

COLT CZ GROUP SE

FINANCIAL RESULTS Q1 2023

INVESTOR PRESENTATION

COLT
CZGROUP

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AGENDA AND TODAY'S PRESENTERS

AGENDA

- 1 Q1 2023 AT A GLANCE
- 2 FINANCIAL HIGHLIGHTS
- 3 OTHER NOTABLE EVENTS
- 4 APPENDIX

PRESENTERS



JAN DRAHOŘA

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.

Q1 2023 AT A GLANCE

REVENUES

CZK 3,013M

↓ 15% vs Q1 2022

ADJUSTED EBITDA

CZK 683M

↓ 28% vs Q1 2022

ADJUSTED NET PROFIT

CZK 690M

↑ 9% vs Q1 2022

ADJUSTED EPS

CZK 20

↑ 8% vs Q1 2022

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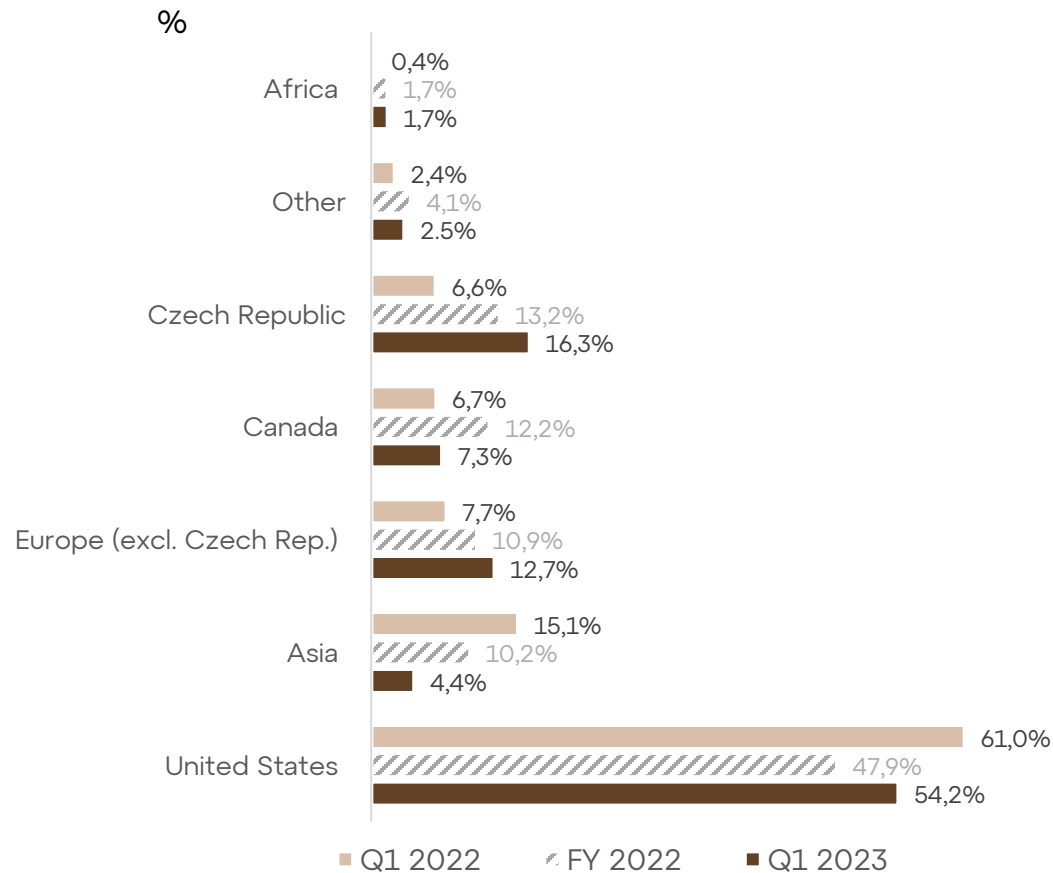
Notes: Financials for Q1 2023 are based on preliminary unaudited results



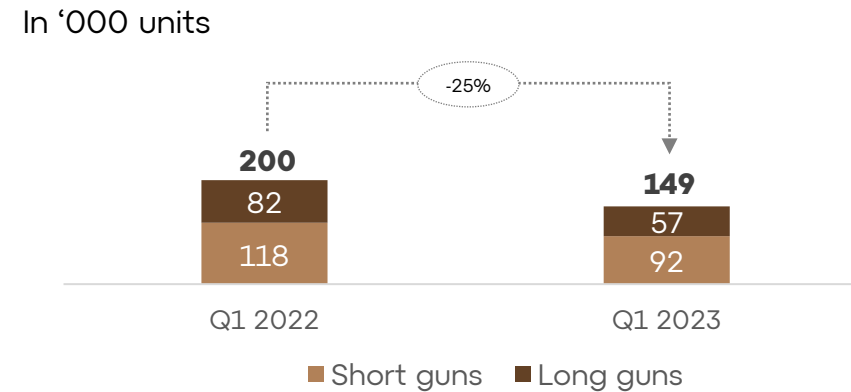
Matthew Emmons
Multiple Olympics & ISSF World Cup Winner

