

COLT CZ GROUP SE

PRELIMINARY FINANCIAL RESULTS 2023

INVESTOR PRESENTATION

COLT
CZGROUP

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AGENDA AND TODAY'S PRESENTERS

AGENDA

- 1 FY 2023 AT A GLANCE
- 2 FINANCIAL HIGHLIGHTS
- 3 ACQUISITION OF SELLIER & BELLOT
- 4 SUSTAINABILITY UPDATE
- 5 APPENDIX

PRESENTERS



JAN DRAHOTA

Chairman of the Board of Directors
CEO of Colt CZ Group SE



JAN ZAJÍC

Member of the Board of Directors
CEO of Česká zbrojovka a.s.



DENNIS VEILLEUX

Member of the Board of Directors
President Colt CZ North America



JANA MATOUŠKOVÁ

Head of Group Finance
Colt CZ Group

PRELIMINARY RESULTS 2023 AT A GLANCE

REVENUES

CZK 14,855.6 m

↑ 1.8% vs 2022

ADJUSTED EBITDA

CZK 3,048.4 m

↓ 9.4% vs 2022

ADJUSTED NET PROFIT

CZK 2,049.7 m

↓ 10.1% vs 2022

ADJUSTED EPS

CZK 58

↓ 13.5% vs 2022



GROUP IS EXPANDING INTO NEW CAPABILITIES

STRATEGIC ACQUISITION



- ▶ Ongoing post-acquisition integration of swissAA business
- ▶ New business opportunities due to CAPEX program – extension of core product, 12.7 mm ammunition, huge potential in medium caliber
- ▶ New CAPEX program – e.g., 7.62mm fully automatized production machinery
- ▶ Delivering on existing contracts and creating room for future business development

STRATEGIC ACQUISITION



- ▶ Iconic small caliber ammunition producer with trademark since 1825
- ▶ Complementary to Colt CZ core business
- ▶ Balanced mix to M&LE and commercial segment
- ▶ Group EBITDA increased by more than 60%

TECHNOLOGY INVESTMENTS



- ▶ Purchase of IP rights for Mk 47 grenade launcher
- ▶ Expansion into larger and sophisticated systems

TRANSFER OF TECHNOLOGY

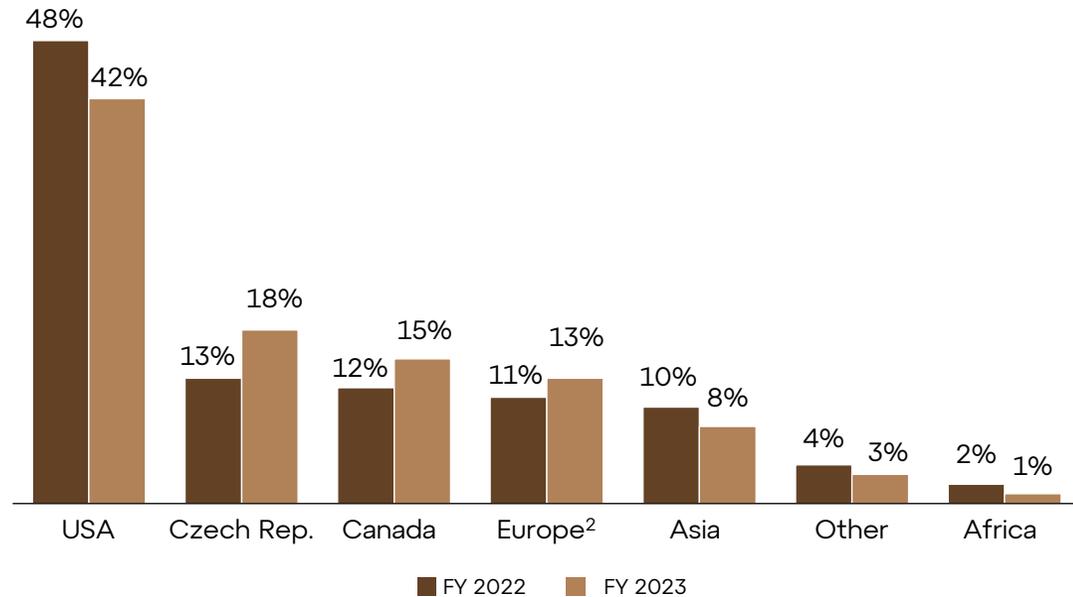


- ▶ Letter of Intent signed for the assembly of CZ BREN 2 rifles in Ukraine

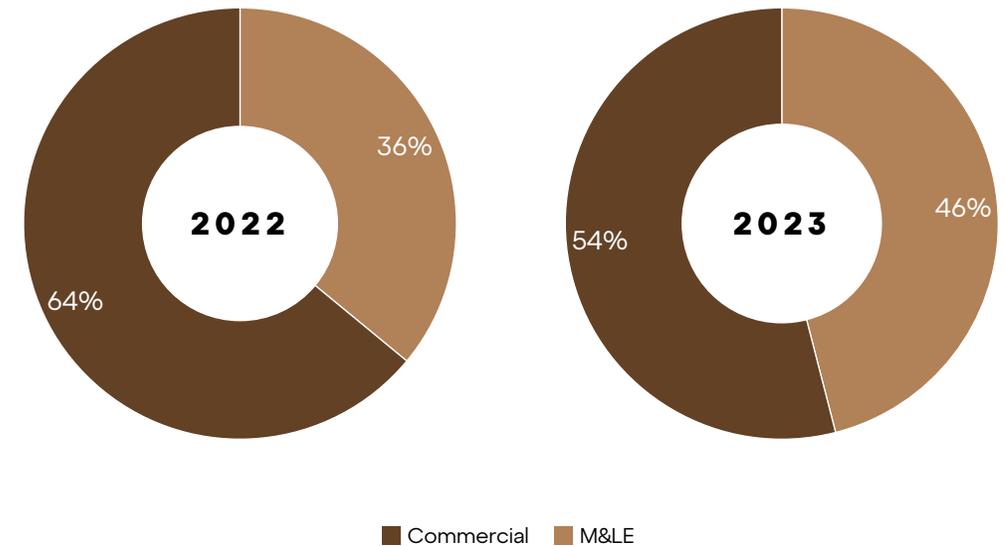


REVENUES – SIGNIFICANT INCREASE OF SALES TO M&LE CUSTOMERS

REVENUE BREAKDOWN¹ BY GEOGRAPHY



BREAKDOWN BY SEGMENT¹



COMMENTS

- ▶ Different story for our two brands. In 2023 the US commercial market sales of Colt products picked up while the CZ branded product decreased in share
- ▶ Colt's revenues on US commercial market increased y-o-y by 8%, while CZ-USA's revenues decreased y-o-y by 32%
- ▶ The share of M&LE revenues went up in 2023 and could be even higher if all export licenses were obtained on time

