

# CZG – ČESKÁ ZBROJOVKA GROUP SE

FINANCIAL HIGHLIGHTS

6M 2021

September 2021

INVESTOR PRESENTATION

# Legal disclaimer

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# Agenda and today's presenters

1

6M 2021 AT A GLANCE

2

FINANCIAL HIGHLIGHTS

3

COLT ACQUISITION

4

APPENDIX

## PRESENTERS



**JAN DRAHOTA**

President & Chairman of  
the Board of Directors of  
CZG

Jan is minority shareholder in CZG  
With the Group since 2014



**DENNIS VEILLEUX**

President of the Colt &  
Member of the Board of  
Directors of CZG

Dennis is the Chief Executive Officer of Colt  
Holding Company LLC  
With the Colt since 2006

## ATTENDING



**LUBOMÍR KOVAŘÍK**

Chairman of the Supervisory  
Board of CZG

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

# CZG closer to achieve 1B EUR 2025 revenue target

Section: 6M 2021 at a glance

## Revenues



**4.7B CZK**  
+40.6% yoy

**6.8B CZK**

## Adjusted EBITDA<sup>1;2</sup>



**1.2B CZK**  
+38.5% yoy

**1.5B CZK**

## Net profit



**588M CZK**  
+53.9% yoy

## Colt acquisition



**Closed on  
21 May 2021**

*Ongoing  
post-merge  
integration*

Legend:

Non-IFRS pro forma  
CZG + Colt

Notes: 1 – EBITDA 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 – Adjusted by one-off costs related to Colt acquisition, including impairment in CZ MFG Inc.

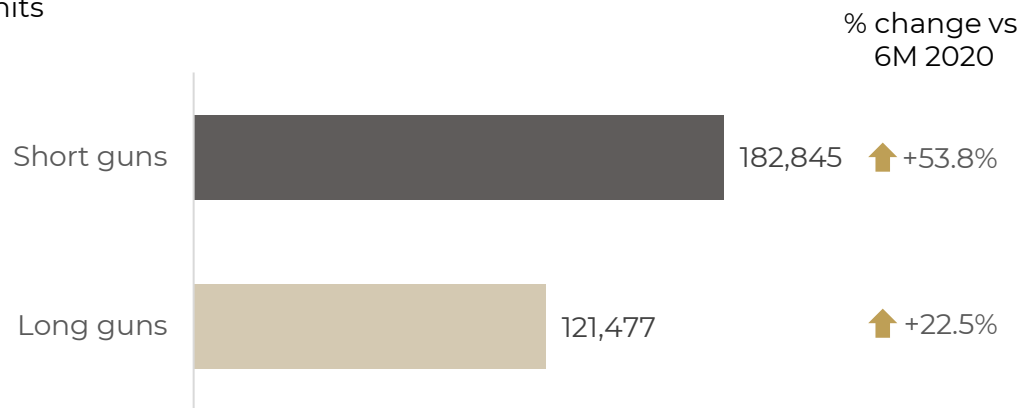
# 1

# Revenues driven by further expansion on US market

Section: 6M 2021 at a glance

## Breakdown by units sold

Units

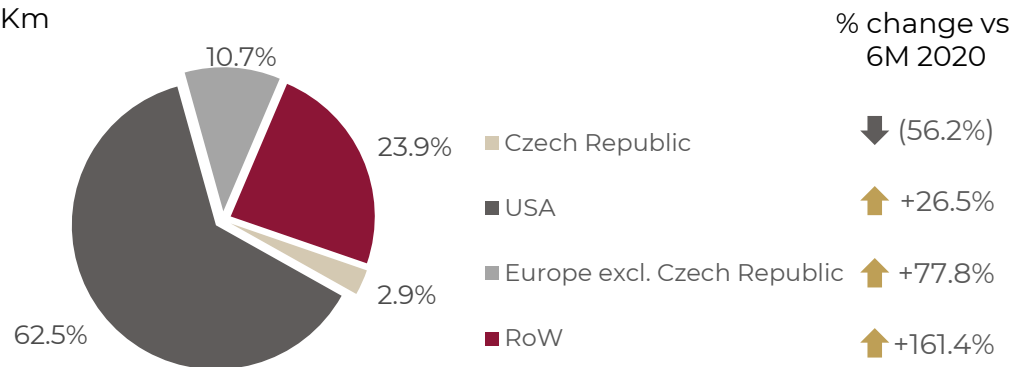


## Comments

- Total units sold increased by 33.3% to 304 thousands in 6M 2021, compared to 228 thousands units sold in 6M 2020
- Geographical revenue split continues to be influenced by the strong demand on the US commercial market