SALES MIX EXPECTED TO APPROACH 50-50 SPLIT FOR FY 2023

REVENUE BREAKDOWN¹ BY GEOGRAPHY



BREAKDOWN BY UNITS SOLD



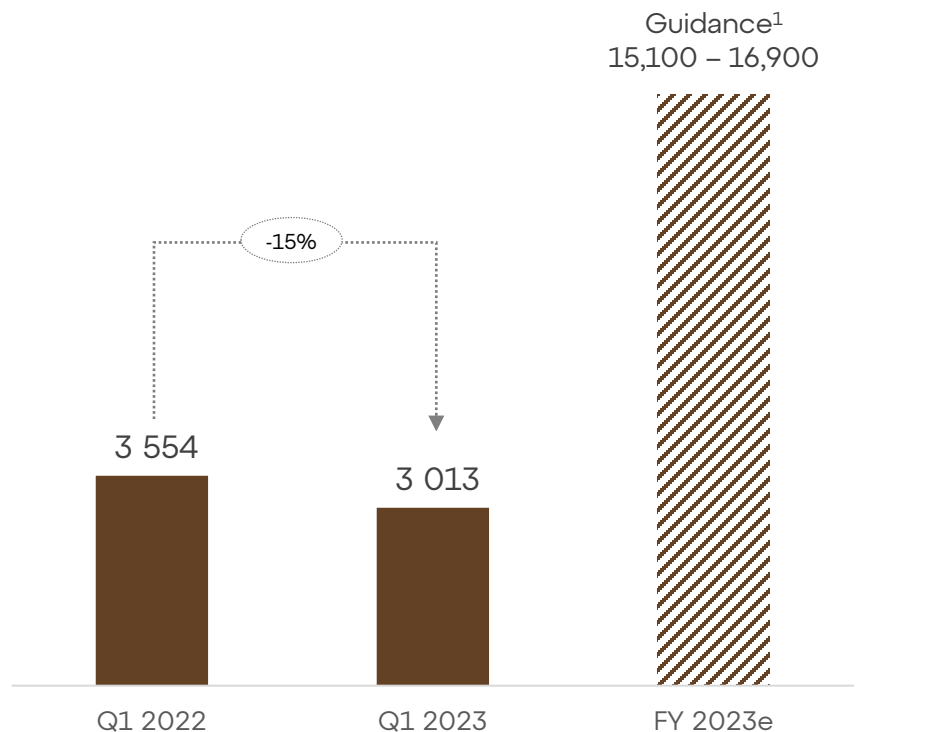
COMMENTS

- ▶ Larger share of M&LE contracts to result in a significantly higher seasonality of sales due to the nature of M&LE deliveries (see page 10 for “Canada/Ukraine” example)
- ▶ **Stronger CZK vs. USD and EUR affected both Revenues and EBITDA**
- ▶ US commercial market remains still relatively weak among selected product categories