Q4 2023 WAS THE STRONGEST QUARTER IN GROUP'S HISTORY

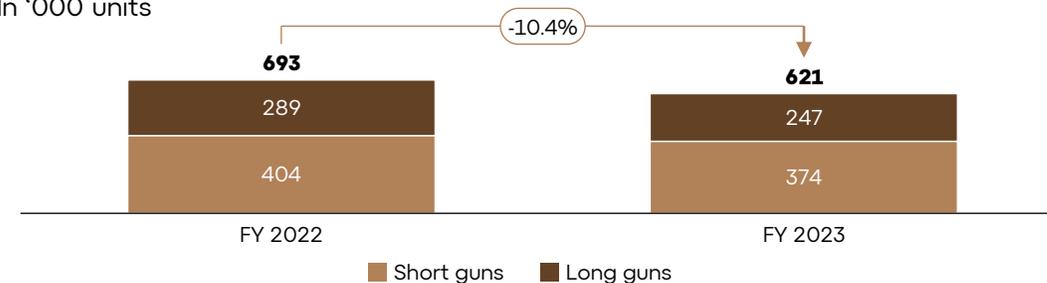
BREAKDOWN BY PRODUCT^{1,2}

In CZK m



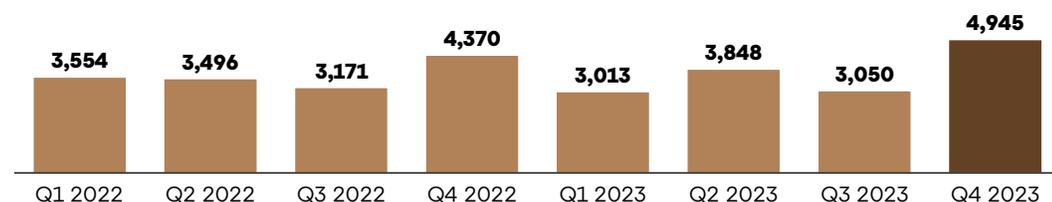
BREAKDOWN BY UNITS SOLD

In '000 units

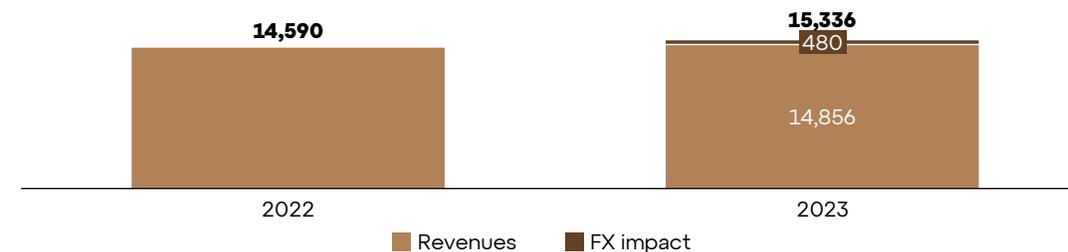


QUARTERLY REVENUES SEASONALITY

In CZK m



IMPACT OF USD/CZK ON REVENUES, AVG. 2022 FX RATE 23.36 vs. AVG. 2023 FX RATE 22.21



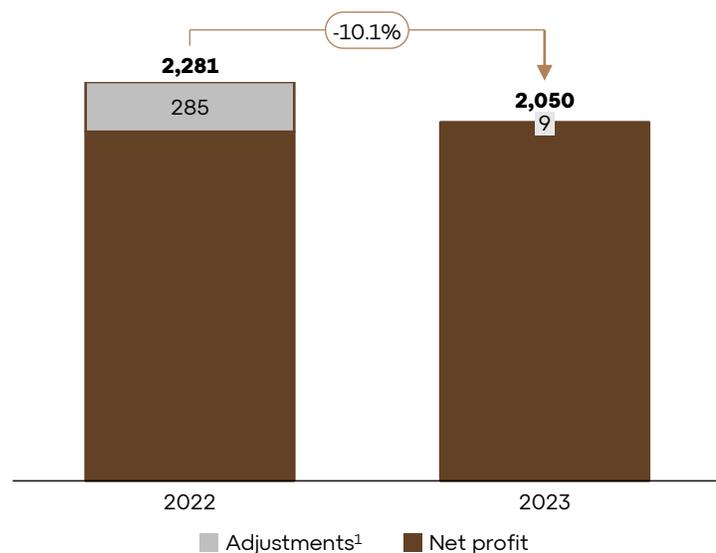
COMMENTS

- ▶ We expect a high quarterly seasonality of revenues in 2024, even more pronounced than in 2023
- ▶ FX translation impact on 2023 revenues was app. 5% negative (CZK 480 m) if the avg. 2022 USD FX rate was used
- ▶ **Ammunition production had no positive contribution to the 2023 EBITDA**

