

## **Rules for shareholders to claim dividends in the form of shares**

Dear Shareholders,

The General Meeting 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, file no. H 962 (the “**Company**”), adopted on 13 June 2023 a resolution approving the distribution of profit for the year 2022 and retained profit from previous years as well as a resolution increasing the Company’s share capital by subscription of new shares (the “**New Shares**”) and setting off the issue price of the newly subscribed shares against the profit share.

### **What does this mean for you?**

For the first time in the Company's history, the Company's shareholders have the opportunity to elect the form of the Company's dividend. The shareholder can therefore:

1. have the dividend paid as usual in cash, at the approved rate of CZK 30 (before tax) per share, or
2. if the conditions set out below are met, choose a dividend in the form of subscription for New Shares, whereby the shareholder will be allowed to participate in the increase in the Company’s registered capital by subscribing for new shares in the Company instead of receiving a dividend in cash.

If a shareholder of the Company does not choose to receive a distribution of the dividend in the form of New Shares (as set out in clause 2 above), the shareholder does not need to take any of the steps described below and will automatically receive a cash dividend. The rules for cash dividend are available here: <https://www.coltczgroup.com/en/investors-dividend/>.

## **A summary of important information on how to claim a dividend in the form of shares:**

### **1. Who is entitled to a dividend?**

Each shareholder who was a shareholder of the Company, and thus the owner of the Company’s shares, to which the right to dividend is linked, on the record date for the payment of the dividend, i.e. on **19 June 2023**, is entitled to the payment of the dividend.

## **2. What do I need to do if I choose a cash dividend and do not want to subscribe for any New Shares?**

The cash dividend will be paid to the shareholders as usual no later than the due date, i.e. by **19 September 2023**. Accordingly, if a shareholder does not choose a stock dividend, the cooperation outlined below will not be required on his or her part.

## **3. What do I need to do to request a stock dividend instead of a cash dividend?**

The right to receive a stock dividend may be exercised by a shareholder of the Company:

- ▶ who was the owner of at least 27 shares of the Company (or a multiple of 27, as the case may be) on the record date for the dividend payment, i.e. on **19 June 2023**; and
- ▶ who was entitled to a share of the profits corresponding to a share of the profits of 27 shares in the Company (or a multiple of 27, as the case may be) (the “**Entitled Shareholder**”); and
- ▶ who will continue to meet the above-mentioned prerequisites on the date of exercise of the right of choice;
- ▶ and who will also exercise the priority right to subscribe for the New Shares in the manner described above in this document.

An Entitled Shareholder may choose the stock dividend within the period from **26 June 2023** (inclusive) to **17 July 2023** (inclusive). If the stock dividend is not selected within the prescribed period, the shareholder of the Company will receive the dividend in cash.

Therefore, if an Entitled Shareholder of the Company decides to receive a profit share in the form of New Shares, he/she will receive 1 New Share of the Company for every 27 shares owned by him/her, or, more precisely, for the right to receive a profit share corresponding to the profit from 27 shares. In such case, the issue price of 1 New Share will correspond to the payment of a profit share of CZK 526.50, with an amount of CZK 19.50 being set off for each 1 share that entitles the shareholder to a profit share in the form of the Company's shares against the issue price of 1 New Share. The remaining portion of the share of profit attributable to 1 share of the Company, after deduction of applicable withholding taxes, will be paid to the Entitled Shareholder in cash. Similar procedure will apply to the payment of the share of profit attributable to the remaining shares of the Entitled Shareholder in respect of which the Entitled Shareholder will not exercise the right to choose a stock dividend, or those in respect of which it will not be possible to acquire 1 whole New Share (fewer than 27 existing shares). An Entitled Shareholder may only ever exercise the right to choose their profit

in the form of the Company's New Shares that are whole.<sup>1</sup> In this context, you can read the rules for cash dividend here: <https://www.coltczgroup.com/en/investors-dividend/>.

