

Rules for shareholders to claim dividends in the form of shares

Dear Shareholders,

The General Meeting of **Colt CZ Group SE**, with its registered office at náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1, ID No.: 291 51 961, entered in the Commercial Register maintained by the Municipal Court in Prague, file no. H 962 (the “**Company**”), adopted on 28 June 2024 a resolution approving the distribution of profit for the year 2023 and retained profit from previous years as well as a resolution increasing the Company’s share capital by subscription of new shares (the “**New Shares**”) and setting off the issue price of the newly subscribed shares against the profit share.

Following this decision of the General Meeting, in which the Board of Directors was authorized to determine the issue price of the New Shares, the Board of Directors of the Company made a decision that the **issue price for 1 subscription share is set at CZK 570**, i.e. within the range approved by the General Meeting of the Company.

What does this mean for you?

As in the last year, when the Company's shareholders had the opportunity to elect the form of the Company's dividend for the first time in the Company's history, even this year have the Company's shareholders this opportunity. The shareholder can therefore:

1. have the dividend paid as usual in cash, at the rate of CZK 30 (before tax) per share, i.e. the amount corresponding to the approved calculation of the profit share per one share; or
2. if the conditions set out below are met, choose a dividend in the form of subscription for New Shares, whereby the shareholder will be allowed to participate in the increase in the Company’s registered capital by subscribing for New shares in the Company instead of receiving a dividend in cash.

If a shareholder of the Company does not choose to receive a distribution of the dividend in the form of New Shares (as set out in clause 2 above), the shareholder does not need to take any of the steps described below and will automatically receive a cash dividend. The rules for cash dividend are available here: coltczgroup.com/en/investors-dividend-rules-for-exercising-the-dividend-in-the-form-of-shares/.

A summary of important information on how to claim a dividend in the form of shares:

1. Who is entitled to a dividend?

Each shareholder who was a shareholder of the Company, and thus the owner of the Company's shares, to which the right to dividend is linked, on the record date for the payment of the dividend, i.e. on **4 July 2024**, is entitled to the payment of the dividend.

2. What do I need to do if I choose a cash dividend and do not want to subscribe for any New Shares?

The cash dividend will be paid to the shareholders as usual no later than the due date, i.e. by **4 October 2024**. The cash dividend is expected to be paid after 20 August 2024. Accordingly, if a shareholder does not choose a stock dividend, the cooperation regarding the dividend in the form of subscription for New Shares outlined below will not be required on his or her part.

3. What do I need to do to request a stock dividend instead of a cash dividend?

The right to receive a stock dividend may be exercised by a shareholder of the Company:

- ▶ who had right to the payment of cash dividend of CZK 570 less applicable withholding taxes, or the right to receive a dividend less applicable withholding taxes in the amount of multiple of 570 on the record date for the dividend payment, i.e. on **4 July 2024** (the "Entitled Shareholder");
- ▶ who will continue to meet the above-mentioned prerequisites on the date of exercise of the right of choice;
- ▶ and who will also exercise the priority right to subscribe for the New Shares in the manner described above in this document.

An Entitled Shareholder may choose the stock dividend within the period from **29 July 2024** (inclusive) to **12 August 2024** (inclusive). If the stock dividend is not selected within the prescribed period, the shareholder of the Company will receive the dividend in cash.

Therefore, if an Entitled Shareholder decides to receive a profit share in the form of New Shares, they will receive 1 New Share of the Company for the right to receive a profit share (less applicable withholding taxes, if any) for each CZK 570. In such a case, the issue price of 1 New Share will correspond to the payment of a profit share of CZK 570 less any applicable withholding taxes, with each part of the profit share corresponding to CZK 570 less withholding taxes will be set off against the Company's claim for the payment of the issue price of 1 New Share. Any remaining portion of the

profit share for which it is not possible to acquire 1 whole New Share (whether or not the Right of Choice is exercised), i.e. a profit share of less than CZK 570 less applicable withholding taxes, will be paid to the Entitled Shareholder in cash.

Similarly, the share in profit will be paid that is attributable to the remaining portion of the Entitled Shareholder's profit share less applicable withholding taxes in respect of which the Entitled Shareholder will not exercise the right to choose a stock dividend, or the portion for which 1 whole New Share (a profit share less than CZK 570 less applicable withholding taxes) cannot be acquired. An Entitled Shareholder may only exercise the right to choose a share in profit in respect of a whole New Share.¹ In this context, you can read the rules for cash dividend set out here: <https://www.coltczgroup.com/en/investors-dividend/>.

