

COLT CZ GROUP SE

PRELIMINARY FINANCIAL RESULTS FULL YEAR 2022

INVESTOR PRESENTATION

COLT
CZGROUP

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AGENDA AND TODAY'S PRESENTERS

AGENDA

- 1 FULL YEAR 2022 AT A GLANCE
- 2 FINANCIAL HIGHLIGHTS
- 3 OTHER NON-FINANCIAL EVENTS
- 4 APPENDIX

PRESENTERS



JAN DRAHOTA

Chairman of the Board of Directors
CEO of Colt CZ Group SE



JAN ZAJÍC

Member of the Board of Directors
CEO of Česká zbrojovka a.s.



DENNIS VEILLEUX

Member of the Board of Directors
CEO of Colt Holding LLC

FULL YEAR 2022 AT A GLANCE



REVENUES

CZK 14,590M

↑ 36% vs FY 2021

ADJUSTED EBITDA

CZK 3,365M

↑ 55% vs FY 2021

ADJUSTED NET PROFIT

CZK 2,280M

↑ 96% vs FY 2021

ADJUSTED EPS

CZK 67.0

↑ 95% vs FY 2021

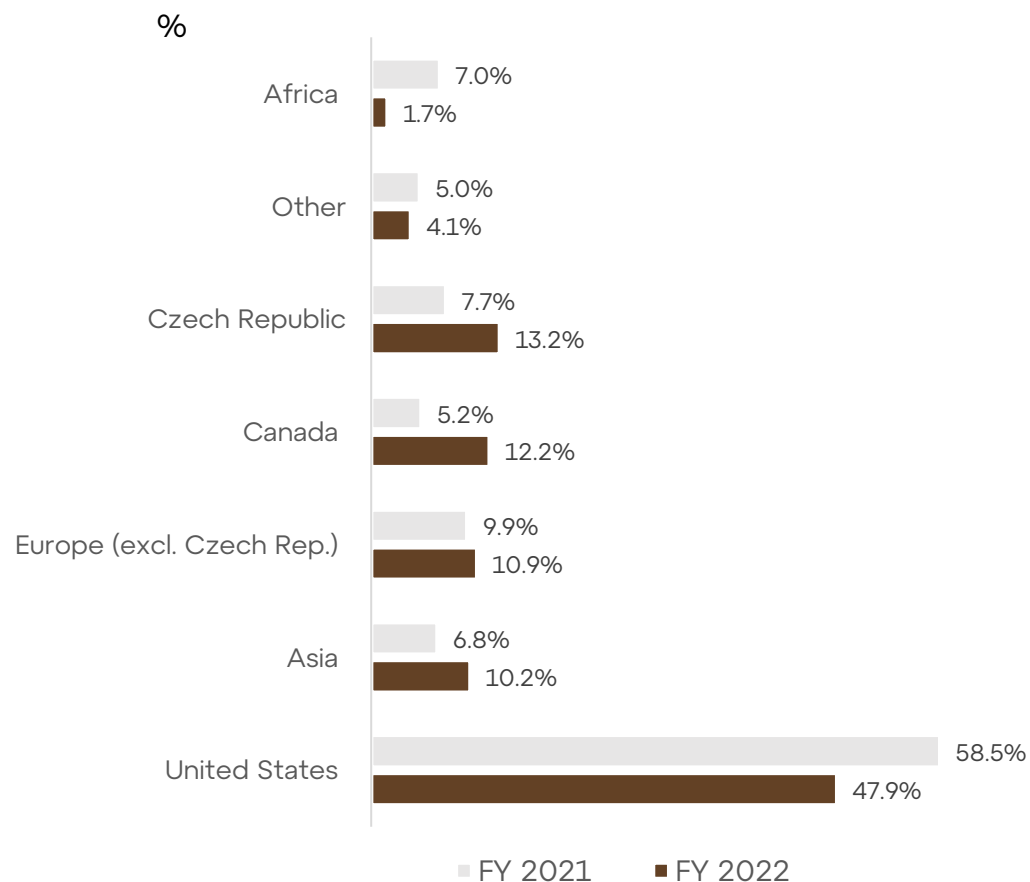


**COLT
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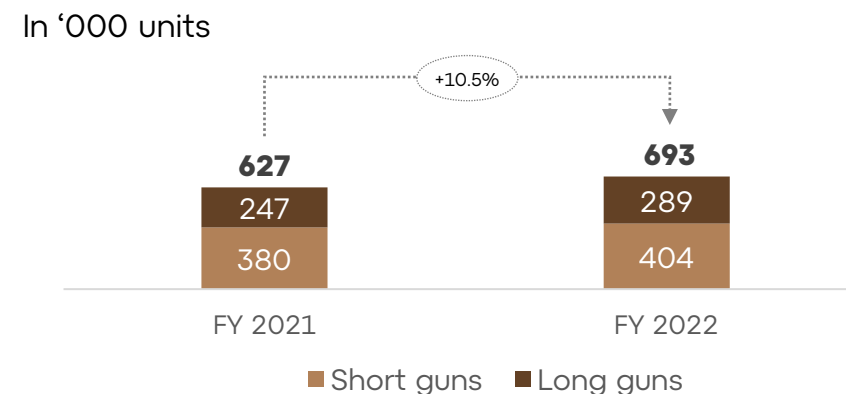
Notes: Financials for FY 2022 are based on preliminary unaudited results