## 4. New Shares subscription procedure

- ▶ Do I have to exercise my subscription right in person or can I be represented by a proxy?
- ▶ When and where can I exercise my right to subscribe for New Shares?
- ▶ Booking the New Shares subscription date online
- ▶ How do I exercise my right to subscribe for New Shares?
- ▶ Completing the claim set-off agreement;
- ▶ Making an entry in the list of subscribers

### 4.1 Do I have to exercise my subscription right in person or can I be represented by a proxy?

The right to choose the stock dividend may be exercised by the Entitled Shareholder at the Company's offices located at **Opletalova 1284/37, Nové Město, 110 00 Prague 1** (the "**Company's Office**"), during normal business hours on every **business day from 9:00 a.m. to 5:00 p.m., in person or through the Entitled Shareholder's proxy.**

#### 4.1.1 How do I prove my existence and identity?

##### **Citizen of the Czech Republic**

- ▶ proof of identity

##### **Foreigner**

- ▶ proof of identity

##### **A legal entity established and existing under Czech law**

- ▶ an officially certified full extract from the relevant public register of legal entities (typically the Commercial Register) **not older than 3 months**, showing which person is a member of the governing body and how he/she is authorised to act on behalf of the legal entity;
- ▶ proof of identity of the person authorised to act on behalf of the legal entity

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<sup>1</sup> Note: If the New Shares are not subscribed for at least in the total nominal value of CZK 18,464, i.e. at least 184,640 registered book-entry shares, with a nominal value of CZK 0.10 per share, the Company's Board of Directors will decide not to increase the registered capital due to the failure to meet the minimum subscription amount of the New Shares under Resolution No. III adopted by the General Meeting of the Company on 13 June 2023. The Board of Directors must make such a decision by **19 September 2023** at the latest. Under these conditions, if applicable, a cash dividend will be subsequently paid to the Entitled Shareholders.

## Foreign legal entity

- ▶ an officially certified full extract from the relevant foreign register of legal entities, **not older than 3 months**, showing which person is a member of the governing body and how he/she is authorised to act on behalf of the legal entity; or
- ▶ an officially certified full extract from the relevant foreign register of legal entities, **not older than 3 months**, and a notary's statement that the person (member of the governing body) is authorised to act on behalf of the legal entity (if this fact does not follow from the extract itself); or
- ▶ a declaration by the Secretary regarding the existence of the legal entity and the composition of its governing body (*Certificate of Secretary*), or any other similar declaration **not older than 3 months**. It is mainly used in the United States of America. It must clearly follow from this declaration that the legal entity exists and which person (member of the governing body) is authorised to act on behalf of the legal entity; or
- ▶ another official document proving the facts mentioned above under the law of the relevant country **not older than 3 months**; and
- ▶ proof of identity of the person authorised to act on behalf of the legal entity

## 4.1.2 How does the representative of an Entitled Shareholder prove their authority to act?

**Custodian** registered in the list of shareholders of the Company maintained by Centrální depozitář cenných papírů, a.s.

- ▶ in the case of a **legal entity** established and existing **under Czech law**:
  - ▷ an officially certified full extract from the relevant public register of legal entities (typically the Commercial Register) **not older than 3 months**, showing which person is a member of the governing body and how he/she is authorised to act on behalf of the legal entity;
  - ▷ a power of attorney (authorisation) for the relevant employee (agent) proving the authority to act on behalf of such legal entity, while the power of attorney (authorisation) must be signed by the principal (represented) with a certified signature;
  - ▷ a declaration by the custodian that it is authorised to take all steps on behalf of the Entitled Shareholder in connection with the subscription for the New Shares (a specimen declaration is available here: <https://www.coltczgroup.com/en/investors-dividend-rules-for-exercising-the-dividend-in-the-form-of-shares/>). The declaration may include a list of the Entitled Shareholders represented by the custodian; and
  - ▷ proof of identity of the natural person authorised by power of attorney (authorisation)
- ▶ in the case of a **foreign legal entity**
  - ▷ an officially certified full extract from the relevant foreign register of legal entities (typically the commercial register) **not older than 3 months**, showing which person is a member of the governing body and how he/she is authorised to act on behalf of the legal entity; or

