

CZG – Česká zbrojovka Group SE achieved revenues of CZK 2 billion in the first quarter of 2021

Prague (27 May 2021) — CZG - Česká zbrojovka Group SE (“CZG”, the “Group” or the “Company”) today announced its consolidated unaudited financial results for the first three months of 2021 ending 31 March.

Q1 2021 Financial Highlights

- The Group’s revenues in the first quarter of 2021 amounted to CZK 2.0 bn, up by 63.7% y-o-y, mainly due to higher number of firearm units sold as a result of strong demand for CZG products, particularly in the United States.
- Operating profit in the first quarter of 2021 was CZK 334.9 million, up by 216.6% compared to the first quarter 2020, driven by higher revenues. EBITDA¹ reached CZK 438,2 million in 2020, up 117.4% y-o-y.
- The number of firearms sold in the first three months of 2021 increased by 58.3% compared to the same period in 2020, reaching 137,083 units.
- Revenues generated in the USA represented 67.0 % share of total Group’s revenues in the first quarter 2021, followed by Europe (excl. Czech Republic) with 10.9 % share. The share of revenues generated in Africa was 68.9 %, Asia represented 6.8 % and 3.7% was the rest of the world. The Czech Republic represented a 2.7 % share of total revenues in the first quarter of 2021.
- Last week the Company successfully closed the acquisition of the 100 % stake in Colt Holding Company LLC (“Colt”).
- The upcoming general meeting of shareholders per rollam will discuss the approval of the dividend payment of CZK 7.5 per share.

*„The financial results of the first quarter of 2021 clearly demonstrate that our Group’s strategy, product mix as well as the pricing policy are set correctly and deliver long-term profit for our investors,” commented **Lubomír Kovařík, President and Chairman of the Board of CZG.** „The other great news for our investors as well as customers is the closing of the Colt acquisition thanks to which CZG will become a truly global player,” added Lubomír Kovařík.*

Jan Drahota, Vice-Chairman of the Board of Directors of CZG, said: *„The strong results achieved in the first quarter of 2021 and the continuing sales dynamics in the second quarter have allowed us to improve our full year guidance, also taking into account the closing of the Colt acquisition. Our half year results will already include the financial figures of Colt since the acquisition date.”*

Revenues

Group revenues in the first quarter of 2021 increased by 63.7 %, to CZK 2.0 billion in 2020, mainly due to an increase in the number of firearms sold as a result of increased demand in all key markets, in particular in the US. The y-o-y comparison was impacted by a weaker Q1 2020 revenues affected by the first wave of the Covid-19 pandemic which had a negative effect on distribution and logistics of product deliveries to end customers on the key markets.

Regionally, revenues in the Czech Republic decreased by 8.9 % to CZK 55.7 million in the first quarter of 2021 due to the shift of the start of deliveries to the Czech Army to the second half of 2021. Revenues in the United States increased by 49.3%,

¹ EBITDA from continued operations is defined as post-tax profit for the period plus income tax less other financial income plus other financial expenses less interest income plus interest expenses plus depreciation and plus expense from derivatives transactions less income from derivatives transactions.

reaching 1,362.5 million in the first quarter of 2021 mainly as a result of an increased demand on the commercial market. Revenues in Europe (excluding the Czech Republic) increased by 75.1%, to CZK 221.3 million in the first quarter of 2021. Revenues in Africa increased by 248.0%, to CZK 181.4 million in the first quarter of 2021 due to the realization of large contracts to several military and law enforcement customers. Revenues in Asia increased by 193.4 %, to CZK 137.9 million in the first quarter of 2021 due to increased sales to military and law enforcement customers as well as increased sales to commercial customers.

Key figures overview:

in CZK thous.	Q1 2021	Q1 2020	change in %
Revenues	2,033,760	1,242,243	63.7%
Operating profit	334,926	105,793	216.6%
Profit before tax	361,602	(66,339)	n/a
Profit for the period from continued operations	275,642	(59,108)	n/a

The following table sets forth a breakdown of the Group's revenues by region for the periods indicated.

in CZK thous.	Q1 2021	Q1 2020	change in %
Czech Republic	55,690	61,156	(8,9%)
United States	1,362,462	912,705	49.3%
Europe (excl. the Czech Republic)	221,285	126,376	75.1%
Africa	181,419	52,125	248.0%
Asia	137,949	47,012	193.4%
Other	74,955	42,868	74.9%
Total	2,033,760	1,242,242	63.7%

The breakdown of the Group's firearm units sold by type:

pieces	Q1 2021	Q1 2020	change in %
Long guns	85,527	56,431	51.56%
Handguns	51,556	30,172	70.87%
Total Firearms Units	137,083	86,603	58.29%

Operating Profit (EBIT) and EBITDA from continued operations²

In the first quarter of 2021 the operating profit reached CZK 334.9 million up 216.6 % y-o-y driven primarily by the high sales. In 2020. EBITDA from continued operations was CZK 438.2 million in the first quarter of 20321, which is an increase of 117.4% y-o-y, driven by higher revenues and improved operating profitability.