GROUP STRATEGY TO STRENGTHEN FOCUS ON MLE SALES CONFIRMED AS A RIGHT DECISION, DESPITE ONGOING MARKET CHALLENGES

REVENUE BREAKDOWN¹ BY GEOGRAPHY



BREAKDOWN BY UNITS SOLD



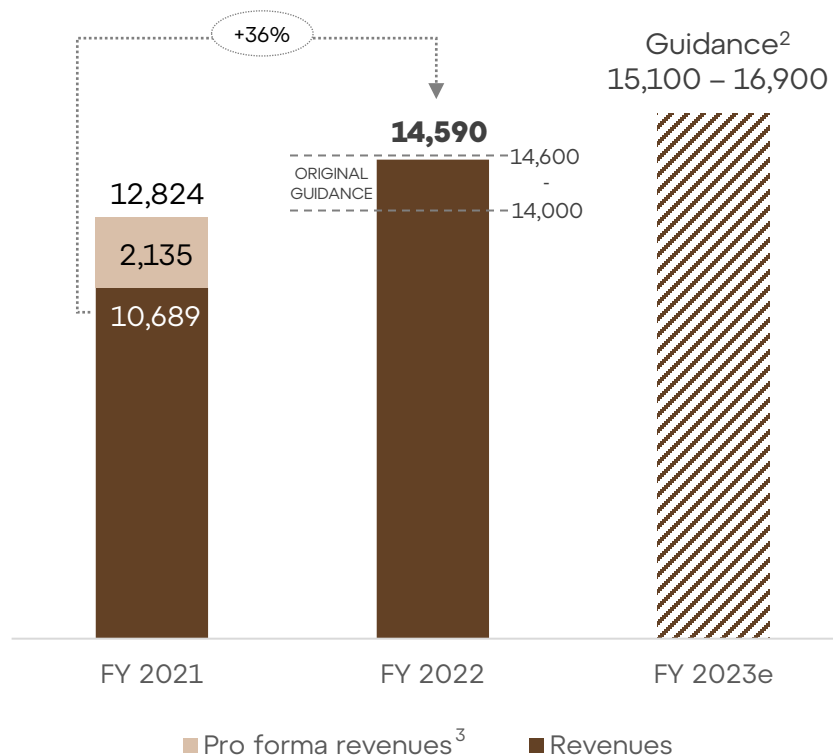
COMMENTS

- ▶ **Profitability** outpaced **the growth of units sold**, as a result of improved product and customer mix
- ▶ Group managed to offset the decline of the US commercial market (yoy -24%²) by **growth in other geographical regions** and by the overall **increase in MLE customer sales**

