

COLT CZGROUP

Colt CZ Group SE

Legal Entity Identifier (LEI): 315700O990GR61YDGF96

**6.1% fixed rate notes in the anticipated aggregate nominal amount of up to CZK 3,000,000,000
with the possibility of increase to up to CZK 6,000,000,000**

due 2031

ISIN CZ0003577546

This document constitutes the prospectus (the **Prospectus**) in respect of 6.1% fixed rate notes issued under Czech law in the anticipated aggregate nominal amount of up to CZK 3,000,000,000 (three billion Czech Koruna) with the possibility of increase to up to CZK 6,000,000,000 (six billion Czech Koruna) due 2031 (the **Notes** or the **Issue**) by Colt CZ Group SE, a European Company (*Societas Europaea*) incorporated under the laws of the Czech Republic and applicable European Union (the **EU**) laws, with its registered office at náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1, Czech Republic, Identification No.: 291 51 961, LEI: 315700O990GR61YDGF96, registered with the Commercial Register kept by the Municipal Court in Prague, File No. H 962 (the **Issuer**).

The issue date of the Notes is 7 November 2025 (the **Issue Date**). The Notes will bear a fixed interest of 6.1% p.a. payable semi-annually on 7 May and 7 November each year, commencing on 7 May 2026.

The issue price of all the Notes issued on the Issue Date is equal to 100 per cent. of their nominal amount. The issue price of any Notes issued after the Issue Date will be based on a joint decision of the Issuer and the Joint Lead Managers taking into account the current market conditions. Where relevant, a corresponding accrued interest will be added to the amount of the issue price for any Notes issued after the Issue Date. For the avoidance of doubt, it is provided that the Issuer has no obligation to any investor in the Notes to repurchase any Notes.

Unless previously redeemed or purchased by the Issuer and cancelled as described below, the Notes will be redeemed in accordance with the terms and conditions of the Notes (the **Terms and Conditions**) included in "*Terms And Conditions Of The Notes*" at their outstanding principal amount on 7 May 2031 (the **Maturity Date**) (see Condition 6.1 (*Redemption at Maturity*)).

The Notes constitute direct, general, unconditional and unsubordinated obligations of the Issuer which rank and will continue to rank *pari passu* among themselves and at least *pari passu* with any present and future unsubordinated and unsecured debts of the Issuer or secured at least in the same or similar manner in accordance with the Terms and Conditions, with the exception of obligations treated preferentially under the applicable mandatory laws.

In all cases, payments under the Notes will be made in accordance with the laws applicable in the Czech Republic as of the moment such payment is made. Where it is required by the laws of the Czech Republic applicable as of the moment a payment of nominal or interest is made, applicable tax and other fees will be withheld or deducted. If any deduction or withholding is required at the time of such payment, the Issuer shall not be obligated to pay to the Noteholders (as defined in the Terms and Conditions) any additional amounts. Subject to certain conditions, the Issuer is a taxpayer of a tax withheld or deducted from the interest on the Notes. For further information, please see "*Taxation in the Czech Republic*".

This Prospectus has been prepared and published for the purposes of admission of the Notes to trading on a regulated market and an offer of the Notes to the public pursuant to Article 2(d) 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 (as amended, the **Prospectus Regulation**).

The offer of the Notes to the public will be made by the Issuer through the joint lead managers of the Issue, Česká spořitelna, a.s., with its registered office at Olbrachtova 1929/62, 140 00 Prague 4, Identification No.: 452 44 782, LEI: 9KOGW2C2FCIOJQ7FF485, registered with the Commercial Register kept by the Municipal Court in Prague, File No. B 1171 (CS), J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, 18600 Prague 8, Identification No.: 471 15 378, LEI: 31570010000000043842, registered with the Commercial Register kept by the Municipal Court in Prague, File No. B 1731 (J&T BANKA), Komerční banka, a.s., with its registered office at Na Příkopě 33 No. 969, Postal Code 114 07, Prague 1, Identification No.: 453 17 054, LEI: IYKCAVNFR8QGF00HV840, registered with the Commercial Register maintained by the Municipal Court in Prague, File No. B 1360 (KB), UniCredit Bank Czech Republic and Slovakia, a.s., with its registered office at Prague 4 - Michle, Želetavská 1525/1, Postal Code 14092, Identification No.: 649 48 242, LEI: KR6LSKV3BTSJRD41IF75, registered with the Commercial Register kept by the Municipal Court in Prague, File No. B 3608 (UCB and together with CS, J&T BANKA and KB the **Joint Lead Managers** and each individually a **Joint Lead Manager**).

The Prospectus, which includes the text of the Terms and Conditions, has been approved by the Czech National Bank (the **CNB**) as the competent authority under the Prospectus Regulation in its decision ref. no. 2025/125634/CNB/650, file no. S-Sp-2025/00708/CNB/653 dated 14 October 2025, which became final and effective on 15 October 2025. The CNB has approved the Prospectus in its capacity as the competent authority under the Prospectus Regulation and only to the extent that the Prospectus meets the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer nor the quality of the Notes. The CNB assesses neither the financial results nor the financial situation of the Issuer and by approving the Prospectus it does not guarantee the quality of the Notes or the Issuer's future profitability or its ability to pay the interest on, and the principal of, the Notes. Potential investors should make their own assessment as to the suitability of investing in the Notes.

An investment in the Notes issued under this Prospectus involves certain risks. Prospective investors should read and consider the entire Prospectus and, in particular, "Risk Factors", prior to making an investment in the Notes.

Application has been made for the Notes to be admitted to trading on the regulated market (*Regulovaný trh*) of Burza cenných papírů Praha, a.s., with its registered office at Rybná 14/682, 110 05 Prague 1, Identification No.: 471 15 629, registered with the Commercial Register kept by the Municipal Court in Prague, File No. B 1773 (the **PSE** and the **Regulated Market**). The Notes are expected to be admitted to trading on the PSE on or around the Issue Date. The Regulated Market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and the Council on markets in financial instruments (as amended, **MiFID II**). The ISIN of the Notes assigned by Centrální depozitář cenných papírů, a.s., with its registered office at Rybná 682/14, Old Town, 110 00 Prague 1, Identification No.: 250 81 489 (the **Central Depository**) is CZ0003577546.

If there is any significant new factor, material mistake or material inaccuracy relating to the information included in the Prospectus which may affect the assessment of the securities and which arises or is noted between the time when the Prospectus is approved and the closing of the offer period with respect to the Notes or and the time when the trading of the Notes on the Regulated Market, whichever occurs later, the Issuer will update the Prospectus in the form of a supplement. Any such supplement will be approved by the CNB.

This Prospectus is valid for 12 months from the date on which its approval by the CNB became final and effective. The validity of the Prospectus will expire on 15 October 2026. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Prospectus is no longer valid or conditions set out in Article 23 of the Prospectus Regulation are not met.

The distribution of this Prospectus and the offer, sale or purchase of the Notes may be restricted by law in certain jurisdictions. Neither the Prospectus nor the Notes have been allowed or approved by any public authority of any jurisdiction, with the exception of the approval of the Prospectus by the CNB. The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the **Securities Act**) and are subject to United States tax law requirements. The Notes are being offered outside the United States (U.S.) by the Joint Lead

Managers in accordance with Regulation S under the Securities Act (**Regulation S**), and may not be offered, sold or delivered within the U.S. or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

After the end of the offer of the Notes to the public or after the admission of the Notes to trading on the Regulated Market, whichever occurs later, potential investors must base their investment decisions not only on the Prospectus as amended by any supplements, but also on other information published by the Issuer after the date of the Prospectus or other publicly available information.

Joint Lead Managers

**Česká spořitelna, a.s. J&T BANKA, a.s. Komerční banka, a.s. UniCredit Bank Czech
Republic and Slovakia, a.s.**

The date of this Prospectus is 10 October 2025.

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IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

The Issuer has confirmed to the Joint Lead Managers that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorized the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorized by the Issuer or the Joint Lead Managers.

Neither the Joint Lead Managers nor any of their affiliates have authorized the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility or liability as to the accuracy or completeness of the information contained or incorporated in this Prospectus. Neither the Joint Lead Managers nor any of their affiliates accept any responsibility or liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Issue. The Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Issuer or to advise any investor in the Notes of any information coming to its attention.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "*Information Incorporated By Reference*"). This Prospectus shall be read and construed on the basis that those documents are incorporated and form part of this Prospectus.

Unless stated otherwise, all information provided in this Prospectus is valid as of the date of this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer (financial or otherwise) since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Issuer or the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. Moreover, the information included in this Prospectus may be further modified or supplemented by supplements to this Prospectus.

Neither this Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or the Joint Lead Managers to any person to subscribe for or to purchase any Notes. None of the Issuer or the Joint Lead Managers or any of their affiliates makes any representation to any investor in the Notes regarding the legality of any investment by such under applicable laws.

Any assumptions and projections concerning the future development of the Issuer, the Issuer's financial or market positions and the scope of the Issuer's business, should not be deemed as representations or binding promises of the Issuer regarding any future events or outcomes, because such future events and outcomes are subject, entirely or in part, to circumstances and events beyond the Issuer's control. Potential investors should make their own

analyses of any development trends or projections contained in this Prospectus, and if relevant, conduct further independent investigations, and base their investment decisions on the results of such investigations and analyses.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any Notes in any jurisdiction to or from any person to or from whom it is unlawful to make the offer or solicitation in such jurisdiction.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been, and will not be, registered under the Securities Act or any U.S. state securities laws. The Notes are being offered outside the United States by the Joint Lead Managers in accordance with Regulation S under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

MiFID II product governance / the target market is retail investors, professional clients and eligible counterparties – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that (i) the target market for the Notes is eligible counterparties, professional clients and clients, who are not professional clients, as defined in MiFID II, and (ii) all channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a Notes distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.

This Prospectus contains various forward-looking statements that relate to, among other things, events and trends that are subject to risks and uncertainties that could cause the actual business activities, results and financial position of the Issuer and all its consolidated subsidiaries (together with the Issuer, the **Group**) the Group to differ materially from the information presented herein. When used in this Prospectus, the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to the Issuer, the Group and its management, are intended to identify such forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Prospectus. The Issuer does not undertake any obligations publicly to release the result of any revisions to these forward-looking statements to reflect the events or circumstances after the date of this Prospectus or to reflect the occurrence of unanticipated events.

When relying on forward-looking statements, investors should carefully consider the foregoing risks and uncertainties and other events, especially in light of the political, economic, social and legal environment in which the Group operates. Factors that might affect such forward-looking statements include, among other things, overall business and government regulatory conditions, changes in tariff and tax requirements (including tax rate changes, new tax laws and revised tax law interpretations), interest rate fluctuations and other capital market conditions, including foreign currency exchange rate fluctuations, economic and political conditions in the Czech Republic and other markets, and the timing, impact and other uncertainties of future actions. See "*Risk Factors*". The Issuer does not make any representation, warranty or prediction that the factors anticipated by such forward-looking statements will be present, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

Information contained in "*Taxation in the Czech Republic*" and "*Enforcement of Civil Liabilities Against the Issuer*" are of a general nature and they do not represent an exhaustive overview. The information in these chapters is based on the facts as of the date of this Prospectus and they have been obtained from publicly available sources that have not been processed or independently verified by the Issuer. The potential investors should rely only on their own analysis of factors mentioned in these chapters and on their own tax, legal and other advisors. Potential

foreign purchasers of the Notes are advised to consult their legal and other advisors on the provisions of the relevant laws, in particular the foreign exchange and tax regulations of the Czech Republic, the countries of their residence and other potentially relevant countries, and any relevant international agreements and the impact of such regulations and agreements on specific investment decisions.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor in the Notes may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement. Each potential investor in the Notes may also wish to consider whether it has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio and whether it has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency. In addition, each potential investor in the Notes may also wish to consider whether it understands thoroughly the terms of the Notes and is familiar with the behavior of financial markets and whether it is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

1 Financial information

This Prospectus should be read and construed in conjunction with the audited consolidated financial statements of the Issuer as of and for the years ended 31 December 2024 and 2023, together with the notes thereto (the **Audited Financial Statements**) and the unaudited condensed consolidated interim financial statements of the Issuer as of and for the 6 months ended 30 June 2025 (with comparatives as of and for the 6 months ended 30 June 2024), together with the related notes (the **Interim Financial Statements** and together with the Audited Financial Statements, the **Financial Statements**). The Audited Financial Statements included in this Prospectus have been audited in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines; and prepared in accordance with the International Financial Reporting Standards (the **IFRS**) as adopted by the EU. The Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting.

Unless stated otherwise, the financial data concerning the Group presented herein for the years ended 31 December 2024 and 2023 originates from, or has been calculated on the basis of, the Audited Financial Statements and the financial data concerning the Group presented herein for the 6 months ended 30 June 2025 and 2024 originates from, or has been calculated on the basis of, the Interim Financial Statements. Certain financial information and operating data presented in the Prospectus has been excerpted from, prepared or calculated based on sources other than the Financial Statements, such as management accounts and schedules prepared on the basis of accounting records by the Group for its internal purposes. Such data has not been subject to any audit or review procedures carried out by independent certified auditors.

In this Prospectus references to "2024" and "2023", are to the financial year ended 31 December 2024 and the financial year ended 31 December 2023, respectively, and references to "as of" any of these periods ended shall mean as of 31 December 2024 and 31 December 2023, respectively.

The design, production, assembly and sale of firearms and tactical accessories are reported in the Group's production, purchase and sale of firearms and accessories segment (the **Firearms and Accessories Segment**). The ammunition segment (the **Ammunition Segment**) consists of the design, production and sale of small-caliber ammunition, including pistol and rifle ammunition, together with shotgun shells for hunting, sport shooting, and military and law enforcement, as well as the production and sale of grenades and other military material. It also includes the development and production of ammunition manufacturing machinery and tools. As of 31 December 2023, the Firearms and Accessories Segment represented the Group's only business activity. The Group's other activities as of 31 December 2023 were considered insignificant, as none of the Group's other activities accounted for more than 10% of revenue from sales to external customers.

2 Websites

Information contained on any website referred to herein, unless explicitly incorporated into this Prospectus by reference (see "*Information Incorporated By Reference*"), does not form part of this Prospectus and has not been scrutinized or approved by the CNB.

3 Foreign Language Terms

This Prospectus is drawn up in the English language. Certain legislative references and technical terms in the English version have been cited in their original Czech language in order that the correct technical meaning may be ascribed to them under applicable law.

In this Prospectus, all references to:

Czech Koruna and **CZK** refer to Czech Koruna, the currency of the Czech Republic;

EUR, euro and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended; and

U.S. Dollars and **USD** refer to United States dollars, the currency of the United States of America.

4 Certain Defined Terms and Conventions

Capitalized terms which are used but not defined in any particular section of this Prospectus will have the meaning attributed to them in "*Terms And Conditions Of The Notes*" or any other section of this Prospectus. The definitions for the capitalized terms used in this Prospectus can be found using the Index of the defined terms beginning on page 145 of this Prospectus.

5 Rounding

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

SUMMARY

The below stated summary provides key information which investors need to understand the character and risk factors related to the Issuer and the Notes. Terms defined in the Terms and Conditions or any other part of the Prospectus have the same meanings in this summary.

INTRODUCTION AND WARNING

Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole by the Noteholder, including the supplements to the Prospectus, if any. The Noteholder may lose all or part of the capital invested in, in case that the Issuer does not have sufficient funds to redeem the Notes and/or to pay out the interest from the Notes. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff Noteholder might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Notes.
Name and international securities identification number (ISIN) of the Notes	The ISIN of the Notes allocated by the Central Depository is CZ0003577546. The CFI code of the Notes allocated by the Central Depository is DBFUFN. The FISN code of the Notes allocated by the Central Depository is Colt CZ Group/6.1 DEB 20310507. The abbreviated title of the Issue is COLTCZ 6,10/31.
The identity and contact details of the Issuer	The Issuer of the Notes is company Colt CZ Group SE, a European Company (<i>Societas Europaea</i>) incorporated under the laws of the Czech Republic and applicable European Union (the EU) laws, with its registered office at náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1, Czech Republic, Identification No.: 291 51 961, LEI: 315700O990GR61YDGF96, registered with the Commercial Register kept by the Municipal Court in Prague, File No. H 962. The Issuer can be reached on the phone number +420 222 814 617 or by e-mail address info@coltczgroup.com.
The identity and contact details of persons offering the Notes and person asking for admission to trading on a regulated market	The offer of the Notes to the public will be made by the Issuer through the joint lead managers of the Issue, Česká spořitelna, a.s., with its registered office at Olbrachtova 1929/62, 140 00 Prague 4, Identification No.: 452 44 782, LEI: 9KOGW2C2FCIOJQ7FF485, registered with the Commercial Register kept by the Municipal Court in Prague, File No. B 1171 (CS), J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, 18600 Prague 8, Identification No.: 471 15 378, LEI: 31570010000000043842, registered with the Commercial Register kept by the Municipal Court in Prague, File No. B 1731 (J&T BANKA), Komerční banka, a.s., with its registered office at Na Příkopě 33 No. 969, Postal Code 114 07, Prague 1, Identification No.: 453 17 054, LEI: IYKCAVNFR8QGF00HV840, registered with the Commercial Register maintained by the Municipal Court in Prague, File No. B 1360 (KB), UniCredit Bank Czech Republic and Slovakia, a.s., with its registered office at Prague 4 - Michle, Želetavská 1525/1, Postal Code 14092, Identification No.: 649 48 242, LEI: KR6LSKV3BTSJRD41IF75, registered with the Commercial Register kept by the Municipal Court in Prague, File No. B 3608 (UCB and together with CS, J&T BANKA and KB the Joint Lead Managers and each individually a Joint Lead Manager). The Joint Lead Managers can be reached, in case of: (a) CS, at +420 800 468 378 (800 INVEST) or via email at csas@csas.cz; (b) J&T BANKA, at +420 221 710 666 or via email at DealingCZ@jtbank.cz; (c) KB, at +420 222 008 552 or via email at corporatefinance@kb.cz; and (d) UCB, at +420 221 210 031 or via email at info@unicreditgroup.cz. The Issuer will apply for admission of the Notes for trading on the Regulated Market of the PSE through the listing agent and expects the Notes to be listed on the Issue Date, i.e. on 7 November 2025. The Listing Agent is KB (the Listing Agent) which can be reached as specified above.

Identification and contact details of authority approving the Prospectus	The Prospectus was approved by the Czech National Bank (in Czech: <i>Česká národní banka</i>) as the authority carrying out supervision of the financial market pursuant to Act No. 6/1993 Coll., on Czech National Bank, as amended, and Article 31 of the Prospectus Regulation. The Czech National Bank can be reached on the phone number +420 224 411 111 or +420 800 160 170 or by e-mail at podatelna@cnb.cz. Czech National Bank's website www.cnb.cz contains contact information of the Czech National Bank.
Date of approval of the Prospectus	The Prospectus was approved by the decision of Czech National Bank ref no. 2025/125634/CNB/650 in relation to file no. S-Sp-2025/00708/CNB/653 dated 14 October 2025, which came into force on 15 October 2025.

KEY INFORMATION ON THE ISSUER

Who is the Issuer of the Notes?

Registered office, legal form of the Issuer, its country of incorporation, ID number, LEI and law under which it operates	The Issuer is a European Company (<i>Societas Europaea</i>) with its registered office at náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1, Czech Republic, identification number: 291 51 961, LEI 3157000990GR61YDGF96, registered with the Commercial Register maintained by the Municipal Court in Prague, file no. C 335515, governed by (i) the laws of the Czech Republic and EU laws applicable to commercial companies in the Czech Republic, in particular Czech Act No. 90/2012 Coll., on business corporations, as amended, Czech Act No. 627/2004 Coll., on the European company, as amended, and Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE), as amended and (ii) specific provisions of Czech and EU law in relation to manufacturing and trading activities relating to firearms
Principal activities of the Issuer	The primary activity of the Company is to be a holding company for the Group. The Group's management believes the Group is one of the worldwide leading producers of firearms, tactical accessories and ammunition for military and law enforcement, personal defense, hunting, sport shooting and other commercial use. It markets and sells its products under the Colt, CZ (Česká zbrojovka), Sellier & Bellot, Colt Canada, Dan Wesson, swissAA, Spuhr i Dalby, Colt CZ Defense Solutions and 4M SYSTEMS brands. The Group is headquartered in the Czech Republic and has production facilities in the Czech Republic, the United States, Canada, Sweden, Switzerland, and Hungary.
Shareholders of the Issuer	As of the date of this Prospectus, the majority shareholder of the Issuer is Česká zbrojovka Partners SE, incorporated as a European Company (<i>Societas Europaea</i>) in the Czech Republic, having its registered office at Opletalova 1284/37, Nové Město, 110 00 Prague 1, Czech Republic, Id. No. 05851777, registered with the Commercial Register maintained by the Municipal Court in Prague, File No. H 1879, LEI: 3157003YXPXM8ML04Q29, telephone: +420 222 814 610, e-mail: info@czpartners.cz (the Major Shareholder), who holds 51.8 per cent of the shares and voting rights in the Issuer, while 48.2 per cent of the Issuer's shares are in free-float including share owned by CBC. The Issuer's shares are admitted to trading on the Regulated Market of the PSE.
Key managing directors of the Issuer	The Issuer's key managing directors are its members of the board of directors who are: i. Radek Musil, born on 19 March 1969, vice-chairman of the board of directors and CEO; ii. Josef Adam, born on 21 October 1980, vice-chairman of the board of directors; iii. Jan Zajíc, born on 5 January 1976, member of the board of directors; and iv. Jan Holeček, born on 12 September 1993, member of the board of directors.
Auditor of the Issuer	The Issuer's independent auditor is Deloitte Audit s.r.o., an independent registered auditor with its registered seat in Italská 2581/67, Vinohrady, 120 00 Prague 2, Czech Republic, Id. No. 49620592, License No. 79.

What is the key financial information regarding the Issuer?

Key financial Information about the Issuer	The table below provides an overview of key financial information related to the Issuer. Consolidated Statement of Profit or Loss and Other Comprehensive Income (in CZK thousands):				
		For the year ended 31	For the year ended 31	For the 6 months	For the 6 months

		December 2024	December 2023	ended 30 June 2025	ended 30 June 2024
	Operating profit	2,001,018	1,861,966	1,587,284	898,774
	Consolidated Statement of Financial Position (in CZK thousands):				
		As of 31 December 2024	As of 31 December 2023	As of 30 June 2025	
	Net debt (total non-current liabilities <i>plus</i> total current liabilities <i>minus</i> cash and cash equivalents)	20,086,001	13,373,226	21,341,973	
	Consolidated Cash Flow Statement (in CZK thousands):				
		For the year ended 31 December 2024	For the year ended 31 December 2023	For the 6 months ended 30 June 2025	For the 6 months ended 30 June 2024
	Net cash flow from operating activities	2,670,692	1,413,315	1,133,944	430,117
	Net cash flow from investing activities	(4,773,858)	(4,204,797)	(1,694,139)	(4,169,713)
	Net cash flow from financing activities	4,602,777	3,293,353	(1,737,716)	5,355,744
	The stated figures are based on the Issuer’s Audited Financial Statements which have been audited by the independent auditor of the Issuer, and the unaudited Interim Financial Statements.				

What are the key risks that are specific to the Issuer?

Key risk factors related to the Issuer	The key risk factors that are specific to the Issuer are: The Group's performance is influenced by economic, social and political factors. – The Group's results of operations have been influenced, and will continue to be influenced, by the general state of the global economy and a variety of social and political factors and as a result, the Group's income and results of operations depend, to a certain extent, on the performance of the global economy (including overall growth rates). Demand for the Group's products can be significantly reduced in an economic environment characterized by high unemployment, cautious consumer spending, lower corporate earnings, government budget issues and lower business investment. Negative or uncertain economic conditions causing consumers to lack confidence in the general economic outlook and to reduce their discretionary spending can significantly reduce sales of the Group's products. Economic conditions also affect governmental, political, and budgetary policies. As a result, economic conditions can also have an effect on the sale of the Group's products to both military and law enforcement and commercial market. The Group's industry is highly competitive, and the success of the Group's business depends on its ability to compete effectively. – The Group operates primarily in the small firearms industry and small caliber ammunition industry. The Group designs, produces, assembles and sells firearms and tactical accessories for military and law enforcement, personal defense, hunting, sport shooting and other commercial use. The Group's inability to compete effectively or any increases in competition in the small firearms and small caliber ammunition industry could adversely affect the Group's ability to sell its products, its market share, its revenue and profitability, and ultimately the success of its business. The Group's business is subject to foreign exchange risk. – The Group's functional currency is CZK and financial statements are denominated in CZK as well. The majority of the Group's revenue is denominated in EUR and USD, while the majority of the Group's costs, capital expenditures and investments are denominated in CZK. Fluctuations in the exchange rates between CZK and foreign currencies impact the translation value of assets denominated in foreign currencies. CZK depreciation increases the value of foreign held assets and CZK appreciation decreases this
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	value. This effect further magnifies the impact of the exchange rate fluctuations and could therefore directly and significantly influence profitability of the Group's operations and its financial position. 4. The Group's ability to export its products is influenced by availability of trade finance products. – The Group identifies developing markets as one of the potential growth areas for its future firearms, accessories and ammunition sales. Due to the generally higher credit risk in those markets, the Group often seeks trade finance products such as letters of credit and bank guarantees in order to mitigate such risks and facilitate the foreign trade in general. The inability of the Group to obtain trade financing in time and on reasonable terms may cause the Group to postpone or decline entering into new contracts, prevent it from performing under existing contracts or require it to cease selling its products to certain customers or into certain countries entirely, which would have in the future a material adverse effect on the Group's revenue, financial condition and results of operations. 5. The Group's performance is influenced by actual or expected changes in firearms control legislation. – Most countries in the world allow civilians to purchase and possess firearms subject to various constraints and regulations imposed by firearm control legislation. Changes in firearm control legislation may adversely affect the Group's operations by limiting the types of firearms and ammunition products that the Group can produce and/or sell, making it more difficult or cumbersome for distributors or end users to transfer and own the Group's products, or imposing additional costs on the Group or its customers including additional administrative hurdles such as psychological tests, and cool-off periods in connection with the production and/or sale of its firearms products. The above stated risk factors can have significant negative impact on financial and economic situation of the Issuer and his business activity respectively. The Issuer's ability to meet its obligations under the Notes can thus be adversely affected.
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KEY INFORMATION ON THE NOTES

What are the main features of the Notes?

Notes (type, class, ISIN)	Book-entered 6.1 per. cent. p.a. fixed rate notes in the anticipated total nominal amount of CZK 3,000,000,000 with the possibility of increase of up to CZK 6,000,000,000 due in 2031, ISIN CZ0003577546. Each Note is issued at nominal value of CZK 10,000. The maximum amount of the Notes that may be issued is 300,000 in case that the total nominal amount is no more than CZK 3,000,000,000 or 600,000 in case that the total nominal amount is increased to CZK 6,000,000,000. The Issue Date is 7 November 2025. The Maturity Date of the Notes is 7 May 2031.
Currency of the Notes	Czech crown (CZK).
The rights attached to the Notes	The primary right attached to the Notes is the right to the nominal value of the Notes as of the Maturity Date and right to the interest on the Notes. The interest will be paid for each Interest Period semi-annually in arrears. The Noteholders have the right to vote at and attend the Meeting of Noteholders, provided that the Meeting is convened in accordance with the Terms and Conditions and the Czech Notes Act. The Meeting may elect an individual or a legal entity to act as a common proxy. The Notes are also associated with the right to request early redemption of the Notes held by the Noteholder in case an Event of Default occurs and is continuing. If a Change of Control occurs, a Noteholder has a right to request that the Issuer buys back the Notes owned by such Noteholder. Neither the shareholder of the Issuer nor any other person has any pre-emptive or conversion rights in relation to the Notes or any other priority subscription rights in relation to the Notes. The Issuer is entitled to purchase the Notes at any time on the market or otherwise at any price.
The relative seniority of the Notes in case of insolvency	The Notes constitute direct, general, unsecured unconditional and unsubordinated liabilities of the Issuer which rank and will rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with any present and future unsecured and unsubordinated liabilities of the Issuer which rank and will at all times rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application
Transferability	Transferability of the Notes is not restricted.

Interest rate policy	The Notes bear a fixed interest rate 6.1% p.a. The interest will accrue evenly from the first day of each Interest Period to the last day included in such Interest Period at the Interest Rate. The interest will be paid semi-annually in arrears, on each Interest Payment Date. The first Interest Payment Date will be 7 May 2026.
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Where will the Notes be traded?

Admission of the Notes to trading on regulated market	The Issuer will apply for admission of the Notes for trading on the Regulated Market of the PSE through the Listing Agent and expects the Notes to be listed on the Issue Date.
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What are the risk factors that are specific to the Notes?

Risk factors related to the Notes	Risk factors related to the Notes include mainly the following: 1. Risk of Non-payment – Under certain circumstances, the Issuer may be unable to pay interest on the Notes, and the value for the Noteholders upon redemption may be lower than their initial investment; under certain circumstances, the Notes could even be worthless. 2. An active secondary market in respect of the Notes may never be established or may be illiquid. – The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. Although an application has been made for the Notes to be admitted to trading on the Regulated Market, there is no assurance that such application will be accepted or that an active trading market will develop or, if developed, that it will continue. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. 3. The Notes may be redeemed prior to maturity. – In the event of an early redemption of the Notes in accordance with the Terms and Conditions, the Noteholders would be exposed to the risk of the value of the yield on the Notes being lower than anticipated due to such early redemption. 4. Return on investment in the Notes may be affected by the interest rate. – Investment in the Notes, which bear interest at a fixed rate, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. The holder of a Note with a fixed interest rate is exposed to the risk of a decrease in the price of such a Note as a result of an increase in the market interest rates. The above stated risk factors can have significant negative impact on the value of the investment into the Notes. If any of these risks materialize, the Noteholder may lose all or part of the capital invested in.
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KEY INFORMATION ON THE OFFER OF NOTES TO THE PUBLIC AND THE ADMISSION TO TRADING ON REGULATED MARKET

Under which conditions and timetable can I invest into the Notes?

General conditions of public offer	The Notes will be offered by the Issuer through the Joint Lead Managers under a public offering to the domestic and foreign qualified and other than qualified (in particular, retail) investors in the Czech Republic, and to selected qualified investors and other potential investors abroad, subject to the conditions which do not impose an obligation on the offeror to prepare and publish a prospectus in accordance with the laws applicable in that jurisdiction. The public offering of the Notes by the Joint Lead Managers may last from 16 October 2025 to 15 October 2026 (this date included). In order to participate in the public offering, the investor must present a valid identity document. In connection with the placement of the Order, investors must conclude, or have concluded, an agreement with the relevant Joint Lead Manager for purposes such as opening the asset account in the investment instrument register kept by the Central Depository (if they do not already have an opened asset account with a different Central Depository participant) or detailed securities records by the relevant Joint Lead Manager and giving an instruction to arrange the purchase of the Notes under such an agreement, or they may be invited to present the required documents and identification details by the relevant Joint Lead Manager.
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Expected offering period	The expected offering period is from 16 October 2025 to 15 October 2026 (this date included).
Information about admission to trading on regulated market	The Issuer will apply for admission of the Notes for trading on the Regulated Market of the PSE through the Listing Agent and expects the Notes to be listed on the Issue Date and will be traded in accordance with the rule of the Regulated Market of the PSE. The settlement will be performed on a DVP (delivery versus payment) or DFP (delivery free of payment) basis through the Central Depository and Fiscal and Paying Agent, as applicable, or through persons keeping the related records following the standard practices in accordance with the rules and operating procedures of the PSE and the Central Depository and within the deadlines set by the applicable rules.
Plan for distribution	The Notes will be offered by the Issuer through the Joint Lead Managers under a public offering to the domestic and foreign qualified and other than qualified (in particular, retail) investors in the Czech Republic, and to selected qualified investors and other potential investors abroad, subject to the conditions which do not impose an obligation on the offeror to prepare and publish a prospectus in accordance with the laws applicable in that jurisdiction. As part of the public offering, the investors will be approached by the Joint Lead Managers, in particular by means of distance communication, and invited to place an order for the purchase of the Notes. There is no minimum amount for which the investor may subscribe and purchase the Notes (other than the purchase price of each Note). The maximum amount for which an individual investor is to be entitled to subscribe for the Notes will be limited by the projected total nominal value of the Issue. If the volume of the Orders exceeds the volume of the Issue, the Joint Lead Managers may reduce the investor's Orders at their discretion (provided that any surplus will be immediately returned to the investor's account). The final nominal value of the Notes assigned to the individual investor will be stated in the transaction clearing confirmation, which will be delivered to the investor by the relevant Joint Lead Manager without unreasonable delay after the execution of the instruction. The investor may not trade in the subscribed Notes before this confirmation is delivered. On the relevant settlement date in accordance with the Subscription Agreement, the Notes will be subscribed for by the Joint Lead Managers (or directly by the investor through the relevant Joint Lead Manager) against payment of the Issue Price in the manner specified in the Subscription Agreement. On the same day, the Notes, with the exception of those Notes which will continue to be held and offered by the Joint Lead Managers, will be sold by the Joint Lead Managers to investors. The total amount of the commission for the subscription and placement of the Notes will not exceed 1.65% of the total subscribed nominal amount of the Notes.
Estimate of total expenses of the Issue	The Issuer expects that the total costs of preparing the issue of the Notes, i.e. the costs of the Joint Lead Managers' fee, costs of the Issuer's auditor, fees of the Central Depository and CNB and certain additional costs associated with the issue of the Notes or its placement on the market, will not exceed (i) 1.8% of the total expected nominal value of the Issue, i.e. excluding an increase, if any (i.e. CZK 53.1 million), or (ii) 1.7% of the total nominal value of the Issue if the maximum total nominal value of the Notes are issued, including an increase, if any (i.e. CZK 102.6 million). Each investor who purchases Notes through CS will be charged a fee of 0.25% of the nominal value of the Notes purchased, according to the instruction to purchase securities. In addition, fees may be charged for record keeping in the property account according to the current price list at www.csas.cz/en, link: Price Lists in the section "<i>Documents to download</i>" – "<i>Price list for Investment</i>". Such costs will not exceed 0.04% per annum of the aggregate nominal value of the Notes in such account subject to a minimum of CZK 25 per calendar quarter. Investors who subscribe for or purchase the Notes through J&T BANKA in the Czech Republic, pay fees associated with acquiring the Notes according to J&T BANKA's fee list as applicable on the date of the transaction and available on the website of J&T BANKA at www.jtbank.cz, section "<i>Užitečné informace</i>", subsection "<i>Sazebník poplatků</i>". As of the date of this Prospectus, these costs amount to 0.15% of the transaction volume, but no less than CZK 2,000. In connection with the acquisition of the Notes through KB in the Czech Republic, the investor in the Notes will be charged a fee of 0.25% of the nominal value of the Notes being acquired. Each investor who purchases the Notes from KB will be subject to KB's normal securities maintenance fees in accordance with the current price list available on the website www.kb.cz, in the section "<i>Ceny a sazby</i>,"

	<i>Sazebníky KB, Občané</i>”. The cost of maintaining the Securities is 0.02% per annum of the total nominal value of the Notes in such account (plus VAT, if any), but not less than CZK 15 per month. In connection with the acquisition of the Notes through UCB, the investor in the Notes will be charged, in accordance with the subscription instruction, an upfront fee of 0.25 % of the aggregate nominal amount of the Notes to be acquired, and in accordance with the current UCB price list available on the UCB’s website www.unicreditbank.cz (in the section “<i>Price lists, Individuals, section 10.4 Providing custody/administration services</i>”), UCB’s current fees for keeping the securities account. These fees will not exceed 0.20 % of the total nominal value of the Notes registered in such an account per annum, excluding value added tax, but will be at least CZK 300, excluding value added tax.
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Who is the offeror and the person asking for admission to trading on regulated market?

Description of person offering the Notes and person asking for admission to trading on regulated market	The Issuer will offer the Notes to public through the Joint Lead Managers, i.e. CS, J&T BANKA, KB and UCB. The Issuer will apply for admission of the Notes for trading on the Regulated Market of the PSE through the Listing Agent. The Listing Agent is KB. The Joint Lead Managers are banks which operate under Czech Law, in particular under the Civil Code, the Business Corporations Act, Act No. 21/1992 Coll. on Banks, as amended, and Act No. 256/2004 Sb., on Capital Market Business, as amended.
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Why is this Prospectus being produced?

Use and estimated net amount of the proceeds	The net proceeds from the issue of the Notes (i.e. after deduction of the expected commissions, fees and estimated expenses) is expected to be approximately CZK 2,946.9 million or approximately CZK 5,897.4 million in case of the maximum increase of the nominal value of the Issue. The Issuer intends to use the net proceeds for: • capital expenditures; • working capital; • financing of potential M&A transactions; and • general corporate purposes.
Method of the offering	Neither the Joint Lead Managers nor any other persons in relation to the Issue has undertaken an obligation to subscribe for or purchase any of the Notes. The placement of the Notes will thus be made on a "best efforts" basis, meaning that the Joint Lead Managers will use their best efforts to search for the prospective investors in the Notes and place the Notes with and sell them to such investors.
Conflict of interests	The Issuer is not aware of any interest of persons involved in the issuance and offering of the Notes which would be material for the Issue, except for any fees payable to KB acting as joint lead manager, fiscal and paying agent and the listing agent and CS, UCB and J&T BANKA acting as joint lead managers, in connection with the offering and subscription and sale of the Notes.

RISK FACTORS

Investors considering the purchase of the Notes should carefully familiarize themselves with the risk factors that threaten the future business activity of the Issuer and its ability to meet its debts arising under the Notes. In particular, an investor should familiarize themselves with this Prospectus (and any supplement), in which the Issuer, to the best of its knowledge, presents a list of the most serious risk factors that may significantly negatively affect the business activities of the Issuer.

The subscription, purchase, possession and possible resale of the Notes represent an activity which is by its very nature associated with a number of risks. The above-mentioned risks threaten the Issuer as the counterparty of the Notes subscription/purchase transaction and thereby threaten the financial position of the Noteholder. The list of risks is not complete and the description is not exhaustive. It does not represent professional analysis or constitute an investment recommendation. It does not limit the rights or obligations arising from the Terms and Conditions. The decision to purchase the Notes should be made only after considering the profitability, the risks involved, any liquidity requirements and the time horizon of the investment. The decision should be preceded by a thorough study of the information provided in this document, as well as a supporting analysis by legal or tax advisors.

By stating the risk factors in the text of the Prospectus, the Issuer aims to provide the widest possible range of information regarding the investment and to prevent unfounded claims related to the subscription, purchase, possession or possible resale of the Notes.

In each subsequent section, the risk factor that is considered the most significant in the respective section is always listed first, according to the Issuer's assessment, taking into account the negative impact on the Issuer and the probability of occurrence of these risks.

Words and expressions defined in the Terms and Conditions and, if not defined therein, in other parts of this Prospectus, shall have the same meanings in this chapter "Risk Factors".

RISK RELATED TO THE ISSUER AND THE GROUP

1 Risks related to the Group's business activities and industry

The Group's performance is influenced by economic, social and political factors.

The Group's results of operations have been influenced, and will continue to be influenced, by the general state of the global economy and a variety of social and political factors and as a result, the Group's income and results of operations depend, to a certain extent, on the performance of the global economy (including overall growth rates). Demand for the Group's products can be significantly reduced in an economic environment characterized by high unemployment, cautious consumer spending, lower corporate earnings, government budget issues and lower business investment. Negative or uncertain economic conditions causing consumers to lack confidence in the general economic outlook and to reduce their discretionary spending can significantly reduce sales of the Group's products. Economic conditions also affect governmental, political, and budgetary policies. As a result, economic conditions can also have an effect on the sale of the Group's products to both military and law enforcement and commercial market.

According to the International Monetary Fund, World Economic Outlook (available at <https://www.imf.org/en/Countries/USA#countrydata>), the gross domestic product (**GDP**) estimate in the United States of America (the **United States** or the **U.S.**), a key commercial market for the Group, grew by 1.8 per cent in 2024 and is expected to reach 2.1 per cent in 2025 (projected real GDP). The 2024 unemployment rate stood at 4.2 per cent, while 2024 annualized inflation rate was 2.9 per cent.

Sustained uncertain or negative economic conditions and outlook can cause significant changes in market liquidity conditions. Such changes could impact access to funding and associated funding costs, which could reduce the Group's earnings and cash flows. Additionally, the Group's investment management activities could be adversely affected by changes in the equity and bond markets, which could negatively affect earnings.

A large part of the Group's customer base are government entities. Economic conditions also affect governmental, political and budgetary policies as when facing the prospects of an economic downturn, governments often elect to adopt austerity measures aimed, among other things, at reducing government spending. Austerity measures tend to affect especially discretionary spending, which, in peacetime, would very likely include defense spending.

At the 2025 North Atlantic Treaty Organization (NATO Summit in The Hague, Allies made a commitment to investing 5% of Gross Domestic Product (GDP) annually on core defense requirements and defense- and security-related spending by 2035. They intend to allocate at least 3.5% of GDP annually based on the agreed definition of NATO defense expenditure by 2035 to resource core defense requirements and to meet the NATO Capability Targets. Allies agreed to submit annual plans showing a credible, incremental path to reach this goal. They will account for up to 1.5% of GDP annually to inter alia protect critical infrastructure, defend networks, ensure civil preparedness and resilience, innovate, and strengthen the defense industrial base. Previously, in 2014, NATO Heads of State and Government had agreed to commit 2% of their national GDP to defense spending, to help ensure the Alliance's continued military readiness. This decision was taken in response to Russia's illegal annexation of Crimea, and amid broader instability in the Middle East. The 2014 Defense Investment Pledge built on an earlier commitment to meeting this 2% of GDP guideline, agreed in 2006 by NATO Defense Ministers. The 2% of GDP guideline was an important indicator of the political resolve of individual Allies to contribute to NATO's common defense efforts.

In 2025, all Allies are expected to meet or exceed the pre-summit target of investing at least 2% of GDP in defense, compared to only three Allies in 2014. Over the past decade, European Allies and Canada have steadily increased their collective investment in defense – from 1.43% of their combined GDP in 2014, to 2.02% in 2024, when they are investing a combined total of more than USD 485 billion (adjusted to 2021 prices) in defense.

Despite the most recent decision to increase defence spending as a result of global security situation and the war in Ukraine, an economic downturn affecting member states of the NATO could undermine their political will to comply with the pledge to spend 5 per cent of GDP annually on defense or could reduce the GDP of NATO members such that 5 per cent of GDP becomes a less meaningful figure, and for these reasons directly affect the Group's sales in the military and law enforcement markets. As a result, a downturn in economic conditions could have an adverse effect on the sale of the Group's products to both the commercial market and the military and law enforcement market.

In addition, the difficult economic environment may adversely affect the ability of the Group's customers or other contracting parties (including financial institutions acting as hedge counterparties) to fulfil their contractual obligations to the Group, which could result in write-offs of the Group's receivables or other claims.

The Impact of the Russian invasion of Ukraine on the Group

On 24 February 2022, an armed conflict started by Russia invading Ukraine. This invasion is part of the Russian military intervention in Ukraine and an escalation of the Russian-Ukrainian crisis.

In response to Russia's military invasion of Ukraine, the EU has adopted several measures and sanctions against Russia and Belarus, which have complemented the already existing sanctions and restrictive measures, which the EU had been putting in place since 2014.

As for the impact on the respective enterprises, the Czech Republic was affected in greater measure than the United States, especially due to its dependency on Russian gas supplies. The biggest impacts starting from mid-2022 have been the rapidly rising electricity, gas, and fuel prices, this increase however slowed down at the beginning of 2023 and has stabilized since 2023, although the prices remain above the pre-war levels. Other input commodities have also been affected by temporary shortages and rising prices in 2022 which have stabilized since 2023. The Russian invasion only reinforced supply chain issues, which had already arisen during the COVID-19 pandemic and deteriorated the situation on the labor market.

The Group immediately responded to the situation and mapped the potential risks from embargoes, the growth in energy prices, and input material shortages. The manufacturing plant in the Czech Republic is part of the macroeconomic environment of the Czech Republic, with all current economic impacts, such as the growth in

energy prices, inflation, workforce shortages, etc. It faces similar challenges as other business entities, especially rising costs. The Issuer's management has adopted measures to make internal processes more effective and to compensate for the growth of expenses as much as possible.

The current security situation and armed conflict in Ukraine may result in greater interest in Group's products on the part of military and law enforcement customers, but also in unpredictable negative impact on the Group's operating and financial performance. Revenues from the sale of the Group's products to countries on which the European Union imposed sanctions (Russia and Belarus) by the decision of the European Council have made up less than half a per cent of the Group's total revenues over the last years.

As of the date of this Prospectus, operating companies in North America, specifically in the U.S. and Canada, have not been directly affected by the Russian invasion of Ukraine.

The Group's industry is highly competitive, and the success of the Group's business depends on its ability to compete effectively.

The Group operates primarily in the small firearms industry and small caliber ammunition industry.

The Group designs, produces, assembles and sells firearms and tactical accessories for military and law enforcement, personal defense, hunting, sport shooting and other commercial use. The small firearms industry is highly competitive, and competition presents an ongoing threat to the success of the Group's business. The global market for small firearms is highly fragmented and includes hundreds of companies of various sizes and market power. The market is characterized by relatively low entry barriers for potential new market participants which further decreases the stability of the global small firearms industry. Currently, the Group's management believes that the key market participants apart from the Group, include Blaser GmbH, Browning International S.A., Caracal International LLC, Daniel Defence Inc., Fabbrica Di Armi Pietro Beretta SPA, Fabrique Nationale de Herstal, FRATELLI TANFOGLIO S.R.L, Glock Gesellschaft m.b.H., C.G. HAENEL GmbH, Heckler & Koch GmbH, HS Produkt d.o.o. (Springfield Armory), Israel Weapon Industries (IWI), Kalashnikov Concern, OF Mossberg & Sons, SAKO Limited, Savage Arms Inc., SIG SAUER GmbH & Co. KG, Singapore Technologies Engineering Ltd., Smith & Wesson Brands, Inc., STI International Inc., Sturm, Ruger & Company, and Taurus Holdings Inc.

The small ammunition industry is characterized by the presence of several large corporations as well as numerous small and medium-sized specialized producers. Among the most significant competitors are Vista Outdoor Inc, with brands such as Remington, Federal, CCI, Speer and HEVI-Shot; Olin Corporation, known for the Winchester brand; and CBC Global Ammunition, the previous owner of Sellier & Bellot and a direct competitor of the Group following the closing of the acquisition of Sellier & Bellot by the Group, who remains active in the sector through brands like Magtech, Sinterfire and CBC, and MEN. Other notable competitors include Hornady Manufacturing, Fiocchi Munizioni, and Aguila Ammunition.

The Group's ability to compete effectively depends on, among other things, its ability to anticipate its customers' needs and provide products to meet those needs, adapt quickly to new market and industry trends and regulatory developments, integrate modern materials into its products, differentiate its products from its competitors' offerings, enhance and upgrade its existing products, sustain and promote the strength of its brands and on its ability to achieve these goals without compromising the quality of its product while increasing production efficiency. Moreover, certain countries, including the United States, impose specific requirements for domestically produced parts or other content in products sold to governmental entities or even complete production localization, which makes it even more challenging and expensive to compete in such markets. For instance, the United States adopted statutes and other regulation relating to federal procurement or federal grants including those that refer to "Buy America" or "Buy American". These require, or provide a preference for, the purchase or acquisition of goods, products, or materials produced in the United States, including iron, steel, and manufactured goods (collectively, the **Buy American Laws**).

The Group's inability to compete effectively or any increases in competition in the small firearms and small caliber ammunition industry could adversely affect the Group's ability to sell its products, its market share, its revenue and profitability, and ultimately the success of its business.

The Group is exposed to the risk of rising protectionism in international trade including the introduction of US import tariffs.

The Group derives a substantial portion of its revenues from exports outside of the Czech Republic – 80 per cent of the Group's revenues in 2024 were generated from sales outside the Czech Republic and 40 per cent of the Group's revenues in 2024 were generated in the United States which is the key commercial market for the Group. A substantial part of the products produced in the Czech Republic are subsequently sold in the United States. The Group's performance may therefore be adversely affected by factors that adversely affect international trade, including the level of tariffs and trade barriers or other protectionist measures such as Buy American Laws.

On 27 July 2025, President of the European Commission Ursula von der Leyen and President of the United States Donald J. Trump reached an agreement on tariffs and trade. Under the terms of this agreement, a 15% tariff was imposed on most European imports into the United States. This measure directly affects exports by the Group's subsidiaries in both the firearms and ammunition segments, namely Česká zbrojovka and Sellier & Bellot. It should be noted, however, that the Issuer does not perceive a material difference between the newly introduced 15% tariffs and the 10% tariffs implemented earlier in April of this year. The Group estimates that approximately 10% of its sales in the U.S. market will be affected by the newly imposed 15% tariffs. As a result, the Group does not anticipate a material impact on its planned consolidated revenues. Nonetheless, a potential adverse effect on operating profitability, particularly at the EBITDA level, in the low single-digit percentage range cannot be ruled out.

Given the proportion of exports into the United States, the Group is particularly exposed to the risk of the United States further increasing or imposing tariffs or other barriers, including protectionist measures, on imports of firearms and small caliber ammunition. Any introduction or further increase of import tariffs on firearms by the United States and other countries into which the Group exports its products may increase the price of the Group's products to the customer, which could adversely affect the competitiveness of the Group's products and the Group's market share in such market, and/or decrease the Group's revenues and profitability derived from export to such countries. Any introduction or further increase of other protectionist measures by the United States against China and/or other countries or by other countries into which the Group exports its products may result in trade war escalation and retaliation and can make it difficult or impossible to sell the Group's products into such countries, which could adversely affect the Group's market share in such markets, and decrease the Group's revenues derived from export to such countries and, consequently, have a significant adverse effect on the Group's business, results of operation and financial position.

The introduction of new technologies may change the nature of the Group's competitive landscape.

Both the small firearms and small caliber ammunition industry is continuously developing new technologies. Key current trends in the small firearms industry include the use of non-traditional materials, such as polymers and composites, application of modularity in weapon design, greater use of electronics for monitoring and control, improved aiming devices with lasers and automation of the production process. In order to be able to meet customer demand and effectively compete with other small firearms manufacturers, the Group must devote significant resources to research and development. This may entail substantial labor and time commitments and result in significant cost. In 2024, the Group's R&D team had an average number of 139 full-time equivalent employees and expenditure amounted to CZK 332 million (a sum of development costs of CZK 14 million recognized as intangible assets and research expenditure of CZK 318 million recognized as an expense), which allows the Group's technology leadership to be one of its key competitive advantages. Key current trends in the small caliber ammunition industry are related to the regulatory restrictions on lead use and the associated development of alternative lead-free and non-toxic ammunition.

The Group is exposed to the risk of insufficient resources for research and development in the future as well as the risk of errors or defects in new versions of its products or the risk that the Group may be unable to timely anticipate new technological trends, each of which may delay the Group's ability to bring its products to the market or result in after-sales commitments, the costs of which the Group may not be able to recover. Further, despite these efforts and costs, there can be no assurance that the Group will be able to adapt to new technological trends, that its research and development activities will result in viable products or that these products will meet market

expectations. If these risks materialize, they could adversely affect the Group's revenue and profitability, market share and reputation of its products and brands.

The Group primarily depends on small number of production facilities.

The Group's principal production facility in Uherský Brod, Czech Republic and production facilities in the North America, are critical to the Group's operations in firearms segment. In 2024, 93 per cent of the Group's revenues from firearms segment came from production in these facilities. The Group does not have any other significant production capacity which could substitute production in these facilities, apart from the joint venture production facility in Hungary which is further described in chapter "THE GROUP'S BUSINESS", section 9.20 *Colt CZ Hungary Zrt (Colt CZ Hungary)*.

Sellier & Bellot's production facility in Vlašim, Czech Republic is critical to the Group's operations in the Ammunition Segment. Group does not have any other production capacity for the Ammunition Segment which could substitute production in Sellier & Bellot's facility.

