

# COLT CZ Group SE - Capital Markets Day

**Note:** Speaker labels were converted from "Meeting Room PRAGUE" only where reasonably clear from context. Otherwise, the original label was preserved.

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**Klára Šípová**

Hello, good afternoon, ladies, and gentlemen. Welcome to our Capital Markets presentation held in connection with the admission of Colt CZ shares to listing and trading on the regulated market of Euronext Amsterdam.

Trading on Euronext Amsterdam is expected to start this Wednesday, April 15th, at 9:00 in the morning, under the ticker COLT.

It is a dual listing alongside our existing listing on the Prague Stock Exchange on the Prime Market. The company's ISIN will remain unchanged and the shares will be fully fungible between Euronext and the Prague Stock Exchange.

So now let me briefly outline the format of today's session. The presentation for today's call is available on our website and was also distributed to you via email.

We will begin with the presentation during which you may submit your question anonymously via the chat function. After the presentation, we will address your questions and do our best to cover as many as possible.

During the presentation, we will address 3 key topics.

We will tell you something about our recent history. So, what happened to our company since the IPO?

We will then show you where we are now and after we will discuss where we want to be going ahead and how we want to move forward.

Since there are many participants on the call, all lines will remain muted throughout the session.

A full transcript of the conference, including the Q&As, will be made available on our website after the call.

And now let me introduce today's speakers. It's Mr. Radek Musil, the Group CEO. Hello, Radek.

**Radek Musil**

Good afternoon.

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**Klára Šípová**

It is Mrs. Jana Matoušková, the Group CFO. Hello, Jana.

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**Jana Matoušková**

Hello!

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**Klára Šípová**

And it's Mr. Ondřej Palát, Head of M&A. Hello, Ondřej.

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**Ondřej Palát**

Hello!

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**Klára Šípová**

And now I would like to hand over the speech to Radek Musil. Thank you.

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## **Radek Musil**

Well, we see ourselves as a global organization with production across 13 sites, with iconic brands like Colt, Sellier & Bellot, and CZUB.

Our business is based on the three pillars of firearms, ammunition, and energetic materials.

All these three pillars may have different different volumes, but just just the same volume of generated EBITDA, almost the equal generated in each segment. We are quite diversified between the

We are diversified roughly 50:50 between MLE and commercial sales. MLE stands for military and law enforcement. This is very important for our industry. We generate strong cash flow, regularly pay dividends, and are a trusted NATO provider with a proven track record of successful investment.

Since 2020, we have been listed on the Prague Stock Exchange, with a market capitalization of approximately USD 3 billion.

We are fully transparent what we are doing since 2020. A lot of information about us can be found on the internet and on our website.

Now, before we take you on the road describing our transformation in recent years, let's mention briefly the history, because the history of some of the brands that we own and of which we are the proud stewards is really long. Sellier & Bellot for its predecessor company was set up already in 1825. Mr. Samuel Colt established Colt Manufacturing Company in 1836 in a location just miles away from the current location of our manufacturing plant in West Hartford, Connecticut. Also, CZ, the third very important brand in our portfolio, is almost 100 years old. I'm mentioning this because this is extremely important in our industry not only in the commercial market, where the brand is, of course, something which is very important for the purchase decision making of the customers, but also in the professional market, in the MLE market, because our customers the armies, the police departments of this world tends to be among the most conservative possible. And, you know, having the history of 200 years of catering for the needs of the US Army or 100 years, you know, supplying, the Czech army. That's, of course, not the only necessary condition for us to get the contracts, but it is definitely something that helps. Now, for our recent equity story, in 2020, we executed IPO on the prime market of the Prague Stock Exchange, raising a total of CZK 812 million / USD 35 million in exchange for a minority stake in the company. The IPO price at that time was CZK 290.

As you may know, the current price is very close to 1,000 Czech crowns. Soon after, several months after that, we acquired a gold holding company in the United States, expanding the Group to a very strong North America coverage. And just after that, we rebranded the Group to Colt CZ, highlighting the integration of Colt and also our commitment to both key brands. In fact, CZ is a very strong brand, but it's Colt, which is, you know, globally known name. So, it is very important for us. And by the way, we are listing the company in Amsterdam with the ticker COLT, and we are changing the ticker also on the Prague Stock Exchange to COLT.

Now, following the acquisition of Colt and having a very strong position in the firearms sector, we have decided to explore the opportunities in the small caliber ammunition sector as well. In 2023, we agreed to acquire swissAA a specialized, high quality producer of small caliber ammunition based in Switzerland. And in the same year, we agreed to terms of acquisition with the owner of Sellier and Bílý as one of the largest global producers of small caliber ammunition.

That acquisition completed later in 2024. On the capital markets front, we continued with the largest accelerated book build in the modern history of the Czech capital markets in 2024. In the fall, we raised almost USD 100 million in the ABB.

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In 2025, we acquired Valley Steel Stamp in the United States, a well-established producer of firearm parts, adding further vertical integration to the Colt CZ firearm business. And then three months ago, we completed the acquisition of a major estate in Synthesia Nitrocellulose, the largest European producer of military-grade Nitrocellulose, thus expanding into a very supply-constrained area of the European defence supply chain. Now, as the natural next step in our equity story, we have decided, and we will talk about it in more detail later, to go for a dual listing on the Amsterdam market of Euronext.

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### **Radek Musil**

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### **Jana Matoušková**

So now I would like to introduce our Group through the numbers. Since the IPO in 2020, we have made really strong progress. Our key financial metrics have more than tripled. During the last five years, our Group has changed significantly. In 2020, we had only one segment, the firearms segment is a very strong brand, CZ. It is a factory based in the Czech Republic with distribution in the US. In 2021, when we purchased the iconic brand Colt in the US and Colt Canada, the firearm segment has doubled.

In 2024, we did strategic investment of Sellier & Bellot, and we started to report new segment ammunition. And you can see that the difference between 2023 and 2024 is huge regarding increase in revenues and EBITDA as well. And since January 2026, when the closing of Nitrocellulose was done, we start to report energetic segment with excellent profitability. Our growth during the last five, six years was driven by a combination of organic expansion and by M&A.

Our last two strategic acquisitions, I mean, Sellier & Bellot and Nitrocellulose, increase our profitability significantly. If I should comment on the profitability of individual segments on a long-term basis, firearm segments, profitability approximately 20%, ammunition, up to 30% and energetic segment over 45%.

In 2025, we delivered a strong performance. Our key brands, CZ, CZ-USA, Sellier & Bellot, and Colt Canada, had the best year in their history.

Our key financial metrics grew. You can see that revenues increased by approximately 5% and we achieved revenues of CZK 23.4 billion. EBITDA increased by about 1.4% and we achieved adjusted EBITDA of CZK 4.7 billion.