2023 NET PROFIT AND SAME DIVIDEND PAYOUT AS LAST YEAR

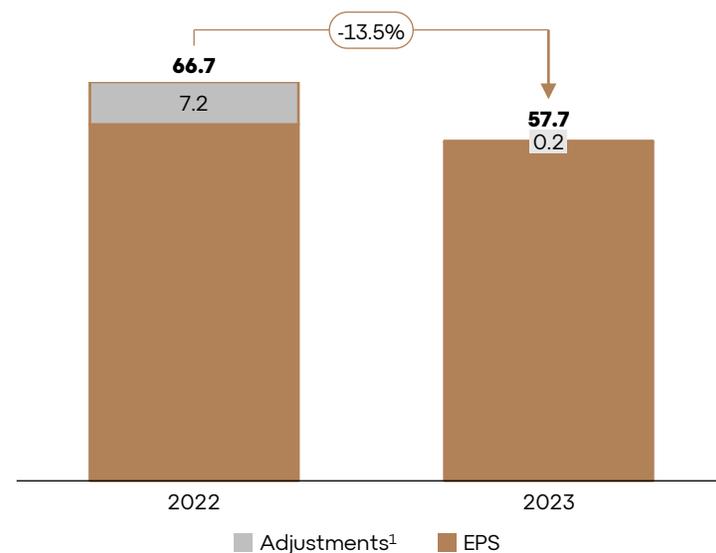
ADJUSTED NET PROFIT¹

In CZK m



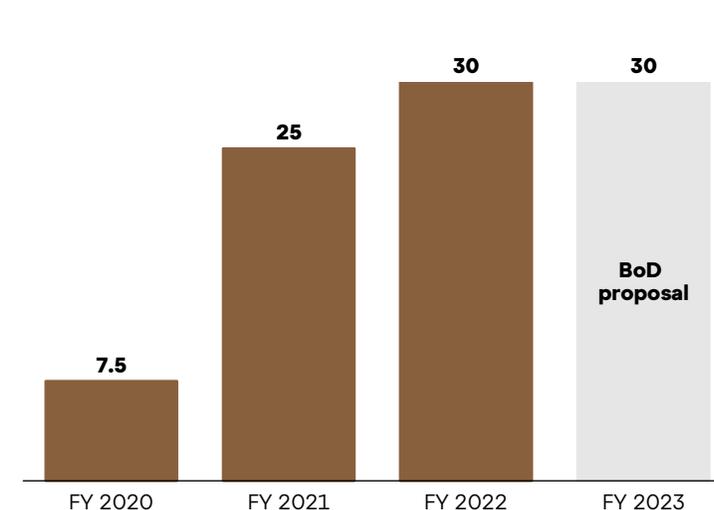
ADJUSTED EARNINGS PER SHARE²

In CZK



DIVIDEND PER SHARE

In CZK

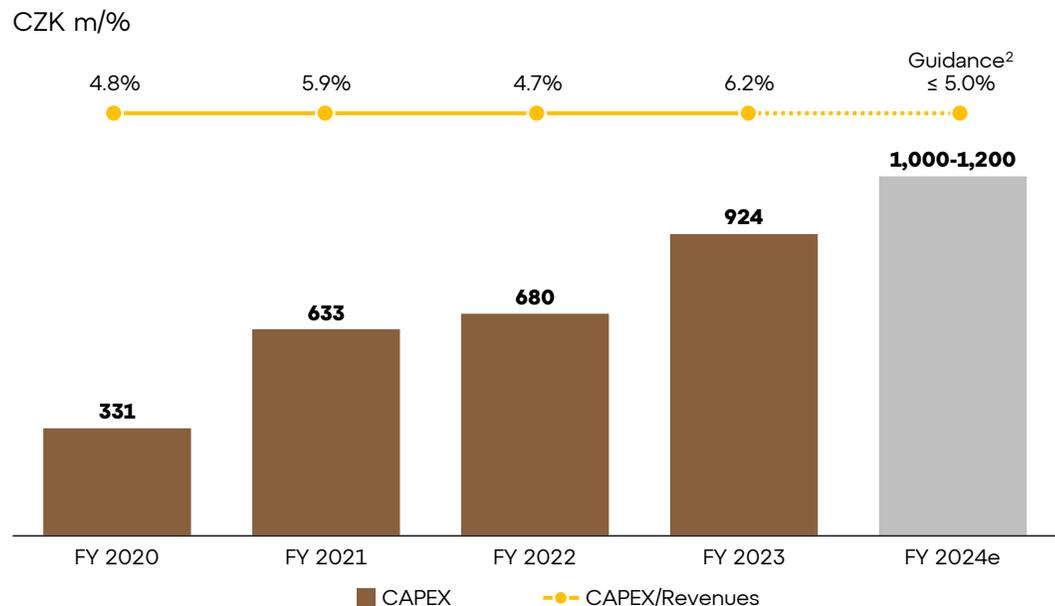


COMMENTS

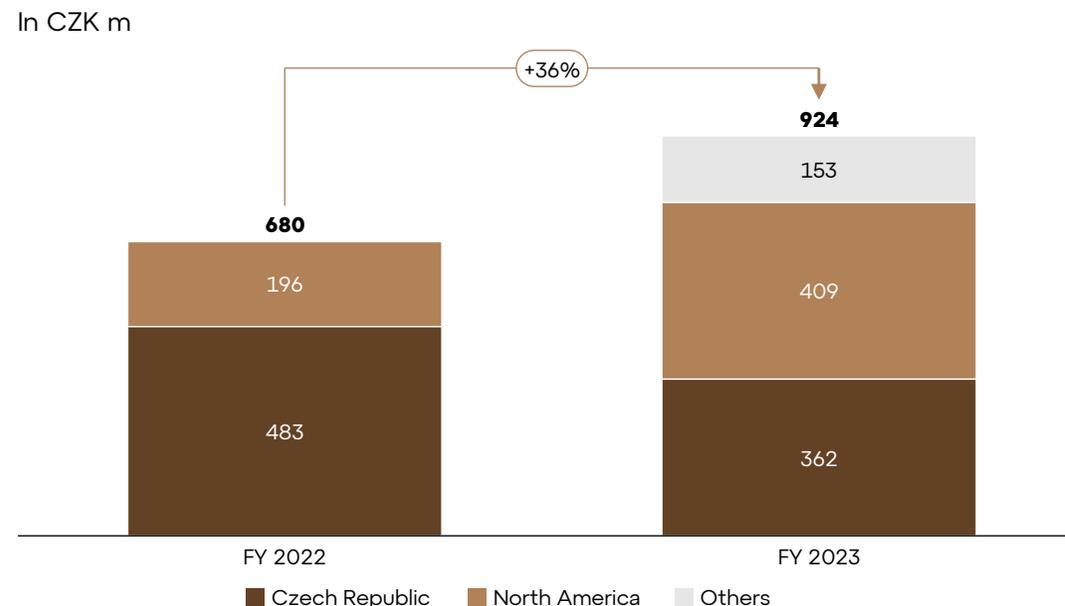
- ▶ Net profit before adjustments unchanged compared to 2022
- ▶ The negative goodwill reported from the swissAA acquisition in the amount of CZK 384 m improving net profit included in the NI adjustments, affecting yoy comparison
- ▶ **BoD to propose dividend of CZK 30 per share for the year 2023, corresponding to ~50% of dividend payout ratio**
- ▶ Shareholders will be given an option to receive dividend either in cash or in a form of newly issued shares