The production facilities of the Group could suffer damage or interruption from human error, fire, flood, power loss, telecommunications failure, break-ins, terrorist attacks, acts of war and similar events. In addition, the production facility in Uherský Brod is located in vicinity of a river, increasing the Group's susceptibility to the risk that flooding could significantly harm the operations of this facility. Any failure, breakdown, outage or other event causing disruption of the operation of Group's facilities for even a short period of time may adversely affect the Group's ability to produce and ship its firearms and to provide service to its customers. The Group's business interruption insurance may be insufficient to compensate the Group for losses that may occur.

The Group's success depends in large part on its ability to attract and retain skilled workforce at competitive wage levels.

The Group's main production facility in Uherský Brod, a town of approximately 16,500 inhabitants, is situated in a rural region. As of 31 December 2024, it employed 1,322 full time employees. The Group is exposed to the risk that a large employer will begin to compete with the Group for labor in Uherský Brod or in any of the regions where the Group's facilities are located, increased workforce mobility and a trend towards workers relocating to larger cities, changes in attitude towards firearms or change in work habits in general could disrupt the labor conditions and result in decreased productivity or increased labor costs for the Group.

The Group may be exposed to a similar risk in respect of the Colt's Manufacturing Company's workforce located in West Hartford, Connecticut, which is traditionally highly unionized under the U.S. International Union United Auto Workers, competing steadily for a new workforce. In 2024, the number of Colt's Manufacturing Company's full time employees was 443. Population of West Hartford stands approximately at 64,000 inhabitants whereas the entire metropolitan area is a home of well over a million people.

Sellier & Bellot's production facility in Vlašim, a town of approximately 11,400 inhabitants, is situated in a rural region. Sellier & Bellot is exposed to the risk that a large employer will begin to compete with Sellier & Bellot for labor in Vlašim or in the nearby region, the risk of increased workforce mobility and a trend towards workers relocating to larger cities, changes in attitude towards firearms, ammunition and defense industry products in general or change in work habits in general that could disrupt the labor conditions and result in decreased productivity or increased labor costs for Sellier & Bellot. As of 31 December 2024, it employed 1,635 full time employees.

An increase in firearms, ammunition and accessories sales to military and law enforcement customers could result in increased uncertainty in the timing of the Group's performance and increased competition from more established producers of firearms and ammunition.

The Group's military and law enforcement customers include federal, state or local governments and agencies which are generally required to purchase equipment by way of international or national tendering procedures. The share of sales to military and law enforcement customers varies each year. In 2024, it represented approximately 51 per cent of Group's consolidated revenues. As the Group intends to increase its focus on sales to these

customers, it expects that an increasing percentage of the Group's revenue will be subject to such tendering procedures and related contract negotiations. This trend could cause the Group's revenue to be increasingly volatile and uncertain with respect to the timing of orders as contracts with military and law enforcement customers are often large in size and a single large contract can represent a relatively large share of annual sales for the Group, with delivery concentrated in a relatively short timeframe, which creates pressure on the production flexibility and brings potential revenue volatility. Revenue is not recognized until delivery of the product or service has occurred and title and risk of loss have passed to the customer. This may extend the period during which inventory is carried and may result in uneven distribution of revenue from these contracts between periods. Therefore, the timing of a high-volume order could have a material impact on revenue for the financial period in which it is made and make period-to-period comparisons of the Group's results of operations less meaningful in the short term. The timing and volume of contract sales ultimately depend on factors that are beyond the Group's control. There are many competing factors that influence how federal, state or local governments and agencies allocate their budgets. These factors include both internal fiscal concerns and external fiscal, political and economic factors, including specific security situations in customer localities. The Group cannot be certain that contract orders will continue at consistent levels or at all. Fluctuations in the timing and volume of contract sales could adversely affect the Group's business and the comparability of the Group's quarterly results.

Furthermore, the Group's ability to compete in these tenders depends to a large extent upon the effectiveness and innovation of its research and development team, the Group's ability to offer better contract performance than its competitors at a lower cost and the Group's capacity with respect to facilities, equipment and personnel to undertake the contracts for which it competes. Some of the Group's competitors are subsidiaries of large corporations or government organizations and may have financial and other resources that are substantially greater than those available to the Group. In addition, these competitors may have a greater ability to lobby governments to ensure that they receive a portion of limited government defense budgets, which may reduce the amount that governments can spend on small firearms and, by extension, the amount they can use to purchase the Group's products. The Group is also subject to risks associated with the substantial expense, time and effort required to prepare bids and proposals for competitively awarded contracts that may ultimately not be awarded to the Group. Even if successfully awarded, the Group cannot exclude the possibility that a competitor may challenge such award, or that such challenge may ultimately be successful, or that at least during the time needed to resolve such challenge, the Group's operations under substantial uncertainties and incur additional costs.

The Group may experience difficulty in obtaining goods from its suppliers.

The Group relies on suppliers to provide it with certain specialized materials, including high-quality and specially treated steel, super-alloys, springs and other small components. Also, as regards sourcing of the raw materials that the Group uses, it purchases majority of the specially treated steel from a single source that specializes in the production of special steel and super alloys. Even small components may affect the functionality and user experience of the product.

A particularly acute risk arises from the limited number of producers of specialized explosive chemicals for ammunition business. The Group may not be able to secure a sufficient supply of propellant and other necessary chemicals for primer production in the future. While it has some degree of protection against this risk due to its in-house primer production capabilities (setting it apart from many competitors) it remains exposed to the availability of primer manufacturing capacity among its business partners. The Group however believes that the recent acquisition of Synthesia Nitrocellulose, a.s. (SNC) fits into its strategy of expanding the Group's activities into medium and large-caliber ammunition while strengthening Group's position in a critical element of the supply chain.

Specific risks to Colt Optics operations in the field of sighting and targeting technologies include uncertainty around U.S. import tariffs and supply constraints around raw materials that go into lens coatings and lenses such as germanium.

Any shortage on materials or components not dependent on the Group's suppliers as well as failure by any of the Group's individual parts suppliers to deliver the products and materials in the expected quality, quantity, time and price could result in production interruptions for the Group, limited availability of its products, increase of costs,

or product recalls. In an effort to keep the operation lean, the Group does not regularly maintain extra stock of all such components and raw materials, which further increases the Group's exposure to delays or interruptions of product part deliveries.

The Group may face difficulties aligning its capacity with demand.

From time to time, the Group has experienced capacity constraints and was temporarily unable to satisfy the demand for its firearm products on a timely basis. Capacity constraints impact the Group particularly in the US commercial market, where the Group has had significant backorders throughout 2018 to 2021. Although the Group is able to react to the demand fluctuations by partially shifting the production between its production companies (including the joint venture in Hungary), it is possible that it may not be able to increase its capacity in time to satisfy increases in demand that may occur from time to time, and the Group may not have adequate financial resources to increase capacity to meet demand. Capacity constraints may prevent the Group from satisfying customer orders and result in a loss of the market share to competitors that are not capacity constrained. The Group may also suffer excess capacity and increased overhead costs, particularly if the Group increases its capacity to meet actual or anticipated demand and that demand decreases or does not materialize.

The Group may be exposed to various risks in case of acquisitions and other similar expansion transactions.

The Group had declared that it aims to grow both organically and via strategic mergers and acquisitions as demonstrated by the acquisition of Valley Steel Stamp Inc and SNC in 2025). Expansion of the Group's operations through acquisitions, joint ventures or other strategic initiatives may involve additional risks and may not be successful. The Group has in the past considered and intends to continue to evaluate potential acquisitions of competitors or players in the key complementary segments such as ammunition production, optics and optoelectronics, non-lethal or weapons with reduced lethality as well as mergers, joint venture investments or strategic alliances. Any such transactions, if consummated, may be transformative in nature and could be material to the Group's operations.

If the Group engages in these transactions, it will be exposed to various inherent risks, including:

- accurately assessing the value, future growth potential, strengths, weaknesses, contingent and other liabilities and potential profitability of targets;
- unanticipated expenses and potential delays related to integration of the acquired companies;
- the potential loss of key personnel of an acquired or combined business;
- the Group's ability to achieve projected economic and operating synergies;
- difficulties maintaining uniform standards, controls, procedures and policies including its sustainability commitments and policies;
- unanticipated changes in business and economic conditions affecting an acquired business;
- the potential strain on the Group's financial and managerial controls and reporting systems and procedures; and
- the diversion of the Group's management's attention from its existing business.

The Group's limited experience with acquisitions and similar strategic transactions could exacerbate these risks. As a result of these risks, the Group may not experience the anticipated benefits of these transactions, which would result in significant costs.

The Group's acquisition of of Synthesia Nitrocellulose, a.s., and Synthesia Power, a.s., may involve additional risks, increased costs, not produce the benefits expected or the post-acquisition integration may not be successful

On 28 August 2025, the Issuer entered into a share purchase and sale agreement with Synthesia, a.s., 100% owned by Kaprain Chemical Limited, for the purchase of controlling stake in SNC and into a share purchase and sale

agreement with Synthesia, a.s., 100% owned by Kaprain Chemical Limited, for the purchase of controlling stake in Synthesia Power, a.s. (**SP**).

SNC business is exposed to various risks in connection with its long-term business relationships and its customer base. While nitrocellulose (**NC**), in the form exported by SNC, is not considered military materiel and thus no permit licenses are required for its exports, the SNC business is from a larger part dependent on foreign customers and can be subject to current or future export or import regulations including tariffs, quotas and regulations, negatively affecting the sales volume and profitability. NC is classified as flammable solid and potentially hazardous material and its storage, packaging and transportation must conform to international standards for such hazardous materials, such as ADR/RID/IMDG ADR (European Agreement concerning the International Carriage of Dangerous Goods by Road), RID (International Carriage of Dangerous Goods by Rail) and IMDG (international code for the maritime transport of dangerous goods) regimes for transportation of dangerous goods. Its potential use in production of explosives can also lead to increased regulation.

The production of NC on the current site dates back to 1923, The Issuer has carried out a detailed technical due diligence of NC production using industry experts from the field and we are convinced that the production is up to date and meeting all required health, safety and environmental requirements. However, the production inherently involves manufacture, transportation, storage and processing of highly corrosive and dangerous chemicals such as (fumigate) nitric acid, oleum and sulfuric acid and the interim and final products are highly flammable, especially in its dry form and easily ignites from heat, friction, or static discharge. NC with high nitrogen content, such as energetic NC, is considered explosive. Due to the nature of the production, health and safety incidents on the site cannot be wholly excluded. It should be also noted that a neighboring plant in the Semtin Zone, Explosia, a.s is a major producer of propellants and explosives that are by definition even more hazardous than the products of SNC and due to the close vicinity of the companies. An incident in Explosia could have adverse impact also on the assets and operations of SNC.

The Issuer is aware and compliant with all obligations arising from legislative requirements and legislations such as has IPPC permit, REACH and the Classification, Labelling and Packaging (CLP) Regulation. However, it is an producer of significant quantities of NOX and CO2 emissions and wastewater and as such, the environmental-related risks can be monitored and proactively mitigated but not wholly excluded.

The combined heat and power plant owned and operated by SP uses lignite, biomass and natural gas. Its operation can be at risk due to changes to regulation of production of electrical energy and heat from fossil sources, increased or volatile prices of electricity and of emission permits.

The foreign exchange risk is also quite relevant for business of SNC. SNC functional currency is CZK and financial statements are denominated in CZK. In 2024, more than 70% of SNC's revenue was denominated in EUR and USD, while more than 60% of SNC's costs and investments were denominated in CZK. Especially the recent volatility of USD may lead to negative impact on profits of the exports to US-based customers. For example, appreciation of USD to CZK by 1 CZK could impact the EBITDA profit of SNC by CZK 40 – 50 million. To mitigate the foreign exchange risk, SNC hedges approximately 50% of its net currency exposure. This is not the case of SP, where the revenue and costs are both denominated in CZK.

The cooperation of the Group with Hungarian government through a joint stock company Colt CZ Hungary Zrt. (Colt CZ Hungary) may not produce the benefits expected.

In December 2022, the Group entered into a joint venture agreement with N7 Holding Ltd., a state-owned Hungarian company. Subsequently, the Colt CZ Hungary (a joint stock company Colt CZ Hungary Zrt.) was founded in May 2023, whereas the Group owns a 51 per cent stake in Colt CZ Hungary and N7 Holding Ltd. owns a 49 per cent stake.

The establishment of Colt CZ Hungary should further enhance the existing cooperation between the Group and the government of Hungary under the framework of technology transfer cooperation (the **Framework Agreement**) entered into in 2018 between Colt CZ Defence Solutions s.r.o. (**Colt CZ Defence Solutions**), a member of the Group and HM ARZENÁL Zrt. (**HM ARZENÁL**), a Hungarian company fully owned by the Hungarian state.

Colt CZ Hungary is conceived as a "non full-function joint venture", where final products are sold only to the companies of founding shareholders. Thus, it does not directly enter the end-market. Colt CZ Hungary is responsible for the operation of the manufacturing plant. The production plant, i.e. all machinery and production

premises, is leased for a period of 10 years with the possibility of extension. Management of the operations is the responsibility of the Group, responsibility for order fulfilment is the responsibility of both shareholders. The long-term strategic interest of Colt CZ Hungary is to increase the Group's sales by producing long and short firearms for the military and law enforcement and to fulfil the strategic interest of Hungary by locating the production of small firearms there.

Colt CZ Hungary serves as a manufacturer of semi-finished goods for CZUB. Its main role is a potential operational expansion of CZUB's production capacity, especially in the field of rifles and pistols. A potential further development, including the rearmament of Hungarian military and law enforcement units, and the utilization of production capacities are currently being discussed with the Hungarian partner. In 2024 and 2025, the performance of Colt CZ Hungary did not have a significant impact on the Group's financial results (i.e., less than 2% of Group's consolidated revenues) and its performance is in line with Group's expectations

There is a risk that Colt CZ Hungary will not produce the benefits expected by the Group which could adversely affect the Group's business, results of operations, financial condition, cash flows, prospects and reputation.

2 Risks related to the Group's financial situation

The Group's business is subject to foreign exchange risk.

The Group's functional currency is CZK and financial statements are denominated in CZK as well. The majority of the Group's revenue is denominated in EUR and USD, while the majority of the Group's costs, capital expenditures and investments are denominated in CZK. A potential depreciation of CZK by 10 per cent. towards EUR as of 31 December 2024 would cause negative impact on the Group's profit before tax for 2024 of CZK 640 million and towards USD as of 31 December 2024 it would cause negative impact of CZK 86 million on the Group's profit before tax for 2024, (the sensitivity analysis only includes outstanding monetary items denominated in a foreign currency, adjusting their translation at the end of the reporting period by a 10 per cent. change in exchange rates). This currency mismatch represents significant foreign exchange exposure for the Group. Consequently, profit margins are significantly affected by currency fluctuations. CZK appreciation against EUR and USD potentially decreases the Group's profitability and CZK depreciation has the opposite/positive effect. Moreover, foreign exchange fluctuations impact the CZK value of fixed assets (property, plant and equipment) held in the United States and Canada (CZK 932 million as of 31 March 2025), as the Group operates in foreign countries, mainly in North America. Other significant foreign currency denominated fixed assets are held by swissAA (CZK 1,135 million as of 31 March 2025). This is reflected in the translation risk. Fluctuations in the exchange rates between CZK and foreign currencies impact the translation value of assets denominated in foreign currencies. CZK depreciation increases the value of foreign held assets and CZK appreciation decreases this value. This effect further magnifies the impact of the exchange rate fluctuations and could therefore directly and significantly influence profitability of the Group's operations and its financial position.

The Group engages in hedging transactions to partially mitigate the foreign exchange risk. The usual hedging maturity is up to 5 years. At the same time, the Group has a few long-term contracts and thus for those hedging contracts the future exposure is hedged, without the current existence of the particular contract. This can result in an over-hedged or under-hedged position in case the estimates of future foreign exchange exposure do not materialize. In addition, to the extent these hedges may not qualify for cash flow hedge accounting (under which changes in fair values of the derivatives are recognized in other comprehensive income) changes in the fair values of the derivatives are recognized directly as income or loss in the consolidated statement of profit or loss and other comprehensive income and thus directly affect the Group's results of operations. The Group expects to continue hedging activities in the future. Nevertheless, disruptions such as market crises and economic recessions may limit the availability and effectiveness of the Group's hedging instruments or strategies in relation to foreign exchange risk. In addition, a portion of the Group's hedging transactions do not qualify for hedge accounting under IFRS and as a result fluctuations in their mark-to-market value may result in mark-to-market losses and thus directly negatively affect the Group's profitability and financial position. The materialization of any of these risks could adversely affect the Group's financial condition, results of operations and cash flows.

The Group's ability to export its products is influenced by availability of trade finance products.

The Group identifies developing markets as one of the potential growth areas for its future firearms, accessories and ammunition sales. Due to the generally higher credit risk in those markets, the Group often seeks trade finance products such as letters of credit and bank guarantees in order to mitigate such risks and facilitate the foreign trade in general. However, the possibility to carry out the export is not dependent just on obtaining an export license by the Group but also on how the particular trade is viewed by financiers. The banks often apply additional requirements to finance firearms trade because the banks might be discouraged by their customers, regulators, other stakeholders or the general public from financing exports of firearms to specific countries or territories or from facilitating firearms trade in general. In addition, political developments also affect the ability of the Group to obtain export financing for exports to politically sensitive countries. Consequently, even if the requisite export license has been granted and all legal requirements have been complied with, the trade financing for any individual export case may be unavailable. The Group may be unable to obtain trade financing at reasonable terms or at all and consequently, the Group would not be able to carry out the export in a particular country.

The inability of the Group to obtain trade financing in time and on reasonable terms may cause the Group to postpone or decline entering into new contracts, prevent it from performing under existing contracts or require it to cease selling its products to certain customers or into certain countries entirely, which would have in the future a material adverse effect on the Group's revenue, financial condition and results of operations.

The Group is exposed to interest rate risk.

The Group is exposed to interest rate risk because the Group has entered into variable-interest financing instruments, including three bond issuances by the Issuer (ISIN CZ0003530776, ISIN CZ0003537029 and ISIN CZ0003550295), which carry interest at a floating rate, and an EUR-denominated syndicated loan from KB and other banks (see chapter "THE GROUP'S BUSINESS", section 18 *Financing arrangements*), where the interest rate of the term loan under the syndicated loan is linked to 3-month EURIBOR. Interest rate risk is the risk that fair values of future cash flows from existing or future financial liabilities may fluctuate due to changes in market interest rates. For the year ended 31 December 2024, a 10 basis point change in the CZK interest rates for issued bonds as of 31 December 2024, with all other variables remaining constant, would have had a CZK 9.1 million negative (in the case of higher interest rates) or positive (in the case of lower interest rates) on the Group's profit before tax. This risk is fully hedged by (i) derivative transactions – interest rate and cross-currency swaps (whereby the Issuer pays fixed rates and receives floating rate) and (ii) free cash that bears a floating rate interest.

The Group may be impacted by applicable regulations governing interbank lending rates and may bear interest that could rise significantly, thereby increasing its costs and reducing its cash flow.

The Euro Interbank Offered Rate (**EURIBOR**), the Prague Interbank Offered Rate (**PRIBOR**) and other interest rates or other types of rates and indices which are deemed "benchmarks" (each a **Benchmark** and together, the **Benchmarks**) have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

International proposals for reform of Benchmarks include Regulation (EU) No. 2016/1011, as amended (the **Benchmark Regulation**), which sets out, among other things, the following:

The Benchmark Regulation could have a material impact on Notes linked to a Benchmark, including in any of the following circumstances:

- a rate which is a Benchmark may only be used if its administrator obtains authorization or is registered and in case of an administrator which is based in a non-EU jurisdiction, if the administrator's legal benchmark system is considered equivalent (Article 30 of the Benchmark Regulation), the administrator is recognized (Article 32 of the Benchmark Regulation) or the Benchmark is endorsed (Article 33 of the Benchmark Regulation) (subject to applicable transitional provisions); and

- the methodology or other terms of the Benchmark could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level.

In addition to the aforementioned Benchmark Regulation, there are numerous other proposals, initiatives and investigations which may impact Benchmarks. Following the implementation of any such potential reforms, the manner of administration of Benchmarks may change, with the result that they may perform differently than in the past, or Benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted.

Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR and/or PRIBOR or an elimination of EURIBOR and/or PRIBOR, which could have a material adverse effect on the value of and return on any variable rate debt linked to EURIBOR and/or PRIBOR and on the Group's ability to service debt that bears interest at a variable rate.

The Group is exposed to liquidity risk.

The Group is exposed to liquidity risk, a risk that the Group will not have sufficient available resources to meet its payables arising from financial contracts. Liquidity risk arises mostly in relation to the Group's cash flow generated and used for working capital and from financing activities, particularly for servicing the Group's debt, in terms of both interest and capital, and the Group's payment obligations relating to its ordinary business activities. As of 31 December 2024, the Group held CZK 5,917,768 thousand of cash and cash equivalents.

The following table includes non-derivative financial liabilities based on the remaining contractual maturities of undiscounted contractual cash flow (remaining contractual maturity is the period from the balance sheet date and the date of contractual maturity) as of 31 December 2024. Liabilities past their due dates are included in the 'Within 3 months' column.

31 December 2024	Within 3 months	From 3 to 6 months	From 6 months to 1 year	1 to 5 years	More than 5 years	Total
<i>(CZK thousands)</i>						
Trade and other payables	1,560,647	12,688	0	46,802	0	1,620,137
Bonds, bank loans and borrowings	723,697	549,819	1,097,339	14,559,056	2,674,452	19,604,363
Lease liabilities	5,490	8,389	8,389	45,518	13,403	81,189

3 Legal and regulatory risks

The Group's performance is influenced by actual or expected changes in firearms control legislation.

Most countries in the world allow civilians to purchase and possess firearms subject to various constraints and regulations imposed by firearm control legislation. Firearm control legislation regulates various activities relating to firearms and ammunition, such as selling firearms and ammunition by or through licensed dealers, as well as acquiring, possessing, owning, using, carrying, handling, trading, repairing, manufacturing, distributing, transporting, importing and exporting, training with, storing, collecting, and disposing of such firearms and ammunition. Firearm control legislation in different countries greatly differs in the degree of restrictiveness, but a major distinction between different national regimes is whether commercial gun ownership is seen as a right (permissive regime) or a privilege (restrictive regime).

Changes in firearm control legislation may adversely affect the Group's operations by limiting the types of firearms and ammunition products that the Group can produce and/or sell, making it more difficult or cumbersome for distributors or end users to transfer and own the Group's products, or imposing additional costs on the Group

or its customers including additional administrative hurdles such as psychological tests, and cool-off periods in connection with the production and/or sale of its firearms products.

Federal and state legislatures in the U.S. frequently consider legislation relating to the regulation of firearm, including amendment or repeal of existing legislation. Existing laws may also be affected by future judicial rulings and interpretations. These possible changes to existing legislation or the enactment of new legislation may seek to restrict the makeup of a firearm, including limitations on magazine capacity; mandate the use of certain technologies in a firearm; remove existing legal defenses in lawsuits; or ban the sale and, in some cases, the ownership of various types of firearms and accessories. If such restrictive changes to legislation develop, the Group could find it difficult, expensive or even impossible to comply with them, impeding new product development and distribution of existing products. In addition, gun-control activists may succeed in imposing restrictions or an outright ban on private gun ownership in the United States. Such restrictions could have a material adverse effect on the Group's business, operating results and financial condition.

In addition, speculation surrounding increased gun control in the U.S. at the federal, state and local level (prompted by the U.S. presidential, congressional, and state elections, such as the 2024 U.S. presidential election or other developments) and heightened fears of terrorism and crime can affect customer demand for the Group's products. Often, such concerns result in an increase in near-term consumer demand and subsequent softening of demand when such concerns subside. Inventory levels in excess of customer demand may adversely impact operating results.

In 2017, the EU adopted Directive (EU) 2017/853 of the European Parliament and of the Council of 17 May 2017, which was codified in 2021 into Directive (EU) 2021/555 of the European Parliament and of the Council of 24 March 2021 on control of the acquisition and possession of weapons (codification) (the **Gun Ban Directive**), partly as a reaction on the misuse of firearms for criminal purposes and terrorist acts. In particular, the Gun Ban Directive broadens the category of prohibited weapons and obliges competent authorities to regularly monitor holders of authorizations to possess weapons. The Czech Republic had not implemented the Gun Ban Directive within the deadline for implementation (which expired in September 2018). However, pressure from the EU on the Czech Republic and other member states which had not implemented the Gun Ban Directive had been rising, and in July 2019, the European Commission issued a reasoned opinion urging the Czech Republic and other member states which failed to transpose the Gun Ban Directive into their respective national laws to do so as soon as possible. On 3 December 2019, the European Court of Justice dismissed a lawsuit the Czech Republic had filed against the Gun Ban Directive. As a result, the Czech Ministry of Internal Affairs commenced the preparatory works on an amendment to Act No. 119/2002 Coll., on Firearms and Ammunition (the **Czech Weapons Act**) act implementing the Gun Ban Directive, which entered into force at the end of January 2021. Changes were made, for example, in the categorization of weapons and ammunition or in the regulation of the acquisition of ownership, possession and carrying of selected categories of weapons and ammunition, restrictions on high-capacity magazines, control and transfer (sharing) of information or firearms license.

In June 2023 the Czech government presented to the Chamber of Deputies of the Parliament of the Czech Republic a new Act No. 90/2024 Coll. - Czech weapons act (the **New Czech Weapons Act**), which will come into force on 1 January 2026. The New Czech Weapons Act proposes, *inter alia*, a requirement for gun dealers to report suspicious gun transfers to the police, to make it mandatory for general practitioners to report cases of medical unfitness of their patients, who hold a gun license, to the police, to reduce the number of gun licenses and to introduce a brand-new set of rules for obtaining an arms license.

The Group and its customers thus have to comply with the new legislation which is expected to further change and evolve over time, and this could impact its firearms, small caliber ammunition and accessories sales in the European commercial market and therefore influence the Group's financial performance and financial position.

The Group may be unable to protect its intellectual property or may unintentionally infringe intellectual property rights of third parties.

The Group's success and ability to compete depend on its ability to protect its intellectual property. Particularly the brands Colt CZ Group, CZ-USA, Dan Wesson, Brno Rifles and 4M SYSTEMS, trademarks "Colt CZ Group",

"CZ", "CZ-USA", "BREN", "DAN WESSON", "ZBROJOVKA BRNO" and "Colt", "Colt's Manufacturing", "Colt Defense", "Colt Canada", "Sellier & Bellot", and other related trademarks and the designs of the BREN and SCORPION model firearms and CZ P-09 and SHADOW model pistols, Colt Cobra, Python and Anaconda revolvers, Colt M4, M5 and M16 rifles, and eXergy and eXergy Blue rifle ammunition, are crucial for customers' recognition of the Group's products and for the marketing and sales efforts. The Group relies on a combination of patents, copyrights, trade secrets, trademarks, confidentiality agreements and other contractual provisions to protect its intellectual property, but these measures may provide only limited protection. However, the Group's intellectual property rights could still be infringed and/or a third party could circumvent the Group's intellectual property rights by registering patents, utility models or other intellectual property for products which closely emulate the Group's products without directly infringing on the Group's intellectual property rights.

Furthermore, given the increasing complexity of production technologies and the importance of fast product innovation, there is a risk that Group may unintentionally infringe intellectual property rights, in particular patents, trademarks and design rights, of third parties. In the case of such infringement, the Group may be liable for damages as well as litigation costs and may have to withdraw products already produced from the market or purchase a license to use such rights, and such license may not be available on reasonable terms, if at all.

The Group's failure to enforce and protect its intellectual property rights or an unintentional Infringement of intellectual property rights of third parties could reduce the Group's firearms and accessories sales, erode margins or damage its reputation.

The Group is exposed to legal litigation risks from product liability and firearms industry.

The Group is exposed to risks from product liability, in particular from lawsuits by customers alleging defective product design, defective manufacture and/or failure to provide adequate warnings and seeking punitive as well as compensatory damages.

Because the nature and extent of liability based on the production or sale of allegedly defective products is uncertain, particularly as to firearms and small caliber ammunition, the Group's resources may not be adequate to cover future product liability and product related occurrences, cases or claims, in the aggregate, and such cases and claims may have a material adverse effect upon the Group's reputation and financial condition. Though certain Group entities maintain product liability insurance, for example, for liability to third parties caused by a faulty product, those insurance policies have limits and a large part of the costs of a complete recall of a product from the market would not be covered by the relevant product liability insurance.

Since the enactment of the Protection of Lawful Commerce in Arms Act (**PLCAA**) in 2005, firearm manufacturers and dealers have generally been shielded from liability for crimes committed by third parties using their products, subject to certain exceptions. However, several significant legal cases since the PLCAA's enactment have tested the limits of this protection.

In November 2019, the U.S. Supreme Court declined to review a case (*Remington Arms Co. v. Soto*) arising out of the Sandy Hook school shooting in Connecticut, that implicated the PLCAA. The U.S. Supreme Court's decision allowed the family members of the victims of gun violence in that case to continue with their lawsuit under Connecticut state law, which a state court had determined was not pre-empted by the PLCAA. The case was ultimately settled but is an example of the erosion of the protections of the PLCAA.

In another instance, the Indiana Court of Appeals allowed the city of Gary's 1999 lawsuit against firearms manufacturers to proceed under the state's public nuisance laws. This case alleged that the manufacturers were aware of illegal handgun sales and did nothing to prevent them. The lawsuit continues to be litigated and is again before the Indiana Court of Appeals. The Court of Appeals will consider whether a statute passed by the Indiana Legislature in 2024 removing the ability of the City of Gary to maintain the lawsuit must be applied to dismiss the lawsuit after the trial court refused to do so.

Additional cases have challenged the PLCAA's protections. For example, victims of a 2019 mass shooting at a California synagogue sued Smith & Wesson, claiming negligent marketing of the AR-15 style rifle used by the

shooter. A state court granted summary judgment to Smith & Wesson on grounds that the lawsuit was barred under PLCAA. The plaintiffs have appealed this ruling.

In Texas, a lawsuit against the online seller of ammunition, Luckygunner.com, was allowed to proceed despite PLCAA protections. The company was accused of knowingly violating the law that makes it illegal to sell ammunition to minors, related to a 2018 shooting at a Santa Fe, Texas, high school. The case was settled after Lucky Gunner lost an appeal regarding its claimed immunity from the lawsuit.

Another significant lawsuit involved Mexico suing Colt's Manufacturing Company LLC, Smith & Wesson Brands, Inc, and Sturm, Ruger & Co, among other firearm makers, over the influx of weapons into Mexico from the United States. The lawsuit alleged that these companies designed, marketed, and distributed military-style assault weapons in ways that they knew would arm drug cartels. The companies argued that they cannot be held liable for crimes in Mexico resulting from legal sales in the United States. On 5 June 2025, the U.S. Supreme Court held that Mexico's complaint did not stand and thus confirmed the applicability of the PLCAA.

In 2022, the cities of Buffalo and Rochester, New York, filed nearly identical lawsuits against a number of firearms manufacturers (including Colt's Manufacturing Company LLC), distributors, and dealers. The cases allege that the named gun manufacturers and sellers contributed to gun violence in their respective cities, including the 2022 Tops supermarket mass shooting in Buffalo, by violating New York law and public nuisance statutes. In July of 2025, a Federal Appeals Court upheld the New York anti-PLCAA law underlying these cases that had been challenged in a separate lawsuit by the National Shooting Sports Foundation against the Attorney General of New York. As a result, the City of Buffalo and City of Rochester cases will continue to be litigated.

These cases highlight the ongoing legal challenges and debates surrounding the PLCAA and its implications for firearm manufacturers. Though the Group still believes that the likelihood of success of an action for monetary damages against the Group in the United States significantly decreased after the U.S. Congress enacted the PLCAA, there can be no assurance that plaintiffs will not seek damages from the Group in the United States or elsewhere.

Even if the Group is ultimately successful in defending against any such claims, it may incur significant defense costs. Also, there can be no assurance that the PLCAA will not be repealed, amended or reinterpreted in the future.

A large portion of the Group's revenue depends on obtaining and maintaining export licenses.

Export of firearms and small caliber ammunition to foreign countries is subject to the regulation of the countries where the product is manufactured. Approximately more than 85 per cent of the Group's revenues depends on obtaining export licenses in various jurisdictions where the Group's products are manufactured (the European Union, the Czech Republic, the USA, Canada, Germany, Switzerland, Hungary and Sweden) and compliance with sanction lists adopted by the United Nations (the UN), European Union, United States or other relevant governmental authorities (the **Sanctions Lists**).

In the Czech Republic, the Group spends considerable time and efforts to obtain export licenses, especially in the case of military firearms, this includes obtaining positive opinion from the Czech Ministry of Defense, the Czech Ministry of the Interior, the Czech General Directorate of Customs and Excise and the Czech Ministry of Foreign Affairs and registration to the list maintained by the Czech Ministry of Industry and Trade. After an export license is granted, the Group has to maintain all conditions so that the license is not revoked. If a registered entity breaches the statutory conditions, or the transfer could disrupt public order or the security of the state or its inhabitants, the Czech Ministry of Trade and Industry may suspend the general registration for the transfer of military materiel within EU member states or revoke any license granted under Act No. 38/1994 Coll., on international trade in military materiel, as amended (the **Czech Act on Trade in Military Materiel**).

Products manufactured in the United States by Colt Canada (as defined below), for example rifles such as the Colt M4 and M5 and handguns and revolvers such as the Python and Anaconda, which are sold to foreign military, law enforcement and foreign commercial customers are currently subject to United States export restrictions. Products manufactured and sourced in Canada by Colt Canada, for example rifles such as the Colt Canada C7, C8 and C20 are currently subject to Canadian export restrictions.

In the United States and Canada, obtaining export licenses is also required to export Group's products and services. The issuance of an export license lies within the discretion of the issuing government authority. In the United States, export licenses for defense articles, defense services, and technical data controlled by the International Traffic in Arms Regulations (No 22 CFR 120-130), which implement the Arms Export Control Act (No. 22 U.S.C. 2778), are processed and issued by the Directorate of Defense Trade Controls (DDTC) within the U.S. Department of State, in accordance with the Executive Order 13637. In the case of transactions over \$1 million USD, DDTC is required to notify the U.S. Congress, which must approve, before DDTC issues an export license. Export licenses for defense articles, dual-use items, and technology controlled by the Export Administration Regulations (No 15 CFR 730-774), which also implement the Arms Export Control Act, are processed and issued by the Bureau of Industry and Security ("BIS") within the U.S. Department of Commerce. In the case of certain transactions over \$4 million USD, BIS is required to notify the U.S. Congress, which must approve, before BIS issues an export license. As regulated by the Firearms Act (SC 1995, c. 39), in Canada, export licenses are processed and issued by the Foreign Affairs, Trade, and Development Canada (commonly referred to as Global Affairs Canada). However, the permanent import of defense articles from Canada (or any foreign country) into the USA requires the importer to obtain an import permit from the U.S. Bureau of Alcohol, Tobacco and Firearms (ATF).

In addition to the export control rules of the countries where its products originate, the Group is also subject to the export control rules of Switzerland. The Swiss export control rules for the export of ammunition are primarily governed by the Swiss federal act of 13 December 1996 on war material, as amended, and the Swiss ordinance of 25 February 1998 on war materiel, as amended. Under these regulations, the export of ammunition requires an official export license issued by the Swiss State Secretariat for Economic Affairs. The assessment criteria for granting an export license include considerations of international law, human rights, internal and external security, and the country of final destination's commitment to non-proliferation of weapons of mass destruction. The Swiss legislation emphasizes Switzerland's neutrality and commitment to peace, thus imposing strict controls on the export of war material, including ammunition, to prevent its use in internal conflicts or by regimes violating human rights.

The denial or revocation of export licenses may cause the Group to postpone or refrain from entering into new contracts, prevent it from performing under existing contracts or require it to cease selling its products to certain customers or into certain countries entirely. Thus, the export regulation, including the implementation of rules under the Sanctions Lists, could have, in the future, a material adverse effect on the Group's revenue, financial condition and results of operations. For instance, in 2014 the EU imposed sanctions against Russia, including a firearms embargo, by adopting Council Decision 2014/512/CFSP, and Council Regulation (EU) No 833/2014, which remains in place as of the date of this Prospectus. Before the imposition of those sanctions, Russia was the Group's second most important market after the U.S., but with the imposition of those sanctions, that business ceased.

The Group's operations depend on obtaining and maintaining licenses and permits necessary for the operation of its business.

The Group is subject to regulation in the countries in which its products originate (the European Union, the Czech Republic, the United States, Canada, Germany, Switzerland, Hungary and Sweden). The main jurisdictions affecting the Group's operation are the Czech Republic and the United States.

In the Czech Republic, the Group conducts its business operations under the Trade License issued by the Czech Trade Licensing Office and the Arms License issued by the Czech police. Although both licenses have been issued for an indefinite period of time, each of them can be revoked if the Group fails to comply with numerous applicable laws and regulations. Both of the aforementioned licenses require compliance with extensive statutory requirements, regarding, for example, the integrity of responsible persons and the members of the executive bodies of the relevant entities, the maintenance of an evidence of firearms, the security measures ensuring the maintenance of proper conditions for securing firearms or ammunition against abuse, loss or theft and other statutory requirements. A license revocation would therefore have severe impacts on the Group and its ability to continue its operations and, consequently, its financial position. A failure by the Group to comply with applicable laws and regulations may also result in fines.

In the United States, the Group conducts its business operations under numerous federal state and local laws and regulations in the United States, including the rules and regulations of the United States Bureau of Alcohol, Tobacco, Firearms and Explosives (the **ATF**). If the Group fails to comply with ATF rules and regulations, the ATF may impose fines on the Group, or limit the Group's activities in the United States.

Therefore, the compliance with all applicable laws and regulations is costly and time consuming. Violation of any of these laws, regulations, and protocols could cause the Group to incur fines and penalties and may also lead to restrictions on the Group's ability to produce and sell firearm products which could significantly influence its financial performance and financial position. In addition, these laws, and regulations as well as their interpretation by regulatory authorities, may change at any time. There can be no assurance that such changes to the laws and regulations or to their interpretations will not adversely affect our business.

4 Internal control risks

The nature of the Group's business is highly susceptible to corruption, fraud or other improper activities.

The Group's operations and its participation in various tendering procedures, make the Group highly susceptible to corruption and its management, employees or agents may engage in misconduct, fraud or other improper activities. The Group is exposed to the risk that management, employees or agents, including foreign sales representatives cause export of defense articles or technical data without an export license, pay bribes in order to obtain business, fail to comply with applicable government procurement regulations, violate the government requirements concerning the protection of classified information and misappropriation of government or third-party property and information, which would result in the Group's suspension or debarment from contracting with the governments, as well as the imposition of fines and penalties, which would cause material harm to the Group's business and its reputation.

The Group is exposed to disruptions in its information technology and to cyber-attacks.

The Group depends on its information technology and data processing systems for the efficient operation of its business, and a significant malfunction or disruption in the operation of the systems could disrupt the Group's business. Breakdowns and interruptions in the Group's information technology systems could jeopardize their operation, causing errors in the execution of transactions, inefficient processes, loss of customers and other business interruptions.

The Group uses its information technology systems to collect and store confidential and sensitive data, including information about the Group's business, customers and employees. The remote communication features used by the Group are sensitive to both willful and unintentional security breaches. In the event of a security breach that allows third parties to access such confidential information, the Group could be subject to lawsuits, fines and other means of regulatory enforcement. The Group is currently working on a formally defined ESG strategy and data privacy and cybersecurity are on the key area of materiality of the Group's ESG strategy.

The Group's assets are exposed to the risk of cyber-attacks, or threats of intentional disruption, which are increasing in terms of sophistication and frequency, with the consequence that such cyber-incidents may remain undetected for long periods of time. The Group has experienced a malware attack and an occurrence of invoice fraud in the past and, while these have not had a material impact on the Group, there can be no assurance that similar incidents will not occur again in the future and that they will not have a material adverse impact on the Group's reputation, business, financial condition, liquidity or results of operations. The measures taken by the Group may not prevent all instances of cyber-attacks. In case of a severe cyber-attack, the Group's operations could be temporarily disrupted, which could have a material adverse effect on the Group's reputation, business, financial condition, liquidity and results of operations.

5 Environmental, social and governance risks

The Group may face difficulties complying with ESG standards or other sustainability requirements.

ESG risks include the Group's environmental, social, and governance factors that could cause reputation or financial harm. By not complying with ESG standards, the Group could lose access to funding or financing from

ESG-conscious investors, lose socially conscious customers, or even violate ESG-related regulations, which can result in fines or other penalties.

The Group published its first comprehensive ESG report based on the Global Reporting Initiative (**GRI**) standards in June 2023. Effective 2025, the Group was for the first time obliged to report its consolidated sustainability statement under the Corporate Sustainability Reporting Directive (the **CSRD**), which came into effect in 2023 and was based on 2024 numbers. It significantly expands the scope and rigor of the Group's sustainability reporting requirements.

The Consolidated Sustainability Statement for Colt CZ was prepared on a consolidated basis applying the same consolidation group as in the financial statements of the Annual Financial Report for 2024. The Sustainability Statement includes the holding company Colt CZ Group SE, and subsidiaries controlled directly and indirectly by the Group. The consolidation group has been determined in accordance with IFRS 10 and includes the ultimate parent company of the Group and its subsidiaries over which the parent company has operational control. This also includes the parent company holding more than 50 per cent of the voting rights of another entity and no other factors precluding control. There is no subsidiary which were exempted from sustainability reporting under Articles 19a(9) or 29a(8).

The Sustainability Statement has been prepared in accordance with the European Sustainability Reporting Standards (ESRS). In addition, the Greenhouse Gas Protocol has been applied supporting interpretations and disclosures made under the ESRS standards. Short-, medium- and long-term time horizons applied in the Sustainability Statement align with those suggested in section 6.4 of ESRS 1. The Sustainability Statement addresses the material impacts, risks and opportunities (IROs) of both Group's own operations and its upstream and downstream value chain.

There is a risk that the Group will not be able to implement all the regulatory requirements under the CSRD in time or will fail to meet its targets and adopted strategies.

The small caliber ammunition industry is exposed to increasingly more demanding ESG standards and regulation.

The small caliber ammunition industry, including Sellier & Bellot, faces significant regulatory and environmental risks due to the increasing focus on ESG standards and the potential for expanded regulation on the use of lead in ammunition. The European Union has been at the forefront of this regulatory shift, with the European Chemicals Agency recommending restrictions on lead use. As a result, discharging and carrying lead shot within 100 meters of wetlands has been prohibited since 2023, and further EU-wide restrictions have been proposed. These include a ban on the sale and use of lead gunshot after a five-year transition period and a ban on the use of lead in bullets for hunting after a transition period of 5 years for small caliber bullets and 18 months for large caliber bullets. The proposed restrictions present an option for a derogation for sports shooting under strict conditions, but the overall trend is towards a reduction in lead use.

While the proposed restrictions do not cover military or other non-civilian uses, and indoor uses are also excluded, the trend is clear in other regions as well. For instance, Germany, Denmark, and the Netherlands have implemented wider bans on lead shot, and the United States is also considering similar measures on federal lands.

Sellier & Bellot has proactively developed a portfolio that includes lead-free and non-toxic ammunition (i.e. ammunition equipped with a primer that does not contain any traces of heavy metal in its emissions, such as lead, mercury, barium, and antimony). However, should the regulatory environment become more restrictive or the transition to non-toxic alternatives be accelerated, Sellier & Bellot, along with the entire sector, could face challenges in supplying the necessary quantities of alternative ammunition. This could necessitate significant additional investment in specialized production equipment and could impact the Sellier & Bellot's competitive position and financial performance.

Furthermore, the EU acknowledges the need to ensure access to finance and investment (including from the private sector) for all strategic sectors, in particular the defense industry. In its communication of 15 February 2022 on European defense, the EU Commission highlighted the need for initiatives on sustainable finance to remain

consistent with the European Union efforts to facilitate the European defense industry's sufficient access to finance and investment.

In response to potential financial constraints, EU defense ministers have called for enhanced coordination between national and EU institutions to mitigate negative effects and promote investments in the defense sector. However, the industry's ability to attract finance may be affected by ESG indexes that currently exclude companies active in the defense and armaments sectors.

In summary, the small caliber ammunition industry is navigating a complex and evolving regulatory landscape that poses risks related to the production and use of lead in ammunition, potential supply chain disruptions, increased costs associated with compliance and transitioning to alternative materials, and potential impacts on access to finance due to evolving ESG criteria. These factors could have a material adverse effect on Sellier & Bellot's operational and financial performance.

The Group's performance is sensitive to social and political pressures due to the controversial nature of firearms and small caliber ammunition.

Given their intrinsic ability to inflict harm on others, firearms and ammunition are socially and politically controversial products. As a result, the production and sale of firearms is influenced by social and political pressures in addition to regulatory restrictions.

To integrate the core principles of ethical conduct in the Group's business, the Group has adopted a comprehensive compliance program (the **Compliance Program**) including the Code of Conduct which is binding for all Group companies. The Compliance Program is being reviewed and updated on a regular basis. Furthermore, individual Group companies have adopted compliance programs in accordance with their respective local jurisdictions. All the Group's employees and trading partners are required to comply with the code of ethics. However, despite efforts of the Group to counter an illicit trade in the Group's firearms and ammunition, there can be no assurance that future incidents involving an illicit trade in, or use of, firearms and ammunition produced by the Group would not have an adverse effect on the Group's reputation or will not adversely affect the Group's business, results of operations, financial condition, cash flows and prospects, as a result of social or political pressure or otherwise.

In addition, from time to time, the Group may be subject to informal private or public inquiries and/or formal proxy proposals by activists urging the Group to take certain corporate actions, any of which may not be aligned with the Group's best financial or operational interests. Such activities may adversely affect the Group's business in a number of ways, since responding to such inquiries or proposals could be costly, time consuming, disruptive to operations, and could meaningfully divert the attention of the Group's resources, including those of the management team and employees. For example, such activities could require the Group to retain the services of various professionals to advise on such matters, including legal, financial, and communications advisors, which could be costly.

Since May 2025, protests against arms supplies to Israel have been taking place in front of the Group's factory in the United States. According to activists, assault rifles are being used against civilians. Every Friday, protests are held in front of Colt's firearms factory in West Hartford, Connecticut, against arms supplies to Israel. They are organized by a group of local citizens concerned that M4 and M18 carbines produced at the factory are being supplied to Israel. Israeli armed forces are allegedly using them against civilians and also distributing them to members of settler security units in the West Bank. The Group is aware of the protests taking place in front of the Colt factory in West Hartford and respects the rights guaranteed by the US Constitution. The Group via its US subsidiary cooperates with the US government through several government Foreign Military Sales programs, which means that the deliveries are requested, funded, and managed by the U.S. government.

In addition, certain shareholder inquiries and proposals could create perceived uncertainties or concerns as to the Group's future operating environment, legislative environment, strategy direction, sustainability strategy or leadership, and such uncertainties or concerns could result in the loss of potential business opportunities, harm the Group's ability to attract new investors, customers, and employees, harm or disrupt the Group's business and financial relationships, result in customer boycotts of the Group's products, and cause the share price to experience periods of decline, volatility, or stagnation. For example, certain activists could pressure financial institutions,

customers, vendors, or other businesses and institutions with whom the Group maintains relationships to adopt actions that are not in the best interests of the Group, inconsistent with the legal operations of the Group's business, or contrary to the beliefs of the Group's core customers. Such activities could adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

Environmental laws and regulations may impact the Group's business.

Despite the fact that the Group's production facility in Uherský Brod, Czech Republic, has been in operation for more than 80 years, no comprehensive inspection has been carried out to assess any structural, subsurface or environmental problems that may exist or arise, and which could have an adverse impact on the value of the asset. Even when an inspection is undertaken, there is a risk that structural or environmental problems, such as ground water contamination, may not necessarily be observable. This facility has the most complex production within the Group, as it includes the complete cycle of casting, machining, metal treatments, assembly, and testing. Therefore, the environmental impact is greater in the Czech Republic than in the U.S. or Canadian operations, where the main activity is assembly and testing.

The Group is taking measures to reduce the noise that production machinery in Uherský Brod produces. For historical reasons, the facility is located in the city center and the noise affects the local population.

In the industry the Group operates, the use of chemicals is a necessary part of the production process. CZUB uses hexavalent chromium in their production processes, which may represent a significant environmental threat, severely impacting environment and natural resources, especially water and soil. Hexavalent chromium is used to produce a hard chrome for use in galvanic platin (it is no longer hexavalent chromium at the end of the process). The use of chemicals is subject to the permits issued for the supplier. Chromium plating is performed under strict hygiene and SHE supervision, with all workers monitored regularly.

At some production facilities, the indoor firing/shooting range contains lead. The lead is cleaned by an external company and sent to a certified treatment facility. In some production subsidiaries, as part of the manufacturing process, lead is dispelled daily, there is a program and policy in place for lead disposal.

It is not possible to predict with certainty the impact of future environmental compliance requirements or of the cost of resolution of future environmental proceedings and claims, in part because the scope of the remedies that may be required is not certain and environmental laws and regulations are subject to modifications and changes in interpretation. Environmental regulations may become more burdensome in the future and any such development, or discovery of unknown conditions, may require the Group to make material expenditures or otherwise materially adversely affect the way the Group operates its business, as well as have a material adverse effect on the Group's results of operations, financial condition, or cash flows.

ESG impact of Group's products may affect Group's business.

The Group does not generate its revenues from fossil-fuel-powered military equipment, such as combat vehicles, aircraft, or naval vessels. Therefore, most of the carbon footprint generated by the Group's products is associated with sourcing of materials and Group's manufacturing processes. As a result, the Group is focusing on improving energy efficiency and reducing emissions to reduce its carbon footprint. In 2025, the Group initiated a project which should lead to carbon footprint calculation in Scope 1, 2 & 3, Transition plan for climate change mitigation and Transition climate risks, including the assessment of financial and operational transition risk. the Group has been able to use some of the outcomes from the transition risks analysis in this Consolidated Sustainability Statement, although the final approval of the transition plan at the Group level has not yet occurred.

The Group's production program is not associated with any controversial weapons or nuclear deterrence, which are excluded from ESG labelling in most countries. The Group's products are generally regarded as conventional weapons (Source: UN Register of Conventional Arms) as opposed to weapons of mass destruction, which are often referred to as controversial weapons. A key point of focus regarding this class of weapons is the level of control on the impact of the weapon (in space and time) when used, and the risk of collateral damage.

ESG risks related to weak product governance could lead to the loss of customers or fines imposed to the Group by regulators and could adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

RISKS RELATED TO NOTES

Risk of Non-payment

Like any other monetary debt, Notes are exposed to the risk of non-payment. Under certain circumstances, the Issuer may be unable to pay interest on the Notes, and the value for the Noteholders upon redemption may be lower than their initial investment; under certain circumstances, the Notes could even be worthless. The Issuer's ability to pay interest on the Notes or repay their nominal value depends in particular on the performance and solvency of the entities with whom it does business. If the Issuer's debtors (current or future) default on their debts, such fact might have a negative impact on its ability to meet its obligations under the Notes in a due and timely manner.

An active secondary market in respect of the Notes may never be established or may be illiquid.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. Although an application has been made for the Notes to be admitted to trading on the Regulated Market, there is no assurance that such application will be accepted or that an active trading market will develop or, if developed, that it will continue. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severe adverse effect on the market value of Notes. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

The Notes may be redeemed prior to maturity.

In the event of an early redemption of the Notes in accordance with the Terms and Conditions, the Noteholders would be exposed to the risk of the value of the yield on the Notes being lower than anticipated due to such early redemption. Also, there can be no assurance that at the relevant time the Noteholders will be able to reinvest the redemption proceeds at an effective interest rate as high as the return that would have been received on such Notes had they not been redeemed. Potential investors should consider such reinvestment risk in light of other investments available at that time.

