

### **Colt CZ Group SE increased its revenues by 21.7% to CZK 3.7 billion in the first quarter of 2024 and successfully closed the acquisition of Sellier & Bellot**

**Prague (May 23, 2024)** — Colt CZ Group SE (“Colt CZ”, the “Group” or the “Company”) today announced its consolidated unaudited financial results for the first three months of 2024 ending March 31.

#### Q1 2024 Financial Highlights:

- ▶ The Group’s revenues in the first three months of 2024 amounted to CZK 3,667.1 million, up by 21.7% y-o-y. Higher sales were recorded mainly in the military and law enforcement segment, but also in the commercial segment and in all reported regions except Africa.
- ▶ Adjusted EBITDA net of one-off items reached CZK 488.4 million, down by 28.5% y-o-y for the first quarter of 2024<sup>1</sup>. The decline of EBITDA is primarily related to one-offs - to both higher costs of marketing campaigns for the sales support in the US commercial market, the delayed ramp-up of some of the new products and higher operational costs for the development of the Swiss ammunition producers swissAA, as well as quarterly seasonality of sales.
- ▶ Adjusted net profit for the first three months of 2024 reached CZK 359.9 million, which is 47.8% less compared to the same period in 2023. The decline was impacted by lower operating margins and by the decrease of the result from financial operations on the back of the exchange rate development.
- ▶ The number of firearms sold in the first quarter of 2024 declined moderately by 5.5% compared to the same period in 2023 and reached 140 thousand units sold, driven by higher sales of long firearms, while the sales of handguns went down.
- ▶ On May 16, 2024, the Company closed the acquisition of the small-caliber ammunition producer Sellier & Bellot for the purchase of price of USD 703 million and issued new shares.

*“This year’s first quarter was the most successful in our Group’s history in terms of revenues. We recorded a significant increase in sales to military and law enforcement customers, thanks to among other things the consolidation of the ammunition manufacturer swissAA, but at the same time profitability decreased due to the discount campaigns aimed at boosting the CZ presence in the US commercial market. For the remainder of 2024, we expect a significant*

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<sup>1</sup> In the first quarter of 2024 and 2023, EBITDA was adjusted by one-off items related to 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.

*increase in our performance, both through organic growth and the consolidation of the results of Sellier & Bellot, whose acquisition we successfully completed on May 16. We confirm our full year 2024 guidance of CZK 20-22 billion of revenues and CZK 4.3 – 4.7 billion of EBITDA which both represent a growth of around 40-50% vs. 2023,” commented **Jan Drahota, CEO and Chairman of the Board of Directors of Colt CZ Group.***

## Revenues

Compared with the results as of March 31, 2023, the revenues for the first three months of 2024 increased by 21.7% to CZK 3.7 billion. Higher sales were recorded mainly in the military and law enforcement segment as well as in the commercial segment and in all reported regions except Africa. The sales performance in the first quarter of 2024 followed the expected development of their quarterly seasonality, when the first quarter of the year is typically rather weaker in the context of a whole year. The Company has also observed a gradual recovery of the commercial market in the United States of America. In addition, several orders from the military and law enforcement segment, which did not materialize at the end of 2023 due to prolonged licensing procedures, were completed.

The revenues achieved in the ammunition segment in the first quarter of 2024 included mainly the revenues of the Swiss subsidiary swissAA and Colt CZ Defence Solutions s.r.o. and amounted to CZK 290 million.

Regionally, the revenues generated in the Czech Republic went up y-o-y by 27.9% to CZK 628.2 million as of March 31, 2024, due to the continued deliveries to the Czech Army under the framework contract. Revenues generated in the United States increased y-o-y by 7.1% to CZK 1.7 billion for the first three months 2024. Revenues in Canada reached CZK 409.4 million in the first three months of 2024, up by 86.2% 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 10.4% to CZK 421.4 million for the three months ended March 31, 2024, and were also influenced by the consolidation of revenues of the Swiss ammunition manufacturer swissAA.

Revenues generated in Africa decreased by 40.6% to CZK 30.3 million for the three months ending March 31, 2024, impacted by the limited access to export guarantees for African countries. Revenues generated in Asia increased y-o-y by 19.3% to CZK 159.1 million for the three months ending March 31, 2024. Revenues from sales to other parts of the world reached CZK 269.5 million in the first three months of 2024, up by 163.8% y-o-y due to deliveries to Latin America.

The share of regional revenues on the total revenues in the first quarter of 2024 confirmed the declining trend of revenues generated in the United States which in the first quarter of 2023 reached 54.2% of total revenues and in the first quarter of 2024 declined to 47.7%.

