

CZG – ČESKÁ ZBROJOVKA GROUP SE

FINANCIAL HIGHLIGHTS

Full year 2020

March 2021

INVESTOR REPORT

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Agenda and today's presenters

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2
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FY 2020 AT A GLANCE

FINANCIAL HIGHLIGHTS

APPENDIX

PRESENTERS



LUBOMÍR KOVAŘÍK
Chairman of the Board of
Directors
CZG

Responsible for strategy and business development, Chairman since 2018

Lubomír is also a minority shareholder in CZG
20+ years of experience in top management



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

Responsible for finance and M&A, Head of Finance since 2018

Jan is also a minority shareholder in CZG
15 years of experience in Investment Banking

1 FY 2020 at a glance



GROW



BUY

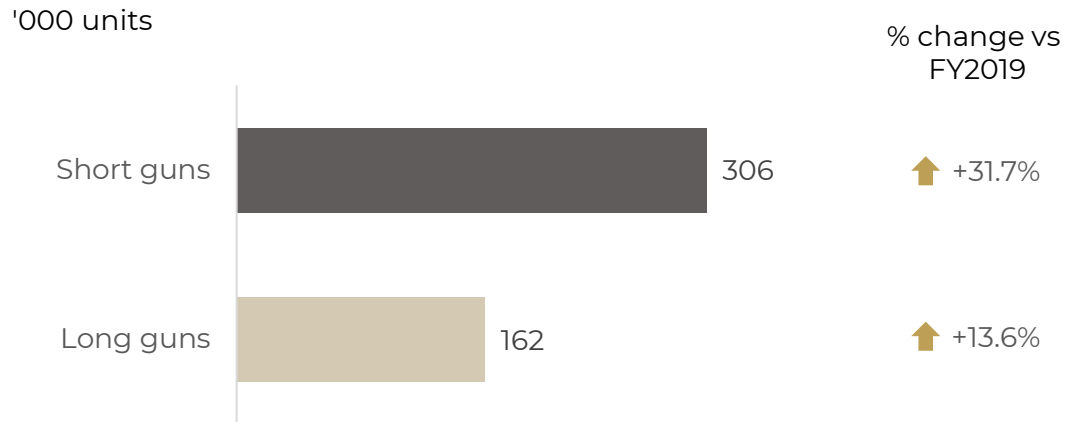


BUILD

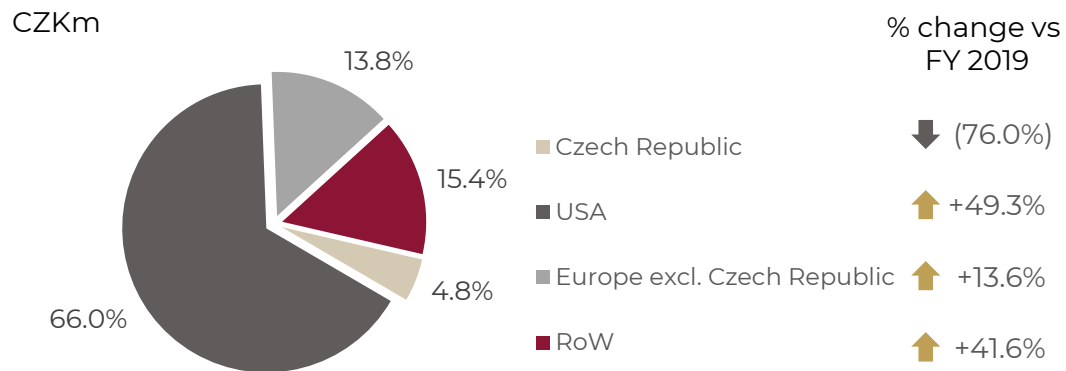
- Despite the lockdown caused by COVID-19 pandemic, company managed to increase its revenues by +14.6% for FY 2020, compare to FY 2019, to CZK 6.8 bn
- Sales driven by strong demand for CZ products globally, especially by the commercial market in the US
- Acquisition of 25% stake in Spuhr i Dalby AP, Swedish manufacturer of optical mounting solutions and firearms upgrades
- Negotiation with the group of US sellers successfully finalized by acquisition of 100% stake in Colt Holding Company LLC. CZG secured financing for the transaction and acquisition is currently under review of The Committee on Foreign Investment (CFIUS) in the United States and by Investment Canada Act (ICA) in the Canada. US antimonopoly (Hart-Scott-Rodino Act) cleared
- Plant construction in Little Rock is currently postponed by 3 – 5 years as a result of Colt Holding Company LLC acquisition

