

## **DRAFT DECISIONS OF THE GENERAL MEETING OF CZG - ČESKÁ ZBROJOVKA GROUP SE OUTSIDE ITS MEETING (DECISIONS *PER ROLLAM*)**

The Board of Directors of - **CZG Česká zbrojovka Group SE**, with its registered office at Opletalova 1284/37, Nové Město, 110 00 Prague 1, ID no.: 291 51 961, registered in the Commercial Register kept by the Municipal Court in Prague, file no. H 962 (the “**Company**”), hereby submits, in accordance with the provisions of Section 418 et seq. of Act No. 90/2012 Sb., on Companies and Cooperatives (the Companies Act), as amended (the “**CA**”), and with Article 11 of the valid and effective Articles of Association of the Company, the draft decisions of the Company’s General Meeting to be adopted outside its meeting (decision *per rollam*) to the Company’s shareholders.

Taking into account the current epidemiological situation, the form of decision-making of the Company’s General Meeting outside its meeting (decision *per rollam*) has been assessed as the most appropriate.

The draft decision of the Company’s General Meeting outside the General Meeting (decision *per rollam*) is published on the Company’s website and in the Commercial Bulletin, i.e. in the same way as the invitation to its General Meeting is published according to the Company’s Articles of Association. The draft decisions include a notarial deed in accordance with the provision of Section 419(2) of the CA.

Shareholders also have the opportunity to send their Opinion (as defined below) on the drafts not only by post, but also by e-mail or data mailbox. The Company’s Board of Directors believes that these facts enable all of its shareholders to participate more effectively and flexibly in decision-making regarding the Company’s affairs despite the current situation.

Detailed rules for the course of decision-making of the General Meeting outside its meeting (*per rollam*) are set out in the Rules of Decision-Making *Per Rollam*, which are published on the Company’s website at <https://www.czg.cz/investors#general-meeting>.

The underlying documents necessary for the adoption of the proposed decisions *per rollam* are also published on the Company’s website at <https://www.czg.cz/investors#general-meeting>.

### **DRAFT DECISIONS**

#### **I. Draft decision – Approval of the regular financial statements for 2020 (Draft I):**

***"The Company’s General Meeting hereby approves the regular financial statements for the financial year from 1 January 2020 to 31 December 2020, which have been audited by the auditor and are included in the annual report published on the Company’s website (at <https://www.czg.cz> under the "Investors" link in the "General Meetings" section)."***

#### **Reasoning of Draft I:**

In accordance with the provision of Section 421(2)(g) of the CA and Article 7.3(k) of the Company’s Articles of Association, the General Meeting approves the regular financial statements submitted to it by the Company’s Board of Directors in accordance with the provision of Section 435 (4) of the CA and Article 13.4(c) of the Company’s Articles of Association.

Pursuant to the provision of Section 447(3) of the CA and Article 19.5 of the Company’s Articles of Association, the Company’s Supervisory Board reviews the Company’s regular financial statements and submits its opinion to the General Meeting.

The Company's financial statements must be audited by an auditor and forms a part of the annual report pursuant to the provisions of Section 21 of Act No. 563/1991 Sb., on Accounting, as amended (the "AA"). Pursuant to the provisions of Section 19a of the AA, the regular financial statements for 2020 have been prepared in accordance with the International Standards.

The regular financial statements have been prepared in accordance with applicable legal regulations and give a true and fair view of the subject of the accounting and of the financial position of the Company.

The regular financial statements consist of:

- Balance sheet
- Profit and loss statement
- Statement of changes in equity
- Cash flow statement
- Notes to the financial statements.

The regular financial statements have been audited by the auditor, discussed by the Company's Board of Directors and reviewed by the Company's Supervisory Board, which has concluded to recommend the Company's regular financial statements for approval.

The regular financial statements for 2020 have been audited by Deloitte Audit s.r.o., with registered office at Italská 2581/67, Vinohrady, 120 00 Prague 2, ID No: 496 20 592, registered in the Commercial Register kept by the Municipal Court in Prague ("**Deloitte Audit**"), with unqualified opinion.

For the financial year 2020, the Company made a profit of CZK 462,928,714.28 (in words: four hundred and sixty-two million nine hundred and twenty-eight thousand seven hundred and fourteen Czech crowns and twenty-eight halers).

Other important data from the regular financial statements are:

|  |           |
|--|-----------|
| Total assets (in CZK thousand)                                 | 3,987,620 |
| Total liabilities (in CZK thousand)                            | 3,987,620 |
| Profit or loss of the current financial year (in CZK thousand) | 462,928   |

Pursuant to the provision of Section 21 of the AA, the Company is required to prepare an annual report, the purpose of which is to provide coherent, balanced and comprehensive information on the development of its performance, activities and current economic position.

In this context, in accordance with the provision of Section 435(5) of the CA and Article 13.4(d) of the Company's Articles of Association, the Board of Directors prepares a report on the Company's business activities and the state of its assets, in which it assesses the state of the Company's assets and business activities in the financial year for which the financial statements are prepared, and submits the annual report, including the report on the Company's business activities and the state of its assets, to the General Meeting. Moreover, in accordance with the provision of Section 82 et seq. of the CA, the Board of Directors prepares a report on relations, which is a part of the annual report.

In addition, pursuant to the provision of Section 118(9) of Act No. 256/2004 Sb., on Capital Market Business, as amended (the "CMBA"), the Board of Directors prepares and submits to the General Meeting an explanatory report on matters according to the CMBA, which is a part of the annual report.

