

# COLT CZ GROUP SE

## Analyst Call – Q1 2026 Financial Results

*Transcript*

Date: 21 May 2026

### OPENING

**Klára Šípová:**

So, hello, good morning, ladies and gentlemen. Welcome to the analyst conference call in connection with the publication of the Q1 2026 financial results of Colt CZ Group, which were published early this morning.

You should have the presentation in front of you. It was distributed this morning and is also available on our website.

First of all, I would like to introduce today's speakers on the call. It is Mr. Radek Musil, the Group CEO. Hello, Radek.

**Radek Musil:**

Hi, good morning.

**Klára Šípová:**

This is Jana Matoušková, the Group CFO. Hello, Jana.

**Jana Matoušková:**

Hello.

**Klára Šípová:**

And for the Q&A session, we also have with us the CEOs of key subsidiaries of the Group: Mr. Jan Zajíc, CEO of Česká zbrojovka; Mr. Vladimír Rada, CEO of Sellier & Bellot; and Mr. Daniel Tamchyna, member of the Board of Directors of Synthesia Nitrocellulose. Hello, Daniel.

**Daniel Tamchyna:**

Hello, good morning.

**Klára Šípová:**

I would like to ask you to stay muted during the call until the Q&A session. The format of the call is as follows: we will go through the presentation slide by slide, and afterwards you will have the opportunity to ask questions in the Q&A session.

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

### MANAGEMENT PRESENTATION

**Radek Musil:**

Good morning again to everyone. Let me share with you the main drivers of the record first quarter of this year. It was the best first quarter in our history. Adjusted net profit increased by almost 74%, with growth across all financial metrics driven by the acquisition of Synthesia Nitrocellulose and complemented by organic growth in the firearms segment.

The new Energetics segment, which we have reported since 2026, delivered outstanding profitability exceeding 50%. The Ammunition segment sustained profitability above 30%, and we also increased profitability in Firearms. Our strong market position in Europe is further supported by energetic materials.

Our financial flexibility remains strong even after the payment for Synthesia Nitrocellulose. The net leverage ratio is 2.2x. Adjusted net profit grew by 73.9% to CZK 951 million. More details will follow later.

A few words about our activities on Euronext Amsterdam. Looking back, we were listed in June 2020 on the Prague Stock Exchange. That was an important milestone for our company and effectively started our acquisition story.

Then this year, in April, we held a General Meeting approving the listing in Amsterdam, and on 15 April we started trading. Why did we do it? A listing in Amsterdam broadens our visibility and makes us more accessible to international investors. The shares are fully fungible between both exchanges and, importantly for our current investors in the Czech Republic, we remain listed on the Prague Stock Exchange and we fully support our listing there.

In Q1 2026 we grew across all key financial metrics. Revenues reached CZK 7.3 billion. We grew not only year on year against Q1 2025 on a standalone basis, but also on a pro forma basis. If Synthesia Nitrocellulose had already been with us in Q1 2025, the increase would still have been 9% year on year.

Approximately half of the increase came from the original Group and half from Nitrocellulose. We saw a very similar development in adjusted EBITDA, although Nitrocellulose had a greater share of the increase on a pro forma basis because of its higher profitability compared with the original Group.

Adjusted net profit of CZK 951 million was achieved not only through strong operating performance, but also thanks to the financial result. We recorded FX gains from hedging, mainly in the Firearms segment, and I would like to stress that these gains were linked to specific tenders and specific deals.

Adjusted EPS of CZK 11.6 increased by 19.5%. I would also like to highlight that adjusted EPS is calculated only from profit attributable to shareholders. It still includes PPA amortisation. Without that amortisation, adjusted EPS would be almost double.

I will now pass the floor to my colleague Jana.

**Jana Matoušková:**

Thank you. Let me give you more granularity on adjusted net profit and adjusted EPS. As Radek mentioned, adjusted net profit reached CZK 951 million. As you know, we do not adjust net profit for amortisation connected with purchase price allocation.

In January 2026, when we finalised the acquisition of Synthesia Nitrocellulose, we recognised significant new fixed assets and therefore had to perform purchase price allocation. Q1 2026 was therefore significantly impacted by PPA amortisation.