- ▷ an officially certified full extract from the relevant foreign register of legal entities and a notary's statement **not older than 3 months** that the person (member of the governing body) is authorised to act on behalf of the legal entity (if this fact does not follow from the extract itself); or
- ▷ a declaration by the Secretary regarding the existence of the legal entity and the composition of its governing body (*Certificate of Secretary*), or any other similar declaration **not older than 3 months**. It is mainly used in the United States of America. It must clearly follow from this declaration that the legal entity exists and which person (member of the governing body) is authorised to act on behalf of the legal entity; or
- ▷ another official document proving the facts mentioned above under the law of the relevant country, **not older than 3 months**;
- ▷ a power of attorney (authorisation) for the relevant employee (agent) proving the authority to act on behalf of such legal entity, while the power of attorney (authorisation) must be signed by the principal (represented) with a certified signature;
- ▷ a declaration by the custodian that it is authorised to take all steps on behalf of the Entitled Shareholder in connection with the subscription for the New Shares (a specimen declaration is available here: <https://www.coltczgroup.com/en/investors-dividend-rules-for-exercising-the-dividend-in-the-form-of-shares/>). The declaration may include a list of the Entitled Shareholders represented by the custodian; and
- ▷ proof of identity of the natural person authorised by power of attorney (authorisation)

## Another representative

- ▶ a **power of attorney granted by an Entitled Shareholder**, while the signature of the Entitled Shareholder must be officially certified;
- ▶ the existence of an Entitled Shareholder - legal entity, and the authority of the persons (governing body) to act on its behalf shall be proved in the same way as if the Entitled Shareholder were acting in person;
- ▶ proof of identity of the natural person authorised by power of attorney

For representation of an Entitled Shareholder under a power of attorney, it is possible to use a **model form power of attorney available on the Company's website** here: <https://www.coltczgroup.com/en/investors-dividend-rules-for-exercising-the-dividend-in-the-form-of-shares/> containing the authorisation to enter into the claim set-off agreement and the entry in the list of subscribers.

The Entitled Shareholder may also notify the Company of the granting of a power of attorney to represent the Entitled Shareholder in the execution of the claim set-off agreement (or its revocation) by sending an email to: [ValnaHromada@coltczgroup.com](mailto:ValnaHromada@coltczgroup.com), or to the Company's mailbox, ID DS: **srqpv3e**, at least two business days before the visit to the Company's Office in relation to the booked appointment. The power of attorney must be converted from paper form to electronic form by **authorised conversion** and sent in that electronic form. In the event of any discrepancies, the Company is entitled to ask the Entitled Shareholder for clarification.

**Documents authenticated by foreign authorities**, which are presented by the Entitled Shareholder, must be certified (apostilled) or legalised, unless the Czech Republic has in place a treaty on legal assistance with the country in which the document was authenticated. All documents must be submitted in Czech or in English. If the documents (or authentication clauses) are in a foreign language, a certified translation into Czech must also be submitted.

All documents must be submitted at the Company's Office in the original or an officially certified copy.

#### 4.2 When and where can I exercise my right to subscribe for New Shares?

The right of choice of receiving the stock dividend may be exercised from **26 June 2023** (inclusive) to **17 July 2023** (inclusive).

The place for subscription of New Shares is the Company's Office during normal business hours on any **business day from 9:00 a.m. to 5:00 p.m.**

#### 4.3 Booking the New Shares subscription date online

Due to the large number of potential subscribers entitled to subscribe for New Shares, Entitled Shareholders will be obliged to make a prior online booking for their visit to the Company's Office. The Entitled Shareholder will book the subscription date at least **2 business days** prior to his/her scheduled visit to the Company's Office. Persons arriving at the Company's Office without a reservation will not be served.

Online booking will be available for Entitled Shareholders on the Company's website: <https://dividenda.coltczgroup.com/>. The information required to be filled in as part of the booking will be used only for the purpose of completing the claim set-off agreement and for the preparation of the documents for its signing (i.e. for the subscription of the New Shares) and will not be used for any other purpose.

No later than the business day immediately preceding the date of the scheduled visit to the Company's Office, the Entitled Shareholder will be contacted by the Company by telephone to confirm the information and documents required for the subscription of the New Shares.

#### 4.4 How do I exercise my right to subscribe for New Shares?

The Entitled Shareholder discloses at the Company's Office the number of shares owned by him/her in respect of which he/she exercises the priority right to subscribe for the New Shares; after that, the Entitled Shareholder submits at the Company's Office a completed claim set-off agreement signed by the Entitled Shareholder (or an attorney-in-fact) with an authenticated signature as set out below.

