

Analyst call 9M 2025 financial results transcript

Klára Šípová:

Good morning, everyone.

Let me welcome you to the analyst conference call in connection with the publication of the consolidated financial results for the first nine months of 2025 for Colt CZ Group, which were published this morning.

You should have the presentation in front of you, and it is also available on our website.

I would like to ask you to stay muted during the call.

After the presentation, we will move to the Q&A session.

If you would like to ask a question in the Q&A session, please raise your hand in the Teams application or speak directly into the phone.

And now, I would like to introduce today's speakers on the call.

It is Mr. Radek Musil, the CEO of Colt CZ Group.

Hello, Radek.

Good morning.

I will now move to Ms. Jana Matoušková, the Group Head of Finance. Hello, Jana.

Hello. Good morning.

We also have Mr. Jan Zajíc, a member of the Board of Directors and CEO of Česká zbrojovka Uherský Brod. Hello, Jan.

Good morning.

And for the first time on our conference call, Mr. Vladimír Rada, the CEO of Sellier & Bellot and a member of the Board of Directors as of December 1, 2025. Hello, Vladimír.

Hello, good morning.

And now, I would like to hand over to Radek to start the presentation.

Radek Musil:

So, hello, and it is nice to have you on this call.

Let me summarize our results for the first nine months of this year.

Overall, we are satisfied with the results achieved, having recorded growth across all key financial indicators.

You can see double-digit growth in the main indicators compared to the first nine months of 2024.

Revenues of 16.6 billion Czech korunas and an adjusted EBITDA of 3.4 billion Czech korunas increased and are fully consistent with the indications we shared last quarter.

We have achieved an improvement in profit margins, driven primarily by strong profitability in the ammunition segment and continuous growth in our key markets, especially in Europe.

The ammunition segment delivered excellent profitability despite the continuous softness of the U.S. market, combined with the impact of U.S. tariffs.

As for the firearms segment, tariffs affect Colt CZ's performance in the U.S. commercial market.

Despite these challenges, Colt CZ managed to deliver a 2% increase in the U.S. commercial market and a much larger increase in EBITDA in the U.S. market.

This was caused by an average price rise of 21% for Colt U.S., mainly due to the softness of the commercial market and a decline in revenues.

We believe that the measures implemented during the year, including the new products in the pipeline and attracting new and very experienced talent, will help.

It will help us to gradually improve our market position.

Moreover, several large M&LE (Military & Law Enforcement) contracts have been signed during the third quarter, but with deliveries scheduled for 2026 and 2027.

So, good things are in the pipeline for the firearms segments.

Well, I understand that there is an elephant in the room—the 2025 guidance—but let me comment on that later.

So, please, Jana, you can continue with the financial indicators.

Jana Matoušková:

OK, thank you, Radek.

So, I will continue with the status of revenues.

I would like to show you the status of revenues based on the geographic view and the segments view.

On the left side of the slides, you can find a comparison of revenues based on geography between the years 2025 and 2024.

And you can see that in 2025, we achieved a significant increase in the European market.

On the right side, there is a breakdown of revenues based on segments.

We have two basic segments: the firearms segment and ammunition.

Again, the key markets for our group where we are successful are the USA and Europe.

As you can see, for firearms it is the USA, and for firearms, the main market is Europe.

We can go to the next slide.

On this slide, showing the split of revenues based on customers, we are in line with our long-term goal, which is to achieve approximately 50/50% between Firearms and M&LE.

So, you can see in the middle of the slide that for the first nine months of 2025, we achieved 53% for commercial and 47% for M&LE.

And on the right side, it is split between our segments: firearms and ammunition.

Maybe one note on this progress: the share of revenues between the M&LE and commercial markets for the firearms segment will be influenced by the last quarter, because the last quarter is the main quarter for the delivery of M&LE contracts.

So, again, on a full-year basis, we expect a split between the commercial and M&LE markets of 50 to 50 for the whole company and also for the individual segments.

We can go to the next slide.

Yes, on this slide, you can see a breakdown of sold units; and yes, there is a slight decrease in units between 2024 and 2025.

So, the decrease is 10%, but on the right side is very important information that supports what Radek already mentioned: the CZ brand was able to increase its presence, even in the U.S. commercial market where it grew by 2%, with a total increase of about 5%.

