

PROJECT CONSTITUTION: ACQUISITION OF 100% COLT HOLDING COMPANY LLC

February 2021

INVESTOR INFORMATION

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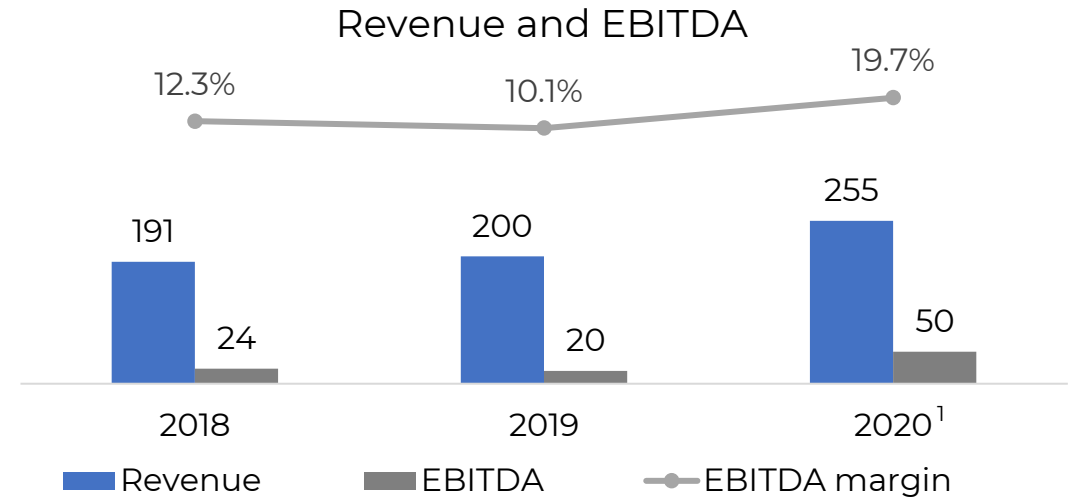


Overview of Colt Holding Company LLC

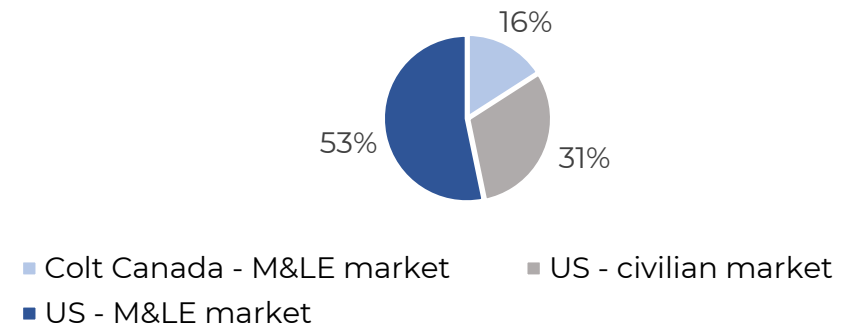
General overview

- Colt Group manufactures firearms, and small arms weapon system for civilian, military and law enforcement customers
- Company's end customers encompass every major segment of the global firearms market
 - US, Canada and international armed forces
 - US, Canada and international law enforcement agencies
 - Consumer hunting, sporting, collector communities
- The Company operates its manufacturing facilities in
 - West Hartford, Connecticut 
 - Kitchener, Ontario 

Financial overview



Revenue by segment 2020E



*In USDm / %

Transaction overview

Key transaction terms

- Acquisition of **100% stake** in Colt Holding Company LLC
- Transaction closing expected in Q2 2021
- Consideration of USD ~205M of **net cash consideration**
- Closing and financing **subject to regulatory approvals**
- Post acquisition **Net Debt/EBITDA** of the combined CZG-COLT Group¹ **below 2.5x**²

