

## **Colt CZ Group SE increased its revenues to CZK 14.9 billion in 2023**

**Prague (March 26, 2024)** — Colt CZ Group SE (“Colt CZ”, the “Group” or the “Company”) today announced its preliminary consolidated unaudited financial results for the year 2023 ending December 31.

### **2023 Financial Highlights:**

- ▶ The Group’s revenues in 2023 amounted to CZK 14,855.6 million, which represents an increase of 1.8% y-o-y. Major increase of sales was recorded mainly in the M&LE segment. The total amount of revenues was affected by the impact of FX translation of foreign currencies into CZK, the time-consuming procedures for granting the export licenses and also the decline of some product segments on the US commercial market. Due to the increase of share of the M&LE sales on total revenues, the quarterly seasonality of sales has gone up. The last quarter of 2023 was historically the most successful quarter in terms of revenues.
- ▶ In 2023, the adjusted EBITDA net of extraordinary items reached CZK 3,048.4 million, down by 9.4% y-o-y.<sup>1</sup>
- ▶ The 2023 net profit after tax reached CZK 2,042.5 million, which is 0.4% more compared to the same period in 2022.
- ▶ The 2023 adjusted net profit after tax reached CZK 2,049.7 million, which is 10.1% less compared to the same period in 2022.
- ▶ The number of firearms sold in 2023 decreased by 10.4% compared to the same period in 2022, reaching 621 thousand units sold, primarily due to lower demand in the US commercial market.
- ▶ The Board of Directors will propose a dividend pay-out of CZK 30 per share to the General Meeting for its approval, with an option to choose between cash payment and stock dividend.

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<sup>1</sup> In 2023, EBITDA was adjusted by one-off items related to unrealized acquisitions in 2023 and costs related to the employee stock option plan which are not related to operational performance and value creation in the given period.

*"Last year was the second most successful year in the history of our Group. We significantly increased our share of sales to the military and law enforcement market, acquired Swiss ammunition manufacturer swissAA Holding AG and announced the signing of an agreement with CBC Europe to acquire 100% of Sellier & Bellot. However, I must say that in terms of financial results, last year ended behind my initial expectations and plans. We are constantly working on modernization of our product portfolio and we expect a significant increase of our performance in 2024,"* commented **Jan Drahota, CEO and Chairman of the Board of Directors of Colt CZ Group**. *"In view of the results achieved, the Company's Board of Directors has decided to propose to the General Meeting a dividend of CZK 30 per share,"* added **Jan Drahota**.

## **Revenues**

Compared to the results achieved in 2022, Group's revenues in 2023 increased by 1.8% to CZK 14.9 billion. Negative impacts on revenues during 2023, which were mainly a higher seasonality of military and law enforcement (M/LE) sales, impact of FX translation of USD and EUR into CZK and also the decline of some product segments on the US commercial market, were partially compensated by higher sales in the Q4 2023.

Revenues generated in the Czech Republic in 2023 went up y-o-y by 36.1% to CZK 2.6 billion mainly due to the deliveries to the Czech Army under the framework contract. Revenues generated in the United States decreased y-o-y by 10.2% to CZK 6.3 billion in 2023, as a result of the slowdown of the US commercial market, mainly in the first half of the year. The revenues in Canada reached CZK 2.2 billion in 2023, up by 25.8% y-o-y. A significant portion of these revenues is related to the Canadian government's support for Ukraine. Revenues generated in Europe (excluding the Czech Republic) increased y-o-y by 22.2% to CZK 1.9 billion in 2023, and were also driven by consolidation of revenues of Swiss ammunition manufacturer swissAA.

Revenues generated in Africa declined by 23.6% to CZK 186 million in 2023. Revenues generated in Asia declined y-o-y by 23.8% to CZK 1.1 billion in 2023 as large sales to the military and law enforcement customers took place in the previous year. Revenues from sales to other parts of the world reached CZK 481.2 million in 2023, down by 19.1% y-o-y.

## Breakdown of Group's revenues for the reported periods by regions:

(in CZK thousand)	FY 2023	FY 2022	Change in %	Share on total revenues 2023 in %
Czech Republic	2,621,059	1,926,379	36.1%	17.64%
USA	6,269,821	6,983,933	(10.2%)	42.21%
Canada	2,231,392	1,773,822	25.8%	15.02%
Europe (excl. the Czech Republic)	1,935,068	1,584,169	22.2%	13.03%
Africa	185,994	243,317	(23.6%)	1.25%
Asia	1,131,068	1,483,412	(23.8%)	7.61%
Other	481,179	594,742	(19.1%)	3.24%
<b>Total</b>	<b>14,855,581</b>	<b>14,589,774</b>	<b>1.8%</b>	<b>100.0 %</b>

## Overview of the firearm units sold by type:

In units	FY 2023	FY 2022	Change in %
Long firearms	247,520	289,479	(14.5%)
Handguns	373,690	403,912	(7.5%)
<b>Total firearms</b>	<b>621,210</b>	<b>693,391</b>	<b>(10.4%)</b>

## EBITDA and Adjusted EBITDA<sup>2</sup>

In 2023, EBITDA (including extraordinary items) went down by 14.3% to CZK 2.7 billion compared with the same period last year, primarily due to decline of operating profit (EBIT). The decrease was driven by the decline of some product segments on the US commercial market, seasonality of sales in the M/LE segment (dependent on licensing process) but also by the partial increase of input prices of commodities and materials, increased personnel expenses connected among others to the regular wage increases based on the newly signed collective agreements in the Czech Republic and in the USA and higher cost of services related to marketing activities in the commercial market in the USA.