GUIDANCE FOR FULL YEAR 2023 REMAINS UNCHANGED

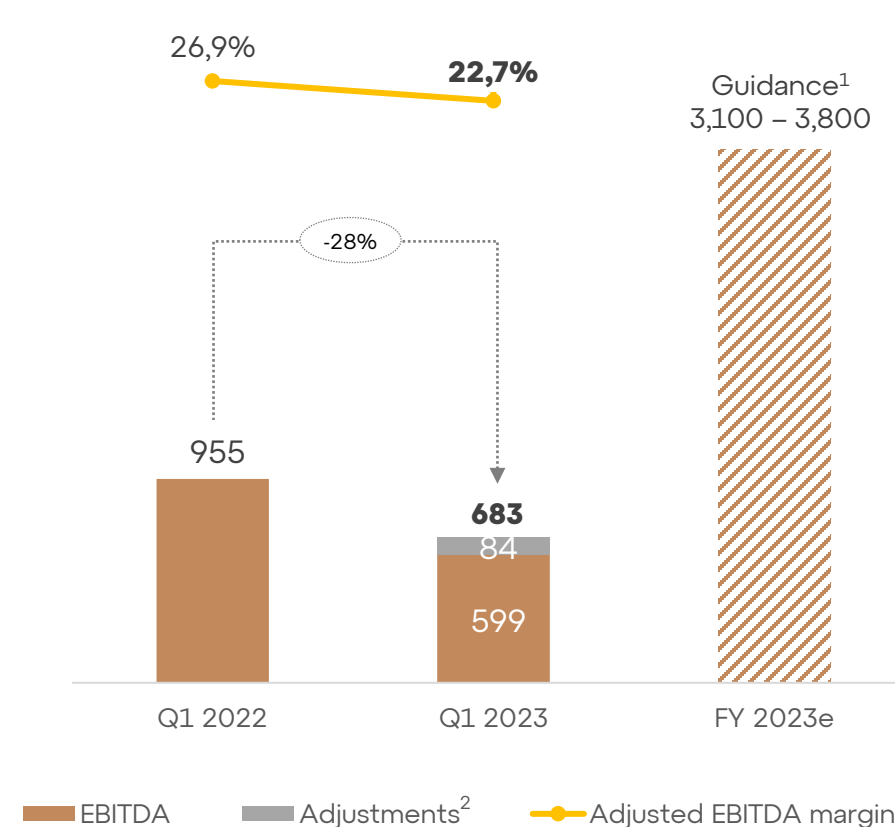
REVENUES

CZKm



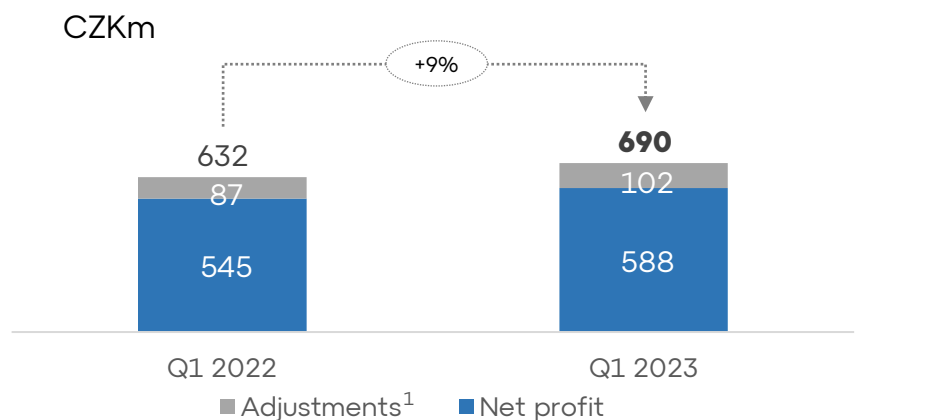
ADJUSTED EBITDA¹

CZKm/%

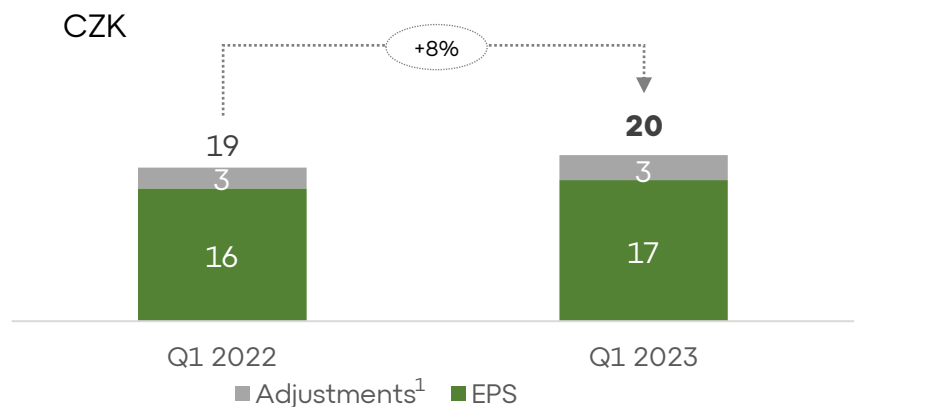


GENERAL MEETING TO VOTE ON THE FY22 DISTRIBUTION OF PROFITS

ADJUSTED NET PROFIT²



ADJUSTED EARNINGS PER SHARE²



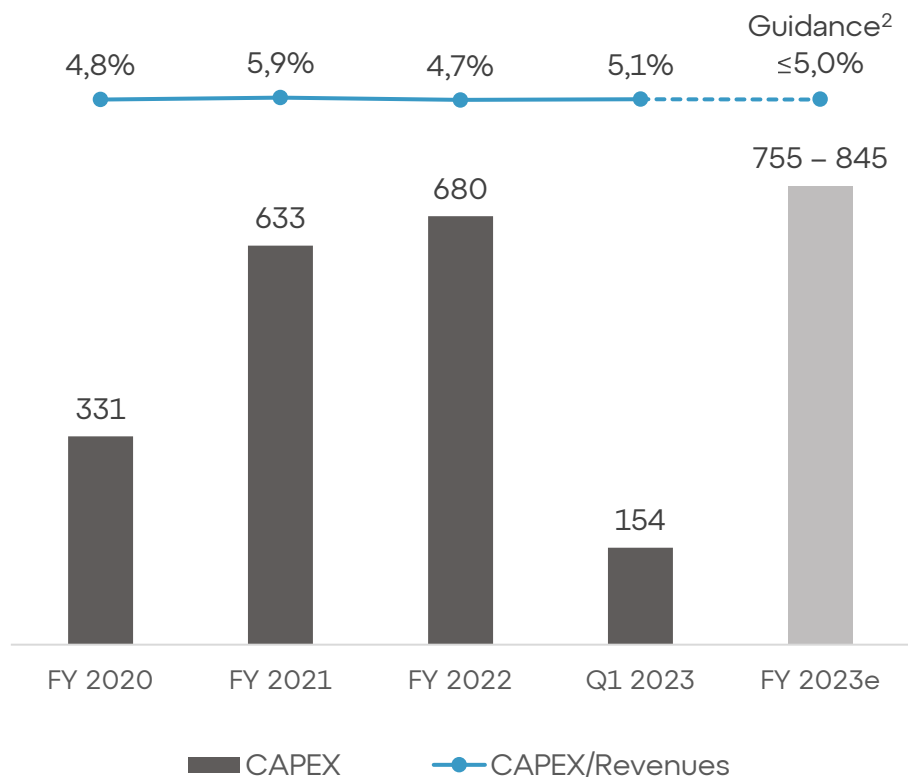
COMMENTS

