

CZG – ČESKÁ ZBROJOVKA GROUP SE

FINANCIAL HIGHLIGHTS

9M 2021

November 2021

INVESTOR PRESENTATION

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Agenda and today's presenters

1

9M 2021 AT A GLANCE

2

FINANCIAL HIGHLIGHTS

3

CZUB MILESTONES &
PRODUCTION EFFICIENCY

4

APPENDIX

PRESENTERS



JAN DRAHOTA

President & Chairman of
the Board of Directors of
CZG

Jan is minority shareholder in CZG
With the Group since 2014



JAN ZAJÍC

Member of Board of
Directors of CZG

Jan is Chief Executive Officer and Chairman of
the Board of Directors of CZUB
With the CZG since 2019

CZG closer to achieve 1B EUR 2025 revenue target

Section: 9M 2021 at a glance

Revenues



7.6B CZK
+53.1% yoy

9.7B CZK

Normalized EBITDA^{1;2}



1.6B CZK
+45.7% yoy

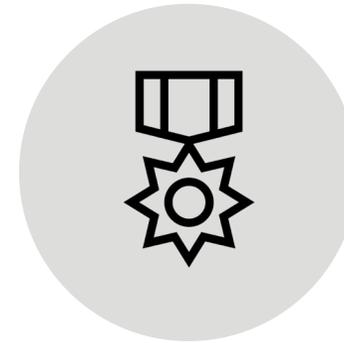
1.9B CZK

Net profit



903M CZK
+89.1% yoy

European SME Mid-Cap award



*CZG among the TOP 3
at the  **European
SME Awards**³*

Legend: Non-IFRS pro forma
CZG + Colt

Notes: 1 – EBITDA 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 deprec. and amortization.

2 – Adjusted by one-off costs related to Colt acquisition, including wasting assets depreciation of Little Rock project.

3 – CZ Group among the top 3 companies in 'International Star' category of the 9th annual European Small and Mid-Cap Awards

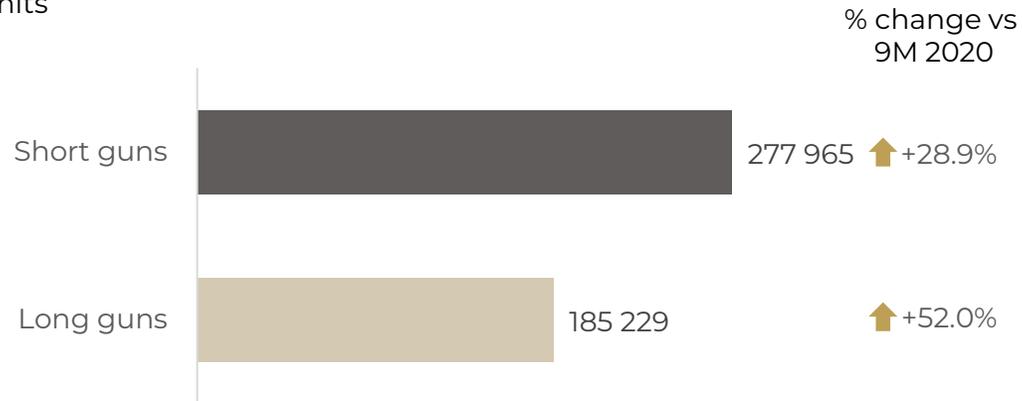
1

Revenues change in geographical split driven mainly by Colt consolidation

Section: 9M 2021 at a glance

Breakdown by units sold

Units

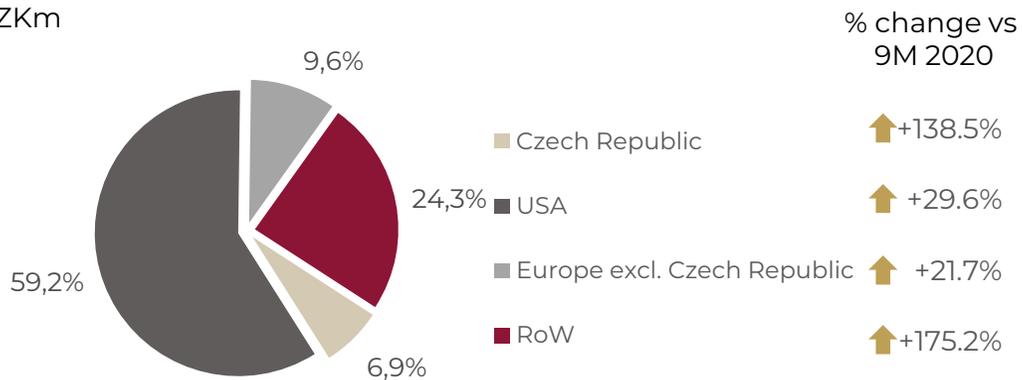


Comments

- Total units sold increased by 37.2% to 463 thousand in 9M 2021, compared to 337 thousand units sold in 9M 2020
- Strong growth in all key regions
- Relative share of US commercial market getting to the “normal” level
- First deliveries to the Army of the Czech Republic