2022 A TRULY RECORD YEAR FOR THE GROUP, PUSHING US AHEAD TO REACH GROUP "VISION 2025"

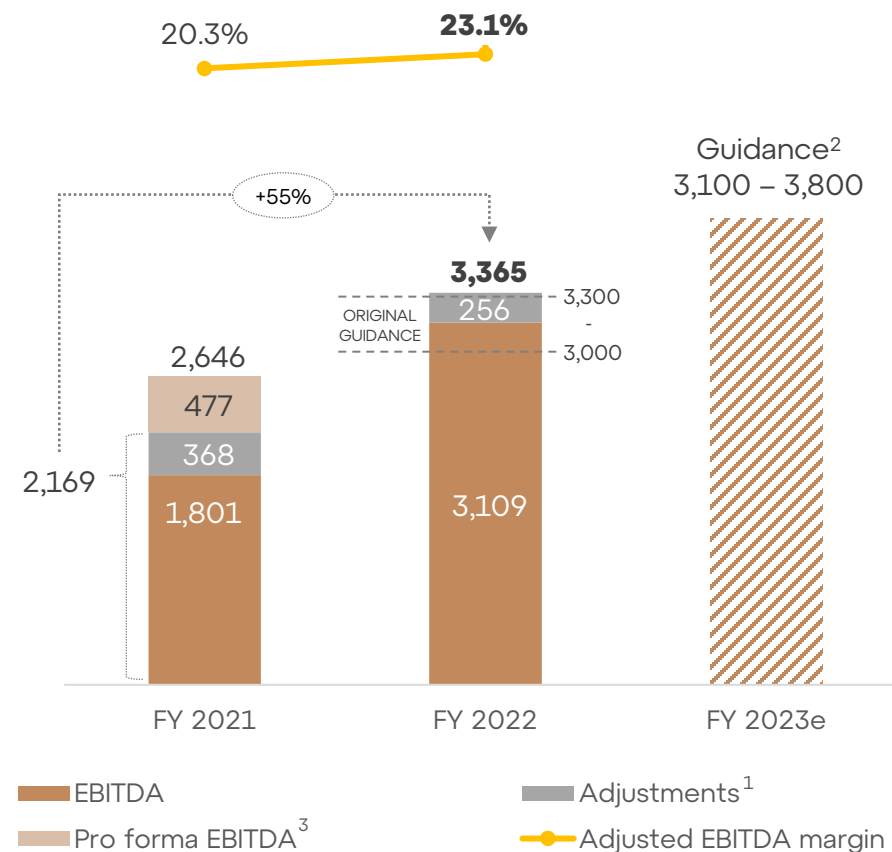
REVENUES

CZKm



ADJUSTED EBITDA¹

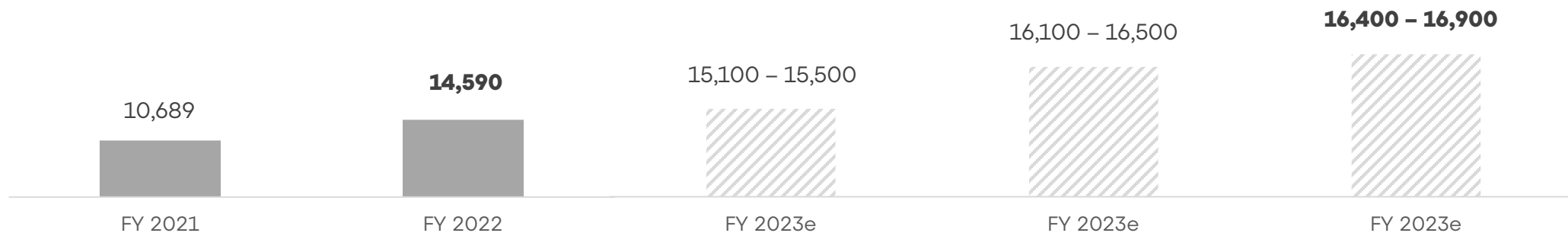
CZKm/%



FY 2023 GUIDANCE SCENARIOS

REVENUES

CZKm



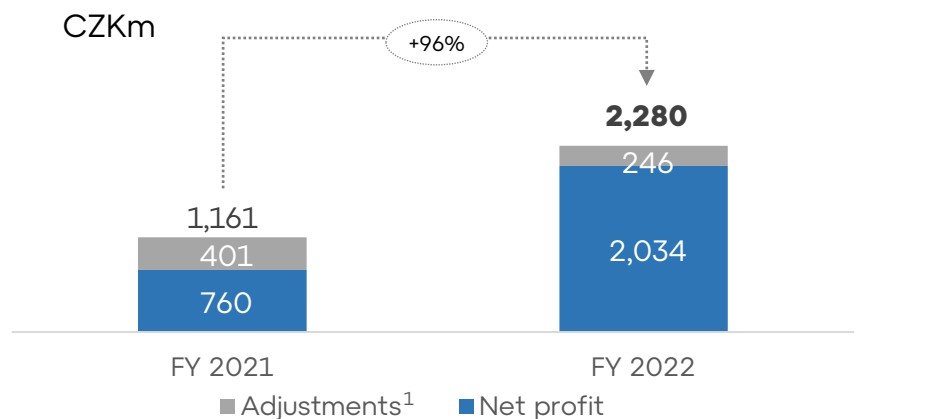
ADJUSTED EBITDA

CZKm

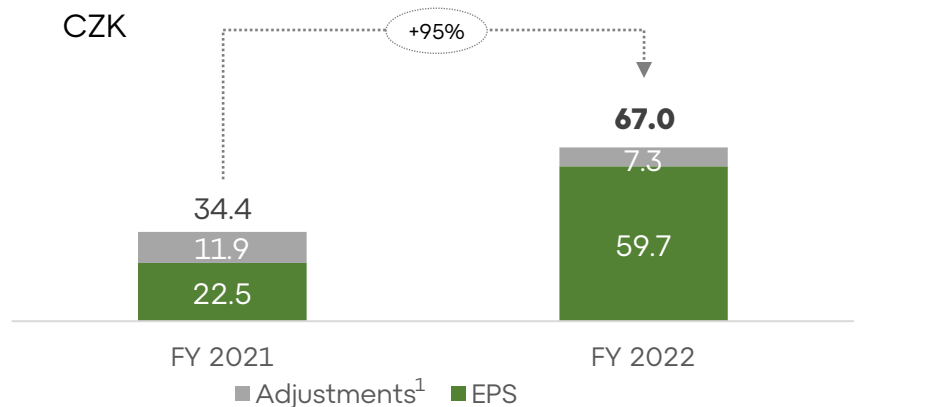


GROUP BoD TO PROPOSE CZK 30 DIVIDEND PER SHARE FOR FY 2022

