

Prospectus Notice to Shareholders

Colt CZ 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**”), issues this notice in view of the exception referred to in Article 1(4)(h) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (*the obligation to publish a prospectus does not apply to a public offer of securities in the case where dividends are paid to existing shareholders in the form of shares of the same class as the shares on which such dividends are paid, if a document containing information on the number and nature of the shares and the reasons for and details of the offer is made available*), in view of the Counter-proposal of 26 May 2023 („**Counterproposal to Proposal III**“) to proposal III of the decision of the general meeting of the Company outside its meeting (resolutions per rollam) – Approval of the distribution of profit for 2022 and retained earnings for previous years, and resolution on an increase of the Company’s share capital by subscription of new shares and setting off the issue price for the newly subscribed shares against the share in profits (Draft III). The Counterproposal to Draft III was adopted by a resolution of the General Meeting of the Company outside the General Meeting on 13 June 2023 (resolution per rollam).

1. Company’s identification

Colt CZ 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;

LEI Code of the Company: 315700O990GR61YDGF96;

Company’s website: <https://www.coltczgroup.com/>

2. Addressees of the offer

Company’s shareholders as of 19 June 2023.

The profit share, unless otherwise provided in the Counterproposal to Proposal III, will be paid to the shareholders of the Company in cash.

The right to receive a share in profits in the form of the Company shares may be exercised by the shareholders of the Company who will, as at 19 June 2023 as the record date for the exercise of the right to receive a share in profits, be entitled to preferential subscription of the Company shares in respect of 27 (twenty-seven) shares in the Company or a multiple of 27 (twenty-seven) and simultaneously to a share in profits equal to profit from 27 (twenty-seven) shares in the Company or a multiple of 27 (twenty-seven) (the “**Entitled Shareholder**”).

3. Number of shares and price

The maximum number of newly subscribed shares of the Company will be CZK 1 276 563 (one million two hundred seventy-six thousand five hundred sixty-three Czech

crowns) registered shares in book-entry form, with a par value of CZK 0.10 (ten hellers) per share.

Company's shareholder will, for each 27 (twenty-seven) shares or for the entitlement to a share in profits equal to profit from 27 (twenty-seven) shares, receive 1 (one) new share in the Company and the issue price for 1 (one) new share will be equal to distribution of a share in profits of CZK 526,50 Kč (five hundred twenty-six Czech crowns and fifty hellers), provided that for each 1 (one) share giving rise to the right to have a share in profits distributed in the form of shares the amount of CZK 19,50 Kč (nineteen Czech crowns and fifty hellers) will be set off against the issue price of 1 (one) new share. The remainder of the share in profits attributable to 1 (one) share in the Company, after applicable withholding taxes, will be paid to the shareholder of the Company in cash.

Details are set out in the Counter-Proposal to Proposal III published on the Company's website <https://www.coltczgroup.com/investori-valne-hromady/>.

4. Description of securities

In order to achieve the possibility to pay out the profit share in the form of the Company's shares, and only if the conditions described in the Counterproposal to Proposal III are met, the share capital of the Company must be increased by subscription of new shares as specified in the Counterproposal to Proposal III, ISIN: CZ0009008942.

5. Overview of rights arising from the Company's shares

The Company's shares carry rights pursuant to the provisions of Section 256 et seq. of Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (Act on Commercial Corporations), as amended (the "**Act**") and Article 4 of the Company's Articles of Association.

6. Reasoning

According to Proposal III:

The Company, after entering the Prime Market of Burza cenných papírů Praha, a.s., with registered office at Prague 1, Rybná 14/682, ID No.: 471 15 629, registered in the Commercial Register maintained by the Municipal Court in Prague, file number B 1773, intends to become as close as possible to international standards of business of companies operating on the world's regulated markets whose shares are publicly traded. In foreign countries, it is quite common to pay out a share of profits not only in cash but also in the form of new shares in the company. The Company also wishes to use this option, taking into account the specifics of the domestic legal system, although the Company still assumes that the primary method of payment of the share of profit is in cash. The purpose of this step is that the Company's shareholders who meet the requirements will receive new shares in the Company instead of a cash dividend, where the dividend that will remain in the Company as a result of this election will be used to further develop the Company, in particular acquisition activities. The Company has been intensively engaged in this activity in recent years which has brought economic growth. It intends to continue this trend in the coming years as well.

In view of the specifics of the Czech legal system and the Companies Act, the share dividend will be achieved by way of a resolution on the payment of a share of profit, the right of choice of the Entitled Shareholders to receive share dividend, a resolution on the increase of the Company's share capital to acquire new shares to the extent necessary (not greater) to distribute the dividend in the form of shares, and by setting off mutual claims, namely the Company's claims for payment of the issue price of the Company's shares and the shareholders' claims for payment of the dividend. This procedure will fulfil the provisions of Section 21(3) of the Companies Act, but substantially it will still be a distribution of dividend in the form of shares of the Company, as the distribution will be fully made using the share of the Company's profit and no new capital will be injected into the Company. In the Notice of intention to take decisions of the Company's General Meeting outside its meeting (resolutions per rollam) and in other public announcements, the Company has previously announced that it will allow the election of profit-sharing in the form of shares. At the same time, in view of legal and tax regulations, it is necessary that the possibility of choosing to participate in profits in the form of shares is limited to a certain amount of capital participation of the Company's shareholders. It follows from the above that there will be a partial limitation of the possibility for some shareholders of the Company to subscribe for new shares and, in view of the specific nature of the share dividend (legal inseparability of this right from the persons of the Entitled Shareholders), there will also be a limitation of the transferability of the priority right to subscribe for shares and possibly also the transferability of the right to a share of the profit, since the right to subscribe for shares must be linked exclusively to the dividend paid on the Company's shares and not using external resources, also in view of the exception referred to in Article 1(4)(h) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (*the obligation to publish a prospectus does not apply to a public offer of securities in the case where dividends are paid to existing shareholders in the form of shares of the same class as the shares on which such dividends are paid, if a document containing information on the number and nature of the shares and the reasons for and details of the offer is made available*). Accordingly, the right to receive the Company's share dividend will vest only in those shareholders of the Company who, in addition to reaching a certain number of shares, will have the right to that number of shares as of the record date for the payment of the dividend and for the vesting of the priority subscription right, and at the same time, that right will continue to vest in the same shareholders when they elect to receive the Company's share dividend.