Revenue breakdown by geography

CZKm

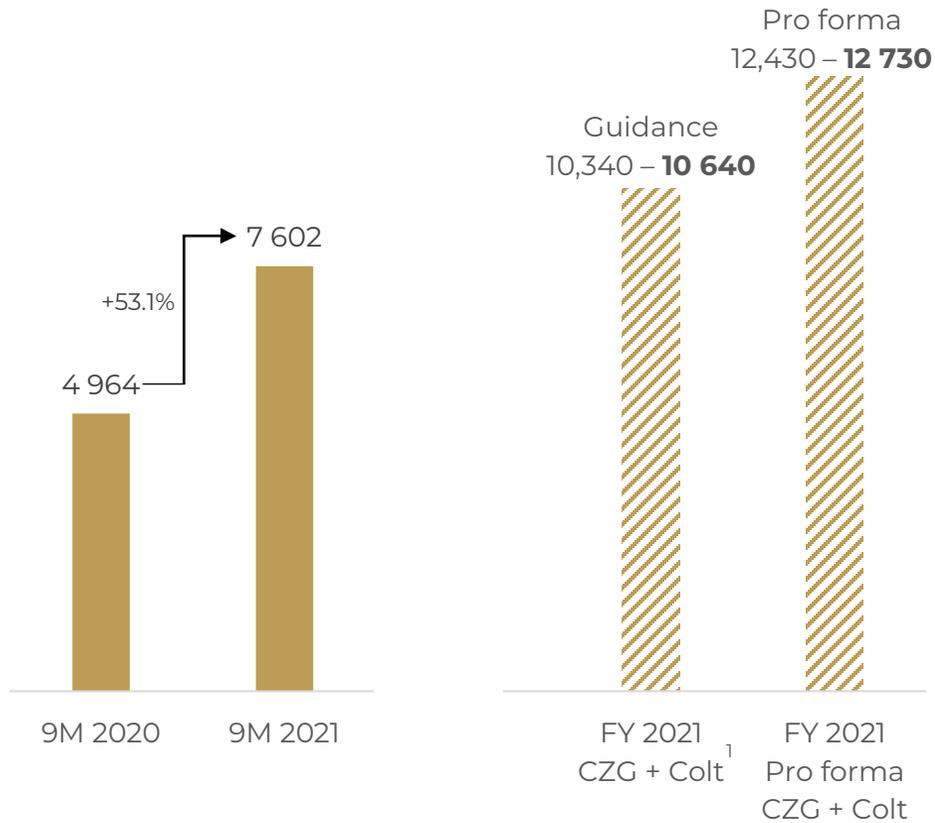


2 Full year guidance confirmed and updated

Section: Financial highlights

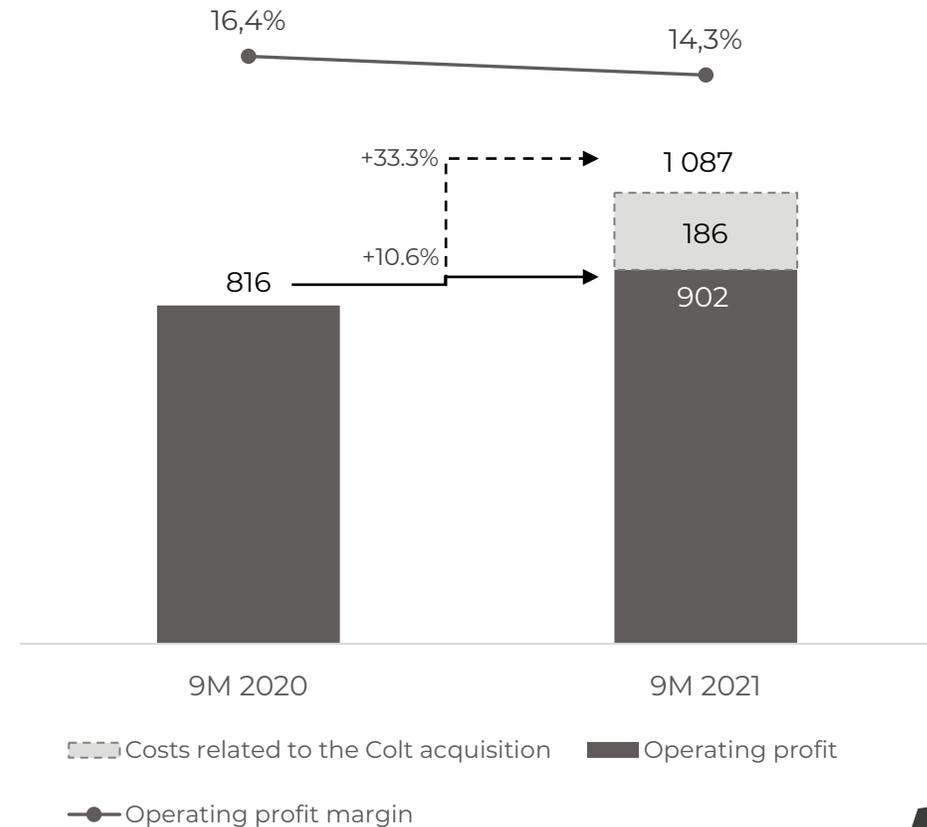
Revenue

CZKm



Operating profit

CZKm



Source: Unaudited Consolidated Financial Statements for the Period Ended 30 September 2021

Guidance is based on management expectations as is date of the presentation

Notes: 1 – Colt Holding Company LLC figures contributing to the guidance since 21 May 2021