1 FY 2020 at a glance – Operational performance

Revenue breakdown by units sold



Revenue breakdown by geography



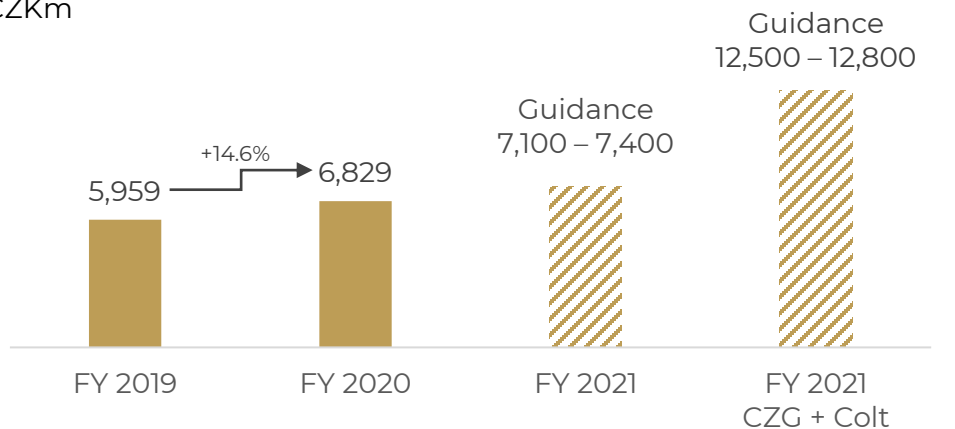
Comments

- Total units sold increased by almost 25% to 467 thousands in FY 2020, compared to 374 thousands units sold in FY 2019
- Geographical revenue split dramatically influenced by the spike in demand on the US civilian market and by the temporary lockdown in Europe in early 2020
- Revenues in Czech Republic declined due to high base and postponement of the next phase of Czech Army rearmament