- ▶ **Positive impact of CZK ~150M** caused by FX hedging instruments used to offset appreciation of CZK vs. USD and EUR
- ▶ Proposed **dividend of CZK 30 per share** to be approved by the General Meeting in 06/2023
- ▶ Key adjustments are related to the **Employee Stock Option Program** and to the revaluation of **Colt's earnout consideration**

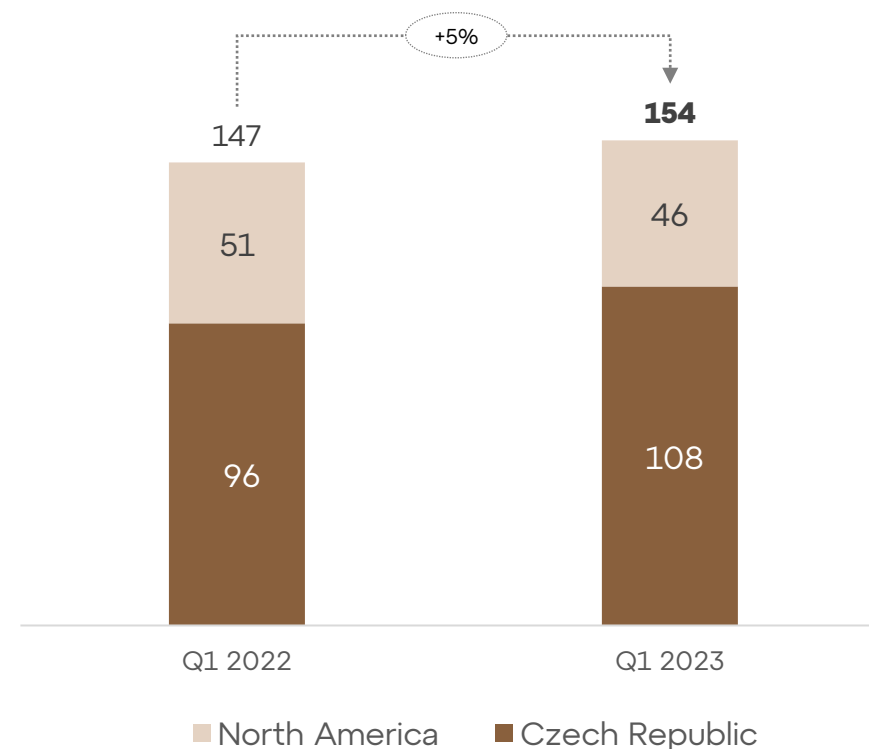
CAPEX ROLLING OUT ACCORDING TO THE GROUP PLAN

