PRESS RELEASE

**Colt CZ Group increased revenues by 27.7% compared to first quarter of the year**

**Prague (September 19, 2023)** ― Colt CZ Group SE (“Colt CZ”, the “Group” or the “Company”) today announced its consolidated unaudited financial results for the first six months of 2023 ending June 30. Revenues in the second quarter of 2023 grew by 10.1% year-on-year and by 27.7% compared to the first quarter of 2023.

**Key financial indicators for the first half of 2023:**

* Colt CZ revenues reached CZK 6.9 billion in the first half of 2023, which is a 2.7% YoY decrease. The main reason was the weaker Q1 2023 which was affected by higher seasonality in the M/LE segment, impacts of a strong Czech koruna on FX translation, and the decline of some product segments in the US commercial market. Revenues in the second quarter of 2023 grew by 27.7% compared to the first quarter of 2023 and by 10.1% in YoY comparison.
* EBITDA indicator adjusted for extraordinary items decreased by 18.4% to CZK 1,464.2 million in the first six months of the year.[[1]](#footnote-2)
* Adjusted profit reached CZK 1.19 billion in the first half of 2023, which is a 1.3% YoY increase.[[2]](#footnote-3)
* The number of firearms sold decreased in the first half of the year in comparison to the first six months of 2022 by 13.3% to 314,564 sold units. Short guns accounted for 62.5% and long guns for 37.5% of sold units.
* In the first half of this year, revenues in the USA accounted for 46.8% of total revenues; 20.0% of revenues were generated in the Czech Republic. Canada accounted for 14.2% of total revenues, European market (excluding the Czech Republic) for 10.7%, Asia for 4.0%, Africa for 1.3%, and the rest of the world for 3.0% of total revenues.

*“With the first half of 2023 behind us, I am very pleased to announce that the Group’s business performance significantly improved in the second quarter, compared to the first quarter of this year and the same period in 2022. Financial results continue to reflect the increasing seasonality of our business related to the growth in the share of sales within the military and law enforcement segment,”* said **Jan Drahota, CEO and Chairman of the Board of Directors of Colt CZ Group.** *“I would like to highlight the acquisition of swissAA Holding, a referential and highest quality ammunition producer based in Switzerland, which is a reliable and long-term partner of the Swiss, Belgian, German, and other military and law enforcement customers. This acquisition is part of our long-term growth strategy, with ammunition being a natural match to our core products,”* **Jan Drahota** clarified.

Revenues generated in the United States for the six months ended 30 June 2023 decreased year-on-year by 21.2% to CZK 3,218.8 million, mainly as a result of the decline of some product segments in the US commercial market. Nevertheless, sales in the USA doubled from the first to second quarter. Revenues generated in Canada in the first half of 2023 totaled CZK 970.9 million, which represents a 94.5% y-o-y growth. A significant part of revenues in Canada is related to the deliveries to Ukraine. Revenues generated in Europe (excluding the Czech Republic) slightly declined year-on-year by 13.5% to CZK 733.9 million for the six months ended June 30, 2023.

Revenues generated in Africa increased by 157.5% to CZK 89.6 million for the six months ended June 30, 2023, due to the large one-off sales to the military and law enforcement sector. Revenues generated in Asia decreased year-on-year by 65.6% to CZK 272.2 million for the six months ended June 30, 2023, due to seasonality of the deliveries to the military and law enforcement sector.

The Group’s financial results for the first half of 2023 correspond to scenarios that the Company indicated in March of this year when publishing preliminary full-year results. Sales in the first half of 2023 were affected by the higher seasonality of sales to the M/LE segment, impact of FX translation into CZK and a slowdown in the most important commercial market for the Group – the United States of America. Lower demand in the USA affected sales of CZ products. The Group responded to fluctuations in demand by adjusting the production cycle and product mix structure, as well as optimizing the headcount and other measures, especially in the Czech Republic. At the same time, the Group signed several significant contracts in the M/LE segment both in Europe and overseas, which will materialize in the second half of 2023 on top of the Group’s planned budget.

The management of the Company expects that the total revenues in 2023 could reach the amount of **CZK 16.0–16.4 billion**, which represents YoY growth of 9.7%–12.4% compared to the realized consolidated revenues in 2022. The expected amount of EBITDA may reach **CZK 3.2–3.4 billion** in 2023, representing a 1% year-on-year increase at the high end compared to the adjusted consolidated EBITDA achieved in 2022.

**About Colt CZ Group SE**

Colt CZ Group (Colt CZ) is one of the leading producers of firearms and ammunition for military and law enforcement, personal defense, hunting, sport shooting, and other commercial use. It markets and sells its products mainly under the Colt, CZ (Česká zbrojovka), Colt Canada, CZ-USA, Dan Wesson, Spuhr, swissAA and 4M Systems brands.

Colt CZ Group is headquartered in the Czech Republic and employs more than 2,000 people in its production facilities in the Czech Republic, the United States, Canada, Sweden, Switzerland, and Hungary. Colt CZ is owned by Česká zbrojovka Partners SE from 76.0%, with the remaining 24.0% being a free float.

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1. In the first half of 2023, EBITDA was adjusted by one-off items related to acquisitions and payments related to the employee stock

   option plan which are unrelated to operational performance and value creation in the given period. [↑](#footnote-ref-2)
2. In the first half of 2023, profit for the year was adjusted by one-off items related to acquisitions and payments related to the employee stock option plan, costs of revaluation of equity earnout related to the Colt acquisition and by financing cost related to bond issue which are unrelated to operational performance and value creation in the given period. [↑](#footnote-ref-3)