

**AGREEMENT ON PLEDGE
OF BOOK-ENTRY FORM SHARES IN ČESKÁ ZBROJOVKA
A.S.**

[●] 2024

between

**COLT CZ GROUP SE
as Security Provider**

and

**KOMERČNÍ BANKA, A.S.
as Security Agent**

A&O SHEARMAN

Allen Overy Shearman Sterling (Czech Republic) LLP, organizační složka

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THIS AGREEMENT (the **Agreement**) is made on [●] 2024

BETWEEN:

- (1) **Colt CZ Group SE**, a company with its registered office at náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1, identification number 291 51 961, registered in the Commercial Register under file number H 962 kept by the Municipal Court in Prague, as pledgor (the **Security Provider**); and
- (2) **Komerční banka, a.s.**, a company with its registered office at Na Příkopě 33 building number 969, 114 07 Prague 1, identification number 453 17 054, registered in the Commercial Register under file number B 1360 kept by the Municipal Court in Prague, as pledgee (the **Security Agent**)

(the Security Provider and the Security Agent collectively the **Parties** and each of them a **Party**).

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

Capital Markets Act means Act No. 256/2004 Coll., on Conducting Business in the Capital Markets, as amended.

Central Depository means the legal entity specified in Section 100 *et seq.* of the Capital Markets Act which maintains the central records of book-entry securities in the Czech Republic as described in Section 92 of the Capital Markets Act.

Confirmed Copy of Entry means a document issued by the Central Depository, in form and substance satisfactory to the Security Agent, stating that:

- (a) the Security Assets are pledged under Section 1309 *et seq.* of the Civil Code; and
- (b) the Security Provider's right to dispose of any Security Assets is suspended under Section 97 of the Capital Markets Act.

Corporation means Česká zbrojovka a.s., a company with its registered office at Svat. Čecha 1283, 688 01 Uherský Brod, identification number 463 45 965, registered in the Commercial Register under file number B 712 kept by the Regional Court in Brno.

Credit Agreement means the EUR 484,814,084.45 credit facilities agreement dated 7 May 2024 between, among others, the Security Provider as parent, original borrower and original guarantor and the Security Agent as original lender, mandated lead arranger, facility agent and security agent.

Enforceability Notice means a notice from the Security Agent to the Corporation, substantially in the form of Schedule 1 (Form of Confirmation from the Corporation) under the heading Schedule to the Form of Confirmation from the Corporation.

Existing Security means any encumbrance and restrictions in respect of the Security Assets (in particular any negative pledge created as a right in rem), created under the agreement on

negative pledge of shares in the Corporation dated 7 May 2024 and entered into between the Security Provider as pledgor and the Security Agent as pledgee.

Expert means an independent expert selected by the Security Agent from the following entities or their successors: (i) PricewaterhouseCoopers Česká republika, s.r.o. (identification number: 610 63 029); (ii) KPMG Česká republika, s.r.o. (identification number: 005 53 115); (iii) Deloitte Advisory s.r.o. (identification number: 275 82 167); and (iv) E & Y Valuations s.r.o. (identification number: 161 90 581).

Secured Debts means each debt specified in Clause 2 (Secured Debts) below.

Security Assets means each of the following book-entry shares issued by the Corporation:

Number of shares	Form	Class / ordinary, preference, other	Account number at Central Depository	ISIN	Nominal value of each share	Percentage of registered capital
612,324	registered shares	class A	086D311	CZ0005130013	700	89.07
75,170	registered shares	class B	086D311	CZ0005130021	700	10.93

Security Period means the period beginning on the date of this Agreement and ending on the earliest of:

- (a) the date on which all the Secured Debts have been unconditionally and irrevocably paid and discharged in full and the Finance Parties are under no further obligation (whether existing or contingent) to provide any Loan or any other utilisation (including bank guarantee, letter of credit or overdraft loan) to the Borrowers or payment to a beneficiary under any bank guarantee or letter of credit issued under the Finance Documents;
- (b) the date on which the Security Agent has unilaterally waived in writing its right to the Security; or
- (c) the date on which the Security otherwise terminated with the Security Agent's written consent.

Share Rights means any right to any dividend, or other income or other proceeds in relation to the Security Assets.

1.2 Construction

- (a) Capitalised terms defined in the Credit Agreement have the same meaning in this Agreement, unless expressly defined in this Agreement.
- (b) The principles of construction set out in the Credit Agreement will have effect as if set out in this Agreement.
- (c) The term **the Security** or **this Security** means any security created under this Agreement.

- (d) The term **suspension of the right to dispose** means the suspension of the owner's right to dispose of an investment instrument registered in investment instrument records under Section 97(1)(e) of the Capital Markets Act.
- (e) This Security does not constitute a financial collateral arrangement under Section 8(2) of Act No. 408/2010 Coll., on financial collateral arrangements, as amended.
- (f) When a provision of this Agreement applies to:
 - (i) the Security Assets, the provision applies to each share forming the Security Assets; or
 - (ii) the pledge created under this Agreement, the provision applies to each pledge created under this Agreement.
- (g) Any obligation of the Security Provider under this Agreement remains in force during the Security Period.

