

# ACQUISITION OF SYNTHESIA NITROCELLULOSE BY COLT CZ

## ANALYST CALL

August 29, 2025

**COLT  
CZGROUP**

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**JAN DRAHOTA**

Chairman of the Board of Directors  
Colt CZ Group SE



**JANA MATOUŠKOVÁ**

Head of Group Finance  
Colt CZ Group SE



**ONDŘEJ PALÁT**

Head of M&A  
Colt CZ Group SE

# TRANSACTION SUMMARY

- ▶ **On 28/8/2025, Colt CZ signed share purchase agreement for acquisition of 51% stake in Synthesia Nitrocellulose, a.s. (SNC) from Synthesia, a.s., with the remaining 49% to be acquired under already agreed terms over the medium term.**

## Main parameters of transaction:

- ▶ Enterprise value 11.22bn CZK for 51% stake
- ▶ Corresponds to 8.2x 2025B EBITDA
- ▶ The transaction will be paid by combination of 5.5bn CZK in cash and a certain number of newly issued common shares
- ▶ As a result, Kaprain Chemical, the owner of Synthesia, a.s., will become 3rd largest shareholder in Colt CZ Group, with a stake between 5-10%
- ▶ The transaction includes the Energy business of Synthesia, a.s., which supplies power, steam and other utilities to the whole industrial site
  - ▶ The Energy business will be demerged from Synthesia, a.s., closing is expected in H1 2026
- ▶ Synthesia, a.s. will keep its businesses not related to defense sector (pigments and dyes and custom organic synthesis)
- ▶ Synthesia, a.s. is committed to stay in SNC as 49% stakeholder for at least 2 years after Colt CZ entry
- ▶ A call /put option starting 2028 has been agreed at same enterprise value as the initial stake payable in combination of cash and Colt CZ common shares

## EXPECTED TIMING

- ▶ Signing 8/2025
  - ▶ Both NC and Energy business SPAs signed
  - ▶ Regulatory approvals
- ▶ Closing 11/2025 – Q1 2026
- ▶ Carve-out of energy business into a separate company
- ▶ Acquisition of 51% in energy business by H1 2026
- ▶ Acquisition of remaining 49% in SNC and energy business, 2028-2032
  - ▶ Starting 2028, put / call option structure with fixed valuation

# SYNTHESIA NITROCELLULOSE (SNC)

## NITROCELLULOSE APPLICATION AND SNC POSITION

### Energetic nitrocellulose (eNC) is the key material for production of:

- ▶ Gunpowders for small (handguns, rifles), medium (grenade launchers, mortars) and large (tank and artillery shells) caliber ammunition
- ▶ Casings, combustible modules and explosives for artillery and tank shells
- ▶ Solid propellants for rocket engines

### SNC is one of largest global producers of eNC, and Top 3 in NATO

- ▶ While eNC makes up most revenue, SNC is also an important producer of
- ▶ Industrial nitrocellulose (used for e.g. paints and coatings)
- ▶ Oxycellulose (healthcare and pharma industry, e.g. as a hemostatic agent)
- ▶ Industrial salts and waste acids by-products are also a revenue stream

### SNC has very efficient and fully integrated eNC production

- ▶ The acquisition includes all nitrocellulose-related assets in the industrial Semtin Zone at Pardubice, all customer contracts and approx. 400 experienced employees in production of nitrocellulose
- ▶ Inhouse nitric acid, sulfuric acid and oleum preparation needed to 7 000 tons of eNC, including regeneration and waste acids processing.
- ▶ Steam and electricity by on-site energy source (the Energy business)
- ▶ Geographically diversified and reliable supplier base for cellulose



## MAIN eNC PRODUCERS IN EUROPE AND NORTHERN AMERICA

- ▶ US Army ammunition plant operated by BAE (USA), 10 000t
- ▶ Synthesia (CZ) 6 000t with expansion under way to >7 000t tons to meet growing demand.
- ▶ Manuco (Eurengo Group) France, 6 000t
- ▶ Rheinmetall (Switzerland, Spain..), 4 000t
- ▶ Nammo (Finland), 2 500t
- ▶ Milan Blagojevic (Serbia), 2 000t
- ▶ Several smaller players