In accordance with the provision of Section 447 et seq. of the CA and the provision of Section 83 of the CA, and Article 7.3(z) of the Company's Articles of Association, the Company's Supervisory Board submits to the General Meeting the results of the Company's Supervisory Board's inspection activities, for which a report of the Company's Supervisory Board on its inspection activities has been prepared. This

report includes the Supervisory Board's opinion on the regular financial statements, the consolidated financial statements, the proposal for the distribution of the Company's profits and the report on relations. The conclusions of the report of the Company's Supervisory Board on its inspection activities are without reservations.

In accordance with the provision of Section 44aa of Act No. 93/2009 Sb., on Auditors and on Amendments to Certain Acts (the Act on Auditors), as amended (the "Act on Auditors"), and with Article 24.5 of the Company's Articles of Association, the Audit Committee prepares a report on its activities, in which it evaluates its activities in relation to the activities under the Act on Auditors.

**On the basis of the above and the published information, it is proposed that the Company's General Meeting approves the regular financial statements for 2020.**

The annual report, as well as its components (the regular financial statements, the consolidated financial statements, the auditor's report, the report on the Company's business activities and the state of its assets, and the report on relations, the summary report pursuant to the CMBA), the Supervisory Board's report on its inspection activities and the Audit Committee's report on its activities are published on the Company's website at <https://www.czg.cz> under the "Investors" link in the "General Meetings" section.

## **II. Draft decision – Approval of the consolidated financial statements for 2020 (Draft II):**

*"The Company's General Meeting hereby approves the consolidated financial statements for the financial year from 1 January 2020 to 31 December 2020, which have been audited by the auditor and are included in the annual report published on the Company's website (at <https://www.czg.cz> under the "Investors" link in the "General Meetings" section)."*

### **Reasoning of Draft II:**

In accordance with the provision of Section 421(2)(g) of the CA and Article 7.3(k) of the Company's Articles of Association, the General Meeting approves the consolidated financial statements submitted to it by the Company's Board of Directors in accordance with the provision of Section 435 (4) of the CA and Article 13.4(c).

Pursuant to the provision of Section 447(3) of the CA and Article 19.5 of the Company's Articles of Association, the Company's Supervisory Board reviews the Company's consolidated financial statements and submits its opinion to the General Meeting.

The Company's financial statements must be audited by an auditor and forms a part of the annual report pursuant to Section 21 the AA. Pursuant to the provision of Section 23a of the AA, the consolidated financial statements for 2020 have been prepared in accordance with the International Standards.

The consolidated financial statements have been prepared in accordance with applicable legal regulations and give a true and fair view of the subject of the accounting and financial position of the consolidated group, entities under common influence and affiliated entities.

The consolidated financial statements have been audited by the auditor, discussed by the Company's Board of Directors and reviewed by the Company's Supervisory Board, which has concluded to recommend the Company's consolidated financial statements for approval.

The consolidated financial statements for 2020 have been audited by Deloitte Audit with unqualified opinion.

The consolidated profit of the consolidated group for the financial year 2020 is CZK 676,570,727.47 (in words: six hundred and seventy-six million five hundred and seventy thousand seven hundred and twenty-seven Czech crowns and forty-seven halers).

Other important data from the consolidated financial statements are:

|  |           |
|--|-----------|
| Total assets (in CZK thousand)                                   | 8,787,551 |
| Equity (in CZK thousand)   | 4,522,686 |
| Consolidated profit of the consolidation group (in CZK thousand) | 676,570   |

**On the basis of the above and the published information, it is proposed that the Company's General Meeting approves the consolidated financial statements for 2020.**

The annual report, as well as its components (the regular financial statements, the consolidated financial statements, the auditor's report, the report on the Company's business activities and the state of its assets, and the report on relations, the summary report pursuant to the CMBA), the Supervisory Board's report on its inspection activities and the Audit Committee's report on its activities are published on the Company's website at <https://www.czg.cz> under the "Investors" link in the "General Meetings" section.

### **III. Draft decision – Decision on the distribution of profit for 2020 (Draft III):**

*"The General Meeting of the Company hereby decides to dispose of the Company's economic result for 2020, i.e. the unconsolidated profit for 2020 in the amount of CZK 462,928,714.28 (in words: four hundred and sixty-two million nine hundred and twenty-eight thousand seven hundred and fourteen Czech crowns and twenty-eight halers) after tax, as follows:*

- *the profit in the amount of CZK 253,024,650 (in words: two hundred fifty-three million twenty-four thousand six hundred fifty Czech crowns) will be distributed among the shareholders. The share on the profit thus amounts to CZK 7.50 (in words: seven Czech crowns and fifty halers) per share before tax. The record date for exercising the right to a share on the profit is 28 June 2021. The share in the profit is payable on 19 July 2021;*
- *the profit in the amount of CZK 209,904,064.28 (in words: two hundred nine million nine hundred four thousand sixty-four Czech crowns and twenty-eight halers) will be transferred to the account of the retained earnings of previous years."*

#### **Reasoning of Draft III:**

In accordance with the provision of Section 421(2)(h) of the CA and Article 7.3(l) of the Company's Articles of Association, the Company's General Meeting decides on the disposal of the economic result, i.e. also on the distribution of profit.

In accordance with the provision of Section 435(4) of the CA and Article 13.4(c) of the Company's Articles of Association, the General Meeting is submitted a proposal for the distribution of the unconsolidated profit in the amount of CZK 462,928,714.28 (in words: four hundred and sixty-two million nine hundred and twenty-eight thousand seven hundred and fourteen Czech crowns and twenty-eight halers), i.e. so that the profit for 2020 in the amount of CZK 253,024,650 (in words: two hundred fifty-three million twenty-four thousand six hundred fifty Czech crowns) is distributed to the shareholders and the profit in the amount of CZK 209,904,064.28 (in words: two hundred nine million nine hundred four thousand sixty-four Czech crowns and twenty-eight halers) is transferred to the account of the retained earnings of previous years.

