

Independent Auditor's Report on the Assurance Engagement To the General Meeting of Colt CZ Group SE

Having its registered office at: náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1

Introduction

In accordance with the agreement to conduct an assurance engagement regarding the Remuneration Report pursuant to the requirements of Section 121q of Act No. 256/2004 Coll., on Capital Market Business, as amended (hereinafter the "Capital Market Business Act"), we have been engaged by the Board of Directors of Colt CZ Group SE (the "Company") to conduct an assurance engagement regarding the attached Remuneration Report for the year ended 31 December 2024 (the "Remuneration Report") prepared by the Company's Board of Directors and containing the information required by Section 121p (1) of the Capital Market Business Act.

Subject matter of the assurance engagement and applicable criteria

The subject matter of our engagement was the assessment required by Section 121q of the Capital Market Business Act regarding the assurance whether the Remuneration Report contains the information required by Section 121p (1) of the Capital Market Business Act.

The Auditor's task is not to verify the factual correctness of the Remuneration Report, and the information contained therein.

Purpose of the report

This independent auditor's report is intended solely to satisfy the requirements of the Capital Market Business Act and for your information. It may not be used for any other purpose or distributed to any other recipients. The report concerns only the Remuneration Report and cannot be linked to the Company's financial statements as a whole.

Responsibility of the Board of Directors

The Company's Board of Directors is responsible for the preparation of the Remuneration Report in accordance with the applicable requirements of the Capital Market Business Act. The Board of Directors is responsible for the publication of the Remuneration Report on the Company's website and for ensuring access to it free of charge for at least 10 years from the date of the General Meeting where the Remuneration Report was presented.

The Board of Directors is also responsible for the preparation of financial data and non-financial information as well as for the design, implementation and maintenance of internal control systems and processes and accounting records that are necessary for the preparation of a Remuneration Report that is free of material misstatements and compliant with applicable legal requirements.

Independent auditor's responsibility

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) – "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". In line with these regulations, we are required to comply with ethical standards and plan and perform procedures to obtain limited assurance about the Remuneration Report.

We comply with the International Standard on Quality Management 1 and accordingly maintain a comprehensive system of quality control, including internal policies and procedures regarding compliance with ethical and professional standards and applicable legal regulations.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which defines the fundamental principles of professional ethics, i.e. integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

The procedures are selected depending on the auditor's judgment. The performed procedures predominantly include interviewing relevant persons and other procedures the aim of which is obtaining evidence on the Remuneration Report.

The performed assurance constitutes a limited assurance engagement. The nature, timing and scope of procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement, and therefore the resulting level of assurance is lower.

Our procedures included:

- understanding the resolutions of the General Meeting of the Company regarding the remuneration policy for members of the Board of Directors and the Supervisory Board, as well as other persons pursuant to Section 121m (1) of the Capital Market Business Act, as well as any resolutions of the Supervisory Board and other documents governing the remuneration policy subject to disclosure in the Remuneration Report;
- understanding the procedures adopted by the Supervisory Board and the Board of Directors to comply with the requirements of the remuneration policy and the preparation of the Remuneration Report, and assessing the application of the relevant criteria for the preparation of the Remuneration Report;
- identifying persons under Section 121m (1) of the Capital Market Business Act, for whom there is a requirement to include information in the Remuneration Report; and
- assessing whether the Remuneration Report contains all material information required by Section 121p (1) of the Capital Market Business Act regarding each of the above-identified persons.

We draw your attention to the fact that the Remuneration Report was not subject to the audit of the financial statements and the examination of the annual report in terms of Act No. 563/1991 Coll., on accounting, as amended. In the course of performing the assurance procedures, we have not conducted an audit or review of the financial and non-financial information used in the preparation of the Remuneration Report.

As part of our procedures, however, we assessed whether there were no material inconsistencies between the information presented in the Remuneration Report and the knowledge and understanding we obtained in the course of the audit of the Company's financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion expressed below.

