

Report on Remuneration for 2021

of Colt CZ Group SE with its registered office at Opletalova 1284/37, Nové Město, 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 22 June 2021 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 2021 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 2021 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 2021 and annual changes in remuneration to the Company’s employees adjusted to weekly working hours

The Company’s performance for 2021 is summarized in detail in the Company’s annual report published on the Company’s website on 29 April 2022.

In 2021, the Company achieved the goals to the achievement of which it had committed to the Supervisory Board as well as in the forecast it had provided to capital markets.

The total revenues of the Company, including those contributed by the Colt Group since the takeover date (21 May 2021), reached CZK 10.7 billion in 2021, surpassing the communicated forecast of CZK 10.34 to 10.64 billion. The level of EBITDA net of

extraordinary one-off items achieved in 2021 was CZK 2.17 billion, or CZK 1.8 billion disregarding the extraordinary one-off items. Hence, the EBITDA net of extraordinary one-off items reached the upper limit of the range of CZK 1.99 to 2.19 billion as communicated during the presentation of the semi-annual report for the first six months of 2021.

The Company successfully completed the acquisition of the US-based firearms manufacturer Colt, started its integration into the group, and continued its organic growth. In the course of 2021, the Company's management attained the projected financial indicators which serve as the main criteria for the payment of the variable components of remuneration.

The table below summarizes trends in the remuneration of the employees of the Company and employees of the subsidiaries for 2021.

	2021	2020
Average number of full-time equivalent employees	2,185	1,664
Wages and salaries in CZK thous.	1,486,843	938,307
Miscellaneous personal expenses in CZK thous.	42,375	30,648
Post-employment benefits plan in CZK thous.	25,207	0
Employee bonuses in CZK thous.	25,448	33,895
Total in CZK thous.	1,579,873	1,002,850
Average remuneration per employee other than a person under Section 121m(1) CMBA in CZK thous.	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 2021

In 2021, 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 also for private use, use of IT equipment and mobile phone for personal use, pension benefits and health insurance in the US.
- (b) Variable component of remuneration
 - ▷ Annual bonus tied to the fulfilment of performance criteria set for 2020 (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 granted remuneration and other benefits

In 2021, the Officers received the following gross remuneration and other benefits from the Company and from the subsidiaries controlled by the Company:

4.1 Company's Board of Directors:

The Company's Board of Directors has 7 members. The composition of the Company's Board of Directors in 2021, including changes, is described in the annual report for 2021.

in CZK	Total	Colt CZ Group SE	Česká zbrojovka a.s.	CZ-USA	Colt's Manufacturing Company LLC
Fixed component of the remuneration					
Basic remuneration	30,456,038	8,860,000	3,600,000	9,323,238	8,672,800
Benefits and other perquisites	2,048,445	388,170	645,709	708,524	306,041
Variable component of the remuneration					
Annual bonus	16,862,738	9,120,000	3,840,000	3,902,738	
Extra bonus	14,526,449			14,526,449	
Total remuneration and other perquisites	63,893,671	18,368,170	8,085,709	28,460,951	8,978,841

Ratio between the fixed component of remuneration and total remuneration	50.87%
Ratio between the variable component of remuneration and total remuneration	49.13%

* Remuneration paid in a currency other than CZK is converted at the CNB's average exchange rate for 2021.

The variable component of the remuneration shown above represents the remuneration paid for 2020; its amount and conditions for entitlement were set in 2020 and approved in 2021.

4.1.1 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 in the Company since the date of its approval.

4.1.2 Application of performance criteria

The Company's key performance criteria under the approved Remuneration Policy included the operating profit/loss, EBITDA, net earnings before tax, free cash flow, and

net debt to EBITDA ratio, reflecting the Company's performance and its ability to invest into its further growth.

4.2 Company's Supervisory Board:

The Company's Supervisory Board has 3 members. The composition of the Company's Supervisory Board in 2021 is described in the annual report for 2021.

in CZK	Total	Colt CZ Group SE	Česká zbrojovka a.s.	CZ Export Praha, s.r.o.
Fixed component of the remuneration				
Basic remuneration	6,540,000	5,760,000	720,000	60,000
Benefits and other perquisites	449,061		449,061	
Variable component of the remuneration				
Annual bonus	4,900,000	3,800,000	600,000	500,000
Extra bonus				
Total remuneration and other perquisites	11,889,061	9,560,000	1,769,061	560,000

Ratio between the fixed component of remuneration and total remuneration	58.79%
Ratio between the variable component of remuneration and total remuneration	41.21%

The variable component of the remuneration shown above represents the remuneration paid for 2020; its amount and conditions for entitlement were set in 2020 and approved in 2021.

4.2.1 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.

4.2.2 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 3 members. The composition of the Audit Committee in 2021 is described in the Company's annual report for 2021.

in CZK	Total	Colt CZ Group
Fixed component of the remuneration		
Basic remuneration	240,000	240,000
Benefits and other perquisites	0	0
Variable component of the remuneration		
Annual bonus	0	0
Extra bonus	0	0
Total remuneration and other perquisites	240,000	240,000

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

The variable component of the remuneration shown above represents the remuneration paid for 2020; its amount and conditions for entitlement were set in 2020 and approved in 2021.

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**

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
Total balance of total granted remuneration	CZK 46,823,195	CZK 75,782,732

6. Company's shares and options granted or offered to Officers

Pursuant to the Remuneration Policy, the Company's Supervisory Board approved the Share Programme of Colt CZ Group SE based on which 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. Under the Share Programme, the Company can provide total of 3,373,000 book-entry shares in registered form with a nominal value of CZK 0.10 per share.

In 2021, the Company did not issue any shares for this purpose and did not provide or offer its shares to any Officer.

For the sake of completeness, the Company represents that as of 31 December 2021, the Officers held a total of 2,247,511 book-entry shares of the Company.

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

In 2021, 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 2021, the Company did not deviate from the Remuneration Policy.