the notes to the consolidated financial statements with regard to revenues recognised in terms of the stage of completion of construction contracts and judgement applied.
Correctness and completeness of the presentation of financial liabilities (bank loans and bonds issued)	
The correctness and completion of the presentation of financial liabilities (Note 20 to the consolidated financial statements) represent a key audit matter since the Group uses significant external financing in the form of issued	Our audit procedures, included, among others: • We sent bank confirmation letters and based on received responses, we compared the confirmed

Key Audit Matter	How it was addressed
bonds and banking loans for its operating and investment activities. These types of financing carry covenants and other criteria, the evaluation of which by the Group has a material impact on the presentation of financial liabilities in the consolidated financial statements (e.g. on the presentation of long-term and short-term components).	amounts of bank loans with the amounts presented by the Group in the accounting records. • We determined whether the loan balance is appropriately presented as a short-term or long-term payable pursuant to the concluded contract, repayment schedule or bank confirmation letter. • With regard to publicly traded issued bonds, we compared the information reported in public sources of the Prague Stock Exchange with the information disclosed in the consolidated financial statements. With regard to private issued bonds, we compared the information from purchase agreement with the information disclosed in the consolidated financial statements. • We agreed the year-end balance of issued bonds to the Portfolio account statement. • We agreed the information on covenants in respect of received bank loans and issued bonds to supporting documentation (e.g. contract, prospectus). • We tested the mathematical correctness of the calculation of the covenants. • We assessed compliance with the relevant covenants. • We assessed the adequacy of disclosures made in the notes to the consolidated financial statements with regard to issued bonds and external funding in the form of bank loans.
Correctness and completeness of the valuation and presentation of the acquisition of a subsidiary	
The proper valuation and presentation of the acquisition of the controlling interest in Vista Group / The Kinetic Group (Note 7.A.b. and 16.H to the consolidated financial statements) represents an important matter for the Group's audit. As this extensive acquisition occurred before the end of 2024, the Group's assets and liabilities were not measured at fair value as of the date of preparation of the consolidated financial statements. The assets and liabilities of the acquired companies are measured at provisional value, based on the accounting records of the acquired companies. Based on the management's analysis of the estimated recoverable amount, no impairment was identified. Consequently, the acquisition accounting process was not completed in 2024, and the remeasurement to fair value will occur within 12 months from the acquisition date.	Our audit procedures, included, among others: • We gained an understanding of the entire transaction, including the legal analysis of the purchase contract. • We communicated with the component auditor in USA regarding the audit of Vista Group / The Kinetic Group . • We agreed on the purchase price for the supporting documentation. • In collaboration with an internal expert, we assessed the correct application of IFRS 3 Business Combinations and, in particular, the assumption of non-termination of the acquisition accounting. • We assessed the correctness of the calculation and recognition of goodwill. • From the Group's management, we obtained the business plans of Vista Group / The Kinetic Group for the coming period and assessed the existence of indicators of potential impairment of the provisional goodwill recognised. • We assessed the adequacy of the information provided in the notes to the financial statements regarding this transaction.

Other Information in the Annual Financial report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the annual financial report other than the financial statements, the consolidated financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information with the exception of the Sustainability Statement has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information with the exception of the Sustainability Statement complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- The other information with the exception of the Sustainability Statement is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Board of Directors and Supervisory Board for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and the Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors, the Supervisory Board and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of CZECHOSLOVAK GROUP a.s. (hereinafter also the "Company") prepared on the basis of IFRS Accounting Standards as adopted by the European Union, which comprise the statement of financial position as of 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of CZECHOSLOVAK GROUP a.s. as of 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How it was addressed
Valuation of investments in subsidiaries and associates	
The correct valuation of investments in subsidiaries and associates (Note 13 to the financial statements) represents a key audit matter. The Company reports investments in a number of companies that carry the risk of the value of the investment being greater than its fair value. The correct valuation requires a significant degree of judgement and estimates dependent upon, e.g. future demand or successful implementation of restructuring plans.	Our audit procedures included, among others: • We tested the design and implementation of key internal controls regarding the measurement of the value of interests in subsidiaries using the impairment indicator calculations and DCF models. • We critically assessed the indicators of potential impairment of investments in subsidiaries which may trigger the recognition of loss allowances. For this purpose, we primarily: o Compared the valuation of the investment with the amount of equity of the subsidiary at the balance sheet date; o Assessed the profitability of investments for the relevant reporting period; o Verified the amount of dividends and profit shares paid out. • Where the indicator of potential impairment of investments in subsidiaries was identified, we focused on: o Inquiring the company's management and the reasons that led to the recognition or non-recognition of an allowance; o Assessing financial plans prepared by the subsidiaries; and o Assessing whether the allowance is recognised appropriately and in a sufficient amount. o We assessed the adequacy of disclosures made in the notes to the financial statements with regard to material investments and their financial position and profitability.
Correctness and completion of the presentation of financial liabilities (bank loans and bonds issued)	
The correctness and completion of the presentation of financial liabilities (Notes 21 to the financial statements) represent a key audit matter since the Company uses significant external financing in the form of issued bonds, borrowings and banking loans for its operating and investment activities. These types of financing carry covenants and other criteria, the evaluation of which by the Company has a material impact on the presentation of financial liabilities in the financial statements (e.g. on the presentation of long-term and short-term components).	Our audit procedures, included, among others: • We sent bank confirmation letters and based on received responses, we compared the confirmed amounts of bank loans with the amounts presented by the Company in the accounting records. • We determined whether the loan balance is appropriately presented as a short-term or long-term payable pursuant to the concluded contract, repayment schedule or bank confirmation letter. • With regard to publicly traded issued bonds, we compared the information reported in public sources of the Prague Stock Exchange with the information disclosed in the consolidated financial statements.

Key Audit Matter	How it was addressed
	With regard to private issued bonds, we compared the information from purchase agreement with the information disclosed in the consolidated financial statements. • We agreed the year-end balance of issued bonds to the Portfolio account statement. • We agreed the information on covenants in respect of received bank loans and issued bonds to supporting documentation (e.g. contract, prospectus). • We tested the mathematical correctness of the calculation of the covenants. • We assessed compliance with the relevant covenants. • We assessed the adequacy of disclosures made in the notes to the consolidated financial statements with regard to issued bonds and external funding in the form of bank loans.

Other Information in the Annual Financial Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the annual financial report other than the financial statements, the consolidated financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information with the exception of the Sustainability Statement has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information with the exception of the Sustainability Statement complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information with the exception of the Sustainability Statement is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and the Audit Committee are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors, the Supervisory Board and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the Auditor and the Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 31 August 2023 for the financial periods of the years 2023, 2024, and 2025 and our uninterrupted engagement has lasted for seven years.

Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 2 April 2025 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided.

Report on Compliance with the ESEF Regulation

We have conducted a reasonable assurance engagement on the verification of compliance of the financial statements and the consolidated financial statements included in the annual financial report with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation") that apply to the financial statements and the consolidated financial statements.

Responsibilities of the Board of Directors

The Company's Board of Directors is responsible for the preparation of the financial statements and the consolidated financial statements in compliance with the ESEF Regulation. Inter alia, the Company's Board of Directors is responsible for:

- The design, implementation and maintenance of the internal controls relevant for the application of the requirements of the ESEF Regulation;
- The preparation of all financial statements included in the annual financial report in the valid XHTML format; and
- The selection and use of XBRL mark-ups in line with the requirements of the ESEF Regulation.

Auditor's Responsibilities

Our task is to express a conclusion whether the financial statements and the consolidated financial statements included in the annual financial report are, in all material respects, in compliance with the requirements of the ESEF Regulation, based on the audit evidence obtained. Our reasonable assurance engagement was conducted in accordance with the International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

The nature, timing and scope of the selected procedures depend on the auditor's judgment. A reasonable assurance is a high level of assurance; however, it is not a guarantee that the examination conducted in accordance with the above standard will always detect a potentially existing material non-compliance with the requirements of the ESEF Regulation.

As part of our work, we performed the following procedures:

- We obtained an understanding of the requirements of the ESEF Regulation;
- We obtained an understanding of the Company's internal controls relevant for the application of the requirements of the ESEF Regulation;
- We identified and evaluated risks of material non-compliance with the ESEF Regulation, whether due to fraud or error; and
- Based on this, we designed and performed procedures responsive to those risks and aimed at obtaining a reasonable assurance for the purposes of expressing our conclusion.

The aim of our procedures was to assess whether:

- The sets of financial statements included in the annual financial report were prepared in the valid XHTML format;
- The data in the consolidated financial statements were marked up where required by the ESEF Regulation and all mark-ups meet the following requirements:

    - XBRL mark-up language was used;
    - The elements of the core taxonomy specified in the ESEF Regulation with the closest accounting meaning were used, unless an extension taxonomy element was created in compliance with the ESEF Regulation; and
    - The mark-ups comply with the common rules for mark-ups pursuant to the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the Company's financial statements and the consolidated financial statements for the year ended 31 December 2024 included in the annual financial report are, in all material respects, in compliance with the requirements of the ESEF Regulation.

In Prague on 2 April 2025

Audit firm:

Deloitte Audit s.r.o.
registration no. 079

Statutory auditor:

David Batal
registration no. 2147

CZECHOSLOVAK GROUP a.s.

Audited consolidated financial statements of CZECHOSLOVAK GROUP a.s. as of and for the year ended December 31, 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

In EUR thousand (EUR '000)

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022 restated	For the year ended 31 December 2021 restated
Revenues	8	1,734,430	1,014,966	563,238
Raw material and consumables	9	(840,848)	(542,654)	(270,681)
External costs	10	(245,255)	(168,477)	(117,016)
Employee benefits expense	11	(193,975)	(101,157)	(88,405)
Depreciation and amortisation expenses	16,17	(60,654)	(28,288)	(27,396)
Other operating income	12	18,076	16,963	12,674
Other operating expense	13	(33,647)	(28,789)	(21,899)
Profit from operating activities		**378,127**	**162,564**	**50,515**
Financial income	14	23,154	14,098	4,196
Financial expense	14	(104,107)	(39,471)	(24,408)
Profit from other financial instruments	14	(20,659)	34,184	12,617
Profit from financing activities		**(101,612)**	**8,811**	**(7,595)**
Share of profit/(loss) of associates and joint ventures, net of tax	19	647	9,921	4,638
Profit/(loss) from the sale of an equity interest	7	1,766	418	17,044
Profit before tax		**278,928**	**181,714**	**64,602**
Income tax	15	(68,717)	(40,577)	(13,256)
Net profit from continuing operations		**210,211**	**141,137**	**51,346**
Total profit		**210,211**	**141,137**	**51,346**
Other comprehensive income				
Items that are not reclassified subsequently to profit or loss				
Foreign currency translation differences from presentation currency		(2,046)	2,485	2,021
Items that are or may be subsequently reclassified to profit or loss				
Foreign exchange differences on translation of foreign operations, net		(2,908)	7,939	22,963
Fair value gain/(loss) arising on hedging instruments during the period				
Less: Cumulative (gain)/loss arising on hedging instruments reclassified to profit or loss		1,196	—	—
Share of the other comprehensive income of associates and joint ventures, net of tax		(501)	276	—
Other comprehensive income, net		**(4,259)**	**10,701**	**24,985**
Total comprehensive income		**205,952**	**151,838**	**76,331**
Profit attributable to:				
Shareholders of the Company		174,055	120,761	47,870

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022 restated	For the year ended 31 December 2021 restated
Non-controlling interests	27	36,156	20,376	3,476
Profit for the year		**210,211**	**141,137**	**51,346**
Total comprehensive income attributable to:				
Shareholders of the Company		169,795	131,461	73,467
Non-controlling interests	27	36,157	20,377	2,863
Total comprehensive income for the year		**205,952**	**151,838**	**76,330**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December 2023

In EUR thousand (EUR '000)

	Note	31 December 2023	31 December 2022 restated	31 December 2021	1 January 2021
Non – current assets					
Intangible assets	16	217,482	226,814	51,947	47,202
Goodwill	16	416,910	403,812	42,151	35,140
Property, plant and equipment	17, 18	373,073	361,663	222,280	229,716
Investment property		2,572	2,637	2,716	2,572
Investments in associates and joint ventures	19	103,499	105,617	90,589	76,959
Loans and other financial assets	20	171,518	179,208	99,747	11,115
Trade and other receivables	21	2,392	1,928	3,363	187
Prepayments made and deferred expenses and accrued income	21	15,046	2,774	2,192	981
Deferred tax asset	22	11,640	7,766	5,451	5,510
Contract assets	8	—	—	—	1,465
Contract costs	8	41,185	4,712	1,877	2,590
Total non-current assets		**1,355,317**	**1,296,931**	**522,313**	**413,437**
Current assets					
Inventory	23	860,245	561,796	243,785	233,193
Trade and other receivables	21	218,044	211,889	121,487	191,824
Loans and other financial assets	20	102,091	96,890	44,921	63,714
Prepayments made and deferred expenses and accrued income	21	208,786	82,350	30,248	31,739
Tax receivables	24	19,331	14,361	2,907	3,680
Current income tax receivable`	24	7,458	1,897	2,507	409
Cash and cash equivalents	25	563,865	241,650	104,006	63,099
Assets classified as held for sale		1,979	—	—	—
Contract costs	8	15,211	30,125	30,150	18,825
Total current assets		**1,997,010**	**1,240,958**	**580,011**	**606,483**
Total assets		**3,352,327**	**2,537,889**	**1,102,324**	**1,019,920**
Equity					
Share capital	26	78,427	78,427	78,427	74
Other reserves	26	(139,845)	(131,960)	29,122	110,159
Translation reserve	26	34,136	39,090	28,665	3,067
Retained earnings of past years including profit or loss for the current accounting period		487,720	331,024	210,287	191,900
Equity attributable to the Company's shareholders		**460,438**	**316,581**	**346,501**	**305,200**
Non-controlling interests	27	226,478	177,451	25,674	43,901
Total equity		**686,916**	**494,032**	**372,175**	**349,101**
Liabilities					
Non-current liabilities					
Liability from put option	20	176,451	161,164	—	—
Loans and borrowings	20	456,940	466,068	49,958	84,728
Other financial instruments	20	40,436	36,349	25,735	24,268
Trade and other payables	28	11,026	6,489	6,733	751
Provisions	29	10,180	7,612	3,562	1,853
Deferred tax liability	22	65,672	72,872	13,387	14,136
Bonds	20	278,073	189,162	183,716	66,080
Contract liabilities	8	103,553	126,740	163,157	68,346
Total non-current liabilities		**1,142,331**	**1,066,456**	**446,248**	**260,162**
Current liability					
Loans and borrowings	20	300,459	186,680	106,384	126,417
Other financial instruments	20	9,109	6,663	5,498	5,776
Trade and other payables	28	345,759	231,994	116,267	127,430
Provisions	29	3,233	5,594	6,042	5,185

	Note	31 December 2023	31 December 2022 restated	31 December 2021	1 January 2021
Tax liabilities	30	15,264	16,516	9,401	5,297
Current income tax payable	30	52,913	31,797	6,219	7,872
Contract liabilities	8	736,971	497,100	33,740	82,452
Bonds	20	59,372	1,057	350	50,227
Total current liabilities		**1,523,080**	**977,401**	**283,901**	**410,656**
Total liabilities		**2,665,411**	**2,043,857**	**730,149**	**670,818**
Total equity and liabilities		**3,352,327**	**2,537,889**	**1,102,324**	**1,019,919**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

		Attributable to the shareholders of the Company						
In EUR thousand (EUR '000)	**Note**	**Share capital**	**Other reserves**	**Foreign exchange translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2023 (A)	26	**78,427**	**(131,960)**	**39,090**	**331,024**	**316,581**	**177,451**	**494,032**
Total comprehensive income for the year:								
Profit for the year (B)		—	—	—	174,055	**174,055**	36,156	210,211
Other comprehensive income:								
Foreign exchange differences on translation of foreign operations recycled		—	—	(2,908)	—	**(2,908)**	—	(2,908)
Foreign exchange differences on translation of foreign operations non-recycled		—	—	(2,046)	—	(2,046)	—	(2,046)
Share of the other comprehensive income of equity accounted investees, net of tax		—	—	—	(501)	(501)	—	(501)
Fair value gain/(loss) arising on hedging instruments during the period		—	1,196	—	—	**1,196**	—	1,196
Total other comprehensive income (C)		—	1,196	(4,954)	(501)	(4,259)	—	(4,259)
Total comprehensive income for the year (D) = (B + C)		**—**	**1,196**	**(4,954)**	**173,554**	**169,796**	**36,156**	**205,952**
Additions and disposals:								
Changes in non-controlling interests without a change of control	27	—	3,409	—	(14,889)	(11,480)	15,988	**4,508**
Effects of acquisitions in the form of business combinations	7	—	616	—	—	616	3,390	**4,006**
Effects of subsidiaries sold		—	(14)	—	226	212	(212)	—
Conditional commitment to acquire non-controlling share		—	(4,800)	—	—	(4,800)	—	(4,800)
Change in present value of put option liability		—	(10,487)	—	—	(10,487)	—	(10,487)
Dividends	26	—	—	—	—	—	(6,295)	**(6,295)**
Total additions and disposals (E)		**—**	**(11,276)**	**—**	**(14,663)**	**(25,939)**	**12,871**	**(13,068)**
Transfer in equity		—	2,195	—	(2,195)	—	—	—
Total transfers in equity (F)		**—**	**2,195**	**—**	**(2,195)**	**—**	**—**	**—**
Balance at 31 December 2023 (H) = (A + D + E + F)		**78,427**	**(139,845)**	**34,136**	**487,720**	**460,438**	**226,478**	**686,916**

For the year ended 31 December 2022

		Attributable to the shareholders of the Company						
In EUR thousand (EUR '000)	**Note**	**Share capital**	**Other reserves**	**Foreign exchange translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2022 (A)	26	**78,427**	**29,122**	**28,665**	**210,287**	**346,501**	**25,674**	**372,175**
Total comprehensive income for the year:								
Profit for the year (B)		—	—	—	120,761	120,761	20,376	141,137
Other comprehensive income:								
Foreign exchange differences on translation of foreign operations recycled		—	—	7,940	—	7,940	—	7,940
Foreign exchange differences on translation of foreign operations non-recycled		—	—	2,485	—	2,485	—	2,485
Share of the other comprehensive income of equity accounted investees, net of tax		—	—	—	276	276	—	276
Total other comprehensive income (C)		—	—	10,425	276	10,701	—	10,701
Total comprehensive income for the year (D) = (B + C)		**—**	**—**	**10,425**	**121,037**	**131,462**	**20,376**	**151,838**
Additions and disposals:								
Changes in non-controlling interests without a change of control	27	**—**	82	**—**	(619)	(537)	(289)	**(826)**
Effects of acquisitions in the form of business combinations	7	—	—	—	—	—	132,996	**132,996**
Effects of subsidiaries sold		—	—	—	319	319	(319)	**—**
Conditional commitment to acquire non-controlling share		**—**	(161,164)	—	—	(161,164)	**—**	(161,164)
Dividends	26	—	—	—	—	—	(987)	**(987)**
Total additions and disposals (E)		**—**	**(161,082)**	**—**	**(300)**	**(161,382)**	**131,401**	**(29,981)**
Total transfers in equity (F)		**—**	**—**	**—**	**—**	**—**	**—**	**—**
Balance at 31 December 2022 (H) = (A + D + E + F)		**78,427**	**(131,960)**	**39,090**	**331,024**	**316,581**	**177,451**	**494,032**

For the year ended 31 December 2021

In EUR thousand (EUR '000)	Note	Attributable to the shareholders of the Company						
		Share capital	Other reserves	Foreign exchange translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2021 (A)	26	**74**	**110,159**	**3,067**	**191,900**	**305,200**	**43,901**	**349,101**
Total comprehensive income for the year:								
Profit for the year (B)		—	—	—	47,870	47,870	3,476	51,346
Other comprehensive income:								
Foreign exchange differences on translation of foreign operations recycled		—	—	23,576	—	23,576	(613)	22,963
Foreign exchange differences on translation of foreign operations non-recycled		—	—	2,022	—	2,022	—	2,022
Total other comprehensive income (C)		—	—	25,598	—	25,598	(613)	22,985
Total comprehensive income for the year (D) = (B + C)		**—**	**—**	**25,598**	**47,870**	**73,468**	**2,863**	**76,331**
Additions and disposals:								
Changes in non-controlling interests without a change of control	27	**—**	(81)	**—**	(30,949)	(31,030)	(19,409)	**(50,439)**
Effects of subsidiaries sold		—	—	—	880	880	(880)	—
Dividends	26	—	—	—	—	—	(801)	**(801)**
Total additions and disposals (E)		**—**	**(81)**	**—**	**(30,069)**	**(30,150)**	**(21,090)**	**(51,240)**
Transfer in equity		78,353	(80,956)	**—**	586	(2,017)	—	(2,017)
Total transfers in equity (F)		**78,353**	**(80,956)**	**—**	**586**	**(2,017)**	**—**	**(2,017)**
Balance at 31 December 2021 (H) = (A + D + E + F)		**78,427**	**29,122**	**28,665**	**210,287**	**346,501**	**25,674**	**372,175**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

In EUR thousand (EUR '000)

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022	For the year ended 31 December 2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year		**210,211**	**141,137**	**51,346**
Adjustments for:				
Amortisation/depreciation of fixed assets	16,17	60,654	28,288	27,396
Impairment of inventory		(696)	(655)	(4,729)
Impairment of property, plant and equipment		(40)	(519)	470
Impairment of non-financial assets		—	—	264
Impairment of financial assets		(1,462)	2,202	—
Gain (-) /loss (+) from the sale of property, plant and equipment, investment property and intangible assets	12,13	(13,688)	(5,776)	(19)
Gain (-) / loss (+) from the sale of inventory	12,13	818	1,934	3,754
Gain (-) / loss (+) from financial instruments		12,336	(38,924)	(14,193)
Gain (-) / loss (+) from the disposal of subsidiaries		(1,766)	(418)	(17,044)
Net interest income (-) / expense (+)	14	68,236	18,318	14,390
Recognition (+) / release (-) of allowances for trade and other receivables, write-offs		16,458	6,800	2,432
Recognition (+) / release (-) of provisions	13	638	1,818	3,382
Income tax	15	68,717	40,577	13,256
Unrealised foreign exchange rate (gains)/losses, net		2,129	10,828	14,295
Share of profit (-) /loss (+) of associates and joint ventures	19	(647)	(9,921)	(4,638)
Other		107	—	500
Operating cash flows before movements in working capital		**422,005**	**195,689**	**90,862**
Increase (-) / decrease (+) in trade receivables and other assets*		(218,828)	(69,397)	56,899
Increase (-) / decrease (+) in inventory (including income from sale)		(318,332)	(186,990)	(2,126)
Increase (+) / decrease (-) in trade and other payables**		366,906	401,797	21,907
Cash generated by operations		**251,751**	**341,099**	**167,542**
Income taxes paid		(52,622)	(16,287)	(16,845)
Net cash from operating activities		**199,129**	**324,812**	**150,697**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds on disposal of property, plant and equipment, investment property and intangible assets		4,589	3,695	9,093
Dividend income		—	2,646	3,899
Proceeds on disposal of subsidiaries		19,002	3,456	23,474
Repayment of provided loans		83,095	7,195	11,485
Interest received		10,245	5,658	1,700
Acquisition of property, plant and equipment, investment property and intangible assets	16,17	(74,246)	(65,276)	(42,422)
Acquisition of subsidiaries, net of cash acquired	7	(47,714)	(476,994)	(13,914)
Loans provided		(65,429)	(64,126)	(46,828)
Net cash used in investing activities		**(70,458)**	**(583,746)**	**(53,513)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		252,331	548,641	56,503
Proceeds on bond placements		181,317	9,011	114,726
Repayments of borrowings		(121,306)	(119,493)	(101,922)
Costs related to bond placements		(2,327)	(4)	(1,126)
Payments of bonds		(30,399)	(8,978)	(54,514)
Dividends paid		(6,295)	(968)	(777)

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022	For the year ended 31 December 2021
Payments of obligations under leases		(7,955)	(5,240)	(4,180)
Interest paid		(79,164)	(22,738)	(13,647)
Effect of changes in non-controlling interests		4,507	(812)	(48,896)
Net cash (used in)/from financing activities		**190,709**	**399,419**	**(53,833)**
Net increase/decrease in cash and cash equivalents		319,380	140,485	43,351
Cash and cash equivalents at beginning of year		**241,650**	**104,006**	**63,099**
Foreign exchange rate gains (+) / losses (-) from the translation of cash and cash equivalents		2,835	(2,841)	(2,443)
Cash and cash equivalents at end of year		**563,865**	**241,650**	**104,006**

* Increase (-) /decrease (+) in receivables and other assets includes trade and other receivables, prepayments made and deferred expenses and accrued income, and tax receivables with the exception of the income tax receivable.
** Increase (+) /decrease (-) in trade and other payables includes trade and other payables, financial instruments and financial liabilities, deferred income and tax payables with the exception of the income tax payable.

Notes To the Consolidated Financial Statements

1. DESCRIPTION OF THE GROUP

CZECHOSLOVAK GROUP a.s. (the "Parent Company" or the "Company" or "CSG") is a joint stock company formed in compliance with the legal regulations of the Czech Republic on 13 October 2014. Its registered office is located at U Rustonky 714/1, Karlín, 186 00 Prague 8.

The consolidated financial statements of the Company were prepared for the year ended 31 December 2023 and include the financial statements of the Parent Company, its subsidiaries and associates or joint ventures (jointly referred to as the "Group" or the "CSG Group"). The entities included in the Group are disclosed in Note 36 – Entities in the Group and include primarily entities operating in the Czech Republic, Slovakia, Italy, Spain and United States.

CZECHOSLOVAK GROUP's strategy comprises the long-term operation and expansion in promising segments of the traditional Czech and Slovak industries having a strong potential for export. The vast majority of these activities are focused on the B2B or B2G segments. Business activities focusing on end consumers are marginal. The Group is primarily engaged in the arms, engineering, automotive, aircraft and rail transport industries.

The parent company gradually acquired the subsidiaries as part of transactions under joint control and from third parties (refer to Note 7 for details on the acquisitions made in 2023, 2022 and 2021). The Group's formation and the changes in its operating and management structure have been carried out in order to make use of synergistic effects. The Group has also combined and unified its financing structure.

As of 31 December 2023, the Company's sole shareholder was CSG FIN a.s., which, as the sole shareholder, acted as the supreme company body from 28 June 2022. Michal Strnad acted as the supreme company body from 1 January 2022 to 27 June 2022.

As of 31 December 2023, the Company's sole shareholder was as follows:

31 December 2023	Shares (EUR '000)	Ownership percentage %	Voting rights %
CSG FIN a.s.	78,427	100	100
Total shares	**78,427**	**100**	**100**

As of 31 December 2023 and 2022, the Group's 100 % ultimate owner was Michal Strnad.

Composition of the Board of Directors as of 31 December 2023:

- Michal Strnad (Chairperson of the Board of Directors)
- David Chour (Vice-Chairperson of the Board of Directors)
- David Stepan (Member of the Board of Directors)
- Petr Formánek (Member of the Board of Directors)
- Ladislav Štorek (Member of the Board of Directors)

Composition of the Supervisory Board as of 31 December 2023:

- Aleš Kvídera (Chairperson of the Supervisory Board)
- Michaela Katolická (Member of the Supervisory Board)
- Rudolf Bureš (Member of the Supervisory Board)

2. STATEMENT OF COMPLIANCE

The consolidated financial statements were authorised for issue by the Board of Directors on 4 April 2024.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS © Accounting Standards) adopted by the European Union and to be included in an Offering Memorandum.

Furthermore, the consolidated financial statements have been drawn up on a going concern basis and using the conventional historical cost basis, except for in the event the measurement of financial assets and liabilities that required the application of the of fair value criterion.

The consolidated financial statements are presented in euro ("EUR"), which has been the presentation currency set by the CSG Group since January 1, 2021. The Company's functional currency is the Czech crown ("CZK"). Each entity included to the consolidated financial statements determine the functional currency in accordance with the requirements of IAS 21. All amounts included in this document are presented in thousands of euros, unless otherwise indicated. The reason for the presentation currency is that EUR suits the needs of the primary users of the financial statements better than CZK.

The consolidated financial statements are prepared using consistent accounting policies over the whole period covered by the financial statements (i.e. both the current and comparative periods). These accounting policies are in line with the IFRS applicable at the end of the reporting period i.e., 31 December 2023.

The detailed application of consolidation methods is described further in Note 5.

3. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities stated at their fair value: financial instruments at fair value through profit & loss ("FVTPL") (incl. those designated upon initial recognition as at FVTPL). Financial assets and liabilities as well as non-financial assets and liabilities measured at historical cost are stated at amortised cost ("AC") using the effective interest method or historical cost, as appropriate, net of any relevant impairment and cumulative depreciation or cumulative amortisation.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (refer to note 7). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes at a minimum an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has the option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets meets the definition of a business. The optional concentration test is met if substantially all fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in profit or loss immediately (refer to note 7). Transaction costs are expensed as incurred, expect if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay a contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent considerations are re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent considerations are recognised in profit or loss.

4. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

(a) Change in accounting policy

Change in presentation currency

During the year 2023, the Group has elected to change the Group's presentation currency from the Czech crown (CZK) to the Euro (EUR) effective from 1 January 2021. The change in presentation currency was a voluntary change which has been accounted for retrospectively. The consolidated financial statements as of and for the year ended 31 December 2022 and 31 December 2021 have been restated to euros using the procedures outlined below:

- Statement of profit or loss and other comprehensive income and statement of cash flows for each group entity were consolidated into EUR using average foreign currency rates prevailing for the relevant period.

- Assets and liabilities in the consolidated statement of financial position were translated into EUR at the closing foreign currency rates on the relevant balance sheet dates.

- The equity section of the consolidated statement of financial position, including foreign currency translation reserve, accumulated losses, share capital and the other reserves, were translated into EUR using the historical rates, being the rate on the date of the transaction.

All resulting translation exchange differences have been recognised within other comprehensive income in the foreign currency translation reserve. The effect of applying different exchange rates for the change in presentation currency have been included as a reconciling item within the statement of changes in shareholders' equity as at 1 January 2021.

The presentation currency of EUR has been adopted to suit the needs of the primary users of the financial statements.

Recognition of written put options over non-controlling interest

Furthermore, the Group has adopted its policy related to written put options following recent guidance of IFRS. Where the Group writes a put option, which if exercised triggers the purchase of non-controlling interests as part of its business acquisition, the put option is recognised as a financial liability at the acquisition date. Where risks and rewards remain with the non-controlling interests, a corresponding amount is deducted from equity. Any subsequent changes to the carrying amount of the put option liability are also recognised within equity.

Measurement period adjustments

During 2023, the Group has finalised the acquisition accounting of C3F S.pA. that was acquired in December 2022. The comparative balance sheet as of 31 December 2022 has been revised to include the impact to the provisional amounts recognised.

The detail is disclosed in Note 7.

Recognition of own work capitalized

During 2023, the Group has changed recognition of Own work capitalized since 2023 Owned work capitalized is recorded at appropriate line of incurred expenses. In previous years Own work capitalizes was included in line "Other operating income", since 2023 Owned work capitalizes has been included in "Employee benefits cost". The comparative as of 31 December 2022 and 31 December 2021 has been revised to include the impact of this change.

	Corrected Value as of 31 Dec 2022	Originally recognised value as of 31 Dec 2022	Difference
Other operating income	16,963	42,629	(25,666)
Employee benefits cost	(101,157)	(126,823)	25,666

	Corrected Value as of 31 Dec 2021	Originally recognised value as of 31 Dec 2021	Difference
Other operating income	12,674	30,638	(17,964)
Employee benefits cost	(88,405)	(106,369)	17,964

(b) **New and amended IFRS Accounting Standards that are effective for the current year**

In the current year, the group has applied a number of new and amended IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective in the EU for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 17 Insurance Contracts (including the June 2020 and December 2022 Amendments to IFRS 17)

The Group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

Amendments to IAS 1 Presentation of financial statements and IFRS Practice Statement 2 Making Material Judgements – Disclosure of Accounting Policies.

The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in the entity's financial statements, it can

reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The Group has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.

Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single transaction

The Group has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affect neither accounting profit nor taxable profit.

Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules

The Group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose Information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the Group is required to disclose that it has applied the exemption and to disclose separately its current tax expense (income) related to Pillar Two income taxes (see note 15).

(c) New and revised IFRS Accounting Standards adopted by the EU in issue but not yet effective

At the date of authorisation of these financial statements, the group has not applied the following revised IFRS Accounting Standards that have been issued and adopted by the EU but are not yet effective in the EU:

Amendments to IFRS 16 *Leases*	Lease Liability in a Sale and Leaseback	Effective from 1.1.2024
Amendments to IAS 1 *Presentation of Financial Statements*	Classification of Liabilities as Current or Non-Current	Effective from 1.1.2024
Amendments to IAS 1 *Presentation of Financial Statements*	Non-current Liabilities with Covenants	Effective from 1.1.2024

The directors do not expect that the adoption of the amendments to the existing Standards listed above will have a material impact on the consolidated financial statements of the group in future periods, except if indicated below.

(d) New and revised IFRS Accounting Standards issued by the IASB but not yet adopted by the EU

The following amendments to the existing IFRS Accounting standards have not been endorsed for use in the EU yet and could not therefore be adopted by the group:

(The effective dates stated below are for IFRS as issued by IASB. EU is expected to approve the amendments with the same effective dates.)

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date has been removed temporarily by the IASB.
Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*	Supplier Finance Arrangements	Effective from 1.1.2024
Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*	Lack of Exchangeability	Effective from 1.1.2025

The directors do not expect that the adoption of the amendments to the existing standards listed above will have a material impact on the consolidated financial statements of the group in future periods, except if indicated below.

5. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and entities controlled by the parent company (its subsidiaries) made up to 31 December each year. Control is achieved when the parent company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

The parent company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.
Consolidation of a subsidiary begins when the parent company obtains control over the subsidiary and ceases when the parent company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the parent company gains control until the date when the parent company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value.

After acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the parent company and to the non-controlling interests.

Changes in the group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent company.

When the group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

(c) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payments at the acquisition date (see below); or
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and

the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(d) Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The group's policy for goodwill arising on the acquisition of an associate is described below.

(e) Investments in associates and joint ventures

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the group's share of losses of an associate or a joint venture exceeds the group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the associate or joint venture), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

If there is objective evidence that the group's net investment in an associate or joint venture is impaired, the requirements of IAS 36 Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as it's fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the group accounts for all amounts previously recognised in other comprehensive income in

relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the group reduces its ownership interest in an associate or a joint venture but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the group.

The group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the group does not take into account adjustments to their carrying amount required by IAS 28 Investments in Associates and Joint Ventures (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

(f) Revenue recognition

Revenue from contracts with customers

The Group applies a five-step model to determine when and to what extent revenue should be recognised. Revenue is recognised when the Group transfers control of the goods and services to its customers and in the amount of the expected consideration. Following the fulfilment of specific requirements, revenue is reported either over time or at a point in time when control of goods or services is transferred. The Group enters into contracts with customers for different supplies and under different conditions, which is why it proceeded to assess the contracts individually.

Information on the method of accounting of revenues under IFRS 15 for individual types of transactions is provided in Note 8 Revenues. The main areas considered by the Group in applying IFRS 15 are the following:

a) Identification of the contract, identification of the performance obligations

The Group assesses performance obligations for all contracts in detail. The Group's contracts often involve several performance obligations. If the Group provides customers with a service of significant integration of these performance obligations, it considers these partial performance obligations to be part of one main performance obligation.

b) Significant financing component

For prepayments, the Group recognises interest expense on received prepayments, which are reflected in the reported contract price if these prepayments are considered a significant financing component in accordance with IFRS 15.

The Group used a practical expedient and does not account for the financing component if the expected time between the delivery and payment at the time of origination of the contractual relationship is less than 12 months.

c) Revenue recognition period

In the case of contracts with customers, where the Group has a legally enforceable right to payment, the Group recognises revenues from these contracts over time. For these contracts, sales and expenses are recognised taking into account the progress of the contractual activity at the balance sheet date using the percentage of completion method. The percentage of completion is usually calculated as the ratio of the costs incurred under the contract to the total estimated costs. Management believes that this input method is an appropriate indicator of progress towards fully meeting these performance obligations. Only in exceptional cases is the percentage of completion measured by the output method. If it is probable that total costs will exceed total revenues, the loss is recognised immediately in the financial statements.

For contracts where none of the requirements for revenue recognition over time are met, the Group recognises revenue at a point in time when control is transferred. Until the transfer of control, the Group recognises contract costs as work in progress.

Contract assets and contract liabilities

Contract assets are recognised in connection with contracts with customers if, in the case of contract manufacturing, the cumulative sales recognised over time exceed the sum of the advance payments received and progress billings. As of the end of the reporting period, this asset item is tested for impairment, and, if necessary, an impairment is recognised on the basis of expected losses. If the recognised sales are lower than the sum of the advance payments received and progress billings, a contract liability is recognised. A contract liability is also recognised if advance payments are received and consideration has not yet been provided. Provisions for loss-making contracts are reported under Provisions.

Contract costs

Contracts with customers concluded by the Group may lead to the recognition of incremental costs incurred to obtain, or to perform, the contracts. In this situation, the Group will only recognise the item costs to obtain or perform a contract if the costs are incremental and relate directly to the obtaining and performing of the contract with a customer. The Group uses the possibility of expedient, i.e. the costs are only capitalised in the statement of financial position if their allocation is expected over a period exceeding 12 months, i.e. it is a non-current asset. When an asset is recognised, its current and non-current portions are distinguished. The costs capitalised are subsequently allocated to expenses concurrently with the progress of complete satisfaction of the performance obligation. The costs capitalised are allocated to profit or loss to the relevant nature of cost, e.g. the costs to obtain a contract in the form of a brokerage fee are subsequently allocated to Services.

(g) Leases

(a) The group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the group and the lease does not benefit from a guarantee from the group.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss (see note 30).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

(h) Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the parent company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(i) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

(j) Taxation

The income tax expense represents the sum of current and deferred income tax expense.

a. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

In cases where the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority, uncertain tax liabilities are presented as current tax liabilities and are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the parent company supported by previous experience with similar transactions and their tax impact and in certain cases based on specialist independent tax advice.

b. Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary

differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.
The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

c. Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(k) Property, plant and equipment

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Plant, machinery, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings	1.6 per cent – 5.0 per cent per annum
Plant and machinery	5.0 per cent – 33.3 per cent per annum
Fixtures and fittings	5.0 per cent – 50.0 per cent per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost

of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(l) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in note 16. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(m) Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally- intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(n) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(o) Trademarks

Trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives. In case of indefinite useful life, trademarks are tested for impairment at least annually or whenever there is any indication that impairment occurred.

(p) Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

(q) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(r) Cash and cash equivalents

In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are current (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents

are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Bank balances for which use by the group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the group's cash management. Such overdrafts are presented as current borrowings in the statement of financial position.

(s) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

i. Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

If these criteria are not met, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the group may make the following irrevocable election / designation at initial recognition of a financial asset:

- The group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below)

- The group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below)

1. Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "interest income" line item (Note 14).

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term

- On initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has evidence of a recent actual pattern of short-term profit-taking

- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

2. Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above)

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The group has not designated any debt instruments as at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item (Note 14). Fair value is determined in the manner described in note 32.

3. Impairment of financial assets

The group recognises a loss allowance for expected credit losses on trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime expected credit losses (ECL) for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

4. Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the extent to which the fair value of a financial asset has been less than its amortised cost;

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

5. Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due.

6. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) a significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event (see (ii) above);

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

b. Financial liabilities and equity

i. Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

1. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

2. Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the group, are measured in accordance with the specific accounting policies set out below.

3. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if either:

- It has been acquired principally for the purpose of repurchasing it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if either:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL

c. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in notes 32.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the group has both a legally enforceable right and intention to offset. The impact of the master netting agreements on the group's financial position is disclosed in note 32. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

d. Hedging derivatives

The Group designates certain derivatives as hedging instruments in relation to currency risk and interest rate risk and classifies them as cash flow hedges. Hedges of foreign currency risk on binding commitments are accounted for as cash flow hedges.

The Group considers derivatives to be hedging derivatives if the hedge accounting model is applied on them and if the following conditions are met:

- There is an economic relationship between the hedged item and the hedging instrument

- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item

Derivatives that do not meet the above conditions for hedging derivatives are classified by the Group as derivatives held for trading (speculative).

When a hedging relationship is established, the relationship between the hedging instrument and the hedged item, risk management objectives and strategies in executing the various hedging transactions are documented. On an ongoing basis, the hedging instrument is assessed for its effectiveness in offsetting changes in the fair value or cash flows of the hedged item that result from changes in the hedged risk.

If the derivative is used to hedge the risk of changes in cash flows arising from assets, liabilities or legally enforceable contractual relationships or forecast transactions, the change in the fair value of the hedging derivative corresponding to the effective portion of the hedge is recognised in other comprehensive income as a Revaluation Reserve. The ineffective portion of the change in the fair value of the derivatives is included in profit or loss.

Financial derivatives are carried at cost at the time of acquisition and subsequently remeasured to fair value at the date of the consolidated financial statements.

The Group uses financial derivatives only to hedge future cash flows. Changes in the fair value of financial derivatives are recognised in other comprehensive income.

The cumulative amount in equity remains in other comprehensive income and is reclassified to profit or loss in the same period(s) during which the hedged item affects profit or loss.

The Group shall discontinue hedge accounting only when the hedging relationship (or part of it) no longer meets the qualifying criteria. For example, the hedging instrument expires or the hedging instrument is sold, terminated or the contract is exercised. Termination of hedge accounting is accounted for prospectively. Any gains or losses recognised in other comprehensive income and accumulated in the cash flow hedge fund at that point in time remain in equity and are reclassified to profit or loss when the expected transaction is realised. If the expected transaction is no longer expected to occur, the gains or losses accumulated in the cash flow hedge fund are immediately reclassified to profit or loss.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(u) Critical accounting judgements and key sources of estimation uncertainty

In applying the group's accounting policies, which are described in Note 3, the directors are required to make judgements (other than those involving estimations) that have a significant

impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(v) Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

- Note 8 – Revenue recognition
- Note 29 – Provisions
- Note 20 – Measurement of financial instruments
- Note 8 – Contract assets and liabilities
- Note 37 – Legal disputes

(w) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(x) Impairment testing

Following the assessment of the recoverable amount of goodwill allocated to groups subsidiaries to which goodwill of EUR 417 million is allocated, the directors consider the recoverable amount of goodwill to be most sensitive to the achievement of the 2024 – 2028 financial plan. Financial plan comprise forecasts of revenue, employee benefit expense and overheads based on current and anticipated market conditions that have been considered and approved by the board. Whilst the group is able to manage most costs, the revenue projections are inherently uncertain due to the future market conditions. Revenue of the CGU is most sensitive to changes in the sectors demand for sales in defence and aerospace sector.

The sensitivity analysis in respect of the recoverable amount of goodwill is presented in note 16.

6. FAIR VALUE MEASUREMENT

(a) Non-derivative financial assets

The fair value is based on their quoted market price as of the balance sheet date with no deduction of transaction costs. If no quoted market price is available, the directors estimate the fair value of the given instrument using price models or techniques based on discounted cash flows.

If techniques based on discounted cash flows are applied, the estimated future cash flows are based on best estimates made by the directors, and a market-based rate as of the balance sheet date for an instrument with similar conditions is used as the discount rate. If price models are used, inputs are based on market rates as of the balance sheet date.

The fair value of trade receivables and other receivables, except for contract assets but including receivables from services provided based on a concession, is estimated as the present value of future cash flows discounted using the interest rate as of the balance sheet date.

The fair value of trade receivables, other receivables and investments reported at amortised cost is only determined for the disclosure purposes.

(b) Non-derivative financial liabilities

The fair value determined in order to be disclosed is based on the present value of future cash flows from principals and interest discounted by a default interest rate as of the balance sheet date. For leases, the default interest rate is determined as the rate stated by the lessor in the contractual documentation. If this rate is not available, the lessee's incremental borrowing rate is used.

The incremental rate for the Group is derived from PRIBOR + margin 4.92% for contracts concluded in CZK and EURIBOR + margin 4.53 % for contract concluded in EUR, entered into in 2023.

Put option liabilities are recognised at the present value of the exercise price of the option. The exercise price of the option is generally based on fair value. The methodology the Group uses to estimate the fair values assumes the greater of net book value or a multiple of earnings, based on historical earnings and other factors. From time to time the Group engages external valuation firms for the valuation of the put options. The external valuation estimates the fair values using a combination of discounted cash flows and a multiple of earnings and/or revenue. The put option liabilities are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The estimated fair values of these put options can also fluctuate, and the discounted cash flows as well as the implicit multiple of earnings and/or revenue at which these obligations may ultimately be settled could vary significantly from the Group's current estimates depending upon market conditions.

(c) Derivatives

Financial derivatives are measured at fair value and classified under level 2.

7. CHANGES IN THE GROUP'S STRUCTURE

(a) The Group's new acquisitions

2023

i. Newly established subsidiaries

Company name	Acquisition type	Establishment date	Effective ownership in %
LBP 80 S.r.l.	Established	20. 11. 2023	80.0%
MANDURIA TRADE a.s.	Established	03. 10. 2023	100.0%
STALUNA TRADE a.s.	Established	03. 10. 2023	100.0%
DAKO-CZ EN, a.s.	Established	02. 05. 2023	100.0%
DAKO-CZ INDIA PRIVATE LIMITED	Established	27. 03. 2023	99.9%
MEDHA DAKO-CZ PRIVATE LIMITED	Established	17. 07. 2023	50.0%

ii. Acquired subsidiaries – IFRS 3 Business Combinations

1) In December 2023 the Group acquired 80 % of the company Armi Perazzi S.p.A., the manufacturer of high-quality shotguns for sport shooters and elite hunters. Olympic medallists and successful competitive shooters belong among owners of these premium firearms, of which Perazzi produces approximately 1,500 units per year. One of them is the Czech Olympic gold medal winner in trap from the 2008 Beijing Olympics, David Kostelecký.
   As this extensive acquisition occurred before the end of 2023, the Group's assets and liabilities were not measured at fair value as of the date of preparation of the consolidated financial statements. The assets and liabilities of the acquired company are measured at provisional value, based on the accounting records of the acquired company. Consequently, the acquisition accounting process was not completed in 2023, and the remeasurement to fair value will occur within one year from the acquisition date, including the measurement of the non-controlling interest.
2) In May 2023 the Group acquired 50 % of the company JWL DAKO-CZ (INDIA) LIMITED RN through DAKO-CZ a.s., a manufacturer of braking systems and components for rolling stock. DAKO-CZ wants to improve its position on the Indian market.
3) In June 2023 the Group acquired the company Pocket Virtuality which develops distinctive solutions utilizing augmented and virtual reality. These solutions can be employed for purposes such as remote technical assistance, design of industrial systems, residential projects, and exhibitions.
4) The company ABIENNALE s.r.o acquired in September 2023 is a service organization which provides the services in air transport for the companies in the Group.

2022

i. Newly established subsidiaries

Company name	Acquisition type	Establishment date	Effective ownership in %
HARVO SPV s.r.o.	Established	13.1. 2022	100%
LAIRAN SPV a.s.	Established	11.1. 2022	100%
GACEL Holding s.r.o.	Established	25.4. 2022	100%
RETIA Realitní s.r.o.	Established	14.11. 2022	100%
TATRA a.s.	Established	6.5. 2022	100%
REALID SPV a.s.	Established	6.5. 2022	100%
RELAZA SPV a.s.	Established	5.5. 2022	100%
CLEVELOPMENT SPV a.s.	Established	6.5. 2022	100%
Development Prelouc s.r.o.	Established	17.2. 2022	90%
TATRA DEFENCE PROJECTS s.r.o.	Established	8.3. 2022	81%

ii. Acquired subsidiaries – IFRS 3 Business Combinations

1) GAMA OCEL, spol. s r.o.

In August 2022, through GACEL Holding s.r.o., the Group acquired a 100% equity interest in GAMA OCEL, a company specialising in the processing and supply of wear-resistant, high-strength, and armoured steel plates. As this acquisition occurred before the end of 2022, the Group's assets and liabilities were not measured at fair value as of the date of preparation of the consolidated financial statements. The assets and liabilities of the acquired company are measured at provisional value, based on the accounting records of the acquired company.

2) UpVision s.r.o.

In September 2022, through TRADITION CS a.s., the Group acquired a 100% equity interest in UpVision s.r.o. and its subsidiary UpVision Defence s.r.o., which focuses on utilising unmanned systems for various types of aerial work.

3) Fiocchi Group

In November 2022, the Group obtained a 70% equity interest in the Italian group FCC S.p.A. and its subsidiaries, Fiocchi Munizioni S.p.A, Baschieri & Pellagri S.p.A, Fiocchi of America Inc, Fiocchi UK Limited, and Lyalvale Express Limited through C3F S.p.A. The Fiocchi Group ranks among the world's leading small-calibre ammunition manufacturers.

As this extensive acquisition occurred before the end of 2022, the Group's assets and liabilities were not measured at fair value as of the date of preparation of the consolidated financial statements. The assets and liabilities of the acquired companies are measured at book value of the acquired companies (historical costs). Consequently, the acquisition accounting process was not completed in 2022, and the remeasurement to fair value will occur within one year from the acquisition date, including the measurement of the non-controlling interest.

During 2023, the Group has finalised acquisition accounting process that had not been completed before issuing 2022 consolidated financial statements. Consequently, the Group has retrospectively adjusted values of assets and liabilities of FCC S.p.A. provisional used in 2022 consolidated financial statements.

In June 2023, a merger between companies C3F SpA, FCC SpA, and Fiocchi Muniziooni SpA took place. The successor company became Fiocchi Munizioni SpA.

Adjustment to assets and liabilities arising from the closing of acquisition accounting were reflected in the financial statements for 2022 of participating company with retrospective effect as follows:

Fiocchi Group acquisition	**Corrected Value as of 31 Dec 2022**	**Originally recognised value as of 31 Dec 2022**	**Difference**
C3F / Fiocchi Munizioni			
Goodwill	356,967	466,048	(109,081)
Fiocchi Group			
Intangible Assets	169,448	15,448	154,000
Deferred Tax Liability	(44,919)	0	(44,919)

The Group has applied the full goodwill method to calculate goodwill on acquisition of C3F where goodwill is recognised based on 100% ownership (including share attributable to non-controlling interest).

As part of the Fiocchi Group acquisition, the Group acquired option to acquire remaining 30% share in C3F at fair value, and also granted put options to Giulio Fiocchi S.p.A. and Fiocchi S.p.A. to sell their remaining 30% in Fiocchi Group for higher of a set multiple of EBITDA or fix price. The put option could be only exercised if there is an unapproved change of control of Fiocchi Munizioni or the Group itself between the date of approval of financial statements of Fiocchi Munizioni for 31 December 2024 and 31 December 2026.

The Group has considered that whilst CSG being owned by the sole shareholder who is involved in the key strategic and operational decisions, following the recent IFRS guidance from November 2023, the decisions of the Group of the sole shareholder to eventually dispose his ownership could be viewed as an investment decision of the sole shareholder and decision of the Group. However, the Group's sole shareholder will always consider all effects of an unapproved change of control and therefore the management of the Group considers the exercisability of the put option highly unlikely. Despite the very low probability of the put option being eventually exercised, IFRS do not impose any probability threshold and sets out that put option liability is evaluated purely based on contractual rights and obligations of the respective parties. As Giulio Fiocchi S.p.A. and Fiocchibi S.p.A. are still exposed to returns of Fiocchi Munizioni, the Group applied the present access method and recognised the commitment to eventually acquire non-controlling share in C3F as a put option liability at net present value with remeasurements made directly through equity attributable to the owner of the parent company and charged or credited to the other reserves.

iii. Other changes

In 2022, ELDIS Pardubice India Private Limited (India) and EXCALIBUR DEFENCE SYSTEMS PRIVATE LIMITED (India) were also established. They are listed as unconsolidated financial investments due to their immateriality.

2021

i. *Newly established subsidiaries*

Company name	Acquisition type	Establishment date	Effective ownership in %
BREVETI SPV a.s.	Established	10.04.2021	100 %
CSG a.s.	Established	16.06.2021	100 %
CSG DEAL a.s.	Established	10.09.2021	100 %
DAKO-CZ MACHINERY, a.s.	Established	10.04.2021	100 %
RUMPETA a.s.	Established	20.09.2021	100 %

ii. Acquired subsidiaries – IFRS 3 Business Combinations

1) Prague Fertility Centre, s.r.o.

In February 2021, the Group, through CSG Health Care, acquired an additional 40% equity interest in Prague Fertility Centre s.r.o., a leading assisted reproduction centre, with its subsidiaries AsterIVF s.r.o. and Sondany s.r.o., and gained control of the Group. The fair value of the Company's identifiable assets and assumed liabilities at the date of acquisition is presented in Note C) below.

2) 2) PPS Vehicles, s.r.o.

In October 2021, the Group acquired a 72.90% equity interest in PPS Vehicles through MSM Group, s.r.o. Through this company, the Group obtained a set of authorisations for the sale of

ammunition for a range of weapon systems. The fair value of identifiable assets and assumed liabilities of the entity as of the acquisition date is disclosed in Note C) below.

iii. Other changes

In November 2021, the company Slovak Industry, s.r.o., which is the legal successor, merged with ZVS Ammunition a.s. As part of this merger, ZTS METALURG špeciál, s.r.o. was also added to the Group.

(b) Impact of acquisitions – IFRS 3 Business Combinations

i. 2023

(EUR '000)	**Armi Perrazi S.p.A**	**JWL DAKO-CZ (INDIA) LIMITED RN**	**POCKET VIRTUALITY a.s.**	**ABIENNALE s.r.o.**	**Total**
Month of acquisition	**December 2023**	**May 2023**	**June 2023**	**September 2023**	
Assets					
Intangible assets and Goodwill	129	—	404	—	533
Property, plant and equipment	10,557	2,141	172	9,616	22,486
Loans and other non-current financial assets	3	256	—	—	259
Trade and other non-current receivables	1,787	—	(2)	—	1,785
Deferred tax asset	49	—	—	—	49
Inventory	9,628	3,022	3	—	12,653
Trade and other current receivables	7	728	—	203	938
Tax assets	—	—	—	86	86
Cash and cash equivalents	1,178	11	31	62	1,282
Total acquired identifiable assets	**23,338**	**6,158**	**608**	**9,967**	**40,071**
Liabilities					
Non-current loans and borrowings	850	4,518	—	—	5,368
Non-current financial instruments and liabilities	481	—	58	6,059	6,598
Non-current provisions	10	—	—	—	10
Trade and other non-current payables	240	—	—	—	240
Deferred tax liability	90	—	—	—	90
Current financial instruments and liabilities	134	—	—	—	134
Current loans and borrowings	707	1,319	82	5,255	7,363
Trade and other current payables	2,934	—	64	20	3,018
Deferred income	390	—	—	—	390
Current contract liabilities	663	—	—	—	663
Tax liabilities	1,299	—	—	—	1,299
Total identifiable assumed liabilities	7,798	5,837	204	11,334	25,173
Acquired identifiable assets and assumed liabilities (D)	**15,540**	**321**	**404**	**(1,367)**	**14,898**
Payment for the acquired company – effective (A)	35,000	470	283	—	35,753
Deferred payment – effective (G)	—	—	—	1,084	1,084
Investment value as of the control acquisition (I)	—	—	—	—	—
Paid (H)	35,000	470	283	—	35,753
Acquired non-controlling interests €	3,108	160	121	—	3,389
Goodwill/ (bargain purchase) (F) = (G + A + I – (D – E))	**22,568**	**310**	**—**	**2,450**	**25,328**
Less: Acquired cash (B)	1,178	11	31	62	1,282
Net cash income (+)/ expense (-) of the transactions (C) = (B – H)	**(33,822)**	**(459)**	**(252)**	**62**	**(34,471)**

(EUR '000)	**Armi Perrazi S.p.A**	**JWL DAKO-CZ (INDIA) LIMITED RN**	**POCKET VIRTUALITY a.s.**	**ABIENNALE s.r.o.**	**Total**
Aggregate profit or loss (restated to 12 months by extrapolation from the period in which the company was part of the consolidation group)					
Revenues	13,937	142	69	2 901	17,049
Profit (+) / loss (-) from operating activities	1,808	(628)	(678)	(1,611)	(1,109)
Profit (+) / loss (-) before taxation	692	(471)	(589)	(1,861)	(2,229)
Income tax	(166)	—	—	—	(166)
Profit or loss for the period	**526**	**(471)**	**(589)**	**(1,861)**	**(2,395)**
-of which profit (+) / loss (-) attributable to shareholders	421	(236)	(413)	(1,861)	(2,089)
Other comprehensive income	—	—	—	—	—
Total comprehensive income	***526***	***(471)***	***(589)***	***(1,861)***	**(2,395)**
Share of the Group in total comprehensive income	***421***	***(236)***	***(413)***	***(1,861)***	**(2,089)**

ii. 2022

(EUR '000)	**GAMA OCEL, Spol. s r.o.**	**UpVision s.r.o. + UpVision Defence s.r.o.**	**FCC Group***	**Total**
Month of acquisition	**August 2022**	**September 2022**	**November 2022**	
Assets				
Intangible assets	—	4	169,448	169,452
Goodwill	—	—	4,459	4,459
Property, plant and equipment	1,595	14	113,502	115,112
Loans and other non-current financial assets	—	—	1,275	1,275
Trade and other non-current receivables	1,641	52	1,029	2,722
Deferred tax asset	—	—	2,475	2,475
Inventory	2,519	—	118,669	121,188
Trade and other current receivables	—	—	68,099	67,099
Loans and other current financial assets	—	—	579	579
Current prepayments and accruals	—	—	1,830	1,830
Tax assets	—	—	7,913	7,913
Cash and cash equivalents	1,114	31	33,101	34,246
Total acquired identifiable assets	**6,869**	**101**	**521,380**	**528,350**
Liabilities				
Non-current loans and borrowings	—	—	37,770	37,770
Non-current financial instruments and liabilities	—	6	8,305	8,311
Non-current provisions	—	—	1,536	1,536
Trade and other non-current payables	—	—	—	—
Non-current contract liabilities	—	—	1,533	1,533
Deferred tax liability	6	—	58,992	58,998
Current financial instruments and liabilities	—	3	21,330	21,333
Current loans and borrowings	—	—	2,357	2,357
Trade and other current payables	750	29	78,772	79,551
Current provisions	40	—	—	40
Current contract liabilities	—	—	1,043	1,043
Tax liabilities	380	—	17,517	17,897
Total identifiable assumed liabilities	**1,176**	**38**	**229,154**	**230,368**
Acquired identifiable assets and assumed liabilities (D)	**5,693**	**63**	**292,226**	**300,709**
Payment for the acquired company – effective (A)	7,809	829	644,734	653,372
Deferred payment - effective (G)	—	203	—	203
Investment value as of the control acquisition (I)	—	—	—	—
Paid (H)	7,809	829	509,030	517,668
Acquired non-controlling interests (E)	—	2	—	2
Value of shares for other shareholders	—	—	135,704	135,704

(EUR '000)	**GAMA OCEL, Spol. s r.o.**	**UpVision s.r.o. + UpVision Defence s.r.o.**	**FCC Group***	**Total**
Goodwill/ (bargain purchase) (F) = (G + A + I – (D – E))	**2,116**	**971**	**356,967**	**360,054**
Less: Acquired cash (B)	1,114	31	33,410	34,555
Net cash income (+)/ expense (-) of the transactions (C) = (B – H)	(6,695)	(798)	(475,620)	(483,114)
Post-acquisition revenues (31/12/2022)	2.968	13	26,454	29,435
Post-acquisition profit (+) / loss (-) (31/12/2022)	256	(52)	2,565***	2,769
Aggregate profit or loss (restated to 12 months by extrapolation from the period in which the company was part of the consolidation group)				
Revenues	8,905	51	317,447	326,404
Profit (+) / loss (-) from operating activities	715	(207)	28,712	29,220
Profit (+) / loss (-) before taxation	699	(208)	43,305	43,796
Income tax	69	—	(216)	(147)
Profit or loss for the period	768	(208)	43,089	43,649
- of which profit (+) / loss (-) attributable to shareholders[1]	768	(203)	30,162	30,727
Other comprehensive income	—	—	(2,744)	(2,744)
Total comprehensive income	768	(208)	40,345	40,905
Share of the Group in total comprehensive income	768	(203)	28,242	28,807

* The FCC Group includes data for FCC S.p.A with its subsidiaries Fiocchi Munizioni S.p.A, Baschieri & Pellagri S.p.A., Fiocchi of America Inc, Fiocchi UK Limited, and Lyalvale Express Limited.
**The assets of the FCC Group include additional goodwill of EUR 110 million arising from previous acquisitions of the FCC Group.
***Post-acquisition profit less acquisition costs

iii. 2021

(EUR '000)	**Group Prague Fertility Centre***	**PPS Vehicles s.r.o.**	**VORNEA SPV s.r.o.**	**Total**
Month of acquisition	**February 2021**	**October 2021**	**March 2021**	
Assets				
Intangible assets and Goodwill	735	2,212	—	2,947
Property, plant and equipment	5,923	—	—	5,923
Inventory	56	—	—	56
Trade and other current receivables	182	—	—	182
Current prepayments and accruals	34	—	—	34
Tax assets	—	185	—	185
Cash and cash equivalents	1,237	2	1	1,239
Total acquired identifiable assets	**8,167**	**2,399**	**1**	**10,567**
Liabilities				
Non-current loans and borrowings	3	—	—	4
Non-current financial instruments and liabilities	4,482	—	—	4,482
Deferred tax liability	222	—	—	222
Current financial instruments and liabilities	312	—	—	312
Deferred income	612	38	—	650
Total identifiable assumed liabilities	**5,630**	**38**	**1**	**5,669**
Acquired identifiable assets and assumed liabilities (D)	**2,537**	**2,361**	**—**	**4,898**
Payment for the acquired company – effective (A)	8,830	1,721	—	10,551
Deferred payment - effective (G)	—	—	—	—
Investment value as of the control acquisition (I)	—	—	—	—
Paid (H)	10,056	2,361	—	12,417
Acquired non-controlling interests (E)	1,167	640	—	1,807

(EUR '000)	Group Prague Fertility Centre*	PPS Vehicles s.r.o.	VORNEA SPV s.r.o.	Total
Adjustment for purchase price share	—	—	—	—
Goodwill/ (bargain purchase) (F) = (G + A + I – (D – E))	**7,460**	**—**	**—**	**7,460**
Less: Acquired cash (B)	1,237	2	1	1,239
Net cash income (+)/ expense (-) of the transactions (C) = (B – H)	**(8,820)**	**(2,359)**	**1**	**(11,178)**
Post-acquisition revenues (31/12/2021)	**5,985**	**—**	**—**	**5,985**
Post-acquisition profit (+) / loss (-) (31/12/2021)	**522**	**(2)**	**(1)**	**519**

* The Prague Fertility Centre group contains data for AsterIVF s.r.o., Prague Fertility Centre s.r.o., Sondany s.r.o

iv. Substantiation of acquisitions

There are several strategic reasons for the purchases, including the following:

- Areas of operation of subsidiaries complete the CSG Group's portfolio;
- Potential for a synergic effect;
- Subsidiaries have technical excellence and production capacities supporting the Group's operational growth.

One of the Group's strategic goals is further expansion of activities in the relevant sectors in the countries where the Group operates. The Group's current goal is to strengthen its position and become a significant market participant.

v. Substantiation of the existence of goodwill

In connection with the acquisition of the Armi Perazzi SpA, the Czechoslovak Group recognised goodwill in the amount of EUR 22,568 thousand. As mentioned above, in 2023, the assets and liabilities acquired will be measured at fair value and the amount of goodwill recognised will be adjusted.

With respect to the acquisition of ABIENALE, s. r.o., the Czechoslovak Group reported goodwill in the amount of EUR 2,450 thousand, and with respect to the acquisition of JWL DAKO-CZ (INDIA) LIMITED RN the Czechoslovak Group reported goodwill in the amount of EUR 310 thousand.

(c) Disposals of subsidiaries outside the Group

Given the significance of the sales performed this year, fair values of payments for companies sold and the identifiable assets and liabilities sold as of the date of the sale are provided below.

2023

(EUR '000)	Ceska letecká servisní a.s.	EHC Service, s.r.o.	EUROPEAN AIR SERVICES SLOVAKIA s. r. o.	HELI COMPANY s.r.o.	Slovak Training Academy, s.r.o.	GAMA OCEL, spol. s r.o.	Total
Month of disposal	December 23	November 23	November 23	November 23	November 23	November 23	
Assets							
Intangible assets and Goodwill	—	—	—	—	3	—	**3**
Property, plant and equipment	497	—	—	118	16,978	1,507	**19,100**
Rights of use	—	—	—	—	23	—	**23**
Deferred tax asset	—	—	—	—	300	—	**300**

Inventory	1,504	—	—	2,481	23	2,881	**6,889**
Trade and other current receivables	3,253	—	8	90	234	1,555	**5,140**
Loans and other non-current financial assets	—	—	—	—	1,692	417	**2,109**
Current prepayments and accruals	1,583	—	—	23	1,034	12	**2,652**
Tax assets	212	—	—	190	37	—	**439**
Cash and cash equivalents	144	—	48	275	113	196	**776**
Current contract assets	11,244	—	—	—	—	—	**11,244**
Total assets sold (A)	**18,437**	**—**	**56**	**3,177**	**20,437**	**6,568**	**48,675**
Liabilities							
Non-current financial instruments	—	—	—	—	24	—	**24**
Deferred tax liability	30	1	—	—	—	1	**32**
Current loans and borrowings	—	—	—	—	12,313	570	**12,883**
Non-current loans and borrowings	—	—	—	—	—	3,439	**3,439**
Trade and other current payables	2,693	10	100	2,000	1,516	844	**7,163**
Current provisions	146	—	—	—	—	30	**176**
Deferred income	—	—	—	—	—	9	**9**
Tax liabilities	223	—	16	44	17	262	**562**
Non-current contract liabilities	10,756	—	—	—	—	—	**10,756**
Current contract liabilities	349	—	—	—	—	—	**349**
Total liabilities sold (B)	**14,196**	**11**	**116**	**2,044**	**13,870**	**5,155**	**35,392**
Assets and liabilities sold (C = A – B)	**4,241**	**(11)**	**(60)**	**1,133**	**6,567**	**1,414**	**13,284**
Non-controlling interest (D)	212	—	—	—	—	—	**212**
Goodwill (E)	24	48	—	243	—	2,064	**2,379**
Selling price (F)	4,044	—	4,607	—	4,607	3,904	**17,162**
Proceeds from the sale of subsidiaries — (F - C + D - E)	**(8)**	**(38)**	**4,807**	**(1,417)**	**(2,018)**	**440**	**1,766**
Cash disposed	144	—	48	275	113	196	**776**
Net cash income from the transaction	**3,900**	**—**	**4,559**	**(275)**	**4,494**	**3,708**	**16,386**

2022

(EUR '000)	**ZVS-Armory, s.r.o.**	**HARVO SPV s.r.o.**	**Total**
Month of sale	December 2022	November 2022	
Assets			
Intangible assets	10	—	10
Property, plant and equipment	1,101	—	1,101
Inventory	833	—	833
Trade and other current receivables	131	—	131
Prepayments and accruals	5	—	5
Cash and cash equivalents	29	202	231
Rights of use	20	—	20
Total assets sold (A)	**2,129**	**202**	**2,331**
Liabilities			
Current financial instruments	20	—	21
Non-current financial instruments	15	—	15
Deferred tax liability	87	—	87
Current loans and borrowings	119	212	331
Trade and other current payables	209	1	110
Current provisions	25	—	25
Tax liabilities	58	1	59
Total liabilities sold (B)	**533**	**214**	**748**
Assets and liabilities sold (C = A – B)	**1,596**	**(12)**	**1,584**
Non-controlling interest (D)	311	—	311
Goodwill (E)	—	—	—
Adjustment for the derecognition of incidental acquisition costs	—	—	—
Selling price (F)	1,689	—	1,689
Proceeds from the sale of subsid–aries =–(F - C + D - E)	**404**	**12**	**416**
Cash disposed	29	202	231
Net cash income from the transaction	**1,660**	**(202)**	**1,458**

2021

(EUR '000)	**MSM BUSINESS DEVELOPMENT s.r.o.**	**VÍTKOVICKÁ DOPRAVA a.s.**	**Skupina CAR STAR***	**VÝVOJ Martin, a.s.**	**Total**
Month of acquisition	April 2021	July 2021	September 2021	December 2021	
Assets					
Intangible assets and Goodwill	—	76	8	4,189	4,273
Property, plant and equipment	—	8,418	15,010	6,806	30,234
Rights of use	—	—	600	—	600

Trade and other non-current receivables	—	89	—	—	49
Deferred tax asset	—	258	143	—	402
Inventory	—	432	3,576	1,261	5,269
Trade and other current receivables	—	1,723	1,745	4,028	7,496
Loans and other current financial assets	—	523	—	—	523
Current prepayments and accruals	—	109	1	385	495
Tax assets	—	—	18	13	31
Cash and cash equivalents	3	354	3,293	34	3,684
Current contract assets	—	—	—	2,030	2,030
Total assets sold (A)	**3**	**11,982**	**24,396**	**18,746**	**55,126**
Liabilities					
Current financial instruments	—	—	76	126	202
Non-current financial instruments	—	—	321	1,539	1,860
Deferred tax liability	—	—	581	108	689
Current loans and borrowings	—	712	3,678	7,431	11,821
Current loans and borrowings	—	8	6,519	—	6,527
Trade and other short-term payables	1	1,229	3,474	5,677	10,382
Current provisions	—	127	839	109	1,075
Deferred income	—	—	—	442	442
Tax liabilities	—	122	418	121	661
Current contract liabilities	—	—	13	129	142
Total liabilities sold (B)	**1**	**2,198**	**15,919**	**15,682**	**33,800**
Assets and liabilities sold (C = A – B)	**2**	**9,784**	**8,477**	**3,064**	**21.327**
Non-controlling interest (D)	—	—	—	—	—
Goodwill (E)	—	—	420	1,986	2,406
Adjustment for the derecognition of incidental acquisition costs	—	—	141	—	141
Selling price (F)	5	9,670	10,056	21,443	41,174
Proceeds from the sale of subsidiaries = (F - C + D - E)	**3**	**(114)**	**1,300**	**16,393**	**17,582**
Cash sold	3	354	3,293	34	3,684
Net cash income from the transaction	**2**	**9,316**	**6,763**	**21,409**	**37,490**

8. REVENUES

The following table includes information on revenue from contracts with customers (in connection with continued activities) analysed by geographic location, the key products and services and the period of reporting the revenue for 2023 pursuant to the requirements of IFRS 15.