If we adjusted net profit for this amortisation as well, adjusted net profit would amount to CZK 1.5 billion. The split would then be CZK 1.2 billion attributable to shareholders and CZK 281 million attributable to non-controlling interests. As Radek mentioned, this would also have a positive impact on adjusted EPS. We currently report adjusted EPS of CZK 11.6; after adding back this amortisation, adjusted EPS would be CZK 21.5 per share.

Moving to revenue diversification: in Q1 2026 our main market was Europe, while the USA remains an important market for us. Europe is the main market not only for Ammunition, as was already the case in 2025, but also now for Energetics, which is the new segment consolidated since January 2026.

The growth of the Ammunition segment in Europe confirms that the segment continues to offset lower demand in the US commercial market with stronger MLE demand in Europe.

Regarding Firearms, the US commercial market is still the main market and we achieved a slight increase there in Q1 2026. Regarding the split of revenues by customer segment, I would like to stress that we show this split only for Firearms and Ammunition, because in Energetics we do not know the final customer.

You can see that the split for Firearms and Ammunition together remains broadly similar to full-year 2025, but compared with Q1 2025 there is a significant increase in the MLE share. The split is now 53% MLE and 47% commercial.

Before we show you the performance of the individual segments, let me remind you of the key brands in each of them.

In Firearms, the key brands are Colt US, Colt Canada and CZ. The segment also includes accessory brands that are very important for supporting the key brands in the market: Spuhr, 4M Systems, Dan Wesson and the newly established Colt Optics.

In Ammunition, the main company is Sellier & Belot, supported by swissAA. Both companies produce small-calibre ammunition. We also have Colt CZ Defence Solutions, which trades in ammunition and also produces hand grenades in the Czech Republic.

Energetics is our new segment. The main players are Synthesia Nitrocellulose, which produces energetic nitrocellulose, and Synthesia Power, which supplies Nitrocellulose with steam and electric energy and also supplies third parties.

Let us now move to the performance of the Firearms segment.

In Firearms, Q1 2026 was very successful. We increased revenues, adjusted EBITDA and EBITDA margin. After taking into account FX hedging directly linked to contracts, EBITDA margin would be almost 18.7%.

From the geographic split and customer split perspective, I would comment separately on our brands. First, Colt West Hartford, or the Colt brand: in Q1 we achieved a slight increase in the US commercial market. As for CZUB, performance in the USA was stable, while we achieved growth in the MLE segment, especially in Europe. That is why the share between the USA and Europe moved the way it did. The customer split also reflects this, although you can still see a slight increase in the commercial segment.

Moving to Ammunition: the segment delivered a very strong Q1 2026 with profitability above 30%. In produced ammunition, we achieved a slight increase in financial metrics. In traded ammunition, there was a decrease connected with the Czech ammunition initiative. If we include the FX hedging effect, the EBITDA margin would be slightly higher, at 34.0%.

From the geographic perspective, Europe remains our main market. As I mentioned, the Ammunition segment continues to offset lower US commercial demand with higher MLE demand in Europe. That is why the customer split here is somewhat different from Firearms, and the MLE share is higher than in Q1 2025.

Now to Energetics, our new segment. Again, Q1 delivered excellent performance with profitability above 50%. You can also see the comparison with Q1 2025 on a pro forma basis, even though the segment was not yet consolidated into our financial statements at that time.

It is important to say that this excellent profitability was achieved in Q1. For the full year, we expect EBITDA margin in Energetics to remain around 50%, perhaps slightly below, but not materially different. The second half is typically somewhat slower, partly because the power station performs better during the

heating season and partly because the factory is shut down for approximately two weeks in Q3 for maintenance.

Regarding the geographic split, the main market is again Europe. In the "Other" category, the main market is Canada. In terms of product split, energetic nitrocellulose represents almost 70% of segment revenues, while around 17% comes from the power station. I would like to repeat that Synthesia Power supplies not only Nitrocellulose, but also third parties with steam and electricity. The remaining part consists of other nitrocellulose products.

