

COLT CZ GROUP SE

FINANCIAL RESULTS Q1 2024

INVESTOR PRESENTATION

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CZGROUP

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AGENDA AND TODAY'S PRESENTERS

AGENDA

- 1 Q1 2024 AT A GLANCE
- 2 FINANCIAL HIGHLIGHTS
- 3 ACQUISITION OF SELLIER & BELLOT
- 4 APPENDIX

PRESENTERS



JAN DRAHOTA

Chairman of the Board of Directors
CEO of Colt CZ Group SE



JAN ZAJÍC

Member of the Board of Directors
CEO of Česká zbrojovka a.s.



RADEK MUSIL

CEO of Sellier & Bellot a.s.



JANA MATOUŠKOVÁ

Head of Group Finance
Colt CZ Group SE

COLT CZ AT A GLANCE

REVENUES

CZK 3,667.1 m

↑ 21.7% vs Q1 2023

ADJUSTED EBITDA

CZK 488.4 m

↓ 28.5% vs Q1 2023

ADJUSTED NET PROFIT

CZK 359.9 m

↓ 47.8% vs Q1 2023

ADJUSTED EPS¹

CZK 10

↓ 50% vs Q1 2023

2024 FULL YEAR GUIDANCE CONFIRMED

SELLIER & BELLOT ACQUISITION COMPLETED

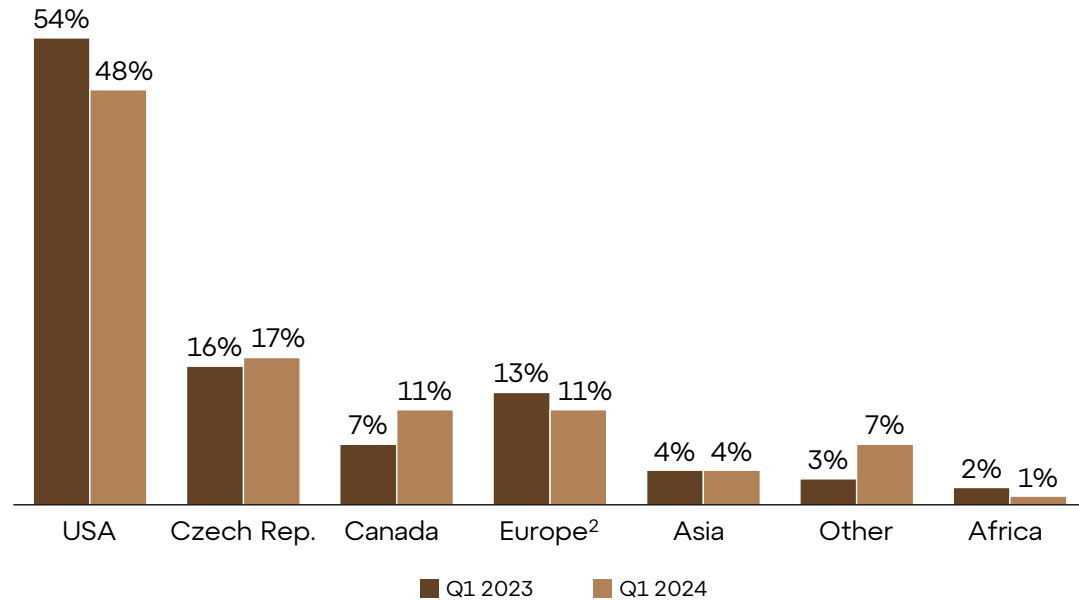
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Notes: Financial results are unaudited
1- basic EPS based on adjusted net profit

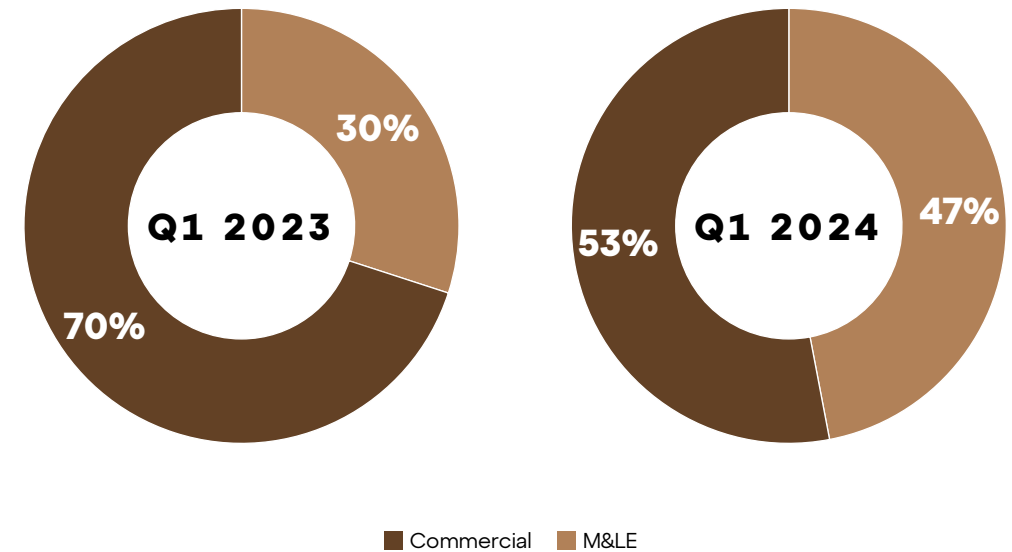


REVENUES – SIGNIFICANT INCREASE OF SALES TO M&LE CUSTOMERS

REVENUE BREAKDOWN¹ BY GEOGRAPHY



BREAKDOWN BY SEGMENT¹



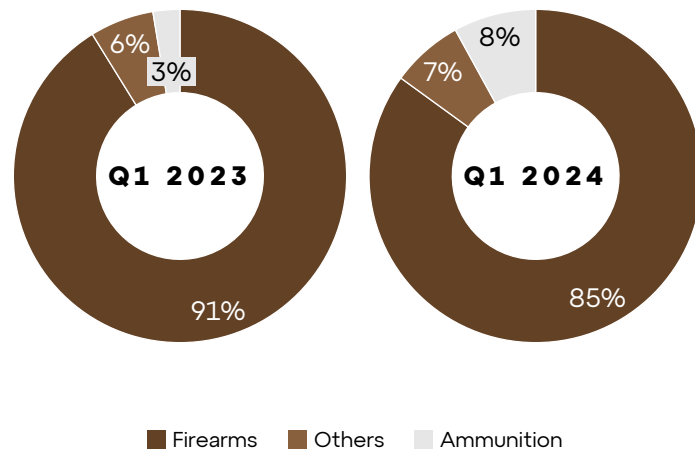
COMMENTS

- ▶ Share of military and law enforcement sales up, in line with Company’s expectations
- ▶ Military and law enforcement sales influenced by consolidation of swissAA revenues