In addition, in the event of an early redemption of the Notes in accordance with the Terms and Conditions, the Noteholders would be exposed to the risk of having their hedging strategy disrupted and may incur costs connected with early termination of their outstanding hedging arrangements.

Return on investment in the Notes may be affected by the interest rate.

Investment in the Notes, which bear interest at a fixed rate, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. The holder of a Note with a fixed interest rate is exposed to the risk of a decrease in the price of such a Note as a result of an increase in the market interest rates. As of the date of this Prospectus, the CNB has been continuously lowering the two-week repo rate to the current 3.50% applicable from 9 May 2025. While the nominal interest rate is fixed for the term of the existence of the Notes, the current interest rate on the capital market (the **market interest rate**) usually changes daily. As the market interest rate changes, the price of the fixed-rate Note changes too, but it does so inversely. If the market interest rate increases, the price of the fixed-rate Note usually drops to a level where the yield of such a Note roughly equals the market interest rate. On the contrary, if the market interest rate decreases, the price of the fixed-rate Note usually rises to a level where the yield of such a Note roughly equals the market interest rate. This fact may have an adverse impact on the value and development of the investment in the Notes.

Return on investment in Notes may be affected by various fees.

The overall return on investment in the Notes may be affected by the fees charged by the agent for the sale/purchase of the Notes (such as the Joint Lead Managers) or charged by the relevant settlement system used by the investor. Any such person or institution may charge fees for the opening and keeping of an investment account, securities transfers, securities safekeeping services, and other services. The Issuer recommends that potential investors in the Notes familiarize themselves with the materials that will serve as the basis for charging fees related to the Notes.

Each investor who purchases Notes through CS will be charged a fee of 0.25% of the nominal value of the Notes purchased, according to the instruction to purchase securities. In addition, fees may be charged for record keeping in the property account according to the current price list at www.csas.cz/en, link: Price Lists in the section “Documents to download” – “Price list for Investment”. Such costs will not exceed 0.04% per annum of the aggregate nominal value of the Notes in such account subject to a minimum of CZK 25 per calendar quarter.

Investors who subscribe for or purchase the Notes through J&T BANKA in the Czech Republic, pay fees associated with acquiring the Notes according to J&T BANKA's fee list as applicable on the date of the transaction and available on the website of J&T BANKA at www.jtbank.cz, section “Užitečné informace”, subsection “Sazebník poplatků”. As of the date of this Prospectus, these costs amount to 0.15% of the transaction volume, but no less than CZK 2,000.

In connection with the acquisition of the Notes through KB in the Czech Republic, the investor in the Notes will be charged a fee of 0.25% of the nominal value of the Notes being acquired. Each investor who purchases the Notes from KB will be subject to KB's normal securities maintenance fees in accordance with the current price list available on the website www.kb.cz, in the section “Ceny a sazby, Sazebníky KB, Občané”. The cost of maintaining the Securities is 0.02% per annum of the total nominal value of the Notes in such account (plus VAT, if any), but not less than CZK 15 per month.

In connection with the acquisition of the Notes through UCB, the investor in the Notes will be charged, in accordance with the subscription instruction, an upfront fee of 0.25 % of the aggregate nominal amount of the Notes to be acquired, and in accordance with the current UCB price list available on the UCB's website www.unicreditbank.cz (in the section “Price lists, Individuals, section 10.4 Providing custody/administration services”), UCB's current fees for keeping the securities account. These fees will not exceed 0.20 % of the total nominal value of the Notes registered in such an account per annum, excluding value added tax, but will be at least CZK 300, excluding value added tax.

The investor may be required to pay additional fees charged by the intermediary of the purchase or sale of the Notes, the person keeping the records of the Notes, the person who performs the clearing of the Notes transaction, or by another person, e.g. fees for opening and maintaining an investment account, for arranging the transfer of the Notes, services related to custody of the Notes, their registration.

Return on investment in the Notes may be negatively affected by the inflation rate.

Prospective investors in or sellers of the Notes should be aware that the value of the investment in real terms may diminish concurrently with inflation, reducing the currency value. As the Notes do not contain an anti-inflation clause, inflation causes a decline in the yield of the Notes. According to the latest CNB forecast¹ published on 7 August 2025, annual headline inflation is expected to be 2.6% in 2025, decreasing to 2.3% in 2026. While this is comparable with inflation in 2024 (2.4%), there is no guarantee that the forecast will not be reviewed and that inflation will not increase.

The Terms and Conditions contain provisions which deviate from the Czech Bonds Act.

The Terms and Conditions contain certain provisions which deviate from the default provisions set out in the Czech Act No. 190/2004 Coll., on Notes, as amended (the **Czech Bonds Act**). Specifically, under the Terms and Conditions:

¹ Source: CNB forecast published on 7 August 2025, available at: <https://www.cnb.cz/en/monetary-policy/forecast/>.

- (a) by way of derogation from Section 23(5) of the Czech Notes Act, in the cases specified in Condition 13.4.1, the Applicant has the right to request only the repayment of the at the time outstanding nominal amount of the Notes, not the buyback of the Notes at market price; and
- (b) by way of derogation from Sections 23(5) and (7), the amounts the repayment of which the Applicant is entitled to under Condition 13.4.1 will become due and payable on the last Business Day of the month following the month in which the Application Period expires, not 30 days following the Application;

These deviations may adversely affect the value and development of the investment in the Notes. In addition, Section 23(9) of the Czech Bonds Act, which anticipates possible deviations from the provisions of the Czech Bonds Act relating to bondholders' meetings, became effective only on 1 January 2024 and is untested in practice. Accordingly, there is a risk that the competent courts may take a conservative view that some or all of the above deviations from the default provisions of the Czech Bonds Act are not permitted. Any uncertainty regarding the possibility to deviate from the provisions of the Czech Bonds Act may adversely affect the value of the Notes or the ability of the Noteholders to sell the Notes.

Risk of Order reduction

The prospective buyers of the Notes should be aware that the Joint Lead Managers are entitled to, at their own discretion, reduce the Order, and the overpayment, if any, will be without delay disbursed to the investor's account. If the order is reduced, the prospective investor will not be able to invest in the originally contemplated volume or not at all. Thus, reducing the Order can adversely affect the value of the investment into the Notes.

Some investors may be exposed to movements in exchange rates and to exchange controls.

The Issuer will pay interest on the Notes in Czech Koruna. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **investor's currency**) other than Czech Koruna. These include the risk that exchange rates may significantly change (including changes due to depreciation of Czech Koruna or appreciation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls. An appreciation in the value of the investor's currency relative to Czech Koruna would decrease (i) the investor's currency-equivalent yield on the Notes, (ii) the investor's currency-equivalent value of the principal payable on the Notes and (iii) the investor's currency-equivalent market value of the Notes. In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or none.

INFORMATION INCORPORATED BY REFERENCE

The following documents which have previously been published on the Issuer's website www.coltczgroup.com, in section *Investors*, subsection *Financial Results and Presentations*, shall be incorporated in, and form part of, this Prospectus.

Information	Document	Pages	Hyperlink
Audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2024	Annual financial report 2024 - ESEF format (Czech language)	245-330	https://www.coltczgroup.com/file/1458
	Annual Financial Report for 2024 (unofficial pdf version) (English language)	245-331	https://www.coltczgroup.com/file/1457
Independent auditor's report relating to the audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2024	Annual financial report 2024 - ESEF format (Czech language)	331-336	https://www.coltczgroup.com/file/1458
	Annual Financial Report for 2024 (unofficial pdf version) (English language)	332-337	https://www.coltczgroup.com/file/1457
Audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2023	Annual Report 2023 – ESEF format (Czech language)	129-209	https://www.coltczgroup.com/file/1163
	Annual Report 2023 – unofficial pdf version (English language)	131-211	https://www.coltczgroup.com/file/1159
Independent auditor's report relating to the audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2023	Annual Report 2023 – ESEF format (Czech language)	210-215	https://www.coltczgroup.com/file/1163
	Annual Report 2023 – unofficial pdf version (English language)	212-217	https://www.coltczgroup.com/file/1159
Unaudited condensed consolidated interim financial statements of the Issuer as of and for the half-year ended 30 June 2025	Semi-Annual Financial Report 2025 – pdf version (English language)	23-55	https://www.coltczgroup.com/file/1580

Any non-incorporated parts of a document referred to herein are either deemed irrelevant for an investor or are otherwise covered elsewhere in this Prospectus.

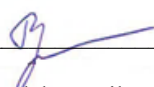
RESPONSIBILITY STATEMENT

The Issuer is responsible for the completeness and accuracy of information contained in this Prospectus. To the best of the Issuer's knowledge, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

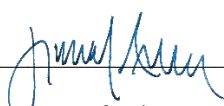
The information contained in this Prospectus is accurate only as of the date of this Prospectus and any delivery of this Prospectus at any time after the date hereof does not imply that the information in this Prospectus is correct at such subsequent time.

In Prague on the date of this Prospectus.

Colt CZ Group SE



Name: Radek Musil
Title: Vice-Chairman of the Board



Name: Josef Adam
Title: Vice-Chairman of the Board

SUBSCRIPTION AND SALE

1 General Information about the Mandated Persons and the Method of Subscription

On the basis of the mandate agreement dated 8 October 2025 (the **Mandate Agreement**), the Issuer has mandated the Joint Lead Managers with arrangement of the Issue and preparation of the documents related to the Issue.

Before the Issue Date, the Issuer also aims to enter into a subscription agreement under which the Issuer aims to mandate the Joint Lead Managers with, among other things, public offering and placing the Notes with the end investors (the **Subscription Agreement**). The Notes may be offered exclusively through the Joint Lead Managers, who will subscribe for the Notes from the Issuer and then sell them to the investors as described below.

The Issuer also aims to enter into an agency agreement, under which the Issuer aims to mandate KB with, among other things, the listing of the Notes for trading at the Regulated Market of the PSE (the **Agency Agreement**).

The Issuer intends to issue the Notes in the anticipated total nominal value of the Issue of CZK 3,000,000,000 (three billion Czech Koruna) with the possibility to increase the total nominal value up to 6,000,000,000 (six billion Czech Koruna). The Notes may be issued individually or in tranches. The Notes issued as a part of the Issue will be offered by means of a public offering.

Neither the Joint Lead Managers nor any other person in relation to the Issue has undertaken an obligation to subscribe for or purchase any of the Notes. The placement of the Notes will thus be made on a "best efforts" basis, meaning that the Joint Lead Managers will use their best efforts to search for the prospective investors in the Notes and place the Notes with and sell them to such investors.

This Prospectus has been prepared and published for the purpose of the public offering of the Notes and for the purpose of admission of the Notes for trading on the Regulated Market of the PSE.

Neither the shareholders of the Issuer nor any other person has any pre-emptive or conversion rights in relation to the Notes or any other priority subscription rights in relation to the Notes.

2 Placement and offering of the Notes

The Notes will be offered by the Issuer through the Joint Lead Managers under a public offering to the domestic and foreign qualified and other than qualified (in particular, retail) investors in the Czech Republic, and to selected qualified investors and other potential investors abroad, subject to the conditions which do not impose an obligation on the offeror to prepare and publish a prospectus in accordance with the laws applicable in that jurisdiction. The public offering of the Notes by the Joint Lead Managers may last from 16 October 2025 to 15 October 2026 (this date included).

As part of the public offering, the investors will be approached by the Joint Lead Managers, in particular by means of distance communication, and invited to place an order for the purchase of the Notes (the **Order**), provided that the investor must present a valid identity document and prove that it has sufficient funds for the purchase of the required number of Notes in order to participate in the public offering. A failure to present a valid identity document or prove of sufficient funds for the purchase of the required number of Notes will result in the Order being disregarded by the relevant Joint Lead Manager. Investors may be requested by the Joint Lead Managers to provide additional necessary documents and identification information, if applicable.

In connection with the placement of the Order, investors must conclude, or have concluded, an agreement with the relevant Joint Lead Manager for purposes such as opening the asset account in the investment instrument register kept by the Central Depository (if they do not already have an opened asset account with a different Central Depository participant) or detailed securities records by the relevant Joint Lead Manager and giving an instruction to arrange the purchase of the Notes under such an agreement, or they may be invited to present the required documents and identification details by the relevant Joint Lead Manager.

The purchase of the Notes from the Joint Lead Managers is conditional upon the conclusion of an investment service provision agreement between the investor and the relevant Joint Lead Manager and upon giving the instruction to arrange the purchase of the Notes under that agreement.

The Joint Lead Managers can be reached, in case of:

- (a) CS, at +420 800 468 378 (800 INVEST) or via email at csas@csas.cz;
- (b) J&T BANKA, at +420 221 710 666 or via email at DealingCZ@jtbank.cz;
- (c) KB, at +420 222 008 229 or via email at corporatefinance@kb.cz; and
- (d) UCB can be reached at +420 221 210 031 or via email at info@unicreditgroup.cz.

There is no minimum amount for which the investor may subscribe and purchase the Notes (other than the purchase price of each Note). The maximum amount for which an individual investor is to be entitled to subscribe for the Notes will be limited by the projected total nominal value of the Issue. If the volume of the Orders exceeds the volume of the Issue, the Joint Lead Managers may reduce the investor's Orders at their discretion (provided that any surplus will be immediately returned to the investor's account). The final nominal value of the Notes assigned to the individual investor will be stated in the transaction clearing confirmation, which will be delivered to the investor by the relevant Joint Lead Manager without unreasonable delay after the execution of the instruction. The investor may not trade in the subscribed Notes before this confirmation is delivered.

Each investor who purchases Notes through CS will be charged a fee of 0.25% of the nominal value of the Notes purchased, according to the instruction to purchase securities. In addition, fees may be charged for record keeping in the property account according to the current price list at www.csas.cz/en, link: Price Lists in the section "*Documents to download*" – "*Price list for Investment*". Such costs will not exceed 0.04% per annum of the aggregate nominal value of the Notes in such account subject to a minimum of CZK 25 per calendar quarter.

Investors who subscribe for or purchase the Notes through J&T BANKA in the Czech Republic, pay fees associated with acquiring the Notes according to J&T BANKA's fee list as applicable on the date of the transaction and available on the website of J&T BANKA at www.jtbank.cz, section "*Užitečné informace*", subsection "*Sazebník poplatků*". As of the date of this Prospectus, these costs amount to 0.15% of the transaction volume, but no less than CZK 2,000.

In connection with the acquisition of the Notes through KB in the Czech Republic, the investor in the Notes will be charged a fee of 0.25% of the nominal value of the Notes being acquired. Each investor who purchases the Notes from KB will be subject to KB's normal securities maintenance fees in accordance with the current price list available on the website www.kb.cz, in the section "*Ceny a sazby, Sazebníky KB, Občané*". The cost of maintaining the Securities is 0.02% per annum of the total nominal value of the Notes in such account (plus VAT, if any), but not less than CZK 15 per month.

In connection with the acquisition of the Notes through UCB, the investor in the Notes will be charged, in accordance with the subscription instruction, an upfront fee of 0.25% of the aggregate nominal amount of the Notes to be acquired, and in accordance with the current UCB price list available on the UCB's website www.unicreditbank.cz (in the section "*Price lists, Individuals, section 10.4 Providing custody/administration services*"), UCB's current fees for keeping the securities account. These fees will not exceed 0.20% of the total nominal value of the Notes registered in such an account per annum, excluding value added tax, but will be at least CZK 300, excluding value added tax.

On the relevant settlement date in accordance with the Subscription Agreement, the Notes will be subscribed for by the Joint Lead Managers (or directly by the investor through the relevant Joint Lead Manager) against payment of the Issue Price in the manner specified in the Subscription Agreement. On the same day, the Notes, with the exception of those Notes which will continue to be held and offered by the Joint Lead Managers, will be sold by the Joint Lead Managers to investors. The total amount of the commission for the subscription and placement of the Notes will not exceed 1.65% of the total subscribed nominal amount of the Notes.

Each Joint Lead Manager will satisfy the Orders submitted by the end investors to such Joint Lead Manager and will transfer the Notes to the asset accounts of the individual investors maintained in the relevant register of investment instruments against payment of the purchase price. Trading cannot begin before the allocation amount is announced to investors. At the same time, each Joint Lead Manager will collect the amount corresponding to the purchase price of the Notes from the cash accounts of the end investors.

The purchase price of the Notes issued on the Issue Date will correspond to 100% of the nominal amount of the Notes.

The purchase price of any Notes issued after the Issue Date will be determined based on a joint decision of the Issuer and the Joint Lead Managers taking into account the current market conditions. Where relevant, a corresponding accrued interest will be added to the amount of the issue price for any Notes issued after the Issue Date. The current purchase price will be published on the website of each Joint Lead Manager, in case of (i) CS, at www.csas.cz (under “*Podpora a Dokumenty – Dokumenty ke stažení – Prospekty a emisní dodatky*”); (ii) J&T BANKA, at www.jtbank.cz (under “*Důležité informace*” in section “*Emise cenných papírů*” under “*Colt CZ Group SE*”); (iii) KB, at www.kb.cz (under “*About Bank, Obligatory Published Information, Information on Securities, Bond Issues of KB clients*”); and (iv) UCB, at www.unicreditbank.cz (under “*Information for investors, Information for investors in securities of UniCredit Bank's clients*”, under “*Information concerning the selected issues of bonds*”).

The Joint Lead Managers are entitled to stabilize the Notes and may, at their discretion, use efforts to take such steps as they deem necessary and reasonable to stabilize or maintain such market price of the Notes as may not otherwise prevail. However, stabilization may not necessarily occur. The Joint Lead Managers can end this stabilization at any time. Any stabilization action must be conducted by the Joint Lead Managers (or persons acting on behalf of the Joint Lead Managers) in accordance with all applicable laws and rules.

The final results of the public offering, containing also the total nominal amount of all the Notes that the Issue consists of, will be published on the Issuer's website at www.coltczgroup.com (under section “*Investors*”, subsection “*Bonds*”) and on the website of each Joint Lead Manager, in case of (i) CS, at www.csas.cz (under “*Podpora a Dokumenty – Dokumenty ke stažení – Prospekty a emisní dodatky*”); (ii) J&T BANKA, at www.jtbank.cz (under “*Důležité informace*” in section “*Emise cenných papírů*” under “*Colt CZ Group SE*”); (iii) KB, at www.kb.cz (under “*About Bank, Obligatory Published Information, Information on Securities, Bond Issues of KB clients*”); and (iv) UCB, at www.unicreditbank.cz (under “*Information for investors, Information for investors in securities of UniCredit Bank's clients*”, under “*Information concerning the selected issues of bonds*”);

The Issuer has the option to suspend or terminate the public offering based on its decision (depending on its current need for financing), in which case further orders will not be accepted at all or, in the case of suspension of the public offering, until the Issuer publishes information about the continuation of the public offering. Any such information will be published in advance on the Issuer's website at www.coltczgroup.com (under section “*Investors*”, subsection “*Bonds*”).

3 Admission of the Notes to Trading & Settlement

The Issuer will apply through the Listing Agent (as defined below) for admission of the Notes to trading on the Regulated Market and expects the Notes to be admitted to trading on or around the Issue Date, i.e. 7 November 2025. The estimated amount of fees associated with the admission of the Notes to trading on the Regulated Market is CZK 50,000 as the listing fee and CZK 15,000 as the annual trading fee.

No person has accepted the obligation to act as a market maker. Neither the Issuer nor the Joint Lead Managers can rule out that the Notes may become non-tradable on any market(s) and that the Noteholders will thus be unable to sell the Notes on such a market or markets before maturity.

The settlement will be performed on a DVP (delivery versus payment) or DFP (delivery free of payment) basis through the Central Depository and Fiscal and Paying Agent, as applicable, or through persons keeping the related records following the standard practices in accordance with the rules and operating procedures of the PSE and the Central Depository and within the deadlines set by the applicable rules.

The Issuer is not aware of any regulated markets or third country markets, SME growth markets or multilateral trading facilities where securities of the same class as the Notes are to be offered to the public or admitted to trading or where such securities are already admitted to trading.

4 Provision of services and conduct of business by the Joint Lead Managers

The Joint Lead Managers and their respective affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and other members of the Group (including, in some cases, credit agreements, credit lines and other financing arrangements) in the ordinary course of their banking business. The Joint Lead Managers and their respective affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

The Joint Lead Managers and their respective affiliates may provide banking services including financing, to the Issuer, and for which they may be paid fees and expenses. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and/or its affiliates (including the Notes). The Joint Lead Managers may have a lending relationship with the Issuer and its affiliates and may routinely hedge its credit exposure to the Issuer and/or its affiliates consistent with their customary risk management policies. Typically, the Joint Lead Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the Issuer or the relevant affiliate, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments (including, without limitation, the Notes).

5 Restrictions on the Distribution of the Prospectus and the Sale or Purchase of the Notes

The distribution of this Prospectus as well as any offer, sale or purchase of the Notes is restricted by law in some jurisdictions. The Issuer has not asked and will not ask for approval or recognition of this Prospectus (including its supplements, if any) in any other jurisdiction, the Notes will not be registered, permitted or approved by any administrative or other authority in any jurisdiction with the exception of the approval of this Prospectus by the CNB.

All persons in possession of this Prospectus are responsible for observing any restrictions relating to the offer, purchase and sale of the Notes and the possession and distribution of any documents relating to the Notes (including the Prospectus) in all relevant jurisdictions.

The Issuer informs the prospective Noteholders that the Notes are not and will not be registered in accordance with the Securities Act or by any securities commission or another regulatory body of any state of the U.S. and therefore cannot be offered, sold or transferred in the territory of the U.S. or to U.S. residents (as these terms are defined in Regulation S) other than on the basis of an exemption from the registration obligation according to the Securities Act or as a part of a transaction that is not subject to mandatory registration according to the Securities Act.

The Issuer also notes that the Notes may not be offered or sold in the United Kingdom of Great Britain and Northern Ireland (the **UK**) by disseminating any material or notice, except for sale to persons authorized to deal in securities in the UK on own account or on behalf of others or under circumstances which do not constitute a public offering of securities within the meaning of the Companies Act 1985, as amended. Any legal acts regarding bonds performed in, from, or otherwise in connection with the UK must also be performed in accordance with the Financial Services and Markets Act 2000 (FSMA 2000), as amended, the Financial Services and Markets

Act 2000 (Financial Promotion) Order 2005, as amended, and the Prospectus Regulation, as it forms part of English law by virtue of the European Union (Withdrawal) Act 2018.

In addition to the above, the Issuer asks the subscribers of each Note and the Note acquirers to observe all relevant restrictions in each country (including the Czech Republic) where they would purchase, offer, sell or otherwise transfer the Notes or where they would distribute, make accessible or otherwise circulate this Prospectus including its supplements, if any, or any other offering or promotional material or information in connection with the Notes, in each case at their own expense and irrespective of whether this Prospectus or its supplements or any other offering or promotional material or information in connection with the Notes is recorded in the printed form or in the electronic or any other intangible form.

Any person that acquires any Notes will be deemed to have represented and agreed that (i) such person acknowledges all relevant restrictions on the offer, sale and purchase of the Notes relating to such person and the relevant method of offer, sale or purchase, (ii) such person will not further offer for sale or sell the Notes without complying with all relevant restrictions applicable to such person and to the relevant method of offer and sale and (iii) before further offering for sale or further selling the Notes, such person will inform the potential buyers that in certain jurisdictions, further offer or sale of the Notes may be subject to legal restrictions, which must be observed.

6 Granting of Consent to the Use of the Prospectus

The Issuer consents to the use of the Prospectus for the resale or final placement of the Notes by selected financial intermediaries exclusively in the Czech Republic for the period beginning on 16 October 2025 and ending on 15 October 2026 (this date included).

The above consent is subject to the conclusion of a written agreement between the Issuer and the relevant financial intermediary regarding the resale or placement of the Notes.

The Issuer uses and will use the Issuer's website www.coltczgroup.com to publish the list and identity of all the financial intermediaries who have been granted consent to the use of the Prospectus for resale or final placement of the Notes.

Offering period: 16 October 2025 – 15 October 2026 (this date included).

The Issuer also assumes responsibility for the contents of the Prospectus with regard to the resale or final placement of the Notes by any financial intermediary who has been granted consent to the use of the Prospectus.

INVESTOR NOTICE:

If an offer is presented by a financial intermediary, the financial intermediary will also provide the investors information about the terms of the offering of the Notes applicable at the time when the offer is presented.

A financial intermediary who uses the Prospectus must specify on his website that the Prospectus is being used with the Issuer's consent.

TERMS AND CONDITIONS OF THE NOTES

The Notes issued by Colt CZ Group SE, a European company (*Societas Europaea*) incorporated under the laws of the Czech Republic, 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 maintained by the Municipal Court in Prague, File Number: H 962 (the **Issuer**), in the anticipated aggregate nominal amount of up to CZK 3,000,000,000 (three billion Czech Koruna) with the possibility of increase to up to CZK 6,000,000,000 (six billion Czech Koruna), bearing fixed interest rate of 6.1% p.a., due in 2031 (the **Issue** and the **Notes**), are governed by these terms and conditions of the Notes (the **Terms and Conditions**) and by Act No. 190/2004 Coll., on Bonds, as amended (the **Czech Bonds Act**).

The Issue was approved by the resolution of the Issuer's Board of Directors dated 10 October 2025 and by the resolution of the Issuer's Supervisory Board dated 10 October 2025.

The ISIN of the Notes allocated by the Central Depository is CZ0003577546. The CFI code of the Notes allocated by the Central Depository is DBFUFN. The FISN code of the Notes allocated by the Central Depository is Colt CZ Group/6.1 DEB 20310507. The abbreviated title of the Issue is COLTCZ 6,10/31.

For the purpose of the public offering of the Notes and the admission of the Notes to trading on the regulated market of Burza cenných papírů Praha, a.s. (the **PSE** and the **Regulated Market**), the Issuer has prepared a prospectus for the Notes (the **Prospectus**) that includes these Conditions. The Prospectus constitutes a prospectus for the purposes 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, as amended (the **Prospectus Regulation**). The Prospectus has been approved by the Czech National Bank (the **CNB**) as the competent authority under the Prospectus Regulation in its decision ref. no. 2025/125634/CNB/650, file no. S-Sp-2025/00708/CNB/653 dated 14 October 2025, which became final and effective on 15 October 2025.

The CNB only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and its approval should not be considered as an endorsement of the Notes that are the subject of the Prospectus or the Issuer's profitability. By approving the Prospectus, the CNB certifies that the Prospectus contains all information required by law necessary for the investor to take an investment decision. The CNB assesses neither the financial results nor the financial situation of the Issuer and, by approving the Prospectus, it does not guarantee the quality of the security or the Issuer's future profitability or its ability to pay the interest on, and the principal of, the Notes. Potential investors should make their own assessment as to the suitability of investing in the Notes.

These Conditions were published as a part of the Prospectus and are available on the Issuer's website www.coltczgroup.com, section *Investors*, subsection *Bonds*.

Services of the fiscal and paying agent related to interest payments and Notes redemption will be provided by Komerční banka, unless another person becomes a fiscal and paying agent in accordance with Condition 11.2 (Komerční banka or any such other person as the **Fiscal and Paying Agent**). The relationship between the Issuer and the Fiscal and Paying Agent in connection with the performance of payments to the Noteholders (as this term is defined below) and some other administrative services related to the Issue is governed by an agreement between the Issuer and the Fiscal and Paying Agent (the **Fiscal and Paying Agency Agreement**). A copy of the Fiscal and Paying Agency Agreement is available for inspection to the Noteholders during regular business hours at the Specified Office of the Fiscal and Paying Agent set out in Condition 11.1. Noteholders are advised to familiarise themselves thoroughly with the Fiscal and Paying Agency Agreement.

Services of the listing agent related to the admission of the Notes comprising the Issue to trading on the Regulated Market will be provided by Komerční banka (the **Listing Agent**), under the terms of the Fiscal and Paying Agency Agreement.

To the extent that the Issuer undertakes in these Conditions to ensure that a third party will fulfil a certain obligation, this shall be understood to mean that the Issuer warrants the agreed performance by a third party within

the meaning of Section 1769, second sentence, of Act No. 89/2012 Coll., the Civil Code, as amended (the **Civil Code**), whereas the first sentence of Section 1769 of the Civil Code shall not apply to such cases.

The CNB carries out supervision of the Issue and the Issuer within the scope of legislation regulating public offering of securities and admission of securities to trading on a regulated market.

The terms with capital letters, unless defined otherwise, have the meaning assigned to them in Condition 16. In these Terms and Conditions, reference to any provision of law or regulation is a reference to that provision as extended, amended or re-enacted.

1 General Characteristics of the Notes

1.1 Form, Nominal Amount, Anticipated Volume of the Issue

The Notes will be issued on the Issue Date (as defined in Condition 2) as book-entered securities. The nominal amount of each Note is CZK 10,000 (ten thousand Czech Koruna). The anticipated aggregate nominal amount of the Issue is up to CZK 3,000,000,000 (three billion Czech Koruna), with the possibility of increase to up to CZK 6,000,000,000 (six billion Czech Koruna). In accordance with the Czech Bonds Act, the Issuer is entitled to issue the Notes in a lower aggregate nominal amount of the Issue than the anticipated aggregate nominal amount of the Issuer.

1.2 Separation of the Right to Interest

There will be no separation of the right to receive interest payable under the Notes through an issue of coupons as separate securities or otherwise.

1.3 Noteholders

For the purpose of these Terms and Conditions, an owner of the Note (the **Noteholder**) is any person on whose owner's securities account (in Czech: *účet vlastníka*) with the Central Depository or in follow-up records (in Czech: *navazující evidence*) linked to the Central Depository, the relevant Note is recorded.

Unless and until the contrary is proved to the Issuer and the Fiscal any Paying Agent at least five Business Days prior to a Payment Date, the Issuer and the Fiscal and Paying Agent shall treat each Noteholder for all purposes as the owner of the nominal amount of the Notes recorded on their owner's securities account with the Central Depository or in follow-up records linked to the Central Depository and the Issuer and the Fiscal and Paying Agent will make all payments to such Noteholder in accordance with these Terms and Conditions. Persons who are owners of the Notes and who are not registered for any reason in the relevant records of owners of book-entered securities will be obliged to promptly notify the Issuer and the Fiscal and Paying Agent in writing of such fact and of their acquisition of the ownership title to the Notes and prove these facts to them in the form and substance satisfactory to the Issuer and the Fiscal and Paying Agent.

1.4 Transfer of the Notes

Transferability of the Notes is not restricted.

The transfer of the Notes will be effective upon the crediting thereof to the owner's securities account with the Central Depository in accordance with the rules and regulations of the Central Depository and applicable law. In case that the Notes are recorded in the client's securities account (In Czech *účet zákazníka*) in the Central Depository, the transfer of the Notes will be effective (i) upon crediting of the transferred Note to the client's securities account in accordance with the rules and regulations of the Central Depository and applicable law and the owner of the client's securities account is obliged to promptly register such transfer in the owner's securities account as of the moment of registration thereof in the client's securities account, or (ii) in case of any transfer between the Noteholders within one client's securities account or in the central register maintained by the Central Depository, upon the registration of such transfer in the owner's securities account in the follow-up records linked to the Central Depository or in the records of the Central Depository, respectively.

2 Issue Date

The issue date of the Notes is 7 November 2025 (the **Issue Date**). The Notes may be issued (i) in a single series on the Issue Date or (ii) in tranches after the Issue Date during the subscription period beginning on and including 16 October 2025 and ending on and including 15 October 2026 (the **Issue Period**). If, upon agreement with the Joint Lead Managers, the Issuer decides to issue Notes in a higher total nominal value than the anticipated total nominal value of the Issue, the total nominal value of all the issued Notes must not exceed CZK 6,000,000,000 (in words: six billion Czech Koruna).

If all the Notes are not issued during the Issue Period, the Notes may also be issued during an additional issue period determined by the Issuer and ending no later than on the Record Date for Nominal Amount Repayment (as defined below). The Issuer will notify the Noteholders, in the same manner as used for publication of these Terms and Conditions, of the determination of such additional issue period.

Without undue delay after the Issue Date and after the expiry of the Issue Period, the Issuer will notify the Noteholders, in the same manner as used for publication of these Terms and Conditions, of the aggregate nominal amount of all issued Notes comprising the Issue.

3 Status of the Notes

3.1 Ranking

The Notes constitute direct, general, unconditional and, subject to Condition 4.1, unsecured and unsubordinated obligations of the Issuer which rank and will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3.2 No Pre-emptive or Priority Rights

Neither the shareholders of the Issuer nor any other person has any pre-emptive or conversion rights in relation to the Notes or any other subscription rights in relation to the Notes.

4 Issuer's Covenants

4.1 Negative Pledge

The Issuer will not create or permit to subsist any Security Interest for any payment obligation arising from notes, promissory notes, debentures, debenture stocks, loan stocks, certificates or any other debt securities, which would limit the rights of the Issuer or its Material Subsidiaries to its current or future assets or income without at the same time or prior thereto (i) securing the Notes equally and rateably therewith, or (ii) providing such other arrangement (whether or not comprising a Security Interest) for the Notes as may be approved by resolution of the Meeting (as defined in Condition 13).

4.2 Other Indebtedness

Neither the Issuer nor any Material Subsidiary will enter into any transaction as a result of which (i) the Consolidated Net Indebtedness Ratio would exceed 3.50, or (ii) an Event of Default would occur, threaten to occur or continue. The Consolidated Net Indebtedness Ratio shall be calculated from the latest available Net Indebtedness figures available as of the date of the intended Indebtedness increase.

The Issuer is not obliged to calculate the Consolidated Net Indebtedness Ratio if it is absolutely evident that the transaction in question would not cause the Consolidated Net Indebtedness Ratio to exceed 3.50.

The above restriction does not apply to any guarantees or suretyship in the form of a deed of guarantee, financial guarantee or other forms of guarantee, suretyship, aval or assumption of a joint and several obligation for the benefit of third parties outside the Group, which at any time do not exceed the amount of CZK 100,000,000 (or its equivalent in any other currency).

The above restriction further does not apply to Indebtedness incurred:

- (a) by operation of law or by virtue of a judicial or administrative decision;
- (b) in connection with documentary letters of credit, bank guarantees and other similar instruments issued on behalf of the Issuer or a Subsidiary, as applicable, as well as guarantees issued on behalf of the Issuer in favour of its Subsidiaries, in each case in the ordinary course of business;
- (c) in connection with any derivatives concluded by the Issuer or any Subsidiary in order to secure interest rate or foreign exchange rate fluctuations (for the avoidance of doubt, save for any securities derivatives used for speculative purposes only);
- (d) in connection with the Project Financing; or
- (e) in connection with the refinancing of any payment obligations existing as of the Issue Date (but only up to the amount of the payment obligations being refinanced).

4.3 Transactions Involving Affiliated Companies

The Issuer will not enter into any agreement with, or engage in any transaction or take any measures vis-à-vis, any affiliate other than on an arm's-length basis.

4.4 Restriction on Disposal of Assets

The Issuer or any Material Subsidiary will not transfer or otherwise divest or make available, whether in one single transaction or in a series of (related or unrelated) transactions, any of their assets valued in excess of CZK 100,000,000 (or its equivalent in other currency) if, as a consequence of such transaction, (i) the Consolidated Net Indebtedness Ratio would exceed 3.50, or (ii) an Event of Default would occur, threaten to occur or continue.

The Issuer or any Material Subsidiary may only transfer or otherwise divest or make available, whether in one single transaction or in a series of (related or unrelated) transactions, any of their assets on the following conditions: (i) the transaction is carried out for fair value, and at least 75 per cent. of the consideration consists of cash or cash equivalents, or in case of a non cash consideration, such fair value will be confirmed by a prior valuation prepared by an independent expert, auditor, or financial institution, (ii) no Event of Default occurs, threatens to occur or continues, (iii) for a transaction value in excess of CZK 100,000,000, the Issuer has obtained a prior valuation by an independent expert, auditor, or financial institution, and (iv) the funds so raised will be used for operational needs or for the repayment of the issued Notes or to refinance senior payment obligations in relation to the Notes, or for the payment of any dividend or any other profit share, and every time in accordance with these Terms and Conditions.

The Consolidated Net Indebtedness Ratio shall be calculated based on the latest available figures for Net Indebtedness as of the date of the intended disposal of assets (which shall in any case not be older than 30 days).

4.5 Restriction on Payments

The Issuer will not (i) declare on the distribution nor distribute any dividends or other profit shares or any share on registered capital, (ii) will not grant any loan or credit to its shareholders, and (iii) will not repay any payment obligation to its shareholder, as a consequence of such transaction, the Consolidated Net Indebtedness Ratio would exceed 3.50, or an Event of Default would threaten to occur or continue. The Consolidated Net Indebtedness Ratio shall be calculated based on the latest available figures for Net Indebtedness as of the date of the intended distribution of dividends, granting of a loan, or repayment of payment obligation to its shareholder. The restrictions under this paragraph does not apply to cash-neutral transactions (such as a set-off of dividends against receivables toward the shareholder, etc.).

4.6 Information Duties

The Issuer must inform the Fiscal and Paying Agent and the Noteholders in writing of (i) any Event of Default and (ii) any Change of Control within five Business Days after the day when it learned about the occurrence of such an event.

The Issuer must publish and make available to the Noteholders in the manner stipulated in Condition 14 and within the deadlines set out below the following documents and information in English or Czech language:

- (a) by 30 April of each year, the Issuer's annual reports and annual audited consolidated financial statements prepared in accordance with IFRS, starting with the annual report and financial statements prepared as at the last day of the accounting period ending on 31 December 2025, whereas such annual report shall also include information on the Consolidated Net Indebtedness Ratio (tested as of 31 December of the immediately preceding year);
- (b) by 30 September of each year, the Issuer's half-year reports and half-year consolidated and unaudited financial statements prepared in accordance with IFRS, starting with the half-year report and half-year financial statements for the half-year ending on 30 June 2026, whereas such half-year report shall also include information on the Consolidated Net Indebtedness Ratio year (tested as of 30 June of the given year).

4.7 Defined Terms

Capitalized terms have the meanings assigned to them in Condition 16.

All coefficients shall be calculated based on financial data taken or derived from the financial statements which were compiled in accordance with the IFRS.

5 Interest

5.1 Interest Rate and Interest Payment Dates

The Notes will bear a fixed interest rate of 6.1 per cent. (the **Interest Rate**). The interest will be paid semi-annually in arrears, on 7 May and 7 November each year (each the **Interest Payment Date**) in accordance with these Terms and Conditions. The first Interest Payment Date will be 7 May 2026.

For the purposes of these Terms and Conditions, **Interest Period** means the six-month period from (and including) the Issue Date to (but excluding) the first Interest Payment Date, and each immediately following period from (and including) the Interest Payment Date to (but excluding) the next Interest Payment Date until the maturity date of the Notes (as specified in Condition 6.1). For the purposes of determining the Interest Periods, the Interest Payment Date will not be adjusted according to the Business Day Convention (see Condition 7.3).

The interest will accrue evenly from the first day of each Interest Period to the last day included in such Interest Period at the Interest Rate.

5.2 End of Interest Accrual

The Notes will cease to bear interest on the Maturity Date (as this term is defined in Condition 6.1) or on the Early Redemption Date (as this term is defined in Conditions 6.3, 9.2, 13.4.1 and 13.4.2), unless the payment of any due amount is unlawfully retained or refused by the Issuer although all relevant conditions and requirements for payment on the Maturity Date or the Early Redemption Date have been complied with. In such an event, interest will continue to accrue at the interest rate set out in Condition 5.1 until the earlier of (i) the date on which all amounts due and payable as of that date in accordance with these Terms and Conditions are paid to the Noteholders or (ii) the date on which the Fiscal and Paying Agent notifies the Noteholders that it has received all amounts payable in connection with the Notes, unless any additional unlawful retention or refusal of payments occurs after such notice.

5.3 Day Count Convention for Interest Calculation

The interest payable on the Notes for a period of less than one year will be calculated on the basis of an BCK Standard 30E/360 day count fraction, i.e., a year shall be deemed to consist of 360 (three hundred sixty) days divided into 12 months of 30 calendar days each, whereas in the event of an incomplete month, the number of days actually expired will apply.

5.4 Calculation of Interest

The amount of interest accrued on one Note over any period of one current year will be calculated as a multiple of the nominal amount of such Note and the relevant interest rate (expressed in decimal form). The amount of interest accrued on one Note over any period shorter than one current year will be calculated as a multiple of the nominal amount of such Note, the relevant interest rate (expressed in decimal form) and the relevant day-count fraction determined according to the day count convention under Condition 5.3. The total interest amount calculated according to this Condition 5.4 will be rounded to two decimal points.

6 Redemption and Purchase

6.1 Redemption at Maturity

Unless previously redeemed or purchased by the Issuer and cancelled as specified below, each Note will be redeemed by the Issuer at its outstanding nominal amount in a single payment on 7 May 2031 (the **Maturity Date**).

6.2 Early Redemption at the Option of the Noteholders

The Noteholders are not entitled to require early redemption of the Notes before the Maturity Date, except for early redemption pursuant to Conditions 6.3, 9.2, 13.4.1 and 13.4.2. In such events, the Issuer will repay the nominal amounts of the relevant Notes plus accrued and outstanding interest in accordance with these Terms and Conditions.

6.3 Early Redemption at the Option of the Noteholders

6.3.1 Early Redemption upon Change of Control

If a Change of Control occurs, the Issuer shall notify the Fiscal and Paying Agent, as well as the Noteholders, of this fact, and shall do so promptly and in any case no later than within 3 (three) Business Days from learning of the fact, following the procedure set out in Condition 14 (the **Issuer's Notice of an Early Redemption Event**). In the Issuer's Notice of an Early Redemption Event, the Issuer shall outline in broad terms the reasons that led to the Change of Control, and set out the procedure to be followed if one wishes to make a request for early redemption of the Notes.

A **Change of Control** is deemed to occur if Mr. René Holeček, born July 28, 1966, ceases to, whether directly or indirectly,

- (a) own more than 30% share in the Issuer;
- (b) own a share in the Issuer that exceeds the share of any other shareholder and is greater than the combined shares of any two or more shareholders acting in concert;
- (c) hold voting rights in the supreme body of the Issuer surpassing the voting rights of any other shareholder and those of any two or more shareholders acting in concert; or
- (d) Control the Issuer.

Control means the power to directly or indirectly (i) exercise decisive influence in the person within the meaning of the Act No. 90/2012 Coll., on Business Corporations, as amended, (ii) direct the person's affairs or (iii) control the composition of majority of the person's statutory bodies, supervisory bodies or equivalent bodies.

6.3.2 Noteholders' Right to Seek Early Redemption

Within no more than 45 (forty five) days from the Issuer's Notice of an Early Redemption Event becoming public, any Noteholder may at their discretion, by way of a written notice designated for the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office (the **Early Redemption Notice**), ask for the early redemption of the Notes held by them, whereas they undertake not to divest these Notes as of that moment, plus any accrued and unpaid interest thereon, in accordance with Condition 5.1 and as of the Early Redemption Date (as defined in Condition 9.2), and the Issuer must redeem such Notes (together with accrued and unpaid interest) as requested, within the time period set out in Condition 9.2.

6.3.3 Withdrawal of Early Redemption Notice

Individual Noteholders may withdraw the Early Redemption Notice in writing, but only with respect to the Notes held by such Noteholder, and only if the withdrawal is addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office before the relevant amounts become due and payable according to the preceding Condition 6.3.2. However, such withdrawal of the Early Redemption Notice will not affect any Early Redemption Notice given by other Noteholders.

6.3.4 Other Conditions for Early Redemption of Notes

For the rest, the early redemption of the Notes pursuant to this Condition 6.3 is governed, mutatis mutandis, by Condition 7.

6.4 Purchases

The Issuer is entitled to purchase the Notes at any time on the market or otherwise at any price.

6.5 Cancellation of the Notes

The Notes purchased by the Issuer will not be cancelled, unless decided otherwise by the Issuer. If the Issuer does not decide on the cancellation of the Notes purchased by it, it will be entitled to dispose of such Notes at its sole discretion.

6.6 Applicability of the Payment Terms

The provisions of Condition 7 also apply to the redemption and purchase of the Notes under this Condition 6.

7 Payment Terms

7.1 Currency of Payments

The Issuer undertakes to pay interest on and repay the nominal amount of the Notes solely in the Czech Koruna, or in any other lawful currency of the Czech Republic that might replace the Czech Koruna. Interest will be paid to the Noteholders and the nominal amount of the Notes will be repaid subject to and in accordance with these Terms and Conditions and the tax, foreign exchange and other applicable laws of the Czech Republic in effect at the time of the relevant payment.

In the event that the Czech Koruna in which the Notes are denominated and in which the payments relating to the Notes should be made in compliance with these Terms and Conditions ceases to exist and is replaced by euro, (i) the denomination of such Notes will be changed to Euro in conformity with the applicable laws, and (ii) all monetary liabilities arising from such Notes will automatically and without any further notice to the Noteholders be payable in Euro, with the official rate (i.e. the fixed conversion ratio) being in accordance with the applicable law being used as the exchange rate between the Czech Koruna (CZK) and euro (EUR). Such replacement of the Czech Koruna (i) will not, in any respect, affect the existence or enforceability of the Issuer's liabilities under the Notes, and (ii) for the avoidance of doubt, will not be deemed to constitute any change to these Terms and Conditions or a default or an event of default or an enforcement event under these Terms and Conditions.

7.2 Payment Date

The payment of interest on and the repayment of the nominal amount of the Notes will be made by the Issuer through the Fiscal and Paying Agent on the dates specified in these Terms and Conditions (each such date further referred to, according to its meaning, as the **Interest Payment Date** or the **Maturity Date** or the **Early Redemption Date** or also as the **Payment Date**).

7.3 Business Day Convention

If any Payment Date falls on a day that is not a Business Day, such Payment Date will instead fall on the next following Business Day, and the Issuer will not be obliged to pay any interest or any other additional charges by reason of such delay in payment resulting from the application of any Business Day convention (the **Business Day Convention**).

7.4 Determination of the Right to Receive Payments Related to the Notes

The authorised persons to whom the Issuer will pay interest or other amounts on the Notes will be persons on whose owner's securities account kept with the Central Depository, or in the register maintained by a person keeping follow-up records linked to the Central Depository, the Notes are recorded at the close of the relevant Record Date for Interest Payment (the **Authorised Persons**).

Record Date for Interest Payment is a day falling 30 calendar days prior to the relevant Interest Payment Date; however, for the purposes of determining the Record Date for Interest Payment, the Interest Payment Date will not be adjusted according to the Business Day Convention.

For the purposes of determining the recipient of interest, neither the Issuer nor the Fiscal and Paying Agent will take into account any transfer of any Notes registered in the Central Depository or in the register maintained by a person keeping follow-up records linked to the Central Depository after the Record Date for Interest Payment. The authorised persons to whom the Issuer will repay the nominal amount of the Notes shall be persons on whose owner's securities account with the Central Depository, or in the register maintained by a person keeping follow-up records linked the central registry for securities, the Notes are recorded at the close of the relevant Record Date for Nominal Amount Repayment (also the **Authorised Persons**).

Record Date for Nominal Amount Repayment is a day falling 30 calendar days prior to the relevant Maturity Date or the Early Redemption Date; however, for the purposes of determining the Record Date for Nominal Amount Repayment, such Payment Date will not be adjusted according to the Business Day Convention.

For the purposes of determining the recipient of the nominal amount of the Notes, neither the Issuer nor the Fiscal and Paying Agent will take into account any transfer of any Notes registered in the Central Depository or in the register maintained by a person keeping follow-up records linked to the Central Depository after the Record Date for Nominal Amount Repayment.

If, according to the entry in the owner's securities account kept with the Central Depository, or in the register maintained by a person keeping follow-up records linked to the Central Depository, the Notes with respect to which the payments of interest or other amounts shall be performed by the Fiscal and Paying Agent, are pledged, then the pledgee, recorded in the extract from the register of the Issue, shall be considered an Authorised Person in respect of the Notes, unless (i) it is evident that a person authorised to receive the payments of interest or other amounts attached to the pledged Notes is the respective Noteholder and/or (ii) it is proven to the Fiscal and Paying Agent in other satisfactory manner that the respective Noteholder has the right to receive the payments of interest or other amounts attached to the pledged Notes by virtue of an agreement between such Noteholder and the pledgee.

7.5 Payments

The Fiscal and Paying Agent will make payments in connection with the Notes to the Authorised Persons by means of wire transfer to their accounts kept with a bank with its registered office in a member state of the European Union or other state that is a member of the European Economic Area, according to an instruction

communicated by the Authorised Person to the Fiscal and Paying Agent to the address of the Specified Office in a verifiable manner no less than five (5) Business Days prior to the Payment Date.

Such instruction will be in the form of a written statement with an officially verified signature or signatures or a signature verified by an authorised employee of the Fiscal and Paying Agent, and will contain sufficient details of such bank account to allow the Fiscal and Paying Agent to make the payment, and, if the Authorised Person is a legal entity, it will be accompanied by an original or an officially certified copy of an extract from the Commercial Register or other respective register in which the Authorised Person is registered not older than three (3) months and the authorised employee of the Fiscal and Paying Agent will verify the validity of the information contained in such extract from the Commercial Register or other respective register (such instruction, excerpt from the Commercial Register or other respective register and certificate of tax domicile, and other required appendices, if any, the **Instruction**).

In the case of original foreign official documents or official verification abroad, legalisation of the documents or an apostille according to the Hague Apostille Convention (as applicable) is required. The Instruction must be in form and substance that meet the specific requirements of the Fiscal and Paying Agent, whereas the Fiscal and Paying Agent is entitled to require sufficiently satisfactory evidence that the person who signed the Instruction is authorised to sign such Instruction on behalf of the Authorised Person. Such evidence must be delivered to the Fiscal and Paying Agent together with the Instruction.

The Instruction must be in accordance with the specific requirements of the Fiscal and Paying Agent in terms of content, form and confirmation of the authorisation to sign the Instruction on behalf of the Authorised Person. The Fiscal and Paying Agent is entitled to request, for example:

- (a) submission of a power of attorney including an officially certified translation into Czech; or
- (b) additional confirmation of the Instruction from the Authorised Person.

Notwithstanding the foregoing, neither the Fiscal and Paying Agent nor the Issuer will be obliged to examine the correctness, completeness or authenticity of any such Instruction in any manner whatsoever and neither of them will be liable for any damage incurred in connection with any delay in the delivery of such Instruction by the Authorised Person or with the delivery of an incorrect or otherwise defective Instruction. The Instruction will be deemed properly made if it contains all the items required by this Condition 7.5 and is delivered to the Fiscal and Paying Agent in accordance with this Condition 7.5.

The Instruction will be considered duly delivered if it has been delivered to the Fiscal and Paying Agent at least five (5) Business Days before the Payment Date.

Any Authorised Person claiming a tax benefit in accordance with any applicable laws, including an international double taxation treaty by which the Czech Republic is bound and which covers the relevant payment, is obliged to deliver to the Fiscal and Paying Agent, together with the Instruction and as an integral part of the Instruction, current proof of its tax domicile issued by the relevant tax authority, a declaration of the beneficial ownership of the income, information regarding the existence or non-existence of a permanent establishment in the Czech Republic and whether the Notes form part of its property, as well as other documents that the Fiscal and Paying Agent and the relevant tax authorities may request (the **Instruction Attachments**). Notwithstanding this authorisation, neither the Issuer nor the Fiscal and Paying Agent will verify the accuracy and completeness of such Instructions and will not be liable for any damage or other harm caused by a delay of the Authorised Person in delivering the Instruction, its inaccuracy or other defect in such an Instruction.