And if I should include profit from hedging, which is presented below EBITDA in financial result, the increase in adjusted EBITDA would be up to 10%.

Net profit increase also about 5%. During 2025, we had to face the weaknesses of US commercial market. We also had to face to US government shutdown, what happened in the last quarter of 2025. The shutdown caused situation where we had to postpone delivery of some MLE contracts from the last quarter 2025 to the first half of the year 2026. It means that we did not lose any project regarding this fact. However, we had to postpone it in the first half of the year 2026.

We were able to face this over both facts through our complex portfolio. Our portfolio has very nice resilience. We were able to shift from US commercial market to European market and to deliver what we promised. We also partly increased the share from commercial market to MLE segment as well.

We keep profitability slightly above 20% and the plan for the year 2026 is significantly higher, what you will see in the next slide. If I should speak about the net debt, you can see that on a long-term basis, the net debt is below or slightly above our leverage is healthy. We are a cash generated business, generated business. We have very good financial flexibility. It means that we are able to absorb new acquisitions quite quickly without any negative impacts of our general business. Our maximum level of this net leverage ratio could be up to 3.5. It is in line with the covenants and we are significantly below this fact. In the end of 2025, the net leverage ratio achieved 1.8. And

you can see that due to this fact, we were very well prepared for the payment for Nitrocellulose, the last significant and strategic acquisition, which happened in the first week of January 2026. After payment for this huge investment, it did not have a significant impact on our leverage.

We have still very nice space for further acquisition, for further M&A, for further CapEx, but we will show you on the next slide.

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### **Ondřej Palát**

M&A has been a significant contributor to the growth story of our company. In the past six years, we have acquired no less than six companies. You can see them on the right side of this slide, but we are not going to talk in detail about all of these acquisitions.

I would like to talk more about the rationale and strategy behind it. One could say that buying the company is the relatively easy part of the acquisition. The difficult part is selecting the right company to be acquired and then making the company work as an integral part of the Group.

Most of our acquisitions had an element of geographic expansion, and thereby we have been able to grow from a relatively very local producer for a local company to a Google player expanding, you know, surrounding some of the best names in the industry.

Of course, first starting with the Colt acquisition and continuing with an acquisition in Switzerland with additional production capacities available in Hungary and other locations. We diversified the portfolio by acquisitions of the small caliber ammunition, energetics, and also accessories producers. That's adding high margin products to the top line and to the bottom line of the Group. And last but not least, most of our acquisitions have a vertical integration element. We thereby have been able to secure our supply chains through upstream positions in ammunition and in firearms segment and also to become more self-sufficient in the production of ammunition amid the global supply shortages. Also, we have a head start in the vertical integration and direct industrialization of the US by the acquisition of VSS in the past year.

You can see the total shareholder return on this slide as the aggregate dividend and capital gain for our investors from 2020 to the current date. It has been always a combination.

You know, our price, our share price have been growing from the 290 in 2020 to approximately 1000 today. And we have always paid dividend to our shareholders. The result is that you know, no matter how far you look in the rear view mirror, the TSR is always in the green, whether it's one month, one year, five years, we've always provided a return to our shareholders. How does the return compare with the gauges follow. Well, if you look at the chart on the slide, the Prague Stock Exchange Index, which some analysts see as an emerging market, though we can, you know, discuss, and something that should command a premium to the more mature markets. It has been generating 200% over the past six years, while our stock is more than 300%. The index, which is becoming more relevant for us, the Amsterdam Midcap Index, if you look at the picture, has been providing much more modest results.

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### **Ondřej Palát**

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### **Radek Musil**

Yeah. So, situation on the military market, mainly in the European Union.

As you for sure know, military budgets before Russia invaded Ukraine were at around 2% of GDP.

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The budget, military budgets before Russia and when invaded Ukraine were on the level of 2% of GDP.

It's completely clear that now it will be much bigger and conservatively we can say that it will be 3.5% of GDP.

So, before the Russia invaded Ukraine in the production capacities, were on the level which relate to the demand. So now we are one of the other companies having the opportunity to reflect on this situation.

Well, simply said, countries are shifting. We see it shifting from talking to action.

Not all countries, not all countries have woken up yet. There are even some big, huge countries, one of the biggest countries in Europe, which has the lower consumption, lower purchasing of small caliber ammunition than Baltic countries like Estonia or Lithuania.

Well, and this is the opportunity for us for the years, for the years to come.

War stocks in many countries are almost non-existent. Some countries are now rebuilding their stocks, first filling storage with guns and ammunition.

Supplies is increasing up to the point, but the supply can increase only to companies, which has also certain knowledge and competencies as we have today. So simply said, you cannot build up the ammunition factory as a greenfield today in Europe and the same, the making the factory, making the assault, assault rifle as a new project, probably it's also very unlikely what can happen.

There is only a few partners which can support MOD in this acquisition process.

Let's talk about different segments. The nitrocellulose. Our production, nitrocellulose production is the biggest producer of nitrocellulose in Europe.

Before the war, there were also inflow of Nitrocellulose from China and from Russia. Both of them stopped. And what is necessary that all the key components for the military supplies will be located in Europe for European companies is much more important than before.

And this nitrocellulose production we consider as one of the, let's say, the most effective, most effective producers in Europe with really diversified production, because we cannot say there is only one type of nitrocellulose universal for everything.

Second is Sellier & Bellot. Sellier & Bellot today has a quite unique position for law enforcement and military supplies. Specifically for law enforcement, Sellier & Bellot is number one in Europe.

For military supplies, the countries prefer always local producer, but up to the point of the available capacities of each of its suppliers.

CZ is a producer of the BREN brand.

BREN is today one of the most battle-proven assault rifles in Ukraine, with around 80,000 rifles in service there today.

Next big company is the Colt United States. Colt United States has the unique position supplying United States Army with an exclusive FMS contract for several years ahead.

So, there is nice opportunities within this environment of other producers.

So, where do we stand and what's the diversification and resilience?

There is a question or discussion about what is better, military, or commercial, and where we would like to stand.

Well, we would like to use and completely utilize all opportunities, completely utilize all opportunities. For sure, MLE market has the more complex product. It means products which are innovative and innovation means that their potential for higher margin.

But we are also very active. We are also very active on the commercial market, and I will comment on it later on.

Well, so how does it look like in numbers comparing 2022 and 2025 geographical spread. In 2022, 48% were United States, and now we are moving to 29% in 2025. One of the strong aspects was a weak market, weak market

via commercial market in the United States. So, we succeed to channel our production to other markets. And for example, Sellier & Bellot is budgeting for 2026, just one-third of the previous sales than the United States than in previous years but still keeping all production capacities fully busy.

Well, what is growing for sure is Europe. Europe and MLE in Europe.