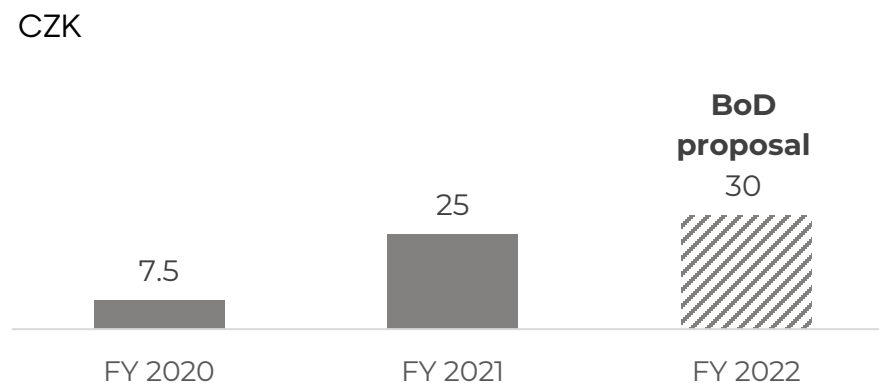
ADJUSTED NET PROFIT²



ADJUSTED EARNINGS PER SHARE²



DIVIDEND PER SHARE



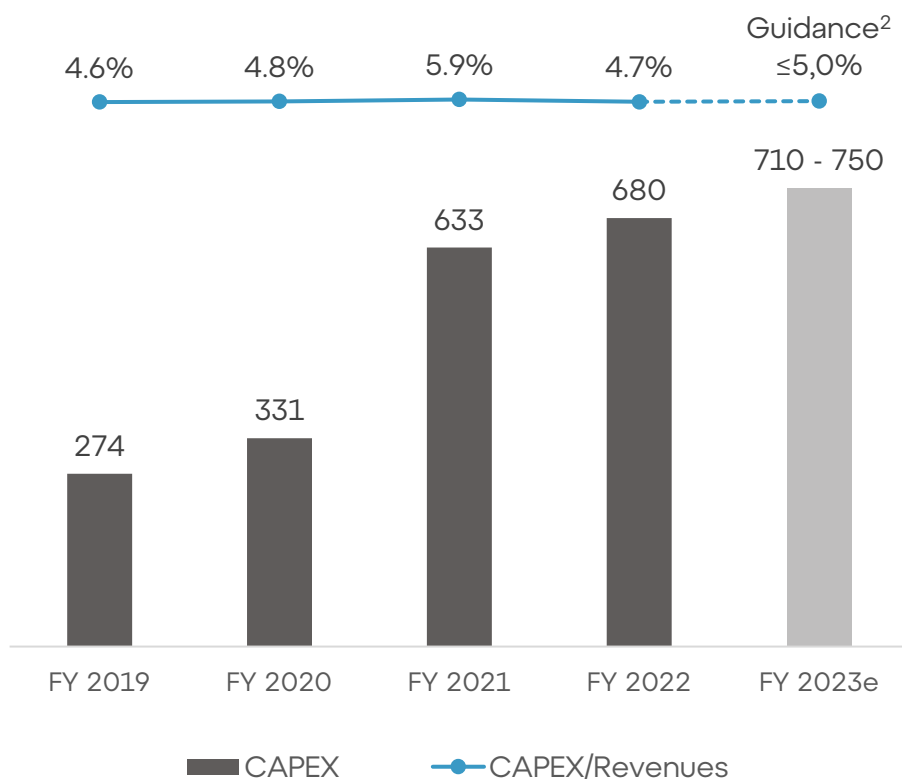
COMMENTS

- ▶ BoD to propose dividend of **CZK 30/share** for the year 2022, corresponding to **~50% of dividend payout ratio³**
- ▶ Individual shareholders will be given an option to receive dividend either in cash or in a form of newly issued shares