CAPEX INCREASE IN Q4 2023 DUE TO RECENT ACQUISITIONS

CAPITAL EXPENDITURES¹



CAPEX GEOGRAPHICAL SPLIT³



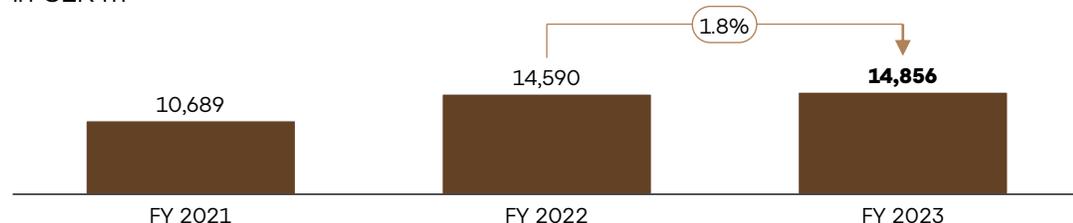
COMMENTS

- ▶ The Group continues to invest proportionately in its facilities on both sides of the Atlantic
- ▶ **Q4 2023 additional investments included: IP rights for the Mk 47 automatic grenade launcher and CAPEX in swissAA for production capacity increase which resulted in higher capital expenditures than originally planned**
- ▶ Major planned investments in 2024 include new technologies and product investment and extension of facilities in Colt Canada in Kitchener
- ▶ 2024 guidance includes the consolidation of SB

FY 2024 GUIDANCE SCENARIOS – GROWING WITH INCREASED SEASONALITY

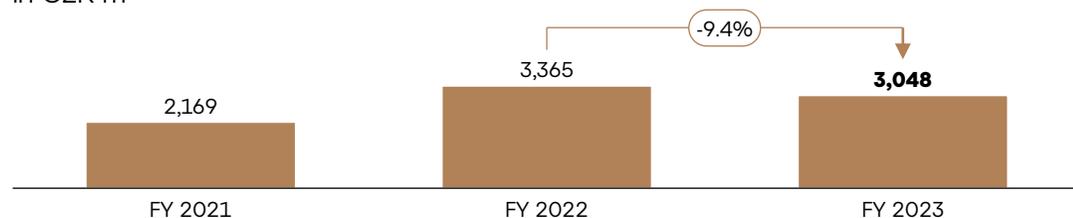
REVENUES

In CZK m



ADJUSTED EBITDA

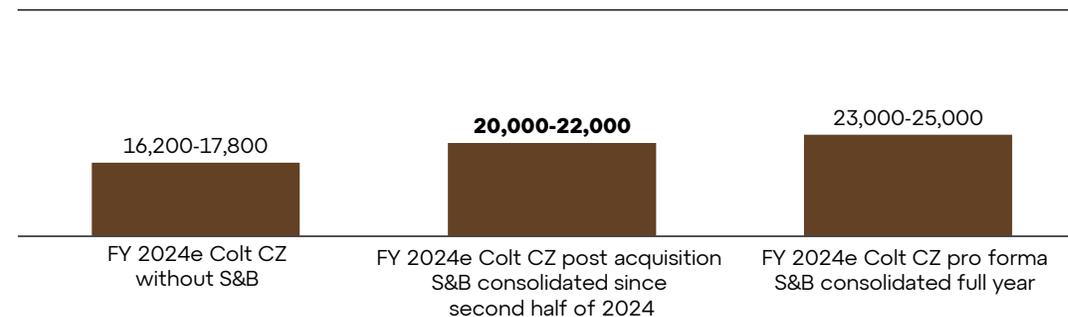
In CZK m



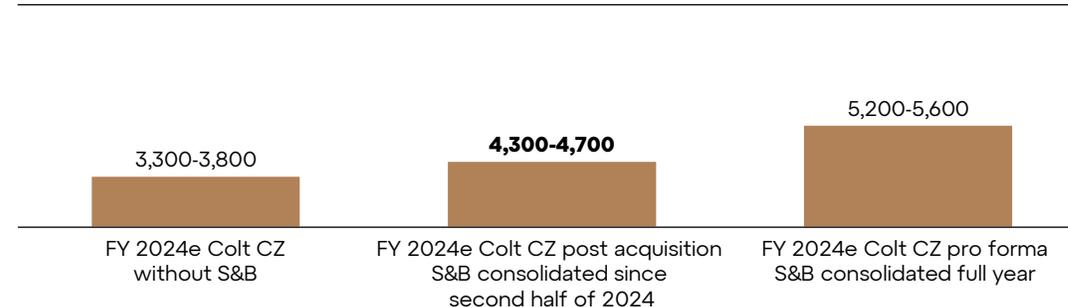
COMMENTS

- ▶ We expect a high quarterly seasonality of revenues in 2024, similar to the previous years
- ▶ Gradual sales ramp up from the first months of the year
- ▶ Q4 2024 is expected to be the strongest quarter, contributing to app. 30% of guidance overall