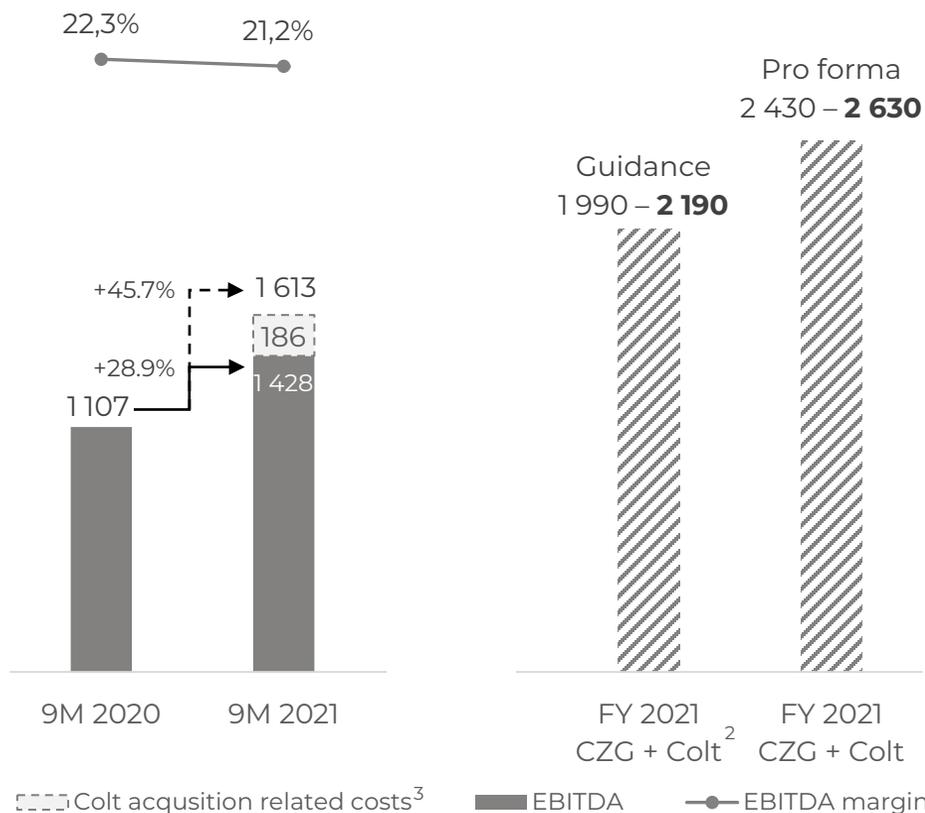
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Adjusted proforma EBITDA on track to reach upper bound of guidance

Section: Financial highlights

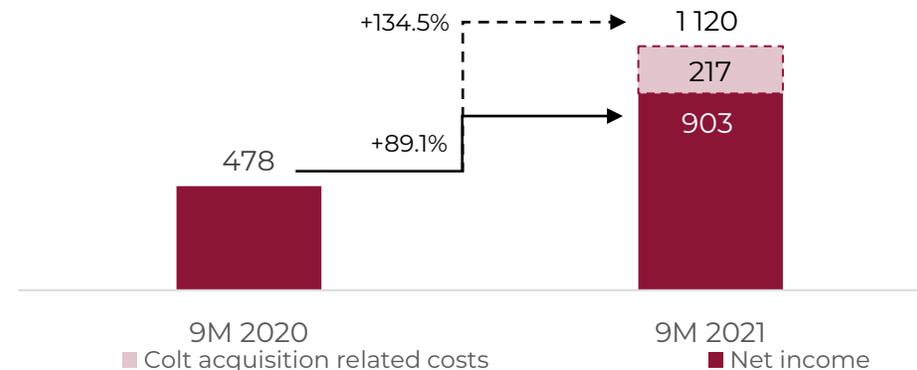
EBITDA¹

CZKm



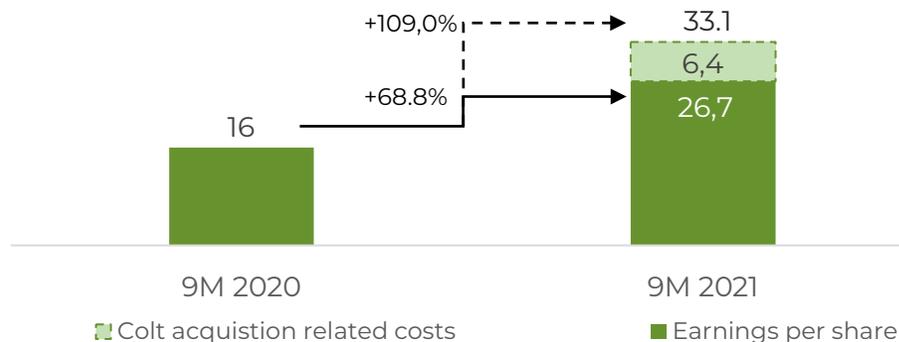
Net profit

CZKm



Earnings per share

CZK



Source: Unaudited Consolidated Financial Statements for the Period Ended 30 September 2021

Guidance is based on management expectations as is date of the presentation

Notes: 1 – EBITDA 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 plus depreciation and amortization.

2 – Colt Holding Company LLC figures contributing to the guidance since 21 May 2021

3 – Adjusted by Colt acquisition costs and wasting assets depreciation of Little Rock project, FX rate used USDCZK 21.455

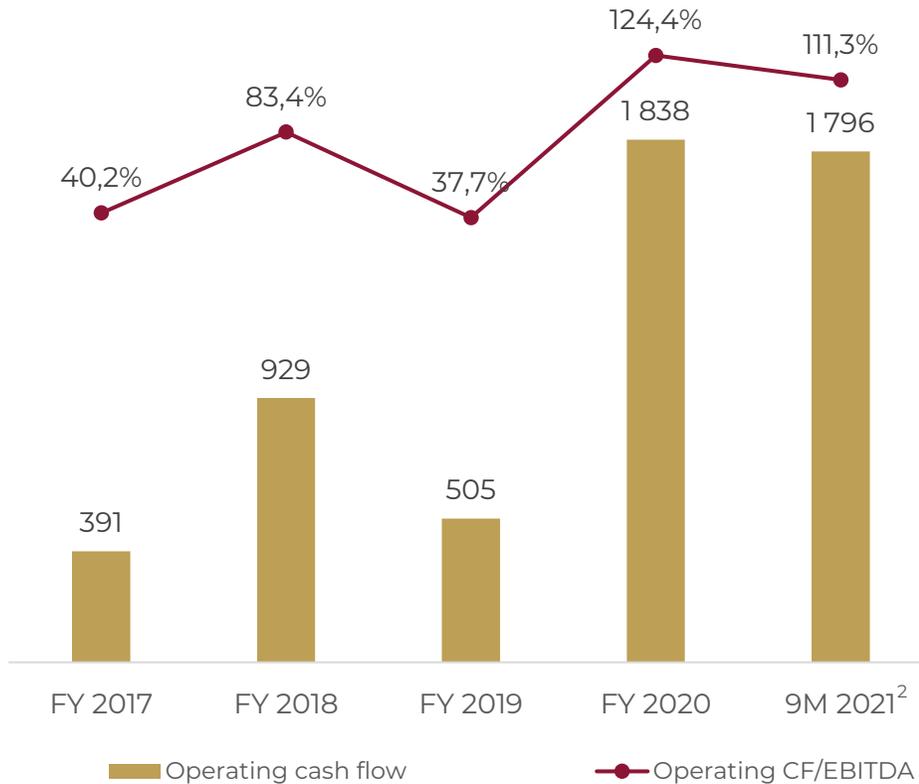
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CAPEX for 9M 2021 consistent with full year guidance