EXPECTED CAPEX ALLOCATION IN FY 2023

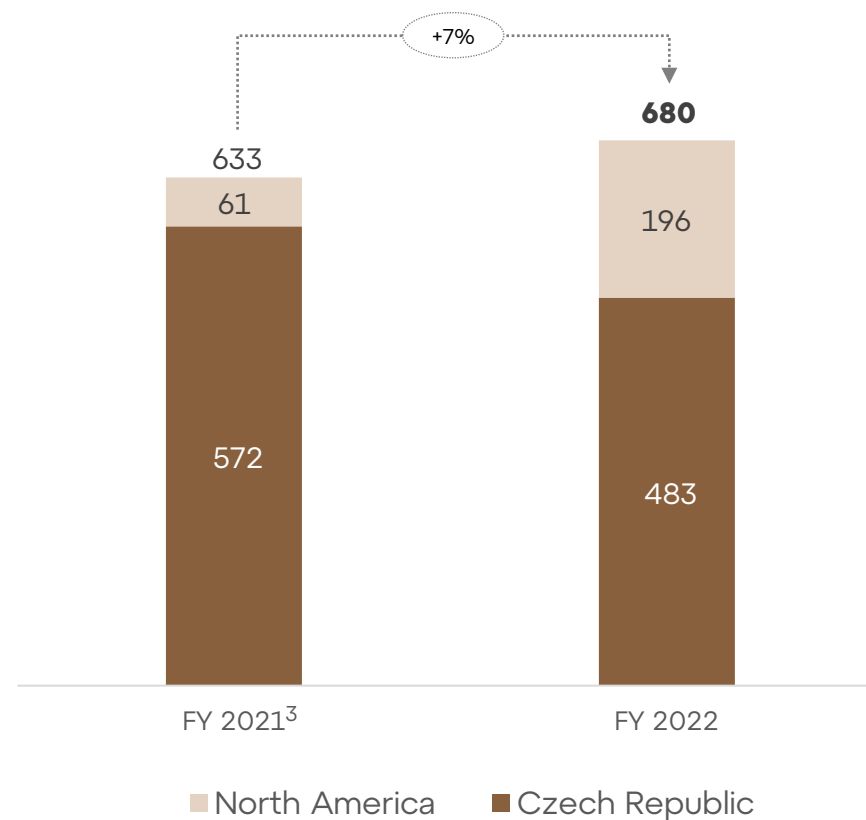
CAPITAL EXPENDITURES¹

CZKm/%



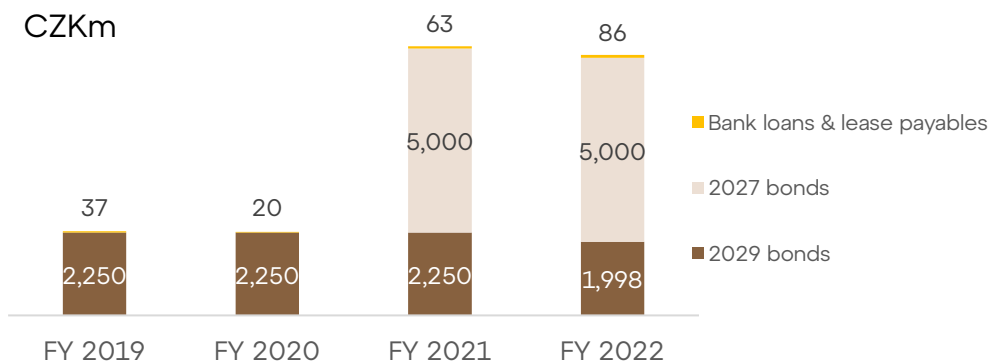
CAPEX GEOGRAPHICAL SPLIT

CZKm/%

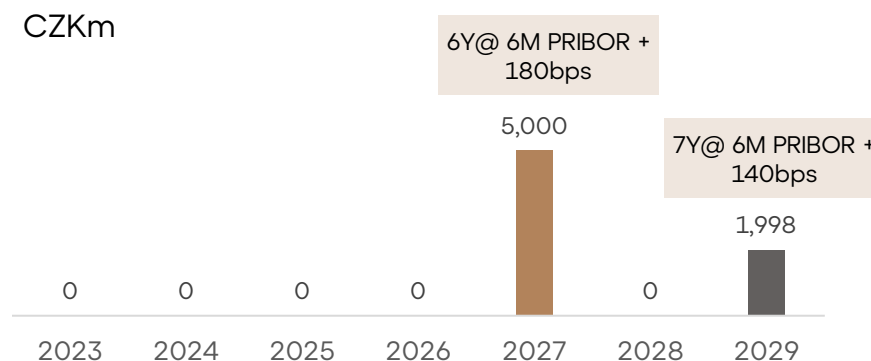


CONSERVATIVE DEBT PROFILE PROVIDES SPACE FOR POTENTIAL M&A

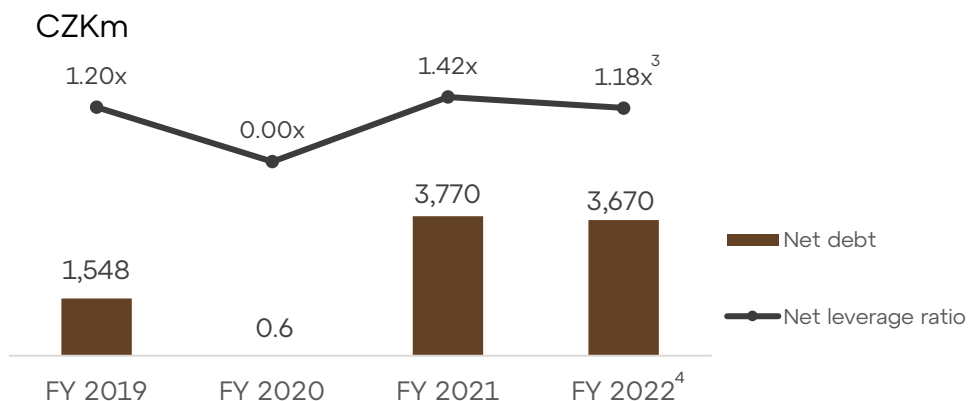
DEBT STRUCTURE



DEBT MATURITY PROFILE



NET FINANCIAL DEBT¹ & NET LEVERAGE RATIO²



COMMENTS

- ▶ In Q2 2023 subject to market conditions, Group plans to **issue NEW bonds**, the use of proceeds is to finance general corporate purposes, including new acquisitions
- ▶ Expected indicative issue parameters:
 - ▶ Volume: CZK [1,500 – 2,000]M
 - ▶ Tenor & denomination: [7Y]; CZK 3.0M
 - ▶ Coupon: Semi-annual, float
 - ▶ Covenants: Net leverage ratio <3.5x

ESG STRATEGY: GROWING RESPONSIBILITY TO CONVERT CHALLENGES INTO OPPORTUNITIES



ENVIRONMENT



PEOPLE



PRODUCT



GOVERNANCE

OBJECTIVE:

- ▶ Promote **operational eco-efficiency**
- ▶ Be the **employer of choice** and **active community** participant.
- ▶ Embed **innovation, reliability & responsibility** into the DNA of our products and processes
- ▶ Promote **responsible business** practices

AMBITION:

- ▶ **Minimizing the environmental impact** of our operations by preventing pollution, reducing waste, energy, and water consumption.
- ▶ **Attracting and nurturing talent** in inclusive environment while ensuring the health and well-being of our people and strengthening communities where we work
- ▶ **Using innovative technologies** to produce reliable, resilient, and durable products, fostering enduring relationships with our customers
- ▶ Operating ethically and encouraging our partners to adhere to the same **high ethical standards**



END OF JUNE 2023 – 1ST ESG REPORT RELEASE

NEW PRODUCTION SITE IN HUNGARY SECURED THROUGH A JOINT VENTURE AGREEMENT



ESTABLISHMENT OF A JOINT VENTURE WITH THE HUNGARIAN GOVERNMENT

- ▶ As a result of long-term cooperation with Hungarian partners, Group signed **a joint venture agreement with state owned N7 Holding Ltd.**
- ▶ Hungarian side to provide the production facility, manufacturing technologies, and qualified workforce, Colt CZ Group to provide its manufacturing know-how, supply chain, and access to its vast commercial network
- ▶ Aim is to establish a small arms production facility on the Hungarian soil **to provide military-grade firearms for the Hungarian Armed Forces**
- ▶ Expected start of the production in the second half of 2023

PRODUCT SCOPE:



▶ CZ Scorpion EVO 3



▶ CZ P-07



▶ CZ Bren 2



▶ CZ P-09

GROUP FURTHER EXPANDED NFT ADVANTAGES TO OUR CUSTOMERS



NFT COLLECTOR'S HUB

- ▶ As a part of our NFT journey we launched Collector's Hub, a place where the Group holds its **highest prized, limited editions firearm auctions**
- ▶ Joining the Collector's Hub grants our customers access to:



LIMITED EDITION AUCTION



DIGITAL CERTIFICATE OF AUTHENTICITY



COLLECTOR PIECES SECONDARY MARKET



UNIQUE MEMBERSHIP PROGRAM

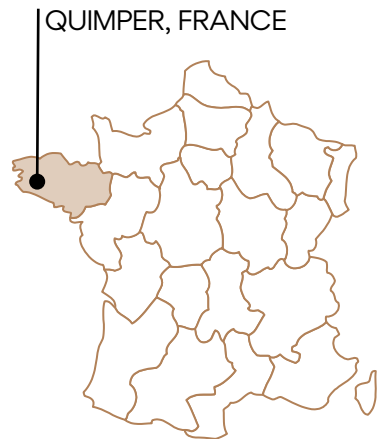
- ▶ Group launched in 01/2023 a unique membership program together with release of limited edition of **CZ 75 TS Orange**
- ▶ Online platform and **first mover advantage** currently offer:
 - ▶ Access to the Members Platform with exclusive access, events, merchandising and more
 - ▶ Extended 1 year warranty period
 - ▶ Certificate of Authenticity on Blockchain
 - ▶ Physical pistols customization
 - ▶ 45 mins Online training sessions with Eric Grauffel
- ▶ Further customer benefits to roll out in Q2 2023