## Revenue breakdown by geography

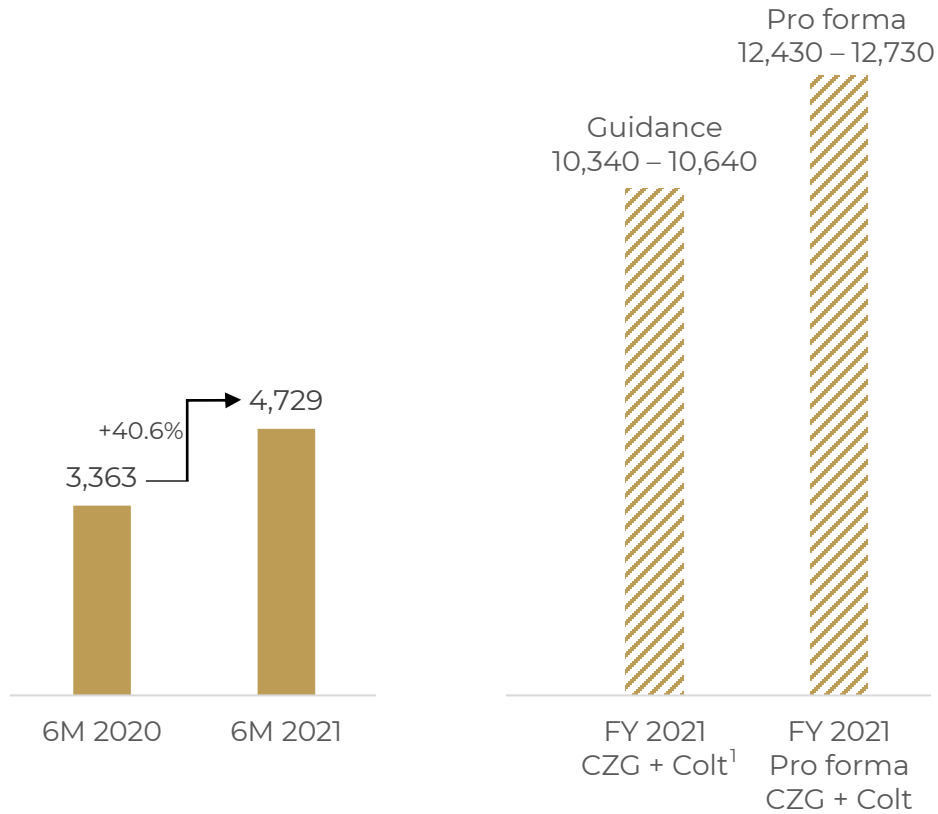
CZKm



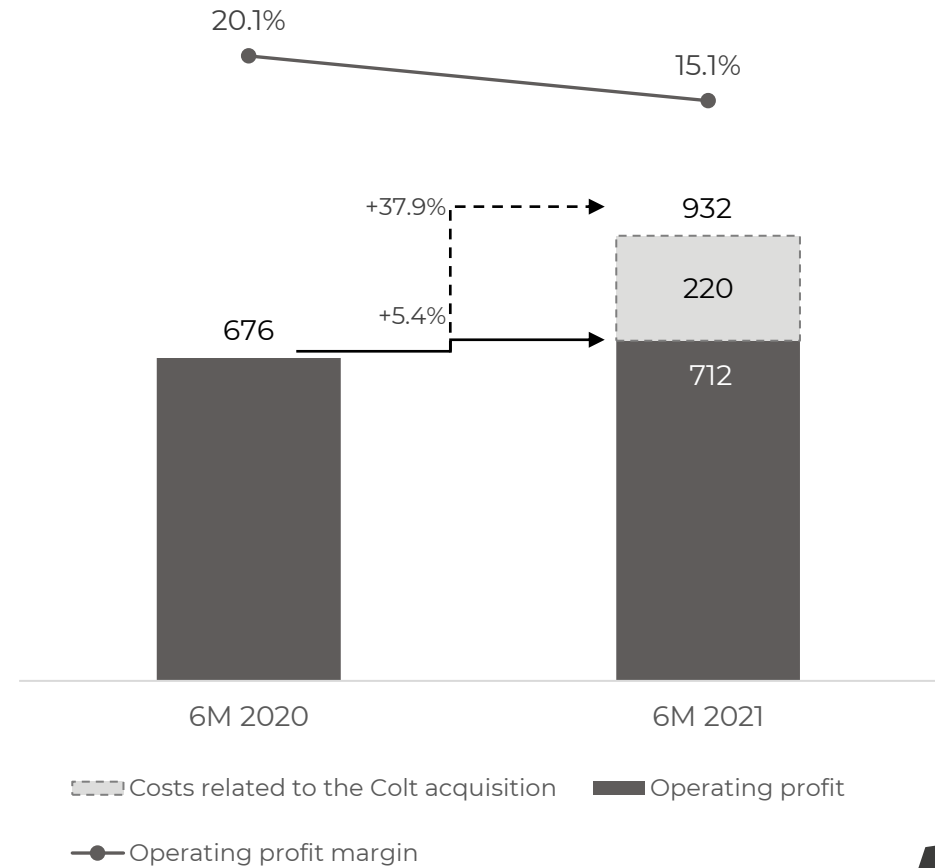
# 2 Full year guidance confirmed

Section: Financial highlights

## Revenue CZKm



## Operating profit CZKm



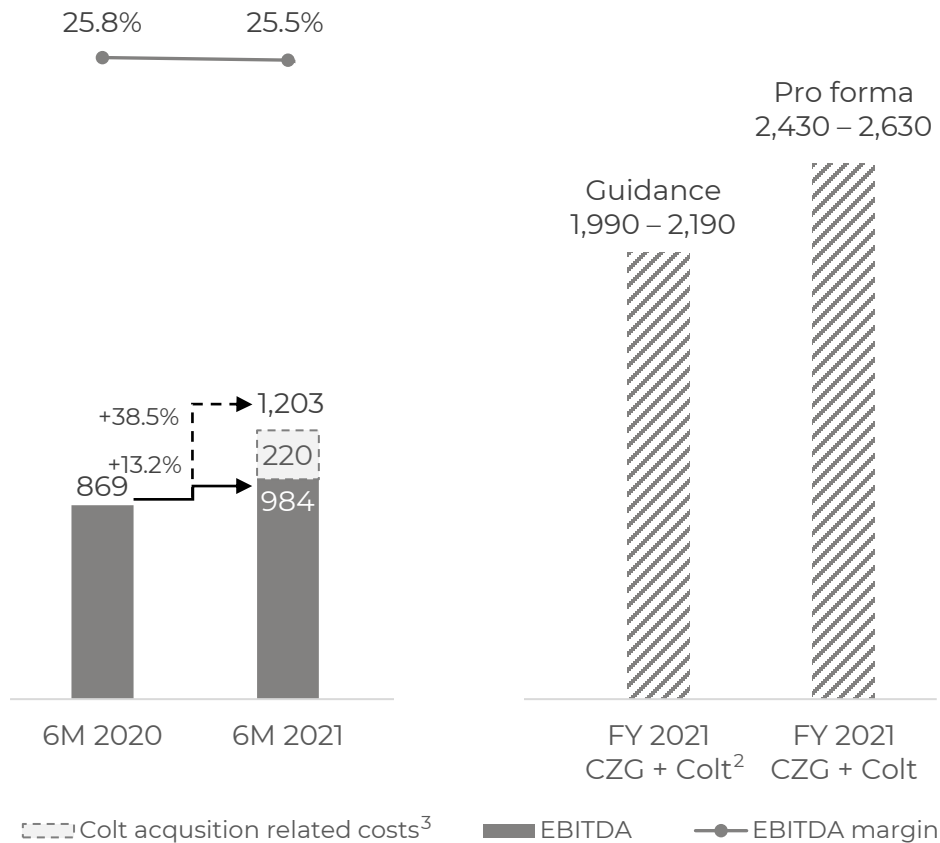
Source: Unaudited Consolidated Financial Statements for the Period Ended 30 July 2021  
 Guidance is based on management expectations as is date of the presentation  
 Notes: 1 – Colt Holding Company LLC figures contributing to the guidance since 21 May 2021

# 2 Adjusted EBITDA<sup>3</sup> rose by +38% yoy

Section: Financial highlights

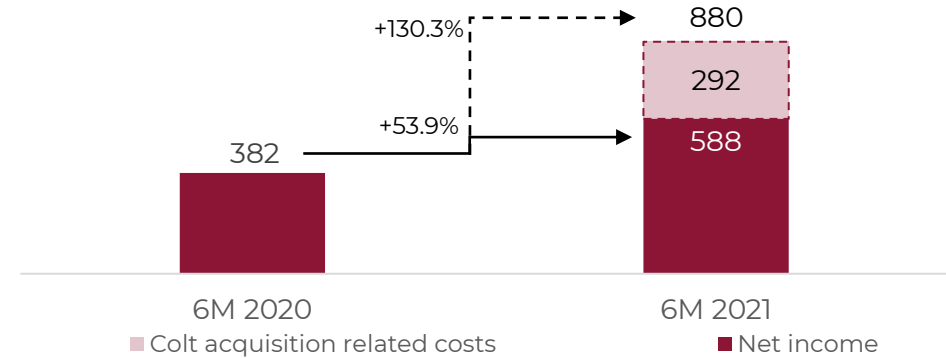
