Prospectus Notice to Shareholders

Colt CZ Group SE, with its registered office at náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1, ID No.: 291 51 961, registered in the Commercial Register kept by the Municipal Court in Prague, File No.: H 962 (the "**Company**"), issues this notice in view of the exception referred to in Article 1(4)(h) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC *(the obligation to publish a prospectus does not apply to a public offer of securities in the case where dividends are paid to existing shareholders in the form of shares of the same class as the shares on which such dividends are paid, if a document containing information on the number and nature of the shares and the reasons for and details of the offer is made available)* in view of the adoption of proposal III of the decision of the general meeting of the Company outside its meeting (resolutions per rollam) on 28 June 2024 – Approval of the distribution of profit for 2023 and retained earnings for previous years, and resolution on an increase of the Company's share capital by subscription of new shares and setting off the issue price for the newly subscribed shares against the share in profits (**Draft III**).

1. Company's identification

Colt CZ Group SE, with its registered office at náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1, ID No.: 291 51 961, registered in the Commercial Register kept by the Municipal Court in Prague, File No.: H 962;

LEI Code of the Company: 315700O990GR61YDGF96;

Company's website: https://www.coltczgroup.com/

2. Addressees of the offer

Company's shareholders as of 4 July. 2024.

The profit share, unless otherwise provided in Proposal III, will be paid to the shareholders of the Company in cash.

The right to receive a share in profits in the form of the Company shares may be exercised by the shareholders of the Company who will, as at 4 July 2024 as the record date for the exercise of the right to receive a share in profits, be entitled to subscribe for the Company's shares on a preferential basis and also be entitled to a share in profit equal at least to CZK 570 after deduction of the relevant withholding taxes or multiples thereof (the "**Entitled Shareholder**").

3. Number of shares and price

The maximum number of newly subscribed shares of the Company will be CZK 2 851 070 (two million eight hundred fifty-one thousand seventy Czech crowns) registered shares in book-entry form, with a par value of CZK 0.10 (ten hellers) per share.

Company's shareholder will, for the right to a share in the profits (less any applicable

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withholding taxes) for every CZK 570, will receive 1 new share of the Company. The issue price of 1 new share will in such case correspond to the payment of a profit share less withholding taxes in the amount of CZK 570, with each part of the profit share corresponding to CZK 570 less withholding taxes being set off against the Company's claim for 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 option 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.

Details are set out in the Proposal III published on the Company's website coltczgroup.com/en/investors-general-meeting/.

4. Description of securities

In order to achieve the possibility to pay out the profit share in the form of the Company's shares, and only if the conditions described in the Proposal III are met, the share capital of the Company must be increased by subscription of new shares as specified in the Proposal III, ISIN: CZ0009008942.

5. Overview of rights arising from the Company's shares

The Company's shares carry rights pursuant to the provisions of Section 256 et seq. of Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (Act on Commercial Corporations), as amended (the "**Act**") and Article 4 of the Company's Articles of Association.

6. Reasoning

The Company, after entering the Prime Market of Burza cenných papírů Praha, a.s., with registered office at Prague 1, Rybná 14/682, ID No.: 471 15 629, registered in the Commercial Register maintained by the Municipal Court in Prague, file number B 1773, intends to become as close as possible to international standards of business of companies operating on the world's regulated markets whose shares are publicly traded. In foreign countries, it is quite common to pay out a share of profits not only in cash but also in the form of new shares in the company. The Company also wishes to repeatedly use this option, taking into account the specifics of the domestic legal system, as it did last year when it successfully implemented the stock dividend. However, the Company still assumes that the primary method of payment of the share of profit is in cash. The purpose of this step is that the Company's shareholders who meet the requirements will receive new shares in the Company instead of a cash dividend, where the dividend that will remain in the Company as a result of this election will be used to further develop the Company, in particular acquisition activities. The Company has been intensively engaged in this activity in recent years which has brought economic growth. It intends to continue this trend in the coming years as well.