2. SECURED DEBTS

- (a) The pledge created under this Agreement secures all monetary debts of each Obligor to the Security Agent that have arisen under, or in connection with, the Finance Documents and that exist on the date of this Agreement.
- (b) The pledge created under this Agreement further secures, up to an aggregate amount not exceeding EUR1,262,500,000 at any time, all monetary debts of each Obligor to the Security Agent that will arise under, or in connection with, the Finance Documents in the future at any time up to and including 7 May 2039, and that are of the following type:
 - (i) the principal of any loan (in Czech *úvěr*) or simple loan (in Czech *zápůjčka*);
 - (ii) debts arising in connection with an issued financial or bank guarantee or letter of credit, including debts arising due to a payment being made under that guarantee or letter of credit;
 - (iii) interest or default interest;
 - (iv) debts resulting from derivative transactions, including debts from closing out those transactions;
 - (v) debts under a guarantee or financial guarantee;
 - (vi) debts resulting from an indemnity or another arrangement with a similar effect;
 - (vii) commitment fee, arrangement fee, agent fee or other fee;
 - (viii) costs or expenses incurred in connection with the protection, preservation or enforcement of rights or security;
 - (ix) damages including loss of profit and other than proprietary harm;
 - (x) debts resulting from unjust enrichment;
 - (xi) contractual penalty;

- (xii) debts arising due to a party rescinding an agreement (in Czech *odstoupení*) or the invalidity, non-existence (in Czech *zánlivost*), ineffectiveness, illegality or unenforceability of an agreement or other legal act; or
- (xiii) credit card debts.

3. CREATION OF PLEDGE

3.1 Pledge

- (a) Under Section 1309 *et seq.* of the Civil Code, for the purposes of securing the Secured Debts, the Security Provider pledges the Security Assets to the Security Agent.
- (b) The Security Agent accepts the pledge created under this Agreement.

3.2 General

This Security is:

- (a) continuing security for the payment, discharge and performance of the Secured Debts and will extend to the ultimate balance of all sums due as the Secured Debts regardless of any intermediate payment or discharge in whole or in part; and
- (b) in addition to, and is not in any way prejudiced by, any other security now or subsequently held by any Finance Party.

3.3 Changes in respect of the Security Assets

- (a) The Security Provider must promptly inform the Security Agent of any changes in respect of the Security Assets.
- (b) This is without prejudice to the Security Provider's obligation to obtain prior consent in accordance with Clause 7.2 (Changes to rights) below.

3.4 Shares acquired in future

- (a) The Security Provider must notify the Security Agent immediately if it has newly acquired any share (or any interim certificate) in the Corporation.
- (b) At the Security Agent's request, the Security Provider must, no later than ten days after receipt of the request, pledge all the new shares for the purposes of securing the Secured Debts, by entering into either:
 - (i) a new pledge agreement substantially in the form of this Agreement, subject to any amendments which the Security Agent may require; or
 - (ii) an amendment to this Agreement, in form and substance satisfactory to the Security Agent,

as required by the Security Agent.

4. RESTRICTIONS ON DEALINGS

4.1 Restrictions on dealings with the Security Assets

- (a) Except as expressly allowed, in each case, under the Credit Agreement or this Agreement, the Security Provider may not, without the prior written consent of the Security Agent:
- (i) create or permit to subsist any other pledge of the Security Assets;
 - (ii) create or permit to subsist any other encumbrance (including any pre-emptive right) on the Security Assets, the Share Rights or any other right attached to the Security Assets;
 - (iii) sell, transfer or otherwise dispose of the Security Assets or any of their parts, the Share Rights or any other right attached to the Security Assets;
 - (iv) attach (in Czech *připojit*) the Security Assets to any collective business asset (in Czech *věc hromadná*) that is encumbered by a security interest created earlier than the Security Agent's pledge of the Security Assets;
 - (v) waive, amend or terminate, in whole or in part, any accessory or ancillary right or other right in respect of the Security Assets or waive, amend or terminate, in whole or in part, any accessory or ancillary debt or other debt in respect of the Security Assets; or
 - (vi) perform any act which:
 - (A) may result in a reduction in the value of the Security Assets; or
 - (B) may adversely affect any right of the Security Agent under this Agreement.
- (b) The restrictions under paragraph (a) are agreed for the benefit of the Security Agent and restrictions under paragraphs (a)(i) to (a)(iii) above are, in addition, agreed with effects on third parties as a suspension of the right to dispose.

4.2 Term and purpose of restrictions on dealings

The restrictions under Clause 4.1 (Restrictions on dealings with the Security Assets) above are agreed for the Security Period in order to strengthen the position of the Security Agent as a secured creditor.

