

Colt CZ Group SE increased its total revenues by 51.1% to CZK 15 billion in the first nine months of 2024 driven by both organic growth and acquisitions

Prague (November 21, 2024) — Colt CZ Group SE (“Colt CZ”, the “Group” or the “Company”) today announced its consolidated unaudited financial results for the first nine months of 2024 ending September 30.

9M 2024 Key Financial Highlights:

- ▶ The Group’s revenues in the first nine months of 2024 amounted to CZK 14 971.9 million, up by 51.1% y-o-y, due to both the organic growth and the consolidation of Sellier & Bellot. Geographically, the growth was recorded mainly in Europe including the Czech Republic and also in the USA.
- ▶ Adjusted EBITDA for the first nine months of 2024 reached CZK 3,020.9 million, which represents an increase of 56.1% vs. the same period of 2023¹. The increase was driven by higher sales, a higher share of orders from the M/LE segment, and the consolidation of the Sellier & Bellot acquisition.
- ▶ Adjusted net profit for the first nine months of 2024 reached CZK 1,292.7 million in total, which is 12.8% less compared to the same period in 2023. The decline in profit was primarily influenced by the result of financial operations which was affected mainly by high interest costs associated with acquisition financing.
- ▶ The number of firearms sold in the first nine months of 2024 increased by 3.2% compared to the same period in 2023 and reached 463 thousand units sold, thanks to the double-digit growth in the category of long guns.

“The results for the nine months of 2024 confirmed our expectations for the year 2024, namely an increase in our performance, both through organic growth and the consolidation of new acquisition of Sellier & Bellot. We confirm our full year guidance for 2024. In October, we carried out a very successful accelerated bookbuilding of 3.9 million newly issued shares, which was the largest sale of shares through ABB on the Czech capital market since 2016. We are proud that investors want to participate in our business story and further growth of the Group.” commented **Jan Drahot**a, **CEO and Chairman of the Board of Directors of Colt CZ Group**.

¹ One-off adjustments described in the appendix

Revenues

Compared with the results as of September 30, 2023, the revenues for the first nine months of 2024 went up by 51.1% to CZK 15.0 billion. The increase in sales was recorded in both the military and law enforcement segment and the commercial segment, as well as in all regions except Canada and Africa. Revenues were also affected by the consolidation of the acquisition of Sellier & Bellot from May 16, 2024.

Revenues by regions

Regionally, the revenues generated in the Czech Republic went up y-o-y by 74.3% to CZK 2,990.2 million as of September 30, 2024. Revenues generated in the United States increased y-o-y by 38.5% to CZK 6,347.1 million for the first nine months of 2024 thanks to the stabilization of the US commercial market and the consolidation of revenues of the new acquisition Sellier & Bellot from 16 May 2024. The revenues in Canada reached CZK 759.7 billion in the first nine months of 2024, down by 44.9% y-o-y driven by a higher comparable base (one-off delivery to the Canadian government in connection with aid for Ukraine last year) and seasonality of deliveries to the local customer. Revenues generated in Europe (excluding the Czech Republic) increased y-o-y by 182.0% to CZK 3,642.1 million for the nine months ended September 30, 2024, due to the consolidation of revenues of acquisitions in the ammunition segment - Sellier & Bellot from 16 May 2024 and swissAA in Switzerland.

Revenues generated in Africa decreased by 26.6% to CZK 118.5 million for the nine months ended September 30, 2024, primarily due to the lack of larger M&LE contracts which tend to be relatively seasonal. Revenues generated in Asia increased y-o-y by 21.7% to CZK 590.9 million for the first nine months ended September 30, 2024. Colt CZ started reporting revenues for the new Latin America region, where sales for the first nine months of 2024 amounted to CZK 472.1 million, which is 198.3% more y-o-y. Revenues from sales to other parts of the world reached CZK 51.3 million in the first nine months of 2024, down by 62.9% y-o-y.