If the Instruction Attachments are not delivered to the Fiscal and Paying Agent in the stipulated time period, the Fiscal and Paying Agent will, having regard to the burden of proof and the Issuer's responsibility in the management of taxes collected by way of withholding, act as if it has not received the documents. The Authorised Person may, if it does not claim a tax benefit with the relevant tax authority (for example, in connection with tax security deduction), subsequently deliver to the Fiscal and Paying Agent the Instruction Attachments proving entitlement to a tax benefit and request the Issuer through the Fiscal and Paying Agent to refund the withholding tax. If the Issuer determines that it may initiate the relevant proceeding in compliance with applicable law (having

regard to, e.g., applicable limitation periods excluding or limiting its ability to proceed with such a claim), it has the right to require the Authorised Person to pay, in respect of each such delayed, incomplete or otherwise flawed refund application, a fee calculated as the sum of (a) a fixed amount of CZK 25,000 as compensation for time spent on administering such delayed, incomplete or otherwise flawed refund applications; and (b) any administrative fees, penalties, interest or similar costs that the Issuer may incur in connection with such application. In such a case, the Issuer will only pay the amount corresponding to the refunded withholding tax to the relevant Authorised Person after (i) that Authorised Person has reimbursed the Issuer for additional costs according to this paragraph (if the Issuer has not waived its right to such reimbursement) and at the same time (ii) the Issuer has already received the relevant amount from the relevant tax authority. The Issuer is not obliged to take any further steps or make any further submissions in this matter, to participate in any negotiations, or to enforce or assist in the enforcement of any claim in addition to the initiation of proceedings regarding the refund of withholding tax or its part.

The Issuer's obligation to pay any amount due in connection with the Notes will be deemed discharged in a due and timely manner (*řádně a včas*) if the relevant amount has been remitted to the Authorised Person in compliance with a proper Instruction pursuant to this Condition 7.5 and if such amount is credited to the bank account of such Authorised Person at the clearing centre of the Czech National Bank by the due date, in the case of a payment in CZK or a payment in a currency that replaces the CZK (if clearing is carried out in that currency through the clearing centre of the Czech National Bank). In the event that the settlement of payments in a currency that may potentially replace the CZK in the future is not carried out through the clearing centre of the Czech National Bank, the obligation to pay the interest yield or to repay the nominal value of the Notes shall be deemed to have been duly and timely fulfilled if the relevant amount is remitted to the Authorised Person in accordance with a proper Instruction pursuant to this Condition 7.5 and if it is debited from the Fiscal and Paying Agent's account no later than on the relevant due date of such amount.

Neither the Issuer nor the Fiscal and Paying Agent will be liable for any delay in the payment of any amount due caused by any Authorised Person, e.g., by its failure to deliver a proper Instruction in a timely manner. If any Authorised Person fails to deliver the Instruction to the Fiscal and Paying Agent in a proper and timely manner pursuant to this Condition 7.5, the Issuer's obligation to pay any due amount will be considered met duly and in time if such amount has been remitted to the Authorised Person in accordance with a subsequently delivered proper Instruction pursuant to this Condition 7.5 and if, no later than ten (10) Business Days following the day on which the Fiscal and Paying Agent received the proper Instruction, such amount has been credited to the bank account of such an Authorised Person in the clearing centre of the Czech National Bank, in the case of a payment in CZK, or debited from the account of the Fiscal and Paying Agent, in the case of a payment in a currency other than CZK (as applicable), provided that such an Authorised Person shall not be entitled to any interest, yield, or other compensation for such a delay in payment. In such an event, the Authorised Person will not have the right to any interest or any yield or additional payment for the time of delay caused by the delay in sending the Instruction.

Neither the Issuer nor the Fiscal and Paying Agent will be liable for any damage incurred by (i) the failure to deliver, in a proper and timely manner, the Instruction or any other documents or information required to be delivered under this Condition 7.5; (ii) such Instruction or any related document or information being incorrect, incomplete or untrue; or (iii) circumstances beyond the control of the Issuer or the Fiscal and Paying Agent. In such an event, the Authorised Person will not have the right to any additional payment, compensation or interest for the time of delay caused by the delay in sending of the Instruction.

7.6 Change in the Payment Method

The Issuer and the Fiscal and Paying Agent are jointly entitled to elect to change the payment procedure. However, such change may not negatively affect the position and interests of the Noteholders. The Noteholders will be notified of such change in the same manner as set out in Condition 14. If such change would negatively affect the position and interests of the Noteholders, the Issuer will be obliged to promptly convene the Meeting (as defined in Condition 13) and request the Noteholders to provide their opinion on the Issuer's proposal for any amendment to these Terms and Conditions that requires the Noteholders' consent under applicable laws as set out in Condition 13.

8 Taxation

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Czech Republic or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If any such deduction or withholding is so required, the Issuer shall not be obligated to pay to the Noteholders any additional amounts in respect of any such withholding or deduction.

9 Early Redemption of the Notes upon the Occurrence of Events of Default

9.1 Events of Default

If any of the following events occurs and is continuing (each an **Event of Default**):

9.1.1 Payment Default

any payment with respect to the Notes is not paid in accordance with Condition 7 and the default remains unremedied for over 10 (ten) Business Days after the date on which the Issuer was informed of this fact in writing by any Noteholder by a letter delivered to the Issuer or to the address of the Specified Office; or

9.1.2 Breach of Other Obligations

the Issuer breaches or fails to meet any of its material obligations (other than those set out in paragraph 9.1.1 above) in connection with the Notes under these Terms and Conditions, including any obligation set out in Condition 4, and such breach of, or failure to meet, the obligation remains unremedied for over 30 (thirty) calendar days of the date on which the Issuer was informed of this fact in writing by any Noteholder by a letter delivered to the Issuer or to the Fiscal and Paying Agent to the address of the Specified Office; or

9.1.3 Cross-default

(i) any payment obligation (other than trade payment obligations) of the Issuer, which in aggregate exceeds CZK 100,000,000 (one hundred million Czech Koruna) or its equivalent in any other currency is not paid by the Issuer when it comes due and remains unpaid after the expiry of any relevant grace period originally agreed; (ii) or any such payment obligation is declared due and payable before the original maturity date other than at the option of the Issuer, or (provided that there has been no event of default, however indicated) at the option of the creditor; or

9.1.4 Illegality

obligations under the Notes cease to be fully or partially legally enforceable or become in breach of applicable laws, or for the Issuer it becomes illegal to meet any of its material obligations under these Terms and Conditions or under the Notes; or

9.1.5 Bankruptcy, Liquidation, Insolvency, etc.

any of the below events occurs and continues for over 30 (thirty) Business Days: (i) the Issuer becomes insolvent, suspends payments under its payment obligations and/or, over a longer period of time, is unable to pay its payment obligations as they fall due, or (ii) an insolvency trustee or liquidator of the Issuer or of the whole or any part of the undertaking, assets and revenues of the Issuer is appointed, or (iii) the Issuer files an insolvency petition or applies for moratorium, or (iv) the Issuer is declared bankrupt or subject to imminent danger of bankruptcy by any court, or (v) insolvency petition is rejected by any court on the grounds of insufficiency of assets of the debtor, or (vi) the respective court renders a final decision or adopts a valid resolution on dissolution of the Issuer with liquidation, or (vii) any pledge or any other similar third-party right is enforced, which would restrict the right of the Issuer to its present or future assets or revenues, and which in aggregate exceeds CZK 100,000,000 (one hundred million Czech Koruna) or its equivalent in any other currency, or (viii) enforcement proceedings with

respect to the assets of the Issuer are held to enforce a claim, which in aggregate exceeds CZK 100,000,000 (one hundred million Czech Koruna) or its equivalent in any other currency; or

9.1.6 Delisting

the Notes cease, at the option of Issuer, to be admitted to trading on the regulated market; or

9.1.7 Transformations

as a result of any transformation of the Issuer in which the Issuer participates (in particular a merger, consolidation, transfer of its assets to a shareholder, de-merger, or spin-off), payment obligations under the Notes pass to any entity that will not expressly assume (in a legally valid and enforceable manner) any and all payment obligations of the Issuer under the Notes, unless such assumption of payment obligations of the Issuer under the Notes occurs by operation of law (as to which effect of such a merger, consolidation or de-merger there is no reason to doubt); or

9.1.8 Termination of Business Activities

the Issuer discontinues its business activities or ceases to hold a license to pursue its principal business activities; then any Noteholder, at their discretion, by a written notice addressed to the Issuer and delivered to the Fiscal and Paying Agent to the address of the Specified Office (the **Early Redemption Notice**), may request early redemption of the Notes held by such Noteholder which the Noteholder undertakes not to dispose of since that moment, plus any accrued and unpaid interest thereon pursuant to Condition 5.1, as at the Early Redemption Date (as this term is defined below), and the Issuer is obliged to redeem such Notes (together with accrued and undistributed interest thereon) in accordance with Condition 9.2.

9.2 Maturity of Accelerated Notes

Any and all amounts payable by the Issuer to any Noteholder according to Condition 9.1 will become due and payable as of the last Business Day of the month following the month in which the Noteholder delivered the relevant Early Redemption Notice for the Issuer to the Specified Office of the Fiscal and Paying Agent (the **Early Redemption Date**), unless the relevant event of default is remedied by the Issuer before the delivery of the Early Redemption Notice with respect to the relevant Notes or unless the Early Redemption Notice is withdrawn in accordance with Condition 9.3.

9.3 Withdrawal of Early Redemption Notice

A Noteholder may withdraw, in writing, the Early Redemption Notice but only with respect to the Notes held by such Noteholder and only if such withdrawal is addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office no later than eight (8) Business Days before the relevant amounts become due and payable according to preceding Condition 9.2. However, any such withdrawal of the Early Redemption Notice will not affect any Early Redemption Notices given by the other Noteholders.

9.4 Other Conditions for Early Redemption of the Notes

The provisions of Condition 7 will apply mutatis mutandis to the early redemption of the Notes pursuant to this Condition 9.

10 Statute of Limitations

All rights connected with the Notes will become statute-barred upon the expiration of ten (10) years from the day when such rights could be exercised for the first time.

11 Fiscal and Paying Agent

11.1 Fiscal and Paying Agent and Specified Office

Komerční banka will act as the Fiscal and Paying Agent. The Fiscal and Paying Agent's specified office and place of payment (the **Specified Office**) will be at the following address:

Komerční banka, a.s.
Václavské náměstí 796/42
114 07 Prague 1
Czech Republic

11.2 Additional and Other Fiscal and Paying Agent and Specified Office

The Issuer reserves the right to appoint, at any time, an additional or other Fiscal and Paying Agent and to designate an additional or other Specified Office, or to appoint additional payment providers.

The Issuer will give a notice of such change in the Fiscal and Paying Agent or Specified Office and/or of the appointment of additional payment providers to the Noteholders in the manner set out in Condition 14 and any such change will become effective upon the expiration of 15 calendar days following the date of such notice unless a later effective date is specified in the notice. In any event, any such change that would otherwise become effective less than 30 calendar days before or after the Payment Date for any amount payable under the Notes will become effective on the 30th day following such Payment Date.

11.3 Relationship between the Fiscal and Paying Agent and the Noteholders

Unless provided otherwise by law or by the Fiscal and Paying Agency Agreement, the Fiscal and Paying Agent will act as an agent of the Issuer when performing its duties under the Fiscal and Paying Agency Agreement, providing no guarantee or security for the Issuer's liabilities under the Notes, and will be in no legal relationship with the Noteholders.

11.4 Amendments and Waivers

The Issuer and the Fiscal and Paying Agent may, without the consent of the Noteholders, agree to (A) any amendment or waiver of any provision of the Fiscal and Paying Agency Agreement if the amendment or waiver is solely of a formal, ancillary or technical nature or is made to correct a manifest error or required by changes in law; and (B) any other amendment or waiver of any provision (or breach of any provision) of the Fiscal and Paying Agency Agreement that, in the reasonable opinion of the Issuer and the Fiscal and Paying Agent, will not cause any harm to the Noteholders. For the avoidance of doubt, if an amendment or waiver of any provision (or breach of any provision) of the Fiscal and Paying Agency Agreement under the previous sentence would lead to an amendment to these Terms and Conditions for which approval of the Meeting is required by the Czech Bonds Act, such amendment to these Terms and Conditions may occur only with the consent of the Meeting.

12 Listing Agent

12.1 Listing Agent

Komerční banka, a.s. will be the Listing Agent.

12.2 Additional and other Listing Agent

The Issuer reserves the right to appoint another or additional Listing Agent. If a change of the Listing Agent occurs, the Issuer will notify the Noteholders of such change in the manner set out in Condition 14 and any such change will become effective upon the expiration of 15 (fifteen) calendar days following the day of such notice unless a later effective date is set out in such notice.

12.3 Relationship between the Listing Agent and the Noteholders

The Listing Agent acts as the Issuer's agent and has no legal relationship with the Noteholders.

13 Noteholders' Meeting

13.1 Authority and Convocation of the Meeting

13.1.1 Right to Convene the Noteholders' Meeting

A Noteholder or Noteholders may convene a meeting of the Noteholders (the **Meeting**):

- (a) in accordance with these Terms and Conditions and applicable laws if so required to decide on common interests of the Noteholders; or
- (b) if the Issuer has not convened in meeting when it is obligated to do so under Condition 13.1.2.

The costs of organising and convening the Meeting will be borne by the person who convened the Meeting, unless the Issuer has breached its obligation to convene the Meeting, in which case the Issuer bears the costs of organising, convening and holding the Meeting. The costs related to the attendance at the Meeting will be borne by each participant itself.

If the convening person is one or more Noteholders, such person will be required, not later than on the date on which a notice of the Meeting is published (see Condition 13.1.3): (i) to deliver to the Fiscal and Paying Agent a request for procuring evidence of the number of all Notes within the Issue entitling the holder(s) to attend the Meeting convened by a Noteholder or the Noteholders, i.e. an extract from the register of the Issue (in Czech: *výpis emise*) maintained by the Central Depository, and (ii) where relevant, to pay to the Fiscal and Paying Agent an advance to cover the costs associated with its services in relation to the Meeting. The due and timely delivery of the request under item (i) above and the payment of the advance for the costs referred to in item (ii) above are conditions for the valid convocation of the Meeting.

13.1.2 Meeting Convened by the Issuer

The Issuer is obliged to promptly convene the Meeting and request the Noteholders to provide their opinion on: (each from the events below individually as a **Material Change**):

- (a) the Issuer's proposal for any amendment to these Terms and Conditions that requires the Noteholders' consent under applicable laws;
- (b) the Issuer's proposal for its transformation;
- (c) the Issuer's proposal for entering into an agreement on the sale of a business enterprise or any part thereof or the lease of a business enterprise or any part thereof, irrespective of which party the Issuer is, if the due and timely redemption of the Notes or the distribution of interest thereon may be jeopardised;
- (d) the Issuer's default in the satisfaction of any rights attached to the Notes which continues for more than 7 (seven) calendar days following the day on which the relevant right could be exercised;
- (e) the Issuer's proposal for filing an application to withdraw the Notes from trading on the Prague Stock Exchange or other European regulated market; and
- (f) any other changes that might significantly impair the Issuer's ability to discharge its payment liabilities under the Notes.

The Issuer may convene the Meeting to propose a collective action if it has knowledge that any Event of Default has occurred or may occur. This is without prejudice to the Noteholders' right to request early redemption under Condition 9.1 (*Events of Default*).

13.1.3 Notice of the Meeting

The Issuer is obliged to give notice of the Meeting in a manner set out in Condition 14 (*Notices*) no later than 15 calendar days prior to the date of the Meeting. If the Meeting is convened by any Noteholder (or the Noteholders), such Noteholder(s) will deliver a notice of the Meeting (containing all statutory elements) sufficiently in advance (at least 20 calendar days prior to the proposed date of the Meeting) to the Issuer at the address of the Specified Office. The Issuer will promptly ensure that such notice of the Meeting is published in the manner and within the time limit specified in the first sentence of this Condition 13.1.3 (however, the Issuer is responsible neither for the content of such notice nor for any delay or default in complying with any statutory time limits by a Noteholder who convened the Meeting). The notice of the Meeting must contain at least (i) the business name, identification number and registered office of the Issuer, (ii) the identification of the Notes, at least the Note title, the Issue Date and the ISIN (or other Note identifiers if no ISIN is available), (iii) the venue, date and time of the Meeting, provided that the date of the Meeting must fall on a date which is a Business Day, (iv) the agenda of the Meeting and, in the case of any proposed amendment(s) to these Terms and Conditions, the specification of the proposed amendment(s) and justification thereof, and (v) the day that is the record date for the attendance at the Meeting. The Meeting shall be authorised to decide on the proposed resolutions that have not been contained in the notice of the Meeting only in the presence of and with the consent of all Noteholders. If the reason for convocation of the Meeting is not continuing, the person, who convened the Meeting, will revoke the convocation of the Meeting in the same manner as convened.

13.2 Persons Authorised to Attend and Vote at the Meeting

13.2.1 Persons Authorised to Attend the Meeting

A person entitled to attend and vote at the Meeting shall only be (i) the Noteholder recorded as a Noteholder in the register of the Issue maintained by the Central Depository and in an extract from such Issue register at the close of the Meeting Attendance Record Date or (ii) a person who provides to the Issuer and the Fiscal and Paying Agent a certificate of the custodian in whose owner's securities account with the Central Depository the relevant number of the Notes was recorded as of the Meeting Attendance Record Date certifying that such person was a Noteholder as at the Meeting Attendance Record Date and that the Notes held by such person are registered in the securities account of the custodian by reason of their custodianship (the **Person Authorised to Attend the Meeting**). The certificate according to the preceding sentence must be in writing (with notarised signatures) and otherwise satisfactory in form and substance to the Fiscal and Paying Agent. In the case of the custodian being a legal entity, the Fiscal and Paying Agent may, at its own discretion, require such certificate to be accompanied by an original or an officially certified copy of an extract from the commercial register or other respective register in respect of the custodian not older than three months prior to the date of the relevant Meeting. No transfers of the Notes made after the Meeting Attendance Record Date will be taken into account.

Meeting Attendance Record Date is a day falling seven calendar days prior to the date of the relevant Meeting.

13.2.2 Voting Rights

Each Person Authorised to Attend the Meeting will have such number of votes out of the total number of votes that corresponds to the ratio between the nominal amount of the Notes held by such person on the Meeting Attendance Record Date to the total outstanding nominal amount of the Issue on the Meeting Attendance Record Date. No voting right will be attached to any Notes held by the Issuer or any of its affiliates as of the Meeting Attendance Record Date that have not been cancelled by the Issuer within the meaning of Condition 6.5, and no such Notes will be taken into account when determining the presence of a quorum at the Meeting under Condition 13.3.1. If the Meeting decides on recalling a common proxy, the common proxy (if they are a Person Authorised to Attend the Meeting) may not exercise his/her/its voting right at such Meeting.

13.2.3 Attendance of the Meeting by Other Persons

The Issuer is obliged to attend the Meeting, either in person or by proxy. Other persons entitled to attend the Meeting are Noteholders, proxies of the Noteholders, proxies of the Fiscal and Paying Agent, the common proxy

of the Noteholders under Condition 13.3.3 (unless he is a Person Authorised to Attend the Meeting) and any guests invited by the Issuer and/or the Fiscal and Paying Agent.

A power of attorney granted by a Noteholder to any proxy must be in writing with a notarised signature of the Noteholder. In the case of a Noteholder being a legal entity, the Fiscal and Paying Agent may, at its own discretion, require from an individual entitled to represent such Noteholder at the Meeting on the basis of a power of attorney or otherwise an original or an officially certified copy of an extract from the commercial register or other respective register in respect of such Noteholder not older than three months prior to the date of the relevant Meeting.

13.3 Course of the Meeting; Decision-Making

13.3.1 Quorum

The Meeting will constitute a quorum if attended by the Persons Authorised to Attend the Meeting, who were, as of the Meeting Attendance Record Date, owners of the Notes the nominal amount of which represents more than 30% of the aggregate nominal amount of the issued and outstanding Notes of the Issue. Any Notes held by the Issuer as of the Meeting Attendance Record Date that have not been cancelled by the Issuer within the meaning of Condition 6.5 will not be taken into account for the purposes of determination of the quorum of the Meeting. If the Meeting decides on recalling a common proxy, any votes belonging to the common proxy (if he is a Person Authorised to Attend the Meeting) will not be included in the total number of votes. Before opening the Meeting the Issuer will inform the Meeting, either alone or through the Fiscal and Paying Agent, about the number of all the Notes in respect of which the Persons Authorised to Attend the Meeting are entitled to vote at the Meeting in accordance with these Terms and Conditions.

13.3.2 Chairman of the Meeting

The Meeting convened by the Issuer will be chaired by a chairman appointed by the Issuer. The Meeting convened by a Noteholder or the Noteholders will be chaired by a chairman elected by a simple majority of votes of the attending Persons Authorised to Attend the Meeting. Until the chairman is elected, the Meeting will be chaired by a person appointed by the Noteholder(s) who convened the Meeting, and the election of the chairman must be the first item on the agenda of any Meeting not convened by the Issuer.

13.3.3 Common Proxy

The Meeting may elect, by resolution, an individual or a legal entity to act as a common proxy. The common proxy is authorised under the law (i) to enforce, on behalf of all of the Noteholders, any rights associated with the Notes to the extent specified in a resolution adopted by the Meeting, (ii) to supervise the compliance with these Terms and Conditions by the Issuer, and (iii) to execute, on behalf of all of the Noteholders, any other acts or protect the Noteholders' interests in the manner and to the extent specified in a resolution adopted by the Meeting. The Meeting may recall the common proxy in the same way in which the common proxy was elected or replace him with a new common proxy. An agreement on appointment of the common proxy shall be publicly available on the Issuer's website specified under Condition 14.

13.3.4 Decision-Making at the Meeting

The Meeting will decide on any issues on its agenda in the form of resolutions. Any resolution that (i) approves a proposal on any amendment to these Terms and Conditions that requires the Noteholders' consent under applicable law, or (ii) appoints or recalls a common proxy, will require the affirmative vote of at least three-quarters of the attending Persons Authorised to Attend the Meeting. Unless provided otherwise by law, any other resolutions will require a simple majority of votes of the attending Persons Authorised to Attend the Meeting in order to pass.

13.3.5 Adjourned Meeting

If within one hour after the scheduled opening of the Meeting a quorum is not present, then such Meeting will be automatically dissolved without further notice.

If the Meeting convened by the Issuer which is to decide on amendments to the Terms and Conditions does not have a quorum within one hour after the scheduled opening of the Meeting, the Issuer will convene, if necessary, a substitute Meeting to be held not later than six weeks after the scheduled date of the original Meeting. The holding of a substitute Meeting with the unchanged agenda will be notified to the Noteholders not later than 15 calendar days after the scheduled date of the original Meeting.

No quorum requirements will apply to the substitute Meeting convened by the Issuer deciding on amendments to these Terms and Conditions under Condition 13.1.2 irrespective of the conditions for quorum set out in Condition 13.3.1. The Issuer is obliged to give notice of the substitute Meeting in the manner set out in Condition 14 no later than 5 Business Days prior to the date of the substitute Meeting.

The Issuer is entitled to convene the substitute Meeting simultaneously with the convening of the original Meeting or at any time before the holding of the regular Meeting so that it takes place at least five (5) Business Days from the date on which the original Meeting was convened. The Issuer shall, no later than the day following the day of the original Meeting, notify the Noteholders in the manner set out in Condition 14 that the original Meeting was not capable of forming a quorum.

13.4 Certain Additional Rights of the Noteholders

13.4.1 Consequence of Voting against Certain Resolutions of the Meeting

If the Meeting approved the Material Change, the Person Authorised to Attend the Meeting who, according to the minutes of such Meeting, voted against the resolution adopted by the Meeting or did not attend the Meeting (**Applicant**), may request the repayment of the at the time outstanding nominal amount of the Notes which such Noteholder held as of the Meeting Attendance Record Date, together with the pro-rata interest accrued on such Notes, if the Notes are not subsequently transferred after the Meeting (in the event of a transfer, this right ceases to exist). This right must be exercised by the Applicant within 30 days of the publication date of such Meeting resolution according to Condition 13.5 (the **Application Period**) by a written application (the **Application**) addressed to the Issuer and delivered to the Fiscal and Paying Agent to the address of the Specified Office, failing which the right will cease to exist. The amounts referred to above will become due and payable on the last Business Day of the month following the month in which the Application Period expires (the **Early Redemption Date**), unless the Notes become due and payable earlier under these Terms and Conditions or a mandatory provision of the law (in which case, the relevant provision of the Terms and Conditions or the law must be followed). The Issuer may repay the Notes to each Noteholder who has delivered the Application within the Application Period before the Early Redemption Date.

13.4.2 Resolution on Early Redemption of the Notes upon Noteholders' Request

If the Meeting agenda includes a Material Change under Condition 13.1.2(b)-(f) of these Terms and Conditions and the Meeting does not consent to such a Material Change, the Meeting may, even beyond the scope of the agenda, decide that if the Issuer proceeds in conflict with the resolution of the Meeting that disagreed with such a Material Change under Condition 13.1.2(b)-(f) of these Terms and Conditions, the Issuer will be obliged to repay the nominal amount of the Notes and any pro-rata interest accrued thereon (if relevant) to any Noteholder who requests such early repayment (the **Applicant**). This right must be exercised by the Applicant within 30 days of the minutes being available in accordance with Condition 13.5 by a written notice (the **Application**) addressed to the Issuer and delivered to the Specified Office of the Fiscal and Paying Agent, otherwise the right ceases to exist. The amounts referred to above will become due and payable on the last Business Day of the month following the month in which the period for delivering the Application to the Fiscal and Paying Agent has expired (the **Early Redemption Date**). The Issuer may repay the Notes to each Noteholder, who has delivered the Application within the Application Period, before the Early Redemption Date.

13.4.3 Requirements as to the Application

The Application must specify the number of Notes the early redemption of which is requested in accordance with Condition 13.4.1 or 13.4.2 and the owner's securities account (including the type of the owner's securities account and the person maintaining the owner's securities account). The Application must be in writing and signed by

persons authorised to act on behalf of the Applicant; the authenticity of such signatures must be officially verified or verified by an authorised employee of the Fiscal and Paying Agent. Within the same time limit, the Applicant is obliged to deliver to the Specified Office of the Fiscal and Paying Agent also all the documents required for making the payment under Condition 7.

13.5 Minutes of the Meeting

Minutes of the business discussed and resolved at the Meeting will be taken by the person who convened the Meeting or by a person authorised by such person within 30 calendar days after the date of the Meeting. The minutes will contain the conclusions of the Meeting, including, without limitation, any resolutions adopted by such Meeting. If the Meeting is convened by a Noteholder or the Noteholders, the minutes of such Meeting must also be delivered to the Issuer at the Specified Office address not later than 30 calendar days after the date of the Meeting. The Issuer is obliged to keep the minutes of the Meeting until the rights under the Notes expire under the statute of limitations. The minutes of the Meeting will be available for inspection by the Noteholders at the Specified Office during regular office hours. The Issuer is obliged, in person or through its authorised person (especially the Fiscal and Paying Agent), to publish information on all resolutions adopted at the Meeting in the manner set out in Condition 14 not later than 30 calendar days after the date of the Meeting. If the Meeting discussed a resolution on a Material Change under Condition 13.1.2, a notarial deed must be made about the attendance at the Meeting and about the resolutions of the Meeting, stating the names of the Persons Authorised to Attend the Meeting that voted for a resolution and the number of the Notes these persons held as at the Meeting Attendance Record Date.

13.6 Decision-Making outside of the Meeting

13.6.1 Notification of the Decision Proposal

Decisions may be adopted outside of the Meeting (per rollam) in accordance with these Terms and Conditions. In such case, the person authorised to convene the Meeting shall notify all Noteholders of the decision proposal in the manner set out in Condition 14. The decision proposal shall include at least (i) the business name, identification number and registered office of the Issuer, (ii) the identification of the Notes, at least the Note title, the Issue Date and the ISIN, (iii) the wording of the proposed decision and justification thereof, (iv) the period for delivery of the Noteholder's statement, which shall be at least 15 (fifteen) calendar days from the date of the notification of the decision proposal, (v) the day that is the record date for the participation in the decision-making outside of the Meeting, (vi) any documents required for the adoption of the decision and (vii) other information and data at the discretion of the notifying person.

13.6.2 Persons Authorised to Participate in the Decisions-Making outside of the Meeting

A person entitled to participate in the decision-making outside of the Meeting shall only be (i) the Noteholder recorded as a Noteholder in the register of the Issue maintained by the Central Depository and in an extract from such Issue register at the close of the day falling seven (7) calendar days prior to the date of the notice of the decision proposal pursuant to Condition 13.6.1 (the **Per Rollam Record Date**) or (ii) a person who provides to the Issuer and the Fiscal and Paying Agent a certificate of the custodian in whose owner's securities account with the Central Depository the relevant number of the Notes was recorded as of the Per Rollam Record Date certifying that such person was a Noteholder as at the Per Rollam Record Date and that the Notes held by such person are registered in the securities account of the custodian by reason of their custodianship. The certificate according to the preceding sentence must be in writing (with notarised or officially certified signatures) and otherwise in form and substance satisfactory to the Fiscal and Paying Agent. In the case of the custodian being a legal entity, the Fiscal and Paying Agent may, at its own discretion, require such certificate to be accompanied by an original or an officially certified copy of an extract from the commercial register or other respective register in respect of the custodian not older than three (3) months prior to the date of the notice of the decision proposal pursuant to Condition 13.6.1. No transfers of the Notes made after the Per Rollam Record Date will be taken into account.

13.6.3 Adoption of the Decision

A decision shall be adopted on the earlier of: (i) the date on which the last Noteholder's statement on the proposal is delivered, or (ii) the expiry of the last day of the period for delivery of the Noteholders' statement specified in the notice of the decision proposal pursuant to Condition 13.6.1, in both cases if the number of votes required for the adoption of the decision has been reached. Should a Noteholder fail to provide a response within the stipulated period, it will be interpreted as a vote against the proposal. In the case of a proposal on matters constituting a Material Change, a notarised signature or a vote made by means of a data box (*datová schránka*) is required in order for the vote to be validly counted.

13.6.4 Other Provisions

The provisions of Conditions 13.1 to 13.5 will apply mutatis mutandis to decision-making outside of the Meeting. The date of the Meeting will be deemed to be the last day of the period for delivery of the Noteholders' statement specified in the notice of the decision proposal pursuant to Condition 13.6.1. Section 80gd(2) of Act No. 35/1992 Coll., the Notarial Code, as amended (the **Notarial Code**) will apply mutatis mutandis to the content of the notarial deed, except that instead of the information identifying the notarial deed of the decision proposal, the content of the decision proposal shall be included and the statement referred to in Section 80gd(2)(j) of the Notarial Code shall not be included.

13.7 Notice

In accordance with Section 23(9) of the Czech Bonds Act, the Issuer hereby calls attention to the fact that these Terms and Conditions deviate from the provisions of Section 23(5) and (7) of the Czech Bonds Act in the following respect:

- (a) by way of derogation from Section 23(5) of the Czech Bonds Act, in the cases specified in Condition 13.4.1, the Applicant has the right to request only the repayment of the at the time outstanding nominal amount of the Notes, not the buyback of the Notes at market price; and
- (b) by way of derogation from Section 23(5) and (7), the amounts the repayment of which the Applicant is entitled to under Condition 13.4.1 will become due and payable on the last Business Day of the month following the month in which the Application Period expires, not 30 days following the Application;

Also see *Risk Factors – Risks related to the Notes – The Terms and Conditions contain provisions which deviate from the Czech Bonds Act* for a detailed description of such deviation from the statutory provisions of the Czech Bonds Act.

14 Notices

Any notice to the Noteholders will be valid and effective if published in the English or Czech language or both on the Issuer's website: www.coltczgroup.com by selecting the following sections: *Investors*. If mandatory provisions of applicable laws or these Terms and Conditions determine any other method for publishing any of the notices given hereunder, such notice will be deemed to be validly published upon its publication in the manner prescribed by the relevant legislation. The date of such a notice shall be the date on which it was first published on the above Issuer's website.

Any notice to the Issuer will be valid and effective (i) upon its delivery by registered post (or in a similar way) or courier; or (ii) upon its delivery by an e-mail, whereas the Issuer agrees that the return receipt confirms such delivery. For a purpose of a due notification, any such notice shall contain the ISIN of the Notes.

15 Governing Law and Submission to Jurisdiction

15.1 Governing law

Any rights and obligations under the Notes will be governed by, and interpreted and construed in accordance with, the laws of the Czech Republic.

15.2 Submission to Jurisdiction

Any disputes between the Issuer and the Noteholders that may arise based on, or in connection with, the issue of the Notes, including any disputes with respect to these Terms and Conditions, will be settled with final effect by the Municipal Court in Prague.

The court competent to resolve any disputes between the Issuer and the Noteholders in relation to the Notes (including disputes relating to non-contractual obligations arising therefrom and disputes concerning their existence and validity) is solely the Municipal Court in Prague, unless the agreement on the choice of territorial jurisdiction is not possible in a particular case and the law provides for another locally competent court.

15.3 Language Versions

These Terms and Conditions may be translated into other languages. In the event of any inconsistencies between the various language versions, the English language version shall prevail.

16 Definitions

In these Terms and Conditions:

Business Day means any day (other than a Saturday, Sunday or a public holiday) on which banks in the Czech Republic are open for business, and on which foreign exchange transactions and interbank payments in the Czech Koruna, or in any other lawful currency of the Czech Republic that might replace the Czech Koruna, are settled.

Cash Funds and Equivalents means cash and deposits payable upon demand, along with short-term, highly liquid investments which may instantly be redeemed for a known volume of cash and whose exposure to the risk of a change of value is negligible.

Central Depository means Centrální depozitář cenných papírů, a.s., a company with its registered office in Prague 1, Rybná 14, Postal Code: 110 05, Identification No. 250 81 489, registered with the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert No. 4308.

CFO means chief financial officer and/or an individual in a similar senior accounting role.

Commercial Instruments means any performance bonds, advance payment bonds, or documentary letters of credit issued with respect to indebtedness of the Issuer and/or its Subsidiaries arising in the ordinary course of business.

Consolidated Net Indebtedness Ratio means, as of the reference date, the ratio between (a) Net Indebtedness on such day, and (b) EBITDA for the last complete Reference Period immediately preceding the reference date for which internal accounts are available.

In addition, the following arrangements shall apply for the purposes of calculating EBITDA:

- (a) acquisitions that have been made by the relevant person or any of its Subsidiaries, including acquisitions by way of merger or consolidation, or by any entity or any of its Subsidiaries acquired by the relevant person and including any related financing transactions and including increases in any ownership interest in the Subsidiaries, during or after the Reference Period and on or prior to the reference date (or that are to be made on the reference date), will be given pro forma effect (as determined in good faith by the responsible accounting or financial officer of the Issuer) as if they had occurred on the first day of the Reference Period;
- (b) EBITDA attributable to discontinued operations as determined in good faith by the responsible accounting or financial officer of the relevant officer in accordance with IFRS shall be excluded, including operations and businesses (and ownership interests in such businesses) disposed of prior to the reference date;

- (c) any person which, as of the reference date, is a Subsidiary shall be considered as a Subsidiary for the entire Reference Period; and
- (d) any person which, as of the reference date, is not a Subsidiary shall not be considered as a Subsidiary any time before the Reference Period.

For the purposes of calculating the **Consolidated Net Indebtedness Ratio** or any of its elements for a given period, the responsible accounting or financial officer of the relevant entity shall in good faith perform a pro forma calculation (including preliminary expenses and cost savings, as well as cost-cutting synergies, which (i) have already occurred or may be reasonably expected to occur (strictly with a view to savings and cost-cutting synergies attributable to the acquisition of another entity) within 12 months from the reference date; and (ii) are reasonably identifiable and factually provable, including (but not limited to) those which have come into existence as a consequence of any actions on the part of the Issuer or any of its Subsidiaries (in particular in relation to any scheme or program aimed at the reduction and saving of costs or in connection with any transaction, investment, acquisition, disposal, restructuring, reorganization) based on a good-faith decision by the chief executive officer or CFO of the Issuer).

EBITDA is calculated as :

- (a) profit for the period;
- (b) plus income tax;
- (c) minus other financial income;
- (d) plus other financial expenses;
- (e) minus interest income;
- (f) plus interest expense;
- (g) minus gains/losses from derivative transactions;
- (h) minus share in the profit of associates after tax;
- (i) minus profit from the investments in associates (successive acquisition);
- (j) plus depreciation and amortization;
- (k) plus costs connected to ESOP;
- (l) plus fees and other costs relating to Group's acquisition activities.

ESOP means the employee share option plan entitling the Group's key executives and employees to purchase the Issuer's shares, as approved by the supervisory board of the Issuer.

Financial Indebtedness means any indebtedness (without double counting) for or in respect of:

- (a) moneys borrowed;
- (b) any promissory note or acceptance credit;
- (c) any bond, note or other similar instrument;
- (d) a Finance Lease;
- (e) factoring or other transfer of receivables for consideration to the extent they can be reassigned to the assignor or in which recourse can be held against the assignor;

- (f) the acquisition cost of any asset to the extent payable after its supply where the deferred payment is arranged:
 - (i) primarily as a method of raising finance or of financing the acquisition of that asset; or
 - (ii) for a period of more than twelve months after its supply,
- (g) any Treasury Transaction (the then mark-to-market value of the Treasury Transaction will be used to calculate the amount of the indebtedness); and
- (h) any other transaction which is similar in nature to any transaction referred to in the Paragraphs above and which has the commercial effect of a borrowing.

Finance Lease means any lease agreement or hire purchase agreement that would be considered a finance or capital lease in accordance with accounting standards (for the avoidance of doubt, a capitalised operating lease under IFRS 16 does not constitute a finance lease for the purposes of these Terms and Conditions).

Group means, as at any reference date, the Issuer and all entities under the Issuer's control.

Group Company means, with respect to any person, any investment or entity (other than a Subsidiary of the relevant person) in which that person (directly or indirectly) holds a share, whereas the Joint Venture is not being considered a Group Company.

Material Subsidiary means any subsidiary of the Issuer whose contribution to EBITDA as per the most recent consolidated financial statements exceeds 10 per cent.

Net Indebtedness means the total Indebtedness of all members of the Group on a consolidated basis as of the reference date, minus the total amount of the Cash Funds and Equivalents at that date, to the extent that it is not subject to other adjustments and deductions.

IFRS means the International Financial Reporting Standards in their current wording as adopted by the European Union, which shall be applied consistently throughout.

Indebtedness means with respect to any person as of any reference date (without double counting), the total outstanding amount of the principal, capital, or nominal value (including any fixed or minimum prepayment or redemption premium) of the debts of such person with respect to:

- (a) cash borrowed and any negative balance on accounts kept with banks or other financial institutions;
- (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialized equivalent);
- (c) any loan for the purpose of purchase of notes or issue of bonds (other than the Commercial Instruments), debentures, promissory notes, obligations, loan stock, or other similar securities;
- (d) Finance Lease;
- (e) receivables sold or discounted (other than any receivables sold on a non-recourse basis which meet the requirements for derecognition under the IFRS);
- (f) any counter-indemnity obligation in respect of a guarantee, suretyship, stand-by, or documentary letter of credit or other instrument (other than the Commercial Instruments) issued by a bank or other financial institution in respect of (i) the underlying indebtedness of the given entity (other than the relevant person) which is covered by one or another of the other subsections of this definition; or (ii) indebtedness of the relevant person in connection with a retirement incentive plan;
- (g) any amount raised by the issuance of shares which are redeemable (other than at the option of the issuer) or shares otherwise classified as borrowings under the IFRS;

- (h) any part of indebtedness arising from in advanced entered payment agreement or deferred payment agreement if (i) they were arranged primarily as a method of raising funds or financing the acquisition or development of the given asset (property) or service; and (ii) the agreement in question concerns the delivery of assets (property) or services and payment is due more than 180 days after the agreed delivery date;
- (i) any amount obtained under any other transaction (including any forward purchase or sale agreement, buy/sell-back transaction, or SLB) having the commercial effect of a borrowing or otherwise qualifying as a borrowing under IFRS; and
- (j) any part of indebtedness (without double counting) arising from a guarantee or indemnity for any of the items laid out in paragraphs (a) through (i) above.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

- (a) any lease of assets which would qualify as an operating lease under the IFRS (in the wording in force on the Issue Date) or any guarantee granted to the relevant person or its Subsidiary in the ordinary course of business and strictly in connection with and in relation to the indebtedness of the relevant person or its Subsidiary within the operating lease arrangement; whereas in the event of any amendment to the IFRS after the Issue Date, the CFO of the relevant person shall in good faith make a reasonable assessment and determination whether or not the given lease may be considered an operating lease under the IFRS in the wording applicable as of the Issue Date, in accordance with prior practice and applying the principles set out in the IFRS (as of the Issue Date);
- (b) any pension debt;
- (c) any indebtedness, other than Financial Indebtedness, arising in the ordinary course of business;
- (d) in connection with the purchase or sale of any enterprise by a relevant person or its Subsidiary:
 - (i) any post-settlement call options, put options or similar contractual arrangements which would, if exercised, result in the obligation to purchase the remaining share of the given enterprise; and
 - (ii) any post-settlement adjustments to which the seller may be entitled, to the extent to which the respective payment has been reflected in the closing balance sheet or is dependent on the performance of such enterprise after closing (settlement) of the transaction; and
- (e) for the avoidance of doubt: any indebtedness related to claims of staff for damages, or arising because of early retirement or early termination, indebtedness related to a pension fund or contributions to the same or similar claims, debts, or contributions, social security or wage tax payments.

Joint Lead Managers means Česká spořitelna, a.s., J&T BANKA, a.s., Komerční banka and UniCredit Bank Czech Republic and Slovakia, a.s.

Joint Venture means any joint commercial-law subject, be it a company, company without legal entity, enterprise, association, joint venture, partnership, or other entity.

Komerční banka means Komerční banka, a.s., with its registered office at Na Příkopě 33/969, Praha 1, Postal Code 114 07, Identification Number 453 17 054, registered in the Commercial Register maintained by the Municipal Court in Prague, File Number B 1360.

Person means any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other entity, whether or not having separate legal personality.

Project Financing means an arrangement for the provision of funds to be used principally and predominantly to finance the purchase, construction, expansion or use of any property, whereby the persons providing such funds agree that such funds would be repaid by the borrower from the proceeds of the use, operation, compensation for destruction or damage of the financed property, and as of the date of the provision of such financing, the providers

of such funds could reasonably assume that the principal and interest from the funds thus provided will be repaid by such project-related incomes.

Prospectus means the prospectus in respect of the Notes approved by the Czech National Bank.

Reference Period means the most recent four complete quarterly fiscal periods for which relevant financial statements were compiled and made available.

Security Interest means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

Subsidiary means at any particular time any other person (the **second person**) in relation to any person (the **first person**),

- (a) whose affairs and policies the first person controls or has the power to control, whether by way of ownership interest in the registered capital, agreement, the power to appoint or dismiss members of the governing body of the second person or otherwise; or
- (b) whose financial statements are, in accordance with applicable laws and generally accepted accounting principles, consolidated with the first person using accounting method.

Treasury Transactions means any derivative transaction, other than foreign exchange, interest rate or commodity hedging transaction, and in any event including any derivative transactions entered into for speculative purposes only.

USE AND ESTIMATED NET AMOUNT OF PROCEEDS

The net proceeds from the issue of the Notes (i.e. after deduction of the expected commissions, fees and estimated expenses) is expected to be approximately CZK 2,946.9 million or approximately CZK 5,897.4 million in case of the maximum increase of the nominal value of the Issue.

The Issuer intends to use the net proceeds for:

- capital expenditures;
- working capital;
- financing of potential M&A transactions; and
- general corporate purposes.

The Issuer expects that the total costs of preparing the issue of the Notes, i.e. the costs of the Joint Lead Managers' fee, costs of the Issuer's auditor, fees of the Central Depository and CNB and certain additional costs associated with the issue of the Notes or its placement on the market, will not exceed (i) 1.8% of the total expected nominal value of the Issue, i.e. excluding an increase, if any (i.e. CZK 53.1 million), or (ii) 1.7% of the total nominal value of the Issue if the maximum total nominal value of the Notes are issued, including an increase, if any (i.e. CZK 102.6 million).

SELECTED FINANCIAL INFORMATION

The following tables present selected historical consolidated financial information of the Group as of and for the years ended 31 December 2024 and 2023 and for the half year ended 30 June 2025. The selected historical consolidated financial information of the Group as of and for the years ended 31 December 2024 and 2023 has been derived from the Audited Financial Statements incorporated by reference into this Prospectus. The selected historical consolidated financial information of the Group as of and for the half-year ended 30 June 2025 has been derived from the unaudited Interim Financial Statements incorporated by reference into this Prospectus. The information below should be read in conjunction with the information contained in "Presentation of Financial and Other Information" and the Audited Financial Statements incorporated by reference into this Prospectus.

1 Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the 6 months ended 30 June		For the year ended 31 December	
	2025	2024	2024	2023
	(unaudited)	(unaudited)	(audited)	(audited)
	(CZK thousands)		(CZK thousands)	
Revenues from the sale of own products, goods and services	11,014,802	9,690,015	22,375,792	14,855,581
Other operating income	55,243	67,122	159,638	89,789
Change in inventories developed internally	850,778	217,161	(629,980)	887,593
Own work capitalized	143,985	406,861	338,746	172,976
Raw materials and consumables used	(5,570,674)	(5,453,456)	(11,335,766)	(8,065,419)
Services	(1,331,255)	(1,098,262)	(2,487,683)	(1,959,627)
Personnel expenses	(2,502,828)	(2,226,294)	(4,489,688)	(3,083,096)
Depreciation and amortization	(770,968)	(560,821)	(1,478,824)	(801,721)
Other operating expenses	(259,231)	(164,827)	(331,521)	(210,225)
Allowances	(42,568)	21,275	(119,696)	(23,885)
Operating profit	1,587,284	898,774	2,001,018	1,861,966
Interest income	281,015	418,014	784,854	756,541
Interest expense	(556,672)	(558,422)	(1,307,949)	(894,604)
Other financial income	3,233	85,496	113,159	251,596
Other financial expenses	(373,343)	(63,837)	(202,902)	(72,120)
Gains or losses from derivative transactions	250,323	13,854	(8,872)	221,019
Share in the profit of associates after tax	3,840	909	530	682
Bargain purchase gain	-	-	-	384,482
Profit before tax	1,195,680	794,788	1,379,838	2,509,562
Income tax	(276,414)	(185,170)	(335,263)	(467,024)
Profit for the period	919,266	609,618	1,044,575	2,042,538

Items that may be subsequently reclassified to the statement of profit or loss

Cash flow hedges – remeasurement of effective portion of hedging instruments	382,339	(179,440)	(803,310)	(468,398)
Foreign currency translation of foreign operations	(306,975)	25,528	74,551	183,745
Other comprehensive income	75,364	(153,912)	(728,759)	(284,653)
Comprehensive income for the period	994,630	455,706	315,816	1,757,885
Profit for the period attributable to:				
Owner of the parent company	919,266	609,618	1,044,575	2,042,538

Comprehensive income for the period attributable to:

Owner of the parent company	994,630	455,706	315,816	1,757,885
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Net earnings per share attributable to the owner of the parent company (CZK per share)

Basic	16	15	22	58
Diluted	16	15	22	58

2 Consolidated Statement of Financial Position

	As of 30 June	As of 31 December	
	2025	2024	2023
	(unaudited)	(audited)	(audited)
	(CZK thousands)	(CZK thousands)	
Assets			
Non-current assets			
Intangible assets	9,797,868	10,403,416	3,413,881
Goodwill	9,025,018	8,489,707	2,547,480
Property, plant and equipment	9,779,922	9,582,545	4,281,449
Advance for acquisition of financial investment	-	-	2,690,040
Equity-accounted securities and investments	47,943	44,102	40,795
Financial derivatives	844,755	413,372	1,013,168
Trade and other receivables	11,766	20,021	61,891
Other receivables	2,132	2,593	2,556
Deferred tax assets	72,269	75,589	21,245
Total non-current assets	29,581,673	29,031,345	14,072,505
Current assets			
Inventories	8,809,146	7,456,512	5,298,077
Trade and other receivables	2,066,369	2,829,759	1,774,947
Provided loans	19,180	20,017	-
Other financial assets	11,134	12,531	908,580
Financial derivatives	465,245	127,174	149,047
Other receivables	440,095	555,882	351,165
Tax receivables	154,385	81,210	93,751
Cash and cash equivalents	3,452,305	5,917,768	3,328,684
Total current assets	15,417,859	17,000,853	11,904,251
Total assets	44,999,532	46,032,198	25,976,756
EQUITY AND LIABILITIES			
Capital and reserves			
Registered capital	5,646	5,646	3,516
Share premium	13,477,795	13,477,795	1,942,818
Capital funds	1,641,512	1,641,512	1,641,512
Cash flow hedge reserve	178,845	(203,494)	599,816
Foreign exchange translation reserve	(375,112)	(68,137)	(142,688)
Accumulated profits	5,276,568	5,175,107	5,229,872
Equity attributable to the owner of the Company	20,205,254	20,028,429	9,274,846
Non-controlling interests	-	-	-
Total equity	20,205,254	20,028,429	9,274,846
Non-current liabilities			
Bonds, bank loans and borrowings	14,494,844	16,336,227	9,040,540
Financial derivatives	217,510	532,473	244,169
Lease liabilities	53,390	58,922	62,052

Trade and other payables	68,726	46,802	42,022
Other payables	7,289	10,387	14,569
Provisions	101,732	101,095	76,188
Deferred tax liabilities	2,602,536	2,561,948	722,783
Employee benefit liabilities	204,085	234,725	255,721
Total non-current liabilities	17,750,112	19,882,579	10,458,044
Current liabilities			
Bonds, bank loans and borrowings	1,499,060	1,474,910	2,573,744
Financial derivatives	259,778	394,262	11,038
Lease liabilities	21,457	22,267	25,619
Other financial liabilities	-	-	44,580
Trade and other payables	2,394,545	1,573,335	1,746,796
Other payables	2,654,952	2,333,203	1,655,094
Provisions	79,191	57,870	30,084
Tax liabilities	117,329	248,236	142,084
Employee benefit liabilities	17,854	17,107	14,827
Total current liabilities	7,044,166	6,121,190	6,243,866
Total liabilities	24,794,278	26,003,769	16,701,910
Total equity and liabilities	44,999,532	46,032,198	25,976,756

3 Consolidated Cash Flow Statement

	For the 6 months ended		For the year ended 31 December	
	2025	2024	2024	2023
	(unaudited) (CZK thousands)	(unaudited) (CZK thousands)	(audited) (CZK thousands)	(audited) (CZK thousands)
Cash flows from principal economic activity (ordinary activity)				
Profit from ordinary activity before tax	1,195,680	794,788	1,379,838	2,509,562
Depreciation/amortization of non-current assets	770,968	560,821	1,478,824	801,721
Change in allowances and provisions	69,504	24,940	170,879	22,276
Profit(-)/Loss(+) from the sale of non-current assets	(1,159)	(1,392)	(1,990)	(2,659)
Interest expense and interest income	275,657	140,408	523,095	138,063
Share in the profit of associates	(3,841)	(909)	(530)	(682)
Unrealized foreign exchange gain and losses	830,216	(133,551)	(343,250)	14,988
Partial settlement of contingent consideration	-	-	-	406,915
Remeasurement of other financial assets	-	(113,402)	(113,402)	(160,692)
Bargain purchase gain	-	-	-	(384,482)
Cash flow hedges – remeasurement of effective portion of hedging instruments	382,339	(179,440)	(1,001,100)	(468,398)
Share-based payments	29,140	355,013	411,729	293,068
Adjustments for other non-cash transactions	57,277	31,380	62,197	52,921
Net operation cash flows before changes in working capital	3,605,781	1,478,656	2,566,290	3,222,601
Change in working capital				
Change in receivables and deferrals	(44,842)	(189,676)	682,840	(162,505)
Change in liabilities and accruals	149,946	(161,031)	216,589	244,040
Change in inventories	(1,714,475)	(80,062)	503,703	(1,008,033)
Cash flow from operating activities	1,996,410	1,047,887	3,969,422	2,296,103
Paid interest	(704,810)	(525,585)	(1,327,694)	(880,196)
Interest received	429,443	429,610	826,407	756,881
Income tax paid for ordinary activity	(587,099)	(521,795)	(797,443)	(759,473)
Net cash flow from operating activities	1,133,944	430,117	2,670,692	1,413,315
Cash flows from investing activities				
Acquisition of non-current assets	(361,963)	(382,502)	(920,565)	(924,156)

Income from the sale of non-current assets	1,159	1,392	1,990	2,964
Acquisition of subsidiaries – opening balance	(1,341,795)	(5,231,350)	(5,231,350)	(723,902)
Acquisition of subsidiaries –cash and cash equivalents	8,460	443,521	443,521	150,863
Advance for acquisition of financial investment	-	-	-	(2,690,040)
Acquisition and contribution of equity-accounted securities and investments	-	(3,777)	(3,776)	(1,212)
Acquisition of other financial assets	-	-	(12,531)	-
Income from sale of Other financial assets	-	1,021,982	1,021,982	-
Drawing on and repayment of provided loans	-	(18,979)	(18,889)	7,700
Employee benefit liabilities	-	-	(54,240)	(27,014)
Net cash flow from investing activities	(1,694,139)	(4,169,713)	(4,773,858)	(4,204,797)
<i>Cash flows from financing activities</i>				
Proceeds from the issue of bonds	-	276,000	588,000	1,917,756
Proceeds from issue of shares	-	-	2,242,673	-
Proceeds from drawing on loans	2,378	10,794,456	7,382,973	2,295,085
Dividends paid to owners	-	-	(260,445)	(864,393)
Repayment of loans	(1,726,254)	(5,701,743)	(5,324,774)	(22,333)
Repayment of leases	(13,840)	(12,966)	(25,650)	(32,762)
Net cash flow from financing activities	(1,737,716)	5,355,744	4,602,777	3,293,353
Net change in cash and cash equivalents	(2,297,911)	1,616,148	2,499,611	501,871
Opening balance of cash and cash equivalents	5,917,768	3,328,684	3,328,684	2,825,781
Effect of exchange rate on cash and cash equivalents	(167,552)	53,002	89,473	1,032
Closing balance of cash and cash equivalents	3,452,305	4,997,834	5,917,768	3,328,684

4 Key Performance Indicators

This Prospectus contains certain financial measures that are not defined or recognized under IFRS and which are considered to be "alternative performance measures" as defined in the "ESMA Guidelines on Alternative Performance Measures" issued by the European Securities and Markets Authority on 5 October 2015 (the **Alternative Performance Measures**). This Prospectus presents the following Alternative Performance Measures defined in this Prospectus: EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, net profit margin, adjusted net profit, adjusted net profit margin, adjusted earnings per share (**EPS**), net financial debt and net leverage ratio. The Issuer has included the Alternative Performance Measures in the Prospectus because they represent key measures used by management to evaluate the Group's operating performance. Further, management believes that the presentation of the Alternative Performance Measures is helpful to prospective investors because these and other similar measures and related ratios are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. Management also believes that the presentation of Alternative Performance Measures facilitates operating performance comparisons on a period-to-period basis to exclude the impact of items, which management does not consider being indicative of the Group's core operating performance.