That's show us the second row, revenues in customer segment. Before, it was MLE was making 76% and we are now moving to 54%. That's the results of our intentions and of our focus in these days.

Where we are, where is our production side?

So, going from the north to south, from west to east.

Colt Canada in Ontario.

Colt Canada exclusively produced guns, firearms for Canadian Army, and not only for Canadian Army, but also for most European countries.

Then there is the Dan Wesson. Dan Wesson is making a pistol 1911. This is a top end 1911 pistol on the market. That's a small facility, but we have nice plan for growth.

CZ-USA in Kansas. CZ-USA in Kansas is an importer and distributor of CZ products but also has plans for assembling some firearms as a reaction to restrictions.

Colt West Hartford. Colt West Hartford is producing the pistol revolver and mainly firearms for US Army and for FMS program.

Close to West Hartford is a Valley Steel Stamp, producing the components for mainly Colt revolvers.

In Europe, in Sweden, is Spuhr i Dalby, where you see mounting systems.

In the Czech Republic: Sellier & Bellot, ammunition producer; Synthesia Nitrocellulose, making Nitrocellulose; Česká zbrojovka, also known as CZ UB; and 4M Systems in Prague for accessories.

Then swissAA, Saltech making ammunition, haltech also ammunition, and Colt CZ Hungary is the factory which we operate for producing firearms.

As you can see, we are very diversified and diversification, the global diversification footprint help us to face the restriction like the tariffs and other measures which can happen, because we are focusing mainly on Europe and the United States, but also for other countries.

So, Europe and the United States, that's our main market, that's most of the products that are going, that are going over most of the products. Despite that, we have the footprint in many countries around the world with very nice sales. South America, the Middle East, and Far East. Far East for us, we see as a high potential in this moment because there is a rising the threat of the war situation in the region. So, that's the nice support for sure, nice opportunities for us. Next, please.

Contracts.

Here are just some examples of the contracts, what we have in our companies.

Let's start with CZ. CZ recently won a competition to deliver the P13 handgun as a secondary firearm for the German Army, for the Bundeswehr. This is the fine contract after the 200,000 polymer pistol P13.

For sure, we have the framework with the Czech Army. We are supplying Ukraine regularly. And there is, as an example, Spanish National Police, Taiwan Ministry of Justice, and many others.

The Canadian Defence Investment Agency recently signed a contract in a volume of CAD 273 million, delivery 2026 to 2029.

Colt West Hartford has exclusivity for FMS and for supplying the supplying US Army.

Colt Canada has another unique contract for Danish Ministry of Defence in volume of CAD 150 million. And what we are talking about and negotiating with some other European countries.

As being said, with the capacity of 6,000 tons, contracts for five years ahead with fixed price and firm commitments, with a firm contract in the past were doubling their size of production and sales every five years and it's based on the NATO countries' frame and many frame contracts.

What is the mass is the Czech Army, Denmark, Netherlands, Belgium, Norway, and many others.

Well, production portfolio, production portfolio, not everybody is probably familiar with our product, so I will pay a little bit more attention to that.

There is the MLE product and commercial product. The basics are the same, but nevertheless, I must say that the features and the complexity is different.

CZ P-10 is a polymer pistol.

Polymer pistol and for law enforcement for police forces or as a second gun for military for armies.

The submachine gun is mainly for law enforcement.

Rifles like the BREN have been very successful, and this year we came with the new product, BREN 3, as an innovative rifle reflecting all the commands and the experience from battlefield.

Colt, Colt, and Colt Canada are producing rifles based on the AR platforms and as well the most modern grenade launcher MK47.

4M is trading and producing accessories like vests and helmets.

Spuhr i Dalby mounting systems and Colt Optics in North America is our startup because the armies shift their needs. Now they are demanding and they are asking us for to get complete solution, not only not only firearm, but also accessories, always including optics, silencers, suppressors. So, we decided to step in in this industry.

Well, and we hope quite successfully.

Ammunition.

Ammunition, we are producing all types of calibers which are now used in Russian-Ukraine war on both sides. It means that all Russian types of ammunition, all the calibers, as well as all calibers which are used by NATO countries.

And for all calibers used by NATO countries, we have homologation.

And it starts with the 556, 762, and also 50 browning. It means 12.7 times 99.

Despite that, we can do the hand grenades, different kind of hand grenades for law enforcement and also for the military use.

Commercial market in CZ, CZ is producing the hunting rifle, sport shooting rifle, sniper rifle, very successful pistol. The IPSC competition is competition which mirrors use of the pistols in law enforcement as the policies are using. And in this competition for the past 10 years, the winner always were using our pistol.

Colt.

Colt is, of course, a famous producer of revolvers and the 1911 pistol.

Colt Optics, for sure, will also produce systems for commercial use.

Alongside with our military, with our military orders.

And ammunition for sure, shotgun ammunition for shotgun shells, rimfire, pistol, rifle, hunting rifle, really wide portfolio of product, wide portfolio of projectile.

The last one, energetics. Energetics for sure, the nitrocellulose has, energetic nitrocellulose has only one use. That's the production of propellant for big caliber, medium caliber, small caliber.

Besides that, there is a small production for pharmaceutical, for pharmaceutical industry. But the main use for sure is military.

So now I would like to give you more granularity on the firearms segment. We have three key brands in the segment. It is Česká zbrojovka, Colt USA, and Colt Canada is producer of large and small arm manufactured globally. And Česká zbrojovka, Berenberg Project Staal produced pistols and rifles as well, delivers to commercial market, but have a lot of significant energy contracts. We have also invested a huge amount in progressive R&D which is used in both sides of ocean.

Colt USA is a company which was acquired in 2021 together with Colt Canada. Colt USA is located in Connecticut, the factory, and is a producer of revolvers, pistols, and rifles as well. Colt Canada is a company which is focused on M&E segment.

It is a supplier to the Canadian government, but also to other significant customers and governments in Europe, for example the Danish government and the Netherlands government.

But what's important to say from this firm segment is that we have very strong brands in both sides of, on both sides of ocean. In the US it is Colt, in European it is CZ brand. We have resilience to government, to customer spending cycle with product offering across commercial and M&E platforms.

We invest really in huge amounts in R&D to be able to use it across our brands. If I should comment on investment in R&D, we as a Group invest approximately 2% of revenues in R&D for the year.

Ammunition.

Sellier & Bellot has a 200-year-old history.

But it says nothing about how the situation is today. What is much more important than long history is how is the current performance and the current situation and the ambitious plan.

So, it is the fully vertically integrated, making everything from raw materials to the end, including the primers, projectiles, and also all machines necessary for production for small caliber ammunition. So, it allows us to make the company expand quickly, as we wish and as demand requires. And we are also building a new factory in Ukraine, completely integrated for Ukrainian MOD.