CAPITAL EXPENDITURES¹

CZKm/%

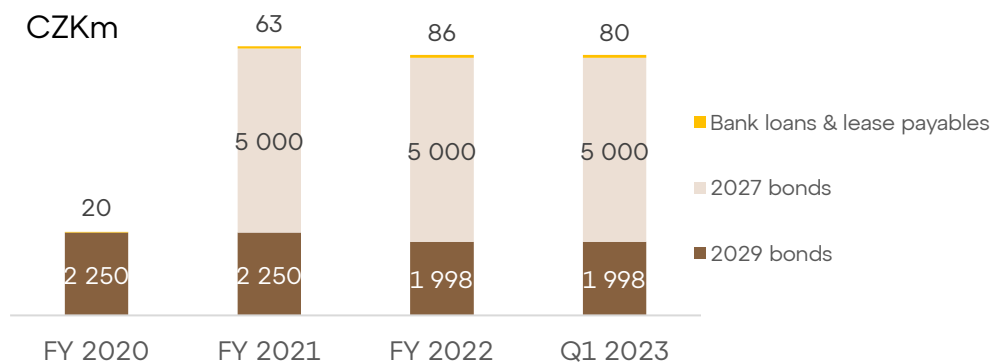


CAPEX GEOGRAPHICAL SPLIT

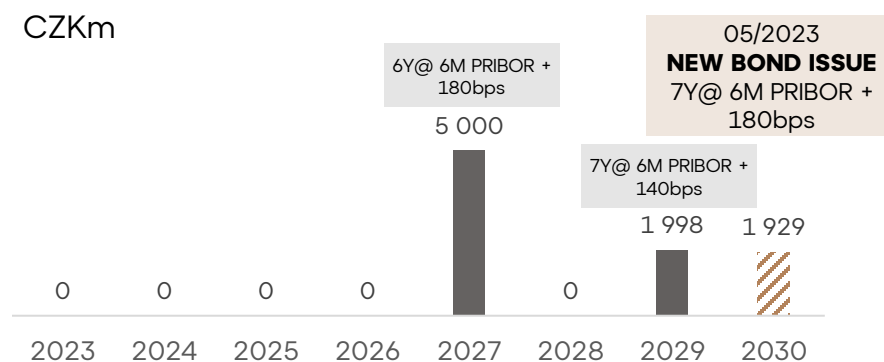


GROUP INDEBTEDNESS PROFILE

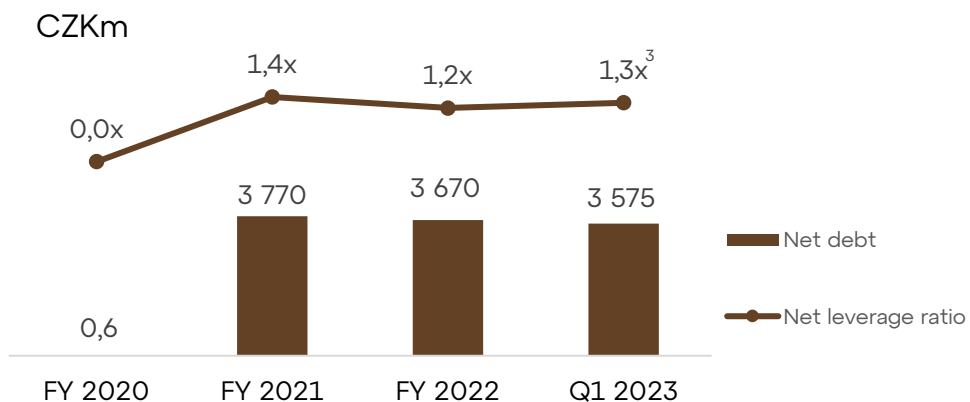
DEBT STRUCTURE



DEBT MATURITY PROFILE



NET FINANCIAL DEBT¹ & NET LEVERAGE RATIO²



COMMENTS

- ▶ In 05/2023 Group **issued new 7Y bonds**, denominated in CZK at 6M PRIBOR + 180bps in **total volume of CZK 1,929M**

OTHER NOTABLE EVENTS

COLT CANADA TO SOURCE CANADIAN GOVERNMENT'S MILITARY AID SUPPORT TO UKRAINE

- ▶ Canadian Prime Minister **Justin Trudeau announced more military aid to support Ukraine** in its war with Russia while hosting Ukrainian Prime Minister Denys Shmyhal in Toronto, Canada on 11/04/2023
- ▶ Canada will provide 21k of assault rifles, 38 machine guns and over 2.4M rounds of ammunition to Ukraine, **all being sourced from Colt Canada**



PRESIDENT P. PAVEL PRESENTED PRESIDENT V. ZELENSKY WITH CZ 75 LIMITED PISTOL

- ▶ The President of the **Czech Republic**, Mr. Petr Pavel **presented President Volodymyr Zelenskyy** with a hand-engraved **CZ 75 pistol from the Order of the White Lion edition** as a gift from the state on his official visit of Kyiv, Ukraine on 05/05/2023

A dark, semi-transparent image of an industrial factory floor. In the center, a yellow robotic arm is positioned over a work area. To the left, there are control panels with screens and buttons. To the right, there are more complex machinery and equipment. The overall scene is dimly lit, with some lights visible in the background.

**THANK YOU FOR
YOUR ATTENTION**

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A man in a dark t-shirt is operating a yellow robotic arm in a factory. The arm is positioned over a complex metal assembly. The background shows industrial machinery, including a control panel with a screen and buttons. The scene is dimly lit, with the robotic arm and the worker being the primary focus. The text 'APPENDIX' is overlaid in large white letters on the left side of the image. The text 'COLT CZGROUP' is overlaid in white letters at the bottom left. There are several diagonal orange lines on the right side of the image.