Q1 2024 WAS THE STRONGEST FIRST QUARTER IN GROUP'S HISTORY

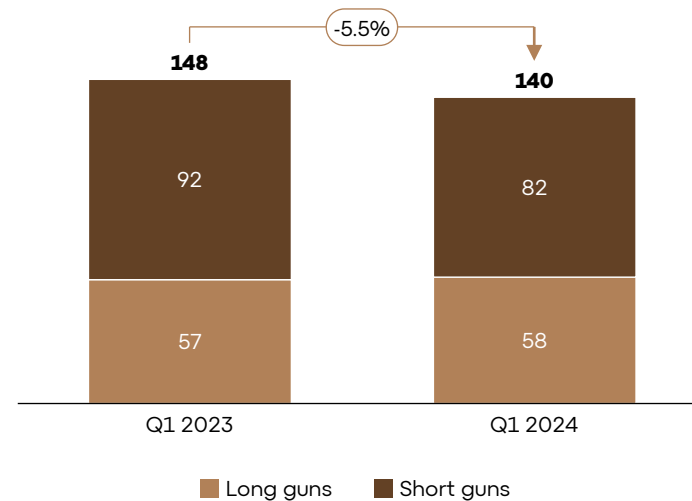
BREAKDOWN BY PRODUCT^{1,2}

In CZK m



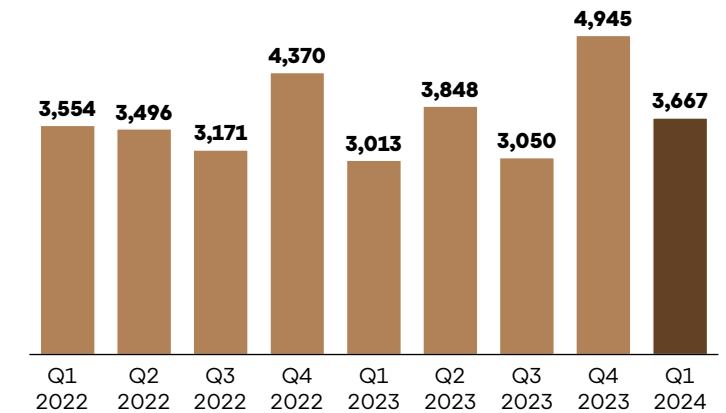
BREAKDOWN BY UNITS SOLD

In '000 units



QUARTERLY REVENUES SEASONALITY

In CZK m



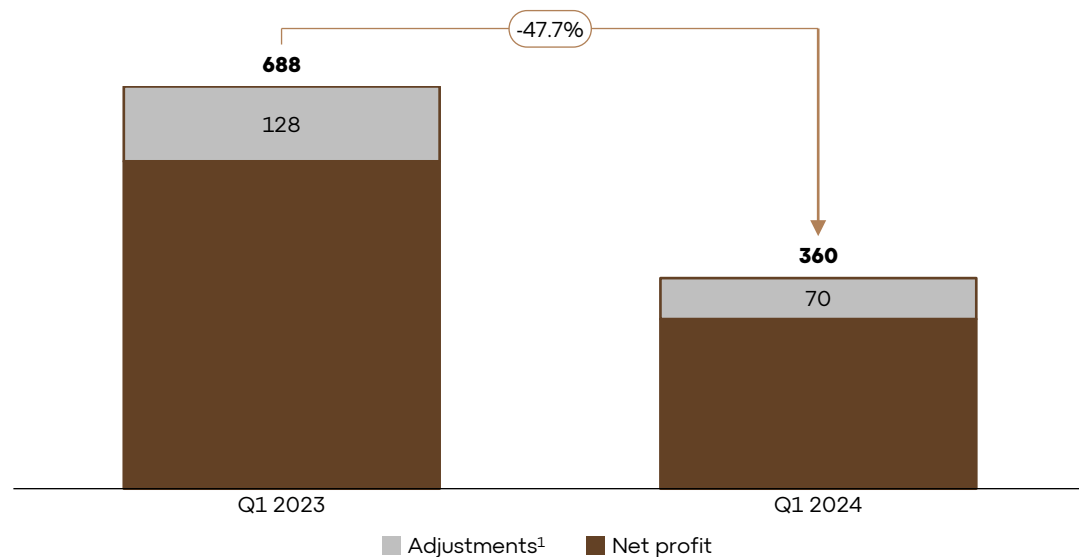
COMMENTS

- ▶ Q1 2024 was the strongest first quarter in terms of revenues ever despite the impact of quarterly seasonality
- ▶ Q2 2024 is expected to be even stronger (see updated guidance page 10) due to confirmed deliveries of large M&LE contracts
- ▶ Share of ammunition sales up due to the consolidation of swissAA, but still negligible EBITDA impact