For the year ended 31 December 2023 *(EUR '000)*	Defence industry	Mechanical engineering	Services for aircraft industry	Other continued activities	Total continued activities
Revenues by geographic location					
Czech Republic	163,328	35,344	24,813	23,723	247,208
Slovakia	53,086	16,245	1,301	4,460	75,092
Italy	400	1,158	1	45,499	47,058
Rest of the European Union	398,419	11,589	33,859	69,431	513,298
United States of America	26,149	22	10,650	194,017	230,838
Nigeria	12,355	—	—	—	12,355
India	—	7,548	2,160	43	9,751
Indonesia	57,050	—	—	52	57,102
Serbia	5,404	114	—	1,142	6,660
Ukraine	398,218	30	—	1,184	399,432
Other	62,598	6,734	9,179	57,125	135,636
Total *Revenues*	**1,177,007**	**78,784**	**81,963**	**396,676**	**1,734,430**
Revenues of the key products and services					
Production and repair of military machinery	555,442	—	—	27	555,469
Servicing and repair of military machinery	89,036	—	—	532	89,568
Servicing of vehicles and their accessories	—	533	—	—	533
Production of brake systems	—	44,922	—	—	44,921
Servicing and repair of brake systems	—	17,643	—	—	17,643
Other engineering production	—	4,919	—	—	4,919
Airplane/helicopter maintenance and repair	—	—	2,164	—	2,164
Specialised airplane/helicopter accessories	—	—	6,946	—	6,946
Aircraft industry services	—	—	60,598	—	60,597
Production of radar equipment	—	—	12,038	—	12,038
Transportation services/logistics	3,435	—	—	—	3,435
Small arms ammunitions	—	—	—	368,420	368,420
Sale of goods	487,868	10,508	217	5,729	504,322
Other	41,225	259	—	21,968	63,452
Total Revenues	**1,177,007**	**78,784**	**81,963**	**396,676**	**1,734,430**
Revenues by revenue reporting period					
Products and services transferred as of a certain date	884,186	78,784	64,139	381,175	1,408,284
Products and services transferred during a period	292,821	—	15,130	11,902	319,853
Other income	—	—	2,694	3,599	6,293
Total Revenues	**1,177,007**	**78,784**	**81,963**	**396,676**	**1,734,430**

For the year ended 31 December 2022 *(EUR '000)*	Defence industry	Mechanical engineering	Services for aircraft industry	Other continued activities	Total continued activities
Revenues by geographic location					
Czech Republic	189,554	31,883	20,457	25,788	267,682
Slovakia	13,577	16,024	7,283	485	37,369
Rest of the European Union	98,106	14,973	24,327	19,790	157,196
United States of America	8,952	—	1,241	9,356	19,549
Nigeria	8,971	—	—	—	8,971
Indonesia	13,419	—	396	—	13,815
Ukraine	416,299	—	—	—	416,299
Other	27,389	35,888	28,244	2,564	94,085
Total revenues	**776,267**	**98,768**	**81,948**	**57,983**	**1,014,966**
Revenues of the key products and services					
Production and repair of military machinery	133,276	—	—	—	133,276
Servicing and repair of military machinery	86,378	—	—	—	86,378
Production of trucks	—	—	—	230	230
Servicing of vehicles and their accessories	—	182	—	48	230
Production of brake systems	—	59,679	—	—	59,679
Servicing and repair of brake systems	—	29,960	—	—	29,960
Energy supply	—	7	—	—	7
Other engineering production	—	2,171	—	—	2,171
Airplane/helicopter maintenance and repair	—	—	36,314	40	36,354
Aircraft industry services	—	—	28,964	—	28,964
Production of radar equipment	—	—	16,362	—	16,362
Transportation services/logistics	531	—	—	—	531
Small arms ammunitions	—	—	—	26,455	26,455
Sale of goods	547,306	6,769	308	6,965	561,348
Other	8,776	—	—	24,245	33,021
Total revenues	**776,267**	**98,768**	**81,948**	**57,983**	**1,014,966**
Revenues by revenue reporting period					
Products and services transferred as of a certain date	661,751	98,768	18,792	50,327	829,636
Products and services transferred during a period	114,426	—	63,156	7,361	184,945
Other income	90	—	—	295	385
Total revenues	**776,267**	**98,768**	**81,948**	**57,983**	**1,014,966**

For the year ended 31 December 2021 *(EUR '000")*	**Defence industry**	**Mechanical engineering**	**Services for aircraft industry**	**Other continued activities**	**Total continued activities**
Revenues by geographic location					
Czech Republic	47,825	19,143	15,884	59,479	142,331
Slovakia	15,412	14,144	11,103	859	41,518
Rest of the European Union	46,688	12,252	12,121	2,796	73,857
United States of America	24,877	—	29,357	158	54,392
Nigeria	47,609	—	—	—	47,609
Indonesia	8,440	40	—	103	8,583
Other	119,303	20,336	37,992	17,317	194,948
Total revenues	**310,154**	**65,915**	**106,457**	**80,712**	**563,238**
Revenues of the key products and services					
Production and repair of military machinery	106,433	—	—	513	106,946
Servicing and repair of military machinery	42,938	—	—	206	43,144
Production of trucks	—	310	—	76	386
Production of brake systems	—	41,198	—	—	41,198
Servicing and repair of brake systems	—	20,866	—	—	20,866
Other engineering production	—	903	—	—	903
Airplane/helicopter maintenance and repair	—	—	31,401	—	31,401
Specialised airplane/helicopter accessories	—	—	12,471	—	12,471
Aircraft industry services	—	—	40,444	—	40,444
Production of radar equipment	—	—	21,888	—	21,888
Transportation services/logistics	679	—	61	4,313	5,053
Sale of goods	148,107	2,462	—	56,827	207,396
Other	11,997	176	192	18,777	31,142
Total revenues	**310,154**	**65,915**	**106,457**	**80,712**	**563,238**
Revenues by revenue reporting period					
Products and services transferred as of a certain date	237,999	65,655	—	68,871	372,525
Products and services transferred during a period	49,701	—	89,531	6,014	145,246
Other income	22,454	260	16,926	5,827	45,467
Total revenues	**310,154**	**65,915**	**106,457**	**80,712**	**563,238**

The Group assumes that in the following years it will recognise revenues from already concluded contracts with customers in the amount of approximately EUR 4 billion relating to performance obligations that are outstanding as of 31 December 2023. The performance will be implemented according to the current assumptions, in particular in the next three years, in 2024 in the amount of approximately EUR 2 billion, in 2025 – 2026 in the amount of EUR 1.3 billion and in the following years in the amount of EUR 0.7 billion. The stated revenues include revenues from separate contracts for different supplies with individual customers, mainly in the defence industry segment.

(a) Contractual balances

The following tables provide information on receivables, contract assets and contract liabilities from contracts with customers in compliance with IFRS 15:

	31.12.2023	31.12.2022	31.12.2021
("EUR '000")			
Contract assets	15,211	30,125	30,150
Trade receivables and other receivables	220,436	213,817	124,850
Contract liabilities	840,524	623,840	196,897

The table below shows significant changes in contractual balances in the period ended 31 December 2023.

Changes in contract assets *("EUR '000")*	**2023**	**2022**	**2021**
Contract asset as of 1 January	**30,125**	**30,150**	**21,420**
Invoicing of contract assets reported as of 1 January	(11,208)	(2,359)	(4,019)
Increase in contract assets based on an ongoing revenue recognition	7,526	6,535	21,759
Change in the amount of contract assets due to impairment	—	(55)	(2,969)
Divestment disposals	(11,244)	—	—
Other changes (such as exchange rate impact)	12	(4,146)	(6,041)
Contract asset as of 31 December	**15,211**	**30,125**	**30,150**

Changes in contract liabilities *("EUR '000")*	**2023**	**2022**	**2021**
Contract liabilities as of 1 January	**623,840**	**196,897**	**159,199**
Revenue arising from contract liabilities recognised as of 1 January	(448,242)	(64,523)	(64,983)
Partial invoicing and prepayments received for which no revenue was recognised	770,389	473,988	104,233
Divestment disposals	(11,105)	—	—
Other changes (such as exchange rate impact)	(94,358)	17,478	(1,552)
Contract liabilities as of 31 December	**840,524**	**623,840**	**196,897**

The amount of EUR 448,242thousand (2022: EUR 64,523 thousand; 2021: EUR 64,983 thousand) reported as a contract liability as of 1 January 2023 was reported as part of revenue for the year ended 31 December 2023.

(b) Performance obligations and revenue reporting policies

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers controls of a product or service to a customer.

The table below provides additional information on the nature, method and time usual for the performance of performance obligations arising from contracts with customers, including significant payment terms and income recognition under IFRS 15.

Type of income	Performance nature and time of Performance Obligations	Revenue reporting under IFRS 15
Long-term production and service agreements - Sales from contracts with customers	The Group generates a significant portion of revenues by the sale of products and services that are subject to long-term contracts, namely in security services, mechanical engineering and aircraft industry services (maintenance and repair of airplanes and airplane equipment, production of radar equipment, etc.). Most engagements in this segment relate to specific production or services according to the requirements of customers who have control over the relevant asset or service or gradually consume benefits resulting from performance as the Group delivers the performance. At the same time, the engagements usually grant the Group the right to receive payments for work completed including an appropriate margin if a customer unilaterally terminates a contract. With respect to the above facts, the Group reports income over the period in line with IFRS 15. These projects are mostly financed by non-current or current prepayments that are gradually redeemed. A contract asset or a contract liability are reported depending on the amount of prepayments, in most cases, 5 – 70% of the total amount of the contract and invoicing. Most contracts usually include multiple performance obligations, such as the delivery of products, training, installation, etc. In accordance with IFRS 15, these contract liabilities are assessed based on the separability or degree of integration, where in case of a high degree of integration, they are considered performances of one main contract liability. Furthermore, in the case of the supply of a series of identical products, these performances are regarded as a single contract liability in line with IFRS 15. The usual payment terms combine the use of prepayments made, guarantees and invoicing according to certain milestones, which take into account the degree of completion of the production, the state of delivery to the destination, assembly and final tests. Project implementation is connected to a standard work quality guarantee, i.e. it is not reported as a separate contractual obligation.	Revenues are reported over time with respect to the progress of contractual activities as of the date of the financial statements using the percentage of completion method. The percentage of completion is predominantly determined using the method of inputs, specifically the proportion of the costs incurred under the contract and the total estimated costs. The Group has to assess and identify separable goods and services and report them as a separate contractual obligation representing a separate performance obligation. If a contract grants a customer a financing benefit, the benefits should be separated from the benefits resulting from the provision of products, goods and services if the financial component is significant and a financial component should be recognised. If the financial component is significant the interest income/interest expense should be separated from sales of assets and should be reported separately in the Statement of Comprehensive Income.
Sale of products - Sales of own products	The Group generates the most significant portion of revenues through the sale of own products, which namely includes income from the defence industry (military vehicles, weapon systems and ammunition) and mechanical engineering (the foundry industry, production of trucks and brake systems). The Group recognises sales as of a certain date as the conditions to report income over time are not met under IFRS 15, i.e. a product becomes under a customer's control after being delivered, customers consume the benefits after contractual obligations are met rather than as part of the production and the Group has no right for compensation of contractual costs including an appropriate margin if a contract is terminated (for reasons other than the Group's failure).	Revenue of products are reported at the moment when a customer assumes control over a product. The Group has to assess and identify separable goods and services and report them as a separate performance obligation.
Sales of goods	Sales of goods namely include income from the sale of armaments goods, radar equipment and accessories for airplanes and helicopters. The Group reports the sales at the point in time as the conditions to report income over time under IFRS 15 are not met, i.e. the goods become under a customer's control after being delivered, a customer consumes benefits after a contractual obligation is	Revenues of goods are reported when a customer assumes control over the goods. The Group has to assess and identify separable goods and services and report them as a separate performance obligation.

Type of income	Performance nature and time of Performance Obligations	Revenue reporting under IFRS 15
	met and the Group is not entitled to receive any compensation of contractual costs including an appropriate margin if a contract is terminated (for reasons other than the Group's failure). If the Group acts as an agent (intermediary) in the sale of goods or services, then it accounts for the revenue from these contracts only as a commission for mediation (on a net basis).	
Sales of services	Sales of services namely include servicing and repairs of military machinery, airplanes and helicopters and services in the aircraft industry, which are provided for less than 30 days. The Group reports the sales at a point in time even if the conditions to report income over time under IFRS 15 are met.	Revenues of services are reported when control over the benefit from the service provided is transferred to a customer. The Group has to assess and identify separable goods and services and report them as a separate performance obligation.

Contract costs

(EUR '000)	2023	2022
Cost to obtain	28,119	3,110
Cost to fulfil a contract	13,066	1,601
Total	41,185	4,712
Current		
Non-Current	41,185	4,712
	41,185	4,712

The price in the contracts with customers is mostly determined as a fixed cost for an object or a set of products, goods and services. In case of multiple separate performances within a single contract, the Group identifies separable goods and services to be delivered and subsequently allocates the expected transaction cost to the separate contractual obligations in line with the methodology specified in IFRS 15.

9. RAW MATERIAL AND CONSUMABLES

(EUR '000)	2023	2022	2021
Consumed material	507,984	175,623	121,601
Movements in stock of products and work in progress	6,465	(10,481)	(4,667)
Purchase costs of sold goods	326,399	377,492	153,699
Change in allowance for inventory		20	48
Total costs	**840,848**	**542,654**	**270,681**

10. EXTERNAL COSTS

(EUR '000)	2023	2022	2021
Administrative costs and other services	66,008	54,239	39,667
Costs of suppliers and other external costs	55,836	32,915	20,443
Services and supplies relating to production	62,594	45,105	32,613
Transport and travel expenses	33,492	14,199	13,466
Cost of energy	16,707	15,766	6,940
Rental	2,231	1,025	184
Repairs and maintenance	8,387	5,228	3,703
Total services	**245,255**	**168,477**	**117,016**

11. EMPLOYEE BENEFITS COSTS

(EUR '000)	2023	
	Total staff costs	**Of which key management costs**
Payroll costs	131,240	10,947
Social security and health insurance	53,653	3,056
Other employee benefits cost	9,083	541
Total employee benefits costs	**193,976**	**14,544**

(EUR '000)	2022	
	Total staff costs	**Of which key management costs**
Payroll costs	66,672	7,033
Social security and health insurance	30,392	1,953
Other employee benefits costs	4,093	140
Total employee benefits costs	**101,157**	**9,126**

(EUR '000)	2021	
	Total staff costs	**Of which key management costs**
Payroll costs	59,354	7,889
Social security and health insurance	25,976	2,514
Other employee benefits costs	3,075	96
Total employee benefits costs	**88,405**	**10,499**

As of 31 December 2023, the Group had 5,724 employees (2022: 5,300 employees; 2021: 3,574 employees) and 193 key managers (2022: 150; 2021: 168).

12. OTHER OPERATING INCOME

(EUR '000)	2023	2022	2021
Gain / loss from the sale of tangible and intangible assets	13,688	5,776	19
Gain / loss from the ceased receivables	2,462	792	7,576
Proceeds from insurance claims	1,609	95	301
Gain / loss on remeasurement of investment property	—	195	—
Other operating income	317	10,105	4,778
Total other operating income	**18,076**	**16,963**	**12,674**

13. OTHER OPERATING EXPENSES

(EUR '000)	2023	2022	2021
Loss from the sale of material	818	1,934	3,754
Change in provisions	4,180	4,298	1,702
Taxes and fees	2,458	2,035	1,244
Insurance costs	4,336	3,707	1,198
Other	4,111	6,240	11,180
Loss from revaluation of non-financial assets	—	—	264
Charge/(release) of asset and inventory allowances	1,286	(963)	(3,223)
Impairment losses and gains (including reversals of impairment losses) on financial assets and contract assets	16,458	11,538	5,780
Total other operating expenses	**33,647**	**28,789**	**21,899**

"Other" predominantly includes costs of fines and penalties and other operating charges.

14. FINANCIAL INCOME AND EXPENSES

(EUR '000)	2023	2022	2021
Interest income	21,799	13,459	4,024
Net foreign exchange gain	—	158	—
Other financial income	1,355	481	172
Financial income	**23,154**	**14,098**	**4,196**
Interest expense	88,675	30,838	17,361
Net foreign exchange loss	5,061	—	1,186
Interest expense from lease liabilities	1,360	939	1,053
Other financial expenses	9,011	7,694	4,808
Financial expenses	**104,107**	**39,471**	**24,408**
Charge / (release) of allowances	(11,108)	(2,198)	—
Other financial gain / (loss)	2,215	(2,542)	(1,576)
Gains /(losses) from remeasurement of derivatives	(11,766)	38,924	14,193
Profit/ (loss) from other financial instruments	**(20,659)**	**34,184**	**12,617**
Net financial income/expenses	**(101,612)**	**8,811**	**(7,595)**

Other financial gain/loss predominantly includes loss on the sale of financial investments with the Group's share of less than 20%. The increase of interest expense in 2023 is following the increase of secured bank loans primarily for the Fiocchi group acquisition. Charge / (release) of allowances predominantly includes impairment of financial investments with the Group's share less than 20%.

15. INCOME TAX

Income tax reported in profit or loss

(EUR '000)	2023	2022	2021
Current tax	78,874	39,812	13,454
Deferred tax	(10,157)	765	(198)
Total income tax	**68,717**	**40,577**	**13,256**

Deferred tax is calculated using the currently applicable tax rates that are assumed to be effective in the period when the asset will be recovered or the liability will be settled.

The corporate income tax rate for the fiscal year ended 31 December 2023 is 19% in the Czech Republic (2022: 19%; 2021: 19%), 21% in Slovakia (2022: 21%; 2021: 21%), 15% in Serbia (2022: 15%; 2021:15%), 25% in Spain (2022: 25%; 2021: 25%), 24 % (2022: 24%) in Italy and 21 % in USA.

Reconciliation of the effective tax rate

(EUR '000)	%	2023	%	2022	%	2021
Profit before tax on continued operations		278,928		181,714		64,602
Tax calculated using the local corporate income tax rate of the Company *	19.56%	54,449	19.10%	34,769	19.10%	11,771
Change in the opening balance of deferred tax due to a change in the tax rate		1,856		(214)		—
Non-deductible expenses		22,165		10,421		18,628
Tax-exempt income		(10,942)		(3,284)		(14,789)
Loss for the current year with no deferred tax receivable identified		4,020		1,008		171
Tax bonuses		2		(646)		(974)
Declaration of the tax effect of non-allowable tax losses of prior periods		(1,805)		(954)		(1,123)
Changes in estimates relating to prior periods		(1,028)		(523)		(428)
Income tax reported in the statement of comprehensive income	**24.68%**	**68,717**	**22.30%**	**40,577**	**22.30%**	**13,256**

* The statutory tax rates are 19% for the Czech Republic, 21% for Slovakia and 24 % for Italy. The average rate of the Group companies weighted by profit before tax was applied for the reconciliation of the effective tax.

The group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

16. INTANGIBLE ASSETS AND GOODWILL

(EUR '000)	Goodwill	Concessions, licences, rights and software	Internally generated intangible assets	Intangible assets under construction	Other intangible assets	Total
Net book value						
Balance at 1 January 2023	**403,813**	**193,976**	**16,156**	**611**	**16,070**	**630,626**
Acquisitions through business combinations	26,156	24	341	—	110	**26,631**
Additions	—	9,236	3,337	1,305	832	**14,710**
Amortisation for the period	—	(15,905)	(890)	—	(1,220)	**(18,015)**
Disposals	—	(49)	—	—	(112)	**(161)**
Divestment disposals	(2,441)	(3)	—	—	—	**(2,444)**
Reclassification	—	1,082	—	(1,038)	(54)	**(10)**
Impact of exchange rate changes	(10,618)	(5,428)	(479)	(43)	(377)	**(16,945)**
Balance at 31 December 2023	**416,910**	**182,933**	**18,465**	**835**	**15,249**	**634,392**

(EUR '000)	Goodwill	Concessions, licences, rights and software	Internally generated intangible assets	Intangible assets under construction	Other intangible assets	Total
Net book value						
Balance at 1 January 2022	**42,151**	**21,623**	**12,670**	**1,213**	**16,441**	**94,098**
Acquisitions through business combinations	357,874	166,534	—	—	97	**524,505**
Additions	—	4,534	7,013	3,094	149	**14,790**
Amortisation for the period	—	(2,843)	(2,516)	—	(1,125)	**(6,484)**
Allowance	—	—	—	—	7	**7**
Disposals	—	218	(1,721)	(3,103)	—	**(4,606)**
Divestment disposals	—	(10)	—	—	—	**(10)**
Reclassification	—	269	265	(579)	44	**(1)**
Impact of exchange rate changes	3,788	3,651	445	(14)	457	**8,327**
Balance at 31 December 2022	**403,813**	**193,976**	**16,156**	**611**	**16,070**	**630,626**

(EUR '000)	Goodwill	Concessions, licences, rights and software	Internally generated intangible assets	Intangible assets under construction	Other intangible assets	Total
Net book value						
Balance at 1 January 2021	**35,140**	**19,188**	**9,661**	**1,844**	**16,507**	**82,340**
Acquisitions through business combinations	—	2,857	—	—	—	**2,857**
Additions	7,231	2,463	7,506	3,432	33	**20,665**
Amortisation for the period	—	(2,107)	(2,757)	—	(1,084)	**(5,948)**
Allowance	—	(30)	—	—	—	**(30)**
Disposals	(2,332)	(116)	(2)	(3,757)	—	**(6,207)**
Divestment disposals	—	(73)	(3,366)	(704)	—	**(4,143)**
Reclassification	—	(1,483)	1,181	359	156	**213**
Impact of exchange rate changes	2,112	924	447	39	829	**4,351**
Balance at 31 December 2021	**42,151**	**21,623**	**12,670**	**1,213**	**16,441**	**94,098**

Amortisation of intangible assets is recognised in the line Amortisation/depreciation of fixed assets in the consolidated statement of comprehensive income.; 2021: EUR 5 million). Identified trademarks include ELDIS Pardubice s.r.o. in the total amount of EUR 7 million and are included in other intangible assets. The Group does not expect to use the trademarks over a certain period of time and as such it applies an indefinite useful life to them. Trademarks with indefinite useful lives are tested for impairment annually, refer to below.

The most significant additions to concessions, licences and rights and software in 2023 include predominantly licences and softwares of Fiocchi Munizioni S.p.A. in the total amount of EUR 8 million. A significant addition to internally generated intangible assets is represented by development work on radars in ELDIS Pardubice, s.r.o. of EUR 3 million and development work of new or significantly improved system and software solutions for air traffic control in company CS SOFT, a.s. in the amount of EUR 1 million.

Identified trademark include Fiocchi Munizioni S.p.A. in the total amount of EUR 154 million is from the closing of acquisition accounting were reflected in the financial statements for 2022 of participating company with retrospective effect.

Goodwill is subject to annual impairment testing, see below.

Impairment testing

General information

The Group performs annual impairment testing of goodwill, trademarks and other intangible assets with indefinite useful lives.

The Group management decided to apply the value-in-use method to impairment testing.

As management is not aware of any comparable market transactions the calculation of the value in use for trademarks and goodwill is based on estimated projections of discounted cash flows in financial plans approved and prepared by the Group's management for the period until 2024 – 2028. It concerns the goodwill of Fiocchi Munizioni Group, ELDIS Pardubice s.r.o., CS Soft a.s. and Prague Fertility Center s.r.o. predominantly.

Significant assumptions used by management in the calculation include the predicted amount of sales, predicted profit or loss before interest, tax, depreciation and amortisation (EBITDA).

Impairment testing of goodwill and trademarks of individual companies

The recoverable amount for individual cash-generating units was estimated as mentioned above using the discounted cash flow method. As the recoverable amount exceeds the carrying amount of individual cash-generating units, no related impairment of goodwill, trademarks and other intangible assets was recognised.

The key assumptions used to calculate the value in use and sensitivity to changes of assumed input

The calculation of the value in use of individual cash-generating units is most sensitive to the following input considered:

- Budget sales and profit before interest and tax
- Discount rate
- Continuing value growth rate

The budget sales and profit before interest and tax: projections of sales and profit before interest and tax are updated on a regular basis and approved by senior management for a five-year period.

Discount rate before tax: a discount rate is the measurement of the current market risk; in cash flow estimates it takes into consideration the time value of money and individual risks of underlying assets that were not included in estimates of future cash flows. The discount rate is based on specific circumstances of the Group and segments in which it operates. It is derived from its weighted average cost of capital (WACC). WACC considers both liabilities and equity. The value of equity represents the expected return on investments by the Group's investors while liabilities are derived from the Group's interest bearing loans. The calculation includes a specific industry risk using beta factors. The discount rate before tax is calculated using the adjustment of the resulting discount rate after tax for future cash flows.

Growth rate of intrinsic value: The growth rate of intrinsic value is used for the extrapolation of cash flows after a planned period.

The following values were used for 2023:

Discount rate	7.39 % - 11.61 % (2022 13 %; 2021: 12 %)
Growth rate of intrinsic value:	3% (2022: 3%; 2021: 3 %)

Trademark and goodwill relating to Fiocchi Munizioni Group

Based on a calculation, the estimated recoverable amount exceeds the carrying amount and as such, as of 31 December 2023, no trademark or goodwill impairment was identified for Fiocchi Munizioni Group, a.s. The calculation was based on budgets for 2024 – 2028.

Based trademark and goodwill impairment testing of Fiocchi Munizioni Group performed in 2023, two key inputs were identified that would have to change significantly for the carrying amount to exceed the recoverable amount. The following table shows the value by which the input would have to change for the estimated recoverable amount to equal the carrying amount:

	Change needed for the carrying amount to equal the recoverable amount		
In %	**31 December 2023**	**31 December 2022**	**31 December 2021**
Discount rate before tax	10.06 p. p.	—	—
Growth rate of intrinsic value:	(32.93) p. p.	—	—

Trademark and goodwill relating to ELDIS Pardubice, s.r.o.

Based on a calculation, the estimated recoverable amount exceeds the carrying amount and as such as of 31 December 2023, no trademark or goodwill impairment was identified for ELDIS Pardubice, s.r.o. The calculation was based on budgets for 2024 – 2028.

Based on trademark and goodwill impairment testing of ELDIS Pardubice, s.r.o. performed in 2023, two key inputs were identified that would have to change significantly for the carrying amount to exceed the recoverable amount. The following table shows the value by which the input would have to change for the estimated recoverable amount to equal the carrying amount:

	Change needed for the carrying amount to equal the recoverable amount		
In %	**31 December 2023**	**31 December 2022**	**31 December 2021**
Discount rate before tax	21.72 p. p.	16.50 p. p.	13.28 p. p.
Growth rate of intrinsic value:	NA	(25.16) p. p.	(17.92) p. p.

Goodwill relating to CS SOFT a.s.

Based on a calculation, the estimated recoverable amount exceeds the carrying amount and as such as of 31 December 2023, no goodwill impairment was identified for CS SOFT a.s. The calculation was based on budgets for 2024 – 2028.

Based on goodwill impairment testing of CS SOFT a.s. performed in 2023, two key inputs were identified that would have to change significantly for the carrying amount to exceed the recoverable amount. The following table shows the value by which the input would have to change for the estimated recoverable amount to equal the carrying amount:

	Change needed for the carrying amount to equal the recoverable amount		
In %	**31 December 2023**	**31 December 2022**	**31 December 2021**
Discount rate before tax	12.96 p. p.	7.47 p. p.	14.02 p. p.
Growth rate of intrinsic value:	(17.75) p. p.	(11.95) p. p.	(13.72) p. p.

Goodwill relating to Prague Fertility Center s.r.o.

Based on a calculation, the estimated recoverable amount exceeds the carrying amount and as such as of 31 December 2023, no goodwill impairment was identified for Prague Fertility Center s.r.o. The calculation was based on budgets for 2024 – 2028.

Based on goodwill impairment testing of Prague Fertility Center s.r.o. performed in 2023, two key inputs were identified that would have to change significantly for the carrying amount to exceed the recoverable amount. The following table shows the value by which the input would have to change for the estimated recoverable amount to equal the carrying amount:

	Change needed for the carrying amount to equal the recoverable amount		
In %	**31 December 2023**	**31 December 2022**	**31 December 2021**
Discount rate before tax	4.49 p. p.	—	—
Growth rate of intrinsic value:	(7.24) p. p.	—	—

17. PROPERTY, PLANT AND EQUIPMENT

(EUR '000)	Property and plant	Machinery and equipment	Building and structure equipment	Right-of-use assets - property and plant	Right-of-use assets - machinery and equipment	Tangible assets under construction	Total
Balance at 1 January 2023	**179,767**	**101,709**	**5,547**	**27,703**	**18,406**	**28,531**	**361,663**
Acquisitions through business combinations	7,292	2,225	733	742	10,006	2,205	**23,203**
Additions	8,252	29,263	2,440	2,008	2,579	31,602	**76,144**
Depreciation for the period	(7,423)	(22,206)	(1,515)	(4,978)	(6,424)	(93)	**(42,639)**
Allowance	—	40	—	—	—	—	**40**
Disposals	(6,078)	(4,621)	23	(38)	(61)	(6,115)	**(16,890)**
Divestment disposals	(2,847)	(16,624)	(29)	(24)	—	(170)	**(19,694)**
Reclassification	(100)	2,545	(4)	—	—	(4,516)	**(2,075)**
Impact of exchange rate changes	(2,844)	(2,109)	(138)	(271)	(504)	(813)	**(6,678)**
Balance at 31 December 2023	**176,019**	**90,222**	**7,057**	**25,142**	**24,002**	**50,631**	**373,073**

(EUR '000)	**Property and plant**	**Machinery and equipment**	**Building and structure equipment**	**Right-of-use assets – property and plant**	**Right-of-use assets – machinery and equipment**	**Tangible assets under construction**	**Total**
Balance at 1 January 2022	**123,363**	**56,534**	**2,467**	**19,886**	**7,316**	**12,714**	**222,280**
Acquisitions through business combinations	48,980	36,219	2,770	8,844	6,292	10,938	**114,043**
Additions	10,583	16,224	618	1,764	8,013	31,872	**69,074**
Depreciation for the period	(4,811)	(10,444)	(303)	(3,009)	(3,237)	—	**(21,804)**
Allowance	420	13	—	—	—	80	**513**
Disposals	(4,852)	(1,856)	(13)	(143)	(300)	(19,304)	**(26,468)**
Divestment disposals	—	(1,108)	—	—	(20)	—	**(1,128)**
Reclassification	2,559	5,474	(80)	—	—	(8,007)	**(54)**
Impacts of exchange rate changes	3,525	653	88	361	342	238	**5,207**
Balance at 31 December 2022	**179,767**	**101,709**	**5,547**	**27,703**	**18,406**	**28,531**	**361,663**

(EUR '000)	**Property and plant**	**Machinery and equipment**	**Building and structure equipment**	**Right-of-use assets – property and plant**	**Right-of-use assets – machinery and equipment**	**Tangible assets under construction**	**Total**
Balance at 1 January 2021	**130,840**	**62,268**	**2,253**	**20,369**	**2,659**	**11,328**	**229,717**
Acquisitions through business combinations	157	939	—	4,627	20	—	**5,743**
Additions	10,196	15,204	335	2,191	6,396	13,720	**48,042**
Depreciation for the period	(4,970)	(11,738)	(237)	(3,185)	(1,318)	—	**(21,448)**
Allowance	27	(78)	—	—	—	(388)	**(439)**
Disposals	(770)	(3,883)	26	(2,710)	(619)	(9,654)	**(17,610)**
Divestment disposals	(19,281)	(8,075)	(14)	(1,880)	(34)	(25)	**(29,309)**
Reclassification	2,051	549	—	—	—	(2,815)	**(215)**
Impacts of exchange rate changes	5,113	1,348	104	474	212	548	**7,799**
Balance at 31 December 2021	**123,363**	**56,534**	**2,467**	**19,886**	**7,316**	**12,714**	**222,280**

The most significant addition to property, plant and equipment in 2023 comprises the production facilities completed by FIOCCHI MUNIZIONI S.P.A. in the amount of EUR 1.67 million and Fiocchi of America Inc. In the amount of EUR 1.33 million as well as the modernisation of EXCALIBUR ARMY spol. s r.o. premises in the amount of EUR 1.25 million. The most significant addition to machinery and equipment includes the equipment of production facilities of DAKO-CZ, a.s in the amount of EUR 5.71 million as well the modernisation of machining equipment of FIOCCHI MUNIZIONI S.P.A. in the amount of EUR 4.29 million and Fiocchi of America Inc. in the amount of EUR 3.75 million.

Pledged assets

As of 31 December 2023, property, plant and equipment with the carrying amount of EUR 71,335 thousand (2022: EUR 96,374 thousand; 2021: EUR 87,586 thousand) were pledged as collateral for bank loans. The most significant pledged assets include assets of JOB AIR Technic a.s. in the amount of EUR 30,691 thousand, DAKO-CZ, a.s. in the amount of EUR 16,918 thousand.

18. LEASES

Group as the lessee

Right-of-use

(EUR '000)	**Right-of-use assets – property and plant**	**Right-of-use assets – machinery and equipment**	**Total**
Balance at 1 January 2023	**27,703**	**18,406**	**46,109**
Acquisitions through business combinations	742	10,006	**10,748**
Additions	2,008	2,579	**4,587**
Depreciation for the period	(4,978)	(6,424)	**(11,402)**
Disposals	(38)	(61)	**(99)**
Divestment disposals	(24)	—	**(24)**
Impacts of exchange rate changes	(271)	(504)	**(775)**
Balance at 31 December 2023	**25,142**	**24,002**	**49,144**

(EUR '000)	**Right-of-use assets – property and plant**	**Right-of-use assets – machinery and equipment**	**Total**
Balance at 1 January 2022	**19,886**	**7,316**	**27,202**
Acquisitions through business combinations	8,844	6,292	**15,136**
Additions	1,764	8,013	**9,777**
Depreciation for the period	(3,009)	(3,237)	**(6,246)**
Disposals	(143)	(300)	**(443)**
Divestment disposals	—	(20)	**(20)**
Impacts of exchange rate changes	361	342	**703**

Balance at 31 December 2022	**27,703**	**18,406**	**46,109**

(EUR '000)	**Right-of-use assets – property and plant**	**Right-of-use assets – machinery and equipment**	**Total**
Balance at 1 January 2021	**20,369**	**2,659**	**23,028**
Acquisitions through business combinations	4,627	20	**4,647**
Additions	2,191	6,396	**8,587**
Depreciation for the period	(3,185)	(1,318)	**(4,503)**
Disposals	(2,710)	(619)	**(3,329)**
Divestment disposals	(1,880)	(34)	**(1,914)**
Impacts of exchange rate changes	474	212	**686**
Balance at 31 December 2021	**19,886**	**7,316**	**27,202**

The incremental rate for the Group is derived from PRIBOR + margin 4.92% for contracts concluded in CZK and EURIBOR + margin 4.53 % for contract concluded in EUR, entered into in 2023.

The Group uses mainly administrative buildings, land, production halls and cars for leasing. The average lease term of real estate is 6 years, the average lease term of cars and machines is 3 years. In relation to certain cars, the Group has the right to purchase leased assets at the end of the lease term.

In 2023, the most significant additions to the right-of-use of aircraft due to acquisition of the company ABIENNALE s.r.o. (see Note 7).

In 2022, the most significant additions to the right-of-use land and buildings due to acquisitions of companies in the Fiocchi Group (see Note 5, year 2022) primarily include the lease of non-residential premises leased by Baschieri & Pellagri S.p.A. in the amount of EUR 6 million, Fiocchi Munizioni S.p.A in the amount of EUR 2 million, and Fiocchi of America Inc in the amount of EUR 1 million.

In 2022, the additions to the right-of-use machinery and equipment due to acquisitions of companies in the Fiocchi Group (see Note 5, year 2022, par. iv. 3.) primarily include the lease of machines by Fiocchi Munizioni S.p.A in the amount of EUR 4 million and Fiocchi Munizioni S.p.A in the amount of EUR 1 million.

Other additions to the right-of-use machinery and equipment primarily include aircraft leased by RELAZA SPV a.s. in the amount of EUR 6 million.

Amounts reported in the statement of comprehensive income

(EUR '000)	**2023**	**2022**	**2021**
Right-of-use assets amortisation	(11,402)	(6,246)	(4,503)
Interest expense from lease liabilities	(1,360)	(939)	(1,053)
Costs related to current leases	(257)	(3)	(300)
Costs related to leases of low-value assets	(293)	(137)	(64)

Costs related to variable lease payments not included in lease liabilities	(406)	390	(235)
Total	**(13,718)**	**(6,935)**	**(6,155)**

The Group does not report any lease contracts with an early termination or extension option which are highly likely to be utilised.

Lease liabilities

As of 31 December 2023, the Group reported the following lease liabilities:

(EUR '000)	**31 December 2023**	**31 December 2022**	**31 December 2021**
Non-current lease liabilities	36,200	32,139	22,189
Current lease liabilities	6,323	6,129	4,088
Total lease liabilities	**42,523**	**38,268**	**26,277**

In relation to lease liabilities, the Group is not exposed to significant liquidity risk, which is managed by the Treasury department. Lease liabilities are the part of the rows "Other financial instruments" (current and non-current) in the statement of financial position.

19. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group has investments in the following associates and joint ventures:

(EUR '000)		**Direct ownership percentage**	**Investment carrying amount**	**Direct ownership percentage**	**Investment carrying amount**	**Direct ownership percentage**	**Investment carrying amount**
		31 December 2023	**31 December 2023**	**31 December 2022**	**31 December 2022**	**31 December 2021**	**31 December 2021**
Associates	**State**						
ZVS technology, s.r.o.	Slovakia	27.54	2	27.54	2	27.54	2
Target Products 1978 Ltd	New Zealand	20.00	1,476	20.00	1,244	—	—
C.F.L. S.a.s.	Italy	14.00	43	14.00	29	—	—
Joint ventures							
CSG CENTRAL ASIA a.s.	Czech Republic	30.00	—	30.00	—	30.00	—
FALCON CSG a.s.	Czech Republic	30.00	22	30.00	23	30.00	23
HARVO SPV s.r.o.	Czech Republic	50.00	—	50.00	—	—	—
Milconn a.s.	Czech Republic	50.00	493	50.00	336	50.00	130
TATRA skupina*	Czech Republic	65.00	83,417	65.00	86,112	65.00	74,847
VÝVOJ Martin, a.s.**	Slovakia	61.56	18,047	61.56	17,871	61.56	15,587
Total			**103,499**		**105,617**		**90,589**

** TATRA group includes TATRA TRUCKS a.s., TATRA METALURGIE a.s. and TATRA EXPORT s.r.o.*
*** VÝVOJ Martin, a.s., a fully consolidated company until 22 December 2021*

The Group holds a 65% equity interest in TATRA TRUCKS a.s. (TATRA group). The Articles of Association of TATRA a.s. require the agreement of 75% of shareholders for some essential decisions of the General Meeting, therefore the Group does not control TATRA TRUCKS a.s. independently and considers it a joint venture. The Group has not concluded any agreements with the other shareholder of TATRA TRUCKS a.s. regarding the control of the company.

The Group holds a 62% equity interest in Vývoj Martin a.s. Based on the shareholders' agreement, certain important decisions of the General Meeting require the agreement of 100%

of the shareholders. For this reason, the Group does not control the company independently and considers it a joint venture.

i. 2023

In 2023 there wasn't any new acquisition to Associate or JV.

ii. 2022

In November 2022, as part of the acquisition of the Fiocchi Group (see Note 7), Target Products 1978 Ltd and C.F.L. S.a.s. were acquired, both of which are consolidated by the Fiocchi Group using the equity method.

In December 2021, the equity interest in Vývoj Martin a.s. was sold, whereby the Group lost control over this company. The company is now consolidated using the equity method.

iii. 2021

At the beginning of 2021, additional equity interest in the leading assisted reproduction centre Prague Fertility Centre s.r.o. was purchased with its subsidiaries Aster IVF s.r.o. and Sondany s.r.o. The Group has been fully consolidated since 2021. In December 2021, the equity interest in Vývoj Martin, a.s. was sold, whereby the Group lost control over this company. The company is now consolidated using the equity method.

The CSG Group's share in the total comprehensive income of the TATRA group is disclosed in the table below:

	TATRA Group	**TATRA Group**	**TATRA Group**
Effective ownership percentage	**Joint venture**	**Joint venture**	**Joint venture**
	65.00%	65.00%	65.00%
(EUR '000)	31 December 2023	31 December 2022	31 December 2021
Summary balance sheet			
Non-current assets	122,252	113,740	96,287
Current assets (including cash and cash equivalents)	279,054	236,655	196,552
Non-current liabilities	17,682	17,782	10,640
Current liabilities	262,537	207,796	174,764
Net assets (100%)	**121,087**	**124,817**	**107,435**
The Group's share in the profit (+) / loss (-) of the associate	**134**	**11,620**	**4,503**
Summary income statement after the acquisition date			
Income	575,460	440,838	337,148
Profit (+) / loss (-) from operating activities	7,913	16,623	8,295
Profit (+) / loss (-) before tax	1,955	22,135	8,078
Income tax	(1,749)	(4,258)	(1,150)
Profit (+) / loss (-) for the year/reporting period	**206**	**17,877**	**6,928**

- of which profit (+)/loss (-) attributable to owners	134	11,620	4,503
Other comprehensive income	**(499)**	**281**	**—**
Total comprehensive income after considering the impact of IFRS 9	**—**	**—**	**—**
Group's share in the total comprehensive income after considering the impact of IFRS 9	**—**	**—**	**—**
Other changes in equity	**(821)**	**(3,816)**	**(7,824)**
- of which dividends paid	**—**	**(2,695)**	**(5,229)**
- of which derivatives remeasured	**(487)**	**281**	**—**
The Group's share in other changes in equity	***(47)***	***(66)***	***143***
Adjustment for retained earnings at the intercompany sale of inventory	(265)	(286)	128
The Group's share in retained earnings	**(172)**	**(186)**	**83**
The Group's adjusted share in the total comprehensive income and other changes in equity	***(87)***	***11,368***	***4,730***

The Group only reports its share in the loss from associates if the carrying amount of the equity investment in as associate is not lower than zero. The Group does not account for any payables as it is not obliged to fund operations of an investee.

The CSG Group's investments in associates and joint ventures are disclosed in the table below:

	CSG CENTRAL ASIA a.s.	**FALCON CSG a.s.**	**Milconn a.s.**	**HARVO SPV s.r.o.***	**VÝVOJ Martin, a.s.**
	Joint venture	**Joint venture**	**Joint venture**	**Joint venture**	**Joint venture**
	30.00%	30.00%	50.00%	45.00%	61.56%
(EUR '000)	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023
Summary balance sheet					
Non-current assets	—	81	—	807	7,690
Current assets (including cash and cash equivalents)	81	—	1,216	189	7,286
Non-current liabilities	—	—	—	—	522
Current liabilities	—	12	229	1,043	9,869
Net assets (100%)	**81**	**69**	**987**	**(47)**	**4,585**
The Group's share in the profit (+) / loss (-) of an associate	**1**	**(1)**	**171**	**—**	**315**
Summary income statement					
Income	—	—	5,767	1	10,620
Profit (+) / loss (-) from operating activities	(4)	(3)	451	(13)	707
Profit (+) / loss (-) before tax	3	(4)	421	(36)	515
Income tax	—	—	(80)	—	(3)
Profit (+) / loss (-) for the year/reporting period	**3**	**(4)**	**341**	**(36)**	**512**
- Of which profit (+) / loss (-) attributable to owners	**1**	**(1)**	**171**	**—**	**315**
Total comprehensive income	***3***	***(4)***	***341***	***(36)***	***512***
The Group's share in total comprehensive income	***1***	***(1)***	***171***	**—**	***315***

	CSG CENTRAL ASIA a.s.	FALCON CSG a.s.	Milconn a.s.	HARVO SPV s.r.o.*	VÝVOJ Martin, a.s.
	Joint venture	**Joint venture**	**Joint venture**	**Joint venture**	**Joint venture**
	30.00%	30.00%	50.00%	45.00%	61.56%
(EUR '000)	31 December 2022	31 December 2022	31 December 2022	31 December 2022	31 December 2022
Summary balance sheet					
Non-current assets	—	83	—	—	8,735
Current assets (including cash and cash equivalents)	87	—	2,266	206	6,647
Non-current liabilities	—	—	—	—	578
Current liabilities	7	9	1,594	222	10,547
Net assets (100%)	**80**	**74**	**672**	**(16)**	**4,257**
The Group's share in the profit (+) / loss (-) of an associate	**—**	**(1)**	**198**	**—**	**(1,436)**
Summary income statement					
Income	–	–	6,183	–	9,370
Profit (+) / loss (-) from operating activities	(7)	(3)	532	(1)	(1,903)
Profit (+) / loss (-) before tax	(1)	(4)	489	(4)	(2,330)
Income tax	–	–	(93)	–	(2)
Profit (+) / loss (-) for the year/reporting period	**(1)**	**(4)**	**396**	**(4)**	**(2,332)**
- Of which profit (+) / loss (-) attributable to owners	**—**	**(1)**	**198**	**—**	**(1,436)**
Total comprehensive income	**(1)**	**(4)**	**396**	**(4)**	**(2,332)**
The Group's share in total comprehensive income	**—**	**(1)**	**198**	**—**	**(1,436)**

	CSG CENTRAL ASIA a.s.	**FALCON CSG a.s.**	**Milconn a.s.**	**VÝVOJ Martin, a.s.**
	Joint venture	**Joint venture**	**Joint venture**	**Joint venture**
	30.00%	30.00%	50.00%	61.56%
(EUR '000)	31 December 2021	31 December 2021	31 December 2021	31 December 2021
Summary balance sheet				
Non-current assets	—	80	1	442
Current assets (including cash and cash equivalents)	78	—	535	312
Non-current liabilities	—	—	—	66
Current liabilities	—	5	276	565
Net assets (100%)	**78**	**76**	**260**	**123**
The Group's share in the profit (+) / loss (-) of an associate	**1**	**—**	**54**	**—**
Summary income statement				
Income	—	—	1,798	—
Profit (+) / loss (-) from operating activities	(1)	—	156	—
Profit (+) / loss (-) before tax	2	—	134	—
Income tax	—	—	(26)	—
Profit (+) / loss (-) for the year/reporting period	**2**	**—**	**109**	**—**
- Of which profit (+) / loss (-) attributable to owners	**1**	**—**	**54**	**—**
Total comprehensive income	***2***	**—**	***109***	**—**
The Group's share in total comprehensive income	***1***	**—**	***54***	**—**

20. FINANCIAL INSTRUMENTS

Loans and other financial assets

(EUR '000)	31 December 2023	31 December 2022	31 December 2021
Assets at amortised cost			
Granted loans	166,559	175,612	109,535
Other financial assets	88,617	60,683	23,108
Total assets at amortised cost	**255,176**	**236,295**	**132,643**
Assets at fair value			
Derivative instruments	18,433	39,803	12,025
Total assets at fair value	**18,433**	**39,803**	**12,025**
Non – current	171,518	179,208	99,747
Current	102,091	96,890	44,921
Total loans and other financial assets	**273,609**	**276,098**	**144,668**

Granted loans namely represent the loans provided to HELA GROUP s.r.o. and Mr Michal Strnad; for more details refer to Note 35 Related parties.

The weighted average interest rate relating to loans other than to lending institutions was 8.62% in 2023 (2022: 7.41%; 2021: 3.54 %).

Trade and other receivables are disclosed in Note 21, trade and other payables are disclosed in Note 28.

Exposure of the Group to credit and currency risks and impairment losses relating to loans and other financial assets are disclosed in Note 32 – Risk Management Methods and Disclosures.

Other financial assets primarily comprise deposits in bank accounts with limited access (2023: EUR 37 million) and advances on financial assets and other investments (2023: EUR 38 million).

Loans, borrowings and other financial liabilities

(EUR '000)	31 December 2023	31 December 2022	31 December 2021	1 January 2021
Overdrafts	76,282	68,444	53,443	58,955
Secured bank loans	587,865	525,401	94,385	133,666
Unsecured bank loans	53,907	18,448	—	—
Loans from the shareholder and other related parties	38,288	28,507	2,171	5,490
Loans from third parties (other loans)	1,057	11,948	6,343	13,034
Total loans and borrowings at amortised cost	**757,399**	**652,748**	**156,342**	**211,145**
Liability from put option	176,451	161,164	—	—
Derivative instruments	6,984	533	1,825	4,287
Total financial liabilities at fair value	**183,435**	**161,697**	**1,825**	**4,287**
Other financial liabilities	38	4,211	3,131	2,757
Lease liabilities	42,523	38,268	26,277	23,001
Loans, borrowings and other financial liabilities	**983,395**	**856,924**	**187,575**	**241,190**
Non-current loans and borrowings	*456,940*	466,068	49,958	84,728
Current loans and borrowings	*300,459*	186,680	106,384	126,417
Total loans and borrowings	**757,399**	**652,748**	**156,342**	**211,145**
Non-current financial instruments	*216,887*	197,513	25,735	24,268
Current financial instruments	*9,109*	6,663	5,498	5,776
Other financial liabilities and lease liabilities	**225,996**	**204,176**	**31,233**	**30,044**
Non-current loans, borrowings and other financial instruments	673,827	663,581	75,693	108,996
Current loans, borrowings and other financial instruments	309,568	193,343	111,882	132,193
Total loans, borrowings and other financial liabilities	**983,395**	**856,924**	**187,575**	**241,189**

Financial liabilities from leases are reported in Note 18 Leases.

In 2023, the weighted average interest rate of loans amounted to 6.41 % (2022: 5.18 %; 2021: 3.83 %).

Terms and Summary of Loan Maturities

The following terms applied to outstanding loans and borrowings as of 31 December 2023:

(EUR '000)	**Currency**	**Nominal interest rate***	**Balance at 31 December 2023**	**Due in 1 year**	**Due in 1 to 5 years**	**Due in subsequent years**
Bank overdraft	CZK	Fixed	310	40	269	—
Bank overdraft	CZK	Variable	61,302	59,351	1,950	—
Bank overdraft	EUR	Fixed	—	—	—	—
Bank overdraft	EUR	Variable	13,656	13,668	(12)	—
Bank overdraft	RSD	Fixed	1,015	999	16	—
Other loans	CZK	Fixed	37	37	—	—
Other loans	CZK	Variable	195	195	—	—
Other loans	EUR	Variable	712	375	337	—
Other loans	GBP	Fixed	78	78	—	—
Other loans	USD	Fixed	35	35	—	—
Loans from related parties	CZK	Fixed	20,801	1,894	18,907	—
Loans from related parties	CZK	Variable	2,058	2,058	—	—
Loans from related parties	EUR	Variable	6,295	355	5,940	—
Loans from related parties	USD	Fixed	9,050	—	9,050	—
Loans from related parties	USD	Variable	84	84	—	—
Collateralised bank loan	CZK	Fixed	14,955	3,700	10,986	270
Collateralised bank loan	CZK	Variable	10,624	4,983	4,913	728
Collateralised bank loan	EUR	Fixed	35,029	11,622	11,114	12,294
Collateralised bank loan	EUR	Variable	524,735	149,622	355,809	19,303
Collateralised bank loan	USD	Fixed	2,522	—	—	2,522
Uncollateralised bank loans	CZK	Variable	30,216	28,229	1,987	—
Uncollateralised bank loans	EUR	Fixed	20,797	20,769	28	—
Uncollateralised bank loans	EUR	Variable	2,894	2,365	529	—
TOTAL			**757,399**	**300,459**	**421,823**	**35,117**

** The variable interest rate is derived from the PRIBOR, EURIBOR or LIBOR rate plus a mark-up. All interest rates correspond with arm's length conditions.*

The following terms applied to outstanding loans and borrowings as of 31 December 2022:

(EUR '000)	Currency	Nominal interest rate*	Balance at 31 December 2022	Due in 1 year	Due in 1 to 5 years	Due in subsequent years
Bank overdraft	CZK	Fixed	758	240	518	—
Bank overdraft	CZK	Variable	32,861	32,861	—	—
Bank overdraft	EUR	Fixed	823	823	—	—
Bank overdraft	EUR	Variable	33,227	33,187	40	—
Bank overdraft	RSD	Fixed	775	729	46	—
Other loans	CZK	Fixed	600	570	30	—
Other loans	CZK	Variable	2,882	2,882	—	—
Other loans	EUR	Fixed	6,606	5,400	1,206	—
Other loans	EUR	Variable	1,860	1,258	602	—
Loans from related parties	CZK	Fixed	19,806	421	19,385	—
Loans from related parties	CZK	Variable	2,545	2,545	—	—
Loans from related parties	EUR	Fixed	6,155	215	5,940	—
Secured bank loan	CZK	Fixed	13,322	6,444	1,780	5,098
Secured bank loan	CZK	Variable	6,124	4,686	1,438	—
Secured bank loan	EUR	Fixed	261,029	27,943	155,383	77,703
Secured bank loan	EUR	Variable	244,109	50,131	177,859	16,119
Secured bank loan	USD	Fixed	818	155	—	663
Unsecured bank loans	EUR	Fixed	13,824	11,704	2,120	—
Unsecured bank loans	EUR	Variable	4,624	4,486	138	—
TOTAL			**652,748**	**186,680**	**366,485**	**99,583**

** The variable interest rate is derived from the PRIBOR, EURIBOR or LIBOR rate plus a mark-up. All interest rates correspond with arm's length conditions.*

The following terms applied to outstanding loans and borrowings as of 31 December 2021:

(EUR '000)	Currency	Nominal interest rate*	Balance at 31 December 2021	Due in 1 year	Due in 1 to 5 years	Due in subsequent years
Bank overdraft	CZK	Fixed	928	928	—	—
Bank overdraft	CZK	Variable	15 709	15 709	—	—
Bank overdraft	EUR	Fixed	13 106	12 847	259	—
Bank overdraft	EUR	Variable	23 700	23 700	—	—
Other loans	CZK	Fixed	577	577	—	—
Other loans	CZK	Variable	1 545	1 346	199	—
Other loans	EUR	Fixed	4 078	3 218	860	—
Other loans	EUR	Variable	144	144	—	—
Loans from related parties	CZK	Fixed	514	—	514	—
Loans from related parties	CZK	Variable	1 642	1 642	—	—

Loans from related parties	EUR	Fixed	14	14	—	—
Collateralised bank loan	CZK	Fixed	11 320	4 684	5 000	1 636
Collateralised bank loan	CZK	Variable	46 301	28 719	17 582	—
Collateralised bank loan	EUR	Fixed	10 808	2 729	8 079	—
Collateralised bank loan	EUR	Variable	18 390	6 195	12 195	—
Collateralised bank loan	USD	Fixed	889	593	296	—
Collateralised bank loan	USD	Variable	6 677	3 339	3 338	—
TOTAL			**156 342**	**106 384**	**48 322**	**1 636**

** The variable interest rate is derived from the PRIBOR, EURIBOR or LIBOR rate plus a mark-up. All interest rates correspond with arm's length conditions.*

A majority of the Group's covenants is tied to the financial performance of a specific Group company. Major indicators in the agreed covenants include:

- Equity to total assets;
- Minimum amount of equity; and
- Net debt to EBITDA.

Bonds

On 1 November 2019, the Company issued CSG VAR/24 bonds (ISIN CZ0003523151) with a floating interest income in the total nominal value of placement of CZK 1,999.8 million (aprox EUR 81 million) with maturity in 2024. The bonds were issued as securities in the book-entry form with a nominal value of CZK 100 thousand per bond (aprox EUR 4 thousand). As of 31 December 2023, the Company recognised a payable from these issues in the principal amount of EUR 52,465 thousand. As of 31 December 2022, the Company recognised a payable from these issues in the principal amount of EUR 82,928.

The CSG VAR/24 bonds bear a floating interest rate consisting of 6M PRIBOR + a 3.25% margin p.a., with interest falling due biannually as of 1 November and 1 May each year.

On 1 July 2021, the Company issued CSG VAR/26 bonds (ISIN CZ0003532681) with a floating interest income in the total nominal value of placement of CZK 2,000 million (aprox. EUR 81 million) with maturity in 2026. The bonds were issued as securities in the book-entry form with a nominal value of CZK 10 thousand (EUR 0.4 thousand) per bond. As of 31 December 2023, the Company recognised a payable from these issues in the amount of EUR 80,890 thousand. As of 31 December 2022, the Company recognised a payable from these issues in the amount of EUR 82,936 thousand.

The CSG VAR/26 bonds bear a floating interest rate consisting of 6M PRIBOR + a 3.25% margin p.a., with interest falling due biannually as of 1 January and 1 July each year.

On 17 September 2021, the Company issued CSG VAR/26 bonds (ISIN CZ0003534174) with a fixed (step-up) interest income in the estimated total nominal value of placement of EUR 25 million with maturity in 2026. The bonds were issued as securities in the book-entry form with a nominal value of EUR 100 thousand per bond. As of 31 December 2023, the Company recognises a payable from these issues in the amount of EUR 15 million. As of 31 December 2022, the Company recognised a payable from these issues in the amount of EUR 15 million.

The CSG/VAR 26 bonds bear interest at a fixed (step-up) rate, which increases gradually from 3.5% p.a. to 4.35% p.a. according to a predetermined procedure specified in the bond prospectus. Interest is payable quarterly on 17 January, 17 March, 17 June and 17 September of each year.

On 21 December 2022, the Company issued CSG VAR/2027 (ISIN CZ003546780) floating rate bonds with an expected total nominal value of the issue of up to EUR 15 million, maturing in 2027. The bonds were issued as book-entry securities with a nominal value of EUR 100 thousand each. As of 31 December 2023, the Company recognises a payable of EUR 11.1 million for these issues. As of 31 December 2022, the Company recognised a payable of EUR 9.1 million.

CSG/VAR 27 bonds bear interest at a floating rate consisting of 6M EURIBOR + 3.5% p.a. margin, with a minimum interest rate of 4.25%. Interest is payable semi-annually on 21 June and 21 December each year.

On 4 July 2023, the Company issued CSG 8.00/2028 bonds (ISIN CZ0003550808) with a fixed interest income in the estimated total nominal value of placement up to CZK 3,000 million (aprox. EUR 121 million) and possible increase up to CZK 5,000 million (approx. EUR 202 million). Maturity of the bonds is in 2028. The bonds were issued as securities in the book-entry form with a nominal value of CZK 10 thousand (approx. EUR 0.4 thousand) per bond. As of 31 December 2023, the Company recognises a payable from these issues in the amount of EUR 173,053 thousand.

CSG 8.00/2028 bonds bear fixed interest 8.00% p.a. interest is payable semi-annually on 4 January and 4 July of each year.

(EUR '000)	**31 December 2023**	**31 December 2022**	**31 December 2021**
Issued bonds	332,508	189,963	184,953
Outstanding interest	7,761	1,536	813
Subtotal	340,269	191,499	185,766
Transaction costs	(2,824)	(1,280)	(1700)
Total bonds	**337,445**	**190,219**	**184,066**
Non-current	278,073	189,162	183,716
Current	59,372	1,057	350
Total bonds	**337,445**	**190,219**	**184,066**

Bonds as of 31 December 2023,2022 and 2021 were subject to the following conditions:

(in EUR '000)	**Currency**	**Nominal interest rate**	**Due in**	**Balance at 31 December 2023**	**Due in 1 year**	**Due in 1 to 5 years**
CSG VAR/24	CZK	variable	2019-2024	53,367	53,367	—
CSG VAR/26	CZK	variable	2021-2026	80,890	—	80,890
CSG VAR/26	EUR	fixed (step-up)	2021-2026	15,024	24	15,000
CSG VAR/27	EUR	variable	2022-2027	11,125	25	11,100
CSG 8,00/2028	CZK	fixed	2023-2028	179,863	6,810	173,053
TOTAL				**340,269**	**60,226**	**280,043**

(in EUR '000)	**Currency**	**Nominal interest rate**	**Due in**	**Balance at 31 December 2022**	**Due in 1 year**	**Due in 1 to 5 years**
CSG VAR/24	CZK	variable	2019-2024	84,423	1,495	82,928
CSG VAR/26	CZK	variable	2021-2026	82,936	—	82,936
CSG VAR/26	EUR	fixed (step-up)	2021-2026	15,023	23	15,000
CSG VAR/27	EUR	variable	2022-2027	9,117	17	9,100
TOTAL				**191,499**	**1,535**	**189,964**

(in EUR '000)	**Currency**	**Nominal interest rate**	**Due in**	**Balance at 31 December 2021**	**Due in 1 year**	**Due in 1 to 5 years**
CSG VAR/24	CZK	variable	2019-2024	81,180	778	80,402
CSG VAR/26	CZK	variable	2021-2026	80,451	—	80,451
CSG VAR/2026	EUR	fixed (step-up)	2021-2026	24,135	35	24,100
TOTAL				**185,766**	**813**	**184,953**

The sensitivity analysis relating to fair values of financial instruments is disclosed in Note 32 – – Risk Management Methods and Disclosures.

21. TRADE AND OTHER RECEIVABLES AND OTHER ASSETS

(EUR '000)	**31 December 2023**	**31 December 2022**	**31 December 2021**
Trade receivables	160,799	183,297	81,362
Receivables from sale of subsidiaries and associates	10,387	7,868	11,825
Receivables from assignment	1,805	6,399	23,884
Other receivables	38,140	10,007	4,843
Estimated receivables	5,002	5,801	2,579
Accrued income	4,303	445	357
Trade and other receivables	**220,436**	**213,817**	**124,850**
Deferred expenses	48,429	9,612	5,244
Prepayments made	175,403	75,512	27,196
Prepayments made and deferred expenses and accrued income	**223,832**	**85,124**	**32,440**
Trade and other receivables and total other assets	**444,268**	**298,941**	**157,290**
Non-current	*17,438*	*4,702*	*5,555*
Current	*426,830*	*294,239*	*151,735*
Trade and other receivables and total other assets	**444,268**	**298,941**	**157,290**

The Group's exposure to credit and currency risks and impairment losses in relation to trade and other receivables is disclosed in Note 32 – Risk Management Methods.

As of 31 December 2023, trade and other receivables amounted to EUR 99,661 thousand (2022: EUR 43,318 thousand; 2021: EUR 45,206 thousand) and were provided as collateral to bank loans.

Contract Assets

(EUR '000)	**31 December 2023**	**31 December 2022**	**31 December 2021**
Income recognised in the current period	265,297	114,461	99,087
Total expenses incurred to date	402,767	217,538	122,913
Total recognised profit (minus reported losses) to date*	141,742	98,077	75,122
Total income from contracts to date	**544,509**	**315,615**	**198,035**
Gradual billing*	536,135	237,119	138,666

	8,374	**78,496**	**59,369**
Of which:			
- Gross amount due from customers for contractual work	72,276	79,854	61,042
- Gross amount payable to customers for contractual work	(63,903)	(1,358)	(1,673)
	8,373	**78,496**	**59,369**
- Gross amount due from customers for contractual work	72,276	79,854	61,042
Divestment disposals	—	—	(23)
Prepayments received offset against gross amounts due from customers	(57,077)	(58,981)	(41,134)
Net amount due from customers for contractual work	**15,199**	20,874	19,885
Prepayments received from customers for contractual work	200,827	210,591	164,257

22. DEFERRED TAX ASSETS AND LIABILITIES

Reported Deferred Tax Assets and Liabilities

The following deferred tax assets (liabilities) were reported:

(EUR '000)	31 December 2023			31 December 2022			31 December 2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
Intangible fixed assets	141	(48,983)	(48,842)	120	(53,075)	(52,955)	1,693	(5,211)	(3,518)
Property, plant and equipment	2,284	(19,965)	(17,681)	1,523	(18,828)	(17,305)	1,970	(8,551)	(6,581)
Investment property	192	(210)	(18)	197	(90)	107	—	(88)	(88)
Other investments	176	—	176	131	—	131	108	—	108
Provided loans	19	—	19	5	—	5	1	—	1
Receivables	3,995	(298)	3,697	3,962	(7)	3,955	2,137	(169)	1,968
Other assets	33	(336)	(303)	222	(456)	(234)	103	—	103
Inventories	4,419	(2,245)	2,174	2,279	(1,865)	414	589	(515)	74
Provisions	3,326	—	3,326	2,108	(6)	2,102	1,082	(524)	558
Loan interest	1	(18)	(17)	17	(17)	—	—	(23)	(23)
Payables	394	(48)	346	143	—	143	170	(11)	159
Other payables	2,021	—	2,021	574	(1,192)	(618)	495	(1,085)	(590)
Tax losses of prior years	164	—	164	181	—	181	118	—	118
Other temporary differences	1,818	(912)	906	575	(1,607)	(1,032)	82	(307)	(225)
Total	**18,983**	**(73,015)**	**(54,032)**	**12,037**	**(77,143)**	**(65,106)**	**8,548**	**(16,484)**	**(7,936)**
Tax offsetting	**(7,343)**	**7,343**	**—**	**(4,271)**	**4,271**	**—**	**(3,097)**	**3,097**	**—**
Net deferred tax asset (tax liability)	**11,640**	**(65,672)**	**(54,032)**	**7,766**	**(72,872)**	**(65,106)**	**5,451**	**(13,387)**	**(7,936)**

A deferred tax asset arising from unutilised tax losses of prior years is only recognised if it is likely that a future taxable profit will be generated in respect of which it will be possible to utilise unutilised tax losses. The moment when the possibility of utilising tax losses expires is presented in the table below:

(EUR '000)	2023	2024	2025	2026	2027	2028 onwards	Total
Total tax losses	**927**	**383**	**31**	**174**	**328**	**73**	**1,916**
Tax losses – utilized	24	1	1	65	—	73	164
Tax losses – unutilized	903	382	30	109	328	—	1,752

Movements in Temporary Differences during the Year

Temporary difference in relation to the below items:	Balance at 1 January 2023	Reported through comprehensive income	Reported through equity	Acquired	Sold	Effect of changes in foreign exchange rates	Balance at 31 December 2023
Intangible fixed assets	(52,955)	2,047	1,960	—	—	105	(48,843)
Property, plant and equipment	(17,304)	(739)	124	1	(16)	253	(17,681)
Investment property	107	(125)	—	—	—	1	(17)
Other investments	131	49	—	—	—	(4)	176
Loans provided	5	15	—	—	—	(1)	19
Receivables	3,955	140	(657)	—	312	(54)	3,696
Other assets	(234)	(82)	1	—	—	12	(303)
Inventories	414	3,018	(1,070)	(36)	(58)	(93)	2,175
Provisions	2,102	1,321	(45)	—	31	(83)	3,326
Loan interest	—	(17)	—	—	—	—	(17)
Payables	143	202	8	—	—	(7)	346

Other liabilities	(618)	2,716	19	—	—	(96)	2,021
Tax losses of prior years	181	(14)	(3)	—	—	—	164
Other temporary differences	(1,033)	1,628	345	(5)	—	(29)	906
Total	**(65,104)**	**10,157**	**682**	**(40)**	**269**	**4**	**(54,032)**

Temporary difference in relation to the below items:	**Balance at 1 January 2022**	**Reported through comprehensive income**	**Reported through equity**	**Acquired**	**Sold**	**Effect of changes in foreign exchange rates**	**Balance at 31 December 2022**
Intangible fixed assets	(3,518)	(1,434)	—	(47,865)	—	(138)	(52,955)
Property, plant and equipment	(6,581)	301	(54)	(11,046)	137	(61)	(17,304)
Investment property	(88)	193	—	—	—	2	107
Other investments	108	19	—	—	—	4	131
Loans provided	1	3	—	—	—	1	5
Receivables	1,968	1,782	(54)	213	—	46	3,955
Other assets	103	(200)	—	(150)	—	13	(234)
Inventories	73	(1,244)	19	1,591	—	(25)	414
Provisions	558	1,377	—	122	—	45	2,102
Loan interest	(23)	18	5	—	—	—	—
Payables	159	(14)	—	(3)	—	1	143
Other liabilities	(590)	(294)	(3)	273	—	(4)	(618)
Tax losses of prior years	118	22	(1)	90	(48)	—	181
Other temporary differences	(224)	(1,294)	251	248	—	(14)	(1,033)
Total	**(7,936)**	**(765)**	**163**	**(56,527)**	**89**	**(130)**	**(65,106)**

Temporary difference in relation to the below items:	**Balance at 1 January 2021**	**Reported through comprehensive income**	**Reported through equity**	**Acquired**	**Sold**	**Effect of changes in foreign exchange rates**	**Balance at 31 December 2021**
Intangible fixed assets	(5,132)	1,490	755	(110)	(326)	(195)	(3,518)
Property, plant and equipment	(5,829)	835	(1,841)	(105)	501	(142)	(6,581)
Investment property	(393)	—	318	—	—	(13)	(88)
Other investments	—	105	—	—	—	3	108
Loans provided	31	—	(30)	—	—	—	1
Receivables	889	1,052	14	—	(46)	59	1,968
Other assets	(5)	98	7	—	—	3	103
Inventories	(560)	(697)	1,253	—	70	7	73
Provisions	1,434	170	(1,001)	—	(88)	43	558
Loan interest	112	5	(142)	—	—	2	(23)
Payables	405	(21)	(258)	—	33	—	159
Other liabilities	217	359	(1,147)	—	22	(41)	(590)

Tax losses of prior years	581	(50)	(335)	—	(93)	15	118
Other temporary differences	(377)	(3,148)	3,378	—	(19)	(58)	(224)
Total	**(8,627)**	**198**	**971**	**(215)**	**54**	**(317)**	**(7,936)**

23. INVENTORY

(EUR '000)	**31 December 2023**	**31 December 2022**	**31 December 2021**
Material	346,836	213,991	108,001
Finished products	78,217	52,322	15,338
Goods	132,744	53,029	54,634
Work in progress	82,749	72,425	33,532
Prepayments to suppliers	219,699	170,029	32,280
Total inventory	**860,245**	**561,796**	**243,785**

As of 31 December 2023, the allowance for inventory was EUR 8,015 thousand (2022: EUR 6,968 thousand; 2021: EUR 6,145 thousand).

As of 31 December 2023, inventory of EUR 187,975 thousand (2022: EUR136,227 thousand; 2021: EUR 88,548 thousand) was provided as collateral to secure bank loans.

24. TAX RECEIVABLES

(EUR '000)	**31 December 2023**	**31 December 2022**	**31 December 2021**
Value added tax	16,973	11,638	2,720
Other taxes	2,358	2,723	187
Total tax receivables	**19,331**	**14,361**	**2,907**

25. CASH AND CASH EQUIVALENTS

(EUR '000)	31 December 2023	31 December 2022	31 December 2021
Current accounts with banks	398,276	223,987	72,977
Term deposits	105,066	17,271	30,846
Cash on hand	839	383	167
Other cash equivalents	59,684	9	16
Cash and cash equivalents in the cash flow statement	**563,865**	**241,650**	**104,006**

26. EQUITY

Share Capital

As of 31 December 2022, authorised, issued and fully paid-in share capital consisted of twenty ordinary registered shares in the book entry form in the nominal value of CZK 100,000,000. As of 31 December 2021, share capital consisted of twenty ordinary registered shares in the book entry form in the nominal value of CZK 100,000,000.

In 2021, the sole shareholder decided to increase the share capital of CZECHOSLOVAK GROUP a.s. The share capital was increased by CZK 1,998,000,000 (EUR 78,353,000) from CZK 2,000,000 (EUR 74,000) to CZK 2,000,000,000 (EUR 78,427,000) from the Company's own resources, i.e. from other reserves - other capital reserves. The increase in the share capital was carried out by increasing the nominal value of the existing shares held by the sole shareholder of the Company by increasing the nominal value of each share by CZK 99,900,000, i.e. to CZK 100,000,000, for the existing twenty registered book-entry shares with a nominal value of CZK 100,000 per share.

The shareholder is entitled to a payment of dividends and is entitled to vote at the General Meetings of the Company's shareholders with one vote attributable to a share of CZK 100,000 thousand. In 2023, the Company paid no dividends (2022 and 2021: EUR 0 thousand).

31 December 2023	**Number of shares Pieces**	**Shares EUR '000**	**Ownership percentage %**	**Voting rights %**
CSG FIN a.s., Corporate ID: 141 41 442	20	78,427	100	100
Total shares	**20**	**78,427**	**100**	**100**

Funds reported in equity include the following items:

(EUR '000)	31 December 2023	31 December 2022	31 December 2021
Other capital reserves	(143,588)	(135,332)	25,930
Other indivisible reserves	3,743	3,372	3,192
Foreign currency translation reserve	34,136	39,090	28,665
Celkem	**(105,709)**	**(92,870)**	**57,787**

Other Capital Reserves

These reserves include contributions outside the share capital provided by the Company's sole shareholder, which amounted to EUR 33,262 thousand as of 31 December 2023 (2022 and 2021: EUR 33,262 thousand) and conditional commitment to acquire non-controlling share which amounted to EUR 176,451 thousand as of 31 December 2023 (2022 EUR 161,164 thousands, 2021 EUR 0). The conditional commitment to aquire non-controlling interest is disclosed as Put option liability at the same value.

Other Indivisible Reserves

A major portion of other indivisible reserves represents an effect on the Group's interest-rate advantage arising from the use of a non-interest bearing loan provided by the shareholder, which is recognised through equity. The Group considers the loan received from the owner acting from the actual position of an owner to constitute an instrument that brings a visible advantage to the Group in the form of exemption from interest. The fair value of a non-interest bearing loan is highly likely to differ from the nominal value during its initial recognition. The Group recognises the difference between the fair value of a loan during its initial recognition and its nominal value through equity, the reason being that the substance of non-interest bearing loans includes advantageous terms specifically in the form of zero interest representing the owner's non-reciprocal capital contribution. As of 31 December 2023, these non-reciprocal capital contributions totalled EUR 3,442 thousand (31 December 2022: EUR 3,529 thousand, 31 December 2021: EUR 3,444 thousand).

Reserve from foreign currency translation

The reserve includes changes in the equity of companies with a functional currency other than the Czech crown due to exchange rate changes over time.

27. NON-CONTROLLING INTERESTS

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests (NCI) is set out below.

31 December 2023 *(EUR '000)*	**Fiocchi Munizioni S.p.A** Italy	**EXCALIBUR ARMY spol. s r.o.** Czech Republic	**ZVS holding, a.s.** Slovak Republic	**NIKA Development a.s.** Czech Republic	**VOP Nováky, a.s.** Slovak Republic	**Fiocchi of America Inc.** USA	**Lyalvale Express Limited** United Kingdom	**Baschieri & Pellagri S.p.A** Italy	**MSM EXPORT, s.r.o.** Slovak Republic	**Armi Perazzi S.p.A.** Italy	**Tatra Defence Vehicle a.s.** Czech Republic	**Other immaterial subsidiaries***	**Consolidation elimination**	**Total**
Non-controlling interest percentage	30.00%	10.90%	60.00%	16.40%	19.00%	30.00%	33.00%	30.00%	19.00%	20.00%	20.00%	—	—	—
Non-current assets	626,866	36,510	73,403	11,982	33,994	31,553	8,990	14,141	2,512	10,436	22,048	—	—	—
Current assets	126,592	715,730	3,058	144,982	118,872	60,594	6,370	28,328	268,745	10,568	77,300	—	—	—
Non-current liabilities	242,761	16,822	—	3,484	4,644	13,192	861	6,383	15,701	1,721	2,141	—	—	—
Current liabilities	134,241	524,400	26	64,023	39,843	57,343	1,917	25,080	239,737	5,450	84,295	—	—	—
Net assets	**376,456**	211,018	76,435	89,457	108,379	21,612	**12,582**	**11,006**	**15,819**	**13,833**	**12,912**	—	—	—
Carrying amount of the non-controlling interest	**100,822**	22,333	14,137	16,490	31,570	12,486	**4,049**	**3,206**	**2,947**	**2,682**	**2,484**	**16,182**	**(2,910)**	**226,478**
Revenue	204,829	783,189	—	130,924	193,095	80,088	9,270	66,103	221,833	—	134,109	—	—	—
Profit (+)/loss (-)	(5,336)	149,172	213	51,460	17,402	6,045	536	3,243	14,763	—	5,364	—	—	—
Other comprehensive income (OCI)	—	623	—	—	—	—	—	—	—	—	—	—	—	—
Total comprehensive income	**(5,336)**	149,795	213	51,460	17,402	6,045	**536**	**3,243**	**14,763**	**—**	**5,364**	—	—	—
Profit (+)/loss (-) attributable to the NCI	(1,601)	16,259	35	9,777	5,221	3,597	178	973	2,805	—	1,063	(2,150)	—	**36,157**
OCI attributable to the NCI	**—**	68	—	—	—	—	**—**	**—**	**—**	**—**	**—**	(68)	—	—
Net increase (+)/decrease (-) in cash and cash equivalents	**8,082**	**90,257**	**1**	**25,394**	**353**	**8,891**	**—**	**793**	**(6,825)**	**742**	**(2,592)**	—	—	—
Dividends paid to the NCI	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**6295**	—	**6,295**

Material changes in the non-controlling interest during the year primarily include the following changes to the effective ownership interest:

In the year ended 31 December 2023:

RETIA a.s. from 5 % to 10 % (effective interest) as of 29 March 2023;

CSG Land Systems CZ a.s. from 10 % to 10.9 % (effective interest) as of 31 May 2023;

CS SOFT a.s. from 22 % to 7.5 % (effective interest) as of 5 October 2023;

KONVERTIAL SPV a.s. from 0 % to 45 % (effective interest) as of 17 July 2023;

NIKA Development a.s. from 8.03 % to 16.37 % (effective interest) as of 22 August 2023;

TRADITION CS a.s. from 2.5 % to 7.5 % (effective interest) as of 5 October 2023.