So, this is very good information and a success for the company and for the brand as well.

For the Colt brands, it is a decent situation similar to the last presentation: some slowdown in the U.S. commercial market.

And yes, also the delivery of M&LE contracts should be in the last quarter, but this will be commented on during the forecast and guidance for 2025.

So, we can go to the next slide.

Regarding adjusted net profit, I think there is very positive information here.

You can see that net profit was increased significantly by about 18%.

It means there is a significant double-digit increase in net profit.

We would like to show you three types of net profit here.

The first one is in line with the financial statements.

That is what you can find in our consolidation.

The second one is adjustments.

Our adjustments are the same as last year.

It is ESOP (Employee Stock Option Plan) and M&A expenses.

And the last but most significant one, mainly for you, is the impact of the amortization of PPA (Purchase Price Allocation) connected with the acquisition of Sellier & Bellot.

As I already mentioned during previous presentations, the yearly impact of the amortization of PPA is approximately 600 million Czech korunas.

So, on a nine-month basis, it is almost half a billion Czech korunas.

So, this is one point.

So, you can see that the operating profitability really increased significantly after the elimination of one-off items on the right side of this slide.

The information is also good because there is only a slight decrease in earnings per share, but it is a significant improvement, and we can see positive progress in this EPS in comparison to the last presentation.

And yes, there is the same logic behind these three levels of EPS.

The first one is in line with the financial statement, the second one includes adjustments, and the last one is the potential impact of adjusted PPA amortization.

You can go to the next slide.

There are no changes in CapEx yet.

We believe that growth and investment in the factories are very important for us to achieve our further goals and strategies and to increase capacity to be able to deliver higher revenues and EBITDA.

So, we still have the same guidance: approximately 5% of consolidated revenues just now.

You will see that on a nine-month basis, it was 3.6% of revenues.

On a yearly basis, we expect something between 1.1 billion Czech korunas and 1.3 billion Czech korunas.

On the right side, you can see the split of CapEx between countries.

The main investments were made this year in the Czech Republic.

It collectively finances the ammunition segment, and both are supported by these CapEx.

We invest not only in equipment, but a very important part for us is also R&D, to be able to increase our profitability and to have better and new products for the market, which we see as a very important part of the future.

We can go to the next slide; indebtedness is on the left side.

This is an overview of our indebtedness; the grey bar is our loan in euros, which was provided in 2024 for the purchase of Sellier & Bellot.

And I would like to give one piece of information that I believe is very important for you as analysts.

When we received this loan, the balance was approximately €450 million.

And between May 2024 and the end of September 2025, we were able to repay approximately €200 million, which means a significant decrease in this acquisition loan over 15 months.

We also did some extraordinary repayments based on the good profitability of the company and good cash flow.

The brown columns on the left side are our bonds, and nothing changed in this chart until the end of September.

But what I would like to stress here is that in November 2025, we issued new bonds with a total nominal value of 6 billion Czech korunas.

The bonds are due in 2031 and have a fixed rate of 6.1% per annum.

What was very good information for us was that we were able to significantly oversubscribe this issuance, and the oversubscription was about 6.9 billion Czech korunas.

So, you can see that the demand was really significantly higher than what we requested.

On the right side of the slide, the net leverage ratio is currently 2.34, which is again a better result; in comparison to the last presentation, it was approximately 2.4.

And what is important to say is that the maximum level of this net leverage ratio could be 3.5.

So, you can see that we still have room for further investments or acquisitions while keeping these covenants.

We can go to the next slide.

So, that is everything regarding the business, and I would like to hand over again to Radek for this.

OK. So, revised guidance for 2025: revenues between 23 and 24.5 billion Czech korunas; EBITDA between 4.5 to 4.8 billion Czech korunas.

The main reason for this is the six-week shutdown of the U.S. federal government.

The 43 days of shutdown are completely unprecedented and caused a bottleneck in the licensing process.

It negatively affected mainly Colt U.S. and also partially CZUB, because CZUB is bundling many types of goods, including some from the U.S.

So, it caused several delays in M&LE projects originally scheduled for the fourth quarter of 2025.