The Board of Directors' proposal for the distribution of profit reflects the Company's proclaimed dividend strategy and is in line with the Company's adopted dividend policy. The Board of Directors proposes to the General Meeting to distribute to the shareholders the profit of CZK 253,024,650, which represents 37.4% of the share on the profit of the consolidated group. In the IPO prospectus, the Company committed to pay out, within its dividend policy, a share on the profit of at least 33% of the share on the profit reported by the consolidated group, i.e. it has kept this commitment. The Company's Board of Directors proposes to transfer the remaining profit of CZK 209,904,064.28 to the retained earnings of previous years, mainly for the purpose of settlement of the acquisition of 100% interest in Colt Holding LLC, with its registered office

at 547 New Park Avenue West Hartford, Connecticut 06110-1336 and its subsidiaries CDH II Holdco Inc, Colt Defence LLC, New Colt Holding Corp, Colt Manufacturing Company, Colt's Manufacturing IP Holding Company LLC, Colt Defence Technical Services LLC, Colt International Cooperatief U.A., Colt Canada Corporation, Colt Canada IP Holding Partnership CA, Colt Canada IP Holding Company (the "**Colt Group**"), by the Company and the subsidiary CZ-US Holdings Inc. The terms and conditions of the settlement of this transaction were set out in the agreement on the 100% acquisition dated 11 February 2021). The Transaction was further described in a presentation entitled "PROJECT CONSTITUTION: ACQUISITION OF 100% COLT HOLDING COMPANY LLC. Shareholders were already familiarised with the transaction documentation as part of the original decision *per rollam* of the General Meeting held in the period from February to March 2021, with the underlying documents being published on the Company's website (at <https://www.czg.cz> under the "Investors" link in the "General Meetings" section).

The calculation of the share on the profit per share is based on the total number of shares issued by the Company. The share on the profit thus amounts to CZK 7.50 (in words: seven Czech crowns and fifty halers) per share before tax. Under the terms of the Czech legislation, the relevant tax will be withheld (deducted) by the Company before the payout is made.

The record date for exercising the right to a share on the profit in accordance with Article 28.4 of the Company's Articles of Association is 28 June 2021, which means that the right to the share on the profit will have the persons who are shareholders of the Company as of the record date for the exercise of the right to the share on the profit.

In accordance with the provision of Section 34(4) of the CA and Article 28.6 of the Company's Articles of Association, the General Meeting may decide on a different maturity of the share on the profit. The share on the profit is payable on 19 July 2021.

The payout of the share on the profit will be made through Komerční banka, a.s., with its registered office at Prague 1, Na Příkopě 33 no. 969, Postal Code 114 07, ID No: 453 170 54.

The terms and methods for the payout of the share on the profit are published on the Company's website at <https://www.czg.cz> under the "Investors" link in the "General Meetings" section.

#### **IV. Draft decision – Decision on the appointment of the auditor for the financial year 2021 (Draft IV):**

*“The Company’s General Meeting hereby appoints Deloitte Audit s.r.o., with its registered office at Italská 2581/67, Vinohrady, 120 00, Prague 2, ID No: 496 20 592, registered in the Commercial Register kept by the Municipal Court in Prague, File No. C 24349, as the Company's auditor for the financial year from 1 January 2021 to 31 December 2021 to perform the statutory audit.”*

#### **Reasoning of Draft IV:**

The Company's financial statements must be audited by an auditor and forms a part of the annual report pursuant to the relevant provisions of the AA and the Act on Auditors.

In accordance with the provision of Section 17 the Act on Auditors, and Article 7.3(aa) of the Company's Articles of Association, the Company's auditor is appointed by the General Meeting.

The proposed auditor is a suitable candidate to be the Company's auditor, both in view of its expertise in the field and its long-term experience in the field.

The proposed company Deloitte Audit has been recommended by the Audit Committee, in accordance with the provision of Section 43 of the Act on Auditors and Article 24.1(d) of the Company's Articles of Association, to the Supervisory Board which submits a proposal for the auditor to the General Meeting.

On the basis of the above, it is proposed to the General Meeting to appoint Deloitte Audit as the Company's auditor for the financial year from 1 January 2021 to 31 December 2021 to perform the statutory audit.



**V. Draft decision – Approval of the remuneration policy (Draft V):**

*"The Company's General Meeting hereby approves the Company's remuneration policy published on the Company's website (at <https://www.czg.cz> under the "Investors" link in the "General Meetings" section)."*

**Reasoning of Draft V:**

In accordance with the relevant provisions of the CMBA, the Company is required to prepare a remuneration policy that is understandable, supports the Company's business strategy, its long-term interests and sustainability, and explains how it does so.

Pursuant to the provisions of Section 121k of the CMBA, the Company's Board of Directors submits to the General Meeting for approval the prepared remuneration policy which contains the information in accordance with the relevant provisions of the legal regulations, in particular the determination of fixed and variable components of remuneration for members of the Board of Directors, general principles of the Company's option program, rules for termination of the right to variable remuneration and other criteria for the payment of the variable component of remuneration and other conditions for the performance of the office.

The remuneration policy also stipulates fixed and variable components of remuneration for members of the Supervisory Board, as well as entitlement to non-monetary benefits associated with their office, rules for termination of entitlement to variable remuneration and other criteria for the payment of variable remuneration and other conditions for the performance of the office.

Furthermore, the Remuneration Policy sets out the conditions for the remuneration of members of the Audit Committee.