Turning to indebtedness: the net leverage ratio is currently 2.2x. This confirms that we remain financially stable even after paying for the acquisition in the first week of January 2026. We paid CZK 5.5 billion and were still able to absorb the acquisition very quickly.

I would like to highlight that the 2.2x ratio is calculated based on 100% of Nitrocellulose EBITDA and 100% of Nitrocellulose net debt. If we were to calculate the leverage ratio on the basis of EBITDA attributable to shareholders and net debt attributable to shareholders, the ratio would be 2.5x. That still leaves us with significant room for further acquisitions and further expansion.

CapEx is in line with what we communicated in March when we published the 2025 results. We are not changing the guidance. On a full-year basis, we expect CapEx to be slightly above 6% of consolidated revenues, with a 45/55 split in favour of maintenance CapEx.

In Q1, CapEx was slightly higher, at around 8% of revenues, but the shape is consistent with the full-year view. In other words, maintenance CapEx still represents the larger part. Compared with Q1 2025, growth CapEx increased significantly.

If I comment on the split between segments in Q1 2026, about 50% of CapEx was related to Firearms, roughly 30% to Energetics and the rest to Ammunition.

One final remark on Energetics: we remain on track with the CapEx programme to increase capacity by approximately 1,000 tonnes, and the main part of growth CapEx in the segment is connected with this project.

As for guidance, it remains unchanged. Revenues are expected at CZK 30–33 billion and adjusted EBITDA at CZK 7.4–8.2 billion. If I take into account that management KPI targets are set to exceed the upper end of the guidance range, it currently looks like top management has a good chance of meeting the full bonus targets for this year.

We also presented backlog last time. What is new here is the contract signed by the Canadian Defence Investment Agency with Colt Canada for CAD 273 million for assault-rifle deliveries over several years, and the exclusive Colt West Hartford FMS contract worth USD 41 million for M4 carbines.

When talking about backlog, we need to bear in mind that Synthesia Nitrocellulose is sold out until 2030. At the same time, companies with a high share of commercial business cannot have the same type of backlog, because those orders are part of everyday business.

Finally, how do we benchmark ourselves? In Firearms, we view our main competitors as Smith & Wesson, Ruger and SIG Sauer in the United States, and Beretta, Taurus, Heckler & Koch, FN and Glock in Europe, partly also in the US.

In Ammunition, key peers include CBC, Beretta, Winchester and The Kinetic Group. In Energetics, our competitors include Eurenco, Rheinmetall, Radford in the United States and Chemring in Europe.

That was a brief presentation of our financial results.

## **Q&A SESSION**

**Klára Šípová:**

Thank you, Radek and Jana. Ladies and gentlemen, if you want to ask questions, please raise your hand in the Teams application or speak directly over the phone.

I see the first question coming from Atinc Ozkan from WOOD & Co. Atinc, please go ahead.

**Atinc Ozkan, WOOD & Co.:**

Good morning. Thank you, Klára. I have a couple of questions.

First, on Energetics: based on the split you provided - 68% Energetic Nitrocellulose, 17% Power and 15% Other - I calculate something like 28% to 29% revenue growth in energetic nitrocellulose. I understand that you are operating at full capacity, so can you explain whether the overall revenue growth in Energetics was mainly price-driven or whether there was something else behind it?

Second, regarding non-controlling interest in the P&L: CZK 281 million - should we take that as the base for the rest of the year, meaning the split between income attributable to shareholders and non-controlling interest?

And third, on the Ammunition division: first-quarter revenues are down and this looks driven by the Czech ammunition initiative. Does that mean Ukraine? And what should we expect for the rest of the year, given that you have multiple framework contracts in Czechia, Denmark, the Netherlands and other countries? Are you still going to post positive top-line growth in the Ammunition segment? That's all for the moment. Thank you very much.

**Radek Musil:**

Okay. Daniel, may I ask you to take the first question?

**Daniel Tamchyna:**

That is exactly correct. The increase between Q1 2026 and Q1 2025 was price-driven.

**Atinc Ozkan, WOOD & Co.:**

Can you elaborate on the magnitude of the price increase, or provide some data on the per-ton price of energetic nitrocellulose at the moment?

