

# CZG – ČESKÁ ZBROJOVKA GROUP SE

FINANCIAL HIGHLIGHTS

Q1 2021

May 2021

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# Agenda and today's presenters

1  
2  
3

Q1 2021 AT A GLANCE

FINANCIAL HIGHLIGHTS

APPENDIX

## PRESENTERS



**LUBOMÍR KOVAŘÍK**  
Chairman of the Board of  
Directors  
*CZG*

Responsible for strategy and business  
development

Lubomír is also a minority shareholder in CZG  
With the Group since 2006



**JAN DRAHOŠA**  
Vice-chairman of the Board  
of Directors, Head of  
Finance  
*CZG*

Responsible for finance and M&A

Jan is also a minority shareholder in CZG  
With the Group since 2014

# 1 Q1 2021 at a glance



GROW



BUY

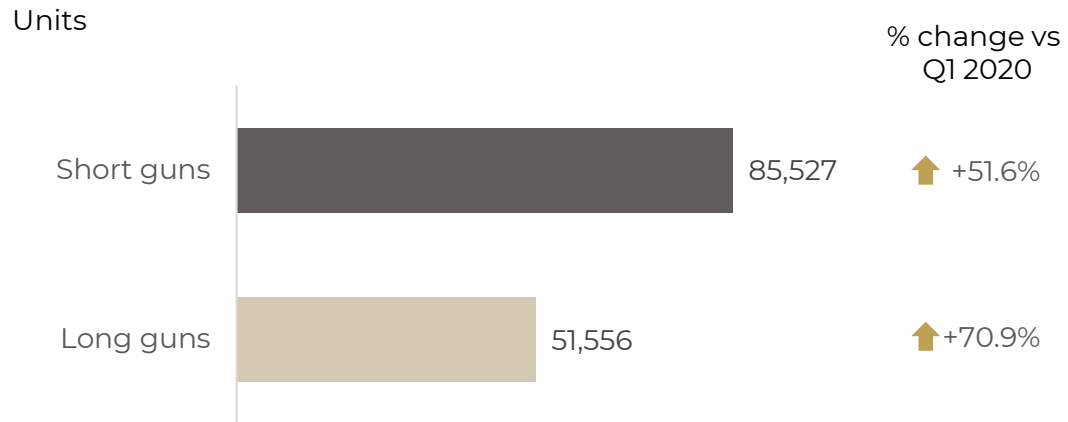


BUILD

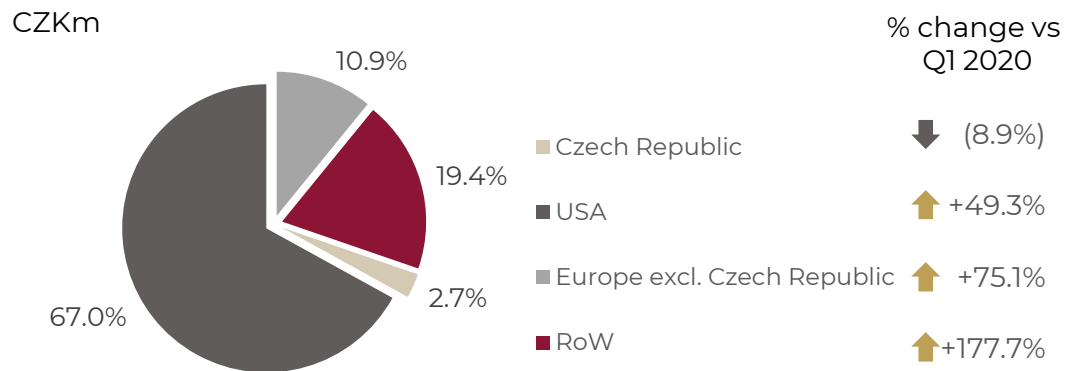
- Revenues increased by 63.7% in Q1 2021 compared to the same period in 2020, to CZK 2.0 bn
- Sales driven by strong demand for CZ products globally, especially on the US commercial market
- CZG issued senior unsecured public bonds in total amount of CZK 5.0 bn with maturity in 2027, to support acquisition financing
- To date, company increased registered capital by issuing ~1.1M of new shares at nominal value of 0.1 CZK related to the Colt acquisition financing
- On 21 May 2021, CZG successfully completed the transaction and became a 100% equity owner of Colt Holding Company LLC, the parent company of the U.S. firearms manufacturer, Colt's Manufacturing Company LLC as well as its Canadian subsidiary, Colt Canada Corporation
- Plant construction in Little Rock is postponed by 3 – 5 years as a result of Colt Holding Company LLC acquisition