Conclusion

Based on the assurance procedures performed and the evidence obtained, we did not find any facts indicating that the Remuneration Report does not contain, in all material respects, the information required by Section 121p (1) of the Capital Market Business Act.

In Prague on 21 May 2025

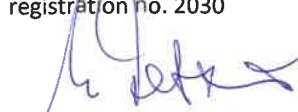
Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Represented by:

Martin Tesař
registration no. 2030



Report on Remuneration for 2024

of Colt CZ Group SE with its registered office at náměstí Republiky 2090/3a, 110 00 Prague 1, ID No.: 291 51 961, entered in the Commercial Register maintained by the Municipal Court in Prague, Section H, Insert No. 962 (the “Company”)

This Report on Remuneration is prepared pursuant to Sections 121o and 121p of Act No. 256/2004 Sb., on Capital Market Business, as amended (the “CMBA”), and follows up on the Remuneration Policy approved by the Company’s General Meeting on 4 October 2024 and available on the Company’s website.

This Report provides a complete overview of remuneration, including all benefits in any form whatsoever provided or payable in the 2024 financial year to persons in the position of a member of the Company’s Board of Directors, Supervisory Board, or Audit Committee (the “Officers”). Persons whose membership in the Company’s Board of Directors or Supervisory Board terminated in 2023 or 2024 and who received, directly or indirectly, remuneration from the Company in 2024 are also considered Officers.

1. Remuneration of Officers

The remuneration of Officers is laid down in the Remuneration Policy, which aims to

- (a) contribute to the fulfilment of the Company’s business strategy, defending its long-term interests and its sustainability; and
- (b) secure, retain and motivate members of the Board of Directors, the Supervisory Board and the Audit Committee, with regard to the qualifications, abilities, experience, commitment and roles of these individuals within the Company.

Remuneration and other benefits for the Officers are agreed either in service contracts or employment contracts approved by the Company’s Supervisory Board or General Meeting in compliance with the wording of its Articles of Association or the Company’s decision as the shareholder of subsidiaries under its control.

2. Outline of the Company’s performance in 2024 and annual changes in remuneration to the Company’s employees adjusted to weekly working hours

The Company’s performance for 2024 is summarized in detail in the Company’s annual report published on the Company’s website on 29 April 2025.

The total consolidated revenues of the group of companies controlled directly or indirectly by the Company slightly exceeded the communicated forecast in 2024 (CZK 20-22 billion), i.e., they amounted to CZK 22.4 billion. This result is a combination of organic growth in the firearms sector, in particular the increase in long guns sales, as well as the consolidation of Sellier & Bellot a.s. from the acquisition date, i.e., from 16 May 2024.

The level of consolidated EBITDA net of extraordinary one-off items achieved in 2024 was CZK 4.6 billion, or CZK 3.5 billion disregarding the extraordinary one-off items. Hence, the EBITDA net of one-off items came closer to the higher limit of the range of CZK 4,3 to 4,7 billion as communicated during the presentation of the quarterly

report for the first nine months of 2024. The increase in EBITDA compared to 2023 is related to the growth in sales, a higher share of orders in the armed forces segment, but above all to the consolidation of Sellier & Bellot a.s.

An overview of the year-on-year change in the consolidated financial and non-financial figures of the Company in 2020 through 2024 is shown in the table below:

Financial and non-financial figures	2024	2023	2022	2021	2020
Revenues from sale of own products, goods and services in CZK thous.	22 375 792	14 855 581	14 589 774	10 688 927	6 819 673
Operating profit in CZK thous.	2 001 018	1 861 966	2 198 682	1 011 181	1 056 319
EBITDA in CZK thous. ⁽¹⁾	3 479 842	2 663 687	3 109 117	1 800 804	1 449 815
Profit before tax in CZK thous.	1 379 838	2 509 562	2 356 170	931 548	851 023
Net financial debt at year's end in CZK thous. ⁽²⁾	11 974 558	7 464 691	3 669 615	3 770 060	561
Net leverage ratio ⁽³⁾	2,26x	2.8x	1.18x	1.42x	0x
Net profit margin ⁽⁴⁾	4,7%	13.7%	13.9%	7.1%	9.9%