The shareholder was obliged to provide the Company with the documents for their tax domicile by 12 July 2024, and was notified of this fact in the context of the decision-making by the General Meeting on the admission of the stock dividend. If the tax domicile has not been documented, the full amount of the profit share cannot be used for set-off against the issue price of the new shares as part of the right to choose the share in profit and, if applicable, the remaining portion of the profit share (after documenting the tax domicile) will be paid in cash.

4. New Shares subscription procedure

- ▶ Do I have to exercise my subscription right in person or can I be represented by a proxy?
- ▶ When and where can I exercise my right to subscribe for New Shares?
- ▶ Booking the New Shares subscription date online
- ▶ How do I exercise my right to subscribe for New Shares?
- ▶ Completing the claim set-off agreement;
- ▶ Making an entry in the list of subscribers

4.1 Do I have to exercise my subscription right in person or can I be represented by a proxy?

The Company has decided, that the right to choose the stock dividend may be exercised by the Entitled Shareholder at the offices of **HAVEL & PARTNERS s.r.o., advokátní kancelář**, located at **Florentinum, reception A (7 stock), Na Florenci 2116/15, 110 00 Praha 1 („Office“)**, during normal business hours on every **business day from 9:00 a.m. to 5:00 p.m., in person or through the Entitled Shareholder's proxy.**

¹ Note: If the New Shares are not subscribed for at least in the total nominal value of CZK 18,000 i.e. at least 180,000 registered book-entry shares, with a nominal value of CZK 0.10 per share, the Company's Board of Directors will decide not to increase the registered capital due to the failure to meet the minimum subscription amount of the New Shares under Resolution No. III adopted by the General Meeting of the Company on 28 June 2023. The Board of Directors must make such a decision by **4 October 2024** at the latest. Under these conditions, if applicable, a cash dividend will be subsequently paid to the Entitled Shareholders.

4.1.1 How do I prove my existence and identity?

Citizen of the Czech Republic

- ▶ proof of identity

Foreigner

- ▶ proof of identity

A legal entity established and existing under Czech law

- ▶ an officially certified full extract from the relevant public register of legal entities (typically the Commercial Register) **not older than 3 months**, showing which person is a member of the governing body and how he/she is authorised to act on behalf of the legal entity;
- ▶ proof of identity of the person authorised to act on behalf of the legal entity

Foreign legal entity

- ▶ an officially certified full extract from the relevant foreign register of legal entities, **not older than 3 months**, showing which person is a member of the governing body and how he/she is authorised to act on behalf of the legal entity; or
- ▶ an officially certified full extract from the relevant foreign register of legal entities, **not older than 3 months**, and a notary's statement that the person (member of the governing body) is authorised to act on behalf of the legal entity (if this fact does not follow from the extract itself); or
- ▶ a declaration by the Secretary regarding the existence of the legal entity and the composition of its governing body (*Certificate of Secretary*), or any other similar declaration **not older than 3 months**. It is mainly used in the United States of America. It must clearly follow from this declaration that the legal entity exists and which person (member of the governing body) is authorised to act on behalf of the legal entity; or
- ▶ another official document proving the facts mentioned above under the law of the relevant country **not older than 3 months**; and
- ▶ proof of identity of the person authorised to act on behalf of the legal entity

4.1.2 How does the representative of an Entitled Shareholder prove their authority to act?

Custodian registered in the list of shareholders of the Company maintained by Centrální depozitář cenných papírů, a.s.

- ▶ in the case of a **legal entity** established and existing **under Czech law**:
 - ▷ an officially certified full extract from the relevant public register of legal entities (typically the Commercial Register) **not older than 3 months**, showing which person is a member of the governing body and how he/she is authorised to act on behalf of the legal entity;