Transaction financing



Own cash resources
~30 – 40%



New Bonds Issued
~60 – 70 %

Acquisition costs

Upfront USD ~222M³

➔ USD 205M cash + 1.1M of new CZG shares⁴

Earn-out up to USD ~17M⁴

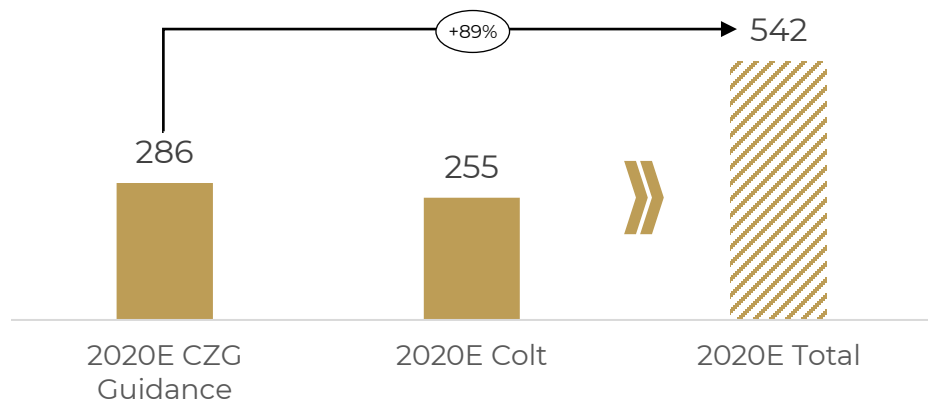
➔ up to 1.1M of CZG shares⁴ if the cumulative minimum EBITDA⁵ is met (USD 275M over 2021 -2023 in total)

Notes: 1 – Refer to CZG - Česká zbrojovka Group SE and Colt Holding Company LLC
2 – Based on 2020e consolidated financial result of Colt Holding Company LLC and CZG mid-point guidance
3 – Taking into account USD 15M cash outstanding on Colt Holding Company LLC balance sheet, subject to customary true-up
4 – Currently valued in case of upfront up to USD ~17M; in case of earn-out up to USD ~17M (assuming current price at CZK 350/share)
5 – EBITDA target defined for the combined company