GUIDANCE



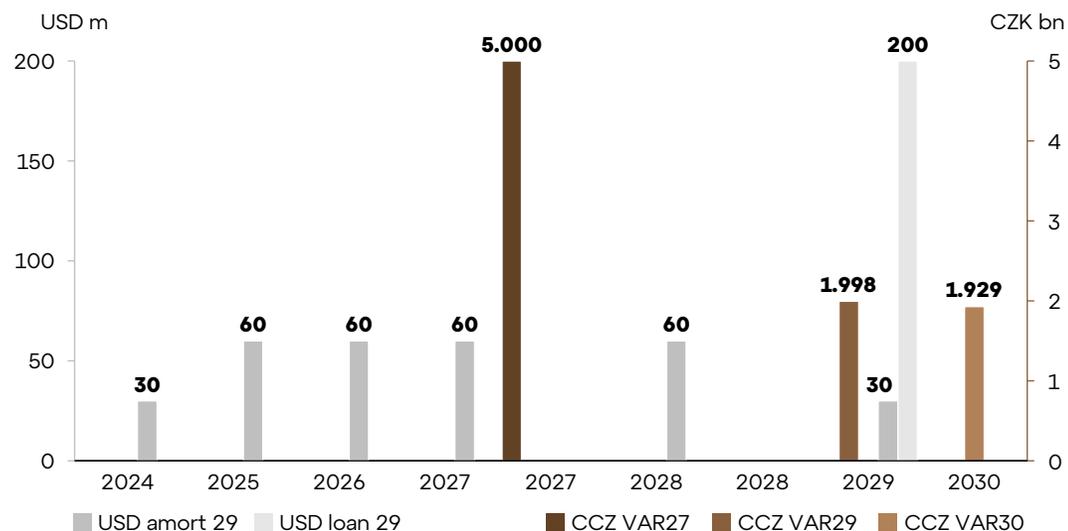
GUIDANCE



INDEBTEDNESS ALREADY AFFECTED BY S&B ADVANCE PAID FOR ACQUISITION IN 12/2023

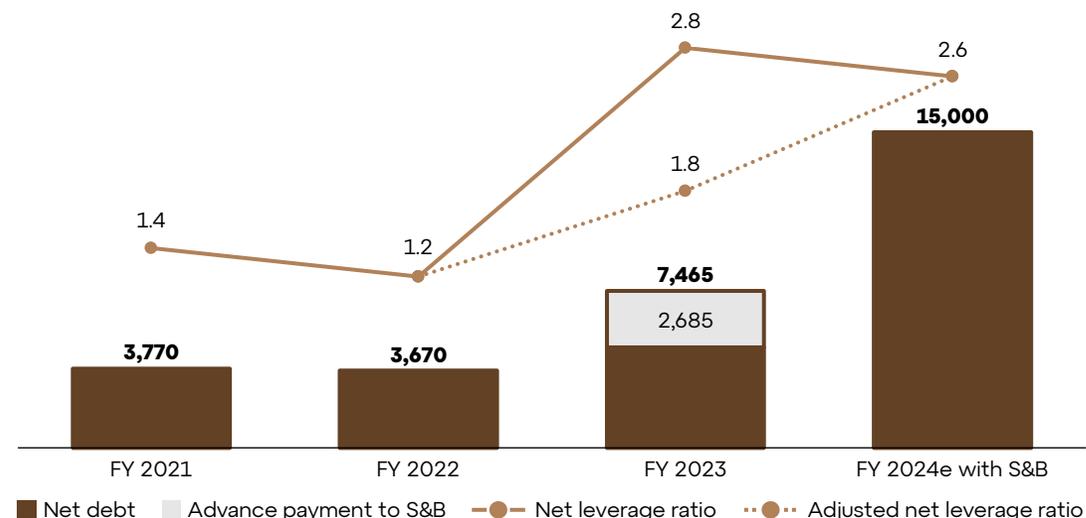
EXPECTED DEBT MATURITY PROFILE (INC. ACQUISITION FINANCING)

In CZK bn/USD m



NET FINANCIAL DEBT¹ & NET LEVERAGE RATIO^{2,3}

In CZK m



COMMENTS

- ▶ The Group expects to finance the transaction using a combination of own cash and long-term syndicated loans, resulting in additional leverage in 2024
- ▶ The combined pro-forma post-acquisition net leverage is expected well below 3.5x Net Debt/EBITDA bond covenant
- ▶ Cash generative business of both companies will allow leverage reduction going forward, with expected acquisition loan repayment by 2029
- ▶ Net financial debt 2023 increased due to the advance payment of **USD 120 m related** to acquisition of **Sellier & Bellot** in December 2023

• • TOVÁRNY NA STŘELIVO SELLIER A BELLOT PRAHA ZALOŽENO ROKU 1825 • • •

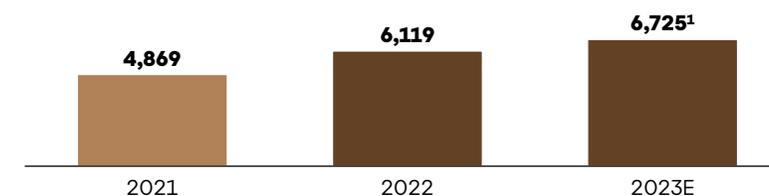
ACQUISITION OF SELLIER & BELLOT – KEY HIGHLIGHTS

UPDATE ON THE ACQUISITION OF SELLIER & BELLOT

- ▶ Acquisition agreement signed on Dec 18, 2023
- ▶ Purchase price 8.5x EBITDA 2023 or approx. USD 820 m
 - ▶ USD 350 m to be paid in cash and Colt CZ will assume USD 128 m of Sellier & Bellot net debt
 - ▶ Approx. USD 342 m to be paid by newly issued Colt CZ shares giving CBC a 27-28% stake – the exact share will depend on consolidated audited 2023 financials of Colt CZ and S&B
- ▶ We continue to expect closing to occur in H1 2024, subject to approvals of regulatory authorities in the domains of antitrust and foreign direct investment, however Colt CZ will benefit the Sellier & Bellot profits for whole year 2024 (locked – box concept)
 - ▶ **Approvals in multiple jurisdictions have been already received**
 - ▶ Several applications including Czech Office for the Protection of Competition are pending
- ▶ Based on preliminary financials for FY 2023, performance of Sellier & Bellot has confirmed our expectations
 - ▶ Consistently profitable with a growing trend
 - ▶ Expanding share of military and law enforcement sales