# 1 Q1 2021 at a glance – Operational performance

## Breakdown by units sold



## Revenue breakdown by geography



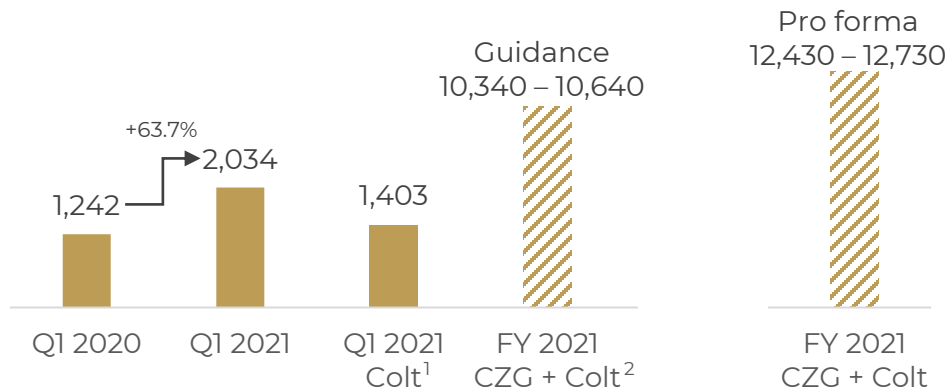
## Comments

- Total units sold increased by 58% to 137 thousands in Q1 2021, compared to 87 thousands units sold in Q1 2020
- Geographical revenue split dramatically influenced by the spike in demand on the US commercial market and by the temporary lockdown in 2020 in Europe
- Revenues in the Czech Republic declined due to Covid-19 restrictions, seasonality and planned realization of the next phase of the Czech Army rearmament to start in Q2 2021

# 2 Financial highlights – Key indicators Q1 2021

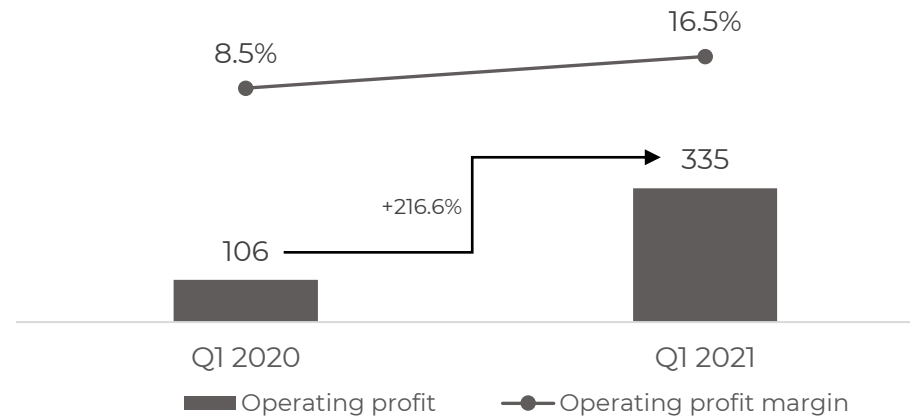
## Revenue

CZKm



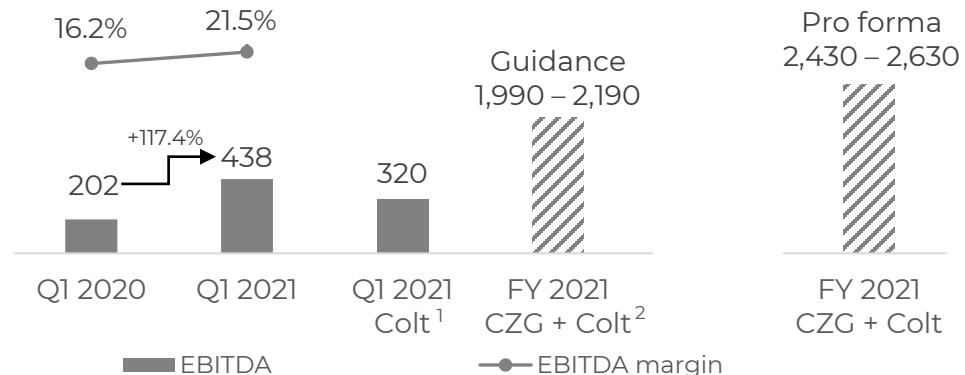
## Operating profit

CZKm



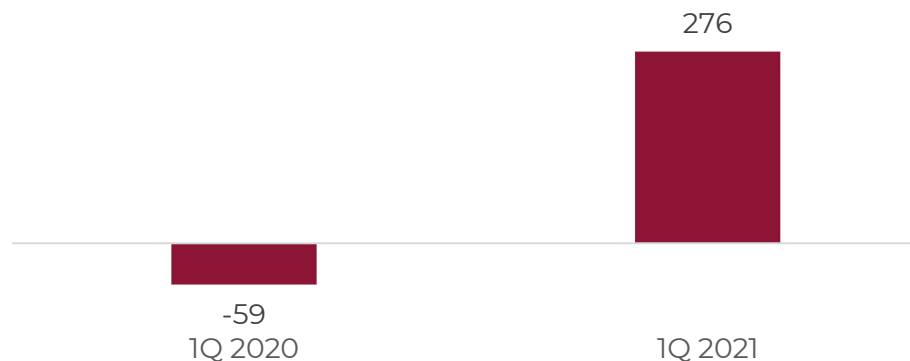
## Underlying EBITDA from continued operations<sup>3</sup>

CZKm



## Net profit

CZKm



Source: CZG unaudited consolidated financial statements for the period ended 31 March 2021.