For effects of changes in non-controlling interests reported through equity, refer to the consolidated statement of changes in equity.

31 December 2022	C3F - Fiocchi Group	EXCALIBUR ARMY spol. s r.o.	ZVS holding, a.s.	NIKA Development a.s.	VOP Nováky, a.s.	MSM Martin s.r.o.	CS SOFT a.s.	EXCALIBUR INTERNATIONAL a.s.	Other immaterial subsidiaries*	Consolidation elimination	Total
(EUR '000)	Italy	Czech Republic	Slovak Republic	Czech Republic	Slovak Republic	Slovak Republic	Czech Republic	Czech Republic	—	—	—
Non-controlling interest percentage	30.00%	10.00%	59.50%	8.03%	19.00%	19.00%	22.00%	10.00%	—	—	—
Non-current assets	589,062	38,465	13,426	71,736	8,277	21,715	8,802	4,672	—	—	—
Current assets	221,024	493,010	29,329	2,766	60,374	22,490	13,399	80,406	—	—	—
Non-current liabilities	238,264	70,047	1,717	—	3,161	691	3,003	246	—	—	—
Current liabilities	139,311	331,981	26,373	10	30,741	14,833	5,586	65,217	—	—	—
Net assets	**432,511**	**129,447**	**14,665**	**74,492**	**34,749**	**28,681**	**13,612**	**19,615**	—	—	—
Carrying amount of the non-controlling interest	132,088	13,186	8,889	7,066	6,713	5,724	3,051	1,986	5,517	(6,769)	**177,451**
Revenue	26,455	549,199	40,577	—	77,064	24,042	12,116	44,919	—	—	—
Profit (+)/loss (-)	(1,137)	67,742	30	2,753	25,480	2,087	6,448	4,891	—	—	—
Other comprehensive income (OCI)	(2,744)	—	—	—	—	—	—	—	—	—	—
Total comprehensive income	**(3,881)**	**67,742**	**30**	**2,753**	**25,480**	**2,087**	**6,448**	**4,891**	—	—	—
Profit (+)/loss (-) attributable to the NCI	(390)	6,775	20	221	5,529	453	1,419	489	5,861	—	**20,377**
OCI attributable to the NCI	—	—	—	—	—	—	—	—	—	—	—
Net increase (+)/decrease (-) in cash and cash equivalents	61,239	43,384	(1,874)	1	3,747	4,686	(2,089)	13,634	—	—	—
Dividends paid to the NCI	—	—	**127**	—	—	—	—	—	**860**	—	**987**

* This primarily includes non-controlling interests in TATRA DEFENCE VEHICLE a.s. (EUR 1,401 thousand), FABRICA DE MUNICIONES DE GRANADA S.L (EUR 881 thousand), ELTON hodinarska, a.s. (EUR 838 thousand), RETTA, a.s. (EUR 799 thousand), and PPS Vehicles s.r.o. (EUR 557 thousand).

In the year ended 31 December 2022:

EHC Service s.r.o. from 7.65 % to 0 % (effective interest) as of 24 February 2022;

HELI COMPANY s.r.o. from 7.65 % to 0 % (effective interest) as of 24 February 2022;

Slovak Training Academy, s.r.o. from 7.65 % to 0 % (effective interest) as of 24 February 2022;

STA TECHNOLOGY, s.r.o. from 38.13 % to 0 % (effective interest) as of 24 February 2022;

DEFENCE TRADE SLOVAKIA s.r.o. from 19 % to 12.22 % (effective interest) as of 26 July 2022;

EUROPEAN AIR SERVICES s.r.o. from 3 % to 0 % (effective interest) as of 24 February 2022;

EUROPEAN AIR SERVICES SLOVAKIA s.r.o. from 15 % to 0 % (effective interest) as of 26 August 2022;

For effects of changes in non-controlling interests reported through equity, refer to the consolidated statement of changes in equity.

31 December 2021	**EXCALIBUR ARMY spol. s r.o.**	**ZVS holding, a.s.**	**NIKA Development a.s.**	**MSM Martin s.r.o.**	**CS SOFT a.s.**	**TATRA DEFENCE VEHICLE a.s.**	**FABRICA DE MUNICIONES DE GRANADA S.**	**MSM Nováky, a.s.**	**Other immaterial subsidiaries***	**Consolidation elimination**	**Total**
(EUR '000)	Czech Republic	Slovak Republic	Czech Republic	Slovak Republic	Czech Republic	Czech Republic	Spain	Slovak Republic			
Non-controlling interest percentage	10.00%	59.50%	8.03%	19.00%	22.00%	19.00%	19.00%	19.00%			
Non-current assets	33,175	12,897	68,754	20,642	8,460	s19,958	7,418	9,810	—	—	—
Current assets	173,165	24,005	15	25,288	4,120	100,571	6,677	30,421	—	—	—
Non-current liabilities	24,685	2,000	—	1,157	2,022	106,729	5,506	4,076	—	—	—
Current liabilities	72,237	20,304	(51)	18,521	3,695	9,136	3,434	26,540	—	—	—
Net assets	**109,418**	**14,598**	**68,820**	**26,252**	**6,863**	**4,664**	**5,155**	**9,615**	—	—	
Carrying amount of the non-controlling interest	**11,289**	**8,960**	**5,692**	**5,606**	**1,557**	**913**	**1,010**	**1,872**	**5,389**	**(16,614)**	**25,674**
Revenue	108,287	38,735	—	47,080	6,422	24,742	13,936	20,043	—	—	—
Profit (+)/loss (-)	10,849	352	5,155	(402)	1,049	719	(1,073)	(2,652)	—	—	—
Other comprehensive income (OCI)	—	(805)	—	(1,597)	—	—	(345)	(675)	—	—	—
Total comprehensive income	**10,849**	**(453)**	**5,155**	**(1,999)**	**1,049**	**719**	**(1,418)**	**(3,327)**			
Profit (+)/loss (-) attributable to the NCI	1,085	209	414	(76)	231	137	(204)	(504)	2,184	—	**3,476**
OCI attributable to the NCI	—	(479)	—	(303)	—	—	(66)	(128)	(133)	516	**(593)**
Net increase (+)/decrease (-) in cash and cash equivalents	**(95)**	**(4,098)**	**1**	**(358)**	**1,407**	**32,212**	**2,504**	**1,697**	—	—	—
Dividends paid to the NCI	—	**119**	—	—	—	**114**	—	—	**568**	—	**801**

This primarily includes non-controlling interests in MSM LAND S<STEMS s.r.o. (EUR 789 thousand), ELTON hodinarska, a.s.,(EUR 755 thousand),

RETIA, a.s. (EUR 671 thousand), and EXCALIBUR INTERNATIONAL a.s., (EUR 599 thousand).

In the year ended 31 December 2021:

DAKO-CZ, a.s. from 51% to 100% as of 25 March 2021.

TRANSELCO CZ s.r.o. from 51% to 100% as of 25 March 2021.

RETIA a.s. from 100% to 95% (effective interest) as of 25 June 2021.

TATRA DEFENCE VEHICLE a.s. from 90% to 81% (effective interest) as of 11 January 2021.

Slovak Training Academy, s.r.o. from 98% to 92% (effective interest) as of 11 January 2021.

For effects of changes in non-controlling interests reported through equity, refer to the consolidated statement of changes in equity.

28. TRADE AND OTHER PAYABLES

(EUR '000)	31 December 2023	31 December 2022	31 December 2021
Prepayments received	4,673	4,887	4,209
Trade payables	218,365	159,106	75,388
Other payables	31,959	24,624	11,070
Payables to employees	17,425	13,286	5,304
Payables arising from outstanding vacation days	2,611	1,917	1,558
Government grants	681	475	1,129
Trade and other payables – subtotal	**275,714**	**204,295**	**98,658**
Unbilled supplies	78,696	28,770	23,573
Accrued expenses	2,375	5,418	769
Estimated payables – subtotal	**81,071**	**34,188**	**24,342**
Trade and other payables – total	**356,785**	**238,483**	**123,000**
Non-current	11,026	6,489	6,733
Current	345,759	231,994	116,267
Trade and other payables – total	**356,785**	**238,483**	**123,000**

29. PROVISIONS

(EUR '000)	Warranty provisions	Provision for legal claims	Other provisions	Total
Balance at 1 January 2023	**5,532**	**2,859**	**4,815**	**13,206**
On acquisition of subsidiary	—	—	10	**10**
Additional provision in the year	2,918	1,238	1,277	**5,433**
Creation/(release) of provisions through balance sheet	—	(202)	(3,345)	**(3,547)**
Utilisation of provision	(498)	—	—	**(498)**
Release – provisions released in the given year	(307)	(430)	(13)	**(750)**
Disposed subsidiaries	—	—	(181)	**(181)**
Effects of changes in exchange rates	(193)	(79)	12	**(260)**
Balance at 31 December 2023	**7,452**	**3,386**	**2,575**	**13,413**
Non-current	*5,636*	*3,386*	*1,158*	***10,180***
Current	*1,816*	—	*1,417*	***3,233***
Total provisions	***7,452***	***3,386***	***2,575***	***13,413***

The expected timeframe for the use of non-current warranty provisions is two years, for the other provisions it is 5-10 years. Significant legal disputes are described in the Note 37.

(EUR '000)	**Warranty provisions**	**Provision for legal claims**	**Other provisions**	**Total**
Balance at 1 January 2022	3,209	1,144	5,251	**9,604**
On acquisition of subsidiary	—	786	788	**1,574**
Additional provision in the year	2,394	888	4,030	**7,302**
Creation/(release) of provisions through balance sheet	82	—	(2,561)	**(2,479)**
Utilisation of provision	(193)	—	(2,492)	**(2,685)**
Release – provisions released in the given year	(98)	—	(222)	**(320)**
Disposed subsidiaries	—	—	(34)	**(34)**
Effects of changes in exchange rates	138	51	55	**244**
Balance at 31 December 2022	**5,432**	**2,859**	**4,815**	**13,206**
Non-current	*3,563*	2,859	1,190	***7,612***
Current	*1,969*	—	3,625	***5,594***
Total provisions	***5,532***	**2,859**	**4,815**	***13,206***

(EUR '000)	**Warranty provisions**	**Provision for legal claims**	**Other provisions**	**Total**
Balance at 1 January 2021	2,496		4,542	**7,038**
Additional provision in the year	617	—	4,528	**5,145**
Creation/(release) of provisions through balance sheet	—	—	1,679	**1,679**
Utilisation of provision	(56)	—	(3,326)	**(3,382)**
Release – provisions released in the given year	(1)	—	(60)	**(61)**
Disposed subsidiaries	—	—	(1,048)	**(1,048)**
Effects of changes in exchange rates	153	—	80	**233**
Balance at 31 December 2021	**3,209**	—	**6,395**	**9,604**
Non-current	1,926	—	1,636	***3,562***
Current	1,283	—	4,759	***6,042***
Total provisions	***3,209***	—	***6,395***	***9,604***

30. TAX PAYABLES

(EUR '000)	31 December 2023	31 December 2022	31 December 2021
Value added tax	1,439	3,781	4,036
Social security and health insurance	5,531	5,484	3,630
Other taxes	8,294	7,251	1,735
Total tax payables	**15,264**	**16,516**	**9,401**

Other taxes primarily represent road tax and real estate tax.

31. FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

(EUR '000)	31 December 2023	31 December 2022	31 December 2021
Provided guarantees	69,323	103,356	38,981
Total financial guarantees	**69,323**	**103,356**	**38,981**

The total value of guarantees provided as of 31 December 2023 predominantly included guarantees provided by CZECHOSLOVAK GROUP a.s. (EUR 46,314 thousand), MSM GROUP s.r.o. (EUR 37,042 thousand), Prague Fertility Centre s.r.o. (EUR 9,342 thousand), CS SOFT a.s. (EUR 8,842 thousand), EXCALIBUR ARMY spol. s.r.o. (EUR 4,216 thousand), ELDIS Pardubice s.r.o. (EUR 4,023 thousand), VOP Nováky, a.s. (EUR 1,021 thousand), DAKO-CZ, a.s. (EUR 407 thousand).

The total value of guarantees provided as of 31 December 2022 predominantly included guarantees provided by RETIA, a.s. (EUR 34,020 thousand), ELDIS Pardubice, s.r.o. (EUR 4,891 thousand), Excalibur Army spol.s.r.o. (EUR 21,841 thousand), Prague Fertility Centre s.r.o. (EUR 9,538 thousand) and CZECHOSLOVAK GROUP a.s. (EUR 28,110 thousand).

The total value of guarantees provided as of 31 December 2021 predominantly included guarantees provided by RETIA, a.s. (EUR 28,948 thousand), ELDIS Pardubice, s.r.o. (EUR 7,127 thousand) and CZECHOSLOVAK GROUP a.s. (EUR 2,678 thousand).

Bank guarantees issued by the above entities are connected with guarantees to customers for the delivery of products without defects.

32. RISK MANAGEMENT METHODS

This Note provides a detailed description of the financial and operating risks to which the Group is exposed and the methods used in managing them. The major financial risks to which the Group is exposed include credit risk, liquidity risk, interest rate risk and currency risk.

The following table contains information about:

- Classes of financial instruments;
- Amortised cost of financial instruments;
- Fair values of financial instruments (with the exception of financial instruments whose net book value approximates their fair value); and
- The hierarchy levels of the fair values of financial assets and financial liabilities for which fair value has been disclosed.

31 December 2023 *(EUR '000)*	**Note**	**Fair value – hedging instruments**	**Mandatorily at fair value FVTPL - other**	**Financial assets at amortised costs**	**Other financial payables**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value										
Derivatives	20	—	18,433	—	—	**18,433**	—	18,433	—	**18,433**
Financial assets not reported at fair value		—	—	—	—	—	—	—	—	—
Trade and other receivables	21	—	—	220,436	—	**220,436**	—	—	—	—
Prepayments made and accruals and deferrals	21	—	—	223,832	—	**216,382**	—	—	—	—
Provided loans	20	—	—	166,559	—	**166,559**	—	**166,559**	—	**166,559**
Other financial assets	20	—	—	88,617	—	**88,617**	—	**88,617**	—	**88,617**
Cash and cash equivalents	25	—	—	563,865	—	**563,865**	—	—	—	—
Contract costs		—	—	41,185	—	**41,185**	—	—	—	—
Contract assets		—	—	**15,211**	—	**15,211**	—	—	—	—
Total				**1,319,705**		**1,319,705**		**255,176**		**255,176**
Financial liabilities reported at fair value										
Liability from put option			(176,451)			**(176,451)**			(176,451)	**(176,451)**
Derivatives	20	—	(6,984)	—	—	**(6,984)**	—	(6,984)		**(6,984)**
Total		—	**(193,435)**	—	—	**(176,451)**		**(6,984)**	**(176,451)**	**(183,435)**
Financial liabilities not reported at fair value										
Overdraft	20	—	—	—	(76,282)	**(76,282)**	—	(76,282)	—	**(76,282)**
Collateralised bank loans	20	—	—	—	(587,865)	**(587,865)**	—	(587,865)	—	**(587,865)**
Uncollateralised bank loans	20	—	—	—	(53,907)	**(53,907)**	—	(53,907)	—	**(53,907)**
Owner loans and loans from other related parties	20	—	—	—	(38,288)	**(38,288)**	—	(38,288)	—	**(38,288)**
Loans from third parties (other loans)	20	—	—	—	(1,057)	**(1,057)**	—	(1,057)	—	**(1,057)**
Trade and other payables	28	—	—	—	(444,268)	**(444,268)**	—	—	—	—
Issued bonds including outstanding interest	20	—	—	—	(340,269)	**(340,269)**	—	(340,269)	—	**(340,269)**
Current and non-current contractual payables		—	—	—	(840,524)	**(840,524)**	—	—	—	—
Total					**(2,382,460)**	**(2,382,460)**		**(1,097,668)**		**(1,097,668)**

31 December 2022 *(EUR '000)*	**Note**	**Fair value – hedging instruments**	**Mandatorily at fair value FVTPL - other**	**FVOCI – debt instruments**	**FVOCI - equity instruments**	**Financial assets at amortised costs**	**Other financial payables**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value												
Derivatives	20	—	39,803	—	—	—	—	**39,803**	—	39,803	—	**39,803**
Financial assets not reported at fair value		—	—	—	—	—	—	—	—	—	—	—
Trade and other receivables	21	—	—	—	—	213,817	—	**213,817**	—	—	—	—
Prepayments made and accruals and deferrals	21	—	—	—	—	85,124	—	**85,124**	—	—	—	—
Provided loans	20	—	—	—	—	175,612	—	**175,612**	—	**175,612**	—	**175,612**
Other financial assets	20	—	—	—	—	60,683	—	**60,683**	—	**60,683**	—	**60,683**
Cash and cash equivalents	25	—	—	—	—	241,650	—	**241,650**	—	—	—	—
Contract costs		—	—	—	—	4,712	—	**4,712**	—	—	—	—
Contract assets		—	—	—	—	**30,125**	—	**30,125**	—	—	—	—
Total		—	—	—	—	**811,723**	—	**811,723**	—	**236,295**	—	**235,987**
Financial liabilities reported at fair value												
Liability from put option			(161,164)					**(161,164)**			(161,164)	(161,164)
Derivatives	20	—	(533)	—	—	—	—	**(533)**	—	(533)	—	(533)
Total		—	**(161,697)**	—	—	—	—	**(161,697)**	—	**(533)**	**(161,164)**	**(161,697)**
Financial liabilities not reported at fair value		—	—	—	—	—	—	—	—	—	—	—
Overdraft	20	—	—	—	—	—	(68,444)	**(68,444)**	—	(68,444)	—	**(68,444)**
Collateralised bank loans	20	—	—	—	—	—	(525,401)	**(525,401)**	—	(525,401)	—	**(525,401)**
Uncollateralised bank loans	20	—	—	—	—	—	(18,448)	**(18,448)**	—	(18,448)	—	**(18,448)**
Owner loans and loans from other related parties	20	—	—	—	—	—	(28,507)	**(28,507)**	—	(28,507)	—	**(28,507)**
Loans from third parties (other loans)	20	—	—	—	—	—	(11,948)	**(11,948)**	—	(11,948)	—	**(11,948)**
Trade and other payables	28	—	—	—	—	—	(298,941)	**(298,941)**	—	—	—	—
Issued bonds including outstanding interest	20	—	—	—	—	—	(191,499)	**(191,499)**	—	(191,499)	—	**(191,499)**
Current and non-current contractual payables		—	—	—	—	—	**(623,840)**	**(623,840)**	—	—	—	—
Total		—	—	—	—	—	**(1,767,028)**	**(1,767,028)**	—	**(844,247)**	—	**(844,247)**

31 December 2021 *(EUR '000)*	**Note**	**Fair value – hedging instruments**	**Mandatorily at fair value FVTPL - other**	**FVOCI – debt instruments**	**FVOCI - equity instruments**	**Financial assets at amortised costs**	**Other financial payables**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value												
Derivatives	20	—	12,025	—	—	—	—	**12,025**	—	12,025	—	**12,025**
Financial assets not reported at fair value		—	—	—	—	—	—	—	—	—	—	—
Trade and other receivables	21	—	—	—	—	124,850	—	**124,850**	—	—	—	—
Prepayments made and accruals and deferrals	21	—	—	—	—	32,440	—	**32,440**	—	—	—	—
Provided loans	20	—	—	—	—	109,535	—	**109,535**	—	**109,535**	—	**109,535**
Other financial assets	20	—	—	—	—	23,108	—	**23,108**	—	**23,108**	—	**23,108**
Cash and cash equivalents	25	—	—	—	—	104,006	—	**104,006**	—	—	—	—
Contract Costs		—	—	—	—	1,877	—	**1,877**	—	—	—	—
Contract assets		—	—	—	—	**30,150**	—	**30,150**	—	—	—	—
Total		—	—	—	—	**425,966**	—	**425,966**	—	**132,643**	—	**136,741**
Financial liabilities reported at fair value												
Derivatives	20	—	(1,825)	—	—	—	—	**(1,825)**	—	(1,825)	—	**(1,825)**
Total		—	**(1,825)**	—	—	—	—	**(1,825)**	—	**(1,825)**	—	**(1,825)**
Financial liabilities not reported at fair value		—	—	—	—	—	—	—	—	—	—	—
Overdraft	20	—	—	—	—	—	(53,443)	**(53,443)**	—	(53,443)	—	**(53,443)**
Collateralised bank loans	20	—	—	—	—	—	(94,385)	**(94,385)**	—	(94,385)	—	**(94,385)**
Owner loans and loans from other related parties	20	—	—	—	—	—	(2,171)	**(2,171)**	—	(2,171)	—	**(2,171)**
Loans from third parties (other loans)	20	—	—	—	—	—	(6,343)	**(6,343)**	—	(6,343)	—	**(6,343)**
Trade and other payables	28	—	—	—	—	—	(157,290)	**(157,290)**	—	—	—	—
Issued bonds including outstanding interest	20	—	—	—	—	—	(185,766)	**(185,766)**	—	(185,766)	—	**(185,766)**
Current and non-current contractual payables		—	—	—	—	—	**(196,897)**	**(196,897)**	—	—	—	—
Total		—	—	—	—	—	**(696,295)**	**(696,295)**	—	**(342,108)**	—	**(342,108)**

(a) Credit Risk

i. Credit Risk Exposure

Credit risk is a risk of the Company incurring a financial loss if the customer or counterparty fails to meet its contractual obligations in transactions with financial instruments. The risk primarily arises in respect of the Group's amounts due from customers and in respect of loans and borrowings. Credit risk is limited in respect of highly liquid assets (cash product on bank accounts) given that counterparties are entities with high credit ratings.

Credit Risk Management in Respect of Trade and Other Receivables

The Group reviews the financial positions of its existing customers and regularly assesses their creditworthiness. In respect of new customers requesting goods and services above a certain limit (determined on the basis of the size and nature of the specific business), the customer is firstly subject to an individual analysis of creditworthiness and only then are standard payment and supply terms proposed to it.

The Group assesses the credit quality of customers by reference to their financial position, historical experience and other factors. Individual limits for managing this risk are determined based on internal or external ratings in compliance with the limits stipulated by the Group's internal guidelines. The Group's management regularly assesses the level of credit risk and the size of its exposure and, at least on a monthly basis, monitors the balance of overdue trade receivables. The Group also requires that its customers provide it with appropriate forms of guarantees or collateral.

Impairment Loss and Write-Off of Receivables

The Group recognises allowances for impairment based on an estimate of future expected losses that may be incurred in respect of trade receivables, other receivables and provided loans. Expected future losses are estimated in compliance with the methodology applied by the Group.

To measure expected credit losses, trade receivables, loans and other receivables were assessed based on the customer's individual rating and days past due (referred to as the "individual approach"). The Group set the individual assessment of receivables in relation to the rating of the debtor's country, the reason being that a majority of the Group's business transactions are concluded with entities directly or closely related to state and public institutions.

Receivables are classified by country of origin of the business from which the receivable is recorded. These countries were assigned rating based on an assessment by Standard and Poors. Using this rating, receivables are classified into three groups based on the risk of potential failure to recover the receivables:

The first low-risk group includes receivables from entities based in countries with a rating of AAA to A-, which are considered to be stable with a low risk of default. A probability of default of 0.08% has been assigned to this group of receivables. This probability corresponds with a one-year probability of default of a corporate client included in the investment grade (refer to Standard and Poors 2022 Annual Global Corporate Default, Table No. 24.)

The highest-risk group includes private businesses from countries with a rating of BBB+ and worse, which has been assigned the highest probability of default at 3.52 % as of 31 December 2023 (3.71 % as of 31 December 2022 and 2021). This probability corresponds with a one-year probability of default of a corporate client included in the speculative grade (refer to Standard and Poors 2022 Annual Global Corporate Default, Table No. 24).

The middle-risk group includes public entities from countries with a rating of BBB+ and worse. This group has been assigned the probability of default at 1.9%. This value has been selected as the arithmetic average of the low-risk and high-risk values.

Furthermore, the Group has identified a group of critical receivables which includes receivables to bankrupt or insolvent entities, with a 100% probability of default. In this respect, the Group reports provisions at the level of lifetime loss in respect of all types of receivables (including provided loans).

The Group anticipates loss given default (LGD) at 100%, if no guarantee or collateral was stipulated.

The Group always reports lifetime expected credit loss in respect of trade receivables, contract assets and receivables arising from leases.

The allowance amount measured in line with the above-described rating-based system additionally includes factors specific to the given debtors, if such information is available to the Group.

In respect of other financial instruments, the Group reports lifetime expected credit loss for their duration, provided a significant increase in credit risk has occurred since initial recognition. However, if credit risk has not significantly increased since initial recognition in respect of the financial instrument, the Group will calculate the allowance for the loss arising from this financial instrument in the amount of expected credit losses over 12 months.

Write-off of Receivables

The Group assesses default receivables. If the receivable is assessed not to be recoverable by any means and the statute of limitations has expired – i.e. a period greater than 3 years from the due date – the Group's management will decide to write it off.

Impairment losses

The aging analysis and impairment losses in respect of financial assets with the exception of cash and cash equivalents as of the balance sheet date are as follows:

Trade and other receivables and contract assets

As of 31 December 2023

(EUR '000)	**Gross**	**Allowance**	**Average credit loss**	**Credit impaired**
Group*				
1	172,693	(5,325)	(3.08)%	No
2	49,293	(3,930)	(7.97)%	No
3	43,019	(20,103)	(46.73)%	No
4	—	—	0.00%	
Total	**265,005**	**(29,358)**		
Maturity				
Covered portion of financial assets	40,167	—	0.00%	No
Before due date	130,875	(36)	(0.03)%	No
1-90 days past due	50,827	(137)	(0.27)%	No
91-180 days past due	8,717	(266)	(3.05)%	No
181-360 days past due	10,362	(4,861)	(46.91)%	Yes
More than 360 days past due	24,057	(24,058)	(100.00)%	Yes
Total	**265,005**	**(29,358)**		

* Low risk (Group 1), Middle risk (Group 2), High risk (Group 3), Critical (Group 4)

As of 31 December 2022

(EUR '000)	**Gross**	**Allowance**	**Average credit loss**	**Credit impaired**
Group*				
1	169,499	(9,384)	(5.54)%	No
2	54,857	(3,732)	(6.80)%	No
3	38,365	(5,663)	(14.76)%	No
4	—	—	0.00%	
Total	**262,721**	**(18,779)**		
Maturity				
Covered portion of financial assets	105,298	—	0.00%	No
Before due date	105,482	(1,504)	(1.47)%	No
1-90 days past due	26,100	(835)	(3.20)%	No
91-180 days past due	5,064	(188)	(3.71)%	No
181-360 days past due	9,050	(4,525)	(50.00)%	Yes
More than 360 days past due	11,727	(11,727)	(99.61)%	Yes
Total	**262,721**	**(18,779)**		

* Low risk (Group 1), Middle risk (Group 2), High risk (Group 3), Critical (Group 4)

As of 31 December 2021

(EUR '000)	**Gross**	**Allowance**	**Average credit loss**	**Credit impaired**
Group*				
1	99,671	(6,656)	(6.47)%	No
2	45,816	(3,967)	(8.66)%	No
3	22,093	(1,957)	(8.86)%	No
4	1,145	(1,145)	(100.00)%	No
Total	**168,725**	**(13,725)**		
Maturity				
Covered portion of financial assets	39,014	—	0.00%	No
Before due date	105,309	(1,583)	(1.50)%	No
1-90 days past due	8,139	(183)	(2.24)%	No
91-180 days past due	3,103	(114)	(3.69)%	No
181-360 days past due	2,666	(1,333)	(50.00)%	Yes
More than 360 days past due	10,494	(10,512)	(100.00)%	Yes
Total	**168,725**	**(13,725)**		

* Low risk (Group 1), Middle risk (Group 2), High risk (Group 3), Critical (Group 4)

Provided loans and other financial assets

The stated gross amounts and allowances include current and non-current loans and other financial assets, excluding derivatives and bank accounts with limited access.

As of 31 December 2023

(EUR '000)	**Gross**	**Allowance**	**Average credit loss**	**Credit impaired**
Group				
1	205,970	(4,607)	(2.24)%	No
2	13,260	(123)	(0.93)%	No
3	14,645	(10,677)	(72.91)%	No
Total	**233,875**	**(15,407)**		

(EUR '000)	**Gross**	**Allowance**	**Average credit loss**	**Credit impaired**
Maturity				
Covered portion of financial assets	38,723	—	0.00%	No
Before due date	190,736	(12,284)	(6.44)%	No
1-90 days past due	1,315	(24)	(1.80)%	No
91-180 days past due	1	—	(4.17)%	No
181-360 days past due	2	(1)	(48.78)%	No
More than 360 days past due	3,098	(3,098)	(100.00)%	Yes
Total	**233,875**	**(15,407)**		

As of 31 December 2022

(EUR '000)	**Gross**	**Allowance**	**Average credit loss**	**Credit impaired**
Group				
1	192,491	(4,936)	(2.57)%	No
2	7,222	(12)	(0.17)%	No
3	—	—	0.00%	No
Total	**199,713**	**(4,948)**		

(EUR '000)	**Gross**	**Allowance**	**Average credit loss**	**Credit impaired**
Maturity				
Covered portion of financial assets	8,804	—	0.00%	No
Before due date	186,118	(196)	(0.11)%	No
1-90 days past due	—	—	0.00%	No
91-180 days past due	—	—	0.00%	No
181-360 days past due	76	(38)	0.00%	No
More than 360 days past due	4,715	(4,714)	(100.00)%	Yes
Total	**199,713**	**(4,948)**		

As of 31 December 2021

(EUR '000)	**Gross**	**Allowance**	**Average credit loss**	**Credit impaired**
Group				
1	120,716	(109)	(0.09)%	No
2	1,906	(2)	(0.10)%	No
3	2,524	(2,524)	(100.00)%	No
Total	**125,146**	**(2,635)**		

(EUR '000)	**Gross**	**Allowance**	**Average credit loss**	**Credit impaired**
Maturity				
Covered portion of financial assets	3,049	—	0.00%	No
Before due date	119,558	(109)	(0.09)%	No
1-90 days past due	13	—	(1.79)%	No
91-180 days past due	—	—	0.00%	No
181-360 days past due	—	—	0.00%	No
More than 360 days past due	2,526	(2,526)	(100.00)%	Yes
Total	**125,146**	**(2,635)**		

The movements reported in allowances against financial assets are as follows:

(EUR '000)	**Allowance as of**		
	2023	**2022**	**2021**
Balance at 1 January	**25,878**	**17,557**	**15,258**
Impairment losses reported during the period	29,289	9,663	5,393
Cancellation of the impairment loss reported during the period	(5,605)	(1,628)	(2,962)
Acquisitions through business combinations	55	—	—
Sale of equity investment with loss of control	(2,152)	—	(881)
Impact of changes in FX rates	(2,699)	286	749
Balance at 31 December	**44,766**	**25,878**	**17,557**

As of the balance sheet date, the maximum exposure to credit risk is classified by counterparty and geographical location as presented in the tables below.

Credit Risk by Counterparty

As of 31 December 2023 *(EUR '000)*	Legal entities (non-financial institutions)	State, government	Financial institutions	Individuals	Other	Total
Assets						
Loans and other financial assets	171,546	2	40,173	61,888	—	**273,609**
Trade and other receivables	179,357	13,662	12,935	4,168	10,314	**220,436**
Contract assets	13,434	1,777	—	—	—	**15,211**
Tax receivables	1,365	24,441	983	—	—	**26,789**
Cash and cash equivalents	—	4,955	558,910	—	—	**563,865**
Total	**365,702**	**44,837**	**613,001**	**66,056**	**10,314**	**1,099,910**

As of 31 December 2022 *(EUR '000)*	Legal entities (non-financial institutions)	State, government	Financial institutions	Individuals	Other	Total
Assets						
Loans and other financial assets	96,797	5,627	76,234	97,312	128	**276,098**
Trade and other receivables	181,875	30,189	443	1,180	130	**213,817**
Contract assets	11,652	18,473	—	—	—	**30,125**
Tax receivables	589	15,669	—	—	—	**16,258**
Cash and cash equivalents	—	68	241,582	—	—	**241,650**
Total	**290,913**	**70,026**	**318,259**	**98,492**	**258**	**777,948**

As of 31 December 2021 *(EUR '000)*	Legal entities (non-financial institutions)	State, government	Financial institutions	Individuals	Other	Total
Assets						
Loans and other financial assets	62,866	—	22,165	59,544	93	**144,668**
Trade and other receivables	104,807	18,109	1,614	314	6	**124,850**
Contract assets	24,784	5,366	—	—	—	**30,150**
Tax receivables	680	5,016	(282)	—	—	**5,414**
Cash and cash equivalents	—	—	104,006	—	—	**104,006**
Total	**193,137**	**28,491**	**127,503**	**59,858**	**99**	**409,088**

Credit Risk by Territory

As of 31 December 2023	Czech Republic	Slovakia	Other*	Total
(EUR '000)				
Assets				
Loans and other financial assets	233,871	3,131	36,607	**273,609**
Trade receivables and other assets	56,894	19,434	144,108	**220,436**
Contract assets	1,339	—	13,872	**15,211**
Tax receivables	8,804	8,613	9,372	**26,789**
Cash and cash equivalents	303,226	72,864	187,775	**563,865**
Total	**604,134**	**104,042**	**391,734**	**1,099,910**

* The category of "Other" primarily includes receivables from other European Union countries, such as Hungary, Bulgaria, and Italy, and from other than European Union countries, such as Ukraine, USA, UAE, Pakistan, and Vietnam

As of 31 December 2022	Czech Republic	Slovakia	Other*	Total
(EUR '000)				
Assets				
Loans and other financial assets	246,856	4,110	25,132	**276,098**
Trade receivables and other assets	40,123	7,667	166,027	**213,817**
Contract assets	3,597	2,785	23,743	**30,125**
Tax receivables	8,219	2,483	5,556	**16,258**
Cash and cash equivalents	137,441	35,606	68,603	**241,650**
Total	**436,236**	**52,651**	**289,061**	**777,948**

* The category of "Other" primarily includes receivables from other European Union countries, such as Hungary and Bulgaria, and from other than European Union countries, such as United Arab Emirates, Pakistan, and Vietnam.

As of 31 December 2021	Czech Republic	Slovakia	Other*	Total
(EUR '000)				
Assets				
Loans and other financial assets	129,870	10,744	4,054	**144,668**
Trade receivables and other assets	43,451	6,709	74,690	**124,850**
Contract assets	1,048	2,328	26,774	**30,150**
Tax receivables	4,723	691	—	**5,414**
Cash and cash equivalents	98,217	3,169	2,620	**104,006**
Total	**277,309**	**23,641**	**108,138**	**409,088**

* The category of "Other" primarily includes receivables from other European Union countries, such as Hungary and Bulgaria, and from other than European Union countries, such as United Arab Emirates, Pakistan, and Vietnam.

(b) Liquidity Risk

Liquidity risk is a risk of the Group running into difficulties in meeting its commitments in relation to financial liabilities that are settled through cash or other financial assets. Individual Group entities use different methods to manage liquidity risk.

The Group's management focuses on the methods used by financial institutions, i.e. diversifying the sources of funds. Thanks to the diversification, the Group is more flexible and its dependency, if any, on a single source of funding, is limited. Liquidity risk is primarily assessed by monitoring the changes in the structure of funding and by comparing the changes with the Group's liquidity risk management strategy.

The below-stated table presents a breakdown of the Group's contractual cash flows classified by their due dates, specifically by the period remaining from the balance sheet date until the contractual maturity date. In situations when options and payment schedules make earlier repayment possible, the Group applies maximum caution in assessing the due dates. Therefore, the due dates of liabilities are presented at the earliest possible dates. Liabilities without contractually stipulated due dates are classified under the "unspecified due date" category.

As of 31 December 2023

(EUR '000)	**Carrying amount**	**Contractual cash flows**	**Fewer than 3 months**	**3 months to 1 year**	**1 year to 5 years**	**More than 5 years**	**Unspecified due date**
Liabilities							
Loans and borrowings	806,944	887,367	62,020	232,479	495,476	46,096	51,297
Bonds	337,445	428,462	7,178	80,440	340,844	—	—
Trade and other payables	251,005	251,005	173,902	54,737	9,020	—	13,345
Lease liabilities	42,523	42,548	1,733	4,615	22,554	13,646	—
Put option	176,451	176,451	—	—	176,451	—	—
Total	**1,614,368**	**1,785,833**	**244,833**	**372,271**	**1,044,345**	**59,742**	**64,642**

As of 31 December 2022

(EUR '000)	**Carrying amount**	**Contractual cash flows**	**Fewer than 3 months**	**3 months to 1 year**	**1 year to 5 years**	**More than 5 years**	**Unspecified due date**
Liabilities							
Loans and borrowings	695,760	709,847	27,067	159,710	465,017	37,116	20,938
Bonds	190,219	222,583	2,099	6,879	211,853	—	1,753
Trade and other payables	184,205	184,205	134,682	27,437	590	—	21,496
Lease liabilities	38,268	39,453	1,574	4,556	21,171	12,153	—
Put Option	161,164	161,164	—	—	161,164	—	—
Total	**1,269,616**	**1,317,252**	**165,422**	**198,582**	**859,795**	**49,269**	**44,187**

As of 31 December 2021

(EUR '000)	**Carrying amount**	**Contractual cash flows**	**Fewer than 3 months**	**3 months to 1 year**	**1 year to 5 years**	**More than 5 years**	**Unspecified due date**

Liabilities							
Loans and borrowings	187,575	201,240	19,968	69,095	82,461	3,731	25,985
Bonds	184,066	215,460	2,072	6,425	206,963	—	—
Trade and other payables	87,587	87,586	62,287	17,384	6,733	—	1,183
Lease liabilities	26,277	27,096	1,411	2,677	15,196	7,812	—
Put Option	—	—	—	—	—	—	—
Total	**485,505**	**531,382**	**85,738**	**95,581**	**311,353**	**11,543**	**27,168**

The value of loans under "unspecified due date" represents loans that have no set contractual maturity but they are payable upon the creditor's request.

The contractual cash flows are higher than the carrying amount due to the inclusion of unrecognised future interest.

The Group does not expect that the cash flows included in the analysis of due dates would fall due earlier or in much larger volumes.

Among others, financial liabilities were also used to fund non-current assets and inventories.

(c) Interest Rate Risk

During its activities, the Group is exposed to the risk of interest rate fluctuations, the reason being that the interest-bearing assets (including investments) and interest-bearing liabilities have various due dates or interest rate refixing dates. The period during which a specific financial instrument has a fixed interest rate shows to what extent the financial instrument is exposed to interest rate risk.

The Group manages interest rate risk through interest rate swaps. As of 31 December 2023, CZECHOSLOVAK GROUP a.s. had interest rate swaps in place for the CZK bonds to hedge the floating 6M Pribor interest rates at fixed rates from 1.22% to 5.39% in the total volume of CZK 2,900,000 thousand (EUR 120,257 thousand) during the period from 2024 to 2026. For a credit facility in EUR, the company hedged floating 1M-6M Euribor interest rates at fixed rates from 0.49% to 3.74% in the total volume of EUR 120,290 thousand during the period from 2024 to 2028. Additionally, the company had concluded two currency interest rate swaps CZK/EUR. The first one in the volume of CZK 467,480 thousand / EUR 19,050 thousand with a fixed rate of 16.65% for the CZK portion and 6M Euribor + 11% for the EUR portion and the second one in the volume of CZK 1,683,500 thousands / EUR 70,000 with a fixed rate of 8% for the CZK portion and with a fixed rate 7.18% for the EUR portion.

As of 31 December 2023, JOB AIR TECHNIC a.s. had concluded interest rate swaps at fixed rates ranging from 1.21% to 3.25% to hedge the floating interest rates of loans amounting to EUR 2,987,218 and USD 685,662.

As of 31 December 2023, DAKO-CZ a.s. had concluded interest rate swaps at fixed rates ranging from 1.4% to 1.55% to hedge the floating interest rates of loans amounting to EUR 30,240,000.

As of 31 December 2022, CZECHOSLOVAK GROUP a.s. had interest rate swaps in place for the CZK bonds to hedge floating 6M Pribor interest rates at fixed rates from 1.22% to 5.39% in the total volume of CZK 2,900,000 thousand (EUR 120,257 thousand) during the period from 2023 to 2026. For a credit facility in EUR, the company hedged floating 1M-3M Euribor interest rates at fixed rates from 0.49% to 2.89% in the total volume of EUR 155,039 thousand during the period from 2023 to 2028. Additionally, the company had concluded a currency interest rate swap CZK/EUR in the volume of CZK 467,480 thousand / EUR 19,050 thousand with a fixed rate of 16.65% for the CZK portion and 6M Euribor + 11% for the EUR portion.

As of 31 December 2022, JOB AIR TECHNIC a.s. had concluded interest rate swaps at fixed rates ranging from 1.21% to 3.25% to hedge the floating interest rates of loans amounting to EUR 3,690,094 and USD 423,497.

As of 31 December 2021, JOB AIR TECHNIC a.s. had concluded an interest rate swap for the fixed rate of 0.365% to hedge the floating interest rate of a loan amounting to EUR 5,833,330.

As of 31 December 2022, EXCALIBUR ARMY spol. s r.o. had concluded an interest option for the fixed rate of 0.120% to hedge the floating interest rate of a loan amounting to EUR 727,500 (2021: EUR 1,195,000).

The table presented below presents information on the level of the Group's interest rate risk either based on the contractual maturity periods of the Group's financial instruments or – in respect of financial instruments remeasured at the market interest rate before the due date – based on the date of the next interest rate change. Assets and liabilities that do not have a contractually stipulated maturity period or do not bear interest are classified under the "unspecified due date" category.

Financial information relating to interest-bearing and non-interest-bearing assets and liabilities and their contractual maturity or restatement dates as of 31 December 2023, 31 December 2022 and 31 December 2021 not including the effects of derivatives are as follows:

As of 31 December 2023	**Floating interest rate**			**Fixed interest rate or unspecified**	**Total**
(EUR '000)	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**		
Interest-bearing financial assets					
Loans and other financial assets	144,461	44,438	—	84,710	**273,609**
Total	**144,461**	**44,438**	**—**	**84,710**	**273,609**
Interest-bearing financial liabilities					
Loans and borrowings	277,273	366,628	32,411	81,087	**757,399**
Bonds	144,455	—	—	192,990	**337,445**
Put Option	—	176,451	—	—	**176,451**
Total	**421,728**	**543,079**	**32,411**	**274,077**	**1,271,295**
Net interest-rate risk balance	**(277,267)**	**(498,641)**	**(32,411)**	**(189,367)**	**(997,686)**

As of 31 December 2022	**Floating interest rate**			**Fixed interest rate or unspecified**	**Total**
(EUR '000)	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**		
Interest-bearing financial assets					
Loans and other financial assets	159,938	31,872	2,776	81,512	**276,098**
Total	**159,938**	**31,872**	**2,776**	**81,512**	**276,098**

Interest-bearing financial liabilities					
Loans and borrowings	328,228	262,232	28,964	33,324	**652,748**
Bonds	174,963	—	—	15,256	**190,219**
Put option	—	161,164	—	—	**161,164**
Total	**503,191**	**423,396**	**28,964**	**48,580**	**1,004,131**
Net interest-rate risk balance	**(343,253)**	**(391,524)**	**(26,188)**	**32,932**	**(728,033)**

As of 31 December 2021	**Floating interest rate**			**Fixed interest rate or unspecified**	**Total**
(EUR '000)	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**		
Interest-bearing financial assets					
Loans and other financial assets	19,483	10,777	—	114,408	**144,668**
Total	**19,483**	**10,777**	**—**	**114,408**	**144,668**
Interest-bearing financial liabilities					
Loans and borrowings	94,628	37,003	1,636	23,075	**156,342**
Bonds	160,853	—	—	23,213	**184,066**
Put Option	—	—	—	—	**—**
Total	**255,481**	**37,003**	**1,636**	**46,288**	**340,408**
Net interest-rate risk balance	**(235,998)**	**(26,226)**	**(1,636)**	**68,120**	**(195,740)**

Sensitivity Analysis

The Group performs stress testing using the standardised interest rate shock scenario, during which an immediate decrease/increase in interest rates of 100 basis points is applied to the portfolio interest rate positions in the whole length of the revenue curve.

As of the balance sheet date, the change in interest rates of 100 basis points would increase or decrease profit by the amounts presented in the following table. The analysis assumes that all other variables, namely foreign currency exchange rates, will remain unchanged.

(EUR '000)	**Year ended 31 December 2023**	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Interest rate decrease of 100 basis points	6,704	6,082	1,347
Interest rate increase of 100 basis points	(6,704)	(6,082)	(1,347)

Following the recognition of the above-described derivative, only a portion of EUR 27,165 thousand (2022: EUR 69,706 thousand) of the financial liabilities from issued bonds is effectively exposed to the floating interest rate risk.

Bonds (EUR '000)	**Year ended 31 December 2023**	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Interest rate decrease of 100 basis points	272	697	764
Interest rate increase of 100 basis points	(272)	(697)	(764)

The fair value of CSG's bonds (net price without accrued interest as of 31 December 2023 is EUR 53,078 thousand for the VAR/24 issue, EUR 80,853 thousand for the VAR/26 issue, EUR 14,285 thousand for the VAR/26 issue issued in EUR, EUR 10,923 thousand for the VAR/27 issue issued in EUR and 179,086 thousand for the CSG 8,00/28 issued in CZK.

The fair value of CSG's bonds (net price without accrued interest) as of 31 December 2022 is EUR 82,933 thousand for the VAR/24 issue, EUR 82,408 thousand for the VAR/26 issue, and EUR 13,846 thousand for the VAR/26 issue issued in EUR and EUR 9,007 thousand for the VAR/27 issue issued in EUR.

(d) Currency Risk

The Group's financial positions and cash flows are affected by fluctuations in the effective foreign exchange rate.

The entities in the Group are exposed to currency risk in relation to sales, purchases and loans denominated in currencies other than the relevant functional currencies applied by the Group. This primarily includes EUR and USD in respect of Czech entities and CZK and USD in respect of Slovak entities. For more information about the countries where the entities primarily operate, refer to Note 36.

The Company manages currency risk by concluding derivative transactions to hedge future cash flows (however, this does not constitute hedge accounting) and also covers currency risk management for the CSG Group.

The table below presents a summary of currency derivatives in nominal values for years 2023 – 2026 recorded by the Group as of 31 December 2023 (the values are presented in EUR thousand as equivalents):

As of 31 December 2023

(EUR '000)	**2023**			**2024**			**2025**			**2026**		
	EUR	**USD**	**Total**	**EUR**	**USD**	**Total**	**EUR**	**USD**	**Total**	**EUR**	**USD**	**Total**
Currency derivatives for purchase												
FX forward	13,558	—	**13,558**	—	—	—	—	—	—	—	—	—
Total currency derivatives for purchase	**13,558**	**—**	**13,558**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Currency derivatives for sale												
FX forward	162,119	6,767	**168,886**	97,038	6,188	103,226	26,403	4,872	31,275	12,591	—	12,591
FX Swap	1,386	—	1,386	—	—	—	—	—	—	—	—	—
Total currency derivatives for sale	**163,505**	**6,767**	**170,272**	**97,038**	**6,188**	**103,226**	**26,403**	**4,872**	**31,275**	**12,591**	**—**	**12,591**

As of 31 December 2022

(EUR '000)	**2023**			**2024**			**2024**			**2025**		
	EUR	**USD**	**Total**	**EUR**	**USD**	**Total**	**EUR**	**USD**	**Total**	**EUR**	**USD**	**Total**
Currency derivatives for purchase												
FX forward	19,222	—	**19,222**	4,768	—	**4,768**	—	—	—	—	—	—
FX Option	1,308	—	1,308	—	—	—	—	—	—	—	—	—
FX Swap	14,322	—	14,322	—	—	—	—	—	—	—	—	—
Total currency derivatives for purchase	**34,852**	—	**34,852**	**4,768**	—	**4,768**	—	—	—	—	—	—
Currency derivatives for sale												
FX forward	125,524	12,185	**137,709**	116,370	6,106	**122,476**	52,653	6,345	**58,998**	1,146	4,995	**6,141**
FX Option	1,701	—	**1,701**	—	—	—	—	—	—	—	—	—
FX Swap	3,053	—	**3,053**	—	—	—	—	—	—	—	—	—
Total currency derivatives for sale	**130,278**	**12,185**	**142,463**	**116,370**	**6,106**	**122,476**	**52,653**	**6,345**	**58,998**	**1,146**	**4,995**	**6,141**

As of 31 December 2021

(EUR '000)	**2023**			**2024**			**2023**			**2024**		
	EUR	**USD**	**Total**	**EUR**	**USD**	**Total**	**EUR**	**USD**	**Total**	**EUR**	**USD**	**Total**
Currency derivatives for purchase												
FX forward	12,184	—	**12,184**	—	—	—	—	—	—	—	—	—
FX Option	28,129	—	**28,129**	1,269	—	**1,269**	—	—	—	—	—	—
Total currency derivatives for purchase	**40,313**	—	**40,313**	**1,269**	—	**1,269**	—	—	—	—	—	—
Currency derivatives for sale												
FX forward	155,402	16,055	**171,457**	97,337	2,545	**99,882**	54,500	—	**54,500**	30,659	—	**30,659**
FX Option	30,382	—	**30,382**	1,650	—	**1,650**	—	—	—	—	—	—
FX Swap	66,155	—	**66,155**	2,154	—	**2,154**	—	—	—	—	—	—
Total currency derivatives for sale	**251,939**	**16,055**	**267,994**	**101,141**	**2,545**	**103,686**	**54,500**	—	**54,500**	**30,659**	—	**30,659**

The fair value of the open positions disclosed above amounts to EUR 18,433 thousand in the financial assets line and EUR 6,984 thousand in the financial liabilities line, see Note 21.

The following tables present the structure of assets and liabilities as of 31 December 2023 (31 December 2022 and 31 December 2021) by currency (translated to EUR thousand) at the level of the Group:

As of 31 December 2023

(EUR '000)	**CZK**	**EUR**	**USD**	**Other**	**Total**
Assets					
Loans and other financial assets	154,761	96,336	7,124	15,388	**273,609**
Trade and other receivables	42,425	136,670	37,586	3,755	**220,436**
Contract assets	1,339	13,135	726	11	**15,211**
Cash and cash equivalents	53,018	436,983	71,643	2,221	**563,865**
Total assets	**251,543**	**683,124**	**117,079**	**21,375**	**1,073,121**
Liabilities					
Loans, borrowings and other financial instruments	40,275	750,502	10,857	5,310	**806,944**
Bonds	337,445	—	—	—	**337,445**
Trade and other payables	65,914	247,759	40,664	2,448	**356,785**
Liability from put option	—	176,451	—	—	**176,451**
Total liabilities	**443,634**	**1,174,712**	**51,521**	**7,758**	**1,677,625**
Net currency risk balance	**(192,091)**	**(491,588)**	**65,558**	**13,614**	**(604,504)**

As of 31 December 2022

(EUR '000)	**CZK**	**EUR**	**USD**	**Other**	**Total**
Assets					
Loans and other financial assets	157,046	79,577	11,345	28,130	**276,098**
Trade and other receivables	39,459	120,167	49,366	4,825	**213,817**
Contract assets	3,609	9,971	16,545	—	**30,125**
Cash and cash equivalents	44,637	155,851	39,216	1,946	**241,650**
Total assets	**244,751**	**365,566**	**116,472**	**34,901**	**761,690**
Liabilities					
Loans, borrowings and other financial instruments	58,583	635,881	—	1,296	**695,760**
Bonds	190,219	—	—	—	**190,219**
Trade and other payables	65,939	127,121	40,960	4,463	**238,483**
Liability from put option	—	161,164	—	—	**161,164**
Total liabilities	**314,741**	**924,166**	**40,960**	**5,759**	**1,285,626**
Net currency risk balance	**(69,990)**	**(558,600)**	**75,512**	**29142**	**(523,936)**

As of 31 December 2021

(EUR '000)	CZK	EUR	USD	Other	Total
Assets					
Loans and other financial assets	101,214	40,674	2,778	2	**144,668**
Trade and other receivables	39,415	39,112	42,852	3,471	**124,850**
Contract assets	812	29,338	—	—	**30,150**
Cash and cash equivalents	76,444	19,717	6,464	1,381	**104,006**
Total assets	**217,885**	**128,841**	**52,094**	**4,854**	**403,674**
Liabilities					
Loans, borrowings and other financial instruments	77,389	102,309	7,671	206	**187,575**
Bonds	184,066	—	—	—	**184,066**
Trade and other payables	59,005	39,106	23,940	949	**123,000**
Total liabilities	**320,460**	**141,415**	**31,611**	**1,155**	**494,641**
Net currency risk balance	**(102,575)**	**(12,574)**	**20,483**	**3,699**	**(90,967)**

The following tables present the exposure to currency risk as of 31 December 2023 (31 December 2022 and 31 December 2021) without the recognition of financial derivatives:

As of 31 December 2023

(EUR '000)	CZK	EUR	USD	Other	Total
Assets					
Loans and other financial assets	—	92,587	7,124	15,388	**115,099**
Trade and other receivables	170	88,694	23,599	3,755	**116,218**
Contract assets	—	13,135	726	11	**13,872**
Cash and cash equivalents	—	323,195	33,778	2,221	**359,194**
Total assets	**170**	**517,611**	**65,227**	**21,375**	**604,383**
Liabilities					
Loans, borrowings and other financial instruments	—	436,906	9,754	5,310	**451,970**
Trade and other payables	66	112,957	22,109	2,448	**137,580**
Put Option	—	176,451	—	—	**176,451**
Total liabilities	**66**	**726,314**	**31,863**	**7,758**	**766,001**
Net currency risk balance	**104**	**(208,703)**	**33,364**	**13,617**	**(161,618)**

As of 31 December 2022

(EUR '000)	**CZK**	**EUR**	**USD**	**Other**	**Total**
Assets					
Loans and other financial assets	—	75,355	11,345	28,130	**114,830**
Trade and other receivables	—	73,236	49,366	4,825	**127,427**
Contract assets	—	9,983	16,546	—	**26,529**
Cash and cash equivalents	2	87,516	39,216	1,946	**128,680**
Total assets	**2**	**246,090**	**116,473**	**34,901**	**397,466**
Liabilities					
Loans, borrowings and other financial instruments	—	329,121	—	1,296	**330,417**
Trade and other payables	—	35,774	40,960	4,463	**81,197**
Put Option	—	161,164	—	—	**161,164**
Total liabilities	—	**526,059**	**40,960**	**5,759**	**572,778**
Net currency risk balance	**2**	**(279,969)**	**75,513**	**29,142**	**(175,312)**

As of 31 December 2021

(EUR '000)	**CZK**	**EUR**	**USD**	**Other**	**Total**
Assets					
Loans and other financial assets	—	29,943	2,778	2	**32,723**
Trade and other receivables	—	29,446	42,853	3,470	**75,770**
Contract assets	—	24,471	—	—	**24,471**
Cash and cash equivalents	12	13,994	6,463	1,382	**21,850**
Total assets	**12**	**97,854**	**52,094**	**4,854**	**154,814**
Liabilities					
Loans, borrowings and other financial instruments	—	45,485	7,671	206	**53,362**
Trade and other payables	46	16,981	23,940	949	**41,916**
Put Option	—	—	—	—	**—**
Total liabilities	**46**	**62,466**	**31,611**	**1,155**	**95,278**
Net currency risk balance	**(34)**	**35,388**	**20,483**	**3,699**	**59,536**

The following material exchange rates were applied during the year:

	31 December 2023		**31 December 2022**		**31 December 2021**	
EUR	**Average rate**	**Spot exchange rate as of the balance sheet date**	**Average rate**	**Spot exchange rate as of the balance sheet date**	**Average rate**	**Spot exchange rate as of the balance sheet date**
1 EUR	24.007	24.725	24.565	24.115	25.645	24.860
1 USD	22.210	22.376	23.360	22.616	21.682	21.951

Sensitivity Analysis

The strengthening of the Czech crown as of the balance sheet date (as presented below) compared to EUR and USD would result in an increase/decrease of equity as presented in the table below. The analysis is based on the departures from foreign currency exchange rates which the Group considered to be sufficiently likely at of the balance sheet date. The sensitivity analysis anticipates that all other variables, namely interest rates, will remain unchanged.

Effect on profit or loss in EUR thousand	**31 December 2023**	**31 December 2022**	**31 December 2021**
EUR (10% strengthening)	129	478	51
USD (10% strengthening)	(135)	(304)	(93)

The weakening of the Czech crown as of the balance sheet date compared to the above-listed currencies would have the same effect (albeit with the opposite sign), provided that all the other variables remained the same.

(e) Operating Risk

Operating risk is a risk of losses arising from embezzlement, unlawful activities, errors, negligence, inefficiency or system failure. The risk of this type arises during all of the Group's activities and all of the corporate entities are exposed to it. Operating risk also includes legal risk.

The Group's objective is to manage operating risk so that balance is preserved between preventing financial losses and damage to the Group's good name on the one hand, and the total effectiveness of the costs incurred on the other hand. In addition, risk management procedures should not hinder initiative and creativity.

The primary responsibility for the implementation of control mechanisms to cope with operating risks is borne by management of each subsidiary. The Group's management is responsible for managing operating risks, whereby it may set the direction of procedures and measures resulting in the mitigation of operating risks and the adoption of decisions about:

- The acknowledgement of individual existing risks;
- The commencement of processes that will result in the mitigation of possible effects; or
- A decrease in the extent of risky activities or their full discontinuation.

(f) Capital Management

The Group's objective in managing capital is to have a sufficient amount of funds to finance additional acquisitions and settlement of financial liabilities.

The Company is subject to external capital requirements arising from bond placement terms. Furthermore, the Company and its subsidiaries are subject to requirements arising from contracts with banks.

As of the balance sheet date, the Group reported the following ratio of net debt to adjusted capital:

(EUR '000)	**31 December 2023**	**31 December 2022**	**31 December 2021**
Total liabilities	2,665,411	2,043,857	730,149
Cash and cash equivalents	(563,865)	(241,650)	(104,006)
Adjusted net debt	**2,101,546**	**1,802,207**	**626,143**
Total equity attributable to the holders of the Company	460,438	316,581	346,501
Adjusted capital	**460,438**	**316,581**	**346,501**
Ratio of debt to adjusted capital	4.56	5.69	1.81

33. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the group's consolidated cash flow statement as cash flows from financing activities.

			Non-cash changes						
("EUR '000")	**1 January 2023**	**Financing cash flows**	**Equity component of convertible notes**	**Acquisition of subsidiary (note 5)**	**Disposal of subsidiary (note 5)**	**Fair value adjustments**	**New leases**	**Other changes**	**31 December 2023**
Convertible loan notes	—	—	—	—	—	—	—	—	—
Perpetual notes	—	—	—	—	—	—	—	—	—
Bank loans (note 20)	612,293	76,170	—	12,731	(16,322)	—	—	33,182	718,054
Loans from related parties (note 20)	28,507	5,592	—	—	—	—	—	4,189	38,288
Loans from third parties (Note 20)	11,948	(10,281)	—	—	—	—	—	(610)	1,057
Lease liabilities (note 18)	38,268	(9,316)	—	6,598	(24)	—	3,110	3,887	42,523
Bills of exchange									
Redeemable preference shares	—	—	—	—	—	—	—	—	—
Bonds (Note 20)	190,219	130,332	—	—	—	—	—	16,894	337,445
Interest rate swaps fair value hedging, FDVK IORZ KHGJLQJ or economically hedging financing liabilities	533	—	—	—	—	—	—	6,451	6,984
Total liabilities from financing activities	**881,768**	**192,496**	**—**	**19,329**	**(16,346)**	**—**	**3,110**	**63,994**	**1,144,351**

34. OPERATING SEGMENTS

The Group identifies operating segments at the level of divisions which represents the main pillars of the Group's business. Divisions comprise of individual member companies. Each Division has its own management, which coordinates the development, production, and business activities of the member companies which allows them to implement complex projects and create synergies.

Information reported to the group's Board of Directors which is also the Chief Operating Decision Maker ("CODM") for the purposes of resource allocation and assessment of segment performance is focused on revenue, Operating EBITDA, EBITDA, profit after tax, and additions to tangible and intangible assets of each division.

The Group's reportable segments under IFRS 8 therefore are as follows:

(1) CSG AEROSPACE

The following entities operate in this segment: Ceska letecka servisnf a.s., EUROPEAN ATR SERVICES s.r.o., JOB AIR Technic a.s., ELDIS Pardubice, s.r.o., and RETIA a.s. These entities principally focus on the development and production of radar systems, development of air traffic control systems and maintenance and repairs of aircraft and aircraft equipment.

(2) CSG DEFENCE

Group entities whose principal business activity involves trade and manufacturing activities, or providing services in the area of military material, military equipment and systems belong to the CSG DEFENCE segment. A major portion of sales is realised with external customers outside the CSG Group, namely in the European Union, Ukraine, Asia and Africa. This segment is dominated by Excalibur Army s.r.o., Czech leader on the military material market offering a wide range of military vehicles, weapon systems and ammunition for which it provides comprehensive services – spare parts, ammunition, repairs and modernisation. Some vehicles are manufactured internally directly by Excalibur Army s.r.o. and so is a wide array of spare parts. EXCALIBUR INTERNATIONAL a.s. is a separate entity which does not belong directly under CSG Defence division. However, by nature of its main business, the Group decided to include it under the defense segment for the reporting purposes. The company's activity is mainly trading with defense material, aviation technology and special material including related logistics and after-sale services. TATRA DEFENCE VEHICLE focuses mainly on the development, production, overhaul and modernisation of mainly armoured and special vehicles for domestic and foreign customers. The Slovak entity MSM Martin a.s. predominantly focuses on the repairs of ground military equipment and modernisation of military and special vehicles including the sale of spare parts. Furthermore, the company specialises in the production of ammunition; its services cover the entire ammunition life cycle including technical life extensions. The Company also develops and produces radio-navigation electronics. The Slovak entities ZVS deal with the production of ammunition and development, production and sale of guns. The Spanish company FABRICA DE MUNICIONES DE GRANADA S.L. predominantly manufactures ammunition.

(3) CSG MOBILITY

Major players in the CSG MOBILITY segment principally include TRUCK SERVICE GROUP s.r.o., NIKA DEVELOPMENT a.s., and TATRA MANUFACTURE a.s. The company TRUCK SERVICE GROUP s.r.o. is mainly dedicated to the purchase, overhaul and financing of TATRA vehicles.

DAKO-CZ, a.s. dominates as a manufacturer of pneumatic, electromechanical, and hydraulic braking systems and components for rail vehicles with a 205-year tradition. Additionally, the subsidiaries of the aforementioned manufacturer also play a significant role. Companies in this segment realise most of their sales outside the CSG Group.

(4) CSG AMMO+

This segment was created through a significant acquisition of a 70% equity interest in the Fiocchi Group, which is the world's third largest small-calibre ammunition manufacturer. The Italian family-owned company, originally founded in 1876, has production facilities not only in its country of origin, but also in the UK and the USA. The main representative of the group is Fiocchi Munizioni S.p.A., followed by its subsidiaries Fiocchi of America Inc and Fiocchi UK Limited.

(5) OTHER

The operating segment includes entities having an economic specialisation different from that of entities included in the operating segments disclosed above. The income generated by those entities is principally attributable to the rental of real estate and sales of consumables. Since 2021, this segment was expanded to include Prague Fertility Centre, a clinic for assisted reproduction.

The above-specified operating segments have their individual management at the level of individual entities; their accounting policies are identical. The Company accounts for the income and transactions between segments as if they represented income and transaction with third parties, i.e. at the level of arm's length prices.