5. PERFECTION, NOTIFICATION AND FURTHER ASSURANCES

5.1 Perfection of the pledge and restrictions on dealings

The Security Provider must no later than two Business Days after the date of this Agreement at its own cost ensure that the pledge and the suspension of the right to dispose be registered on the Security Provider's account in the respective investment instruments records under Section 1331 of the Civil Code by completing and submitting a registration form complying with all the requirements of Section 95 of the Capital Markets Act and all other applicable regulations, including the relevant rules of the Central Depository.

5.2 Evidencing the perfection of the pledge and restrictions on dealings

The Security Provider must deliver a Confirmed Copy of Entry to the Security Agent no later than two Business Days after the date of this Agreement.

5.3 Notification of the pledge to the Corporation

The Security Provider must:

- (a) promptly notify the creation of the pledge to the Corporation after the Security Provider receives a Confirmed Copy of Entry confirming that the pledge and the suspension of the right to dispose have been duly registered in the respective investment instrument records; and
- (b) ensure that the Corporation will, within two Business Days after receipt of a Confirmed Copy of Entry pursuant to paragraph (a) above, deliver to the Security Agent a confirmation signed by an authorised person or authorised persons that will be substantially in the form attached in Schedule 1 (Form of Confirmation from the Corporation).

5.4 Further assurances

- (a) The Security Provider must, at its own cost and without undue delay (and in any event within any applicable time limit) perform whatever act the Security Agent may require for:
 - (i) perfecting and protecting any security intended to be created under this Agreement;
 - (ii) facilitating the enforcement of this Security or the exercise of any right, power or discretion exercisable by the Security Agent in respect of any Security Asset; and
 - (iii) facilitating the assignment or transfer of any rights or obligations of the Security Agent under this Agreement.

This includes the execution of any transfer or assignment, whether to the Security Agent or its nominee, or any amendment to this Agreement which the Security Agent may think expedient.

- (b) The Security Provider must promptly notify the Security Agent in writing of any circumstance that may endanger the existence or enforceability of the Security or of any rights under this Agreement.

6. SECURITY REPRESENTATIONS

6.1 Representations

The representations set out in this Agreement are made by the Security Provider to the Security Agent on the date of this Agreement, on each Utilisation Date and on the first day of each Interest Period.

6.2 Nature of security

This Agreement creates a pledge over the Security Assets on the terms of this Agreement and this Agreement is not liable to be avoided, declared non-existent (in Czech *zdánlivá*), ineffective or otherwise set aside, in particular on the Security Provider's insolvency, bankruptcy, dissolution, winding-up, administration or reorganisation.

6.3 Title

- (a) (i) The Security Provider has full and exclusive title to the Security Assets, the Share Rights and all other rights attached to the Security Assets, free of any defect in the sense of Section 1107 of the Civil Code and free of any right from an obligation or right *in rem* or other right or interest for the benefit of any other person, and no steps have been taken to create any such defect or any such right or interest for the benefit of any other person over the Security Assets, the Share Rights or any other rights attached to the

Security Assets, except for this Security, the Existing Security (until its termination) and other restrictions created or permitted under this Agreement; and

- (ii) it has not created a pledge over its enterprise, any of its parts or a collective business asset that is (in whole or in part) formed by any Security Asset.
- (b) (i) It is not aware of any adverse claim by any person in respect of its exclusive title to the Security Assets, the Share Rights or any other rights attached to the Security Assets;
- (ii) none of the Security Assets, the Share Rights or any other rights attached to the Security Assets is the subject of a dispute or claim; and
- (iii) there are no overdue debts in relation to the Security Assets.

6.4 Ranking

The pledge created under this Agreement is a first ranking pledge over the Security Assets.

6.5 Non-conflict

- (a) No breach of any law or regulation is outstanding which may adversely affect the value of any Security Asset.
- (b) Neither the articles of association of the Security Provider nor any agreement, arrangement or licence applicable to the Security Provider contains any provision (except for the Existing Security) which could adversely affect or restrict the creation or enforcement of the Security, including by way of pre-emption rights.

7. SECURITY ASSETS

7.1 Representations

The Security Provider represents to the Security Agent that:

- (a) each capital contribution relating to the shares forming the Security Assets has been fully paid;
- (b) the shares forming the Security Assets were properly issued in compliance with Czech law;
- (c) the shares forming the Security Assets represent 100% of the Corporation's registered capital and voting rights in the Corporation;
- (d) it does not own any shares in the Corporation other than the shares forming the Security Assets;
- (e) it has not transferred any of the Share Rights or any other rights attached to the Security Assets to a third party;
- (f) the Security Assets are freely transferable for the purpose of creating or enforcing this Security; and
- (g) no payments to it by the Corporation are subject to any right of set-off or similar rights.