But what is really important to say is that we did not lose any of these revenues, and we will be able to book them later in the first quarter of 2026.

It will be followed by higher inventories at the end of the year because most of the products will already be produced, and we will be waiting for deliveries.

So, that is everything from me.

Klára Šípová:

Ladies and gentlemen, we are ready to take your questions in a Q&A session.

If you would like to ask a question, please raise your hand in the Teams application or speak directly into the phone.

I see the first question coming from Atinc Ozkan from Wood & Company.

Hello, Atinc .

Please go ahead.

Atinc Ozkan Wood & Company.

Good morning.

Apologies for joining late.

I only have two simple questions.

The first one is regarding the shift in these potential M&LE revenues or contracts due to the government shutdown in the U.S.

Can you elaborate on whether these are related to ammunition or firearm sales?

That is the first one.

And the second one is an update on where we stand regarding the deal closing for Synthesia/SNC and when you expect to start fully consolidating that entity.

Is it scheduled for December, or do you think it is going to be delayed, perhaps until the first quarter?

Thank you.

Radek Musil

OK. Well, the shift to 2026 mainly concerns Colt USA.

Yes, Colt West Hartford.

What is necessary to say is that for the whole 2026 budget, our idea was to increase the volume compared to the guidance we provided within the first nine months by between 9% and 10%.

So, based on this fact, we are preparing a revision, and the increase in the budget will be by 14 to 15%.

So, that will be a clear shift caused mostly by these M&LE contract exports from Colt West Hartford.

The second question was about the SNC/Synthesia acquisition.

So, as we said, we want to close it no later than the first quarter of 2026, but we hope we will be able to close it by the end of this year.

Well, it is not up to us because we have filed everything for the antitrust review.

So, we are waiting for the results, and we are ready.

We also prepared the financing; as you probably know, we raised 6 billion Czech korunas in bonds.

So, financially, everything is set; everything is ready.

We are prepared.

We are only waiting for the final decision.

Maybe one last point on this: last Friday, the general meeting approved an increase in the share capital of Colt CZ Group SE.

So, we are also prepared to pay in shares immediately.

When I say immediately, I mean as soon as the deal is closed after we receive final approval from the antitrust authority.

Understood.

Thank you very much.

Klára Šípová

I see the next question coming from Pavel Ryska from J&T Bank.

Pavel, please go ahead.

Pavel Ryska J&T Bank

Good morning, everybody.

Before I get to the questions I was going to ask, I just need to go back to one thing that Mr. Musil just mentioned.

I did not get it very clearly.

You said you changed your budget outlook for next year.

You said there was a projected rise between 8% and 9%, and you changed it to double digits.

Could you please explain this more?

Is it an outlook for revenue growth, or is it something else?

Radek Musil

Yes, that's right.

Originally, it was an increase in revenue between 9% and 10%.

So, organically speaking?

Yes, exactly.

OK. And does this concern only firearms or the total revenues of the company?

No, it is total: firearms, ammunition—everything all together under our umbrella.

Maybe the main piece of information from this was that for the revenues which we decreased from the 2025 guidance, we are making a setup adjustment over the planned 2026 budget.

OK, that is the main message.

My second question concerns the reasons for the guidance revision.

In this presentation, you have it mentioned somewhere that the federal shutdown in the U.S. is the main reason for your guidance revision.

So, please, could you go deeper into the other reasons, if we could know them—the totality of the situation, if there are some other factors?

Frankly speaking, it is the only reason.

Yes, frankly speaking, it is the only reason.

Pavel Ryska J&T Bank

My last question: in the spring, you mentioned that you were hoping to seal some large—you said historically large—contracts for Colt CZ Group.

I did not know exactly if these concerned firearms or rather ammunition.

But could you give us an update on the situation now?

Have you managed to really sign some of these contracts, or is it still under discussion?

Radek Musil

OK. So, I cannot share the details of individual contracts, but they involve both ammunition as well as arms—both of them.

But I cannot name particular contracts.

OK. There was recently news in the media about the Bundestag approving financing for the purchase of pistols from CZ.

So, can you confirm that you became the winner of this contract for the German Bundeswehr?

Unfortunately, it is not signed yet.

We also follow it.

We also follow it silently.