If the Entitled Shareholder is a Czech legal entity, the registration of the beneficial owner of the Entitled Shareholder in the Register of Beneficial Owners will also be checked during the visit to the Company's Office. An Entitled Shareholder who does not have an entry of the beneficial owner in the Register of Beneficial Owners will not be entitled to subscribe for New Shares (the same applies to the payment of a dividend in cash, i.e. without an entry of the shareholder's beneficial owner in the Register of Beneficial Owners, the Company will not be entitled to pay the shareholder a share of profits).

For every 1 existing share with a nominal value of CZK 0.10, 1/27 of a New Share with a nominal value of CZK 0.10 may be subscribed. Only whole shares can be subscribed for. The priority right is created for an Entitled Shareholder who owns at least 27 shares of the Company, with a right to 1 New Share for every 27 shares of the Company.

With regard to the nature of the increase in the Company's registered capital, the priority right to subscribe for the New Shares and the rights acquired upon the right of choice may not be transferred or assigned, respectively.

Since the issue price of the New Shares can only be paid by offsetting the issue price of the subscribed New Shares in full against a part of the relevant Entitled Shareholder's share in the Company's profit, the only way of paying the issue price of the subscribed New Shares is, under Section 21(3) of the Companies Act, a claim set-off agreement the execution of which is a prerequisite for exercising the priority right and receiving the share in the profit in the form of the Company's shares in line with the right of choice.

The claim set-off agreement, with necessary information completed (see below) and signed by the Entitled Shareholder, with the **signature officially authenticated**, must be **delivered in person** at the Company's Office by the Entitled Shareholder (or a person authorised to do so) by the end of the period within which the Entitled Shareholder has the right to choose their share of profit in the form of the Company's shares, i.e. no later than **17 July 2023** (inclusive).

The official authentication of the signature on the claim set-off agreement (or the aforementioned declaration of the custodian) shall be arranged by the Entitled Shareholder himself at his own expense. It can be possible, as the case may be, to have the signature officially authenticated at the Company's Office.

The claim set-off agreement will be executed by the Company no later than **19 September 2023**, which is the due date of the profit share. The claim set-off agreement must be executed between the parties and must take effect no later than by the end of the deadline for payment of the issue price of the New Shares subscribed for with the use of the priority right, i.e. by 19 September 2023.

#### 4.5 Completing the claim set-off agreement;

The claim set-off agreement must be executed and signed **in three counterparts with an officially authenticated signature**; the Entitled Shareholder will retain one counterpart and the Company will retain two counterparts. If an Entitled Shareholder signs the claim set-off agreement abroad, he/she may be obliged to comply with enhanced authentication requirements (apostille or legalisation).

The claim set-off agreement template is available on the Company's website here: <https://www.coltczgroup.com/en/investors-dividend-rules-for-exercising-the-dividend-in-the-form-of-shares/>. The agreement will be completed and signed, with the signature officially certified, by the Entitled Shareholder or his/her representative in advance, or the completed agreement will be prepared for him/her at the Company's Office on the date of the booked appointment, where it can be signed with a certified signature at the same time. The Entitled Shareholder or the proxy holder will also arrange for the official authentication of his/her signature (or the signature of his/her proxy, as the case may be) in advance or at the Company's Office as indicated above.

In the event of any discrepancies in connection with the execution of the claim set-off agreement, the Company may invite the Entitled Shareholder to make modifications, which can be made at the Company's Office.

**The claim set-off agreement is to be completed as follows:**

- (a) **The number of shares owned (divisible by 27) and their aggregate nominal value** for which the Entitled Shareholder wishes to subscribe for New Shares. For every 27 existing shares, an Entitled Shareholder has the right to subscribe for 1 New Share. If an Entitled Shareholder lists a number of shares that is not divisible by 27, the Entitled Shareholder will only be entitled to subscribe for the number of New Shares that is the last multiple of 27 lower than the number of shares specified in the agreement.

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The number of shares in respect of which the shareholder exercises the pre-emptive right to subscribe shares (the "Shares"); if the number of the Shares does not correspond to an integral multiple of 27, the number of the Shares will be deemed to be the number corresponding to the nearest preceding integral multiple of 27<sup>1</sup>.

