

# Report of the Supervisory Board of Colt CZ Group SE for 2023

## 1. Introduction

The Supervisory Board of **Colt CZ Group SE**, with its registered office at náměstí Republiky 2090/3a, 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**"), hereby submits, in compliance with the provisions of Article 7 (7.3) (y) of the Articles of Association of the Company and Section 449 (1), of Act no. 90/2012 Coll. on Corporations and Cooperatives (Companies Act), as amended (the "**CCA**"), to the General Meeting of the Company this report containing a summary of the results of its audit activities, a review of the financial statements including the auditor's opinion, the report on related entities and the report on remuneration for the period from January 1, 2023 to December 31, 2023.

In carrying out its supervisory activities in the period from January 1, 2023 to December 31, 2023, the Supervisory Board adhered to the Company's Articles of Association and applicable laws, in particular the relevant provisions of the CCA, and Act No. 256/2004 Coll., on capital market business.

The report has been prepared for the purpose of the Annual General Meeting of the Company, which will approve the Company's audited annual results for 2023 and decide on the disposition of the 2023 financial results.

The Supervisory Board of the Company regularly attended meetings of the Company's Board of Directors and held a total of 12 separate regular meetings of the Supervisory Board. Representatives of the Supervisory Board of the Company regularly attended meetings of the Company's Board of Directors, and on 7 occasions, per-rollam decisions were made.

Depending on the content and seriousness of the issues discussed, persons invited to the meeting included competent members of the Board of Directors, Company's employees and/or external advisors and auditors of the Company.

As part of its monitoring activities, the Supervisory Board of the Company also cooperated with the Audit Committee, the Supervisory Board's strategy investments and acquisitions, remuneration, and compliance and ethics Committees.

At its meetings, the Supervisory Board of the Company regularly discussed:

- ▶ Information on the course and outcomes of the Board of Directors' meetings;

- ▶ Potential acquisition opportunities and specific projects abroad;
- ▶ Profit/loss of Czech and foreign holdings of Colt CZ Group SE;
- ▶ Up-to-date information on the arms industry in the Czech Republic and abroad, including possible developments in the political and regulatory environment affecting the operations of Colt CZ Group SE with regard to the impact that the war conflict in Ukraine has on the arms industry;
- ▶ Issues related to the energy crisis, rising inflation rate and their impact on the Group's profit/loss, and measures taken to stabilise the negative implications.

In accordance with the current wording of the Company's Articles of Association (Article 13.6), the Supervisory Board of the Company has granted the Board of Directors prior approval to carry out the following decisions:

- ▶ approval of the Company's annual individual and consolidated financial plan for 2023,
- ▶ approval of the Company's bond program, which resulted in the issue of the Company's bonds worth CZK 1,929,000,000;
- ▶ acquisition of 100% of shares in swissAA Holding AG;
- ▶ the acquisition of 100% of shares in Sellier & Bellot a.s. through Company's subsidiary Vocatus Investment a.s; and
- ▶ approval of financial documentation regarding a USD 100,000,000 loan granted by Komerční banka, a.s. to cover part of the purchase price for the 100% share in Sellier & Bellot a.s.

The Supervisory Board notes that, while carrying out its supervisory activities, it has not ascertained any:

- ▶ risks, or any suspected fraud or unlawful conduct that might have a material impact on the accounting reports, profit/loss, or the operations of the Company;
- ▶ committed fraud or unlawful conduct with a material impact on the accounting reports, profit/loss, or operations of the Company;
- ▶ substantial weaknesses in the internal control system;
- ▶ material aspects in the Company's operations that could be perceived as breach of law, or the Company's Articles of Association.

Furthermore, the Company's Supervisory Board has not encountered any conduct on the part of the Company's Board of Directors that would not be in due care.

Moreover, the Company's Supervisory Board has not ascertained any breach of the ban on competition by members of the Company's Board of Directors within the meaning of the relevant provisions of the CCA, i.e., the Supervisory Board has not found any member of the Company's Board of Directors to engage in business, serve on the governing body (except for the governing bodies of companies within the

Colt CZ Group controlled by the Company, and/or duly reported engagements) or participate in the business of any other legal entities with objectives similar to those of the Company.

## 2. Statement on the annual report

The Supervisory Board has reviewed the Company's annual report for 2023 containing the individual and the consolidated financial statements for 2023. The Supervisory Board has no objections to the manner in which the individual and consolidated financial statements for the year 2023 have been prepared as well as to their contents from the point of view of materiality and concludes that the results presented fairly reflect the state of the Company's business and its assets.

The Supervisory Board of the Company has discussed the Board of Directors' 2023 report on relations between the controlling entity and the controlled entity and between the controlled entities and entities controlled by the same controlling entity and asserts that it has no objections to that report.

The Supervisory Board has discussed with the Company's auditor, Deloitte Audit s.r.o., the method of compiling the financial statements, the content of the auditor's report and the auditor's opinion, without finding any drawbacks in this respect.

Therefore, the Supervisory Board recommends that the General Meeting of Colt CZ Group SE approve the individual and the consolidated financial statements for 2023, constituting part of the Annual Report for the same year.

The Supervisory Board further recommends that the Annual General Meeting approve the audited financial statements of the Company for the year 2023 and the related entities report for the year 2023.

## 3. Conclusion

This report of the Supervisory Board of the Company was discussed at a regular meeting of the Supervisory Board of Colt CZ Group SE on 23 April 2024 and was approved by all attending members in the form of a resolution.

In Prague, on 23 April 2024



Name: **David Aguilar**

Position: Chairman of the Supervisory Board