The proposed wording of the remuneration policy is published on the Company's website at <https://www.czg.cz/investors#general-meeting>.

In accordance with the provision of Section 121k of the CMBA, the approved remuneration policy will be published on the Company's website free of charge together with the date of its approval.

**VI. Draft decision – Approval of the remuneration report (Draft VI):**

*"The Company's General Meeting hereby approves the Company's remuneration report for the financial year from 1 January 2020 to 31 December 2020 published on the Company's website (at <https://www.czg.cz> under the "Investors" link in the "General Meetings" section)."*

**Reasoning of Draft VI:**

In accordance with the relevant provisions of the CMBA, the Company is required to prepare a clear and understandable remuneration report which provides a full overview of the remuneration, including all benefits in any form, granted or payable during the last completed financial year to persons referred to in Section 121m(1) of the CMBA.

Pursuant to the provision of Section 121o of the CMBA, the Company's Board of Directors then submits to the General Meeting for approval the prepared remuneration report for the given financial year, which contains the information in accordance with the relevant provisions of the legal regulations, in particular information on all remuneration paid to members of elected bodies of the Company including non-monetary benefits provided to members of elected bodies in 2020.

The remuneration report has been audited by the auditor, i.e. Deloitte Audit, in accordance with the provision of Section 121q of the CMBA. The remuneration report for approval, as well as the independent

auditor's report on the audit of the remuneration report, are published on the Company's website at <https://www.czg.cz/investors#general-meeting>.

In accordance with the provision of Section 121o of the CMBA, the remuneration report will be published on the Company's website free of charge together with the information whether the remuneration report has been approved by the General Meeting.

**VII. Draft decision – Approval of individual one-off fees to the Supervisory Board’s members for 2020 (Draft VII):**

*"The Company's General Meeting hereby approves the individual one-off fees to the members of the Supervisory Board for 2020, as follows:*

- *individual one-off fee for 2020 in the amount of CZK 2,400,000 gross is due to the Chairman of the Supervisory Board, Ing. René Holeček, date of birth 28 July 1966, residing at Mánesova 475, Frýdek, 738 01 Frýdek-Místek;*
- *individual one-off fee for 2020 in the amount of CZK 800,000 gross is due to the member of the Supervisory Board, Ing. Věslava Piegzová, date of birth 11 October 1953, residing at 28. října 1516/1, 737 01 Český Těšín;*
- *individual one-off fee for 2020 in the amount of CZK 600,000 gross is due to the member of the Supervisory Board, Ing. Vladimír Dlouhý, date of birth 31 July 1953, residing at Boženy Hofmeisterové 1430, Zbraslav, 156 00 Prague 5."*

**Reasoning of Draft VII:**

In accordance with the provision of Section 61 of the CA, any other benefit in favour of a person, who is a member of an elected body of the Company, than that to which the right arises by virtue of a legal regulation, an agreement on performance of the office approved pursuant to Section 59(2) of the CA or an internal regulation approved by the body of the Company within the competence of which the approval of the agreement on performance of the office falls, may be granted only with the consent of the person who approves the agreement on performance of the office and with the opinion of the supervisory body if such has been established.

It is proposed to approve the individual one-off fees to the members of the Company's Supervisory Board for 2020:

- individual one-off fee for 2020 in the amount of CZK 2,400,000 gross is due to the Chairman of the Supervisory Board, Ing. René Holeček, date of birth 28 July 1966, residing at Mánesova 475, Frýdek, 738 01 Frýdek-Místek, namely for the proper performance of the office of the Chairman of the Supervisory Board;
- individual one-off fee for 2020 in the amount of CZK 800,000 gross is due to the member of the Supervisory Board, Ing. Věslava Piegzová, MBA, date of birth 11 October 1953, residing at 28. října 1516/1, 737 01 Český Těšín, namely for the proper performance of the office of the member of the Supervisory Board in the amount of CZK 600,000 and CZK 200,000 is the remuneration for the extraordinary contribution in the activities related to expert advisory in the IPO process;
- individual one-off fee for 2020 in the amount of CZK 600,000 gross is due to the member of the Supervisory Board, Ing. Vladimír Dlouhý, CSc., date of birth 31 July 1953, residing at Boženy Hofmeisterové 1430, Zbraslav, 156 00 Prague 5, namely for the proper performance of the office of the member of the Supervisory Board.

Remuneration will be paid to the members of the Supervisory Board within the statutory deadlines.

**VIII. Draft decision – Election of a member of the Supervisory Board Ing. Lubomír Kovařík (Draft VIII):**

*"The Company's General Meeting hereby elects Ing. Lubomír Kovařík, date of birth 18 February 1971, residing at Klausova 2575/9, Stodůlky, 155 00 Prague 5, to the office of a member of the Supervisory Board with effect from 1 July 2021."*

**Reasoning of Draft VIII:**

On 24 May 2021, Ing. René Holeček, date of birth 28 July 1966, residing at Mánesova 475, Frýdek, 738 01 Frýdek-Místek, announced, in accordance with the Company's Articles of Association, his resignation from the office of a member of the Supervisory Board. The resignation of a member of the Supervisory Board, Ing. René Holeček, was discussed at the Supervisory Board's meeting held on 24 May 2021 in accordance with the Articles of Association, and at his request the termination of his office as a member of the Company's Supervisory Board was approved with effect as of 30 June 2021.

Ing. Lubomír Kovařík is currently a member of the Company's Board of Directors, and on 24 May 2021, in accordance with the Articles of Association, he announced his resignation from the office of a member of the Company's Board of Directors. The resignation of a member of the Board of Directors, Ing. Lubomír Kovařík, was discussed at the Supervisory Board's meeting held on 24 May 2021 in accordance with the Articles of Association, and at his request the termination of his office as a member of the Company's Board of Directors was approved with effect as of 30 June 2021.

