

## **Report of the Supervisory Board of Colt CZ Group SE for 2022**

concerning the supervisory activities, review of the financial statements and the auditor's findings, Board of Directors' proposal for distribution of profits, report on affiliated persons, and report on remuneration for 2022

### **1. Introduction**

The Supervisory Board of Colt CZ Group SE, in compliance with Article 19(5) of the Articles of Association, hereby presents to the General Meeting this report summarizing the results of the Supervisory Board's supervisory activities for the period from 1 January 2022 to 31 December 2022.

In carrying out its supervisory activities in 2022, the Supervisory Board adhered to the company's Articles of Association and applicable laws, in particular the relevant provisions of Act No. 90/2012 Coll., on business companies, and Act No. 256/2004 Coll., on capital market business.

The report is prepared for the purpose of the Annual General Meeting of the Company.

The Supervisory Board regularly attended meetings of the company's Board of Directors, and held a total of eleven separate regular meetings of the Supervisory Board. Members of the Supervisory Board regularly attended meetings of the company's Board of Directors and on seven occasions, *per-rollam* decisions were made.

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

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

At its meetings, the Supervisory Board regularly discussed:

- Information on the course and outcomes of the Board of Directors' meetings;
- Potential acquisition opportunities and specific projects abroad;
- Profit/loss of Czech and foreign holdings of Colt CZ Group SE;
- Up-to-date information on the arms industry in the Czech Republic and abroad, including possible developments in the political and regulatory environment affecting the operations of Colt CZ Group SE with regard to the impact that the war conflict in Ukraine has on the arms industry;

- Issues related to the energy crisis, rising inflation rate and their impact on the Group's profit/loss, and measures taken to stabilise the negative implications.

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

- Bond issue with a total volume of CZK 1,998,000,000 due in 2029
- Consent to the acquisition of a 75% share in Spuhr i Dalby AB
- Consent to the Company's short-term investment in listed shares intended for trading
- Consent to the acquisition of a 51% share in the joint venture Colt CZ Hungary.

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

- ▶ risks, or any suspected fraud or unlawful conduct, that might have a material impact on the financial statements,
- ▶ committed fraud or unlawful conduct with a material impact on the financial statements,
- ▶ substantial drawbacks in the internal control mechanism,
- ▶ material aspects in the company's operations that could be perceived as violations of law, or the Company's Articles of Association.

Furthermore, the Board of Directors has not ascertained any breach of the ban on competitive activities on the part of members of the Board of Directors within the meaning of the relevant provisions of the Companies Act, i.e., the Supervisory Board has not found any member of the Board of Directors to engage in business, serve on the governing body (except for the governing bodies of companies controlled by Colt CZ Group SE and disclosed engagements) or participate in the business of any other legal entities with objectives similar to those of Colt CZ Group SE.

## **2. Opinion on the annual report, proposal for distribution of profits, and report on remuneration**

The Supervisory Board has reviewed the company's annual report for 2022 containing the individual and the consolidated financial statements for 2022. In terms of materiality for the preparation of the financial statements, the Supervisory Board has no objections to the form and content of the individual and the consolidated financial statements for 2022, and states that the documents presented give a true and a fair view of the company's financial position and assets.

The Supervisory Board has discussed the Board of Directors' 2022 report on relations between the controlling company and the controlled company and between

the controlled company and companies controlled by the same controlling company, and states that it has no objections to that report.

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

Therefore, the Supervisory Board recommends that the General Meeting of Colt CZ Group SE approve the individual and the consolidated financial statements for 2022, constituting part of the Annual Report for the same year.

### **3. Conclusion**

This report of the Supervisory Board was discussed at a regular meeting of the Supervisory Board of Colt CZ Group SE on 25 April 2023 and was approved by all attending members in the form of a resolution.

In Prague, on 25 April 2023



Ing. Lubomír Kovařík, MBA  
Chairman of the Supervisory Board

