

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 939 558.60 (in words: nine hundred and thirty-nine thousand five hundred and fifty-eight Czech crowns sixty hellers);
- ▶ in connection with the increase in the share capital on the basis of the authorisation of the Board of Directors, a maximum of 9 395 586 (in words: nine million three hundred and ninety-five thousand five hundred and eighty-six) 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 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 date on which the General Meeting of the Company passes the resolution on 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 one up to five pre-determined subscriber(s), provided that each such subscriber is a European provider of investment services within the meaning of Directive (EU) 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II) designated by the Company's Board of Directors, which was not a shareholder of the Company as of the record date (each such subscriber as the "**Investment Bank**");
- ▶ the lowest price at which the Investment Bank(s) may acquire newly subscribed shares of the Company is CZK 600 (in words: six hundred Czech crowns) per 1 (in words: one) registered book-entry with a nominal value of CZK 0.10 (in words: ten

hellers), and the highest price at which the Investment Bank(s) may acquire newly subscribed shares of the Company is CZK 1 500 (in words: one thousand five hundred Czech crowns) for 1 (in words: one) registered book-entry share with a nominal value of CZK 0.10 (in words: ten hellers ("**Price Range**")), provided that the final amount of such price within the Price Range shall be determined by the Company's Board of Directors, whereby the amount by which the price exceeds the nominal value of the newly subscribed share will constitute the share premium.

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 exclusion of pre-emptive right is in the Company's best interests, as it will enable, among other things, a rapid and predictable increase in equity capital in the required amount and time frame, a reduction in the Company's current debt, strategic investments, acquisitions, and development, specifically in the form of further strategic investments in technology modernization and increased production capacity, strengthening innovation capacity and research and development, personnel and organizational strengthening, acquisition of manufacturers of products complementary to the Colt CZ group's product portfolio, and a focus on investors and the stability of the market price of the Company's shares. Raising new equity capital exclusively from qualified investors or other persons with long-term investment horizons through the Investment Bank has a number of advantages not only for the Company but also for the Company's shareholders themselves, creating the conditions for the successful admission and trading of the Company's shares on the Euronext Amsterdam Stock Exchange.

Although the subscription of 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 right to subscribe for shares of the Company's shareholders, as stated in the invitation to the Company's General Meeting and in the report of the Company's Board of Directors** prepared in accordance with Section 488(4) of the Companies Act, which is published on the Company's website (<https://www.coltczgroup.com/en/> under the **Investors**" tab in the **"General Meetings"** section), and detailing the reasons for the exclusion of the pre-emptive right and also a detailed justification of the necessity of this step.

The interference with the pre-emptive rights of all shareholders is indeed necessary and only possible measure for the realization of the Company's objectives described above. 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.