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**FOR IMMEDIATE RELEASE**

**CZG – Česká zbrojovka Group SE has published prospectus  
and announces public offering of its shares**

*Price range for the offering at CZK 290–370*

**Prague (22 September 2020)** — CZG – Česká zbrojovka Group SE (“CZG” or the “Company”), whose ordinary shares were admitted to trading on the Prime Market of the Prague Stock Exchange (“PSE”) on 1 June 2020, announces today the launch of a public offering of its shares (the “Offering”). Today, the Company published the prospectus for the Offering (the “Prospectus”) and announced the price range for the Offering at CZK 290–370 per share (the “Offer Price Range”).

CZG is one of the leading European producers of firearms for military and law enforcement, personal defense, hunting, sport shooting and other civilian use headquartered in the Czech Republic, with production facilities in the Czech Republic and in the United States.

Commenting on today’s announcement, **Lubomír Kovařík**, President and Chairman of the Board of Directors of CZG, said: *“We at Česká zbrojovka Group are very excited about offering our investors the possibility of being part of our story and our success. We believe that we, together with our investors, can play an important role in the expected consolidation of the small arms industry, become a key partner for military and law enforcement customers and be recognized as a premium brand of firearms in Europe and the United States. The proceeds we are aiming to raise from the Offering will be used mostly to build additional production capacities in the United States in order to meet high customer demand for our products in the USA.”*

**Jan Drahota**, Vice-Chairman of the Board of Directors of CZG, added: *“Our financial results and achievements in the last years clearly demonstrate that CZG is perfectly placed to successfully achieve its vision thanks to its robust business model, track record of strong growth, solid financial performance, and overall market position. The U.S. expansion plan clearly confirms our commitment to become a truly global player in the firearms industry.”*

**The Offering in Brief**

- The Offering consists of a public offering to retail investors in the Czech Republic and international private placements to certain institutional investors outside the United States in reliance on Regulation S and to the qualified institutional buyers in the United States of

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America in reliance on Rule 144A or pursuant to another available exemption from, or in a transaction not subject to, the registration requirements of the the U.S. Securities Act of 1933.

- The period during which investors may submit purchase orders for the offer shares (the "Offer Period") commences on 22 September 2020 and is expected to end on 1 October 2020, at 17:00 CET for institutional investors and on 1 October 2020, at 16:00 CET for retail investors. The Company may extend or shorten the Offer Period.
- The Offering is comprised of (i) up to 6,911,638 new shares to be issued by the Company, and (ii) from 2,024,621 up to 4,859,091 existing shares of the Company from the holdings of Česká zbrojovka Partners SE (the "Selling Shareholder").
- The minimum purchase order amount is 10 shares. There is no maximum amount for purchase orders.
- The Offer Price Range has been set from CZK 290 to CZK 370 per share (the "Offer Price Range").
- The final price in the Offering (the "Offer Price") is expected to be set within the Offer Price Range, corresponding to a market capitalisation of the Company of CZK 10.7-13.0bn following completion of the Offering. The final Offer Price for the Offer Shares for the retail investors will not be greater than the top of the Offer Price Range. The final Offer Price for the Institutional Investors may be greater than the top of the Offer Price Range. The Company expects to publish the final Offer Price and the final number of the Shares to be sold on or around 1 October 2020 (the "Pricing Date").
- To cover any over-allotments in the Offering, the Selling Shareholder will undertake to sell up to 1,214,773 existing shares, corresponding to approximately 10 percent of the maximum total number of shares in the Offering (the "Over-Allotment Option").
- The employees of the Group may receive different allocations than other Retail Investors, should they decide to participate in the Offering.
- Assuming the Offer Price will be at the midpoint of the Price Range, the total value of the Offering will amount to approximately CZK 4.3 billion assuming the maximum number of shares is sold by the Selling Shareholder and Over-Allotment Option is exercised in full by the stabilisation manager.
- Following the Offering, the total number of shares in the Company will amount up to 36,749,638.
- The expected gross proceeds from the Offering, assuming all of the shares are placed for an offer price at the mid-point of the Offer Price Range and full exercise of the Over-Allotment Option, amount to up to approximately CZK 2bn for the Company and up to approximately CZK 2bn for the Selling Shareholder.
- After completion of the Offering, the Selling Shareholder will continue to own and control a majority stake in the Company.
- The Selling Shareholder will accept a lock-up agreement for a period of 720 days for its remaining shares of the Company. The Company will be subject to a 180-day lock-up period in respect of any newly issued shares, subject to customary exceptions.
- Application will be made by the Company to the PSE to admit the new shares to trading on the Prime Market of the PSE.

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- Post Offering, assuming the Offer Price will be at the midpoint of the Price Range, the free float is expected to be between 23 % and 34 %, assuming 6,073,864 shares sold by the Company and in first case minimum shares, ie 2,024,621 shares are sold by the Selling Shareholder, and in the second case 6,073,864 shares are sold by the Selling Shareholder (full exercise of the over-allotment).

### Reasons for the Offering and Use of Proceeds

The Offering is being conducted in order to facilitate the sale of the new shares and raising capital by the Company while raising the Group's profile, brand recognition and credibility with its customers and employees and providing direct access to the domestic and international capital markets to finance the Company's growth and development plans.

The Company intends to use the net proceeds from the Offering received for the following purposes:

- USD 40.0 million to USD 50.0 million<sup>1</sup> to finance, in whole or in part, capital expenditures and costs associated with the implementation of the Little Rock Project; and
- The remaining balance of the net proceeds for working capital and other general corporate purposes, including pursuing merger or acquisition opportunities.