Yes, we see what is in the newspapers, but for us, the important point—the decision point—will be the signature of the contract, and that has not been done yet.

Pavel Ryska J&T Bank

And actually, my very last question going back to this shutdown problem in the U.S.: please, could you explain if the main impact on your sales was through M&LE contracts that got delayed, or is it through licensing or federal background checks on the commercial market?

Radek Musil

No, not for individual purchases.

OK. So the commercial market is soft in the United States, yes.

But this shutdown has nothing to do with sales in the commercial market.

Everything relates to exports from the U.S. to outside the United States.

So, and there was also—sorry for mentioning it—a part of CZ, because CZ had one nice contract which includes some goods from the U.S., and this is also delayed, but this is not the major part of the total number.

OK. So, the individual purchases of firearms on the commercial market were not affected by the shutdown.

Yeah, there was just a small effect—a slight effect—because CZ was importing commercial guns into the U.S.

Yes.

And that was also delayed, right.

So, but this is not a significant number.

It is unpleasant, but not significant for this revision.

Pavel Ryska J&T Bank

Thank you very much.

Klára Šípová

I see the next question coming from Jan Raška from Fio Banka.

Jan, please go ahead with your question.

Jan Raška Fio Banka

Good morning.

I have one question.

We see good sales revenues in Canada in the third quarter.

A new contract with the Danish organization DALO was signed in August; has that already contributed to the Canadian results for the third quarter, or can we expect the main impact of this contract starting from the fourth quarter?

Radek Musil

Well, anyway, Colt Canada has signed two nice contracts.

One of them is DALO, which is for Denmark, and they have another one, and there is a small partial part already included in their numbers.

Both of those contracts are longer-term.

So, it makes us happy that they secured their sales for, let's say, two years ahead.

We can confirm there was no significant impact on 2025 revenues; the main part will be realized in 2026.

Jan Raška Fio Banka

And the second question, if I may: what about the new contract for the Czech Army for 4.3 billion Czech korunas?

When will this start?

From when do you expect deliveries from this contract?

Jan Zajíc

Hello, Jan Zajíc speaking: from this fourth quarter of 2025, we will already have a significant portion of that in the revenues.

Good, fourth quarter of 2025.

Klára Šípová

Ladies and gentlemen, if you would like to ask a question, please raise your hand in the Teams application or speak directly into the phone.

The next question comes from Bob Trampota from Komerční banka.

Bob, please go ahead.

Bob Trampota Komerční banka

Yes, hello there, good morning.

I have a question related to slide #8.

We can see that the CZ brand rose by 5%, while the Colt brand decreased by 34%.

Can we say, if possible, why there is such a big difference?

What is behind it?

Radek Musil

Well, it is the softness of the U.S. market.

So, the commercial market, mainly Colt, is suffering from that, but we will reflect it quite soon because there is an ongoing process.

We are hiring new talent for Colt, mainly engineers and also people in Colt, and we are going to come with new SKUs quite soon.

So, by the end of 2026, you will see almost 40 new SKUs.

So, we cannot beat the softness of the market, but we hope we will be able to get a better market share.

Maybe I would also like to add some information regarding long guns.

It is also connected with an M&LE contract.

It had to be delivered in the last quarter of 2024.

It was originally planned that way, and this is something that impacted Colt on a full-year basis.

So, should I understand that Colt sells the most long guns in the U.S. market, while CZ sells short guns on the commercial market?

Well, on the commercial market, Colt mainly sells short guns like revolvers and the 1911, and some small portion of long guns.

While CZ in the U.S. sells mainly short guns.

Is it clear like that?

Klára Šípová

Yes, thank you, Radek.

If you can explain to the participants what "SKU" means.

I do not think that everybody knows what an SKU is.

Radek Musil

Oh, OK.

It refers to a new item in the store.

So, we have the Python and the Cobra as new types, but you can have different versions of those revolvers, like different barrel lengths or calibers—38, 357, or rimfire.

All these types are SKUs.

Generally, Colt, compared to our competitors like Smith & Wesson, has a much smaller portfolio of SKUs.

They have between 150 to 200 SKUs delivered to the market, while Colt has something like 50.

Yeah, that is a rough number.

I am not precise; let's say one-fourth or one-third.

