

Report on the Activities of the Audit Committee for the Year 2023

Colt CZ Group SE, headquartered at nám. Republiky 2090/3a, Nové Město, 110 00 Prague 1, Identification Number: 291 51 961, registered in the Commercial Register maintained by the Municipal Court in Prague, Section H, Insert 962 ("Company").

The Audit Committee was established in connection with Colt CZ Group SE becoming a public interest entity by issuing shares on the public market in 2020. The activities of the Audit Committee are based on the REGULATION OF THE EUROPEAN PARLIAMENT AND THE COUNCIL (EU) No. 537/2014 of April 16, 2014, and the DIRECTIVE OF THE EUROPEAN PARLIAMENT AND THE COUNCIL 2006/43/EC of May 17, 2006.

The Audit Committee, in accordance with the provisions of Sections 44 to 44aa of Act No. 93/2009 Coll., on Auditors, including amendments and as amended ("the Act on Auditors"), and Article 24.5 of the Company's Articles of Association, prepares a report on its activities, evaluating its performance in relation to activities under the Act on Auditors. The activities of the Audit Committee encompass several areas:

- (a) Monitoring the effectiveness of internal control and risk management systems
- (b) Interacting with the Company's management or supervisory body, i.e., the Board of Directors and the Supervisory Board
- (c) Monitoring the process of preparing financial statements and consolidated financial statements and providing recommendations to the management or supervisory body to ensure the integrity of accounting and financial reporting systems
- (d) Monitoring the independence of the auditor, including permissible non-audit services and their 70% limit
- (e) Selecting the auditor

Given that the General Meeting elected a new member of the Audit Committee, on July 21, 2023, the election of the Chairman of the Audit Committee was held. Mr. Jiří Nekovář was elected as the Chairman, and Mr. David Ondroušek was elected as the Vice-Chairman.

The Audit Committee met nine times in 2023. One meeting was held remotely, and non-audit services related to the Company's activities in the USA were approved.

During its meetings, the Audit Committee discussed the internal audit work plan, including risk mapping. Reports from internal audit controls are regularly submitted to the Audit Committee. The Vice-Chairman of the Board of Directors and statutory auditors participate in the Audit Committee meetings.

In reviewing the quarterly statements, the Audit Committee examined the conduct of inventories within the group, including the creation of provisions for unusable and non-moving

inventory, the status of receivables and liabilities, the creation of reserves, accruals, and derivatives operations.

To verify the quality of the audit, two members of the Audit Committee visited Colt's Manufacturing Company LLC in West Hartford. During the meeting, they familiarized themselves with the American auditors and their activities, thereby verifying the quality of information provided to the statutory auditor. They also participated in the finished goods inventory process and were informed by senior management about the internal control system within the company.

The Audit Committee further investigated how the findings and recommendations from the previous annual financial statement audit were applied and assessed the independence of the statutory auditor and the audit firm.

The Chairman of the Audit Committee is invited to Supervisory Board meetings and informs the supervisory body about the outcome of the mandatory audit, the insights gained from monitoring the mandatory audit process, and how the mandatory audit contributed to ensuring the integrity of the accounting and financial reporting system.

In Prague on May 31, 2024



Ing. Jiří Nekovář, Ph.D.

Chairman of the Audit Committee