## EBITDA<sup>1</sup>

CZKm



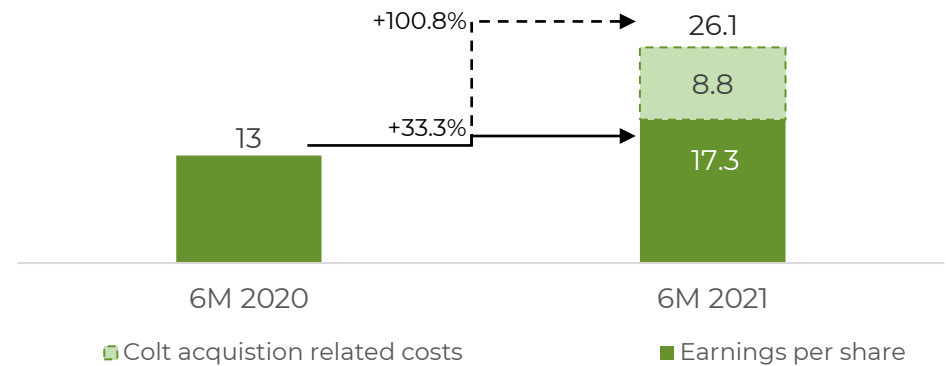
## Net profit

CZKm



## Earnings per share

CZK



Source: Unaudited Consolidated Financial Statements for the Period Ended 30 July 2021

Guidance is based on management expectations as is date of the presentation

Notes: 1 – EBITDA 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 trans. less income from derivatives trans. plus depreciation and amortization.

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

3 – Adjusted by Colt acquisition costs, including impairment in CZ MFG Inc., related to the Little Rock project, FX rate used USDCZK 21.07