Notes: Guidance is based on management expectations as is date of the presentation.

1 – Colt Holding Company LLC, US GAAP consolidated unaudited financial statements for period ended 31 March 2021; FX rate used USDCZK 22.295

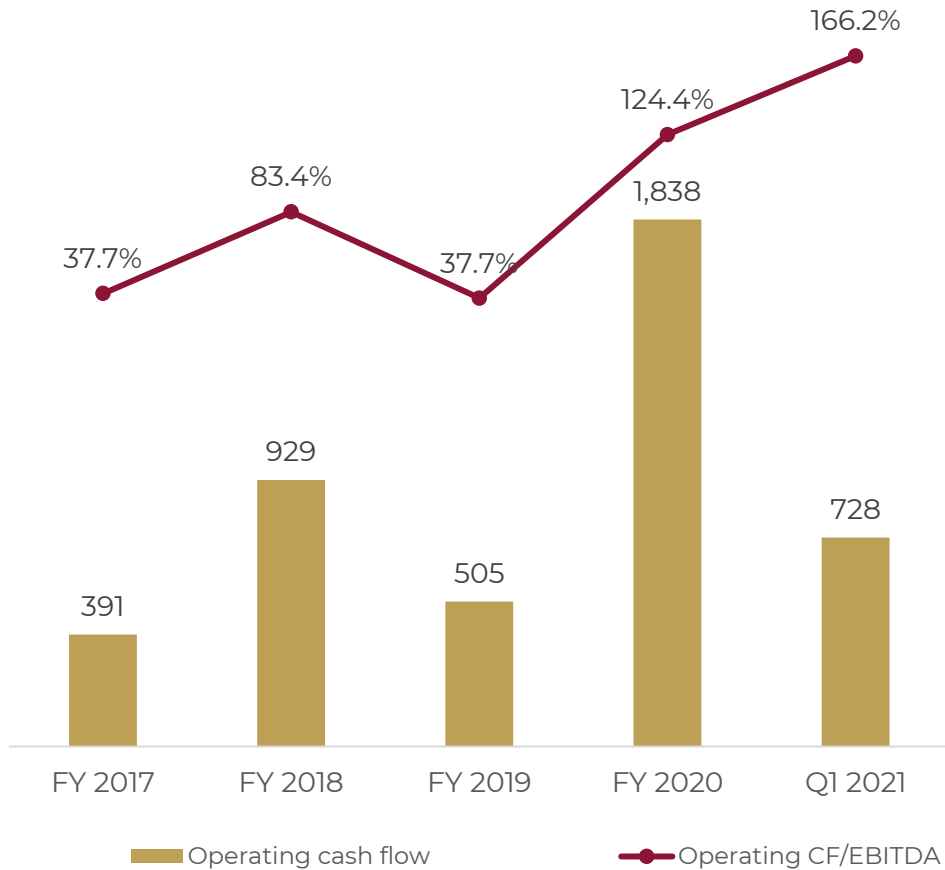
2 – Colt Holding Company LLC figures contributing to the guidance since 21 May 2021.

3 – Underlying EBITDA from continued operations is defined as post-tax profit for the period less post-tax profit from discontinued operations plus income tax less other financial income plus other financial expenses less interest income plus interest expenses plus expense from derivatives transaction less income from derivatives transaction plus deprec. and amortization.