7.2 Changes to rights

The Security Provider must not perform or allow the performance of any act on its behalf which prejudices or which may prejudice the Security Agent's rights arising in connection with this Agreement, including any act which may result in:

- (a) the Security Assets, the Share Rights or any other right attaching to the Security Assets being altered (including a division of the Security Assets);
- (b) the Corporation's articles of association being amended so as to restrict or adversely affect the transfer of the whole or any part of the Security Assets in connection with any enforcement of this Security, including by permitting pre-emption rights; or
- (c) further shares in the Corporation, interim certificates or convertible or priority debentures under Section 286 of the Corporations Act being issued (including any increase in the Corporation's registered capital) or the Corporation's registered capital being decreased, a global share being issued or any similar fact occurring;

without the prior written consent of the Security Agent.

7.3 Other obligations in respect of the Security Assets

The Security Provider must not submit an instruction to the person keeping the respective investment instrument records to register the termination of the suspension of the right to dispose of the Security Assets.

7.4 Share Rights and voting rights

- (a) Before the Security becomes enforceable pursuant to Clause 8 (When Security becomes enforceable) below and the Security Agent delivers an Enforceability Notice to the Corporation:
 - (i) the Security Provider may exercise the Share Rights, voting rights and any other powers or rights in respect of the Security Assets to the extent permitted by Clause 7.2 (Changes to rights) above and, unless it is expressly allowed by the Finance Documents, the Security Provider may vote for or enable the payment of any dividend only with the prior consent of the Security Agent; and
 - (ii) the Security Agent consents to all Share Rights being paid directly to the Security Provider.
- (b) After the Security becomes enforceable pursuant to Clause 8 (When Security becomes enforceable) below and the Security Agent delivers the Enforceability Notice to the Corporation:
 - (i) the Security Agent may exercise:
 - (A) any voting rights, including the right to vote in the Corporation's supreme body, if the Security Agent has given notice of this to the Security Provider;
 - (B) any Share Rights; and
 - (C) any other power or right that may be exercised by the owner of the Security Assets.
 - (ii) all Share Rights must be performed directly to the Security Agent or as it may direct, up to the amount of the unpaid Secured Debts; and

- (iii) any payments of the Share Rights will be set off against the Security Agent's receivables corresponding to the overdue Secured Debts, up to the amount and in the order of priority set out under Clause 10 (Application of proceeds) below; the Security Agent may keep any surplus in accordance with paragraph (d)(c) below.
- (c) If, after this Security has become enforceable pursuant to Clause 8 (When Security becomes enforceable) below and the Security Agent delivers an Enforceability Notice to the Corporation, the Security Provider receives any payment of the Share Rights, it must immediately transfer an amount equal to that payment to the Security Agent. This is without prejudice to any right the Security Agent may have against the Corporation that has made that payment.
- (d) If the Security Agent receives any payment of the Share Rights without any Secured Debt (or its part) becoming due and payable, the Security Agent may keep the amount as security for the duration of the Security Period and may use the amount at any time in future to discharge any Secured Debt, unless otherwise agreed with the Security Provider.

7.5 Security Agent as pledgee with respect to the Existing Security

The Security Agent as pledgee with respect to the Existing Security consents to:

- (a) the creation of this Security; and
- (b) deletion of the suspension of the right to dispose created as an Existing Security from the respective investment instruments' records.

8. WHEN SECURITY BECOMES ENFORCEABLE

This Security will become immediately enforceable if any Obligor fails to pay in full any Secured Debt when due.

9. ENFORCEMENT OF SECURITY

9.1 General

- (a) After this Security has become enforceable, the Security Agent may immediately exercise any rights under and in accordance with this Agreement or applicable law.
- (b) This includes:
 - (i) selling (in Czech *zpeněžení*) the Security Assets in execution or enforcement proceedings (in Czech *exekuční nebo vykonávací řízení*) or by public auction;
 - (ii) selling the Security Assets by a direct sale under Clause 9.2 (Direct sale of the Security Assets) below; and
 - (iii) appropriating the Security Assets by the Security Agent under Clause 9.3 (Appropriation of the Security Assets by the Security Agent) below.
- (c) The Security Provider authorises the Security Agent to make, after commencement of enforcement of the Security, any acts on behalf of the Security Provider in connection with the Security Assets and the transfer of the title to the Security Assets. This includes acting in any proceedings before any courts or other public authorities and dealing with any third parties including in connection with obtaining information about the Security Assets. The Security Agent may appoint a third party to perform any such acts. Any authorisation under this

paragraph (c) will terminate by expiration of the Security Period. The Security Provider declares that it is aware and agrees that its interests may be in conflict with the interests of the Security Agent or the third party appointed by it when acting pursuant to this paragraph (c). The Security Agent may exercise the authority pursuant to this paragraph (c) solely for the purposes of enforcing the Security.