2 Financial highlights - Key indicators FY 2020

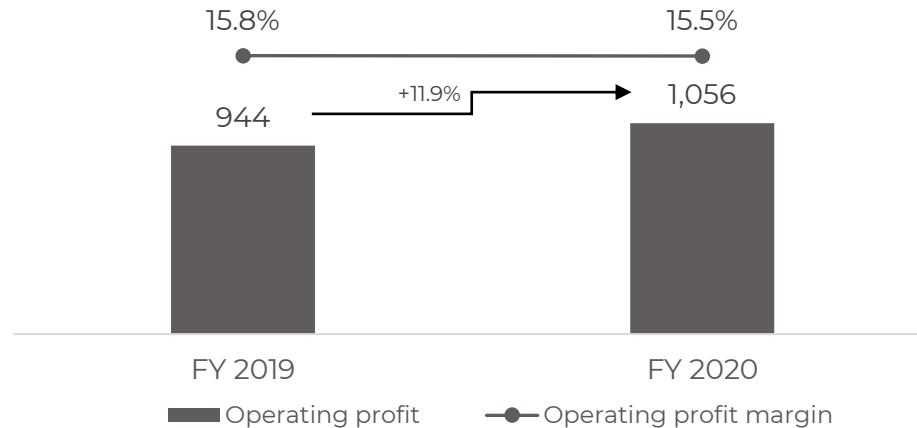
Revenue

CZKm



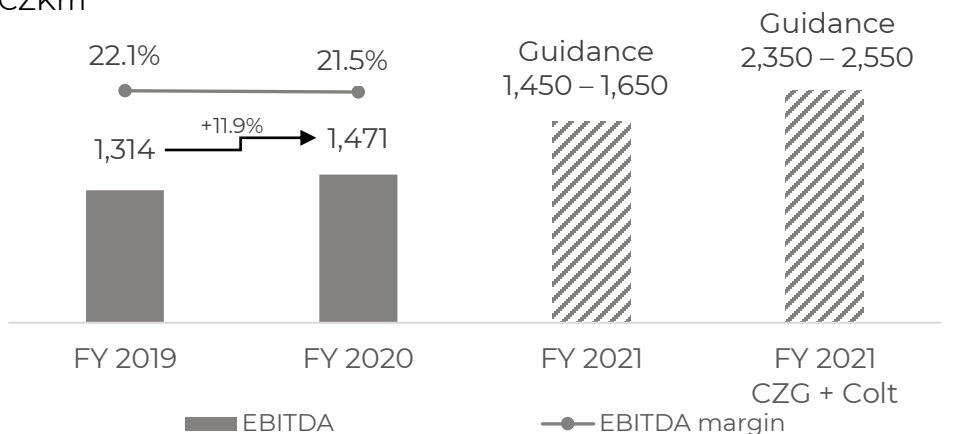
Operating profit

CZKm



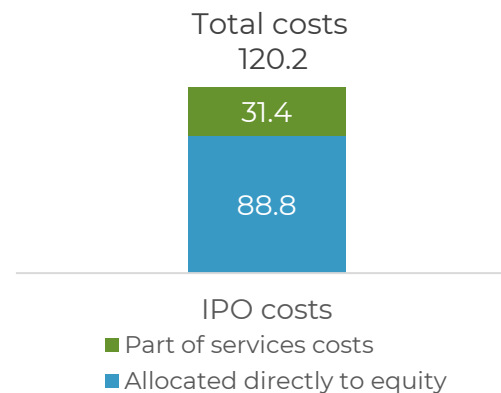
Underlying EBITDA from continued operations²

CZKm



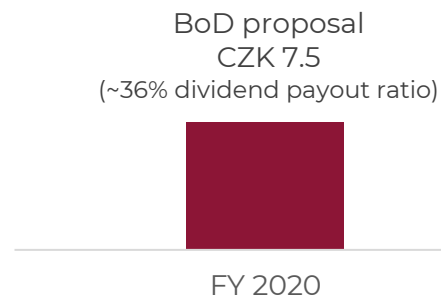
IPO costs allocation

CZKm



Proposed dividend per share

CZK per share



Source: Unaudited consolidated financial statements for the period ended 31 December 2020; figures are for continuing operations.