The Alternative Performance Measures are not sourced directly from the Audited Financial Statements, but are derived from the financial information contained therein. These measures have not been audited or reviewed by an independent auditor. The Alternative Performance Measures are not defined in the IFRS and should neither be treated as metrics of financial performance or operating cash flows nor deemed an alternative to profit. Those performance measures should only be read as additional information to, and not as a substitute for or superior to, the financial information prepared in accordance with the IFRS as adopted by the EU. The Alternative Performance Measures should not be given more prominence than measures sourced directly from the Audited Financial Statements. The Alternative Performance Measures should be read in conjunction with the Audited Financial Statements. There are no generally accepted principles governing the calculation of the Alternative Performance Measures and the criteria upon which the Alternative Performance Measures are based can vary

from company to company, limiting the usefulness of such measures as comparative measures. Even though the Alternative Performance Measures are used by management to assess the Group's financial results and these types of measures are commonly used by investors, they have important limitations as analytical tools and, by themselves, do not provide a sufficient basis to compare the Issuer's performance with that of other companies and should not be considered in isolation or as a substitute to the revenue, profit before tax or cash flows from operations calculated in accordance with IFRS for analysis of the Group's position or result. The Alternative Performance Measures have limitations as analytical tools, such as:

- they do not reflect the Group's cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, the Group's working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on the Group's debt;
- although depreciation and amortization are non-monetary charges, the assets being depreciated and amortized will often need to be replaced in the future and the Alternative Performance Measures do not reflect any cash requirements that would be required for such replacements;
- some of the exceptional items the Issuer eliminates in calculating the Alternative Performance Measures reflect cash payments that were made, or will be made in the future; and
- the fact that other companies in the Group's industry may calculate the Alternative Performance Measures differently than the Issuer does, which limits their usefulness as comparative measures.

<i>(unaudited, in CZK thousands, unless indicated otherwise)</i>	As of and for the year ending 31 December	
	2024	2023
EBITDA ⁽¹⁾	3,479,842	2,663,687
EBITDA margin ⁽²⁾	15.6 per cent.	17.9 per cent.
Adjusted EBITDA	4,598,864	3,048,379
Adjusted EBITDA margin	20.6 per cent.	20.5 per cent.
Net income margin	4.7 per cent.	13.7 per cent.
Adjusted net income	1,933,205	2,049,742
Adjusted net income margin	8.6 per cent.	13.8 per cent.
Adjusted EPS ⁽³⁾ (in CZK)	40.6	58
Net financial debt at the end of the period	11,974,558	7,464,691
Net leverage ratio (x)	2.26 x	2.8 x

⁽¹⁾ Referred to as "EBITDA" in the annual report.

⁽²⁾ Referred to as "EBITDA margin" in the annual report.

⁽³⁾ The Group calculates net earnings per share, adjusted as profit for the period divided by the number of shares issued by the Company.

<i>(unaudited, in CZK thousands, unless indicated otherwise)</i>	As of and for the 6 months ending 30 June	
	2025	2024
EBITDA ⁽¹⁾	2,358,252	1,459,595
EBITDA margin ⁽²⁾	21.4 per cent.	15.1 per cent.
Adjusted EBITDA	2,361,069	1,980,758
Adjusted EBITDA margin	21.4 per cent.	20.4 per cent.
Net income margin	8.3 per cent.	6.3 per cent.
Adjusted net income	994,089	1,015,079
Adjusted net income margin	9 per cent.	10.5 per cent.
Adjusted EPS ⁽³⁾ (in CZK)	17.7	24.8
Net financial debt at the end of the period	12,616,446	11,974,558

Net leverage ratio⁽⁴⁾ (x)

2.47 x

2.26x

⁽⁴⁾ Net leverage ratio is defined as the ratio of net financial debt at the end of the period to EBITDA for the last 12 months.

4.1 EBITDA

The Group calculates EBITDA based on the figures included in the Audited Financial Statements. EBITDA is calculated as profit after tax for the period, plus income tax less other financial income, plus other financial expenses, less interest income, plus interest expenses, less gains from derivative transaction, plus losses from derivative transaction, less share in the profit of associates after tax, plus depreciation and amortization, and less bargain purchase gain.

4.2 EBITDA margin

The EBITDA margin is defined as a percentage of EBITDA and revenues from the sale of own products, goods, and services.

4.3 Adjusted EBITDA

In 2024, EBITDA was adjusted by one-off items related to unrealized M&A expenses and legacy costs related to acquisitions, payments related to the employee stock option plan, one-off expenses connected with the acquisition of Sellier & Bellot – inventory step up and commodity hedging and expenses related to wasted investments, which are unrelated to operational performance and value creation in the given period. In 2023, EBITDA was adjusted by one-off items related to 2023 unrealized acquisitions and payments related to the employee stock option plan, which are not related to operational performance and value creation during the given period. Expenses on professional advisors and expenses associated with acquisitions are presented under Services in the consolidated statement of profit or loss and other comprehensive income of the Audited Financial Statements. Share-based payments are presented under Personnel expenses and Other operating expenses in the consolidated statement of profit or loss and other comprehensive income of the Audited Financial Statements. Adjusted EBITDA margin is defined as a percentage of Adjusted EBITDA and revenues from the sale of own products, goods, and service.

The following is a reconciliation of Profit after tax for the period to EBITDA for the periods indicated.

<i>(in CZK thousands, unless indicated otherwise)</i>	As of and for the year ending 31 December	
	2024	2023
Profit for the period	1,044,575	2,042,538
Income tax	335,263	467,024
Interest income	784,854	756,541
Interest expense	1,307,949	894,604
Depreciation and amortization	1,478,824	801,721
Other financial income	113,159	251,596
Other financial expenses	202,902	72,120
Losses from derivative transactions	8,872	-
Gains from derivative transactions	-	221,019
Share in the profit of associates after tax	530	682
Bargain purchase gain	-	384,482
EBITDA	3,479,842	2,663,687
Share-based payments associated with the employee option plan	418,730	313,456
Cost of unrealized acquisition-related services	14,960	71,237
Wasted investment Colt	69,624	-
	21,642	-
Wasted investment Foundry	24,136	-
Legacy cost related to acquisitions		
One-off expenses connected with acquisition of S&B – inventory step up	513,596	-

One-off expenses connected with acquisition of S&B – commodity hedging	56,334	-
Adjusted EBITDA	4,598,864	3,048,379

Adjusted EBITDA for the first half of 2025 is defined as EBITDA less one-off items related to unrealized M&A expenses and legacy costs related to acquisitions, payments related to the employee stock option plan and one-off expenses connected with the commodity hedging of Sellier & Bellot, which are unrelated to operational performance and value creation in the given period. Adjusted EBITDA for the first half of 2024 is defined as EBITDA less one-off items related to unrealized acquisitions, payments related to the employee stock option plan, and one-off expenses connected with the acquisition of Sellier & Bellot – inventory step up and commodity hedging. Expenses on professional advisors and expenses associated with unrealized acquisitions are presented under "Services" in the consolidated statement of profit or loss and other comprehensive income of the interim financial statements. The ESOP related costs are included in the consolidated statement of profit or loss and statement of comprehensive income, under "Personnel costs" and "Other operating expenses".

<i>(in CZK thousands, unless indicated otherwise)</i>	As of and for the 6 months ending 30 June	
	2025	2024
Profit for the period	919,266	609,618
Income tax	276,414	185,170
Interest income	(281,015)	(418,014)
Interest expense	556,672	558,422
Depreciation and amortization	770,968	560,821
Other financial income	(3,233)	(85,496)
Other financial expenses	373,343	63,837
Losses from derivative transactions	-	-
Gains from derivative transactions	(250,323)	(13,854)
Share in the profit of associates after tax	(3,840)	(909)
Bargain purchase gain	-	-
EBITDA	2,358,252	1,459,595
One-off expenses for services related to unrealized M&A	15,218	962
ESOP related costs	30,945	382,185
Legacy cost related to acquisitions	5,389	-
One-off expenses connected with acquisition of S&B – inventory step up	-	110,000
One-off expenses connected with acquisition of S&B – commodity hedging	(48,734)	28,016
Adjusted EBITDA	2,361,069	1,980,758

4.4 Net income margin

Net income margin is defined as a percentage of profit for the period and revenues from the sale of the Group's own products, goods, and services. Both items of the percentage are taken over from the consolidated statement of profit or loss and statement of other comprehensive income of the Audited Financial Statements. Net income margin is used in ratio analysis to determine the proportional profitability of a business.

4.5 Adjusted net income

In 2024, net profit was adjusted by one-off items related to unrealized M&A expenses and legacy costs related to acquisitions, payments related to the employee stock option plan, one-off expenses connected with the acquisition of Sellier & Bellot – inventory step up and commodity hedging, expenses related to wasted investments and bank fees related with acquisition loan and financing cost related to bond issue, which are unrelated to operational performance and value creation in the given period. In 2023, net profit was adjusted by one-off items related to 2023 unrealized acquisitions and payments related to the employee stock option plan, financing cost related to bond issue, and by the profit from the bargain purchase of swissAA, which are not related to operational

performance and value creation during the given period. The cost of the bond issue is presented under Other financial expenses in the consolidated statement of profit or loss and other comprehensive income of the Audited Financial Statements. Negative goodwill is presented as profit from the bargain purchase in the consolidated statement of profit or loss and other comprehensive income of the Audited Financial Statements.

The following is a calculation of Adjusted Net income for the periods indicated.

<i>(in CZK thousands, unless indicated otherwise)</i>	As of and for the year ending 31 December	
	2024	2023
Profit before tax	1,379,838	2,509,562
Share based payments relating to employee option plan	418,730	313,456
Wasted investment Colt	69,624	-
Wasted investment Foundry	21,642	-
Costs of unrealized acquisition-related services	14,960	71,236
Legacy cost related to acquisition	24,136	-
One-off expenses connected with acquisition of S&B – inventory step up	513,596	-
One-time financial expenses associated with the bond issue	10,289	8,641
Bank fee – acquisition of S&B	100,864	-
Profit from the bargain purchase – negative goodwill	-	(384,482)
Effective tax	(620,474)	(468,671)
Numerator		
Adjusted net income	1,933,205	2,049,742
Denominator		
Average number of shares issued (thousands)	47,619	35,458
Adjusted net earnings per share (CZK/share)	41	58

In the first half of 2025, net profit was adjusted by one-off items related to unrealized M&A expenses and legacy costs, payments related to the employee stock option plan, one-off expenses connected with the acquisition of Sellier & Bellot –commodity hedging, bank fees related with acquisition loan, cancellation of IRS and financing cost related to bond issue, which are unrelated to operational performance and value creation in the given period. In the first half 2024, net profit was adjusted by one-off items related to unrealized acquisitions, payments related to the employee stock option plan, and one-off expenses connected with the acquisition of Sellier & Bellot – inventory step up and commodity hedging. One-off costs of the issue of bonds and bank financing are included in the consolidated statement of profit or loss and statement of comprehensive income, under "Other financial expenses".

<i>(in CZK thousands, unless indicated otherwise)</i>	As of and for the 6 months ending 30 June	
	2025	2024
Profit before tax	1,195,680	794,788
One-off expenses for services related to unrealized M&A	15,218	962
Legacy cost related to acquisition	5,389	-
ESOP related costs	30,945	382,185
One-off expenses connected with acquisition of S&B – inventory step up	-	110,000
One-off expenses connected with acquisition of S&B – commodity hedging	(48,734)	28,016
Expenses of IRS cancellation related to early repayment of loan	7,955	-
Bank fee related to acquisition loans	41,761	30,634
Financing cost related to bond issue	6,402	4,838
Tax effect on the adjustment	301,305	308,328
Numerator		
Adjusted net income	1,002,044	1,015,079
Denominator		
Average number of shares issued (thousands)	56,463	40,976

Adjusted net earnings per share (CZK/share)	17.7	24.8
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4.6 Adjusted net income margin

Adjusted net income margin is defined as a percentage of adjusted profit for the period and revenues from the sale of the Group's own products, goods, and services. Both items of the percentage are taken over from the consolidated statement of profit or loss and statement of other comprehensive income of the Audited Financial Statements.

4.7 Net financial debt at the end of the period

The Group defines net financial debt as long-term and short-term bonds, bank loans, borrowings, and lease liabilities (current and non-current), less cash and cash equivalents as reported in the consolidated statement of financial position in the Audited Financial Statements. Net financial debt is used by the Group to assess its indebtedness to financial institutions, which includes banks, leasing companies, and bond investors. The following table sets forth the Group's net financial debt for the periods indicated.

<i>(in CZK thousands, unless indicated otherwise)</i>	As of 31 December	
	2024	2023
Bonds, bank loans and borrowings (current and non-current)	17,811,137	11,614,284
Lease liabilities (current and non-current)	81,189	87,671
Less: Cash and cash equivalents*	5,917,768	4,237,264
Net financial debt at the end of the period	11,974,558	7,464,691

<i>(in CZK thousands, unless indicated otherwise)</i>	For the 6 months ended 30 June	
	2025	2024
Bonds, bank loans and borrowings (current and non-current)	15,993,903	17,811,137
Lease liabilities (current and non-current)	74,847	81,189
Less: Cash and cash equivalents	3,452,305	5,917,768
Net financial debt at the end of the period	12,616,446	11,974,558

*In 2023, cash and cash equivalents included Cash and cash equivalents and short-term investment in listed shares held for trading amounting to CZK 908,580 thousand presented under Other financial assets in the Audited Financial Statements.

4.8 Net leverage ratio

Net leverage ratio is defined as the ratio of net financial debt at the end of the period to adjusted EBITDA for the period.

EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, net profit margin, adjusted net profit, adjusted net profit margin, EPS, net financial debt and net leverage ratio do not represent the terms of the same or similar names as may be defined by any documentation for any financial liabilities of the Group.

THE GROUP'S BUSINESS

1 Overview

The Group's management believes the Group is one of the worldwide leading producers of firearms, tactical accessories and ammunition for military and law enforcement, personal defense, hunting, sport shooting and other commercial use. It markets and sells its products under the Colt, CZ (Česká zbrojovka), Sellier & Bellot, Colt Canada, Dan Wesson, swissAA, Spuhr i Dalby, Colt CZ Defence Solutions and 4M SYSTEMS brands. The Group is headquartered in the Czech Republic and has production facilities in the Czech Republic, the United States, Canada, Sweden, Switzerland, and Hungary. It has over 80 years of history in the Czech Republic and over 170 years in the US. The Issuer is the holding company of the Group.

In the first 6 months of 2025 ending 30 June 2025, the Group generated CZK 11.0 billion of revenues from the sale of own products, goods and services and CZK 2.4 billion of EBITDA. In the first 6 months of 2025 ending 30 June 2025, 12 per cent of revenues from the sale of own products, goods and services were generated in the Czech Republic, 37 per cent in the United States, 5 per cent in Canada and 36 per cent in Europe (excluding the Czech Republic). In the first 6 months of 2025 ending 30 June 2025, the Group sold 290 thousand of firearms to customers in more than 100 countries on six continents. In the first 6 months of 2025 ending 30 June 2025, the Group had an average recalculated headcount of 3,992, based in the Czech Republic, the United States, Canada, Sweden, Switzerland, Hungary and Germany.

In 2024, the Group generated CZK 22.4 billion of revenues from the sale of own products, goods and services and CZK 3.5 billion of EBITDA. In 2024, 20 per cent of revenues from the sale of own products, goods and services were generated in the Czech Republic, 40 per cent in the United States, 5 per cent in Canada and 28 per cent in Europe (excluding the Czech Republic). In 2024, the Group sold 633.73 thousand of firearms to customers in more than 100 countries on six continents. In 2024, the Group had an average recalculated headcount of 3,244, based in the Czech Republic, the United States, Canada, Sweden, Switzerland, Hungary and Germany.

In 2023, the Group generated CZK 14.9 billion of revenues from the sale of own products, goods and services and CZK 2.7 billion of EBITDA. In 2023, 18 per cent of revenues from the sale of own products, goods and services were generated in the Czech Republic, 42 per cent in the United States, 15 per cent in Canada and 13 per cent in Europe (excluding the Czech Republic). In 2023, the Group sold 621.2 thousand of firearms to customers in more than 100 countries on six continents. In 2023, the Group had an average recalculated headcount of 2,111, based in the Czech Republic, the United States, Canada, Sweden, Switzerland, Hungary and Germany.

In 2022, the Group generated CZK 14.6 billion of revenues from the sale of own products, goods and services and CZK 3.1 billion of EBITDA. In 2022, 13 per cent of revenues from the sale of own products, goods and services were generated in the Czech Republic, 48 per cent in the United States, 12 per cent in Canada and 11 per cent in Europe (excluding the Czech Republic). In 2022, the Group sold 693 thousand of firearms to customers in more than 100 countries on six continents. In 2022, the Group had an average recalculated headcount of 2,205, based in the Czech Republic, the United States, Canada, Sweden and Germany.

The table below sets forth a breakdown of the Group's revenues from the sale of own products, goods and services by regions for the periods indicated.

	For the 6 months ended 30 June			
	2025	FY 2024	FY 2023	FY 2022
		<i>(in CZK thousands)</i>		
Czech Republic	1,377,500	4,425,720	2,621,059	1,926,379
United States	4,028,163	8,846,458	6,269,821	6,983,933
Canada	527,898	1,148,745	2,231,391	1,773,822
Europe (excl. the Czech Republic)	3,962,819	6,186,178	1,935,068	1,584,169
Africa	132,215	176,984	185,994	243,317
Asia	656,849	940,284	1,131,068	1,483,412
Latin America	274,236	573,949	385,842	n/a
Other	55,122	77,474	95,338	594,742

Total	11,014,802	22,375,792	14,855,581	14,589,774
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2 General information

The Issuer was incorporated in the Czech Republic on 10 January 2013 and is registered in the Commercial Register maintained by the Municipal Court in Prague, Section H 962, with company identification number 291 51 961. The Issuer is a European Company (*Societas Europaea*) governed by (i) the laws of the Czech Republic and EU laws applicable to commercial companies in the Czech Republic, in particular Czech Act No. 90/2012 Coll., on business corporations, as amended (the **Czech Act on Business Corporations**), Czech Act No. 627/2004 Coll., on the European company, as amended, and Council Regulation (EC). No 2157/2001 of 8 October 2001 on the Statute for a European company (SE), as amended and (ii) specific provisions of Czech and EU law in relation to manufacturing and trading activities relating to firearms, including the Czech Weapons Act. The registered office of the Issuer is náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1, Czech Republic. The Issuer's telephone number is +420 222 814 617 and its website is www.coltczgroup.com. The Issuer's website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus.

As of the date of this Prospectus, the Issuer's share capital was CZK 5,646,302.8 and was fully paid up. It was divided into 56,463,028 ordinary registered book-entry shares with nominal value of CZK 0.10 each. According to article 2 of the Issuer's Articles of Association, the scope of business of the Issuer includes: a) management of its own assets; b) manufacturing, trade and services other than those listed in Annex 1 through 3 of the Act No. 455/1991 Coll., on trade licensing, as amended (the **Czech Trade Licensing Act**).

3 The Group's Vision

The Group aims to become the undisputed leader of the small arms industry, recognized for its excellence and innovation.

3.1 The Group's Mission

The Group's mission is to deliver reliable and high-quality products that meet the diverse and demanding needs of its customers.

3.2 The Group's Values

The Group's values reflect its vision of being a global leader in the small arms industry, as well as its mission of providing the most innovative, high-quality, and reliable products and services to its customers. The Group's values are team spirit, integrity, responsibility, and innovation. These values guide the Group's actions and decisions and shape its culture and identity.

The Group's employees are the cornerstone of its future success, and they share a culture of collaboration, mutual support, honesty, transparency, and self-confidence. The Group embraces diversity and respects different perspectives as sources of strength and resilience. The Group aims to meet the highest ethical and legal standards in everything it does. The Group treats its people, suppliers, business partners, and customers with respect, and evaluates them based on merit and contribution. The Group is a responsible member of its communities, and delivers on its commitments and expectations, provides a safe environment for its employees and customers, and promotes, distributes, and sells its products in cooperation with proven business partners and to customers who intend to use them solely for legal and ethical purposes. The Group is committed to building a company for future generations through a culture of innovation and strives to reinvent what and how it does to offer the most reliable and innovative products and services.

4 Strengths

4.1 Well-established manufacturer of high-quality firearms, accessories and ammunition with recognized brands

The Group markets and sells its products under the Colt, CZ (Česká zbrojovka), Sellier & Bellot, Colt Canada, Dan Wesson, swissAA, Spuhr i Dalby, Colt CZ Defence Solutions and 4M SYSTEMS brands. The Group

believes that its brands are globally recognized among firearms customers and valued especially for good craftsmanship, which is backed by the Group's more than 150 years of experience in the firearms business and the iconic status of some of its products. The Group's products are also used by numerous military and law enforcement customers, such as NSPA, the Ministries of Defense in the Czech Republic, Spain, Denmark, the Netherlands, Austria, Romania, and Vietnam. The Issuer also supplies the Ministries of the Interior in the following countries - the Czech Republic, Slovakia, Poland, Belgium, Denmark, Norway, Finland, France, Poland, Austria, Romania, Taiwan, Sweden, Ukraine, and Vietnam.

The Group's cash capital expenditures (Acquisition of non-current assets) were CZK 921 million in 2024. This represents a 4.1% share of the total revenues from the sale of own products, goods and services in 2024. Approximately 63% of investments went to the Czech Republic, 24% to North America and the rest to subsidiaries in other countries, especially Switzerland.

The capital expenditures in 2024 were split between capital investment into tangible assets (80%) and intangible assets (20%) and related to improvements in the Group's production technology and machinery. Major capex investments at CZUB were— tools and casts, investment into CNC machines, upgrade of central chimney, etc. For Sellier & Bellot, various investments into production lines, upgrade of heating system and heat piping/distribution. For Colt US investments related to MK47 machining and software. Also, the Group continued investing into production lines at swissAA.

The Group believes providing superior product quality to its customers is the key to the Group's business model and paramount to its success, as the firepower, safety and readiness of the Group's firearms are mission-critical for the Group's customers. A holistic quality management system in the Group's production facilities ensures compliance with the Group's high-quality standards and, without exception, each of Group's firearms must pass functional tests and quality checks prior its delivery to a customer.

The Group's commitment to the highest industry quality standards and technological prowess are also underlined by successes of the Group's products in expert shooting events.

On Sunday, 7 September 2025, the international Danube Cup competition was held in Komarno, Slovakia, with approximately 150 shooters from across Europe taking part. A total of thirteen shooting stages were prepared for the competitors. Martin Kamenicek added another gold medal to the CZ Shooting Team's collection. Martin won first place in the PRODUCTION OPTICS division. He competed with the CZ SHADOW 2 ORANGE OR pistol.

The CZ Shooting Team achieved phenomenal success at this year's U.S. IPSC Practical Shooting Championship, held August 22–24, 2025, at the Cardinal Shooting Center in Ohio. At the prestigious 2025 Excaliber Ammunition US IPSC Nationals, which drew hundreds of competitors from around the world, our shooters captured a total of five gold medals. In the face of tough competition, CZ team representatives claimed victories across key divisions and categories.

Members of the CZ Shooting Team shone brightly at the international Hot Shots 2025 competition, which took place on 2 and 3 August in Buszak, Hungary. With hot competition from the more than 370 participants, they won a total of ten medals, which included five gold, four silver, and one bronze. The IPSC competition consisted of 20 carefully prepared shooting stages that tested the speed, accuracy, and tactical skills of competitors.

The prestigious CZC European Open 2025 took place in Germany on 7–8 June 2025, attracting top-level sport shooters from across Europe. The CZ Shooting Team continued its successful streak and reaffirmed its position among the world's elite.

From May 28 to June 1, 2025, the Provence Shooting Club near Aix-en-Provence hosted one of the largest IPSC competitions in Europe – the Med Cup 2025. A total of 420 sport shooters gathered in southern France to take on 18 challenging shooting stages. Eric Grauffel, a legend of dynamic shooting and a member of the CZ Shooting Team, delivered an outstanding performance at the Med Cup 2025. He claimed victory in the Production Optics division with a perfect score of 100% and also secured first place in the Overall ranking across all divisions. Robin Grauffel, also a member of the CZ Shooting Team, showed excellent form as well. He won the Junior category in the Production Optics division, placed fourth in the division's overall ranking, and finished eighth in the Overall

match results. Both shooters competed with the high-performance CZ SHADOW 2 ORANGE pistol – a model designed for superior accuracy, stability, and comfort in dynamic shooting competitions within the Production Optics division.

Justine and Jalise Williams, members of the Colt's Manufacturing Company LLC professional shooting team, showed extraordinary performances at the IPSC PCC / Mini Rifle World Championship in Znojmo in May 2025, Czech Republic. Together, the Williams sisters helped win gold medals in the team categories for the United States and for Colt. Justine Williams made history as the first American woman to compete in the U.S. main team in the PCC Optics category. Her extraordinary performance earned her gold in the individual women's category and at the same time 8th place in the absolute ranking among all participants. This great placement was key to the victory of the whole team. Jalise Williams confirmed her place among the world's elite female shooters when she took 4th place in the PCC Optics Ladies category and also made a major contribution to Team USA's triumph in the women's competition.

4.2 Technological leader in designing innovative products supported by continuous investment and R&D spend

The Group's R&D and ability to innovate are crucial to its business, as the Group's customers, particularly military and law enforcement customers, demand innovative, reliable and state of the art products. The Group's technology leadership is also one of its key competitive advantages, and the Group's product innovations have formed the backbone of its success. The Group's substantial financial and human capital investments into R&D activities enabled the Group to substantially shorten its innovation cycle and offer products that are technological and functional class leaders (see examples above in section 4.1 *Well-established manufacturer of high-quality firearms, accessories and ammunition with recognized brands*) in their respective categories faster than would have been possible a decade ago. Most of the Group's product portfolio in firearms was introduced less than 5 years ago, three generations of assault rifles were introduced in the last 10 years.

The Group's technological leadership is demonstrated by the significant numbers of competitive sports shooters that use the Group's firearms to win awards.

The Group carries out research and development in respect of each of its key brands, with global coordination and with the aim of developing new products and services for customers who demand innovative and reliable products for the most demanding missions. The development of the Group's R&D, either on its own or in collaboration with partners, is one of the Group's highest priorities. The Group invests actively in R&D to broaden its product portfolio and to enhance the innovation of new products, reduce the innovation cycle and introduce products with the most advanced technologies and functions in their categories.

The Group's R&D activities are based on an experienced team of growing experts - in 2024, an average of 139 full time employees worked in R&D and related technical functions, mainly at the Group's production plants. The Group also holds a stake in CARDAM (a research company), which is jointly owned by the Institute of Physics of the Academy of Sciences of the Czech Republic and gives the Group access to the most advanced scientific knowledge, especially in the field of materials research. In the ammunition segment, NONTOX labelled cartridges have been specially developed for use in covered shooting ranges. The combination of a heavy metal-free primer, and completely covered core of the bullet, minimizes the release of harmful fumes into the air. The NONTOX primer compound is patented in the Czech Republic, Europe and the USA. In response to current trends, Sellier & Bellot is intensively engaged in the development and production of homogeneous lead-free bullets. These bullets are used in hunting and sport shooting, as well as in the armed forces.

The experts in our R&D teams range from designers, material specialists, and mathematicians, to experienced project managers and development lab teams. The Group's goal in the coming years is to further expand the teams and supplement the necessary competencies, while maintaining a healthy ratio of experienced experts and promising young engineers. The activities of our research and development teams are supported by state-of-the-art facilities for both virtual and physical research. The Group intends to continue investing in technology and equipment for R&D as a priority, with the aim of consolidating its position as a technological leader.

The main goal of research and development is to provide customers with a clear argument when making their purchase decision, while constantly improving the reliability, functionality, quality, safety, and durability of our products.

4.3 Global player offering complete solutions to diverse customer base

The Group's broad portfolio of handguns, long guns and tactical accessories, such as ballistic vests, grenades and ammunition, enables it to serve a broad variety of firearm users, from civilians purchasing firearms for personal defense, hunting, sport shooting and other commercial uses, to federal, state or local governments and agencies, including military and law enforcement units. The Group produces a wide range of firearms, including dozens of models, in three main categories for the commercial market: (i) pistols (including, steel frame pistols and polymer frame pistols which can be further split into hammer fired and striker fired pistols), (ii) revolvers and (iii) hunting guns (which can be split into three categories: centrefire rifles, rim fire rifles and shotguns) and five main categories for the military and law enforcement market: (a) pistols, (b) submachine guns, (c) assault rifles, (d) sniper rifles and (e) grenade launchers. Moreover, the firearms the Group produces for the military and law enforcement market are available in semi-automatic versions for the commercial market.

The bulk of ammunition production (more than 90%) is exported to more than 70 countries per year. In addition to an extensive civilian program, the company is engaged in special production for armed forces. In recent years, Sellier & Bellot has been a leading supplier to police and armed forces not only in Europe, but also in other countries around the world. Thanks to the high quality and reliability of its products, Sellier & Bellot has established itself as a leading supplier to the logistics organization of NSPA (NATO Support and Procurement Association). The quality management system was therefore expanded to meet the specific requirements set out in NATO standardization agreements and publications. In the Czech Republic, these requirements are formulated in the Czech Defense Standards (ČOS). Auditors from the Defense Standardisation, Codification and Government Quality Assurance Authority of the Ministry of Defense of the Czech Republic monitor the implementation, application and fulfilment of these standards.

The Group is able to meet a variety of customer requirements through a wide range of products and product customization options. For example, in order to further expand its reach to even the most demanding of commercial customers, the Group provides an online firearm configurator, which allows customers to customize some of the Group's products. The online firearm configurator is now available in several countries including the United States. The Group also intends to evaluate potential applications of the on-line firearm configurator for military and law enforcement customers.

Through its subsidiary Colt CZ Defense Solutions, the Group also engages in the trade of military equipment and material. The subsidiary SPUHR manufactures a range of products, such as optical mounts, accessories and enhanced gun kits, that suitably complement the Group's core business. SPUHR mounts and accessories are used by many military and armed forces around the world. SPUHR also offers a popular hunting line of products.

From 2023, the Group provides its customers, through its subsidiary swissAA, with ammunition and technology for the armed forces, including small-caliber ammunition of 5.56 mm, 7.62 mm, 9 mm and 12.7 mm, as well as 40 mm grenade launcher cartridges. At the end of 2023, the Group acquired the Mk 47, expanding its portfolio to heavier and more sophisticated weapon systems. After the acquisition of Sellier & Bellot in 2024, the Group's product portfolio also includes a wide range of hunting and sporting ammunition, together with components for pistols, revolvers, rifles, and shotguns, as well as rimfire primers. Sellier & Bellot is also a major supplier of small caliber ammunition to military and law enforcement customers worldwide. Sellier & Bellot's activities also include the development and production of ammunition machines and tools.

The Group has expanded into more than 100 markets globally. In 2024, the Group generated CZK 22.4 billion of revenues from the sale of own products, goods and services, of which 40 per cent was generated in the United States, 20 per cent in the Czech Republic, 5 per cent in Canada and 28 per cent in Europe (excluding the Czech Republic), and CZK 3.5 billion of EBITDA. In 2024, the Group sold 633.73 thousand of firearms to customers in more than 100 countries on six continents. The Group ranks among the largest exporters in the Czech Republic.

Based on the Czech Chamber of Commerce's Exporter of the Year ranking, the Group ranked 2nd in 2023 in the category "highest number of export destinations".

Imports and exports of defense articles and services to and from the United States and U.S. persons are subject to the Arms Export Control Act (the **AECA**), U.S. Bureau of Alcohol, Tobacco, Firearms, and Explosives (the **ATF**) regulations, U.S. International Traffic in Arms Regulations (the **ITAR**), and the U.S. Export Administration Regulations (the **EAR**), which restrict and control the flow of defense and military-related items, technical data and technology, and services, including firearms, to, from, and through the United States and U.S. persons. The Group's sales that do not involve the flow of defense articles, other military-related items, and services to or from the U.S. or U.S. persons, directly or indirectly, are not subject to the ITAR or the EAR. Accordingly, the Group's non-U.S. activities provide the Group a competitive advantage over its U.S.-based competitors because the Group can serve military and law enforcement customers that exclude from their tender processes any products and producers which are subject to the ITAR or the EAR (for example recent tenders in Germany and France). The Group's management believes these factors form a solid foundation for the Group's further growth.

4.4 Track record of growth and profitability and sound financial profile

The Group has a proven track record of strong financial results in terms of growth and profitability. The Group has demonstrated consistently above-market growth and consistent profit expansion, driven especially by growth in product sales, geographic expansion, operational efficiency initiatives and optimization of asset utilization.

The Group's revenues from the sale of own products, goods and services have consistently increased year on year, from CZK 14.9 billion in 2023 to CZK 22.4 billion in 2024. The Group's EBITDA increased from CZK 2.7 billion in 2023 to CZK 3.5 billion in 2024.

The Group also has a relatively low level of financial leverage. The Group's net leverage ratio, defined as the ratio of net financial debt to adjusted EBITDA for the last 12 months, was 2.26x as of 31 December 2024, down 2.8x as of 31 December 2023. Well capitalized and liquid Czech banking and financial markets provide the Group with financial flexibility to finance organic growth initiatives (capital expenditures) and potential acquisitions and allows the Group to access external funding sources, including state export financing agencies, for financing potential projects with military and law enforcement customers outside the Czech Republic.

4.5 Experienced management team and supportive, stable shareholders

The Group has a dedicated management team with extensive experience in the firearms industry, high employee loyalty and a demonstrated history of enhancing efficiency and driving growth. The Group's management team members have diverse backgrounds and combined firearms and military and law enforcement experience. The Group's management team's achievements include the Group's revenue momentum from 2019 to 2023, in particular due to the growth in the number of firearms sold by the Group and the successful acquisitions of Colt and Sellier & Bellot as a result of the long-term experience and know-how of the Group's workforce and managers, the Group is able to promptly respond to each customer's unique requirements for its products.

The Group's Czech production facility of Česká zbrojovka a.s. is located in Uherský Brod, Czech Republic, a town of approximately 16,500 inhabitants, situated in a rural region with a moderate cost of living, a skilled workforce at affordable wages and, most importantly, a long tradition of firearms manufacturing and metal craftsmanship in general. The Group is the biggest employer in Uherský Brod and plays an important role in the region's industry. The Group believes that the combination of these favorable factors has enabled the Group to attract and retain a loyal and productive workforce. As of December 2024, the Group had a recalculated headcount of 3,244, of which 2,411 were located in the Czech Republic, of which 1,330 were located at CZUB in Uherský Brod. 1,024 employees are located in Sellier & Bellot's production facility in Vlašim, a town of approximately 11,000 inhabitants.

Colt's Manufacturing Company's domestic U.S. production facility is located in West Hartford, Connecticut United States of America and Colt's Canadian production facility is located in Kitchener, Ontario, Canada. In 2024, Colt CZ Group North America Inc. had an average headcount of 665 of which an average of 132 were employed by Colt Canada located in Kitchener, Ontario, an average of 443 were employed by Colt's

Manufacturing Company LLC located in West Hartford, Connecticut and an average of 90 were employed by CZ-USA.

The Group's well-defined ownership structure enables it to align investors' interests with those of its management. The Group also benefits from its long-standing supportive majority owner, Mr. Holeček who is also a vice-chairman of the Supervisory Board. The modern Group is a personal achievement of Mr. Holeček and the other co-owners and managers. Mr. Holeček's support has enabled the Group to pursue longer-term strategies aimed at steady, stable and maintainable growth and to see them through to fruition. It is the Group's understanding that Mr. Holeček does not intend to dilute his share below 30 per cent in the foreseeable future. The Group has implemented the Employee Share Option Plan to further align the interests of the Group's management and employees with investors' interests.

5 Weaknesses

5.1 Susceptibility to global economic fluctuations and political instability

The Group's performance is significantly influenced by global economic conditions, which can lead to reduced demand for its products in times of economic downturn. For instance, high unemployment or cautious consumer spending (due to higher inflation or tariff's uncertainty) can lead to lower sales, as seen in the U.S. market contraction experienced since 2023. Additionally, the Group's reliance on government contracts makes it susceptible to budgetary constraints and austerity measures, which can result in reduced defense spending. The Group's sales to military and law enforcement customers, which represented approximately 51% of its consolidated revenues in 2024, are particularly at risk in such economic climates. Moreover, geopolitical events, such as the Russian invasion of Ukraine, have led to increased energy prices and input material shortages, further complicating the Group's operational and financial performance. The Group's revenues from sales to countries under EU sanctions (Russia and Belarus) have historically been less than half a percent (null since the sanctions kicked in), but the broader impact of such geopolitical tensions can be unpredictable and detrimental to the Group's business.

5.2 Exposure to intense competition and technological advancements

The Group operates in a highly competitive small firearms and small caliber ammunition industries, where it faces the challenge of differentiating its products and maintaining technological leadership. With numerous well-established competitors in the market the Group must continuously innovate and adapt to new trends without compromising quality. The Group's R&D efforts, which involved an average of 139 full-time employees and expenditures of CZK 332 million (a sum of development costs of CZK 14 million recognized as intangible assets and research expenditure of CZK 318 million recognized as an expense) in 2024, are critical to maintaining its competitive edge. However, there is a risk of insufficient resources for future R&D or the inability to anticipate new technological trends, which could delay product introductions and affect the Group's market share and reputation. Additionally, the Group's success depends on its ability to compete effectively in international markets, which may be hindered by rising protectionism and trade barriers, such as the U.S. Buy American Laws and so-called Reciprocal tariffs.

5.3 Regulatory compliance and export license dependence

The Group's business is subject to stringent regulations and the need for various licenses and permits, which are critical for its operations. In the Czech Republic, the Group must comply with extensive statutory requirements to maintain its Trade License and arms license. In the United States, the Group must adhere to ATF rules and regulations. Non-compliance could result in fines, penalties, or restrictions on the Group's ability to produce and sell firearms and/or ammunition. Additionally, the Group's ability to export its products is contingent on obtaining

export licenses in multiple jurisdictions, with more than 85% of its revenues depending on such licenses. Changes in export control rules or the imposition of sanctions could materially affect the Group's revenue and operations.

5.4 Vulnerability to market dynamics and financial instability

The Group's financial stability is intricately tied to the volatile nature of foreign exchange rates, with a significant portion of its revenue being in EUR and USD, while costs are predominantly in CZK. A 10% depreciation of CZK against the EUR as of 31 December 2024 would cause negative impact on the Group's profit before tax for 2024 by CZK 640 million, while a 10% depreciation against the USD as of 31 December 2024 would cause negative impact of CZK 86 million on the Group's profit before tax for 2024 (the sensitivity analysis only includes outstanding monetary items denominated in a foreign currency, adjusting their translation at the end of the reporting period by a 10 per cent. change in exchange rates). Although the Group engages in hedging strategies, the effectiveness of these measures is uncertain, especially during market crises or economic recessions, and may not always qualify for hedge accounting, potentially leading to direct impacts on profitability and financial position. Furthermore, the Group's ability to export is contingent upon the availability of trade finance products, which can be hindered by the reluctance of banks to finance firearms trade due to regulatory, public, or political pressures, potentially restricting the Group's market expansion and adversely affecting revenue.

5.5 Environmental, social, and governance (ESG) challenges

The Group's operations and products are subject to ESG scrutiny, which can impact its reputation and financial performance. Failure to comply with ESG standards or meet sustainability targets could result in the loss of investors and customers. The Group's manufacturing processes contribute to its carbon footprint, and it faces pressure to improve energy efficiency and reduce emissions. Additionally, the controversial nature of firearms can lead to social and political pressures, potentially affecting sales and the Group's ability to operate. Environmental regulations, particularly at the Group's main production facility, could become more stringent, requiring significant expenditures and potentially impacting operations.

6 Strategy

The Group believes that it can execute a mixed growth strategy, combining organic growth with external growth driven by acquisitions.

6.1 Penetration of military and law enforcement market

Currently, the Group generates approximately half of revenues from sales to the commercial market. The Group intends to focus on increasing its penetration of military and law enforcement markets particularly in Western Europe, the North America and NATO countries in general and select markets in Asia. The Group's management believes the military and law enforcement market offers greater growth opportunities than the commercial market due to the current political and security situation (especially in light of the war in Ukraine), and the rather long investment gap in most developed countries. The Group also believes that increased sales to military and law enforcement customers will enhance the Group's brand recognition generally, supporting the Group's aim of positioning its products as premium brands.

The Group believes that it is well positioned to further penetrate the military and law enforcement market. The Group can capitalize on its experience gained from supplying firearms to military and law enforcement customers for many years and can offer full firearm and ammunition solutions to existing and new military and law enforcement customers. In addition, it is critical to obtain the appropriate export licenses in order to be able to export firearms and the Group has a successful track record of obtaining the necessary approvals for export from the EU.

The Group has been upgrading its product offering to include all relevant types of handguns (mainly pistols), submachine guns and advanced assault rifles. Also, the Group intends to intensify its firearms and accessories sales and marketing efforts in order to penetrate the military and law enforcement market, including through presentations and testing events for military and law enforcement customers. In order to increase its success rate in reaching and concluding agreements with various military and law enforcement customers, the Group set up

a tender support department that specifically monitors and assesses various opportunities within this market. In order to increase the Group's penetration of the market, the Group also actively seeks, selects and cooperates with external governmental agencies, partners and experts, such as various supply and procurement agencies and hires experienced experts with military background and a long-term experience within the defense industry. These individuals actively seek new opportunities as well as provide feedback to the research and development teams assuring the Group maintains a highly competitive product portfolio.

6.2 Generate growth by expanding its presence in the North America and Europe

The Group has expanded into more than 100 markets globally and continues to expand its presence in growth markets. The especially dynamic trends in the U.S. in recent years underscore the importance of further expanding not only the Group's production capabilities, but also its degree of localization. The Group seeks to establish itself as a premium brand in the North America by strengthening its brand recognition among military and law enforcement customers, increasing the production volume of its firearms as well as expanding the variety of types of firearms it offers, including modifications and upgrades to the current product mix. The Group intends to continue upgrading its existing production facilities in both the Czech Republic and the North America, to stimulate the organic growth of the Group and to enhance its production efficiency and optimize inventory management and order fulfilment. In June 2025, the Group acquired Colt's supplier, Valley Steel Stamp Inc.

The Group has also decided to strategically expand its production capacities in the North America by expanding its production facility of Colt Canada in Ontario, Canada. During 2022, Colt Canada acquired two adjacent residential properties behind its production facility to accommodate future expansion plans. Colt Canada engaged with various parties and was able to obtain approval for re-zoning the properties to industrial use (parking space). Currently various options for the expansion plans are being explored and considered.

In May 2023, the Group gained a 51 per cent stake in a joint venture, Colt CZ Hungary. The long-term strategic interest of Colt CZ Hungary is to strengthen the Group's sales by producing long and short firearms for the military and law enforcement segment (see also risk factor *The cooperation of the Group with Hungarian government through a joint stock company Colt CZ Hungary Zrt. (Colt CZ Hungary) may not produce the benefits expected*).

In addition to its geographic expansion, the Group is also developing a wider product portfolio. Apart from the ammunition business, the new additions could include optics and optoelectronics with the aim to support the anticipated shift to the use of smart and integrated firearms among military and law enforcement customers which are being developed by the Group and its partners.

6.3 Growth through opportunistic acquisitions

In order to fulfil the Group's vision, the Group continuously monitors and evaluates opportunities for growth through opportunistic acquisitions.

The Group plans to continue its expansion in key segments for the development and production of traditional firearms, weapon systems, and ammunition via further acquisitions. Its goal is to extend the Groups' scope of business from a product and geographic point of view, especially in the area of deliveries to the M/LE segment, such as army and police forces. The Group continues to look for acquisition opportunities in related areas, especially those with a high degree of modern technologies, such as optics, optoelectronics, and other modern firearm accessories. An emerging trend the Group monitors is the introduction of autonomous weapon systems and remotely controlled weapon stations within M/LE units. In the commercial market segment, the Group continues to pursue acquisition opportunities that include non-lethal and less lethal weapons. The Group may also consider the acquisition of further ammunition producers and designers that would be complementary to the Group's firearms products and to the business of swissAA and Sellier & Bellot due to the importance of seamless functioning of the Group's products with the relevant ammunition and the increasing demand of military and law enforcement customers for ammunition with more impact.

The Group considers the ideal enterprise value of potential acquisition targets to be in the area of EUR 50 to 300 million. However, the enterprise value of the potential acquisition target is highly dependent on the relevant market in which it operates and its position in such market.

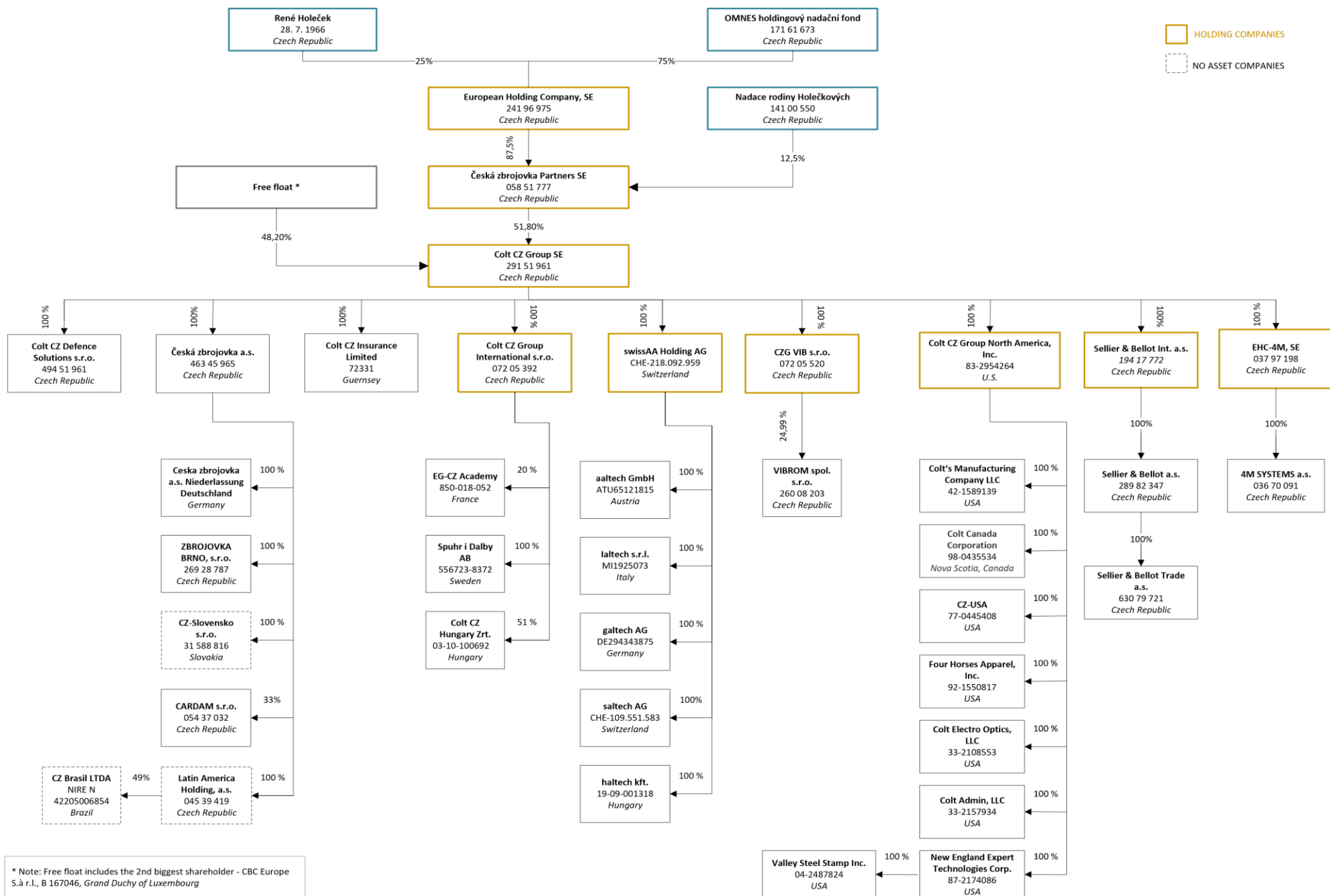
In order to be able to execute the Group's acquisition strategy in a transparent manner and in line with the interests of all stakeholders, the Group has created the Strategic Investments and Acquisitions committee (the **Strategic Investments and Acquisitions committee**), which helps the Group to ensure a disciplined approach to M&A activity.

7 Recent Developments and Trends

There has been no material negative change in the prospects of the Issuer or the Group since the date of its last published audited consolidated financial statements (i.e. from 31 December 2024). There has been no significant change in the financial performance of the Issuer or the Group since the end of the last financial period for which the audited consolidated financial statements were published until the date of preparation of this Prospectus except for the execution of Share Purchase Agreement with Synthesia a.s. in August 2025 for the purchase of Synthesia Nitrocellulose and Synthesia Power. See section *11 Impact of the Synthesia Nitrocellulose, a.s. acquisition on the Group's performance and results* for more information regarding the acquisition of SNC and SP and the position and standing of SNC.