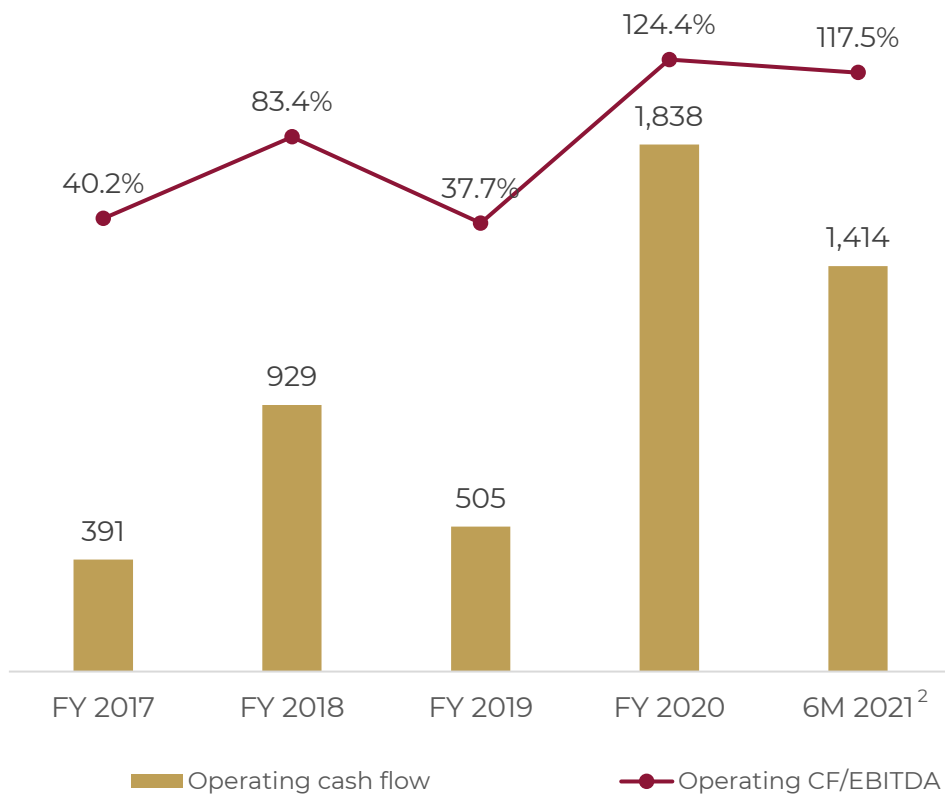
# 2

## CAPEX for 6M 2021 consistent with full year guidance

Section: Financial highlights

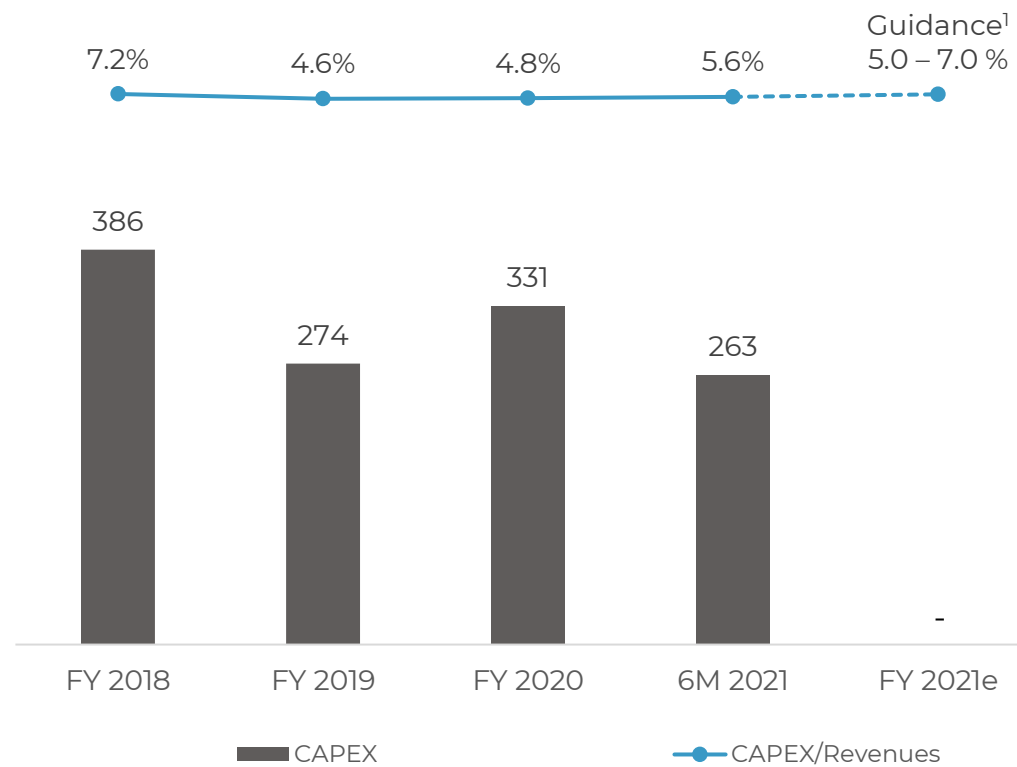
### Operating cash flow

CZKm



### Capital expenditures

CZKm



Source: Consolidated Financial Statements for the Period Ended 30 June 2021

Notes: 1 – Guidance is based on management expectations as of the date of the presentation