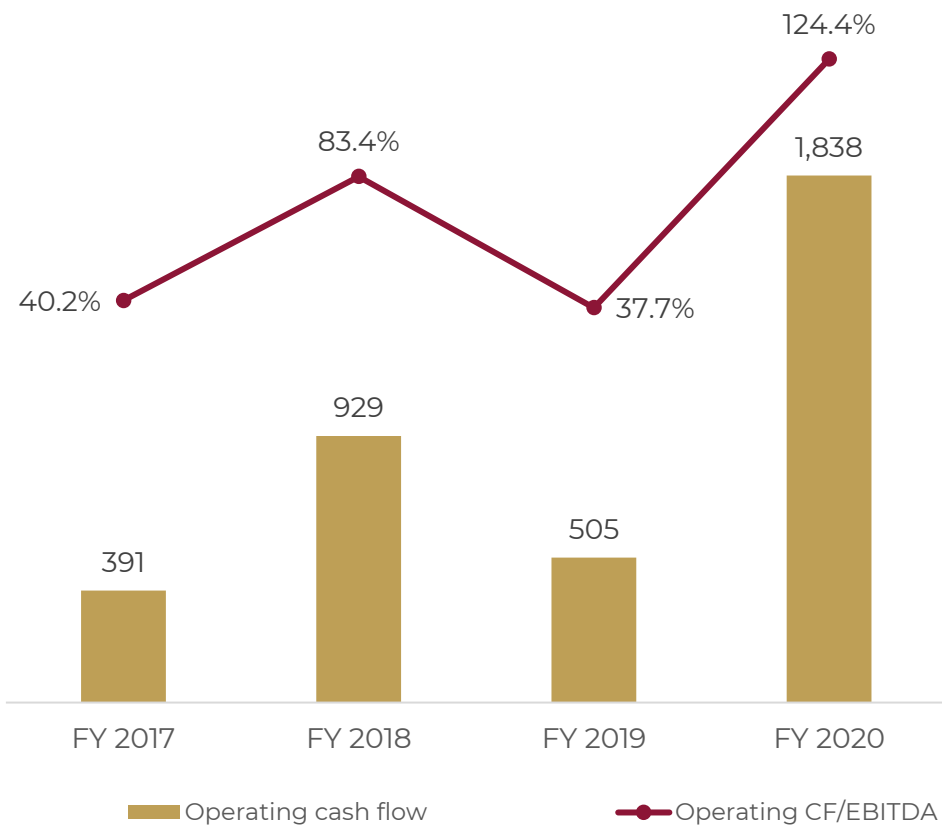
Notes: Guidance is based on management expectations.