Q1 2024 PROFITABILITY AFFECTED BY ONE-OFF EFFECT

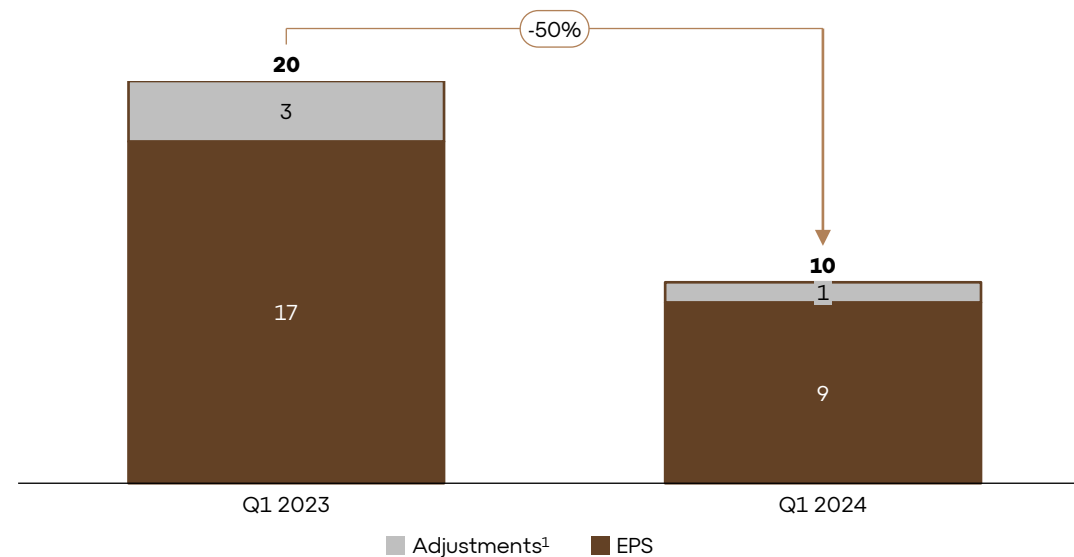
ADJUSTED NET PROFIT¹

In CZK m



ADJUSTED EARNINGS PER SHARE²

In CZK



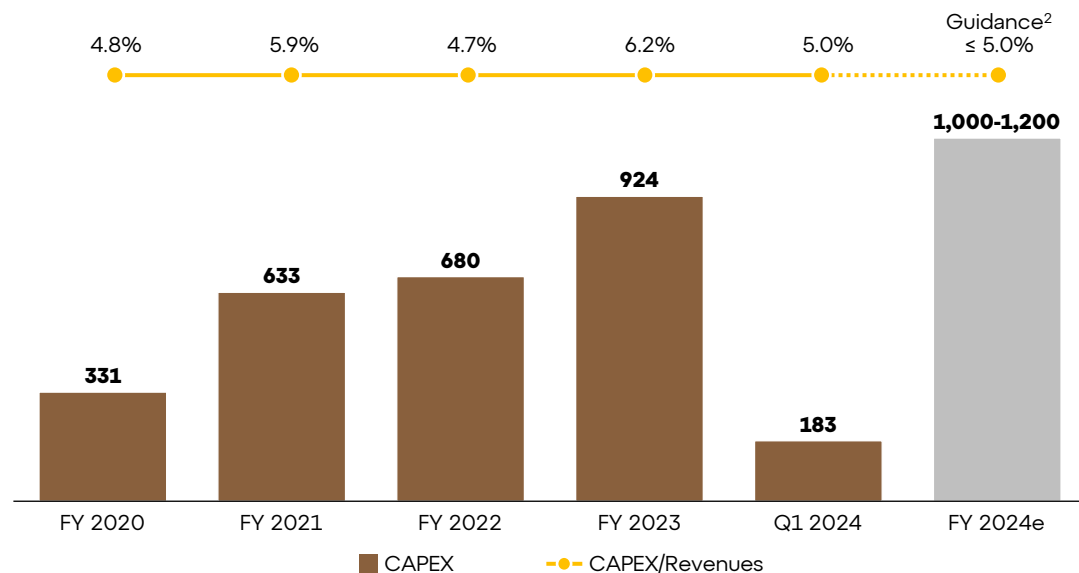
COMMENTS

- ▶ Q1 2024 profitability (EBIT, EBITDA and NI) decreased by marketing/ product campaigns and discounts in the USA to reignite CZ US sales
- ▶ Technical problems with several Colt SKU's³ also negatively impacted profitability of Q1 (already resolved)
- ▶ Additional operational costs in swissAA with a negative impact on EBITDA margin
- ▶ Q1 2024 net profit down due to lower financial income if compared with Q1 2023 at the back of FX rates developments