9.2 Direct sale of the Security Assets

- (a) The Security Agent may determine that it will sell all or only selected shares forming the Security Assets in its own name at the expense of (in Czech *vlastním jménem na účet*) the Security Provider by a direct sale, including a direct sale through a third party under the terms of this Clause, either (i) by way of competitive sales process in accordance with paragraph (b) below or (ii) by way of a sale to a selected party in accordance with paragraph (c) below.
- (b) The Security Agent must act with due professional care in its own interest and in the interest of the Security Provider so as to sell the Security Assets for a price for which a comparable asset can usually be sold under comparable circumstances in the particular place and at the particular time. For these purposes, the Security Agent and the Security Provider have agreed on the following rules of direct sale by way of a competitive sales process:
 - (i) Considering the nature of the Security Assets and the group of likely buyers, the Security Agent must publicly announce the offer of direct sale; the offer must always be published in at least one (A) Czech national daily, weekly or monthly newspaper or (B) Czech journal or magazine specialised on the Security Assets and available to a wide range of potential bidders.
 - (ii) Bidders will be allowed to make binding bids for the purchase of the Security Assets within the period of at least 30 days from the date of announcement of the offer of direct sale under paragraph (i) above. Within this period, the bidders must be allowed to acquaint themselves in a suitable manner with the relevant documents and information relating to the Security Assets and the Corporation which are available to the Security Agent.
 - (iii) The Security Agent will disregard bids not complying with all the conditions set for the direct sale. The main criterion in assessing the bids will be the offered price and each bidder will be required to evidence (A) that it has sufficient funds available for payment of the purchase price of the Security Assets and (B) compliance with the requirements of the Security Agent or applicable law on Sanctions, anti-money laundering (AML) and know-your-customer (KYC) rules. The Security Agent will not accept the bids (A) which are conditional except for those conditional upon regulatory approvals, (B) where a bidder requests that representations or warranties in respect of the Security Assets are provided or (C) which require the Security Agent being liable for any defects of the Security Assets.
 - (iv) The Security Agent must:
 - (A) hand over to the Security Provider a report containing an assessment of bids received, before the execution of the agreement on the transfer of the Security Assets to the chosen bidder; and
 - (B) enter into an agreement on the transfer of the Security Assets with the bidder who has made the most advantageous bid according to the determined criteria and consideration of the Security Agent acting with due professional care, unless the Security Agent decides not to accept any bid and

- I. to restart the process of the direct sale of the Security Assets in accordance with this Agreement; or
 - II. to use another way of enforcing the Security.
- (c) Alternatively, the Security Agent may carry out the direct sale of the Security Assets by way of a sale to a selected party for a price corresponding to at least 100% from the price determined by the Expert. The criteria set out in paragraph (b)(iii) above and the provision of paragraph (b)(iv) above will apply appropriately. The Expert must determine the price in an opinion that must be prepared less than six months before the execution of the agreement on transfer of the Security Assets.
 - (d) The Security Agent may enforce the Security by a direct sale after the expiry of 30 days from the day when the commencement of enforcement of the Security was notified to the Security Provider pursuant to Section 1362(1) of the Civil Code.
 - (e) At the moment when the Security Agent receives the consideration for the Security Assets, the claims of the Security Agent corresponding to the unpaid Secured Debts will be decreased by the amount of the consideration in accordance with Clause 10 (Application of proceeds) below.

9.3 Appropriation of the Security Assets by the Security Agent

- (a) The Security Agent may determine that it will keep all or only selected shares comprising the Security Assets for the price determined by the Expert in accordance with this Clause, unless an Expert opinion has already been prepared under Clause 9.2(c) above, provided that such opinion has been prepared less than six months before the acquisition of the Security Assets.
- (b) The Expert will make a valuation of the Security Assets at the cost of the Security Provider and will determine the price of the Security Assets. The Expert must determine the price in an opinion that must be prepared less than six months before the acquisition of the Security Assets.
- (c) The Security Agent must deliver to the Security Provider a notice of the determination of the price of the Security Assets by the Expert without undue delay after receiving it or (in the case of an Expert opinion prepared under Clause 9.2(c) above) without undue delay after determining that the Security Agent will keep all or only selected shares comprising the Security Assets in accordance with this Clause 9.3.
- (d) The title to the Security Assets passes to the Security Agent at the moment when the Security Agent is registered as the owner of the Security Assets in the respective investment instrument records and delivers the notice under paragraph (c) above to the Security Provider, but not before the expiry of 30 days from the day when the commencement of enforcement of the Security was notified to the Security Provider pursuant to Section 1362 of the Civil Code.
- (e) At the moment when the Security Agent acquires the title to the Security Assets, the claims of the Security Agent corresponding to the unpaid Secured Debts will be decreased by the price of the Security Assets determined by the Expert in accordance with Clause 10 (Application of proceeds) below.
- (f) If the title to the Security Assets passes to the Security Agent, the Secured Debts will not pass to the Security Agent.