SUCCESSFUL OPENING OF MULTIFUNCTIONAL INDOOR SPORT SHOOTING RANGE IN FRANCE

EG  CZ

A C A D E M Y

GRAND OPENING OF
EG-CZ ACADEMY



- ▶ In 12/2022, Group opened **the first** officially approved professional **sport shooting center** in France
- ▶ **EG-CZ Academy offers multifunctional indoor shooting range**, located in a town of Quimper based in the French province of Brittany
- ▶ One of the world's most sophisticated facilities of its kind, its design and construction was a **joint effort between CZ and Eric Grauffel**, a sport shooting icon and nine-time IPSC World Champion
- ▶ Academy offers a purpose-built facility with **a total area of 2,500 m²**, of which 1,740 m² is dedicated to shooting, where shooters can **practice on reactive and steel targets**, as well as carry out **training that's specific to competing in the IPSC**
- ▶ In addition to its physical facilities the EG-CZ Academy offers an **online courses** for novice to advanced competitive/recreational shooters, with Eric Grauffel as a personal instructor

GROUP TO LAUNCH A COLT-BRANDED APPAREL ENTITY



ESTABLISHMENT OF FOUR HORSES APPAREL

- ▶ As part of the Colt brand heritage, Group has established Four Horses Apparel Ltd.
- ▶ Our mission is to offer **exclusive luxury fashion clothing and accessories** which build on Colt rich history, but also on the American & Military motifs
- ▶ New entity to be led by designer and brand ambassador Derrick Miller, well recognized professional in the industry
- ▶ Business expected to gradually roll out, with anticipation of first sales in the next 12 months



▲ COLT FAMILY CREST

A dark, semi-transparent image of an industrial factory floor. In the foreground, a yellow robotic arm is mounted on a base. Behind it, various pieces of industrial machinery, including control panels with screens and buttons, are visible. The background shows more complex equipment and structural elements of the factory. The overall scene is dimly lit, emphasizing the metallic and industrial textures.

**THANK YOU FOR
YOUR ATTENTION**

**COLT
CZGROUP**

A man in a dark t-shirt is operating a yellow robotic arm in a factory. The arm is positioned over a complex metal structure. The background shows industrial machinery, including a control panel with a screen and buttons. The scene is dimly lit, with the yellow of the robot arm being a prominent color. The overall atmosphere is industrial and technical.

APPENDIX

**COLT
CZGROUP**

ADJUSTED EBITDA RECONCILIATION

In CZK '000	FY 2022	FY 2021
Operating profit	2,198,682	1,011,181
Depreciation and amortization	910,435	789,623
EBITDA	3,109,117	1,800,804
ESOP related costs	198,360	-
ESOP related provisions for health insurance	10,346	-
M&A costs ¹	47,474	306,522
Depreciation of wasting assets	-	61,471
Adjusted EBITDA	3,365,297	2,168,797

ADJUSTED NET PROFIT RECONCILIATION

In CZK '000	FY 2022	FY 2021
Earnings before tax	2,356,170	931,548
Tax expenses	(321,978)	(171,086)
Net income	2,034,192	760,462
Earn-out related costs ¹	21,671	118,868
ESOP related costs	198,360	-
ESOP related provisions for health insurance	10,346	-
M&A costs ²	47,474	306,522
Depreciation of wasting assets	-	61,471
One-off expenses related to the bond issue	7,402	4,059
Adjusted earnings before tax (Adj. EBT)	2,641,423	1,422,068
Effective tax rate on Adj. EBT (FY 2022 ~13.67%; FY 2021 ~18.37%)	(360,959)	(261,247)
Adjusted Net Income	2,280,464	1,161,221

CONSOLIDATED PROFIT AND LOSS STATEMENT

In '000 CZK	31 Dec 2022	31 Dec 2021
Revenues from the sale of own products, goods and services	14,589,774	10,688,927
Other operating income	133,270	61,679
Change in inventories developed internally	614,778	166,666
Own work capitalized	151,781	139,611
Raw materials and consumables used	(7,420,061)	(5,113,073)
Services	(1,769,028)	(1,764,899)
Personnel costs	(2,888,813)	(2,088,146)
Depreciation and amortization	(910,435)	(789,623)
Other operating expenses	(238,086)	(190,090)
Allowances	(64,498)	(99,871)
Operating profit	2,198,682	1,011,181
Interest income	440,453	50,038
Interest expense	(612,056)	(204,985)
Other financial income	172,833	32,488
Other financial expenses	(133,802)	(168,509)
Gains or losses from derivative transactions	236,826	184,139
Share in the profit of associates after tax	14,302	27,196
Gain on equity method investment (step acquisition)	38,932	-
Profit before tax	2,356,170	931,548
Income tax	(321,978)	(171,086)
Profit for the period	2,034,192	760,462
Items that may be subsequently reclassified to the statement of profit or loss		
Cash flow hedges – remeasurement of effective portion of hedging instruments	948,231	(42,836)
Foreign currency translation of foreign operations	(125,035)	(153,438)
Other comprehensive income	823,196	(196,274)
Comprehensive income for the period	2,857,388	564,188
Profit for the period attributable to:		
Owner of the parent company	2,034,192	760,462
Non-controlling interests	-	-
Comprehensive income for the period attributable to:		
Owner of the parent company	2,857,388	564,188
Non-controlling interests	-	-
Net earnings per share attributable to the owner of the parent company (CZK per share)		
Basic	60	23
Diluted	59	23