# 2 Financial highlights – Cash flow indicators Q1 2021

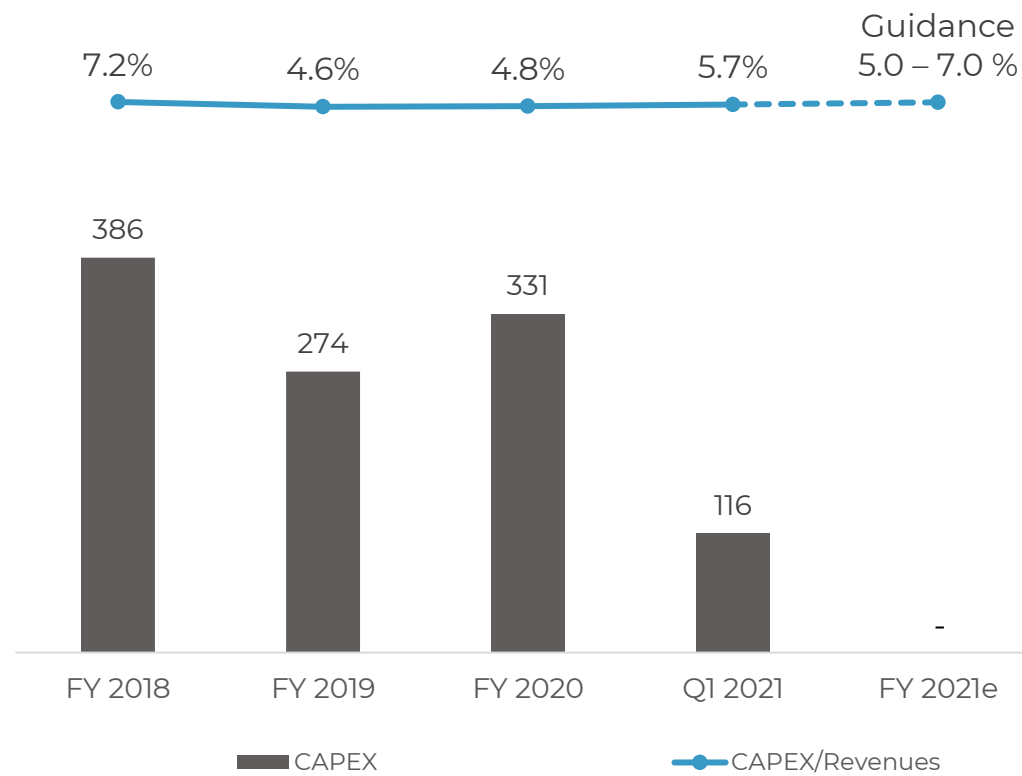
## Operating cash flow

CZKm



## Capital expenditures

CZKm



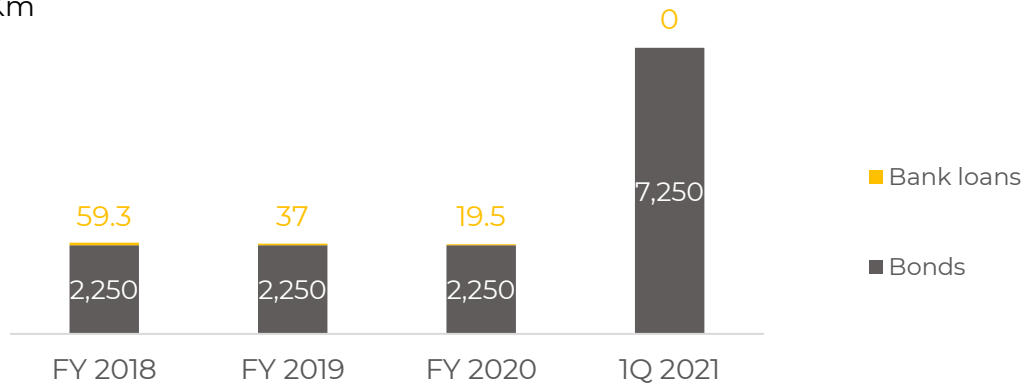
Source: Consolidated Financial Statements for the Period Ended 31 March 2021.

Notes: Guidance is based on management expectations as of the date of the presentation.