2 – For 6M 2021 used EBITDA adjusted by Colt acquisition related costs



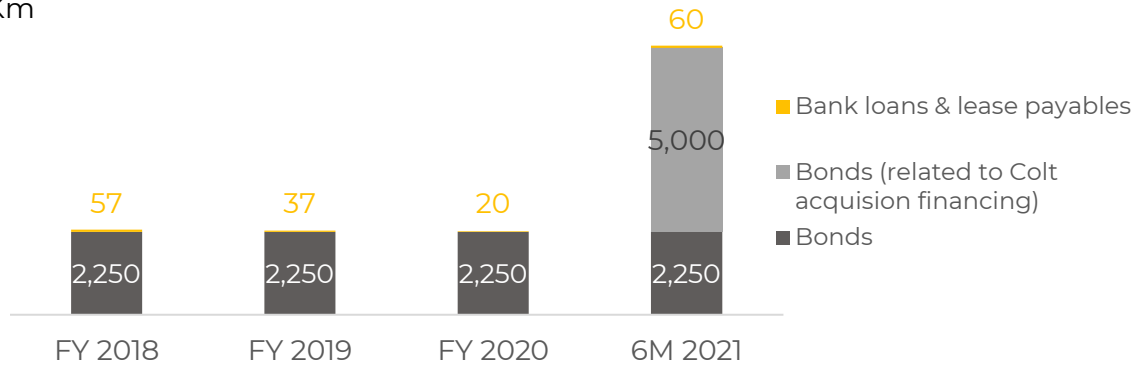
# 2

## CZG to keep conservative leverage profile

Section: Financial highlights

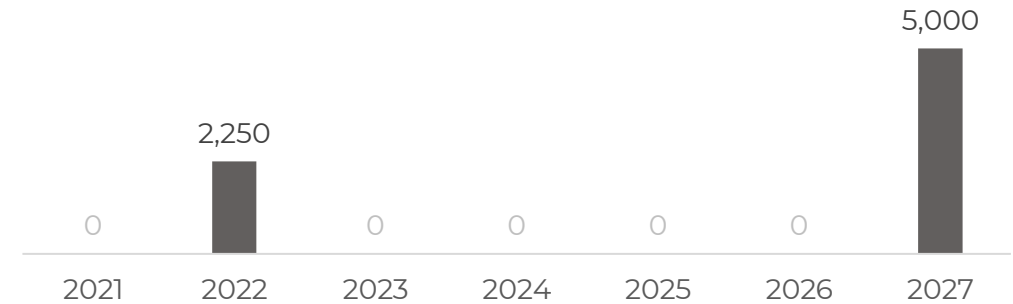
### Debt structure

CZKm



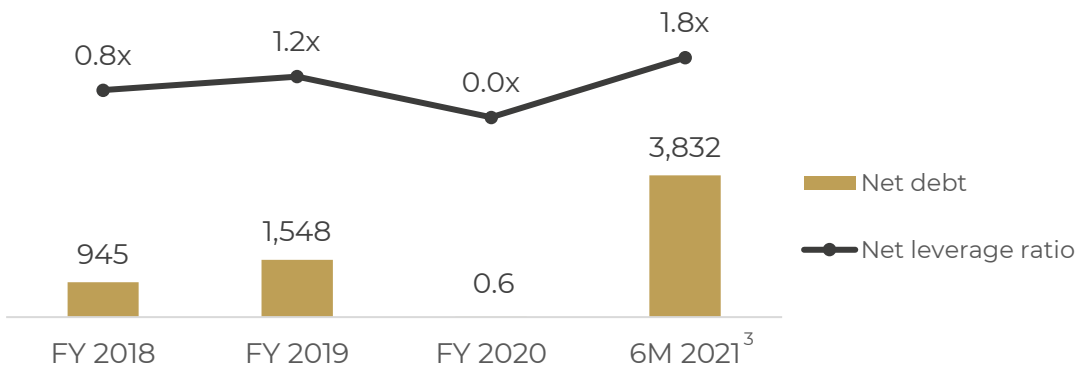
### Debt maturity profile

CZKm



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

CZKm



### Comment

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

Source: Consolidated Financial Statements for the Period Ended 30 June 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

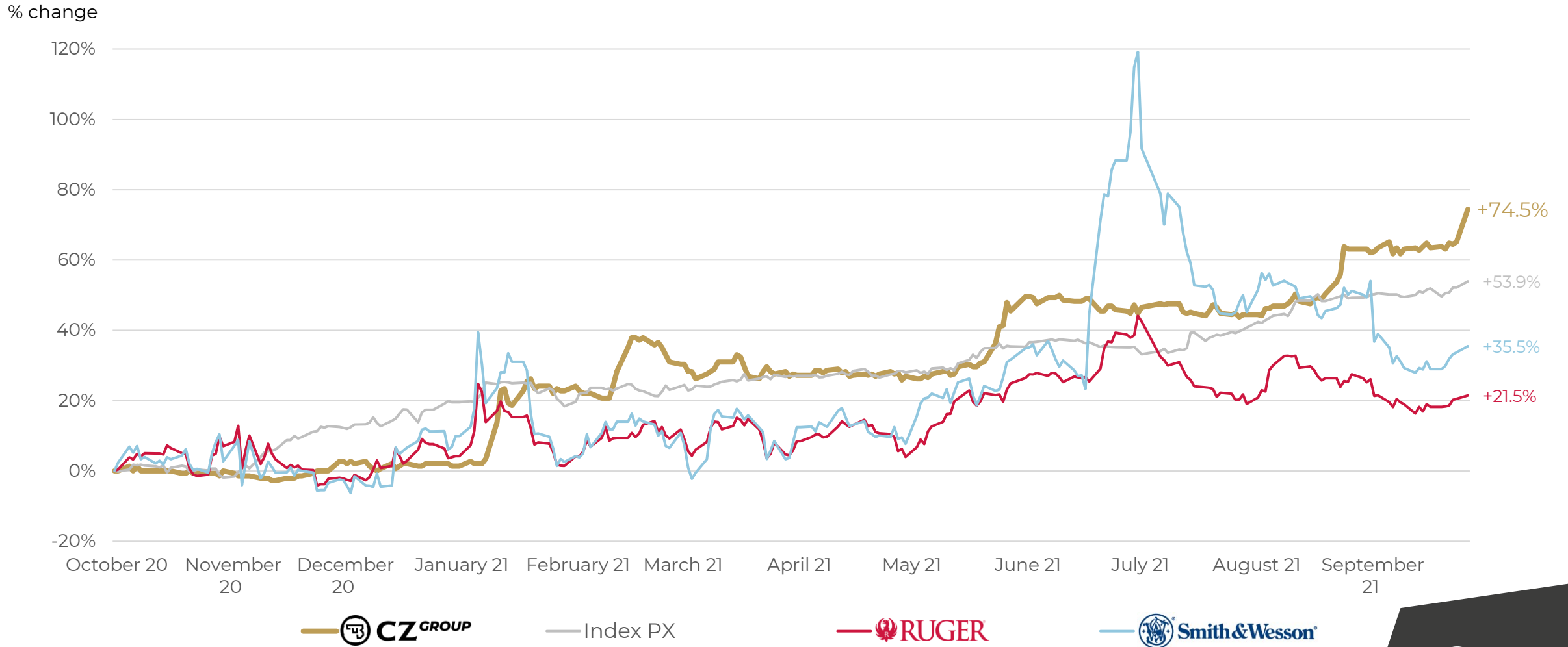
3 – For 6M 2021 used LTM pro-forma EBITDA