The adjusted EBITDA in 2023 amounted to CZK 3.0 billion, down 9.4 % y-o-y. In 2023, EBITDA was adjusted by one-off items related to unrealized acquisitions (mainly Vista

<sup>2</sup> In 2023, EBITDA was adjusted by one-off items related to 2023 unrealized acquisitions and payments related to the employee stock option plan which are not related to operational performance and value creation in the given period. In 2022, EBITDA was adjusted by one-off items related to 2022 unrealized acquisitions and payments related to the employee stock option plan which are not related to operational performance and value creation in the given period.

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## **Profit (loss) before tax**

Profit (loss) before tax increased in 2023 by 6.5% y-o-y to CZK 2.5 billion. The growth relates to the positive results from the financial operations and one-off item – profit from the bargain purchase (negative goodwill) in connection with the acquisition of swissAA.

## **Net profit / Adjusted Net profit<sup>3</sup>**

Profit after tax in 2023 slightly increased by 0.4% to CZK 2.0 billion compared with the same period last year due to the positive results from the financial operations and on-off item – profit from the bargain purchase in connection with the acquisition of swissAA. Adjusted net profit after tax in 2023 decreased by 10.1% to CZK 2.0 billion compared with the same period last year.

## **Investments**

The Group's cash capital expenditures were CZK 924 million in 2023, up by 36% y-o-y. This represents a 6.2% share of the total revenues, which is slightly higher than the published 2023 guidance (approximately 5% of 2023 total consolidated revenues). Reasons of the higher capital expenditures were investment in the production capacity in swissAA in the last quarter of 2023 (swissAA Group has been consolidated since July 1, 2023) and also the acquisition of the intellectual property rights for the Mk 47 automatic grenade launcher from General Dynamics Ordnance and Tactical Systems which was signed by Colt USA in December 2023.

## **2024 Guidance**

The guidance for the year 2024 of Colt CZ Group will be further influenced by a number of external factors that affected Group's financial results last year. These are primarily 1) the development of demand on global markets, in the USA and in the Czech Republic (also in the context of the ongoing conflict in Ukraine), 2) further inflationary pressures on the cost side and 3) impact of FX translation of USD and EUR into CZK. In addition, the outlook for financial results in 2024 will be affected by the anticipated consolidation of the acquisition of Sellier & Bellot in progress, for which the Company is now relying solely on data obtained during the due diligence.

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<sup>3</sup> In 2023, net profit was adjusted by one-off items related to 2023 unrealized acquisitions and payments related to the employee stock option plan, financing cost related to bond issue and by the profit from the bargain purchase of swissAA which are not related to operational performance and value creation in the given period. In 2022, net profit was adjusted by one-off items related to 2022 unrealized acquisitions and payments related to the employee stock option plan, cost of revaluation of equity earnout related to the Colt acquisition and by financing cost related to bond issue which are not related to operational performance and value creation in the given period.

The outlook will therefore be reviewed in the course of 2024, depending on the development of financial results of today's Group as well as the new acquisition.

In 000' CZK	Guidance	Y-o-y change in %
<b>Colt CZ Group standalone</b>		
Revenues	16,200 – 17,800	9.0% – 19.8%
Adjusted EBITDA	3,300 – 3,800	8.3% – 24.7%
<b>Colt CZ Group with expected contribution of Sellier &amp; Bellot</b>		
Revenues	20,000 – 22,000	34.6% – 48.1%
Adjusted EBITDA	4,300 – 4,700	41.1% – 54.2%
<b>Colt CZ Group with Sellier &amp; Bellot pro-forma FY 2024</b>		
Revenues	23,000 – 25,000	54.8% – 68.3%
Adjusted EBITDA	5,200 – 5,600	70.6% – 83.7%

The capital expenditures of the Group in 2024 could reach CZK 1 – 1.2 billion, which corresponds to a roughly 5% share of the 2024 expected revenues and which is in line with the medium-term target of the Company.

The acquisition of Sellier & Bellot is developing in line with the proposed timetable. The General Meeting of Colt CZ Group held in February 2024 approved the capital increase via a new issue of ordinary shares of Colt CZ, which will result in the acquisition of approximately 27–28% stake in Colt CZ by the selling shareholder CBC after the closing of the acquisition. The transaction is subject to regulatory approval in various countries. A number of these approvals have already been obtained and the acquisition is expected to be completed during by the end of the first half of 2024.

### **Proposed Dividend Payment**

The Company will propose a dividend payment of CZK 30 per share from its net profit for 2023. Same as last year, shareholders will be able to choose between a cash dividend and stock dividend, based on their discretion. The dividend payout is subject to the approval by the General Meeting which will be held by the end of the first half of 2024. Further information concerning the timetable of the dividend distribution will be published during 2024.



### **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 75.4%, with the remaining 24.6% being a free float.

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