CAPEX IN LINE WITH 2024 GUIDANCE

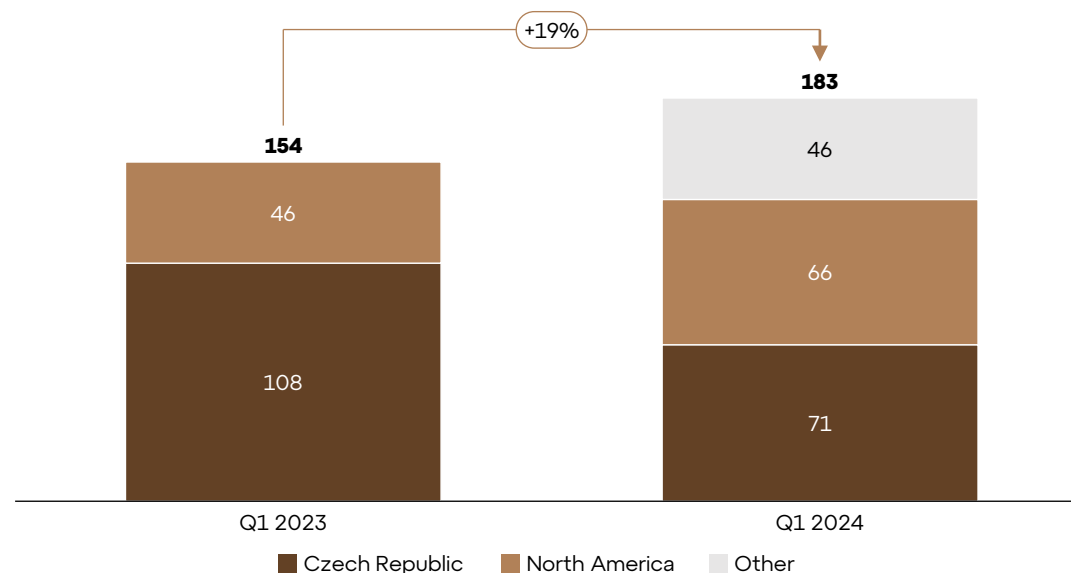
CAPITAL EXPENDITURES¹

CZK m/%



CAPEX GEOGRAPHICAL SPLIT

In CZK m



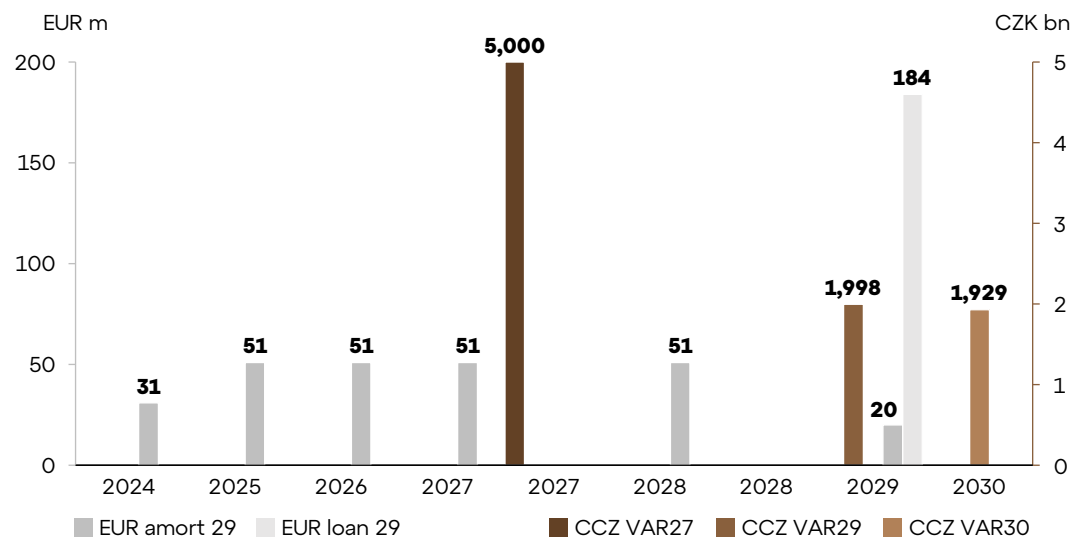
COMMENTS

- ▶ Q1 2024 CAPEX is in line with FY CAPEX guidance (i.e. less than 5% of revenues)
- ▶ Additional capital expenditures in the North America and swissAA production in Q1 2024
- ▶ FY guidance for CAPEX 2024 with Sellier & Bellot included

TOTAL INDEBTEDNESS AFFECTED BY THE ADVANCE PAYMENT FOR S&B ACQUISITION IN 12/2023

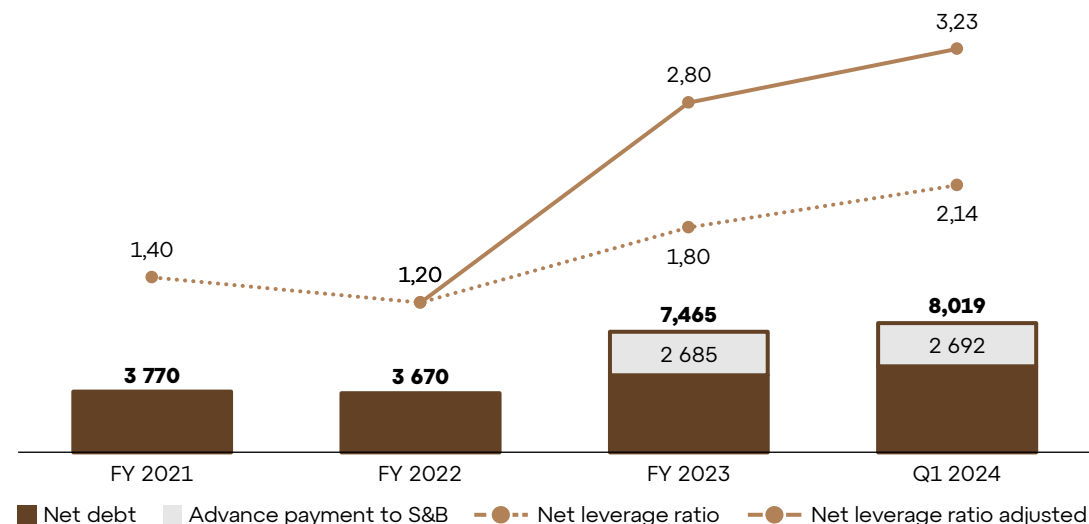
EXPECTED DEBT MATURITY PROFILE (INC. ACQUISITION FINANCING)

In CZK bn/EUR m



NET FINANCIAL DEBT¹ & NET LEVERAGE RATIO^{2,3}

In CZK m



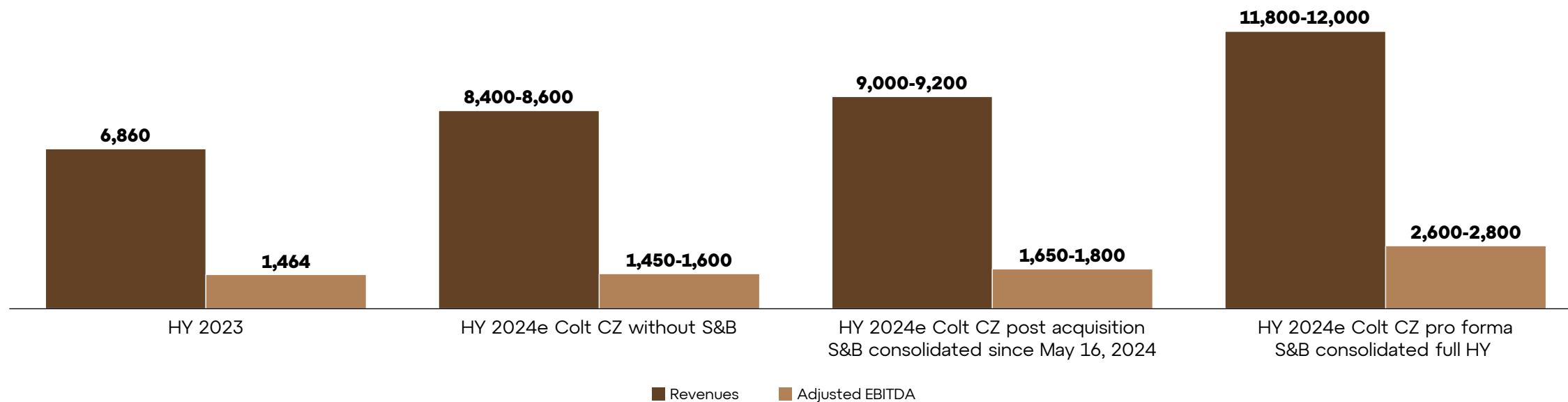
COMMENTS

- ▶ Net financial debt jump at the end of 2023 due to prepayment of S&B acquisition
- ▶ The combined pro-forma post-acquisition net leverage is expected below 3x Net Debt/EBITDA
- ▶ Cash generative business of both companies will allow leverage reduction going forward, with expected acquisition loan repayment by 2029