We have several patents in ammunition which relates to MLE product, like the infrared dim tracer projectile, non-toxic primer and some armor piercing, some armor piercing projectile. Because the future is in these more advanced and more complex products for military use.

swissAA is mainly a supplier of Swiss Army. Like the multipurpose 12.7 cartridges, multipurpose cartridges, they are quite unique.

Colt CZ Defence Solutions is a rather smaller company trading military material ammunition but also producing here in Czech Republic.

Accessories. As accessories are fulfilling our idea of a one-stop shop, Colt Optics in the north of the United States has already signed very nice contracts for military use.

And the product is launching in May 2026. The all the activities starting 2025, preparing the planning and this year we will be happy to start properly is the mounting and mounting is the piece of steel or the aluminum which is between the between the firearms and optics.

You do it looks like very simple parts, but it must be it must be done really properly.

4M Tactical is a manufacturer and supplier of other accessories like ballistic protection and other things.

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## **Ondřej Palát**

Energetic materials and Synthesia Nitrocellulose. This is the freshest and largest acquisition we have done so far. Three months ago, we acquired 51% for approximately CZK 10 billion / EUR 400 million. Why?

Well, nitrocellulose is an absolutely key raw material for production of propellants. We will talk about it in more detail later, but without propellants, there is no ammunition, small caliber, mid caliber, large caliber, and without ammunition, the firearms are completely useless. So, we bought Synthesia because it is the largest European producer of energetic nitrocellulose and is actually the only major independent producer. And as such, we became an absolutely critical partner to NATO rate our moment. There are very few alternative sources of nitrocellulose. Most of them are located in non-alliance countries, you know, so Russia, China, not really eligible for NATO uses due to the, you know, strategic, geographic bill and also quality concerns. Not only is Synthesia the largest, but we believe it's also the most efficient producer of energetic nitrocellulose because it's very much vertically integrated. Again, we will talk about it later, but the production is very efficient and as a result, it's also very profitable. So, the acquisition strengthens our Group's financial position with a high margin product and also a very nice long-term visibility through guaranteed contracts through 2030.

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## **Radek Musil**

Corporate at first.

Board of Directors. Besides me, there is also Josef Adam, Vice Chairman and our General Counsel, Jan Holeček, Chief Commercial Officer, Jan Zajíc, CEO of Česká zbrojovka,

Vladimír Rada, CEO of Sellier & Bellot, and Martin Durčák, recently joining our team, who will supervise our activities in energetic materials in the production plant in Pardubice. Supervisory Board. Chairman Jan Drahota, having a long history working with us. General David Aguilar from the United States, Vice Vice Chairman. Lubomir Kovarik, Second Vice Chairman, working long time as a CEO of a CZUB.

René Holeček, the majority shareholder of our Group; Jana Růžičková, member; and Daniel Birmann, the second biggest shareholder of our Group.

In our team, four-star General, retired, George Casey, as a member of the Board of Directors of North America, Jillair Kubish, President and CEO of Colt Manufacturing, and Sean Congdon, CEO of Colt Canada.

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## **Jana Matoušková**

Sustainability. Colt CZ Group follows sustainability rules. We are fully transparent in presentation and in the reports. We report to ESG reporting since 2022. For the years 2022 and 2023, it was in line with GRI. Since 2024, we publish it in line with CSRD, in line with European Union rules.

Since 2024, the ESG report is fully audited and is included in our annual report and published together with it until the end of April. ESG report for the year 2025 will be a report on the second half of April and together with the annual report, consolidated financial statement.

But we can confirm that implementation of ESG strategy did not cause significant expenses in our Group yet. We prepared double materiality in line with methodology on individual companies after it on consolidated level. And this final consolidated double materiality was approved by board of directors of Colt CZ Group.

Just now we are working of decarbonization plan and I can confirm that since January 2026, nitrocellulose will be fully consolidated also in this ESG report and in this decarbonization plan.

And next chapter, acceleration, and profitable growth. When we would like to go? Guidance for the year 2026.

After a very good year, 2025, we expect additional increase in 2026. This growth should be driven mainly not only

by energetic segments, however, also with strong MRI contracts and some new products in our pipeline. On this slide, I would like to show you the main metrics, financial metrics for the guidance. And on next slide, you will see more should be driven mainly not only by the energetic segment, but also by strong MLE contracts and some new products in our pipeline. On this slide, I would like to show you the main financial metrics for the guidance. And on the next slide, you will see more with Nitrocellulose acquisition. And you can also see that we have a very nice net interest rate. It is only slightly above 4%, and this guidance refers to financial results for the year 2026 in regarding revenues and EBITDA as well, upper end of this guidance.

And just now, better granularity and more information to understand the situation and what we plan for the next year. In both charts, you can see the first column as results of the year 2025, what we achieved, what we published, and what we consolidated. It means revenues we achieved of 23.4 billion Czech crowns. In the middle, it's 2025 on pro forma basis. It means how the revenues would see if nitrocellulose would be with us for the whole year. And the guidance 26, additional increase between the pro forma basis and this guidance.

And this revenues between 33 billion Czech crowns, with the difference between pro forma and upper range of this guidance regarding revenues is increased in addition 16%. On the right side, the same logic behind it is adjusted EBITDA, achieved EBITDA in the year 2025, 4.7 billion Czech crowns. On proforma basic, huge increase about 25% and EBITDA would be 7.1 billion Czech crowns. And guidance for the the year 2026, additional increase again on the on a pro forma basis, the upper end increase is about 13% and expected EBITDA is CZK 7.4 to 8.2 billion.

We already spoke about it, but I think it's important to repeat this information. Our segment has different profitability. Firearm segment is approximately on the long-term basis, 20%, ammunition segment, 30%, and energetic segments, 45% plus. However, it's important to say that if I look on our guidance for the EBITDA for 2026 or on pro forma basis, in total amount of EBITDA, the share of individual segments is the same. It means 33 percent added value of individual segments.

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### **Ondřej Palát**

Okay, let me say a few more detailed pieces of information about the strategic significance of energetics in the defence industry, which again, you know, connects to the description to what you heard about the rationale of our acquisition of Synthesia and the connected plans in the energetics sector for the future.

So probably all of you are aware of at least some types of ammunition, you know, ammunition can range from small caliber ammunition, the runs for pistols, rifles, machine guns, all the sporting and hunting firearms, you know, all the commercial or civilian sector weapons with small caliber ammunition. Then starting from 20 millimeters up, you have the mid-caliber ammunition. So, cannons, anti-aircraft guns, grenades, or grenade launchers. And then the large caliber ammunition. So, that is, of course, the ammunition used by tanks, by artillery in general. Now, all ammunition requires some kind of propellant, which is the substance able to ignite and drive the projectile out of the weapon, be it a rifle or a tank ignite and to drive the projectile out of the weapon, be it a rifle or be it a tank. The amount of propellant within one round of ammunition differs wildly depending on the caliber and on the type of ammunition. It can be much less than one gram in a 9 millimeter pistol round.