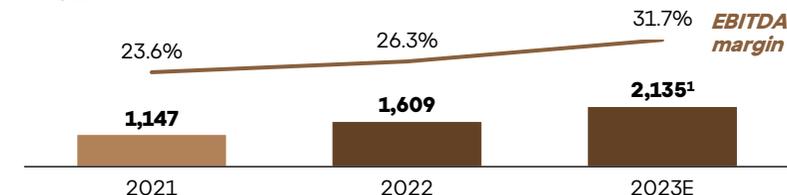
REVENUES FROM THE SALE OF OWN PRODUCTS, GOODS AND SERVICES

In CZK m

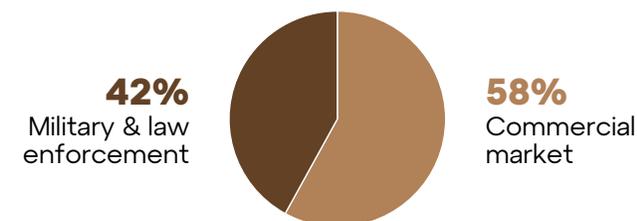


EBITDA

In CZK m



REVENUE BY SEGMENT (1-12/2023)



SUSTAINABILITY UPDATE: HEADING TOWARDS CSRD READINESS

ULTIMATE GOAL

Colt CZ to be aligned with CSRD requirements and prepared in accordance with ESRS

Compliance with other relevant international sustainability disclosure

Integrating all fully consolidated subsidiaries in the sustainability reporting

Double materiality assessment

Qualitative and quantitative data collection under ESRS

Climate risk assessment

Non-financial report 2023 (GRI methodology)

Initial review of Sellier& Bellot reports for future inclusion

ASSURANCE READY FOR FY 2024

In line with CSRD assurance requirements

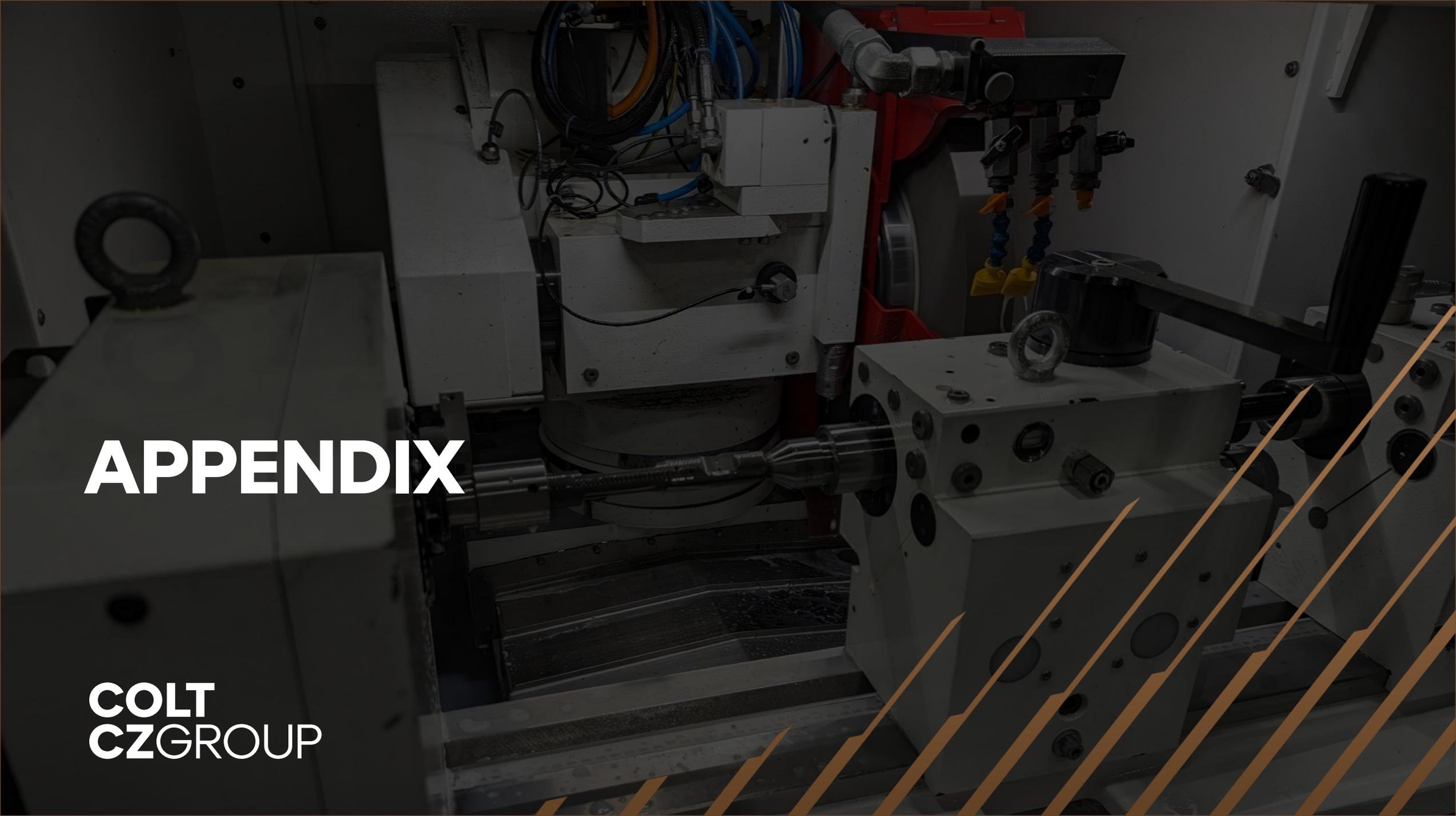
Creating audit trail



THANK YOU FOR YOUR ATTENTION

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The background of the image is a dark, industrial setting featuring a complex machine, likely a CNC lathe or mill. The machine is primarily white and grey, with various components like cables, hoses, and mechanical parts visible. In the foreground, there are several parallel orange diagonal lines that sweep across the bottom right corner of the frame. The overall lighting is dim, creating a professional and technical atmosphere.