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

2 Financial highlights – Cash flow indicators FY 2020

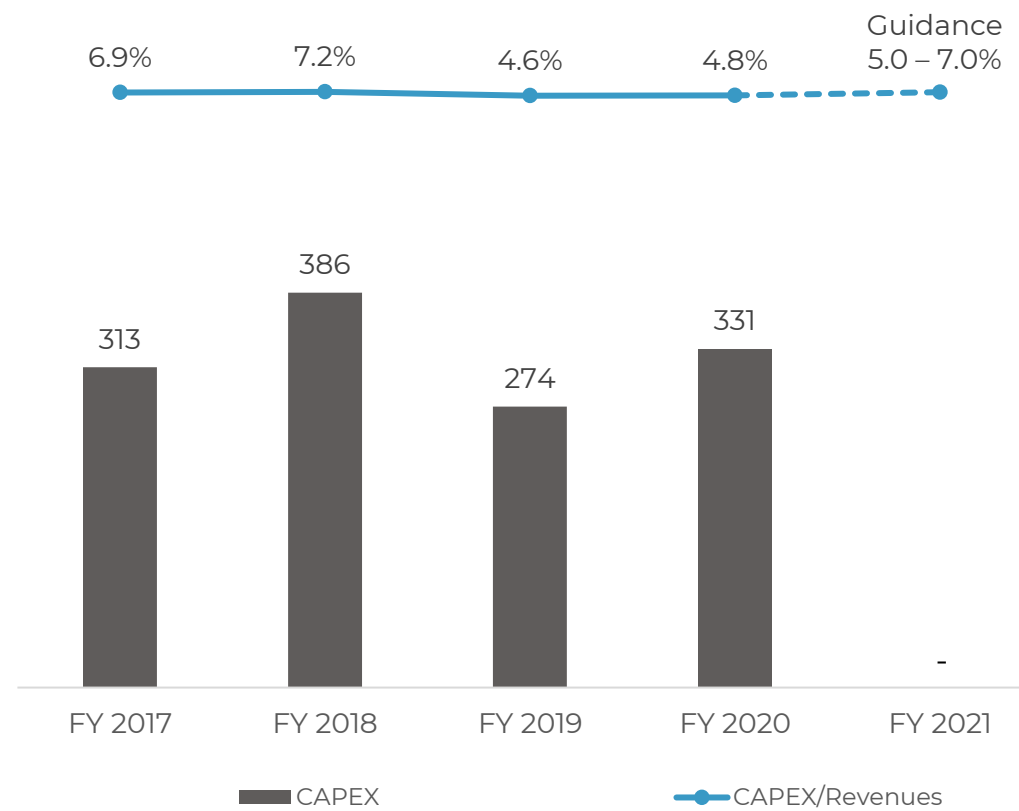
Operating cash flow

CZKm



Capital expenditures

CZKm



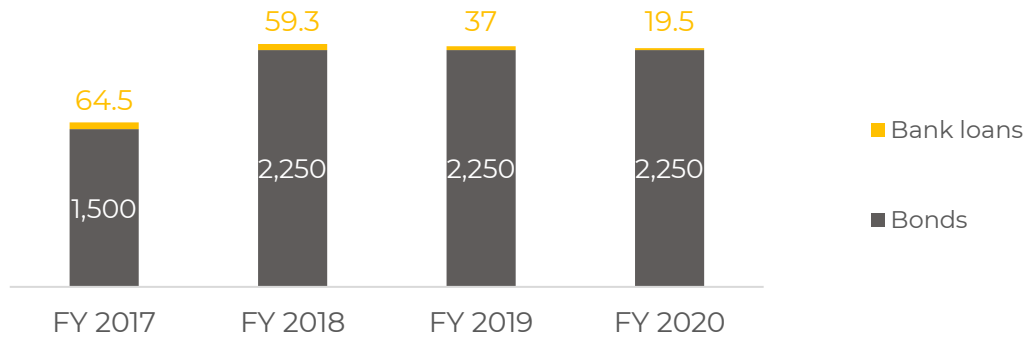
Source: Consolidated Financial Statements for the Period Ended 31 December 2020; figures are for continuing operations

Notes: Guidance is based on management expectations.

