REGULATORY ANNOUNCEMENT

CZG – Česká zbrojovka Group SE achieved record revenues of CZK 6.8 bn in 2020

Prague (31 March 2021) — CZG - Česká zbrojovka Group SE ("CZG", the "Group" or the "Company") today announced its preliminary consolidated unaudited financial results for the full year ending 31 December 2020.

2020 Financial Highlights

- The Group's revenues in 2020 amounted to CZK 6.8 bn, up by 14.6% y-o-y, mainly due to higher number of firearm units sold as a result of the strong demand for CZG products, particularly in the United States.
- Operating profit in 2020 was CZK 1,056.3 million, up by 11.9% compared to 2019, driven by higher revenues.
- Underlying EBITDA[1] from continued operations reached CZK 1,470.7 million in 2020, up 11.9% y-o-y.
- The number of firearms sold in 2020 increased by 24.9% compared to the same period in 2019, reaching 467,463 units.
- Revenues generated in the USA represented 66 % share on total Group's revenues in 2020, followed by Europe (excl. Czech Republic) with 13.8 %, the Czech Republic with 4.8 %. The share of the Asian revenues was 6.2%, Africa represented 5.7 % and 6.1% was rest of the world.
- The Company will propose a dividend payment of CZK 7.5 per share subject to shareholder's approval

"The year 2020 was a remarkable one from many perspectives. The COVID-19 pandemic brought many organisational and logistical challenges with it. I am happy to note that we tackled all of them successfully and CZG achieved record results, underlined by the launch of several new products and strong orders. It speaks volume about the dedication of our employees, the strength of our business model, and the overall market position of the CZ brand," commented **Lubomír Kovařík, President and Chairman of the Board of CZG**. "*Last year, we also marked another important milestone in the history of the Group when we successfully completed an IPO on the Prague Stock Exchange. With this step, we have strengthened our commitment to transparency and raised funds for CZG's growth, including the acquisition of Colt, which we announced in February 2021 and which we expect to complete in the second quarter of this year,"* added Lubomír Kovařík.

Jan Drahota, Vice-Chairman of the Board of Directors of CZG, said: *"The year 2020 was a milestone year for CZG. Our Group continues to grow strongly in all key financial parameters. Our sales growth and profitability were driven by high customer demand, primarily in the USA. We are excited as we head to 2021 and we hope to capitalize on market opportunities going forward, supported by newly created opportunities through the acquisition of Colt. CZG is perfectly placed to successfully achieve its vision to become a truly global player in the firearms industry. In addition, we plan to propose a dividend payment of CZK 7.5 per share."*

Revenues

Revenues increased by 14.6 %, from CZK 5.9 billion 2019 to CZK 6.8 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.

Regionally, revenues in the Czech Republic decreased by 76.0 % to CZK 327.4 million in 2020 due to the shift of the start of deliveries to the Czech Army to 2021, a one-time ammunition delivery in 2019, which did not recur in 2020, as well as reduced sales to civilian customers related to COVID-19 shutdown measures. Revenues in the United States increased by 49.3%, reaching 4,506.7 million in 2020 mainly as a result of a surge in demand on the US commercial market. Revenues in Europe (excluding the Czech Republic) increased by 13.6%, to CZK 945.7 million in 2020. Revenues in Africa increased by 312.4%, to CZK 414.6 million in 2020 due to the realization of large contracts to several military and law enforcement customers. Revenues in Asia increased by 24.8%, to CZK 390.6 million in 2020 due to increased sales to military and law enforcement customers as well as increased sales to civilian customers.

[1] Underlying EBITDA from continued operations is not a measure of performance defined or recognized under IFRS. Underlying EBITDA from continued operations is defined as post-tax profit for the period less post-tax profit from discontinued operations plus income tax less other financial income plus other financial expenses less interest income plus interest expenses plus expense from derivatives transaction less income from derivatives transaction plus depreciation and amortization.

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

	For year ended 31 December		Change in %
	2020	2019[1]	
Czech Republic	327,419	1,366,980	(76.0%)
United States	4,506,751	3,018,113	43.9%
Europe (excl. the Czech Republic)	945,690	832,787	13.6%
Africa	414,641	132,712	312.4%
Asia	390,575	312,833	24.8%
Other	244,030	295,317	(17.4%)
Total	6,829,106	5,958,742	14.6%

[1] All comparative amounts for 2019 have been restated to reflect the reclassification of discontinued operations.

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

	2020	2019	Change in %
Long guns	161,754	142,303	13.7%
Handguns	305,709	231,973	31.8%
Total Firearms Units	467,463	374,276	24.9%

Operating Profit (EBIT) and Underlying EBITDA from continued operations[2]

In 2020, the operating profit reached CZK 1,056.0 million up 11.9% y-o-y driven primarily by the high sales. In 2020, Underlying EBITDA from continued operations was CZK 1,470.7 million, which is an increase of 11.9% y-o-y, driven by higher revenues and improved operating profitability.

Profit before tax

Profit before tax slightly decreased by 6.7% y-o-y and amounted to CZK 851.0 million in 2020. The decrease 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 and market interest movements.

Profit for the period from continued operations

Profit for the period from continued operations decreased by 7.8% y-o-y and amounted to CZK 676.6 million in 2020 as a result of factors discussed above.

Investments

The Group's cash capital expenditures were CZK 330.6 million in 2020, up by 20.5% if compared with 2019, representing 4.8% of total revenues in 2020. The recorded capital expenditures are in line with the previously communicated guidance. These capital expenditures were primarily related to improvements in the Group's production machinery and capacity.

Guidance

The management of the Company expects that the total revenues could reach CZK 7.1 -7.4 billion in 2021. The expected Underlying EBITDA in 2021 could reach CZK 1.45 – 1.65 billion. The main challenge for the Group remains its ability to meet globally strong market demand and constrains 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.

Capital expenditures of the Company are expected to reach 5-7% of total revenues in 2021, in line with the medium-term guidance for this item.

Proposed Dividend Payment

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

In line with the adopted dividend policy to distribute one third of its consolidated net profit for the year, 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.

Colt

The transaction is still under the regulatory review both in the United States (CFIUS) and Canada (ICA). The transaction is cleared in terms of the US antitrust regulation (Hart-Scott-Rodino Antitrust Improvements Act).
Additionally, the Group successfully secured financing for the transaction this month by the issue of own CZK 5 billion senior unsecured bonds and successfully received an approval from its shareholders.

Upon the transaction implementation, the Pro-forma full year 2021 combined CZG – Colt revenues could reach CZK 12.5 – 12.8 billion and the Underlying EBITDA could reach CZK 2.35-2.55 billion.

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 civilian use. CZG markets and sells its products mainly under the CZ (Česká zbrojovka), CZ-USA, Dan Wesson, Brno Rifles and 4M Systems brands. CZG's subsidiaries include Česká zbrojovka, CZ-USA, Brno Rifles, 4M Systems and CZ Export. CZG owns a minority stake in Spuhr i Dalby, a Swedish manufacturer of optical mounting solutions for weapons.

CZG is headquartered in the Czech Republic. It has production facilities in the Czech Republic and in the United States and employs around 1,670 people in the Czech Republic, the United States and Germany.

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