COLT CZGROUP

Information on the impact of the decision to authorize the Board of Directors to increase the share capital of Colt CZ Group SE and to exclude pre-emptive right to subscribe for new shares on shareholders' rights

Based on the resolution to authorise the Company's Board of Directors to increase the Company's share capital and to exclude the pre-emptive right to subscribe for new shares ("**Resolution**"), the General Meeting of the Company shall authorise in accordance with Sections 511 et seq. of Act No. 90/2012 Coll., on business companies and cooperatives (the Companies Act), as amended (the "**Companies Act**") the Company's Board of Directors to increase the share capital of the Company on the terms and subject to the conditions set out in the Companies Act and the Company's Articles of Association. The authorisation of the Company's Board of Directors substitutes a resolution of the General Meeting of the Company to increase the share capital while at the same time stipulating that:

► upon the authorisation of the Board of Directors, the share capital of the Company may be increased by a maximum of CZK **800 000** (in words: eight hundred thousand Czech crowns);

► in connection with the increase in the share capital on the basis of the authorisation of the Board of Directors, a maximum of **8,000,000** (in words: eight million) registered book-entry shares with a nominal value of CZK **0.10** (in words: ten hellers) per share will be issued, provided that the rights attached to the new shares will be the same as the those attached to the existing shares of the Company;

► in connection with the increase in the Company's share capital by a decision of the Board of Directors of the Company on the basis of this authorisation, the issue price of the shares may only be paid by cash contributions:

► based on the authorisation, the Board of Directors of the Company may increase the share capital multiple times insofar as the aggregate amount of the increase does not exceed the stipulated limit;

► the authorisation is granted for a period of 1 (in words: one) year from the day the General Meeting decided to grant the authorisation;

► the shares to be subscribed for as part of the share capital increase pursuant to this authorisation of the Company's Board of Directors may be offered for subscription only to a pre-determined bidder, i.e. without the use of pre-emptive rights, namely to **KAPRAIN CHEMICAL LIMITED,** a company established and existing under the laws of the Republic of Cyprus, with its registered office at 1077 Nicosia, Archbishop Makarios III, 88, Republic of Cyprus, registered in the register maintained by the Ministry of Energy, Commerce and Industry in Nicosia, Department of Commercial Registry and Intellectual Property, registration number: HE 381813, EUID: CYDRCOR.HE381813 ("**KAPRAIN**");

► the lowest price at which KAPRAIN may acquire the newly subscribed shares of the Company is CZK 400 (in words: four hundred Czech crowns) for 1 (in words: one) registered book-entry share with a nominal value of CZK 0.10 (in words: ten hellers), and the highest price at which KAPRAIN may acquire newly subscribed shares of the Company is CZK 1000 (in words: one thousand Czech crowns) for 1 (one) registered book-entry share with a nominal value of CZK 0.10 (in words: ten hellers), whereby the amount by which the price exceeds the nominal value of the newly subscribed share will constitute the share premium;

The new shares will be subscribed exclusively for the purpose:

a) settlement of the acquisition of 2,550 (in words: two thousand five hundred and fifty) registered shares in paper form with a nominal value of CZK 20,000 (in words: twenty thousand Czech crowns) each in **Synthesia Nitrocellulose, a.s.**, with its registered office at Semtín 103, 530 02 Pardubice, ID No.: 223 44 071, entered in the Commercial Register maintained by the Regional Court in Hradec Králové, File No. B 3945 (“**Synthesia NTC**”), representing 51% (in words: fifty-one percent) of the share capital of Synthesia NTC by the Company.

b) settlement of the acquisition of 51% (in words: fifty-one percent) of registered book-entry share with a nominal value of CZK 100,000 (in words: one hundred thousand Czech crowns) each in **Synthesia Power, a.s.**, with its registered office at Semtín 103, 530 02 Pardubice, ID No.: 231 73 114, entered in the Commercial Register maintained by the Municipal Court in Prague, File No. B 29640 (“**Synthesia Power**”), representing 51% (in words: fifty-one percent) of the share capital of Synthesia Power by the Company,

(jointly the “**Transaction**”).

The transaction and its terms have been further detailed in a presentation entitled „Acquisition of Synthesia Nitrocellulose by Colt CZ“ available on the Company's website at https://www.coltczgroup.com/en/ under the "**Financial Results and Presentations"** item, see section "**Acquisition of Synthesia Nitrocellulose**". The documents are also published on the Company's website under "**Investors**" in the "**General Meeting**" section.

Pursuant to Section 488 of the Companies Act, the General Meeting of the Company may exclude the shareholders' pre-emptive rights to subscribe for new shares in its resolution provided that such exclusion is **in the Company’s important interest**.

The subscription of new shares is a prerequisite for the proper and complete settlement of the Transaction. Furthermore, KAPRAIN's acquisition of a stake in the Company ensures its interest in the future direction of the Company and its subsidiaries and the future results of the assets acquired under the Transaction. For the Company's shareholders, the completion of the Transaction and the acquisition of Synthesia NTC and Synthesia Power represents an opportunity to participate in the financial results of a larger and more stable group of companies.

The Company’s Board of Directors believes that the exclusion of the pre-emptive right to subscribe shares for the purpose of a comprehensive settlement of the Transaction is in the interests of the Company and consistent with the information on the Transaction hitherto provided.

Although the subscription for the new shares will result in a partial dilution of the shareholdings held by the Company’s existing shareholders, the Company believes that **there are several important reasons for excluding the pre-emptive rights of the Company’s shareholders to subscribe for the shares, as set out in the invitation to the Company’s General Meeting. The interference with the pre-emptive rights of all shareholders is a truly necessary and only possible measure for the implementation of the Transaction as agreed**. The proposed exclusion of the pre-emptive right is applied equally to all shareholders of the Company, i.e. all shareholders are treated equally and without any distinction in the context of the interference with their pre-emptive rights.

The resolution of the General Meeting and the subsequent resolution of the Company's Board of Directors have no effect on the change of the class or form of shares, the rights attached to the shares remain unchanged, there is no splitting or consolidation of shares, nor any change to the rules of corporate governance. All rights attached to shares in the Company remain, in connection with the Resolution, preserved to the same extent as before, and there is no restriction or extension thereof; no new rights or obligations arise, nor is there any restriction of any existing rights. The aforementioned Resolution has no effect on the change or direction of the Company, i.e., not even an indirect impact on the rights of the Company's shareholder.