2 Financial highlights – Net debt FY 2020

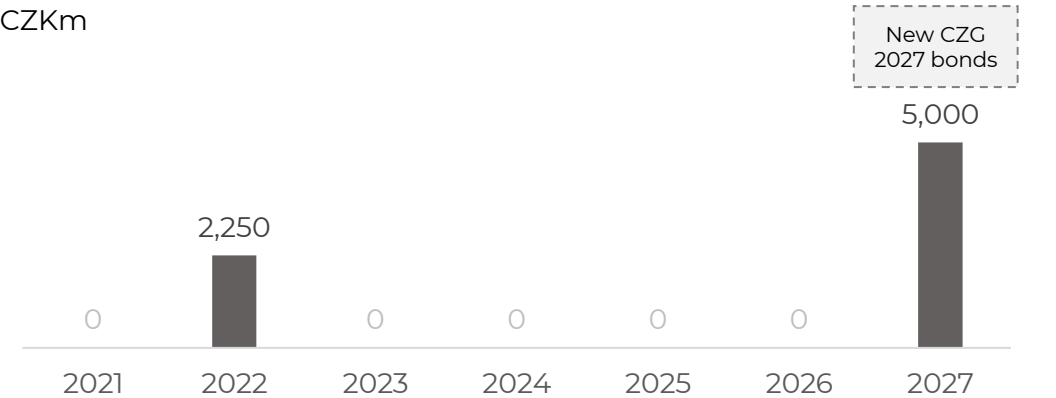
Debt structure

CZKm



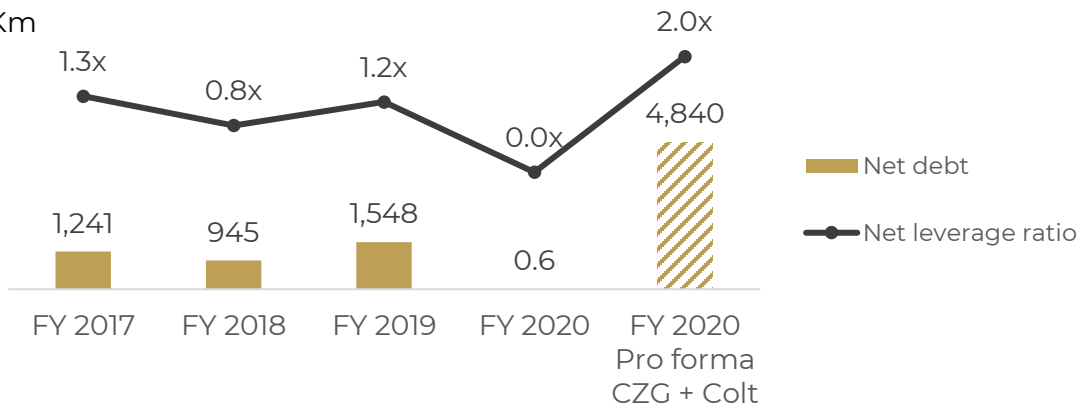
Debt maturity profile³

CZKm



Net financial debt¹ and Net leverage ratio²

CZKm



Comment

- Keeping a fairly conservative leverage profile, providing CZG with enough flexibility for potential big moves
- As for FY 2020 majority of debt financing in the form of CZK denominated bonds of Česká zbrojovka a.s. listed on the regulated market of the Prague Stock Exchange due 2022

Source: Consolidated Financial Statements for the Period Ended 31 December 2020; figures are for continuing operations.

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

3 – Post-issue of CZG 2027 bonds

2

Financial highlights – Q&A section

THANK YOU FOR YOUR ATTENTION

3 Appendix – Summary of selected KPIs

Unaudited consolidated financial results

CZK '000 / %	FY 2020	FY 2019	change
Revenues	6,829,106	5,958,742	14.6%
Underlying EBITDA from continued operations¹	1,470,703	1,314,333	11.9%
Profit before tax (EBT)	851,023	912,455	(6.7%)
Net income	676,571	749,311	(9.7%)
Earning per share (CZK)	21	25	-

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 & loss statement

CZK '000 / %	FY 2020	FY 2019	change
Revenues from the sale of own products, goods and services	6,829,106	5,958,742	14.6%
Other operating income	40,999	101,515	(59.6%)
Changes in inventories of finished goods and works in progress	(380,396)	52,096	(830.2%)
Own work capitalised	123,511	104,974	17.7%
Raw materials and consumables used	(2,736,016)	(2,885,982)	(5.2%)
Services	(1,094,683)	(820,386)	33.4%
Personnel costs	(1,260,091)	(1,080,522)	16.6%
Depreciation and amortization	(393,496)	(370,601)	6.2%
Allowances	71,691	736	9640.6%
Other operating expenses	(144,306)	(116,862)	23.5%
Operating profit	1,056,319	943,710	11.9%
Interest income	17,280	16,918	2.1%
Interest expense	(76,504)	(85,842)	(10.9%)
Other financial income	295,566	74,066	299.1%
Other financial expenses	(361,271)	(87,955)	310.7%
Income from derivatives transactions	138,854	352,063	(60.6%)
Expense from derivatives transactions	(240,109)	(300,527)	(0.1%)
Share in the profit of associates	20,888	22	-
Profit before tax	851,023	912,455	(6.7%)
Income tax	(174,452)	(178,336)	(2.2%)
Profit for the period from continued operations	676,571	734,119	(7.8%)

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Appendix – Balance sheet 1/2