COMPANY REMAINS CONFIDENT ON THE 6M 2024 PERFORMANCE

6M GUIDANCE

In CZK m



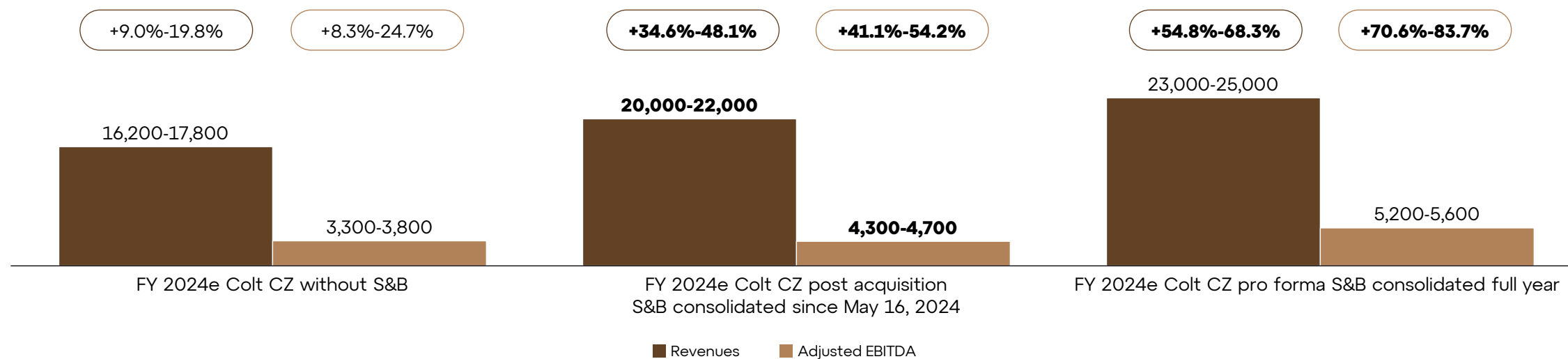
COMMENTS

- ▶ We expect a high quarterly seasonality of revenues in 2024, even higher than the previous years
- ▶ Gradual sales ramp up from the first months of the year and a very strong Q2 2024 performance
- ▶ Q4 2024 is expected to be the strongest quarter, contributing to app. 30% of guidance overall

FY 2024 GUIDANCE CONFIRMED – STRONG ORGANIC GROWTH WITH INCREASED SEASONALITY, POSITIVE EFFECTS OF S&B ACQUISITION

GUIDANCE

In CZK m



COMMENTS

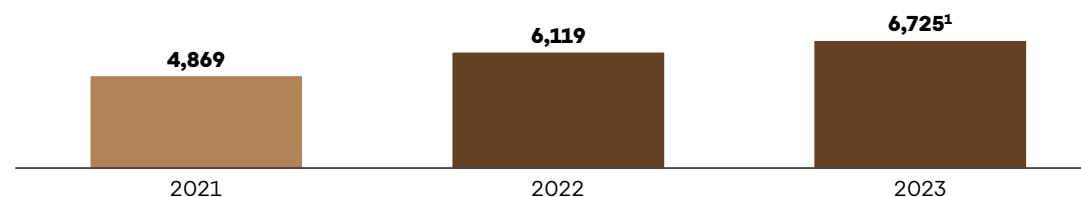
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- ▶ Q4 2024 is expected to be the strongest quarter, contributing to app. 30% of guidance overall

ACQUISITION OF SELLIER & BELLOT SUCCESSFULLY COMPLETED

- ▶ SPA signed on Dec 18, 2023
- ▶ Consolidation from Closing Date May 16, 2024
- ▶ Enterprise value 8.5x EBITDA 2023 or USD 826 m
- ▶ Purchase price is USD 703 m (net of debt), of which:
 - ▶ USD 350 m paid in cash, and
 - ▶ USD 353 m paid in newly issued shares resulting in CBC's stake in Colt CZ of 27.71% (13,476,440 shares at issue price EUR 24.1066² per share)
- ▶ Locked box as of Dec 31, 2023
- ▶ The 2023 audited financial results of S&B confirmed our expectations with respect to S&B performance
 - ▶ Consistently profitable with a growing trend
 - ▶ High margin generations
 - ▶ Rising share of military and law enforcement sales in line with Colt CZ strategy