- ⁽¹⁾ The Group's Board of Directors considers EBITDA to be the key indicator of performance when assessing the business. The Company calculates consolidated EBITDA on the basis of data in the audited consolidated financial statements. EBITDA is calculated as profit after tax for the time period concerned, plus income tax, minus the profit from a bargain purchase, minus other financial income, plus other financial expenses, minus interest income, plus interest expense, adjusted by gains or losses from derivatives transactions, minus share of profit of associates and gain on investments in associated companies, plus depreciation and amortization. All items in the calculation of EBITDA were taken from the consolidated statement of profit or loss and from the statement of comprehensive income of the audited financial statements of the Company.
- ⁽²⁾ The Company calculates consolidated net financial debt as long- and short-term bank credits and loans and liabilities under lease agreements (long- and short-term) minus cash and cash equivalents and other financial assets as shown in the consolidated statement of financial position in the audited financial statements of the Company. The Group uses the net financial debt to assess indebtedness with financial institutions, including banks, lease companies, and bondholders.
- ⁽³⁾ Net leverage ratio is defined as the ratio of net financial debt at the year's end to EBITDA net of exceptional one-off items for the same period.
- ⁽⁴⁾ Net profit margin is calculated as the ratio of profit after tax for the time period concerned to revenues from the sale of own products, goods, and services, expressed as a percentage. Both items of the ratio are taken from the consolidated statement of profit or loss and from the statement of comprehensive income of the audited financial statements. Net profit margin is used in analyses as a percentage indicator of a company's profitability.

The Company completed the acquisition of Sellier & Bellot a.s. and thus significantly contributed to the fulfilment of its long-term plan to expand its product portfolio and strengthened a new segment of ammunition manufacturers.

In the course of 2024, the Company's management did not fully attain the projected financial indicators, specifically in the organic growth EBITDA, which serves as the main criterion for the payment of the variable components of remuneration. The main reasons were the decline in the US commercial market and lower cost efficiency, especially in the US.

The table below summarizes trends in the remuneration of the employees of the Company and employees of the subsidiaries for 2024.

	2024	2023	2022	2021	2020
Average number of full-time equivalent employees	3 202	2 098	2 193	2 185	1 664
Wages and salaries in CZK thous.	2 954 122	2 049 228	1 996 160	1 486 843	938 307
Miscellaneous personal expenses in CZK thous.	34 284	35 681	60 012	42 375	30 648
Post-employment benefits plan in CZK thous.	1 411	264	350	25 207	0
Stock plan of Colt CZ Group SE in CZK thous.	145 402	161 967	119 488	0	0
Employee bonuses in CZK thous.	163 918	70 515	67 425	25 448	33 895
Total in CZK thous.	3 299 138	2 317 655	2 243 435	1 579 873	1 002 850
Average annual remuneration in CZK thous. per employee who is not a person under Section 121m(1) CMBA	1 030	1 105	1 023	723	603

The table above does not reflect those bonuses and other benefits provided to Officers which are the subject of chapter 4 of this Report.

3. Overview of remuneration and other benefits granted to Officers in 2024

In 2024, the Company provided the Officers with remuneration and other benefits in compliance with the Remuneration Policy in the following breakdown:

- (a) Fixed component of remuneration
 - ▷ Basic monthly remuneration
 - ▷ Benefits and perquisites pursuant to Section 121l(2) of the CMBA in the form of liability insurance covering damage caused by a breach of duty of an officer (i.e. the D&O insurance), accident insurance, travel insurance for short-term business trips, including accommodation, a passenger car for private use, use of IT equipment and mobile phone for personal use, pension benefits and health insurance in the US, contribution for meals, contribution for healthcare
- (b) Variable component of remuneration
 - ▷ Annual bonus tied to the fulfillment of performance criteria set for 2023 (up to twelve times the amount of the basic salary)
 - ▷ Extra bonus (determined based on a decision of the body that elected the Officer concerned)