In accordance with the Articles of Association, at the Supervisory Board's meeting held on 24 May 2021 the following persons were elected to the Company's Board of Directors: Mr. Jan Holeček, date of birth 12 September 1993, residing at Na Hřebenkách 815/13, Smíchov, 150 00 Prague 5 with effect as of 1 July 2021, and Mr. Dennis Veilleux, date of birth 1 April 1966, residing at 441 Washington Parkway Stratford, CT 06615, United States of America with effect as of 1 July 2021.

Pursuant to the provision of Section 421(2)(f) of the CA and Article 7.3(i) of the Company's Articles of Association, the election of a member of the Company's Supervisory Board falls within the competence of the General Meeting.

The reason for the election of a new member of the Company's Supervisory Board is, therefore, the fact that a vacancy will occur in the Company's Supervisory Board from 1 July 2021.

The proposal for organizational changes in the CZG - Česká zbrojovka Group SE follows up on the successful completion of the acquisition of Colt Holding LLC (hereinafter referred to as "Colt"). The acquisition of Colt and the significant expansion of the CZG Group requires strengthening of the Company's executive management and inclusion of Colt management representatives in the Company's management structures.

As of 30 July, Mr. René Holeček will resign from the position of the Chairman of the Supervisory Board of the Company, as mentioned above. Ing. Lubomír Kovařík was a long-standing CEO of the manufacturing plant of Česká zbrojovka in Uherský Brod and later the Chairman of the Board of Directors of the Company, and in this connection, he resigned from the position of Chairman and Member of the Board of Directors of the Company. His extensive professional experience from managerial positions in the CZG Group will be a valuable asset for his work in the Supervisory Board, and at the same time he will act as a representative of the majority shareholder Česká zbrojovka Partners SE.

Ing. Lubomír Kovařík is sufficiently qualified to act in the capacity of a member of the Company's Supervisory Board and is familiar with the Company's affairs and organisation. In his new role, he should continue to focus on strengthening the CZG Group's external relations with all key partners and stakeholders, represent the CZG Group in the management of the Defence Industry Section of the Czech Chamber of Commerce and coordinate major business cases and opportunities. Ing. Lubomír Kovařík graduated from the Military Aviation College and completed the MBA programme at Sheffield University.



In the past, he held many managerial positions in large Czech companies. From 2006 to 2017, he served as CEO of Česká zbrojovka, a.s. and since 2018 he has been the President and Chairman of the Board of Directors of Česká zbrojovka Partners SE.

**Ing. Lubomír Kovařík is a suitable candidate and fulfils all the conditions required by law for the performance of the office of a member of the Supervisory Board and agrees to his election to the office.**

**IX. Draft decision – Approval of the agreement on performance of the office – Supervisory Board (Draft IX):**

*"The Company's General Meeting hereby approves the model agreement on performance of the office of a member of the Supervisory Board published on the Company's website (at <https://www.czg.cz> under the "Investors" link in the "General Meetings" section)."*

**Reasoning of Draft IX:**

Pursuant to the provision of Article 7.3(i) of the Company's Articles of Association, the General Meeting is responsible for approving the agreement on performance of the office of a member of the Supervisory Board.

For simplicity, a model agreement on performance of the office of a member of the Supervisory Board has been drawn up, and the amount of remuneration of the members and the Chairman of the Supervisory Board, as well as other benefits, are regulated in the agreement on performance of the office, which is published on the Company's website at <https://www.czg.cz/investors#general-meeting>. This agreement on performance of the office will then in future be concluded with the persons appointed to the Supervisory Board.

**X. Draft decision – Decision on the amendment to the Articles of Association (Draft X):**

*"The Company's General Meeting hereby decides to amend the Company's Articles of Association as follows:*

*Article 20.5 is added as follows:*

*"The General Meeting may elect up to 3 (in words: three) alternate members of the Supervisory Board, specifying their order. If a Supervisory Board member's office terminates, an alternate member of the Supervisory Board will become a member of the Supervisory Board in his/her place in accordance with the specified order, and his/her term of office will expire no later than 5 (in words: five) years after his/her election as an alternate member of the Supervisory Board. The General Meeting may also change the order of the already elected alternate members of the Supervisory Board. If no alternates have been elected by the General Meeting, the Supervisory Board, whose number of members has not dropped to less than one half, may appoint alternate members until the next General Meeting."*

*Article 25.5 is amended and newly reads:*

*"The General Meeting may elect up to 3 (in words: three) alternate members of the Audit Committee, specifying their order. If an Audit Committee member's office terminates, an alternate member of the Audit Committee will become a member of the Audit Committee in his/her place in accordance with the specified order, and his/her term of office will expire no later than 5 (in words: five) years after his/her election as an alternate member of the Audit Committee (unless otherwise provided by the Act on Auditors). The General Meeting may also change the order of the already elected alternate members of the Audit Committee. If no alternates have been elected by the General Meeting, the Audit Committee, whose number of members has not dropped to less than one half, may appoint alternate members until the next General Meeting."*

### **Reasoning of Draft X:**

Pursuant to the provision of Section 421(2)(a) of the CA and Article 7.3(a) of the Company's Articles of Association, amendments to the Articles of Association fall within the competence of the Company's General Meeting.