The following tables summarise the information on operating segments for the period from 1 January 2023 to 31 December 2023 and as of 31 December 2023, for the period from 1 January 2022 to 31 December 2022 and as of 31 December 2022 and for the period from 1 January 2021 to 31 December 2021 and as of 31 December 2021:

Year ended 31 December 2023 *(EUR '000)*	**CSG AEROSPACE**	**CSG DEFENCE**	**CSG AMMO+**	**CSG MOBILITY**	**OTHER**	**Elimination of intercompany relations**	**Consolidated data**
Revenues - external customers	225,001	1,051,990	368,424	66,319	22,696	—	1,734,430
Revenues between segments	31,005	115,195	7,146	1,044	16,920	(171,310)	—
Revenues	**256,007**	**1,167,185**	**375,570**	**67,363**	**39,615**	**(171,310)**	**1,734,430**
Raw material and consumables	(165,469)	(596,385)	(194,299)	(22,316)	(10,355)	147,976	(840,848)
External costs	(33,302)	(151,337)	(43,927)	(11,452)	(26,512)	21,275	(245,255)
Employee benefits expense	(41,425)	(50,612)	(70,305)	(17,118)	(14,698)	4	(193,974)
Depreciation and amortisation expense	(12,048)	(13,315)	(25,790)	(3,964)	(5,537)	—	(60,654)
Other operating income	4,921	(3,319)	2,745	1,956	11,239	534	18,076
Other operating expense	(3,974)	(23,664)	(6,280)	(4,622)	4,568	325	(33,647)
Profit (loss) from operating activities	**4,890**	**328,553**	**37,714**	**9,847**	**(1,680)**	**(1,196)**	**378,128**
Financial income	3,015	16,124	(131)	6,384	22,029	(24,267)	23,154
Financial expense	(7,701)	(31,978)	(31,287)	(12,357)	(45,644)	24,860	(104,107)
Profit (loss) from other financial instruments	(1,397)	1,082	(547)	(784)	(19,024)	11	(20,659)
Profit (loss) from financing activities	**(6,083)**	**(14,771)**	**(31,965)**	**(6,757)**	**(42,640)**	**604**	**(101,612)**
Share of profit (loss) of associates and joint ventures, net	—	—	249	(415)	484	—	648
Profit (loss) from the sale of equity interests	1,326	441	—	—	(1)	—	1,766
Profit (loss) before tax	**133**	**314,223**	**5,998**	**3,505**	**(43,837)**	**(593)**	**278,430**
Income tax	274	(62,497)	(3,878)	(1,528)	(1,088)	—	(68,717)
Net profit (loss) from continuing operations	**406**	**251,726**	**2,121**	**1,976**	**(44,923)**	**(593)**	**210,713**

Calculation of EBITDA

Year ended 31 December 2023 *(EUR '000)*	CSG AEROSPACE	CSG DEFENCE	CSG AMMO+	CSG MOBILITY	OTHER	Elimination of intercompany relations	Consolidated data
Net profit (loss) from continuing operations	**406**	**251,726**	**2,121**	**1,976**	**(44,923)**	**(593)**	**210,713**
Interest income	1,751	11,369	610	6,687	18,775	(17,393)	21,799
Interest expense	(5,762)	(16,538)	(28,389)	(9,472)	(46,562)	18,048	(88,675)
Interest expense from lease liabilities	(179)	(455)	(144)	(9)	(573)	—	(1,360)
Net interest profit (loss)	**(4,190)**	**(5,623)**	**(27,922)**	**(2,794)**	**(28,362)**	**655**	**(68,236)**
Income tax	274	(62,497)	(3,878)	(1,528)	(1,088)	—	(68,717)
EBIT	**4,322**	**319,846**	**33,920**	**5,797**	**(15,473)**	**(1,247)**	**347,165**
Depreciation and amortisation expense	(12,048)	(13,315)	(25,790)	(3,964)	(5,537)	—	(60,654)
EBITDA	**16,370**	**333,161**	**59,711**	**9,760**	**(9,936)**	**(1,247)**	**407,819**

Calculation of OPERATING EBITDA

Year ended 31 December 2023 *(EUR '000)*	CSG AEROSPACE	CSG DEFENCE	CSG AMMO+	CSG MOBILITY	OTHER	Elimination of intercompany relations	Consolidated data
Net profit (loss) from continuing operations	**406**	**251,726**	**2,121**	**1,976**	**(44,922)**	**(593)**	**210,212**
Income tax	274	(62,497)	(3,878)	(1,528)	(1,088)	—	(68,717)
Profit (loss) before tax	**132**	**314,223**	**5,999**	**3,505**	**(43,834)**	**(593)**	**278,929**
Share of profit (loss) of associates and joint ventures, net	—	—	249	415	486	—	648
Profit (loss) from the sale of equity interests	1,326	441	—	—	(1)	—	1,766
Profit (loss) from financing activities	**(6,083)**	**(14,771)**	**(31,965)**	**(6,757)**	**(42,640)**	**604**	**(101,612)**
Financial income	3,015	16,124	(131)	6,384	22,029	(24,267)	23,154
Financial expense	(7,701)	(31,978)	(31,287)	(12,357)	(45,644)	24,860	(104,107)
Profit (loss) from other financial instruments	(1,397)	1,082	(547)	(784)	(19,024)	11	(20,659)
Profit (loss) from operating activities	**4,890**	**328,553**	**37,714**	**9,847**	**(1,680)**	**(1,196)**	**378,128**
Depreciation and amortisation expense	(12,050)	(13,315)	(25,790)	(3,964)	(5,537)	—	(60,654)
OPERATING EBITDA	**16,937**	**341,869**	**63,504**	**13,811**	**3,859**	**(1,196)**	**438,782**

Year ended 31 December 2022 *(EUR '000)*	**CSG AEROSPACE**	**CSG DEFENCE**	**CSG AMMO+**	**CSG MOBILITY**	**OTHER**	**Elimination of intercompany relations**	**Consolidated data**
Revenues - external customers	94,214	766,964	26,455	96,628	30,705	—	**1,014,966**
Revenues between segments	9,925	3,993	—	503	10,137	(24,558)	—
Revenues	**104,139**	**770,957**	**26,455**	**97,131**	**40,842**	**(24,558)**	**1,014,966**
Raw material and consumables	(22,650)	(465,191)	(13,581)	(41,519)	(3,351)	3,638	(542,654)
External costs	(25,396)	(119,561)	(5,055)	(14,921)	(23,810)	20,266	(168,477)
Employee benefits expense	(35,097)	(30,824)	(5,450)	(17,433)	(12,354)	1	(101,157)
Depreciation and amortisation expense	(9,531)	(11,682)	(1,483)	(3,173)	(2,419)	—	(28,288)
Other operating income	3,916	7,487	1,012	1,307	2,597	203	16,963
Other operating expense	(4,985)	(11,043)	(1,145)	(2,882)	(8,937)	644	(28,789)
Profit (loss) from operating activities	**10,396**	**140,143**	**753**	**18,510**	**(7,432)**	**194**	**162,564**
Financial income	4,419	(582)	1,029	5,486	14,773	(11,027)	14,098
Financial expense	(6,902)	(11,548)	(3,960)	(3,163)	(24,735)	10,837	(39,471)
Profit (loss) from other financial instruments	1,338	5,678	285	4,523	22,360	—	34,184
Profit (loss) from financing activities	**(1,145)**	**(6,452)**	**(2,646)**	**6,846**	**12,398**	**(190)**	**8,811**
Share of profit (loss) of associates and joint ventures, net	—	—	—	2,094	7,551	—	9,645
Profit (loss) from the sale of equity interests	—	1,700	—	—	(1,282)	—	418
Profit (loss) before tax	**9,251**	**135,391**	**(1,893)**	**27,450**	**11,235**	**4**	**181,438**
Income tax	(4,273)	(26,420)	(297)	(5,056)	(4,531)	—	(40,577)
Net profit (loss) from continuing operations	**4,978**	**108,971**	**(2,190)**	**22,394**	**6,704**	**4**	**140,861**

Calculation of EBITDA

Year ended 31 December 2022 *(EUR '000)*	**CSG AEROSPACE**	**CSG DEFENCE**	**CSG AMMO+**	**CSG MOBILITY**	**OTHER**	**Elimination of intercompany relations**	**Consolidated data**
Net profit (loss) from continuing operations	**4,978**	**108,971**	**(2,190)**	**22,394**	**6,704**	**4**	**140,861**
Interest income	3,532	3,713	6	818	13,119	(7,729)	13,459
Interest expense	(4,692)	(6,866)	(2,633)	(1,743)	(22,685)	7,782	(30,837)
Interest expense from lease liabilities	(134)	(423)	(23)	(12)	(347)	—	(939)
Net interest profit (loss)	**(1,294)**	**(3,576)**	**(2,650)**	**(937)**	**(9,913)**	**53**	**(18,317)**
Income tax	(4,273)	(26,420)	(297)	(5,056)	(4,531)	—	(40,577)
EBIT	**10,545**	**138,967**	**757**	**28,387**	**21,148**	**(49)**	**199,755**
Depreciation and amortisation expense	(9,531)	(11,682)	(1,483)	(3,173)	(2,419)	—	(28,288)
EBITDA	**20,076**	**150,649**	**2,240**	**31,560**	**23,567**	**(49)**	**228,043**

Calculation of OPERATING EBITDA

Year ended 31 December 2022 *(EUR '000)*	**CSG AEROSPACE**	**CSG DEFENCE**	**CSG AMMO+**	**CSG MOBILITY**	**OTHER**	**Elimination of intercompany relations**	**Consolidated data**
Net profit (loss) from continuing operations	**4,978**	**108,971**	**(2,190)**	**22,394**	**6,704**	**4**	**140,861**
Income tax	(4,273)	(26,420)	(297)	(5,056)	(4,531)	—	(40,577)
Profit (loss) before tax	**9,251**	**135,391**	**(1,893)**	**27,450**	**11,235**	**4**	**181,438**
Share of profit (loss) of associates and joint ventures, net	—	—	—	2,094	7,551	—	9,645
Profit (loss) from the sale of equity interests	—	1,700	—	—	(1,282)	—	418
Profit (loss) from financing activities	**(1,145)**	**(6,452)**	**(2,646)**	**6,846**	**12,398**	**(190)**	**8,811**
Financial income	4,419	(582)	1,029	5,486	14,773	(11,027)	14,098
Financial expense	(6,902)	(11,548)	(3,960)	(3,163)	(24,735)	10,837	(39,471)
Profit (loss) from other financial instruments	1,338	5,678	285	4,523	22,360	—	34,184
Profit (loss) from operating activities	**10,396**	**140,143**	**753**	**18,510**	**(7,432)**	**194**	**162,564**
Amortisation and depreciation expense	(9,531)	(11,682)	(1,483)	(3,173)	(2,419)	—	(28,288)
OPERATING EBITDA	**19,927**	**151,825**	**2,236**	**21,683**	**(5,013)**	**194**	**190,852**

Year ended 31 December 2021 *(EUR '000)*	**CSG AEROSPACE**	**CSG DEFENCE**	**CSG AMMO+**	**CSG MOBILITY**	**OTHER**	**Elimination of intercompany relations**	**Consolidated data**
Revenues - external customers	138,948	305,109	—	64,368	54,813	—	563,238
Revenues between segments	5,568	2,786	—	501	7,739	(16,594)	—
Revenues	**144,516**	**307,895**	**—**	**64,869**	**62,552**	**(16,594)**	**563,238**
Raw material and consumables	(35,620)	(179,096)	—	(25,847)	(37,800)	7,682	(270,681)
External costs	(40,015)	(65,334)	(1)	(9,524)	(13,731)	11,589	(117,016)
Employee benefits expense	(33,511)	(26,829)	—	(14,308)	(13,759)	2	(88,405)
Depreciation and amortisation expense	(9,744)	(10,816)	—	(2,827)	(4,009)	—	(27,396)
Other operating income	3,115	4,498	—	947	6,286	(2,172)	12,674
Other operating expense	(6,346)	(10,804)	—	(1,230)	(3,696)	177	(21,899)
Profit (loss) from operating activities	**22,395**	**19,514**	**(1)**	**12,080**	**(4,157)**	**684**	**50,515**
Financial income	1,159	839	—	201	7,340	(5,343)	4,196
Financial expense	(3,931)	(12,703)	—	877	(13,243)	4,592	(24,408)
Profit (loss) from other financial instruments	276	1,281	—	(40,215)	51,221	54	12,617
Profit (loss) from financing activities	**(2,496)**	**(10,583)**	**—**	**(39,137)**	**45,318**	**(697)**	**(7,595)**
Share of profit (loss) of associates and joint ventures, net	—	—	—	5,069	(431)	—	4,638
Profit (loss) from the sale of equity interests	—	5	—	—	17,039	—	17,044
Profit (loss) before tax	**19,899**	**8,936**	**(1)**	**(21,988)**	**57,769**	**(13)**	**64,602**
Income tax	(3,878)	(4,183)	—	(3,006)	(2,189)	—	(13,256)
Net profit (loss) from continuing operations	**16,021**	**4,753**	**(1)**	**(24,994)**	**55,580**	**(13)**	**51,346**

Calculation of EBITDA

Year ended 31 December 2021 *(EUR '000)*	**CSG AEROSPACE**	**CSG DEFENCE**	**CSG AMMO+**	**CSG MOBILITY**	**OTHER**	**Elimination of intercompany relations**	**Consolidated data**
Net profit (loss) from continuing operations	**16,021**	**4,753**	**(1)**	**(24,994)**	**55,580**	**(13)**	**51,346**
Interest income	1,158	681	—	201	4,997	(3,012)	4,025
Interest expense	(2,590)	(6,861)	—	(1,058)	(9,898)	3,046	(17,361)
Interest expense from lease liabilities	(155)	(621)	—	(10)	(267)	—	(1,053)
Net interest profit (loss)	**(1,587)**	**(6,801)**	**—**	**(867)**	**(5,168)**	**34**	**(14,389)**
Income tax	(3,878)	(4,183)	—	(3,006)	(2,189)	—	(13,256)
EBIT	**21,486**	**15,737**	**(1)**	**(21,121)**	**62,937**	**(47)**	**78,991**
Depreciation and amortisation expense	(9,744)	(10,816)	—	(2,827)	(4,009)	—	(27,396)
EBITDA	**31,230**	**26,553**	**(1)**	**(18,294)**	**66,946**	**(47)**	**106,387**

Calculation of OPERATING EBITDA

Year ended 31 December 2021 *(EUR '000)*	**CSG AEROSPACE**	**CSG DEFENCE**	**CSG AMMO+**	**CSG MOBILITY**	**OTHER**	**Elimination of intercompany relations**	**Consolidated data**
Net profit (loss) from continuing operations	**16,021**	**4,753**	**(1)**	**(24,994)**	**55,580**	**(13)**	**51,346**
Income tax	(3,878)	(4,183)	—	(3,006)	(2,189)	—	(13,256)
Profit (loss) before tax	**19,899**	**8,936**	**(1)**	**(21,988)**	**57,769**	**(13)**	**64,602**
Share of profit (loss) of associates and joint ventures, net	—	—	—	5,069	(431)	—	4,638
Profit (loss) from the sale of equity interests	—	5	—	—	17,039	—	17,044
Profit (loss) from financing activities	**(2,496)**	**(10,583)**	**(1)**	**(39,137)**	**45,318**	**(697)**	**(7,595)**
Financial income	1,159	839	—	201	4,997	(5,343)	4,196
Financial expense	(3,931)	(12,703)	—	877	(9,898)	4,592	(24,408)
Profit (loss) from other financial instruments	276	1,281	—	(40,215)	(267)	54	12,617
Profit (loss) from operating activities	**22,395**	**19,514**	**(1)**	**12,080**	**(5,168)**	**684**	**50,515**
Amortisation and depreciation expense	(9,744)	(10,816)	—	(2,827)	(4,009)	—	(27,396)
OPERATING EBITDA	**32,139**	**30,330**	**(1)**	**14,907**	**(148)**	**684**	**77,911**

Total assets and liabilities by segments

As of 31 December 2023	CSG AEROSPACE	CSG DEFENCE	CSG AMMO+	CSG MOBILITY	OTHER	Elimination of intercompany relations	Consolidated data
(EUR '000)							
Total assets per segment	300,199	1,718,584	877,323	261,691	590,478	(395,946)	3,352,329
Entities accounted for using the equity method	—	18,049	1,519	—	83,931	—	103,499
Additions of intangible and tangible assets	10,923	44,171	22,625	9,802	3,333	—	90,854
Total liabilities per segment	(238,339)	(1,257,896)	(698,022)	(140,073)	(726,891)	395,808	(2,665,413)

As of 31 December 2022	CSG AEROSPACE	CSG DEFENCE	CSG AMMO+	CSG MOBILITY	OTHER	Elimination of intercompany relations	Consolidated data
(EUR '000)							
Total assets per segment	425,150	971,469	826,053	269,505	426,742	(425,949)	2,492,970
Entities accounted for using the equity method	—	17,873	1,273	86,112	359	—	105,617
Additions of intangible and tangible assets	10,675	43,168	22,111	9,579	3,257	—	88,790
Total liabilities per segment	(363,903)	(739,844)	(476,877)	(145,617)	(537,481)	425,948	(1,837,774)

As of 31 December 2021	CSG AEROSPACE	CSG DEFENCE	CSG AMMO+	CSG MOBILITY	OTHER	Elimination of intercompany relations	Consolidated data
(EUR '000)							
Total assets per segment	397,797	546,163	79	183,210	380,804	(405,728)	1,102,325
Entities accounted for using the equity method	—	15,589	—	74,846	154	—	90,589
Additions of intangible and tangible assets	14,813	17,974	—	17,387	12,035	—	62,209
Total liabilities per segment	(342,231)	(379,105)	—	(94,314)	(320,227)	405,726	(730,151)

Information by country

The tables below summarise the assets of operating segments by asset location:

As of 31 December 2023

(EUR '000)	**Czech Republic**	**India**	**Italy**	**Slovakia**	**USA**	**Serbia**	**Spain**	**United Kingdom**	**Total operating segments**	**Consolidated data**
Property, plant and equipment	176,637	2,064	87,586	56,787	30,858	7,771	5,570	5,800	373,073	373,073
Intangible assets	48,412	—	156,081	8,184	1,440	50	367	2,948	217,482	217,482
Investment property	2,572	—	—	—	—	—	—	—	2,572	2,572
Total	**227,623**	**2,064**	**243,667**	**64,971**	**32,297**	**7,821**	**5,937**	**8,747**	**593,128**	**593,128**

As of 31 December 2022

(EUR '000)	**Czech Republic**	**India**	**Italy**	**Slovakia**	**USA**	**Serbia**	**Spain**	**United Kingdom**	**Total operating segments**	**Consolidated data**
Property, plant and equipment	181,106	2,116	89,802	58,224	31,638	7,967	5,711	5,947	382,511	382,511
Intangible assets	49,638	—	160,029	8,391	1,476	52	376	3,022	222,984	222,984
Investment property	2,637	—	—	—	—	—	—	—	2,637	2,637
Total	**233,381**	**2,116**	**249,831**	**66,614**	**33,114**	**8,019**	**6,087**	**8,969**	**608,131**	**608,131**

As of 31 December 2021

(EUR '000)	**Czech Republic**	**India**	**Italy**	**Slovakia**	**USA**	**Serbia**	**Spain**	**United Kingdom**	**Total operating segments**	**Consolidated data**

Property, plant and equipment	179,240	—	109,659	50,132	—	5,748	6,045	—	350,824	350,824
Intangible assets	47,955	—	14,959	7,245	—	51	421	—	70,631	70,631
Investment property	2,558	—	—	—	—	—	—	—	2,558	2,558
Total	**229,753**	**—**	**124,618**	**57,377**	**—**	**5,799**	**6,466**	**—**	**424,014**	**424,014**

Information on income from external customers, their breakdown by product group and geographical breakdown is included in Note 8 Revenues.

Major customers

The Group's analysis of the customer base identified three major customers in 2023 Their total income amounted to EUR 518,071 thousand, accounting for 30.52 % of the Group's aggregate turnover. This income was wholly generated in the CSG DEFENCE segment.

In 2022, five major customers accounted for 44.09% of the Group's aggregate sales. In 2021, five major customers accounted for 30.26% of the Group's aggregate sales.

35. RELATED PARTIES

Definition of related parties

The Group's relations with related parties include relations with shareholders and other parties as disclosed in the table below.

(a) Summary of balances with related parties as of 31 December 2023, 31 December 2022 and 31 December 2021:

(EUR '000)	Receivables and other financial assets	Payables and other financial liabilities	Receivables and other financial assets	Payables and other financial liabilities	Receivables and other financial assets	Payables and other financial liabilities
	2023	**2023**	**2022**	**2022**	**2021**	**2021**
Shareholders	61,324	35,547	95,297	26,789	57,665	1
Related parties and related individuals	50,545	4,363	43,533	1,821	30,025	6,489
Key management of the Group	—	—	—	6	1,921	2
Non-controlling equity interests	—	—	—	—	—	1,103
Joint ventures	23,655	21,918	8,924	12,077	4,150	19,328
Associates	253	—	15	86	5	77
Total	**135,777**	**61,828**	**147,769**	**40,799**	**93,766**	**27,000**

(b) Summary of transactions with related parties for the years ended 31 December 2023, 31 December 2022 and 31 December 2021:

(EUR '000)	Income	Expense	Income	Expense	Income	Expense
	2023	**2023**	**2022**	**2022**	**2021**	**2021**
Shareholders	11,591	8,309	5,242	1,680	1,383	1
Related parties and individuals	12,212	2,255	1,643	453	866	181
Key management of the Group	—	—	—	—	9	702
Non-controlling equity interests	—	—	—	—	1	77
Joint ventures	23,058	47,154	19,309	16,815	6,041	20,397
Associates	23	—	1	(1)	—	3
Total	**46,884**	**57,718**	**26,195**	**18,947**	**8,300**	**21,361**

Transactions with shareholders and the Group's key management consist of relations arising from received and provided loans. Transactions with related parties and related individuals as well as with associates and joint ventures principally include business relations and relations arising from received and provided loans.

Remuneration of the key Group's management is disclosed in the Note 11, Administrative, Management and Supervisory Bodies of CSG.

All transactions have been realised under arm's length conditions.

36. GROUP ENTITIES

Disclosed below is a list of Group entities as of 31 December 2023:

Entity	Country of registration	31 December 2023			31 December 2022			31 December 2022		
		Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*
CZECHOSLOVAK GROUP a.s.	Czech Republic	100,00 %	parent company	—	100.00%	parent company	—	100.00%	parent company	—
14. OKTOBAR d.o.o. Kruševac	Serbia	100,00 %	direct	full	100,00 %	direct	full	100,00 %	direct	full
ABIENNALE s.r.o.	Czech Republic	100.00%	direct	full	—	—	—	—	—	—
ANGERONA TRADE a.s.	Czech Republic	100.00%	direct	full	—	—	—	—	—	—
Armi Perazzi S.p.A.	Italy	80.00%	direct	full	—	—	—	—	—	—
ARMY TRADE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
AsterIVF s.r.o.	Czech Republic	59.88%	direct	full	54.00%	direct	full	60.00%	direct	full
ATLAN GROUP, spol. s r.o.	Slovakia	81.00%	direct	full	81.00%	direct	full	81.00%	direct	full
ATRAK a.s.	Czech Republic	92.50%	direct	full	97.50%	direct	full	100.00%	direct	full
AVIA AVIATION a.s.	Czech Republic	50.00%	direct	not consolidated	50.00%	direct	not consolidated	50.00%	direct	not consolidated
AVIA Electric a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
AVIA Motors s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
AVIEN, spol. s r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
Baschieri & Pellagri S.p.A.	Italy	70.00%	direct	full	70.00%	direct	full	—	—	—
C.F.L. S.a.s.	Italy	14.00%	direct	equity	14.00%	direct	equity	—	—	—
CLEVELOPMENT SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	—	—	—
CS SOFT a.s.	Czech Republic	92.50%	direct	full	78.00%	direct	full	78.00%	direct	full
CSG a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
CSG AEROSPACE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
CSG Ammo+ a.s.	Czech Republic	100.00%	direct	full	—	—	—	—	—	—
CSG CENTRAL ASIA a.s.	Czech Republic	30.00%	direct	equity	30.00%	direct	equity	30.00%	direct	equity
CSG DEAL a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
CSG DEFENCE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
CSG Elevate I Inc.	USA		direct	not consolidated	—	—	—	—	—	—
CSG Elevate II Inc.	USA		direct	not consolidated	—	—	—	—	—	—
CSG Elevate III Inc.	USA		direct	not consolidated	—	—	—	—	—	—
CSG EXPORT a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
CSG FIN a.s.	Czech Republic	100.00%	direct	not consolidated	—	—	—	—	—	—

Entity	Country of registration	31 December 2023			31 December 2022			31 December 2022		
		Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*
CSG HEALTH CARE a.s.	Czech Republic	60.00%	direct	full	60.00%	direct	full	60.00%	direct	full
CSG INDUSTRY a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
CSG Land System SK a.s.	Slovakia	89.10%	direct	full	90.00%	direct	full	90.00%	direct	full
CSG Land Systems CZ a.s.	Czech Republic	89.10%	direct	full	90.00%	direct	full	90.00%	direct	full
CSG MOBILITY a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
CSG RECOVERY s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
CSG USA, Inc.	USA	90.00%	direct	not consolidated	90.00%	direct	not consolidated	90.00%	direct	not consolidated
CSGM a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
CZECH CAMOUFLAGE SYSTEMS a.s.	Czech Republic	71.28%	direct	full	72.00%	direct	full	78.00%	direct	full
CZECH DEFENCE SYSTEMS a.s.	Czech Republic	89.10%	direct	full	90.00%	direct	full	90.00%	direct	full
CZECHOSLOVAK EXPORT a.s.	Czech Republic	90.00%	direct	full	90.00%	direct	full	90.00%	direct	full
CZECHOSLOVAKIA TRADE a.s.	Slovakia	100.00%	direct	full	81.00%	direct	full	81.00%	direct	full
DAKO-CZ EN, a.s.	Czech Republic	95.00%	direct	full	—	—	—	—	—	—
DAKO-CZ INDIA PRIVATE LIMITED	India	100.00%	direct	full	—	—	—	—	—	—
DAKO-CZ MACHINERY, a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
DAKO-CZ RE, s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
DAKO-CZ SERVICE, s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
DAKO-CZ TRANSELCO, s.r.o.	Czech Republic	100.00%	direct	full	—	—	—	—	—	—
DAKO-CZ, a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
DEFENCE SYSTEMS a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
DEFENCE TRADE SLOVAKIA, s.r.o.	Slovakia	86.33%	direct	full	88.00%	direct	full	81.00%	direct	full
Development Prelouc s.r.o.	Czech Republic	89.10%	direct	full	90.00%	direct	full	—	—	—
ELDIS Pardubice India Plt	India	100.00%	direct	not consolidated	100.00%	direct	not consolidated	—	—	—
ELDIS Pardubice, s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
ELTON hodinarska, a.s.	Czech Republic	73.16%	direct	full	73.16%	direct	full	73.16%	direct	full
ENGINEERING SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
ENVERCOTE a.s.	Czech Republic	60.00%	direct	full	60.00%	direct	full	60.00%	direct	full
EUROPEAN AIR SERVICES s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full	97.00%	direct	full
EXCALIBUR ARMY HELLAS LTD	Cyprus	45.00%	direct	not consolidated	45.00%	direct	not consolidated	45.00%	direct	not consolidated
EXCALIBUR ARMY spol. s r.o.	Czech Republic	89.10%	direct	full	90.00%	direct	full	90.00%	direct	full
EXCALIBUR DEFENCE SYSTEMS PRIVATE LIMITED	Cyprus	44.10%	direct	not consolidated	44.10%	direct	not consolidated	—	—	—
EXCALIBUR INTERNATIONAL a.s.	Czech Republic	89.00%	direct	full	90.00%	direct	full	90.00%	direct	full
EXCALIBUR INTERNATIONAL HU Kft.	Hungary	90.00%	direct	not consolidated	90.00%	direct	not consolidated	90.00%	direct	not consolidated

Entity	Country of registration	31 December 2023			31 December 2022			31 December 2022		
		Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*
EXCALIBUR USA a.s.	Czech Republic	51.00%	direct	not consolidated	51.00%	direct	not consolidated	51.00%	direct	not consolidated
FABRICA DE MUNICIONES DE GRANADA S.L.	Spain	81.00%	direct	full	81.00%	direct	full	81.00%	direct	full
FALCON CSG a.s.	Czech Republic	30.00%	direct	equity	30.00%	direct	equity	30.00%	direct	equity
FIOCCHI MUNIZIONI S.P.A.	Italy	70.00%	direct	full	70.00%	direct	full	—	—	—
Fiocchi of America Inc.	USA	70.00%	direct	full	70.00%	direct	full	—	—	—
FIOCCHI UNITED KINGDOM LIMITED	Velká Británie	52.50%	direct	full	52.50%	direct	full	—	—	—
GAUSSIN S.A.	Francie	20.42%	direct	not consolidated	—	—	—	—	—	—
GERLENAIR a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
HARVO Reality s.r.o.	Czech Republic	44.55%	direct	equity	44.55%	direct	equity	—	—	—
HELI COMPANY s.r.o.	Slovakia	100.00%	direct	full	100.00%	direct	full	92.35%	direct	full
HTH land a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
INTEGRA CAPITAL a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
JOB AIR Technic a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
JWL DAKO—CZ (INDIA) LIMITED RN	India	50.00%	direct	full	33.30%	direct	not consolidated	0.00%	0.00%	0.00%
KARBOX Holding s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100,00 %	direct	full
KARBOX s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100,00 %	direct	full
KARMONIKA AERO a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100.00%	direct	full
KONVERTIAL SPV a.s.	Czech Republic	55.00%	direct	full	100.00%	direct	full	—	—	—
Koprivnice Energy s.r.o.	Czech Republic	27.18%	direct	not consolidated	29.89%	direct	not consolidated	29,89 %	direct	not consolidated
LAIRAN SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	—	—	—
LBP 80 S.r.l.	Italy	80.00%	direct	full	—	—	—	—	—	—
LIAZ TRUCKS a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100,00 %	direct	full
LOSTR a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100,00 %	direct	full
Lyalvale Express Limited	Velká Británie	70.00%	direct	full	70.00%	direct	full	0.00%	0.00%	0.00%
MADE CS a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100,00 %	direct	full
MANDURIA TRADE a.s.	Czech Republic	100.00%	direct	full	—	—	—	—	—	—
MATIS z.a.o.	Russia	5.44%	direct	not consolidated	5.98%	direct	not consolidated	5,98 %	direct	not consolidated
MEDHA DAKO-CZ PRIVATE LIMITED	India	49.95%	direct	full	—	—	—	—	—	—
MEFITIS TRADE a.s.	Czech Republic	100.00%	direct	full	—	—	—	—	—	—
MERIT SPV a.s.	Czech Republic	92.50%	direct	full	97.50%	direct	full	97,50 %	direct	full
Milconn, a.s.	Czech Republic	50.00%	direct	equity	50.00%	direct	equity	50,00 %	direct	equity
MSM - OPTICAL s.r.o.	Slovakia	81.00%	direct	not consolidated	—	—	—	—	—	—

Entity	Country of registration	31 December 2023			31 December 2022			31 December 2022		
		Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*
MSM EXPORT, s.r.o.	Slovakia	81.00%	direct	full	81.00%	direct	full	81.00%	direct	full
MSM GROUP KAZAKHSTAN LLP	Kazakhstan	40.50%	direct	not consolidated	—	—	—	—	—	—
MSM GROUP s.r.o.	Slovakia	81.00%	direct	full	81.00%	direct	full	81,00 %	direct	full
MSM LAND SYSTEMS s.r.o.	Slovakia	89.10%	direct	full	90.00%	direct	full	90,00 %	direct	full
MSM Martin, s.r.o.	Slovakia	81.00%	direct	full	81.00%	direct	full	81,00 %	direct	full
MSM Services, s.r.o.	Slovakia	81.00%	direct	full	—	—	—	—	—	—
NIKA Development a.s.	Czech Republic	83.63%	direct	full	91.97%	direct	full	91,97 %	direct	full
Perazzi USA, Inc.	USA	80.00%	direct	full	—	—	—	—	—	—
POCKET VIRTUALITY a.s.	Czech Republic	70.00%	direct	full	—	—	—	—	—	—
PPS VEHICLES, s.r.o.	Slovakia	72.90%	direct	full	72.90%	direct	full	72,90 %	direct	full
Prague Fertility Centre s.r.o.	Czech Republic	59.88%	direct	full	54.00%	direct	full	60,00 %	direct	full
PROGRESS SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100,00 %	direct	full
RADIATIK a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100,00 %	direct	full
Real Info d.o.o. Kruševac	Serbia	100.00%	direct	full	100.00%	direct	full	100,00 %	direct	full
REAL TRADE PRAHA a.s.	Czech Republic	81.90%	direct	full	81.90%	direct	full	81,90 %	direct	full
REALID SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	—	—	—
ReDat Recording, a.s.	Czech Republic	90.00%	direct	not consolidated	95.00%	direct	not consolidated	95,00 %	direct	not consolidated
Regionalnf muzeum v Koprivnici, o.p.s.	Czech Republic		direct	not consolidated	—	—	—	—	—	—
RELAZA SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	—	—	—
RETIA, a.s.	Czech Republic	90.00%	direct	full	95.00%	direct	full	95,00 %	direct	full
Rheinmetall Tatra Land Systems s.r.o.	Czech Republic	43.66%	direct	not consolidated	44.10%	direct	not consolidated	44,10 %	direct	not consolidated
SBS ZVS, s.r.o.	Slovakia	40.50%	indirect	full	40.50%	nedirect	full	40,50 %	nedirect	full
SHER Technologies a.s.	Czech Republic	51.00%	direct	full	51.00%	direct	full	51,00 %	direct	full
Slovak Aviation Factory s.r.o.	Slovakia	81.00%	direct	full	81.00%	direct	full	81.00%	direct	full
Slovak industry s.r.o.	Slovakia	81.00%	direct	full	81.00%	direct	full	81,00 %	direct	full
Sondany s.r.o.	Czech Republic	59.88%	direct	full	54.00%	direct	full	60,00 %	direct	full
Space T a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100,00 %	direct	full
STA TECHNOLOGY, s.r.o.	Slovakia	40.50%	direct	full	100.00%	direct	full	61,87 %	direct	full
STALUNA TRADE a.s.	Czech Republic	100.00%	direct	full	—	—	—	—	—	—
TABLON SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100,00 %	direct	full
Target Products 1978 Ltd.	New Zeland	20.00%	direct	equity	20.00%	direct	equity	—	—	—
TATRA a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100,00 %	direct	full
TATRA AVIATION a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100,00 %	direct	full
TATRA CLASSIC s.r.o.	Czech Republic	54.36%	direct	not consolidated	—	—	—	—	—	—

Entity	Country of registration	31 December 2023			31 December 2022			31 December 2022		
		Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*
TATRA DEFENCE PROJECTS s.r.o.	Czech Republic	80.19%	direct	full	81.00%	direct	full	—	—	—
TATRA DEFENCE SLOVAKIA s.r.o.	Slovakia	74.73%	direct	full	75.19%	direct	full	75,19 %	direct	full
TATRA DEFENCE SYSTEMS s.r.o.	Czech Republic	80.19%	direct	full	81.00%	direct	full	81,00 %	direct	full
TATRA DEFENCE VEHICLE a.s.	Czech Republic	80.19%	direct	full	81.00%	direct	full	81,00 %	direct	full
TATRA EURASIA t.o.o.	Kazakhstan	19.57%	direct	not consolidated	21.52%	direct	not consolidated	21,52 %	direct	not consolidated
TATRA EXPORT s.r.o.	Czech Republic	54.36%	direct	equity	59.78%	direct	equity	59,78 %	direct	equity
TATRA MACHINERY s.r.o.	Czech Republic	54.36%	direct	not consolidated	—	—	—	—	—	—
TATRA MANUFACTURE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full	100,00 %	direct	full
TATRA METALURGIE a.s.	Czech Republic	54.36%	direct	equity	59.78%	direct	equity	59,78 %	direct	equity
TATRA Slovensko spol. s .r.o.	Slovakia	54.36%	direct	not consolidated	59.78%	direct	not consolidated	59,78 %	direct	not consolidated
TATRA TRUCK GULF COMMERCIAL BROKERS L.L.C.	United Arab Emirates	26.64%	direct	not consolidated	29.29%	direct	not consolidated	29,29 %	direct	not consolidated
TATRA TRUCK INDIA PRIVATE LIMITED	India	48.92%	direct	not consolidated	59.78%	direct	not consolidated	59,78 %	direct	not consolidated
TATRA TRUCKS a.s.	Czech Republic	54.36%	direct	equity	59.78%	direct	equity	59,78 %	direct	equity
TATRA VOSTOK, OOO	Russia	54%	direct	not consolidated	59.78%	direct	not consolidated	59,78 %	direct	not consolidated
TATRABRAS LTDA	Brasil	54%	direct	not consolidated	59.78%	direct	not consolidated	59,78 %	direct	not consolidated
TECHNOLOGY CS a.s.	Czech Republic	100%	direct	full	100.00%	direct	full	100,00 %	direct	full
TECHPARK Hradubická a.s.	Czech Republic	100%	direct	full	100.00%	direct	full	100,00 %	direct	full
TRADITION CS a.s.	Czech Republic	93%	direct	full	97.50%	direct	full	97,50 %	direct	full
TRIBLAN a.s.	Czech Republic	100%	direct	full	100.00%	direct	full	100,00 %	direct	full
TRUCK SERVICE GROUP s.r.o.	Czech Republic	100%	direct	full	100.00%	direct	full	100,00 %	direct	full
UpVision Defence s.r.o.	Czech Republic	71%	direct	full	97.50%	direct	full	—	—	—
UpVision s.r.o.	Czech Republic	71%	direct	full	97.50%	direct	full	—	—	—
VENILIA TRADE a.s.	Czech Republic	100%	direct	full	—	—	—	—	—	—
Virte, a. s.	Slovakia	81%	direct	full	81%	direct	full	81%	direct	full
VMT Trade s.r.o.	Slovakia	41%	direct	not consolidated	40.50%	direct	not consolidated	81,00 %	direct	not consolidated
VOP Nováky, a.s.	Slovakia	81%	direct	full	81%	direct	full	81%	direct	full
VORNEA SPV s.r.o.	Czech Republic	100%	direct	full	100.00%	direct	full	100,00 %	direct	full
VÝVOJ Martin, a.s.	Slovakia	62%	direct	equity	61.56%	direct	equity	61,56 %	direct	equity
ZVS holding, a.s.	Slovakia	41%	indirect	full	40.50%	indirect	full	40,50 %	nedirect	full
ZVS IMPEX, akciova spolocnos'	Slovakia	81%	direct	full	81.00%	direct	full	81,00 %	direct	full
ZVS technology, s.r.o.	Slovakia	28%	direct	not consolidated	27.54%	direct	not consolidated	27,54 %	direct	not consolidated

*Entities that are not consolidated – these entities are immaterial in the Group's consolidated financial statements; both on the individual and aggregate bases.
**Indirect ownership percentage means an ownership percentage controlled by way of the management rather than by shares. Other types of ownership percentages are referred to as direct.

The list in the table above is structured based on the ownership of entities at different levels in the Group.

37. LEGAL DISPUTES

Provisions for legal disputes are disclosed in the Note 29.

Dispute with SARN SD3LLC

The Company continues as a defendant in litigation pending in the Superior Court of the State of Delaware, New Castle County, USA, captioned “SARN SD3 LLC v. Czechoslovak Group a.s, C.A. No. NI 7C-12-185EMD (CCLD)“. The plaintiff is SARN SD3 LLC (SARN), a limited liability company located in the State of Delaware.

On December 13, 2017, SARN SD3 LLC ("SARN"), a Delaware limited liability company, commenced proceedings against us in Delaware for: (i) a breach of contractual obligations under a call option agreement between us and SARN for SARN to acquire 25% of the shares in our portfolio company, RETIA a.s. and (ii) a breach of fiduciary obligations under the call option agreement.

On September 28, 2018, SARN submitted an amended complaint to the court, which included: a claim against us for failing to pay a penalty amount to SARN of approximately CZK 56,875,000 (approximately EUR 2.3 million) plus interest under the call option agreement ("Count I"), and a separate breach of contractual fiduciary duty claim ("Count II"). Count II was settled in July 2022 and subsequently dismissed by the court. On December 23, 2020, the court issued its decision on Count I and granted SARN most of the relief sought in SARN's motions. On January 18, 2023, SARN filed a motion to amend the court's Count I decision and increase the penalty amount. SARN requested a higher penalty in the amount of approximately CZK 120 million (approximately EUR 4.8 million). On June 8, April 27, 2023, the court denied this motion and, following briefings on issues involving the calculation of pre- and post-judgment interest, on July 19, 2023 the court confirmed the Count I award in the total amount of CZK 80,214,396 (approximately EUR 3.2 million), consisting of a CZK 56,875,000 (approximately EUR 2.3 million) penalty amount and CZK 23,339,396 (approximately EUR 0.9 million) in pre-judgment interest. In November 2023 and January 2024, respectively, SARN and CSG filed a notice of appeal against said judgment and the matter remains pending on appeal.

MSM Martin s.r.o. (Slovensko)

In 2020, a criminal investigation was initiated in Slovakia into MSM Martin, s.r.o. and Mr. Marian Goga (a former shareholder and executive director of MSM Martin). Both MSM Martin and Mr. Goga were accused (*obvinení*) of an alleged manipulation of a public procurement process organized by the Slovak Administration of State Material Reserves related to the purchase of recovery vehicles, tanks and mobile bridges. In December 2020, the charges against MSM Martin were dropped. However, in March 2021, the decision was reversed, and the criminal charge reinstated by a higher prosecutorial authority. MSM Martin continues to actively cooperate with the Slovak criminal authorities and the proceedings (under ref. no. PPZ-99/NKA-BA3-2020, originally PPZ-233/NKA-BA3-2020) remain pending.

38. SUBSEQUENT EVENTS

Between 31 December 2023 and the date of preparation of the consolidated annual report, the following changes to the CSG Group structure occurred:

a) Change in Board of Directors and Headquarters

As of 1 January 2024, Zdenek Jurák was appointed Member of the Board of Directors.

As of 1 January 2024, Lukáš Andrýsek was appointed Member of the Board of Directors.

As of 1 January 2024, Ladislav Štorek was elected Vice-chairman of the Board of Directors

As of 1 January 2024, Michaela Katolická was elected Chairman of the Supervisory Board

b) Registered office

From 1 April 2024 the CZECHOSLOVAK GROUP has changed its registered office to the new address: U Rustonky 714/1, Karlín, 186 00 Prague 8.

c) Disposal of subsidiary

In February 2024, the subsidiary RELAZA SPV a.s. was sold out of the Group.

Deloitte.

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,,THE REPORT BELOW REPRESENTS THE AUDITOR'S REPORT THAT RELATES SOLELY AND EXCLUSIVELY TO THE OFFICIAL ANNUAL FINANCIAL REPORT PREPARED IN THE XHTML FORMAT."

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of CZECHOSLOVAK GROUP a.s.

Havingits registered officeat: U Rustonky 714/1, Karlin, 186 00 Praha 8

Audit Report on the Consolidated Financial Statements

Opinion

We have audited the accompanyingconsolidated financial statements of CZECHOSLOVAKGROUP a.s. anditssubsidiaries {hereinafter also the "Groupu) prepared on the basis of IFRS Accounting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as of 31 December 2023; and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, includingmaterial accounting policy information. In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the group of CZECHOSLOVAK GROUP a.s. as of 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing {ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the COde of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilitiesin accordance withtheserequirements. We believe thattheaudit evidence we haveobtainedis sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Thesematters were addressed in the context of our audit of the consolidated financial statements as a whole, and In forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How it was addressed
Existence of revenues and revenue recognition date	
The key audit matter is the Group's revenues (Note 8 to the consolidated financial statements). Revenues are a significant indicator in evaluating the Group's performance. Because the Group generates revenues from various types of activities, including construction contracts, on various markets and under various conditions, the existence of revenues and the revenue recognition date correctness represent a risk for the audit of the Group. Principally the recognition of revenue on construction contracts is based on a high degree of judgement applied by the Group.	In addressing this key audit matter we performed *a* combination of tests of internal controls and substantive testing. • We have obtained understanding of main revenue streams including evaluation of design and implementation of relevant controls. • At certain subsidiaries we performed test of operating effectiveness of relevant controls. • We performed *a* substantive test of specific revenue transactions on a sample basis. • We tested in detail whether revenue was recognised in the relevant reporting periods and whether revenue was not misstated through reporting in an incorrect period. • On a sample basis, we selected invoices recorded around the year-end and based on supporting documents related to these invoices we assessed if the revenue was recorded in the correct period. • We tested receivables by sending year-end confirmation letters to selected customers and compared the amounts confirmed by the customers with the balance of receivables reported by the Group. • We performed analytical tests of significant revenue accounts and compared the expected amount of revenues on the basis of our calculation with the amount presented in the accounting records. In the case of revenues from contracts with customers and construction contracts, we performed the following audit procedures: • We critically assessed the methodology applied by the Group to determine the stage of completion and subsequently, for the calculation of revenue on the basis of this **stage** of completion, compliance of the methodology with IFRS 15 *Revenuefrom Contracts with Customers.* • We evaluated the estimates made by the Group in respect of total and future expected costs and revenues on construction contracts. • We tested In detail the recognition of revenue on a sample of construction contracts, primarily focused on checking the used input data from contracts with customers and financial plans of construction contracts; in addition, we reviewed the calculation for mathematical correctness. • We cooperated with our internal IFRS 15 experts to assess and test the most significant contracts. • We assessed the adequacy of disclosures made in the notes to the consolidated financial statements with regard to revenues recognised in terms of the stage of completion of construction contracts and judgement applied.

Key Audit Matter	How It was addressed
Correctness and completeness of the presentation of financial liabilities {bank loans and bonds issued)	
The correctness and completion of the presentation of financial liabilities (Note 20 to the consolidated financial statements) represent **a key** audit matter since the Group uses sfgnificant external financing in the form of issued bonds and banking loans for its operating and investment activities. These types of financing *carry* covenants and other criteria, the evaluation of which by the Group has a material impact on the presentation of financial liabilities in the consolidated financial statements **(e.g.** on the presentation of long-term and short-term components).	Our audit procedures, included, among others: • We sent bank confirmation letters and based on received responses, we compared the confirmed amounts of bank loans with the amounts presented by the Group in the accounting records. • We determined whether the loan balance is appropriately presented as a short-term or long-term payable pursuant to the concluded contract, repayment schedule or bank confirmation letter. • With regard to issued bonds, we compared the information reported fn public sources of the Prague Stock Exchange with the information disclosed in the consolidated financial statements. • We agreed the year-end balance of issued bonds to the confirmation from the issue manager. • We agreed the information on covenants in respect of received bank loans and issued bonds to supporting documentation (e.g. contract, prospectus). • We tested the mathematical correctness of the calculation of the covenants. • We assessed compliance with the relevant covenants. • We assessed the adequacy of disclosures made in the notes to the consolidated financial statements with regard to issued bonds and external funding In the form of bank loans.
Correctness and completeness of the presentation of loss allowances for trade and other receivables	
Determining the correctness and completeness of the presentation of loss allowances for trade and other receivables in accordance with IFRS 9 Financial Instruments (Notes 21 and 32 to the consolidated financial statements) is a key audit matter. The correct value of the allowance affects the information presented In the consolidated financial statements and has an impact on the Group's consolidated financial position as of 31 December 2023 and Its consolidated financial performance for the year then ended.	In addressing this key audit matter, we performed a combination of tests of internal controls and substantive testing. • We tested the design and implementation of the key internal controls relating to the determination of loss allowances for trade and other receivables. • We critically assessed the methodology used by the Group to determine loss allowances based on compliance with IFRS 9 Financial Instruments. • We performed a substantive test on a selected sample of specific transactions. • We performed an assessment of the estimates made by the Group in relation to the recoverability of past due receivables. • We regularly discussed the determination of the correctness and completeness of loss allowances for trade and other receivables with the Group's management, including the impact on the Group's consolidated financial position as of 31December 2023 and its consolidated financial performance for the year then ended.

Correctness and completeness of the presentation of the acquisition of a subsidiary

The proper presentation of the acquisition of the controlling interest in the Fiocchi Group (Note 7.a.ii to the consolidated financial statements) represents an important matter for the Group's audit. As this extensive acquisition occurred before the end of 2022, the Group's assets and liabilities were not measured at fair value in 2022 and the acquisition accounting process was completed in 2023 and as a result company reports identified Intangible asset and goodwill. Following the IFRS 3 and IAS 8 criteria, also comparative figures were restated.

Our audit procedures, included, among others:

- We gained an understanding of the entire transaction, including the legal analysis of the purchase contract.
- We communicated with the component auditor in Italy regarding the audit of the Fiocchi Group.
- We agreed on the purchase price to the supporting documentation.
- In collaboration with an internal expert, we assessed the correct application of IFRS 3 Business Combinations and, in particular, the assumption used by external appraiser and management of the Company to determine fair value of assets including newly identified Intangible fixed assets and liabilities including put option.
- We assessed the correctness of the calculation and recognition of goodwill and put option.
- From the Group's management, we obtained the business plans of the Flocchi Group for the coming period and assessed the existence of indicators of potential Impairment of the goodwill recognized. We have evaluated appropriateness of impairment analysis prepared by management.
- We assessed the adequacy of the information provided in the notes to the financial statements regarding this transaction and restatement disclosure regarding this transaction.

Other Information in t Annual Financial re ort

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the annual financial report other than the financial statements, the consolidated financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other Information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the consolidated financial statements Is, in all material respects, consistent with the consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Res onsibilities of the Com an 's Board of Directors and Su erviso Board for he Consolidated Financial S tatements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors Is responsible for assessing the Group's abillty to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and the Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audttor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis ofthese consolidated financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve tollusion, fotgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of Internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an op1nion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the goihg concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, If such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated fim;1ncial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible. for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors, the Supervisory Board and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings., Including any significant deficiencies in internal control that we Identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationshlps and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, the Supervisory Board and' the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, In extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication,

Audit Report on the FInanclal Statements

Opinion

We have audited the accompanying financial statements of CZECHOSLOVAK GROUP a.s. (hereinafter also the "Company") prepared on the basis of IFRS Accounting Standards as adopted by the European Union, which comprise the statement of financial position as of 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, Including material accounting policy information.

In our opinion, the accompanying financial statements **give** a true and fair view of the financial position of CZECHOSLOVAK GROUP a.s. as of 31December 2023, and of its financial performance and Its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, and Auditing Standards of the Chamber of Auditors of the Qech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company In accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, In our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit ofthe financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How It was addressed
Valuation of investments In subsidiaries and associates	
The correct valuation of Investments in subsidiaries and associates (Note 12 to the financial statements) represents a key audit matter. The Company reports investments in a number of companies that carry the risk of the value of the investment being greater than its fair value. The correct valuation requires a significant **degree** of judgement and estimates dependent upon, **e.g.** future demand or successful implementation of restructuring plans.	Our audit procedures incfuded, among others: • We tested the design and implementation of key internal controls **regarding** the measurement of the value of interests In subsidiaries using the Impairment indicator calculations and DCF models. • We critically assessed the Indicators of potential impairment of investments in subsidiaries which may trigger the recognition of loss allowances. For this purpose, we primarily; o Compared the valuation of the investment with the amount of equity of the subsidiary at the balance sheet date; o Assessed the profitability of investments for the relevant reporting period; o Determined the amount of dividends and profrt shares paid out. • Where the indicator of potential impairment of investments in subsidiaries was identified, we focused on:

Key Audit Matter	How it was addressed
	o Inquiring the company's management and the reasons that led to the recognition or non-recognition of an allowance; o Assessing financial plans prepared by the subsidiaries; and o Assessing whether the allowance is recognised appropriately and in a sufficient amount. o We assessed the adequacy of disclosures made in the notes to the financial statements with regard to material investments and their financial position and profitablity.
Correctness and completion of the presentation of financial liabilities (bank loans and bonds Issued)	
The correctness and completion of the presentation of financial liabilities (Notes 20 and 21 to the financial statements) represent a key audit matter since the Company uses significant external financing in the form of issued bonds, borrowings and banking loans for its operating and investment activities. These types of financing carry covenants and other criteria, the evaluation of which by the Company has a material impact on the presentation of financial liabilities in the financial statements **(e.g.** on the presentation of long-term and short-term components).	Our audit procedures, included, among others: • We sent bank confirmation letters and based on received responses, we compared the confirmed amounts of bank loans with the amounts presented by the Company in the accounting records. • We determined whether the loan balance is appropriately presented as a short-term or long-term payable pursuant to the concluded contract, repayment schedule or bank confirmation letter. • With **regard** to issued bonds, we compared the information reported in public sources of the Prague Stock Exchange with the Information disclosed in the financial statements. • We agreed the year-end balance of issued bonds to the confirmation from the issue manager. • We agreed the information on covenants in respect of received bank loans and issued bonds to supporting documentation **(e.g.** contract, prospectus). • We tested the mathematical correctness of the calculation of the covenants. • We assessed compliance with the relevant covenants. • **We** assessed the adequacy of disclosures made in the notes to the consolidated financial statements with regard to issued bonds and external funding in the form of bank loans.
Correctness and completeness of the presentation of loss allowances for trade and other receivables	
Determining the correctness and completeness of the presentation of loss allowances for trade and other receivables in accordance with IFRS9 Financial Instruments (Notes 15 and 29 to the financial statements) is a key audit matter. The correct value of the loss allowance affects the information presented in the financial statements and has an impact on the Group's financial position as of 31December 2023 and its financial performance for the year then ended.	In addressing this key audit matter, we performed a combination of tests of internal controls and substantive testing. • We critically assessed the methodology used by the Group to determine loss allowances based on compliance with IFRS 9 Financial Instruments. • We performed a substantive test on a selected sample of specific transactions. • We performed an assessment of the estimates made by the Group in relation to the recoverability of past due receivables. • We regularly discussed the determination of the correctness and completeness of loss allowances for trade and other receivables with the Group's management, Includlng the impact on

Key Audit Matter	How it was addressed
	the Group's financial position as of 31 December 2023 and its financial performance for the year then ended.

Other Information in the Annual Financial Report

In compliance with Section 2{b) of the Act on Auditors, the other information comprises the information Included in the annual financial report other than the financial statements, the consolidated financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information hasbeen prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, In all material respects, consistent with the financial statements; and
- The other Information is prepared In compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

esponsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements In accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to **going** concern and using the **going** concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and the Audit Committee are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be e.xpected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud *or* error, **design** and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud Is higher than for one resulting from error, as fraud may Involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not *for* the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a materiaf uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements *or,* If such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of *our* auditor's report. However, future events or conditions may cause the Company to cease to continue **as a** going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors, the Supervisory Board and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during *our* audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter *or* when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following Informatlon in our independent auditor's report, whlch is required in addition to the requirements of International Standards on Auditing:

Appointment of the Auditor and the Period of Engagemen

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 31 August 2023 and our uninterrupted engagement has lasted for sh(years.

Consist nee with the Addition l Re ort to the Audit Commi ee

We confirm that our audit opinioh on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on **4** April 2024 In accordance with Article 11 of Regulation {EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. We provided the following non-audit services to Company which are not disclosed in the financial statements.

Agreed-upon procedures according to ISRS 4400 for the component EXCALIBUR ARMY spol. s.r.o,
Agreed-upon procedures according to ISRS 4400 for the component TATRA DEFENCE VEHICLE a.s.
Agreed-upon procedures according to ISRS 4400 for the component TATRA TRUCKS a.s.
Agreed-upon procedures according to ISRS 4400 for CZECHOSLOVAK GROUP a.s,
Agreed-upon procedures according to ISAE 3420 for CZECHOSLOVAK GROUP a.s.
Comfort letter for prospectus for CZECHOSLOVAK GROUP a.s.
Report on proforma financial information included in the prospectus according to ISAE 3420 for CZECHOSLOVAK GROUP a.s.
Financial Due Diligence services and Tax Due Diligehce services for CZECHOSLOVAK GROUP a.s.

Report on Compliance with the ESEF Regulation

We have conducted a reasonable assurance engagement on the verification of compliance of the financial statements and the consolidated financial statements Included in the annual financial report with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation") that apply to the financial statements and the consolidated financial statements.

Responsibilities of the Board of Directors

The Company's Board of Directors is responsible for the preparation of the financial statements and the consolidated financial statements In compliance with the ESEF Regulation. Inter alia, the Company's Board of Directors is responsible for:

- The design, implementation and maintenance of the internal controls relevant for the application of the requirements of the ESEF Regulation;
- The preparation of all financial statements included in the annual financial report in the valid XHTML format; and
- The selection and use of XBRL mark-ups in line with the requirements of the ESEF Regulation.

Auditor's Res sibilities

Our task is to express a conclusion whether the financial statements and the consolidated financial statements included in the annual financial report are, in all material respects, in compliance with the requirements of the ESEF Regulation, based on the audit evidence obtained. Our reasonable assurance engagement was conducted in accordc1hce with the International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

The nature, timing and scope of the selected procedures depend on the auditor's judgment. A reasonable assurance is *a* high level of assurance; however, it is not a guarantee that the examination conducted in accordance with the above standard will always detect a potentially existing material non-compliance with the requirements of the ESEF Regulation.

As part of our work, we performed the following procedures:

- We obtained an understanding of the requirements of the ESEF Regulation;
- We obtained an understanding of the Company's internal controls relevant for the application of the reql.lirements of the ESEF Regulation;
- We identified and evaluated risks of material non-compliance with the ESEF Regulation, whether due to fraud or error; and
- Based on this, we designed and performed procedures responsive to those risks and aimed at obtaining a reasonable assurance for the Pllrposes of expressing our conclusion.

The aim of our procedures was to assess whether:

- The sets of financial statements included in the annual financial report were prepared in the valid XHTML format;
- The data in the consolidated financial statements were marked up where required by the ESEF Regulation and all mark-ups meet the following requirements:

    - XBRL mark-up language was used;
    - The elements of the core taxonomy specified in the ESEF Regulation with the closest accounting meaning were used, unless an extension taxonomy element was created in compliance with the ESEF Regulation; and
    - The mark-ups comply with the common rules for mark-ups pursuant to the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the Company's financial statements and the consolidated financial statements for the year ended 31 December 2023 included in the annual financial report are, in all material respects, in compliance with the requirements of the ESEF Regulation.

In Prague on 4 April 2024

Audit firm:

Deloitte Audit s.r.o.
registration no. 079

Statutory auditor:

David Batal
registration no. 2147

CZECHOSLOVAK GROUP a.s.

Audited consolidated financial statements of CZECHOSLOVAK GROUP a.s. as of and for the year ended December 31, 2022

Consolidated Financial Statements under International Financial Reporting Standards

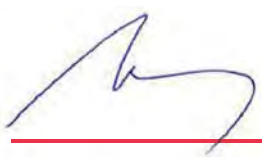
Consolidated Financial Statements prepared under International Financial Reporting Standards (IFRS) as Adopted by the EU for the Year Ended 31 December 2022

Name of the Company:	**CZECHOSLOVAK GROUP a.s.**
Registered Office:	**Pernerova 691/42, Karlín, 186 00 Prague 8**
Legal Status:	**Joint Stock Company**
Corporate ID:	**034 72 302**

Components of the Consolidated Financial Statements:

- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements

These consolidated financial statements were prepared on 25 April 2023.



David Chour
Vice-Chairperson of the Board
of Directors

Petr Formánek
Member of the Board
of Directors

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Consolidated Statement of Comprehensive Income

For the years ended 31 December 2022 and 2021 (CZK thousand)	Note	For the year ended 31 December 2022	For the year ended 31 December 2021
Revenues	6	24,932,648	14,444,230
Consumed material and costs of goods sold	7	-13,330,307	-6,941,610
Services	8	-4,138,628	-3,000,884
Staff costs	9	-3,115,400	-2,727,837
Amortisation/depreciation of fixed assets	14, 15	-694,888	-702,559
Other operating income	10	1,047,186	785,723
Other operating expense	11	-707,196	-561,594
Profit from operating activities		**3,993,415**	**1,295,469**
Financial income	12	346,312	107,615
Financial expense	12	-969,594	-625,955
Profit from other financial instruments	12	839,733	323,564
Profit (+) / loss (-) from financing activities		**216,451**	**-194,776**
Share of profit / (loss) of associates and joint ventures, net	18	250,487	118,943
Profit / (loss) from the sale of an equity interest	5 (d)	10,271	437,087
Profit before tax		**4,470,624**	**1,656,723**
Income tax	13	-996,785	-339,939
Net profit from continuing operations		**3,473,839**	**1,316,784**
Total profit		**3,473,839**	**1,316,784**

For the years ended 31 December 2022 and 2021 (CZK thousand)	Note	For the year ended 31 December 2022	For the year ended 31 December 2021
Other comprehensive income			
Items that are or may be subsequently reclassified to profit or loss		—	—
Foreign exchange differences on translation of foreign operations, net		-89,532	47,163
Other comprehensive income, net		**-89,532**	**47,163**
Total other comprehensive income		**3,384,307**	**1,363,947**
Profit attributable to:			
Shareholders of the Company		2,973,281	1,227,630
Non-controlling interests	27	500,558	89,154
Profit for the year		**3,473,839**	**1,316,784**
Total other comprehensive income attributable to:			
Shareholders of the Company		2,883,749	1,290,021
Non-controlling interests	27	500,558	73,926
Total other comprehensive income for the year		**3,384,307**	**1,363,947**

The Notes to the Consolidated Financial Statements on pages 146 through 231 form an inseparable part of these consolidated financial statements.

Consolidated Statement of Financial Position

As of 31 December 2022 and 2021 (CZK thousand)	Note	31 December 2022	31 December 2021
Assets			
Intangible assets	14	1,755,899	1,291,401
Goodwill	14	12,368,423	1,047,882
Property, plant and equipment	15, 16	8,721,494	5,525,882
Investment property	17	63,588	67,509
Investments in associates and joint ventures	18	2,546,961	2,252,045
Loans and other non-current financial assets	19	4,321,600	2,479,704
Trade and other long-term receivables	20	46,497	83,614
Long-term prepayments made and deferred expenses and accrued income	20	66,906	54,495
Deferred tax asset	21	187,268	135,516
Contract assets	6	—	—
Costs of obtaining/fulfilling a contract	6	113,625	46,664
Total non-current assets		**30,192,261**	**12,984,712**
Inventory	22	13,547,702	6,060,496
Trade and other short-term receivables	20	5,109,704	3,020,157
Loans and other short-term financial assets	19	2,336,492	1,116,748
Short-term prepayments made and deferred expenses and accrued income	20	1,985,866	751,975
Tax receivables	23	346,322	72,259
Tax receivables arising from the current income tax payable	23	45,755	62,332
Cash and cash equivalents	24	5,827,398	2,585,581
Assets classified as held for sale	25	—	—
Contract assets	6	726,462	749,539
Total current assets		**29,925,701**	**14,419,087**
Total assets		**60,117,962**	**27,403,799**

As of 31 December 2022 and 2021 (CZK thousand)	Note	31 December 2022	31 December 2021
Equity			
Share capital	26	2,000,000	2,000,000
Other reserves	26	940,005	938,021
Reserve from foreign currency translation	26	-71,981	17,551
Retained earnings		5,534,163	4,313,768
Profit or loss for the period		2,973,281	1,227,630
Equity attributable to the Company's shareholders		**11,375,468**	**8,496,970**
Non-controlling interests	27	4,424,573	755,287
Total equity		**15,800,041**	**9,252,257**
Liabilities			
Long-term loans and borrowings	19	11,239,227	1,241,963
Other long-term financial instruments	19	876,568	639,773
Trade and other long-term payables	28	156,480	167,390
Deferred income		—	—
Long-term provisions	29	183,555	88,551
Deferred tax liability	21	674,096	332,799
Bonds – long-term portion	19	4,561,647	4,567,172
Long-term contract payables	6	3,056,326	4,056,083
Total non-current liabilities		**20,747,899**	**11,093,731**
Short-term loans and borrowings	19	4,501,794	2,644,708
Other short-term financial instruments	19	160,673	136,685
Trade and other short-term payables	28	5,594,534	2,890,393
Short-term provisions	29	134,894	150,211
Deferred income		—	—
Tax liabilities	30	398,281	233,721
Tay payables arising from the current income tax payable	30	766,774	154,612
Short-term contract payables	6	11,987,571	838,768
Bonds – short-term portion	19	25,501	8,713
Total current liabilities		**23,570,022**	**7,057,811**
Total liabilities		**44,317,921**	**18,151,542**
Total equity and liabilities		**60,117,962**	**27,403,799**

Consolidated Statement of Changes in Equity

		Attributable to the shareholders of the Company						
For the year ended 31 December 2022 (CZK thousand)	Note	Share capital	Other reserves	Foreign exchange translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2022 (A)	**26**	**2,000,000**	**938,021**	**17,551**	**5,541,398**	**8,496,970**	**755,287**	**9,252,257**
Total comprehensive income for the year:								
Profit for the year (B)		—	—	—	2,973,281	2,973,281	500,558	3,473,839
Other comprehensive income:								
Foreign exchange differences on translation of foreign operations		—	—	-89,532	—	-89,532	—	-89,532
Interest-rate advantage on a non-interest-bearing loan		—	—	—	—	—	—	—
Total other comprehensive income (C)		—	—	-89,532	—	-89,532	—	-89,532
Total comprehensive income for the year (D) = (B + C)		**—**	**—**	**-89,532**	**2,973,281**	**2,883,749**	**500,558**	**3,384,307**
Additions and disposals:								
Changes in non-controlling interests without a change of control	27	—	1,984	—	-14,918	-12,934	-7,017	-19,951
Effects of acquisitions in the form of business combinations	5	—	—	—	—	—	3,207,199	3,207,199
Effects of acquisitions under joint control		—	—	—	—	—		—
Effects of subsidiaries sold		—	—	—	7,683	7,683	-7,683	—
Dividends	26	—	—	—	—	—	-23,771	-23,771
Previous years adjustments		**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total additions and disposals (E)		**—**	**1,984**	**—**	**-7,235**	**-5,251**	**3,168,728**	**3,163,477**
Transfer in equity		—				—	—	—
Total transfers in equity (F)		**—**	**—**	**—**	**—**	**—**	**—**	**—**
Balance at 31 December 2022 (G) = (A + D + E + F)		**2,000,000**	**940,005**	**-71,981**	**8,507,444**	**11,375,468**	**4,424,573**	**15,800,041**

		Attributable to the shareholders of the Company						
For the year ended 31 December 2021 (CZK thousand)	Note	Share capital	Other reserves	Foreign exchange translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2021 (A)	**26**	**2,000**	**2,952,610**	**-44,840**	**5,046,706**	**7,956,476**	**1,205,691**	**9,162,167**
Total comprehensive income for the year:								
Profit for the year (B)		—	—	—	1,227,630	1,227,630	89,154	1,316,784
Other comprehensive income:								
Foreign exchange differences on translation of foreign operations		—	—	62,391	—	62,391	-15,228	47,163
Interest-rate advantage on a non-interest-bearing loan		—	—	—	—	—	—	—
Total other comprehensive income (C)		—	—	62,391	—	62,391	-15,228	47,163
Total comprehensive income for the year (D) = (B + C)		**—**	**—**	**62,391**	**1,227,630**	**1,290,021**	**73,926**	**1,363,947**
Additions and disposals:								
Changes in non-controlling interests without a change of control	27	—	-2,002	—	-769,390	-771,392	-482,534	-1,253,926
Effects of acquisitions in the form of business combinations	5	—	—	—	—	—	—	—
Effects of acquisitions under joint control		—	—	—	—	—	—	—
Effects of subsidiaries sold		—	—	—	21,865	21,865	-21,865	—
Dividends	26	—	—	—	—	—	-19,931	-19,931
Previous years adjustments		**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total additions and disposals (E)		**—**	**-2,002**	**—**	**-747,525**	**-749,527**	**-524,330**	**-1,273,857**
Transfer in equity		1,998,000	-2,012,587	—	14,587	—	—	—
Total transfers in equity (F)		**1,998,000**	**-2,012,587**	**—**	**14,587**	**—**	**—**	**—**
Balance at 31 December 2021 (G) = (A + D + E + F)		**2,000,000**	**938,021**	**17,551**	**5,541,398**	**8,496,970**	**755,287**	**9,252,257**

Consolidated Statement of Cash Flows

For the years ended 31 December 2022 and 2021 (CZK thousand)	Note	For the year ended 31 December 2022	For the year ended 31 December 2021
Cash flows from operating activities			
Profit for the year		**3,473,839**	**1,316,784**
Adjustments for:			
Amortisation/depreciation of fixed assets	14, 15	694,888	702,559
Impairment of inventory		-16,100	-121,277
Impairment of property, plant and equipment		-12,761	12,060
Impairment of non-financial assets		—	6,770
Impairment of financial assets		54,104	—
Profit (-) /loss (+) from the sale of property, plant and equipment, investment property and intangible assets	10, 11	-141,886	-493
Profit (-) / loss (+) from the sale of inventory	10, 11	47,510	96,274
Profit (-) / loss (+) from financial instruments		-956,167	-363,988
Profit (-) / loss (+) from the sale of assets held for sale		—	—
Profit (-) / loss (+) from the sale of subsidiaries		-10,271	-437,087
Net interest income (-) / expense (+)	12	449,963	369,028
Recognition (+) / release (-) of allowances for trade and other receivables, write-offs		167,044	62,360
Recognition (+) / release (-) of provisions	11	44,668	86,744
Profit from a bargain purchase	10	—	—
Income tax	13	996,785	339,939
Unrealised foreign exchange rate (gains)/losses		38,814	151,600
Share of profit (-) /loss (+) of associates and joint ventures	17	-250,487	-118,943
Other		—	12,817
Operating cash flows before movements in working capital		**4,579,943**	**2,115,147**
Increase (-) / decrease (+) in trade receivables and other assets*		-1,704,767	1,459,170
Increase (-) / decrease (+) in inventory (including income from sale)		-4,593,416	-54,511
Increase (+) / decrease (-) in trade and other payables**		9,870,170	561,804
Cash generated by operations		**8,151,930**	**4,081,610**
Interest paid		-558,561	-349,970
Income taxes paid		-400,085	-431,985
Net cash from operating activities		**7,193,284**	**3,299,655**

For the years ended 31 December 2022 and 2021 (CZK thousand)	Note	For the year ended 31 December 2022	For the year ended 31 December 2021
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment, investment property and intangible assets		90,767	233,190
Acquisition of property, plant and equipment, investment property and intangible assets	14, 15	-1,603,502	-1,087,922
Acquisition of investments in subsidiaries, net of cash acquired	5	-11,717,367	-356,821
Dividend income		65,000	100,000
Proceeds on disposal of subsidiaries		84,907	601,985
Acquisition of investments in associates		—	—
Provided loans		-1,575,265	-1,200,898
Repayment of provided loans		176,737	294,544
Interest received		138,990	43,605
Net cash (used in)/from investing activities		**-14,339,733**	**-1,372,317**
Cash flows from financing activities			
Proceeds from borrowings		13,477,373	1,449,024
Repayments of borrowings		-2,935,350	-2,613,777
Proceeds on bond placements		221,357	2,942,155
Costs related to bond placements		-103	-28,887
Payments of bonds		-220,539	-1,398,000
Dividends paid		-23,771	-19,931
Payments of obligations under leases		-128,722	-107,203
Effect of changes in non-controlling interests		-19,951	-1,253,926
Net cash (used in)/from financing activities		**10,370,294**	**-1,030,545**
Net increase/decrease in cash and cash equivalents		3,223,845	896,793
Cash and cash equivalents at beginning of year		**2,585,581**	**1,656,023**
Foreign exchange rate gains (+) / losses (-) from the translation of cash and cash equivalents		17,972	32,765
Cash and cash equivalents at end of year		**5,827,398**	**2,585,581**

* Increase (-) /decrease (+) in receivables and other assets includes trade and other receivables, prepayments made and deferred expenses and accrued income, and tax receivables with the exception of the income tax receivable.

** Increase (+) /decrease (-) in trade and other payables includes trade and other payables, financial instruments and financial liabilities, deferred income and tax payables with the exception of the income tax payable.

Notes to the Consolidated Financial Statements

1. Description of the Group

CZECHOSLOVAK GROUP a.s. (the "Parent Company" or the "Company" or "CSG") is a joint stock company formed in compliance with the legal regulations of the Czech Republic on 13 October 2014. Its registered office is located at Pernerova 691/42, Karlín, 186 00 Prague 8.

The consolidated financial statements of the Company were prepared for the year ended 31 December 2022 and include the financial statements of the Parent Company, its subsidiaries and associates or joint ventures (jointly referred to as the "Group" or the "CSG Group"). The entities included in the Group are disclosed in Note 35 – Entities in the Group and include primarily entities operating in the Czech Republic and Slovakia.

CZECHOSLOVAK GROUP's strategy comprises the long-term operation and expansion in promising segments of the traditional Czech and Slovak industries having a strong potential for export. The vast majority of these activities focused on the B2B or B2G segments. Business activities focusing on end consumers are marginal. The Group is primarily engaged in the arms, engineering, automotive, aircraft and rail transport industries.

The parent company gradually acquired the subsidiaries as part of transactions under joint control and from third parties (refer to Note 5 for details on the acquisitions made in 2022 and 2021).

The Group's formation and the changes in its operating and management structure have been carried out in order to make use of synergistic effects. The Group has also combined and unified its financing structure.

As of 31 December 2022, the Company's sole shareholder was CSG FIN a.s., which, as the sole shareholder, acted as the supreme company body from 28 June 2022. Michal Strnad acted as the supreme company body from 1 January 2022 to 27 June 2022.

As of 31 December 2022, the Company's sole shareholder was as follows:

		Equity interest	Voting rights
	CZK thousand	%	%
CSG FIN a.s.	2,000,000	100	100
Total	**2,000,000**	**100**	**100**

As of 31 December 2022, the Group's ultimate owner was Michal Strnad.

Composition of the Board of Directors as of 31 December 2022:

- **Michal Strnad** (Chairperson of the Board of Directors)
- **David Chour** (Vice-Chairperson of the Board of Directors)
- **David Štěpán** (Vice-Chairperson of the Board of Directors)
- **Petr Formánek** (Member of the Board of Directors)
- **Ladislav Štorek** (Member of the Board of Directors)

Composition of the Supervisory Board as of 31 December 2022:

- **Aleš Kvídera** (Member of the Supervisory Board)
- **Aleš Klepek** (Member of the Supervisory Board)
- **Rudolf Bureš** (Member of the Supervisory Board)

2. Basis of Preparation of the Consolidated Financial Statements

A) Statement of Compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), containing International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as promulgated by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and formerly by the Standing Interpretations Committee (SIC) as adopted by the European Union, as well as with Czech legislative requirements.

The consolidated financial statements give a true and fair view of the Group's financial position, financial results and cash flows as of 31 December 2022 for the year ended 31 December 2022.

The Board of Directors approved the consolidated financial statements on 25 April 2023.

B) Measurement Method

These consolidated financial statements were prepared under the going concern assumption and the historical cost convention, with the exception of the following material statement of financial position items, which are carried at fair value:

- Investment property; and
- Derivative financial instruments.

Investments in associates and joint ventures are stated using the equity method.

The accounting policies disclosed below are consistently applied by individual entities in the Group.

C) Functional and Presentation Currencies

The consolidated financial statements are presented in Czech crowns ("CZK"). The functional currency of each entity in the Group is the currency of the primary economic environment in which the entity operates. In respect of Czech entities, the functional currency is the Czech crown ("CZK"), in respect of Slovak entities, the functional currency is the euro ("EUR"), and in respect of other entities, the functional currency is the currency commonly used in the country where they are based. All financial information presented in Czech crowns is rounded to the nearest thousand, unless stated otherwise.

The Czech crown is the presentation currency and the parent company's functional currency.

D) Use of Estimates and Judgement

In preparing these financial statements in compliance with International Financial Reporting Standards, management is required to make certain critical accounting estimates that affect the reported balances of assets, liabilities, income and expense. In applying the Group's accounting policies, management is also required to make assumptions based on its own judgement. Due to their nature, the resulting accounting estimates are rarely equal to the relevant actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information on the estimates and critical judgement used in applying accounting policies that have the most significant effect on the balances reported in the consolidated financial statements are disclosed in the following Notes:

- Note 3 Q) – Revenue Recognition
- Note 3 J) – Investment Property
- Note 3 N) – Provisions
- Note 3 C), D) – Measurement of Financial Instruments
- Note 3 G) – Construction Contracts in Progress
- Note 36 – Legal Disputes

E) Adoption of new and revised International Financial Reporting Standards (IFRSs)

I. Newly adopted standards and amendments to existing standards effective for annual periods beginning on or after 31 December 2022 applied in preparing the Group's financial statements

During the current period, the Group adopted all amendments to International Financial Reporting Standards (IFRS) with effect from 1 January 2022 that are compulsory and approved for use in the EU. The impact of these amendments to existing standards on the consolidated financial statements of the Group is specified below.

Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for liabilities within the

scope of IAS 37, an acquirer should apply IAS 37 to determine whether a present obligation exists that is a consequence of past events. The amendments also add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

Amendments to various standards due to "Improvements to IFRSs (cycle 2018–2020)"

The amendments result from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies between standards and clarifying wording.

The adoption of these amendments has no material impact on the disclosures or amounts reported in these consolidated financial statements.

II. Standards and amendments to existing standards not yet effective and applicable to the Group's financial statements

Several new standards and amendments to existing standards have not become effective as of 31 December 2022 and have not been applied in preparing these consolidated financial statements. The Group is planning to implement these provisions as soon as they become effective.

A) New standards and amendments to existing standards already adopted for use in the EU

As of the date of approval of these financial statements, the following new standards and amendments to existing standards have been issued by the IASB and approved for use in the EU but not yet effective:

IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023)

The new standard sets principles for the recognition, valuation, reporting and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

The Group anticipates that this new standard will not have significant effects on the consolidated financial statements upon initial application as the Group entities do not operate in the insurance sector.

Amendments to IFRS 17 Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 Comparative Information (effective for annual periods beginning on or after 1 January 2023)

It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

The Group anticipates that the amendments will not have significant effects on the consolidated financial statements upon initial application as the Group companies do not operate in the insurance sector.

Amendments to IAS 1 Presentation of Financial Statements – Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023)

The amendments require entities to disclose their material accounting policies instead of their significant accounting policies and provide guidelines and examples to help entities decide which accounting policies should be disclosed in the financial statements.

The Group anticipates that the amendments will not have significant effects on the consolidated financial statements upon initial application.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023)

The amendments focus on accounting estimates and provide guidance on distinguishing between accounting policies and accounting estimates.

The Group anticipates that the amendments will not have significant effects on the consolidated financial statements upon initial application.

Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

Under the amendments to IAS 12, an entity will not apply the initial recognition exemption for transactions that result in the same taxable and deductible temporary differences.

The Group anticipates that the amendments will not have significant effects on the consolidated financial statements upon initial application.

B) Amendments to existing standards not yet adopted for use in the EU

At present, the standards adopted by the European Union do not significantly differ from the standards approved by the International Accounting Standards Board (IASB). Exceptions include the following amendments to existing standards, which have not been approved for use in the EU as of the date of approval of the financial statements (the effective dates indicated below apply to IFRS as issued by the IASB).

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been postponed indefinitely)

The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business (even if these assets are housed in a subsidiary).

The Group anticipates that the amendments will not have significant effects on the consolidated financial statements upon initial application.

Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024)

Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.

The Group anticipates that the amendments will not have significant effects on the consolidated financial statements upon initial application.

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date (effective for annual periods beginning on or after 1 January 2024)

The amendments to IAS 1 affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period.

The Group anticipates that the amendments will not have significant effects on the consolidated financial statements upon initial application.

Amendments to IAS 1 Presentation of Financial Statements –Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024)

The amendments clarify how the conditions that an entity is required to comply with within twelve months after the balance sheet date affect the classification of liabilities.

The Group anticipates that the amendments will not have significant effects on the consolidated financial statements upon initial application.

3. Significant Accounting Policies

A) Consolidation Method

I. Recognition of acquisition of subsidiaries

1) Business combinations

Business combinations are accounted for using the acquisition method in line with IFRS 3 Business Combinations when control is transferred to the Group. The consideration transferred as part of the acquisition as well as the identified net assets and all previously held equity interests are measured at fair value (with the exception of deferred tax liabilities). Goodwill is measured as the excess of the amount of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the previously held equity interests in the acquiree, if any, less the amount of identifiable assets acquired and liabilities assumed as of the acquisition date.

Any arising goodwill is tested for impairment every year and whenever there is an indication of impairment. For the

purpose of impairment testing, goodwill is allocated to each cash-generating unit of the group (or groups of cash-generating units) that are expected to benefit from the synergies of the combination.

Any gains from an advantageous purchase are immediately recognised in profit or loss. Transaction costs are charged to expenses at the time of their origination with the exception of cases where they relate to issues of debt or equity securities.

The transferred consideration does not include amounts related to the settlement of historical relations. These amounts are usually recognised in profit or loss.

Any contingent consideration is measured at fair value as of the acquisition date. If the obligation to pay contingent consideration meeting the definition of a financial instrument is classified as equity, then it is not remeasured and the settlement is recognised in equity. In other cases, contingent consideration is remeasured at fair value as of the balance sheet date and subsequent changes in the fair value of contingent consideration are reported in profit or loss.