# 2

## Since the IPO, CZG stock price outperformed its peers

Section: Financial highlights

CZG stock performance in period of 01.09.2020 – 27.09.2021





- World renowned brand with a storied **185 year history**, founded in 1836 by Colonel Samuel Colt
- Emerged from Chapter 11\* in 2016, restructured, focused on core competencies, **reached USD ~50M in EBITDA in 2020**



## Focused on developing the business for the long term within the CZG

Large potential across both the US and International Commercial, Military and Law Enforcement markets with a substantial, world-wide installed base

Increased investment in new products, systems and infrastructure

Focused on developing the business for the long term within the CZ Group

Brand development



## COLT GENERAL OVERVIEW

- Colt offers a broad portfolio of high-quality rifles, carbines, pistols and revolvers and its end customers encompass every major segment of the global firearms market
- Company is based in West Hartford, Connecticut and operates manufacturing facilities in both the U.S. and Canada
- Colt employs around 400 employees and export to over 40 countries
- 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

## ACQUISITION RATIONALE

- 1** *Increases CZG's exposure to stable, long-term contracts with U.S. and international armed forces and law enforcement agencies*
- 2** *Supplement CZG's portfolio with another iconic brand*
- 3** *Provides opportunities for immediate, accretive growth by combining Colt's best-in-class products with CZG's global distribution network*
- 4** *Significant acceleration of CZG strategy to become a global market leader*

3

# Time for your questions

Section: Q&A

THANK YOU FOR YOUR ATTENTION

# 4 Appendix – EBITDA reconsolidation

## Unaudited consolidated financial results

CZK '000 / %	6M 2021	6M 2020	change
Net income	587,915	381,963	+53.9%
Tax expenses	(161,079)	(91,609)	+75.8%
Financial income (expense), net	36,789	(202,204)	-
Operating profit (EBIT)	712,205	675,776	+5.4%
Depreciation and amortization	(271,933)	(193,452)	+40.5%
<b>EBITDA<sup>1</sup></b>	<b>984,138</b>	<b>869,228</b>	<b>+13.2%</b>
Goodwill and intangibles impairment	(42,411)	-	-
Costs related to Colt acquisition	(177,103)	-	-
<b>EBITDA<sup>1</sup> adjusted by impairments and costs related to the Colt acquisition</b>	<b>1,203,652</b>	<b>-</b>	<b>-</b>

Notes: 1 – EBITDA 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.

# 4 Appendix – Profit and loss statement

## Unaudited consolidated Profit & loss statement

CZK '000 / %	6M 2021	6M 2020	change
Revenues from the sale of own products, goods and services	4,728,737	3,363,399	+40.6%
Other operating income	26,376	43,632	(39.5%)
Changes in inventories of finished goods and works in progress	(38,555)	(215,972)	(82.1%)
Own work capitalised	65,849	62,018	+6.2%
Raw materials and consumables used	(2,029,634)	(1,278,833)	+58.7%
Services	(886,013)	(495,971)	+78.6%
Personnel costs	(787,331)	(615,029)	+28.0%
Depreciation and amortisation	(271,933)	(193,452)	+40.6%
Other operating expenses	(95,291)	5,984	-
<b>Operating profit</b>	<b>712,205</b>	<b>675,776</b>	<b>+5.4%</b>
Interest income	8,210	10,600	(22.5%)
Interest expense	(62,075)	(68,363)	(9.2%)
Other financial income	476,749	328,733	+45.0%
Other financial expenses	(393,886)	(478,542)	(17.7%)
Share in the profit of associates	7,791	5,368	+45.1%
<b>Profit before tax</b>	<b>748,994</b>	<b>473,572</b>	<b>+58.2%</b>
Income tax	(161,079)	(91,609)	+75.8%
<b>Profit for the period from continued operations</b>	<b>587,915</b>	<b>381,963</b>	<b>+53.9%</b>

# 4 Appendix – Balance sheet 1/2

## Unaudited consolidated Balance sheet – Assets

CZK '000 / %	6M 2021	6M 2020
<b>Non-current assets</b>		
Property, plant and equipment	2,624,696	2,021,572
Intangible assets	3,759,120	797,295
Long-term receivables	79,995	295,532
Equity-accounted securities and investments	118,315	92,351
Deferred tax asset	17,706	0
Goodwill	2,397,760	280,686
<b>Total non-current assets</b>	<b>8,997,592</b>	<b>3,487,436</b>
<b>Current assets</b>		
Inventories	2,758,446	1,655,571
Trade receivables	1,310,140	892,436
Current tax receivables	29,599	46,939
Other receivables	526,843	96,531
Financial derivatives	493,188	225,739
Cash and cash equivalents	3,477,476	1,196,419
Assets held for sale and for distribution to owners	0	0
<b>Total current assets</b>	<b>8,595,692</b>	<b>4,113,635</b>
<b>Total assets</b>	<b>17,593,284</b>	<b>7,601,071</b>