9.4 Assistance of the Security Provider

- (a) In connection with the enforcement of the Security, the Security Provider must:

- (i) promptly hand over to the Security Agent (or to any other person as it directs), at its request, all documents and other materials and information required by the Security Agent for the purposes of a valuation of the Security Assets or the effective enforcement of the Security (the **Information**);
 - (ii) promptly render to the Security Agent (or to any other person as it directs) all assistance required for the purposes of carrying out a valuation of the Security Assets (in particular ensuring its unlimited access to the Corporation) or the effective enforcement of the Security, including any procedural steps required for the registration of the transfer of the ownership title to the Security Assets in the respective investment instruments' records;
 - (iii) duly exercise all rights attached to the Security Assets so that the value of the Security Assets or the Corporation does not decrease; and
 - (iv) comply with all regulations relating to, or affecting, the Security Assets.
- (b) If the Security Provider fails to provide any Information or to render other assistance, the Security Agent may carry out the enforcement of this Security, and the Expert may determine the price of the Security Assets, solely on the basis of the Information available to it at that particular time.
 - (c) The Security Provider agrees that any Information subject to banking secrecy rules may be disclosed for the purposes of a valuation of the Security Assets or the effective enforcement of the Security.

9.5 Right to hold proceeds

- (a) If:
 - (i) the Security Agent receives any proceeds of enforcement of this Security at a time when none of the Secured Debts is payable but at a time when any Secured Debt may become payable or becomes payable in the future; or
 - (ii) the proceeds of enforcement of this Security exceed the amount of the then payable Secured Debts whereas any other Secured Debt may become payable or becomes payable in the future;

the Security Agent may hold such proceeds or such surplus. This is without prejudice to any other right the Security Agent may have.

- (b) The Security Agent may apply any such proceeds or surplus in discharge of any Secured Debt once it becomes payable.

10. APPLICATION OF PROCEEDS

- (a) Any moneys received by the Security Agent after this Security has become enforceable or any moneys by which the Security Agent's claims are decreased as a result of exercising its rights under this Agreement must be applied in the order of priority according to clause 18.6 (Partial payments) of the Credit Agreement.
- (b) Any surplus from the proceeds of the enforcement of this Security must be released by the Security Agent to the Security Provider or to any other person entitled to it no later than 20 Business Days after the end of the Security Period. This provision does not prejudice any right

of the Security Agent to set off any amount which it receives as proceeds of the enforcement of this Security, in an amount exceeding the Secured Debts, against any of its claims against the Security Provider.

11. SUBORDINATION OF CLAIMS OF THE SECURITY PROVIDER

All the claims of the Security Provider against any Obligor that arise as a result of the enforcement of this Security will be satisfied only after the full satisfaction of the Secured Debts. This undertaking of the Security Provider also applies in the event of the insolvency of any Obligor (in relation to any Obligor incorporated in the Czech Republic, in accordance with Section 172 of Act No. 182/2006 Coll., Insolvency Act, as amended).

12. CHANGES TO THE PARTIES

12.1 Security Provider

The Security Provider may not assign or transfer any of its rights or obligations under this Agreement without the consent of the Security Agent.

12.2 Security Agent

- (a) For the purposes of this Clause, a **Transfer Certificate** means a certificate substantially in the form of Schedule 2 (Form of Transfer Certificate).
- (b) The Security Agent (for the purposes of this Clause, the **Existing Security Agent**) may resign in the manner permitted under the Credit Agreement.
- (c)
 - (i) This Security will automatically transfer to the person appointed as the new Security Agent under the Credit Agreement (for the purposes of this Clause, a **New Security Agent**) on the date the Existing Security Agent resigns, the New Security Agent is appointed in accordance with the Credit Agreement and the receivables for the payment of the Secured Debts are assigned to the New Security Agent.
 - (ii) In addition to the automatic transfer of this Security in accordance with paragraph (i) above, the Existing Security Agent and the New Security Agent must execute a Transfer Certificate promptly after the appointment of the New Security Agent. With effect from the date of a Transfer Certificate:
 - (A) and to the extent to which any rights and obligations of the Existing Security Agent have not automatically transferred to the New Security Agent, the Existing Security Agent transfers all its rights and obligations under this Agreement to the New Security Agent and the New Security Agent accepts those rights and obligations; and
 - (B) this Agreement is supplemented by the Transfer Certificate and all references to the Existing Security Agent will be construed so as to refer to the New Security Agent, unless the context otherwise requires.
 - (iii) The Security Provider:
 - (A) consents to the transfer of the rights and obligations of the Security Agent to the Security Agent's permitted successor under the Credit Agreement;

- (B) must grant its consent to the transfer of the rights and obligations to the New Security Agent if the Existing Security Agent so requests; and
- (C) must, without undue delay after receiving the Transfer Certificate, notify the Corporation that the Security has passed, and all the rights and obligations of the Existing Security Agent under this Agreement have been transferred, to the New Security Agent.

13. MISCELLANEOUS

13.1 Amendments

Unless otherwise agreed in the Credit Agreement, any term of this Agreement may be amended by an agreement in writing between the Security Agent and the Security Provider.

13.2 Language and counterparts

This Agreement has been executed in the English language in four counterparts. Each Party will receive one counterpart, the remaining counterparts will be used for the registration of the pledge and suspension of the right to dispose in the relevant investment instrument records and for notifying the pledge to the Corporation.