# 2 Financial highlights – Net debt Q1 2021

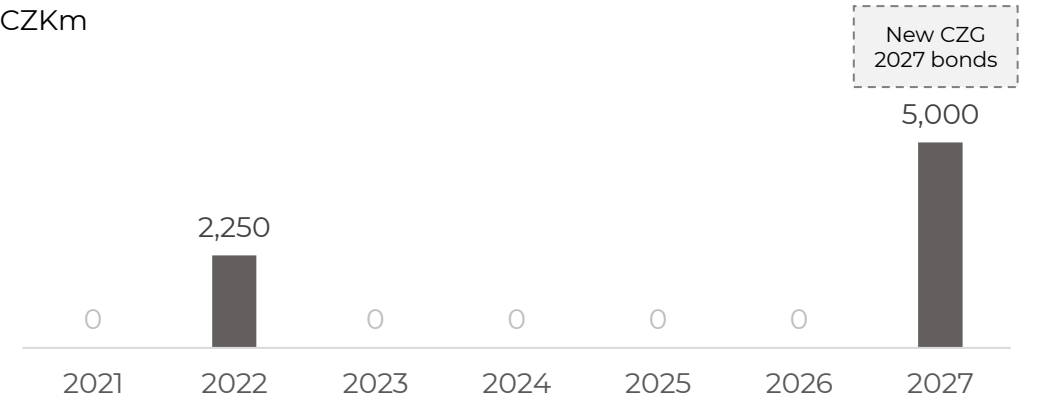
## Debt structure

CZKm



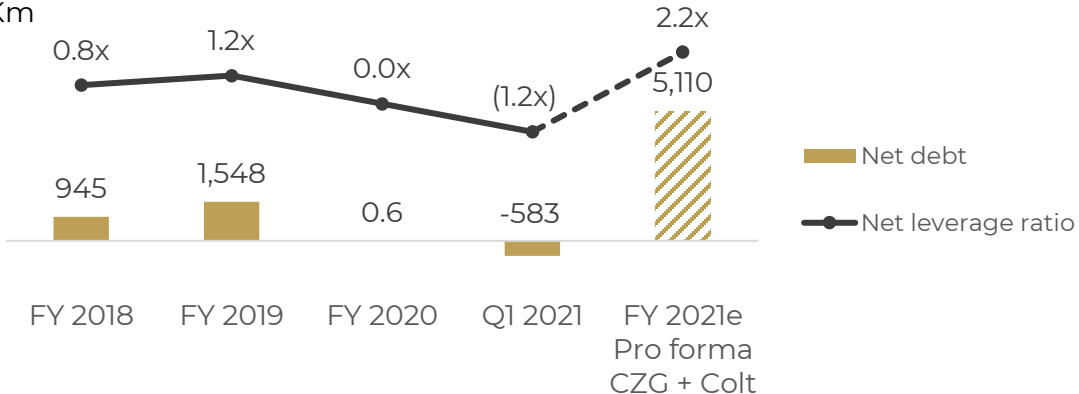
## Debt maturity profile

CZKm



## Net financial debt<sup>1</sup> and Net leverage ratio<sup>2</sup>

CZKm



## Comment

- Keeping a fairly conservative leverage profile, providing CZG with enough flexibility for potential larger strategic moves

Source: Consolidated Financial Statements for the Period Ended 31 March 2021.

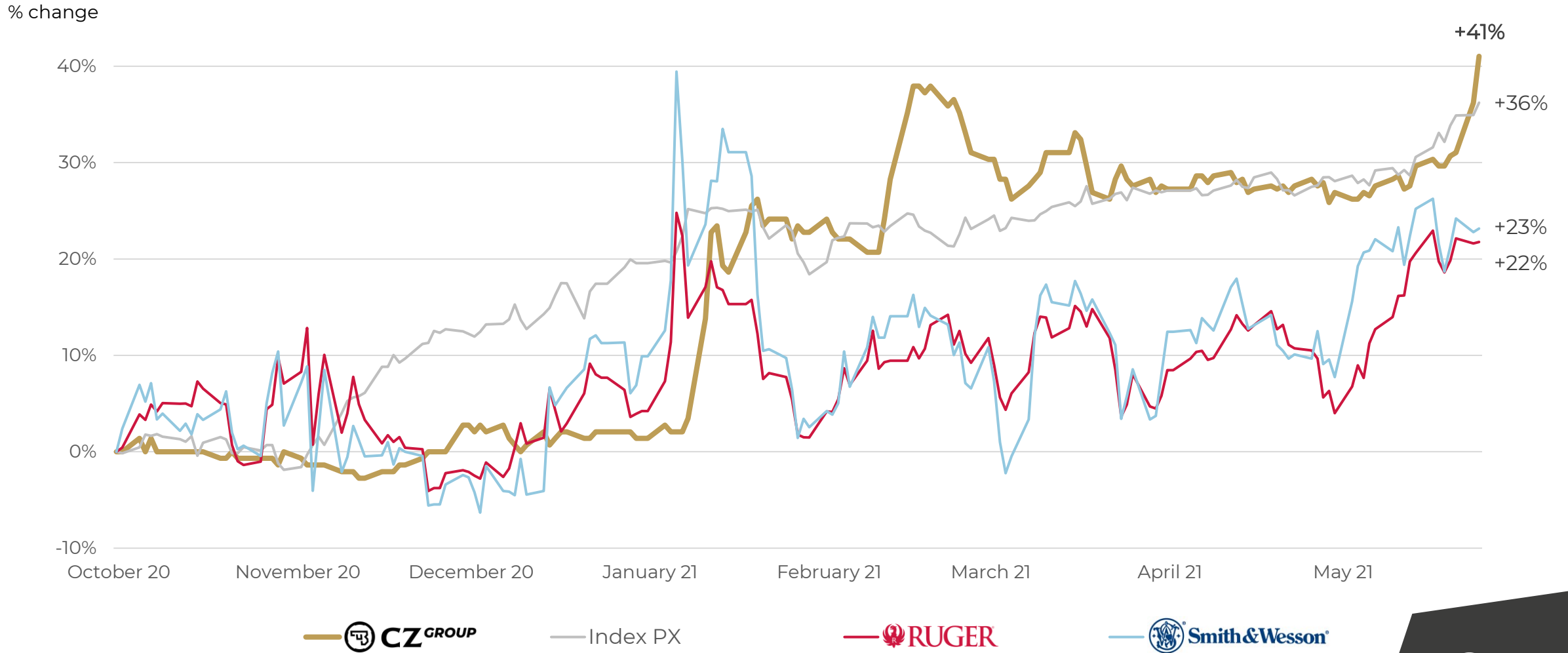
Notes: 1 – Net financial debt is defined as long-term and short-term bank loans and borrowings and lease payables (non-current and current), less cash and cash equivalents as reported in the Audited Financial Statements and the Unaudited Interim Financial Statements.

2 – Net leverage ratio is defined as the ratio of net financial debt at the end of the period to EBITDA from continued operations for the period.