Section: Financial highlights

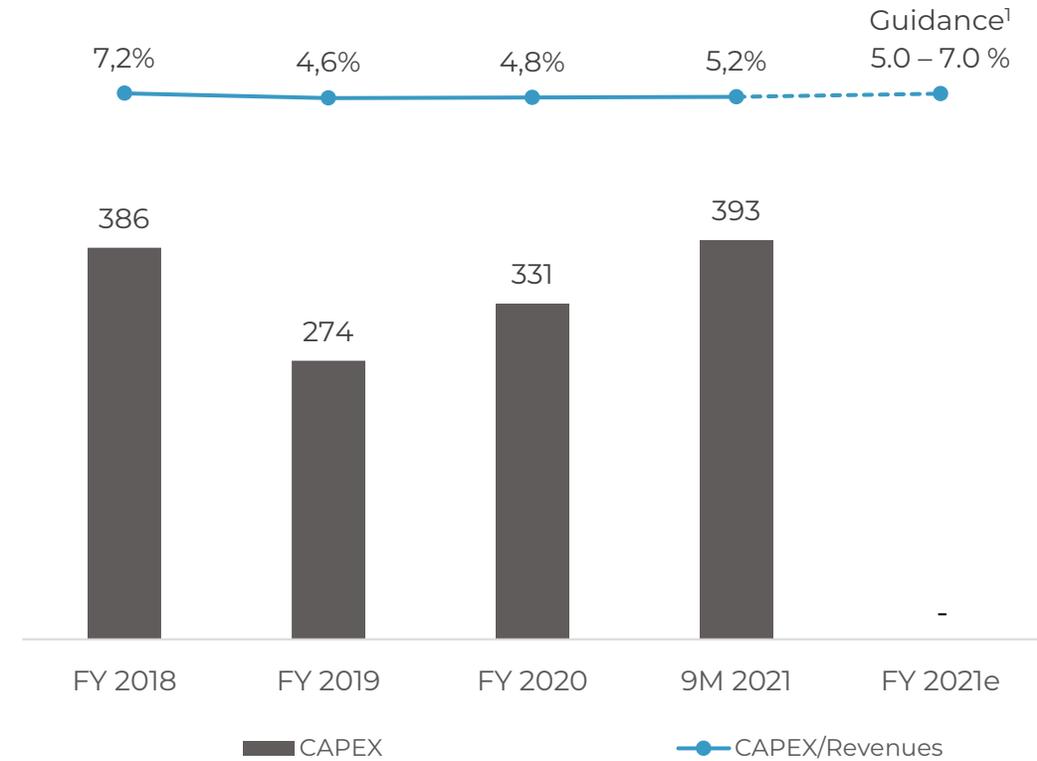
Operating cash flow

CZKm



Capital expenditures

CZKm



Source: Consolidated Financial Statements for the Period Ended 30 September 2021
 Notes: 1 – Guidance is based on management expectations as of the date of the presentation
 2 – For 9M 2021 used EBITDA adjusted by Colt acquisition related costs

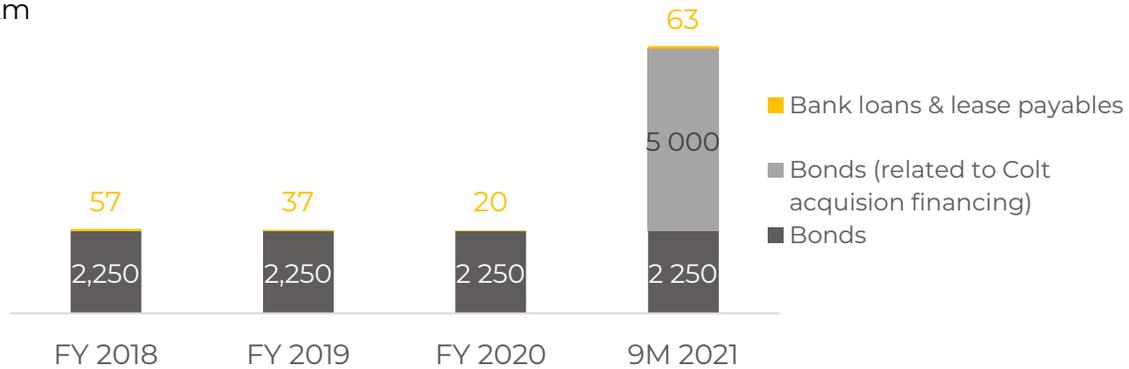
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CZG to keep conservative leverage profile