The proposed amendments to the Company's Articles of Association relate to the addition of the possibility for the General Meeting to elect alternates to the Supervisory Board, the possibility to co-opt a member of the Supervisory Board and the Audit Committee, specifically in order to ensure the proper composition of the bodies and the related cost savings in the event that the office of some member of a given body terminates. This amendment to the Articles of Association will enable to react promptly to such situations without the need to convene the General Meeting.

The proposed wording of the Articles of Association with the reflected amendments is published on the Company's website at <https://www.czg.cz/investors#general-meeting> and is available for inspection at the registered office of the Company.

### **XI. Draft decision – Decision on authorisation of the Board of Directors to increase the registered capital and on the exclusion of the pre-emptive right to subscribe for new shares (Draft XI):**

*"The Company's General Meeting, in accordance with the provision of Section 511 et seq. of Act No. 90/2012 Sb., on Companies and Cooperatives (the Companies Act), as amended, hereby authorises the Board of Directors to increase the Company's registered capital under the conditions set out in the Companies Act and the Company's Articles of Association. The Board of Directors' authorisation replaces the decision of the General Meeting to increase the registered capital, and it is determined that:*

- *the Company's registered capital may be increased, based on the Board of Directors' authorisation, by up to CZK 337,366 (in words: three hundred and thirty-seven thousand three hundred and sixty-six Czech crowns);*
- *within the framework of the registered capital increase based on the Board of Directors' authorisation, up to 3,373,660 (in words: three million three hundred and seventy-three thousand six hundred and sixty) registered book-entry shares with the nominal value of CZK 0.10 (in words: ten halers) each will be issued, with the rights carried by the new shares being the same as those carried by the existing shares of the Company;*
- *when the Company's registered capital is increased by a decision of the Board of Directors on the basis of this authorisation, the issue price of the shares can only be paid by cash contributions;*
- *within the framework of the authorisation, the Board of Directors may increase the registered capital more than once, provided that the total amount of the increase does not exceed the specified limit;*
- *the authorisation is granted for the period of 5 (in words: five) years from the date on which the General Meeting resolved on the authorisation;*
- *the shares to be subscribed for as part of the registered capital increase based on this authorisation of the Company's Board of Directors may be offered for subscription only to pre-determined interested persons, i.e. without exercising the pre-emptive right, namely employees of the Company or consolidated companies, members of statutory or other bodies of the Company or companies within the consolidation group or persons in a similar position vis-à-vis the Company or companies within the consolidation group,*

*and the Company's General Meeting, in accordance with the provision of Section 488 of Act No. 90/2012 Coll, on Companies and Cooperatives (the Companies Act), as amended, decides to exclude the pre-*

*emptive right to subscribe for new shares of the Company, i.e. specifically, the Company's General Meeting decides to exclude the pre-emptive right to subscribe for up to 3,373,660 (in words: three million three hundred and seventy-three thousand six hundred and sixty) registered book-entry shares with the nominal value of CZK 0.10 (in words: ten halers) each, which will carry the same rights as are those carried by the Company's existing shares and which will be subscribed for exclusively as part of the process of increasing the Company's registered capital on the basis of the Board of Directors' authorisation in accordance with the provision of Section 511 of Act No. 90/2012 Sb., on Companies and Cooperatives (the Companies Act), as amended, which will be increased by up to CZK 337,666 (in words: three hundred and thirty-seven thousand and sixty-six Czech crowns). Therefore, the pre-emptive right to subscribe for shares is excluded specifically for the shares which may be offered for subscription only to pre-determined interested persons, namely employees of the Company or companies within the consolidation group, members of statutory or other bodies of the Company or companies within the consolidation group or persons in a similar position vis-à-vis the Company or companies within the consolidation group."*

### **Reasoning of Draft XI:**

Pursuant to the provision of Section 511 of the CA, the Company's General Meeting may authorise the Company's Board of Directors to increase the Company's registered capital.

In accordance with the provisions of Section 488 of the CA, the General Meeting may, by its resolution, exclude the pre-emptive rights of shareholders to subscribe for new shares, provided that such exclusion is in the important interest of the Company.

A proposal is submitted to the General Meeting to authorise the Company's Board of Directors to increase the Company's registered capital under the following conditions:

- the Company's registered capital may be increased, based on the authorisation of the Board of Directors, by up to CZK 337,366;
- within the framework of the registered capital increase based on the Board of Directors' authorisation, up to 3,373.660 registered book-entry shares with the nominal value of CZK 0.10 each will be issued, with the rights carried by the new shares being the same as those carried by the existing shares of the Company;
- when the Company's registered capital is increased by a decision of the Board of Directors on the basis of this authorisation, the issue price of the shares can only be paid up by cash contributions;
- based on the authorisation, the Board of Directors may increase the registered capital more than once, provided that the total amount of the increase does not exceed the specified limit;
- the authorisation is granted for the period of 5 years from the date on which the General Meeting resolved on the authorisation;
- the shares to be subscribed for as part of the registered capital increase based on this authorisation of the Company's Board of Directors may be offered for subscription only to pre-determined interested persons, i.e. without exercising the pre-emptive right, namely to employees of the Company or companies within the consolidation group, members of statutory or other bodies of the Company or companies within the consolidation group or persons in a similar position vis-à-vis the Company or companies within the consolidation group.

The intention of the proposed resolution is to provide the Company with the opportunity to distribute the Company's shares to employees of the Company or companies within the consolidation group, members of statutory or other bodies of the Company or companies within the consolidation group or persons in a similar position vis-à-vis the Company or companies within the consolidation group. The basic principles of the Company's option program are regulated in the remuneration policy published on the Company's website (<https://www.czg.cz/> under the link "Investors" in the section "General Meetings").