In view of the specifics of the Czech legal system and the Companies Act, the share dividend will be achieved by way of a resolution on the payment of a share of profit, the right of choice of the Entitled Shareholders to receive share dividend, a resolution on the increase of the Company's share capital to acquire new shares to the extent necessary (not greater) to distribute the dividend in the form of shares, and by setting off mutual claims, namely the Company's claims for payment of the issue price of the Company’s shares and the shareholders’ claims for payment of the dividend. This procedure will fulfil the provisions of Section 21(3) of the Companies Act, but substantially it will still be a distribution of dividend in the form of shares of the Company, as the distribution will be fully made using the share of the Company’s profit and no new capital will be injected into the Company. In the notice of intention to take decisions of the Company’s General Meeting outside its meeting (resolutions per rollam) and in other public announcements, the Company has previously announced that it will allow the election of profit-sharing in the form of shares. At the same time, in view of legal and tax regulations, it is necessary that the possibility of choosing to participate in profits in the form of shares is limited to a certain amount of capital participation of the Company’s shareholders, more precisely the amount of the minimum share of the shareholders' profit less withholding taxes to be set off against the Company's claim on the payment of the issue price. It follows from the above that there will be a partial limitation of the possibility for some shareholders of the Company to subscribe for new shares and, in view of the specific nature of the share dividend, there will also be a limitation of the independent transferability of the priority right to subscribe for the new shares without the transfer of the right to a share of the profit at the same time, since the right to subscribe for shares must be linked exclusively to the dividend paid on the Company’s shares and not using external resources, also in view of the exception referred to in Article 1(4)(h) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC *(the obligation to publish a prospectus does not apply to a public offer of securities in the case where dividends are paid to existing shareholders in the form of shares of the same class as the shares on which such dividends are paid, if a document containing information on the number and nature of the shares and the reasons for and details of the offer is made available)*. Therefore, the right to receive the Company’s share dividend will vest only in those shareholders of the Company who will be entitled to a profit of CZK 570 (in words: five hundred and seventy Czech crowns) on the record date for the priority right to subscribe for new shares and for the exercise of the right to share corresponding to the issue price determined by the Company's Board of Directors per one share less the relevant withholding taxes, and at the same time this right will continue to exist for the same shareholders (or persons to whom the priority right together with the right to profit-sharing is transferred) at the time when they choose a stock dividend of the Company.

The above procedure is the only possible way in the domestic legal environment to enable the implementation of a share dividend by issuing new shares. Although the above procedure will potentially affect the rights of the Company’s shareholders, as it may either restrict their priority subscription right, in case they won´t reach the amounts needed for the subscription of at least one new share, however, the Company considers this procedure to be proportionate to what the Company and its shareholders may gain from this procedure. This is because the share dividend will bring available resources to the Company that the Company can use to fund the Company’s other activities, particularly acquisition activities. This should, if the current economic trend continues, bring the Company increased profits in the years to come. Details of the reasons for the limitation of these rights are further set out in the report on the limitation of priority right prepared by the Company for the Company’s shareholders in this regard. An option that would also bring available resources to the Company is not to pay out profits in full and to retain a portion of the profits for future investments and in particular the Company’s acquisition activities. This procedure, however, is not in accordance with the statutory regulation and the established case law of the Czech courts, and hence the Company decided to use the share dividend option in the way that is currently possible under Czech law, i.e. ultimately not to restrict the shareholders' right to a dividend and to decide on the distribution of all profits and, on the contrary, to give the shareholders the right to voluntarily leave some of the profits in the Company.

As the right to receive the share dividend does not vest until the 4th (fourth) business day following the passing of the resolution at the General Meeting, the Company's shareholders interested in the share dividend will be allowed to acquire the necessary number of shares on the regulated market to exercise the share dividend and the Right of Choice. On the other hand, shareholders of the Company who are not interested in this procedure, or who would not receive the share dividend, may offer the Company's shares for sale or, alternatively, may choose not to react to the development in the Company and receive the appropriate part of the dividend.

If it appears that the Company will not benefit sufficiently from the funds in the form of a share dividend to provide the Company with adequate capital, the Board of Directors of the Company may elect not to increase the Company's share capital. In such a case, the Company's shareholders will receive a share of the profits paid in cash, regardless of whether or not they have exercised the Right of Choice. The Board of Directors of the Company will make the above decision within 3 (three) months of the record date for exercising the right to a share of profits and the priority right to a share of profits, i.e. by 4 October 2024.

Although there will be a partial dilution of the shares held by the Company's shareholders as part of the subscription of the new shares, the Company believes that an important reason for the limitation of the Company shareholders' priority right is precisely to raise additional resources that would otherwise be paid out by way of a dividend (the Company, in accordance with the requirements imposed on public joint-stock companies, will pay out 100% (one hundred percent) of the profit for the financial year as well as a portion of retained earnings from previous years). However, this election will be made by the Entitled Shareholders themselves and no profits whatsoever will be retained by the Company solely at the Company's discretion.

7. Total value of the consideration, details of the offer

The total value of the consideration cannot be ascertained as of the date of signing this notice.

Other conditions are listed in Draft III published on the Company's website coltczgroup.com/en/investors-general-meeting/ under reference 1227 (coltczgroup.com).

Place: Prague	Place: Prague
Date: 11 July 2024	Date: 11 July 2024
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Name: **Jan Drahota**	Name: **JUDr. Josef Adam, LL.M.**
Title: Chairman of the Board of Directors	Title: Vice-chairman of the Board of Directors