**Daniel Tamchyna:**

We cannot really comment on the prices charged to our customers, but yes, the majority of the growth is price-driven. There was a price increase between 2025 and 2026.

**Radek Musil:**

And I will take the second question regarding non-controlling interest in the P&L. Yes, I would say you can use it as the base for the rest of the year.

On Ammunition: it slowed down at the beginning of the year. We have some orders in the pipeline, but let's see how that develops, because the situation around the Czech ammunition initiative remains somewhat uncertain.

**Atinc Ozkan, WOOD & Co.:**

You mean the Czech initiative for Ukraine?

**Radek Musil:**

Yes - I mean the Czech ammunition initiative, and specifically only the trading activity. None of that was included in the budget. Trading was budgeted at zero, and it is not included in our guidance.

**Atinc Ozkan, WOOD & Co.:**

Can you remind us what the year-on-year growth was for in-house ammunition revenues versus contracted or traded ammunition sales?

**Radek Musil:**

Results in produced ammunition were stable. Volumes were broadly comparable with last year.

**Atinc Ozkan, WOOD & Co.:**

All right. One additional question related to Ammunition: copper prices are up significantly, almost 40%, and there are now supply issues in Chile. I understand that you use commodity hedging, but could this affect your robust operating margins in the Ammunition segment during the rest of the year?

**Radek Musil:**

Vladimír, may I ask you?

**Vladimír Rada:**

Sure. As you said, for this year we are effectively 100% hedged at a certain level, which is very favourable compared with current prices. At the moment we do not see any backlog or supply-delivery problems. As far as our critical commodities are fully hedged, this should not impact operational profit.

In fact, it could even be an advantage for us. Companies that are not hedged have to react to the higher prices, and then it becomes a question of whether customers will accept those increases. So for 2026, we do not currently see any major impact or any critical issue for us.

**Klára Šípová:**

Thank you very much. The next question is from Pavel Ryska from J&T Bank. Pavel, please go ahead.

**Pavel Ryska, J&T Bank:**

Good morning to everybody and congratulations on the very strong margins in the first quarter.

Yesterday I attended the Czechoslovak Group conference call, and they gave a very upbeat commentary on the US commercial market when it comes to their sales from Kinetic. They said volumes have been increasing since mid-February and pricing was also up.

I would like to know your feeling on the US commercial market. Is there a read-across from what they said to your firearms and ammunition sales on the US commercial market, and are you now observing some uplift in consumer sentiment?

**Radek Musil:**

Vladimír, could you?

**Vladimír Rada:**

Actually, yes. Last year the truth was that the US commercial market was down. Right now, however, we see some kind of market recovery. Our budget for this year was based on last year's figures, but compared with the budget we are now seeing a recovery and are above budgeted figures.

We are definitely not yet back at the levels we used to report in 2023 or 2024, but from the Ammunition point of view we do see recovery in volumes. Prices are also moving slightly and very slowly upwards. So yes, we do see some recovery.

At the same time, as Jana mentioned earlier, we are able to offset the US market through other customers, who currently have a higher priority for us. In the US we are keeping our brand presence and brand perception in the market.

**Radek Musil:**

Yes. But anyway, we still have better opportunities elsewhere in ammunition, so our plan for sales to the United States remains low.

**Pavel Ryska, J&T Bank:**

Okay. And as regards firearms on the commercial market in the United States - is there a recovery visible there as well from your point of view?

**Radek Musil:**

Jan, please.

**Jan Zajíc:**

Could you please repeat the question? I had a bad connection for a while.

**Pavel Ryska, J&T Bank:**

Yes, sure. I was asking whether you are now observing a recovery in firearms sales on the US commercial market, because other companies such as Kinetic were alluding to some recovery in their small-calibre ammunition sales.

**Jan Zajíc:**

Yes. The story is pretty much similar to what we stated last time. In the US we made a couple of significant changes. We invested in distribution, marketing and people, and we definitely do see increases in our sales, together with a slight increase in US demand.