8 Group Structure

The following chart shows the structure of the Group and the shareholding interest in each Group company as of the date of this Prospectus:



As of the date of this Prospectus, the majority shareholder of the Issuer is Česká zbrojovka Partners SE, incorporated as a European Company (*Societas Europaea*) in the Czech Republic, having its registered office at Opletalova 1284/37, Nové Město, 110 00 Prague 1, Czech Republic, Id. No. 058 51 777, registered with the Commercial Register maintained by the Municipal Court in Prague, File No. H 1879, LEI: 3157003YXPXM8ML04Q29, telephone: +420 222 814 610, e-mail: info@czpartners.cz (the **Major Shareholder**), who holds 51.8 per cent of the shares and voting rights in the Issuer, while 48.2 per cent of the Issuer's shares are in free-float including share owned by CBC. The Issuer's shares are admitted to trading on the Regulated Market of the PSE.

The majority shareholder of the Major Shareholder is European Holding Company, SE (**EHC**) which holds 87.5 per cent of the share capital and voting rights in the Major Shareholder, the remaining 12.5 per cent stake is held by the Holeček Family Foundation. EHC is owned by Mr. René Holeček, who owns 25 per cent of the share capital in EHC directly, with the remaining 75 per cent of the share capital in EHC being held by OMNES holdingový nadační fond, whose ultimate owner is Mr. René Holeček (whereas Mr. René Holeček and OMNES holdingový nadační fond act in concert when exercising their shareholder rights). Accordingly, the Major Shareholder directly exercises ultimate control over the Issuer. The control of the Major Shareholder over the Issuer is based on its ownership of 51.8 per cent of the share capital and voting rights. The Major Shareholder is a Czech holding company with the shareholding in the Issuer being its only material asset.

The Issuer uses standard statutory mechanisms to prevent the Major Shareholder's potential misuse of its position and control over the Issuer, including the statutory instrument of the report on relations between the related entities. Management of the Issuer is not aware of any arrangements, the operation of which could result in a change in control of the Issuer. The Issuer is not dependent upon other Group members or its parent companies.

9 Group Companies

The description below provides certain information with respect to the key operational and/or material companies of the Group:

9.1 Česká zbrojovka a.s. (CZUB)

CZUB is the main European production facility of the Group, located in Uherský Brod, Czech Republic. It produces firearms for commercial, military and law enforcement customers worldwide. The company exports products to more than 90 countries. Currently, CZUB's firearms are widely used by military and law enforcement agencies in more than 40 countries worldwide. Apart from its manufacturing activities, CZUB also has a 100 per cent shareholding in Zbrojovka Brno, Ceska zbrojovka a.s. Niederlassung Deutschland, CZ-Slovensko s.r.o. and Latin America Holding a.s. (that holds 49 per cent of CZ Brasil LTDA), as well as a 33 per cent shareholding in CARDAM. The Group owns 100 per cent of CZUB's shareholding and is therefore its sole shareholder.

As of 31 December 2024, CZUB had an average recalculated headcount of 1,330.

9.2 ZBROJOVKA BRNO, s.r.o. (Zbrojovka Brno)

Zbrojovka Brno is a fully owned subsidiary of CZUB based in Brno, Czech Republic. Zbrojovka Brno used to be an independent firearm producer with its own rich production history. It was acquired by the Group in 2004. Zbrojovka Brno currently produces mainly hunting rifles and provides customized solutions for the Group customers. CZUB intends to use Zbrojovka Brno as the customization center for its recently launched online firearms configurator.

9.3 CZ Brasil LTDA (CZ Brasil)

CZ Brasil is a subsidiary of CZUB based in Brazil. CZ Brasil is no longer an active company. CZ Brasil was originally founded as a joint venture with its local partner R&T Comércio de Importação e Exportação Ltda with the intention to enhance the visibility of the Group on the Brazilian market.

9.4 CARDAM s.r.o. (CARDAM)

CARDAM is a partially owned subsidiary of CZUB based in Dolní Břežany, Czech Republic, with CZUB owning 33 per cent of CARDAM's share capital. Besides CZUB, the founding members and shareholders of CARDAM are the Institute of Physics of The Czech Academy of Sciences and foundry Beneš and Lát a.s. The shareholding grants the Group access to research conducted at the Institute of Physics of the Czech Academy of Sciences as well as an in-house research and development platform. CARDAM serves as the Group's center of research and development for additive manufacturing and advanced surface treatment.

9.5 Colt CZ Group North America, Inc. (Colt CZ Group North America)

Colt CZ Group North America is a fully owned subsidiary of the Group based in West Hartford, New York, United States. The company is a holding company which does not conduct any business operations of its own and has no employees. The main asset of the company is its direct 100 per cent shareholdings in Colt's Manufacturing Company LLC, Colt Canada Corporation, CZ-USA, Four Horses Apparel, Inc., Colt Electron Optics, LLC, Colt Admin LLC and Valley Steel Corporation Inc. via New England Expert Technologies Corp.

9.6 Colt's Manufacturing Company LLC (Colt's Manufacturing Company)

Acquired in 2021, Colt's Manufacturing Company is the Group's main manufacturing entity in the United States. Founded in 1855 by Samuel Colt, its main areas of business include design, production and distribution of handguns, rifles, and accessories for military, law enforcement, and commercial markets. Assets of Colt's Manufacturing Company encompass manufacturing facilities and an extensive intellectual property portfolio.

As of 31 December 2024, Colt's Manufacturing Company had an average recalculated headcount of 443.

9.7 Colt Canada Corporation (Colt Canada)

Colt Canada is a fully owned subsidiary of Colt CZ Group North America, has been providing Military and Law Enforcement customers in Canada and around the world with its products for over 45 years. As the Canadian Small Arms Centre of Excellence, Colt Canada exclusively supplies the Canadian military.

As of 31 December 2024, Colt Canada had an average recalculated headcount of 132.

9.8 CZ-USA Inc. (CZ-USA)

CZ-USA is a fully owned subsidiary of Colt CZ Group North America, Inc. based in Kansas City, Kansas, United States. CZ-USA mainly imports its products from the Group's production facility in the Czech Republic, but also imports shotguns from Turkey where CZ-USA has a long-standing relationship with two large manufacturers which are not part of the Group.

Due to United States regulations, CZ-USA does not sell directly to the end customers but rather sells its product through wholesalers and other merchants.

As of 31 December 2024, CZ-USA had an average recalculated headcount of 90.

9.9 Four Horses Apparel, Inc. (Four Horses Apparel)

Four Horses Apparel was a company based in West Hartford, New York, United States, which sold high-end fashion apparel and accessories that drew on Colt's heritage and prestige, as well as incorporating American and military themes. This company is in the process of being dissolved.

9.10 Valley Precision Parts Corp. (VPPC) and Valley Steel Stamp, Inc. (VSS)

Valley Precision Parts Corp., which is the sole shareholder of the stock of Valley Steel Stamp, Inc., is a fully owned subsidiary of Colt CZ Group North America, Inc., based in Greenfield, Massachusetts, United States. VSS is a long term supplier of revolver frames and parts to Colt's Manufacturing Company LLC.

9.11 Colt Elektro Optics, LLC and Colt Admin, LLC

In 2024, Colt CZ Group North America established Colt Electro Optics LLC and Colt Admin LLC. Colt CZ Group North America has 92% stake and the founders/managers have 8% stake in Colt Optics Electro Optics LLC and Colt Admin LLC (the business of both companies as "Colt Optics"). The mission of Colt Optics is to design and manufacture reliable, high-performance sighting and targeting technologies tailored to the needs of military and law enforcement. Its vision is to be the global leader in cutting-edge electro-optic and night vision solutions that enhance precision, safety, and effectiveness for professionals and enthusiasts alike. Currently, Colt Optics has 7 employees with 4 focused on R&D and product development.

9.12 Colt CZ Defence Solutions s.r.o. (Colt CZ Defence Solutions)

Colt CZ Defence Solutions is a fully owned subsidiary of the Issuer based in Prague, Czech Republic. The company specializes in the international trade of military equipment and material. It also provides services in the field of financing, training and support throughout the entire lifecycle of the delivered products and technologies.

As of 31 December 2024, Colt CZ Defence Solutions had an average recalculated headcount of 9.

9.13 CZG VIB s.r.o. (CZG VIB)

CZG VIB is a fully owned subsidiary of the Issuer based in Prague, Czech Republic. The company does not conduct any business operations of its own and has no employees. The main asset of CZG VIB is its approximately 24.99 per cent direct shareholding in VIBROM.

9.14 VIBROM spol. s.r.o. (VIBROM)

VIBROM is a strategic equity investment of the Group and is based in Třeběchovice pod Orebem, Czech Republic. It specializes in powder injection molding (PIM) which is a modern technology that combines plastics and a conventional powder method, allowing for the cost-effective series production of durable precision MIM (metal) or ceramic powder injection molding (CIM) parts. The company utilizes modern and innovative technology and a system of 100 per cent quality control (3D measurement, defectoscopy station) and is a holder of an ISO 9001 certificate. The importance of VIBROM for the Group lies in the ongoing trend towards an increasing number of MIM parts in firearms and the resulting need to secure close cooperation between production and R&D units. The shareholding in VIBROM enables the Group to have close cooperation with a MIM specialist without having to invest in developing its own MIM technology and expertise.

9.15 EHC-4M, SE (EHC 4M)

EHC 4M is a fully owned subsidiary of the Issuer based in Prague, Czech Republic. EHC 4M does not conduct any business operations of its own and has no employees. The main asset of the company is its 100% shareholding in 4M SYSTEMS.

9.16 4M SYSTEMS a.s. (4M SYSTEMS)

4M SYSTEMS is a fully owned subsidiary of EHC 4M based in Prague, Czech Republic. 4M SYSTEMS operations include the design, production and sale of tactical equipment for customers including the military, police, customs, prison service and border guards. 4M SYSTEMS enhances the ability of the Group to offer its customers a broader scope of products for complex orders, such as full rearmament.

As of 31 December 2024, 4M SYSTEMS had an average recalculated headcount of 16.

9.17 Colt CZ Group International s.r.o. (Colt CZ Group International)

Colt CZ Group International is a fully owned subsidiary of the Issuer based in Prague, Czech Republic. Colt CZ Group International does not conduct any business operations of its own and has no employees. The main asset of the company is its direct 20 per cent shareholding in EG-CZ Academy, 100 per cent shareholding in SPUHR and 51 per cent shareholding in Colt CZ Hungary.

9.18 EG-CZ Academy (EG-CZ Academy)

EG-CZ Academy is a partially owned subsidiary of Colt CZ Group International based in Quimper, France. Colt CZ Group International owns a 20 per cent shareholding in EG-CZ Academy. EG-CZ Academy was founded in cooperation with Eric Grauffel, the seven-time World IPSC Champion. EG-CZ Academy aims to provide a new experience in indoor shooting. It operates a modern training facility providing its members (from sport shooters to government bodies) with access to all types of modern shooting disciplines. EG-CZ Academy serves as a marketing tool for the Group and its importance lies mainly in its impact on increasing brand and product awareness and loyalty.

9.19 Spuhr i Dalby AB (SPUHR)

SPUHR is a renowned Swedish manufacturer of class leading optical mounting solutions for weapons, in which the Group owns a 100 per cent shareholding since October 2022. This was a strategic investment of the Group in a producer of optical mounted solutions. SPUHR develops the Group's R&D related to optical mounts, firearm upgrade kits and firearms development and distributes SPUHR products via the Group's distribution network. SPUHR was founded in 2007 and has its own factory in Löddeköpinge. SPUHR's products are also used by numerous military and law enforcement customers, such as armed forces in Sweden, the Netherlands and Denmark and border units in Germany.

As of 31 December 2024, SPUHR had an average recalculated headcount of 19.

9.20 Colt CZ Hungary Zrt (Colt CZ Hungary)

Colt CZ Hungary is a joint venture in form of a joint stock company of Colt CZ Group International (51 per cent shareholding) and N7 Holding Ltd, a state-owned Hungarian company (49 per cent shareholding). They have a common goal of modernizing the small arms of the Hungarian armed forces and establishing reliable production facilities in Hungary to serve both shareholders' needs. The joint venture specializes in producing 9 mm caliber weapons, such as the CZ P-07 and P-10 pistols and the CZ SCORPION 3 EVO carbines, as well as military rifles, such as the CZ BREN 2, and components for Colt CZ Group's manufacturing plants in the Czech Republic, Canada and the USA. The production plant, situated in Kiskunfélegyháza, operates with modern automation, including forging, deep drilling, honing, metal heat treatment, testing and measurement in test tunnels.

9.21 swissAA (swissAA)

Incorporated in Switzerland, SwissAA is the holding company to several fully owned subsidiaries (namely, aaltech GmbH, ialtech s.r.l., galtech AG, saltech AG, haltech kft. and S-Pyrotech kft.) and also holds a number of patents on ammunition.

As of 31 December 2024, swissAA had an average recalculated headcount of 120.

9.22 aaltech GmbH (aaltech GmbH); ialtech s.r.l. (ialtech s.r.l.); galtech AG (galtech AG)

These three subsidiaries of swissAA Holding AG, serve purely as representatives of swissAA abroad, in Austria, Italy and Germany, respectively, and do not conduct any business.

9.23 saltech AG (saltech)

Saltech, based in Switzerland and fully owned by swissAA, is a leading manufacturer in the swissAA group and concentrates on ammunition and technology for military use. It specializes in small caliber ammunition, particularly 5.56mm, 7.62mm, 9mm and 12.7mm.

9.24 haltech kft. (haltech)

Haltech, based in Hungary and fully owned by swissAA, is one of the main manufacturers within the swissAA group, together with saltech. It focuses on production of ammunition, including ammunition for the rocket-propelled grenades with a caliber of 40 mm, and technology for armed forces.

9.25 S-Pyrotech kft. (S-Pyrotech)

S-Pyrotech, based in Hungary and fully owned by swissAA, does not conduct any business and its activity consists of supporting haltech, especially by renting buildings or procuring components required for haltech's production.

9.26 Colt CZ Insurance Limited (Colt CZ Insurance)

In addition to the standard (commercial) insurance, the Group adopted an innovative approach to certain insurance programs and set up Colt CZ Insurance in 2023, a Guernsey-based captive insurance company in the form of a single parent captive reinsurer. The captive insurance reduces the overall cost of risk and provides a flexibility of coverage in case there are gaps in commercial policies.

9.27 Sellier & Bellot Int. a.s. (formerly Vocatus Investment a.s.)

Sellier & Bellot Int. a.s. is an entity founded on 6 June 2023, fully owned by the Issuer. It was established for the purpose of facilitating the Group's acquisition of Sellier & Bellot. On 1 July 2025, Sellier & Bellot a.s. was divided, and almost all of its assets and liabilities were merged with Sellier & Bellot Int. a.s. Since that date, Sellier & Bellot Int. a.s. has taken over all operations and business of Sellier & Bellot a.s.

9.28 Sellier & Bellot, Sellier & Bellot Trade a.s.

Following the closing of the acquisition of Sellier & Bellot by the Group on 16 May 2024, Sellier & Bellot became a Group company fully owned by Sellier & Bellot Int. a.s. Sellier & Bellot Trade a.s., a subsidiary wholly owned by Sellier & Bellot also became a Group company. As a result of the spin-off process described above, Sellier & Bellot, a.s. has become a residual company that is handling only unfinished activities.

10 History

The history of the Group dates back to 1836. The table below sets forth the most significant milestones in the development of the Group:

1836	Samuel Colt is issued the US Patent for the first Colt firearm.
1847	Samuel H. Walker of the US Army collaborates with Colt to develop a more powerful revolver, known as the Walker.
1873	The single action army revolver is introduced and secures a US government contract.
1936	A firearms factory was established in Uherský Brod by the predecessor of CZUB.
1949	CZUB became the number one small firearms producer in the Czech Republic.
1959	The factory in Uherský Brod commenced production of the Model 58 (in Czech: vz. 58) submachine gun, today classed as an assault rifle. The Model 58 represented an alternative to the Kalashnikov assault rifle. The production of the Model 58 continued at the Uherský Brod factory until 1984 with nearly a million pieces produced for the Czech Armed Forces and for export.
1963	Colt received its first government contract for the M16 rifle.
1975	The factory in Uherský Brod commenced the production of the Model CZ 75 pistol, which has reached an iconic status in its class, with more than one million pieces sold to date.

- 1992 CZUB was transferred to the National Property Fund of the Czech Republic (in Czech: *Fond národního majetku České republiky*), a governmental entity established by the Czech state in order to implement the large-scale privatization of state assets in accordance with approved privatization projects and to manage state property pending its privatization; and incorporated as a joint stock company.
- 1997 CZ-USA was established in the United States as a subsidiary of CZUB to handle firearms and accessories sales and servicing in the United States.
- 2001 Mr. René Holeček became one of the two key shareholders of the Group.
- 2004 A firearms division of Zbrojovka Brno was acquired and contributed to a newly-founded Zbrojovka Brno company (now a subsidiary of CZUB which focuses on the development and production of break-action firearms).
- 2005 The Group acting through CZ-USA acquired Dan Wesson Firearms, consisting of its certain trademarks, equipment and related assets (e.g. completed firearms and parts) (see section 14.1(b)(iii) *New York Production Facility*).
- Colt Defence LLC purchased Diemaco and renamed it to Colt Canada.
- 2007 The one millionth Model 75 pistol was produced.
- 2011 The Group entered into an agreement with the Ministry of Defence of the Czech Republic to rearm the Czech Army with a total contract value of approximately CZK 1,200 million.
- 2013 On 10 January 2013, the Issuer was incorporated for an indefinite period of time.
- 2014 Mr. René Holeček became the controlling majority shareholder of the Group.
- 2015 CZ-USA launched its Law Enforcement department, which focuses on firearm sales through public tenders in the United States. Since then, noteworthy deliveries were made to the Utah State Highway Patrol and several sheriff's departments in various states.
- The Group expanded its product portfolio to include tactical accessories with the acquisition of a majority stake in 4M SYSTEMS.
- 2016 The Group commenced the production of CZ BREN 2, the second generation of the BREN assault rifle.
- The Group entered into an agreement with the Ministry of Defence of the Czech Republic to supply the Czech Army with a total contract value of approximately CZK 476 million.
- 2018 Colt CZ Defence Solutions entered into the Framework Agreement with HM ARZENÁL, a Hungarian company fully owned by the Hungarian state.
- The Group also further expanded its portfolio with the acquisition of a stake in the production technology company VIBROM.

- 2020 The Group entered in the Czech Army Framework Agreement with the Ministry of Defence of the Czech Republic to supply the Czech Army with firearms from 2020 to 2025 with a total contract value of approximately EUR 90 million (see section *17.1 Framework Agreement with the Ministry of Defence of the Czech Republic* below).
- The Group further strengthened its focus on the military and law enforcement market with the acquisition of a minority stake in SPUHR, the renowned Swedish manufacturer of class leading optical mounting solutions for weapons.
- In September 2020, the Issuer undertook an initial public offering, in which its Major Shareholder (prior to the offering sole shareholder) offered existing shares and the Issuer offered newly issued shares to investors in a public offering in the Czech Republic and in private placements in certain other jurisdictions. In October 2020, the newly issued shares were admitted to trading on the Regulated Market of the PSE. As of the date of this Prospectus, 17.8 per cent of the Issuer's shares are in free-float.
- 2021 On 21 May 2021, the Group successfully completed acquisition of Colt Holding where it acquired the entire share capital of Colt Holding.
- 2022 In March 2022, CZUB entered into an amendment to the Czech Army Framework Agreement with the Ministry of Defence. The amendment will enable the Czech Army to receive small arms supplies worth up to CZK 1.18 billion more than the original limit of CZK 2.35 billion. Under the amended, CZUB will, among other things, increase the supply of CZ BREN 2 assault rifles, CZ P-10 pistols, and other small arms, along with accessories.
- Rebranding of the Group to Colt CZ Group SE.
- The Group completed the acquisition of the remaining stake in SPUHR.
- 2022 Entering into a joint venture agreement with N7 Holding Ltd., a Hungarian state-owned company, and incorporation of Colt CZ Hungary.
- 2023 On 28 June 2023, the Group entered into a share purchase agreement for the acquisition of a 100 per cent shareholding interest in the Swiss ammunition producer swissAA.
- On 18 December 2023, the Group entered into a share purchase agreement with CBC to purchase 100 per cent shareholding interest in Sellier & Bellot, a traditional Czech ammunition manufacturer which ranks among the oldest engineering companies in the Czech Republic and worldwide.
- In December 2023, the Group has acquired the Mk 47 40mm Advanced Lightweight Grenade Launcher system, including the Fire Control, from GD-OTS.
- 2024 In May 2024, the Group successfully closed on its acquisition of 100% interest in Sellier & Bellot and increased its share capital in connection with the acquisition of a 100% stake in Sellier & Bellot.
- Two subsidiaries of the Group signed contracts with the "Ukrainian Defense Industry" (**Ukroboronprom**): Sellier & Bellot and Ukroboronprom agreed to cooperate in the production of multiple types of small caliber ammunition in Ukraine. Česká zbrojovka, following upon the Agreement of Intent with Ukroboronprom from February, signed a transfer of technology contract to produce CZ BREN 2 rifles in Ukraine.

In October 2024, the Group successfully completed ABB of 3,900,000 new registered book-entry shares at the price of CZK 575 per share. The transaction volume of CZK 2.24 billion (approx. EUR 90 million) was the largest ABB on the Czech capital market since 2016.

In December 2024, the Group announced the separation of the roles of Group CEO and Chairman of the Board of Directors.

2025 In June 2025, the Group announced the closing of its acquisition of Valley Steel Stamp Inc. ("VSS"), a Massachusetts corporation. VSS is a well-established manufacturer of firearm components and has been a long-term supplier to Colt CZ Group in the United States.

In June 2025, the Board of Directors approved conditions of the share buy-back program of its own shares in the regulated market.

In August 2025, the Group entered into a share purchase and sale agreement with Synthesia, a.s., 100% owned by Kaprain Chemical Limited ("Kaprain"), for the purchase of Synthesia Nitrocellulose, a.s. Colt CZ will acquire a 51% stake, with the remaining 49% to follow under already agreed terms in the medium term. In connection with the transaction, Colt CZ Group has also agreed to acquire the energy division of Synthesia, a.s.

The Group entered in the Czech Army Framework Agreement with the Ministry of Defence of the Czech Republic to supply the Czech Army with firearms from 2025 to 2031 with a total contract value of approximately EUR 172 million (see section *XI.18.5 Framework Agreement with the Ministry of Defence of the Czech Republic* below).

11 Impact of the Synthesia Nitrocellulose, a.s. acquisition on the Group's performance and results

Transaction:

On 28 August 2025, the Issuer entered into a share purchase and sale agreement with Synthesia, a.s., 100% owned by Kaprain Chemical Limited, for the purchase of controlling stake in Synthesia Nitrocellulose, a.s. (**SNC**). Based on the share sale and purchase agreement, the Issuer will acquire 51% stake in SNC once the customary pre-closing conditions have been fulfilled. The remaining 49% in SNC may be acquired, based on agreed conditions of put and call option agreements, in the period starting 2 years after closing of the acquisition of 51% in SNC.

On 28 August 2025, the Issuer entered also into a share purchase and sale agreement with Synthesia, a.s., 100% owned by Kaprain Chemical Limited, for the purchase of controlling stake in Synthesia Power, a.s. (**SP**). Based on the share sale and purchase agreement, the Issuer will acquire 51% stake in SP once the customary pre-closing conditions have been fulfilled, including carve-out of all assets and liabilities of the Strategic business unit (SBU) Energetika from Synthesia, a.s. to SP. The remaining 49% in SP may be acquired based on agreed conditions of put and call option agreements in the same period as the acquisition of 49% in SNC.

The total transaction price of SNC acquisition is CZK 20.6 billion based on enterprise value. The purchase price will be adjusted for actual net debt and difference between actual and target working capital at closing. It will be paid through a combination of cash and the issuance of new common shares of the Issuer.

The total transaction price of SP acquisition is CZK 1.4 billion based on enterprise value. The purchase price will be adjusted for actual net debt and difference between actual and target working capital at closing. It will be paid by issuance of new common shares of the Issuer.

As a result of the acquisitions of SNC and SP, Kaprain Chemical Limited will acquire a certain number of newly issued shares of the Issuer. The exact percentage of its ownership will depend on actual net debt at closing, actual net working capital at closing and weighted average Company's share price in the 6 months preceding the closing. The Issuer assumes that following the completion of acquisition of 51% stake in SNC and SP, the number of newly issued shares will not exceed 10% share of all outstanding Company shares. Other than in relation to the shareholder rights and obligations in SNC and SP, no special rights or obligations will be connected to the Issuer.

shares held by Kaprain Chemical Limited. Subject to decision of the General Meeting, a representative of Kaprain Chemical Limited may be nominated to the Supervisory Board of the Issuer.

Business of SNC:

Synthesia Nitrocellulose, a.s. was founded in December 2024 through a spin-off of the nitrocellulose manufacturing division from Synthesia, a.s., one of the largest energetic nitrocellulose manufacturers in Europe and North America. Energetic nitrocellulose is the basic raw material for the production of single and multi-component powders and propellants, and is essential for the production of small-, medium-, and large-caliber ammunition. It can be also used for production of solid propellants for rocket engines.

SNC is currently expanding its annual production capacity from approximately 6,000 tons to over 7,000 tons to meet growing market demand. SNC is also a major manufacturer of industrial nitrocellulose and oxidated cellulose for healthcare use.

The production of nitrocellulose (**NC**) in SNC has had a long history with more than 100 years of experience. SNC has established enduring relationships with both suppliers and customers. These strong bonds are instrumental in maintaining consistent and reliable business operations. The main business segments of SNC are:

- **Energetic NCL** – is the most important part of SNC's product portfolio. With the planned investment to increase production capacity, the company expects a strong growth of the segment. The main component for manufacturing of gunpowder, propellants and explosives, for military but also sports shooting and hunting and construction applications. SNC is among the top 3 suppliers of energetic NC in Europe and North America.
- **Industrial NCL:** Industrial NCL is used as a binder for dyes, coating and printing inks manufacturing and for other industrial purposes.
- **Inorganic salts and acids:** nitric acid, sulfuric acid and sodium nitrate for industrial processing. Also an important producer of diethyl ether.
- **Oxycelluloses:** highly specialized product, used in as hemostatic agent in healthcare (surgeries). The manufacturing of oxycellulose is done in sterile conditions.

SNC is based in the SemtinZone industrial complex. The zone with an area of 7.5 km² in the northwest of the city of Pardubice is located near the D11 highway, the Prague-Ostrava railway line and the Pardubice airport.

SNC has own integrated production of the chemicals needed to produce energetic NC, which are nitric acid, sulfuric acid and oleum. Acids spent in NC production are largely recycled, regenerating them for reuse in production. SBU NCL has a reliable and diversified network of cellulose suppliers suitable for energetic NC production.

SNC is one of largest producers of energetic nitrocellulose in Europe and North America. Main competitors include:

- US Army ammunition plant at Radford, USA, operated by BAE with annual capacity of approx. 10 000t
- Manuco (part of Eurenco Group) at Bergerac, France, 6 000t
- Rheinmetall (sites at Wimmis, Switzerland and Murcia, Spain) 4 000t
- Nammo (Vihtavuori, Finland), 2 500t
- Milan Blagojevic (Lučani, Serbia), 2 000t
- There are several projects underway of conversion of industrial to energetic NC production, namely Walsrode (Rheinmetal) and Osnabrück (CSG) with capacity that may be coming to market in the next years.

The competition from Asian countries is currently not relevant for energetic NC due to security concerns, export restrictions (especially from China) that limit access for NATO aligned buyers and the fact that few Asian producers meet full NATO-grade standards.

According to information from SNC, the production capacity is almost fully utilized and sold and large part of revenue is based on long-term contracts with customers.

SNC owns all nitrocellulose-related assets and liabilities formerly owned by Synthesia, a.s., including the land and buildings in the industrial Semtin Zone at Pardubice and all customer contracts. It has approximately 400 employees experienced and skilled in the production of nitrocellulose.

Separate financials of SNC and its predecessor, the NC manufacturing division of Synthesia, a.s., are not publicly available but have been made available to the Issuer prior to signing of the acquisition agreements in the due diligence project and reviewed by internal and external experts. The demerger project of SNC from Synthesia, a.s. describing the assets and liabilities that were carved out to SNC is publicly accessible through the web portal justice.cz, whereas information contained therein does not form part of this Prospectus.

Business of SP:

The SBU Energetika of Synthesia, a.s., will be carved out to a newly acquired off-the-shelf company, Synthesia Power, a.s. before closing SP's acquisition by the Issuer. SP generates and supplies energy for the industrial complex in Semtín and Rybitví, where SNC is located. Through SP, SNC has its own energy source, thanks to which it is provided with steam and electricity for production. Part of the steam production necessary for SNC business is also generated by heat released in production of nitric acid in SNC. SP also operates distribution systems for electricity, gas, water, steam, nitrogen and compressed air, which cover the needs of companies in the Semtín industrial zone. Since 2012, approximately CZK 2.5 billion was invested into the expansion of the combined heat and power unit operated by SP.

Financials of the Strategic business unit Energetika of Synthesia, a.s. the assets and liabilities of which will be carved out to SP, have been made available to the Issuer prior to signing of the acquisition. A confirmatory due diligence.

12 Overview of Firearms and Ammunition Business segments

The Group's business is operated mainly through Colt's Manufacturing Company, CZUB, Colt Canada, CZ-USA, Colt CZ Defence Solutions, SPUHR, swissAA and 4M SYSTEMS a.s. and marketed under Colt, CZ (Česká zbrojovka), Sellier & Bellot, Colt Canada, Dan Wesson, swissAA, Spuhr i Dalby, Colt CZ Defence Solutions, Colt Optics and 4M SYSTEMS brands. The Group designs, produces, assembles, markets and sells firearms, tactical accessories and ammunition. The Group addresses a broad variety of end-user customers, ranging from federal, state or local governments and agencies, including military and law enforcement units, to civilians purchasing firearms for hunting, sport shooting or personal defense purposes.

The Group produces a wide range of firearms including pistols, revolvers, assault rifles, submachine guns, grenade launchers, sniper rifles, shotguns and rim fire and centrefire rifles. The Group's main products include the 1911 Colt family models, CZ 75 family models CZ P-10, and CZ P-09 NOCTURNE model pistols, the CZ Scorpion EVO 3 submachine gun, or the CZ BREN 2 and M4/M5 assault rifles and revolvers Python and Anaconda. The Group also produces components for firearms, including sights, triggers, stocks, grips and spare parts.

The Group also markets and sells a wide portfolio of tactical accessories, including tactical and ballistic equipment, such as ballistic vests, helmets and other protection, combat uniforms, backpacks and firearms accessories, such as handgun holsters, magazine pouches and slings. The Group's main accessories products include a ballistic t-shirt CZ 4M SPIRIT, a plate carrier CZ 4M RAPTOR 2.0 Modular Protection System and tactical trousers CZ 4M OMEGA.

The Group also trades with the military equipment and material through its subsidiary Colt CZ Defense Solutions.

Group's core business is complemented by SPUHR, who manufactures a range of products such as optical mounts, accessories and enhanced gun kits. SPUHR mounts and accessories are used by many military and armed forces around the world, and SPUHR also offers a popular hunting line of products.

With the acquisition of Sellier & Bellot in 2024, the Group has become one of the largest players in the small caliber ammunition market in the world. Sellier & Bellot is a traditional Czech manufacturer of small caliber ammunition and ranks among the oldest engineering companies in the Czech Republic, as well as worldwide. The company's products have been manufactured under its trademark since 1825. The company's product portfolio includes a wide range of hunting and sporting ammunition, together with components for pistols, revolvers, rifles,

and shotguns, as well as rimfire primers. Sellier & Bellot is also a major supplier of small caliber ammunition to military and law enforcement customers worldwide. In the Sellier & Bellot production facility in Vlašim, approximately more than 4 million cartridges of various calibers are produced daily. Through its subsidiary swissAA, the Group offers its customers ammunition and technology for the armed forces, including small-caliber ammunition of 5.56 mm, 7.62 mm, 9 mm and 12.7 mm, as well as 40 mm grenade launcher cartridges from 2023. The Group also owns a license for production of the Mk 47 Advanced Light Grenade Launcher System, which expanded its portfolio for heavier and more sophisticated weapon systems.

In 2024, the Group sold 633,739 firearms, and generated CZK 22.4 billion of revenue from the sale of own products, goods and services and CZK 3.5 billion of EBITDA.

The firearms produced by the Group can be split into the following categories: handguns and long guns.

12.1 Handguns

The portfolio of the Group's handguns is formed by pistols and revolvers. The production of pistols has formed the bedrock of the Group's production portfolio since 1957 and includes dozens of different designs and modifications. The Group's most successful pistol model is the COLT 1911 and CZ 75, which is still being produced in an improved form.

The Group's portfolio of handguns includes handguns for both military and law enforcement use and commercial use. The Group's handgun products are used by a wide customer base, ranging from federal, state or local governments and agencies, including military and law enforcement units, to civilians purchasing firearms for hunting, sport shooting or personal defense purposes.

In 2024 and 2023, the Group sold 353,033 and 373,690 handguns, respectively.

Handguns can be split into pistols and revolvers with pistols being further split into steel frame pistols (e.g. Colt 1911, CZ 75 Family, Cobra Series, Model P, Shadow 2) and polymer frame pistols (e.g. CZ P-09 NOCTURNE and CZ P-10) which can be further split into hammer fired and striker fired pistols. The Group covers all main markets of handguns due to, among other things, its capacity to produce steel frame pistols.

The table below contains most notable products in the handguns category for the Group:

Colt 1911	The iconic Colt 1911 Pistols are still very popular more than a century after their introduction and today are offered in both traditional models like the Classic (similar to WWII Colt A1) or updated models like the Colt Competition
CZ 75 family	Pistols in the CZ 75 family are semi-automatic metal compact handguns based on the locked breech principle. The CZ 75 line is equipped with a large-capacity double-column magazine. The CZ 75 family line is directed at all types of customers, including military and law enforcement customers and commercial customers.
Cobra Series & Model P	Colt helped to originate and popularize Single and Double Action Revolvers and given their renewed popularity, Colt recently successfully relaunched and updated many of its timeless designs with significant commercial success.
CZ Shadow 2	CZ Shadow 2 represents the second generation of a standard-sized, all-metal competition pistol which was developed in collaboration with CZUB's shooting team participating in International Practical Shooting Confederation (IPSC) competitions.

CZ TS 2 Series	A new generation of single action sport pistols optimized for the IPSC Standard division. A sports special developed in accordance with the latest trends in the IPSC Standard division. The CZ TS 2 series includes models for beginner IPSC shooters as well as absolute professionals. These pistols can boast several world championship titles.
CZ P-09 NOCTURNE	The CZ P-09 NOCTURNE is the third generation of the successful polymer frame designed primarily for military and law enforcement units and for personal defense. The frame of the CZ P-09 is produced from a mechanically and thermally extremely stable glass fiber-reinforced polymer material. The CZ P-09 NOCTURNE is offered in versions for military and law enforcement customers and for commercial customers and is marketed to all types of customers, ranging from military and law enforcement to commercial customers. The CZ P-09 NOCTURNE is produced in full size and compact variants.
CZ P-10 Series	The CZ P-10 family of pistols functions on a "striker-fired principle" (<i>i.e. hammerless pistol</i>). They are suitable for personal defense and armed forces. The family is produced in different frame sizes to satisfy particular needs of specific client groups.

12.2 Long guns

The Group's long guns are comprised of production for military and law enforcement use (assault rifles, submachine guns and sniper rifles) as well as commercial use (especially rim fire and centrefire rifles, shotguns or combos), which means that the Group covers all the main markets for long guns up to a certain caliber.

In 2024 and 2023, the Group sold 280,706 and 247,520 long guns, respectively.

The table below contains most notable products in the long guns category for the Group:

CZ Scorpion EVO 3	The CZ Scorpion EVO 3 is a modern submachine gun chambered in 9x19 millimeter ammunition rounds. The CZ Scorpion EVO 3 enables the adjustment of fire in fully-automatic fire, three-round bursts, and single shots. The CZ Scorpion EVO 3 is produced in versions for military and law enforcement and for commercial use.
CZ BREN 2	The CZ BREN 2 is a multi-caliber assault rifle. The system of the CZ BREN 2 is based on a tried-and-tested gas system with a three-position adjustable regulator of the piston mechanism. The CZ BREN 2 is primarily marketed to military and law enforcement customers. A modified CZ BREN 2 Ms as a submachine gun is also produced for commercial use.
Modern Sporting Rifles (MSR)	Colt successfully sells its popular MSRs (Colt Carbine Series) into both the Law Enforcement and Commercial markets. Colt's M4-inspired MSRs are marketed under the Colt Carbine Series, better identifying key attributes of these rifles.
M4	Colt M4 has been in service since 1994 and having been used heavily by U.S. armed forces during the Global War on Terrorism, including Operation Enduring Freedom in Afghanistan and Operation Iraqi Freedom, the M4 is the primary infantry weapon and service rifle of U.S. Army and U.S. Marine Corps combat units.

	The M4 Carbine is a 5.56×45mm NATO, air-cooled, gas-operated, direct impingement, magazine-fed carbine with a 14.5 inch barrel and a telescoping stock.
M5	Colt has once again enhanced the AR platform with its most recent offering the M5. Setting a new standard in performance with fully ambidextrous functionality, enhanced accuracy, and modular rail design.
Colt C20 DMR	Colt Canada's C20, 7.62 NATO, Semi-Automatic Sniper Weapon was developed to meet the Canadian Armed Forces (CAF) need for an Intermediate Sniper Weapon.
MRR	Colt Canada's MRR combines the battle proven Colt Canada carbine with a modern free floating rail system, M-LOK modular locking accessory mounting system, cold hammer forged chrome lined barrel and additional features that enhance the soldier's effectiveness.
CZ 457	A unique, bolt-action rimfire rifle design from CZ that is modern, accurate, and safe. The CZ 457 series provides exceptional shooting comfort with its fast, easy, and reliable operation, even with a mounted riflescope. Thanks to the modular design of rifles in the CZ 457 series, they can be easily customized in accordance with the needs and preferences of customers, including conversion to other calibers (22 LR, 17 HMR, 22 WMR).
CZ 600+ Series	The CZ 600 is a universal centrefire rifle. The highly modular design comes with a number of patented features that improve all key features, from reliability and durability to ergonomics and shooting comfort to safety and accuracy. The use of state-of-the-art materials and technologies also plays a significant role in its advanced construction. The range includes models for hunting, sport shooting and hobby shooting with a choice of a wide range of popular calibers.
Advanced Military	Colt Canada provides a range of other advanced weapon systems and Equipment / Services capabilities such as the Eagle Grenade Launcher, the C20 sniper rifle, the C6A1 General Purpose Machine Gun, and bespoke engineering services.

12.3 Tactical Accessories

Within the Group, 4M SYSTEMS designs, markets and sells a wide-ranging portfolio of tactical accessories, including tactical and ballistic equipment, such as ballistic vests, helmets and other protection, combat uniforms, backpacks, and firearms accessories, such as handgun holsters, magazine pouches and slings. The Group's tactical accessories target a variety of end-user customers, ranging from federal, state or local governments and agencies, including military and law enforcement units, to civilians purchasing tactical accessories for hunting, sport shooting or personal defense purposes. The sale of tactical accessories enables the Group to provide its customers with the full set of weapon equipment and such cross-selling is particularly welcomed by military and law enforcement customers.

The Group's core competence lies in the design, precise machining and production of firearms. The Group therefore made a strategic decision to primarily develop own design of tactical accessories but outsource most of the production of tactical accessories to external suppliers. The Group's key external suppliers of tactical accessories are located primarily in the Czech Republic, Vietnam, China and Malaysia.

The table below contains most notable products in the tactical accessories category for the Group:

SHADOW Multispectral camouflage	The 4M Tactical Ghillie Suit is a cutting-edge concealment solution engineered to defeat detection across thermal and near-infrared (NIR) spectrums. Designed for modern military and special operations units, this advanced suit integrates breathable, water- and wind-resistant materials with exceptional thermal masking across the full 0.5–20 µm wavelength range.
SPIRIT Ballistic T-Shirt	The SPIRIT is a ballistic t-shirt for concealed wearing. The design of the t-shirt is geared towards achieving the maximum stealth required by secret operations for personal protection. The SPIRIT is primarily marketed to military and law enforcement units.
RAPTOR 2.0 Modular Ballistic Protection System	The RAPTOR 2.0 is a plate carrier and compact modular system designed specifically for special units. It is a lightweight and mobile plate carrier. The RAPTOR 2.0 is the result of continuing development of plate carriers of the RAPTOR type which members of the Czech Army's 601st Special Forces Group use as their standard means of ballistic protection. The RAPTOR 2.0 is primarily marketed to military and law enforcement units.
OMEGA 2.0 Combat BDU	The OMEGA tactical trousers and UBACS are made of highly breathable fire-resistant material designed for a wide range of special military and security operations. The OMEGA is primarily marketed to military and law enforcement units.

The Group also trades with the military equipment and material through its subsidiary Colt CZ Defense Solutions. The subsidiary SPUHR manufactures a range of products such as optical mounts, accessories and enhanced gun kits. SPUHR mounts and accessories are used by many militaries and armed forces all over the world. SPUHR also offers a popular hunting line of products.

Colt Optics first sighting and targeting products are expected to be launched in first half of 2026, namely:

Rifle and handgun Red Dot - Colt red dot optics deliver a small light weight profile while still allowing faster target engagement through the large square optical window. The square viewing window allows the brain to naturally process faster than the round versions. The square red dots meet Mil-Std 810H Military performance standards.

Holographic and Digital - Colt future holographic optic has a footprint 1/3 smaller than the traditional leading brand. Uses a single LED emitter delivering crisp clear reticle image while not transmitting any light forward eliminating the shooters position.

12.4 Ammunition

Sellier & Bellot

In May 2024, Colt CZ finalized the acquisition of the 100% interest in Sellier & Bellot.

Sellier & Bellot is a traditional Czech manufacturer of small caliber ammunition and ranks among the oldest engineering companies in the Czech Republic, as well as worldwide. The company's products have been manufactured under its trademark since 1825. The company's product portfolio includes a wide range of hunting and sporting ammunition, together with components for pistols, revolvers, rifles, and shotguns, as well as rimfire primers. Sellier & Bellot is also a major supplier of small caliber ammunition to military and law enforcement customers worldwide. Most of the production is exported, with the largest markets being the United States and Europe. Modern technologies used in all stages of production guarantee products of the highest quality.

Sellier & Bellot's activities also include the development and production of ammunition machines and tools. For many years, the company has been engaged in the development of machines that precede their actual production. This activity is based on the experience gained over decades which the company acquired from internal orders in ammunition operations and also from orders for external customers from the ammunition and engineering sectors. The main direction of development has historically been focused on single-purpose production machines, which is followed by the development and production of modern special machines and lines.

swissAA

Since 2023, the Group has been able to offer ammunition through its subsidiary swissAA, specifically 5.56 mm, 7.62 mm, 9 mm, and 12.7 mm cartridges, as well as 40 mm grenade launcher ammunition, with all products designed primarily for M/LE customers. swissAA is a producer of ammunition and law enforcement technology. It is based in Switzerland and is a partner of the Swiss, Belgian, German, and other armed forces.

Crew served weapons

Colt owns IP rights for the Mk 47 40mm Advanced Lightweight Grenade Launcher system. The Mk 47 is a lightweight 40mm automatic grenade launcher with an integrated fire control system, capable of functioning as a standard automatic grenade launcher or as a programable unit with airburst capability at a specified altitude. The Mk 47 can be mounted on a tripod, vehicle, aircraft, or watercraft. The Mk 47 can launch smart programmable 40mm air burst grenades through in-bore or radio frequency (RF) programming, in addition to various unguided point impact rounds. The Mk 47 fires all NATO standard high velocity 40mm rounds, providing firepower against soft and lightly armored targets.

13 Suppliers

The Group's production of firearms relies on external suppliers of materials, parts, and even complete products (i.e. firearms, accessories, ammunition, etc.). The Group utilizes numerous raw materials, including steel, wood, aluminum and certain alloys. The Group also utilizes various types of supplied components, especially polymers and plastic firearms parts, pistol magazines, machined firearms parts and metal powder injection molding (MIM) parts for handguns.

The Group maintains relationships with more than 4,000 suppliers of various parts, commodities, materials and services via a combination of short-and medium-term contracts, some of which contain minimum purchase requirements (primarily those with utility companies), but often without volume requirements or fixed prices, with a variety of suppliers, as well as long-term relationships with vendors. For example, the Group works with Rheinmetall Waffe Munition GmbH for the development and supply of medium and high caliber ammunition as well as pyrotechnic products. The Group sources sporting and hunting shotguns from two Turkish suppliers for sale in the United States firearms market, where they are marketed and sold under the CZ-USA brand. The Group deems the following contractual relationships to be the most significant for the Group's production process: supplies of pistol magazines, machining firearms parts (mainly slides) and MIM parts for handguns and rifles. With respect to the supply of steel, the Group purchases a majority of the specially treated steel it uses from a single source that specializes in the production of special steel and super alloys. The Group appreciates long term partnerships with its suppliers. The aim is to secure the production chain from its very beginning. In last months, e.g. Sellier Bellot signed long term agreement with Eurenco for delivery of gunpowder. The Group continuously works with risk mitigation and its suppliers of key materials, and where possible, always includes more than 2 geographically diverse alternatives.

In July 2025, Sellier & Bellot signed a five-year strategic partnership agreement for the supply of high-performance propellants with EURENCO, Europe's leading manufacturer of energetic materials such as powders, explosives and propellant charge solutions. This long-term collaboration aims to support the growing demand for small-caliber ammunition across Europe and NATO, including military calibers such as 5.56 mm and 7.62 mm, as well as 9 mm ammunition for police and law enforcement, and sport and hunting applications.

14 Facilities and Production

14.1 Facilities

The Group's material assets are primarily its production, distribution and storage facilities. Accordingly, the Group's material assets consist primarily of buildings, warehouses and other structures, as well as real estate (plots of land) on which these structures are located, and the machinery and equipment housed by these structures (e.g. production lines).

The Group owns or leases various properties in Uherský Brod, Vlašim and Prague in the Czech Republic and West Hartford, Connecticut, Kansas City, Kansas and Norwich, New York in the U.S., Kitchener, Ontario in Canada and Sweden, Löddeköpinge in Sweden, Dulliken and Däniken in Switzerland and Balatonfüzfő in Hungary.

The table below sets forth the Group's production or distribution facilities as of the date of this Prospectus:

Country	Location	Title	Total area (approximately)	Brief Description
Czech Republic	Uherský Brod	Owned	204,915 m ² (1)	Production facility mainly for the CZ products
Czech Republic	Prague	Leased	2,151 m ²	Offices and small storage
Czech Republic	Vlašim	Owned	1,466,611 ⁽²⁾	Production facility for ammunition products
U.S.	West Hartford, Connecticut	Owned	84,983 m ² (0.91 million ft ²)	Production facility mainly for the Colt products
U.S.	Kansas City, Kansas	Leased	5,295 m ² (57,000 ft ²)	Main distribution center for North America, assembly, customization and limited production
U.S.	Norwich, New York	Leased	2,322 m ² (25,000 ft ²)	Production facility for Dan Wesson handguns
U.S.	Brighton, Michigan	Leased	465 m ² (5,000 ft ²)	Office and engineering space for Colt Optics
U.S.	Traverse City, Michigan	Leased	1,394 m ² (15,000 ft ²)	Office and production space for Colt Optics
U.S.	Greenfield, Massachusetts	Owned	4,158 m ² (44,752 ft ²)	Workshops, offices and storage space in 2 own buildings of VSS (NE-XT Technology). Land area of 7.52 acres (approx. 30,432 m ²).
U.S.	Gill, Massachusetts	Leased	558 m ² (6,000 ft ²)	Leased warehouse used by VSS (NE-XT Technology).
Canada	Kitchener, Ontario	Owned	27,566 m ² (297,000 ft ²)	Production and assembly facility mainly for Colt products
Canada	Kitchener, Ontario	Leased	743 m ² (8,000 ft ²)	Warehouse storage space
Sweden	Löddeköpinge	Leased	1,680 m ²	Production facility for SPUHR's product portfolio
Switzerland	Dulliken	Owned	8,884 m ²	Production facility, warehouse, R&D and offices
Switzerland	Däniken	Owned	18,147 m ²	Production site incl. underground shooting range
Hungary	Balatonfüzfő	Owned	Approx. 120,000 m ² (3)	Haltech production facilities, warehouses, offices and a shooting range

- (1) The total area of buildings and facilities within this location was approximately 43,925 m2.
- (2) The total area of buildings and facilities within this location was approximately 110,486 m2.
- (3) The total area of buildings and facilities within this location was approximately 11,130 m2

(a) Czech Republic

The main Group's production facility in the Czech Republic is located in Uherský Brod with a total area of approximately 204,915 m2 (square meters).

CZUB's production facility located in Uherský Brod is a fully integrated firearm manufacturing plant with state of the art manufacturing capabilities, which allows CZUB to control the complete production process and to cover multiple functions and operations from Uherský Brod, including casting, cold hammering, coating and heat treatment, all in-house. The CZUB's firearms production process is qualified to ISO 9001:2015 quality control standards throughout the production process. In addition, the CZUB utilizes specifically tailored testing procedures and analyses depending upon the nature of the firearms and material that is being produced. Upon completion, each firearm is tested for endurance and reliability. Each firearm is proof fired and checked for function and accuracy before it leaves the factory.

The process of producing firearms involves the utilization of modern computerized numerical control (CNC) technologies, i.e., the automated computer control of machining tools such as drills, boring tools or lathes. CNC technologies are utilized with elements of robotics to secure the efficiency of the production process.

The Sellier & Bellot production facility is located in Vlašim on the area of 150 ha as the fully integrated company manufacturing all steps inhouse to provide the company with oversight of complete production and to ensure high quality products. The production facility maintains ISO system in connection with processes but also all regulation needed for chemical and industrial manufacturing, like REACH, CLP and the others or in case of ammunition NATO standard AQAP 2110.

(b) United States

(i) Colt production facility

Colt's Manufacturing Company's headquarters is located in West Hartford, Connecticut, United States. The West Hartford facility is company owned and is approximately 300,000 square feet facility on 21 acres (approx. 27,871 m2 facility on 85,000 m2). The West Hartford facility is located in Connecticut Opportunity Zone. The West Hartford facility allows for manufacturing and maintenance capabilities and includes active testing/firing range, metallurgical and metrology laboratories, magnetic particle inspection, heat treat and packaging. The West Hartford facility has separate onsite administrative offices and conference rooms.

(ii) Kansas City Distribution, Assembly and Production Facility

CZ-USA leases its Kansas City distribution and assembly facility (the **Kansas City Facility**) consisting of two buildings with a total area of approximately 5,295 m2 (57,000 ft2). The Kansas City Facility is the Group's main distribution facility in the United States.

CZ-USA's production focuses on the assembly of products in the United States e.g. CZ Scorpion EVO3 Carbine and CZ P10. The Kansas City facility serves as a distribution center for the Group's product for the North American markets. It also handles all warranty and repair works for the Group's products, and has a well-stocked parts department that benefits from its central location for further distribution.

(iii) New York Production Facility

The Group leases its New York production facility with a total area of approximately 2,322 m2 (25,000 ft2).

In 2005, CZ-USA purchased certain patents, trademarks, equipment and related assets (e.g. completed firearms and parts) of the traditional American firearms manufacturer Dan Wesson Firearms located in Norwich, New York. CZ-USA then revived the production of premium revolvers and 1911 pistols under the Dan Wesson

brand. The pistols and revolvers are currently produced by the Group in Norwich, New York, and subsequently marketed and sold under the Dan Wesson brand.

(iv) Valley Steel Stamp Inc.

VSS owns its production facility, office and storage facility located in Greenfield, Massachusetts, with 44,752 ft² (approx. 4,160 m²). Total land area is 7.52 acres (approximately 3 hectares). In addition, VSS leases a warehouse facility in Gill, Massachusetts of app. 6,000 ft² (approximately 560 m²).