2) Acquisition of subsidiaries under joint control

Acquisitions under joint control refer to business combinations where all combining entities and enterprises are ultimately controlled by the same party or parties before and after the acquisition and this control is not temporary. IFRS 3 does not apply to acquisitions of this type. The obtained assets and liabilities are reported in carrying amounts in which they were previously reported by the acquiree (i.e. at cost as of the date of acquisition net of accumulated depreciation and/or potential impairment). The difference between the fair value of consideration transferred as part of acquisition and the acquired net assets is recognised directly in equity (Other funds).

The Group does not disclose/adjust comparative data and the current period before the date of the transaction under joint control, subsidiaries are included in consolidation only from the effective date of the transaction.

II. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls another entity if it is exposed or entitled to variable income based on its engagement in this entity and it can influence this income via its power over this entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date of origination of control until the date of loss of control (sale of the subsidiary or its dissolution).

Changes in the Group's ownership interests that do not lead to loss of control are recognised as equity transactions. The carrying amounts of the Group's ownership interests and non-controlling interests are adjusted to reflect changes in relative interests in subsidiaries. Any potential differences between the amount for which non-controlling interests are adjusted and the fair value of the paid or received consideration are reflected directly in equity and allocated to the Company's owners.

III. Investments in entities accounted for under the equity method

The Group's investments in entities accounted for under the equity method include investments in associates and joint ventures.

An associate is an enterprise in which the Group has significant influence over financial and operating policies but it has no control or joint control over these policies. A joint venture is an arrangement where the Group is a joint-controlling party and is entitled to the net assets of this arrangement (not its assets and obligations from its liabilities).

Investments in associates and joint ventures are recognised under the equity method. They are initially reported at acquisition cost, which includes transaction costs. After initial recognition, the consolidated financial statements include the Group's share in the overall profit or loss and other comprehensive income of the entities recognised under the equity method, until the day when significant influence or joint control ceases to exist.

If the Group's share in losses exceeds the carrying amount of the investment in the associate or joint venture, the book value shall decrease to zero and any losses shall stop being reported, which does not apply if the Group has incurred payables to the relevant associate or if it has made any payments on its behalf.

IV. Recognition of non-controlling interest

Non-controlling interests representing current ownership interests granting their holders the right to a proportionate share in the net assets of the relevant entity in the event of liquidation may be initially recognised either at fair value or at the proportionate part (based on the amount of non-controlling interest) of reported amounts of identifiable net assets of the entity in which the investment was made. The Group measures these non-controlling interests using the pro-rata method. Other types of non-controlling interest are valued at fair value or using a method set by another IFRS standard.

V. Transactions excluded on consolidation

When preparing the consolidated financial statements, intercompany balances and intercompany transactions as well as all unrealised income and expenses arising therefrom are excluded.

Unrealised gains from transactions with entities under the equity method are offset against the relevant investments up the amount of the Group's interest in the relevant entity. Unrealised losses are offset in the same way as unrealised gains, but only if no impairment occurs.

VI. Unification of accounting policies

Accounting policies applied in the financial statements of consolidated companies were unified during consolidation and they are in line with the accounting policies used by the Parent Company.

VII. Loss of subsidiaries and entities under the equity method

If the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and all the related non-controlling interests and other components of equity. Any interest retained in the former subsidiary in the event of loss of control is valued at fair value.

Gains or losses from the sale of interests in subsidiaries and entities under the equity method are reported in the profit and loss when significant risks and benefits related to the ownership are transferred to the buyer.

If assets and liabilities are sold via the sale of an equity investment in a subsidiary or an entity under the equity method, total gains or losses from the sale are reported under Gains/(losses) from the sale of subsidiaries and associates in the statement on other comprehensive income.

B) Foreign Currencies

I. Foreign currency transactions

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity performs its activities (functional currency). Transactions in foreign currencies are translated to the relevant functional currency of the Group entity using the exchange rate valid as of the date of transaction.

Cash assets and liabilities in foreign currencies are translated to the relevant functional currency of Group entities using the exchange rate valid as of the balance sheet date promulgated by the relevant national bank based on the registered office of the company.

Non-cash assets and liabilities in foreign currencies that are reported at historical costs are translated to the relevant functional currency of Group entities using the exchange rate valid as of the transaction date. Non-cash assets and liabilities in foreign currencies that are reported at fair value are translated to the relevant functional currency of Group entities using the exchange rate valid as of the date of determination of fair value.

Exchange rate gains and losses arising from the translation of financial assets denominated in foreign currencies are described below in item D).

Overview of primary exchange rates valid for the reporting period is included in Note 32 to the financial statements – Risk Management Methods and Disclosures.

II. Translation to the presentation currency

Assets and liabilities including adjustments concerning goodwill and fair value arising on consolidation are translated from the functional currency to Czech crowns using the exchange rate valid as of the balance sheet date. Income and expenses are translated from the functional currency to Czech crowns using the average exchange rate determined based on the exchange rates valid in the reporting period.

Exchange rate gains and losses arising from the translation are recognised in other comprehensive income and reported in the fund from foreign currency translations in equity. However, if the foreign entity is not a 100% subsidiary, then the relevant part of the exchange rate difference is reported as non-controlling interest.

C) Financial Instruments – Derivatives

Financial assets and financial liabilities are reported in the Group's statement of financial position if the Group becomes a party to contractual provisions concerning the instrument.

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in Notes 19 and 32.

Financial assets and financial liabilities are initially measured at fair value. Transaction expenses that are directly related

to the acquisition or issuing of financial assets and financial liabilities (with the exception of financial assets and financial liabilities measured at fair value through profit or loss) increase or decrease the fair value on initial recognition in the corresponding amount. Transaction expenses that are directly related to the acquisition of financial assets and financial liabilities measured at fair value through profit or loss are reported directly to profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities. The Group does not use hedge accounting.

D) Financial Assets, Financial Liabilities and Equity

All purchases or sales of financial assets with the regular type of acquisition are reported and recognised as of the date of conclusion of the transaction. A purchase or sale with the regular type of acquisition is a purchase or sale of a financial asset that requires the delivery of the asset within a timeframe set by a regulation or market agreement.

All reported financial assets are subsequently remeasured either at amortised cost or at fair value, depending on their classification.

Classification of financial assets

Debt securities that meet the following conditions are measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual conditions of the financial asset stipulate specific dates of cash flows generated exclusively by payments of principal and interest on the unpaid amount of principal.

The Group does not have any debt instruments with a business model whose objective would be achieved through both the collection of contractual cash flows and the sale of financial assets. All other financial assets are subsequently remeasured at fair value through profit or loss (FVTPL).

I) Amortised cost and effective interest rate method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income or expense over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and interest paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "Financial Income" (interest income details are disclosed in Note 12).

II) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (the Group has not yet designated any equity investments as at FVTOCI.
- Debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so-called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item (Note 12). Fair value is determined in the manner described in Note 4.

III) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period, exchange differences are recognised in profit or loss in the 'Financial income' or 'Financial expenses' line item (Note 12).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, lease receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using loss allowance matrix based on the Group's historical experience with credit loss using factors that are specific to the debtors based on geographic rating and aging of receivables.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

IV) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the extent to which the fair value of a financial asset has been less than its amortised cost;

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

V) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due.

VI) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

A) a significant financial difficulty of the issuer or the borrower,
B) a breach of contract, such as a default or past due event (see II) above);
C) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
D) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
E) the disappearance of an active market for that financial asset because of financial difficulties.

VII) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss (the 'Financial expenses' line item).

VIII) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which a simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

A detailed description of the expected credit loss methodology is provided in the section on financial risk management, refer to Note 32.

IX) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for

amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial Liabilities and Equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity.

Financial Liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is I) contingent consideration of an acquirer in a business combination, II) held for trading or III) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'expenses from financial instruments' line item (Note 12) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Fair value is determined in the manner described in Note 4.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not I) contingent consideration of an acquirer in a business combination, II) held-for-trading, or III) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'financial income, financial expenses' line item in profit or loss (Note 12) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within 'financial income' or 'financial expenses' (12).

E) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank and short-term highly liquid investments with an original maturity of three months or less.

F) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price as part of normal business activities less all estimated costs of completion and costs of sale.

Purchased inventories and inventories in transit are initially recognised at cost. Cost comprises the purchase price and other costs directly related to the acquisition of inventories and bringing the inventories to their present location and condition. Inventories of a similar nature are valued using the weighted average cost method.

Internally produced inventories and work in progress is initially recognised at production costs. Production costs include direct costs (direct material, direct salaries and other direct costs) and the portion of overheads that may be directly attributed to the production of inventories (production overheads). This valuation is adjusted to net realisable value if it is lower than production costs.

G) Contract Assets and Liabilities

Construction contracts in progress are stated at expenses plus gains recognised as of the relevant date, less continuously issued invoices and recognised losses. Expenses include all the expenses directly related to the specific project and the proportionate part of fixed and variable overhead costs incurred within normal operating capacity.

Contract assets represent the Group's right to completed but unbilled work pursuant to contracts with customers at the selling price net of prepayments received. A contract asset becomes a receivable at the moment of acquisition of an unconditional right to payment, which arises by invoicing.

A contract liability is related to received prepayments or continuous invoicing for performance arising from contracts with customers where income is recognised on an ongoing basis. Contract liabilities are reported as sales at the time of fulfilment of the contract liability.

H) Property, Plant and Equipment

I. Owned assets

Items of plant and equipment are reported at cost less accumulated depreciation (see below) and accumulated losses from impairment. Property items are reported at cost less accumulated impairment losses.

Cost includes expenses that can be directly attributed to the acquisition of the asset. Cost of internally produced assets includes the cost of material and direct wages, all other costs directly related to bringing the asset to a functional condition for the intended use and capitalised borrowing costs (refer to Note 3 R) – Financial Income and Expenses). Cost also includes the cost of dismantling and removal of individual items and bringing the location to the original condition if the Group has committed to dismantling and removing the item or to bring the location to the original condition.

If an item of property, plant and equipment consists of parts having different useful lives, then these individual parts are recognised as independent items (primary components) of property, plant and equipment.

Gains or losses from disposal of an item of property, plant and equipment are determined by comparing the income from disposal and the carrying amount of the property, plant and equipment and reported in profit or loss.

II. Right-of-use assets

Refer to Note P) Leases.

III. Subsequent costs

Subsequent costs are capitalised only if it is probable that certain items of property, plant and equipment will give rise to future economic benefits for the Group and that the relevant costs can be reliably measured. All other expenses including costs of everyday maintenance of property, plant and equipment are reported directly in profit and loss.

IV. Depreciation

Depreciation is determined in order to write off the cost of buildings and equipment (after deducting the anticipated residual values) to expenses. Depreciation charges of buildings and equipment are charged to the profit and loss account on a straight-line basis over the anticipated useful life. Land is not depreciated. Leased assets are depreciated over the shorter of the lease term and the estimated useful life (if it is not reasonably certain that the Group will obtain the ownership right to the asset by the end of the lease term).

The estimated useful life of buildings and equipment is as follows:

- Buildings and structures 20–60 years
- Machinery and equipment 3–20 years
- Fixtures and other items 2–20 years

Depreciation methods, useful lives and residual values are reviewed every year as of the balance sheet date. For companies acquired under IFRS 3 where purchase price allocation is performed, useful life is re-evaluated based on the process of purchase price allocation.

I) Intangible Assets

I. Goodwill and a bargain purchase gain

Goodwill and bargain purchase gain arising from business combinations are described in Note 3 A) i. 1).

With respect to associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and tested for impairment if there are indicators of investment impairment.

II. Research and development

Expenses of research activities performed to gain new scientific or technical findings and knowledge are recognised to profit or loss.

Development activities include a plan or design of implementation of new or substantially improved products or processes. Development costs are only capitalised if they are reliably measurable, the relevant product or process is technically or economically realisable, gaining of a future economic benefit is probable and the Group intends to complete the development and use or sell the resulting assets and has sufficient sources to do so. Otherwise, the costs are recognised in profit or loss in the actual amount. Subsequent to initial recognition, development costs are reported at cost less accumulated amortisation and accumulated impairment losses.

III. Software and other intangible assets

Software and other intangible assets acquired by the Group with a definite useful life are recognised at cost less accumulated amortisation (refer to below) and impairment losses.

Intangible assets under construction or intangible assets with an indefinite useful life are not amortised and are tested for impairment on an annual basis. The useful life is reassessed at the end of each period in order to determine whether the events and circumstances that have occurred indicate that the useful life continues to be indefinite.

IV. Trademarks

Acquired trademarks are recognised at historic costs. In case of indefinite useful life, trademarks are tested for impairment annually or whenever there is any indication that impairment occurred. Trademarks are measures at purchase cost less accumulated impairment losses.

V. Amortisation

Amortisation is determined to charge the purchase cost of intangible assets (less the expected residual value) to expenses. Intangible assets except for goodwill and trademarks with indefinite useful lives are charged to profit or loss on a straight-line basis over their estimated useful lives, starting from the date on which the asset is put to use.

The expected useful life of intangible assets is as follows:

- Software 3–4 years
- Concession, licence 3–25 years
- Other intangible assets 3–5 years

The method of amortisation, the useful life and the residual values are reassessed at the end of any reporting period and adjusted as required.

J) Investment Property

Investment property is property held by the Group to earn rentals or for capital appreciation or for both of these purposes rather than for sale as part of regular business activities or for use in the production or delivery of goods or services or for administrative purposes.

Property investment is measured initially at cost and subsequently, it is re-measured to fair value (refer to Note 4 – Fair Value Determination). Any changes in fair values are recognised in profit or loss.

Property under construction or adjusted for its future use as investment property is recognised as investment property under construction.

Only if a change is made in the manner of use of the property and the property is reclassified to inventory or property used by the owner, the fair value of the property at the re-classification date is used as the deemed acquisition cost for the purposes of subsequent reporting.

Gains or losses on investment property disposal (defined as the difference between the net proceeds from disposal and the carrying amount of the item) are recognised in profit or loss.

The method of accounting for income from rentals of investment property is described in Note 3 Q) – Revenues.

K) Non-Current Assets Held for Sale and Disposal Groups of Assets and Liabilities

Non-current assets or disposal groups including assets and liabilities the amount of which is expected to be recovered by a sale transaction rather than through continuing use are classified as held for sale. Immediately before their classification as assets held for sale the assets (and any assets and liabilities in a disposal group) are remeasured in line with the Group's relevant accounting policies. Subsequently, at the initial classification as assets held for sale the non-current assets and disposal groups are recognised at the lower of the carrying amount or the fair value less the cost of sale.

As soon as intangible assets and property, plant and equipment are classified as assets held for sale, they are no longer amortised/depreciated and investments in associates and joint ventures are not measured using the equity method.

Any impairment loss of a disposal group is first allocated to goodwill and subsequently proportionately allocated to the remaining assets and liabilities. Loss is not allocated to inventory, financial assets, deferred tax liabilities and investment property that continue to be measured in line with the Group's accounting policies.

Impairment loss at the initial classification as held for sale is included in profit or loss. The same applies to profit or loss from subsequent revaluation. Profits exceeding the accumulated impairment loss are not reported.

Any impairment gain or loss at revaluation of non-current assets (or disposal groups) classified as held for sale if the definition of discontinued operations is not complied with is

reported in profit or loss as profit or loss on continued operation.

L) Discontinued Operations

Discontinued operations are part of the Group's business activities the transactions and cash flows of which are clearly separable from other business activities of the Group and which:

- Represent a separate operating segment,
- Are part of a segment to be sold or discontinued by the Group.

The Group classifies the activity as discontinued as of an earlier date, i.e. as of the date of disposal or the date on which the criteria for classification as held for sale are met.

At the moment of classification of business activities as discontinued, the figures in the Statement on Comprehensive Income for comparative periods are newly presented as if these activities were discontinued from the very beginning of the comparative period.

No activities were discontinued during the specified periods.

M) Impairment of Non-Financial Assets

The carrying amount of the Group's assets, excluding inventories (refer to Note 3 J) – Inventory), investment property (refer to Note 3 J) Investment Property) and deferred tax liabilities (refer to Note 3 S) – Income Taxation), is reviewed as of the balance sheet date in order to determine if there are any objective reasons for impairment. If there are no such reasons, the recoverable amount of the asset is estimated. For goodwill, intangible assets under construction and indefinite useful life, the recoverable amount is estimated at least once in the period, always at the same time.

N) Provisions

A provision is recognised in the Statement on Financial Position if the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the settlement of the obligation will require an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation

Provisions are recognised in the expected amount of settlement. Significant non-current liabilities are recognised as liabilities at the present value of the expected settlement. If the impact of discount is significant, they are recognised using a discount rate reflecting the present market expectation and specific risks of the obligation. Regular release of discount is recognised in profit or loss as part of financial expenses.

Impacts of changes in exchange rates, inflation rate and other factors are recognised in profit or loss as operating income or expense. Changes in estimates of provision amounts may predominantly result from differences from originally estimated expenses or a changed date of settlement or a changed scope of the relevant obligation. Changes in estimates are generally recognised in profit or loss as of the date of the change in the estimate (refer to below).

I. Warranties

Provisions for warranty repairs are determined for individual projects depending on the expected expenses that are determined based on historic experience.

II. Provisions for litigations and disputes

Settlement of a legal dispute represents a specific potential obligation. In order to determine the best estimate, the calculation of the expected value is used under which weight is assigned to possible consequences identified based on a legal analysis depending on relevant probabilities or the most probable single result adjusted by risk and insecurity as required is applied.

III. Onerous contracts

A provision for onerous contracts is created if the expected benefits expected to be gained by the Group from a certain contract are lower than the unavoidable costs of meeting the obligations under the contract. The provision is measured at the present value of the expected costs to terminate the contract or the value of expected net expenses of continuing the contract if lower. Before creating the provision, the Group must recognise all impairment losses relating to the contract.

O) Employee Benefits

Short-term employee benefits are recognised in profit or loss when the relevant service is provided. The liability is recognised in the amount of the expected expense if the Group has a present legal or contractual obligation to pay the amount in connection with the services provided by an employee in the past and the obligation may be reliably estimated.

P) Leases

I. Group as the lessee

At the beginning of the lease, the Group assesses whether the contract is or contains a lease defined as a contract or part of a contract which gives the right of use of the identified asset for a specified period in exchange for consideration.

The Group decided to use the IFRS 16's option not to voluntarily apply this standard to intangible assets to which the Group applies IAS 38 Intangible assets.

The Group decided to apply the exception and not to report in the balance sheet:

- Leases of low-value assets, i.e. assets at cost less than CZK 100 thousand, or EUR 4 thousand; and
- Short-term leases, where the lease term terminates in 12 months or less from the inception of lease.

The costs of lease of low-value assets and short-term leases should be recognised in expenses on an ongoing basis in the period to which they belong.

The Group reports leased assets as right-of-use; in the statement of financial position, they are presented under Property, plant and equipment. As of 31 December 2022, the Group did not identify any rights of use that would meet the definition of investment property. The related lease liabilities are presented in the statement of financial position under Long-term loans and borrowings (part of them is due in more than 12 months from the date of the financial statements) and Short-term loans and borrowings (part of them is due in less than 12 months from the date of the financial statements). Lease liabilities are measured at the present value of outstanding lease payments. The implicit interest rate, if known, is used for discounting, in other cases, the lessee's incremental borrowing rate is used. Lease payments entering into the measurement of lease liabilities include:

- Fixed lease payments determined in the contract adjusted for any latest known inflation index/benchmark interest rate, less any lease incentives;
- The amount of the expected payment for the minimum residual value guarantee, if indicated in the lease contract;
- The price of the call option if the Group expects its use;
- The fine for the early termination of the contract if the Group expects its payment and the lease term for the measurement of the lease liability is reduced.

In the measurement of the lease liability or right of use, the Group does not include variable lease payments dependent on variables other than the index/benchmark interest rate or incidental payments related to the lease (e.g. energy). These costs are recognised in the statement of comprehensive income under Services in the period to which they belong.

The measurement of lease liabilities is subsequently increased by accrued interest using the effective interest rate method and reduced by the repayment of lease liabilities.

The Group remeasures the lease liability and the related right of use in the following cases:

- The lease term, the estimate of the use of the possibility to terminate or extend lease, has changed;
- Lease payments have changed due to an index or rate change, the estimate of the guaranteed residual value has changed;
- The lease contract has changed in a manner that is not considered a new contract.

The Group did not make any significant adjustment to the lease liability during 2022.

At the inception of the lease, the rights of use are measured at the value of the related lease liability, which is increased by the prepaid lease payments at the beginning of the lease, the direct costs associated with the conclusion of the lease contract and decreased by any incentives received. In the event that the Group is obliged to pay the costs at the end of the lease (e.g. the obligation to restore the asset to its original state), the provision for such costs should be recognised at the beginning of the lease in accordance with IAS 37. The costs associated with the leased asset increase the purchase cost of the right of use.

Since the commencement of the lease, rights of use have been amortised into costs for the estimated life of the given asset or over the lease term, if shorter. If the Group expects to repurchase the leased asset at the end of the lease, the right of use is amortised for the period of the estimated use. Rights of use are tested for permanent impairment under IAS 36.

II. Group as the lessor

Lessors classify leases as operating leases or finance leases.

Leases in which the Group transfers substantially all the risks and rewards incidental to ownership to the lessee shall be classified as a finance lease. In the case of a finance lease, the Group reports an asset equal to the net invest-

ment in the lease. Lease payments are divided into accrued interest and payment reducing the residual value of the leased asset. Accrued interest is assigned to each period throughout the lease term so that the result is a constant periodic interest rate on the balance of the lease liability.

Rental from operating leases in which substantially not all the risks and rewards incidental to ownership are transferred, is reported on a straight-line basis in the statement of comprehensive income over the lease term.

If the Group subleases leased assets, it accounts for the sublease as a separate contract and assesses whether it is a finance or operating lease in relation to the related right of use.

During 2022, the Group did not identify any finance lease contracts where it would act as the lessor and operating lease income is insignificant.

Q) Revenue Recognition

I. Revenue from contracts with customers

The Group applies a five-step model to determine when and to what extent revenue should be recognised. Revenue is recognised when the Group transfers control of the goods and services to its customers and in the amount of the expected consideration. Following the fulfilment of specific requirements, revenue is reported either over time or at a point in time when control of goods or services is transferred. The Group enters into contracts with customers for different supplies and under different conditions, which is why it proceeded to assess the contracts individually.

Information on the method of accounting of revenues under IFRS 15 for individual types of transactions is provided in Note 6 Revenues. The main areas considered by the Group in applying IFRS 15 are the following:

A) Identification of the contract, identification of the performance obligations

The Group assesses performance obligations for all contracts in detail. The Group's contracts often involve several performance obligations. If the Group provides customers with a service of significant integration of these performance obligations, it considers these partial performance obligations to be part of one main performance obligation.

B) Significant financing component

For long-term prepayments, the Group recognises interest expense on received prepayments, which are reflected in the reported contract price if these prepayments are considered a significant financing component in accordance with IFRS 15.

The Group used a practical expedient and does not account for the financing component if the expected time between the delivery and payment at the time of origination of the contractual relationship is less than 12 months.

C) Revenue recognition period

In the case of contracts with customers, where the Group has a legally enforceable right to payment, the Group recognises revenues from these contracts over time. For these contracts, sales and expenses are recognised taking into account the progress of the contractual activity at the balance sheet date using the percentage of completion method. The percentage of completion is usually calculated as the ratio of the costs incurred under the contract to the total estimated costs. Management believes that this input method is an appropriate indicator of progress towards fully meeting these performance obligations. Only in exceptional cases is the percentage of completion measured by the output method. If it is probable that total costs will exceed total revenues, the loss is recognised immediately in the financial statements.

For contracts where none of the requirements for revenue recognition over time are met, the Group recognises revenue at a point in time when control is transferred. Until the transfer of control, the Group recognises contract costs as work in progress.

D) Classification within the balance sheet

Balances in the balance sheet resulting from amendments under IFRS 15 are reported as a contract asset and a contract liability, or as inventory of work in progress in the event that no revenue is recognised over time. Provisions for loss-making contracts are reported under Provisions.

II. Income from the lease of investment property

Income from the lease of investment property is recognised in the Statement of Comprehensive Income on a straight-line basis over the lease period. Granted incentives are recognised as part of the total income from the lease over the lease period.

Income from the lease of other assets is recognised as other income.

R) Financial Income and Expenses

I. Financial income

Financial income includes interest income from provided funds, income from dividends, changes in fair values of financial assets in fair value through profit or loss, exchange rate gains and sales of investments in securities.

Interest income is recognised on an accrual basis in the Statement of Comprehensive Income using the effective rate method. Income from dividends is recognised in the Statement of Comprehensive Income as of the date of establishment of the Group's right for the receipt of the relevant payment.

II. Financial expenses

Financial expenses include interest expense on loans, borrowings, contractual obligations and leases, release of a discount from provisions, exchange rate losses, changes in fair value of financial assets in fair value through profit or loss, costs of fees and commissions of payment transactions and guarantees, impairment losses recognised for financial assets and loss and impairment losses on contingent payments recognised as financial liabilities.

S) Income Taxation

The income taxation includes tax payable and deferred tax. Income tax is recognised in the Statement of Comprehensive Income, which does not apply to tax related to a business combination or items recognised directly in equity or other comprehensive income.

Tax payable includes a tax estimate (tax liability or tax asset) calculated from taxable income or loss for the current period using the tax rates effective as of the balance sheet date and all adjustments to the tax payable relating to prior periods.

Deferred tax is calculated using the balance sheet method based on temporary differences between the accounting values of assets and liabilities in the balance sheet and their amounts for tax purposes. No deferred tax is recognised for the following temporary differences: temporary differences on the initial recognition of assets or liabilities that is not a business combination and has no impact on the accounting or tax income or loss. Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries and associates and interests in joint ventures, except to the extent when the Company is able to control the reversal of the temporary difference and in the scope in which it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax is not recognised at the initial recognition of goodwill.

The amount of deferred tax is based on the assumed use or settlement of temporary differences using the tax rates effective or substantially enacted as of the balance sheet date.

Tax liabilities and assets arising from deferred tax are offset if there is an enforceable right for offsetting of due tax assets and liabilities and if they relate to the income tax imposed on the same taxable entity by the same tax authority or on different taxable entities with the intention to settle the due tax assets and liabilities on a net basis.

A deferred tax liability is only recognised if it is probable that a future taxable profit will be available against which outstanding tax losses, tax reliefs and tax-deductible temporary differences may be applied. Deferred tax liabilities are decreased to the extent to which it is probable that the relating tax relief will be applied.

T) Dividends

Dividends are recognised in equity as distribution of profit to shareholders after the approval of the payment by the Company's shareholders.

U) Government Grants

The Group recognises government grants provided in order to compensate the costs incurred in other operating income on a systematic basis and in line with how related costs are incurred. If there are doubts about compliance and if there is a risk that a grant will be subsequently returned, the Group recognises a liability in the amount of the funds received.

4. Fair Value Measurement

A number of accounting procedures and disclosures of the Group require determining a fair value of financial and non-financial assets and liabilities.

Fair values include various levels of fair value hierarchy based on the input used in valuation as follows:

- Level 1 fair value measurements are derived from prices listed (unadjusted) on active markets for identical assets or liabilities;

- Level 2 fair value measurements are derived from inputs other than the listed prices included in Level 1 that are either directly (i.e. as prices) or indirectly (i.e. derived from prices) observable in respect of the asset or liability; and
- Level 3 fair value measurements are derived from measurement techniques including inputs for the asset or liability that is not based on identifiable market information (unobservable inputs).

If the inputs used to measure an asset or liability at fair value may be classified within various levels of the fair value hierarchy, the fair value measurement as a whole is classified within the same level of the fair value hierarchy as the lowest level input that is material with respect to the entire measurement.

The Group reports transfers between the levels of fair value hierarchy always at the end of the reporting period in which the change occurred.

A) Investment Property

Fair values of investment property are determined by an independent expert. The results are reviewed by the Group's management. The fair value is estimated based on the current prices on the active market of similar real estate in the same location and in the same condition or (if there is no comparable property) under the generally applied valuation methods which include the aggregated sum of estimated cash flows expected to be generated from the lease of the property. Income reflecting specific risks inherently related to net cash flows is then applied to the net annual cash flows. The resulting value is the estimated value of the property.

B) Non-Derivative Financial Assets

The fair value is based on their quoted market price as of the balance sheet date with no deduction of transaction costs. If no quoted market price is available, the management estimates the fair value of the given instrument using price models or techniques based on discounted cash flows.

If techniques based on discounted cash flows are applied, the estimated future cash flows are based on best estimates made by the management, and a market-based rate as of the balance sheet date for an instrument with similar conditions is used as the discount rate. If price models are used, inputs are based on market rates as of the balance sheet date.

The fair value of trade receivables and other receivables, except for contract assets but including receivables from services provided based on a concession, is estimated as the present value of future cash flows discounted using the interest rate as of the balance sheet date.

The fair value of trade receivables, other receivables and investments reported at amortised cost is only determined for the disclosure purposes.

C) Non-Derivative Financial Liabilities

The fair value determined in order to be disclosed is based on the present value of future cash flows from principals and interest discounted by a default interest rate as of the balance sheet date. For leases, the default interest rate is determined as the rate stated by the lessor in the contractual documentation. If this rate is not available, the lessee's incremental borrowing rate is used. The average incremental rate for the Group is determined at 4.30% for contracts entered into in 2022..

D) Derivatives

Financial derivatives are measured at fair value classified under level 2.

5. Changes in the Group's Structure

A) The Group's New Acquisitions

2022

I. Newly established subsidiaries

Company name	Acquisition type	Establishment date	Effective ownership in %
HARVO SPV s.r.o.	Established	13/1/2022	100%
LAIRAN SPV a.s.	Established	11/1/2022	100%
GACEL Holding s.r.o.	Established	25/4/2022	100%
RETIA Realitní s.r.o.	Established	14/11/2022	100%
TATRA a.s.	Established	6/5/2022	100%
REALID SPV a.s.	Established	6/5/2022	100%
RELAZA SPV a.s.	Established	5/5/2022	100%
CLEVELOPMENT SPV a.s.	Established	6/5/2022	100%
Development Přelouč s.r.o.	Established	17/2/2022	90%
TATRA DEFENCE PROJECTS s.r.o.	Established	8/3/2022	81%

II. Newly established companies under joint control

No new companies under joint control were established in the year ended 31 December 2022.

III. Acquired companies under joint control

No companies under joint control were acquired in the year ended 31 December 2022.

IV. Acquired subsidiaries – IFRS 3 Business Combinations

1. GAMA OCEL, spol. s r.o.

In August 2022, through GACEL Holding s.r.o., the Group acquired a 100% equity interest in GAMA OCEL, a company specialising in the processing and supply of wear-resistant, high-strength, and armoured steel plates. As this acquisition occurred before the end of 2022, the Group's assets and liabilities were not measured at fair value as of the date of preparation of the consolidated financial statements. The assets and liabilities of the acquired company are measured at provisional value, based on the accounting records of the acquired company.

2. UpVision s.r.o.

In September 2022, through TRADITION CS a.s., the Group acquired a 100% equity interest in UpVision s.r.o. and its subsidiary UpVision Defence s.r.o., which focuses on utilising unmanned systems for various types of aerial work.

3. Fiocchi Group

In November 2022, the Group obtained a 70% equity interest in the Italian group FCC S.p.A. and its subsidiaries, Fiocchi Munizioni S.p.A, Baschieri & Pellagri S.p.A, Fiocchi of America Inc, Fiocchi UK Limited, and Lyalvale Express Limited through C3F S.p.A. The Fiocchi Group ranks among the world's leading small-caliber ammunition manufacturers.

As this extensive acquisition occurred before the end of 2022, the Group's assets and liabilities were not measured at fair value as of the date of preparation of the consolidated financial statements. The assets and liabilities of the acquired companies are measured at provisional value, based on the accounting records of the acquired companies. Consequently, the acquisition accounting process was not completed in 2022, and the remeasurement to fair value will occur within one year from the acquisition date, including the measurement of the non-controlling interest.

V. Other changes

In 2022, ELDIS Pardubice India Private Limited (India) and EXCALIBUR DEFENCE SYSTEMS PRIVATE LIMITED (India) were also established. They are listed as financial investments due to their low significance.

2021

I. Newly established subsidiaries

Company name	Acquisition type	Establishment date	Effective ownership in %
BREVETI SPV a.s.	Established	10/4/2021	100%
CSG a.s.	Established	16./9/2021	100%
CSG DEAL a.s.	Established	10/9/2021	100%
DAKO-CZ MACHINERY, a.s.	Established	10/4/2021	100%
RUMPETA a.s.	Established	20/9/2021	100%

II. Newly established companies under joint control

No new companies under joint control were established in the year ended 31 December 2021.

III. Acquired companies under joint control

No companies under joint control were acquired in the year ended 31 December 2021.

IV. Acquired subsidiaries – IFRS 3 Business Combinations

1) Prague Fertility Centre

In February 2021, the Group, through CSG Health Care, acquired an additional 40% equity interest in Prague Fertility Centre s.r.o., a leading assisted reproduction centre, with its subsidiaries AsterIVF s.r.o. and Sondany s.r.o., and gained control of the Group. The fair value of the Company's identifiable assets and assumed liabilities at the date of acquisition is presented in Note C) below.

2) PPS Vehicles, s.r.o.

In October 2021, the Group acquired a 72.90% equity interest in PPS Vehicles through MSM Group, s.r.o. Through this company, the Group obtained a set of authorisations for the sale of ammunition for a range of weapon systems. The fair value of identifiable assets and assumed liabilities of the entity as of the acquisition date is disclosed in Note C) below.

V. Other changes

In November 2021, the company Slovak Industry, s.r.o., which is the legal successor, merged with ZVS Ammunition a.s. As part of this merger, ZTS METALURG špeciál, s.r.o. was also added to the Group.

B) Impact of Acquisitions – Transactions under Joint Control

I. 2022

In the year ended 31 December 2022, the acquired companies were not under joint control.

II. 2021

In the year ended 31 December 2021, the acquired companies were not under joint control.

C) Impact of Acquisitions – IFRS 3 Business Combinations

I. 2022

CZK thousand	GAMA OCEL, spol. s r.o.	UpVision s.r.o. + UpVision Defence s.r.o.	FCC Group*	Total
Month of acquisition	**Augus 2022**	**September 2022**	**November 2022**	
Assets				
Intangible assets and goodwill	—	98	3,139,555	3,139,653
Property, plant and equipment	38,465	345	2,762,649	2,801,459
Loans and other non-current financial assets	—	—	31,041	31,041
Trade and other long-term receivables	39,580	1,244	25,044	65,868
Deferred tax asset	—	—	60,253	60,253
Inventory	60,746	—	2,888,405	2,949,151
Trade and other short-term receivables	—	—	1,633,190	1,633,190
Loans and other non-current financial assets	—	—	14,104	14,104
Short-term prepayments and accruals	—	—	44,544	44,544
Tax assets	—	—	192,612	192,612
Cash and cash equivalents	26,862	746	805,675	833,283
Total acquired identifiable assets	**165,653**	**2,432**	**11,597,072**	**11,765,157**
Liabilities				
Long-term loans and borrowings	—	—	919,319	919,319
Long-term financial instruments and liabilities	—	134	202,132	202,266
Long-term provisions	—	—	37,383	37,383
Non-current contract liabilities	—	—	37,317	37,317
Deferred tax liability	140	—	342,540	342,680
Short-term financial instruments and liabilities	—	81	57,364	57,445
Short-term loans and borrowings	—	—	519,161	519,161
Trade and other short-term payables	18,092	702	1,917,312	1,936,106
Short-term provisions	973	—	—	973
Short-term contract liabilities	—	—	25,397	25,397
Tax liabilities	9,160	—	426,360	435,520
Total identifiable assumed liabilities	**28,365**	**917**	**4,484,285**	**4,513,567**

CZK thousand	GAMA OCEL, spol. s r.o.	UpVision s.r.o. + UpVision Defence s.r.o.	FCC Group*	Total
Month of acquisition	**August 2022**	**September 2022**	**November 2022**	
Acquired identifiable assets and assumed liabilities including goodwill purchased (D)	**137,288**	**1,515**	**7,112,787**	**7,251,590**
Payment for the acquired company – effective (A)	188,310	20,000	15,692,825	15,901,135
Deferred payment – effective (G)	—	4,892	—	4,892
Investment value as of the control acquisition (I)	—	—	—	—
Paid (H)	188,310	20,000	12,219,414	12,427,724
Acquired non-controlling interests (E)	—	38	7,108	7,146
Adjustment for purchase price share	—	—	3,303,031	3,303,031
Goodwill/ (bargain purchase) (F) = (G + A + I – (D – E))	**51,022**	**23,414**	**8,587,146****	**8,661,582**
Less: Acquired cash (B)	26,862	746	805,675	833,283
Net cash income (+)/ expense (-) of the transactions (C) = (B – H)	**-161,448**	**-19,254**	**-11,413,739**	**-11,549,441**
Post-acquisition sales (31/12/2022)	**72,921**	**316**	**649,840**	**723,077**
Post-acquisition profit (+) / loss (-) (31/12/2022)	**6,286**	**-1,272**	**63,011*****	**68,025**
Aggregate profit or loss (restated to 12 months by extrapolation from the period in which the company was part of the consolidation group)				
Sales	218,763	1,264	7,798,080	8,018,107
Profit (+) / loss (-) from operating activities	17,568	-5,080	705,310	717,798
Profit (+) / loss (-) before taxation	17,169	-5,104	1,063,789	1,075,854
Income tax	1,689	—	-5,304	-3,615
Profit or loss for the period	**18,858**	**-5,104**	**1,058,485**	**1,072,239**
of which profit (+) / loss (-) attributable to shareholders	18,858	-4,976	740,939	754,821
Other comprehensive income	**—**	**—**	**-67,404**	**-67,404**
Total comprehensive income	**18,858**	**-5,104**	**991,081**	**1,004,835**
Share of the Group in total comprehensive income	**18,858**	**-4,976**	**693,756**	**707,638**

* The FCC Group includes data for FCC S.p.A with its subsidiaries Fiocchi Munizioni S.p.A, Baschieri & Pellagri S.p.A., Fiocchi of America Inc, Fiocchi UK Limited, and Lyalvale Express Limited.
** The assets of the FCC Group include additional goodwill of CZK 2.6 billion arising from previous acquisitions of the FCC Group.
*** Post-acquisition profit less acquisition costs.

II. 2021

CZK thousand	Skupina Prague Fertility Centre	PPS Vehicles	VORNEA SPV	Total
Month of acquisition	**February 2021**	**October 2021**	**March 2021**	
Assets				
Intangible assets	18,275	54,990	—	73,265
Property, plant and equipment	147,254	—	—	147,254
Loans and other non-current financial assets	3	—	—	3
Inventory	1,393	—	—	1,393
Trade and other short-term receivables	4,516	—	—	4,516
Short-term prepayments and accruals	857	—	—	857
Tax assets	—	4,599	—	4,599
Cash and cash equivalents	30,744	50	14	30,808
Total acquired identifiable assets	**203,042**	**59,639**	**14**	**262,695**
Liabilities				
Long-term loans and borrowings	80	—	11	91
Long-term financial instruments and liabili-ties	111,415	—	—	111,415
Deferred tax liability	5,509	—	—	5,509
Short-term financial instruments and liabili-ties	7,755	—	—	7,755
Trade and other short-term payables	15,213	945	3	16,161
Short-term contract liabilities	—	—	—	—
Tax liabilities	—	—	—	—
Total identifiable assumed liabilities	**139,972**	**945**	**14**	**140,931**
Acquired identifiable assets and assumed liabilities (D)	**63,070**	**58,694**	**—**	**121,764**
Payment for the acquired company – effec-tive (A)	219,502	42,788	—	262,290
Deferred payment – effective (G)	—	—	—	—
Investment value as of the control acquisi-tion (I)	—	—	—	—
Paid (H)	250,000	58,694	—	308,694
Acquired non-controlling interests (E)	29,012	15,906	—	44,918
Adjustment for purchase price share	—	—	—	—
Goodwill/ (bargain purchase) (F) = (G + A + I – (D – E))	185,444	—	—	185,444
Less: Acquired cash (B)	30,744	50	14	30,808
Net cash income (+) / expense (-) of the transactions (C) = (B – H)	-219,256	-58,644	14	-277,886
Post-acquisition sales (31/12/2021)	148,787	—	—	148,787
Post-acquisition profit (+) / loss (-) (31/12/2021)	12,967	-58	-18	12,891
Aggregate profit or loss				
Sales	162,313	—	—	162,313
Profit (+) / loss (-) from operating activities	22,304	-232	-14	22,057
Profit (+) / loss (-) before taxation	17,266	-232	-22	17,012
Income tax	-3,120	—	—	-3,120
Profit or loss for the period	**14,146**	**-232**	**-22**	**13,892**
of which profit (+) / loss (-) attributable to shareholders	7,639	-169	-22	7,448
Other comprehensive income	**—**	**—**	**—**	**—**
Total comprehensive income	**14,146**	**-232**	**-22**	**13,892**
Share of the Group in total comprehensive in-come	**7,639**	**-169**	**-22**	**7,448**

III. Substantiation of purchases

There are several strategic reasons for the purchases, including the following:

- Areas of operation of subsidiaries complete the CSG Group's portfolio;
- Potential for a synergic effect;
- Subsidiaries have technical excellence and production capacities supporting the Group's operational growth.

One of the Group's strategic goals is further expansion of activities in the relevant sectors in the countries where the Group operates. The Group's current goal is to strengthen its position and become a significant market participant.

IV. Substantiation of a bargain purchase gain

The Group did not report any bargain purchase gains in the year ended 31 December 2022.

V. Substantiation of the existence of goodwill

With respect to the acquisition of GAMA OCEL, spol. s r.o., the CZECHOSLOVAK GROUP reported goodwill in the amount of CZK 51,022 thousand, and with respect to the acquisition of UpVision s.r.o., the CZECHOSLOVAK GROUP reported goodwill in the amount of CZK 23,414 thousand. The Group believes that the potential of future profits of the acquired companies sufficiently substantiates the reported goodwill.

In connection with the acquisition of the Fiocchi Group, the CZECHOSLOVAK GROUP recognised goodwill in the amount of CZK 11,421,658 thousand, of which CZK 8,587,146 thousand relates to goodwill arising from the acquisition of the Fiocchi Group and CZK 2,760,076 thousand to goodwill arising from previous acquisitions in the Fiocchi Group. As mentioned above, in 2023, the assets and liabilities acquired will be measured at fair value and the amount of goodwill recognised will be adjusted. However, the Group already believes that the acquisition of the Fiocchi Group has sufficient future earnings potential to justify this acquisition.

D) Sales Outside the Group

Given the significance of the sales performed this year, fair values of payments for companies sold and the identifiable assets and liabilities sold as of the date of the sale are provided below. The values do not exclude mutual relations within the Group:

D) Sales Outside the Group

Given the significance of the sales performed this year, fair values of payments for companies sold and the identifiable assets and liabilities sold as of the date of the sale are provided below. The values do not exclude mutual relations within the Group:

2022

CZK thousand	ZVS-Armory, s.r.o.	HARVO SPV s.r.o.
Month of sale	**December 2022**	**November 2022**
Assets		
Intangible assets	241	—
Property, plant and equipment	27,226	—
Loans and other long-term assets	—	—
Trade and other long-term receivables	—	—
Deferred tax asset	—	—
Inventory	20,594	—
Trade and other short-term receivables	3,231	—
Loans and other short-term financial assets	—	—
Prepayments and accruals	120	—
Tax assets	—	1
Cash and cash equivalents	723	5,004
Short-term contract assets	—	—
Rights of use	483	—
Total assets sold (A)	**52,618**	**5,005**
Liabilities		
Short-term financial instruments	506	—
Long-term financial instruments	362	—
Deferred tax liability	2,146	—
Short-term loans and borrowings	2,942	5,250
Long-term loans and borrowings	—	—
Trade and other short-term payables	5,163	15
Short-term provisions	627	—
Deferred income	—	—
Other short-term financial liabilities	—	—
Other long-term financial liabilities	—	—
Tax liabilities	1,423	15
Short-term contract liabilities	—	—
Total liabilities sold (B)	**13,169**	**5,280**
Assets and liabilities sold (C = A – B)	**39,449**	**-275**
Non-controlling interest (D)	7,683	—
Goodwill (E)	—	—
Adjustment for the derecognition of incidental acquisition costs	—	—
Selling price (F)	41,761	—
Proceeds from the sale of subsidiaries = (F - C + D - E)	**9,995**	**275**
Cash sold	723	5,004
Net cash income from the transaction	**41,038**	**-5,004**

2021

CZK thousand	MSM BUSINESS DEVELOPMENT s.r.o.	VÍTKOVICKÁ DOPRAVA a.s.	CAR STAR Group	VÝVOJ Martin, a.s.
Month of sale	**April 2021**	**July 2021**	**September 2021**	**December 2021**
Assets				
Intangible assets	—	1,893	208	104,137
Property, plant and equipment	—	209,267	373,160	169,196
Loans and other long-term assets	—	3	14,912	—
Trade and other long-term receivables	—	2,208	—	—
Deferred tax asset	—	6,424	3,559	—
Inventory	—	10,728	88,898	31,349
Trade and other short-term receivables	—	42,834	43,387	100,137
Loans and other short-term financial assets	—	12,998	—	—
Prepayments and accruals	—	2,713	33	9,571
Tax assets	—	8	448	323
Cash and cash equivalents	75	8,791	81,871	845
Short-term contract assets	—	—	—	50,466
Total assets sold (A)	**75**	**297,867**	**606,476**	**466,024**
Liabilities				
Short-term financial instruments	—	—	1,899	3,132
Long-term financial instruments	—	—	7,976	38,259
Deferred tax liability	—	—	14,434	2,687
Short-term loans and borrowings	—	17,699	91,427	184,735
Long-term loans and borrowings	—	193	162,057	—
Trade and other short-term payables	25	30,560	86,374	141,129
Short-term provisions	—	3,148	20,864	2,709
Deferred income	—	—	—	10,988
Other short-term financial liabilities	—	—	—	—
Other long-term financial liabilities	—	—	—	—
Tax liabilities	—	3,040	10,389	3,007
Short-term contract liabilities	—	—	325	3,208
Total liabilities sold (B)	**25**	**54,640**	**395,745**	**389,854**
Assets and liabilities sold (C = A – B)	**50**	**243,227**	**210,731**	**76,170**
Non-controlling interest (D)	9	—	—	—
Goodwill (E)	—	—	10,450	49,366
Adjustment for the derecognition of inci-dental acquisition costs	—	—	3,498	—
Selling price (F)	128	240,385	250,000	533,061
Proceeds from the sale of subsidiaries = (F - C + D - E)	**87**	**-2,842**	**32,317**	**407,525**
Cash sold	75	8,791	81,871	845
Net cash income from the transaction	**53**	**231,594**	**168,129**	**532,216**

6. Sales

The following table includes information on revenue from contracts with customers (in connection with continued activities) analysed by geographic location, the key products and services and the period of reporting the revenue for 2022 pursuant to the requirements of IFRS 15:

For the year ended 31 December 2022 (CZK thousand)	Defence industry	Mechanical engineering	Services for air-craft industry	Other continued activities	Total continued activities
Sales by geographic location					
Czech Republic	4,656,383	783,215	502,555	633,466	6,575,619
Slovakia	333,511	393,627	178,902	11,925	917,965
European Union	2,409,978	367,813	597,602	486,138	3,861,531
United States of America	219,906	—	30,487	229,827	480,220
Nigeria	220,383	—	—	—	220,383
Indonesia	329,632	—	9,731	—	339,363
Ukraine	10,226,389	—	—	—	10,226,389
Other	672,800	881,578	693,805	62,995	2,311,178
Total sales	**19,068,982**	**2,426,233**	**2,013,082**	**1,424,351**	**24,932,648**
Sales of the key products and services					
Production and repair of military machinery	3,273,920	—	—	—	3,273,920
Servicing and repair of military machinery	2,121,872	—	—	—	2,121,872
Production of trucks	—	—	—	5,652	5,652
Servicing of vehicles and their accessories	—	4,465	—	1,171	5,636
Production of brake systems	—	1,466,010	—	—	1,466,010
Servicing and repair of brake systems	—	735,967	—	—	735,967
Energy supply	—	172	—	—	172
Other engineering production	—	53,339	—	—	53,339
Airplane/helicopter maintenance and repair	—	—	892,054	983	893,037
Specialised airplane / helicopter accessories	—	—	—	—	—
Aircraft industry services	—	—	711,513	—	711,513
Production of radar equipment	—	—	401,941	—	401,941
Transportation services / logistics	13,049	—	—	—	13,049
Sale of goods	13,444,568	166,268	7,575	820,966	14,439,377
Other	215,572	12	—	595,579	811,163
Total sales	**19,068,982**	**2,426,233**	**2,013,082**	**1,424,351**	**24,932,648**
Sales by revenue reporting period					
Products and services transferred as of a certain date	16,255,885	2,426,233	461,617	1,236,295	20,380,030
Products and services transferred during a period	2,810,886	—	1,551,465	180,817	4,543,168
Income from property lease	2,211	—	—	7,239	9,450
Other income	—	—	—	—	—
Total sales	**19,068,982**	**2,426,233**	**2,013,082**	**1,424,351**	**24,932,648**

For the year ended 31 December 2021 (CZK thousand)	Defence industry	Mechanical engineering	Services for air-craft industry	Other continued activities	Total continued activities
Sales by geographic location					
Czech Republic	1,226,474	490,910	407,337	1,525,335	3,650,056
Slovakia	395,251	362,723	284,733	22,041	1,064,748
European Union	1,197,311	314,194	310,832	71,696	1,894,033
United States of America	637,963	—	752,865	4,061	1,394,889
Nigeria	1,220,940	—	—	—	1,220,940
Indonesia	216,432	1,023	—	2,650	220,105
Other	3,059,543	521,526	974,321	444,069	4,999,459
Total sales	**7,953,914**	**1,690,376**	**2,730,088**	**2,069,852**	**14,444,230**
Sales of the key products and services					
Production and repair of military machinery	2,729,477	—	—	13,167	2,742,644
Servicing and repair of military machinery	1,101,134	—	—	5,275	1,106,409
Production of trucks	—	7,940	—	1,950	9,890
Servicing of vehicles and their accessories	—	—	—	—	—
Production of brake systems	—	1,056,531	—	—	1,056,531
Servicing and repair of brake systems	—	535,110	—	—	535,110
Energy supply	—	—	—	—	—
Other engineering production	—	23,145	—	—	23,145
Airplane/helicopter maintenance and repair	—	—	805,284	—	805,284
Specialised airplane/helicopter accessories	—	—	319,825	—	319,825
Aircraft industry services	—	—	1,037,178	—	1,037,178
Production of radar equipment	—	—	561,308	—	561,308
Transportation services/logistics	17,425	—	1,572	110,610	129,607
Sale of goods	3,798,203	63,135	—	1,457,326	5,318,664
Other	307,675	4,515	4,921	481,524	798,635
Total sales	**7,953,914**	**1,690,376**	**2,730,088**	**2,069,852**	**14,444,230**
Sales by revenue reporting method					
Products and services transferred as of a certain date	6,103,498	1,683,719	—	1,766,185	9,553,402
Products and services transferred during a period	1,274,571	—	2,296,018	154,230	3,724,819
Income from property lease	51	—	—	22,028	22,079
Other income	575,794	6,657	434,070	127,409	1,143,930
Total sales	**7,953,914**	**1,690,376**	**2,730,088**	**2,069,852**	**14,444,230**

The Group assumes that in the following years it will recognise revenues from already concluded contracts with customers in the amount of approximately CZK 28.8 billion relating to performance obligations that are outstanding as of 31 December 2022. The performance will be implemented according to the current assumptions, in particular in the next three years, in 2023 in the amount of approximately CZK 20.1 billion, in 2024–2025 in the amount of CZK 7.2 billion and in the following years in the amount of CZK 1.5 billion. The stated revenues include revenues from separate contracts for different supplies with individual customers, mainly in the defence industry segment.

A) Contractual Balances

The following tables provide information on receivables, contract assets and contract liabilities from contracts with customers in compliance with IFRS 15:

CZK thousand	31 December 2022	31 December 2021
Contract assets	726,462	749,539
Trade receivables and other receivables	5,156,201	3,103,771
Prepayments made and accruals	2,052,772	806,470
Trade and other payables	5,751,014	3,057,783
Contract liabilities	15,043,897	4,894,851

The table below shows significant changes in contractual balances in the period ended 31 December 2022.

Changes in contract assets (CZK thousand)	2022	2021
Contract asset as of 1 January	**749,539**	**532,510**
Invoicing of contract assets reported as of 1 January	-79,354	-99,913
Increase in contract assets based on an ongoing revenue recognition	157,592	540,931
Change in the amount of contract assets due to impairment	-1,326	-73,808
Other changes (such as exchange rate impact)	-99,989	-150,181
Contract asset as of 31 December	**726,462**	**749,539**

Changes in contract liabilities (CZK thousand)	2022	2021
Contract liabilities as of 1 January	**4,894,851**	**3,957,686**
Revenue arising from contract liabilities recognised as of 1 January	-1,702,668	-1,615,471
Partial invoicing and prepayments received for which no revenue was recognised	11,430,224	2,591,209
Other changes (such as exchange rate impact)	421,490	-38,573
Contract asset as of 31 December	**15,043,897**	**4,894,851**

The amount of CZK 1,702,668 thousand (2021: CZK 1,615,471 thousand) reported as a contract liability as of 1 January 2022 was reported as part of revenue for the year ended 31 December 2022.

B) Performance Obligations and Revenue Reporting Policies

Revenue is reported depending on the amount and method of payment specified in a contract with a customer.
The Group reports revenue as soon as control over goods or services is transferred to a customer. The Group measures revenue at the amount of expected consideration to be received from a customer in line with the terms agreed in a contract; the Group decreases the revenue by amounts collected (by proxy) for the benefit of third parties.

The table below provides additional information on the nature, method and time usual for the performance of performance obligations arising from contracts with customers, including significant payment terms and income recognition under IFRS 15.

Type of income	Performance nature and time of Performance Obligations	Income reporting under IFRS 15
Long-term production and service agreements — Sales from construction contracts	The Group generates a significant portion of revenues by the sale of products and services that are subject to long-term contracts, namely in security services, mechanical engineering and aircraft industry services (maintenance and repair of airplanes and airplane equipment, production of radar equipment, etc.). Most engagements in this segment relate to specific production or services according to the requirements of customers who have control over the relevant asset or service or gradually consume benefits resulting from performance as the Group delivers the performance. At the same time, the engagements usually grant the Group the right to receive payments for work completed including an appropriate margin if a customer unilaterally terminates a contract. With respect to the above facts, the Group reports income over the period in line with IFRS 15. These projects are mostly financed by long-term or short-term prepayments that are gradually redeemed. A contract asset or a contract liability are reported depending on the amount of prepayments, in most cases, 5–70% of the total amount of the contract and invoicing. Most contracts usually include multiple performance obligations, such as the delivery of products, training, installation, etc. In accordance with IFRS 15, these contract liabilities are assessed based on the separability or degree of integration, where in case of a high degree of integration, they are considered performances of one main contract liability. Furthermore, in the case of the supply of a series of identical products, these performances are regarded as a single contract liability in line with IFRS 15. The usual payment terms combine the use of prepayments made, guarantees and invoicing according to certain milestones, which take into account the degree of completion of the production, the state of delivery to the destination, assembly and final tests. Project implementation is connected to a standard work quality guarantee, i.e. it is not reported as a separate contractual obligation.	Sales are reported over time with respect to the progress of contractual activities as of the date of the financial statementsusing the percentage of completion method. The percentage of completion is predominantly determined using the method of inputs, specifically the proportion of the costs incurred under the contract and the total estimated costs. The Group has to assess and identify separable goods and services and report them as a separate contractual obligation representing a separate performance obligation. If a contract grants a customer a financing benefit, the benefits should be separated from the benefits resulting from the provision of products, goods and services if the financial component is significant and a financial component should be recognised. If the financial component is significant the interest income/ interest expense should be separated from sales of assets and should be reported separately in the Statement of Comprehensive Income.
Sale of products — Sales of own products	The Group generates the most significant portion of revenues through the sale of own products, which namely includes income from the defence industry (military vehicles, weapon systems and ammunition) and mechanical engineering (the foundry industry, production of trucks and brake systems). The Group recognises sales as of a certain date as the conditions to report income over time are not met under IFRS 15, i.e. a product becomes under a customer's control after being delivered, customers consume the benefits after contractual obligations are met rather than as part of the production and the Group has no right for compensation of contractual costs including an appropriate margin if a contract is terminated (for reasons other than the Group's failure).	Sales of products are reported at the moment when a customer assumes control over a product. The Group has to assess and identify separable goods and services and report them as a separate contractual obligation representing a separate performance obligation.
Sales of goods	Sales of goods namely include income from the sale of armaments goods, radar equipment and accessories for airplanes and helicopters. The Group reports the sales at the point in time as the conditions to report income over time under IFRS 15 are not met, i.e. the goods become under a customer's control after being delivered, a customer consumes benefits after a contractual obligation is met and the Group is not entitled to receive any compensation of contractual costs including an appropriate margin if a contract is terminated (for reasons other than the Group's failure). If the Group acts as an agent (intermediary) in the sale of goods or services, then it accounts for the revenue from these contracts only as a commission for mediation (on a net basis).	Sales of goods are reported when a customer assumes control over the goods. The Group has to assess and identify separable goods and services and report them as a separate contractual obligation representing a separate performance obligation.
Sales of services	Sales of services namely include servicing and repairs of military machinery, airplanes and helicopters and services in the aircraft industry, which are provided for less than 30 days. The Group reports the sales at a point in time even if the conditions to report income over time under IFRS 15 are met.	Sales of services are reported when control over the benefit from the service provided is transferred to a customer. The Group has to assess and identify separable goods and services and report them as a separate contractual obligation representing a separate performance obligation.

Contracts with customers concluded by the Group may lead to the recognition of incremental costs incurred to obtain, or to perform, the contracts. In this situation, the Group will only recognise the item Costs to obtain or perform a contract if the costs are incremental and relate directly to the obtaining and performing of the contract with a customer. The Group uses the possibility of expedient, i.e. the costs are only capitalised in the statement of financial position if their allocation is expected over a period exceeding 12 months, i.e. it is a non-current asset. When an asset is recognised, its current and non-current portions are distinguished. The costs capitalised are subsequently allocated to expenses concurrently with the income the generation (or performance) of which they originally supported. The costs capitalised are allocated to profit or loss to the relevant cost positions, e.g. the costs to obtain a contract in the form of a brokerage fee are subsequently allocated to Services. The cost of obtaining or performing the contract as of 31 December 2022 amounted to CZK 75,008 thousand for EXCALIBUR ARMY s.r.o., CZK 21,774 thousand for ELDIS Pardubice, s.r.o. and CZK 16,843 thousand for RETIA, a.s. (in 2021, it amounted to CZK 27,014 thousand for ELDIS Pardubice, s.r.o. and CZK 19,650 thousand for RETIA, a.s.).

The price in the contracts with customers is mostly determined as a fixed cost for an object or a set of products, goods and services. In case of multiple separate performances within a single contract, the Group identifies separable goods and services to be delivered and subsequently allocates the expected transaction cost to the separate contractual obligations in line with the methodology specified in IFRS 15.

7. Consumed Material and Costs of Goods Sold

CZK thousand	2022	2021
Consumed material	4,314,189	3,118,460
Movements in stock of products and work in progress	-257,472	-119,697
Costs of goods sold, products and construction con-tracts	9,273,099	3,941,616
Change in allowance for inventory	491	1,231
Total costs	**13,330,307**	**6,941,610**

8. Services

CZK thousand	2022	2021
Administrative costs and other services	1,332,392	1,017,231
Costs of suppliers and other external costs	808,548	524,269
Services and supplies relating to production	1,108,000	836,362
Transport and travel expenses	348,794	345,339
Cost of energy	387,294	177,986
Rental	25,169	4,722
Repairs and maintenance	128,431	94,975
Total services	**4,138,628**	**3,000,884**

9. Staff Costs

	2022	
CZK thousand	Total staff costs	Of which key management costs
Payroll costs	2,268,265	172,772
Social security and health insurance	746,581	47,970
Other staff costs	100,554	3,431
Total staff costs	**3,115,400**	**224,173**

	2021	
CZK thousand	Total staff costs	Of which key management costs
Payroll costs	1,982,811	202,312
Social security and health insurance	666,157	64,479
Other staff costs	78,869	2,457
Total staff costs	**2,727,837**	**269,248**

As of 31 December 2022, the Group had 5,300 regular employees (2021: 3,574 employees) and 150 key managers (2021: 168).

10. Other Operating Income

CZK thousand	2022	2021
Proceeds from the sale of tangible and intangible assets	141,882	493
Proceeds from the sale of material	—	—
Proceeds from the assignment of receivables	19,457	194,279
Insurance claims	2,327	7,731
Capitalised production costs of own assets	630,488	460,692
Gain on remeasurement of investment property	4,785	—
Grants	—	—
Other operating income	248,247	122,528
Bargain purchase	—	—
Total other operating income	**1,047,186**	**785,723**

11. Other Operating Expenses

CZK thousand	2022	2021
Loss from the sale of material	47,510	96,274
Change in provisions	105,571	43,655
Taxes and fees	50,001	31,894
Insurance costs	91,068	30,712
Other	153,296	286,703
Loss from revaluation of non-financial assets	—	6,770
Charge (+) / release (-) of asset and inventory allowanc-es	-23,664	-82,653
Allowances on receivables, including depreciation / amortisation. Charge (+) / release (-) of allowances	283,414	148,239
Total operating expenses	**707,196**	**561,594**

Other operating expenses predominantly include costs of fines and penalties and other operating charges.

12. Financial Income and Expenses

CZK thousand	2022	2021
Interest income	330,622	103,210
Net foreign exchange gain	3,884	—
Other financial income	11,806	4,405
Financial income	**346,312**	**107,615**
Interest expense	757,508	445,226
Net foreign exchange loss	—	30,408
Interest expense from lease liabilities	23,076	27,012
Other financial expenses	189,010	123,309
Financial expenses	**969,594**	**625,955**
Charge (+) / release (-) of allowances	-54,003	—
Other financial gain / loss	-62,432	-40,424
Income / expenses from financial instruments*	956,168	363,988
Net financial income / expenses	**216,451**	**-194,776**

* Income is positive, expenses are negative

Income / expenses from financial instruments predominantly include the impact of profit / loss arising from financial derivative instruments. Other financial gain / loss predominantly includes loss on the sale of financial investments with the Group's share of less than 20%.

13. Income Tax

Income Tax Reported in Profit or Loss

CZK thousand	2022	2021
Income tax payable	977,986	345,022
Deferred income tax	18,799	-5,083
Total income tax	**996,785**	**339,939**

Deferred tax is calculated using the currently applicable tax rates that are assumed to be effective in the period when the asset will be recovered or the liability will be settled. Under Czech legislation, the corporate income tax rate is 19% for the fiscal year ended 31 December 2022 (2021: 19%). The corporate income tax rate for the fiscal year ended 31 December 2022 is 21% in Slovakia (2021: 21%), 15% in Serbia (2021: 15%), 25% in Spain (2021: 25%), and 31.4% in Italy.

Reconciliation of the Effective Tax Rate

CZK thousand	%	2022	%	2021
Profit before tax on continued operations		4,470,624		1,656,723
Tax calculated using the local corporate income tax rate of the Company*	19.10%	854,112	18.22%	301,864
Change in the opening balance of deferred tax due to a change in the tax rate		-5,257		—
Tax effect:				
Non-deductible expenses		255,991		477,739
Tax-exempt income		-80,664		-379,273
Loss for the current year with no deferred tax receivable identified		24,769		4,385
Tax bonuses		-15,871		-24,981
Declaration of the tax effect of non-allowable tax losses of prior periods		-23,428		-28,809
Change in allowable tax-deductible temporary differences		—		—
Changes in estimates relating to prior periods		-12,870		-10,986
Income tax reported in the statement of com-prehensive income	**22.30%**	**996,785**	**20.51%**	**339,939**

* The statutory tax rates are 19% and 21% for the Czech Republic and Slovakia, respectively.
The average rate of the Group companies weighted by profit before tax was applied for the reconciliation of the effective tax.

14. Intangible Assets and Goodwill

CZK thousand	Goodwill	Concessions, licences, rights and software	Internally generated intangible assets	Intangible assets under construction	Other intangible assets	Total
Net book value						
Balance at 1 January 2022	**1,047,882**	**537,541**	**314,965**	**30,162**	**408,733**	**2,339,283**
Acquisitions under joint control	—	—	—	—	—	—
Acquisitions through busi-ness combinations	11,421,658	377,194	—	—	2,383	11,801,235
Additions	—	111,387	172,283	75,993	3,659	363,322
Amortisation for the period	—	-69,824	-61,812	—	-27,635	-159,271
Allowance	—	—	—	—	160	160
Disposals	—	5,360	-42,286	-76,226	—	-113,152
Divestment disposals	—	-246	—	—	—	-246
Reclassification	—	6,616	6,508	-14,211	1,087	—
Impact of exchange rate changes	-101,117	-3,996	-46	-980	-870	-107,009
Balance at 31 December 2022	**12,368,423**	**964,032**	**389,612**	**14,738**	**387,517**	**14,124,322**

CZK thousand	Goodwill	Concessions, licences, rights and software	Internally generated intangible assets	Intangible assets under construction	Other intangible assets	Total
Net book value						
Balance at 1 January 2021	**922,253**	**503,602**	**253,566**	**48,407**	**433,239**	**2,161,067**
Acquisitions under joint control	—	—	—	—	—	—
Acquisitions through busi-ness combinations	—	73,264	—	—	6	73,270
Additions	185,445	63,173	192,482	88,001	837	529,938
Amortisation for the period	—	-54,007	-70,703	—	-27,803	-152,514
Allowance	—	-780	—	—	—	-780
Disposals	-59,816	-2,971	-44	-96,358	—	-159,189
Divestment disposals	—	-1,860	-86,312	-18,066	—	-106,238
Reclassification	—	-38,037	30,293	9,219	4,012	5,488
Impact of exchange rate changes	—	-4,843	-4,317	-1,041	-1,558	-11,758
Balance at 31 December 2021	**1,047,882**	**537,541**	**314,965**	**30,162**	**408,733**	**2,339,283**

Amortisation of intangible assets is recognised in the line Amortisation/depreciation of fixed assets in the consolidated statement of comprehensive income.

Licences predominantly include a licence valid for 25 years for the exclusive production and distribution of PANDURs (infantry fighting vehicles) with the cost of CZK 130 million (2021: CZK 131 million). Identified trademarks include ELDIS Pardubice, s.r.o. in the total amount of CZK 163 million and are included in other intangible assets. The Group does not expect to use the trademarks over a certain period of time and as such it applies an indefinite useful life to them. Trademarks with indefinite useful lives are tested for impairment annually, refer to below.

The most significant additions to concessions, licences and rights and software in 2022 include predominantly licences for the information system of RETIA, a.s. in the total amount of CZK 15 million. A significant addition to internally generated intangible assets is represented by development work on radars in ELDIS Pardubice, s.r.o. of CZK 62 million and development work on armoured vehicles of TATRA DEFENCE VEHICLE a.s. of CZK 54 million.

An addition to goodwill was caused by the acquisition of companies in the Fiocchi Group (see Note 5, year 2022, par. IV. 3.). Goodwill is subject to annual impairment testing, see below.

Impairment Testing

General information

The Group performs annual impairment testing of goodwill, trademarks and other intangible assets with indefinite useful lives.

The Group management decided to apply the value-in-use method to impairment testing.

As management is not aware of any comparable market transactions the calculation of the value in use for trademarks and goodwill is based on estimated projections of discounted cash flows in financial plans approved and prepared by the Group's management for the period until 2023–2027.

Significant assumptions used by management in the calculation include the predicted amount of sales, predicted profit or loss before interest, tax, depreciation and amortisation (EBITDA).

Impairment testing of goodwill and trademarks of individual companies

The recoverable amount for individual cash-generating units was estimated as mentioned above using the discounted cash flow method. As the recoverable amount exceeds the carrying amount of individual cash-generating units, no related impairment of goodwill, trademarks and other intangible assets was recognised.

The key assumptions used to calculate the value in use and sensitivity to changes of assumed input

The calculation of the value in use of individual cash-generating units is most sensitive to the following input considered:

- Budget sales and profit before interest and tax
- Discount rate
- Continuing value growth rate

The budget sales and profit before interest and tax: projections of sales and profit before interest and tax are updated on a regular basis and approved by senior management for a five-year period.

Discount rate before tax: a discount rate is the measurement of the current market risk; in cash flow estimates it takes into consideration the time value of money and individual risks of underlying assets that were not included in estimates of future cash flows. The discount rate is based on specific circumstances of the Group and segments in which it operates. It is derived from its weighted average cost of capital (WACC). WACC considers both liabilities and equity. The value of equity represents the expected return on investments by the Group's investors while liabilities are derived from the Group's interest bearing loans. The calculation includes a specific industry risk using beta factors. The discount rate before tax is calculated using the adjustment of the resulting discount rate after tax for future cash flows.

Continuing value growth rate: The growth rate of continuing value is used for the extrapolation of cash flows after a planned period.

The following values were used for 2022:

- Discount rate 13% (2021: 12%)
- Continuing value growth rate 3% (2021: 3%)

Technology relating to JOB AIR Technic a.s.

Based on a calculation, the estimated recoverable amount exceeds the carrying amount and as such, as of 31 December 2022, no trademark impairment was identified for JOB AIR Technic, a.s. The calculation was based on budgets for 2023–2027.

Based on technology impairment testing of JOB AIR Technic a.s. performed in 2022, two key inputs were identified that would have to change significantly for the carrying amount to exceed the recoverable amount. The following table shows the value by which the input would have to change for the estimated recoverable amount to equal the carrying amount:

Change needed for the carrying amount to equal the recoverable amount (In %)	31 December 2022	31 December 2021
Discount rate before tax	0.01 p. p.	2.52 p. p.
Continuing value growth rate	-0.05 p. p.	-1.99 p. p.

Trademark and goodwill relating to ELDIS Pardubice, s.r.o.

Based on a calculation, the estimated recoverable amount exceeds the carrying amount and as such as of 31 December 2022, no trademark or goodwill impairment was identified for ELDIS Pardubice, s.r.o. The calculation was based on budgets for 2023– 2027.

Based on trademark and goodwill impairment testing of ELDIS Pardubice, s.r.o. performed in 2022, two key inputs were identified that would have to change significantly for the carrying amount to exceed the recoverable amount. The following table shows the value by which the input would have to change for the estimated recoverable amount to equal the carrying amount:

Change needed for the carrying amount to equal the recoverable amount (In %)	31 December 2022	31 December 2021
Discount rate before tax	16.50 p. p.	13.28 p. p.
Continuing value growth rate	-25.16 p. p.	-17.92 p. p.

Goodwill relating to CS SOFT a.s.

Based on a calculation, the estimated recoverable amount exceeds the carrying amount and as such as of 31 December 2022, no goodwill impairment was identified for CS SOFT a.s. The calculation was based on budgets for 2023–2027.

Based on goodwill impairment testing of CS SOFT a.s. performed in 2022, two key inputs were identified that would have to change significantly for the carrying amount to exceed the recoverable amount. The following table shows the value by which the input would have to change for the estimated recoverable amount to equal the carrying amount:

Change needed for the carrying amount to equal the recoverable amount (In %)	31 December 2022	31 December 2021
Discount rate before tax	7.47 p. p.	14.02 p. p.
Continuing value growth rate	-11.95 p. p.	-13.72 p. p.

15. Property, Plant and Equipment

CZK thousand	Property and plant	Machinery and equipment	Building and structure equipment	Right-of-use assets – property and plant	Right-of-use assets – machinery and equipment	Tangible assets under construction	Total
Balance at 1 January 2022	**3,066,802**	**1,405,433**	**61,342**	**494,364**	**181,870**	**316,071**	**5,525,882**
Acquisitions under joint control	—	—	—	—	—	—	—
Acquisitions through business combinations	1,203,200	889,718	68,035	217,245	154,572	268,689	2,801,459
Additions	259,974	398,535	15,192	43,338	196,845	782,943	1,696,827
Depreciation for the period	-118,179	-256,552	-7,453	-73,922	-79,510	—	-535,616
Allowance	10,317	319	—	—	—	1,965	12,601
Disposals	-119,180	-45,581	-331	-3,504	-7,376	-474,208	-650,180
Divestment disposals	—	-27,226	—	—	-482	—	-27,708
Reclassification	62,862	134,457	-1,975	—	—	-196,697	-1,353
Impacts of exchange rate changes	-30,714	-46,416	-1,051	-9,454	-2,056	-10,727	-100,418
Balance at 31 December 2022	**4,335,082**	**2,452,687**	**133,759**	**668,067**	**443,863**	**688,036**	**8,721,494**

CZK thousand	Property and plant	Machinery and equipment	Building and structure equipment	Right-of-use assets – property and plant	Right-of-use assets – machinery and equipment	Tangible assets under construction	Total
Balance at 1 January 2021	**3,433,887**	**1,634,228**	**59,119**	**534,577**	**69,777**	**297,315**	**6,028,903**
Acquisitions under joint control	—	—	—	—	—	—	—
Acquisitions through business combinations	4,014	24,070	—	118,648	522	—	147,254
Additions	261,481	389,914	8,585	56,179	164,033	351,843	1,232,035
Depreciation for the period	-127,461	-301,013	-6,077	-81,683	-33,811	—	-550,045
Allowance	683	-2,008	—	—	—	-9,955	-11,280
Disposals	-19,736	-99,582	661	-69,505	-15,863	-247,570	-451,595
Divestment disposals	-494,469	-207,081	-353	-48,206	-870	-640	-751,619
Reclassification	52,610	14,088	1	—	—	-72,186	-5,487
Impacts of exchange rate changes	-44,207	-47,183	-594	-15,646	-1,918	-2,736	-112,284
Balance at 31 December 2021	**3,066,802**	**1,405,433**	**61,342**	**494,364**	**181,870**	**316,071**	**5,525,882**

The most significant addition to property, plant and equipment in 2022 comprises the production facilities completed by DAKO-MACHINERY, a.s. in the amount of CZK 74 million as well as the modernisation of EXCALIBUR ARMY spol. s r.o. premises in the amount of CZK 27 million. The most significant addition to machinery and equipment includes the equipment of production facilities of DAKO-CZ, a.s. in the amount of CZK 100 million as well the modernisation of machining and painting equipment of DAKO-CZ MACHINERY, a.s. in the amount of CZK 51 million.