# 2 Financial highlights – CZG stock performance

CZG stock performance since 01 October 2020



Source: Bloomberg Terminal, closing figures for the period from 01 October 2020 to 25 May 2021



# 2

## Financial highlights – Q&A section

THANK YOU FOR YOUR ATTENTION

# 3 Appendix – Summary of selected KPIs

## Unaudited consolidated financial results

CZK '000 / %	Q1 2021	Q1 2020	change
Revenues	2,033,760	1,242,243	+64%
Underlying EBITDA from continued operations <sup>1</sup>	438,214	201,573	+117%
Profit before tax (EBT)	361,602	(66,339)	-
Net income	275,642	(59,108)	-
Earning per share (CZK)	8	(2)	-

Notes: 1 – Underlying EBITDA from continued operations is defined as post-tax profit for the period less post-tax profit from discontinued operations plus income tax less other financial income plus other financial expenses less interest income plus interest expenses plus expense from derivatives transaction less income from derivatives transaction plus deprec. and amortization.

## 3

## Appendix – Profit and loss statement

## Unaudited consolidated Profit &amp; loss statement

CZK '000 / %	Q1 2021	Q1 2020	change
Revenues from the sale of own products, goods and services	2,033,760	1,242,243	+64%
Other operating income	11,282	34,352	(67%)
Changes in inventories of finished goods and works in progress	(50,072)	57,571	(187%)
Own work capitalised	22,839	28,061	(19%)
Raw materials and consumables used	(815,928)	(660,653)	+24%
Services	(368,382)	(239,483)	+54%
Personnel costs	(341,552)	(295,082)	+16%
Depreciation and amortization	(99,096)	(95,521)	+4%
Allowances	(5,842)	57,862	(110%)
Other operating expenses	(52,083)	(23,557)	+121%
<b>Operating profit</b>	<b>334,926</b>	<b>105,793</b>	<b>+217%</b>
Interest income	2,807	5,591	(50%)
Interest expense	(15,673)	(23,437)	(33%)
Other financial income	90,406	152,735	(41%)
Other financial expenses	(59,074)	(42,302)	+40%
Income from derivatives transactions	16,058	0	-
Expense from derivatives transactions	(12,040)	(264,978)	(95%)
Share in the profit of associates	4,192	259	+1519%
<b>Profit before tax</b>	<b>361,602</b>	<b>(66,339)</b>	<b>(645%)</b>
Income tax	(85,960)	7,231	-
<b>Profit for the period from continued operations</b>	<b>275,642</b>	<b>(59,108)</b>	<b>-</b>

## 3

## Appendix – Balance sheet 1/2

## Unaudited consolidated Balance sheet – Assets

CZK '000 / %	Q1 2021	Q1 2020	change
<b>Non-current assets</b>			
Property, plant and equipment	2,068,854	2,050,783	+1%
Intangible assets	742,663	770,194	(4%)
Long-term receivables	293,901	303,260	(3%)
Equity-accounted securities and investments	109,947	110,524	(1%)
Deferred tax asset	3,420	3,281	+4%
Goodwill	280,686	280,686	0%
<b>Total non-current assets</b>	<b>3,499,471</b>	<b>3,518,728</b>	<b>(1%)</b>
<b>Current assets</b>			
Inventories	1,711,236	1,622,702	+5%
Trade receivables	665,850	585,885	+14%
Current tax receivables	13,720	44,938	(69%)
Other receivables	170,432	127,120	+34%
Financial derivatives	336,546	529,570	(36%)
Cash and cash equivalents	7,923,145	2,358,608	+236%
Assets held for sale and for distribution to owners	0	0	-
<b>Total current assets</b>	<b>10,820,929</b>	<b>5,268,823</b>	<b>+105%</b>
<b>Total assets</b>	<b>14,320,400</b>	<b>8,787,551</b>	<b>+63%</b>

## 3

## Appendix – Balance sheet 2/2

## Unaudited consolidated Balance sheet – Equity and liabilities

CZK '000 / %	Q1 2021	Q1 2020	change
<b>Equity</b>			
Share capital	3,264	3,264	0%
Capital funds	1,642,107	1,642,107	0%
Share premium	722,944	722,944	0%
Cash flow hedging funds	24,615	161,794	(85%)
Foreign exchange translation funds	-5,207	-47,960	(89%)
Accumulated profits	2,280,584	2,027,994	+12%
Non-controlling interests	13,328	12,543	+6%
<b>Total equity</b>	<b>4,681,635</b>	<b>4,522,686</b>	<b>+4%</b>
<b>Non-current liabilities</b>			
Bank loans and borrowings	7,251,958	2,252,246	+222%
Lease payables	76,502	75,939	+1%
Deferred tax liability	271,761	324,601	(16%)
Provisions	7,443	7,443	0%
Other long-term payables	1	307	(100%)
<b>Total Non-current liabilities</b>	<b>7,607,665</b>	<b>2,660,536</b>	<b>+186%</b>
<b>Current liabilities</b>			
Trade payables	619,992	417,503	+49%
Short-term bank loans and overdrafts	0	19,548	(100%)
Lease payables	11,451	11,436	0%
Provisions	109,068	81,274	+34%
Current tax payables	54,510	23,286	+134%
Other payables	911,612	727,691	+25%
Financial derivatives	324,467	323,591	0%
Liabilities related to assets held for sale and for distribution to owners	0	0	-
<b>Total current liabilities</b>	<b>2,031,100</b>	<b>1,604,329</b>	<b>+27%</b>
<b>Total liabilities</b>	<b>9,638,765</b>	<b>4,264,865</b>	<b>+126%</b>
<b>Total liabilities and equity</b>	<b>14,320,400</b>	<b>8,787,551</b>	<b>+63%</b>