Section: Financial highlights

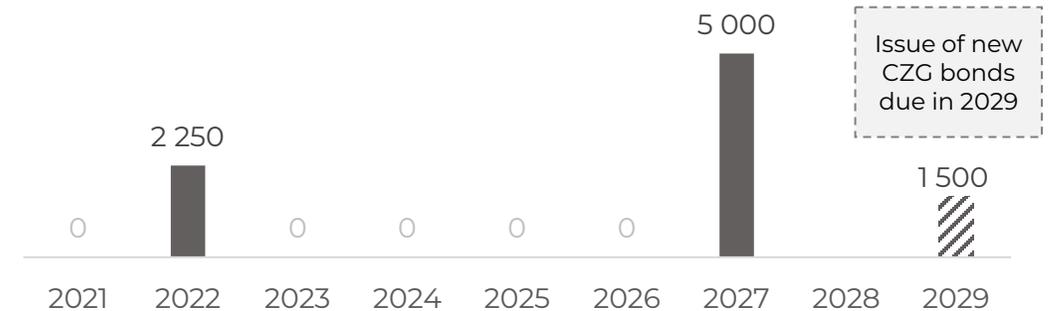
Debt structure

CZKm



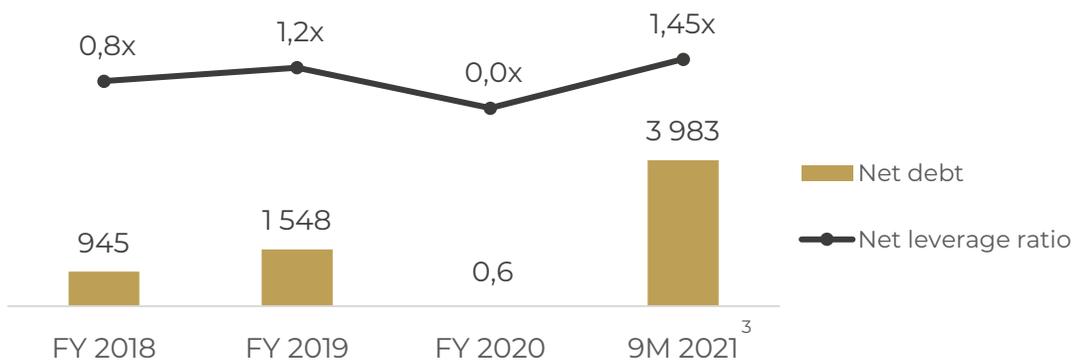
Debt maturity profile

CZKm



Net financial debt¹ and Net leverage ratio²

CZKm



Comment

- Continue to keep a fairly conservative leverage profile, providing CZG with enough flexibility for potential larger strategic moves
- Planned issue of new bonds in amount of CZK 1 500M to partially refinance current CZUB bonds due in 2022

Source: Consolidated Financial Statements for the Period Ended 30 September 2021.

Notes: 1 – Net financial debt is defined as long-term and short-term bank loans and borrowings and lease payables (non-current and current), less cash and cash equivalents as reported in the Audited Financial Statements and the Unaudited Interim Financial Statements.

2 – Net leverage ratio is defined as the ratio of net financial debt at the end of the period to EBITDA

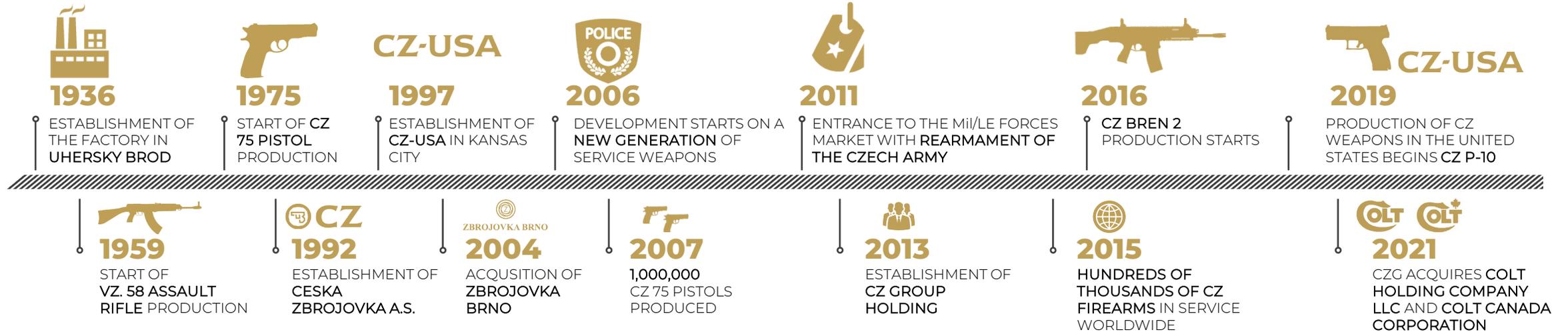
3 – For 9M 2021 used LTM pro-forma EBITDA

3

CZUB as a global firearm producer

Section: CZUB milestones & production efficiency

CZUB milestones & main products



LONG GUNS

- **CZ BREN 2** a multi-caliber assault rifle, primarily for military & law enforcement customers
- **CZ Scorpion EVO 3** a modern submachine gun enabling the adjustment of fire to fully automatic fire, three-round bursts or single shots
- **CZ 457** a magazine-fed bolt-action rimfire rifle, primarily for a customer base recruited from the ranks of sportsmen, hunters and lovers of outdoors
- **CZ 557** a universal centrefire rifle, equipped with adjustable open sights on the barrel and a weaver rail on the receiver, marketed to sportsmen and hunters

HAND GUNS

- **CZ 75** line aims at all types of customers
- **CZ 75 Compact** service firearm and for concealed carry
- **CZ Shadow 2** popular competition shooting gun
- **CZ P-07** a service firearm and for concealed carry, numerous innovative features
- **CZ P-09** a pistol for personal defence and armed forces, extremely stable glass fibre-reinforced polymer material
- **CZ P-10 C** "striker-fired" for personal defence and the armed forces, Handgun of the Year 2017