**Pavel Ryska, J&T Bank:**

Okay. My second question also concerns the Firearms segment. You reported higher sales in the first quarter year on year, but the margin was still slightly below 15%. Can you provide more insight into what is holding the margin back, even though sales increased?

**Jan Zajíc:**

The most important impacts on the margin are two things: volume and customer / product mix.

*[brief technical issue on the management side]*

**Klára Šípová:**

I can hear Jan much better than Jana and Radek, so I think the problem is on Jana and Radek's side. Jan, maybe you can continue and Jana will follow.

**Jan Zajíc:**

Sure. On margin, there are two main drivers: customer mix and product mix. In Firearms, there are lower value-added products and higher value-added products, and there is also some seasonality in the first quarter. That is the main reason for the lower margin.

However, we do not see this continuing, and as you can see in our guidance, we expect a full recovery during the rest of the year.

**Pavel Ryska, J&T Bank:**

Okay, thank you. My final two questions are on the share buyback and on adjusted EBITDA.

You reported some details about the share buyback. You have not used all of it so far, and it was approved for 12 months starting in July last year, if I am correct. What do you foresee? Are you going to continue with the share buyback beyond that 12-month horizon? What is your policy going forward?

**Radek Musil:**

Yes, as you mentioned, we have approval until July, so we will continue with the share buyback until July. After that we will evaluate it and consider it together with the dividend to be paid for the year 2026.

**Pavel Ryska, J&T Bank:**

Okay. And finally on adjusted EBITDA: this time you emphasised the need to adjust EBITDA for FX hedging. I understand the economic logic behind that - it reflects operating profitability better. But I am not sure whether you used these adjustments in the past.

So I want to ask whether you are going to adjust for FX hedging consistently going forward, or whether this was a one-off approach this time.

**Jana Matoušková:**

Whenever we evaluate EBITDA margin and prepare these presentations, we try to be consistent, but we also try to explain what happened inside the companies.

In 2025 you could also see a significant profit from hedging. However, in Q1 it was almost zero - very small. So what you see here is really an apples-to-apples comparison. That is point number one.

Point number two: from 2027 there will be implementation of the new IFRS 18, and companies publishing financial statements under IFRS will have to change the presentation of hedging in the P&L. We will need to split this profit from hedging into individual streams, and part of that hedging impact will be included in EBITDA. So, in a way, we are already preparing comparable numbers for the next years.

**Pavel Ryska, J&T Bank:**

Okay. Just to clarify: as far as I know, accounting standards do not impose anything on EBITDA because EBITDA is an off-IFRS parameter. So I just wanted to understand that point.

**Jana Matoušková:**

Yes, but from 2027 there will be a new methodology under IFRS 18 that will affect the calculation and the presentation.

**Pavel Ryska, J&T Bank:**

Okay, so EBITDA will be partly under IFRS restrictions and you will include hedging. Understood.

**Jana Matoušková:**

We can say partly yes - especially in that respect. We will split derivative profit into three different streams. That is a simplified explanation; in practice it will be more complicated.

**Pavel Ryska, J&T Bank:**

Very helpful, thank you. One very final question on Colt Optics. You talked about it last time. What do you foresee as the potential amount of revenues it can generate, let's say starting from next year? What nominal level could it reach in your view?

**Jana Matoušková:**

We expect it to generate revenues already this year. It is a start-up for us, but I am quite happy with its forecast and plans even for this year. We can also confirm that the first contracts have already been signed. But this is very fresh - literally two days old information.

**Pavel Ryska, J&T Bank:**

I see. Do you think this could contribute revenues in the order of hundreds of millions of Czech crowns per year, or less, or more?

**Jana Matoušková:**

Let's see. It looks very promising, and as we publish half-year results we may be able to provide more granularity.

**Pavel Ryska, J&T Bank:**

Okay, thank you for all the answers.

**Klára Šípová:**

Thank you. Ladies and gentlemen, the next question is from Fraser Donlon from Berenberg. Fraser, please go ahead.

**Fraser Donlon, Berenberg:**

Morning, everyone. Thanks for the presentation. I had three questions.