## 3

## Appendix – Cash flow statement

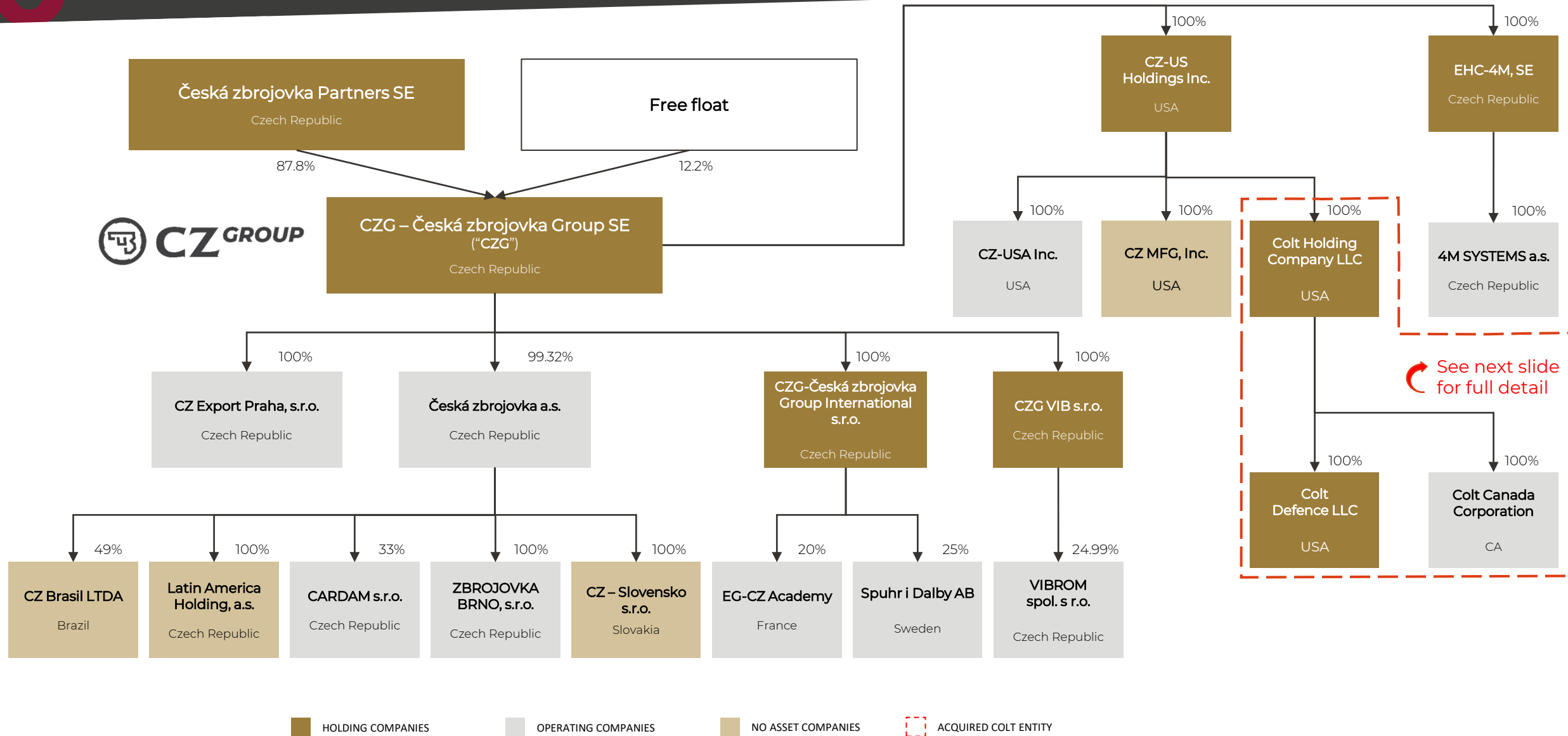
Unaudited consolidated Cash flow statement – simplified<sup>1</sup>

CZK '000	Q1 2021
<b>Cash flows from principal economic activity (operating activity)</b>	
Profit from ordinary activity before tax	357,409
Depreciation/amortisation of non-current assets	99,096
Change in allowances and provisions	34,193
Loss from the sale of non-current assets	(185)
Interest expense and interest income	24,906
Adjustments for other non-cash operations	(699)
<b>Net cash flow from operating activities before changes in working capital</b>	<b>514,720</b>
<b>Change in working capital</b>	
Change in receivables and deferred expenses/accrued income	(102,770)
Change in payables and accrued expenses/ deferred income	411,587
Change in inventories	(95,428)
<b>Net cash flow from operating activities</b>	<b>728,109</b>
<b>Cash flows from investing activities</b>	
Acquisition of non-current assets	(116,085)
Income from the sale of non-current assets	223
Acquisition of subsidiaries	-
Acquisition of investment in an associate	-
Loans made to other parties	0
<b>Net cash flow from investing activities</b>	<b>(115,862)</b>
<b>Cash flows from financing activities</b>	
Repayments of loans and borrowings	(19,548)
Proceeds from loans and borrowings	5,000,000
Proceeds on issue of shares	0
<b>Changes in equity</b>	<b>0</b>
<b>Net cash flow from financing activities</b>	<b>5,564,537</b>
Net change in cash and cash equivalents	0
Opening balance of cash and cash equivalents	2,358,608
Effects of exchange rate changes on cash and cash equivalents	38,551
<b>Closing balance of cash and cash equivalents</b>	<b>7,923,145</b>