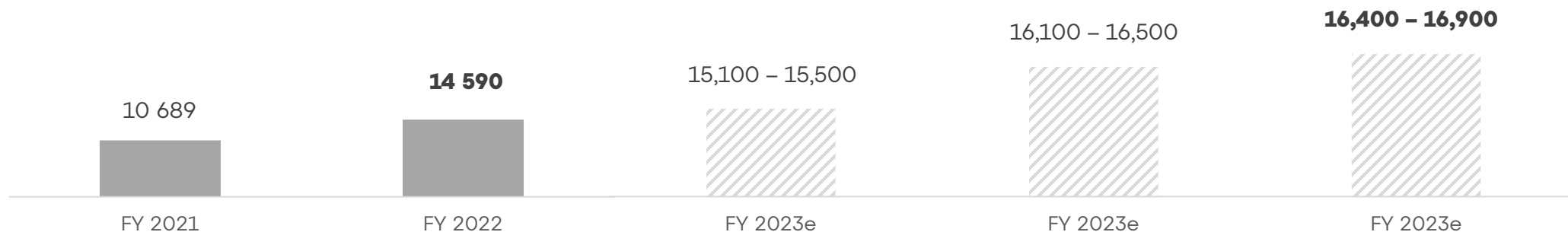
APPENDIX

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FY 2023 GUIDANCE SCENARIOS

REVENUES

CZKm



ADJUSTED EBITDA

CZKm



ADJUSTED EBITDA RECONCILIATION

In CZK '000	Q1 2023	Q1 2022
Operating profit	411,538	749,297
Depreciation and amortization	187,554	205,445
EBITDA	599,092	954,742
ESOP related costs	77,596	-
ESOP related provisions for health insurance	5,217	-
M&A costs ¹	1,536	-
Adjusted EBITDA	683,441	954,742

ADJUSTED NET PROFIT RECONCILIATION

In CZK '000	Q1 2023	Q1 2022
Earnings before tax	734,657	726,922
Tax expenses	(146,838)	(182,192)
Net income	587,819	544,730
Earn-out related costs ¹	41,279	116,286
ESOP related costs	77,596	-
ESOP related provisions for health insurance	5,217	-
M&A costs ²	1,536	-
One-off expenses related to the bond issue	2,003	-
Adjusted earnings before tax (Adj. EBT)	862,287	843,208
Effective tax rate on Adj. EBT (Q1 2023 ~20.0%; Q1 2022 ~25.1%)	(172,348)	(211,308)
Adjusted Net Income	689,939	631,900

CONSOLIDATED PROFIT AND LOSS STATEMENT

In '000 CZK	31 Mar 2023	31 Mar 2022
Revenues from the sale of own products, goods and services	3,012,556	3,553,557
Other operating income	20,368	15,300
Change in inventories developed internally	335,838	428,063
Own work capitalized	41,402	52,343
Raw materials and consumables used	(1,560,669)	(1,869,617)
Services	(380,581)	(505,466)
Personnel costs	(762,542)	(654,224)
Depreciation and amortization	(187,554)	(205,445)
Other operating expenses	(69,117)	(49,823)
Allowances	(38,163)	(15,391)
Operating profit	411,538	749,297
Interest income	363,043	75,368
Interest expense	(235,250)	(123,577)
Other financial income	86,110	-
Other financial expenses	(145,436)	(148,248)
Gains or losses from derivative transactions	253,452	138,159
Share in the profit of associates after tax	1,200	35,923
Profit before tax	734,657	726,922
Income tax	(146,838)	(182,192)
Profit for the period	587,819	544,730
Items that may be subsequently reclassified to the statement of profit or loss		
Cash flow hedges – remeasurement of effective portion of hedging instruments	40,338	400,866
Foreign currency translation of foreign operations	(4,474)	19,224
Other comprehensive income	35,864	420,090
Comprehensive income for the period	623,683	964,820
Profit for the period attributable to:		
Owner of the parent company	587,819	544,730
Non-controlling interests	-	-
Comprehensive income for the period attributable to:		
Owner of the parent company	623,683	964,820
Non-controlling interests	-	-
Net earnings per share attributable to the owner of the parent company (CZK per share)		
Basic	17	16
Diluted	17	16

Notes: Financials for Q1 2023 are based on consolidated unaudited results

CONSOLIDATED BALANCE SHEET 1/2

In '000 CZK	31 Mar 2023	31 Dec 2022
ASSETS		
Non-current assets		
Intangible assets	3,267,393	3,462,131
Goodwill	2,457,416	2,457,416
Property, plant and equipment	3,013,522	3,066,251
Equity-accounted securities and investments	40,601	39,401
Financial derivatives	1,444,484	1,181,097
Trade and other receivables	27,166	35,515
Other receivables	492	6,560
Total non-current assets	10,251,074	10,248,371
Current assets		
Inventories	4,306,307	3,797,557
Trade and other receivables	1,161,341	1,346,143
Provided loans	-	7,700
Other financial assets	821,825	756,834
Financial derivatives	387,266	217,123
Other receivables	387,014	304,005
Cash and cash equivalents	2,681,687	2,825,781
Total current assets	9,745,440	9,255,143
Total assets	19,996,514	19,503,514