### The Admission of the Shares and Trading

The existing shares were admitted to trading on the Prime Market of the Prague Stock Exchange on 1 June 2020. The existing shares are listed under the ticker symbol CZG. Application for the admission to trading of the new shares will be made by the Company to list the new shares on the Prime Market of the PSE. The Company expects that the new shares will be listed on the Prime Market of the PSE on or around 7 October 2020, under the ticker symbol CZG, and investors will be able to start trading in the shares on or around 2 October 2020 (the "First Trading Date").

### The Selling Shareholder

All existing shares of the Company are held by Česká zbrojovka Partners SE (the "Selling Shareholder"), a Czech holding company with the shareholding in the Company being its only material asset. The majority shareholder of the Selling Shareholder is the European Holding Company, SE ("EHC"), which holds 90% of the share capital and voting rights in the Selling Shareholder. EHC is solely owned and controlled by Mr. René Holeček. The remaining 10% of the Selling Shareholder's share capital is held as follows: (i) 5% by Mr. Lubomír Kovařík, President and Chairman of the Board of Directors of the Company, (ii) 2.5% by Mr. René Holeček, Chairman of the Supervisory Board, and (iii) 2.5% by Mr. Jan Drahota, Vice-Chairman of the Board of Directors of the Company and Group's Head of Finance.

### Dividend Policy

Each share gives its owner the right to receive dividends. According to its dividend policy effective from the financial year ended 31 December 2020 onwards, the Company intends to

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<sup>1</sup> Equivalent to CZK 878.12 million to CZK 1,097.65 million at an exchange rate of 21.953 CZK/USD as of 31 August 2020

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target an annual distribution of 33% of its consolidated net profit for the year. The Company will pay any dividends in CZK.

### Prospectus

For the purposes of the Offering and the admission of the new shares to trading on the Prime Market of the Prague Stock Exchange, the Prospectus has been prepared pursuant to Prospectus Regulation (EU) 2017/1129.

The Prospectus has been approved by the Czech National Bank (the "CNB") as the competent authority under the Prospectus Regulation, on 21 September 2020 and became final and effective on 22 September 2020. Such approval should not be understood as an endorsement of the securities referred to in this document.

The Prospectus is available at the Company website at the address [www.czg.cz/investors](http://www.czg.cz/investors) or at the website of CNB [www.cnb.cz](http://www.cnb.cz).

### Indicative Timetable

Publication of the Prospectus	22 September 2020
Roadshow and book-building process	22 September 2020 to 1 October 2020
Start of the Offer Period	22 September 2020
End of the Offer Period for Retail Investors	1 October 2020 at 16:00 CET
End of the Offer Period for Institutional Investors	1 October 2020 at 17:00 CET
Pricing Date	on or around 1 October 2020
Announcement of the Existing Offer Shares and New Shares allocations	on or around 2 October 2020
First Trading Date	on or about 2 October 2020
Settlement Date	on or about 6 October 2020

### Advisors

For the purposes of the Offering, Česká spořitelna, Komerční banka and Société Générale were appointed by the Company as Joint Global Coordinators, joined by Wood & Company Financial Services as Joint Bookrunners. Allen & Overy acts as legal advisor to the Company. White & Case acts as legal advisor to the Joint Global Coordinators and Joint Bookrunners. Société Générale acts as Stabilizing Manager.

### Key Investment Highlights

The Company believes its key strengths are as follows:

- Well-established manufacturer of high-quality firearms with recognized brands valued especially for good craftsmanship, high quality and long-term reliability

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- Technological leader in designing innovative products supported by continuous investments, including into R&D
- Global player offering complete solutions to diverse customer base comprising military and law enforcement, personal defense, hunting, sport shooting and other civilian customers
- Track record of growth and profitability and sound financial profile
- Experienced management team and supportive, stable shareholders
- Responsible, sustainable and transparent behaviour in accordance with the national and international rules and its ethical code

### **About CZG - Česká zbrojovka Group SE**

CZG – Česká zbrojovka Group (CZG), together with its subsidiaries, is one of the leading European producers of firearms for military and law enforcement, personal defense, hunting, sport shooting and other civilian use. CZG markets and sells its products mainly under the CZ (Česká zbrojovka), CZ-USA, Dan Wesson, Brno Rifles and 4M Systems brands. CZG's subsidiaries include Česká zbrojovka, CZ-USA, 4M Systems and CZ Export Praha. CZG owns a minority stake in Spuhr i Dalby, a Swedish manufacturer of optical mounting solutions for weapons.

CZG is headquartered in the Czech Republic. It has production facilities in the Czech Republic and in the United States and employs around 1,625 people in the Czech Republic, the United States and Germany.

Last year, CZG announced its intention to invest into extension of its presence on the U.S. market by strengthening its production and distribution capacities in the region through the Little Rock Project.

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#### **Important information**

*This communication is an advertisement for the purposes of the Prospectus Regulation EU 2017/1129 and underlying legislation. It is not a prospectus. The prospectus prepared by CZG – Česká zbrojovka Group SE was approved by the Czech National Bank in accordance with the Prospectus Regulation regime. However, the approval of the prospectus should not be understood as an endorsement of the shares by the Czech National Bank.*

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*Investors should subscribe for or purchase securities solely on the basis of the prospectus in its final form relating to the shares and should read the prospectus before making an investment decision in order to fully understand the potential risks and rewards associated with the decision to invest in the shares. The prospectus for this transaction is available on the issuer's website <https://www.czg.cz/investors>.*

*This announcement is not being made in and copies of it may not be distributed or sent into the United States, Canada, Australia, New Zealand or Japan or in any jurisdiction where to do so might constitute a violation of the local securities laws or regulations of such jurisdiction.*

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