Notes: Financials for FY 2022 are based on preliminary unaudited results

CONSOLIDATED BALANCE SHEET 1/2

In '000 CZK	31 Dec 2022	31 Dec 2021
ASSETS		
Non-current assets		
Intangible assets	3,462,131	3,505,464
Goodwill	2,457,416	2,390,127
Property, plant and equipment	3,066,251	2,810,115
Equity-accounted securities and investments	39,401	109,445
Financial derivatives	1,181,097	171,195
Trade and other receivables	35,515	58,999
Other receivables	6,560	11,163
Total non-current assets	10,248,371	9,056,508
Current assets		
Inventories	3,797,557	2,861,673
Trade and other receivables	1,346,143	1,012,879
Provided loans	7,700	197,973
Other financial assets	756,834	-
Financial derivatives	217,123	156,118
Other receivables	304,005	148,098
Tax assets	-	6,357
Cash and cash equivalents	2,825,781	3,573,467
Total current assets	9,255,143	7,956,565
Total assets	19,503,514	17,013,073

CONSOLIDATED BALANCE SHEET 2/2

In '000 CZK	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	3,410	3,374
Share premium	1,366,386	1,139,211
Capital funds	1,641,512	1,641,512
Cash flow hedge reserve	1,068,214	119,983
Foreign exchange translation reserve	(326,433)	(201,398)
Accumulated profits (including current profit)	3,928,282	2,539,146
Total equity	7,681,371	5,241,828
Non-current liabilities		
Bonds, bank loans and borrowings	6,972,898	4,972,647
Financial derivatives	28,684	270,515
Lease liabilities	46,796	32,606
Other financial liabilities	240,468	372,531
Trade and other payables	7,825	5,422
Other payables	21,169	27,357
Provisions	23,654	63,695
Deferred tax liability	731,308	789,646
Employee benefit liabilities	265,280	357,707
Total non-current liabilities	8,338,082	6,892,126
Current liabilities		
Bonds, bank loans and borrowings	208,597	2,317,579
Financial derivatives	38,610	20,097
Lease liabilities	23,939	20,695
Other financial liabilities	238,593	185,568
Trade and other payables	1,154,955	1,116,373
Other payables	1,479,267	1,073,755
Provisions	51,371	50,780
Tax liabilities	269,096	76,156
Employee benefit liabilities	19,633	18,116
Total current liabilities	3,484,061	4,879,119
Total liabilities	11,822,143	11,771,245
Total equity and liabilities	19,503,514	17,013,073

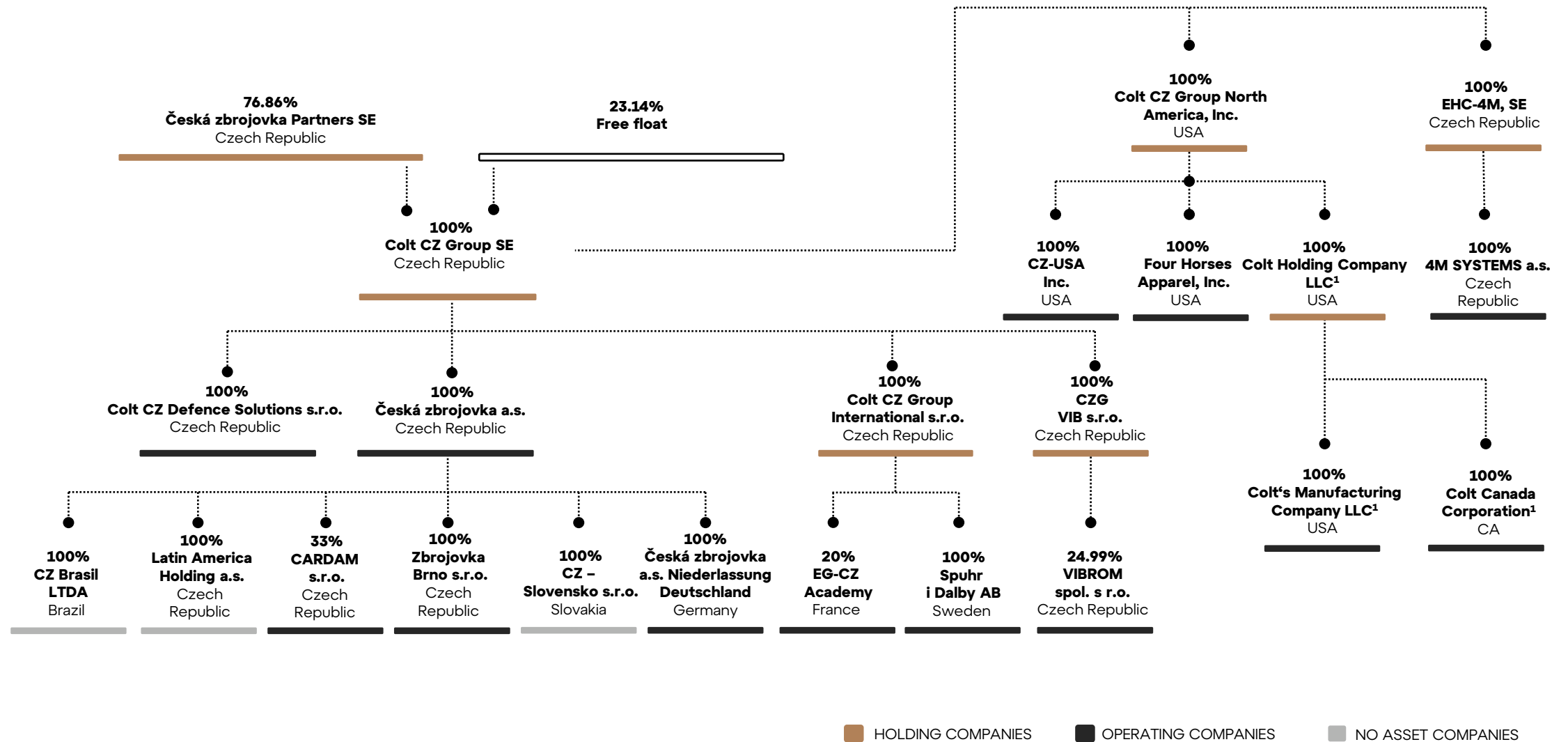
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CONSOLIDATED CASH FLOW STATEMENT