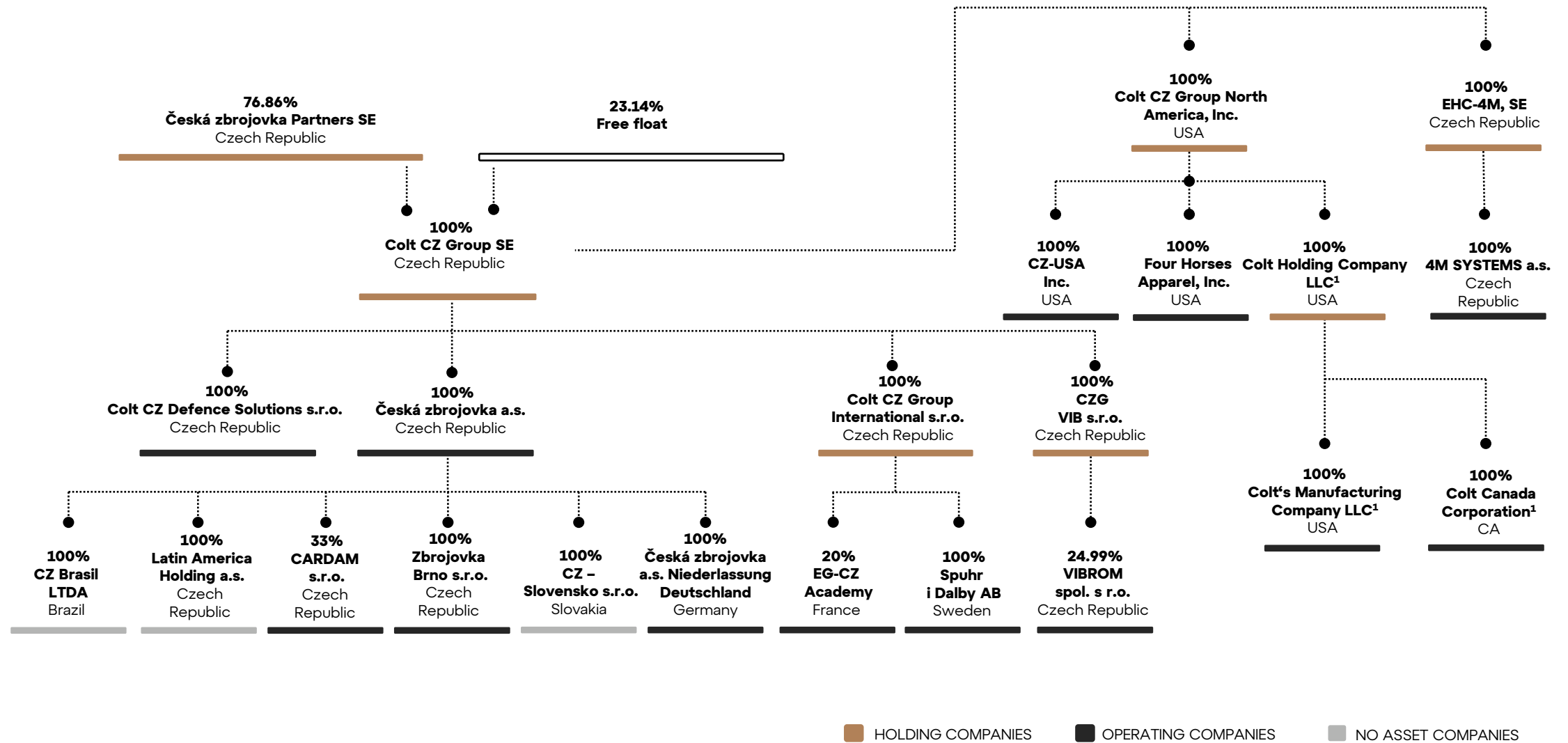
CONSOLIDATED BALANCE SHEET 2/2

In '000 CZK	31 Mar 2023	31 Dec 2022
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	3,410	3,410
Share premium	1,366,386	1,366,386
Capital funds	1,641,512	1,641,512
Cash flow hedge reserve	1,108,552	1,068,214
Foreign exchange translation reserve	-330,907	-326,433
Accumulated profits (including current profit)	4,593,697	3,928,282
Total equity	8,382,650	7,681,371
Non-current liabilities		
Bonds, bank loans and borrowings	6,975,723	6,972,898
Financial derivatives	21,305	28,684
Lease liabilities	41,467	46,796
Other financial liabilities	249,046	240,468
Trade and other payables	7,473	7,825
Other payables	14,989	21,169
Provisions	28,598	23,654
Deferred tax liability	738,455	731,308
Employee benefit liabilities	252,988	265,280
Total non-current liabilities	8,330,044	8,338,082
Current liabilities		
Bonds, bank loans and borrowings	45,777	208,597
Financial derivatives	22,003	38,610
Lease liabilities	22,927	23,939
Other financial liabilities	247,112	238,593
Trade and other payables	1,228,415	1,154,955
Other payables	1,355,758	1,479,267
Provisions	47,455	51,371
Tax liabilities	295,597	269,096
Employee benefit liabilities	18,776	19,633
Total current liabilities	3,283,820	3,484,061
Total liabilities	11,613,864	11,822,143
Total equity and liabilities	19,996,514	19,503,514