Breakdown of Group's revenues for the reported periods by regions:

(in CZK thousand)	9M 2024	9M 2023	Change in %	Share on total revenues in %
Czech Republic	2,990,177	1,715,846	74.3%	20.0%
USA	6,347,105	4,581,293	38.5%	42.4%
Canada	759,673	1,378,353	(44.9%)	5.1%
Europe (excl. the Czech Republic)	3,642,076	1,291,582	182.0%	24.3%
Africa	118,517	161,512	(26.6%)	0.8%
Asia	590,900	485,462	21.7%	3.9%
LATAM	472,133	158,249	198.3%	3.2%
Other	51,314	138,249	(62.9%)	0.3%
Total	14,971,895	9,910,546	51.1%	100.0%

a. Firearms and accessories segment

The firearms and accessories segment includes the design, production, assembly and sale of firearms, tactical accessories and optical mounting solutions for the military and law enforcement, personal defense, hunting, sport shooting, and other commercial use.

In the first half of 2024, there was an increase of 3.2% y-o-y in the number of sold firearms, which amounted to 463,186 units. Higher sales of long firearms were recorded, which rose 11.8% y-o-y to 194,367 units, while sales of handguns recorded a slight decrease of 2.3% y-o-y. The Company is also registering a recovery in the US commercial market in the handguns segment.

Overview of the firearm units sold by type:

In units	9M 2024	9M 2023	Change in %
Handguns	268,819	275,054	(2.3%)
Long firearms	194,367	173,805	11.8%
Total firearms	463,186	448,859	3.2%

Revenue from the firearms and accessories segment increased by 11% y-o-y in the first nine months of 2024, to a total of CZK 11.0 billion, primarily based on growth in the number of firearms sold and a favorable sales mix.

b. Ammunition segment

The ammunition segment consists of the design, production and sale of small-caliber ammunition, including pistol and rifle ammunition, together with shotgun shells for hunting, sport shooting, and military and law enforcement, as well as the production and sale of grenades and other military material. It also includes the development and production of ammunition manufacturing machinery and tools.

Starting from the first half of 2024, the Company will separately report for the ammunition segment in accordance with IFRS. In the ammunition segment, the Company includes revenues from its subsidiaries Sellier & Bellot (from 16 May 2024), swissAA, and the relevant part of revenues of Colt CZ Defense Solutions. In the newly reported ammunition and munitions segment, the Group achieved revenues of CZK 4.0 billion in the first nine months of 2024.

EBITDA and adjusted EBITDA²

In the nine months ended September 30, 2024, EBITDA went up by 31.5% to CZK 2,244.3 million compared with the same period last year, primarily thanks to the organic sales growth, especially in the second quarter of this year, the recovery of the US commercial market, a

² In the nine months of 2024, EBITDA was adjusted by one-off items related to unrealized acquisitions, payments related to the employee stock option plan, and one-off expenses connected with the acquisition of Sellier & Bellot – inventory step up and commodity hedging, which are unrelated to operational performance and value creation in the given period. In the first nine months of 2023, EBITDA was adjusted by one-off items related to acquisitions and payments related to the employee stock option plan which are not related to operational performance and value creation in the given period.

better sales mix of products with higher added value (higher share of orders from the M/LE segment), as well as the consolidation of the new acquisition of Sellier & Bellot from 16 May 2024.

The adjusted EBITDA went up by 56.1% to CZK 3,020.9 million compared with the same period of last year. The most significant one-off items were expenses related to the employee stock option plan and one-off expenses connected with the acquisition of Sellier & Bellot – inventory step-up and commodity hedging.

Profit (loss) before tax

Profit (loss) before tax decreased by 51.3% y-o-y to CZK 920.9 million for the first nine months of 2024, due to the impact of financial operations, cost associated to share based payment related to the employee stock option plan, the increase in depreciation and amortization related to the acquisition of Sellier & Bellot and the revaluation of inventory also related to this acquisition.

Net profit / Adjusted Net profit³

Profit for the first nine months of 2024 decreased by 53.98% to CZK 708.7 million compared with the same period of last year, due to the impact of financial operations cost associated to share based payment related to the employee stock option plan, the increase in depreciation and amortization related to the acquisition of Sellier & Bellot and the revaluation of inventory also related to this acquisition.

Profit for the first nine months of 2024, adjusted for extraordinary items, decreased by 12.8% to CZK 1,292.7 billion compared with the same period in 2023.

Investments

The Group's cash capital expenditures were CZK 655.6 million in the first nine months of 2024, up 54.7% y-o-y, representing 4.4% of total revenues in this period which is in line with the 2024 guidance (approximately 5% of 2024 revenues). Approximately 56% of investments went to the Czech Republic, 31% to North America and approximately 13% to subsidiaries in other countries, especially Switzerland.