# 4 Appendix – Balance sheet 2/2

## Unaudited consolidated Balance sheet – Equity and liabilities

CZK '000 / %	6M 2021	6M 2020
<b>Equity</b>		
Share capital	3,374	2,984
Capital funds	2,889,575	1,478,644
Accumulated profits	2,330,578	1,744,895
Equity attributable to the shareholder of the Company	5,223,527	3,226,523
Non-controlling interests	8,500	(2,431)
<b>Total equity</b>	<b>5,232,026</b>	<b>3,224,092</b>
<b>Non-current liabilities</b>		
Bank loans and borrowings	5,000,000	2,252,995
Finance lease payables	40,350	62,392
Deferred tax liability	925,862	235,434
Provisions	399,795	7,060
Other long-term payables	324,014	88
<b>Total Non-current liabilities</b>	<b>6,690,021</b>	<b>2,557,969</b>
<b>Current liabilities</b>		
Trade payables	1,171,090	354,449
Short-term bank loans and overdrafts	2,250,008	292,785
Lease payables	19,198	5,581
Provisions	232,563	66,792
Current tax payables	143,291	101,347
Other payables	1,645,173	418,279
Financial derivatives	209,914	579,777
Liabilities related to assets held for sale and for distribution to owners	0	0
<b>Total current liabilities</b>	<b>5,671,237</b>	<b>1,819,010</b>
<b>Total liabilities</b>	<b>12,361,258</b>	<b>4,376,979</b>
<b>Total liabilities and equity</b>	<b>17,593,284</b>	<b>7,601,071</b>