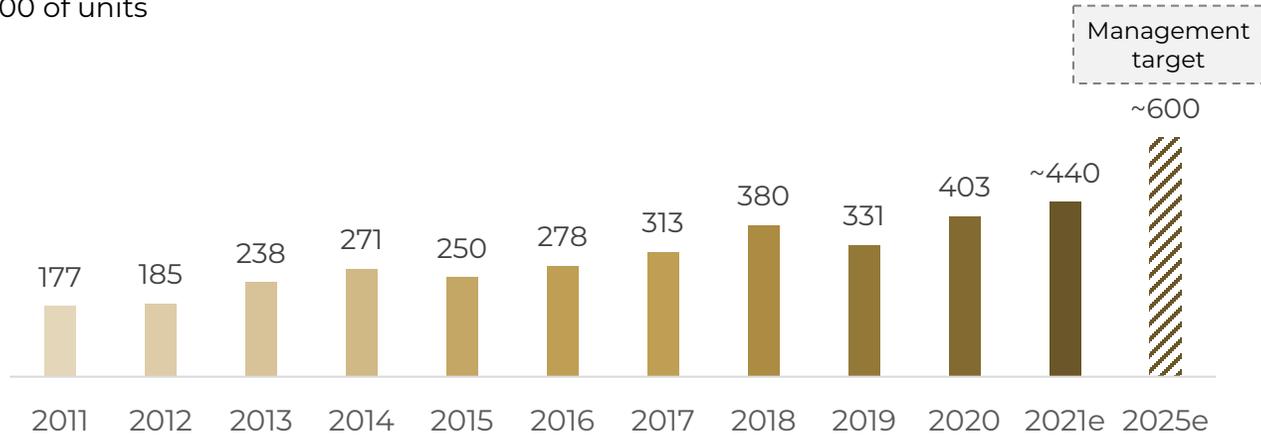
3

CZUB significantly improved productivity efficiency

Section: CZUB milestones & production efficiency

CZUB units sold

'000 of units

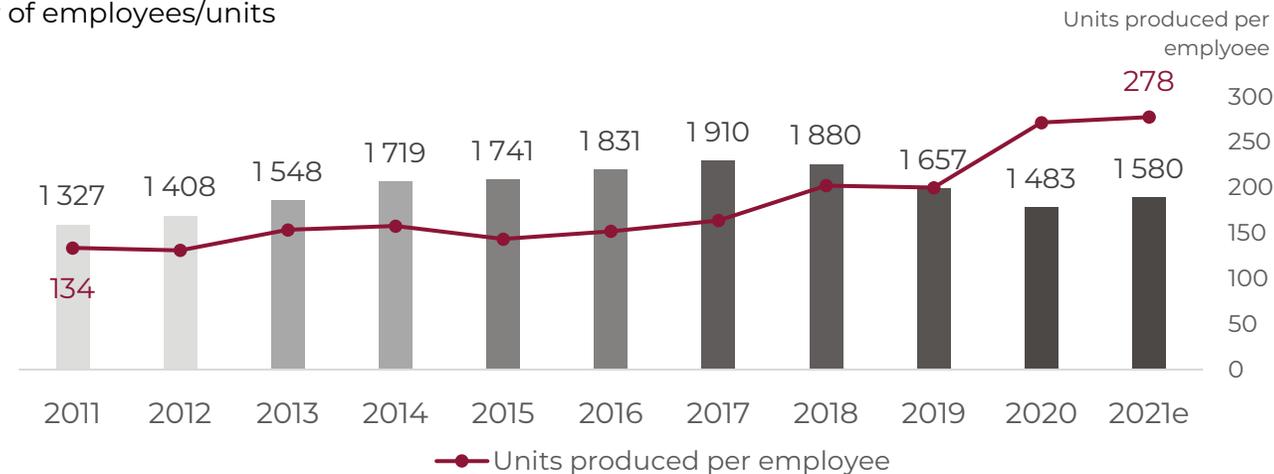


Comments

- CZUB managed to more than double the firearm units sold per employee during the past decade

CZUB employees and units sold per employee

of employees/units



3

Time for your questions

Section: Q&A

THANK YOU FOR YOUR ATTENTION

4 Appendix – EBITDA reconsolidation

Unaudited consolidated financial results

CZK '000 / %	9M 2021	9M 2020	change
Net income	902,835	477,515	+89.1%
Tax expenses	(176,179)	(116,350)	+51.4%
Financial income (expense), net	(166,645)	232,520	-
Operating profit (EBIT)	901,965	815,655	+10.6%
Depreciation and amortization	(525,858)	(291,709)	+80.3%
EBITDA¹	1,427,823	1,107,364	+28.9%
Fixed asset impairment	(43,310)	-	-
Costs related to Colt acquisition	(142,210)	-	-
EBITDA¹ adjusted by impairments and costs related to the Colt acquisition	1,613,334	-	+45.7%

Notes: 1 – EBITDA 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 deprec. and amortization.

4 Appendix – Profit and loss statement

Unaudited consolidated Profit & loss statement

CZK '000 / %	9M 2021	9M 2020	change
Revenues from the sale of own products, goods and services	7,601,998	4,964,212	53,1%
Other operating income	54,764	89,294	(38,7%)
Changes in inventories of finished goods and works in progress	113,226	(135,590)	(183,5%)
Own work capitalised	101,458	91,226	11,2%
Raw materials and consumables used	(3,515,536)	(2,251,592)	56,1%
Services	(1,339,224)	(693,888)	93,0%
Personnel costs	(1,386,874)	(935,492)	48,3%
Depreciation and amortisation	(525,858)	(291,709)	80,3%
Other operating expenses	(201,989)	(20,806)	870,8%
Operating profit	901,965	815,655	10,6%
Interest income	12,665	14,176	(10,7%)
Interest expense	(117,011)	(81,011)	44,4%
Other financial income	643,323	378,795	69,8%
Other financial expenses	(372,332)	(544,480)	(31,6%)
Share in the profit of associates	10,404	10,730	(3,0%)
Profit before tax	1,079,014	593,865	81,7%
Income tax	(176,179)	(116,350)	51,4%
Profit for the period from continued operations	902,835	477,515	89,1%