2024 Guidance for the rest of the year

In the context of financial results for the first nine months of 2024, and development as of the date of this announcement, the Company **confirms** its guidance for the rest of 2024, including the results of this year's acquisition of Sellier & Bellot.

In 000' CZK	Guidance	y-o-y change in %
Colt CZ Group standalone		
Revenues	16,200–17,800	9.0%–19.8%

³ In 9M 2024, net profit was adjusted by one-off items related to unrealized acquisitions, payments related to the employee stock option plan, and one-off expenses connected with the acquisition of Sellier & Bellot – inventory step up cost related to the bond issue and bank fees related with acquisition loan. In 9M 2023, net profit was adjusted by one-off items related to acquisitions and payments related to the employee stock option plan, cost of revaluation of equity earnout related to the Colt acquisition and by financing cost related to bond issue which are not related to operational performance and value creation in the given period and was also adjusted by the profit from the negative goodwill in connection with the swissAA acquisition.

Adjusted EBITDA	3,300–3,800	8.3%–24.7%
Colt CZ Group with expected contribution of Sellier & Bellot		
Revenues	20,000–22,000	34.6%–48.1%
Adjusted EBITDA	4,300–4,700	41.1%–54.2%
Colt CZ Group with Sellier & Bellot pro-forma FY 2024		
Revenues	23,000–25,000	54.8%–68.3%
Adjusted EBITDA	5,200–5,600	70.6%–83.7%

The capital expenditures of the Group in 2024 may reach CZK 1-1.2 billion which represents a 5% share of the 2024 expected revenues and is in line with the medium-term target of the Company.

Completion of the sale of shares through an accelerated bookbuilding in October 2024

In October 2024, the Company successfully completed ABB of 3,900,000 new registered book-entry shares. In the offering, the price per share was set at CZK 575, which at the time of the offering represented only a 7% discount to the market price. Investor demand at this price exceeded the number of shares sold by roughly 1.5x. The ABB attracted a number of new institutional investors and Colt CZ successfully diversified its shareholder base. The transaction volume of CZK 2.24 billion (approx. EUR 90 million) was the largest ABB on the Czech capital market since 2016.

The settlement took place on October 18, 2024. The capital increase resulted in a change in the ownership structure. The stake of the majority owner Česká zbrojovka Partners SE, after the sale, equaled 51.8%, the stake of CBC Europe S.à r.l. was 24.4% and the free float was 23.8%. The Company intends to use the sale proceeds for investments in further growth and reduction of existing debt.

About Colt CZ Group SE

Colt CZ Group (Colt CZ) is one of the leading producers of firearms and ammunition for military and law enforcement, personal defense, hunting, sport shooting, and other commercial use. It markets and sells its products mainly under the Colt, CZ (Česká zbrojovka), Colt Canada, CZ-USA, Dan Wesson, Sellier & Bellot, swissAA, Spuhr and 4M Systems brands.

Colt CZ Group is headquartered in the Czech Republic and employs more than 3,600 people in its production facilities in the Czech Republic, the United States, Canada, Sweden, Switzerland, and Hungary. Colt CZ has been listed on the Prague Stock Exchange since 2020 and the majority shareholder is Česká zbrojovka Partners SE holding.

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Appendix:

Adjusted EBITDA

(in CZK thousand)	30.09.2024	30.09.2023
EBITDA	2,244,346	1,706,681
ESOP	402,456	228,475
M&A (unrealized)	962	268
SB inventory step up	330,000	0
SB commodity hedging	43,193	0
Adjusted EBITDA	3,020,957	1,935,424
EBITDA margin	20.2%	19.5%

Adjusted net profit

(in CZK thousand)	30.09.2024	30.09.2023
Profit before tax	920,864	1,891,596
ESOP	402,456	228,475
M&A (unrealized)	962	268
SB inventory step up	330,000	0
SB commodity hedging/negative goodwill	43,193	(320,842)
Earnout revaluation	0	17,807
SB commodity hedging - reclassification	(43,193)	0
Bank fee - acquisition loan S&B	18,136	0
Bond issue related costs	7,391	6,317
Subtotal of adjusted items	758,945	(67,975)
Effective tax rate	(387,101)	(341,270)
Adjusted net profit	1,292,708	1,482,351