APPENDIX

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ADJUSTED EBITDA RECONCILIATION

In CZK '000	FY 2023	FY 2022
Operating profit	1,861,966	2,198,682
Depreciation and amortization	801,721	910,435
EBITDA	2,663,687	3,109,117
ESOP	313,455	208,706
M&A costs ¹	71,237	47,474
Adjusted EBITDA	3,048,379	3,365,297

ADJUSTED NET PROFIT RECONCILIATION

In CZK '000	31 Dec 2023	31 Dec 2022
Earnings before tax	2,509,562	2,356,170
Tax expenses	-467,024	-321,978
Net income	2,042,538	2,034,192
Earnings before tax	2,509,562	2,356,170
Earn-out related costs ¹	-	21,671
ESOP related costs	313,455	208,706
Negative goodwill	-384,482	-
M&A costs ²	71,237	47,474
One-off expenses related to the bond issue	8,641	7,402
Adjusted earnings before tax (Adj. EBT)	2,518,413	2,641,423
Effective tax rate on Adj. EBT (FY 2023 – 18.6%; FY 2022 – 13.7%)	-468,671	-360,959
Adjusted Net Income	2,049,742	2,280,464

CONSOLIDATED PROFIT AND LOSS STATEMENT

In CZK '000	31 Dec 2023	31 Dec 2022
Revenues from the sale of own products, goods and services	14,855,581	14,589,774
Other operating income	89,789	133,270
Change in inventories developed internally	765,923	614,778
Own work capitalized	172,976	151,781
Raw materials and consumables used	-7,943,749	-7,420,061
Services	-1,959,627	-1,769,028
Personnel costs	-3,083,096	-2,888,813
Depreciation and amortization	-801,721	-910,435
Other operating expenses	-210,225	-238,086
Allowances	-23,885	-64,498
Operating profit	1,861,966	2,198,682
Interest income	756,541	440,453
Interest expense	-894,604	-612,056
Other financial income	251,596	172,833
Other financial expenses	-72,120	-133,802
Gains or losses from derivative transactions	221,019	236,826
Share in the profit of associates after tax	682	14,302
Profit from the investments in associates (successive acquisition)	-	38,932
Bargain purchase gain	384,482	-
Profit before tax	2,509,562	2,356,170
Income tax	-467,024	-321,978
Profit for the period	2,042,538	2,034,192
Items that may be subsequently reclassified to the statement of profit or loss		
Cash flow hedges - remeasurement of effective portion of hedging instruments	-468,398	948,231
Foreign currency translation of foreign operations	183,745	-125,035
Other comprehensive income	-284,653	823,196
Comprehensive income for the period	1,757,885	2,857,388
Profit for the period attributable to		
Owner of the parent company	2,042,538	2,034,192
Comprehensive income for the period attributable to		
Owner of the parent company	1,757,885	2,857,388
Net earnings per share attributable to the owner of the parent company (CZK per share) Basic		
Basic	58	60
Diluted	58	59

CONSOLIDATED BALANCE SHEET 1/2

In CZK '000	31 Dec 2023	31 Dec 2022
ASSETS		
Non-current assets		
Intangible assets	3,413,881	3,462,131
Goodwill	2,547,480	2,457,416
Property, plant and equipment	4,281,449	3,066,251
Advance payment for financial investment	2,690,040	-
Equity-accounted securities and investments	40,795	39,401
Financial derivatives	1,013,168	1,181,097
Trade and other receivables	61,891	35,515
Other receivables	2,556	6,560
Deferred tax assets	21,245	-
Total non-current assets	14,072,505	10,248,371
Current assets		
Inventories	5,298,077	3,797,557
Trade and other receivables	1,774,947	1,346,143
Provided loans	-	7,700
Other financial assets	908,580	756,834
Financial derivatives	149,047	217,123
Other receivables	351,165	304,005
Tax receivables	93,751	-
Cash and cash equivalents	3,328,684	2,825,781
Total current assets	11,904,251	9,255,143
Total assets	25,976,756	19,503,514