# STRATEGIC RATIONALE FOR THE ACQUISITION

## STRATEGIC RATIONALE

### Strengthening vertical integration in ammunition supply chain

- ▶ The acquisition of SNC fits into Colt CZ Group's strategy to expand into medium- and large-caliber ammunition
- ▶ It enhances our position in a critical part of the supply chain, giving us direct access to energetic nitrocellulose, a key raw material for propellant production

**Ammunition segment as a platform for future integration.** This move builds on the geographic and operational synergies with:

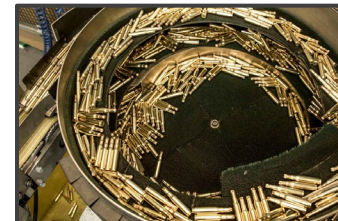
- ▶ Sellier&Bellot – one of largest EU producers of small-caliber ammunition
- ▶ SNC – leading producer of eNC in Europe and North America
- ▶ Mid and large caliber manufacturers, where the transaction opens avenues for production and trade partnerships

### Supporting Strategic Independence

- ▶ We are committed to further vertical integration of our ammunition and propellant production, thus supporting the strategic autonomy and supply security of the Czech Republic and NATO Allies

### Next Steps

- ▶ We will explore options to complete the production chain, including potential in-house or M&A-based propellant production



## FINAL APPLICATIONS

### Artillery shells (105-155mm)

- ▶ needs 6-7kg of eNC/round, low units of millions / year

### Mid-caliber (20-60mm) ammo

- ▶ needs ~150g/round, tens of millions rounds/year

### Small-caliber ammo (up to 12.7mm)

- ▶ needs <1-10g/round, tens of millions rounds / year

*Only European and North American producers eligible as energetic nitrocellulose suppliers due to security and quality concerns*



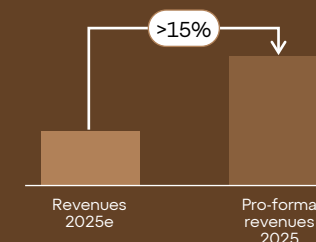
# KEY FINANCIAL PARAMETERS

## VALUATION AND IMPACT ON FINANCIALS

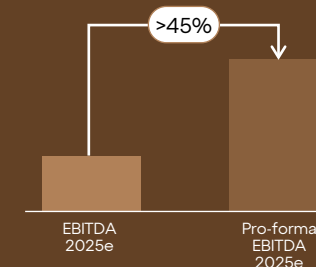
- ▶ The transaction values 100% of SNC, including the energy business, at 22bn CZK
- ▶ The acquisition of SNC corresponds to pro-forma EV / EBITDA of 8.2x, at lower range of chemical companies, below Colt CZ trading multiple and significantly below largest propellant and explosives manufacturers
  - ▶ Average EV/EBITDA ~ 8 - 9x for chemical other than petrochemicals and companies focused on nitrogen-based products
  - ▶ Average EV/EBITDA ~ 25x among listed explosives and propellant producers (Rheinmetall, BAE Systems, Chemring)
- ▶ Net Debt/EBITDA of SNC at closing expected to be ~ 1x
- ▶ The transaction will be paid by available sources of Colt CZ Group, including possible bond issue in Q4 2025
- ▶ SNC revenue is largely based on long-term contracts with customers in CZE and abroad. It has higher profitability than firearms and ammunition manufacturing business

## PRO-FORMA IMPACT

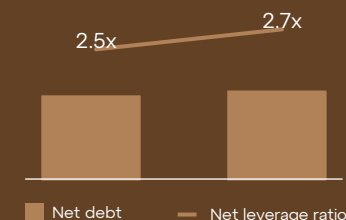
### REVENUES



### EBITDA



### NET LEVERAGE RATIO (PRO FORMA 31/12/2025)



# THANK YOU

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