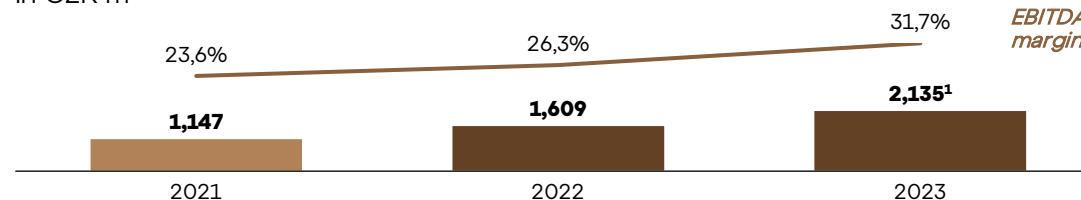
REVENUES FROM THE SALE OF OWN PRODUCTS, GOODS AND SERVICES

In CZK m

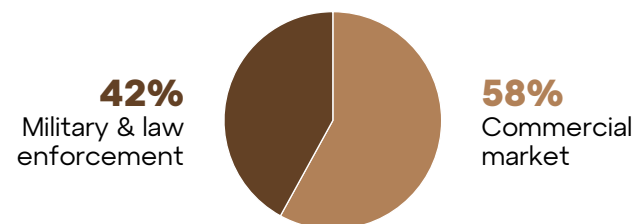


EBITDA

In CZK m



2023 REVENUE BY SEGMENT



Sellier & Bellot ®

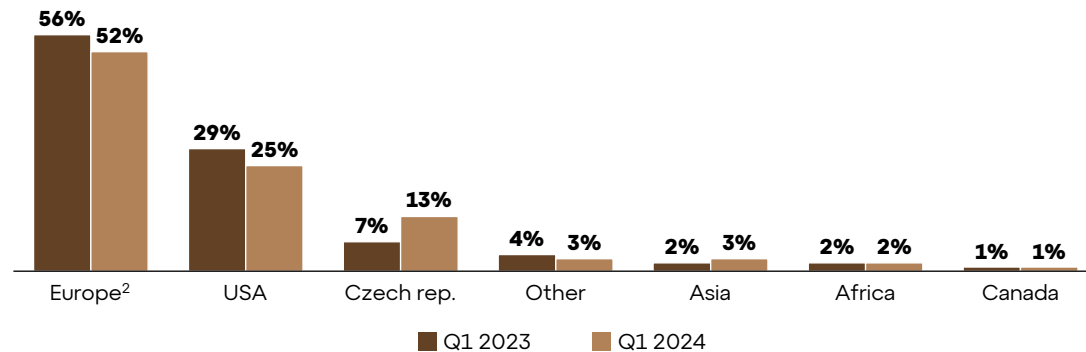
SELLIER & BELLOT INTRODUCTION



ACQUISITION OF SELLIER & BELLOT – INTRODUCTION¹

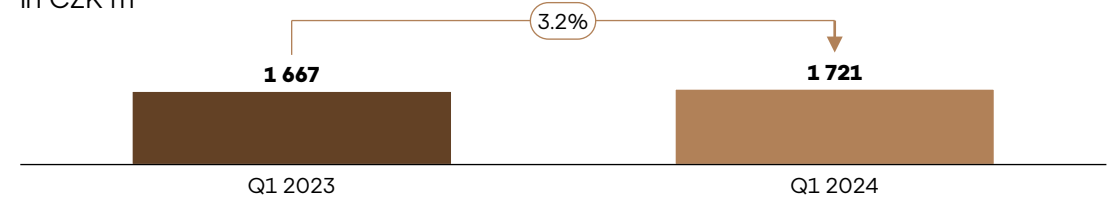
- ▶ Established 1825
- ▶ Production of ammunition for commercial market and M&LE
- ▶ HQ and production located in Vlašim
- ▶ 1,630 employees
- ▶ Production of manufacturing machines
- ▶ In-house production of all components except gun powder

S&B REVENUE BREAKDOWN BY GEOGRAPHY



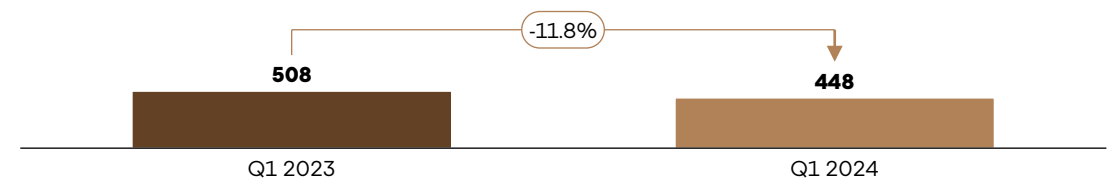
REVENUES FROM THE SALE OF OWN PRODUCTS, GOODS AND SERVICES

In CZK m

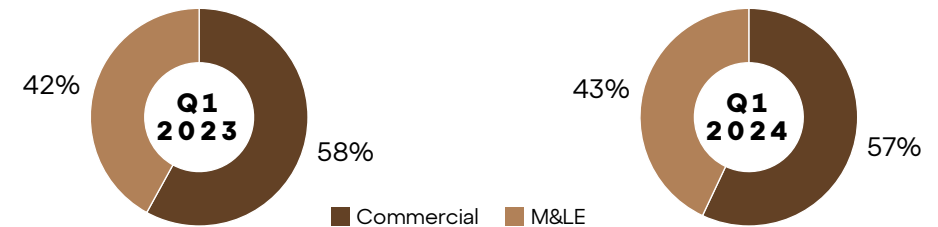


EBITDA






In CZK m

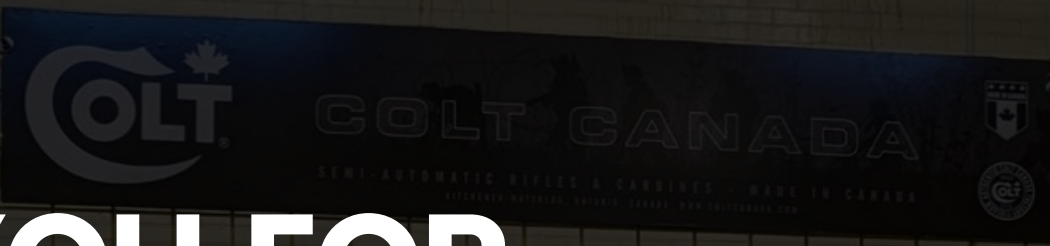


Q1 2024 REVENUE BY SEGMENT



ACQUISITION OF SELLIER & BELLOT – PRODUCT PORTFOLIO

	% REVENUES	COMMERCIAL		M&LE	
		NUMBER OF CALIBERS	BULLET TYPES	NUMBER OF CALIBERS	BULLET TYPES
 PISTOL & REVOLVER AMMO	50%	21	FMJ, TFMJ, SP, JHP, SJHP, XRG-D, LFN, LRN, WC	10	FMJ, TFMJ, SP, JHP, FMJ HP, TB, HS, FRANGIBLE, BLANK
 RIFLE AMMO	38%	42	EDGE, TXRG, XRG, HPC, SCR, PTS, SBT, SP, SPCE, HPBT	12	FMJ/STEEL CORE, SOLID STEEL, BLANK, TRACER, IR-DIM TRACER, SS109, AP, AP/WC, M193, SNIPER, FRANGIBLE
 SHOTGUN AMMO	2%	5	BIRD SHOT, BUCK SHOT, SLUG	-	OPEN DOOR, RUBBER SHOT, RUBBER BALL
 RIMFIRE AMMO	3%	6	LEAD BULLET, HOLLOW-POINT LEAD BULLET	-	
 COMPONENTS & OTHERS	7%	4	BULLETS, UNPRIMERED CASES, PRIMERS, PERCUSSION CAPS	-	



THANK YOU FOR YOUR ATTENTION

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The background of the image is a dark, industrial setting featuring a complex machine with various components, including pipes, cables, and mechanical parts. The machine is primarily white and grey, with some red accents. In the foreground, there are several orange diagonal lines that create a sense of motion and depth. The overall lighting is dim, highlighting the metallic surfaces and the intricate details of the machinery.

APPENDIX

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ADJUSTED EBITDA RECONCILIATION

In CZK '000	Q1 2024	Q1 2023
Operating profit	220,823	411,538
Depreciation and amortization	199,890	187,554
EBITDA	420,713	599,092
ESOP related costs	67,023	82,813
M&A costs ¹	644	1,536
Adjusted EBITDA	488,380	683,441

ADJUSTED NET PROFIT RECONCILIATION

In CZK '000	Q1 2024	Q1 2023
Earnings before tax	374,623	734,657
Tax expenses	(71,360)	(146,838)
Net income	303,263	587,819
Earn-out related costs	-	41,279
ESOP related costs	67,023	82,813
M&A costs ¹	644	1,536
One-off expenses related to the bond issue	2,339	2,003
Adjusted earnings before tax (Adj. EBT)	444 629	862,287
Effective tax rate on Adj. EBT (Q1 2024 ~19%; Q1 2023 ~20%)	(84,695)	(172,348)
Adjusted Net Income	359,934	689,939