CONSOLIDATED CASH FLOW STATEMENT

In '000 CZK	31 Mar 2023	31 Mar 2022
Cash flows from principal economic activity (operating activity)		
Profit from ordinary activity before tax	734,657	726,922
Depreciation/amortization of non-current assets	187,554	205,445
Change in allowances and provisions	40,233	11,544
Interest expense and interest income	(127,793)	48,209
Share in the profit of associates	(1,200)	(35,923)
Unrealized foreign exchange gain and losses	278,635	6,416
Contingent consideration – remeasurement	41,284	116,286
Other financial assets – remeasurement	(86,110)	-
Cash flow hedging – remeasurement of the effective portion of hedging instruments	40,338	400,866
Share-based payments	77,596	-
Adjustments for other non-cash transactions	220	(674)
Net operation cash flows before changes in working capital	1,185,414	1,479,091
Change in working capital		
Change in receivables and deferrals	(377,115)	(1,165,803)
Change in liabilities and accruals	(90,447)	679,535
Change in inventories	(658,053)	(420,764)
Cash flow from operating activities	59,799	572,059
Paid interest	(398,070)	(94,056)
Interest received	432,635	70,185
Income tax paid for ordinary activity	(56,434)	(32,408)
Net cash flow from operating activities	37,930	515,780
Cash flows from investing activities		
Acquisition of non-current assets	(153,891)	(127,913)
Income from the sale of non-current assets	-	(18,950)
Provided loans – repayments received	7,700	190,000
Net cash flow from investing activities	(146,191)	43,137
Cash flows from financing activities		
Proceeds from issue of bonds	-	1,984,796
Proceeds from loans	2,956	-
Loan and interest repayment	(1,560)	(2,317,579)
Net cash flow from financing activities	1,396	(332,783)
Net change in cash and cash equivalents	(106,865)	226,134
Opening balance of cash and cash equivalents	2,825,781	3,573,467
Effect of exchange rate on cash and cash equivalents	(37,229)	-
Closing balance of cash and cash equivalents	2,681,687	3,799,601

COLT CZ GROUP STRUCTURE



COLT CZ GROUP LEADERSHIP: BOARD OF DIRECTORS



JAN DRAHOTA

Chairman of the Board of Directors

CEO of Colt CZ Group

With the Group since 2014



JOSEF ADAM

Vice-Chairman of the Board of Directors

General Counsel

Extensive legal and compliance expertise



JAN HOLEČEK

Member of the Board of Directors

Chief Commercial Officer

Extensive experience in marketing and sales



JAN ZAJÍC

Member of the Board of Directors

CEO of Česká zbrojovka

More than 15 years of experience in managerial positions in industrial companies in the Czech Republic and abroad



DENNIS VEILLEUX

Member of the Board of Directors

CEO of Colt Holding Company

More than 35 years of experience in armaments industry



DAVID AGUILAR

Independent and non-executive member of the Board of Directors

35 years of experience with U.S. Customs and Border Protection and the United States Border Patrol

COLT CZ GROUP LEADERSHIP

Colt CZ Group Supervisory Board:



LUBOMÍR KOVAŘÍK

Chairman of the Supervisory Board

Former President of the Group in 2018-2021

Former CEO of Česká zbrojovka in 2006-2017



JANA RŮŽIČKOVÁ

Member of the Supervisory Board

More than 15 years in managerial and executive positions



VLADIMÍR DLOUHÝ

Member of the Supervisory Board

Former Minister of Industry and Trade of the Czech Republic

More than 20 years of experience in the field of investment

advice in Czech and foreign companies

North America Leadership:



GENERAL (Ret.) GEORGE CASEY

Member of the Board of Directors, Colt CZ Group NA

Former US Army Chief of Staff from 2007 to 2011. Deep

knowledge of the military and a demonstrated history of leadership in the armed forces, academia, the non-profit sector and industry



JOANNE MCCORMICK

CEO Colt Canada

Over 23 years of business experience managing people, projects, departments and businesses in manufacturing, technology and distribution



JEAN-LOUIS VANDERSTRAETEN

Member of the Board of Directors, Colt CZ Group NA

Over 40 years of experience in defense contracting, business planning, operations management and corporate finance

THANK YOU

Colt CZ Group SE

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