The above procedure is the only possible way in the domestic legal environment to enable the implementation of a share dividend by issuing New Shares. Although the above procedure will potentially affect the rights of the Company's shareholders, as it will either restrict their priority subscription right or will not allow them (at their will) to freely dispose of their priority subscription right and profit sharing right, the Company considers this procedure to be proportionate to what the Company and its shareholders may gain from this procedure. This is because the share dividend will bring available resources to the Company that the Company can use to fund the Company's other activities, particularly acquisition activities, which is an important reason for the Company to use the share dividend in the manner proposed. This should, if the current economic trend continues, bring the Company increased profits in the years to come. Details of the reasons for the limitation of these rights are further set out in the report on the limitation of priority right prepared by the Company for the Company's shareholders in this regard. An option that would also bring available resources to the Company is not to pay out profits in full and to retain a portion of the profits for future

investments and in particular the Company's acquisition activities. This procedure, however, is not in accordance with the statutory regulation and the established case law of the Czech courts, and hence the Company decided to use the share dividend option in the way that is currently possible under Czech law, i.e. ultimately not to restrict the shareholders' right to a dividend and to decide on the distribution of all profits and, on the contrary, to give the shareholders the right to voluntarily leave some of the profits in the Company.

As the right to receive the share dividend does not vest until the 4th (fourth) business day following the passing of the resolution at the General Meeting, the Company's shareholders interested in the share dividend will be allowed to acquire the necessary number of shares on the regulated market to exercise the share dividend and the Right of Choice. On the other hand, shareholders of the Company who are not interested in this procedure, or who would not receive the share dividend, may offer the Company's shares for sale or, alternatively, may choose not to react to the development in the Company and receive the appropriate part of the dividend.

If it appears that the Company will not benefit sufficiently from the funds in the form of a share dividend to provide the Company with adequate capital, the Board of Directors of the Company may elect not to increase the Company's share capital. In such a case, the Company's shareholders will receive a share of the profits paid in cash, regardless of whether or not they have exercised the Right of Choice. The Board of Directors of the Company will make the above decision within 3 (three) months of the record date for exercising the right to a share of profits and the priority right to a share of profits, i.e. by 19 September 2023.

Although there will be a partial dilution of the shares held by the Company's shareholders as part of the subscription of the New Shares, the Company believes that an important reason for the limitation of the Company shareholders' priority right is precisely to raise additional resources that would otherwise be paid out by way of a dividend (the Company, in accordance with the requirements imposed on public joint-stock companies, will pay out 100% (one hundred percent) of the profit for the financial year as well as a portion of retained earnings from previous years). However, this election will be made by the Entitled Shareholders themselves and no profits whatsoever will be retained by the Company solely at the Company's discretion. Moreover, it cannot be overlooked that this saving will also demonstrably increase the value of the Company and, as a result, improve the position of all shareholders of the Company. The maximum increase in the share capital is only 1/30 (one thirtieth) of the current level, which will not cause a significantly disproportionate increase in the shareholding of certain shareholders.

According to the Counterproposal to Draft III:

The Shareholder agrees with Draft III and the reasoning of Draft III, which was presented by the Company's Board of Directors, except for the fact that the Shareholder proposes by this Counter-Proposal that the right to priority subscription of the Company's shares be vested with the Entitled Shareholder owning 27 or a multiple of 27 shares of the Company as well as the right to share in the profits equivalent to the profits of 27 or a multiple of 27 shares of the Company as set out in this Counter-Proposal instead of 30 or a multiple of 30 shares of the Company as set out in Draft III presented by the Company's Board of Directors. The number of 27 shares of the Company better reflects the current market position of the Company's shares, and respects, compared to Draft III, the rights of minority shareholders to a greater extent.

7. Total value of the consideration, details of the offer

The total value of the consideration cannot be ascertained as of the date of signing this notice.

Other conditions are listed:

- in Draft III published on the Company's website <https://www.coltczgroup.com/investori-valne-hromady/> under reference <https://www.coltczgroup.com/file/886>
- in the Counterproposal to Draft III published on the Company's website <https://www.coltczgroup.com/investori-valne-hromady/> under reference <https://www.coltczgroup.com/file/934>.

Place: Prague

Date: 15 June 2023

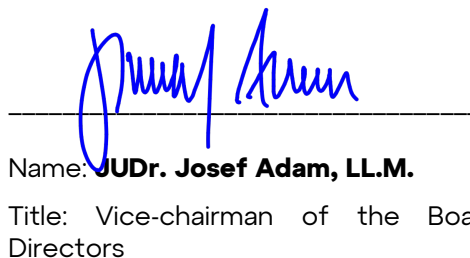
Place: Prague

Date: 15 June 2023



Name: **Jan Drahota**

Title: Chairman of the Board of Directors



Name: **JUDr. Josef Adam, LL.M.**

Title: Vice-chairman of the Board of Directors