4 Appendix – Balance sheet 1/2

Unaudited consolidated Balance sheet – Assets

CZK '000 / %	9M 2021	FY 2020
Non-current assets		
Property, plant and equipment	2,683,207	2,050,783
Intangible assets	3,668,309	770,194
Long-term receivables	72,620	303,260
Equity-accounted securities and investments	120,927	110,524
Deferred tax asset	30,898	3,281
Goodwill	2,348,500	280,686
Total non-current assets	8,924,461	3,518,728
Current assets		
Inventories	2,886,895	1,622,702
Trade receivables	1,028,860	585,885
Current tax receivables	25,789	44,938
Other receivables	433,641	127,120
Financial derivatives	307,716	529,570
Cash and cash equivalents	3,300,674	2,358,608
Total current assets	7,983,575	5,268,823
Total assets	16,908,036	8,787,551

4 Appendix – Balance sheet 2/2

Unaudited consolidated Balance sheet – Equity and liabilities

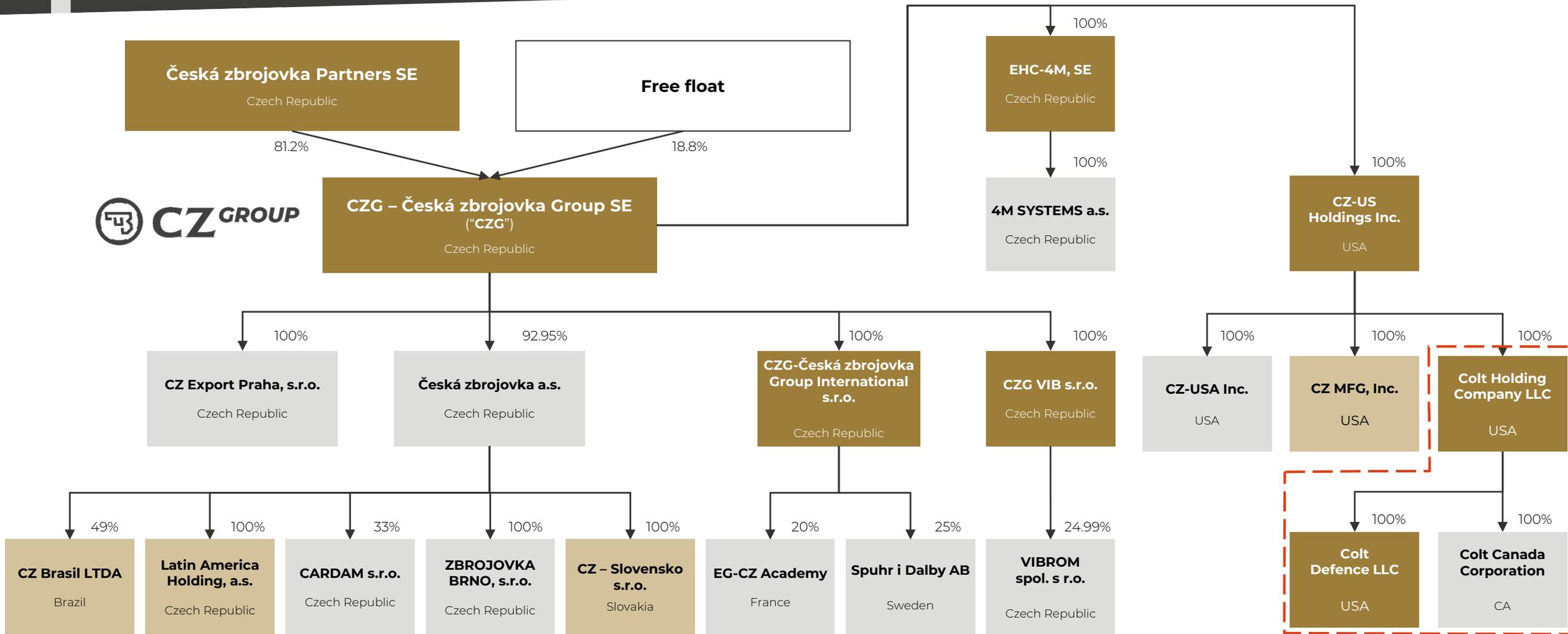
CZK '000 / %	9M 2021	FY 2020
Equity		
Share capital	3,374	3,264
Capital funds	2,980,180	2,478,885
Accumulated profits	2,674,539	2,027,994
Equity attributable to the shareholder of the Company	5,658,093	4,510,143
Non-controlling interests	6,434	12,543
Total equity	5,664,527	4,522,686
Non-current liabilities		
Bank loans and borrowings	5,000,000	2,252,246
Finance lease payables	35,531	75,939
Deferred tax liability	815,650	324,601
Provisions	411,251	7,443
Other long-term payables	17,679	307
Total Non-current liabilities	6,280,111	2,660,536
Current liabilities		
Trade payables	1,180,363	417,503
Bank loans and borrowings	2,258,072	19,548
Lease payables	19,610	11,436
Provisions	253,989	81,274
Current tax payables	159,787	23,286
Other payables	755,912	727,691
Financial derivatives	335,665	323,591
Total current liabilities	4,963,398	1,604,329
Total liabilities	11,243,509	4,264,865
Total liabilities and equity	16,908,036	8,787,551