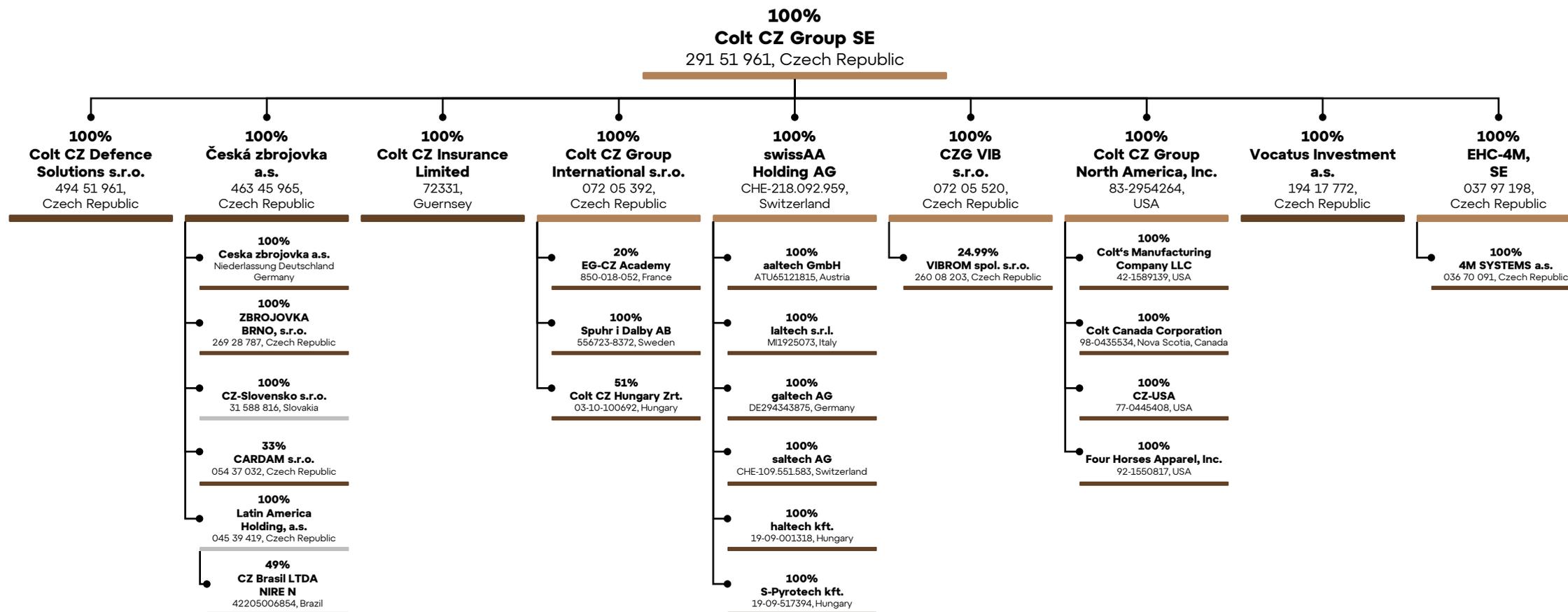
CONSOLIDATED BALANCE SHEET 2/2

In CZK '000	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	3,516	3,410
Share premium	1,942,818	1,366,386
Capital funds	1,641,512	1,641,512
Cash flow hedge reserve	599,816	1,068,214
Foreign exchange translation reserve	-142,688	-326,433
Accumulated profits	5,229,872	3,928,282
Equity attributable to the owner of the Company	9,274,846	7,681,371
Equity attributable to the owner of the Company	9,274,846	7,681,371
Total equity	9,274,846	7,681,371
Non-current liabilities		
Bonds, bank loans and borrowings	9,040,540	6,972,898
Financial derivatives	244,169	28,684
Lease liabilities	62,052	46,796
Other financial liabilities	-	240,468
Trade and other payables	42,022	7,825
Other payables	14,569	21,169
Provisions	76,188	23,654
Deferred tax liability	722,783	731,308
Employee benefit liabilities	255,721	265,280
Total non-current liabilities	10,458,044	8,338,082
Current liabilities		
Bonds, bank loans and borrowings	2,573,744	208,597
Financial derivatives	11,038	38,610
Lease liabilities	25,619	23,939
Other financial liabilities	44,580	238,593
Trade and other payables	1,746,796	1,154,955
Other payables	1,655,094	1,479,267
Provisions	30,084	51,371
Tax liabilities	142,084	269,096
Employee benefit liabilities	14,827	19,633
Total current liabilities	6,243,866	3,484,061
Total liabilities	16,701,910	11,822,143
Total equity and liabilities	25,976,756	19,503,514

CONSOLIDATED CASH FLOW STATEMENT

In CZK '000	31 Dec 2023	31 Dec 2022
Cash flows from principal economic activity (operating activity)		
Profit from ordinary activity before tax	2,509,562	2,356,170
Depreciation/amortization of non-current assets	801,721	910,435
Change in allowances and provisions	22,276	20,024
Gain/Loss on sale of fixed assets	-2,659	-12
Interest expense and interest income	138,063	171,603
Share in the profit of associates	-682	-14,302
Unrealized foreign exchange gain and losses	14,988	-229,330
Contingent consideration – remeasurement	-	21,671
Partial earnout settlement	406,915	227,211
Other financial assets – remeasurement	-160,692	-
Gain on equity method investment (step acquisition)	-	-38,932
Cash flow hedging – remeasurement of the effective portion of hedging instruments	-468,398	948,231
Bargain purchase gain	-384,482	-
Share-based payments	293,068	198,360
Adjustments for other non-cash transactions	52,921	25,616
Net operation cash flows before changes in working capital	3,222,601	4,596,745
Change in working capital		
Change in receivables and deferrals	-162,505	-1,408,655
Change in liabilities and accruals	244,040	143,517
Change in inventories	-1,008,033	-850,259
Net cash flow from operating activities	2,296,103	2,481,348
Paid interest	-880,196	-480,233
Interest received	756,881	353,258
Income tax paid for ordinary activity	-759,473	-454,197
Net cash flow from operating activities	1,413,315	1,900,176
Cash flows from investing activities		
Acquisition of non-current assets	-924,156	-679,725
Income from the sale of non-current assets	2,964	-
Acquisition of subsidiaries – opening balance	-723,902	-226,189
Acquisition of subsidiaries – cash and cash equivalents	150,863	28,674
Advance paid for financial investment	-2,690,040	-
Acquisition of equity-accounted securities and investments	-1,212	-
Provided loans	7,700	190,000
Employee benefit liabilities	-27,014	-39,679
Net cash flow from investing activities	-4,204,797	-1,483,753
Cash flows from financing activities		
Proceeds from bonds	1,917,756	1,984,796
Proceeds from share	-	-
Dividends paid to owners	-864,393	-843,416
Proceeds from loans	2,295,085	-
Loan repayment	-22,333	-2,319,825
Repayment of leasing	-32,762	-
Net cash flow from financing activities	3,293,353	-1,178,445
Net change in cash and cash equivalents	501,871	-762,022
Opening balance of cash and cash equivalents	2,825,781	3,573,467
Effect of exchange rate on cash and cash equivalents	1,032	14,336
Closing balance of cash and cash equivalents	3,328,684	2,825,781

COLT CZ GROUP STRUCTURE



■ Holding companies ■ No asset companies



Notes: Group structure as of 31/12/2023

THANK YOU

Colt CZ Group SE

náměstí Republiky 2090/3a

110 00 Prague 1, Czech Republic

www.coltczgroup.com

info@coltczgroup.com



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