It can be more than 10 kilograms, depending on the number of the combustible charges in a large caliber in an artillery shell. All summed up, 10s of thousands of tons are required annually by NATO, including the consumption in the Ukraine, but even net of Ukraine, you know, the amount of propellant which is consumed by NATO armies for the stockpiling purposes and increasingly for the training purposes is much higher than the current production of propellant. So, there is a structural gap between the demand and the supply. Now, the critical component for production of all kinds of propellant and thereby for all ammunition calibers is nitrocellulose. Nitrocellulose constitutes between roughly 50 to 90% of the raw material content of the raw material content of propellant.

It's not the only part typically of double base and triple base propellants or gunpowders. Other components include, for example, nitroglycerin and nitrogranidine. And this provides us with a lot of options, actually, for both,

you know, vertical and horizontal growth in the sector of energetics, because you will see that we basically control two-thirds of the value chain here. We have Sellier & Bellot as the largest producer for the law enforcement and one of the largest producers for armies in Europe.

We have swissAA as a very specialized, mostly 12.7 caliber producer, both for not only Swiss, but also other armies in Europe. They are very army-oriented producer. And at the opposite end of the value chain, we control the only sizable independent player in Nitrocellulose. What we do not have is our own production of propellant of one of the admittedly very few existing players. In the same way, we are also looking at and analyzing the potential to grow within nitroglycerin and nitroline. You know, the barriers to entry in this segment are extremely hard because to produce any of these, you know, chemical specialized, highly flammable, and explosive chemicals used in the defense. You basically need a special chemical plant. Now, of course, the environmental pyramids here are extremely strict.

And so is the NIMBY effect. You know, in theory, you should see such specialized chemical plants for defense industry popping up everywhere in Europe. But in fact, we are not aware of a single greenfield project for production of nitrocellulose and most of the other critical materials. There are two projects going on, converting the industrial production of nitro salons into the energetic dried, one of them by Rheinmetall and the other by CSG. We do not know when exactly they should be up and running definitely. It's not supposed to be this year, maybe in the next years, you know, but that will basically it, you know. So, the production of nitrocellulose is likely, more than likely to become very constrained in Europe in the next years. In the US and Canada, it's a bit easier to construct a new chemical plant. But again, so far there is only one significant producer. That's the US Army nitrocellulose production plant in Radford, Virginia. And it's, let's say, a very legacy asset.

You know, it definitely requires a lot of new investment, and it seems to be developing in a relatively slow manner. So, this is really one of the major tailwinds for the energetics industry. NATO member countries, the high barriers to entry, and already mentioned the economies of scale, you know, because you can't be small producer of chemical energetic materials. As the largest independent supplier in the sector, we achieve, you know, quite healthy margins. Also, we have our own, that's important to mention, production of acids, the nitric acid and sulfuric acid, particular materials for production of nitrocellulose. And we do have our own power plant producing and supplying electricity, steam, and other utilities to the production of nitrous oxides. All this together makes our plant in Berenberg Project Staal extremely efficient and we believe we are the best ranking player in the industry in terms of efficiency.

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### **Ondřej Palát**

Now, for our mid-term ambition, you may ask, what's the goal of Colt CZ Group in the five years? Well, it's simple. We want to be a 2 billion euro turnover company, which basically means we aim to double the top line of the Group between 2025 and 2030.

This is ambitious, but in fact...

It's less than we already achieved between 2020 and 2025, where we were able to triple the revenue by a combination of organic growth and M&A activities. So how do we want to achieve this? And mind you, it's not a detailed plan. It's not a fully fleshed out roadmap. It's the ambition to go to 2 billion euros, but we are very confident that it is within our capabilities to go there. So, we have three main pillars of our strategy, how to go to 2 billion revenues. First, we want to expand the sales of the existing programs, to expand the production capacity we have in MLE, and to capitalize on the current defence and the right armaments, and also to improve the things that are not perfect in our portfolio, to improve execution, especially in the US market, add new products, launch new SKUs. Then we want to continue to invest in strategic M&A, you know, in the well-disciplined M&A strategy. We will never overpay for the assets we never did in the past. First thing on the map, of course, is the completion

of acquisition of Synthesia, Nitro, Solos, and Power by acquiring the remaining 49% stake. But we will seek to, we will continue to seek other suitable growth opportunities. And then third, increased focus on product innovation.

So, as an example, we are launching the first gold optics products in the next months, actually next weeks, expanding into the higher margin electro-optics category. And we are serious about doubling down on product development, utilizing both our in-house

R&D capabilities, our internal teams of engineers, but also — and we did not mention it so far when giving an overview of the Group — because it is a minority interest, but we have a stake in a defence R&D institute, together with the Czech Academy of Sciences.

Basically, we have very good access through this investment to a team of scientists who are experts in fluid mechanics, 3D printing, and other technologies which are becoming very important for the defence industry.

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### **Jana Matoušková**

As Ondrej mentioned, to be able to achieve the ambition of 2 billion EUR, it's important to still keep significant investment CapEx. And here you can see that our CapEx for 2025 achieved slightly above 1 billion Czech crowns and what was 4.4% on total revenues. Our long-term guidance for the CapEx is to invest approximately 5% of revenues in CapEx on a yearly basis.

In 2025, the CapEx were 30% in growth and 74 maintenance. For the year 2026, the plans are significantly different. You can see that we planned higher CapEx. It should be up to 2 billion Czech crowns and share on the revenues should be slightly above 6%.

However, it's important to say that it is connected, a very important part of this strategic investment in nitrocellulose. In 2026, we plan to increase the capacity of nitrocellulose from 6,000 tons up to 7,000 tons. It means increase about 15% of capacity. And this 1000 tons should be available from the beginning of 2027. It is important for us because as you could see in the overview of MLE contracts, the actual capacity of nitrocellulose, 6000 tons, is fully sold out for the next five years.

In addition to this strategic investment to increase the capacity for Nitrocellulose, we also plan to increase capacity in other segments. For example, in the firearms segment there should be expansion of the Colt Canada plant and other smaller investment for optimization in CZ-USA.

So total value of growth CapEx is planned to be 45% from the two billion Czech crowns for the the year 2026.

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### **Ondřej Palát**

The way to achieve our mid-term ambition will most likely include some further acquisitions. We are not under any pressure to acquire more companies anytime soon. In the past two years, we executed two really sizable acquisitions. And of course, it is not only about buying companies.