In '000 CZK	31 Dec 2022	31 Dec 2021
Cash flows from principal economic activity (operating activity)		
Profit from ordinary activity before tax	2,356,170	931,548
Depreciation/amortization of non-current assets	910,435	789,623
Change in allowances and provisions	20,024	136,836
Gain/Loss from the sale of non-current assets	(12)	(2,340)
Interest expense and interest income	171,603	154,947
Share in the profit of associates	(14,302)	(27,196)
Unrealized foreign exchange gain and losses	(229,330)	(132,775)
Contingent consideration - revaluation	21,671	141,722
Acquisition of subsidiaries – partial earnout settlement	227,211	-
Gain on equity method investment (step acquisition)	(38,932)	-
Cash flow hedging – revaluation of the effective part of hedging instruments	948,231	(41,811)
Share based payment	198,360	-
Adjustments for other non-current operations	25,616	(3,688)
Net operation cash flows before changes in working capital	4,596,745	1,946,866
Change in working capital		
Change in receivables and deferrals	(1,408,655)	51,356
Change in liabilities and accruals	143,517	230,620
Change in inventories	(844,259)	(410,095)
Cash flow from operating activities	(2,481,348)	1,818,747
Paid interest	(480,233)	(84,098)
Interest received	353,258	44,934
Income tax paid for ordinary activity	(454,197)	(256,624)
Net cash flow from operating activities	1,900,176	1,522,959
Cash flows from investing activities		
Acquisition of non-current assets	(679,725)	(633,256)
Acquisition of subsidiaries – opening balance	(226,189)	(4,695,237)
Acquisition of subsidiaries – cash and cash equivalents	28,674	319,499
Acquisition of other financial assets and other investments	(756,834)	(595)
Provided loans – repayments received	190,000	60,000
Employee benefit liabilities	(39,679)	(28,558)
Net cash flow from investing activities	(1,483,753)	(4,978,147)
Cash flows from financing activities		
Proceeds from the bond issue	1,984,796	4,972,647
Dividends paid to owners	(843,416)	(253,025)
Dividends paid to non-controlling interest	-	(8,101)
Loan and interest repayment	(2,319,825)	(40,747)
Net cash flow from financing activities	(1,178,445)	4,670,774
Net change in cash and cash equivalents	(762,021)	1,215,586
Opening balance of cash and cash equivalents	3,573,467	2,358,608
Effect of exchange rate on cash and cash equivalents	14,335	(727)
Closing balance of cash and cash equivalents	2,825,781	3,573,467

Notes: Financials for FY 2022 are based on preliminary unaudited results

COLT CZ GROUP STRUCTURE



COLT CZ GROUP LEADERSHIP: BOARD OF DIRECTORS



JAN DRAHOTA

Chairman of the Board of Directors
CEO of Colt CZ Group
With the Group since 2014



JAN ZAJÍC

Member of the Board of Directors
CEO of Česká zbrojovka
More than 15 years of experience in managerial positions
in industrial companies in the Czech Republic and abroad



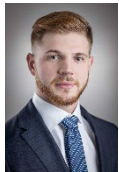
JOSEF ADAM

Vice-Chairman of the Board of Directors
General Counsel
Extensive legal and compliance expertise



DENNIS VEILLEUX

Member of the Board of Directors
CEO of Colt Holding Company
More than 35 years of experience in armaments industry



JAN HOLEČEK

Member of the Board of Directors
Chief Commercial Officer
Extensive experience in marketing and sales



DAVID AGUILAR

Independent and non-executive member
of the Board of Directors
35 years of experience with U.S. Customs and Border
Protection and the United States Border Patrol

COLT CZ GROUP LEADERSHIP

Colt CZ Group Supervisory Board:



LUBOMÍR KOVAŘÍK

Chairman of the Supervisory Board

Former President of the Group in 2018-2021

Former CEO of Česká zbrojovka in 2006-2017



JANA RŮŽIČKOVÁ

Member of the Supervisory Board

More than 15 years in managerial and executive positions



VLADIMÍR DLOUHÝ

Member of the Supervisory Board

Former Minister of Industry and Trade of the Czech Republic

More than 20 years of experience in the field of investment

advice in Czech and foreign companies

North America Leadership:



GENERAL (Ret.) GEORGE CASEY

Member of the Board of Directors, Colt CZ Group NA

Former US Army Chief of Staff from 2007 to 2011. Deep

knowledge of the military and a demonstrated history of leadership in the armed forces, academia, the non-profit sector and industry



JOANNE MCCORMICK

CEO Colt Canada

Over 23 years of business experience managing people, projects, departments and businesses in manufacturing, technology and distribution



JEAN-LOUIS VANDERSTRAETEN

Member of the Board of Directors, Colt CZ Group NA

Over 40 years of experience in defense contracting, business planning, operations management and corporate finance

THANK YOU

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