13.3 Consideration for the Security

The Security Provider and the Security Agent declare that the nature of the Security as being provided for consideration is based on the legal relationship established under the Credit Agreement.

13.4 Waiver of right to extinction of obligation

The Security Provider waives its right to claim extinction of obligations from this Agreement in the sense of Section 2000 of the Civil Code.

14. RELEASE AND TERMINATION

- (a) At the end of the Security Period:
 - (i) this Security and other restrictions created under this Agreement terminate;
 - (ii) the Security Provider must, at its own cost, perform whatever act is necessary to delete the pledge and the suspension of the right to dispose from the respective investment instruments' records; and
 - (iii) all rights and obligations of the Parties under this Agreement terminate.
- (b) At the request and cost of the Security Provider, the Security Agent will issue to the Security Provider a confirmation of termination of the Security that will, among others, state the date on which the Security Period has ended and that all rights and obligations of the Parties under this Agreement have terminated.

15. DISAPPLICATION OF CERTAIN PROVISIONS OF THE CIVIL CODE

The Parties agree that Sections 1361 and 1324(2) of the Civil Code will not apply for the purposes of this Agreement.

16. GOVERNING LAW

This Agreement, any obligations under it and any non-contractual obligations arising in connection with it are governed by Czech law. The pledge of the Security Assets is governed by Czech law.

17. JURISDICTION

Any disputes, contentious claims or issues arising in connection with this Agreement (including any matters relating to its validity, effectiveness and interpretation) will be submitted for settlement exclusively to:

- (a) the District Court for Prague 1 if the first-instance court having subject-matter jurisdiction is a district court; and
- (b) the Municipal Court in Prague if the first-instance court having subject-matter jurisdiction is a regional court.

SCHEDULE 1

FORM OF CONFIRMATION FROM THE CORPORATION

[on the letterhead of the Corporation]

From: Česká zbrojovka a.s. (the **Corporation**)

To: Komerční banka, a.s. (the **Security Agent**)

Copy: Colt CZ Group SE (the **Security Provider**)

[DATE]

Agreement on pledge of book-entry form shares in [●] dated [DATE] between the Security Provider and the Security Agent (the Pledge Agreement)

1. This is a confirmation from the Corporation (the **Confirmation**).
2. We confirm that the Security Provider has notified us of the creation of a pledge of its shares in the Corporation specified in the table below (the **Security Assets**) to the Security Agent and has handed over to us one original counterpart of the Pledge Agreement together with one original counterpart of entry in the relevant investment instruments' records.

Number of shares	Form	Class / ordinary, preference, other	Account number at Central Depository	[Serial number of shares]	ISIN	Nominal value	Percentage of registered capital
	[bearer shares / registered shares]						

3. Unless defined in this Confirmation, capitalised terms used in this Confirmation have the same meaning as in the Pledge Agreement.
4. This Confirmation is a Finance Document.
5. The below **representations** are made by the Corporation, unless otherwise stated, to the Security Agent on the date of the Pledge Agreement.

(a) **Security Assets**

- (i) The shares forming the Security Assets were properly issued in compliance with Czech law.

- (ii) The shareholders' register maintained by the Corporation is up-to-date and complete.
- (iii) The shares forming the Security Assets represent 100% of the registered capital of, and voting rights in, the Corporation.
- (iv) The Security Assets are freely transferable for the purposes of creating or enforcing this Security.
- (v) No payments to the Security Provider by the Corporation are subject to any right of set-off or similar right.
- (vi) Neither the articles of association of the Corporation nor any other agreement, arrangement or licence applicable to the Corporation restricts the transfer of the Security Assets or enforcement of this Security, including by way of pre-emption rights in favour of the Security Provider, or contains any provision which could adversely affect or restrict the creation or enforcement of the pledge over the Security Assets.
- (vii) Each contribution by which the issue price of the shares forming the Security Assets is paid, has been fully paid.

(b) Status

- (i) The Corporation is a joint stock company (*akciová společnost*), duly incorporated and validly existing under the laws of its jurisdiction of incorporation.
- (ii) The Corporation has the power to own its assets and to conduct its business as it is being conducted.
- (iii) The Corporation is not insolvent and no steps have been taken and no proceedings have been started or are imminent in respect of its winding-up or the appointment of a liquidator or an administrator in respect of the Corporation or any of its assets and no analogous event has occurred in any other jurisdiction.
- (iv) The Corporation's articles of association complies with the Corporations Act.
- (v) By a change to its articles of association, the Corporation has submitted to the Corporations Act as a whole.

(c) Powers and authority

The Corporation is authorised to issue this Confirmation and to make the representations included in this Confirmation.