It's also about integration, you know, and about letting the acquisitions settle on as a well-working part of the Group. However, we do have quite strong M&A pipeline, and our vision here is really to become a one-stop shop for MLE customers. So, any acquisitions should expand, among other things, our portfolio of products that we are able to provide to our customers, not as discrete offerings, but as complete weapon systems. And also, similar to our existing companies, their competencies, you know, should be important and they should be among the best players in their class. Of course, the, you know, most pertinent and most tangible opportunities in M&A currently lie in the energetic segment. So, we will, during the course of this year, explore opportunities to fully control the ammunition supply chain and also to branch out into production of other critical energetic materials. The action point, which is closest, you know, of course, among the list of things to be done here, is the completion of acquisition of 49% in Synthesia Nitrocellulose and Synthesia Power. There is a put and call option structure for the remaining 49% minority owner as the owner of 49% stake as a put option and it is followed by two years period for

our call option for that stake. It is important to mention, you know, the basic scenario for the strike price of these options is actually at same valuation base as the price for 51%.

So, if there is an upside in the performance of the company, that's something that should go to our job.

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### **Ondřej Palát**

As an example of our expanding portfolio and launch of new, not only SKUs, but completely new products and product lines, we added a couple of points on Colt Optics, which is a new brand, but actually a wholly new company. It's based in Michigan in the United States. It's growing fast. Today it has approximately 30 employees. And its sole focus is research, development, assembly, and sales of electro-optical solutions. So, things that can be put in simple terms on a pistol or on a rifle to improve the accuracy, to improve the user experience, both for the commercial market and for the military market. First programs will include magnifiers, rifle scope, and red dots, but the production enrollment includes also other more sophisticated programs for the next years. The product launch is planned for the next month, really for the first half of this year, and the company is already participating in some major MLE tenders. And if they are successful, and we have reasons to believe they are going to be successful, we will see not only contribution to revenue, but also to profits of the Group from this new and fast growing company in the course of this financial year.

A couple of remarks here on the dual listing in Amsterdam that was already mentioned in the beginning as the natural step in our equity story. Since 2020, we have been listed on the Prime Market of the Prague Stock Exchange, and it has been a very positive experience to us. It has been a very good market. And we are one of the constituents of the index of the Prague Stock Exchange. However, we believe that we are becoming too large for this nice-performing but relatively very limited pool of capital. We are a more than USD 3 billion market-cap company by now, and our daily volume of trading is between one and, maybe on a good day, two million.

So, we really feel that it's not only a good strategy for us as a company, but also, you know, something that we should provide to our investors. Access to a better higher liquidity, also access to a wider international investor community, investor base. And the best way to achieve this is to always the company on a more advanced and especially more liquid market. We have spent long discussions and analyses with many specialists and bankers, and we came to the conclusion that the best venue for a company of our type in Europe is Amsterdam.

We asked the board, the board asked the general meeting to approve dual listing on Euro next Amsterdam. That approval was provided last Friday. And today we announced that our shares have been admitted for trading on Euro next Amsterdam.

First day of trading being planned for this Wednesday, April 15th. As the next step, we are also entitled to seek a capital increase on the market.

We want to retain, you know, some ability to decide on the best possible timing. We can postpone the transaction at a later stage, but we would not exclude that the transaction can start relatively very soon.

Important point to emphasize, we stay listed also in the Prague stock exchange market. So, from the perspective of our current investors, nothing will change. Only there is now also the option to invest in a Europe-denominated stock. The shares will be fully fungible between both exchanges.

If we do the equity increase and if we raise additional funds from the market, a logical question is, of course, what is the use of funds going to be? There are three main areas. First, continuation in the disciplined M&A strategy. We have several deals in our pipeline sized from 10s to hundreds of millions.

They include important players in UAV and C-UAV, which is counter-drone solutions, companies which have big plans not only on paper, but also battlefield experience.

some ideas about the expansion in the field of energy. Again, we are not going to overpay for the acquisitions. We acquired Synthesia for about 8 times EBITDA. We acquired nitrocellulose for about 8 times EBITDA. I think these are very decent valuations given the current market situations and moved in the defense market. We acquired VSS as a very experienced specialized machining company for five to six times EBITDA. So again, it's not something where we would feel that overpayment is a part of our mandate for the investors.

We will also continue to invest into organic growth because for some of the investment initiatives, especially in the energetic sector, the 5% of Group revenues which are in the gauge of our CapEx to revenue may not be sufficient in some particular years. So, we may need additional funds for CapEx. And we will also look at strengthening of our balance sheet. We will appreciate some increased trade finance flexibility, because for some of the really large projects, you know, that are becoming part of our portfolio of customers, B2G and G2G, so government to government projects, you know, they are really large and they consume significant portion of the existing credit line.

So, we believe they can be well supplemented by additional equity. With respect to the credit lines, as you have seen, our leverage level is not high. We are below 2 times that EBITDA. What's happening these days, these weeks in the market, of course, is a big uncertainty about the cost of capital. So, we may come to the conclusion that it is better to optimize capital structure to limit further the level of leverage that we have.

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### **Ondřej Palát**

Now, before we thank you for your attention, there are a couple of points which we would suggest that you could take away from our presentation as the most important description of our Group and its strategy. We are a company which has a proven track record of growth in the past six years, delivering more than 25% CAG revenue. So, tripling our revenue, translating into more than 300% of total shareholder return. In fact, our market capitalization has grown more than six times, and our share price has grown more than three times since our original IPO. We are a company with a unique transatlantic footprint.

And as such, we are a trusted partner for the global defence spending super cycle. And last but not least, we have experiences with vertical integration via discipline M&A strategy. And that enabled us to execute the transformation from a medium-sized firearms maker into a large integrated defense player.

Thank you very much for your attention, and if you have any questions, we are here fully at your disposal.

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### **Klára Šípová**

Yes, indeed. If you have any question, you can submit them via the chat function or alternatively via the Q&A function where your question will not be visible. We are now moving to the Q&A session. We have already collected a nice set of questions, so I will start reading them and the management will respond to your question. If some question remain unanswered and responded, we will then send you the response via email later on. First of all, the question is regarding the US commercial market for both firearms and ammunition and the 2026 outlook. How do you see the US commercial firearms and ammunition market outlook in 2026 given the deteriorating US consumer sentiment? Do you expect another year of soft demand in the US?

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### **Klára Šípová**

What is your strategy for margin repair, sales volume recovery, given underperformance of Colt branded products in the US last year?

### **Radek Musil**

Yes. So, we consider that the market in the commercial market in the US is down. And so, our strategy is based on this state of the market will remain for the next years. Because we are preparing for the worst and hoping for the best.