- ▷ a power of attorney (authorisation) for the relevant employee (agent) proving the authority to act on behalf of such legal entity, while the power of attorney (authorisation) must be signed by the principal (represented) with a certified signature;
 - ▷ a declaration by the custodian that it is authorised to take all steps on behalf of the Entitled Shareholder in connection with the subscription for the New Shares (a specimen declaration is available here: coltczgroup.com/en/investors-dividend-rules-for-exercising-the-dividend-in-the-form-of-shares/). The declaration may include a list of the Entitled Shareholders represented by the custodian; and
 - ▷ proof of identity of the natural person authorised by power of attorney (authorisation)
- ▶ in the case of a **foreign legal entity**
- ▷ an officially certified full extract from the relevant foreign register of legal entities (typically the commercial register) **not older than 3 months**, showing which person is a member of the governing body and how he/she is authorised to act on behalf of the legal entity; or
 - ▷ an officially certified full extract from the relevant foreign register of legal entities and a notary's statement **not older than 3 months** that the person (member of the governing body) is authorised to act on behalf of the legal entity (if this fact does not follow from the extract itself); or
 - ▷ a declaration by the Secretary regarding the existence of the legal entity and the composition of its governing body (*Certificate of Secretary*), or any other similar declaration **not older than 3 months**. It is mainly used in the United States of America. It must clearly follow from this declaration that the legal entity exists and which person (member of the governing body) is authorised to act on behalf of the legal entity; or
 - ▷ another official document proving the facts mentioned above under the law of the relevant country, **not older than 3 months**;
 - ▷ a power of attorney (authorisation) for the relevant employee (agent) proving the authority to act on behalf of such legal entity, while the power of attorney (authorisation) must be signed by the principal (represented) with a certified signature;
 - ▷ a declaration by the custodian that it is authorised to take all steps on behalf of the Entitled Shareholder in connection with the subscription for the New Shares (a specimen declaration is available here: coltczgroup.com/en/investors-dividend-rules-for-exercising-the-dividend-in-the-form-of-shares/). The declaration may include a list of the Entitled Shareholders represented by the custodian; and
 - ▷ proof of identity of the natural person authorised by power of attorney (authorisation)

Another representative

- ▶ a **power of attorney granted by an Entitled Shareholder**, while the signature of the Entitled Shareholder must be officially certified;

- ▶ the existence of an Entitled Shareholder - legal entity, and the authority of the persons (governing body) to act on its behalf shall be proved in the same way as if the Entitled Shareholder were acting in person;
- ▶ proof of identity of the natural person authorised by power of attorney

For representation of an Entitled Shareholder under a power of attorney, it is possible to use a **model form power of attorney available on the Company's website** here: coltczgroup.com/en/investors-dividend-rules-for-exercising-the-dividend-in-the-form-of-shares/, containing the authorisation to enter into the claim set-off agreement and the entry in the list of subscribers.

The Entitled Shareholder may also notify the Company of the granting of a power of attorney to represent the Entitled Shareholder in the execution of the claim set-off agreement (or its revocation) by sending an email to: ValnaHromada@coltczgroup.com, or to the Company's mailbox, ID DS: **srqp3e**, at least two business days before the visit to the Office in relation to the booked appointment. The power of attorney must be converted from paper form to electronic form by **authorised conversion** and sent in that electronic form. In the event of any discrepancies, the Company is entitled to ask the Entitled Shareholder for clarification.

Documents authenticated by foreign authorities, which are presented by the Entitled Shareholder, must be certified (apostilled) or legalised, unless the Czech Republic has in place a treaty on legal assistance with the country in which the document was authenticated. All documents must be submitted in Czech or in English. If the documents (or authentication clauses) are in a foreign language, a certified translation into Czech must also be submitted.

All documents must be submitted at the Office in the original or an officially certified copy.

4.2 When and where can I exercise my right to subscribe for New Shares?

The right of choice of receiving the stock dividend may be exercised from **29 July 2024** (inclusive) to **12 August 2024** (inclusive).

The place for subscription of New Shares is the Office during normal business hours on any **business day from 9:00 a.m. to 5:00 p.m.**

4.3 Booking the New Shares subscription date online

Due to the large number of potential subscribers entitled to subscribe for New Shares, Entitled Shareholders will be obliged to make a prior online booking for their visit to the Office. The Entitled Shareholder will book the subscription date at least **2 business days** prior to his/her scheduled visit to the Office. Persons arriving at the Office without a reservation are at risk of not being served.

Online booking will be available for Entitled Shareholders on the Company's website: <https://dividenda.coltczgroup.com>. The information required to be filled in as part of the booking will be used only for the purpose of completing the claim set-off agreement and for the preparation of the documents for its signing (i.e. for the subscription of the New Shares) and will not be used for any other purpose.

No later than the business day immediately preceding the date of the scheduled visit to the Office, the Entitled Shareholder will be contacted by the Company by telephone to confirm the information and documents required for the subscription of the New Shares.

4.4 How do I exercise my right to subscribe for New Shares?

The Entitled Shareholder discloses at the Office the amount of the profit share less applicable withholding taxes (amount expressed in Czech crowns) of which he/she exercises the priority right to subscribe for the New Shares; after that, the Entitled Shareholder submits at the Office a completed claim set-off agreement signed by the Entitled Shareholder (or an attorney-in-fact) as set out below.