(v) Brighton and Traverse City facilities of Colt Optics

Colt Optics is located Michigan, U.S.A with engineering and sales in Brighton, MI and manufacturing and administration in Traverse City, MI. The Traverse City facility is leased, with approximately 15,000 ft² (approximately 1,400 m²) with 3,500 ft² (approximately 325 m²) of office space and 11,500 ft² (approximately 1,070 m²) of production space. The Brighton facility is leased with 1,000 ft² (approximately 93 m²) of office space, and 4,000 ft² (approximately 370m²) of engineering space.

(c) Colt Canada's assembly and production facility

Colt Canada is located in Kitchener, Ontario, Canada. The Kitchener facility is company owned and Colt Canada also leases warehouse space used for storage of firearm components, not any assembled weaponry or ammunition are located at the leased warehouse. The Kitchener facility is approximately 49,000 square feet (approx. 4,552 m²) and the warehouse is approximately 8,000 square feet (approx. 743 m²). The Kitchener facility allows for complete manufacturing, repair and maintenance capabilities, precision manufacturing equipment and management offices and conference rooms. In 2022, Colt Canada acquired two adjacent residential properties behind its facility to accommodate future expansion plans. Colt Canada is actively working with various parties to rezone the properties for industrial use. The Kitchener facility is conveniently located near Toronto, Canada.

(d) SPUHR, Sweden

SPUHR is located in Löddeköpinge, Sweden. The Löddeköpinge facility is leased. The Löddeköpinge facility is approximately 1,680 m² and is divided into the production part which is approximately 1,400 m² and the office space which is approximately 280 m². The Löddeköpinge facility allows for complete manufacturing, repair and maintenance capabilities, precision manufacturing equipment and management offices. The SPUHR Facility's production focuses on the production of scope mount systems, and low weight upgrade kits for weapons.

(e) Saltech, Switzerland

(i) Dulliken production facility

Saltech's headquarters are located in Dulliken, Solothurn. The premises comprise a production hall with an adjoining warehouse (totalling 1,723 m²) and offices (868 m²). Saltech's R&D division occupies part of the production hall.

(ii) Däniken production facility

The production facility includes a production hall and warehouse (4,038 m²) with water treatment systems. The property also has a 25m/100m shooting range in the basement for internal product testing.

(f) Haltech, Hungary

Haltech has a substantial landholding in Balatonfüzfő, covering approximately 120,000 m². On this land, there are various production halls and warehouses (10,137 m²) and an administration building (993 m²). A test range for internal testing is also situated on the premises.

14.2 Production

The Group controls the entire production process beginning with planning and through to manufacturing, assembly and inspection and adheres to strict quality control standards. To begin, production is planned based on

a master production plan and includes the ordering of raw materials and purchased parts such as, springs, screws and polymer frames. Then, the Group manufactures the majority of its firearms' components and performs casting, cold hammering, surface coating and heat treatment in-house. Next, the Group assembles those components into the final product. Finally, the Group inspects each firearm. For safety, the Group performs a pressure test that is supervised by state authorities, firing two rounds under 25 per cent increased pressure. For reliability, the Group fires the product at a shooting range, which can potentially be supervised by state authorities for products purchased pursuant to a government contract. For accuracy, the Group checks a scattering of each firearms' shots and the position of its midpoint. Once a firearm is properly inspected, it moves on to packaging and shipment.

Practically the same process is applied in production of ammunition where companies are able to plan, monitor and check the whole process. It contains primers, cases, bullets and assembly. R&D closely following the production process also includes all checks of functions and required characteristics desired by customers. Most of the parts are produced in-house, in production halls focusing on productivity and quality. Over the past decades, a significant part of production has been automatized when possible, which assures high level of reliability for end users of ammunition.

15 Research and Development

Technology and innovation are crucial to the Group's business success. The Group carries out research and development (R&D) activities at each of its brands, with global coordination and with the aim of creating new products and services for customers who demand innovative and reliable products for the most demanding missions. Advancement of our research and development activities – whether independently or in cooperation with partners – is one of our highest priorities.

The Group actively invests in R&D to expand its product portfolio, while continuously introducing new, innovative products, shortening the innovation cycle, and launching products with the most advanced technologies and functions in their respective categories.

The core of R&D activities is an experienced team of experts. These are largely employees of the Group's firearm production subsidiaries (Uherský Brod, West Hartford, Kitchener). Other R&D teams focus on the development of innovative solutions in the field of ammunition (swissAA in Dulliken) and accessories (both Spuhr and Dalby in Löddeköpinge, Sweden). The Colt CZ Group is also a stakeholder in the research company CARDAM, which is co-owned by the Institute of Physics of the Academy of Sciences of the Czech Republic and provides the Group with access to the cutting-edge scientific knowledge, especially in the area of research and development of materials.

The experts in our R&D teams range from designers, material specialists, and mathematicians, to experienced project managers and development lab teams. Our goal in the coming years is to further expand the teams and supplement the necessary competencies, while maintaining a healthy ratio of experienced experts and promising young engineers. The activities of our research and development teams are supported by state-of-the-art facilities for both virtual and physical research. The Group intends to continue investing in technology and equipment for R&D as a priority, with the aim of consolidating its position as a technological leader.

The main goal of research and development is to provide customers with a clear argument when making their purchase decision, while constantly improving the reliability, functionality, quality, safety, and durability of our products.

The Group's main areas of research and development are:

- Product development with an emphasis on added value for the customer. When developing products, we try to make maximum use of synergies in the form of platformization and a high degree of product modularity, enabling the rapid expansion of our product lines with new models.
- Development of procedures and algorithms for mathematical simulations with the aim of optimizing their properties and shortening the development process of new products, including the use of artificial intelligence (AI) resources in the research and development of new technologies and materials.

- Optimizing product design for new technological processes, such as additive manufacturing.
- Elements of the Industry 4.0 concept with a focus on the automatization of the production process. In this area, we share know-how between the Group's individual companies – for example, the Group's largest manufacturing companies take advantage of the unique experience of Spuhr for advanced automation projects.

The Group's applied research begins in-house and expands to CARDAM, universities and the European Defence Agency. CARDAM is an R&D workplace that focuses on the realization of innovative, technically and technologically advanced solutions and products by using sophisticated mathematical simulations and additive technologies. CARDAM provides complete engineering solutions for the development of new applications and manufacturing processes. One of the founding members and owners of CARDAM is the Institute of Physics of The Czech Academy of Sciences (in Czech: *Akademie věd České republiky*), which cooperates with the Group and supports the Group's R&D activities with essential and unique scientific resources, know-how and laboratory equipment and has several projects with the Group in the pipeline. The Group has also established a close R&D collaboration with the Czech Institute of Informatics, Robotics and Cybernetics (**CIIRC**) at the Czech Technical University in Prague (in Czech: *České vysoké učení technické v Praze*). CIIRC is at the forefront of activities in the area of Industry 4.0 in the Czech Republic. It actively promotes international cooperation in the field and synergies between the private sector and academia. It has opened the "Testbed for Industry 4.0" as a new research and experimental workplace for testing innovative solutions and processes for smart factories.

As of 31 December 2024, the Group's R&D team consisted of an average recalculated headcount of 139, including product designers, mathematical analysts, material specialists, advanced chief designers and project leaders, who utilize not only their know-how and knowledge, but also state-of-the-art research and development methods, laboratory equipment and resources. As of September 2025, Colt Optics has four employees focused on R&D and product development of optical solutions, with significant expansion of the R&D team planned for 2026.

In 2023 and 2022, the Group's R&D expenses amounted to CZK 221 million and CZK 210 million, respectively. In 2024, the Group's research and development expenditures amounted to CZK 332 million (a sum of development costs of CZK 14 million recognized as intangible assets and research expenditure of CZK 318 million recognized as an expense).

16 Intellectual Property

The Group owns patents, utility models, industrial patterns, trademarks and know-how. All the mentioned intellectual property, including various brands and trademarks (Colt, CZ, swissAA, SPUHR, Sellier & Bellot), is essential for the Group to conduct its business and exercise its overall business strategy successfully. The intellectual property has been accumulated by the Group companies over decades of development, production and sales of firearms and accessories. It is essential for the Group to be and remain profitable and it also defines its business model and competitive advantage.

The Group's intellectual property is specifically protected in the following regions: Asia, Africa, Latin America, Europe and the U.S.

The Group's key brands and trademarks include CZ (Česká zbrojovka), Colt, CZ-USA, Dan Wesson, swissAA, SPUHR, Brno Rifles, Colt Optics, 4M SYSTEMS and Sellier & Bellot, including other related trademarks in various forms.

The Group owns more than 140 patents and designs of their products registered mainly in the EU and the United States. As of the date of the Prospectus, there were approx. 14 ongoing patent and design proceedings for the Group's results of R&D.

Generally, where the research and development expense are underwritten by customers, such customers demand use rights to the resulting intellectual property. As a result, in order to maintain proprietary rights within the Group, the Group's research and development is mostly self-funded.

In certain cases, the Group grants licenses to its customers whereby the ability to produce certain components or to assemble the Group's products is licensed to such customers, for example, to HM ARZENÁL in relation to

assembly and production of firearms in Hungary (see risk factor *The cooperation of the Group with Hungarian government through a joint stock company Colt CZ Hungary Zrt. (Colt CZ Hungary) may not produce the benefits expected*).

17 Material Contracts

17.1 Framework Agreement with the Ministry of Defence of the Czech Republic

In April 2020, the Czech Ministry of Defence and CZUB have entered into a framework agreement for the supply of up to 39,000 small arms (the **Czech Army Framework Agreement**). The deal was worth CZK 2.35 billion (exclusive of value-added tax) and covered the period until 2025.

In 2023, the revenues under the Czech Army Framework Agreement were CZK 1,648.2 million (excluding value-added tax). In 2024 the revenues under the Czech Army Framework Agreement were CZK 304.4 million. In the first 6 months of 2025, there were no revenues under the Czech Army Framework Agreement.

On 10 September 2025, the Czech Ministry of Defence and CZUB have entered into a new framework agreement for the supply of small arms (the **Czech Army Framework Agreement 2025**). The deal is worth CZK 4.255 billion (exclusive of value-added tax) and covers the period of 2025–2031 and builds on successful cooperation that began in 2011. Under the new framework agreement, the Czech army will continue to purchase CZ BREN 2 rifles, CZ P-10 C pistols, and CZ GL underbarrel grenade launchers. The deliveries will also include extensive accessories – optoelectronic sights (day and night optics, laser sights), spare part kits, armorer kits, holsters, and cases. The firearms will be gradually purchased in accordance with the current needs of the Army, and the total amount of CZK 4.26 billion, excluding VAT, may not be fully utilized.

17.2 The joint venture agreement with N7 Holding

In December 2022, the Group entered into a joint venture agreement with N7 Holding. Subsequently, Colt CZ Hungary was founded in May 2023. The Group owns a 51 per cent stake in Colt CZ Hungary and N7 Holding owns a 49 per cent stake there.

The establishment of Colt CZ Hungary should further enhance the existing cooperation between the Group and the Hungarian Government under the framework of technology transfer cooperation entered into between Colt CZ Defence Solutions and HM ARZENÁL, who is fully owned by the Hungarian state, in 2018.

17.3 Synthesia Nitrocellulose and Synthesia Power SPAs

On August 28, 2025, Colt CZ, as the buyer, entered into a share purchase agreement with Synthesia, a.s., as the seller, to acquire a 51 percent stake in Synthesia Nitrocellulose, a.s. The transaction is expected to close no later than the first quarter of 2026. On the same date, Colt CZ, as the buyer, also entered into a share purchase agreement with Synthesia, a.s., as the seller, to acquire a 51 percent stake in Synthesia Power, a.s. This transaction is expected to close no later the second quarter of 2026. The purchase price in the first transaction will be paid by a combination of cash consideration in the amount of CZK 5.5 billion and the issue of new shares. The purchase price in the second transaction will be paid only by the issue of new shares. The closing of both transactions will result in approx. 8 to 9.5 per cent interest of Kaprain in the Issuer. The closing of both transactions will not lead to a change of control as Mr. René Holeček will not cease to directly or indirectly own at least 30 per cent of the Group or otherwise lose control over the Issuer.

17.4 Assembly and Technical Support Agreement for the assembly of the CZ BREN 2 rifles in Ukraine

In May 2024, CZUB signed an Assembly and Technical Support Agreement with Ukrainian Defense Industry for the assembly of the CZ BREN 2 rifles in Ukraine. The project's goal is to equip the Ukrainian armed forces with a proven, high-quality standard NATO firearm, enhancing their operational capabilities.

17.5 Technology supply for Ukraine

Sellier & Bellot and Ukrainian state-owned company Ukroboronprom agreed to a cooperation in the field of ammunition production. The subject of the agreement concluded in 2024 and subsequent contracts will be the delivery of technology for the production of small-caliber ammunition in Ukraine in 2026. The deal is worth in the higher units of millions of EUR.

17.6 Colt CZ Group SE Bonds

(a) CCZG Bonds VAR 27

In March 2021, the Issuer issued CZK 5 billion floating rate bonds due March 2027 (the **CCZG Bonds VAR 27**). The CCZG Bonds VAR 27 are redeemable by the Issuer in 2027 at par value and bear interest at floating rate of 6M PRIBOR plus margin in the amount of 1.80 per cent per annum. The CCZG Bonds VAR 27 are listed on the Regulated Market of the PSE.

The terms and conditions of the CCZG Bonds VAR 27 impose certain restrictions on the Issuer regarding the disposal of its assets, incurrence of financial indebtedness, pledging, mortgaging or otherwise encumbering its property, carrying out transactions with related parties and payment of dividends or other distributions to its shareholders. In particular, the Issuer is prohibited from declaring or paying dividend, make any other distribution of profit, return capital, provide loan or credit, and/or repay any debt, in each case to any of its shareholders, if the Issuer's consolidated Net Indebtedness Ratio would exceed 3.5 as a result of any such payment or transaction. Apart from the above-described indebtedness covenant, the terms and conditions of the CCZG Bonds VAR 27 contain a change of control clause, subject to which the Issuer must give notice of a change of control event (such an event being at such time when Mr. René Holeček ceases to directly or indirectly own at least 30 per cent of Colt CZ Group SE or otherwise loses control over the Issuer) and all holders of the CCZG Bonds VAR 27 shall have the option to request redemption of their CCZG Bonds VAR 27 within 45 days after the change of control notification.

(b) CCZG Bonds VAR 29

In January 2022, the Issuer issued a total of 666 bonds with a nominal value of CZK 3,000,000 each and with the total nominal value of CZK 1,998,000,000 due January 2029 (the **CCZG Bonds VAR 29**). The CCZG Bonds VAR 29 are redeemable by the Issuer in 2029 at par value and bear interest at floating rate of 6M PRIBOR plus margin in the amount of 1.40 per cent per annum. The CCZG Bonds VAR 29 are listed on the Regulated Market of the PSE.

The terms and conditions of the CCZG Bonds VAR 29 impose certain restrictions on the Issuer regarding the disposal of its assets, incurrence of financial indebtedness, pledging, mortgaging or otherwise encumbering its property, carrying out transactions with related parties and payment of dividends or other distributions to its shareholders. In particular, the Issuer is prohibited from declaring or paying dividend, make any other distribution of profit, return capital, provide loan or credit, and/or repay any debt, in each case to any of its shareholders, if the Issuer's consolidated Net Indebtedness Ratio would exceed 3.5 as a result of any such payment or transaction. Apart from the above-described indebtedness covenant, the terms and conditions of the CCZG Bonds VAR 29 contain a change of control clause, subject to which the Issuer must give notice of a change of control event (such an event being at such time when Mr. René Holeček ceases to directly or indirectly own at least 30 per cent of Colt CZ Group or otherwise loses control over the Issuer) and all holders of the CCZG Bonds VAR 29 shall have the option to request redemption of their CCZG Bonds VAR 29 within 45 days after the change of control notification.

(c) CCZG Bonds VAR 30

In May 2023, the Issuer issued a total of 643 bonds with a nominal value of CZK 3,000,000 each and with the total nominal value of CZK 1,929,000,000 due May 2030 (the **CCZG Bonds VAR 30**). The CCZG Bonds VAR 30 are redeemable by the Issuer in 2030 at par value and bear interest at floating rate of 6M PRIBOR plus margin

in the amount of 1.80 per cent per annum. The CCZG Bonds VAR 30 are listed on the Regulated Market of the PSE.

The terms and conditions of the CCZG Bonds VAR 30 impose certain restrictions on the Issuer regarding the disposal of its assets, incurrence of financial indebtedness, pledging, mortgaging or otherwise encumbering its property, carrying out transactions with related parties and payment of dividends or other distributions to its shareholders. In particular, the Issuer is prohibited from declaring or paying dividend, make any other distribution of profit, return capital, provide loan or credit, and/or repay any debt, in each case to any of its shareholders, if the Issuer's consolidated Net Indebtedness Ratio would exceed 3.5 as a result of any such payment or transaction. Apart from the above-described indebtedness covenant, the terms and conditions of the CCZG Bonds VAR 30 contain a change of control clause, subject to which the Issuer must give notice of a change of control event (such an event being at such time when Mr. René Holeček ceases to directly or indirectly own at least 30 per cent of Colt CZ Group or otherwise loses control over the Issuer) and all holders of the CCZG Bonds VAR 30 shall have the option to request redemption of their CCZG Bonds VAR 29 within 45 days after the change of control notification.

On 18 April 2024, the Board of Directors of the Issuer and on 23 April 2024 the Supervisory Board of the Issuer approved an increase in the volume of the existing CCZG Bonds VAR 30 bond issue in the amount of CZK 1,071,000,000. The increase in the volume of the existing bond issue is in accordance with the prospectus issued on 18 May 2023, which allows for an increase in the volume of the bond issue up to a maximum of CZK 3,000,000,000.

On 17 May 2024 the Issuer increased the volume of the existing CCZG Bonds VAR 30 issue in the amount of CZK 1,071,000,000, resulting in the total aggregate nominal amount of the CCZG Bonds VAR 30 of CZK 3,000,000,000. CZK 588 million was placed among investors in 2024, while the rest was placed in 2025. The tranche bears a floating rate coupon calculated as the sum of a reference rate 6M PRIBOR and a margin of 1.80 per cent per annum. The issue price was 100 per cent of the nominal value of the CCZG Bonds VAR 30.

18 Financing arrangements

The Group's principal sources of liquidity have been cash generated from its operating activities, borrowings under credit facilities and proceeds from the issuance of debt or equity instruments. While the Group is considering various financing options, it expects these sources to continue to be the primary financing sources of the Group's activities also going forward.

In relation to Sellier & Bellot acquisition, the Group drew down EUR 91.2 million under the Bridge Loan in December 2023. On 7 May 2024 a syndicated loan was entered into between the Issuer as parent, original borrower and original guarantor, Vocatus Investment as original borrower and original guarantor, CZUB as original borrower and original guarantor and Colt's Manufacturing Company as original guarantor entered into a facilities agreement with KB as arranger, original lender, facility agent and security agent, COMMERZBANK Aktiengesellschaft acting in the Czech Republic through COMMERZBANK Aktiengesellschaft, pobočka Praha, as arranger and original lender, UniCredit Bank Czech Republic and Slovakia, a.s. as arranger and original lender, Česká spořitelna, a.s., as arranger and original lender, and Česká exportní banka, a.s., as original lender (the **Syndicated Loan**). The Syndicated Loan is EUR-denominated and in the aggregate amount of equivalent of EUR up to 484.8 million and serves dual purposes. Firstly, it includes a term loan component, which is primarily utilized to refinance the Bridge Loan and the S&B Syndicated Loan, as well as being allocated to support additional financial requirements associated with the acquisition of Sellier & Bellot by the Group. Secondly, the Syndicated Loan features a revolving credit line to cater to the routine operational needs of Sellier & Bellot and the Group. Tenor of the loan is 5 years and the term sheet contains standard acquisition financing provisions. The obligations of the Group under the Syndicated Loan are secured, *inter alia*, by a pledge of book-entry shares in Sellier & Bellot, as well as bank account receivables, intra-group receivables and intellectual property of Sellier & Bellot. The outstanding balance of the syndicated loan as of 31 Dec 2024 was equivalent of 8,044,030 thousands CZK.

19 Legal Proceedings

The Group may from time to time be subject to governmental, regulatory and legal or arbitral proceedings and claims, including those described below. Other than the proceedings described below, there have been no governmental, regulatory and legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during the 12 months prior to the date of this Prospectus which may have, or have had a significant effect on the financial position or profitability of the Group.

19.1 Mexico v. Colt, et al.

Colt is a defendant in a case captioned, *Estados Unidos Mexicanos v. Smith & Wesson Brands, Inc., et al.*, Civil Action No. 1:21-CV-11269-FDS (District Court of Massachusetts). This case is a lawsuit filed on 4 August 2021, against firearm manufacturers, distributors and retailers alleging that the defendants manufacture and sell firearms that are subsequently trafficked into Mexico and obtained by members of drug cartels, who then use the firearms to commit violence in Mexico. Mexico asserts claims of negligence, public nuisance, defective design, negligence per se, gross negligence, unjust enrichment/restitution, and violation of the Connecticut Unfair Trade Practices Act. Mexico seeks compensatory and punitive damages, as well as injunctive relief.

On 22 November 2021, the defendants jointly moved to dismiss the complaint based on lack of standing, the Protection of Lawful Commerce in Arms Act, and failure to state a claim upon which relief can be granted. In addition, Colt moved to dismiss the complaint for lack of personal jurisdiction and, with respect to the claim under the Connecticut Unfair Trade Practices Act, for lack of standing, for violation of the Protection of Lawful Commerce in Arms Act, and for failure to state a claim upon which relief can be granted.

On 30 September 2022, the district court granted defendants' motion to dismiss based on the Protection of Lawful Commerce in Arms Act and granted the motion to dismiss the Connecticut Unfair Trade Practices Act for lack of standing and denied the personal jurisdiction motions without prejudice. Mexico appealed the dismissal, and on 22 January 2024, the First Circuit Court of Appeals reversed the dismissal and remanded the case to the district court for further proceedings.

The case rose to the Supreme Court, which heard arguments on 4 March 2025. On 5 June 2025, the Court issued a decision holding that Mexico's complaint failed to plausibly plead that the defendants aided the illegal trafficking. The Supreme Court held that the suit is barred by PLCAA.

Currently, the case has been dismissed, and Colt is no longer engaged in active defense in this litigation. The Supreme Court decision serves as a precedent that reinforces PLCAA protections for Colt and other similar companies.

19.2 City of Gary v. Colt, et al.

Colt is a defendant in a case captioned, "*City of Gary, IN v. Smith & Wesson Corp. et al.*" (Docket 45DO5-005-CT-243, Lake Division Superior Court, Indiana). This case is a lawsuit brought against firearm manufacturers alleging public nuisance and negligent distribution of handguns. After the case was filed in 1999, Defendants moved to dismiss, and the trial court granted the motion. The City filed an amended complaint, and Defendants again moved to dismiss. The trial court once again granted the motion, which the Court of Appeals affirmed, but the Indiana Supreme Court subsequently reversed. The Defendants subsequently moved to dismiss the case based on the federal Protection of Lawful Commerce in Arms Act, 15 U.S.C. §§ 790-7903, but that motion was denied in October 2006. Defendants appealed, and in October 2007, the Indiana Court of Appeals affirmed the Trial Court's denial of Defendants' motion. The defendants sought a rehearing and transfer of the case to the Indiana Supreme Court, which was denied. The case was referred back to the trial court in January 2009.

After not actively prosecuting this case for several years, the plaintiff City of Gary, Indiana requested a status conference in the fall of 2015. In December 2015, the defendant manufacturers filed a Motion for Judgment on the Pleadings based on an amended Indiana immunity statute which precludes claims against firearm manufacturers based on criminal use of a firearm by a third party, and they renewed their motion under the federal Protection of Lawful Commerce in Arms Act.

In January 2018, the trial court granted the Motion for Judgment on the Pleadings and dismissed the lawsuit under both the state and federal statutes. The City of Gary appealed the ruling, and in May 2019, the Indiana Court of Appeals reversed the dismissal. Defendants once again sought transfer to the Indiana Supreme Court, which was denied in November 2019. Discovery in the action is currently ongoing.

In March 2024, Indiana enacted House Bill 1235, which retroactively barred municipalities from suing firearm manufacturers, dating back to 27 August 1999 (3 days before the City of Gary originally filed its lawsuit). In August 2024, however, the Lake County Superior Court declined to dismiss the case under this new law, ruling that retroactive application was unconstitutional because it would extinguish a vested right of action. The Indiana Attorney General has since sought review, asking dismissal of the case before the Indiana Court of Appeals. All briefing has been submitted to the Indiana Court of Appeals, and the parties wait for the court to schedule oral argument or decide the matter on the pleadings.

19.3 Carp 2 Dispute

Colt executed a letter of intent with a company called Carp 2 in which Colt offered to Carp 2 an option to purchase a parcel of land on Colt's West Hartford property. There is a dispute as to whether Carp 2 has the right to execute the option to purchase Colt's property, however, Colt is not willing to sell the property.

Carp 2 filed suit against Colt in December 2021 seeking to compel Colt to participate in the legal discovery process so that Carp 2 may determine if they have a basis to sue Colt for damages. It is too early in the dispute to determine the likelihood of Carp 2 prevailing on either their suit to compel discovery or on any subsequent suit for damages. The risk of a judgment against Colt is moderate.

19.4 Buffalo v. Colt et al.; Rochester v. Colt et al.

In December 2022 the City of Buffalo and City of Rochester sued Colt in New York in two separate cases. In January 2023, certain defendants removed the cases to federal court in the Western District of New York. The lawsuits are brought against firearm manufacturers and distributors, as well as certain sellers of unfinished firearm frames. As to firearm manufacturers and distributors, the lawsuits allege that the design, manufacturing, importing, selling, marketing and distribution of firearms has created a public nuisance of unlawful possession, transportation and disposition of firearms and the use of guns in crimes by (a) marketing that emphasizes firearm characteristics that appeal to criminals; (b) purposely supplying more firearms than the legitimate market can bear in order to induce sales in the secondary market; (c) not training dealers to avoid straw sales and other illegal transactions; and (d) refusing to terminate contracts with distributors who sell to dealers with disproportionately high volumes of guns traced to crime scenes. The plaintiffs alleges that defendants' conduct violates New York General Business Law § 898 (public nuisance), constitutes a common law public nuisance, violates New York General Business Law § 349 (deceptive acts), and violates New York General Business Law § 350 (deceptive advertising). The plaintiffs seek compensatory damages, the establishment of an "abatement fund" to abate the alleged public nuisance, and punitive damages.

On 8 June 2023, the district court consolidated the Buffalo Action and the Rochester Action for pretrial purposes only and stayed the consolidated cases pending a decision by the Second Circuit Court of Appeals in *National Shooting Sports Foundation, Inc. v. James*, No. 22-1374.

On July 10, 2025, the Second Circuit affirmed the district court's judgment in *National Shooting Sports Foundation, Inc. v. James*, holding that New York's gun-related public nuisance statute, N.Y. General Business Law §§ 898-a-e, is not pre-empted by the federal Protection of Lawful Commerce in Arms Act (PLCAA), does not violate the dormant Commerce Clause, and is not unconstitutionally vague. Accordingly, the consolidated cases will proceed in litigation.

20 Employees

The Group's employees are based in the Czech Republic, the United States, Canada, Sweden, Switzerland, Hungary and Germany. The table below provides average recalculated headcount data for the Group for the years ended 31 December 2024, 2023 and 2022.

	For the year ended 31 December		
	2024	2023	2022
Average recalculated headcount (FTE)	3,215	2,111	2,205

The table below sets forth information on the geographical split of the Group's employees as of 31 December 2024:

	As of 31 December 2024
Czech Republic	3,084
United States.....	536
Canada.....	131
Sweden	18
Switzerland.....	80
Hungary	35
Other	8
Total.....	3,892

Note: 7 employees of Colt Optics as of September 2025

Most of the Group's employees are covered by an incentive program that makes the amount of their bonuses conditional on the accomplishment of their individual or collective goals and on the financial results achieved by the Group's companies at which they are employed. In addition to offering training and other benefits, the size and diversity of the Group's operations provide development and promotion opportunities for new employees.

The Group's remuneration policy aims to align employees' incentives with the Group's purpose and strategy, as well as to create stakeholder value, and to motivate and retain them. The Group is committed to paying equally for equal work.

In Group's subsidiaries in the Czech Republic, the Group is following the statistics closely and conducts regular reviews, which include external benchmarking, and applies a consistent grading system with limited leeway for deviations. The Group also offers part-time contracts where feasible in the Czech Republic.

At Colt USA, the collective bargaining agreement is carried out every other year. In the US, the Group relies on its own internal benchmarks, while in Canada the Group performs pay equity reviews and evaluates all positions based on standard criteria and sets wage bands. All new hires are assessed using the same criteria and must be paid within the relevant bands. The Group has a broad training program in place at the level of the operational companies, covering compulsory training (such as health and safety), talent development and regulatory compliance.

The on-line compliance training is mandatory for all new admin hires in the Czech Republic. In addition, employees across the Group attend on-line course for Trace Anti-corruption. Apart from the general compliance training, the Group offers Export/ Import compliance training and Military & law enforcement Export/ Import compliance training to selected employees depending on their functions.

At CZUB, the Group has a training and development program in place that is tailored to each employees' positions and required skill set. Educational methods range from e-learning and on-the-job training to internal and external seminars. Apart from the legally required curriculum (about 10 per cent of the program), the Group offers a wide range of trainings to promote development of skills and competencies, including courses on soft-skills, technology, languages, and well-being.

The Group also supports its employees furthering their education, such as pursuing MBAs. The Group also cooperates with the University of Ostrava with regard to obtaining a bachelor's degree in the fields of small arms design, ballistics, measurements, and quality management. In the U.S., the Group provides financial assistance to employees who wish to further their education under the Group's educational assistance policy. In Canada, the

Group is developing coaching programs for all positions, with a focus on core competencies, such as communication and conflict resolution. The Group also offers reimbursement of tuition and professional designation program fees.

The Remuneration Report of Colt CZ is prepared annually, pursuant to Sections 121o and 121p of Act No. 256/2004 Sb., on Capital Market Business, as amended, and follows up on the Issuer's Remuneration Policy. The Remuneration Report provides a complete overview of remuneration, including all benefits in any form whatsoever provided or payable in the respective financial year to persons in the position of a member of the Issuer's Board of Directors, Supervisory Board, or Audit Committee.

In December 2021, the Issuer's Supervisory Board approved the Share Program of Colt CZ Group SE (the **Employee Share Option Plan** or **ESOP**), which was prepared in accordance with the Issuer's remuneration policy approved by the General Meeting of the Issuer on 22 June 2021 (the **Remuneration Policy**). Further details of the Employee Share Option Plan are set out below.

20.1 Employee Share Option Plan

On 27 December 2021, the Issuer's Supervisory Board approved the Employee Share Option Plan. The Employee Share Option Plan entitles the Group's key executives and employees (option holders) to purchase the Issuer's shares for nominal value. It is currently only available to executives and senior employees. Shares designated for the Employee Share Option Plan will be newly issued. The maximum number of shares issued under the Employee Share Option Plan will be 3,373 thousand. The fair value of employee stock options was determined using the Black-Scholes model. The options are subject to the employment term/function term and non-market performance condition which were not considered in the fair value determination.

On 3 July 2024, tranches 1-4 regarding the 1,735,100 employee options were settled under the Share Program. The option holders exercised their right to purchase shares of the Issuer for a nominal value of CZK 0.1. These shares were issued by the Issuer on 26 June 2024.

As of 31 December 2024, the number of allocated and outstanding options is 946,355.

A total 2,681,455 shares were allocated to 74 employees of the Group as of 31 December 2024. When allocating share options, each candidate is assigned to one of the allocation levels (i.e., tiers) according to the level of their managerial responsibility.

20.2 Environmental and Health and Safety Matters

The Group is subject to, and must comply with, a variety of national and international laws and regulations regarding the protection of the environment, health and safety. These laws and regulations address, among other things, the identification, acceptance, treatment, storage, handling, transportation and disposal of hazardous and solid materials and waste, air and water emissions, soil and water contamination, noise, the prevention or minimization of climate change, and exposure of employees and others to hazardous materials or waste.

The Group's principal production facility in Uherský Brod, Czech Republic has been in operation for more than 80 years, but no comprehensive inspection has been carried out and contamination or other environmental impacts of the Group's past, present or future operations could be discovered for which no insurance coverage is in place (See risk factor *Environmental laws and regulations may impact the Group's business*).

Historically, the Group identified soil and underground water contamination by chlorinated hydrocarbons and oils within its facility in Uherský Brod. This contamination was successfully remedied in full in 2018. The Group conducts further monitoring in two-year intervals. The Group also periodically reviews the probable and reasonably estimable environmental costs in order to create or update any environmental reserves.

The Group has implemented an effective environmental management system (**EMS**) and obtained ISO 14000 certification (EMS) for all production sites in the Czech Republic, which exceeds the legal requirements. It also aspires to achieve ISO 50001 certification to enhance its energy efficiency management.

The Group conducts environmental impact assessments for all operations and departments every 2 years, or more frequently, if any changes are made. Any purchase of machinery or equipment requires an environmental impact assessment.

In line with the legislative framework of the Czech Republic, the Group also conducts energy audits for the production facilities in the Czech Republic, including a proposal for saving measures, such as insulation of buildings, more efficient lighting systems, exchange of transformers, and installation of new boilers. As part of Group decarbonization strategy, the individual companies are also looking at options to increase renewable energy in our energy mix.

The Group's facilities in the US and Canada are not ISO 14000, 45000 and 50001 certified, but the Group is preparing a plan to implement environmental policies in the future. In the US, the Group has two dedicated full-time employees who are responsible for environmental management. The Group also contracts with an outside firm to review, coach, and lead us towards responsible environmental improvements. The Group follows the Environmental Protection Agency's regulations and its effluent guidelines on discharge into the environment. In Canada, we follow the Canadian Environmental Protection Act (CEPA) and industry standards for environmental guidelines. Colt Canada has one employee who supports environmental activities to ensure its compliance. The Group is working to align both internal and external resources that will better support Colt Canada to setup a comprehensive environmental management system.

The Group has complex policies in place to reduce risks to the health and safety of its employees. In the Czech Republic, the sites implemented policies, codes, procedures, and guidelines with respect to health and safety, the environment (SHE) and stakeholder relationships. All are in line with requirements set out in ISO 9001, 14001 and 45001. The Group policies commit to continuous improvement of the integrated safety, health and environment system, active leadership in raising employees' environmental impact awareness, and responsible behavior that encourages everyone to be alert to the potential environmental impacts.

The Group conducts third party bi-annual audits of our health and safety procedures, including inspections by representatives of labor unions, if applicable. The Group conduct regular educational campaigns using electronic media (intranet), as well as the physical distribution of leaflets and hanging posters at our sites. Every employee must undergo certification upon joining our organization and they are regularly re-certified on our health and safety procedures. As a government contractor, the Group is subject to specific checks carried out by representatives from the government. In addition, the subsidiaries have ergonomic teams, comprised of engineers, union representatives and members of our human resources department, who work together to prevent injuries and ensure ergonomic principles are followed at the workplace.

Based on the information known to the Group, the Group does not expect current environmental regulations or environmental proceedings and claims to have a material adverse effect on the results of its operations, financial condition or cash flows, with the following exceptions: environmental regulations are gradually becoming more burdensome and it is expected that this trend will continue in the upcoming years. It is not possible to predict with certainty the impact of future environmental compliance requirements or of the cost associated with the resolution of any future environmental proceedings and claims, in part because the scope of the remedies that may be required is not certain and environmental laws and regulations are subject to modification and changes in interpretation. There can be no assurance that environmental regulations will not become more burdensome in the future or that no unknown conditions will be discovered and that such developments will in no case have a material adverse effect on the Group's business (See risk factors *Environmental laws and regulations may impact the Group's business* and *The Group may face difficulties complying with ESG standards or other sustainability requirements*).

21 Insurance

The Group possesses insurance coverage that the Group believes to be adequate for the risks of the business in which is engaged. Although its insurer does not cover punitive damages, the Group believes that all of its insurance policies meet industry standards.

The Group also maintains insurance for its buildings and inventory as well as business interruption insurance, third-party liability insurance for environmental damage (contamination) (which is limited to USD 2 million), and

various other insurance policies which the Group believes provide it with adequate protection against the ordinary risks associated with conducting its business.

In addition to the standard (commercial) insurance, the Group adopted an innovative approach to certain insurance programs and set up Colt CZ Insurance in 2023, a Guernsey-based captive insurance company in the form of a single parent captive reinsurer. The captive insurance reduces the overall cost of risk and provides a flexibility of coverage in case there are gaps in commercial policies.

22 Corporate Social Responsibility

Corporate social responsibility is an integral part of the Group's activities. The Group engages actively with communities where it operates and supports them through volunteering, internships, and donations. The Group also contributes to charitable projects, non-profit organizations, foundations, interest groups, sport clubs, gamekeeping, members of the armed forces, the police and the firefighters.

23 Corporate governance code

The corporate governance structure of the Issuer complies with the applicable laws, including Czech Act on Business Corporations. Under Czech law, the Issuer is not required to comply with any corporate governance code. The Issuer intends to comply with the Czech companies' corporate governance code (in Czech: *Kodex správy a řízení společnosti ČR*) issued by the Czech Institute of Directors in September 2018 (the **CG Code**) based on a "comply or explain" principle which means that the Issuer either complies with the CG Code or explains why it does not comply with certain rules of the CG Code. The Issuer currently complies with the CG Code, except for certain principles as follow:

- the Articles of Association allow for the *per rollam* voting at the General Meeting as one of the measures implemented during the COVID-19 pandemic. Even when shareholders make decisions outside the General Meeting, the Issuer will respect shareholders' rights and guarantee full exercise of these rights to all shareholders. The General Meeting held in 2025 made decisions outside the meeting (*per rollam*);
- Mr. Holeček holds several board positions in the companies owned by the majority shareholder. The Issuer does not consider such positions conflicting;
- Mrs. Růžičková holds several board positions in the companies owned by the majority shareholder. The Issuer does not consider such positions conflicting;
- Mr. Drahota and Mr. Kovařík hold several external board positions. The Issuer does not consider such positions conflicting;
- Only Mr. Aguilar can be considered as independent member of the Supervisory Board;
- No member of the audit committee (out of three members) is currently a member of the Supervisory Board; and
- Most of the members of the Supervisory Board's committees (namely, the Remuneration Committee, the Strategic Investments and Acquisitions Committee, and the Compliance and Ethics Committee) are not non-executive members of the Supervisory Board.

24 Compliance and anti-bribery policy

The Group conducts its business with integrity, responsibility and transparency, and invests in enhancing its practices and systems to support these values. The Group expects its employees and associates to follow the same high ethical standards.

To implement these principles and rules, the Group has adopted the Compliance Program that applies across the Group. The Compliance Program also extends beyond the Group, as the Group seeks to uphold the relevant principles in any companies that it acquires or affiliates with. The Code of Conduct is the cornerstone of the Compliance Program and a comprehensive guide for setting the basic standards of conduct. It establishes the basic

ethical duties of the Group's employees, which are to (i) comply with relevant laws, (ii) refrain from any actions that could involve bribery, (iii) prevent any conflicts of interest, and (iv) safeguard the Group's reputation. The Code of Conduct should always be the first point of reference, especially when confronted with ethical dilemmas. All subsequent instruments of the Compliance Program, such as specific policies (anti-corruption, protection of personal data, competition compliance), instructions and various communication, reflect the individual elements of the Code of Conduct. The Code of Conduct is the cornerstone of the Compliance Program and a comprehensive guide for setting the basic standards of conduct. It establishes the basic ethical duties of the Group's employees, which are to (i) comply with relevant laws, (ii) refrain from any actions that could involve bribery, (iii) prevent any conflicts of interest, and (iv) safeguard the Group's reputation. The Code of Conduct should always be the first point of reference, especially when confronted with ethical dilemma to ensure proper implementation and compliance, the Group has a comprehensive compliance management system, which aims to address any breaches of legal regulations, requirements, rules, and organizational standards that govern the Group's business, as well as standards of good governance and the values declared by the company. It also aims to respond appropriately to identified risks and breaches with preventive measures.

The Group's anti-corruption policy establishes the main standards of conduct for the Group's employees regarding corruption activities. Its fundamental principles include:

- The Group does not tolerate any acts related to providing, offering, promising, accepting or requesting unauthorized benefits in the form of money, gifts or other advantages in connection with business or work-related activities of the respective individual in order to obtain or keep benefits for oneself or a third party.
- The management of the Group actively acts against any manner of corruption and prevents any suspicious activities that could be labelled as corruption.
- The Group's employees are obligated to avoid any conflicts of interest, in particular, such conflicts of interest that lie in the participation of the Group's employees in business relations of the Group on the side of the suppliers or purchasers that would result in unfair personal benefit.

Accepting or offering gifts, or other similar advantages, exceeding relevant thresholds is forbidden (except for sponsorship and charity activities).

MANAGEMENT

1 General overview

The Issuer has a two-tier board system consisting of the Board of Directors (in Czech: *představenstvo*) (the **Board of Directors**) and the Supervisory Board (in Czech: *dozorčí rada*) (the **Supervisory Board**). The Board of Directors represents the Issuer in all matters and is charged with its day-to-day business management, while the Supervisory Board is responsible for the supervision of the Issuer's activities and of the Board of Directors in their management of the Issuer and resolves on matters defined in the Czech Act on Business Corporations and the Articles of Association, particularly matters with material impact on the value of the ownership interests in the Issuer. Under the Czech Act on Business Corporations, the Supervisory Board may not make management decisions.

The Supervisory Board may form committees from among its members and delegate decision making power to any such committees as permitted by law. The committees' respective tasks, authorizations and processes are determined by the Supervisory Board. As provided for by the Supervisory Board's rules of procedure, the Supervisory Board has formed a remuneration committee (the **Remuneration Committee**), the strategic investments and acquisitions committee (the **Strategic Investments Committee**) and a compliance and ethics committee (the **Compliance and Ethics Committee**). Pursuant to the Articles of Association, the Issuer formed an audit committee (the **Audit Committee**) members of which are elected by the General Meeting.

2 Board of Directors

The Board of Directors represents the Issuer in all matters, unless such matter is specifically entrusted to the Supervisory Board or the General Meeting and is responsible for the Issuer's management and day-to-day operations and acts on the Issuer's behalf. The business address of each member of the Board of Directors is at náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1, the Czech Republic.

The Articles of Association provide that the Board of Directors consists of six members that are elected and recalled by the Supervisory Board. A member of the Board of Directors is appointed for a period of 5 years and may be reappointed. The Supervisory Board may recall a member of the Board of Directors at any time. The Board of Directors appoints its Chairman and two Vice-Chairmen from amongst its members.

The Board of Directors constitutes a quorum if a majority of its members is present or otherwise takes part in a meeting. The Board of Directors adopts a decision by a majority vote of all its members. In case of a tie vote, the vote of the Chairman decides. Members of the Board of Directors may participate in the meetings through telephone or other remote means. When necessary, a decision may be made by the Board of Directors without holding a meeting.

In accordance with the Articles of Association, meetings of the Board of Directors are called by the Chairman or a Vice-Chairman of the Board of Directors or, in their absence, by any member of the Board of Directors, at least once a month. The Board of Directors shall convene upon the request of any member of the Board of Directors or the Chairman of the Supervisory Board.

The following table sets out the name and principal position of each member of the Board of Directors.

Name	Position on the Board of Directors / Position in senior management	Commencement of Current Term of Office	Date of Expiration of Current Term of Office
Radek Musil	Vice-Chairman of the Board of Directors/ CEO	1 August 2024	1 August 2029
Josef Adam	Vice-Chairman of the Board of Directors	1 November 2021	1 November 2026
Jan Zajíc	Member of the Board of Directors	24 January 2025	24 January 2030
Jan Holeček	Member of the Board of Directors	1 July 2021	1 July 2026

Mr. Dennis Veilleux resigned from the position of member of the Board of Directors of the Issuer effective 1 April 2025. His position in the Board of Directors will remain vacant until further notice. Mr. Dennis Veilleux also stepped down from all management positions within the Group. The position of the President of Colt CZ Group North America will be taken over by the Chairman of the Supervisory Board of Colt CZ, Mr. David Aguilar. Mr. Jan Drahota was appointed to the position of member of the Board of Directors and Chairman of the Board of Directors of Colt CZ effective January 18, 2025, following the expiry of the previous five-year term.

Mr. Jan Drahota, the Chairman of the Board of Directors of the Issuer, stepped down from his roles as both Member and Chairman of the Board of Directors effective 30 September 2025. Effective 1 October 2025, Mr. Drahota was co-opted to the Supervisory Board, which subsequently elected him as its Chairman. The new Chairman of the Board of Directors will be elected from among the current Board members at its upcoming meeting.

Radek Musil

Vice-Chairman of the Board of Directors, CEO

Radek Musil is the CEO and the Vice-Chairman of the Board of Directors of Colt CZ Group SE from January 2025. Between 1999 - 2024 he was with Sellier & Bellot as its CEO and Chairman of the Board. Previously, he worked for the Czech company TON. He is a graduate of the Faculty of Nuclear and Physical Engineering at the Czech Technical University in Prague and of the Thunderbird School of Global Management in Phoenix, USA. As the Group CEO, Mr. Musil is responsible for the executive management of the Group, the implementation of the Group's business plan, and production and sales development.

Josef Adam

Vice-Chairman of the Board of Directors

Mr. Adam is a graduate of the Faculty of Law of Charles University in Prague and the joint LL.M. program of Nottingham Trent University and the Faculty of Law of Masaryk University in Brno. Before joining the Group, Josef Adam worked for 2 years as an attorney and partner at HAVEL & PARTNERS, law firm. Josef Adam also has broad executive director experience. He worked for 11 years in various managerial positions at Airport Prague, Czech Aeroholding and Czech Airlines, including 9 years as a member of the Board of Directors, where, in addition to the legal department, he also managed the finance, HR and IT departments. Within the Group, Josef Adam is responsible for legal affairs, compliance and risk management.

Jan Zajíc

Member of the Board of Directors

Jan Zajíc graduated in Economics and Management at the Faculty of Business and Economics of Mendel University in Brno. Prior to joining CZUB, he held various managerial positions in industrial companies in the Czech Republic and abroad. He started his career in Fatra, the plastic producer based in Napajedla, then in the Continental Barum plants in Otrokovice and Púchov, Slovakia. In the Continental Group, he held various positions in the financial management and controlling at the production plant in Kuala Lumpur, Malaysia, and subsequently at the company's headquarters in Hannover, Germany. Mr. Zajíc has been working at CZUB as is chief financial officer since 2019. Since November 2020, he has served as chief executive officer and chairman of the board of directors of CZUB.

Mr. Zajíc represents CZUB, the key operating entity, on the Board of Directors.

Jan Holeček

Member of the Board of Directors

Mr. Holeček studied economy and finance at Bentley University, USA. In 2016 he started his career in Siemens as market analyst, later on as business development specialist. In 2017 he joined CZUB starting first as an analyst

and later on as marketing director. Since 2019 he has been the member of the board of directors of CZUB responsible for sales. He is member of the Board of Directors of the Issuer since July 2021 and is responsible for global sales.

Mr. Holeček is the son of Mr. René Holeček, Vice-Chairman of the Supervisory Board.

The table below sets forth principal activities performed by members of the Board of Director outside the Issuer where these are significant with respect to the Issuer:

Name	Position
Jan Zajíc	<i>Past positions:</i> None <i>Present positions:</i> Iteuro, a.s. – Chairman of the Supervisory Board (October 2020 to date) Sdružení pro rozvoj Zlínského kraje – Member of Management (September 2021 to date) Podnikatelský klub REGION 47, z. s. – Member of the Audit Committee (May 2024 to date)
Josef Adam	<i>Past positions:</i> České aerolinie a.s. – member of the board of directors (April 2014 – October 2018) ellipse aero s.r.o. – member of the supervisory board (December 2020 – January 2022) KOVACO Electric, a.s. – member of the supervisory board (January 2020 – April 2021) <i>Present positions:</i> European Holding Company – member of the supervisory board (November 2021 – to date)
Radek Musil	None
Jan Holeček	None

3 Supervisory Board

The Supervisory Board is an independent body of the Issuer that primarily oversees the Board of Directors. The Supervisory Board may not, under the Czech Act on Business Corporations and the Articles of Association make management decisions. However, certain key decisions of the Board of Directors are subject to prior approval of the Supervisory Board. The business address of each member of the Supervisory Board is at náměstí Republiky 2090/30, Nové Město, 110 00 Prague 1, the Czech Republic.

The Articles of Association provide that the Supervisory Board consists of six members that are elected and recalled by the General Meeting. A member of the Supervisory Board is appointed for a period of 5 years. A member of the Supervisory Board may be reappointed. The General Meeting may recall a member of the Supervisory Board at any time. The Supervisory Board appoints its Chairman and two Vice-Chairmen from amongst its members. Members of the Supervisory Board cannot simultaneously be a member of the Board of Directors.

The Supervisory Board constitutes a quorum if a majority of its members is present or otherwise takes part in a meeting. The Supervisory Board adopts a decision by a majority vote of all its members. Members of the Supervisory Board may participate in the Supervisory Board meetings through telephone or other remote means. When necessary, a decision may be made by the Supervisory Board without holding a meeting.

In accordance with the Articles of Association, meetings of the Supervisory Board are called by the Chairman of the Supervisory Board. Members of the Supervisory Board are required to attend General Meetings.

The following table sets out the name and principal position of each member of the Supervisory Board:

Name	Position	Commencement of Current Term of Office	Date of Expiration of Current Term of Office
Jan Drahota	Chairman of the Supervisory Board	1 October 2025	1 October 2030
David Aguilar	Vice-Chairman of the Supervisory Board	1 July 2023	1 July 2028
Lubomír Kovařík	Vice-Chairman of the Supervisory Board	17 January 2020	17 January 2025
René Holeček	Member of the Supervisory Board	1 July 2023	1 July 2028
Jana Růžicková	Member of the Supervisory Board	1 November 2021	1 November 2026
Daniel Benasayag Birmann	Member of the Supervisory Board	27 May 2024	June 2024 (see below)

Mr. Jan Drahota, the former Chairman of the Board of Directors of the Issuer, stepped down from his roles as both Member and Chairman of the Board of Directors effective 30 September 2025. Effective 1 October 2025, Mr. Drahota was co-opted to the Supervisory Board, which subsequently elected him as its Chairman. Given Jan Drahota's extensive knowledge of the Group operations, his status as the longest-serving member of its Board of Directors, and his recent role as the Group's top executive, Mr. Drahota is an exceptionally well-qualified candidate for the Issuer's Supervisory Board.

In connection with the appointment of Mr. Jan Drahota to the Supervisory Board, the current Chairman, Mr. David Aguilar, has been appointed Vice-Chairman of the Supervisory Board. Mr. René Holeček, who previously held the position of Vice-Chairman, will continue to serve as an ordinary member of the Supervisory Board.

Jan Drahota

Chairman of the Supervisory Board

Effective 1 October 2025, Jan Drahota has been appointed as a Member and the Chairman of the Supervisory Board. Having joined the Group in 2014, he acted as its CEO from 2021 till 2024 and as the Chairman of the Board of Directors from July 2021 till September 2025. His career also features various investment banking roles at Société Generale and non-executive director positions at ČEPS (Czech Transmission Grid) and the Czech Export Bank. A University of Chicago – Booth School of Business alum, Jan is proficient in Czech, English and French. As Chairman of the Supervisory Board, Jan oversees the Group's development and the execution of its long-term strategy.

David Aguilar

Vice-chairman of the Supervisory Board

Mr. Aguilar retired from his career in the U.S. Government's service on 31 March 2013 where he served 35 years with U.S. Customs and Border Protection and the United States Border Patrol, acquiring a wealth of knowledge and experience in border law enforcement and administration, domestic and international policing, strategy, tactics, and policy development. He served the last three and a half years of his career as the Acting Commissioner of U.S. Customs and Border Protection, the highest-ranking career officer in the U.S. largest federal law enforcement organization.