4. Amount of remuneration and other benefits granted

The members of the bodies received the following gross remuneration and other benefits from the Company or subsidiaries controlled by the Company in 2024:

4.1 Company's Board of Directors

The Company's Board of Directors has six members. As of 31 December 2024, the Board of Directors had 6 members, namely:

- (a) Jan Drahota (chairman of the Board of Directors with taxable income in the Company),
- (b) Josef Adam (vice-chairman of the Board of Directors with taxable income in the Company),
- (c) Jan Holeček (member of the Board of Directors with taxable incomes in the Company),
- (d) Jan Zajíc (member of the Board of Directors with taxable income in Česká zbrojovka a.s.),
- (e) Radek Musil (member of the Board of Directors with taxable income in Sellier & Bellot a.s. and Sellier & Bellot Trade a.s., whose term on the Company's Board of Directors started on 1 August 2024), and
- (f) Dennis Veilleux (member of the Board of Directors with taxable income in Colt's Manufacturing Company LLC).

The recalculated number of board members in 2024 was 5.4.

4.1.2 An overview of gross remuneration and other benefits provided to members of the Company's Board of Directors in 2024:

*Remuneration paid in a currency other than CZK is converted at the average CNB's exchange rate for 2024.

In CZK	Total	Companies that provided remuneration and other benefits to members of the Board of Directors in 2024				
		Colt CZ Group SE	Česká zbrojovka a.s.	Colt's Manufacturing Company LLC	Sellier & Bellot a.s.	Sellier & Bellot Trade a.s.
Fixed component of the remuneration						
Basic remuneration	23 366 696.00	8 640 000.00	2 400 000.00	9 561 696.00	2 750 000.00	15 000.00
Benefits and other perquisites	3 309 141.58	727 104.00	256 759.00	2 214 491.58	109 437.00	1 350.00
Variable component of the remuneration						
Annual bonus	12 941 600.00	6 300 000.00	2 000 000.00	4 641 600.00	0.00	0.00
Extra bonus	247 049.00	18 065.00	46 984.00	0.00	182 000.00	0.00
Total remuneration and other perquisites	39 864 486.58	15 685 169.00	4 703 743.00	16 417 787.58	3 041 437.00	16 350.00

Ratio between the fixed component of remuneration and total remuneration	66,92%
Ratio between the variable component of remuneration and total remuneration	33,08%

The variable component of the remuneration shown in the table above represents the annual remuneration paid for 2023, whose amount and conditions for entitlement were set in 2023 and which was assessed and paid in 2024.

4.1.3 Compliance with the Remuneration Policy

All components of remuneration have been paid to the members of the Board of Directors in compliance with the Remuneration Policy that has been applied to the Company since the date of its approval.

4.1.4 Application of performance criteria

The Company's key performance criterion under the approved Remuneration Policy was EBITDA. For some members of the Board of Directors (Dennis Veilleux and Jan Zajíc) this indicator was EBITDA achieved by the companies controlled by Colt CZ Group North America Inc., or by Česká zbrojovka a.s., respectively. In relation to the other members of the Board of Directors (Jan Drahota, Josef Adam and Jan Holeček), the key performance criterion was the consolidated EBITDA for the entire Colt CZ Group.

EBITDA is an indicator of operating performance and profitability of the Company, and as such it adequately reflects the development of the Company's performance.