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

| (in CZK thousand)                 | Q1 2024          | Q1 2023          | Change in %  | Share on total revenues in % |
|-----------------------------------|------------------|------------------|--------------|------------------------------|
| Czech Republic                    | 628,227          | 491,319          | 27.9%        | 17.1%                        |
| USA                               | 1,749,145        | 1,632,944        | 7.1%         | 47.7%                        |
| Canada                            | 409,384          | 219,904          | 86.2%        | 11.2%                        |
| Europe (excl. the Czech Republic) | 421,412          | 381,785          | 10.4%        | 11.5%                        |
| Africa                            | 30,310           | 51,043           | (40.6)%      | 0.8%                         |
| Asia                              | 159,124          | 133,421          | 19.3%        | 4.3%                         |
| Other                             | 269,484          | 102,140          | 163.8%       | 7.4%                         |
| <b>Total</b>                      | <b>3,667,086</b> | <b>3,012,556</b> | <b>21.7%</b> | <b>100.0%</b>                |

## Overview of the firearm units sold by type:

| In units              | Q1 2024        | Q1 2023        | Change in %   |
|-----------------------|----------------|----------------|---------------|
| Handguns              | 82,294         | 92,491         | (10.2)%       |
| Long firearms         | 57,842         | 57,020         | (2.1)%        |
| <b>Total firearms</b> | <b>140,136</b> | <b>149,511</b> | <b>(5.5)%</b> |

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

In the three months ended March 31, 2024, EBITDA went down by 29.8% to CZK 420.7 million compared with the same period last year. The decline of EBITDA is primarily related to one-offs - to both higher costs of marketing campaigns for the sales support in the US commercial market, the delayed ramp-up of some of the new products and higher operational costs for the development of the Swiss ammunition producers swissAA, as well as quarterly seasonality of sales.

The adjusted EBITDA went down by 28.5% to CZK 488.44 million compared with the same period last year.

## Profit (loss) before tax

Profit (loss) before tax decreased by 49% y-o-y to CZK 374.6 million for the first three months of 2024 driven by factors impacting the operating profit and also by lower profit from financial operations on the back of the FX rates development.

<sup>2</sup> In the first quarter of 2024, EBITDA was adjusted by one-off items related to 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 the first quarter of 2023, EBITDA was adjusted by one-off items related to 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.

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

Profit for the first quarter of 2024 declined by 48.4% to CZK 303.3 million compared with the same period last year, due to the factors impacting the operating profit and the decrease of the profit from financial operations.

Profit for the first quarter of 2024 adjusted by extraordinary items decreased by 47.8% to CZK 359.9 million compared with the same period in 2023.

## Investments

The Group's cash capital expenditures were CZK 183.1 million in the first three months of 2024, up by 19.0% y-o-y, representing 5% of total revenues in this period, in line with the 2024 guidance (approximately 5% of 2024 revenues). Approximately 39% of investments in the first quarter of the year went to the Czech Republic, 36% to North America and approximately 25% to companies in other countries, especially Switzerland.

## 2024 Guidance Specification

Due to the quarterly seasonality of sales, which has had a significant impact on the financial results in the first half of 2024, the Company decided to specify the guidance for the first six months of 2024 till June 30, 2024. This guidance also includes the partial consolidation of the acquisition of Sellier & Bellot from May 16, 2024.

## 6M Guidance till June 30, 2024

| In CZK mm   | 6M guidance till June 30, 2024 | 6M 2023 Colt CZ | y-o-y change in % |
|---|--------------------------------|-----------------|-------------------|
| <b>Colt CZ Group standalone</b>   |                                |                 |                   |
| <b>Revenues</b>   | 8,400–8,600                    | 6,860           | 22.4%–25.4%       |
| <b>Adjusted EBITDA</b>  | 1,450–1,600                    | 1,464           | (1.0)%–9.3%       |
| <b>Colt CZ Group with expected contribution of Sellier &amp; Bellot</b> |                                |                 |                   |
| <b>Revenues</b>   | 9,000–9,200                    | 6,860           | 31.2%–34.1%       |
| <b>Adjusted EBITDA</b>  | 1,650–1,800                    | 1,464           | 12.0%–23.0%       |

The guidance for the year 2024 of Colt CZ Group will be further influenced by several 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

<sup>3</sup> In Q1 2024, net profit was adjusted by one-off items related to 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 Q1 2023, net profit was adjusted by one-off items related to 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.

results in 2024 will be influenced by the acquisition of Sellier & Bellot. 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.

### **Acquisition of Sellier & Bellot completed on May 16, 2024**

Colt CZ acquired 100% of shares of Sellier & Bellot for the combination of the cash consideration in the amount of USD 350 million and a new issue of 13,476,440 of Colt CZ common shares. Total acquisition price equals to USD 703 million in total, excluding net debt of Sellier & Bellot.

The selling company CBC Europe S.à r.l. therefore gained a 27.7% stake in the share capital of Colt CZ Group. New shares were issued on May 16, 2024, and Sellier & Bellot enters in the Group's consolidation also as of May 16, 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 before the General Meeting convention.

### **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, Sellier & Bellot, Spuhr, swissAA and 4M Systems brands.

# COLT CZGROUP

Colt CZ Group is headquartered in the Czech Republic and employs more than 3,600 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 54.5%, CBC Europe S.à r.l. from 27.7% and the remaining 17.8% being a free float.

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