CONSOLIDATED PROFIT AND LOSS STATEMENT

In '000 CZK	31 Mar 2024	31 Mar 2023
Revenues from the sale of own products, goods and services	3,667,086	3,012,556
Other operating income	13,970	20,368
Change in inventories developed internally	13,296	335,838
Own work capitalized	50,647	41,402
Raw materials and consumables used	(1,898,421)	(1,560,669)
Services	(492,223)	(380,581)
Personnel costs	(896,012)	(762,542)
Depreciation and amortization	(199,890)	(187,554)
Other operating expenses	(64,203)	(69,117)
Allowances	26,573	(38,163)
Operating profit	220,823	411,538
Interest income	391,945	363,043
Interest expense	(350,472)	(235,250)
Other financial income	126,843	86,110
Other financial expenses	(17,494)	(145,436)
Gains or losses from derivative transactions	2,343	253,452
Share in the profit of associates after tax	635	1,200
Profit before tax	374,623	734,657
Income tax	(71,360)	(146,838)
Profit for the period	303,263	587,819
Items that may be subsequently reclassified to the statement of profit or loss		
Cash flow hedges – remeasurement of effective portion of hedging instruments	(248,994)	40,338
Foreign currency translation of foreign operations	73,169	(4,474)
Other comprehensive income	(175,825)	35,864
Comprehensive income for the period	127,438	623,683
Profit for the period attributable to:		
Owner of the parent company	303,263	587,819
Non-controlling interests	-	-
Comprehensive income for the period attributable to:		
Owner of the parent company	127,438	623,683
Non-controlling interests	-	-
Net earnings per share attributable to the owner of the parent company (CZK per share)		
Basic	8	17
Diluted	6	17

CONSOLIDATED BALANCE SHEET 1/2

In CZK '000	31 Mar 2024	31 Dec 2023
ASSETS		
Non-current assets		
Intangible assets	3,466,466	3,413,881
Goodwill	2,609,325	2,547,480
Property, plant and equipment	4,289,614	4,281,449
Advance payment for financial investment	2,692,051	2,690,040
Equity-accounted securities and investments	45,207	40,795
Financial derivatives	618,803	1,013,168
Provided loans	18,979	-
Trade and other receivables	30,331	61,891
Other receivables	2,576	2,556
Deferred tax assets	9,097	21,245
Total non-current assets	13,782,449	14,072,505
Current assets		
Inventories	5,570,854	5,298,077
Trade and other receivables	1,992,092	1,774,947
Provided loans	183	-
Other financial assets	-	908,580
Financial derivatives	144,541	149,047
Other receivables	468,945	351,165
Tax receivables	145,071	93,751
Cash and cash equivalents	3,582,974	3,328,684
Total current assets	11,904,660	11,904,251
Total assets	25,687,109	25,976,756

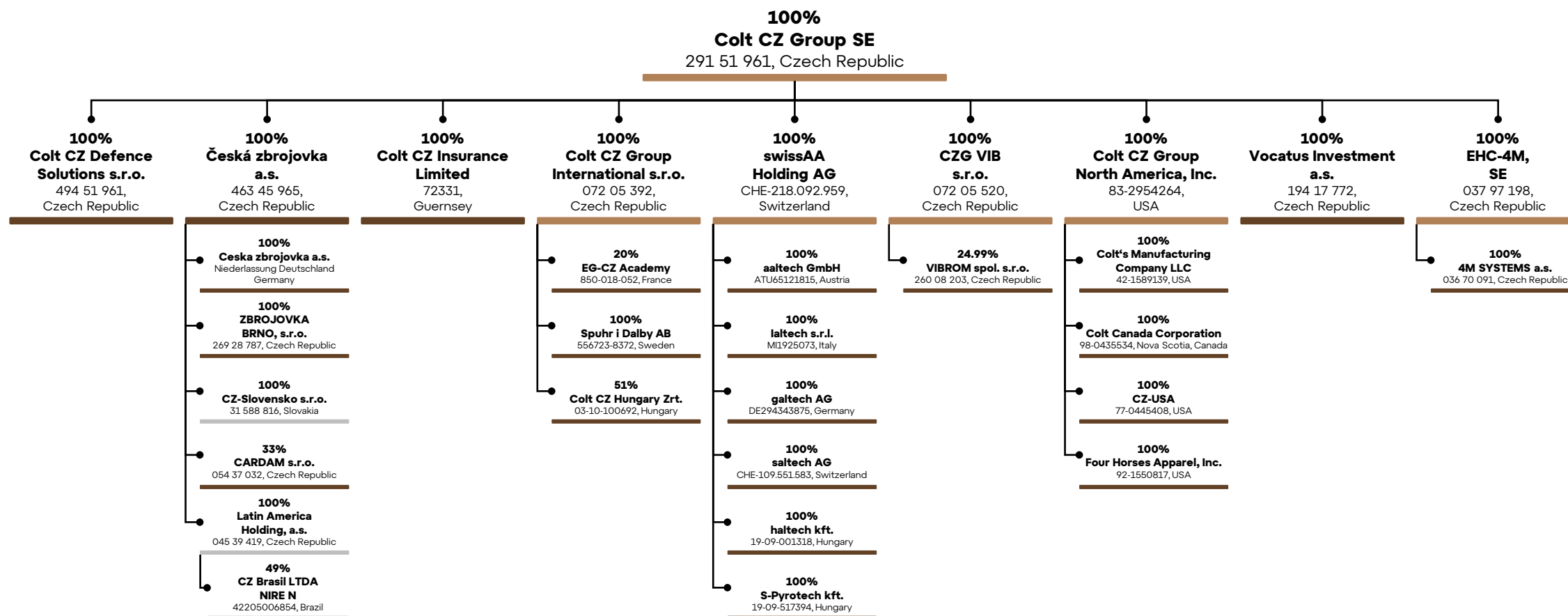
CONSOLIDATED BALANCE SHEET 2/2

In CZK '000	31 Mar 2024	31 Dec 2023
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	3,516	3,516
Share premium	1,942,818	1,942,818
Capital funds	1,641,512	1,641,512
Cash flow hedge reserve	350,822	599,816
Foreign exchange translation reserve	-69,519	-142,688
Accumulated profits	5,595,819	5,229,872
Equity attributable to the owner of the Company	9,464,968	9,274,846
Equity attributable to the owner of the Company	9,464,968	9,274,846
Total equity	9,464,968	9,274,846
Non-current liabilities		
Bonds, bank loans and borrowings	9,031,023	9,040,540
Financial derivatives	227,025	244,169
Lease liabilities	56,439	62,052
Trade and other payables	49,542	42,022
Other payables	10,723	14,569
Provisions	79,865	76,188
Deferred tax liability	674,817	722,783
Employee benefit liabilities	251,178	255,721
Total non-current liabilities	10,380,612	10,458,044
Current liabilities		
Bonds, bank loans and borrowings	2,489,675	2,573,744
Financial derivatives	20,874	11,038
Lease liabilities	25,196	25,619
Other financial liabilities	45,986	44,580
Trade and other payables	1,445,510	1,746,796
Other payables	1,665,687	1,655,094
Provisions	36,539	30,084
Tax liabilities	96,590	142,084
Employee benefit liabilities	15,472	14,827
Total current liabilities	5,841,529	6,243,866
Total liabilities	16,222,141	16,701,910
Total equity and liabilities	25,687,109	25,976,756