Unaudited consolidated Balance sheet – Assets

CZK '000 / %	FY 2020	FY 2019	change
Non-current assets			
Property, plant and equipment	2,050,783	1,994,748	2.8%
Intangible assets	770,194	834,242	(7.7%)
Long-term receivables	303,260	45,322	569.1%
Equity-accounted securities and investments	110,524	17,160	544.1%
Deferred tax asset	3,281	1,464	124.1%
Goodwill	280,686	280,686	0.0%
Total non-current assets	3,518,728	3,173,622	10.9%
Current assets			
Inventories	1,622,702	1,747,427	(7.1%)
Trade receivables	585,885	915,799	(36.0%)
Current tax receivables	45,512	7,385	516.3%
Other receivables	126,522	137,080	(7.7%)
Financial derivatives	529,570	236,486	123.9%
Cash and cash equivalents	2,358,608	805,503	192.8%
Assets held for sale and for distribution to owners	-	525,273	-
Total current assets	5,268,799	4,374,953	20.4%
Total assets	8,787,527	7,548,575	16.4%

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Appendix – Balance sheet 2/2

Unaudited consolidated Balance sheet – Equity and liabilities

CZK '000 / %	FY 2020	FY 2019	change
Equity			
Share capital	3,264	2,984	9.38%
Capital funds	1,658,423	1,533,118	8.17%
Share premium	722,944	-	-
Cash flow hedging funds	161,088	-	-
Foreign exchange translation funds	(47,643)	-	-
Accumulated profits	2,010,058	1,921,501	4.61%
Non-controlling interests	14,552	11,358	28.12%
Total equity	4,522,686	3,468,961	30.4%
Non-current liabilities			
Bank loans and borrowings	2,252,246	2,252,688	0.0%
Lease payables	75,939	57,313	32.5%
Deferred tax liability	324,601	248,033	30.9%
Provisions	7,443	25,053	(70.3%)
Other long-term payables	307	905	(66.1%)
Total Non-current liabilities	2,660,536	2,583,992	3.0%
Current liabilities			
Trade payables	417,503	284,906	46.5%
Short-term bank loans and overdrafts	19,548	36,958	(47.1%)
Lease payables	11,436	6,173	85.3%
Provisions	81,274	45,837	77.3%
Current tax payables	44,446	70,127	(36.6%)
Other payables	706,507	394,387	79.1%
Financial derivatives	323,591	339,252	(4.6%)
Liabilities related to assets held for sale and for distribution to owners	-	317,982	-
Total current liabilities	1,604,305	1,495,622	7.3%
Total liabilities	4,264,841	4,079,614	4.5%
Total liabilities and equity	8,787,527	7,548,575	16.4%

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Appendix – Cash flow statement