4.2 Company's Supervisory Board

The Company's Supervisory Board has six members. The composition of the Company's Supervisory Board in 2024 is described in the annual report of the Company for 2024. As of 31 December 2024, the Supervisory Board had six members, namely:

- (a) David Aguilar (Chairman of the Supervisory Board with taxable income in Colt CZ Group North America Inc.),
- (b) René Holeček (member of the Supervisory Board and Vice Chairman of the Supervisory Board with taxable income in the Company),
- (c) Lubomír Kovařík (vice-chairman of the Supervisory Board with taxable income in the Company),
- (d) Vladimír Dlouhý (member of the Supervisory Board with taxable income in the Company),
- (e) Jana Růžičková (member of the Supervisory Board with taxable income in the Company), and
- (f) Daniel Birmann (member of the Supervisory Board without taxable income in the Company)

The recalculated number of Supervisory Board members in 2024 was 5.6.

4.2.2 An overview of gross remuneration and other benefits provided to members of the Company's Supervisory Board in 2024:

In CZK		Companies that provided remuneration and other benefits to members of the Supervisory Board in 2024	
	Total	Colt CZ Group SE	Colt CZ Group North America Inc.
Fixed component of remuneration			
Basic remuneration	16 602 000	10 800 000	5 802 000
Benefits and other perquisites	923 900	923 900	
Variable component of remuneration			
Annual bonus	5 280 000	5 280 000	
Extra bonus	24 086	24 086	
Total remuneration and other perquisites	22 829 986	17 027 986	5 802 000

* Remuneration paid in a currency other than CZK is converted at the CNB's average exchange rate for 2024

Ratio between the fixed component of remuneration and total remuneration	76,77%
Ratio between the variable component of remuneration and total remuneration	23,23%

The variable component of the remuneration shown above represents the remuneration paid for 2023; its amount and conditions for entitlement were set out in the service agreement.

4.2.3 Compliance with the Remuneration Policy

All components of remuneration have been paid to the members of the Supervisory Board in compliance with the Remuneration Policy that has been applied in the Company since the date of its approval.

4.2.4 Application of performance criteria

Performance criteria are not applied in remunerating the Company's Supervisory Board members.

4.3 Company's Audit Committee

The Audit Committee has three members. The composition of the Audit Committee in 2024 is described in the Company's Annual Report for 2024. The recalculated number of members in the Audit Committee in 2024 was 3.

	Total	Colt CZ Group
Fixed component of the remuneration		
Basic remuneration	600 000	600 000
Benefits and other perquisites	0	0
Variable component of the remuneration		
Annual bonus	0	0
Extra bonus	0	0
Total remuneration and other perquisites	600 000	600 000

Ratio between the fixed component of remuneration and total remuneration	100.00%
Ratio between the variable component of remuneration and total remuneration	0.00%

No variable component of the remuneration has been agreed for members of the Audit Committee.

4.3.1 Compliance with the Remuneration Policy

All components of remuneration have been paid to the members of the Audit Committee in compliance with the Remuneration Policy that has been applied in the Company since the date of its approval.

4.3.2 Application of performance criteria

Performance criteria are not applied in remunerating the Company's Audit Committee members.

5. Overview of changes in total remuneration for Officers

The Company's shares were accepted for trading on the European regulated market in October 2020; hence, 2020 is the first period in which the Company recorded paid-out remuneration.

Period	2020	2021	2022	2023	2024
Annual full-time equivalent number of Officers	10	12.33	12.67	12.5	11
Total balance of all remuneration granted	CZK 46 823 195	CZK 76 022 732	CZK 76 228 182	CZK 62 516 631	CZK 63 294 473

6. Remuneration in the form of the Company's Shares

Pursuant to the Remuneration Policy, the Company's Supervisory Board approved the Share Plan of Colt CZ Group SE in 2021 (the "**Share Plan**"). Based on the Share Plan, the Company may provide the Officers and other persons defined as the *Authorized Persons* in the Remuneration Policy with remuneration in the form of shares.

The total number of the Company's shares that can be provided under the Share Plan is 3,373,000 book-entry shares in registered form with a nominal value of CZK 0.10 per share.