So, it doesn't mean that we are bringing complete innovation to the market.

We are just filling the portfolio we have.

So, it is purely engineering work with strong help from CZ, so that we will be able to gain a better market share on existing product types.

Clara, is it clear like that?

Klára Šípová

Yes, it's great.

It is very helpful; thank you very much.

OK.

Ladies and gentlemen, the next question comes from Petr Bártek from Erste Bank.

Petr, please go ahead.

Petr Bártek Erste Bank

Yeah, good morning.

Can you hear me?

Yes, thank you.

So, I have a question on the impact of tariffs on your revenues and profitability.

If you could provide an update on what impact you expect, perhaps also split between the ammunition and firearms segments.

And for the revenues in Q3, maybe it would be worthwhile if you shared the revenue development excluding the FX impact, which I believe was quite substantial in this quarter.

Do you have this number?

And finally, if I calculate correctly, in Q3, revenues in the ammunition segment were growing by around 20% year-on-year.

So, if you could confirm that this is correct.

And if so, what was the split between price increases and volume growth?

Thank you.

Radek Musil

OK, guys, can you comment on the tariffs, please?

So, you know we have acquired decent sales in the U.S.

The U.S. is our biggest commercial market, and I would leave it with that statement rather than digging into the details and disclosing them.

However, the first wave was 10%, and the second wave, effective from August 1st, was 15%.

I would say that we have been very successful in compensating on a selective basis.

It means that we really went through the product line and increased prices.

Overall, we have been able to compensate for the tariffs.

And we are convinced that this will continue in 2026.

So, tariffs have a negative impact; however, due to our distribution and pricing work, we have been able to compensate for that overall negative effect.

The situation I am commenting on is not only for CZ; that was the impact for the third quarter.

We do see a very strong third quarter; however, I would say it was not exceptional long-term performance.

Again, as I already mentioned, we have deliveries for some smaller and larger M&LE contracts, like for the Czech Army, and we expect a significant increase in the fourth quarter.

In the U.S., the tariff expectation is pretty much similar to the third quarter; there is no significant deviation up or down, just following the trend.

OK.

So, for the ammunition business in Q3, we are facing challenges in the U.S. market, like everyone else active in the U.S. market.

So, it is not a secret, and it is part of the game.

Anyway, despite these challenges, it helped us and prompted us to do our "homework."

So, we looked at the product portfolio, and we have slightly re-established which products are currently working on the U.S. market.

In any case, the tariffs are the second part of the U.S. market situation because you know the U.S. market is soft and the tariffs did not help.

Anyway, business in the U.S. is quite difficult because there is a lot of inventory on the market.

So, we have to work under these limited conditions.

Anyway, right now we are trying to maintain our position, and we are successful in terms of product restructuring and reshuffling to maintain brand perception in the market.

So, there is definitely no intention to limit the product range or sales.

We are working closely with our distribution network to maintain the same position we have now in Q3.

So, it means we are in a declining market but still keeping our position.

In saying that, we are mostly trying to secure ourselves, and we are growing because it is very difficult even to just maintain position.

Anyway, we are also trying to maintain the products and a certain level of pricing because we do not want to participate in a price war in the U.S. market.

OK.

So, the general comment is that ammunition is much more price-sensitive compared to guns.

For sure, the volume to the U.S. will decrease next year.

But the forecast for total sales of Sellier & Bellot and ammunition is very good.

So, it will not affect the total production of Sellier & Bellot next year.

Yeah. Well, what was the next question? Was it about Forex?

Because it is also connected with increased prices in the ammunition segment, maybe for better understanding.

The main company is Sellier & Bellot, but it is not the only company included in this segment.

It is important to say that.

But if you compare it with 2024, when it was included from May 16, 2024—meaning about 4.5 months of that year—the most significant increase in the ammunition segment for the first nine months of 2025 is due to this acquisition.

But if I compare the ammunition segment on a pro-forma basis for the first nine months of 2024 with the first nine months of 2025, the increase is approximately 15%.

And I think the last question was about Forex.

For sure, Forex is negative for us, but the overall result includes everything.

Thank you.

Petr Bártek Erste Bank

Maybe a follow-up question on the increase in revenues in the ammunition segment.