Profit before tax

Profit before tax increased on the annual basis and amounted to CZK 361.6 million in the first quarter of 2021, compared to the loss of CZK 66.3 million incurred in the first quarter of 2021. The difference is related mainly to the losses incurred on the revaluation of the FX derivatives portfolio used to hedge foreign currency sales these were caused by the significant depreciation of CZK against both EUR and USD in 2020. On the other hand, the appreciation of CZK against EUR in the Q1 2021 led to a profit from the revaluation of the FX derivatives portfolio.

² The Group's management considers EBITDA from continued operations to be a key performance indicator in evaluating the Group's business. EBITDA from continued operations is defined as post-tax profit for the period plus income tax less other financial income plus other financial expenses less interest income plus interest expenses plus depreciation and plus expense from derivatives transactions less income from derivatives transactions.

Profit for the period

Profit for the period from continued operations went up and amounted to CZK 275.6 million in the first quarter of 2021 compared to the loss of CZK 59.1 million in the same period last year as a result of factors discussed above.

Investments

The Group's cash capital expenditures were CZK 115.1 million in the first quarter of 2021, representing 5.6% of total revenues in Q1 2021, in line with the guidance (5-7% of 2021 revenues). These capital expenditures were primarily related to improvements in the Group's production machinery and capacity.

Updated full year 2021 guidance

Given the closing of the Colt acquisition, the management of the Company has updated its previously communicated guidance. CZG expects that the total revenues including Colt since the acquisition date (21 May 2021) could reach CZK 10.34 -10.64 billion in 2021. The expected EBITDA from continued operation could reach CZK 1.99 – 2.19 billion in 2021.

Given the favourable development of financial performance of both CZG and Colt at the date of this report, the management of CZG believes that it is likely that the Group could meet its full year guidance at the upper end of the range.

The main challenge for the Group remains its ability to meet the globally strong market demand and constraints both on the side of its own manufacturing capacity and capacity and availability of its suppliers, influenced among other factors by the prevailing fragile Covid-19 operating environment.

The upcoming general meeting of shareholders outside its meeting (per rollam) and approval of the dividend

In line with the adopted dividend policy to distribute one third of its consolidated net profit, the Company will propose a dividend payment of CZK 7.5 per share from the consolidated net profit for 2020. The dividend proposal is subject to approval of the General Meeting of Shareholders which will take place per rollam in June 2021.

Colt's acquisition and its Q1 2021 figures

CZG announced this week that after securing all the necessary regulatory approvals from the U.S. and Canadian authorities, it has successfully closed on its acquisition of 100% of the equity interest in Colt Holding Company LLC, the parent company of the U.S. firearms manufacturer, Colt's Manufacturing Company LLC as well as its Canadian subsidiary, Colt Canada Corporation.

CZG and Colt are confident that the merger will bring significant operational, commercial, and R&D synergies for the combined business, which generated pro-forma aggregated annual sales in excess of USD 570 million in 2020 and which has more than 2,000 employees in the Czech Republic, the United States, Canada and Germany. In the first quarter of 2021, Colt reached revenues of CZK 1.4 bn and adjusted EBITDA of CZK 319.7 million³.

About CZG - Česká zbrojovka Group SE

CZG – Česká zbrojovka Group (CZG), together with its subsidiaries, is one of the leading European producers of firearms for military and law enforcement, personal defence, hunting, sport shooting and other commercial use. CZG markets and sells its products mainly under the CZ (Česká zbrojovka), CZ-USA, Colt, Colt Canada, Dan Wesson, Brno Rifles and 4M Systems brands. CZG's subsidiaries include Česká zbrojovka, Colt's Manufacturing Company, Colt Canada Corporation, CZ-USA, 4M Systems and CZ Export Praha. CZG also owns a minority stake in Spuhr i Dalby, a Swedish manufacturer of optical mounting solutions for firearms.

CZG is headquartered in the Czech Republic and has production facilities in the Czech Republic, the United States and Canada. It employs around 2,000 people in the Czech Republic, the USA, Canada and Germany.

³ USD/ CZK conversion rate of 22.295 Czech National Bank fixing as of 31 March 2021. Colt's financial figures are unaudited and presented according to US GAAP.

For enquiries, please contact

Contact for investors

Klára Šípová

Investor Relations

CZG – Česká zbrojovka Group SE

Phone: + 420 724 255 715

email: sjpova.klara@czg.cz

Contact for media

Eva Svobodová

External Relations Director

CZG – Česká zbrojovka Group SE

Phone: +420 735 793 656

email: media@czg.cz