CONSOLIDATED CASH FLOW STATEMENT

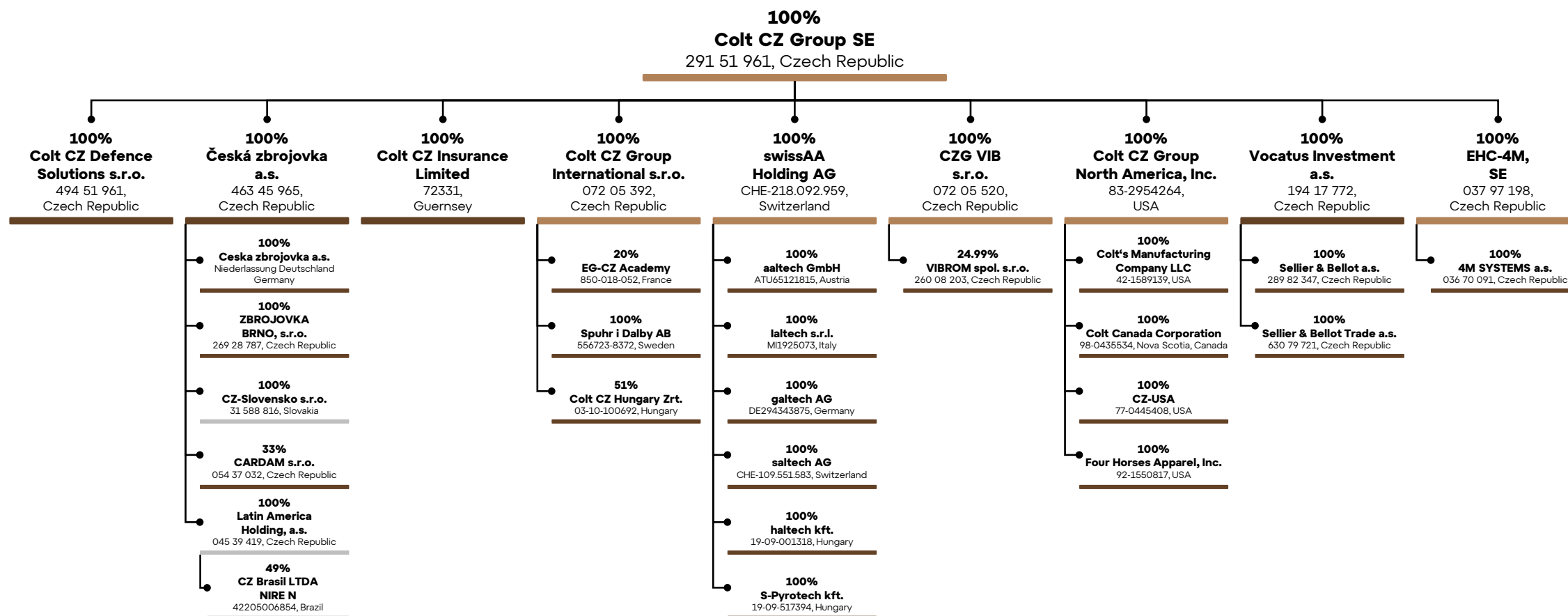
In '000 CZK	31 Mar 2024	31 Mar 2023
Cash flows from principal economic activity (operating activity)		
Profit from ordinary activity before tax	374,623	734,657
Depreciation/amortization of non-current assets	199,890	187,554
Change in allowances and provisions	(15,914)	40,233
Interest expense and interest income	(41,473)	(127,793)
Share in the profit of associates	(635)	(1,200)
Unrealized foreign exchange gain and losses	(157,065)	278,635
Contingent consideration – remeasurement	-	41,284
Other financial assets – remeasurement	(113,402)	(86,110)
Cash flow hedging – remeasurement of the effective portion of hedging instruments	(248,994)	40,338
Share-based payments	62,684	77,596
Adjustments for other non-cash transactions	7,505	220
Net operation cash flows before changes in working capital	66,843	1,185,414
Change in working capital		
Change in receivables and deferrals	37,398	(377,115)
Change in liabilities and accruals	(317,599)	(90,447)
Change in inventories	(142,325)	(658,053)
Cash flow from operating activities	(355,683)	59,799
Paid interest	(488,415)	(398,070)
Interest received	460,017	432,635
Income tax paid for ordinary activity	(171,269)	(56,434)
Net cash flow from operating activities	(555,350)	37,930
Cash flows from investing activities		
Acquisition of non-current assets	(183,073)	(153,891)
Income from the sale of non-current assets	376	-
Advance for acquisitions of financial investment	(2,011)	-
Acquisition of equity-accounted securities and investments	(3,777)	-
Proceeds from sale of other financial assets	1,021,982	-
Provided loans – repayments received	18,979	7,700
Net cash flow from investing activities	814,518	(146,191)
Cash flows from financing activities		
Proceeds from loans	11,613	2,956
Repayment of loans	(34,335)	(1,560)
Repayment of leases	(8,778)	-
Net cash flow from financing activities	(31,500)	1,396
Net change in cash and cash equivalents	227,668	(106,865)
Opening balance of cash and cash equivalents	3,328,684	2,825,781
Effect of exchange rate on cash and cash equivalents	26,622	(37,229)
Closing balance of cash and cash equivalents	3,582,974	2,681,687

COLT CZ GROUP STRUCTURE AS OF 31/03/2024



■ Holding companies ■ No asset companies

COLT CZ GROUP STRUCTURE AS OF 16/05/2024



■ Holding companies ■ No asset companies

THANK YOU

Colt CZ Group SE

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