Idle assets

As of 31 December 2022 and 31 December 2021, the Group recorded no idle assets.

Pledged assets

As of 31 December 2022, property, plant and equipment with the carrying amount of CZK 2,324,051 thousand (2021: CZK 2,177,393 thousand) were pledged as collateral for bank loans. The most significant pledged assets include assets of JOB AIR Technic a.s. in the amount of CZK 779,495 thousand, DAKO-CZ, a.s in the amount of CZK 653,458 thousand and EXCALIBUR ARMY spol. s r.o. in the amount of CZK 312,567 thousand.

16. Leases

Group as the Lessee

Right-of-use

CZK thousand	Right-of-use assets – property and plant	Right-of-use assets – machinery and equipment	Total
Balance at 1 January 2022	**494,364**	**181,870**	**676,234**
Acquisitions under joint control	—	—	—
Acquisitions through business combinations	219,257	156,013	375,270
Additions	43,338	196,845	240,183
Depreciation for the period	-73,922	-79,510	-153,432
Allowance	—	—	—
Disposals	-3,504	-7,376	-10,880
Divestment disposals	—	-482	-482
Reclassification	—	—	—
Impacts of exchange rate changes	-11,466	-3,497	-14,963
Balance at 31 December 2022	**668,067**	**443,863**	**1,111,930**

CZK thousand	Right-of-use assets – property and plant	Right-of-use assets – machinery and equipment	Total
Balance at 1 January 2021	**534 577**	**69 777**	**604 354**
Acquisitions under joint control	—	—	—
Acquisitions through business combinations	118 648	522	119 170
Additions	56 179	164 033	220 212
Depreciation for the period	-81 683	-33 811	-115 494
Allowance	—	—	—
Disposals	-69 505	-15 863	-85 368
Divestment disposals	-48 206	-870	-49 076
Reclassification	—	—	—
Impacts of exchange rate changes	-15 646	-1 918	-17 564
Balance at 31 December 2021	**494 364**	**181 870**	**676 234**

The Group uses mainly administrative buildings, land, production halls and cars for leasing.

The average lease term of real estate is 6 years, the average lease term of cars and machines is 3 years. In relation to certain cars, the Group has the right to purchase leased assets at the end of the lease term.

In 2022, the most significant additions to the right-of-use land and buildings due to acquisitions of companies in the Fiocchi Group (see Note 5, year 2022, par. iv. 3.) primarily include the lease of non-residential premises leased by Baschieri & Pellagri S.p.A. in the amount of CZK 145 million, Fiocchi Munizioni S.p.A in the amount of CZK 39 million, and Fiocchi of America Inc in the amount of CZK 29 million.

In 2022, the additions to the right-of-use machinery and equipment due to acquisitions of companies in the Fiocchi Group (see Note 5, year 2022, par. iv. 3.) primarily include the lease of machines by Fiocchi Munizioni S.p.A in the amount of CZK 104 million and Fiocchi Munizioni S.p.A in the amount of CZK 30 million.

Other additions to the right-of-use land and buildings include, in particular, newly leased

non-residential premises by VOP Nováky, a.s in the amount of CZK 16 million and EXCALIBUR INTERNATIONAL a.s. in the amount of CZK 9 million.

Other additions to the right-of-use machinery and equipment primarily include aircraft leased by RELAZA SPV a.s. in the amount of CZK 154 million.

Amounts Reported in the Statement of Comprehensive Income

CZK thousand	2022	2021
Right-of-use assets amortisation	-153,432	-115,494
Interest expense from lease liabilities	-23,076	-27,012
Costs related to short-term leases	-73	-7,688
Costs related to leases of low-value assets	-3,377	-1,630
Costs related to variable lease payments not included in lease liabili-ties	9,592	-6,027
Total	**-170,366**	**-157,851**

The Group has not concluded any lease contracts the lease term of which would start only after 31 December 2022. The Group does not report any lease contracts with an early termination or extension option which are highly likely to be utilised.

Lease Liabilities

As of 31 December 2022, the Group reported the following lease liabilities:

CZK thousand	31 December 2022	31 December 2021
Long-term lease liabilities	775,009	551,622
Short-term lease liabilities	147,812	101,618
Total lease liabilities	**922,821**	**653,240**

In relation to lease liabilities, the Group is not exposed to significant liquidity risk, which is managed by the Treasury department.

Group as the Lessor

During 2022 and 2021, the Group did not record any financial lease contracts in which the Group would act as the lessor.

17. Investment Property

CZK thousand	Investment property for lease	Investment property under construction	Total
Balance at 1 January 2022	**67,221**	**288**	**67,509**
Acquisitions under joint control	—	—	—
Additions	—	—	—
Disposals	-11	—	-11
Divestment disposals	—	—	—
Reclassification	-3,910	—	-3,910
Impact of changes in fair value	—	—	—
Impact of exchange rate changes	—	—	—
Balance at 31 December 2022	**63,300**	**288**	**63,588**

Reclassification represents a transfer to Land and buildings used by the owner due to the termination of leases.

CZK thousand	Investment property for lease	Investment property under construction	Total
Balance at 1 January 2021	**67,221**	**288**	**67,509**
Acquisitions under joint control	—	—	—
Additions	—	—	—
Disposals	—	—	—
Divestment disposals	—	—	—
Reclassification	—	—	—
Impact of changes in fair value	—	—	—
Impact of exchange rate changes	—	—	—
Balance at 31 December 2021	**67,221**	**288**	**67,509**

A significant item of the investment property category is land owned by TECHPARK Hradubická a.s., whose fair value corresponds to the stated net book value (CZK 63,588 thousand).

2022 (CZK thousand)	Level 1	Level 2	Level 3	Total
Investment property	—	—	63,588	63,588

2021 (CZK thousand)	Level 1	Level 2	Level 3	Total
Investment property	—	—	67,509	67,509

Valuation Technique

In general, the Group directs its investment property in the Czech Republic. Types of investment property include investment property for lease, office and operation premises, production, retail and logistics premises. In the case of remeasurement, two key methods are used to measure investment property: the capitalised net income method and the market comparison approach.

Pledged Assets

As of 31 December 2022 and 31 December 2021, no investment property was pledged as collateral for bank loans.

18. Investments in Associates and Joint Operations

The Group has investments in the following associates and joint ventures:

		Direct ownership percentage	Investment carrying amount	Direct ownership percentage	Investment carrying amount
CZK thousand		**31 December 2022**	**31 December 2022**	**31 December 2021**	**31 December 2021**
Associates	**State**	**%**		**%**	
ZVS technology, s.r.o.	Slovakia	27.54	48	27.54	50
Target Products 1978 Ltd	Netherlands	20.00	29,994	—	—
C.F.L. S.a.s.	Italy	14.00	705	—	—
Joint ventures					
CSG CENTRAL ASIA a.s.	Czech Republic	30	—	30	—
FALCON CSG a.s.	Czech Republic	30	576	30	576
HARVO SPV s.r.o.	Czech Republic	50	—	—	—
Milconn, a.s.	Czech Republic	50	8,102	50	3,235
TATRA skupina*	Czech Republic	65	2,076,600	65	1,860,682
VÝVOJ Martin, a.s.**	Slovakia	61.56	430,936	61.56	387,502
Total			**2,546,961**		**2,252,045**

* TATRA group includes TATRA TRUCKS a.s., TATRA METALURGIE a.s. and TATRA EXPORT s.r.o.
** VÝVOJ Martin, a.s., a fully consolidated company until 22 December 2021

The Group holds a 65% equity interest in TATRA TRUCKS a.s. (TATRA group). The Articles of Association of TATRA a.s. require the agreement of 75% of shareholders for some essential decisions of the General Meeting, therefore the Group does not control TATRA TRUCKS a.s. independently and considers it a joint venture. The Group has not concluded any agreements with the other shareholder of TATRA TRUCKS a.s. regarding the control of the company.

The Group holds a 62% equity interest in Vývoj Martin, a.s. Based on the shareholders' agreement, certain important decisions of the General Meeting require the agreement of 100% of the shareholders. For this reason, the Group does not control the company independently and considers it a joint venture.

I. 2022

In November 2022, as part of the acquisition of the Fiocchi Group (see Note 5), Target Products 1978 Ltd and C.F.L. S.a.s. were acquired, both of which are consolidated by the Fiocchi Group using the equity method.

II. 2021

At the beginning of 2021, additional equity interest in the leading assisted reproduction centre Prague Fertility Centre s.r.o. was purchased with its subsidiaries AsterIVF s.r.o. and Sondany s.r.o. The Group has been fully consolidated since 2021.

In December 2021, the equity interest in Vývoj Martin, a.s. was sold, whereby the Group lost control over this company. The company is now consolidated using the equity method.

The CSG Group's share in the total comprehensive income of the TATRA group is disclosed in the table below:

	TATRA Group	TATRA Group
Effective ownership percentage	**Joint venture 65.00%**	**Joint venture 65.00%**
CZK thousand	**31 December 2022**	**31 December 2021**
Summary balance sheet		
Fixed assets	2,742,830	2,393,703
Current assets (including cash and cash equivalents)	5,706,932	4,886,290
Non-current liabilities	428,821	264,503
Current liabilities	5,011,008	4,344,640
Net assets (100%)	**3,009,933**	**2,670,850**
The Group's share in the profit (+) / loss (-) of the associate	**280,223**	**111,951**
Summary income statement after the acquisition date		
Income	10,630,813	8,381,488
Profit (+) / loss (-) from operating activities	400,863	206,218
Profit (+) / loss (-) before tax	533,790	200,828
Income tax	-102,677	-28,596
Profit (+) / loss (-) for the year/reporting period	**431,113**	**172,232**
- of which profit (+) / loss (-) attributable to owners	280,223	111,951
Other comprehensive income	—	—
Total comprehensive income	**431,113**	**172,232**
The Group's share in the total comprehensive income	**280,223**	**111,951**
Other changes in equity	**-92,030**	**-194,515**
- of which dividends paid	-65,000	-130,000
- of which derivatives remeasured	6,778	—
The Group's share in other changes in equity	**-1,597**	**3,565**
Adjustment for retained earnings at the intercompany sale of inventory	-6,902	3,177
The Group's share in retained earnings	**-4,486**	**2,065**
The Group's adjusted share in the total comprehensive income and other changes in equity	**274,140**	**117,581**

The Group only reports its share in the loss from associates if the carrying amount of the equity investment in as associate is not lower than CZK 0. The Group does not account for any payables as it is not obliged to fund operations of an investee.

The CSG Group's investments in associates and joint ventures are disclosed in the table below:

	CSG CENTRAL ASIA a.s.	FALCON CSG a.s.	Milconn a.s.	HARVO SPV s.r.o.	VÝVOJ Martin, a.s.
	Joint venture 30.00%	Joint venture 30.00%	Joint venture 50.00%	Joint venture 45.00%	Joint venture 61.56%
CZK thousand	**31 December 2022**	**31 December 2022**	**31 December 2022**	**31 December 2022**	**31 December 2022**
Summary balance sheet					
Fixed assets	—	2,000	8	—	210,636
Current assets (including cash and cash equivalents)	2,087	7	54,636	4,978	160,292
Non-current liabilities	—	—	—	—	13,938
Current liabilities	159	211	38,442	5,360	254,341
Net assets (100%)	**1,928**	**1,796**	**16,202**	**-382**	**102,649**
The Group's share in the profit (+) / loss (-) of an associate	**-5**	**-27**	**4,867**	**-1**	**-35,265**
Summary income statement					
Income	—	—	151,884	—	230,174
Profit (+) / loss (-) from operating activities	-182	-72	13,072	-33	-46,747
Profit (+) / loss (-) before tax	-18	-91	12,024	-108	-57,236
Income tax	—	—	-2,290	—	-49
Profit (+) / loss (-) for the year / reporting period	**-18**	**-91**	**9,734**	**-108**	**-57,285**
– Of which profit (+) / loss (-) attributable to owners	-5	-27	4,867	-1	-35,265
Other comprehensive income	**—**	**—**	**—**	**—**	**—**
Total comprehensive income	**-18**	**-91**	**9,734**	**-108**	**-57,285**
The Group's share in total comprehensive income	**-5**	**-27**	**4,867**	**-1**	**-35,265**

	CSG CENTRAL ASIA a.s.	FALCON CSG a.s.	Milconn a.s.	VÝVOJ Martin, a.s.*
	Joint venture 30.00%	Joint venture 30.00%	Joint venture 50.00%	Joint venture 61.56%
CZK thousand	**31 December 2021**	**31 December 2021**	**31 December 2021**	**31 December 2021**
Summary balance sheet				
Fixed assets	—	2,000	22	10,995
Current assets (including cash and cash equivalents)	1,946	2	13,312	7,751
Non-current liabilities	—	—	—	1,647
Current liabilities	2	115	6,865	14,035
Net assets (100%)	**1,944**	**1,887**	**6,469**	**3,064**
The Group's share in the profit (+) / loss (-) of an associate	**16**	**-3**	**1,349**	**—**
Summary income statement				
Income	—	—	44,710	—
Profit (+) / loss (-) from operating activities	-21	—	3,867	—
Profit (+) / loss (-) before tax	53	-11	3,334	—
Income tax	—	—	-636	—
Profit (+) / loss (-) for the year/reporting period	53	-11	2,698	—
– Of which profit (+)/loss (-) attributable to owners	**16**	**-3**	**1,349**	**—**
Other comprehensive income	—	—	—	—
Total comprehensive income	**53**	**-11**	**2,698**	**—**
The Group's share in total comprehensive income	**16**	**-3**	**1,349**	**—**

* VÝVOJ Martin, a.s. a fully consolidated company until 22 December 2021.

19. Financial Instruments

Loans and Other Financial Assets

CZK thousand	31 December 2022	31 December 2021
Assets at amortised cost		
Granted loans	4,234,878	2,723,032
Other financial assets	1,463,370	574,472
Total assets at amortised cost	**5,698,248**	**3,297,504**
Assets at fair value		
Derivative instruments	959,844	298,948
Total assets at fair value	**959,844**	**298,948**
Long-term	4,321,600	2,479,704
Short-term	2,336,492	1,116,748
Total loans and other financial assets	**6,658,092**	**3,596,452**

Granted loans namely represent the loans provided to HELA GROUP s.r.o. and Mr Michal Strnad; for more details refer to Note 33 Related parties.

The weighted average interest rate relating to loans other than to lending institutions was 7.41% in 2022 (2021: 3.54%).

Trade and other receivables are disclosed in Note 20, trade and other payables are disclosed in Note 28.

Exposure of the Group to credit and currency risks and impairment losses relating to loans and other financial assets are disclosed in Note 32 – Risk Management Methods and Disclosures.

Other financial assets primarily comprise deposits in bank accounts with limited access (CZK 1,001 million) and assigned receivables (CZK 462 million).

Loans, Borrowings and Other Financial Liabilities

CZK thousand	31 December 2022	31 December 2021
Overdraft	1,650,535	1,328,598
Collateralised bank loans	12,670,037	2,346,414
Uncollateralised bank loans	444,874	—
Owner loans and loans from other related parties	687,444	53,962
Loans from third parties (other loans)	288,131	157,697
Total loans and borrowings at amortised cost	**15,741,021**	**3,886,671**
Derivative instruments	12,861	45,373
Total financial liabilities at fair value	**12,861**	**45,373**
Other financial liabilities	101,559	77,845
Financial liabilities from leases	922,821	653,240
Total loans, borrowings, derivatives and other financial instruments	**16,778,262**	**4,663,129**
Long-term loans and borrowings	11,239,227	1,241,963
Short-term loans and borrowings*	4,501,794	2,644,708
Total loans and borrowings	**15,741,021**	**3,886,671**
Long-term financial instruments	876,568	639,773
Short-term financial instruments	160,673	136,685
Total financial instruments	**1,037,241**	**776,458**
Long-term loans, borrowings and other financial instruments	12,115,795	1,881,736
Short-term loans, borrowings and other financial instruments*	4,662,467	2,781,393
Total loans, borrowings and other financial instruments	**16,778,262**	**4,663,129**

* According to the application of IFRS 16 as of 1 January 2019, liabilities from finance lease are reclassified to 'Other financial liabilities from leases'.

Financial liabilities from leases are reported in Note 16 – Leases.

In 2022, the weighted average interest rate of loans amounted to 5.18% (2021: 3.83%).

Terms and Summary of Loan Maturities

The following terms applied to outstanding loans and borrowings as of 31 December 2022:

CZK thousand	Currency	Nominal interest rate*	Balance at 31 December 2022	Due in 1 year	Due in 1 to 5 years	Due in subsequent years
Bank overdraft	CZK	Fixed	18,280	5,790	12,490	—
Bank overdraft	CZK	Variable	792,446	792,447	—	—
Bank overdraft	EUR	Fixed	19,852	19,852	—	—
Bank overdraft	EUR	Variable	801,263	800,298	965	—
Bank overdraft	RSD	Fixed	18,694	17,577	1,117	—
Other loans	CZK	Fixed	14,473	13,744	729	—
Other loans	CZK	Variable	69,495	69,495	—	—
Other loans	EUR	Fixed	159,303	130,232	29,071	—
Other loans	EUR	Variable	44,860	30,343	14,517	—
Loans from related parties	CZK	Fixed	477,633	10,153	467,480	—
Loans from related parties	CZK	Variable	61,379	61,379	—	—
Loans from related parties	EUR	Fixed	148,432	5,189	143,243	—
Collateralised bank loan	CZK	Fixed	321,243	155,399	42,917	122,927
Collateralised bank loan	CZK	Variable	147,662	112,995	34,667	—
Collateralised bank loan	EUR	Fixed	6,294,726	673,839	3,747,070	1,873,816
Collateralised bank loan	EUR	Variable	5,886,677	1,208,902	4,289,065	388,710
Collateralised bank loan	USD	Fixed	19,729	3,738	—	15,991
Uncollateralised bank loans	EUR	Fixed	333,366	282,242	51,124	—
Uncollateralised bank loans	EUR	Variable	111,508	108,180	3,328	—
Total			**15,741,021**	**4,501,794**	**8,837,783**	**2,401,444**

* The variable interest rate is derived from the PRIBOR, EURIBOR or LIBOR rate plus a mark-up. All interest rates correspond with arm's length conditions.

The following terms applied to outstanding loans and borrowings as of 31 December 2021:

CZK thousand	Currency	Nominal interest rate*	Balance at 31 December 2021	Due in 1 year	Due in 1 to 5 years	Due in subsequent years
Bank overdraft	CZK	Fixed	23,063	23,063	—	—
Bank overdraft	CZK	Variable	390,533	390,533	—	—
Bank overdraft	EUR	Fixed	325,821	319,385	6,436	—
Bank overdraft	EUR	Variable	589,181	589,181	—	—
Other loans	CZK	Fixed	14,336	14,336	—	—
Other loans	CZK	Variable	38,406	33,452	4,954	—
Other loans	EUR	Fixed	101,375	79,999	21,376	—
Other loans	EUR	Variable	3,580	3,580	—	—
Loans from related parties	CZK	Fixed	12,780	—	12,780	—
Loans from related parties	CZK	Variable	40,830	40,830	—	—
Loans from related parties	EUR	Fixed	352	352	—	—
Collateralised bank loan	CZK	Fixed	281,419	116,446	124,296	40,677
Collateralised bank loan	CZK	Variable	1,151,041	713,958	437,083	—
Collateralised bank loan	EUR	Fixed	268,688	67,835	200,853	—
Collateralised bank loan	EUR	Variable	457,172	154,015	303,157	—
Collateralised bank loan	USD	Fixed	22,104	14,736	7,368	—
Collateralised bank loan	USD	Variable	165,990	83,007	82,983	—
Total			**3,886,671**	**2,644,708**	**1,201,286**	**40,677**

* The variable interest rate is derived from the PRIBOR, EURIBOR or LIBOR rate plus a mark-up. All interest rates correspond with arm's length conditions.

Non-interest bearing ownership loans are recognised at their carrying amounts using market interest rates, with the capital portion of the loan reported through equity – refer to Note 26.

A majority of the Group's covenants is tied to the financial performance of a specific Group company. Major indicators in the agreed covenants include:

- Equity to total assets;
- Minimum amount of equity; and
- Net debt to EBITDA.

Bonds

On 1 November 2019, the Company issued CSG VAR/24 bonds (ISIN CZ0003523151) with a floating interest income in the total nominal value of placement of CZK 1,999.8 million with maturity in 2024. The bonds were issued as securities in the book-entry form with a nominal value of CZK 100 thousand per bond. As of 31 December 2022, the Company recognised a payable from these issues in the amount of CZK 1,999.8 million (2021: CZK 1,999.8 million).

The CSG VAR/24 bonds bear a floating interest rate consisting of 6M PRIBOR + a 3.25% p.a. margin, with interest falling due biannually as of 1 November and 1 May each year.

On 1 July 2021, the Company issued CSG VAR/26 bonds (ISIN CZ0003532681) with a floating interest income in the total nominal value of placement of CZK 2,000 million with maturity in 2026. The bonds were issued as securities in the book-entry form with a nominal value of CZK 10 thousand per bond. As of 31 December 2022, the Company recognised a payable from these issues in the amount of CZK 2,000 million (2021: CZK 2,000 million).

The CSG VAR/26 bonds bear a floating interest rate consisting of 6M PRIBOR + 3.25% p.a. margin, with interest falling due biannually as of 1 January and 1 July each year.

On 17 September 2021, the Company issued CSG VAR/26 bonds (ISIN CZ0003534174) with a fixed (step-up) interest income in the estimated total nominal value of placement up to EUR 25 million with maturity in 2026. The bonds were issued as securities in the book-entry form with a nominal value of EUR 100 thousand per bond. As of 31 December 2022, the Company recognised a payable from these issues in the amount of CZK 361,725 thousand (2021: CZK 599.1 million).

The CSG/VAR 26 bonds bear a fixed (step-up) interest rate, which is gradually increasing from the value of 3.5% p.a. to 4.35% p.a. according to a predefined procedure specified in the bond prospectus, with interest falling due quarterly as of 17 January, 17 March, 17 June and 17 September each year.

On 21 December 2022, the Company issued CSG VAR/2027 bonds (ISIN CZ0003546780) with a floating interest income in the total estimated nominal value of placement of EUR 15 million with maturity in 2027. The bonds were issued as securities in the book-entry form with a nominal value of EUR 100 thousand per bond. As of 31 December 2022, the Company recognised a payable from these issues in the amount of CZK 219,447 thousand (2021: a payable of CZK 0 million).

The CSG VAR/27 bonds bear a floating interest rate consisting of 6M PRIBOR + a 3.5% p.a. margin, with a minimum interest rate of 4.25%. The interest falls due biannually as of 21 June and 21 December each year.

CZK thousand	31 December 2022	31 December 2021
Issued bonds	4,580,972	4,597,926
Outstanding interest	37,032	20,223
Subtotal	**4,618,004**	**4,618,149**
Placement costs	-30,856	-42,264
Total bonds	**4,587,148**	**4,575,885**
Non-current	4,561,647	4,567,172
Current	25,501	8,713
Total bonds	**4,587,148**	**4,575,885**

Bonds as of 31 December 2022 and 2021 were subject to the following conditions:

CZK thousand	Currency	Nominal interest rate	Due in	Balance at 31 December 2022	Due in 1 year*	Due in 1 to 5 years	Due in subsequent years
CSG VAR/24	CZK	variable	2023-2024	2,035,854	36,054	1,999,800	—
CSG VAR/26	CZK	Variable	2023-2026	2,000,012	12	2,000,000	—
CSG VAR/26	EUR	fixed (step-up)	2023-2026	362,283	558	361,725	—
CSG VAR/27	EUR	variable	2023-2027	219,855	408	219,447	—
Total				**4,618,004**	**37,032**	**4,580,972**	**—**

CZK thousand	Currency	Nominal interest rate	Due in	Balance at 31 December 2022	Due in 1 year*	Due in 1 to 5 years	Due in subsequent years
CSG VAR/24	CZK	variable	2022-2026	2,018,149	19,349	1,998,800	—
CSG VAR/26	CZK	variable	2022-2026	2,000,000	—	2,000,000	—
CSG VAR/2026 EUR	CZK	fixed	2022-2026	600,000	874	599,126	—
Total				**4,618,149**	**20,223**	**4,597,926**	**—**

* In 2022 and 2021, the amount due in 1 year consists of interest accrued and outstanding at the year-end.

The sensitivity analysis relating to fair values of financial instruments is disclosed in Note 32 – Risk Management Methods and Disclosures.

20. Trade and Other Receivables and Other Assets

CZK thousand	31 December 2022	31 December 2021
Receivables from retentions	—	—
Trade receivables	4,420,225	2,022,669
Receivables from sale of shares	189,727	293,959
Receivables from assignment	154,307	593,768
Other receivables	241,325	120,408
Estimated receivables	139,887	64,102
Accrued income	10,730	8,865
Trade and other receivables	**5,156,201**	**3,103,771**
Deferred expenses	231,785	130,377
Prepayments made	1,820,987	676,093
Prepayments made and deferred expenses and accrued income	**2,052,772**	**806,470**
Trade and other receivables and total other assets	**7,208,973**	**3,910,241**
Long-term	113,403	138,109
Short-term	7,095,570	3,772,132
Trade and other receivables and total other assets	**7,208,973**	**3,910,241**

The Group's exposure to credit and currency risks and impairment losses in relation to trade and other receivables is disclosed in Note 32 – Risk Management Methods and Disclosures.

As of 31 December 2022, trade and other receivables amounted to CZK 1,044,610 thousand (2021: CZK 1,232,821 thousand) and were provided as collateral to bank loans.

Contract Assets

CZK thousand	31 December 2022	31 December 2021
Income recognised in the current period	2,760,219	2,463,306
Total expenses incurred to date*	5,245,936	3,055,611
Total recognised profit (minus reported losses) to date*	2,365,130	1,867,532
Total income from contracts to date**	**7,611,066**	**4,923,143**
Gradual billing*	5,718,129	3,447,242
	1,892,937	**1,475,901**
Of which:		
– Gross amount due from customers for contractual work	1,925,690	1,517,493
– Gross amount payable to customers for contractual work **	-32,753	-41,592
	1,892,937	**1,475,901**
– Gross amount due from customers for contractual work	1,925,690	1,517,493
Divestment disposals	—	-567
Prepayments received offset against gross amounts due from customers	-1,422,319	-1,022,586
Net amount due from customers for contractual work***	**503,371**	**494,340**
Prepayments received from customers for contractual work ******	5,078,407	3,961,049

* Represents an amount from the commencement of contracts to 31 December 2022 and 31 December 2021, respectively.
** The amount is reported under contract liabilities (refer to Note 6).
*** The amount represents the gross amount due from customers after the corresponding amount of prepayments received has been offset. The amount has been reported under contract assets – refer to Note 6.
**** The amount is included in prepayments received – refer to Note 6.

21. Deferred Tax Assets and Liabilities

Reported Deferred Tax Assets and Liabilities

The following deferred tax assets (liabilities) were reported:

	31 December 2022			31 December 2021		
CZK thousand	Assets	Liabilities	Net	Assets	Liabilities	Net
Intangible fixed assets	2,894	-196,692	-193,798	42,092	-129,552	-87,460
Property, plant and equipment	36,733	-454,030	-417,297	48,973	-212,581	-163,608
Investment property	4,750	-2,178	2,572	—	-2,178	-2,178
Other investments	3,168	—	3,168	2,693	—	2,693
Provided loans	117	—	117	36	—	36
Receivables	95,533	-168	95,365	53,125	-4,199	48,926
Other assets	5,346	-10,996	-5,650	2,558	—	2,558
Inventories	54,959	-44,983	9,976	14,631	-12,815	1,816
Provisions	50,840	-154	50,686	26,896	-13,027	13,869
Loan interest	417	-410	7	—	-579	-579
Payables	3,441	—	3,441	4,222	-273	3,949
Other payables	13,839	-28,752	-14,913	12,313	-26,966	-14,653
Tax losses of prior years	4,367	—	4,367	2,923	—	2,923
Other temporary differences	13,849	-38,718	-24,869	2,057	-7,632	-5,575
Total	**290,253**	**-777,081**	**-486,828**	**212,519**	**-409,802**	**-197,283**
Tax offsetting	**-102,985**	**102,985**	**—**	**-77,003**	**77,003**	**—**
Net deferred tax asset (tax liability)	**187,268**	**-674,096**	**-486,828**	**135,516**	**-332,799**	**-197,283**

A deferred tax asset arising from unutilised tax losses of prior years is only recognised if it is likely that a future taxable profit will be generated in respect of which it will be possible to utilise unutilised tax losses. The moment when the possibility of utilising tax losses expires is presented in the table below:

CZK thousand	2023	2024	2025	2026	2027 onwards	Total
Total tax losses	**2,044**	**40,675**	**25,990**	**12,196**	**7,566**	**88,471**
Tax losses – reported	319	1,594	20	1,160	1,271	4,364
Tax losses – unreported	1,725	39,081	25,970	11,036	6,295	84,107

Movements in Temporary Differences during the Year

Temporary difference in relation to the below items: (CZK thousand)	Balance at 1 January 2022	Reported through comprehensive income	Reported through equity	Acquired	Sold	Effect of changes in foreign exchange rates	Balance at 31 December 2022
Intangible fixed assets	-87,460	-35,230	—	-71,043	—	-66	-193,799
Property, plant and equipment	-163,608	7,388	-1,311	-266,370	3,304	3,300	-417,297
Investment property	-2,178	4,750	—	—	—	—	2,572
Other investments	2,693	475	—	—	—	—	3,168
Loans provided	36	81	—	—	—	—	117
Receivables	48,927	43,766	-1,298	5,136	—	-1,165	95,366
Other assets	2,559	-4,915	—	-3,617	—	324	-5,649
Inventories	1,817	-30,555	466	38,367	—	-118	9,977
Provisions	13,868	33,832	—	2,942	—	43	50,685
Loan interest	-579	448	125	—	—	13	7
Payables	3,948	-342	—	-72	—	-93	3,441
Other liabilities	-14,661	-7,214	-71	6,583	—	451	-14,912
Tax losses of prior years	2,923	551	-24	2,170	-1,158	-98	4,364
Other temporary differences	-5,568	-31,834	6,054	5,981	—	499	-24,868
Total	**-197,283**	**-18,799**	**3,941**	**-279,923**	**2,146**	**3,090**	**-486,828**

22. Inventory

CZK thousand	31 December 2022	31 December 2021
Material	5,160,417	2,684,889
Finished products	1,261,734	381,292
Goods	1,278,794	1,358,205
Work in progress	1,746,519	833,617
Prepayments to suppliers	4,100,238	802,493
Total inventory	**13,547,702**	**6,060,496**

As of 31 December 2022, the allowance for inventory was CZK 168,037 thousand (2021: CZK 151,938 thousand).

As of 31 December 2022, inventory of CZK 3,285,122 thousand (2021: CZK 2,189,353 thousand) was provided as collateral to secure bank loans.

23. Tax Receivables

CZK thousand	31 December 2022	31 December 2021
Corporate income tax	45,755	62,332
Value added tax	280,659	67,600
Other taxes	65,663	4,659
Total tax receivables	**392,077**	**134,591**

24. Cash and Cash Equivalents

CZK thousand	31 December 2022	31 December 2021
Current accounts with banks	5,401,450	1,814,212
Term deposits	416,495	766,821
Cash on hand	9,241	4,156
Other cash equivalents	212	392
Cash and cash equivalents in the cash flow statement	**5,827,398**	**2,585,581**

25. Assets Held for Sale

The Group reports no assets held for sale as of 31 December 2022 and 31 December 2021.

26. Equity

Share Capital

As of 31 December 2022, authorised, issued and fully paid-in share capital consisted of twenty ordinary registered shares in the book entry form in the nominal value of CZK 100,000,000. As of 31 December 2021, share capital consisted of twenty ordinary registered shares in the book entry form in the nominal value of CZK 100,000,000.

In 2021, the sole shareholder decided to increase the share capital of CZECHOSLOVAK GROUP a.s. The share capital was increased by CZK 1,998,000,000 from CZK 2,000,000 to CZK 2,000,000,000 from the Company's own resources, i.e. from other reserves - other capital reserves.

The increase in the share capital was carried out by increasing the nominal value of the existing shares held by the sole shareholder of the Company by increasing the nominal value of each share by CZK 99,900,000, i.e. to CZK 100,000,000, for the existing twenty registered book--entry shares with a nominal value of CZK 100,000 per share.

The shareholder is entitled to a payment of dividends and is entitled to vote at the General Meetings of the Company's shareholders with one vote attributable to a share of CZK 100,000 thousand.

In 2022, the Company paid no dividends (2021: CZK 0 thousand).

31 December 2022	Number of shares (Pieces)	Shares (CZK thousand)	Ownership percentage (%)	Voting rights (%)
CSG FIN a.s., Corporate ID: 141 41 442	20	2,000,000	100	100
Total shares	**20**	**2,000,000**	**100**	**100**

Funds reported in equity include the following items:

CZK thousand	31 December 2022	31 December 2021
Other capital reserves	858,695	858,658
Other indivisible reserves	81,310	79,363
Foreign currency translation reserve	-71,981	17,551
Total	**868,024**	**955,572**

Other Capital Reserves

These reserves primarily include contributions outside the share capital provided by the Company's sole shareholder, which amounted to CZK 898,897 thousand as of 31 December 2022 (2021: CZK 898,897 thousand)

Furthermore, these reserves also include the remeasurement of property, plant and equipment to fair value applied as "deemed cost" in line with IFRS 1 – First-Time Adoption of International Financial Reporting Standards (the Group decided not to report the difference as of the transition date through retained earnings but through 'Other reserve'). These remeasurements may be positive or negative.

Other Indivisible Reserves

A major portion of other indivisible reserves represents an effect on the Group's interest-rate advantage arising from the use of a non-interest bearing loan provided by the shareholder, which is recognised through equity.

The Group considers the loan received from the owner acting from the actual position of an owner to constitute an instrument that brings a visible advantage to the Group in the form of exemption from interest. The fair value of a non-interest bearing loan is highly likely to differ from the nominal value during its initial recognition. The Group recognises the difference between the fair value of a loan during its initial recognition and its nominal value through equity, the reason being that the substance of non-interest bearing loans includes advantageous terms specifically in the form of zero interest representing the owner's non-reciprocal capital contribution. As of 31 December 2022, these non-reciprocal capital contributions totalled CZK 85,092 thousand (31 December 2021: CZK 85,628 thousand).

Reserve from Foreign Currency Translation

The reserve includes changes in the equity of companies with a functional currency other than the Czech crown due to exchange rate changes over time.

27. Non–Controlling Interests

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests (NCI) is set out below.

31 December 2022

CZK thousand	C3F – Fiocchi Group Italy	EXCALIBUR ARMY spol. s r.o. Czech Republic	ZVS holding, a.s. Slovak Republic	NIKA Development a.s. Czech Republic	VOP Nováky, a.s. Slovak Republic	MSM Martin s.r.o. Slovak Republic	CS SOFT a.s. Czech Republic	EXCALIBUR INTERNATIONAL a.s. Czech Republic	Other immaterial subsidiaries*	Consolidation elimination	Total
Non-controlling interest percentage	30.00%	10.00%	59.50%	8.03%	19.00%	19.00%	22.00%	10.00%	–	–	–
Non-current assets	14,470,300	944,905	329,817	1,762,191	203,336	533,424	216,227	112,674	–	–	–
Current assets	5,429,447	12,110,801	720,461	67,940	1,483,096	552,473	329,139	1,938,979	–	–	–
Non-current liabilities	5,852,951	1,720,708	42,174	–	77,650	16,976	73,772	5,936	–	–	–
Current liabilities	3,422,183	8,155,102	647,846	254	755,159	364,377	137,212	1,572,713	–	–	–
Net assets	**10,624,613**	**3,179,896**	**360,258**	**1,829,877**	**853,623**	**704,544**	**334,382**	**473,004**	**–**	**–**	**–**
Carrying amount of the non-controlling interest	**3,185,305**	**317,990**	**214,361**	**170,392**	**161,881**	**138,024**	**73,564**	**47,900**	**133,050**	**-17,894**	**4,424,573**
Revenue	649,866	13,491,072	996,775	–	1,893,076	590,591	297,640	1,103,429	–	–	–
Profit (+) / loss (-)	-27,929	1,664,071	741	67,621	625,915	51,266	158,391	120,159	–	–	–
Other comprehensive income (OCI)	-67,404	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	**-95,333**	**1,664,071**	**846**	**67,621**	**714,844**	**58,550**	**158,391**	**120,159**	**–**	**–**	**–**
Profit (+) / loss (-) attributable to the NCI	-9,569	166,407	503	5,430	135,820	11,124	34,846	12,016	143,981		500,558
OCI attributable to the NCI	–	–	–	–	–	–	–	–	–	–	–
Net increase (+) / decrease (-) in cash and cash equivalents	**1,504,342**	**1,065,738**	**-46,029**	**33**	**92,033**	**115,115**	**-51,309**	**334,931**	**–**	**–**	**–**
Dividends paid to the NCI	**–**	**–**	**3,071**	**–**	**–**	**–**	**–**	**–**	**20,700**	**–**	**23,771**

* This primarily includes non-controlling interests in TATRA DEFENCE VEHICLE a.s. (CZK 34,408 thousand), FABRICA DE MUNICIONES DE GRANADA S.L (CZK 21,640 thousand), ELTON hodinářská, a.s. (CZK 20,581 thousand), RETIA, a.s. (CZK 19,625 thousand), and PPS Vehicles s.r.o. (CZK 13,685 thousand).

Material changes in the non-controlling interest during the year primarily include the following changes to the effective ownership interest:

In the year ended 31 December 2022:

- EHC Service s.r.o. from 7.65% to 0% (effective interest) as of 24 February 2022;
- HELI COMPANY s.r.o. from 7.65% to 0% (effective interest) as of 24 February 2022;
- Slovak Training Academy, s.r.o. from 7.65% to 0% (effective interest) as of 24 February 2022;
- STA TECHNOLOGY, s.r.o. from 38.13% to 0% (effective interest) as of 24 February 2022;
- DEFENCE TRADE SLOVAKIA s.r.o. from 19% to 12.22% (effective interest) as of 26 July 2022;
- EUROPEAN AIR SERVICES s.r.o. from 3% to 0% (effective interest) as of 24 February 2022;
- EUROPEAN AIR SERVICES SLOVAKIA s.r.o. from 15% to 0% (effective interest) as of 26 August 2022.

For effects of changes in non-controlling interests reported through equity, refer to the consolidated statement of changes in equity.

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests (NCI) is set out below.

31 December 2021

	EXCALIBUR ARMY spol. s r.o.	ZVS holding, a.s.	NIKA Development a.s.	MSM Martin s.r.o.	CS SOFT a.s.	TATRA DEFENCE VEHICLE a.s.	FABRICA DE MUNICIONES DE GRANADA S.	MSM Nováky, a.s.	Other immaterial subsidiaries*	Consolidation elimination	Total
CZK thousand	Czech Republic	Slovak Republic	Czech Republic	Slovak Republic	Czech Republic	Czech Republic	Spain	Slovak Republic			
Non-controlling interest percentage	10.00%	59.50%	8.03%	19.00%	22.00%	19.00%	19.00%	19.00%	—	—	—
Non-current assets	850,781	330,738	1,763,191	529,370	216,949	511,827	190,229	251,585	—	—	—
Current assets	4,440,829	615,606	383	648,502	105,665	2,579,138	171,238	780,135	—	—	—
Non-current liabilities	633,054	51,287	—	29,683	51,858	2,737,062	141,206	104,537	—	—	—
Current liabilities	1,852,523	520,694	-1,317	474,976	94,765	234,292	88,055	680,621	—	—	—
Net assets	**2,806,033**	**374,363**	**1,764,891**	**673,213**	**175,991**	**119,611**	**132,206**	**246,562**	**—**	**—**	**—**
Carrying amount of the non-controlling interest	**280,647**	**222,758**	**141,510**	**139,377**	**38,718**	**22,707**	**25,119**	**46,526**	**133,980**	**-296,055**	**755,287**
Revenue	2,777,018	993,347	—	1,207,360	164,702	634,510	357,388	513,996	—	—	—
Profit (+) / loss (-)	278,217	9,024	132,188	-10,303	26,902	18,432	-27,516	-68,012	—	—	—
Other comprehensive income (OCI)		-20,647	—	-40,953	—	—	-8,853	-17,316	—	—	—
Total comprehensive income	**278,217**	**-11,623**	**132,188**	**-51,256**	**26,902**	**18,432**	**-36,369**	**-85,328**	**—**	**—**	**—**
Profit (+) / loss (-) attributable to the NCI	27,822	5,369	10,615	-1,958	5,918	3,502	-5,228	-12,922	56,036	—	89,154
OCI attributable to the NCI	—	-12,285	—	-7,781			-1682	-3,290	-3,414	13,224	-15,228
Net increase (+) / decrease (-) in cash and cash equivalents	**-2,430**	**-105,105**	**15**	**-9,175**	**36,092**	**826,088**	**64,213**	**43,532**	**—**	**—**	**—**
Dividends paid to the NCI	**—**	**2,958**	**—**	**—**		**2,844**	**—**	**—**	**14,129**	**—**	**19,931**

* This primarily includes non-controlling interests in MSM LAND SYSTEMS s.r.o. (CZK 20,244 thousand), ELTON hodinářská, a.s.,(CZK 19,362 thousand), RETIA, a.s. (CZK 17,209 thousand), and EXCALIBUR INTERNATIONAL a.s., (CZK 15,369 thousand).

Material changes in the non-controlling interest during the year primarily include the following changes to the effective ownership interest:

In the year ended 31 December 2021:

- DAKO-CZ, a.s. from 51% to 100% as of 25 March 2021.
- TRANSELCO CZ s.r.o. from 51% to 100% as of 25 March 2021.
- RETIA, a.s. from 100% to 95% (effective interest) as of 25 June 2021.
- TATRA DEFENCE VEHICLE a.s. from 90% to 81% (effective interest) as of 11 January 2021.
- Slovak Training Academy, s.r.o. from 98% to 92% (effective interest) as of 11 January 2021.

For effects of changes in non-controlling interests reported through equity, refer to the consolidated statement of changes in equity.

28. Trade and Other Payables

CZK thousand	31 December 2022	31 December 2021
Prepayments received	117,849	104,639
Trade payables	3,836,832	1,874,115
Other payables	593,819	275,207
Payables to employees	320,391	131,857
Payables arising from outstanding vacation days	46,219	38,740
Government grants	11,453	28,078
Trade and other payables – subtotal	**4,926,563**	**2,452,636**
Unbilled supplies	693,793	586,034
Accrued expenses	130,658	19,113
Estimated payables – subtotal	**824,451**	**605,147**
Trade and other payables – total	**5,751,014**	**3,057,783**
Long-term	156,480	167,390
Short-term	5,594,534	2,890,393
Trade and other payables – total	**5,751,014**	**3,057,783**

29. Provisions

CZK thousand	Provision for loss-making contracts	Provision for complaints	Other provisions	Total
Balance at 1 January 2022	**—**	**79,786**	**158,976**	**238,762**
Acquisitions through transactions under joint control	—	—	—	—
Acquisitions through business combinations	—	0	38,672	38,672
Additions – provisions created in the given year	—	58,870	120,509	179,379
Creation (+) and release (-) of provisions through balance sheet	—	2,013	-62,915	-60,902
Use – provisions used in the given year	—	-4,733	-61,212	-65,945
Release – provisions released in the given year	—	-2,403	-5,461	-7,864
Sales outside the Group	—	—	-835	-835
Effects of changes in exchange rates	—	-117	-2,701	-2,818
Balance at 31 December 2022	**—**	**133,416**	**185,033**	**318,449**
Non-current	—	85,944	97,611	183,555
Current	—	47,472	87,422	134,894
Total provisions	**—**	**133,416**	**185,033**	**318,449**

The expected timeframe for the use of non-current provisions for complaints is two years, for the other provisions it is 5-10 years.

CZK thousand	Provision for loss-making contracts	Provision for complaints	Other provisions	Total
Balance at 1 January 2021	**—**	**65,502**	**119,193**	**184,695**
Acquisitions through transactions under joint control	—	—	—	—
Acquisitions through business combinations	—	—	—	—
Additions – provisions created in the given year	—	15,826	116,133	131,959
Creation (+) and release (-) of provisions through balance sheet	—	—	43,064	43,064
Use – provisions used in the given year	—	-1,425	-85,299	-86,724
Release – provisions released in the given year	—	-24	-1,531	-1,555
Sales outside the Group	—	—	-26,873	-26,873
Effects of changes in exchange rates	—	-93	-5,711	-5,804
Balance at 31 December 2021	**—**	**79,786**	**158,976**	**238,762**
Non-current	—	47,891	40,660	88,551
Current	—	31,895	118,316	150,211
Total provisions	**—**	**79,786**	**158,976**	**238,762**

30. Tax Payables

CZK thousand	31 December 2022	31 December 2021
Corporate income tax	766,774	154,612
Value added tax	91,169	100,325
Social security and health insurance	132,239	90,250
Other taxes	174,873	43,146
Total tax payables	**1,165,055**	**388,333**

As of 31 December 2022, the Group recorded no overdue payables arising from social security and health insurance or to tax authorities (2021: CZK 0). Other taxes primarily represent road tax and real estate tax.

31. Financial Guarantees and Contingent Liabilities

CZK thousand	31 December 2022	31 December 2021
Provided guarantees	2,492,437	969,056
Total financial guarantees	**2,492,437**	**969,056**

The total value of guarantees provided as of 31 December 2022 predominantly included guarantees provided by RETIA, a.s. (CZK 820,381 thousand), ELDIS Pardubice, s.r.o. (CZK 117,942 thousand), Excalibur Army spol. s r.o. (CZK 526,696 thousand), Prague Fertility Centre s.r.o. (CZK 230,000 thousand), and CZECHOSLOVAK GROUP a.s. (CZK 677,883 thousand).

Bank guarantees issued by the above entities are connected with guarantees to customers for the delivery of products without defects.

32. Risk Management Methods

This Note provides a detailed description of the financial and operating risks to which the Group is exposed and the methods used in managing them. The major financial risks to which the Group is exposed include credit risk, liquidity risk, interest rate risk and currency risk.

The following table contains information about:

- Classes of financial instruments;
- Amortised cost of financial instruments;
- Fair values of financial instruments (with the exception of financial instruments whose net book value approximates their fair value); and
- The hierarchy levels of the fair values of financial assets and financial liabilities for which fair value has been disclosed.

31 December 2022

CZK thousand	Note	Fair value – hedging instruments	Mandatorily at fair value FVTPL – other	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets at amortised costs	Other financial payables	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value												
Derivatives	19	–	959,844	–	–	–	–	959,844	–	959,844	–	959,844
Financial assets not reported at fair value												
Trade and other receivables	20	–	–	–	–	5,156,201	–	5,156,201	–	–	–	–
Prepayments made and accruals and deferrals	20	–	–	–	–	2,052,772	–	2,052,772	–	–	–	–
Provided loans	19	–	–	–	–	4,234,878	–	4,234,878	–	4,234,878	–	4,234,878
Other financial assets	19	–	–	–	–	1,463,370	–	1,463,370	–	1,463,370	–	1,463,370
Cash and cash equivalents	24	–	–	–	–	5,827,398	–	5,827,398	–	–	–	–
Costs of obtaining / fulfilling a contract		–	–	–	–	113,625	–	113,625	–	–	–	–
Contract assets		–	–	–	–	726,462	–	726,462	–	–	–	–
Total		–	–	–	–	**19,567,274**	–	**19,567,274**	–	**5,690,816**	–	**5,690,816**
Financial liabilities reported at fair value												
Derivatives	19	–	-12,861	–	–	–	–	-12,861	–	-12,861	–	-12,861
Total		–	**-12,861**	–	–	–	–	**-12,861**	–	**-12,861**	–	**-12,861**
Financial liabilities not reported at fair value												
Overdraft	19	–	–	–	–	–	-1,650,535	-1,650,535	–	-1,650,535	–	-1,650,535
Collateralised bank loans	19	–	–	–	–	–	-12,670,037	-12,670,037	–	-12,670,037	–	-12,670,037
Uncollateralised bank loans	19	–	–	–	–	–	-444,874	-444,874	–	-444,874	–	-444,874
Payables from finance leases	19	–	–	–	–	–	–	–	–	–	–	
Owner loans and loans from other related parties	19	–	–	–	–	–	-687,444	-687,444	–	-687,444	–	-687,444
Loans from third parties (other loans)	19	–	–	–	–	–	-288,131	-288,131	–	-288,131	–	-288,131
Trade and other payables	28	–	–	–	–	–	-5,751,014	-5,751,014	–	–	–	
Issued bonds including outstanding interest	19	–	–	–	–	–	-4,618,004	-4,618,004	–	-4,618,004	–	-4,618,004
Short- and long-term contractual payables		–	–	–	–	–	-15,043,897	-15,043,897	–	–	–	
Total		–	–	–	–	–	**-41,153,936**	**-41,153,936**	–	**-20,359,025**	–	**-20,359,025**

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CZK thousand	Note	Fair value – hedging instruments	Mandatorily at fair value FVTPL – other	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets at amortised costs	Other financial payables	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value												
Derivatives	19	—	298,948	—	—	—	—	298,948	—	298,948	—	298,948
Financial assets not reported at fair value												
Trade and other receivables	20	—	—	—	—	3,103,771	—	3,103,771	—	—	—	—
Prepayments made and accruals and deferrals	20	—	—	—	—	806,470	—	806,470	—	—	—	—
Provided loans	19	—	—	—	—	2,723,031	—	2,723,031	—	2,723,031	—	2,723,031
Other financial assets	19	—	—	—	—	574,472	—	574,472	—	574,472	—	574,472
Cash and cash equivalents	24	—	—	—	—	2,585,581	—	2,585,581	—	—	—	—
Costs of obtaining / fulfilling a contract		—	—	—	—	46,664	—	46,664	—	—	—	—
Contract assets		—	—	—	—	749,539	—	749,539	—	—	—	—
Total		**—**	**—**	**—**	**—**	**10,589,528**	**—**	**10,589,528**	**—**	**3,297,503**	**—**	**3,297,503**
Financial liabilities reported at fair value												
Derivatives	19		-45,373	—	—	—	—	-45,373	—	-45,373	—	-45,373
Total			**-45,373**	**—**	**—**	**—**	**—**	**-45,373**	**—**	**-45,373**	**—**	**-45,373**
Financial liabilities not reported at fair value												
Overdraft	19		—	—	—	—	-1,328,598	-1,328,598	—	-1,328,598	—	-1,328,598
Collateralised bank loans	19		—	—	—	—	-2,346,414	-2,346,414	—	-2,346,414	—	-2,346,414
Uncollateralised bank loans	19		—	—	—	—	—	—	—	—	—	—
Payables from finance leases	19		—	—	—	—	—	—	—	—	—	—
Owner loans and loans from other related parties	19		—	—	—	—	-53,962	-53,962	—	-53,962	—	-53,962
Loans from third parties (other loans)	19		—	—	—	—	-157,697	-157,697	—	-157,697	—	-157,697
Trade and other payables	28		—	—	—	—	-3,057,783	-3,057,783	—		—	—
Issued bonds including outstanding interest	19		—	—	—	—	-4,618,149	-4,618,149	—	-4,618,149	—	-4,618,149
Short- and long-term contractual payables			—	—	—	—	-4,894,851	-4,894,851	—		—	—
Total			**—**	**—**	**—**	**—**	**-16,457,454**	**-16,457,454**	**—**	**-8,504,820**	**—**	**-8,504,820**

A) Credit Risk

I. Credit Risk Exposure

Credit risk is a risk of the Company incurring a financial loss if the customer or counterparty fails to meet its contractual obligations in transactions with financial instruments. The risk primarily arises in respect of the Group's amounts due from customers and in respect of loans and borrowings. Credit risk is limited in respect of highly liquid assets (cash product on bank accounts) given that counterparties are entities with high credit ratings.

Credit Risk Management in Respect of Trade and Other Receivables

The Group reviews the financial positions of its existing customers and regularly assesses their creditworthiness. In respect of new customers requesting goods and services above a certain limit (determined on the basis of the size and nature of the specific business), the customer is firstly subject to an individual analysis of creditworthiness and only then are standard payment and supply terms proposed to it.

The Group assesses the credit quality of customers by reference to their financial position, historical experience and other factors. Individual limits for managing this risk are determined based on internal or external ratings in compliance with the limits stipulated by the Group's internal guidelines. The Group's management regularly assesses the level of credit risk and the size of its exposure and, at least on a monthly basis, monitors the balance of overdue trade receivables. The Group also requires that its customers provide it with appropriate forms of guarantees or collateral.

Impairment Loss and Write-Off of Receivables

The Group recognises allowances for impairment based on an estimate of future expected losses that may be incurred in respect of trade receivables, other receivables and provided loans. Expected future losses are estimated in compliance with the methodology applied by the Group.

To measure expected credit losses, trade receivables, loans and other receivables were assessed based on the customer's individual rating and days past due (referred to as the "individual approach"). The Group set the individual assessment of receivables in relation to the rating of the debtor's country, the reason being that a majority of the Group's business transactions are concluded with entities directly or closely related to state and public institutions.

Receivables are classified by country of origin of the business from which the receivable is recorded. These countries were assigned rating based on an assessment by Standard and Poors. Using this rating, receivables are classified into three groups based on the risk of potential failure to recover the receivables:

The first low-risk group includes receivables from entities based in countries with a rating of AAA to A-, which are considered to be stable with a low risk of default. A probability of default of 0.09% has been assigned to this group of receivables. This probability corresponds with a one-year probability of default of a corporate client included in the investment grade (refer to Standard and Poors 2020 Annual Global Corporate Default, Table No. 26).

The highest-risk group includes private businesses from countries with a rating of BBB+ and worse, which has been assigned the highest probability of default at 3.71% as of 31 December 2022 (3.71% as of 31 December 2021). This probability corresponds with a one-year probability of default of a corporate client included in the speculative grade (refer to Standard and Poors 2020 Annual Global Corporate Default, Table No. 26).

The middle-risk group includes public entities from countries with a rating of BBB+ and worse. This group has been assigned the probability of default at 1.9%. This value has been selected as the arithmetic average of the low-risk and high-risk values.

Furthermore, the Group has identified a group of critical receivables which includes receivables to bankrupt or insolvent entities, with a 100% probability of default. In this respect, the Group reports provisions at the level of lifetime loss in respect of all types of receivables (including provided loans).

The Group anticipates loss given default (LGD) at 100%, if no guarantee or collateral was stipulated.

The Group always reports lifetime expected credit loss in respect of trade receivables, contract assets and receivables arising from leases.

The allowance amount measured in line with the above-described rating-based system additionally includes factors specific to the given debtors, if such information is available to the Group.

In respect of other financial instruments, the Group reports lifetime expected credit loss for their duration, provided a significant increase in credit risk has occurred since initial recognition. However, if credit risk has not significantly

increased since initial recognition in respect of the financial instrument, the Group will calculate the allowance for the loss arising from this financial instrument in the amount of expected credit losses over 12 months.

The model used was retrospectively tested in 2021 against the amount of the allowance for receivables recognised in 2019 and actual payments in 2019–2021. The amount of the total outstanding receivable differed only insignificantly from the recognised allowance. Partial differences occurred in the individual risk groups. The Group decided not to adjust the model for 2022, to prepare a further retrospective test at the end of 2023 and to adjust the model used, if necessary, according to the result.

Write-off of Receivables

The Group assesses default receivables. If the receivable is assessed not to be recoverable by any means and the statute of limitations has expired – i.e. a period greater than 3 years from the due date – the Group's management will decide to write it off.

Receivables by aging in 2018	Allowances by payment in 2019–2021	Allowances by model used
Before due date	2.39%	1.00%
1–90 days past due	3.50%	2.56%
91–180 days past due	1.11%	3.83%
181–360 days past due	22.83%	50.00%
More than 360 days past due	65.56%	100.00%
Total	**6.10%**	**6.82%**

II. Impairment losses

The aging analysis and impairment losses in respect of financial assets with the exception of cash and cash equivalents as of the balance sheet date:

Trade and other receivables and contract assets

As of 31 December 2022 (CZK thousand)	Gross	Allowance	Average credit loss
Group*			
1	4,087,467	-226,289	-5.54%
2	1,322,873	-89,986	-6.80%
3	925,166	-136,568	-14.76%
4	—	—	0.00%
Total	**6,335,506**	**-452,843**	
Maturity			
Covered portion of financial assets	2,539,255	—	0.00%
Before due date	2,543,711	-36,257	-1.43%
1–90 days past due	629,394	-20,144	-3.20%
91–180 days past due	122,118	-4,531	-3.71%
181–360 days past due	218,235	-109,118	-50.00%
More than 360 days past due	282,793	-282,793	-100.00%
Total	**6,335,506**	**-452,843**	

* Low risk (Group 1), Middle risk (Group 2), High risk (Group 3), Critical (Group 4)

As of 31 December 2021 (CZK thousand)	Gross	Allowance	Average credit loss
Group*			
1	2,477,854	-165,507	-6.47%
2	1,138,988	-98,615	-8.66%
3	549,229	-48,639	-8.86%
4	28,455	-28,455	-100.00%
Total	**4,194,526**	**-341,216**	
Maturity			
Covered portion of financial assets	969,900	—	0.00%
Before due date	2,617,993	-39,819	-1.52%
1–90 days past due	202,344	-4,537	-2.24%
91–180 days past due	77,139	-2,845	-3.69%
181–360 days past due	66,269	-33,134	-50.00%
More than 360 days past due	260,881	-260,881	-100.00%
Total	**4,194,526**	**-341,216**	

* Low risk (Group 1), Middle risk (Group 2), High risk (Group 3), Critical (Group 4)

Provided loans and other financial assets

The stated gross amounts and allowances include short-term and long-term loans and other financial assets, excluding derivatives and bank accounts with limited access.

As of 31 December 2022 (CZK thousand)	Gross	Allowance	Average credit loss
Group			
1	4,634,562	-119,038	-2.57%
2	174,158	-296	-0.17%
4	—	—	0.00%
Total	**4,808,720**	**-119,334**	
Maturity			
Covered portion of financial assets	204,939	—	0.00%
Before due date	4,488,255	-4,724	-0.11%
1–90 days past due	—	—	0.00%
91–180 days past due	—	—	0.00%
181–360 days past due	1,832	-916	0.00%
More than 360 days past due	113,694	-113,694	-100.00%
Total	**4,808,720**	**-119,334**	

As of 31 December 2021 (CZK thousand)	Gross	Allowance	Average credit loss
Group			
1	3,000,991	-2,711	-0.09%
2	47,392	-47	-0.10%
4	62,756	-62,756	-100.00%
Total	**3,111,139**	**-65,514**	

Maturity			
Covered portion of financial assets	75,787	—	0.00%
Before due date	2,972,228	-2,719	-0.09%
1–90 days past due	335	-6	-1.79%
91–180 days past due	—	—	0.00%
181–360 days past due	—	—	0.00%
More than 360 days past due	62,789	-62,789	-100.00%
Total	**3,111,139**	**-65,514**	

The following movements were reported in allowances against financial assets in the year ended 31 December 2022:

CZK thousand	Allowance as of 2022	Allowance as of 2021
Balance at 1 January	**436,462**	**400,458**
Impairment losses reported during the period	237,383	138,311
Cancellation of the impairment loss reported during the period	-40,001	-75,951
Acquisitions under joint control	—	—
Acquisitions through business combinations	—	—
Sale of equity investment with loss of control	—	-22,605
Impact of changes in FX rates	-9,795	-3,751
Balance at 31 December	**624,049**	**436,462**

As of the balance sheet date, the maximum exposure to credit risk is classified by counterparty and geographical location as presented in the tables below.

As of 31 December 2022, the Company created an allowance for non-financial assets of CZK 51,872 thousand (2021: CZK 29,732 thousand).

Credit Risk by Counterparty

As of 31 December 2022 (CZK thousand)	Legal entities (non-financial institutions)	State, government	Financial institutions	Individuals	Other	Total
Assets						
Loans and other financial assets	2,334,245	135,695	1,838,377	2,346,683	3,092	**6,658,092**
Trade and other receivables	4,385,923	728,004	10,678	28,462	3,134	**5,156,201**
Contract assets	280,983	445,479	—	—	—	**726,462**
Tax receivables	14,210	377,867	—	—	—	**392,077**
Cash and cash equivalents	—	1,640	5,825,758	—	—	**5,827,398**
Total	**7,015,361**	**1,688,685**	**7,674,813**	**2,375,145**	**6,226**	**18,760,230**

As of 31 December 2021 (CZK thousand)	Legal entities (non-financial institutions)	State, government	Financial institutions	Individuals	Other	Total
Assets						
Loans and other financial assets	1,562,844	—	551,034	1,480,261	2,314	**3,596,452**
Trade and other receivables	2,605,469	450,192	40,135	7,816	158	**3,103,771**
Contract assets	616,142	133,397	—	—	—	**749,539**
Tax receivables	16,914	124,688	-7,011	—	—	**134,591**
Cash and cash equivalents	—	—	2,585,581	—	—	**2,585,581**
Total	**4,801,369**	**708,277**	**3,169,739**	**1,488,077**	**2,472**	**10,169,934**

Credit Risk by Territory

As of 31 December 2022 (CZK thousand)	Czech Republic	Slovakia	Other*	Total
Assets				
Loans and other financial assets	5,952,915	99,113	606,064	**6,658,092**
Trade receivables and other assets	967,565	184,881	4,003,755	**5,156,201**
Contract assets	86,732	67,159	572,571	**726,462**
Tax receivables	198,226	59,878	133,973	**392,077**
Cash and cash equivalents	3,314,401	858,639	1,654,358	**5,827,398**
Total	**10,519,839**	**1,269,670**	**6,970,721**	**18,760,230**

* The category of "Other" primarily includes receivables from other European Union countries, such as Hungary, Bulgaria, and Italy, and from other than European Union countries, such as Ukraine, USA, UAE, Pakistan, and Vietnam.

As of 31 December 2021 (CZK thousand)	Czech Republic	Slovakia	Other*	Total
Assets				
Loans and other financial assets	3,228,563	267,119	100,771	**3,596,452**
Trade receivables and other assets	1,080,192	166,779	1,856,799	**3,103,771**
Contract assets	26,058	57,874	665,607	**749,539**
Tax receivables	117,413	17,178	—	**134,591**
Cash and cash equivalents	2,441,678	78,770	65,133	**2,585,581**
Total	**6,893,904**	**587,720**	**2,688,310**	**10,169,934**

* The category of "Other" primarily includes receivables from other European Union countries, such as Hungary and Bulgaria, and from other than European Union countries, such as United Arab Emirates, Pakistan, and Vietnam.

B) Liquidity Risk

Liquidity risk is a risk of the Group running into difficulties in meeting its commitments in relation to financial liabilities that are settled through cash or other financial assets. Individual Group entities use different methods to manage liquidity risk.

The Group's management focuses on the methods used by financial institutions, i.e. diversifying the sources of funds. Thanks to the diversification, the Group is more flexible and its dependency, if any, on a single source of funding, is limited. Liquidity risk is primarily assessed by monitoring the changes in the structure of funding and by comparing the changes with the Group's liquidity risk management strategy.

The below-stated table presents a breakdown of the Group's contractual cash flows classified by their due dates, specifically by the period remaining from the balance sheet date until the contractual maturity date. In situations when options and payment schedules make earlier repayment possible, the Group applies maximum caution in assessing the due dates. Therefore, the due dates of liabilities are presented at the earliest possible dates. Liabilities without contractually stipulated due dates are classified under the "unspecified due date" category.

As of 31 December 2022 (CZK thousand)	Carrying amount	Contractual cash flows	Fewer than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Unspecified due date
Liabilities							
Loans and borrowings	16,778,262	17,117,970	652,720	3,851,409	11,213,883	895,047	504,911
Bonds	4,587,148	5,367,594	50,629	165,877	5,108,824	—	42,264
Trade and other paya-bles	4,442,104	4,442,104	3,247,852	661,653	14,221	—	518,379
Lease liabilities	922,821	951,412	37,948	109,858	510,540	293,066	—
Total	**26,730,335**	**27,879,080**	**3,989,149**	**4,788,797**	**16,847,468**	**1,188,113**	**1,065,554**

As of 31 December 2021 (CZK thousand)	Carrying amount	Contractual cash flows	Fewer than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Unspecified due date
Liabilities							
Loans and borrowings	4,663,129	5,002,837	496,396	1,717,708	2,049,982	92,765	645,986
Bonds	4,575,885	5,356,331	51,503	159,725	5,145,103	—	—
Trade and other paya-bles	2,177,400	2,177,400	1,548,455	432,155	167,390	—	29,401
Lease liabilities	653,240	673,596	35,070	66,548	377,776	194,202	—
Total	**12,069,654**	**13,210,164**	**2,131,424**	**2,376,136**	**7,740,251**	**286,967**	**675,387**

The value of loans under "unspecified due date" represents loans that have no set contractual maturity but they are payable upon the creditor's request.

The contractual cash flows are higher than the carrying amount due to the inclusion of unrecognised future interest.

The Group does not expect that the cash flows included in the analysis of due dates would fall due earlier or in much larger volumes.

Among others, financial liabilities were also used to fund non-current assets and inventories.

C) Interest Rate Risk

During its activities, the Group is exposed to the risk of interest rate fluctuations, the reason being that the interest-bearing assets (including investments) and interest-bearing liabilities have various due dates or interest rate refixing dates. The period during which a specific financial instrument has a fixed interest rate shows to what extent the financial instrument is exposed to interest rate risk.

The Group manages interest rate risk through interest rate swaps. As of 31 December 2022, CZECHOSLOVAK GROUP a.s. had interest rate swaps in place for a credit facility in CZK, hedging floating 6M Pribor interest rates at fixed rates from 1.22% to 5.39% in the total volume of CZK 2,900,000 thousand during the period from 2023 to 2026. For a credit facility in EUR, the company hedged floating 1M-3M Euribor interest rates at fixed rates from 0.49% to 2.89% in the total volume of EUR 155,039 thousand during the period from 2023 to 2028. Additionally, the company had concluded a currency interest rate swap CZK/EUR in the volume of CZK 467,480 thousand / EUR 19,050 thousand with a fixed rate of 16.65% for the CZK portion and 6M Euribor + 11% for the EUR portion.

As of 31 December 2021 and 2020, CZECHOSLOVAK GROUP a.s. had interest rate swaps in place, hedging floating 6M Pribor interest rates at fixed rates from 1.2% to 3.43% for a credit facility in the total volume of CZK 2,100,000 thousand during the period from 2022 to 2026.

As of 31 December 2022, JOB AIR Technic a.s. had concluded interest rate swaps at fixed rates ranging from 1.21% to 3.25% to hedge the floating interest rates of loans amounting to EUR 3,690,094 and USD 423,497.

As of 31 December 2021, JOB AIR Technic a.s. had concluded an interest rate swap for the fixed rate of 0.365% to hedge the floating interest rate of a loan amounting to EUR 5,833,330.

As of 31 December 2022, EXCALIBUR ARMY spol. s r.o. had concluded an interest option for the fixed rate of 0.120% to hedge the floating interest rate of a loan amounting to EUR 727,500 (2021: EUR 1,195,000).

The table presented below presents information on the level of the Group's interest rate risk either based on the contractual maturity periods of the Group's financial instruments or – in respect of financial instruments remeasured at the market interest rate before the due date – based on the date of the next interest rate change. Assets and liabilities that do not have a contractually stipulated maturity period or do not bear interest are classified under the "unspecified due date" category.

Financial information relating to interest-bearing and non-interest-bearing assets and liabilities and their contractual maturity or restatement dates as of 31 December 2022 and 31 December 2021 not including the effects of derivatives are as follows:

	Floating interest rate				
As of 31 December 2022 (CZK thousand)	Less than 1 year	1 year to 5 years	More than 5 years	Fixed interest rate or unspecified	Total
Interest-bearing financial assets					
Loans and other financial as-sets	3,856,895	768,592	66,941	1,965,664	6,658,092
Total	**3,856,895**	**768,592**	**66,941**	**1,965,664**	**6,658,092**
Interest-bearing financial liabilities					
Loans and borrowings	7,915,233	6,323,715	698,456	803,617	15,741,021
Bonds	4,219,247	—	—	367,901	4,587,148
Total	**12,134,480**	**6,323,715**	**698,456**	**1,171,518**	**20,328,169**
Net interest-rate risk balance	**-8,277,585**	**-5,555,123**	**-631,515**	**794,146**	**-13,670,077**

	Floating interest rate				
As of 31 December 2021 (CZK thousand)	Less than 1 year	1 year to 5 years	More than 5 years	Fixed interest rate or unspecified	Total
Interest-bearing financial assets					
Loans and other financial as-sets	484,350	267,923	—	2,844,179	3,596,452
Total	**484,350**	**267,923**	**—**	**2,844,178**	**3,596,451**
Interest-bearing financial liabilities					
Loans and borrowings	2,352,439	919,902	40,677	573,653	3,886,671
Bonds	3,998,800	—	—	577,085	4,575,885
Total	**6,351,239**	**919,902**	**40,677**	**1,150,738**	**8,462,556**
Net interest-rate risk balance	**-5,866,889**	**-651,979**	**-40,677**	**1,693,440**	**-4,866,105**

Sensitivity Analysis

The Group performs stress testing using the standardised interest rate shock scenario, during which an immediate decrease/increase in interest rates of 100 basis points is applied to the portfolio interest rate positions in the whole length of the revenue curve.

As of the balance sheet date, the change in interest rates of 100 basis points would increase or decrease profit by the amounts presented in the following table. The analysis assumes that all other variables, namely foreign currency exchange rates, will remain unchanged.

Loans (CZK thousand)	Year ended 31 December 2022	Year ended 31 December 2021
Interest rate decrease of 100 basis points	146,665	33,482
Interest rate increase of 100 basis points	-146,665	-33,482

Following the recognition of the above-described derivative, only a portion of CZK 1,680,972 thousand (2021: CZK 1,889,800 thousand) of the financial liabilities from issued bonds is effectively exposed to the floating interest rate risk.

Bonds (CZK thousand)	Year ended 31 December 2022	Year ended 31 December 2021
Interest rate decrease of 100 basis points	16,810	18,998
Interest rate increase of 100 basis points	-16,810	-18,998

The fair value of CSG bonds (net price without accrued interest) as of 31 December 2022 is CZK 1,993,940 thousand for the VAR/24 issue, CZK 1,987,270 thousand for the VAR/26 issue, CZK 333,890 thousand for the VAR/26 issue in EUR and CZK 217,200 thousand for the VAR/27 issue in EUR.

The fair value of CSG bonds (net price without accrued interest) as of 31 December 2021 is CZK 1,992,600 thousand for the VAR/24 issue, CZK 1,960,200 thousand for the VAR/26 issue and CZK 593,700 thousand for the VAR/26 issue in EUR.

D) Currency Risk

The Group's financial positions and cash flows are affected by fluctuations in the effective foreign exchange rate.

The entities in the Group are exposed to currency risk in relation to sales, purchases and loans denominated in currencies other than the relevant functional currencies applied by the Group. This primarily includes EUR and USD in respect of Czech entities and CZK and USD in respect of Slovak entities. For more information about the countries where the entities primarily operate, refer to Note 35.

The Company manages currency risk by concluding derivative transactions to hedge future cash flows (however, this does not constitute hedge accounting) and also covers currency risk management for the CSG Group.