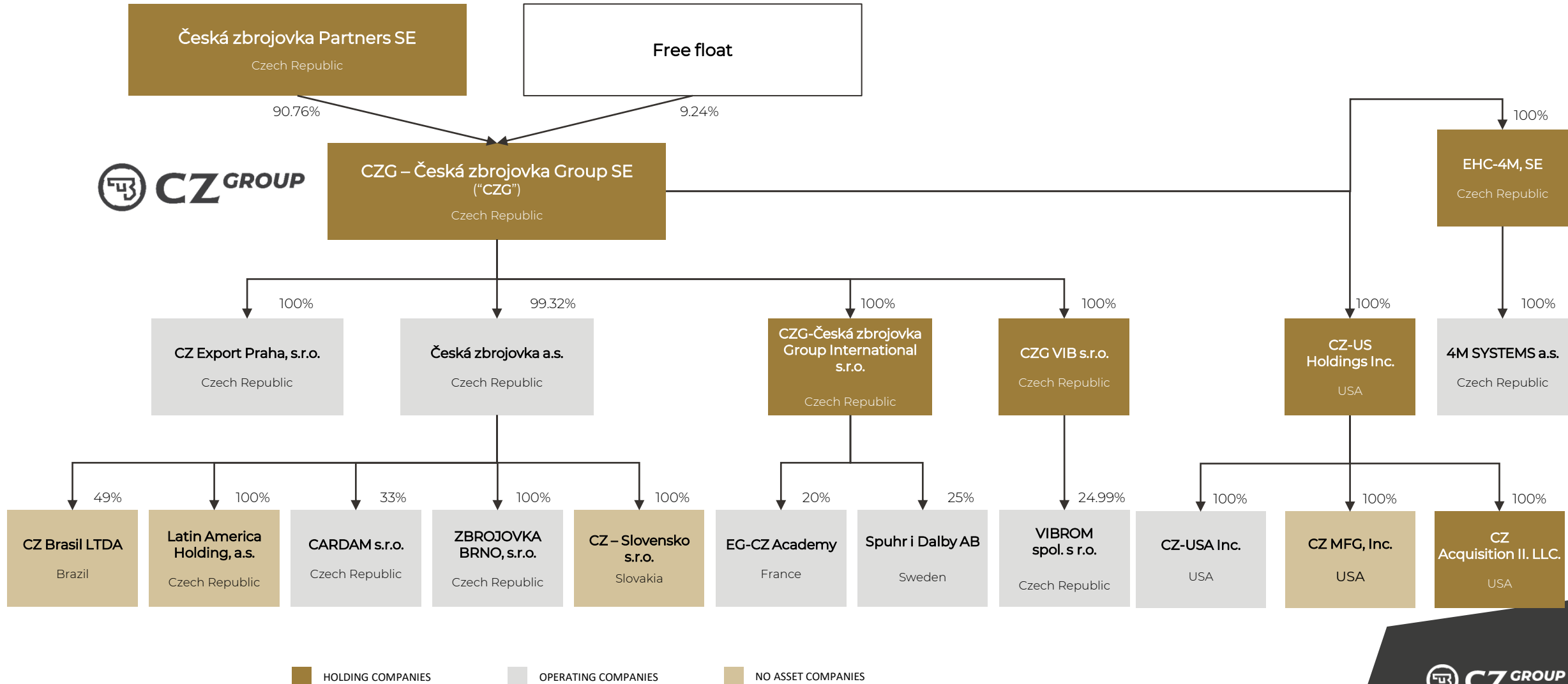
Unaudited consolidated Cash flow statement – simplified¹

CZK '000	FY 2020	FY 2019
Cash flows from principal economic activity (operating activity)		
Profit from ordinary activity before tax	830,135	932,129
Depreciation/amortisation of non-current assets	393,496	412,904
Change in allowances and provisions	(105,575)	28,534
Loss from the sale of non-current assets	(791)	(3,688)
Interest expense and interest income	73,036	63,023
Adjustments for other non-cash operations	19,689	7,428
Net cash flow from operating activities before changes in working capital	1,209,990	1,440,330
Change in working capital	920,838	(678,604)
Change in receivables and deferred expenses/accrued income	76,702	(454,246)
Change in payables and accrued expenses/ deferred income	654,926	(134,519)
Change in inventories	189,210	(89,839)
Net cash flow from operating activities	1,838,239	505,116
Cash flows from investing activities		
Acquisition of non-current assets	(330,657)	(274,356)
Income from the sale of non-current assets	1,481	4,488
Acquisition of subsidiaries	-	(164,293)
Acquisition of investment in an associate	(69,823)	-
Loans made to other parties	(250,000)	-
Net cash flow from investing activities	(648,999)	(435,275)
Cash flows from financing activities		
Repayments of loans and borrowings	(17,410)	(216,500)
Proceeds from loans and borrowings	-	254,759
Proceeds on issue of shares	722,944	-
Changes in equity	(332,267)	(573,977)
Net cash flow from financing activities	373,267	(535,718)
Net change in cash and cash equivalents	1,553,105	(465,313)
Opening balance of cash and cash equivalents	880,315	1,345,628
Effects of exchange rate changes on cash and cash equivalents	(9,402)	564
Closing balance of cash and cash equivalents	2,358,608	880,315

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

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Appendix – Company's structure¹



Notes: 1 – As of 31 December 2020,