Mr. Aguilar's leadership, professional integrity and commitment to excellence have earned him numerous awards, including the Presidential Rank Award in 2008, the President's Excellence Award in 2005, the Department of Homeland Security Distinguished Service Medal, the Washington Homeland Security Roundtable Lifetime Achievement Award, and the Institute for Defence and Government Advancement Lifetime Achievement Award. Currently, besides his role in the Group, David is a principal at Global Security and Innovative Strategies, where he advises clients on a broad range of national homeland and international security matters including border security and logistics, global trade and commerce, supply chain management and security, risk management, viability assessments, and strategic planning and implementation. Mr. Aguilar focuses on tailoring global risk

management solutions related to supply chain security, customs compliance, and all issues related to border protection at and between international ports of entry.

Lubomír Kovařík

Vice-chairman of the Supervisory Board

Mr. Kovařík graduated from Military Air Force University and he also completed an MBA program at Sheffield University. He started in the army as a pilot. He reached the rank of lieutenant in the Army Air Force. His pilot's career ended in the mid-1990s and he began his civilian career in 1995 as manager in company Aulis. After a year he joined Škoda Praha as Production Director, where he worked his way up to the position of CEO. He later worked for Eltodo EG and Mavel. He served as the CEO of CZUB from 2006 to 2017. He was the President and Chairman of the Board of Directors of the Issuer from 2018 to July 2021 and was the Chairman of the Supervisory Board from July 2021 to July 2023.

René Holeček

Member of the Supervisory Board

Mr. Holeček holds degree in economics and management in metallurgy from the Technical University in Ostrava. In 1990, he started his career in banking, working at Komerční banka, a.s. and Pragobanka, a.s. in various executive roles. In 1994, Mr. Holeček became an entrepreneur and industrial investor. He participated in the landmark privatization of Třinecké železářny, a.s. and has since established an outstanding industrial track record. Together with his former business partner, he acquired CZUB when it was on brink of bankruptcy and transformed it into one of the world's leading small arms manufacturers. He has been the majority owner of the Issuer since 2014.

Mr. Holeček is the father of Mr. Jan Holeček, member of the Board of Directors.

Jana Růžičková

Member of the Supervisory Board

Mrs. Růžičková graduated from the University of Economics in Prague. She has been engaged in several companies which belong to the portfolio of the EHC (majority shareholder of the Major Shareholder) since 1996 and the Group specifically, since 1997. She acts as the key economics expert and is responsible for audit, accounting, tax and legal matters of the Group. She specializes in corporate restructuring and M&A transactions. She is a member of the supervisory boards and boards of directors of several companies within the Group. Mrs. Růžičková also held the position of Vice-Chairman of the Board of Directors until 31 October 2021.

Daniel Benasayag Birmann

Member of the Supervisory Board

Mr. Birmann holds an MBA from University of Colorado. For the last few decades, he has accompanied the success of CBC Global Ammunition Group as a member of the shareholding family and up to the de-listing of the CBC Global Ammunition Group, in 2006, as the Chairman of its board of directors. His extensive experience in the small arms and ammunition sector make him an expert in the field.

In 2024, following the Group's acquisition of Sellier & Bellot, Mr. Birmann was appointed to represent CBC as the minority investor on the Supervisory Board of the Issuer.

The table below sets forth principal activities performed by members of the Supervisory Board outside the Issuer where these are significant with respect to the Issuer:

Name	Position
Jan Drahota	<i>Past positions:</i>

Česká exportní banka, a.s. – Member of the Supervisory Board (from June 2017 to June 2019)
 CZ-AUTO SYSTEMS a.s. – Member of the Supervisory Board (from September 2019 to November 2019)
 Zero Emissions Debt Finance, a.s. – Statutory Director (from September 2015 to January 2021)
 Česká zbrojovka Partners SE – Member of the Board of Directors (from February 2018 to October 2021)
 ČEPS, a.s. – Member of the Supervisory Board (from February 2015 to November 2022)

Current positions:

DCF Partners, s.r.o. – Statutory Representative (from January 2012 to date)
 Zero Emissions Debt Finance, a.s. – Chairman of the Administrative Board (from September 2015 to date)
 hypo360.cz, SE – Member of the Board of Directors (from October 2016 to date)
 Česká zbrojovka Defence SE – Member of the Board of Directors (from November 2021 – to date)

David Aguilar

Past positions:

Global Security and Innovative Strategies – principal (April 2014 – May 2022)
 Drone Aviation Holding Corp – member of the board of directors (May 2019 – April 2021)
 University of Houston – Borders, Trade, and Immigration Institute External Advisory member of the board of directors (term expired in 2022)
 SAP NS2 advisory - member of the board of directors (April 21 – April 22) (term expired)

Present positions:

U.S. Border Patrol Foundation – member of the board of directors (2013 – to date)
 Spectredge Wireless Inc. (Non-publicly held) - member of the board of directors (2013- to date)
 DVA Group, LLC – CEO (from May 2023 to date)

Lubomír Kovařík

Past positions:

Česká zbrojovka Partners SE – chairman of the board of directors (February 2018– October 2021)
 CZ-SKD Solutions a.s – member of the board of directors (January 2019–September 2020)

Present positions:

Česká zbrojovka Defence SE – chairman of the board of directors (November 2021 – to date)
 Holeček Family Foundation – vice-chairman of the management board (December 2021 – to date)
 CEVRO Institut, z.ú. –member of the board of directors (July 2023 – to date)
 PRIMARY Capital a.s. - member of the board of directors (August 2023 - to date) and sole shareholder (August 2023 – to date)
 BIOINVESTIMED a.s. – member of the board of directors (November 2023 - to date)
 PRIMARY Capital Services s.r.o. – executive director (October 2023 - to date)
 TR Brands, s.r.o. – Executive (from June 2024 to date)

René Holeček

Past positions:

Minezit Property Investments a.s.– member of the supervisory board and a sole shareholder (June 2014 – October 2022)
 Minezit SE – member of the supervisory board – (September 2015 – May 2022)

Present positions:

TRX, s.r.o. – executive director (September 2002 – to date)

Silesia Invests SE – member of the supervisory board (September 2016 – to date)
Česká zbrojovka Partners SE – member of the supervisory board (February 2017 – to date)
Česká zbrojovka Defence SE – member of the supervisory board (August 2017- to date)
BAZADO s.r.o. – executive director (December 2020 – to date)
European Holding Company, SE – chairman of the supervisory board (November 2021 – to date)
M&H Management a.s. – member of the supervisory board (October 2021 – to date) and sole shareholder (September 2022 -to date)
CELLINI spol. s r.o.– executive director (September 2022 – to date)
Holeček Family Foundation – founder (December 2021 – to date)
Kykulin Trade a.s. – sole shareholder (September 2022 – to date)
OMNES holdingový nadační fond – chairman of the board of directors (May 2022 – to date)
Nadace C-EDUCA – founder (November 2023 – to date)

Jana Růžicková

Past positions:

CZ AGRO Servis a.s. – member of the supervisory board (June 2014–June 2019)
V.F.H EKONOMICKÝ SERVIS a.s. – member of the supervisory board (January 2011–December 2020)
RAIL CARGO a.s. – member of the board of directors (February 2008–June 2020)
CZ-SKD Solutions a.s. – member of the supervisory board (November 2017–September 2020)
M&H Management a.s. – executive director and chairwoman of the management board (February 2014–January 2021)
Minezit SE – member of the board of directors (July 2013–November 2021)
Kykulin Trade a.s. – executive director and chairwoman of the management board (April 2015–November 2021)
Minezit Property Investments a.s. – member of the board of directors (February 2008 – October 2022)
CZ-AUTO SYSTEMS a.s. – member of the supervisory board (December 2022 – August 2023)
Lundmonte s.r.o. – executive director (January 2022 – February 2024)

Present positions:

IT eCompany Management a.s. – member of the supervisory board (11/2014 – to date)
Silesia Invest SE – member of the board of directors (September 2016 – to date)
CZ AGRO Servis a.s. – chair of the supervisory board (June 2019 – to date)
AIT Group - Advanced Industrial Technology Group a.s. – member of the supervisory board (September 2019 – to date)
Česká zbrojovka Partners SE – member of the board of directors (October 2021- to date)
M&H Management a.s. – member of the board of directors (October 2021 – to date)
European Holding Company, SE – member of the board of directors (11/2021 – to date)
Kykulin Trade a.s. – member of the management board (November 2021 – to date)
Minezit SE – chairwoman of the board of directors (November 2021 – to date)
Holeček Family Foundation – member of the supervisory board (December 2021 – to date)
Minezit Property Investments a.s. – member of the supervisory board (October 2022 – to date)
Leima Equity Three a.s. – chair of the board of directors (November 2023 – to date)
Sequoia, family foundation – controller (August 2023 – to date)
Leima Valeurs a.s. – Member of the Administrative Board (from September 2024 to date)

Daniel Benasayag
Birmann

Present positions:

4 Audit Committee

The majority of members of the Audit Committee are required to be independent and professionally qualified pursuant to applicable provisions of the Czech Act on Auditors, and at least one member of the Audit Committee is required to be a current or former statutory auditor or a person whose knowledge and previous experience in the area of accounting entail the presumption and proper performance of the functions of a member of the Audit Committee, with respect to the business of the Issuer. The chairman of the Audit Committee is required to be independent pursuant to applicable provisions of the Czech Act on Auditors. The business address of each member of the Audit Committee is at náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1, Czech Republic.

The Articles of Association provide that the Audit Committee consists of three members that are appointed for a period of 5 years. A member of the Audit Committee may be reappointed. No member of the Audit Committee may be a member of the Board of Directors. The powers, responsibilities and decision-making process of the Audit Committee are defined by the Articles of Association, the Czech Act on Auditors and the rules of procedure of the Audit Committee.

Key responsibilities and powers of the Audit Committee include, *inter alia*, monitoring the effectiveness of the Issuer's internal control and risk management system, the effectiveness of the Issuer's internal audit and ensuring its functional independence; the process of preparation of the Issuer's consolidated and non-consolidated financial statements; and the statutory audit process.

The following table sets out the name and principal position of each member of the Audit Committee:

Name	Position	Commencement of Current Term of Office	Date of Expiration of Current Term of Office
Jiří Nekovář	Chairman of the Audit Committee	1 July 2023	1 July 2028
Pavel Závitkovský	Member of the Audit Committee	1 July 2025	1 July 2030
David Ondroušek	Member of the Audit Committee	1 July 2025	1 July 2030

Mr. David Ondroušek was re-elected as a member of the Audit Committee by the General Meeting of Shareholders on 30 June 2025, for the next 5-year office term. The General Meeting of Shareholders also elected Mr. Pavel Závitkovský to the position of a member of Audit Committee of the Issuer effective 1 July 2025.

Jiří Nekovář

Chairman of the Audit Committee

Mr. Nekovář was the President of the Czech Tax Advisers Chamber from 1996 to 2011. He became vice-president of Confédération Fiscale Européenne in 2006 and its president in 2013 and 2014. Mr. Nekovář is a member of the Czech Finance Minister's Coordination Committee on Taxes and the Government Legislative Council's Working Committee for regulation impact assessment (RIA), which he joined in 2011. He also served on the Government's National Economic Council (NERV) from December 2010. He was a member of the management board of the General Health Insurance Company from 2000 to 2006. He is the chairman of the management board of the University of Economics in Prague and a vice-chairman of the management board of Brno University of Technology. Mr. Nekovář is an arbitrator of the Arbitration Court of the Economic Chamber of the Czech Republic. He was the president of the Public Audit Oversight Board from August 2013 to May 2017. He received the Honorary Tax Advisor award from Asia Oceania Tax Consultants' Association (AOTCA) in November 2015. He is a founding member of the Global Tax Advisory Platform and an executive board director of Confederation Fiscale Européenne (CFE), elected in September 2020. Mr. Nekovář has been Chairman of the Audit Committee since 1 July 2023 and his office term expires on 1 July 2028.

Pavel Závítkovský

Member of the Audit Committee

Pavel Závítkovský is a graduate of the University of Economics in Prague. He has been a registered auditor with the Chamber of Auditors of the Czech Republic since 1990 and a certified internal auditor of the Institute of Internal Auditors (CIA) since 2002. Pavel Závítkovský has more than 22 years of experience from KPMG with audits in financial and industrial companies. He has also participated in numerous specific engagements such as due diligence, privatization projects, mergers, acquisitions, and internal audit services. He was one of the founders of the Chamber of Auditors of the Czech Republic. From 1998 to 2001, he served as Chairman of the Supervisory Committee of the Chamber of Auditors of the Czech Republic. From 2001 to 2003, he was Vice President of the Czech Institute of Internal Auditors. He currently serves as a member or chairman of the audit committees of a number of Czech banks. Mr. Závítkovský is a member of the Audit Committee since 1 July 2025 and his office term expires on 30 June 2030.

David Ondroušek

Member of the Audit Committee

Mr. Ondroušek worked for more than 10 years in Deloitte Audit, followed by 10 months in the WOOD & Company Finance Department and is currently working with Staněk, Tomíček & Partners tax offices. Mr. Ondroušek is a licensed auditor of the Chamber of Auditors of the Czech Republic and a member of the international professional organization Association of Chartered Certified Accountants. In addition to providing audit services, he focuses primarily on IFRS and transfer pricing advice.

5 Remuneration Committee

The key function of the Remuneration Committee is to ensure the integrity and fairness of the remuneration system in the Issuer and companies directly or indirectly controlled by the Issuer.

The Remuneration Committee advises the Supervisory Board on a permanent basis about remuneration matters in the Group, covering the following areas:

- service contracts for members of the Board of Directors;
- setting and evaluating the achievement of annual targets and key performance indicator (KPIs) of members of the Board of Directors;
- extraordinary remuneration for members of the Board of Directors;
- parameters and conditions of the Group's Employee Share Option Plan for members of statutory and supervisory bodies, and, if applicable, the key employees of the Group; and
- human resources management strategy.

The Remuneration Committee advises the Supervisory Board on its decision-making in the abovementioned matters. The Supervisory Board elects members of the Remuneration Committee and issues the rules of procedure of the Remuneration Committee. The Chairman of the Supervisory Board is a permanent member of the Committee and is at the same time the Chairman of the Remuneration Committee. The Chairman of the Board of Directors and the member of the Board of Directors responsible for human resources management are permanent guests to the Remuneration Committee meeting.

The Remuneration Committee convenes as necessary on agreed-upon dates, usually once a calendar quarter. Only the Remuneration Committee members can vote at meetings. Each Remuneration Committee member shall have one vote. A decision of the Remuneration Committee is adopted if a majority of the members of the Remuneration Committee present vote in favour. Otherwise, the decision is not adopted. The Chairman of the Remuneration Committee shall only submit to the Supervisory Board those decisions that the Remuneration Committee has proposed to the Supervisory Board for discussion and, where appropriate, approval.

Name	Position	Commencement of Current Term of Office	Date of Expiration of Current Term of Office
David Aguilar	Chairman of Remuneration Committee	12 December 2023	12 December 2028
Lubomír Kovařík	Member of Remuneration Committee	2 September 2021	2 September 2026
René Holeček	Member of Remuneration Committee	2 September 2021	2 September 2026

Mr. Aguilar, Mr. Kovařík and Mr. Holeček's CVs are provided above.

6 Strategic Investments Committee

The goal of the Strategic Investments Committee is to ensure that the Group and companies directly or indirectly controlled by the Group only undertake investments contributing to the development and growth of the Group value.

The Strategic Investments Committee is established as a permanent advisory body of the Group's Supervisory Board for matters pertaining to the Group's strategic and conceptual plans requiring the consent of the Group's General Meeting or Supervisory Board, in particular: (a) acquiring or increasing interest in a business corporation or a company that is a member of the Group, (b) the Group's acquisition strategies and concepts of growth.

The Strategic Investments Committee makes recommendations to the Group's Supervisory Board on its decision-making in the above areas. The Supervisory Board decides on the composition of the Strategic Investments Committee. The Chairman of the Supervisory Board is a mandatory member of the Strategic Investments Committee. The Chairman of the Supervisory Board is at the same time the Chairman of the Strategic Investments Committee. The Chairman of the Board of Directors is a permanent guest of the Strategic Investments Committee.

The Strategic Investments Committee meets as needed on agreed-upon dates, usually once in a calendar quarter. Only Strategic Investments Committee members are entitled to vote at meetings. Each member of the Strategic Investments Committee has one vote. A decision of the Strategic Investments Committee shall be deemed adopted if a majority of the members of the Strategic Investments Committee present agree with it. In all other cases, the decision is deemed not to have been taken. The Chairman of the Strategic Investments Committee shall only submit to the Supervisory Board those decisions for discussion and, where appropriate, approval that have been recommended by the Committee to the Group's Supervisory Board.

Name	Position	Commencement of Current Term of Office	Date of Expiration of Current Term of Office
David Aguilar	Chairman of the Strategic Investments Committee	12 December 2023	12 December 2028
Lubomír Kovařík	Member of the Strategic Investments Committee	2 September 2021	2 September 2026
René Holeček	Member of the Strategic Investments Committee	2 September 2021	2 September 2026
Peter Stračár	Member of the Strategic Investments Committee	2 September 2021	2 September 2026

Mr. Aguilar, Mr. Kovařík and Mr. Holeček's CVs are provided above.

Peter Stračár

Member of the Strategic Investments Committee

Peter Stračár was the president and managing director of GE in Europe from 2018 to 2019. Prior to this post, from 2013, Mr. Stračár worked as the managing director for GE Central and Eastern Europe. Before that, he was the president of Hilti Asia Pacific, based in Hong Kong.

Mr. Stračár obtained his Master's Degree from the Faculty of Electrical Engineering and Informatics of the Technical University in Košice and began his career at IBM Eastern Europe.

7 Compliance and Ethics Committee

The goal of the Compliance and Ethics Committee is to evaluate and advise on how to improve and strengthen the risk management system, internal control system, legislation compliance management, industry standards, and the Group's values in the Group and companies directly or indirectly controlled by the Group.

The Compliance and Ethics Committee is established as a permanent advisory body of the Group's Supervisory Board for matters pertaining to the Group in the areas of: (a) Code of Ethics, (b) anti-corruption policy, (c) prevention of criminal liability of a legal entity, (d) internal audit reports, (e) remedial actions and measures to improve compliance, risk management, internal control system, and building a responsible employee value system, (f) ethics hotline and whistleblower protection, (g) measures responding to legislative changes especially in defense, arms regulation, consumer protection, competition, public procurement, and (h) activities in corporate social responsibility, sponsorship, donation, and philanthropy with respect to the business areas of the Group companies.

The Compliance and Ethics Committee makes recommendations to the Group's Supervisory Board on its decision-making in the above areas. The Supervisory Board decides on the composition of the Compliance and Ethics Committee. The Chairman of the Supervisory Board is a mandatory member of the Compliance and Ethics Committee. The Chairman of the Supervisory Board is at the same time the Chairman of the Compliance and Ethics Committee. The member of the Board of Directors responsible for compliance management is a permanent guest of the Compliance and Ethics Committee.

The Compliance and Ethics Committee meets as needed on agreed-upon dates, usually once in a calendar quarter. Only Committee members are entitled to vote at meetings. Each member of the Compliance and Ethics Committee has one vote. A decision of the Compliance and Ethics Committee shall be deemed adopted if a majority of the members of the Compliance and Ethics Committee present agree with it. In all other cases, the decision is deemed not to have been taken. The Chairman of the Compliance and Ethics Committee shall only submit to the Supervisory Board those decisions for discussion and, where appropriate, approval that have been recommended by the Compliance and Ethics Committee to the Supervisory Board.

Name	Position	Commencement of Current Term of Office	Date of Expiration of Current Term of Office
David Aguilar	Chairman of the Compliance and Ethics Committee	12 December 2023	12 December 2028
Lubomír Kovařík	Member of the Compliance and Ethics Committee	2 September 2021	2 September 2026
gen. George W. Casey	Member of the Compliance and Ethics Committee	2 September 2021	2 September 2026
Jillair Kubish	Member of the Compliance and Ethics Committee	2 September 2021	2 September 2026
Petr Kolář	Member of the Compliance and Ethics Committee	2 September 2021	2 September 2026

Mr. Aguilar and Mr. Kovařík's CVs are provided above.

Gen. George W. Casey (Ret.),

Member of the Compliance and Ethics Committee

General Casey (Ret.) has been a member of the board of directors of CZ-US Holdings, subsidiary of the Issuer, since 2021. He is a published author and currently lectures at the SC Johnson College of Business of Cornell University and is the Rice Family Professor of Practice at the Korbel School of the University of Denver. Before joining the Group, Gen. Casey served 41-years in the U.S. Army, including as the 36th Army Chief of Staff from 2007 to 2011. From 2004 to 2007 he commanded the Multi-National Force – Iraq.

Gen. Casey also serves as the chairman of the board of governors of the United Service Organizations, the premier support organization for U.S. service personnel, as the director of Leonardo DRS, a leading defense technology innovator, and the director of the Center for Global Development, a research institute focused on promoting economic growth and development around the world. In addition, he serves as a member of several advisory boards for companies engaged in robotics, resilience, and supporting veterans.

Gen. Casey graduated from the Georgetown University School of Foreign Service and holds a master's degree in international relations from Denver University.

Jillair Kubish

Member of the Compliance and Ethics Committee

Jillair Kubish is the Interim Chief Executive at Colt's Manufacturing Company and Colt Defense. Prior to working for the Group, Ms. Kubish was the President of Orchid Advisors, an advisory company for strategic management focusing on transformations in audit and compliance in the defense industry.

Ms. Kubish began her career at the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) within the U.S. Department of Justice. Ms. Kubish has been one of the nation's leading experts in federal and state firearms and explosives for over a decade. Ms. Kubish graduated from Temple University.

Petr Kolář

Member of the Compliance and Ethics Committee

Petr Kolář is a former Czech diplomat, consultant and a public figure. Mr. Kolář graduated from Charles University in Prague in 1986 with majors in information technology, library science and ethnography. Mr. Kolář held several posts at the Czech Ministry of Foreign Affairs since 1993. He served as the Czech Ambassador to Russia from 2010 to 2012, the United States from 2005 to 2010, Ireland from 1999 to 2003, and Sweden from 1996 to 1998. Most recently, Mr. Kolář has been collaborating with Petr Pavel, the Czech President, as an advisor.

8 Conflicts of Interest

There are no conflicts of interest between the duties of the members of the Board of Directors, Supervisory Board Members, Audit Committee Members and other senior managers to the Issuer and their private interests or other duties. Jan Drahota, Josef Adam, René Holeček, Lubomír Kovařík and Jana Růžicková act on the elected bodies of companies owned by the Issuer's majority shareholder. The Group does not consider such positions a conflict of interest.

TAXATION IN THE CZECH REPUBLIC

Prospective purchasers of any Notes issued under this Prospectus acknowledge that the tax laws including, in particular, the tax laws of the Czech Republic as a country of tax residence of the Issuer and the tax laws of the country where the respective purchaser is tax resident, may have an impact on income from the Notes. Therefore, prospective purchasers of any Notes are advised to consult their own tax advisers as to the tax consequences of purchasing, holding and disposal of the Notes as well as receiving income from the Notes under the tax laws of any country in which income from holding and disposal of the Notes can become subject to tax including, in particular, the countries stated at the beginning of this paragraph. Only these advisors are in a position to take into account all relevant facts and circumstances and to duly consider the specific situation of the prospective purchaser. A similar approach should be taken by the prospective purchasers of any Notes in relation to the foreign-exchange-law consequences arising from the purchase, holding and disposal of the Notes.

*The description below represents a brief summary of selected material tax aspects of the purchase, holding and disposal of the Notes, and foreign-exchange regulations in the Czech Republic. The summary is mainly based on Act No. 586/1992 Coll., on Income Taxes, as amended (**Income Taxes Act**), Act No. 240/2000 Coll., on Crisis Management and on Amendments to Certain Acts, as amended (**Crisis Act**), the Constitutional Act No. 110/1998 Coll., on the Security of the Czech Republic, as amended (**Constitutional Act on the Security of the Czech Republic**) and on other related laws which are effective as at the date of this Prospectus as well as on the administrative practice or the prevailing interpretations of these laws and other regulations as applied by Czech tax, administrative and other authorities and bodies and as these are known to the Issuer at the date of this Prospectus. The information contained herein is neither intended to be nor should be construed as legal or tax advice. The description below is solely of a general nature (i.e. it does not take into account, for example, specific tax treatment of certain taxpayers such as investment, mutual or pension funds) and may change in the future depending on changes to the relevant laws that may occur after this date, or in the interpretation of these laws which may be applied after that date. In this respect, please note that the below description of Czech tax treatment of the Notes has been significantly affected by Act No. 609/2020 Coll., which amends some acts in the field of taxes and some other acts (**2021 ITA Amendment**). The 2021 ITA Amendment has significantly changed the tax regime of bonds or notes (further only notes) issued after 31 December 2020. The new rules are quite controversial. Therefore, the tax regime of notes (including the Notes) is currently associated with many ambiguities. In the Issuer's opinion, the summary below represents a rational interpretation of the relevant provisions of the Income Taxes Act in relation to notes.*

The following summary assumes that the person to whom any income is paid in connection with the Notes is the beneficial owner of such income (within the OECD meaning of this term), i.e. it does not act, for example, as a proxy, agent, depositary or in any other similar position in which any such payments would be received on account of another person or entity.

For the purposes of this section (Taxation in the Czech Republic), the following terms have the following meaning:

Beneficial Owner means an income recipient who is treated as the beneficial owner of such income (as interpreted by the OECD) under the Income Taxes Act as well as for the purposes of a relevant Tax Treaty (if any).

Coupon Note means a note whose issue price is equal to its nominal value. For the avoidance of doubt, a Coupon Note is not a note whose yield is determined by the combination of the Discount and the Coupon.

Coupon means any note yield other than a note yield that is determined by the difference between the nominal value of a note and its issue price (i.e. yield determined as the Discount). For the avoidance of doubt, the Coupon also includes the Early Redemption Premium.

Czech Permanent Establishment means a permanent establishment in the Czech Republic under the Income Taxes Act as well as under a relevant Tax Treaty (if any).

Czech Tax Non-Resident means a taxpayer who is not a tax resident of the Czech Republic under the Income Taxes Acts or under a relevant Tax Treaty (if any).

Czech Tax Resident means a taxpayer who is a tax resident of the Czech Republic under the Income Taxes Acts as well as under a relevant Tax Treaty (if any).

Discount means a positive difference between the nominal value of a note and its lower issue price.

Discounted Note means a note whose issue price is lower than its nominal value. For the avoidance of doubt, a Discounted Note is also a note with a yield that is determined by the combination of the Discount and the Coupon.

Early Redemption Premium means any extraordinary yield paid by an issuer in the event of early redemption of a note.

Legal Entity means a taxpayer other than an individual (i.e. a taxpayer that is subject to corporate income tax but that may not necessarily have a legal personality).

Tax Security means a special amount collected by means of a deduction at source made by the Withholding Agent (for example by the issuer of a note or by the buyer of a note) upon payment of taxable income which serves essentially as an advance with respect to tax that is to be self-assessed by the recipient of the relevant income (i.e. unlike the Withholding Tax, the amount so withheld does not generally represent a final tax liability).

Tax Treaty means a valid and effective tax treaty concluded between the Czech Republic and another country under which the Czech Tax Non-Resident is treated as a tax resident of the latter country. In the case of Taiwan, the Tax Treaty is Act No. 45/2020 Coll., on the elimination of double taxation in relation to Taiwan, as amended.

Withholding Agent means a payer of (taxable) income who is responsible for making the deduction of (i) the Withholding tax or (ii) the Tax Security, as applicable, and their remittance to the tax authorities.

Withholding Tax means a tax collected by means of a deduction at source made by the Withholding Agent (for example by the issuer of the note) upon payment of taxable income. Save in certain circumstances, such tax is generally considered as final.

1 Interest Income

1.1 Czech Tax Residents

(a) Individuals

The yield in the form of the Coupon paid to an individual is subject to the Withholding Tax at a rate of 15 per cent. This tax represents a final taxation of the Coupon in the Czech Republic.

The yield in the form of the Discount paid to an individual is not subject to the Withholding Tax. Instead, it is included in the general tax base, which is subject to personal income tax at a progressive rate of 15 per cent. and 23 per cent. depending on the individual's applicable bracket (the threshold for the higher bracket is 36 times the average wage, amounting to CZK 1,676,052 in 2025). However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Note paid by the Issuer (or the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium, if any) and the price at which the individual acquired the Note. If an individual holds the Note that is a Coupon Note until its maturity (or early redemption) and the individual acquired such Note on a secondary market at an amount below the nominal value of the Note (or below the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium, if any), such (positive) difference is also included in the individual's general tax base.

(b) Legal Entities

The yield (whether in the form of a Discount or a Coupon) paid to a Legal Entity is not subject to the Withholding Tax, but it is rather included in the general tax base, which is subject to corporate income tax at a flat rate of 21 per cent. A Legal Entity that is an accounting unit is generally required to recognize the yield in its profit and loss statement on an accrual basis.

1.2 *Czech Tax Non-Residents*

(a) Individuals

The yield in the form of a Coupon paid to an individual is subject to the Withholding Tax at a rate of 15 per cent. or 35 per cent. The 35 per cent. rate applies to recipients who do not have a Czech Permanent Establishment to which the Notes are attributable and, at the same time, are tax residents of neither (i) an EU/EEA member state nor (ii) a country with which the Czech Republic has an effective double tax treaty or an effective double (or multilateral) treaty on the exchange of information. The 15 per cent. rate applies to all other recipients. This tax generally represents a final taxation of the Coupon in the Czech Republic. However, an individual who is a tax resident of an EU/EEA member state may decide to include the Coupon in his/her tax return filed in the Czech Republic for the relevant tax year. In such a case, the above Withholding Tax represents an advance payment which is credited against the final Czech tax liability as declared in the tax return.

The yield in the form of a Discount paid to an individual is not subject to the Withholding tax. Instead, it is included in the general tax base, which is subject to the personal income tax at a progressive rate of 15 per cent. and 23 per cent. depending on the individual's applicable bracket (the threshold for the higher bracket is 36 times the average wage, amounting to CZK 1,676,052 in 2025). However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Note paid by the Issuer (or the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium, if any) and the price at which the individual acquired the Note. However, if the Notes are not attributable to the individual's Czech Permanent Establishment, the taxable amount cannot exceed the Discount (i.e., if such difference is higher, the amount of the Discount will be included in the general tax base). Furthermore, if an individual is not a tax resident of an EU/EEA member state, the Issuer will withhold the Tax Security at the rate of 1 per cent. applicable to the gross amount paid (i.e. the nominal value of the Note upon the maturity or the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium, if any). This Tax Security is creditable against the final tax liability as declared in a Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable). If (i) an individual holds the Note that is a Coupon Note until its maturity (or its early redemption), (ii) the individual acquired such Note on a secondary market for an amount below its nominal value (or below the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium, if any) and (iii) such Note is attributable to that individual's Czech Permanent Establishment, such (positive) difference is also included in the individual's general tax base (However, there are arguments supporting a conclusion that such difference is out of scope of Czech taxation).

(b) Legal Entities

The yield in the form of a Coupon paid to a Legal Entity where the Note is not attributable to its Czech Permanent Establishment is subject to the Withholding Tax at a rate of 15 per cent. or 35 per cent. The 35 per cent. rate applies to recipients that are tax residents of neither (i) an EU/EEA member state nor (ii) a country with which the Czech Republic has an effective double tax treaty or an effective double (or multilateral) treaty on the exchange of information. The 15 per cent. rate applies to all other recipients. This tax generally represents a final taxation of the Coupon in the Czech Republic. However, a Legal Entity that is a tax resident of an EU/EEA member state may decide to include the Coupon in its tax return filed in the Czech Republic for the relevant tax year. In such a case, the above Withholding Tax represents an advance payment which is credited against the final self-assessed tax liability as declared in the tax return. The yield in the form of a Coupon paid to a Legal Entity where the Note is attributable to its Czech Permanent Establishment is not subject to the Withholding Tax. Instead, it is included in the general tax base, which is subject to corporate income tax at a flat rate of 21 per cent. Furthermore, if the Legal Entity is not a tax resident of an EU/EEA member state, the Issuer will withhold a Tax Security at the rate of 10 per cent. applicable to the amount of the Coupon (on a gross basis). This Tax Security is creditable against the final tax liability as declared in a Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable).

The yield in the form of a Discount paid to a Legal Entity is not subject to the Withholding tax. Instead, it is included in the general tax base, which is subject to corporate income tax at a rate of 21 per cent. However, the

general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Note paid by the Issuer (or the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium, if any) and the price at which the Legal Entity acquired the Note. However, if the Notes are not attributable to the Legal Entity's Permanent Establishment, the taxable amount cannot exceed the Discount (i.e. if such difference is higher, the amount of the Discount will be included in the general tax base). Furthermore, if the Legal Entity is not a tax resident of an EU/EEA member state, the Issuer will withhold the Tax Security at the rate of 1 per cent. applicable to the gross amount (i.e. the nominal value of the Note at maturity or the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium, if any). This Tax Security is creditable against the final tax liability as declared in a Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable). If (i) a Legal Entity holds a Note that is a Coupon Note until its maturity (or its early redemption), (ii) the Legal Entity acquired such Note on a secondary market for an amount below the nominal value of the Note (or below the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium, if any) and (iii) such Note is attributable to that Legal Entity's Czech Permanent Establishment, such (positive) difference is also included in its general tax base (However, there are arguments supporting a conclusion that such difference is out of scope of Czech taxation).

A Legal Entity that is an accounting unit and where the Notes are attributable to its Czech Permanent Establishment is generally required to recognize the yield (whether in the form of a Discount or a Coupon) in its profit and loss statement on an accrual basis.

2 Capital gains/losses

2.1 Czech Tax Residents

(a) Individuals

Capital gains from the sale of the Notes that have not formed part of the business assets of an individual are generally exempt from personal income tax if:

- the total annual (worldwide) gross income (i.e. not gains) of that individual from the sale of securities (including the Notes) does not exceed the amount of CZK 100,000, or
- such gains are derived from the sale of the Notes which the individual has held for more than 3 years prior to their sale (however, income from a future sale of the Notes where a purchase agreement is concluded after 3 years but where income arises within 3 years from their acquisition is not tax-exempt); with effect from 2025, this exemption is subject to an annual cap of CZK 40,000,000 which is calculated based on a gross (worldwide) income (i.e. not gains) of that individual derived from the sale of securities (including the Notes) as well as certain participation in companies not represented by shares, however, an amendment is going through the legislative procedure that would abolish this limit, with the prospective effective date being 1 January 2026.

If the Notes formed part of the business assets of an individual, the exemption upon their sale may still apply but only if the Notes are sold no earlier than 3 years after the termination of the individual's business activities.

Taxable gains from the sale of the Notes realized by an individual are included in the general tax base, which is subject to personal income tax at a progressive rate of 15 per cent. and 23 per cent. depending on the individual's applicable bracket (the threshold for the higher bracket is 36 times the average wage, amounting to CZK 1,676,052 in 2025). If an individual has held the Notes in connection with his/her business activities, such gains are also subject to social security and health insurance contributions. Losses from the sale of the Notes realized by an individual are generally tax non-deductible, except where such losses are compensated by taxable gains on the sale of other securities and the income from the sale of the Notes is not tax-exempt.

(b) Legal Entities

Capital gains from the sale of the Notes are included in the general tax base, which is subject to corporate income tax at a flat rate of 21 per cent. Losses from the sale of the Notes realized by Legal Entities are generally tax deductible.

2.2 Czech Tax Non-residents

Capital gains from the sale of the Notes realized by a Czech Tax Non-Resident are subject to taxation in the Czech Republic provided that:

- the Notes are attributable to a Czech Permanent Establishment of the Czech Tax Non-Resident selling the Notes, or
- the Notes are acquired by (i) a Czech Tax Resident or (ii) a Czech Tax Non-Resident acquiring the Notes through his/her/its Czech Permanent Establishment.

Therefore, capital gains realized by a Czech Tax Non-Resident where the Notes are sold to another Czech Tax Non-Resident and where such Notes are attributable to neither (i) a Czech Permanent Establishment of the seller nor (ii) a Czech Permanent Establishment of the buyer, are out of scope of Czech taxation.

(a) Individuals

Capital gains from the sale of the Notes that have not formed part of the business assets of an individual are generally exempt from personal income tax if:

- the total annual (worldwide) gross income (i.e. not gains) of the individual from the sale of securities (including the Notes) does not exceed the amount of CZK 100,000, or
- such gains are derived from the sale of the Notes which the individual has held for more than 3 years prior to their sale (however, income from a future sale of the Notes where a purchase agreement is concluded after 3 years but where income arises within 3 years from their acquisition is not tax-exempt); with effect from 2025, this exemption is subject to an annual cap of CZK 40,000,000 which is calculated based on a gross (worldwide) income (i.e. not gains) of that individual derived from the sale of securities (including the Notes) as well as certain participation in companies not represented by shares, however, an amendment is going through the legislative procedure that would abolish this limit, with the prospective effective date being 1 January 2026.

If the Notes formed part of the business assets of an individual, the exemption upon their sale may still apply but only if the Notes are sold no earlier than 3 years after the termination of the individual's business activities.

Taxable gains from the sale of the Notes realized by an individual are included in the general tax base, which is subject to personal income tax at a progressive rate of 15 per cent. and 23 per cent. depending on the individual's applicable bracket (the threshold for the higher bracket is 36 times the average wage, amounting to CZK 1,676,052 in 2025). If an individual has held the Notes in connection with his/her business activities, such gains may also be subject to social security and health insurance contributions. Losses from the sale of the Notes realized by an individual are generally tax non-deductible, except where such losses are compensated by taxable gains on the sale of other securities and the income from the sale of the Notes is not tax-exempt.

Furthermore, if the Notes are sold by an individual who is not a tax resident of an EU/EEA member state, a buyer acting as a Withholding Agent may be required to withhold a Tax Security amounting to 1 per cent. of the gross purchase price. The buyer will act as a Withholding Agent if he/she/it is:

- a Czech Tax Resident, or
- a Czech Tax Non-Resident and the acquired Notes are attributable to his/her/its Czech Permanent Establishment.

Any Tax Security withheld is creditable against the final tax liability as declared by the Czech Tax Non-Resident selling the Notes in a Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable).

(b) Legal Entities

Capital gains from the sale of the Notes that are subject to Czech taxation are included in the general tax base, which is subject to corporate income tax at a flat rate of 21 per cent. Losses from the sale of the Notes realized by the Legal Entities are generally tax deductible. However, according to certain interpretations, such losses are not tax deductible for a Czech Tax Non-Resident that does not keep its accounting books under the Czech accounting rules.

Furthermore, if the Notes are sold by a Legal Entity which is not a tax resident of an EU/EEA member state, a buyer acting as the Withholding Agent may be required to withhold a Tax Security amounting to 1 per cent. of the gross purchase price. The buyer will be acting as a Withholding agent if he/she/it is:

- a Czech Tax Resident, or
- a Czech Tax Non-Resident and the acquired Notes are attributable to his/her/its Czech Permanent Establishment.

Any Tax Security withheld is creditable against the final tax liability as declared by the Czech Tax Non-resident selling the Notes in a Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable).

3 Benefits under Tax Treaties

A Tax Treaty may reduce or even fully eliminate Czech taxation of both interest income from the Notes or capital gains from their sale (including a Tax Security withholding). Such Tax Treaty relief is usually applicable on the condition that the income recipient that is a Czech Tax Non-Resident does not hold the Notes through his/her/its Czech Permanent Establishment. Furthermore, the entitlement to particular Tax Treaty benefits is generally conditional on presenting documents proving that the income recipient qualifies for the Tax Treaty benefits including, in particular (i) a tax residency certificate issued by the relevant tax authorities and (ii) a beneficial ownership declaration of the income recipient.

4 Reporting Obligation

An individual holding the Notes (whether a Czech Tax Resident or a Czech Tax Non-Resident) is obliged to report to the Czech tax authorities any income earned in connection with the Notes if such income is exempt from taxation in the Czech Republic and exceeds, in each individual case, CZK 5,000,000. The reporting must be fulfilled within the deadline for filing a personal income tax return. A non-compliance with this reporting obligation is penalized by a sanction of up to 15 per cent. of the gross amount of the unreported income.

5 Value Added Tax

There is no Czech value added tax payable in respect of the payment of interest or principal under the Notes, or in respect of the transfer of the Notes.

6 Other taxes or duties

No registration tax, capital tax, customs duty, transfer tax, stamp duty or any other similar tax or duty is payable in the Czech Republic by either the Czech Tax Resident or the Czech Tax Non-Resident in respect of or in connection with the mere purchase, holding or disposal of the Notes.

ENFORCEMENT OF CIVIL LIABILITIES AGAINST THE ISSUER

This chapter contains only general information and relies on information obtained from publicly available sources. The Issuer or its advisers make no representation as to the accuracy or completeness of the information included herein. Any prospective purchasers of the Notes should therefore not rely upon the information included herein and are recommended to contact their legal advisers for consultation about the enforcement of claims in respect of the Issuer's private law liabilities within any relevant jurisdiction.

The Terms and Conditions provide, among other things, that the courts of the Czech Republic shall have jurisdiction to settle any disputes, which may arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes).

The recognition and enforcement of foreign judgments in civil and commercial matters in the Czech Republic is governed by EU law, public international treaties and Czech law. EU Regulation 1215/2012 of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the **Regulation 1215/2012**) is directly applicable in the Czech Republic. Based on this regulation, court rulings issued by any court authority in the EU member states with regard to civil and commercial matters are enforceable in the Czech Republic, subject to the rules set forth in the Regulation 1215/2012 and, conversely, court rulings issued by court authorities in the Czech Republic with regard to civil and commercial matters are reciprocally enforceable in the EU member states.

As from 1 January 2021, the Regulation 1215/2012 no longer applies in the UK. As a result, persons enforcing a judgment obtained before English courts no longer benefit from the recognition of such judgment in EU courts (including the Czech Republic) under the Regulation 1215/2012. However, on 28 September 2020, the UK deposited an instrument of accession to the Hague Convention on Choice of Court Agreements 2005 (the **Hague Convention**). The Hague Convention is an international convention which requires contracting states to recognize and respect exclusive jurisdiction clauses in favour of other contracting states and to enforce related judgments. As the Czech Republic already is a party to the Hague Convention by virtue of being a member state of the EU, judgments handed down by a UK court should be recognized and enforced under the Hague Convention in the Czech Republic. However, the scope of the Hague Convention is limited to contracts containing exclusive jurisdiction clauses and there is no assurance that such judgments will be recognized on exactly the same terms and in the same conditions as under the Regulation 1215/2012.

According to the EC Regulation No. 593/2008 of 17 June 2008 on the law applicable to contractual obligations, parties to a contract may, subject to the terms set out therein, select the law which will govern their contractual relations in civil and commercial matters and Czech courts will give effect to such choice of law. In addition, EC Regulation No. 864/2007 on the law applicable to non-contractual obligations of 11 July 2007 allows parties to make a choice with respect to governing law of their non-contractual obligations in civil and commercial matters, subject to the terms set out therein. Unless parties to the dispute agreed otherwise, or unless courts of a different member state have an exclusive jurisdiction, foreign entities are able to bring civil proceedings before Czech courts against individuals and legal entities domiciled therein. In court proceedings, Czech courts apply their respective national procedural rules and their judgments are enforceable in their respective jurisdictions, subject to certain statutory limitations on the ability of creditors to enforce judgments against certain assets.

Any person bringing an action in the Czech Republic may be required to: (i) submit to the court a translation in the Czech language (apostilled if applicable pursuant to respective international treaties) of any relevant document prepared by a sworn translator authorized by such court; and (ii) pay a court filing fee.

In the event that court judgments against the Issuer are issued by court bodies of non-EU member states, the following rules shall apply:

- (a) In cases where the Czech Republic concluded an international treaty with a specific country on the recognition and enforcement of court rulings, the recognition and enforcement of court rulings issued in such country is processed in accordance with the provisions of the applicable international treaty.

- (b) If no international treaty on the recognition and enforcement of court rulings exists, then the rulings of foreign courts shall be recognized and enforced in the Czech Republic in accordance with Czech Act No. 91/2012 Coll., on private international law, as amended (the **Czech Private International Law Act**) and other relevant legislation. In the event of a foreign ruling against a Czech individual or legal entity, such a foreign ruling shall be recognized and enforced if, among other things, actual reciprocity has been established regarding the recognition and enforcement of judgments rendered by Czech courts in the relevant country.

The Czech Ministry of Justice may, upon agreement with the Czech Ministry of Foreign Affairs and other ministries, declare that reciprocity has been established with respect to a particular foreign country. Such declaration is binding on the Czech courts and other state authorities. If such declaration of reciprocity has not been issued with regard to a particular country, however, this does not automatically mean that reciprocity cannot be established in a given case. In such cases, the recognition of reciprocity would be assessed as part of the proceedings by the Czech court based on the actual situation in a given country with regard to the recognition of judgments of Czech authorities.

On the other hand, even if reciprocity has been established and declared by the Ministry of Justice with respect to judgments issued by judicial bodies of a particular foreign country, such judgments may not be recognized and enforced under applicable provisions of Czech law if, for example: (i) the matter falls within the exclusive jurisdiction of the courts of the Czech Republic, or in the event that the proceedings could not have been conducted by any authority of a foreign state, should the provisions on the jurisdiction of Czech courts be applied for considering the jurisdiction of the foreign authority (unless the party against whom the decision was issued voluntarily submitted to the authority of the foreign body); (ii) proceedings are underway before a Czech court with regard to the same legal relations and if said proceedings commenced prior to the proceedings abroad, in which the judgement whose recognition has been proposed was issued; (iii) a Czech court has issued or recognized a final judgment in the same matter, or proceedings regarding the same matter are pending before a Czech court; (iv) the foreign authority deprived the party to the proceedings against whom the judgment was made of the opportunity to properly participate in the proceedings (i.e., in particular, if such party had not been duly served for the purposes of the initiation of the proceedings); or (v) the recognition of a foreign judgment would be contrary to the public order in the Czech Republic.

Foreign exchange regulation

The issue and acquisition of the Notes is not subject to any foreign exchange regulation in the Czech Republic. Under Czech Constitutional Act No. 110/1998 Coll., on security of the Czech Republic, the Czech Government or its Prime Minister may declare an emergency (in Czech: *nouzový stav*). If the Czech Government declares an emergency, payments in foreign currency or abroad generally, interbank transfers of monies from abroad to the Czech Republic and/or sale of securities (including the Notes) abroad may be suspended in accordance with Czech Act No. 240/2000 Coll., on crisis management and amendment to certain acts, as amended, for the duration of such emergency. Such an emergency may be declared for a maximum period of 30 days unless prolonged by the approval of the Chamber of Deputies of the Parliament of the Czech Republic.

GENERAL INFORMATION

1 Corporate Information

The Issuer is a European Company (*Societas Europaea*) established under the laws of the Czech Republic and applicable EU laws, registered in the Commercial Register maintained by the Municipal Court in Prague, File No. H 962, with company identification number 291 51 961. Its registered seat is náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1, Czech Republic, its telephone number is +420 222 814 617 and its website is www.coltczgroup.com.

2 Authorization

The creation and issue of the Notes has been authorized by the resolution of the Issuer's Board of Directors dated 10 October 2025 and by the resolution of the Issuer's Supervisory Board dated 10 October 2025.

3 Legislation Under Which Notes have been Created

The Notes are to be issued in accordance with the Czech Bonds Act, the Civil Code, and the Prospectus Regulation.

4 Expenses Related to Admission to Trading

Application has been made for the Notes to be admitted to trading on the Regulated Market. It is expected that the admission of the Notes to trading on the Regulated Market will be granted on or around the Issue Date. The estimated amount of fees associated with the admission of the Notes to trading on the Regulated Market is CZK 50,000 as the listing fee and CZK 15,000 as the annual trading fee.

5 Events Specific to the Issuer

The Issuer is not aware of any event specific to it or to the Group which would have a material impact on the assessment of the Issuer's solvency.

6 Significant/Material Change

Since 31 December 2024, there has been no material adverse change in the prospects of the Group.

Since 31 December 2024, there has been no significant change in the financial or trading position of the Group.

7 Legal or Arbitration Proceedings

Save as described in this Prospectus (See "*The Group's Business-Legal Proceedings*"), there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Group.

8 Statutory Auditor

The Audited Financial Statements were audited by Deloitte Audit s.r.o., an independent registered auditor with its registered seat in Italská 2581/67, Vinohrady, 120 00 Prague 2, Czech Republic, Id. No. 496 20 592, registered with the Commercial Register kept by the Municipal Court in Prague, File No. C 24349; and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic, under License No. 79. On behalf of Deloitte, the auditors' reports on the Audited Financial Statements were signed by Martin Tesař, holding auditor's certificate No. 2030. The relevant audit reports are included in the Audited Financial Statements.

The Issuer declares that neither Deloitte Audit s.r.o. nor any of its members, employees or agents has any material interest in the Issuer. In connection with this statement, the Issuer especially took into account the Auditors' potential ownership of securities issued by the Issuer, potential prior participation in any governing bodies of the Issuer, or potential affiliation with other entities involved in the Issue.

9 Rating

The Issuer was not assigned any rating by any rating agency registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council or any other company. No individual rating of the Notes has been conducted and thus the Notes are not assigned any individual rating.

10 Documents on Display

For as long as the Notes are admitted to trading on the Regulated Market and at least for the period of validity of this Prospectus, copies of the following documents are available electronically on the website of the Issuer www.coltczgroup.com in section Investors and also for inspection during regular business hours from 9 a.m. to 4 p.m. CET at the Issuer's office at Na Poříčí 2, Nové Město, 110 00 Prague 1, the Czech Republic, and at the Specified Office of the Fiscal and Paying Agent:

- (a) the constitutional documents of the Issuer;
- (b) the Fiscal and Paying Agency Agreement.

In addition, the Consolidated Financial Statements, this Prospectus and any supplements to the Prospectus will be available, in electronic format, on the website of the Issuer www.coltczgroup.com in section Investors for at least 10 years after the approval of the Prospectus by the CNB.

11 Third Party Information

The Issuer has obtained certain statistical and market information that is presented in this Prospectus, in particular in section "*The Group's Business*". Unless the source is otherwise stated, the market, economic and industry data in this Prospectus constitute management's estimates, using underlying data from independent third parties. The Issuer obtained market data and certain industry forecasts used in this Prospectus from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including the following:

- (a) International Monetary Fund, World Economic Outlook, available at: <https://www.imf.org/en/Countries/USA#countrydata> (accessed on 10 October 2025); and
- (b) Czech National Bank: Forecast (as published from time to time) (**CNB Forecast**); available at <https://www.cnb.cz/en/monetary-policy/forecast/> (accessed on 7 August 2025).

Third party publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information and such information is not intended to be used as the sole basis for any business decision. The Issuer has not independently verified any of the data from third party sources nor has it ascertained the underlying economic assumptions relied upon therein. The Issuer confirms that all such data contained in this Prospectus has been accurately reproduced and, so far as the Issuer is aware and able to ascertain from information published by third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. All information contained in this Prospectus is subject to change based on various factors, including those discussed in "*Risk Factors*". Where third-party information has been used in this Prospectus, the source of such information has been identified. Nevertheless, prospective investors are advised to consider this data with caution. Market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. Prospective investors should note that the Issuer's estimates are based on such third-party information. Neither the Issuer nor the Joint Lead Managers have independently verified the figures, market data or other information on which third parties have based their studies.

12 Interest of Persons Involved in Issuance and Offering of Notes

The Issuer is not aware of any interest of persons involved in the issuance and offering of the Notes which would be material for the Issue, except for any fees payable to KB acting as joint lead manager, fiscal and paying agent,

and the listing agent and CS, UCB and J&T BANKA acting as joint lead managers, in connection with the offering and subscription and sale of the Notes.

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THE ISSUER

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