We have sufficient capacities if the market will improve, we will be for sure ready to increase price or supply more. So, what we would like to do is the current status, how we react on that. As I said, with the ammunition, we decrease the sales because the ammunition is very price sensitive. So, It is as it is as this year, so production capacities are fully utilized, so we are fine with that. Regarding to firearms, we have, despite this situation, we have ambition plans. We have very ambition plans. So, last year, we start to restructuralization our sales sales system. So, without any innovative product, we increased the prices for CZ by 21.3%, fully compensating for tariffs. And besides that, we increased the sales and dramatically increased EBITDA on that. So, we plan to bring to the market another new product.

And that's the engine what we believe that we will be able to get better market share.

Listen, I was the 25-year CEO of Sellier & Bellot and for me — and CZ was just one of the companies because Sellier & Bellot was not part of the Colt CZ Group — from my point of view, the CZ product always had very good quality, very good manufacturing, and very good durability.

And if I met anyone from the industry in US, the people who knows, they were saying that it's a very good market. But if we might, if we might laugh, if we might at the beginning of the year a few years ago, the public survey, only 2% of 100 sports shooters said, yes, that they said, we know CZ. When we prepared a list of the companies, only 10% selected CZ that they are familiar with that name, not with the brand.

So, our market share is very small, specifically in the segment of the polymer pistol. So, these facts give us the opportunity for switching and give us conviction that we can do much better business in the United States.

And give us conviction, give us conviction that we can do much better business in the United States. And this year will come another one new product.

And the next year, at the beginning of next year, will be another very nice product which can be a significant part of the of our ideas, how to how to get better market share. But, by the way, today's survey, today's survey is the is the is 2%, but from the list unknown brands.

Already 40% of 100 sport shooters say they know CZ. So, we are actively working on that, but we need the product. We need innovative products, and they are coming. So that is our future strategy.

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### **Klára Šípová**

Thank you. And that's another question which also relates to firearms and ammunition. What percentage of sales or backlog are MLE versus commercial segment? And how do you see this mix changing in the next two to three years?

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### **Radek Musil**

Well, that's necessary to talk about the regions, about the regions, the commercial market, so there is no backlog, right? So, and we were continuously gaining better market share year by year.

So, there is no guarantee, there is no guarantee in for in form of backlog or the order back orders for years ahead on commercial market and nothing like that exists and if exists anything like that is fictional. But with the other, let's say, smaller market share, we have the we have the chance to get the to get better business. The second was the military and law enforcement, military law enforcement.

There is a frame contracts around the Euro, so the week we cannot consider frame contract as a as a fixed back orders, but with our experience, all the frame contracts were completely consumed always.

There are framework contracts around Europe, so we cannot consider a framework contract as fixed backlog, but in our experience all the framework contracts were always fully consumed.

For Canadian Army, there is a there is an order for years ahead, and the number was number was mentioned before.

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**Klára Šípová**

Thank you. And I have another question which also relates to sales of ammunition. What percentage of ammunition sales are directly to Ukraine? and tie directly to the ongoing conflict? And how will sales be impacted in ceasefire peace scenario?

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**Meeting Room PRAGUE**

Yeah, well, ammunition sold directly to Ukraine is in the single-digit percentage of sales. For firearms it is basically nothing, percentage of the sales of from is nothing. So, for sure, we will miss it, but we are counting on the surge of demand in Europe, invest in in Western Europe.

For sure, it can happen. We will miss it. That's possible. But at the moment, we don't see it as a big threat.

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**Klára Šípová**

Okay, and I have another question which goes more to finance. Could you provide more colour around the very strong working capital performance in the second half of 2025 and whether this is sustainable moving forward?

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**Jana Matoušková**

So maybe I will take this question regarding cash flow. As we mentioned, we believe that we have very nice financial flexibility. The strong cash flow is also connected with MLE contracts. We receive advance payments for these contracts.

And this is the usual situation, what happened in the end of every year. So, in general, we can say that based on the seasonality of MRE contracts, we expect the same situation in the end of 2026.

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**Klára Šípová**

And another question relates to guidance for 2026. Can you describe what drives the high and low end of 2026 revenues and EBITDA guidance? So, risk and opportunities for 2026 guidance.

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**Jana Matoušková**

OK, OK, so maybe the opportunities where we see big opportunities, as he mentioned, we see opportunities in launching of a new product of the appointing of our pipeline, we increase the sky use for commercial market and US commercial markets, so this is big opportunity what we see and we expect an increase also during 2026. The risk is of course connected with FX exposure. It is on a yearly basis because what is important to say is that when we conclude a contract by European companies in US dollars or euro, the contracts are fully hedged. It is in line with our hedge strategy. For the next 12 months, we are hedge for 100%. And but what we are not able to hedge and we can't hedge is consolidation of the North American part of the business.

Because our functional currency is Czech crowns and it means that for consolidation we recalculate North America fully based on the average FX rate announced by the Czech National Bank.

So, this is the risk what we see. And of course, general risk is also connected with some potential continuous weaknesses of US commercial market. However, we believe that the situation seems to start to be stabilized. Well, I would like to underline that the KPIs of management are based on the upper limit of the guidance.

**Klára Šípová**

And now I have a set of questions that relate to Synthesia. So, I will go through one by one. The first one is, what kind of synergies does Synthesia acquisition offer for your ammunition business of Sellier and Bellot and swissAA?

Any gross margin expansion, possibly due to lower cost of material, and when we should expect such such synergies to materialize?

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**Ondřej Palát**

Okay, there are no immediate synergies, you know, openly, because it is a very different nature of production.

Suppliers to powder producers and control of the production of ammunition. So, we are we are customers to the to the gunpowder producers. So, of course, we have increased market power, you know, so indirectly, of course, it provides us with with better access, you know, it provides us with bigger visibility in the whole chain. Of course, there are some, you know, synergies outside the immediate production, you know, so let's talk about what we've been executing in the rest of the Group, you know, like IT systems reporting and so on, you know, they are not huge, but of course, given the size of the companies, they are also meaningful.

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**Radek Musil**

I will add something. There are at least two small-caliber ammunition producers which I know that we have a shortage of propellant. And the shortage of propellant is because of a shortage of Nitrocellulose. So, it cannot happen to Sellier & Bellot and swissAA.

And even if the growth and demand, it will be sure that we will have enough propellant with a reasonable price.

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**Klára Šípová**

Another question which regards Synthesia. Is there any risk for Synthesia on the supply of raw materials like sulfate acid from China?

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**Ondřej Palát**

Okay, we take no raw materials from China. Some of our competitors take the cotton lint from China, the cellulose pulp basically, but we buy it in Europe, so there is no risk on that front.

Production, but we have our own production of acids. Again, it's a competitive advantage to some of the other nitrocells producers. So, of course, we need ammonia and we need sulphur, you know, as the raw materials for the acid production, but the sulphur, you know, it's a very small part of the inputs, you know.