So, a pro-forma increase of 15% for nine months is quite remarkable.

So, the same question again: if you can share the split between price increases and volumes?

Vladimír Rada

It depends on the type of contract; it is really very difficult.

It is not only about volume, and it is not only about FX; the most important factor is the assortment structure.

Yeah, if you look at the slide with units, you might remember from last time that we say it is indicative.

For example, the simplest gun in the CZ portfolio and the most complex gun have a value-added difference of six to seven times.

And this combination is the most important.

So, it is a combination of assortment, customer, FX, and region, if I can call it that.

So, it is really difficult to say it is 17% this and 83% that.

It is a combination, and the portfolio makes the biggest difference, as it does for the ammunition business.

The ammunition business follows pretty much the same logic.

But I have to add something connected to this market: the U.S. market is down, we know it.

Anyway, we also looked at other customers around the world and started to win offers and tenders globally.

And as Mr. Musil said, the U.S. ammunition business is very price-sensitive.

That doesn't mean the rest of the world is the same.

So, we placed production elsewhere around the world where there is slightly better pricing.

This helped us look globally and place our products elsewhere despite the U.S. decrease.

So, to address your question: first is the growth of production, but second is the change in the product mix toward specialized military products.

Klára Šípová

Ladies and gentlemen, I see the next question coming from Atinc Ozkan from Wood & Company.

Atinc, please go ahead with your follow-up question.

Atinc Ozkan Wood & Company

Thank you, Clara.

A couple of follow-ups.

The first one: I remember you had some plans to penetrate new segments like small drones or going into medium-caliber ammunition.

Is there any update on that?

And can you remind us of the largest caliber you produce right now? Is it .50 caliber for machine guns, i.e., 12.7 mm?

And the second one is: what percentage of sales in the U.S. market were attributable to CZ-branded products as of the nine-month mark?

Thank you.

Vladimír Rada

First, we do not produce large calibers.

We do not even produce medium calibers.

We produce only small calibers, and the 12.7 mm is the highest caliber in the small-caliber range, on the edge between small and medium caliber.

So, we are producing the 12.7 mm as the biggest caliber.

That was your question, and that is it.

It is produced in Switzerland, and quite soon it is going to be produced also in the Czech Republic at Sellier & Bellot.

But we would like to announce the real numbers once the project is finished and concluded.

And any plans to go to medium caliber, or is that on hold?

No, at the moment, we do not have the intention to produce medium calibers on our premises.

That would be a subject for an acquisition.

But for our own premises, producing large calibers is not part of any current plan.

Atinc Ozkan Wood & Company

OK, thank you.

And my second question regarding the share of CZ-branded products in the U.S. is roughly 30%.

If we include the other brands we have, like Dan Wesson, the CZ-branded short guns are 35% to 38%.

And I think you are already assembling some CZ-branded products in the U.S.

Jan Zajíc

Well, we do pistols and submachine guns; we assemble those as CZ-branded.

We have suppliers in Turkey for CZ-branded shotguns, and Dan Wesson is completely done in the U.S.

OK, to give you more detail on your expectations for the future: CZ was not perfect in sales, distribution, and marketing on the U.S. market.

I mentioned some time ago that only a few percent, like 2% of people, know the brand naturally.

I mean, only about 10% of shooters and hunters remember CZ if they are asked.

So, this is the potential we are starting to work on.

That is the reason why we could increase the price by 21% and still increase sales.

And that is not all; this is the homework we are working on.

Let me just comment on one thing: we also have Dan Wesson in our portfolio.

Dan Wesson is a small company, but they operate in premium markets.

Their 1911 pricing is really premium.

But they had the same approach as CZ; they were completely silent.

It was just organic interest.

Now we are starting to "rebirth" Dan Wesson, and it will be followed by a nice system of distribution and promotion.

Now in December; we will start it in December.

And that is just the start.

That is the homework we must do in the U.S. market, and it must also be followed by a steady flow of new products from CZ and Colt, which you will see next year.

Atinc Ozkan Wood & Company

Thank you.

And if I may, I remember one of your competitors used to report the share of new products in their sales mix as a metric.

Is it because new product launches and new SKUs in the U.S. market are a natural tailwind?