Note: 1 – Selected items with none/insignificant impact not showed in CF breakdowns

# 3

## Appendix – Company structure<sup>1</sup>

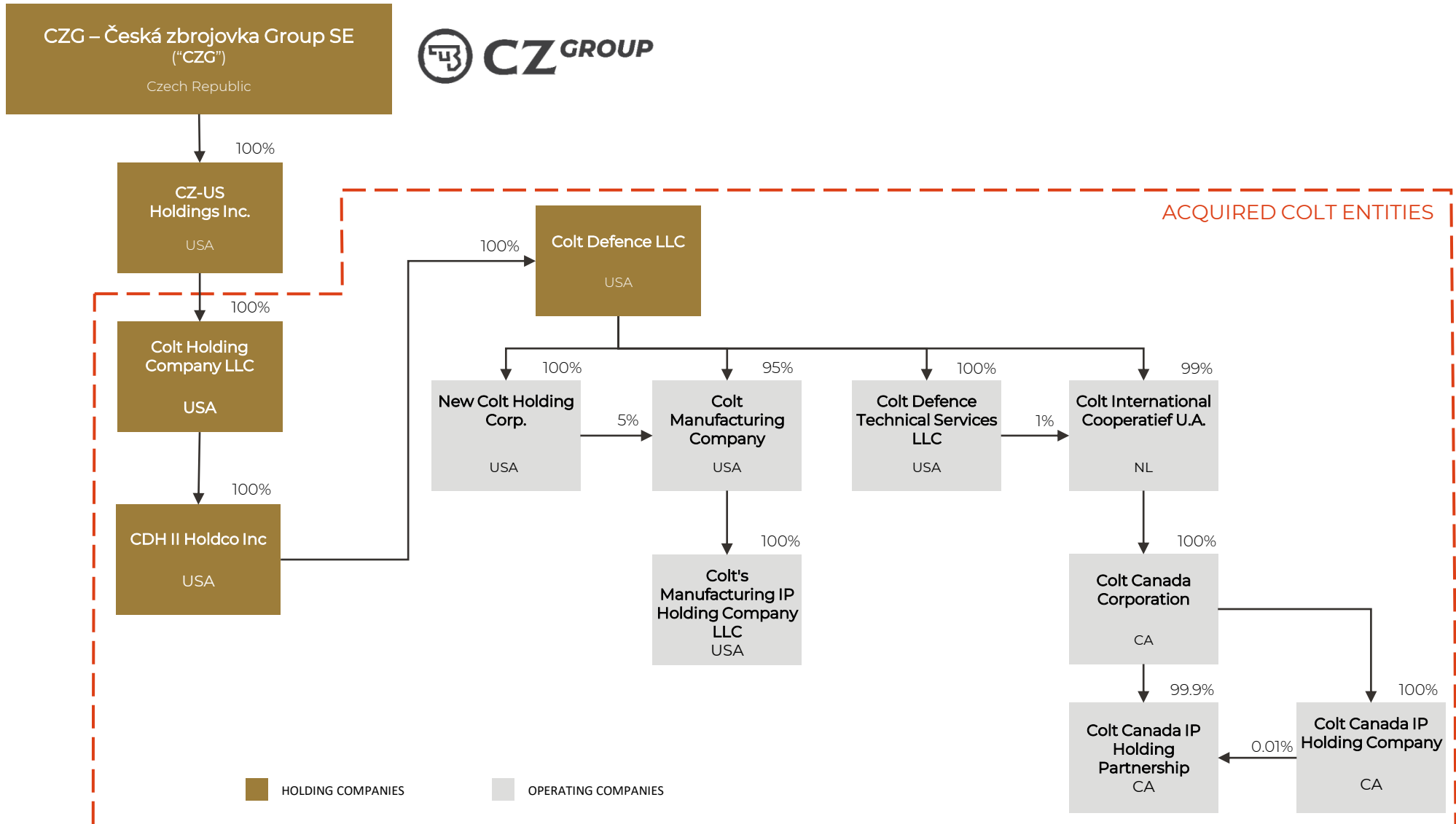


Notes: 1 – As of 24 May 2021, post Colt Holding LLC acquisition



# 3

## Appendix – Company structure<sup>1</sup>



Notes: 1 – As of 24 May 2021, post Colt Holding LLC acquisition