Combined group at a glance

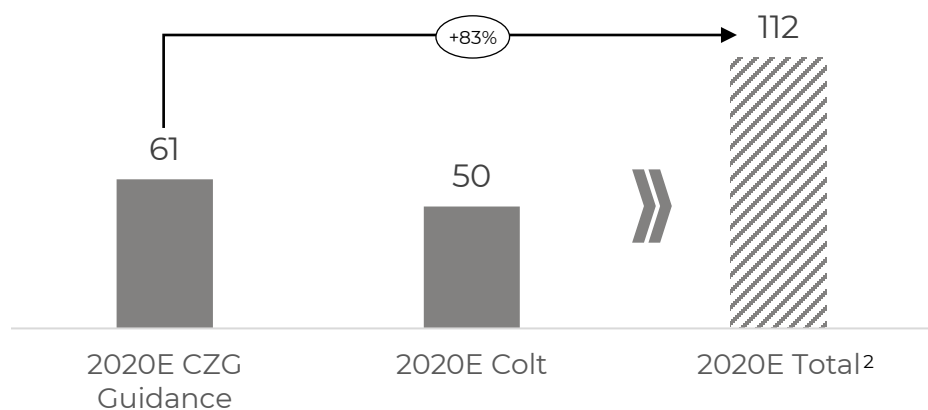
Revenue¹

USDm



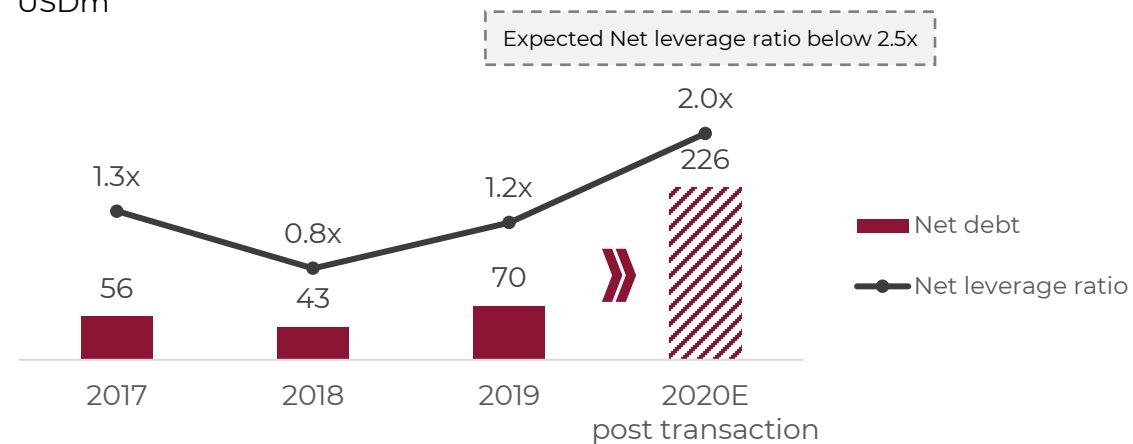
EBITDA from continued operations¹

USDm



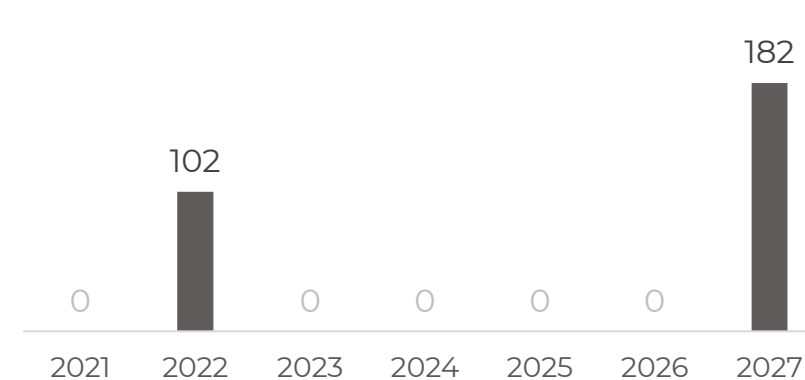
CZG Net Debt³ and Net leverage ratio

USDm



CZG maturity profile of combined debt

USDm



Notes: FX rate used USDCZK 22.00

1 - Based on 2020E consolidated financial result of Colt Holding Company LLC and CZG mid-point guidance

2 - Unadjusted for synergies

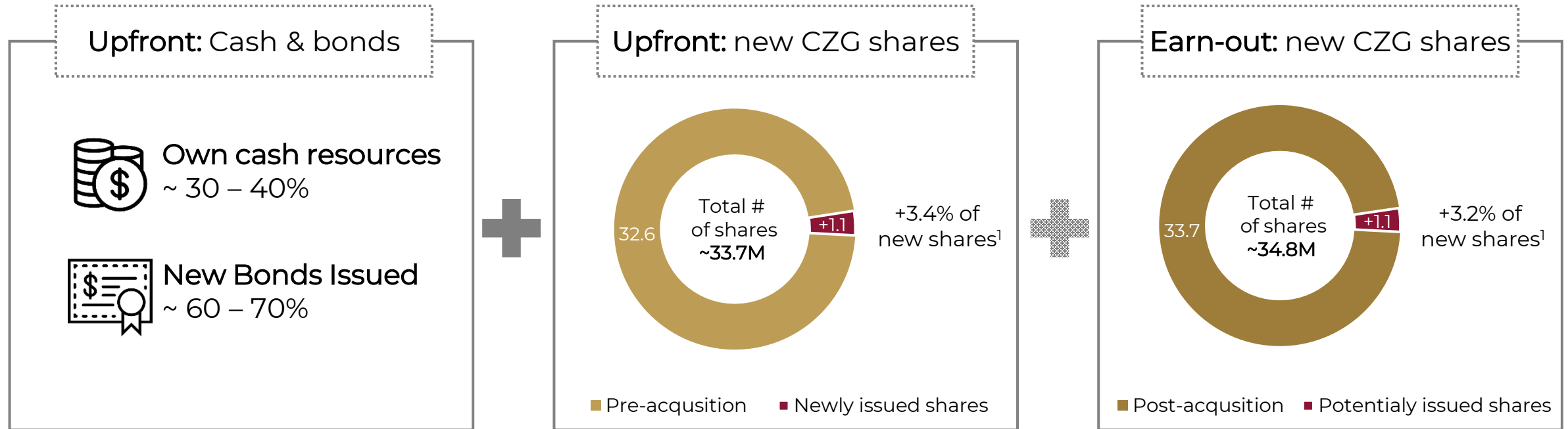
3 - Considering current CZUB bonds and new 2021 CZG bonds