Of course, these are commodities, they are volatile. Currently, the situation in the Middle East, you know, it's in general, you know, something that pushes the prices of products up. But we do not see any immediate concerns, you know, and similar to other raw material inputs for the firearms and small caliber ammunition industry, we are able to mitigate this kind of risks, you know, by further purchases, by active hedging, you know, by stockpiling of the materials. So, it's a legitimate question, but we do not see it as a real constraint.

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**Klára Šípová**

And the next question is, as the Czechoslovak Group and Rheinmetall at their own internal capacity for nitrocellulose, could you this you could this be a risk for Synthesia? So CSG and Rheinmetall increasing their own capacity for nitrocellulose production, could this be a risk?

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**Ondřej Palát**

Well, we have only limited amount of information about what the capacity will be after the conversion is done at both German sites, Rheinmetall and CSG.

There still will be in the market insufficient supply of energetic nitro solids. We are quite confident about that. You know, also, as mentioned, we have a, you know, quite strong portfolio of contracts. Most of the contracts are fixed price take or pay clauses until 2030, you know. So, it's maybe a good thing, you know, that the production of nitrocellulose will be up. It's good for everybody, but it will not be sufficient as a solution. It will not solve the existing disbalance between the supply and demand, so we do not see this as a as a threat or as a as a as a game changer for the industry and for us, because we have no.

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**Klára Šípová**

Okay, and another question concerns the recent announcement of the memorandum of understanding with Explosia. So, what is the reason, the significance of this memorandum of understanding with Explosia for our future plans in Synthesia?

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**Ondřej Palát**

Well, Explosia is a company in a very specific position. It shares basically the industrial zone where Synthesia is located. And Synthesia is a very important supplier of raw materials for Explosia — Nitrocellulose, but also the utilities, including the steam and the power, you know, so simply put, energy, we produce it in our power plant, we supply it not only for our own purposes, but also to explore there. So, it's a company with which it's quite natural to have good cooperation. As you may know, it is armed by the Czech state, you know, so it's also an asset, you know, which is important from the strategic viewpoint. And there are lots of areas for cooperation.

As the most important supplier to to Explosia, I think it's just logical that we also have access, you know, to their to their output, and because this is something which our customers sometimes require, you know, we now have a better opportunity to offer them this type of production as well, and to include Explosia products in our joint one-stop shop offering.

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**Klára Šípová**

And do you plan to start TNT or other explosive production at Synthesia?

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**Ondřej Palát**

Not immediately. It's, you know, something which is similar like other, you know, explosive or energetic materials will request some detailed payback calculation. So, I wouldn't exclude it, but it's definitely not something imminent right now.

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**Klára Šípová**

Great. And I have a question here which regards to R&D or future plans for investment. Do you see the higher priority to invest further in energetics or in UAVs in the future?

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## **Ondřej Palát**

Well, Energetics definitely, as we have already discussed, we see it as a priority, not necessarily for M&A, because there is a limited number of players in Europe, but also for organic investment, so CapEx and we have ample space to expand the production. We can increase the production of nitrocellulose even beyond the 7000. We have the requested permits for that. But if we do it again, we need to make a proper calculation first.

You know, if nothing changes, if the current situation continues, you know, most likely we would come if we do the calculation now to the conclusion that it pays, you know, very well. So, it would make sense to invest into further expansion. But of course, we need to be sure we finalize the current expansion that should be done later this year, it will be done actually. It's well on track. It will be done later this year, you know. So, after that, it will be the right time to think about further expansion. As for the UAVs, it would be a new product for us. We have commercial cooperation with some UAVs.

UAV producers. Very important point, we do not see UAVs as something that would be replacing our core products, firearms, and ammunition. That's definitely not the message that we've been getting from Ukraine or from the Middle East. It's an additional layer which has to be still supplemented. It does not replace, you know, the firearms, the soldier burn system. It's an additional layer on the battlefield. Whether we will decide to own a company, it's possible. It's in the pipeline. You know, one important thing, it's a new and very fragmented field, you know.

There are hundreds of producers, more than 500 operational producers of UAVs only in the Ukraine, you know, and definitely not all of them are going to be there in a couple of years time. So, we are really, you know, selective. We are getting more acquainted with the field, with the industry, through the commercial cooperation. And it's possible that we will invest into one of the players, but we need to be sure that it's the right choice that we are making.

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## **Klára Šípová**

And I have another question coming back to the split of sales between MLE and commercial. And I believe maybe we have slide on that. But again, there's a specific question. What is your current split of sales between MLE and commercial?

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## **Radek Musil**

For firearms and ammunition, yes. In ammunition it is a little bit more than 50% MLE and the rest is commercial, and in firearms it is almost 50%.

And the rest is the commercial. So, in each segment, it's very similar.

1:42:46.487 --> 1:43:05.887

## **Klára Šípová**

Okay, and I have here a question which specifically, which is specific for the ammunition segment and seller and bellot. The question is quite long, so I'll try to read it shortly. I know that in the past you realized some development capex in Vlašim and in swissAA, which created condition to achieve organic dynamics in the ammunition. What is the actual capacity utilization in your ammunition plants, respectively? Are your production capacities in your ammunition plants sufficient to achieve continuing organic growth, at least in the mid-single digit for the next years?

1:43:33.247 --> 1:43:45.487

## **Radek Musil**

Okay, so the company is usually fully utilized, if I am talking about Sellier & Bellot now.

1:43:46.687 --> 1:44:06.287

The fact that we are producing our own machines give us flexibility for growth. We have planned, we have planned for the, we have planned for the growth now. We are finalizing the project, producing our own 12.7 cases, and finalizing with the produce the complete 12.7 cartridges in Vlašim and Sellier & Bellot. There will be and there are also some other projects in pipeline. And for us it is always the plan B. Plan B is the converting the civilian production to the military production.

So, the converging in for a low margin to higher margin. So, there is a still option. And when we did it in the past, then it gained us time for preparing the new production capacities. But we want to now we want to focus on the products with the higher additional value, like armor piercing, armor placing, blank, tracer, and infrared tracer products. So that's our future.

1:45:07.367 --> 1:45:19.167

**Klára Šípová**

Thank you, Radek. I actually don't see any further questions coming. I think that was a quite long and a great Q&A session.

1:45:20.607 --> 1:45:40.487

**Klára Šípová**

So, if there are no further questions in the chat or in the Q&A function, I would like to thank you for participating in this call and thank the presenters for this great long presentation. And please feel free to contact us anytime after the presentation with additional questions.

1:45:40.607 --> 1:45:41.567

**Klára Šípová**

Thank you very much.

1:45:42.927 --> 1:45:44.527

**Meeting Room PRAGUE**

Have a nice day. Thank you.

1:45:44.470 --> 1:45:44.847

**Klára Šípová**

Have a nice day.