The table below presents a summary of currency derivatives in nominal values for years 2023–2026 recorded by the Group as of 31 December 2022 (the values are presented in CZK thousand as equivalents):

As of 31 December 2022 (CZK thousand)	2023			2024		
	EUR	USD	Total	EUR	USD	Total
Currency derivatives for purchase						
FX forward	463,548	—	463,548	114,975	—	114,975
FX Option	31,548	—	31,548	—	—	—
FX Swap	345,384	—	345,384	—	—	—
Total currency derivatives for purchase	**840,480**	**—**	**840,480**	**114,975**	**—**	**114,975**
Currency derivatives for sale						
FX forward	3,027,000	293,833	3,320,833	2,806,271	147,237	2,953,508
FX Option	41,012	—	41,012	—	—	—
FX Swap	73,633	—	73,633	—	—	—
Total currency derivatives for sale	**3,141,645**	**293,833**	**3,435,478**	**2,806,271**	**147,237**	**2,953,508**

As of 31 December 2022 (CZK thousand)	2025			2026		
	EUR	USD	Total	EUR	USD	Total
Currency derivatives for purchase						
FX forward	—	—	—	—	—	—
FX Option	—	—	—	—	—	—
FX Swap	—	—	—	—	—	—
Total currency derivatives for purchase	**—**	**—**	**—**	**—**	**—**	**—**
Currency derivatives for sale						
FX forward	1,269,718	153,007	1,422,725	27,630	120,462	148,092
FX Option	—	—	—	—	—	—
FX Swap	—	—	—	—	—	—
Total currency derivatives for sale	**1,269,718**	**153,007**	**1,422,725**	**27,630**	**120,462**	**148,092**

The fair value of the open positions disclosed above amounts to CZK 959,844 thousand in the financial assets line and CZK 12,861 thousand in the financial liabilities line, see Note 20.

The following table presents the structure of assets and liabilities as of 31 December 2022 (31 December 2021) by currency (translated to CZK thousand) at the level of the Group:

As of 31 December 2022 (CZK thousand)	CZK	EUR	HUF	USD	Other	Total
Assets						
Loans and other financial assets	3,787,138	1,919,011	—	273,588	678,355	**6,658,092**
Trade and other receivables	951,544	2,897,854	—	1,190,451	116,352	**5,156,201**
Contract assets	87,021	240,445	—	398,996	—	**726,462**
Cash and cash equivalents	1,076,417	3,758,356	25	945,687	46,913	**5,827,398**
Total assets	**5,902,120**	**8,815,666**	**25**	**2,808,722**	**841,620**	**18,368,153**
Liabilities						
Loans, borrowings and other financial instruments	1,412,724	15,334,297	—	—	31,241	**16,778,262**
Bonds	4,587,148	—	—	—	—	**4,587,148**
Trade and other payables	1,590,123	3,065,532	19,186	987,740	88,433	**5,751,014**
Total liabilities	**7,589,995**	**18,399,829**	**19,186**	**987,740**	**119,674**	**27,116,424**
Net currency risk balance	**-1,687,875**	**-9,584,163**	**-19,161**	**1,820,982**	**721,946**	**-8,748,271**

As of 31 December 2021 (CZK thousand)	CZK	EUR	HUF	USD	Other	Total
Assets						
Loans and other financial assets	2,516,192	1,011,157	—	69,053	50	**3,596,452**
Trade and other receivables	979,847	972,330	59257	1,065,321	27,016	**3,103,771**
Contract assets	20,191	729,348	—	—	—	**749,539**
Cash and cash equivalents	1,900,391	490,163	9331	160,681	25,015	**2,585,581**
Total assets	**5,416,621**	**3,202,998**	**68,588**	**1,295,055**	**52,081**	**10,035,343**
Liabilities						
Loans, borrowings and other financial instruments	1,923,897	2,543,408	4,475	190,704	645	**4,663,129**
Bonds	4,575,885	—	—	—	—	**4,575,885**
Trade and other payables	1,466,864	972,179	—	595,142	23,598	**3,057,783**
Total liabilities	**7,966,646**	**3,515,587**	**4,475**	**785,846**	**24,243**	**12,296,797**
Net currency risk balance	**-2,550,025**	**-312,589**	**64,113**	**509,209**	**27,838**	**-2,261,454**

The following table presents the exposure to currency risk as of 31 December 2022 (31 December 2021) without the recognition of financial derivatives:

As of 31 December 2022 (CZK thousand)	CZK	EUR	HUF	USD	Other	Total
Assets						
Loans and other financial assets	5	1,817,178	—	273,588	678,355	**2,769,126**
Trade and other receivables	—	1,766,078	—	1,190,451	116,352	**3,072,881**
Contract assets	—	240,734	—	398,996	—	**639,730**
Cash and cash equivalents	44	2,110,448	25	945,687	46,913	**3,103,117**
Total assets	**49**	**5,934,438**	**25**	**2,808,722**	**841,620**	**9,584,854**
Liabilities						
Loans, borrowings and other financial instru-ments	—	7,936,755	—	—	31,241	**7,967,996**
Trade and other payables	—	862,698	19,186	987,740	88,433	**1,958,057**
Total liabilities	**—**	**8,799,453**	**19,186**	**987,740**	**119,674**	**9,926,053**
Net currency risk balance	**49**	**-2,865,015**	**-19,161**	**1,820,982**	**721,946**	**-341,199**

As of 31 December 2021 (CZK thousand)	CZK	EUR	HUF	USD	Other	Total
Assets						
Loans and other financial assets	—	744,373	—	69,053	50	**813,476**
Trade and other receivables	—	732,033	59,257	1,065,321	27,016	**1,883,627**
Contract assets	—	608,354	—	—	—	**608,354**
Cash and cash equivalents	298	347,900	9,331	160,681	25,015	**543,225**
Total assets	**298**	**2,432,660**	**68,588**	**1,295,055**	**52,081**	**3,848,682**
Liabilities						
Loans, borrowings and other financial instruments	—	1,130,765	4,475	190,704	645	**1,326,589**
Trade and other payables	1,144	422,151	—	595,142	23,598	**1,042,035**
Total liabilities	**1,144**	**1,552,916**	**4,475**	**785,846**	**24,243**	**2,368,624**
Net currency risk balance	**-846**	**879,744**	**64,113**	**509,209**	**27,838**	**1,480,058**

The following material exchange rates applied during the year:

	31 December 2022		31 December 2021	
CZK	Average rate	Spot exchange rate as of the balance sheet date	Average rate	Spot exchange rate as of the balance sheet date
1 EUR	24.565	24.115	25.645	24.860
1 USD	23.360	22.616	21.682	21.951

Sensitivity Analysis

The strengthening of the Czech crown as of the balance sheet date (as presented below) compared to EUR and USD would result in an increase/decrease of equity as presented in the table below. The analysis is based on the departures from foreign currency exchange rates which the Group considered to be sufficiently likely at of the balance sheet date. The sensitivity analysis anticipates that all other variables, namely interest rates, will remain unchanged.

Effect on profit or loss (CZK thousand)	31 December 2022	31 December 2021
EUR (10% strengthening)	958,416	31,259
USD (10% strengthening)	-182,098	-50,921

The weakening of the Czech crown as of the balance sheet date compared to the above-listed currencies would have the same effect (albeit with the opposite sign), provided that all the other variables remained the same.

E) Operating Risk

Operating risk is a risk of losses arising from embezzlement, unlawful activities, errors, negligence, inefficiency or system failure. The risk of this type arises during all of the Group's activities and all of the corporate entities are exposed to it. Operating risk also includes legal risk.

The Group's objective is to manage operating risk so that balance is preserved between preventing financial losses and damage to the Group's good name on the one hand, and the total effectiveness of the costs incurred on the other hand. In addition, risk management procedures should not hinder initiative and creativity.

The primary responsibility for the implementation of control mechanisms to cope with operating risks is borne by management of each subsidiary. The Group's management is responsible for managing operating risks, whereby it may set the direction of procedures and measures resulting in the mitigation of operating risks and the adoption of decisions about:

- The acknowledgement of individual existing risks;
- The commencement of processes that will result in the mitigation of possible effects; or
- A decrease in the extent of risky activities or their full discontinuation.

F) Capital Management

The Group's objective in managing capital is to have a sufficient amount of funds to finance additional acquisitions and settlement of financial liabilities.

The Company is subject to external capital requirements arising from bond placement terms. Furthermore, the Company and its subsidiaries are subject to requirements arising from contracts with banks.

As of the balance sheet date, the Group reported the following ratio of debt to adjusted capital:

CZK thousand	31 December 2022	31 December 2021
Total liabilities	**44,317,921**	**18,151,542**
Decrease for cash and cash equivalents	-5,827,398	-2,585,581
Adjusted net debt	**38,490,523**	**15,565,961**
Total equity attributable to the holders of the Company's equity	11,375,468	8,496,970
Decrease for amounts accumulated in equity in relation to cash flow hedging	—	—
Adjusted capital	**11,375,468**	**8,496,970**
Ratio of debt to adjusted capital	**3.38**	**1.83**

33. Operating Segments

The Group reports its results divided by individual operating segments, for which individual financial indicators exist and are monitored and assessed by management on an individual basis. These financial indicators principally include income from external customers (from the sale of own products, goods, from provided services, rental and long-term contracts) and operating expenses which, in the aggregate, constitute the income from operating activities. Management also monitors and assesses total assets and liabilities in respect of individual segments.

At the Group level, reported segments comprise individual group entities with a similar economic specialisation and business activity.

The Group is divided into the following reported segments:

1) CSG Aerospace

The following entities operate in this segment: Česká letecká servisní a.s., EUROPEAN AIR SERVICES s.r.o., JOB AIR Technic a.s., ELDIS Pardubice, s.r.o., and RETIA a.s. These entities principally focus on the development and production of radar systems, development of air traffic control systems and maintenance and repairs of aircraft and aircraft equipment.

2) CSG Defence

Group entities whose principal business activity involves trade and manufacturing activities, or providing services in the area of military material, military equipment and systems belong to the CSG DEFENCE segment. A major portion of sales is realised with external customers outside the CSG Group, namely in the European Union, Ukraine, Asia and Africa. This segment is dominated by Excalibur Army s.r.o., Czech leader on the military material market offering a wide range of military vehicles, weapon systems and ammunition for which it provides comprehensive services – spare parts, ammunition, repairs and modernisation. Some vehicles are manufactured internally directly by Excalibur Army s.r.o. and so is a wide array of spare parts. EXCALIBUR INTERNATIONAL a.s. specialises in trading with aviation technology and special material including related logistics and after-sale services. TATRA DEFENCE VEHICLE focuses mainly on the development, production, overhaul and modernisation of mainly armoured and special vehicles for domestic and foreign customers. The Slovak entity MSM Martin a.s. predominantly focuses on the repairs of ground military equipment and modernisation of military and special vehicles including the sale of spare parts. Furthermore, the company specialises in the production of ammunition; its services cover the entire ammunition life cycle including technical life extensions. The Company also develops and produces radio-navigation electronics. The Slovak entities ZVS deal with the production of ammunition and development, production and sale of guns. The Spanish company FABRICA DE MUNICIONES DE GRANADA S.L. predominantly manufactures ammunition.

3) CSG Automotive

Major players in the CSG AUTOMOTIVE segment principally include TRUCK SERVICE GROUP s.r.o., NIKA DEVELOPMENT a.s., and TATRA MANUFACTURE a.s. The company TRUCK SERVICE GROUP s.r.o. is mainly dedicated to the purchase, overhaul and financing of TATRA vehicles. Companies in this segment realise most of their sales outside the CSG Group.

4) CSG Rail

In this segment, DAKO-CZ, a.s. dominates as a manufacturer of pneumatic, electromechanical, and hydraulic braking systems and components for rail vehicles with a 205-year tradition. Additionally, the subsidiaries of the aforementioned manufacturer also play a significant role.

5) CSG Ammo+

This segment was created through a significant acquisition of a 70% equity interest in the Fiocchi Group, which is the world's third largest small-calibre ammunition manufacturer. The Italian family-owned company, originally founded in 1876, has production facilities not only in its country of origin, but also in the UK and the USA. The main representative of the group is Fiocchi Munizioni S.p.A., followed by its subsidiaries Fiocchi of America Inc and Fiocchi UK Limited.

6) CSG Businnes Project

The operating segment CSG BUSINESS PROJECT includes entities having an economic specialisation different from that of entities included in the operating segments disclosed above. The income generated by those entities is principally attributable to the rental of real estate and sales of consumables. In 2021, this segment was expanded to include Prague Fertility Centre, a clinic for assisted reproduction.

The above-specified operating segments have their individual management at the level of individual entities; their accounting policies are identical. The Company accounts for the income and transactions between segments as if they represented income and transaction with third parties, i.e. at the level of arm's length prices.

The following tables summarise the information on operating segments for the period from 1 January 2022 to 31 December 2022 and as of 31 December 2022 and for the period from 1 January 2021 to 31 December 2021 and as of 31 December 2021:

Year ended 31 December 2022 (CZK thousand)	CSG Aerospace	CSG Defence	CSG Automotive	CSG Rail	CSG Ammo+	CSG Business Projects	Elimination of mutual relations	Consolidated data
External customers	2,314,355	17,685,637	169,779	2,203,885	649,865	1,909,127		
Between segments	342,173	6,101,803	12,350	458,525	—	552,449	-7,467,300	—
Sales	**2,656,528**	**23,787,440**	**182,129**	**2,662,410**	**649,865**	**2,461,576**	**-7,467,300**	**24,932,648**
Consumed material and costs of goods sold	-577,266	-15,542,636	-116,964	-1,338,590	-333,617	-866,694	5,445,460	-13,330,307
Services	-692,503	-4,041,743	-16,878	-362,874	-124,171	-934,748	2,034,289	-4,138,628
Staff costs	-967,408	-1,137,321	-15,563	-443,953	-138,055	-413,204	104	-3,115,400
Amortisation / depreciation of fixed assets	-234,130	-246,142	-3,267	-74,675	-36,430	-100,244	—	-694,888
Other operating income	-163,401	-206,551	-2,658	-68,429	-28,138	-310,674	72,655	-707,196
Other operating expense	233,603	717,197	704	53,293	29,038	96,021	-82,670	1,047,186
Profit (loss) from operating activities	**255,423**	**3,330,244**	**27,503**	**427,182**	**18,492**	**-67,967**	**2,538**	**3,993,415**
Financial income	126,699	9,856	3,371	132,345	25,269	441,942	-393,170	346,312
Financial expense	-187,729	-312,024	-3,631	-75,010	-97,283	-682,246	388,329	-969,594
Profit (loss) from other financial instru-ments	32,869	139,415	—	111,101	7,001	549,357	-10	839,733
Profit (loss) from financing activities	**-28,161**	**-162,753**	**-260**	**168,436**	**-65,013**	**309,053**	**-4,851**	**216,451**
Share of profit (loss) of associates and joint ventures	—	—	65,000	—	—	185,487	—	250,487
Profit (loss) from the sale of equity interests	—	41,761	—	—	—	-31,490	—	10,271
Profit (loss) before tax	**227,262**	**3,209,252**	**92,243**	**595,618**	**-46,521**	**395,083**	**-2,313**	**4,470,624**
Income tax	-104,954	-629,312	-5,642	-118,563	-7,295	-131,019	—	-996,785
Net profit (loss) from continuing operations	**122,308**	**2,579,940**	**86,601**	**477,055**	**-53,816**	**264,064**	**-2,313**	**3,473,839**
Interest income	104,915	130,845	4,066	16,973	157	365,631	-291,966	330,621
Interest expense	-133,423	-208,737	-3,481	-40,283	-64,684	-611,463	304,563	-757,508
Interest expense from lease liabilities	-3,293	-9,980	—	-307	-565	-8,931	—	-23,076
Net interest profit (loss)	**-31,801**	**-87,872**	**585**	**-23,617**	**-65,092**	**-254,763**	**12,597**	**-449,963**
Income tax	-104,954	-629,312	-5,642	-118,563	-7,295	-131,019	—	-996,785
EBIT	**259,063**	**3,297,124**	**91,658**	**619,235**	**-18,571**	**649,846**	**-14,910**	**4,920,587**
Depreciation / amortisation	-234,130	-246,142	-3,267	-74,675	-36,430	-100,244	—	-694,888
EBITDA	**493,193**	**3,543,266**	**94,925**	**693,910**	**55,001**	**750,090**	**-14,910**	**5,615,475**

Year ended 31 December 2021 (CZK thousand)	CSG Aerospace	CSG Defence	CSG Automotive	CSG Rail	CSG Ammo+	CSG Business Projects	Elimination of mutual relations	Consolidated data
External customers	3,563,315	6,168,112	57,357	1,593,349	—	3,062,097	—	14,444,230
Between segments	142,787	145,971	14,267	1,924	—	308,740	-613,689	—
Sales	**3,706,102**	**6,314,083**	**71,624**	**1,595,273**	**—**	**3,370,837**	**-613,689**	**14,444,230**
Consumed material and costs of goods sold	-913,479	-3,365,926	-44,162	-618,690	—	-2,351,539	352,186	-6,941,610
Services	-1,026,176	-1,543,290	-11,826	-232,429	-19	-512,213	325,069	-3,000,884
Staff costs	-927,763	-960,801	-13,087	-374,550	—	-451,689	53	-2,727,837
Amortisation / depreciation of fixed assets	-249,876	-261,172	-2,029	-70,482	—	-119,000	—	-702,559
Other operating income	-162,735	-242,181	768	-32,309	-9	-129,260	4,132	-561,594
Other operating expense	148,237	448,591	4,169	37,460	—	197,962	-50,696	785,723
Profit (loss) from operating activities	**574,310**	**389,304**	**5,457**	**304,273**	**-28**	**5,098**	**17,055**	**1,295,469**
Financial income	29,734	16,243	4,470	696	—	175,575	-119,103	107,615
Financial expense	-100,823	-293,608	-1,619	24,097	-1	-354,307	100,306	-625,955
Profit (loss) from other financial instru-ments	7,075	33,006	-1,000	-1,030,301	—	1,313,410	1,374	323,564
Profit (loss) from financing activities	**-64,014**	**-244,359**	**1,851**	**-1,005,508**	**-1**	**1,134,678**	**-17,423**	**-194,776**
Share of profit (loss) of associates and joint ventures	—	—	130,000	—	—	-11,057	—	118,943
Profit (loss) from the sale of equity interests	—	132	—	—	—	436,955	—	437,087
Profit (loss) before tax	**510,296**	**145,077**	**137,308**	**-701,235**	**-29**	**1,565,674**	**-368**	**1,656,723**
Income tax	-99,439	-82,695	-644	-76,450	—	-80,711	—	-339,939
Net profit (loss) from continuing operations	**410,857**	**62,382**	**136,664**	**-777,685**	**-29**	**1,484,963**	**-368**	**1,316,784**
Interest income	29,691	12,192	4,470	696	—	121,887	-65,726	103,210
Interest expense	-66,415	-160,186	-1,545	-25,580	—	-257,321	65,821	-445,226
Interest expense from lease liabilities	-3,978	-15,682	—	-244	—	-7,108	—	-27,012
Net interest profit (loss)	**-40,702**	**-163,676**	**2,925**	**-25,128**	**—**	**-142,542**	**95**	**-369,028**
Income tax	-99,439	-82,695	-644	-76,450	—	-80,711	—	-339,939
EBIT	**550,998**	**308,753**	**134,383**	**-676,107**	**-29**	**1,708,216**	**-463**	**2,025,751**
Depreciation / amortisation	-249,876	-261,172	-2,029	-70,482	—	-119,000	—	-702,559
EBITDA	**800,874**	**569,925**	**136,412**	**-605,625**	**-29**	**1,827,216**	**-463**	**2,728,310**

Total assets and liabilities by segments

As of 31 December 2022 (CZK thousand)	CSG Aerospace	CSG Defence	CSG Automotive	CSG Rail	CSG Ammo+	CSG Business Projects	Elimination of mutual relations	Consolidated data
Total assets per segment	**10,744,881**	**32,072,744**	**2,239,484**	**4,445,843**	**19,970,162**	**14,290,502**	**-23,645,654**	**60,117,962**
Entities accounted for using the equity method	—	430,912	2,076,600	—	30,698	8,646	—	2,546,961
Capital expenses (CAPEX)	323,122	406,690	32,696	709,409	49,720	247,335	—	1,768,972
Total liabilities per segment	**-9,267,910**	**-26,859,118**	**-42,717**	**-3,655,066**	**-11,549,780**	**-16,588,936**	**23,645,606**	**-44,317,921**

As of 31 December 2021 (CZK thousand)	CSG Aerospace	CSG Defence	CSG Automotive	CSG Rail	CSG Ammo+	CSG Business Projects	Elimination of mutual relations	Consolidated data
Total assets per segment	**9,889,239**	**12,519,458**	**1,949,833**	**2,608,821**	**1,971**	**10,305,317**	**-9,870,840**	**27,403,799**
Entities accounted for using the equity method	—	387,552	1,860,682	—	—	3,811	—	2,252,045
Capital expenses (CAPEX)	299,487	392,170	2,557	464,034	—	197,362	—	1,355,610
Total liabilities per segment	**-8,507,860**	**-8,440,234**	**-55,583**	**-2,293,099**	**—**	**-8,725,608**	**9,870,842**	**-18,151,542**

Information by country

The tables below summarise the assets of operating segments by asset location:

As of 31 December 2022 (CZK thousand)	Czech Republic	Italy	Slovakia	Serbia	Spain	Total operating segments	Consolidated data
Property, plant and equipment	4,455,917	2,726,126	1,246,286	142,881	150,284	8,721,494	8,721,494
Intangible assets	1,191,924	371,878	180,353	1,278	10,466	1,755,899	1,755,899
Investment property	63,588	—	—	—	—	63,588	63,588
Total	**5,711,429**	**3,098,004**	**1,426,639**	**144,159**	**160,750**	**10,540,981**	**10,540,981**

As of 31 December 2021 (CZK thousand)	Czech Republic	Italy	Slovakia	Serbia	Spain	Total operating segments	Consolidated data
Property, plant and equipment	3,835,599	—	1,402,153	104,886	183,244	5,525,882	5,525,882
Intangible assets	1,127,226	—	157,190	—	6,985	1,291,401	1,291,401
Investment property	67,509	—	—	—	—	67,509	67,509
Total	**5,030,334**	**—**	**1,559,343**	**104,886**	**190,229**	**6,884,792**	**6,884,792**

Information on income from external customers, their breakdown by product group and geographical breakdown is included in Note 6 – Sales.

Major customers

The Group's analysis of the customer base identified three major customers in 2022. Their total income amounted to CZK 7,012,037 thousand, accounting for 28.12% of the Group's aggregate turnover. This income was wholly generated in the CSG DEFENCE segment.

- In 2022, five major customers accounted for 44.09% of the Group's aggregate sales.
- In 2021, five major customers accounted for 30.26% of the Group's aggregate sales.

34. Related Parties

Definition of Related Parties

The Group's relations with related parties include relations with shareholders and other parties as disclosed in the table below.

A) Summary of balances with related parties as of 31 December 2022 and 31 December 2021:

	Receivables and other financial assets	Payables and other financial liabilities	Receivables and other financial assets	Payables and other financial liabilities
CZK thousand	**2022**	**2022**	**2021**	**2021**
Shareholders	2,298,084	646,018	1,433,564	21
Related parties and related individuals	1,049,789	43,921	794,187	161,370
Key management of the Group	—	150	—	—
Non-controlling equity interests	—	—	—	27,427
Joint ventures	2,161,829	2,160,626	103,171	480,494
Associates	368	2,083	115	1,911
Total	**5,510,070**	**2,852,798**	**2,331,037**	**671,223**

B) Summary of transactions with related parties for the years ended 31 December 2022 and 31 December 2021:

	Income	Expense	Income	Expense
CZK thousand	**2022**	**2022**	**2021**	**2021**
Shareholders	128,766	41,270	35,456	21
Related parties and individuals	40,360	11,120	22,197	22,632
Key management of the Group	—	—	240	—
Non-controlling equity interests	—	—	28	1,971
Joint ventures	877,904	4,936,578	154,915	523,085
Associates	13	-14	5	80
Total	**1,047,043**	**4,988,954**	**212,841**	**547,789**

Transactions with shareholders and the Group's key management consist of relations arising from received and provided loans. Transactions with related parties and related individuals as well as with associates and joint ventures principally include business relations and relations arising from received and provided loans.

Remuneration of the Group's management is disclosed in the Annual Report, Chapter 5, Administrative, Management and Supervisory Bodies of CSG.

All transactions have been realised under arm's length conditions.

35. Group Entities

Disclosed below is a list of Group entities as of 31 December 2022:

		31 December 2022			31 December 2021		
Entity	Country of registration	Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*
CZECHOSLOVAK GROUP a.s.	Czech Republic	100.00%	parent company	—	100.00%	parent company	—
14. OKTOBAR d.o.o. Kruševac	Serbia	100.00%	direct	full	100.00%	direct	full
Real Info d.o.o. Kruševac	Serbia	100.00%	direct	full	100.00%	direct	full
ARMY TRADE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
AsterIVF s.r.o.	Czech Republic	54.00%	direct	full	60.00%	direct	full
ATLAN GROUP, spol. s r.o.	Slovakia	81.00%	direct	full	81.00%	direct	full
ATRAK a.s.	Czech Republic	97.50%	direct	full	100.00%	direct	full
AVIA AVIATION a.s.	Czech Republic	50.00%	direct	not consolidated	50.00%	direct	not consolidated
AVIA Electric a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
AVIA Motors s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
AVIEN, spol. s r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	not consolidated
Baschieri & Pellagri S.p.A.	Italy	70.00%	direct	full	—	—	—
BREVETI SPV a.s.	Czech Republic	—	—	—	100.00%	direct	full
C.F.L. S.a.s.	Italy	14,00%	direct	equity	—	—	—
C3F S.p.A.	Italy	70.00%	direct	full	—	—	—
CLEVELOPMENT SPV a.s.	Czech Republic	100.00%	direct	full	—	—	—
CLS Polska SP z.o.o.	Poland	100.00%	direct	not consolidated	100.00%	direct	not consolidated
CS SOFT a.s.	Czech Republic	78.00%	direct	full	78.00%	direct	full
CSG a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG AEROSPACE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG CENTRAL ASIA a.s.	Czech Republic	30.00%	direct	equity	30.00%	direct	equity
CSG DEAL a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG DEFENCE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG EXPORT a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG HEALTH CARE a.s.	Czech Republic	60.00%	direct	full	60.00%	direct	full
CSG INDUSTRY a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG Land System SK a.s.	Slovakia	90.00%	direct	full	90.00%	direct	full
CSG Land Systems CZ a.s.	Czech Republic	90.00%	direct	full	90.00%	direct	full
CSG RAIL a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG RECOVERY s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CSG USA, Inc.	USA	90.00%	direct	not consolidated	90.00%	direct	not consolidated
CSGM a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
CZECH CAMOUFLAGE SYSTEMS a.s. (formerly ARMY SYSTEMS a.s.)	Czech Republic	72.00%	direct	full	78.00%	direct	full
CZECH DEFENCE SYS-TEMS a.s.	Czech Republic	90.00%	direct	full	90.00%	direct	full
CZECH MACHINERY GROUP B.V.	Netherlands	81.00%	direct	not consolidated	81.00%	direct	not consolidated
CZECHOSLOVAK EXPORT a.s.	Czech Republic	90.00%	direct	full	90.00%	direct	full
CZECHOSLOVAKIA TRADE a.s.	Slovakia	81.00%	direct	full	81.00%	direct	full
Česká letecká servisní a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
DAKO-CZ MACHINERY, a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
DAKO-CZ RE, s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
DAKO-CZ SERVICE, s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
DAKO-CZ, a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
DD ACQUISITION a.s.	Czech Republic	—	—	—	10,00%	direct	not consolidated
DEFENCE SYSTEMS a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full

Entity	Country of registration	31 December 2022 Effective ownership percentage	Ownership interest**	Consolidation method*	31 December 2021 Effective ownership percentage	Ownership interest**	Consolidation method*
DEFENCE TRADE SLOVAKIA, s.r.o. (formerly ZTS METALURG špeciál s.r.o.)	Slovakia	88.00%	direct	full	81.00%	direct	full
Development Přelouč s.r.o.	Czech Republic	90.00%	direct	full	—	—	—
EG POLSKA Sp. z o.o.	Poland	29.70%	direct	not consolidated	29.70%	direct	not consolidated
EHC Service, s.r.o.	Slovakia	100.00%	direct	full	92.35%	direct	full
ELDIS Pardubice India Plt	India	100.00%	direct	not consolidated	—	—	—
ELDIS Pardubice, s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
ELTON hodinářská, a.s.	Czech Republic	73.16%	direct	full	73.16%	direct	full
Engineering SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
ENVERCOTE a.s.	Czech Republic	60.00%	direct	full	60.00%	direct	full
ESPA REAL s.r.o. v likvidaci	Czech Republic	—	—	—	91.97%	direct	not consolidated
EUROPEAN AIR SERVICES s.r.o.	Czech Republic	100.00%	direct	full	97.00%	direct	full
EUROPEAN AIR SERVICES SLOVAKIA s. r. o.	Slovakia	100.00%	direct	full	85.00%	direct	full
EXCALIBUR ARMY HELLAS LTD	Cyprus	45.00%	direct	not consolidated	45.00%	direct	not consolidated
EXCALIBUR ARMY spol. s r.o.	Czech Republic	90.00%	direct	full	90.00%	direct	full
EXCALIBUR DEFENCE SYSTEMS PRIVATE LIMITED	India	44.10%	direct	not consolidated	—	—	—
EXCALIBUR INTERNATIONAL a.s.	Czech Republic	90.00%	direct	full	90.00%	direct	full
EXCALIBUR INTERNATIONAL HU Kft.	Hungary	90.00%	direct	not consolidated	90.00%	direct	not consolidated
EXCALIBUR USA a.s.	Czech Republic	51.00%	direct	not consolidated	51.00%	direct	not consolidated
FABRICA DE MUNICIONES DE GRANADA S.L.	Spain	81.00%	direct	full	81.00%	direct	full
FALCON CSG a.s.	Czech Republic	30.00%	direct	equity	30.00%	direct	equity
FCC S.p.A.,	Italy	70.00%	direct	full	—	—	—
Fiocchi Munizioni S.p.A	Italy	70.00%	direct	full	—	—	—
Fiocchi of America Inc	USA	70.00%	direct	full	—	—	—
Fiocchi UK Limited	Great Britain	52.50%	direct	full	—	—	—
GACEL Holding s.r.o.	Czech Republic	100.00%	direct	full	—	—	—
GAMA OCEL, spol. s r.o.	Czech Republic	100.00%	direct	full	—	—	—
GERLENAIR a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
HARVO SPV s.r.o.	Czech Republic	45.00%	direct	equity	—	—	—
HELI COMPANY s.r.o.	Slovakia	100.00%	direct	full	92.35%	direct	full
HTH land a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
InoBat j.s.a.	Slovakia	4.71%	direct	not consolidated	4.71%	direct	not consolidated
INTEGRA CAPITAL a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
JOB AIR Technic a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
JWL DAKO-CZ (INDIA) LIM-ITED RN	India	33.30%	direct	not consolidated	—	—	—
JWL DAKO-CZ (INDIA) LIM-ITED RN	India	100.00%	direct	not consolidated	33.30%	direct	not consolidated
KARBOX Holding s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
KARBOX s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
KARMONIKA AERO a.s. (formerly CSG a.s.)	Czech Republic	100.00%	direct	full	100.00%	direct	full
KONVERTIAL SPV a.s.	Czech Republic	100.00%	direct	full	—	—	—
Kopřivnice Energy s.r.o.	Czech Republic	29.89%	direct	not consolidated	29.89%	direct	not consolidated
LAIRAN SPV a.s.	Czech Republic	100.00%	direct	full	—	—	—
LIAZ TRUCKS a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
LOSTR a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full

		31 December 2022			31 December 2021		
Entity	Country of registration	Effective ownership percentage	Ownership interest**	Consolidation method*	Effective ownership percentage	Ownership interest**	Consolidation method*
Lyalvale Express Limited	Great Britain	70.00%	direct	full	—	—	—
MADE CS a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
MATIS z.a.o.	Russia	5.98%	direct	not consolidated	5.98%	direct	not consolidated
MERIT SPV a.s.	Czech Republic	97.50%	direct	full	97.50%	direct	full
Milconn, a.s.	Czech Republic	50.00%	direct	equity	50.00%	direct	equity
MSM EXPORT, s.r.o. (formerly MSM holding, s.r.o.)	Slovakia	81.00%	direct	full	81.00%	direct	full
MSM GROUP s.r.o.	Slovakia	81.00%	direct	full	81.00%	direct	full
MSM LAND SYSTEMS s.r.o.	Slovakia	90.00%	direct	full	90.00%	direct	full
MSM Martin, s.r.o.	Slovakia	81.00%	direct	full	81.00%	direct	full
MSM Services, s.r.o. (formerly Industry Defence, s.r.o.)	Slovakia	81.00%	direct	full	81.00%	direct	not consolidated
NIKA Development a.s.	Czech Republic	91.97%	direct	full	91.97%	direct	full
PPS VEHICLES, s.r.o.	Slovakia	72.90%	direct	full	72.90%	direct	full
Prague Fertility Centre s.r.o.	Czech Republic	54.00%	direct	full	60.00%	direct	full
PROGRESS SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
RADAS, s.r.o.	Slovakia	41.31%	direct	not consolidated	41.31%	direct	not consolidated
RADAS, s.r.o.	Czech Republic	78.00%	direct	not consolidated	78.00%	direct	not consolidated
RADIATIK a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
REAL TRADE PRAHA a.s.	Czech Republic	81.90%	direct	full	81.90%	direct	full
REALID SPV a.s.	Czech Republic	100.00%	direct	full	—	—	—
ReDat Recording, a.s.	Czech Republic	95.00%	direct	not consolidated	95.00%	direct	not consolidated
RELAZA SPV a.s.	Czech Republic	100.00%	direct	full	—	—	—
RETIA, a.s.	Czech Republic	95.00%	direct	full	95.00%	direct	full
Rheinmetall Tatra Land Systems s.r.o.	Czech Republic	44.10%	direct	not consolidated	44.10%	direct	not consolidated
RUMPETA a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
SBS ZVS, s.r.o.	Slovakia	40.50%	indirect	full	40.50%	indirect	full
SHER Technologies a.s.	Czech Republic	51.00%	direct	full	51.00%	direct	full
Slovak Aviation Factory, s.r.o.	Slovakia	81.00%	direct	full	81.00%	direct	full
Slovak industry s.r.o.	Slovakia	81.00%	direct	full	81.00%	direct	full
Slovak Training Academy, s.r.o.	Slovakia	100.00%	direct	full	92.35%	direct	full
Sondany s.r.o.	Czech Republic	54.00%	direct	full	60.00%	direct	full
Space T a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
STA TECHNOLOGY, s.r.o.	Slovakia	100.00%	direct	full	61.87%	direct	full
TABLON SPV a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
Target Products 1978 Ltd	Netherlands	20.00%	direct	equity	—	—	—
TATRA a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
TATRA AVIATION a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
TATRA DEFENCE INDUSTRIAL s.r.o.	Czech Republic	—	—	—	2.99%	direct	not consolidated
TATRA DEFENCE PROJECTS s.r.o.	Czech Republic	81.00%	direct	full	—	—	—
TATRA DEFENCE SLOVAKIA s.r.o.	Slovakia	75.19%	direct	full	75.19%	direct	full
TATRA DEFENCE SYSTEMS s.r.o.	Czech Republic	81.00%	direct	full	81.00%	direct	full
TATRA DEFENCE VEHICLE a.s.	Czech Republic	81.00%	direct	full	81.00%	direct	full
TATRA ENERGY s.r.o.	Czech Republic	65.00%	direct	not consolidated	—	—	—
TATRA EURASIA t.o.o.	Kazakhstan	21.52%	direct	not consolidated	21.52%	direct	not consolidated
TATRA EXPORT s.r.o.	Czech Republic	59.78%	direct	equity	59.78%	direct	equity
TATRA MANUFACTURE a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
TATRA METALURGIE a.s.	Czech Republic	59.78%	direct	equity	59.78%	direct	equity
TATRA Slovensko spol. s .r.o.	Slovakia	59.78%	direct	not consolidated	59.78%	direct	not consolidated
TATRA TRUCK GULF COMMERCIAL BROKERS L.L.C.	UAE	29.29%	direct	not consolidated	29.29%	direct	not consolidated

Entity	Country of registration	31 December 2022 Effective ownership percentage	Ownership interest**	Consolidation method*	31 December 2021 Effective ownership percentage	Ownership interest**	Consolidation method*
TATRA TRUCK INDIA PRIVATE LIMITED	India	59.78%	direct	not consolidated	59.78%	direct	not consolidated
TATRA TRUCKS a.s.	Czech Republic	59.78%	direct	equity	59.78%	direct	equity
TATRA VOSTOK, OOO	Russia	59.78%	direct	not consolidated	59.78%	direct	not consolidated
TATRABRAS LTDA	Brasil	59.78%	direct	not consolidated	59.78%	direct	not consolidated
TECHNOLOGY CS a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
TECHPARK Hradubická a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
TRADITION CS a.s.	Czech Republic	97.50%	direct	full	97.50%	direct	full
TRANSELCO CZ s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
TRIBLAN a.s.	Czech Republic	100.00%	direct	full	100.00%	direct	full
TRUCK SERVICE GROUP s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
UpVision Defence s.r.o.	Czech Republic	97.50%	direct	full	—	—	—
UpVision s.r.o.	Czech Republic	97.50%	direct	full	—	—	—
Virte, a.s.	Slovakia	81.00%	direct	full	81.00%	direct	full
VMT Trade s.r.o.	Slovakia	40.50%	direct	not consolidated	81.00%	direct	not consolidated
VOP Nováky, a.s. (formerly MSM Nováky, a.s.)	Slovakia	81.00%	direct	full	81.00%	direct	full
VORNEA SPV s.r.o.	Czech Republic	100.00%	direct	full	100.00%	direct	full
VÝVOJ Martin, a.s.	Slovakia	61.56%	direct	equity	61.56%	direct	equity
ZVS Defence Industrial s.r.o.	Slovakia	4.05%	direct	not consolidated	4.05%	direct	not consolidated
ZVS holding, a.s.	Slovakia	40.50%	indirect	full	40.50%	indirect	full
ZVS IMPEX, akciová spoločnosť	Slovakia	81.00%	direct	full	81.00%	direct	full
ZVS Technology, s.r.o.	Slovakia	27.54%	direct	not consolidated	27.54%	direct	not consolidated
ZVS-Armory, s.r.o.	Slovakia	—	—	—	81.00%	direct	full

* Entities that are not consolidated – these entities are immaterial in the Group's consolidated financial statements; both on the individual and aggregate bases.
** Indirect ownership percentage means an ownership percentage controlled by way of the management rather than by shares. Other types of ownership percentages are referred to as direct.

The list in the table above is structured based on the ownership of entities at different levels in the Group.

36. Legal Disputes

Dispute with SARN SD3LLC

The Company continues as a defendant in litigation pending in the Superior Court of the State of Delaware, New Castle County, USA, captioned "SARN SD3 LLC v. CZECHOSLOVAK GROUP a.s, C.A. No. NI 7C-12-185EMD (CCLD)". The plaintiff is SARN SD3 LLC (SARN), a limited liability company located in the State of Delaware.

The lawsuit was filed on 13 December 2017. The first claim alleges that the Company breached an option agreement between SARN and the Company to acquire 25% of the shares in RETIA, a.s. (RETIA). The second claim alleges that the Company, as a then shareholder of Retia, should have breached the duty of care allegedly owed under the option agreement. The Company responded with a motion to dismiss for failure to specify a claim and lack of jurisdiction. In September 2018, the court denied the Company's motion to dismiss both SARN claims and ordered the litigation to proceed.

During 2018–2020, the evidentiary phase of the litigation (disclosure) was ongoing, with significant delays caused by the COVID-19 pandemic. In the meantime, both parties made a series of submissions in which SARN, on the one hand, supplemented and clarified its claims, and the Company, on the other, refuted, contradicted or presented arguments showing that SARN's claims were ungrounded.

As regards the first claim, SARN initially claimed damages of CZK 56,875,000. In March 2020, SARN applied for an interlocutory judgment ordering the Company to pay that amount. In December 2020, the court granted that motion in principle, but allowed the parties to further exchange submissions on the amount of the damages claimed. In late 2021, the court conceded that SARN was entitled to damages in the amount claimed on the basis of the first claim but did not order the Company to pay that amount, primarily because of the pendency of proceedings on the second claim (see below). In October 2022, SARN filed a motion for reconsideration of the aforementioned interlocutory judgment, claiming that it had discovered "new evidence" indicating that the damages awarded on the first claim should have been higher, namely in the amount of CZK 129,625,000. A hearing was held on this claim in January 2023, and the Company considers this SARN claim to be ungrounded and strongly opposes it. As of the date of this report, the court has not ruled on this matter; however, the Company is determined to appeal any adverse ruling and to continue to vigorously defend its rights if unsuccessful. The Company continues to be represented in this part of the litigation by the Washington, D.C. office of the global law firm Dentons US LLP.

With respect to the second claim, SARN refined its claim in 2021 based on the evidentiary phase and sought damages in excess of USD 108 million. At the same time, however, it did not provide any convincing evidence or testimony to justify the amount claimed. The Company moved to dismiss this claim in its entirety; however, the Court set a civil jury trial for September 2022 regarding this part of the case. The parties subsequently amicably concluded this portion of the litigation after intense negotiations, the jury trial did not occur, and SARN waived any future claims arising from the second claim. This part of the litigation has therefore been effectively concluded.

MSM Martin s.r.o. (Slovakia)

Criminal proceedings are still held in Slovakia against a CSG Group company, MSM Martin, s.r.o. Slovakia, under ref. no. PPZ-99/NKA-BA3-2020 (originally PPZ-233/NKA-BA3-2020) for acts concerning interference in a tender on recovery tanks and mobile bridging organised by the Administration of State Material Reserves in late 2019 and early 2020. On 6 October 2020, the Slovak special prosecutor decided on MSM Martin's complaint against the decision to bring an accusation by allowing this complaint and cancelled the decision to bring an accusation against MSM Martin ("SP's Decision"). On 31 March 2021, the General Prosecutor cancelled the SP's decision, stating that the law had been broken in favour of the defendant and ordered the special prosecutor to make a new decision on MSM Martin's complaint against the decision to bring an accusation. From MSM Martin's perspective, the prosecution thus returned to the stage before the issuance of the SP's Decision, and it was repeatedly decided on the complaints against the decision to bring an accusation. On 14 June 2021, the Deputy Special Prosecutor decided to dismiss the complaints of all the defendants, including the company, which means that the company became the defendant again. On 14 September 2021, the company filed a motion to set aside this dismissal of its complaint through an extraordinary appeal, which was denied. In response, the company filed a constitutional complaint, which was, however, denied without a substantive review due to the alleged lack of jurisdiction of the Constitutional Court at this stage of the criminal proceedings. The company cooperates actively with the local law enforcement authorities and tries to present evidence to prove that the prosecution is absolutely unfounded. The company is represented by a subsidiary of the law firm Dentons in Bratislava.

37. Subsequent Events

Between 31 December 2022 and the date of preparation of the Consolidated Annual Report, the following changes to the CSG Group structure occurred:

A) Changes in the CSG Group

As of 1 January 2023, David Chour was appointed Executive Director of the holding.

Aleš Kvídera ended his membership in the Supervisory Board of CZECHOSLOVAK GROUP a.s. as of 28 February 2023. Michaela Katolická became new member of the Supervisory Board as of 1 March 2023.

B) New Acquisitions

In March 2023, the holding secured a 20% equity interest in Gaussin, a French enterprise engaged in the development and manufacture of emission-free and autonomous transport systems requiring no driver intervention. Shares of Gaussin are publicly traded on the Euronext exchange.

Report on Related Party Transactions

Prepared for the year ended 31 December 2022

Controlled Entity:

Business name:	**CZECHOSLOVAK GROUP a.s.**
Registered office:	**Pernerova 691/42, Karlín, 186 00 Prague 8**
Corporate ID:	**034 72 302**
File No.:	**B 20071 maintained by the Municipal Court in Prague**

CZECHOSLOVAK GROUP a.s., Corporate ID: 034 72 302, a company with its registered office at Pernerova 691/42, Karlín, 186 00 Prague 8, recorded in the Register of Companies under file No. B 20071 maintained by the Municipal Court in Prague (the "Company"), is obliged to prepare the Report on Related Party Transactions between the controlling entity and controlled entity and between the controlled entity and entities controlled by the same controlling entity (the "Related Parties") for the year ended 31 December 2022 in compliance with Section 82 of Act No. 90/2012 Coll., on Business Corporations, as amended (the "Report on Relations").

I. Controlling Entity

Mr Michal Strnad was the controlling entity of CZECHOSLOVAK GROUP a.s., the controlled entity, until 27 June 2022. Since 28 June 2022, the controlling entity of the Company has been CSG FIN a.s., Corporate ID: 14141442, with its registered office at Na poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies under file No. B 26982 maintained by the Municipal Court in Prague.

CSG FIN a.s. is controlled by Mr Michal Strnad. This fact is also valid as of 31 December 2022.

II. Structure of Relations between the Controlling Entity and the Company and between the Company and Entities Controlled by the Same Controlling Entity

The structure of relations forms Appendix No. 1 to this Report on Relations.

TATRA TRUCKS a.s. (Corporate ID: 1482840) is controlled by NIKA Development a.s. and PROMET TOOLS, a.s. acting in agreement through their direct equity shares in the controlled entity, i.e. by means of decisions adopted by the General Meeting as the company's supreme body.

III. Role of the Company, Method and Means of Control

The role of the Company is primarily to overarch the activities of its subsidiaries in the Czech Republic, Slovakia, Italy, Spain and other countries. In the respective reporting period, no measures or other legal actions were taken or implemented by the Company in the interest or at the instigation of the controlling entity or entities controlled by the same controlling entity that would give the Company special advantages or impose special obligations on it. The Company does not receive any special advantages in connection with its control, nor does it incur any special obligations to the controlling entity and/or entities controlled by the same controlling entity beyond those agreed in the agreements referred to in Article V of this Report on Relations.

The controlling entity exercises control through its ownership rights by means of resolutions adopted at the General Meetings of the Company (i.e. decisions of the Company's sole shareholder). The methods and means of the Company's control include the Company's Articles of Association and decisions of the Company's supreme body. Accordingly, there are no special agreements between the Company and the controlling entity in relation to the method and means of the Company's control.

IV. Summary of Actions Performed pursuant to Section 82 (2) (d) of Act No. 90/2012 Coll., on Business Corporations, as amended

In the year ended 31 December 2022, the Company did not take any actions at the instigation or in the interest of the controlling entity or entities controlled by the controlling entity that would involve the disposal of assets exceeding 10% of the Company's equity as determined by the financial statements for the reporting period immediately preceding the reporting period for which this Report on Relations is prepared.

V. List of Mutual Contracts and Agreements Concluded between the Controlled Entity and the Controlling Entity or between Controlled Entities

In the respective reporting period, the Company entered into the following agreements with the controlling entity and the Related Parties:

- The Company records an agreement concluded with RUMPETA a.s. arising from the transfer of securities.
- The Company records an agreement with CSGM a.s. arising from the assignment of a receivable.
- The Company records an agreement with CSG DEFENCE a.s. arising from the transfer of equity interest.
- The Company records agreements with CSG AEROSPACE a.s. arising from the assignment of a receivable.
- The Company records an agreement with CSG HEALTH CARE a.s. arising from a loan.
- The Company records an agreement with ARMY TRADE a.s. arising from a loan.
- The Company records an agreement with AVIA Motors s.r.o. arising from a loan.
- The Company records an agreement with ELDIS Pardubice, s.r.o. arising from a loan.
- The Company records an agreement with Prague Fertility Centre s.r.o. arising from a loan.
- The Company records an agreement with CZECH DEFENCE SYSTEMS a.s. arising from a loan.
- The Company records an agreement with Slovak Training Academy a.s. arising from a loan.
- The Company records agreements with 14. OKTOBAR d.o.o. Kruševac arising from loans.

- The Company records an agreement with CSGM a.s. arising from a loan.
- The Company records an agreement with TATRA DEFENCE VEHICLE a.s. arising from a loan.
- The Company records agreements with GERLENAIR a.s. arising from loans.
- The Company records an agreement with CSGM a.s. arising from the provision of treasury services.
- The Company records an agreement with GERLENAIR a.s. arising from the provision of treasury services.
- The Company records agreements with LAIRAN SPV a.s. arising from loans.
- The Company records an agreement with ENVERCOTE a.s. arising from the assumption of debts and liabilities.
- The Company records agreements with MSM GROUP a.s. arising from loans.
- The Company records agreements with CS SOFT a.s. arising from loans.
- The Company records an agreement with RELAZA SPV a.s. arising from a loan.
- The Company records an agreement with VÍTKOVICE MACHINERY TRADE a.s. arising from a loan.
- The Company records agreements with CZECHOSLOVAK EXPORT a.s. arising from loans.
- The Company records an agreement with TABLON SPV a.s. arising from a loan.
- The Company records an agreement with NIKA Development a.s. arising from a loan.
- The Company records agreements with TATRA TRUCKS a.s. arising from loans.
- The Company records an agreement with REALID SPV a.s. arising from a loan.
- The Company records an agreement with TECHPARK Hradubická a.s. arising from a loan.
- The Company records an agreement with RUMPETA a.s. arising from a loan.
- The Company records an agreement with CSG DEFENCE a.s. arising from the provision of treasury services.
- The Company records an agreement with KONVERTIAL SPV a.s. arising from a loan.
- The Company records an agreement with MSM holding, s.r.o. arising from sublicensing.
- The Company records an agreement with CSG RAIL a.s. arising from an additional equity contribution.
- The Company records an agreement with AVIA Motors s.r.o. arising from the set-off of receivables.
- The Company records an agreement with CSG INDUSTRY a.s. arising from the set-off of receivables.
- The Company records an agreement with GACEL Holding s.r.o. arising from the provision of treasury services.
- The Company records an agreement with DAKO-CZ MACHINERY, a.s. arising from the provision of treasury services.
- The Company records an agreement with MADE CS a.s. arising from an additional equity contribution.

- The Company records an agreement with VORNEA SPV a.s. arising from an additional equity contribution.
- The Company records an agreement with HTH land a.s. arising from an additional equity contribution.
- The Company records an agreement with GERLENAIR a.s. arising from the set-off of mutual receivables.
- The Company records an agreement with KARBOX Holding s.r.o. arising from an additional equity contribution.
- The Company records an agreement with CSG INDUSTRY a.s. arising from the set-off of mutual receivables.
- The Company records an agreement with KARMONIKA AERO a.s. arising from an additional equity contribution.
- The Company records an agreement with CSG DEFENCE a.s. arising from the set-off of mutual receivables.
- The Company records an agreement with ARMY TRADE a.s. arising from mutual receivables.
- The Company records an agreement with CSG DEFENCE a.s. arising from mutual receivables.
- The Company records an agreement with REAL TRADE PRAHA a.s. arising from a loan.
- The Company records an agreement with EXCALIBUR INTERNATIONAL a.s. arising from an additional equity contribution.
- The Company records agreements with CSG FIN a.s. arising from loans.
- The Company records an agreement with LAIRAN SPV a.s. arising from the provision of treasury services.
- The Company records an agreement with CSG RAIL a.s. arising from the provision of treasury services.
- The Company records an agreement with CSG FIN a.s. arising from the provision of treasury services.
- The Company records agreements with CSG RAIL a.s. arising from loans.
- The Company records an agreement with Slovak industry s.r.o. arising from the transfer and assignment of a borrowing and an additional equity contribution.
- The Company records an agreement with RUMPETA a.s. arising from an additional equity contribution.
- The Company records agreements with JOB AIR Technic a.s. arising from loans.
- The Company records an agreement with RELAZA SPV a.s. arising from the provision of treasury services.
- The Company records an agreement with CSG AEROSPACE a.s. arising from the provision of treasury services.
- The Company records an agreement with CSG HEALTH CARE a.s. arising from the provision of treasury services.
- The Company records an agreement with CZECH DEFENCE SYSTEMS a.s. arising from the provision of treasury services.
- The Company records an agreement with MSM EXPORT, s.r.o. arising from the provision of treasury services.
- The Company records an agreement with TECHNOLOGY CS a.s. arising from the provision of treasury services.
- The Company records an agreement with CSGM a.s. arising from handling personal data.

VI. Assessment of whether Detriment was Incurred by the Company and of its Compensation pursuant to Sections 71 and 72 of Act. No. 90/2021 Coll., on Business Corporations, as amended

The Company uses services and funding from the Related Parties in the normal course of its business.

The Company declares that in the respective reporting period, there was no influence on the conduct of the Company by an influential or a controlling entity that would have a decisive and/or material effect on the conduct of the Company to its detriment. The Company declares that all the actions described in Article IV of this Report on Relations were taken and the agreements described in Article V of this Report on Relations were entered into at arm's length conditions. The services provided and received under these agreements were also provided at arm's length conditions and no detriment was caused to the Company as a result of these actions, and therefore it is not necessary to assess its compensation pursuant to Sections 71 and 72 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives, as amended.

VII. Assessment of Advantages and Disadvantages Arising from the Relations between the Related Parties

The statutory body of the Company declares that, based on the assessment of the role of the Company vis-à-vis the controlling entity and entities controlled by the same controlling entity, the Company does not derive any special advantages and/or disadvantages from the relations between the Company and its controlling entity and/or entities controlled by the same controlling entity.

The Company's role vis-à-vis the controlling entity and entities controlled by the same controlling entity did not and does not represent any risk for the Company and therefore it is not necessary to state whether, in what manner and in what period the detriment has been or will be compensated pursuant to Sections 71 and 72 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives, as amended.

In Prague on 28 March 2023

David Chour
Vice-Chairperson of the Board of Directors

Petr Formánek
Member of the Board of Directors

Appendix No. 1

List of companies directly or indirectly controlled by the same controlling entity

Companies controlled by CZECHOSLOVAK GROUP a.s.

CZECHOSLOVAK GROUP a.s. directly or indirectly controls the below listed companies:

Business name	Corporate ID, file No. and registration court	Registered office	State of incorporation	Control	Note	Direct controlling entity
14. OKTOBAR d.o.o. Kruševac	21178772	Jasički put br. 2, 11104 Kruševac	Serbia	direct		CZECHOSLOVAK GROUP a.s.
ARMY TRADE a.s.	06123724, B 22516 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect		CSG DEFENCE a.s.
AsterIVF s.r.o.	03648311, C 235869 (Municipal Court in Prague)	Sokolovská 810/304, Vysočany, 190 00 Prague 9	Czech Republic	indirect		Prague Fertility Centre s.r.o.
ATLAN GROUP, spol. s r.o.	35754222, Srо 13718/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		MSM GROUP s.r.o.
ATRAK a.s.	08208638, B 24436 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect		TRADITION CS a.s.
AVIA AVIATION a.s.	04837924, B 26187 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect		50% CZECHOSLOVAK GROUP a.s., 50% Scott & Hagget Czech
AVIA Electric a.s.	08735654, B 24931 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
AVIA Motors s.r.o.	27422356, C 112025 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
AVIEN, spol. s r.o.	47539682, C 19027 (Municipal Court in Prague)	Pernerova 691/42, Karlín, 186 00 Prague 8	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
Baschieri & Pellagri S.p.A.	00290260371	Via del Frullo 26, Castenaso	Italy	indirect	From 24 November 2022	Fiocchi Munizioni S.p.A.
BREVETI SPV a.s.	10743677, B 26239 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic		Until 1 July 2022	
C3F S.p.A.	12288070969	Via Rugabella 1, 20122 Milan	Italy	indirect	From 1 March 2022	LAIRAN SPV a.s.
CLEVELOPMENT SPV a.s.	17119952, B 27268 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
CLS Polska SP z.o.o.	0000433767	ul. Królowej Marysieńki 50A, 02-954 Varšava	Poland	indirect	Shell company	Česká letecká servisní a.s.
CS SOFT a.s.	25781723, B 15253 (Municipal Court in Prague)	K letišti 1019/6, Ruzyně, 161 00 Prague 6	Czech Republic	indirect		TRADITION CS a.s.
CSG a.s.	11854855, B 26633 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
CSG AEROSPACE a.s.	03312208, B 19923 (Municipal Court in Prague)	Pernerova 691/42, Karlín, 186 00 Prague 8	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
CSG DEAL a.s.	11858095, B 26641 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
CSG DEFENCE a.s.	07333528, B 23675 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
CSG EXPORT a.s.	06224971, B 22599 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
CSG HEALTH CARE a.s.	09326073, B 25495 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect		ENVERCOTE a.s.

Business name	Corporate ID, file No. and registration court	Registered office	State of incorporation	Control	Note	Direct controlling entity
CSG INDUSTRY a.s.	06015689, B 22298 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
CSG Land System SK a.s.	52830381, Sa 10771/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		CSG Land Systems CZ a.s.
CSG Land Systems CZ a.s.	08584923, B 24764 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect		CSG DEFENCE a.s.
CSG RAIL a.s.	08950181, B 25126 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
CSG RECOVERY s.r.o.	09579036, C 338429 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect		CSGM a.s.
CSG USA Inc.	117027146	14507 Kingsmill Way, Culpeper 22 701, Virginie	USA	indirect		EXCALIBUR INTERNATIONAL a.s.
CSGM a.s.	01384694, B 19596 (Municipal Court in Prague)	Pernerova 691/42, Karlín, 186 00 Prague 8	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
CZECH CAMOUFLAGE SYSTEMS a.s.	06135013, B 22517 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect		CSG Land Systems CZ a.s.
CZECH DEFENCE SYSTEMS a.s.	24147133, B 17410 (Municipal Court in Prague)	Náměstí 14. října 1307/2, Smíchov, 150 00 Prague 5	Czech Republic	indirect		CSG Land Systems CZ a.s.
CZECH MACHINERY GROUP B.V.	65442571	Kingsfordweg 151, 1043 GR Amsterdam	Netherlands	indirect	In liquidation from 1 Dec 2022	Slovak industry s.r.o.
CZECHOSLOVAK EXPORT a.s.	04986512, B 21489 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect		CSG EXPORT a.s.
CZECHOSLOVAKIA TRADE a.s.	50018175, B Sa 10724/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		MSM GROUP, s.r.o.
Česká letecká servisní a.s.	25101137, B 4510 (Municipal Court in Prague)	Mladoboleslavská 1081, Kbely, 197 00 Prague 9	Czech Republic	indirect		CSG AEROSPACE a.s.
DAKO-CZ MACHINERY, a.s.	10743952, B 11386 (Regional Court in Ostrava)	Matuškova 1929/10, Slezská Ostrava, 710 00 Ostrava	Czech Republic	indirect		DAKO-CZ, a.s.
DAKO-CZ RE, s.r.o.	8741000, C 44950 (Regional Court in Hradec Králové)	Josefa Daňka 1956, 538 43 Třemošnice	Czech Republic	indirect		DAKO-CZ, a.s.
DAKO-CZ SERVICE, s.r.o.	09243348, C 45951 (Regional Court in Hradec Králové)	Josefa Daňka 1956, 538 43 Třemošnice	Czech Republic	indirect		DAKO-CZ, a.s.
DAKO-CZ, a.s.	46505091, B 668 (Regional Court in Hradec Králové)	Josefa Daňka 1956, 538 43 Třemošnice	Czech Republic	indirect		TRIBLAN a.s.
DEFENCE SYSTEMS a.s.	07333544, B 23691 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect		CSG DEFENCE a.s.
DEFENCE TRADE SLOVAKIA, s.r.o.	51087723, Sro 35274/R (District Court in Trenčín)	Kasárenská 8, 911 02 Trenčín	Slovak Republic	indirect	On 9 November 2022 – change of the business name – former ZTS METALURG špeciál, s.r.o. From 25 July 2022 fully consolidated, formerly an associate.	MSM LAND SYSTEMS s.r.o.
Development Přelouč s.r.o.	14267900, C 49100 (Regional Court in Hradec Králové)	Tovární 1553, 535 01 Přelouč	Czech Republic	indirect	From 17 February 2022	EXCALIBUR ARMY spol. s r.o.
EHC Service, s.r.o.	36507245, C 524 (District Court in Košice)	Košice 1094, 040 15 Košice – mestská časť Poľov	Slovak Republic	indirect		Slovak Training Academy
ELDIS PARDUBICE INDIA PRIVATE LIMITED	U31900HR2021FTC098031	C-73, Fourth Floor, Gali No.5, Amritpuri-b, 110065 Delhi	India	indirect		ELDIS Pardubice, s.r.o.
ELDIS Pardubice, s.r.o.	15050742, C 524 (Regional Court in Hradec Králové)	Dělnická 469, Pardubičky, 533 01 Pardubice	Czech Republic	indirect		CSG AEROSPACE a.s.

Business name	Corporate ID, file No. and registration court	Registered office	State of incorporation	Control	Note	Direct controlling entity
ELTON hodinářská, a.s.	25931474, B 2007 (Regional Court in Hradec Králové)	Náchodská 2105, 549 01 Nové Město nad Metují	Czech Republic	indirect		MADE CS a.s.
ENGINEERING SPV a.s.	06926827, B 23253 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00, Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
ENVERCOTE a.s.	09326928, B 25497 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
EUROPEAN AIR SERVICES s.r.o.	29131987, C 02310 (Municipal Court in Prague)	Pernerova 691/42, Karlín, 186 00 Prague 8	Czech Republic	indirect		CSG AEROSPACE a.s.
EUROPEAN AIR SERVICES SLOVAKIA s. r. o.	52014673, Sro 44919/V (District Court in Košice)	Košice 1094, 040 15 Košice – mestská časť Poľov	Slovak Republic	indirect		CSG AEROSPACE a.s.
EXCALIBUR ARMY HELLAS LTD	HE422321	Artemidos 5, 6020 Larnaca	Cyprus	indirect		EXCALIBUR ARMY spol. s r.o.
EXCALIBUR ARMY spol. s r.o.	64573877, C 41695 (Municipal Court in Prague)	Kodaňská 521/57, Vršovice, 101 00 Prague 10	Czech Republic	indirect		CSG Land Systems CZ a.s.
EXCALIBUR INTERNATIONAL a.s.	29289688, B 20148 (Municipal Court in Prague)	Sokolovská 675/9, Karlín, 186 00 Prague 8	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
EXCALIBUR INTERNATIONAL HU Kft.	01-09-327774	1011 Budapest, Fő utca 14-18.	Hungary	indirect		EXCALIBUR INTERNATIONAL a.s.
EXCALIBUR USA a.s.	04407571, B 20938 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
FABRICA DE MUNICIONES DE GRANADA S.L.	B88295209	CTRA De Murcia S/N, 181 82 El Fargue, Granada	Spain	indirect		MSM GROUP s.r.o.
FCC S.p.A.	10123620964	Corso Italia 22, Milan	Italy	indirect	From 24 November 2022	C3F S.p.A.
Fiocchi Munizioni S.p.A.	00810220137	Via Santa Barbara 4, 23900 Lecco	Italy	indirect	From 24 November 2022	FCC S.p.A.
Fiocchi of America Inc.	00250555	6930 North Freemont Road, 65721 Ozark, Missouri	USA	indirect	From 24 November 2022	Fiocchu Munizioni S.p.A.
Fiocchi UK Limited	06221537	Raddle Farm, Raddle Lane, Edingale, WS13 8XA Staffordchire	UK	indirect	From 24 November 2022	Fiocchu Munizioni S.p.A.
GACEL Holding s.r.o.	17076544, C 366227 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect	From 25 April 2022	CSG DEFENCE a.s.
GAMA OCEL, spol. s r.o.	26295849, C 42332 (Regional Court in Brno)	Bratislavská 406/4, 69501 Hodonín	Czech Republic	indirect	From 25 August 2022	GACEL Holding s.r.o.
GERLENAIR a.s.	09326791, B 25496 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
HARVO SPV s.r.o.	14154013, C 88122 (Regional Court in Ostrava)	Olomoucká 1841/175, 785 01 Šternberk	Czech Republic	indirect	From 13 Jan 2022 until 28 Nov 2022	50% EXCALIBUR ARMY spol. s r.o., 50% STV INVEST a.s.
HELI COMPANY s.r.o.	36492124, Sro 14788/P (District Court in Prešov)	Vranovská 72, Prešov, PSČ 080 01	Slovak Republic	indirect		Slovak Training Academy, s.r.o.
HTH land a.s.	06143946, B 22493 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
INTEGRA CAPITAL a.s.	27528103, B 21504 (Municipal Court in Prague)	Pernerova 691/42, Karlín, 186 00 Prague 8	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
JOB AIR Technic a.s.	27768872, B 3029 (Regional Court in Ostrava)	Gen. Fajtla 370, 742 51 Mošnov	Czech Republic	indirect		CSG AEROSPACE a.s.
KARBOX Holding s.r.o.	27601374, C 23915 (Regional Court in Hradec Králové)	Tovární 1553, 535 01 Přelouč	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
KARBOX s.r.o.	26002370, C 19384 (Regional Court in Hradec Králové)	Tovární 1553, 535 01 Přelouč	Czech Republic	indirect		KARBOX Holding s.r.o.
KARMONIKA AERO a.s.	09588817, B 25734 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.

Business name	Corporate ID, file No. and registration court	Registered office	State of incorporation	Control	Note	Direct controlling entity
KONVERTIAL SPV a.s.	09269649, B 25371 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct	On 6 May 2022 – change of the business name – former TATRA a.s.	CZECHOSLOVAK GROUP a.s.
Kopřivnice Energy s.r.o.	05431905, C 63563 (Municipal Court in Prague)	Sokolovská 675/9, Karlín, 186 00 Prague 8	Czech Republic	indirect		TATRA TRUCKS a.s.
LAIRAN SPV a.s.	14141663, B 26983 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect	From 11 January 2022	RUMPETA a.s.
LIAZ TRUCKS a.s.	06710697, B 21657 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
LOSTR a.s.	05197104, B 21533 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
Lyalvale Express Limited	03485334	Express Estate, Fisherwick Nr. Whittington, Lichfield, WS13 8XA Staffordchire	UK	indirect		Fiocchu Munizioni S.p.A.
MADE CS a.s.	05057779, B 23278 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
MERIT SPV a.s.	06977545, B 23278 (Municipal Court in Prague)	Pernerova 691/42, Karlín, 186 00 Prague 8,	Czech Republic	indirect		TRADITION CS a.s.
MSM - OPTICAL s.r.o.	52070972, Sro 37466/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		MSM GROUP s.r.o.
MSM EXPORT, s.r.o.	48006122, Sro 34344/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect	On 24 August 2022 – change of the business name – former MSM holding, s.r.o.	MSM GROUP s.r.o.
MSM GROUP s.r.o.	46553509, Sro 31197/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		CSG DEFENCE a.s.
MSM LAND SYSTEMS s.r.o.	36396711, Sro 34630/R (District Court in Trenčín)	Kasárenská 8, 911 05 Trenčín	Slovak Republic	indirect		CSG Land Systems CZ a.s.
MSM Martin, s.r.o.	36422991, Sro 30764/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		MSM GROUP s.r.o.
MSM Nováky a.s.	35820322, Sa 10564/R (District Court in Trenčín)	Duklianska 60, 972 71 Nováky	Slovak Republic	indirect	On 31 Dec 2022 – change of the business name to VOP Nováky, a.s.	CSG DEFENCE a.s.
MSM Services, s.r.o.	50926748, Sro 34828/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect	On 15 August 2022 – change of the business name – former Industry Defence, s.r.o.	CSG DEFENCE a.s.
NIKA Development a.s.	27528910, B 23310 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
PPS VEHICLES, s.r.o.	36032646, Sro 43004/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Czech Republic	indirect		MSM GROUP s.r.o.
Prague Fertility Centre s.r.o.	28956095, C 155686 (Municipal Court in Prague)	Sokolovská 810/304, Vysočany, 190 00 Prague 9	Czech Republic	indirect		CSG HEALTH CARE a.s.
PROGRESS SPV a.s.	06710875, B 23102 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
RADAS, s.r.o.	60732296, C 207402 (Municipal Court in Prague)	Valdštejnská 150/4, Malá Strana, 118 00 Prague 1	Czech Republic	indirect		CS SOFT a.s.
RADIATIK a.s.	02751402, B 19664 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
Real Info d.o.o. Kruševac	20877529	Jasički Put 2, 370 00 Kruševac	Serbia	indirect		14. OKTOBAR d.o.o. Kruševac

Business name	Corporate ID, file No. and registration court	Registered office	State of incorporation	Control	Note	Direct controlling entity
REAL TRADE PRAHA a.s.	25642740, B 1440 (Municipal Court in Prague)	Náměstí 14. října 1307/2, Smíchov, 150 00 Prague 5	Czech Republic	indirect		CSG Land Systems CZ a.s.
REALID SPV a.s.	17119928, B 27266 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct	From 6 May 2022	CZECHOSLOVAK GROUP a.s.
ReDat Recording, a.s.	05648114, B 26638 (Regional Court in Hradec Králové)	Pražská 341, Zelené Předměstí, 530 02 Pardubice	Czech Republic	indirect		RETIA, a.s.
RELAZA SPV a.s.	17119928, B 27266 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct	From 5 May 2022	CZECHOSLOVAK GROUP a.s.
RETIA Realitní s.r.o.	09850813, C 50446 (Regional Court in Hradec Králové)	Pražská 341, Zelené Předměstí, 530 02 Pardubice	Czech Republic	indirect	Part of the group from 14 Nov 2022 until 1 Jan 2023. On 14 Nov 2022 – change of the business name – former BBRE Realitní Alfa s.r.o.	RETIA, a.s.
RETIA, a.s.	25251929, B 3523 (Regional Court in Hradec Králové)	Pražská 341, Zelené Předměstí, 530 02 Pardubice	Czech Republic	indirect		TECHNOLOGY CS a.s.
RUMPETA a.s.	11858061, B 26638 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
SBS ZVS, s.r.o.	36306070, Sro 11273/R (District Court in Trenčín)	Štúrova 1, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		ZVS holding, a.s.
SHER Technologies a.s.	27528171, B 2669 (Regional Court in Hradec Králové)	Čepí č.p. 101, 533 32 Čepí	Czech Republic	indirect		CSG DEFENCE a.s.
Slovak Aviation Factory s.r.o.	50885201, Sro 34705/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		MSM GROUP s.r.o.
Slovak industry s.r.o.	51106957, Sro 35302/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		MSM GROUP s.r.o.
Slovak Training Academy, s.r.o.	47055952, Sro 30298/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		EUROPEAN AIR SERVICES SLOVAKIA s.r.o.
Sondany s.r.o.	04548418, C 249408 (Municipal Court in Prague)	Milady Horákové 386/63, Holešovice, 170 00 Prague 7	Czech Republic	indirect		Prague Fertility Centre s.r.o.
Space T a.s.	08655600, B 24808 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect		CSG AEROSPACE a.s.
STA TECHNOLOGY, s.r.o.	50479717, Sro 33646/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		Slovak Training Academy, s.r.o.
TABLON SPV a.s.	08950504, B 25371 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
TATRA a.s.	17120209, B 27271/MSPH (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
TATRA AVIATION a.s.	03999203, B 20535 (Municipal Court in Prague)	Kodaňská 521/57, Vršovice, 101 00 Prague 10	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
TATRA DEFENCE PROJECTS s.r.o.	14316226, C 363750 (Municipal Court in Prague)	Sokolovská 675/9, 186 00 Prague 8	Czech Republic	indirect	From 8 March 2022	TATRA DEFENCE VEHICLE a.s.
TATRA DEFENCE SLOVAKIA s.r.o.	50755749, Sro 34330/R (District Court in Trenčín)	Kasárenská 8, 911 05 Trenčín	Slovak Republic	indirect		CSG Land Systems CZ a.s.
TATRA DEFENCE SYSTEMS s.r.o.	08993289, C 328828 (Municipal Court in Prague)	Sokolovská 675/9, Karlín, 186 00 Prague 8	Czech Republic	indirect		TATRA DEFENCE VEHICLE a.s.
TATRA DEFENCE VEHICLE a.s.	24152269, B 17463 (Municipal Court in Prague)	Kodaňská 521/57, Vršovice, 101 00 Prague 10	Czech Republic	indirect		CSG Land Systems CZ a.s.
TATRA ENERGY s.r.o.	14364255, C 88795 (Regional Court in Ostrava)	Areál Tatry 1450/1, 742 21 Kopřivnice	Czech Republic	indirect		TATRA TRUCKS a.s.
TATRA EXPORT s.r.o.	27388816, C 29456 (Regional Court in Ostrava)	Areál Tatry 1450/1, 742 21 Kopřivnice	Czech Republic	indirect		TATRA TRUCKS a.s.