As of 31 December 2024, the Share Plan had 74 participants to whom the Company granted 79% of the total stock options allocated to the Share Plan. The total stock options granted also include stock options for members of the Company's Board of Directors and Supervisory Board.

As of the date of this Report:

- (a) to members of the Company's Board of Directors, a total of 1,173,000 stock options. As of 3 July 2024, the members of the Company's Board of Directors have acquired a total of 949,000 shares of the Company, of which Jan Drahota

acquired 784,000 shares for an option price of CZK 78,400 with a value at the acquisition date of CZK 522,144,000, Dennis Veilleux acquired 59,000 shares for an option price of CZK 5,900 with a value at the acquisition date of CZK 39,294,000, Jan Zajíc acquired 59,000 shares for an option price of CZK 5,900 with a value at the acquisition date of CZK 39,294,000, Josef Adam acquired 23,500 shares for an option price of CZK 2,350 with a value at the acquisition date of CZK 15,651,000, and Jan Holeček acquired 23,500 shares for an option price of CZK 2,350 with a value at the acquisition date of CZK 15,651,000.

- (b) The Supervisory Board member David Aguilar acquired 23,500 stock options that vested on 3 July 2024 in accordance with the Share Plan for an option price of CZK 2,350. The value of the acquired shares at the acquisition date was CZK 15,651,000.

The conditions for stock options to vest and be exercised are described in more detail in the 2024 annual report. Below is a summary of the main conditions for stock options to vest under the Share Plan:

- (i) 15% of the stock options were gradually vested over the first three years of the Share Plan (beginning in 2023), with 5% of the total stock options vesting to the relevant Authorized Person each year. The first vesting of 5% of the stock options occurred upon the signing of the agreement on participation in the Share Plan. Stock options were subsequently vested on 1 June 2023 and 1 June 2024.
- (ii) 35% of the stock options were vested on 1 June 2024, based on the achievement of the so-called target 1 (achievement of consolidated EBITDA of USD 275,000,000 for the period from January 1, 2021, to December 31, 2024).
- (iii) The remaining 50% of the stock options may vest if the Company achieves target 2 (simultaneous achievement of the following partial targets as of 31 December 2025: (x) consolidated turnover of the Colt CZ Group exceeds EUR 1,000,000,000; (y) consolidated EBITDA equals or exceeds EUR 200,000,000; and (z) the net debt / EBITDA ratio is less than 3.5). In the case of target 2 achievement, 50% of the stock options will vest as of 1 June 2026.
- (iv) As of 31 December 2024, a total of 1,735,100 shares have been settled by the Company under the Share Plan to 74 participants of the plan, based on the conditions fulfilled as of 2 July 2024. The members of the Board and the members of the Supervisory Board have exercised all options granted, amounting to 972,500 units.
- (v) The right to exercise the remaining allocated share options may be exercised no earlier than 2 July 2026. In both cases, the option purchase price is CZK 0.10.

As of 31 December 2024, a total of 247,500 share options were allocated to members of the Board of Directors and Supervisory Board as follows: 59,000 options were allocated to Jan Drahota, 59,000 options to Dennis Veilleux, 59,000 options to Jan Zajíc, 23,500 options to Josef Adam, 23,500 options to Jan Holeček, and 23,500 options to David Aguilar. The allocation of these options is subject to the fulfillment of the condition specified in point (iii) above.

For the sake of completeness, the Company represents that as of 31 December 2024, the Officers held a total of 31,230,295 book-entry shares of the Company.

7. Information on the exercise of the Company's right to claim refund of the variable component of remuneration or a part thereof

In 2024, the Company did not assert its right to a refund of the variable component of the remuneration or a part thereof vis-à-vis any Officer.

8. Information on deviations from the Remuneration Policy

When remunerating the Officers in 2024, the Company did not deviate from the Remuneration Policy.

In Prague, 21 May 2025



Radek Musil
Vice-chairman of the Board of Directors



Josef Adam
Vice-chairman of the Board of Directors