4 Appendix – Cash flow statement

Unaudited consolidated Cash flow statement

CZK '000	9M 2021	9M 2020
Cash flows from principal economic activity (operating activity)		
Profit from ordinary activity before tax	1,068,610	583,135
Depreciation/amortization of non-current assets	525,858	291,709
Change in allowances and provisions	78,846	(101,664)
Loss from the sale of non-current assets	49	(389)
Interest expense and interest income	104,346	66,835
Adjustments for other non-cash operations	18,674	108,879
Net cash flow from operating activities before changes in working capital	1,796,383	948,505
Change in working capital	(207,386)	393,535
Change in receivables and deferred expenses/accrued income	(121,922)	178,301
Change in payables and accrued expenses/ deferred income	208,880	(23,953)
Change in inventories	(294,344)	239,187
Cash generated by the operations	1,588,997	1,342,040
Interest paid	(108,664)	(87,888)
Interest received	9,956	8,631
Income tax paid for ordinary activity	(214,487)	(169,474)
Net cash flow from operating activities	1,275,802	1,093,309
Cash flows from investing activities		
Acquisition of non-current assets	(393,386)	(213,932)
Income from the sale of non-current assets	426	867
Acquisition of subsidiaries -cash	(4,695,237)	-
Acquisition of investment in an associate	-	(69,823)
Net cash flow from investing activities	(5,088,197)	(282,888)
Cash flows from financing activities		
Change in payables from financing activities	4,971,416	(215,642)
Dividends paid to shareholders	(222,166)	(328,218)
Dividends paid to non-controlling interests	(36,908)	(4,049)
Net cash flow from financing activities	4,712,342	(547,909)
Net change in cash and cash equivalents	942,066	286,039
Opening balance of cash and cash equivalents	2,358,608	880,315
Effects of exchange rate changes on cash and cash equivalents	42,118	23,527
Closing balance of cash and cash equivalents	3,300,674	1,166,354

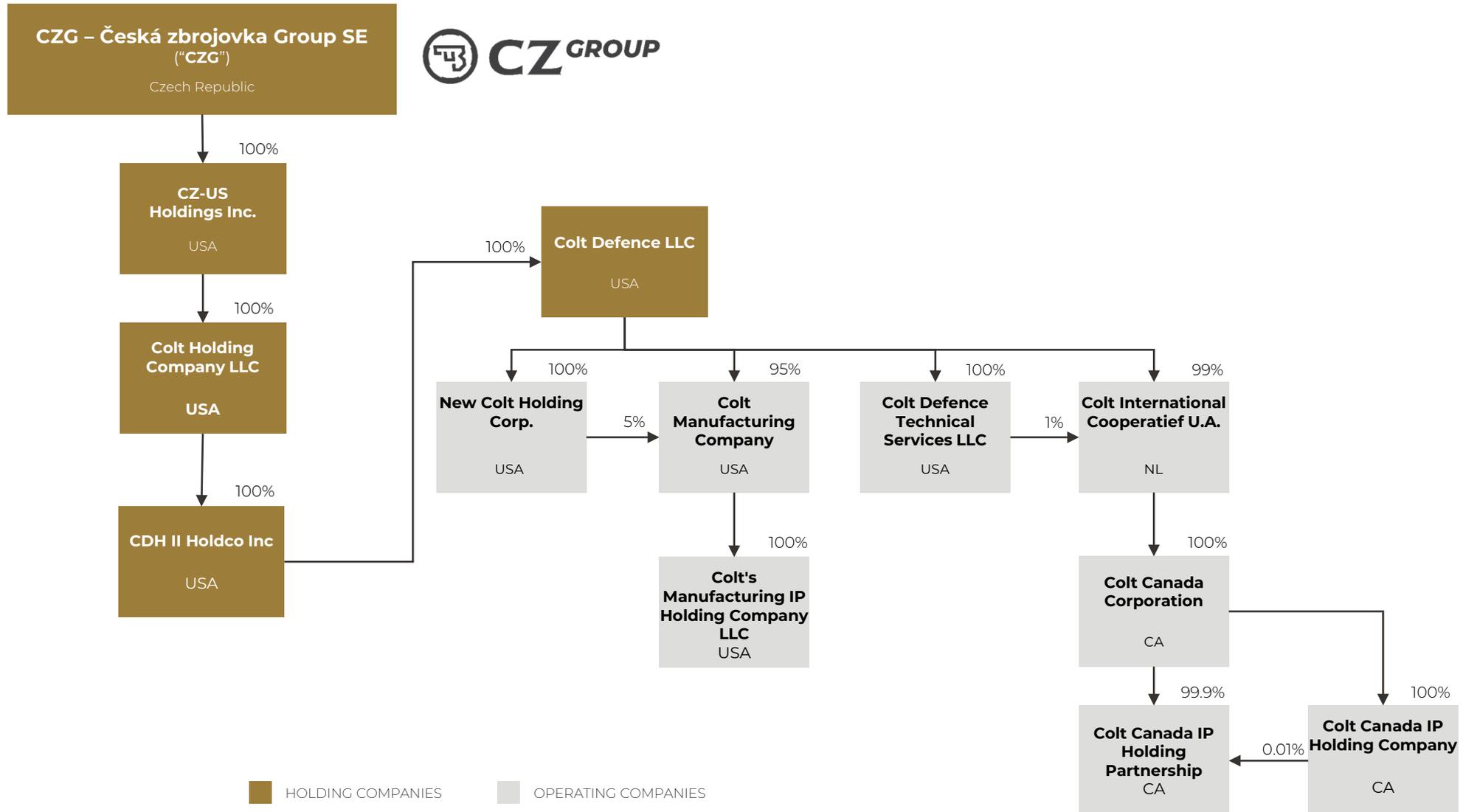
4 Appendix – Company structure¹



See next slide for full detail

HOLDING COMPANIES
 OPERATING COMPANIES
 NO ASSET COMPANIES
 ACQUIRED COLT ENTITY

4 Appendix – Company structure¹



Notes: 1 – As of 19 November 2021