Are customers more inclined to buy new products?

If you could verify that, I would be glad.

Thank you.

Jan Zajíc

So you mean technology from the production side and new products?

If the end users tend to buy new products?

OK.

The short answer is yes: if we have new SKUs with new features, new color settings, or completely new products with new designs and materials, customers in our industry's commercial markets tend to buy them.

That is why Radek mentioned that a steady flow of new products is key for future success.

Atinc Ozkan Wood & Company

All right.

Thank you very much.

Klára Šípová

I see the next question coming from Pavel Ryska from J&T Bank.

Pavel, please go ahead with your follow-up question.

Pavel Ryska from J&T Bank

Yeah, thank you again.

I have two additional questions that came to mind.

The first one is more general.

We have been observing this weakness in the U.S. commercial market for some time already.

It is not new this year; it was there last year and maybe even the year before.

I guess you must have analyzed the situation.

What do you think are the main drivers behind this weakness?

Is it that there was too much demand in preceding years due to riots, etc.?

So now there is an opposite movement because they were buying more before, or is it a change in preferences of U.S. buyers?

Where do you think the main driver lies, and how long can it continue?

Radek Musil

First, I would like to comment on the softness of the market.

I think that this year is much deeper than last year, and you can see it in the results of our competitors.

If I speak about ammunition, look at Winchester.

Comparing the third quarter of last year to the third quarter of this year, if I remember correctly, there was a clear decline in profit from \$53 million to \$19 million.

It was a significant decline between last year and this year.

So, the decline is not just a long-term perspective.

We could speculate about the reasons.

I would guess it also has something to do with expectations regarding inflation and politics.

But I would not like to speculate about those conditions.

We just face the market conditions and want to do our best.

Pavel Ryska from J&T Bank

OK, thank you.

And my second question: one thing that I was missing in today's presentation is the slide you had at the half-year mark about segments and their EBITDA margins.

I think it was very helpful last time.

And I want to ask: at the half-year mark, you said, for example, that in firearms you had an adjusted EBITDA margin of 17%.

You had a much higher margin in ammunition, which was 28%.

Can you confirm that the margins in the segments were roughly comparable in the third quarter?

And given the weakness in the U.S. market, is it safe to say that for next year we should also count on margins below 20% in the firearms segment?

Jana Matoušková

I will try to answer all of your questions.

Question number one: we still present revenues and EBITDA, and while they might not be in this presentation, you can find them in the consolidated financial statements uploaded on our website.

I can also confirm that profitability for the first nine months of 2025 is very similar to the last presentation.

And the last point: yes, ammunition currently has excellent performance, and we can confirm that profitability should be very similar for next year.

Pavel Ryska from J&T Bank

OK, so in firearms?

In firearms, given the weaknesses in the U.S. market, it should stay below 20%, let's say.

Yes, it was not significantly below, but it could stay there.

OK.

But it is important to understand that there is different profitability for the CZ brand and Colt.

Pavel Ryska from J&T Bank

OK. Thank you for all the answers.

It was very satisfactory.

Thank you very much.

Klára Šípová

I see the next follow-up question from Petr Bártek from Erste Bank.

Petr, please go ahead.

Petr Bártek from Erste Bank

Yeah, thank you.

I actually had the same question on the level of profitability or margins, but maybe to clarify the last answer.

If I understood correctly, you said you expect similar profitability going forward.

So, for ammunition, I calculate 25%, and for firearms, like 17%.

How does that compare to your expectation that the share of the M&LE segment in firearms will go up?

I would expect that with an increasing share of M&LE, the margin in the firearms segment would improve toward, let's say, 20%.

Thank you.

Jan Zajíc

For CZ, this split between M&LE and commercial, and the product mix, is pretty much the same.

So, for 2025 and 2026, I see them as very comparable, and as I said, I am commenting just on CZ; the margin for 2025 and 2026 is pretty much equal.

There will be small increases of 0.3 to 0.5 percentage points.

But as I said, it is very comparable.

The same applies to the others.

Ladies and gentlemen, thank you very much for participating in this conference call.

I would like to thank all the speakers on the call.

I think we had a very extensive Q&A session.

Thank you very much, and speak to you later.

Bye-bye.

Thank you.