If the Entitled Shareholder is a Czech legal entity, the registration of the beneficial owner of the Entitled Shareholder in the Register of Beneficial Owners will also be checked during the visit to the Office. An Entitled Shareholder who does not have an entry of the beneficial owner in the Register of Beneficial Owners will not be entitled to subscribe for New Shares (the same applies to the payment of a dividend in cash, i.e. without an entry of the shareholder's beneficial owner in the Register of Beneficial Owners, the Company will not be entitled to pay the shareholder a share of profits).

For every 1 existing share with a nominal value of CZK 0.10, 1/35 up to 1/18 of one New Share with a nominal value of CZK 0.10 may be subscribed, depending on the registered capital amount, the share in profit attributable to the shares held by the given shareholder, less taxes, and the number of shares of the Company as at the record date for exercising the right to a share in profit. Only whole shares can be subscribed for.

The priority right to subscribe for New shares is separately transferable only together with the right to a share in the profit from the shares to which the priority right is attached and only to the same person who is a shareholder at the record date for exercising the right to a share in profit. i.e. as at 4 July 2024; otherwise, the transferability is excluded. The same applies to the assignment of rights acquired after the Right of Choice. The transfer of such rights to another shareholder must be notified to the Company without undue delay following the transfer.

Since the issue price of the New Shares can only be paid by offsetting the issue price of the subscribed New Shares in full against a part of the relevant Entitled Shareholder's share in the Company's profit less applicable withholding taxes, the only way of paying the issue price of the subscribed New Shares is, under Section 21(3) of the Companies Act, a claim set-off agreement the execution of which is a prerequisite for exercising the priority right and receiving the share in the profit in the form of the Company's shares in line with the right of choice.

The claim set-off agreement, with necessary information completed (see below) and signed by the Entitled Shareholder, must be **delivered in person** at the Office by the Entitled Shareholder (or a person authorised to do so) by the end of the period within which the Entitled Shareholder has the right to choose their share of profit in the form of the Company's shares, i.e. no later than **12 August 2024** (inclusive).

The claim set-off agreement will be executed by the Company no later than **4 October 2024**, which is the due date of the profit share. The claim set-off agreement must be executed between the parties and must take effect no later than by the end of the

deadline for payment of the issue price of the New Shares subscribed for with the use of the priority right, i.e. by 4 October 2024.

4.5 Completing the claim set-off agreement;

The claim set-off agreement must be executed and signed **in three counterparts**; the Entitled Shareholder will retain one counterpart.

The claim set-off agreement template is available on the Company's website here: coltczgroup.com/en/investors-general-meeting/. The agreement will be completed and signed by the Entitled Shareholder or his/her proxy in advance, or the completed agreement will be prepared for him/her at the Office on the date of the booked appointment, where it can be signed at the same time.

In the event of any discrepancies in connection with the execution of the claim set-off agreement, the Company may invite the Entitled Shareholder to make modifications, which can be made at the Office.

The claim set-off agreement is to be completed as follows:

- (a) **The number of newly subscribed Shares** that the Entitled Shareholder wishes to subscribe for following the exercise of the Right of Choice. The Entitled Shareholder has the right to subscribe for 1 New Share for each CZK 570 corresponding to the profit share less applicable withholding taxes. If an Entitled Shareholder specifies a number of Subscription Shares that is greater than the number of the shares to be subscribed for to which the shareholder is entitled, the Entitled Shareholder will may only subscribe for the number of New Shares that is the last highest multiple of 570 lower than the share of the shareholder's share of the profit less applicable withholding taxes.

.....

Number of newly subscribed shares (the "Shares")

- (b) In Article 1.1 of the claim set-off agreement, the Entitled Shareholder completes the appropriate amount of the Company's claim against the Entitled Shareholder arising from the subscription for New Shares:

- 1.1 The Company has a claim from the Shareholder for payment of the issue price of the Shares subscribed by the Shareholder who has exercised the right to choose a share of profits in the form of the Company's shares in connection with the increase of the Company' share capital based on a resolution of the Company's General Meeting outside its meeting (resolution *per rollam*), in the amount of **[AMOUNT TO SET OFF]** ("Draft Resolution III", the "Company's Claim").

This total issue price of the New Shares will be calculated as follows:

Total issue price = number of New Shares subscribed * CZK 570

*Example: If an Entitled Shareholder decides to subscribe for 4 New Shares, the total issue price is equal to: 4 * CZK 570 * 27 = CZK 2,280.*

If an Entitled Shareholder lists a total issue price that is not divisible by 570, the Entitled Shareholder will only be entitled to subscribe for the number of New

Shares that corresponds to the specified total issue price that is the last multiple of 570 lower than the total issue price specified in the agreement.