- (b) In (B) of the RECITALS, the Entitled Shareholder completes the appropriate amount of the Company's claim against the Entitled Shareholder arising from the subscription for New Shares. This total issue price of the New Shares will be calculated as follows:

**Total issue price = number of New Shares subscribed \* CZK 19.50 \* 27**

*Example: If an Entitled Shareholder decides to subscribe for 10 New Shares, the total issue price is equal to: 10 \* CZK 19.50 \* 27 = CZK 5,265.*

The Entitled Shareholder will also complete the number of New Shares to be subscribed for.

In (C) of the RECITALS, the Entitled Shareholder completes the given amount of the part of his/her claim against the Company in respect of the right to receive the profit share, which also corresponds to the issue price of the New Shares (as completed in (B) of the RECITALS).



(B) The Company has a claim against the Shareholder in the amount of:

..... CZK

in words: .....

..... Czech crowns,

to repay the issue price of the shares subscribed by the Shareholder, who has exercised the right to choose a profit share in the Company's shares, as part of the increase of the Company's registered capital based on the decision of the Company's General Meeting of 13 June 2023 adopted outside the General Meeting (*per rolam* or written decision-making) – Approval of the distribution of profit for 2022 and retained profit from previous years and the resolution to increase the Company's registered capital by subscription of new shares and set-off of the issue price of the newly subscribed shares against the profit share ("Draft III", the "Company's Claim");

(C) The Shareholder has a claim against the Company for payment of the Company's share of profits resulting from the approval of Draft III in the amount of:

..... CZK

in words: .....

..... Czech crowns,

(the "Shareholder's Claim");

The remaining portion of the share of profit will not be lost by the Entitled Shareholder, but instead it will be paid to the Entitled Shareholder in cash after withholding taxes.

## 4.6 Making an entry in the list of subscribers

When personally visiting the Company's Office, the **Entitled Shareholder (or his/her proxy holder) enters him-/herself in the list of subscribers** (in addition to delivering the signed claim set-off agreement). The list of subscribers is maintained by the Company and any entry in the list can only be made at the Company's Office.

In order to be entered in the list of subscribers, an Entitled Shareholder personally visiting the Company's office must have the following information to be entered in the list of subscribers:

- ▶ Name, surname / business name;
- ▶ Date of birth / ID number;
- ▶ Residence / registered office;
- ▶ Number of the New Shares subscribed;
- ▶ Total par value of the New Shares subscribed;
- ▶ Total issue price of the New Shares subscribed;
- ▶ The **number of the property account** to which the New Shares are to be issued.

The Entitled Shareholder or his/her representative must also carry a **valid identity document**.

## 5. What do I need to bring with me to subscribe for New Shares?

- ▶ Proof of existence or identity (see 4.1.1).
- ▶ **Power of attorney** in the case of a representative of an Entitled Shareholder, unless it is a custodian registered for the Entitled Shareholder in the Company's list of shareholders maintained by Centrální depozitář cenných papírů, a.s.
- ▶ A completed (and ideally signed with an officially certified signature) **claim set-off agreement**, in 3 originals; or the completed agreement will be available at the Company's Office and can be signed with an officially certified signature at the Company's Office.
- ▶ The **number of the property account** in which the New Shares are to be registered.
- ▶ **Documents proving a change in the list of shareholders of the Company (change of name, address, etc.).**
- ▶ Certified translation of documents into Czech, if the documents (or the certificate) are in a language other than Czech or English.
- ▶ In case of need, we are at your disposal on the phone number listed in the booking system or by e-mail: [ValnaHromada@coltczgroup.com](mailto:ValnaHromada@coltczgroup.com).

## 6. Overview of important dates

Dividend record date (record date for assessing the number of shares held by an Entitled Shareholder)	<b>19 June 2023</b>
Period for exercising the right of choice, concluding the claim set-off agreement, and subscription for New Shares	<b>from 26 June 2023 (inclusive) to 17 July 2023 (inclusive)</b>
Maturity of the share of profit  Deadline for payment of the issue price of the New Shares (by set-off)  If applicable, deadline for the decision of the Company's Board of Directors not to increase the Company's share capital	<b>by 19 September 2023</b>
In the event of an increase in the Company's share capital, the claim set-off agreement in the wording signed by the shareholder of the Company and the Company will be distributed to the address specified in the claim set-off agreement, unless otherwise agreed	<b>from 25 September 2023 to 31 October 2023</b>