6. Corporation's obligations in relation to Security Assets

- (a) We acknowledge the creation of the pledge over the Security Assets.
- (b) We confirm that we will act in accordance with the instructions we receive from the Security Agent, in particular that after we receive the Enforceability Notice from the Security Agent:

- (i) the Security Agent will be entitled to exercise any voting rights, including the right to vote in the Corporation's supreme body, the Share Rights and any other rights that may be exercised by the owner of the Security Assets; and
- (ii) we must pay all Share Rights that are or become payable to the Security Agent or as it may direct, up to the amount of the due but unpaid Secured Debts.

7. This Confirmation, the obligations under it and any non-contractual obligations arising in connection with it are governed by Czech law.

Yours sincerely

Corporation

ČESKÁ ZBROJOVKA A.S.

Name:

Position: [] / [under power of attorney]

Schedule to the Form of Confirmation from the Corporation

FORM OF ENFORCEABILITY NOTICE

[on letterhead of Security Agent]

From: Komerční banka, a.s. (the **Security Agent**)

To: Česká zbrojovka a.s. (the **Corporation**)

Copy: Colt CZ Group SE (the **Security Provider**)

[DATE]

Agreement on pledge of book-entry form shares in [●] dated [DATE] between the Security Provider and the Security Agent (the Pledge Agreement)

We refer to the Pledge Agreement and to your confirmation dated [●] that you have been informed of the Pledge Agreement. This is the Enforceability Notice as defined in the Pledge Agreement.

Unless expressly defined in this Enforceability Notice, capitalised terms have the same meaning as in the Pledge Agreement.

Please be informed that the Security has become enforceable pursuant to Clause 8 (When Security becomes enforceable) of the Pledge Agreement.

We inform you that, with effect from the date of delivery of this Enforceability Notice:

- (a) the Security Agent may exercise:
 - (i) any voting rights relating to the Security Assets, including the right to vote in the Corporation's supreme body;
 - (ii) any Share Rights; and
 - (iii) any other rights that may be exercised by the owner of the Security Assets; and
- (b) all Share Rights must be paid directly to the Security Agent or as it may direct, until you receive an instruction to the contrary from the Security Agent.

This letter, the obligations under it and any non-contractual obligations arising in connection with it are governed by Czech law.

Yours faithfully

Security Agent

KOMERČNÍ BANKA, A.S.

Name:

Position: [●] / [under power of attorney]

Name:

Position: [●] / [under power of attorney]

SCHEDULE 2

FORM OF TRANSFER CERTIFICATE

From: [SECURITY AGENT] (the **Security Agent**)

[NEW SECURITY AGENT]

To: [SECURITY PROVIDER] (the **Security Provider**)

[DATE]

Agreement on pledge of book-entry form shares in [●] dated [DATE] between the Security Provider and the Security Agent (the Pledge Agreement)

We refer to the Pledge Agreement. This is a Transfer Certificate (as defined in the Pledge Agreement).

Unless expressly defined in this Transfer Certificate, capitalised terms have the same meaning as in the Pledge Agreement.

1. We [SECURITY AGENT] (the **Existing Security Agent**) and [NEW SECURITY AGENT] (the **New Security Agent**) have agreed that the Existing Security Agent transfers [all of its][present and future] rights and obligations under the Finance Documents, including under the Pledge Agreement, to the New Security Agent.
2. The Security created under the Pledge Agreement automatically transferred to the New Security Agent upon the resignation of the Existing Security Agent, the appointment of the New Security Agent in accordance with the Credit Agreement and the transfer of the receivables for the payment of the Secured Debts to the New Security Agent on [DATE].
3. All rights and obligations under the Pledge Agreement which have not automatically transferred to the New Security Agent together with the receivables for the payment of the Secured Debts are transferred by way of this Transfer Certificate. The transfer is effective on the date of this Transfer Certificate.
4. The administrative details of the New Security Agent for the purposes of the Pledge Agreement are set out in the Schedule.
5. The New Security Agent's receivables for the payment of the Secured Debts include, but are not limited to, the current outstanding principal amount of the Credit Agreement (as defined in the Pledge Agreement), in an amount of [CURRENCY][AMOUNT].
6. The New Security Agent accepts the Security under the Pledge Agreement as security for the Secured Debts.
7. This Transfer Certificate, the obligations under it and any non-contractual obligations arising in connection with it are governed by Czech law.

The Schedule

Administrative details of New Security Agent

[details of address for notices, payment details and full registered name and address]

Security Agent

[SECURITY AGENT]

Name:
Position: [●] / [under power of attorney]

Name:
Position: [●] / [under power of attorney]

New Security Agent

[NEW SECURITY AGENT]

Name:
Position: [●] / [under power of attorney]

Name:
Position: [●] / [under power of attorney]

We agree to the transfer contemplated by this Transfer Certificate.

Security Provider

[SECURITY PROVIDER]

Name:
Position: [●] / [under power of attorney]

SIGNATORIES

Security Provider

COLT CZ GROUP SE

Name:
Position:

Name:
Position:

Security Agent

KOMERČNÍ BANKA, A.S.

Name:
Position: under power of attorney

Name:
Position: under power of attorney