Actually, the first two are about Firearms. First, could you clarify whether you delivered the order that was delayed in Q4 because of the government shutdown?

Second, on Firearms, do you see any change in tariff-related costs because of the new Section 232 tariffs that were introduced in April?

And third, on backlog: on the slide today you showed an MLE backlog exceeding USD 2.4 billion. At the virtual CMD I think you said around or above USD 2 billion. Could you clarify how backlog has trended in recent months and whether it includes the Synthesia outlook as well?

**Radek Musil:**

I will take the first question, on the delayed order due to the US government shutdown. In Q1 you can see only a small part of this delivery. However, I can confirm that as of today we have already delivered roughly 80% of the delayed order, and you will see that in more detail in the half-year financial statements.

Regarding tariffs - Jan?

**Jan Zajíc:**

As regards tariffs, nothing has changed from our perspective compared with last year or the previous period. We still see tariffs in place and we have continued all the activities that we described on previous investor calls.

Thanks to those measures, we can also see a certain profitability there, so I would not say that the change you mentioned has had either a positive or a negative impact on us.

**Radek Musil:**

Yes. In Firearms we still have ambitions to grow, while in Ammunition the direction is the opposite.

**Jan Zajíc:**

Sorry, I was speaking only for Firearms here.

**Radek Musil:**

And the backlog does not include Synthesia Nitrocellulose. It also does not include the additional 1,000 tonnes that will come on stream in January 2027.

As for the smaller new contracts, we do not include them on the list because that is more like everyday business - smaller tenders, of which there are many.

**Fraser Donlon, Berenberg:**

Perfect, thank you.

**Klára Šípová:**

Thank you very much. The next question is from Petr Bártek from Česká spořitelna. Petr, please go ahead.

**Petr Bártek, Česká spořitelna:**

Could you please update us on your FX hedging policy?

**Jana Matoušková:**

Generally it remains the same - we have not changed it. We hedge open positions in individual currencies. The main part of hedging is traditional FX hedging linked to signed contracts.

But we also hedge IRS, meaning interest-rate risk connected with financing. That is also why the guidance for the net interest rate is 4.2%. And we hedge commodities as well - copper, zinc and lead.

For the full year we are hedged. We are currently a little slower with the 2027 hedging programme and are carefully studying the situation, so at the moment we are only partially hedged there and in smaller volume.

**Petr Bártek, Česká spořitelna:**

Thank you.

**Klára Šípová:**

Ladies and gentlemen, if you would like to ask further questions, please raise your hand in the Teams application.

I see a follow-up question from Pavel Ryska from J&T Bank. Pavel, please go ahead.

**Pavel Ryska, J&T Bank:**

Yes, thank you. I recalled your earlier commentary today on the orders from the Czech ammunition initiative. I just want to make sure I understood it clearly.

You said there was some negative impact from the trading business in this segment. So I want to clarify whether you use your own in-house ammunition production to sell through the Czech ammunition initiative to Ukraine, or not.

**Radek Musil:**

For this year, absolutely not.

To be clear: in trading, it is only big-calibre ammunition. Last year, small-calibre ammunition within that initiative was a really small and negligible number. The initiative was mainly about big-calibre trading.

**Pavel Ryska, J&T Bank:**

Okay, I see. So basically you trade in big-calibre ammunition and sell it to Ukraine, but as regards your own production of small-calibre ammunition, that is negligible and will remain negligible?

**Radek Musil:**

No - differently. It is negligible through the initiative. We do sell ammunition directly outside the ammunition initiative.

Anyway, sales to Ukraine are a single-digit percentage of our ammunition sales.

**Pavel Ryska, J&T Bank:**

Understood. Thank you very much.

**Klára Šípová:**

Ladies and gentlemen, if you have a follow-up question, please raise your hand in the Teams application or speak directly over the phone. Maybe we will now give a chance to media representatives. Are there any questions from the media?

Okay, if not, I think this is it. Thank you very much for the presentation and for the long Q&A session. And to the participants, please send us an email if you would like to ask any additional or follow-up questions.

Thank you very much. Have a nice day.

**Radek Musil:**

Have a nice day.