Transaction rationale fully in line with CZG strategy

- 1 CZG ambition to **strengthen its position in the M&LE segment globally**, in North America, including US Federal Government
- 2 CZG has an immediate need to **expand its production presence in the United States**, CZG needs a strong „second production leg“ next to its base in Uherský Brod, Czech Republic
- 3 Acquisition of COLT to bring **significant operational, commercial and R&D synergies** for the newly created Group
- 4 CZG goal to become the industry leader with a **target of EUR1 BN of revenues by end of 2025**

APPENDIX

Transaction financing detail



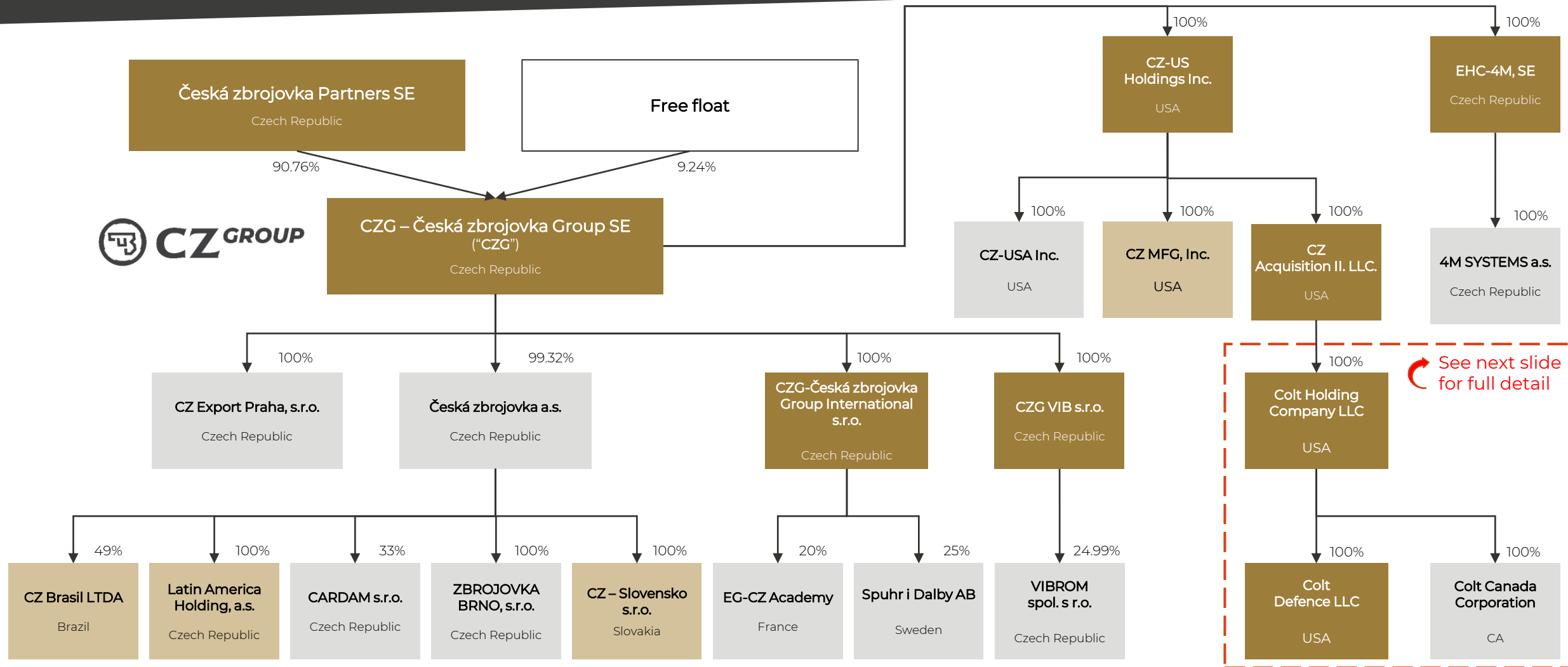
Total acquisition costs²

Upfront : USD ~222M³

Potential earn-out up to : USD ~17M

Notes: 1 – Assuming basis for upfront ~32.6M and for earn-out ~33.7M of total shares
2 – Assuming market price @ CZK 350/share
3 – Assuming USD 15M cash outstanding on Colt Holding Company LLC balance sheet, subject to customary true-up

Simplified transaction perimeter



See next slide for full detail

HOLDING COMPANIES
 OPERATING COMPANIES
 NO ASSET COMPANIES
 ACQUIRED COLT ENTITY

Full detail transaction perimeter