At the same time, the General Meeting is presented with a proposal to exclude the pre-emptive right to subscribe for new shares of the Company, specifically a proposal to exclude the pre-emptive right to subscribe for up to 3,373.660 registered book-entry shares with the nominal value of CZK 0.10 each, whereby these new shares will be subscribed for exclusively as part of the process of increasing the Company's registered capital on the basis of the Board of Directors' authorisation in accordance with the provision of Section 511 of the CA, which will be increased by up to CZK 337,366.

Therefore, it is proposed that the pre-emptive right to subscribe for shares be excluded specifically for the shares which may be offered for subscription only to pre-determined interested persons, namely employees of the Company or companies within the consolidated Group, members of statutory or other bodies of the Company or companies within the consolidation group or persons in a similar position vis-à-vis the Company or companies within the consolidation group. The Company believes that this will motivate key persons within the CZK Group who will have a positive impact on other shareholders as well.

The exclusion of the pre-emptive right is determined to apply to all shareholders to the same extent.

In accordance with Section 488(4) of the CA, the General Meeting is presented a report of the Board of Directors regarding the exclusion of the pre-emptive right, which is published on the Company's website (at <https://www.czg.cz> under the "Investors" link in the "General Meetings" section).

## **XII. Draft decision – Approval of the acquisition of own shares (Draft XII):**

*"The Company's General Meeting hereby approves the acquisition of own shares under the following conditions:*

- *The Company may acquire up to 3.373.660 ( in words: three million three hundred seventy-three thousand six hundred sixty) own registered book-entry shares with the nominal value of CZK 0.10 each,*
- *The Company may acquire own shares during a period of not more than 5 (in words: five) years from the date of adoption of this decision, for a period of not more than 5 (in words: five) years from the date of adoption of this decision,*
- *if the Company acquires its own shares for consideration, then the lowest price at which the Company may acquire its own shares is CZK 290 and the highest price at which the Company may acquire its own shares is CZK 600, for one registered book-entry share with the nominal value of CZK 0.10."*

## **Reasoning of Draft XIII:**

Pursuant to the provision of Section 298 et seq. of the CA, the Company may acquire its own shares only under the conditions set out in the Act, and the Company's General Meeting must resolve on the acquisition of its own shares.

The obligations under the provisions of Sections 301 and 302 of the CA are fulfilled and it is proposed that the Company may acquire its own shares under the following conditions:

- up to 3,337,366 own registered book-entry shares with the nominal value of CZK 0.10 each, i.e. 10% of the shares currently issued by the Company;
- the period during which the Company may acquire its own shares will not exceed 5 years, and
- the highest and the lowest price at which the Company may acquire the shares when acquiring its own shares for a fee are CZK 290 and CZK 600, respectively.

The intention of the proposed resolution is to provide the Company with the opportunity to purchase its own shares for the purpose of their subsequent sale or other distribution to employees of the Company or companies within the consolidation group, members of statutory or other bodies of the Company or companies within the consolidation group or persons in a similar position vis-à-vis the Company or

companies within the consolidation group. This is an alternative option to acquire shares for the purpose of their subsequent sale to relevant persons under the share option programme, whereby this option will only be exercised on favourable terms as appropriate.



**DRAFT DECISIONS IN THE FORM OF A NOTARIAL DEED:**

## GENERAL INFORMATION FOR SHAREHOLDERS

### **Period and method of delivery of the shareholder's opinion:**

The Company's Board of Directors hereby requests the Company's shareholders to provide their opinion on the aforementioned draft decisions *per rollam* (jointly the "Draft") by completing the appropriate form for shareholder's opinion on a draft decision *per rollam* (the "Opinion") and to **deliver the completed original of the Opinion on the Draft bearing an authenticated shareholder's signature to the Board of Directors of the Company in one of the following ways.**

**The period for the delivery of the Opinion on the Draft in accordance with Article 11.1 of the Company's Articles of Association is at least 20 days, with the notification of the Draft to the shareholders being decisive for the commencement of its operation, and which case it ends on 21 June 2021, as the last day of the period falls on Sunday.**

The completed form of the Opinion on the Draft can be delivered **by mail to the address of the Company's registered office for the attention of the Board of Directors in the original copy, or by email to: [ValnaHromada.CZG@czg.cz](mailto:ValnaHromada.CZG@czg.cz), or to the Company's data box, ID DS: srqpv3e.** If the Opinion on the Draft is delivered by e-mail or from the shareholder's data box, the Opinion on the Draft bearing the shareholder's authenticated signature must be converted from paper to electronic form by means of authorised documents conversion. The authorised document conversion can be carried out at a relevant Czech POINT contact point or at any notary.

If the shareholder fails to deliver the consent to the Draft to the Company's Board of Directors within the stipulated period, the shareholder is deemed not to have consented to the Draft. The Opinion on the Draft delivered to the Company's Board of Directors may not be amended or revoked.

### **Record date for a decision *per rollam*:**

The record date for a decision *per rollam* is the **seventh day preceding the date of notification of the Draft Decision to all shareholders in the manner for convening the General Meeting according to the Company's Articles of Association, i.e. the date of publication of the Draft Decision on the Company's website, i.e. at <http://www.czg.cz>, and the date of publication in the Commercial Bulletin, whichever is later, i.e. 24 May 2021.** The significance of the record date is that the right to decide (vote) on the Draft and to exercise shareholder rights is vested in the person who is a shareholder of the Company on the record date and who is entered in the book-entry securities register maintained by the Central Securities Depository on the record date, or a representative of such a person.