Business name	Corporate ID, file No. and registration court	Registered office	State of incorporation	Control	Note	Direct controlling entity
TATRA MANUFACTURE a.s.	05127394, B 21580 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
TATRA METALURGIE a.s.	03667952, B 10641 (Regional Court in Ostrava)	Areál Tatry 1450/1, 742 21 Kopřivnice	Czech Republic	indirect		TATRA TRUCKS a.s.
TATRA Slovensko spol. s r.o.	31364578, Sro 13124/B (District Court in Bratislava I)	Vajnorská 171/A, 831 04 Bratislava	Slovak Republic	indirect		TATRA TRUCKS a.s.
TATRA TRUCKS a.s.	01482840, B 10443 (Municipal Court in Prague)	Areál Tatry 1450/1, 742 21 Kopřivnice	Czech Republic	indirect		35% PROMET TOOLS a.s., 65% NIKA Development a.s.
TATRA TRUCKS GULF COMMERCIAL BROKERS L.L.C.	351853	Khalifa Bin Zayed The First Street, Abu Dhabi	United Arab Emirates	indirect		TATRA TRUCKS a.s.
TATRA TRUCKS INDIA PRIVATE LIMITED	U35900DL2016FTC289353	B-6 Flat No 102, Kailash Colony, New Delhi, Delhi 110048	India	indirect		TATRA TRUCKS a.s.
TATRA VOSTOK, OOO	11477468055910	Armjanskij pereulok., d. 1/8, str. 3, Moskva, 101000	Russian Federation	indirect		TATRA TRUCKS a.s.
TATRABRAS LTDA	38045562000124	BR-376, KM 503, AVENIDA TATRA, PONTA GROSSA, PARANÁ	Brazil	indirect		TATRA TRUCKS a.s.
TECHNOLOGY CS a.s.	05774888, B 22200 (Municipal Court in Prague)	Na Poříčí 1017/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect		CSG AEROSPACE a.s.
TECHPARK Hradubická a.s.	27519546, B 2620 (Regional Court in Hradec Králové)	Čepí č.p. 101, 533 32 Čepí	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
TRADITION CS a.s.	06079598, B 22466 (Municipal Court in Prague)	Na Poříčí 1071/17, 110 00 Prague 1	Czech Republic	indirect		CSG AEROSPACE a.s.
TRANSELCO CZ s.r.o.	25733117, C 47575 (Regional Court in Hradec Králové)	U Vápenky 562, 538 43 Třemošnice	Czech Republic	indirect		DAKO-CZ, a.s.
TRIBLAN a.s.	09237321, B 25379 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect		CSG RAIL a.s.
TRUCK SERVICE GROUP s.r.o.	60110759, C 5438 (Regional Court in Hradec Králové)	Tovární 1553, 535 01 Přelouč	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
UpVision Defence s.r.o	07723997, C 306321 (Municipal Court in Prague)	Na příkopě 1096/19, 110 00 Prague 1	Czech Republic	indirect	From 30 September 2022	UpVision s.r.o.
UpVision s.r.o.	28443748, C 141923 (Municipal Court in Prague)	Klikatá 18, 158 00 Prague 5	Czech Republic	indirect	From 30 September 2022	TRADITION CS a.s.
Virte, a.s.	35917491, Sa 10739/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		MSM GROUP s.r.o.
VMT Trade, s.r.o.	50927477, Sro 40688/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		50% MSM GROUP s.r.o., 50% NHNN, s.r.o.
VORNEA SPV s.r.o.	06981119, C 291189 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		CZECHOSLOVAK GROUP a.s.
VÝVOJ Martin, a.s.	36381829, Sa 10119/L (District Court in Žilina)	Komenského 19, Martin 036 01	Slovak Republic	indirect		MSM GROUP s.r.o.
ZVS-Armory, s.r.o.	46100466, Sro 32061/R (District Court in Trenčín)	Priemyselná 7, 971 01 Prievidza	Slovak Republic	indirect	Until 30 December 2022	MSM GROUP s.r.o.
ZVS holding, a.s.	36305600, Sa 10152/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		MSM GROUP s.r.o.
ZVS IMPEX, akciová spoločnosť	36302848, Sa 10104/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		MSM GROUP s.r.o.

Companies with Mr Michal Strnad as the controlling entity

Mr Michal Strnad directly or indirectly controls the below listed persons:

Business name	Corporate ID, file No. and registration court	Registered office	State of incorporation	Control	Note	Direct controlling entity
ABLESTAR a.s.	09237488, B 25381 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct	From 10 June 2020	Michal Strnad
ALTIOR RE a.s.	14004283, B 26813 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct	From 24 May 2022	Michal Strnad
ARMY SPV a.s.	06861202, B 23219 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct	From 26 October 2022	Michal Strnad
AURUM DEFENCE a.s.	17120349, B 27272 (Municipal Court in Prague)	Opletalova 1015/55, Nové Město, 110 00 Prague 1	Czech Republic	direct	From 6 May 2022	Michal Strnad
Banoss s.r.o.	28848373, C 30778 (Regional Court in Hradec Králové)	Smilova 386, Zelené Předměstí, 530 02 Pardubice	Czech Republic	indirect	From 20 February 2021	CASERMANIX s.r.o.
BatteryCells a.s.	06861041, B 23216 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct	From 14 February 2018	Michal Strnad
CASERMANIX s.r.o.	01618377, B 209337 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct	From 20 August 2013	Michal Strnad
Cognus Solutions, s.r.o.	02845474, C 224442 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect	From 28 November 2017	PROJECT SPV a.s.
CSG AUTOMOTIVE a.s.	07880316, B 24189 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct	From 8 February 2019	DEVELOP SPV a.s.
CSG FIN a.s.	14141442, B 26982 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct	From 11 January 2022	Michal Strnad
DEFENCE SPV a.s.	06861318, B 23220 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct	From 14 February 2018	Michal Strnad
DEVELOP SPV a.s.	06594786, B 22989 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct	From 13 November 2017	Michal Strnad
GoBuzz SICAV, a.s.	17208971, B 27344 (Municipal Court in Prague)	Hvězdova 1716/2b, Nusle, 140 00 Prague 4	Czech Republic	direct	From 7 September 2022	Michal Strnad
Gourmand Praha s.r.o.	27179826, C 102360 (Municipal Court in Prague)	Libušská 11/216, Prague 4	Czech Republic	direct	From 17 February 2022	Michal Strnad
HELA GROUP s.r.o.	24256382, C 197399 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect	From 11 March 2013	Michal Strnad
INDUSTRY INNOVATION a.s.	01771892, B 19432 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		Michal Strnad
INDUSTRY SPV a.s.	06185878, B 22602 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		Michal Strnad

Business name	Corporate ID, file No. and registration court	Registered office	State of incorporation	Control	Note	Direct controlling entity
INDUSTRY SPV SK s.r.o.	54247829, Sro 42910/R (District Court in Trenčín)	Štúrova 925/27, 018 41 Dubnica nad Váhom	Slovak Republic	indirect		INDUSTRY SPV a.s.
INDUSTRYIN a.s.	05595240, B 21960 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		Michal Strnad
INNOVATION CS a.s.	01852515, B 22092 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		Michal Strnad
OF1, s.r.o.	09607862, C 338882 (Municipal Court in Prague)	Mladoboleslavská 1081, Kbely, 197 00 Prague 9	Czech Republic	indirect	From 22 November 2022	INDUSTRY SPV a.s.
PALATUA a.s.	17834422, B 27813 (Municipal Court in Prague)	Mladoboleslavská 1081, Kbely, 197 00 Prague 9	Czech Republic	direct	From 14 December 2022	Michal Strnad
PLATINUM DEFENCE a.s.	17120080, B 27270 (Municipal Court in Prague)	Opletalova 1015/55, Nové Město, 110 00 Prague 1	Czech Republic	direct	From 6 May 2022	Michal Strnad
PROJECT SPV a.s.	06185771, B 22601 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město 110 00 Prague 1	Czech Republic	direct		Michal Strnad
RIOLA SPV a.s.	14141159, B 26981 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	indirect	From 11 January 2022 Direct control until 7 July 2022	GoBuzz SICAV, a.s.
SYNERGY CS a.s.	06072585, B 22465 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		Michal Strnad
TALASIUS a.s.	17834643, B 27814 (Municipal Court in Prague)	Mladoboleslavská 1081, Kbely, 197 00 Prague 9	Czech Republic	direct	From 14 December 2022	Michal Strnad
TESLA CS a.s.	13982656, B 26799 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		Michal Strnad
TESLA RADARS a.s.	06861083, B 23217 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		Michal Strnad
TITANIUM DEFENCE a.s	17120021, B 27269 (Municipal Court in Prague)	Opletalova 1015/55, Nové Město, 110 00 Prague 1	Czech Republic	direct	From 6 May 2022	Michal Strnad
VELOGRES SPV a.s.	10743901, B 26241 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		HELA GROUP s.r.o.
YTARA SPV a.s.	11858087, B 26640 (Municipal Court in Prague)	Na Poříčí 1071/17, Nové Město, 110 00 Prague 1	Czech Republic	direct		Michal Strnad

Independent Auditor's Report

To the Shareholder of CZECHOSLOVAK GROUP a.s.

Having its registered office at:
Pernerova 691/42, Karlín, 186 00 Prague 8

"The report below represents the auditor's report that relates solely and exclusively to the official Annual Report prepared in the XHTML format."

Deloitte.

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Registered by the Municipal Court in Prague, Section C, File 24349
ID. No.:49620592
Tax ID. No.: CZ49620592

Audit Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of CZECHOSLOVAK GROUP a.s. and its subsidiaries (hereinafter also the "Group") prepared on the basis of International Financial Reporting Standards as adopted by the EU, which comprise the consolidated statement of financial position as of 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and Notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the group of CZECHOSLOVAK GROUP a.s. as of 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How it was addressed
Existence of revenues and revenue recognition date	
The key audit matter is the Group's revenues (Note 6 to the consolidated financial statements). Revenues are a significant indicator in evaluating the Group's performance. Because the Group generates revenues from various types of activities, including construction contracts, on various markets and under various conditions, the existence of revenues and the revenue recognition date correctness represent a risk for the audit of the Group. Principally the recognition of revenue on construction contracts is based on a high degree of judgement applied by the Group.	In addressing this key audit matter we performed a combination of tests of internal controls and substantive testing. — We performed a substantive test of specific revenue transactions on a sample basis. — We tested in detail whether revenue was recognised in the relevant reporting periods and whether revenue was not misstated through reporting in an incorrect period. — On a sample basis, we selected invoices recorded around the year-end and based on supporting documents related to these invoices we assessed if the revenue was recorded in the correct period. — We tested receivables by sending year-end confirmation letters to selected customers and compared the amounts confirmed by the customers with the balance of receivables reported by the Group. — We performed analytical tests of significant revenue accounts and compared the expected amount of revenues on the basis of our calculation with the amount presented in the accounting records. In the case of revenues from contracts with customers and construction contracts, we performed the following audit procedures: — We critically assessed the methodology applied by the Group to determine the stage of completion and subsequently, for the calculation of revenue on the basis of this stage of completion, compliance of the methodology with IFRS 15 Revenue from Contracts with Customers. — We evaluated the estimates made by the Group in respect of total and future expected costs and revenues on construction contracts. — We tested in detail the recognition of revenue on a sample of construction contracts, primarily focused on checking the used input data from contracts with customers and financial plans of construction contracts; in addition, we reviewed the calculation for mathematical correctness. — We cooperated with our internal IFRS 15 experts to assess and test the most significant contracts. — We assessed the adequacy of disclosures made in the Notes to the Consolidated Financial Statements with regard to revenues recognised in terms of the stage of completion of construction contracts and judgement applied.

Key Audit Matter	How it was addressed
Correctness and completeness of the presentation of financial liabilities (bank loans and bonds issued)	
The correctness and completion of the presentation of financial liabilities (Note 19 to the consolidated financial statements) represent a key audit matter since the Group uses significant external financing in the form of issued bonds and banking loans for its operating and investment activities. These types of financing carry covenants and other criteria, the evaluation of which by the Group has a material impact on the presentation of financial liabilities in the consolidated financial statements (e.g. on the presentation of long-term and short-term components).	Our audit procedures, included, among others: — We sent bank confirmation letters and based on received responses, we compared the confirmed amounts of bank loans with the amounts presented by the Group in the accounting records. — We determined whether the loan balance is appropriately presented as a short-term or long-term payable pursuant to the concluded contract, repayment schedule or bank confirmation letter. — With regard to issued bonds, we compared the information reported in public sources of the Prague Stock Exchange with the information disclosed in the consolidated financial statements. — We agreed the year-end balance of issued bonds to the confirmation from the issue manager. — We agreed the information on covenants in respect of received bank loans and issued bonds to supporting documentation (e.g. contract, prospectus). — We tested the mathematical correctness of the calculation of the covenants. — We assessed compliance with the relevant covenants. — We assessed the adequacy of disclosures made in the Notes to the Consolidated Financial Statements with regard to issued bonds and external funding in the form of bank loans.

Key Audit Matter	How it was addressed
Correctness and completeness of the presentation of loss allowances for trade and other receivables	
Determining the correctness and completeness of the presentation of loss allowances for trade and other receivables in accordance with IFRS 9 Financial Instruments (Notes 20 and 32 to the consolidated financial statements) is a key audit matter. The correct value of the allowance affects the information presented in the consolidated financial statements and has an impact on the Group's consolidated financial position as of 31 December 2022 and its consolidated financial performance for the year then ended.	In addressing this key audit matter, we performed a combination of tests of internal controls and substantive testing. — We tested the design and implementation of the key internal controls relating to the determination of loss allowances for trade and other receivables. — We critically assessed the methodology used by the Group to determine loss allowances based on compliance with IFRS 9 Financial Instruments. — We performed a substantive test on a selected sample of specific transactions. — We performed an assessment of the estimates made by the Group in relation to the recoverability of past due receivables. — We regularly discussed the determination of the correctness and completeness of loss allowances for trade and other receivables with the Group's management, including the impact on the Group's consolidated financial position as of 31 December 2022 and its consolidated financial performance for the year then ended.

Key Audit Matter	How it was addressed
Correctness and completeness of the presentation of the acquisition of a subsidiary	
The proper presentation of the acquisition of the controlling interest in the Fiocchi Group (Note 5 A) IV. to the consolidated financial statements) represents an important matter for the Group's audit. As this extensive acquisition occurred before the end of 2022, the Group's assets and liabilities were not measured at fair value as of the date of preparation of the consolidated financial statements. The assets and liabilities of the acquired companies are measured at provisional value, based on the accounting records of the acquired companies. Consequently, the acquisition accounting process was not completed in 2022, and the remeasurement to fair value will occur within 12 months from the acquisition date, including the measurement of the non-controlling interest.	Our audit procedures, included, among others: — We gained an understanding of the entire transaction, including the legal analysis of the purchase contract. — We communicated with the component auditor in Italy regarding the audit of the Fiocchi Group. — We agreed on the purchase price for the supporting documentation. — In collaboration with an internal expert, we assessed the correct application of IFRS 3 Business Combinations and, in particular, the assumption of non-termination of the acquisition accounting. — We assessed the correctness of the calculation and recognition of goodwill. — From the Group's management, we obtained the business plans of the Fiocchi Group for the coming period and assessed the existence of indicators of potential impairment of the goodwill recognised. — We assessed the adequacy of the information provided in the Notes to the Financial Statements regarding this transaction.

Other Information in the Consolidated Annual Report

In compliance with Section 2 b) of the Act on Auditors, the other information comprises the information included in the Consolidated Annual Report other than the consolidated financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

— The other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
— The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Board of Directors and Supervisory Board for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and the Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors, the Supervisory Board and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, the Supervisory Board and the Audit Committee, we

determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of CZECHOSLOVAK GROUP a.s. (hereinafter also the "Company") prepared on the basis of International Financial Reporting Standards as adopted by the EU, which comprise the statement of financial position as of 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of CZECHOSLOVAK GROUP a.s. as of 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How it was addressed
Valuation of investments in subsidiaries and associates	
The correct valuation of investments in subsidiaries and associates (Note 12 to the financial statements) represents a key audit matter. The Company reports investments in a number of companies that carry the risk of the value of the investment being greater than its fair value. The correct valuation requires a significant degree of judgement and estimates dependent upon, e.g. future demand or successful implementation of restructuring plans.	Our audit procedures included, among others: — We tested the design and implementation of key internal controls regarding the measurement of the value of interests in subsidiaries using the impairment indicator calculations and DCF models. — We critically assessed the indicators of potential impairment of investments in subsidiaries which may trigger the recognition of loss allowances. For this purpose, we primarily: — Compared the valuation of the investment with the amount of equity of the subsidiary at the balance sheet date; — Assessed the profitability of investments for the relevant reporting period; — Determined the amount of dividends and profit shares paid out. — Where the indicator of potential impairment of investments in subsidiaries was identified, we focused on: — Inquiring the company's management and the reasons that led to the recognition or non-recognition of an allowance; — Assessing financial plans prepared by the subsidiaries; and — Assessing whether the allowance is recognised appropriately and in a sufficient amount. — We assessed the adequacy of disclosures made in the Notes to the Financial Statements with regard to material investments and their financial position and profitability.

Key Audit Matter	How it was addressed
Correctness and completion of the presentation of financial liabilities (bank loans and bonds issued)	
The correctness and completion of the presentation of financial liabilities (Notes 20 and 21 to the financial statements) represent a key audit matter since the Company uses significant external financing in the form of issued bonds, borrowings and banking loans for its operating and investment activities. These types of financing carry covenants and other criteria, the evaluation of which by the Company has a material impact on the presentation of financial liabilities in thefinancial statements (e.g. on the presentation of long-term and short-term components).	Our audit procedures, included, among others: — We sent bank confirmation letters and based on received responses, we compared the confirmed amounts of bank loans with the amounts presented by the Company in the accounting records. — We determined whether the loan balance is appropriately presented as a short-term or long-term payable pursuant to the concluded contract, repayment schedule or bank confirmation letter. — With regard to issued bonds, we compared the information reported in public sources of the Prague Stock Exchange with the information disclosed in the financial statements. — We agreed the year-end balance of issued bonds to the confirmation from the issue manager. — We agreed the information on covenants in respect of received bank loans and issued bonds to supporting documentation (e.g. contract, prospectus). — We tested the mathematical correctness — of the calculation of the covenants. — We assessed compliance with the relevant covenants. — We assessed the adequacy of disclosures made in the Notes to the Consolidated Financial Statements with regard to issued bonds and external funding in the form of bank loans.

Key Audit Matter	How it was addressed
Correctness and completeness of the presentation of loss allowances for trade and other receivables	
Determining the correctness and completeness of the presentation of loss allowances for trade and other receivables in accordance with IFRS 9 Financial Instruments (Notes 15 and 29 to the financial statements) is a key audit matter. The correct value of the loss allowance affects the information presented in the financial statements and has an impact on the Group's financial position as of 31 December 2022 and its financial performance for the year then ended.	In addressing this key audit matter, we performed a combination of tests of internal controls and substantive testing: — We tested the design and implementation of the key internal controls relating to the determination of loss allowances for trade and other receivables. — We critically assessed the methodology used by the Group to determine loss allowances based on compliance with IFRS 9 Financial Instruments. — We performed a substantive test on a selected sample of specific transactions. — We performed an assessment of the estimates made by the Group in relation to the recoverability of past due receivables. — We regularly discussed the determination of the correctness and completeness of loss allowances for trade and other receivables with the Group's management, including the impact on the Group's financial position as of 31 December 2022 and its financial performance for the year then ended.

Other Information in the Annual Report

In compliance with Section 2 B) of the Act on Auditors, the other information comprises the information included in the Consolidated Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and the Audit Committee are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors, the Supervisory Board and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the Auditor and the Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 20 June 2022 and our uninterrupted engagement has lasted for five years.

Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 25 April 2023 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. We provided the following non-audit services to Company which are not disclosed in the financial statements.

- R&D consulting for the component CS SOFT a.s.
- Tax advisory (Tax Navigator) for the component CSGM a.s.
- Tax advisory (Tax Navigator) for CZECHOSLOVAK GROUP a.s.
- Agreed-upon procedures according to ISRS 4400 for the component EXCALIBUR ARMY spol. s r.o.
- Agreed-upon procedures according to ISRS 4400 for the component TATRA DEFENCE VEHICLE a.s.
- Agreed-upon procedures according to ISRS 4400 for the component TATRA TRUCKS a.s.

Report on Compliance with the ESEF Regulation

We have conducted a reasonable assurance engagement on the verification of compliance of the financial statements and the consolidated financial statements included in the Consolidated Annual Report with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation") that apply to the financial statements and the consolidated financial statements.

Responsibilities of the Board of Directors

The Company's Board of Directors is responsible for the preparation of the financial statements and the consolidated financial statements in compliance with the ESEF Regulation. Inter alia, the Company's Board of Directors is responsible for:

- The design, implementation and maintenance of the internal controls relevant for the application of the requirements of the ESEF Regulation;
- The preparation of all financial statements included in the Consolidated Annual Report in the valid XHTML format; and
- The selection and use of XBRL mark-ups in line with the requirements of the ESEF Regulation.

Auditor's Responsibilities

Our task is to express a conclusion whether the financial statements and the consolidated financial statements included in the Consolidated Annual Report are, in all material respects, in compliance with the requirements of the ESEF Regulation, based on the audit evidence obtained. Our reasonable assurance engagement was conducted in accordance with the International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

The nature, timing and scope of the selected procedures depend on the auditor's judgment. A reasonable assurance is a high level of assurance; however, it is not a guarantee that the examination conducted in accordance with the above standard will always detect a potentially existing material non-compliance with the requirements of the ESEF Regulation.

As part of our work, we performed the following procedures:

- We obtained an understanding of the requirements of the ESEF Regulation;
- We obtained an understanding of the Company's internal controls relevant for the application of the requirements of the ESEF Regulation;
- We identified and evaluated risks of material non-compliance with the ESEF Regulation, whether due to fraud or error; and
- Based on this, we designed and performed procedures responsive to those risks and aimed at obtaining a reasonable assurance for the purposes of expressing our conclusion.

The aim of our procedures was to assess whether:

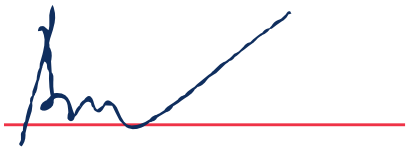
- The sets of financial statements included in the Consolidated Annual Report were prepared in the valid XHTML format;
- The data in the consolidated financial statements were marked up where required by the ESEF Regulation and all mark-ups meet the following requirements:
  - XBRL mark-up language was used;
  - The elements of the core taxonomy specified in the ESEF Regulation with the closest accounting meaning were used, unless an extension taxonomy element was created in compliance with the ESEF Regulation; and
  - The mark-ups comply with the common rules for mark-ups pursuant to the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

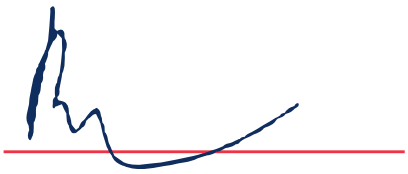
In our opinion, the Company's financial statements and the consolidated financial statements for the year ended 31 December 2022 included in the Consolidated Annual Report are, in all material respects, in compliance with the requirements of the ESEF Regulation.

In Prague on 25 April 2023



Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory auditor:

David Batal
registration no. 2147

The Kinetic Group

Audited combined financial statements as of and for the years ended March 31, 2024 and March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Vista Outdoor Inc.

Opinion

We have audited the combined financial statements of The Kinetic Group business {the "Company"), which comprise the combined balance sheets as of March 31, 2024 and 2023, and the related combined statements of comprehensive income, cash flows, and parent company equity for the years then ended, and the related notes to the combined financial statements {collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America {GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 and Note 14 to the financial statements, the accompanying financial statements have been derived from the consolidated financial statements and accounting records of Vista Outdoor Inc. The financial statements also include expense allocations for certain functions provided by Vista Outdoor Inc. These allocations may not be reflective of the actual expenses that would have been incurred had the Company operated as an independent company apart from Vista Outdoor Inc. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

* Exercise professional judgment and maintain professional skepticism throughout the audit.

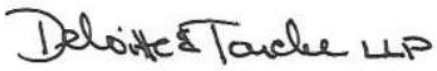
* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

* Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

* Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



June 10, 2025

THE KINETIC GROUP

COMBINED BALANCE SHEETS

(Amounts in thousands)	March 31, 2024	March 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 46	$ 96
Net receivables	142,269	135,010
Net inventories	316,252	306,927
Other current assets	5,776	7,685
Total current assets	464,343	449,718
Net property, plant, and equipment	140,370	154,885
Operating lease assets	7,302	7,359
Goodwill	86,105	86,105
Net intangible assets	58,323	58,561
Other non-current assets	1,333	1,455
Total assets	$ 757,776	$ 758,083
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 74,647	$ 67,781
Accrued compensation	21,082	21,480
Accrued income taxes	635	1,206
Federal excise, use, and other taxes	22,930	25,543
Other current liabilities	32,629	38,010
Total current liabilities	151,923	154,020
Deferred income tax liabilities	14,520	17,960
Long-term operating lease liabilities	5,629	6,138
Accrued pension and postemployment benefits	21,183	24,876
Other long-term liabilities	20,711	21,222
Total liabilities	213,966	224,216
Commitments and contingencies (Note 13)		
Parent company equity		
Parent company investment	612,448	605,015
Accumulated other comprehensive loss	(68,638)	(71,148)
Total parent company equity	543,810	533,867
Total liabilities and parent company equity	$ 757,776	$ 758,083

See Notes to the Combined Financial Statements

THE KINETIC GROUP
COMBINED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)	Years ended March 31, 2024	2023
Sales, net	$ 1,452,632	$ 1,757,932
Cost of sales	966,870	1,104,416
Gross profit	485,762	653,516
Operating expenses:		
Research and development	7,577	7,556
Selling, general, and administrative	123,422	147,093
Income before income taxes	354,763	498,867
Income tax provision	(80,786)	(111,249)
Net income	$ 273,977	$ 387,618
Net income (from above)	$ 273,977	$ 387,618
Other comprehensive income, net of tax:		
Reclassification of net actuarial loss for pension and postretirement benefit plans recorded to net income, net of tax expense of $(675) and $(838), respectively	2,281	2,822
Valuation adjustment for pension and postretirement benefit plans, net of tax benefit (expense) of $(144) and $951, respectively	485	(3,202)
Change in derivative instruments, net of tax benefit of $76 and $521, respectively	(256)	581
Total other comprehensive income	2,510	201
Comprehensive income	$ 276,487	$ 387,819

See Notes to the Combined Financial Statements.

THE KINETIC GROUP
COMBINED STATEMENTS OF CASH FLOWS

(Amounts in thousands)	Years ended March 31, 2024	2023
Operating Activities		
Net income	$ 273,977	$ 387,618
Adjustments to net income to arrive at cash provided by operating activities:		
Depreciation	28,600	27,451
Amortization of intangible assets	238	237
Deferred income taxes	(4,183)	(7,019)
Loss on disposal of property, plant, and equipment	36	907
Share-based compensation	6,257	14,838
Changes in assets and liabilities:		
Net receivables	(7,259)	5,154
Net inventories	(9,325)	(9,144)
Accounts payable	9,282	15,536
Accrued compensation	(398)	(16,602)
Accrued income taxes	(571)	780
Federal excise, use and other taxes	(2,613)	(3,627)
Accrued pension and postemployment benefits	(112)	1,884
Other assets and liabilities	(4,663)	6,038
Cash provided by operating activities	289,266	424,051
Investing Activities		
Capital expenditures	(14,586)	(23,580)
Proceeds from the disposition of property, plant, and equipment	194	4
Cash used for investing activities	(14,392)	(23,576)
Financing Activities		
Net transfers to Parent	(274,924)	(400,473)
Cash used for financing activities	(274,924)	(400,473)
(Decrease) Increase in cash and cash equivalents	(50)	2
Cash and cash equivalents at beginning of year	96	94
Cash and cash equivalents at end of year	$ 46	$ 96
Supplemental Cash Flow Disclosures:		
Noncash investing activity:		
Capital expenditures included in accounts payable and other current liabilities	$ 70	$ 2,417

See Notes to the Combined Financial Statements.

THE KINETIC GROUP

COMBINED STATEMENTS OF PARENT COMPANY EQUITY

(Amounts in thousands)	Parent Company Investment	Accumulated Other Comprehensive Income (Loss)	Total Parent Company Equity
Balance, March 31, 2022	**602,326**	**(71,349)**	**530,977**
Comprehensive income	387,618	201	387,819
Net transfers to Parent	(384,929)	—	(384,929)
Balance, March 31, 2023	**$ 605,015**	**$ (71,148)**	**$ 533,867**
Comprehensive income	273,977	2,510	276,487
Net transfers to Parent	(266,544)	—	(266,544)
Balance, March 31, 2024	**$ 612,448**	**$ (68,638)**	**$ 543,810**

See Notes to the Combined Financial Statements.

THE KINETIC GROUP

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Amounts in thousands except share and per share data and unless otherwise indicated)

1. **Background**

October 15, 2023, Vista Outdoor Inc. (“Vista Outdoor”) entered into a definitive agreement (the “Merger Agreement”) to sell The Kinetic Group business (“Company”) to CZECHOSLOVAK GROUP a.s. (“CSG”), for an enterprise value of $1,910,000 ("the base purchase price") on a cash-free, debt-free basis subject to working capital adjustments, in an all-cash transaction (the “The Kinetic Group Sale”). Pursuant to a Separation Agreement entered into between Vista Outdoor and Revelyst, Inc. (“Revelyst”) simultaneously with the entry into the Merger Agreement, Vista Outdoor will separate its Revelyst Outdoor Performance, Revelyst Adventure Sports and Revelyst Precision Sports Technology segments (together, the “Revelyst business”, formerly the Outdoor Products business) from The Kinetic Group business by transferring the assets and liabilities of the Revelyst business to a wholly owned subsidiary of Vista Outdoor, Revelyst, and CSG will merge one of its subsidiaries with Vista Outdoor (holding only The Kinetic Group business), with each share of common stock, par value $0.01 per share, of Vista Outdoor ("Vista Outdoor Common Stock") outstanding as of immediately prior to the closing of such transaction (other than shares held by Vista Outdoor, its subsidiaries or CSG, which will be canceled, and shares subject to appraisal demands in connection with The Kinetic Group Sale) being converted into the right to receive (a) one fully paid and non-assessable share of common stock of Revelyst and (b) $12.90 in cash (“Cash Consideration”).

On May 27, 2024, the parties entered into the first amendment to the Merger Agreement (the “First Amendment”). The First Amendment:

1. increases the base purchase price from $1,910,000 to $1,960,000;
2. increases the Cash Consideration from $12.90 to $16.00 in cash per share of Vista Outdoor Common Stock; and
3. provides that certain Vista Outdoor restricted stock units held by Company employees will be converted into restricted cash awards, subject to the same terms and conditions as the corresponding Vista Outdoor restricted stock units, including vesting terms, to the extent necessary to address adverse tax consequences to such employees and the Company under Sections 280G and 4999 of the Internal Revenue Code of 1986, as amended from time to time.

On June 23, 2024, the parties entered into the second amendment to the Merger Agreement (the “Second Amendment”). The Second Amendment:

1. increased the base purchase price from $1,960,000 to $2,000,000; and
2. increased the Cash Consideration from $16.00 to $18.00 in cash per share of Vista Outdoor Common Stock.

On July 7, 2024, the parties entered into the third amendment to the Merger Agreement (the “Third Amendment”). The Third Amendment:

1. increased the base purchase price from $2,000,000 to $2,100,000; and
2. increased the Cash Consideration from $18.00 to $21.00 in cash per share of Vista Outdoor Common Stock.

On July 21, 2024, the parties entered into the fourth amendment to the Merger Agreement (the “Fourth Amendment”). The Fourth Amendment:

1. increased the base purchase price from $2,100,000 to $2,150,000; and
2. increased the Cash Consideration from $21.00 to $24.00 in cash per share of Vista Outdoor Common Stock.

On September 12, 2024, the parties entered into the Fifth Merger Agreement Amendment. The Fifth Merger Agreement Amendment:

1. provided for Revelyst to issue Vista Outdoor additional shares of Revelyst Common Stock in an amount equal to the number of shares of Revelyst Common Stock equal to 7.5% of the fully diluted outstanding shares of Revelyst Common Stock as of the closing of The Kinetic Group Sale (after giving effect to the Contribution (as defined in the Separation Agreement) including, for the avoidance of doubt, the shares of Revelyst Common Stock to be transferred by Vista Outdoor to Merger Sub Parent) (the “Revelyst Purchased Shares”) prior to the sale of such shares from Vista Outdoor to Merger Sub Parent;

2. provided that immediately prior to the closing of The Kinetic Group Sale, Merger Sub Parent would purchase from Vista Outdoor the Revelyst Purchased Shares for $150,000 ("Revelyst Purchased Shares Purchase Price") (the "Revelyst Investment");
3. provided that following payment of the Revelyst Purchased Shares Purchase Price, Vista Outdoor would contribute such amount to Revelyst to be paid to Vista Outdoor stockholders as part of the Cash Consideration; and
4. increased the Cash Consideration from $24.00 to $28.00 in cash per share of Vista Outdoor Common Stock.

On October 4, 2024, the parties entered into the Sixth Merger Agreement Amendment. The Sixth Merger Agreement Amendment:

1. increased the Base Purchase Price from $2,150,000 to $2,225,000;
2. changed the Cash Consideration from $28.00 to $25.75 in cash per share of Vista Outdoor Common Stock;
3. extended the end date for The Kinetic Group Sale to December 11, 2024; and
4. eliminated the Revelyst Investment.

The Kinetic Group Sale was completed on November 26, 2024.

Nature of Operations. The Kinetic Group designs, develops, distributes and manufactures ammunition, primers and components and serves devoted hunters, recreational shooters, federal and local law enforcement agencies and the military. We are headquartered in Anoka, MN and have manufacturing and distribution facilities in the U.S.

2. Significant Accounting Policies

Basis of Combination. These combined financial statements reflect the historical financial position, results of operations and cash flows of the Company for the periods presented as the Company was historically managed within Vista Outdoor. The combined financial statements have been prepared on a "carve-out" basis and are derived from the consolidated financial statements and accounting records of Vista Outdoor. The combined financial statements have been prepared in U.S. dollars and in conformity with accounting principles generally accepted in the United States ("GAAP"). The combined financial statements may not be indicative of the Company's future performance and do not necessarily reflect what the results of operations, financial position and cash flows would have been had we operated as an independent company during the periods presented.

The combined financial statements include expense allocations for certain functions provided by Vista Outdoor, including, but not limited to, general corporate expenses related to management, finance, legal, information technology, human resources, communications, supply chain and insurance. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder principally allocated on the basis of percent of revenue, headcount or other measures. During the years ended March 31, 2024 and 2023, the Company was allocated $34,345 and $52,762, respectively, of such general corporate expenses, which were included within selling, general and administrative expenses in the combined statements of comprehensive income. Management considers the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to or the benefit received by the Company during the periods presented. The allocations may not, however, reflect the expenses the Company would have incurred if the Company had been an independent company for the periods presented. Actual costs that may have been incurred if the Company had been an independent company would depend on several factors, including the organizational structure, whether functions were outsourced or performed by employees, and strategic decisions made in areas such as information technology and infrastructure. The Company is unable to determine what such costs would have been had the Company been independent. Following the separation from Vista Outdoor, the Company performed these functions using its own resources, purchased services and transition services agreement with Revelyst. Certain expenses incurred by Vista Outdoor, that are not specifically identifiable and have not been deemed attributable to the Company, have not been allocated to The Kinetic Group business.

All intercompany transactions have been eliminated in the Vista Outdoor consolidation process. Related-party transactions between the Company and Vista Outdoor have been included in these combined financial statements. The aggregate net effect of related-party transactions not historically settled in cash between the Company and Vista Outdoor has been reflected in the combined balance sheets as "Parent company investment" and in the combined statements of cash flows as "Net transfers (to) from Parent" within financing activities.

Vista Outdoor utilizes a centralized approach to cash management and financing its operations. This arrangement is not reflective of the manner in which the Company would have been able to finance its operations had it been independent from

Vista Outdoor. The cash and cash equivalents held by Vista Outdoor at the corporate level are not specifically identifiable to the Company and therefore have not been reflected in the Company's combined balance sheets. Cash transfers between Vista Outdoor and the Company are recorded through the Parent company investment account. Cash and cash equivalents in the combined balance sheets represents cash held locally by the Company.

The combined financial statements include certain assets and liabilities that have historically been held at the Vista Outdoor corporate level but are specifically identifiable or otherwise attributable to the Company. Vista Outdoor's third-party debt and the related interest expense have not been allocated to the Company for any of the periods presented, as the Company is not the primary obligor of such debt. Certain other assets and liabilities at Vista Outdoor, that are not specifically identifiable and have not been deemed attributable to the Company, have not been allocated to The Kinetic Group business.

Basis of Presentation. The combined financial statements reflect our financial position, results of operations and cash flows in conformity with GAAP.

Fiscal Year. References in this report to a particular fiscal year refer to the fiscal year ended March 31 of that calendar year.

Use of Estimates. The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimates. We review our estimates to ensure that these estimates properly reflect changes in our business or as new information becomes available.

Revenue Recognition. For the majority of our contracts with customers, we recognize revenue for our products at a point in time upon the transfer of control of the products to the customer, which typically occurs upon shipment and coincides with our right to payment, the transfer of legal title and the transfer of the significant risks and rewards of ownership of the product.

The total amount of revenue we recognize for the sale of our products reflects various sales adjustments for discounts, returns, refunds, allowances, rebates and other customer incentives. These sales adjustments can vary based on market conditions, customer preferences, timing of customer payments, volume of products sold and timing of new product launches. These adjustments require management to make reasonable estimates of the amount we expect to receive from the customer. We estimate sales adjustments by customer or by product category on the basis of our historical experience with similar contracts with customers, adjusted as necessary to reflect current facts and circumstances and our expectations for the future. Sales taxes and other similar taxes are excluded from revenue. Revenue recognition is discussed in further detail in Note 6, *Revenue Recognition*.

Cost of Sales. Cost of sales includes material, labor and overhead costs associated with product manufacturing, including depreciation, amortization, purchasing and receiving, inspection, warehousing, product liability, warranty and inbound and outbound shipping and handling costs.

Research and Development Costs. Research and development costs consist primarily of compensation and benefits and experimental work materials for our employees who are responsible for the development and enhancement of new and existing products. Research and development costs incurred to develop new products and to enhance existing products are charged to expense as incurred.

Selling, General, and Administrative Expense. Selling, general, and administrative expense includes, among other items, administrative salaries, benefits, commissions, advertising, insurance and professional fees.

Advertising Costs. Advertising and promotional costs including print ads, commercials, catalogs and brochures are expensed in the period when the first advertisement is run. Our co-op program is structured so that certain customers are eligible for reimbursement for certain types of advertisements on qualifying product purchases and are accrued as purchases are made. Advertising costs totaled $8,493 and $10,445 for the fiscal years ended March 31, 2024 and 2023, respectively.

Cash Equivalents. Cash equivalents are all highly liquid cash investments purchased with original maturities of three months or less.

Allowance for Estimated Credit Losses and Discounts. We maintain an allowance for credit losses related to accounts receivable for future expected credit losses resulting from the inability or unwillingness of our customers to make required payments. We estimate the allowance based upon historical bad debts, current customer receivable balances, age of customer receivable balances and the customers' financial condition and in relation to a representative pool of assets consisting of a large number of customers with similar risk characteristics. The allowance is adjusted as appropriate to reflect differences in current conditions as well as changes in forecasted macroeconomic conditions.

Inventories. Inventories are stated at the lower of cost, determined using the first-in, first-out ("FIFO") method, or net realizable value. Inventory costs associated with work in process inventory and finished goods include material, labor and manufacturing overhead, while costs associated with raw materials and purchased finished goods include material and inbound freight costs. We provide inventory allowances for any excess and obsolete inventories and periodically write inventory amounts down to market when costs exceed market value.

Fair Value Measurements. Fair value is defined as the price that would be received to sell an asset or the price paid to transfer a liability (the exit price) in the principal and most advantageous market for the asset or liability in an orderly transaction between market participants. We measure and disclose the fair value of nonfinancial and financial assets and liabilities utilizing a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. This hierarchy requires the use of observable market data when available. The measurement of assets and liabilities at fair value are classified using the following three-tier hierarchy:

Level 1—Quoted prices for identical instruments in active markets.

Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3—One or more significant inputs to the valuation model are unobservable.

See Note 3, *Fair Value of Financial Instruments*, for additional disclosure regarding fair value of financial instruments.

Goodwill. We test goodwill for impairment on the first day of the fourth fiscal quarter or upon the occurrence of events or changes in circumstances that indicate that the asset might be impaired. We have one reporting unit, which constitutes a business for which discrete financial information is available, and for which segment management regularly reviews the operating results. During the annual impairment review process we have the option to first perform a qualitative assessment (commonly referred to as "step zero") over relative events and circumstances to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value or to perform a quantitative assessment ("step one") where we estimate the fair value of our reporting unit using both an income and market approach.

We completed a step zero assessment during the fourth quarter of fiscal year 2024 and concluded there were no indications of impairment. See Note 10, *Goodwill and Intangible Assets*, for discussion and details.

When we perform a quantitative analysis to assess the recoverability of our goodwill, we determine our estimated fair value and compare it to our carrying value, including goodwill. When fair value is less than the carrying value of the net assets and related goodwill, an impairment charge is recognized for the excess. Our fair value is determined using both an income and market approach. The value estimated using a discounted cash flow model is weighted against the estimated value derived from the guideline company market approach method. This market approach method estimates the price reasonably expected to be realized from the sale of the Company based on comparable companies.

In developing the discounted cash flow analysis, our assumptions about forecasted revenues and operating margins, capital expenditures, and changes in working capital are based on our plan, as reviewed by the Vista Outdoor Board of Directors, and assume a terminal growth rate thereafter. A discount rate is determined and these cash flows are then discounted

to determine the fair value of the Company. The discounted cash flow analysis is derived from valuation techniques in which one or more significant inputs are not observable (Level 3 fair value measurements).

Indefinite-Lived Intangible Assets. Indefinite-lived intangibles are not amortized and are tested for impairment annually on the first day of the fourth fiscal quarter or upon the occurrence of events or changes in circumstances that indicate that the assets might be impaired. We completed a step zero assessment on our tradenames in our fiscal year 2024 annual assessment, and concluded there were no indicators of impairment.

Amortizing Intangible Assets and Long-Lived Assets. Our primary identifiable intangible assets include tradenames, patented technology and customer relationships. Our long-lived assets consist primarily of property, plant, and equipment, amortizing right-of-use assets related to our operating leases and amortizing costs related to cloud computing arrangements. We periodically evaluate the recoverability of the carrying amount of our long-lived assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be fully recoverable or exceeds its fair value.

Derivatives and Hedging. We mitigate the impact of commodity forward contracts that are accounted for as designated hedges pursuant to ASC Topic 815, “Derivatives and Hedging” ("ASC Topic 815"). ASC Topic 815 requires that an entity recognize all derivatives as either assets or liabilities on the balance sheet, measure those instruments at fair value and recognize changes in the fair value of derivatives in earnings in the period of change unless the derivative qualifies as designated cash flow hedge that offsets certain exposures. Certain criteria must be satisfied in order for derivative financial instruments to be classified and accounted for as a cash flow hedge. Derivatives that are not elected for hedge accounting treatment are recorded immediately in earnings. We may use derivatives to hedge commodity price risks, but do not use derivative financial instruments for trading or other speculative purposes. We utilize counterparties for our derivative instruments that we believe are creditworthy at the time the transactions are entered into and closely monitor the credit ratings of these counterparties. See Note 5, *Derivative Financial Instruments*, for additional information.

We would discontinue hedge accounting prospectively (i) if it is determined that the derivative is no longer effective in offsetting changes in the cash flows of a hedged item, (ii) when the derivative expires or is sold, terminated, or exercised, (iii) if it becomes probable that the forecasted transaction being hedged by the derivative will not occur, (iv) if a hedged firm commitment no longer meets the definition of a firm commitment, or (v) if it is determined that designation of the derivative as a hedge instrument is no longer appropriate. The fair value of our forward contracts based on pricing models using current market rates. These contracts are classified under Level 2 of the fair value hierarchy (see Note 3, *Fair Value of Financial Instruments*).

Stock-Based Compensation. We account for our participation in Vista Outdoor’s share-based compensation arrangements in accordance with ASC Topic 718, “Compensation—Stock Compensation” (“ASC Topic 718”) which requires the measurement and recognition of compensation expense for all share-based payment awards to employees and directors based on estimated fair values. Vista Outdoor’s share-based compensation plans, which are described more fully in Note 11, *Employee Benefit Plans*, provide for the grant of various types of share-based incentive awards, including performance awards, performance awards with a TSR modifier, restricted stock/restricted stock units and options to purchase common stock. The types and mix of share-based incentive awards are evaluated on an ongoing basis and may vary based on Vista Outdoor’s overall strategy regarding compensation, including consideration of the impact of expensing stock awards on our results of operations.

Income Taxes. We account for income taxes under the asset and liability method in accordance with the accounting standard for income taxes. The asset and liability method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities. Under this method, changes in tax rates and laws are recognized in income in the period such changes are enacted.

We record net deferred tax assets to the extent that we believe these assets will more likely than not be realized. In making such determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent results of operations. Significant estimates are required for this analysis. If we were to determine that the amount of deferred income tax assets we would be able

to realize in the future had changed, we would make an adjustment to the valuation allowance, which would decrease or increase the provision for income taxes.

The provision for federal and state and local income taxes is calculated on income before income taxes based on current tax law and includes the cumulative effect of any changes in tax rates from those used previously in determining deferred tax assets and liabilities. Such provision differs from the amounts currently payable because certain items of income and expense are recognized in different reporting periods for financial reporting purposes than for income tax purposes.

We periodically assess our liabilities and contingencies for all periods that are currently open to examination or have not been effectively settled based on the most current available information. Where it is not more likely than not that our tax position will be sustained, we record the entire resulting tax liability, and when it is more likely than not of being sustained, we record our best estimate of the resulting tax liability. To the extent our assessment of the tax outcome of these matters changes, such change in estimate will impact the income tax provision in the period of change. It is our policy to record interest and penalties related to income taxes as part of the income tax expense for financial reporting purposes.

Worker's Compensation. The liability for losses under our worker's compensation program has been actuarially determined. The balance for worker's compensation liability was $9,713 and $5,864 as of March 31, 2024 and 2023, respectively.

Accumulated Other Comprehensive Loss. The components of AOCL, net of income taxes, are as follows:

	March 31,	
	2024	2023
Derivatives	$ (38)	$ 218
Pension and other postretirement benefit liabilities	(68,600)	(71,366)
Total accumulated other comprehensive loss	$ (68,638)	$ (71,148)

The following table details the amounts reclassified from AOCL to earnings, net of income tax:

	Years ended March 31,					
	2024			2023		
	Derivatives	Pension and other postretirement benefits liabilities	Total	Derivatives	Pension and other postretirement benefits liabilities	Total
Beginning of year AOCL	$ 218	$ (71,366)	$ (71,148)	$ (363)	$ (70,986)	$ (71,349)
Change in fair value of derivatives	114	—	114	713	—	713
Income tax impact on derivative instruments	76	—	76	521	—	521
Net gain reclassified from AOCL	(446)	—	(446)	(653)	—	(653)
Net actuarial losses reclassified from AOCL	—	2,281	2,281	—	2,822	2,822
Prior service costs reclassified from AOCL	—	—	—	—	—	—
Valuation adjustment for pension and postretirement benefit plan	—	485	485	—	(3,202)	(3,202)
End of year AOCL	$ (38)	$ (68,600)	$ (68,638)	$ 218	$ (71,366)	$ (71,148)

Recent Accounting Pronouncements—We considered all recent accounting pronouncements and concluded they are not expected to have a material impact on our combined financial statements.

3. Fair Value of Financial Instruments

We measure and disclose our financial assets and liabilities at fair value on a recurring and nonrecurring basis. Fair value is defined as the price that would be received to sell an asset or the price paid to transfer a liability (the exit price) in the principal and most advantageous market for the asset or liability in an orderly transaction between market participants. Assets and liabilities carried at fair value are classified using the three-tier hierarchy. See Note 2, *Significant Accounting Policies*, for additional information.

The following section describes the valuation methodologies we use to measure our financial instruments at fair value on a recurring basis:

Derivative Financial Instruments

Hedging instruments are re-measured on a recurring basis using broker quotes (See Note 5, *Derivative Financial Instruments)* and are therefore categorized within Level 2 of the fair value hierarchy.

Disclosures about the Fair Value of Financial Instruments

The carrying amount of our receivables, inventory, accounts payable and accrued liabilities as of March 31, 2024 and March 31, 2023 approximates fair value because of the short maturity of these instruments. The carrying values of cash and cash equivalents as of March 31, 2024 and March 31, 2023 are categorized within Level 1 of the fair value hierarchy.

We measure certain nonfinancial assets at fair value on a nonrecurring basis if certain indicators are present. These assets include long-lived assets that are written down to fair value when they are held for sale or determined to be impaired. See Note 2, *Significant Accounting Policies*, for further information on our accounting policies regarding long-lived assets.

4. Leases

We lease certain warehouse and distribution space, office space, equipment and vehicles. All of these leases are classified as operating leases. Operating lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. We use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. These rates are assessed on a quarterly basis. The operating lease assets also include any lease payments made less lease incentives. Leases with an initial term of twelve months or less are not recorded on the balance sheet. For operating leases, expense is recognized on a straight-line basis over the lease term. Variable lease payments associated with our leases are recognized upon occurrence of the event, activity or circumstance in the lease agreement on which those payments are assessed. Tenant improvement allowances are recorded as leasehold improvements with an offsetting adjustment included in our calculation of its right-of-use asset.

Many leases include one or more options to renew, with renewal terms that can extend the lease term up to five years. The exercise of lease renewal options is at our sole discretion. The depreciable life of assets and leasehold improvements are limited by the expected lease term.

The amounts of assets and liabilities related to our operating leases were as follows.

		March 31,	
	Balance sheet caption	**2024**	**2023**
Assets:			
Operating lease assets	Operating lease assets	$ 7,302	$ 7,359
Liabilities:			
Current:			
Operating lease liabilities	Other current liabilities	$ 2,485	$ 2,192
Long-term:			
Operating lease liabilities	Long-term operating lease liabilities	5,629	6,138
Total lease liabilities		$ 8,114	$ 8,330

The components of lease expense are recorded to cost of sales and selling, general and administration expenses in the combined statements of comprehensive income. The components of lease expense were as follows:

	Years ended March 31,	
	2024	2023
Fixed operating lease costs (1)	$ 4,503	$ 4,985
Variable operating lease costs	564	43
Net lease costs	$ 5,067	$ 5,028

(1) Includes short-term leases, which are immaterial.

The weighted average remaining lease term and weighted average discount rate is as follows:

	March 31,	
	2024	2023
Weighted average remaining lease term (years):		
Operating leases	3.48	4.21
Weighted average discount rate:		
Operating leases	8.07 %	7.68 %

The approximate future minimum lease payments under operating leases were as follows:

Fiscal year 2025	$ 3,027
Fiscal year 2026	2,585
Fiscal year 2027	1,908
Fiscal year 2028	1,532
Fiscal year 2029	250
Thereafter	0
Total lease payments	9,302
Less imputed interest	(1,188)
Present value of lease liabilities	$ 8,114

Supplemental cash flow information related to leases is as follows:

	Years ended March 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows - operating leases	$ 3,197	$ 3,427
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	$ 2,322	$ 288

5. Derivative Financial Instruments

Commodity Price Risk

We use designated cash flow hedges to hedge our exposure to price fluctuations on lead we purchase for raw material components in our ammunition manufacturing process that are designated and qualify as effective cash flow hedges. The effectiveness of cash flow hedge contracts is assessed quantitatively at inception and qualitatively thereafter considering the transactions critical terms and counterparty credit quality.

The gains and losses on these hedges are included in accumulated other comprehensive loss and are reclassified into earnings at the time the forecasted revenue or expense is recognized. The gains or losses on the lead forward contracts are

recorded in inventory as the commodities are purchased and in cost of sales when the related inventory is sold. As of March 31, 2024, we had outstanding lead forward contracts on approximately 6.25 million pounds of lead. In the event the underlying forecasted transaction does not occur, or it becomes probable that it will not occur, the related change in fair value of the derivative instrument would be reclassified from accumulated other comprehensive loss and recognized in earnings. The asset related to the lead forward contracts is immaterial and is recorded as part of other current assets.

The following tables summarize the net effect of all cash flow hedges for each of our derivative contracts on the combined financial statements for the fiscal years ended March 31, 2024 and 2023, respectively:

	Gain recognized in other comprehensive income	
	Years ended March 31,	
Derivatives designated as cash flow hedging instruments:	**2024**	**2023**
Lead forward contracts	$ 114	$ 713

		Gain reclassified from accumulated other comprehensive income into earnings	
		Years ended March 31,	
Derivatives designated as cash flow hedging instruments:	**Location**	**2024**	**2023**
Lead forward contracts	Cost of Sales	$ 446	$ 653

6. Revenue Recognition

The following tables disaggregates our net sales by geographic area:

	Years ended March 31,	
	2024	**2023**
Domestic (1)	$ 1,311,485	$ 1,619,221
International (2)	141,147	138,711
Total	$ 1,452,632	$ 1,757,932

(1) Domestic commercial channel services a wide variety of mass, specialty and independent retailers and distributors, such as Academy, Bass Pro Shops, Sports Inc., Sports South, and Walmart. Some of our products are also sold directly to consumers through the relevant brand's website. Domestic Military/Law Enforcement channel services law enforcement and military professional through law enforcement distributors and agencies such as New York City Police Department, United Stated Department of Defense, and Kiesler Police Supply.

(2) International channel services the international commercial markets and government agencies of United States' allies across the globe.

We sell our products in the U.S. and internationally.

Product Sales

Our product lines are focused on the following categories:

- Centerfire pistol ammunition for use in handguns for training, target shooting and personal protection;
- Centerfire rifle ammunition for use in rifles for hunting, target shooting, training and personal protection;
- Rimfire ammunition for training and recreational target shooting in rifles and handguns;
- Shotshell ammunition for clay target shooting, waterfowl, and upland game hunting; and

- Ammunition components.

Among these categories, we derive the largest portion of our sales from ammunition, which is a consumable, repeat purchase product.

We recognize revenue for our products at a point in time upon the transfer of control of the products to the customer, which typically occurs upon shipment and coincides with our right to payment, the transfer of legal title and the transfer of the significant risks and rewards of ownership of the product.

Typically, our contracts require customers to pay within 30-60 days of product delivery with a discount available to some customers for early payment. In some cases, we offer extended payment terms to customers. However, we do not consider these extended payment terms to be a significant financing component of the contract because the payment terms are less than a year.

In limited circumstances, our contract with a customer may have shipping terms that indicate a transfer of control of the products upon their arrival at the destination rather than upon shipment. In those cases, we recognize revenue only when the product reaches the customer destination, which may require us to estimate the timing of transfer of control based on the expected delivery date. In all cases, however, we consider our costs related to shipping and handling to be a cost of fulfilling the contract with the customer.

The total amount of revenue we recognize for the sale of our products reflects various sales adjustments for discounts, returns, refunds, allowances, rebates and other customer incentives. These sales adjustments can vary based on market conditions, customer preferences, timing of customer payments, volume of products sold and timing of new product launches. These adjustments require management to make reasonable estimates of the amount we expect to receive from the customer. We estimate sales adjustments by customer or by product category on the basis of our historical experience with similar contracts with customers, adjusted as necessary to reflect current facts and circumstances and our expectations for the future. Sales taxes, federal excise taxes and other similar taxes are excluded from revenue.

Incentives in the form of cash paid to the customer (or a reduction of a customer cash payment to us) typically are recognized as a reduction of sales unless the incentive is for a distinct benefit that we receive from the customer, e.g., advertising or marketing.

7. Receivables

Our trade accounts receivables are recorded at net realizable value, which includes an appropriate allowance for estimated credit losses as described in Note 2, *Significant Accounting Policies*. We maintain an allowance for credit losses related to accounts receivable for future expected credit losses resulting from the inability or unwillingness of our customers to make required payments. We estimate the allowance based upon historical bad debts, current customer receivable balances, age of customer receivable balances and the customers' financial condition, and in relation to a representative pool of assets consisting of a large number of customers with similar risk characteristics. The allowance is adjusted as appropriate to reflect differences in current conditions as well as changes in forecasted macroeconomic conditions. Receivables that do not share risk characteristics are evaluated on an individual basis, including those associated with customers that have a higher probability of default.

Net receivables are summarized as follows:

	March 31,	
	2024	2023
Trade receivables	$ 151,068	$ 144,833
Other receivables	1,326	168
Less: allowance for estimated credit losses and discounts	(10,125)	(9,991)
Net receivables	$ 142,269	$ 135,010

No one customer represented more than 10% of total trade receivables as of March 31, 2024 or March 31, 2023.

The following provides a reconciliation of the activity related to the allowance for estimated credit losses and discounts for the periods presented:

Balance, March 31, 2022	$	9,127
Provision for credit losses		864
Balance, March 31, 2023		9,991
Provision for credit losses		134
Balance, March 31, 2024	$	10,125

8. Inventories

Net inventories consist of the following:

	March 31,	
	2024	2023
Raw materials	$ 109,351	$ 128,064
Work in process	45,907	50,388
Finished goods	160,994	128,475
Net inventories	$ 316,252	$ 306,927

9. Property, Plant, and Equipment

Property, plant, and equipment is stated at cost and depreciated over estimated useful lives using a straight-line method. Machinery and equipment are depreciated over 3 to 7 years and buildings and improvements are depreciated over 3 to 30 years. Depreciation expense was $28,600 and $27,451 in fiscal years 2024 and 2023, respectively.

We review property, plant, and equipment for impairment when indicators of potential impairment are present. When such impairment is identified, it is recorded as a loss in that period. Maintenance and repairs are charged to expense as incurred. Major improvements that extend useful lives are capitalized and depreciated. The cost and accumulated depreciation of property, plant, and equipment retired or otherwise disposed of are removed from the related accounts, and any residual values are charged or credited to income.

Property, plant, and equipment consists of the following:

	March 31,	
	2024	2023
Land	$ 11,063	$ 11,063
Buildings and improvements	83,925	80,201
Machinery and equipment	316,141	295,239
Property not yet in service	6,935	14,694
Gross property, plant, and equipment	418,064	401,197
Less: accumulated depreciation	(277,694)	(246,312)
Net property, plant, and equipment	$ 140,370	$ 154,885

10. Goodwill and Intangible Assets

Goodwill

There were no changes in the carrying value of goodwill during fiscal years 2024 and 2023, respectively. There are no accumulated impairment losses.

We performed our annual testing of goodwill in accordance with our accounting policies described in Note 2, *Significant*

Accounting Policies. In fiscal 2024, we completed a step zero assessment during the fourth quarter, and concluded there were no indicators of impairment. In fiscal 2023, we performed a quantitative analysis during the fourth quarter and determined our fair value exceeded the carrying value of our goodwill.

Net intangibles consisted of the following:

	March 31,					
	2024			2023		
	Gross carrying amount	Accumulated amortization	Total	Gross carrying amount	Accumulated amortization	Total
Trade names	$ 1,200	$ (253)	$ 947	$ 1,200	$ (173)	$ 1,027
Patented technology	647	(434)	213	647	(416)	231
Customer relationships and other	2,300	(467)	1,833	2,300	(327)	1,973
Total	4,147	(1,154)	2,993	4,147	(916)	3,231
Non-amortizing trade names	55,330	—	55,330	55,330	—	55,330
Net intangible assets	$ 59,477	$ (1,154)	$ 58,323	$ 59,477	$ (916)	$ 58,561

The amortizable intangible assets in the table above are being amortized using a straight-line method over a weighted average remaining period of approximately 13.48 years.

Amortization expense related to these assets was $238 and $237 in fiscal years 2024 and 2023, respectively, which is included within cost of sales. We expect amortization expense related to these assets in each of the next five fiscal years and beyond to be incurred as follows:

Fiscal year 2025	$ 238
Fiscal year 2026	238
Fiscal year 2027	238
Fiscal year 2028	238
Fiscal year 2029	238
Thereafter	1,803
Total	$ 2,993

11. Employee Benefit Plans

Defined Benefit Plan

Certain of the Company's employees participate in a defined benefit plan sponsored by Vista Outdoor (the "Plan"), which include participants of other Vista Outdoor operations that are accounted for by Vista Outdoor in accordance with accounting guidance for defined benefit pension plans. Accordingly, net periodic pension expense for Company employees is allocated to the Company based upon the number of Company participants in the Plan and reported in the combined statements of comprehensive income. Net periodic pension expense for these employees is recorded within cost of sales and selling, general and administrative expenses in the combined statements of comprehensive income. During the fiscal years ended March 31, 2024 and 2023, pension cost allocated to the Company was $951 and $1,525, respectively.

Vista Outdoor's net periodic pension expense and obligations are developed from actuarial valuations. Inherent in these valuations are key assumptions, including discount rates and long-term return on plan assets, retirement rates, mortality rates and other factors. Vista Outdoor's selection of assumptions is based on historical trends and known economic and market conditions at the time of valuation, as well as independent studies of trends performed by actuaries. However, actual results may differ substantially from the estimates that were based on the critical assumptions. Actual results that differ from Vista Outdoor's assumptions are accumulated and amortized over future periods and, therefore, generally affect Vista Outdoor's recognized expense in such future periods. While Vista Outdoor management believes that the assumptions used are

appropriate, significant differences in actual experience or significant changes in assumptions would affect Vista Outdoor's net periodic pension expense and obligations.

Vista Outdoor recognizes the funded status of the defined benefit pension plans and other postretirement benefit plans measured as the difference between the fair value of the plan assets and the benefit obligation. Benefit obligation balances reflect the projected benefit obligation ("PBO") for Vista Outdoor pension plans and accumulated post-retirement benefit obligations ("APBO") for Vista Outdoor other post-retirement benefit plans. The weighted average discount rate used to determine the PBO was 5.20% and 4.90% as of March 31, 2024 and 2023, respectively. The increase in the discount rate decreases the PBO and takes into consideration the actual return on the plan assets. The fair value of the plan assets was $138,247 and $143,658 as of March 31, 2024 and 2023, respectively. The benefit obligation was $159,006 and $167,047 as of March 31, 2024 and 2023, respectively. This resulted in an unfunded liability of $20,759 and $23,389 as of March 31, 2024 and 2023, respectively, which is primarily recorded within accrued pension and post-employment benefits liability on the combined balance sheets.

Since 2018, participating employee's benefits continue to grow based on annual interest credits applied to the employee's cash balance account until the commencement of the employee's benefit. Prior to the amendments, the benefits under the affected plans were determined by a cash balance formula that provided participating employees with an annual pay credit as a percentage of their eligible pay based on their age and eligible service.

The weighted average interest crediting rate was 4% for fiscal years 2024 and 2023. The plan assets are invested in a variety of financial funds which have investments in a variety of financial instruments including equities, fixed income, and hedge funds. Plan assets are invested in various asset classes that are expected to produce a sufficient level of diversification and investment return over the long-term. The investment goals are (1) to meet or exceed the assumed actuarial rate of return of 6.25% and 6.5% over the long-term within reasonable and prudent levels of risk as of March 31, 2024 and 2023, respectively, and (2) to preserve the real purchasing power of assets to meet future obligations.

Investments in financial funds are valued by multiplying the fund's net asset value ("NAV") per share with the number of units or shares owned as of the valuation date. NAV per share is determined by the fund's administrator or Vista Outdoor custodian by deducting from the value of the assets of the fund all its liabilities and the resulting number is divided by the outstanding number of shares or units. Investments held by the funds are valued on the basis of valuations furnished by a pricing service approved by the fund's investment manager, which determines valuations using methods based on market transactions for comparable securities and various relationships between securities which are generally recognized by institutional traders, or at fair value as determined in good faith by the fund's investment manager. For those assets that are invested within hedge funds there are certain restrictions on redemption of those assets including a one-year lockup period from initial investment and thereafter a 65-day notice period prior to redemption. There are no other significant restrictions on redemption of assets within other asset categories.

Employer contributions and distributions—During fiscal year 2024, Vista Outdoor made contributions of $0 directly to the pension trust, made contributions of $0 to the other postretirement benefit plans, and made distributions of $0 directly to retirees under the non-qualified supplemental executive retirement plans, respectively. During fiscal year 2023, Vista Outdoor made contributions of $0 directly to the pension trust, made contributions of $0 to the other postretirement benefit plans, and made distributions of $0 directly to retirees under the non-qualified supplemental executive retirement plans, respectively.

Vista Outdoor currently expect to make contributions of $4,300 during fiscal year 2025 which is the local funding requirement. Required future pension contributions are estimated based upon assumptions such as discount rates on future obligations, assumed rates of return on plan assets, and legislative changes. Actual future pension costs and required funding obligations will be affected by changes to these assumptions.

The following benefit payments, which reflect expected future service, are expected to be paid primarily out of the pension trust:

Fiscal year 2025	$ 14,854
Fiscal year 2026	13,488
Fiscal year 2027	13,212
Fiscal year 2028	13,113
Fiscal year 2029	13,439
Fiscal years 2030 through 2034	61,959

Defined Contribution Plan

Vista Outdoor sponsors a defined contribution retirement plan, a 401(k) savings plan, which certain of the Company's employees participate in. The plan is a tax-qualified retirement plan subject to the Employee Retirement Income Security Act of 1974 and covers most employees in the U.S.

Total contributions made to the 401(k) Plan for Company employees for fiscal years 2024 and 2023 were $14,072 and $14,748, respectively.

Share-Based Compensation

Total share-based compensation cost and the associated income tax benefits recognized in the combined statements of comprehensive income were as follows:

Of the total share-based compensation cost recognized in the fiscal years ended March 31, 2024 and 2023, $2,212 and $3,627, respectively, related directly to Company employees and $4,045 and $11,211, respectively, related to allocations of Vista Outdoor's corporate and shared employee share-based compensation expenses. At March 31, 2024, there are no share-based compensation arrangements for Company employees which have not been recognized. This amount will be recognized in expense over a weighted-average period of 0 years.

12. Income Taxes

Income (loss) before income taxes is as follows:

	Years ended March 31,	
	2024	2023
Current:		
U.S.	$ 354,763	$ 498,867
Income before income taxes	$ 354,763	$ 498,867

Our income tax (provision) benefit consists of:

	Years ended March 31,	
	2024	2023
Current:		
Federal	$ (74,254)	$ (105,212)
State	(10,715)	(13,591)
Deferred:		
Federal	3,894	6,239
State	289	1,315
Income tax provision	$ (80,786)	$ (111,249)

The items responsible for the differences between the federal statutory rate and our effective rate are as follows:

	Years ended March 31,	
	2024	2023
Statutory federal income tax rate	21.0 %	21.0 %
State income taxes, net of federal impact	2.0 %	2.0 %
Change in tax contingency	0.3 %	(0.3)%
Executive compensation	0.4 %	0.5 %
Foreign Derived Intangible Income	(0.9)%	(0.5)%
Other	(0.0)%	(0.4)%
Effective income tax rate	22.8 %	22.3 %

The effective tax rate for the current year differs from the federal statutory rate of 21% increased by the state taxes and partially offset by the deduction for the foreign derived intangible income.

The current year increase in the effective tax rate as compared to the prior year is primarily due to the impact of a lower income amount.

Deferred income taxes arise because of differences in the timing of the recognition of income and expense items for financial statement reporting and income tax purposes. The net effect of these temporary differences between the carrying amounts of assets and liabilities are classified in the combined balance sheets as non-current assets or liabilities. As of March 31, 2024 and 2023, the components of deferred tax assets and liabilities were as follows:

	March 31,	
	2024	2023
Deferred tax assets:		
Inventories	$ 7,457	$ 5,753
Accounts receivable	2,458	3,223
Accruals for employee benefits	1,222	2,383
Retirement benefits	3,941	5,354
Other	3,962	3,629
Total deferred tax assets	19,040	20,342
Valuation allowance	—	—
Total net deferred assets	19,040	20,342
Deferred tax liabilities:		
Intangible assets	(23,093)	(22,983)
Property, plant, and equipment	(10,467)	(15,319)
Total deferred tax liabilities	(33,560)	(38,302)
Net deferred income tax liability	$ (14,520)	$ (17,960)

As of March 31, 2024, our deferred tax assets were primarily the result of inventories and other deferred tax assets and our deferred tax liabilities were primarily the result of intangible assets.

Income taxes paid, net of refunds, totaled $0 and $0 in fiscal year 2024 and fiscal year 2023, respectively.

As of March 31, 2024 and 2023, unrecognized tax benefits, including interest and penalties, that have not been recorded in the combined financial statements amounted to $15,974 and $15,572, respectively. Of these amounts, inclusive of interest and penalties, $14,730 and $12,746, respectively, would affect the effective tax rate. It is expected that a $632 reduction of the liability for unrecognized tax benefits will occur in the next 12 months.

We have classified uncertain tax positions as non-current income tax liabilities unless expected to be paid within one year. A reconciliation of the beginning and ending amount of unrecognized tax benefits, excluding interest and penalties, is as follows:

	Years ended March 31,	
	2024	2023
Unrecognized Tax Benefits—beginning of period	$ 11,668	$ 9,621
Gross increases—current-period tax positions	1,890	4,041
Lapse of statute of limitations	(1,726)	(1,994)
Unrecognized Tax Benefits—end of period	$ 11,832	$ 11,668

We report income tax-related interest income within the income tax provision. Penalties and tax-related interest expense are also reported as a component of the income tax provision. As of March 31, 2024 and 2023, $1,775 and $1,571 of income tax-related interest and $2,366 and $2,333 of penalties were included in accrued income taxes, respectively. As of March 31, 2024 and 2023, our current tax provision included $1,705 and $1,628, respectively, of expense related to interest and penalties.

13. Commitments and Contingencies

We lease certain warehouse, distribution and office facilities, vehicles and office equipment under operating leases. These operating lease liabilities represent commitments for minimum lease payments under non-cancelable operating leases in the amount of $9,302. See Note 4, *Leases*.

As of March 31, 2024, we have known purchase commitments of $5,935 which are defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

The debt and related interest expense of Vista Outdoor has not been allocated to the Company, wholly or in part, for any of the periods. See Note 2, *Significant Accounting Policies*. As of March 31, 2024, Vista Outdoor had outstanding long-term debt of $720,000 through its 2022 ABL Revolving Credit Facility (“ABL Facility” and 4.5% Notes (“Notes”). The Company and its domestic subsidiaries, together with substantially all domestic subsidiaries of Vista Outdoor, guarantee on a secured basis, jointly and severally and fully and unconditionally, the ABL Facility of Vista Outdoor. Under the Notes obligation, the Company, together with Vista Outdoor’s existing and future domestic subsidiaries that guarantee the ABL Facility or other indebtedness in an aggregate principal amount in excess of $75,000, fully and unconditionally guarantees, jointly and severally, the Notes. The ABL Facility matures on March 31, 2026 and the Notes mature in 2029.

Litigation

From time to time, we are subject to various legal proceedings, including lawsuits, which arise out of, and are incidental to, the conduct of our business. We do not consider any of such proceedings that are currently pending, individually or in the aggregate, to be material to our business or likely to result in a material adverse effect on our operating results, financial position or cash flows.

Environmental liabilities

Our operations and ownership or use of real property are subject to a number of federal, state, and local environmental laws and regulations, as well as applicable foreign laws and regulations, including those governing the discharge of hazardous materials, remediation of contaminated sites, and restoration of damage to the environment. We are obligated to conduct investigation and/or remediation activities at certain sites that we own or operate or formerly owned or operated.

Certain of Vista Outdoor's former subsidiaries have been identified as a potentially responsible party ("PRPs" or "PRP"), along with other parties, in regulatory agency actions associated with hazardous waste sites. As a PRP, those former subsidiaries may be required to pay a share of the costs of the investigation and clean-up of these sites. In that event, we would be obligated

to indemnify those subsidiaries for those costs. While uncertainties exist with respect to the amounts and timing of the ultimate environmental liabilities, based on currently available information, we have concluded that these matters, individually or in the aggregate, will not have a material adverse effect on our operating results, financial position, or cash flows. We have recorded a liability for environmental remediation of $280 as of March 31, 2024 and $717 as of March 31, 2023.

We could incur substantial additional costs, including cleanup costs, resource restoration, fines, and penalties or third-party property damage or personal injury claims, as a result of violations or liabilities under environmental laws or non-compliance with environmental permits. While environmental laws and regulations have not had a material adverse effect on our operating results, financial condition, or cash flows in the past, and we have environmental management programs in place to mitigate these risks, it is difficult to predict whether they will have a material impact in the future.

14. Related Party Transactions

The combined financial statements have been prepared on a carve-out basis and are derived from the consolidated financial statements and accounting records of Vista Outdoor. The following discussion summarizes activity between the Company and Vista Outdoor.

Allocation of General Corporate Expenses

The combined statements of comprehensive income includes expenses for certain centralized functions and other programs provided and administered by Vista Outdoor that are charged directly to the Company. In addition, for purposes of preparing the combined financial statements on a carve-out basis, we have allocated a portion of Vista Outdoor total corporate expense to the Company. See Note 2, *Significant Accounting Policies,* for a discussion of the methodology used to allocate corporate-related costs for purposes of preparing these financial statements on a carve-out basis.

Share-Based Compensation

Total share-based compensation consists of the following:

	Years ended March 31,	
	2024	2023
Total share-based compensation expense (included in selling, general and administrative)	$ 6,257	$ 14,838
Income tax benefits related to share based compensation	176	465

Net Transfers To and From Vista Outdoor

Net transfers (to) from Parent are included within Parent Company Investment on the combined statements of parent company equity. The components of the net transfers (to) from Parent for the years ended March 31, 2024 and 2023 are as follows:

	Years ended March 31,	
		2023
General financing activities	$ (303,101)	$ (441,318)
Corporate allocations	30,300	41,551
Share-based compensation	6,257	14,838
Total net transfers (to) from Parent	$ (266,544)	$ (384,929)

Related party purchases

For the years ended March 31, 2024 and 2023, the Company purchased products from other Vista Outdoor businesses in the amount of $15,423 and $17,502, respectively, which are recorded in cost of sales in the combined statements of comprehensive income.

15. Subsequent Events

We evaluated subsequent events through June 10, 2025, the date these financial statements were available to be issued and, except for those discussed in Note 1, we did not identify any events requiring recognition or disclosure in these financial statements.

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