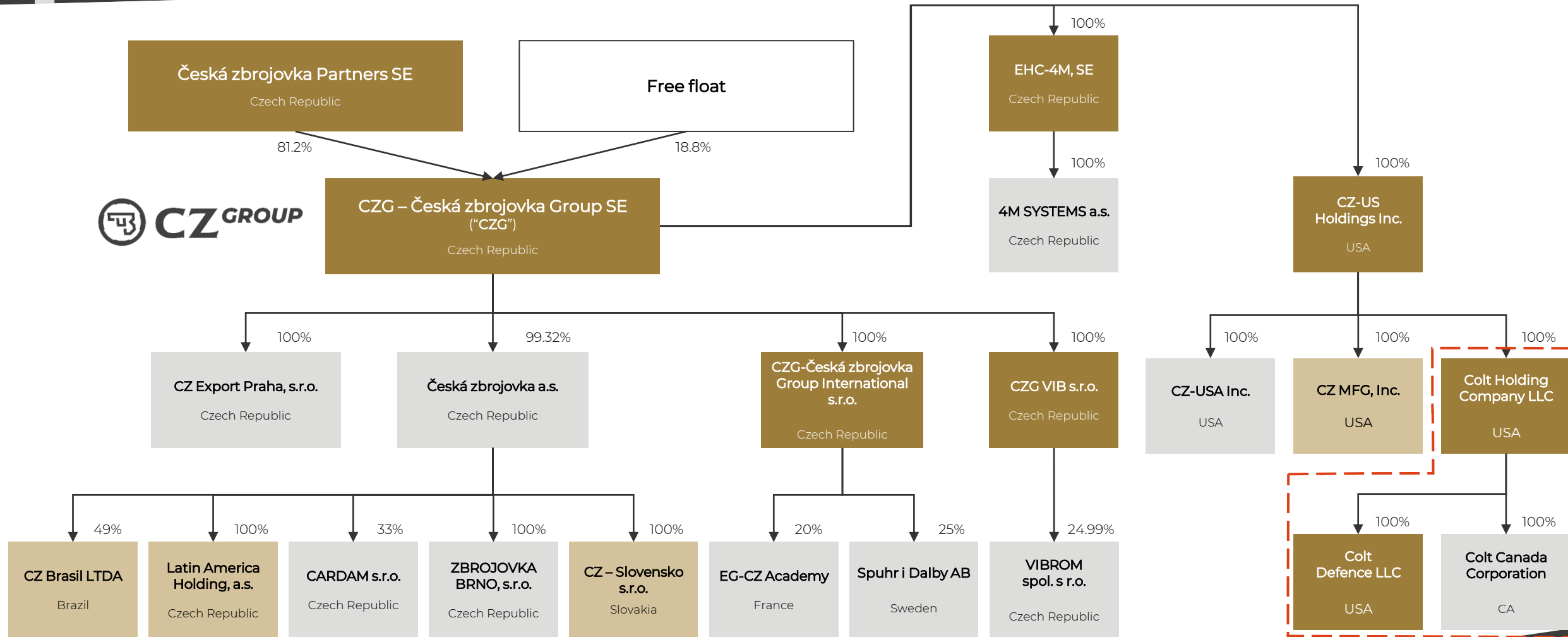
# 4 Appendix – Cash flow statement

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

CZK '000	6M 2021	6M 2020
<b>Cash flows from principal economic activity (operating activity)</b>		
Profit from ordinary activity before tax	741,203	468,206
Depreciation/amortization of non-current assets	271,933	193,452
Change in allowances and provisions	63,573	(26,382)
Loss from the sale of non-current assets	4	(371)
Interest expense and interest income	53,865	57,763
Adjustments for other non-cash operations	(101,553)	93,512
<b>Net cash flow from operating activities before changes in working capital</b>	<b>1,029,026</b>	<b>786,180</b>
<b>Change in working capital</b>		
Change in receivables and deferred expenses/accrued income	(498,392)	(22,247)
Change in payables and accrued expenses/ deferred income	1 097,039	(111,152)
Change in inventories	(213,246)	243,025
<b>Net cash flow from operating activities</b>	<b>1,193,594</b>	<b>801,836</b>
<b>Cash flows from investing activities</b>		
Acquisition of non-current assets	(239,722)	(121,412)
Income from the sale of non-current assets	332	458
Acquisition of subsidiaries	(4,695,237)	-
Acquisition of investment in an associate	(416,378)	-
Loans made to other parties	-	(69,823)
<b>Net cash flow from investing activities</b>	<b>(5,351,005)</b>	<b>(190,777)</b>
<b>Cash flows from financing activities</b>		
Repayments of loans and borrowings	5,286,152	5,773
Proceeds from loans and borrowings	-	(328,218)
<b>Changes in equity</b>	<b>-</b>	<b>(4,049)</b>
<b>Net cash flow from financing activities</b>	<b>5,286,152</b>	<b>(326,494)</b>
Net change in cash and cash equivalents	1 118,868	316,104
Opening balance of cash and cash equivalents	2,358,608	880,315
Effects of exchange rate changes on cash and cash equivalents	(9,874)	31,539
<b>Closing balance of cash and cash equivalents</b>	<b>3,477,476</b>	<b>1,196,419</b>

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

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

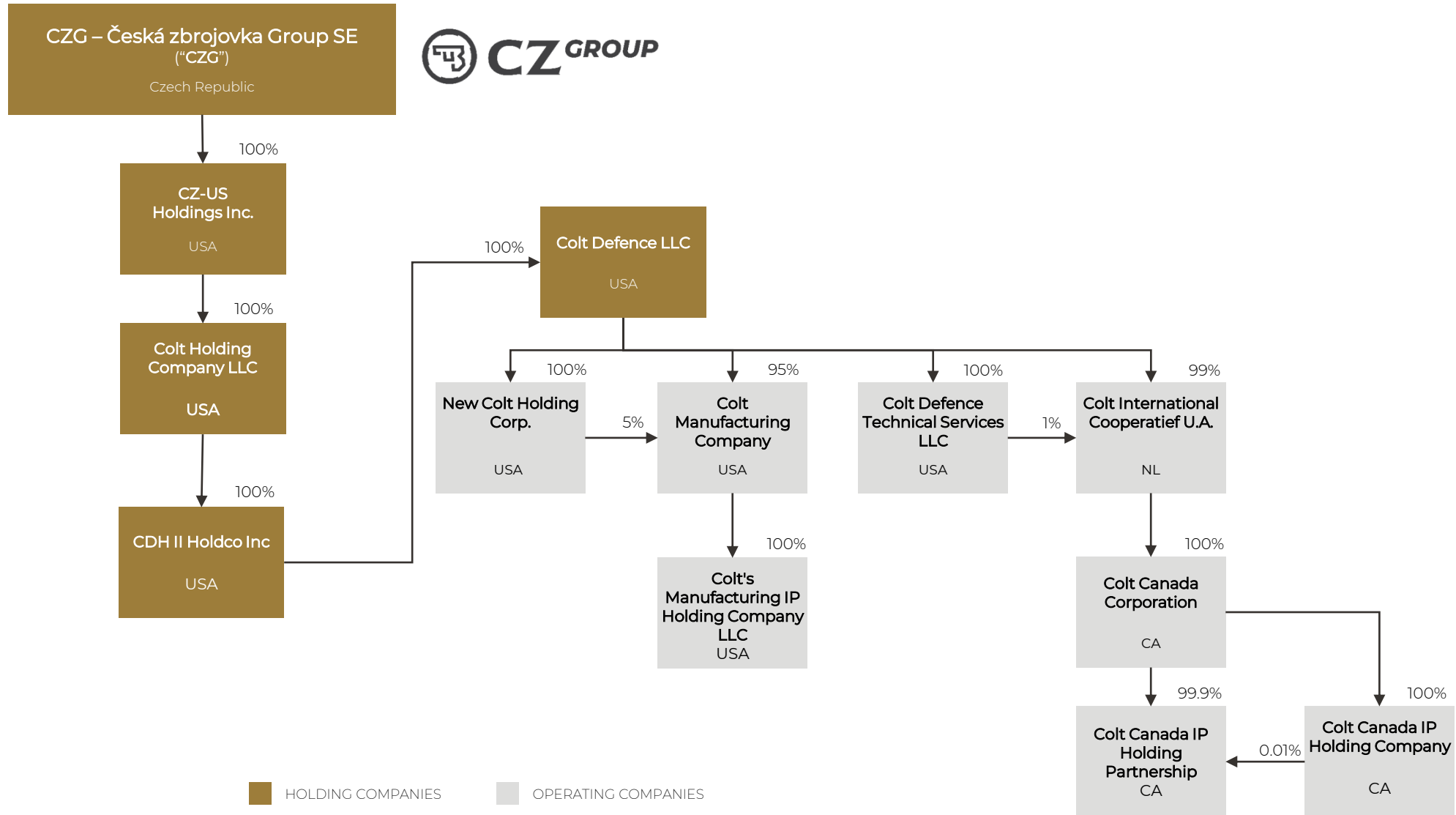


HOLDING COMPANIES
  OPERATING COMPANIES
  NO ASSET COMPANIES
  ACQUIRED COLT ENTITY

See next slide for full detail



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



Notes: 1 – As of 27 September 2021