### **Identification of the shareholder or their representative, Related documents:**

In the event that the shareholder is an individual, they will be identified on the basis of an extract from the securities register produced on the record date and they are not required to attach any other documents when sending their Opinion on the Draft. In the event that the shareholder is a legal entity, a member of the governing body of such legal entity must attach an up-to-date (not older than 3 months) extract from the relevant public register or another document supporting the member's right to act on behalf of the entity to the Opinion on the Draft.

The representative of the shareholder must also attach the original or an authenticated copy of a written power of attorney with an authenticated signature of the shareholder to the Opinion on the Draft. The person entered in the book-entry securities register as a trustee or a person authorised to exercise rights attached to the share does not have to present a power of attorney. The representative whose right to represent a

shareholder arises from a fact/document other than a power of attorney, is required to present this fact or relevant document along with the Opinion on the Draft.

Documents used by a shareholder as proof of identity and authenticated by foreign authorities must be apostilled or superlegalised unless the Czech Republic has signed a legal assistance agreement with the country in which the document was authenticated. All documents must be presented either in Czech or English. If the documents (or authenticating clauses) are made in another language, the documents must be presented along with a certified translation into Czech.

In the event that the shareholder's Opinion on the Draft is sent by e-mail or to the Company's data box, the above documents, which the shareholder or representative attaches to the shareholder's Opinion on the Draft, must be converted from paper to electronic form by means of authorised conversion.

### **Request for explanation**

A shareholder has the right to demand an explanation regarding matters of concern to the Company or to entities controlled by the Company, to the extent that such explanation is necessary to assess the adoption of the Draft. A shareholder is entitled to submit a request for explanation in writing on the relevant form to the Company in the same way as the Opinion on the Draft by **14 June 2021** (inclusive) at the latest following the publication of the Draft on the website and in the Commercial Bulletin. The Company will respond to timely and duly submitted requests for information by **17 June 2021** (inclusive) at the latest.

### **Decision-making majorities and the manner of announcing results:**

In accordance with Article 11.6 of the Company's Articles of Association and Section 419(3) of the CA, the decisive majority is calculated from the total number of votes of all shareholders of the Company. The Company's registered capital comprises 33,736,620 registered book-entry shares, each having the nominal value of CZK 0.10, or EUR 0.00402. One vote is attached to each share in voting at the General Meeting. The total number of votes in the Company is 33,736,620 votes.

In accordance with the provision of Sections 415, 416, 417 and 419(3) of the CA, to approve:

Draft I, an absolute majority of the votes of all shareholders of the Company is required;

Draft II, an absolute majority of the votes of all shareholders of the Company is required;

Draft III, an absolute majority of the votes of all shareholders of the Company is required;

Draft IV, an absolute majority of the votes of all shareholders of the Company is required;

Draft V, an absolute majority of the votes of all shareholders of the Company is required;

Draft VI, an absolute majority of the votes of all shareholders of the Company is required;

Draft VII, an absolute majority of the votes of all shareholders of the Company is required;

Draft VIII, an absolute majority of the votes of all shareholders of the Company is required;

Draft IX, an absolute majority of the votes of all shareholders of the Company is required;

Draft X, at least two-thirds of the votes of all shareholders of the Company are required;

Draft XI, at least three-fourths of the votes of all shareholders of the Company are required;

Draft XII, an absolute majority of the votes of all shareholders of the Company is required.

The form of a public document within the meaning of Article 11.6 of the Company's Articles of Association and the provisions of Section 419(2) of the CA is required for a decision of the Company's General Meeting.

The immediate results of decision-making *per rollam* will be available on the Company's website at <https://www.czg.cz/investors#general-meeting>.

The outcome of the decision-making *per rollam*, including the date of adopting a decision, will be announced to the Company's shareholders without undue delay by posting the results on the Company's website at <https://www.czg.cz/investors#general-meeting> and by publishing the result in the Commercial Bulletin.

### **Information on documents available to the shareholders:**

In connection with the decision *per rollam*, the following underlying documents have been published on the Company's website at <https://www.czg.cz/investors#general-meeting>:

- **Rules of Decision-Making of the General Meeting** of the Company CZG - Česká zbrojovka Group SE adopted outside the General Meeting (decision *per rollam*);
- **Draft Decisions of the General Meeting** of the Company CZG - Česká zbrojovka Group SE outside the General Meeting (decision *per rollam*) and draft resolutions in the form of a notarial deed in accordance with the provision of Section 419(2) of the CA;
- Underlying documents for decision *per rollam*;
- Form of the **Shareholder's Opinion** on the draft decision of the General Meeting adopted outside the General Meeting (decision *per rollam*);
- Form of **Power of Attorney for a Shareholder – Individual**;
- Form of **Power of Attorney for a Shareholder – Legal Entity**;
- Form of **Request for Explanation**.

No further underlying documents are necessary for the adoption of the Draft within the meaning of the provision of Section 418(2)(c) of the CA.

### **Notice to shareholders**

As of 1 June 2021, Act No. 37/2021 Sb., on the Register of Beneficial owners (the "ARBO") will be effective, which substantially affects, among other things, the voting of shareholders in the Company and the payout of share on the profit to shareholders (Section 54(3) of the ARBO and Section 53(2) of the ARBO). In this context, the Company therefore alerts the shareholders, who are subject to the ARBO, to arrange their obligations under the ARBO well in advance if they have not already done so.

Place: Prague

Date: 27 May 2021

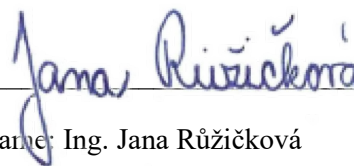


Name: Ing. Lubomír Kovařík

Title: Chairman of the Board of Directors

Place: Prague

Date: 27 May 2021



Name: Ing. Jana Růžičková

Title: Member of the Board of Directors