Example of exercising the payment of a share in profit a profit by subscription for New Shares in the maximum possible amount:

A Czech tax resident owns 100 shares in the Company. Their gross total share in profit is CZK 3,000 (CZK 30 before tax per share). After the application of withholding tax of 15% (applied to Czech tax residents – natural persons), the share in profit less withholding taxes is CZK 2,550. This Entitled Shareholder decides to fully exercise their Right of Choice and to take the maximum possible advantage of the possibility to have their share in profit paid out by way of subscription for New Shares in the Company. With an issue price of CZK 570 per share, the Entitled Shareholder may subscribe for 4 New Shares. The Entitled Shareholder will be paid CZK 270 in cash as the remaining part of the share in profit.

*The shareholder will state: **4** in the row “number of newly subscribed shares”.*

*The shareholder will state: **CZK 2,280** in the row “amount to be set off – Company's claim”.*

Example of partial application of the payment of a share in profit by subscription for New Shares:

A Czech tax resident owns 100 shares in the Company. Their gross total share in profit is CZK 3,000 (CZK 30 before tax per share). After the application of withholding tax of 15% (applied to Czech tax residents – natural persons), the share in profit less withholding taxes is CZK 2,550. This Entitled Shareholder decides to exercise their Right of Choice and to use the opportunity to have their share in profit paid out by way of subscription for New Shares in the Company, however, not in to the fullest extent permitted by their share in profit less withholding taxes. With an issue price of CZK 570 per share, the Entitled Shareholder may subscribe for 4 New Shares. However, the Entitled Shareholder decides to subscribe for 2 New Shares only. The Entitled Shareholder will receive CZK 1,410 in cash.

*The shareholder will state: **2** in the row “number of newly subscribed shares”.*

*The shareholder will state: **CZK 1,140** in the row “amount to be set off – Company's claim”.*

4.6 Making an entry in the list of subscribers

When personally visiting the Office, the **Entitled Shareholder (or his/her proxy holder) enters him-/herself in the list of subscribers** (in addition to delivering the signed claim set-off agreement). The list of subscribers is maintained by the Company and any entry in the list can only be made at the Office.

In order to be entered in the list of subscribers, an Entitled Shareholder personally visiting the Office must have the following information to be entered in the list of subscribers:

- ▶ Name, surname / business name;
- ▶ Date of birth / ID number;

- ▶ Residence / registered office;
- ▶ Number of the New Shares subscribed;
- ▶ Total par value of the New Shares subscribed;
- ▶ Total issue price of the New Shares subscribed;
- ▶ The **number of the property account** to which the New Shares are to be issued.

The Entitled Shareholder or his/her representative must also carry a **valid identity document**.

5. What do I need to bring with me to subscribe for New Shares?

- ▶ Proof of existence or identity (see 4.1.1).
- ▶ **Power of attorney** in the case of a representative of an Entitled Shareholder, unless it is a custodian registered for the Entitled Shareholder in the Company's list of shareholders maintained by Centrální depozitář cenných papírů, a.s.
- ▶ A completed (and ideally signed) **claim set-off agreement**, in 3 originals; or the completed agreement will be available at the Office and can be signed at the Office.
- ▶ The **number of the property account** in which the New Shares are to be registered.
- ▶ **Documents proving a change in the list of shareholders of the Company (change of name, address, etc.)**.
- ▶ Certified translation of documents into Czech, if the documents (or the certificate) are in a language other than Czech or English.
- ▶ In case of need, we are at your disposal on the phone number listed in the booking system or by e-mail: ValnaHromada@coltczgroup.com.


6. Overview of important dates

Dividend record date (record date for assessing the number of shares held by an Entitled Shareholder)	4 July 2024
End of the deadline for proving tax domicile	12 July 2024
Period for exercising the right of choice, concluding the claim set-off agreement, and subscription for New Shares	from 29 July 2024 (inclusive) to 12 August 2024 (inclusive)
Maturity of the share of profit Deadline for payment of the issue price of the New Shares (by set-off)	to 4 October 2024

If applicable, deadline for the decision of the Company's Board of Directors not to increase the Company's share capital	
In the event of an increase in the Company's share capital, the claim set-off agreement in the wording signed by the shareholder of the Company and the Company will be distributed to the address specified in the claim set-off agreement, unless otherwise agreed	from 7 October 2024 to 31 October 2024

In: Prague

Date: 15 July 2024

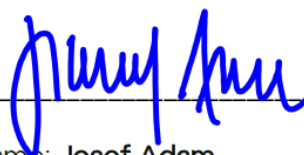


Name: **Jan Drahota**

Position: Chairman of the Board of Directors

In: Prague

Date: 15 July 2024



Name: **Josef Adam**

Position: Vice-chairman of the Board of Directors