



CZECHOSLOVAK GROUP a.s.

**Prospectus of notes bearing a fixed interest rate of 5.75% p.a.
with an anticipated aggregate nominal value of up to CZK 5,000,000,000
with the possibility of an increase up to CZK 10,000,000,000
due in 2030
ISIN CZ0003572695**

This document constitutes a prospectus (the "**Prospectus**") in respect of notes issued under Czech law with an anticipated aggregate nominal value of up to CZK 5,000,000,000 (in words: five billion Czech crowns), with the possibility of an increase up to CZK 10,000,000,000 (in words: ten billion Czech crowns, due in 2030, by CZECHOSLOVAK GROUP a.s., with its registered office at U Rustonky 714/1, Karlín, 186 00 Prague 8, ID No.: 034 72 302, LEI: 315700SWFD7G70AVG768, registered in the Commercial Register under the File No. B 20071 maintained by the Municipal Court in Prague (the "**Issuer**" or "**CSG**", and the notes hereinafter referred to as the "**Notes**" or the "**Issue**").

The Notes bear a fixed interest rate of 5.75% p.a. payable semi-annually in arrears, as more fully set out in the section entitled "*Terms and Conditions of the Notes*" which contains the text of the terms and conditions of the Issue of the Notes (the "**Terms and Conditions**").

The issue date of the Notes has been set at 10 June 2025 (the "**Issue Date**").

The issue price of all Notes issued on the Issue Date is equal to 100% of their nominal value. The issue price of any Notes issued after the Issue Date will be determined by the Joint Lead Managers (as defined below) in consultation with the Issuer and based on current market conditions.

Unless the Notes are redeemed early or purchased by the Issuer and cancelled as set out in the Terms and Conditions, the nominal value of each Note will be redeemed on 10 June 2030. Noteholders (as defined in the Terms and Conditions) may request early redemption of the Notes under certain conditions specified in the Terms and Conditions. The Issuer is entitled, at its option and upon notice to the Noteholders, to redeem the Notes early on the 4.5-year anniversary of the Issue Date, or any time after.

The Notes constitute direct, general, unconditional and unsubordinated debts of the Issuer secured by the Shared Security (as defined in the Terms and Conditions) established in the name of the Security Agent (as defined in the Terms and Conditions), which rank and will always rank *pari passu* among themselves and with obligations of the Issuer which are similarly secured as the Notes under the UK Intercreditor Agreement (as defined below in the Terms and Conditions) and at least *pari passu* with any other present or future unsubordinated and similarly secured obligations of the Issuer, except for such obligations of the Issuer that may be preferred by mandatory provisions of applicable 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 the relevant payment is made. If required by the laws applicable in the Czech Republic as of the moment the redemption of the nominal value or payment of interest is made, the applicable taxes and fees will be withheld from payments to the Noteholders. The Issuer will not be obliged to make any additional payments to the Noteholders as compensation for such tax or fee withholdings. Further details are provided in the section "*Taxation and Foreign Exchange Regulation*" of this Prospectus.

Investors should consider the risk factors associated with investing in the Notes. The risk factors that the Issuer considers to be significant are set out in the section "*Risk Factors*" of this Prospectus.

This Prospectus has been prepared and published for the purposes of the public offer of the Notes within the meaning of 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 (the "**Prospectus Regulation**"), and admission to trading on a regulated market. The public offering of the Notes will be conducted by the Issuer through the Joint Lead Managers.

This document constitutes a prospectus for retail non-equity securities within the meaning of Article 6 of the Prospectus Regulation and Article 24 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing

Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the "**Prospectus Format and Content Regulation**"). This Prospectus has been prepared in accordance with Annexes 6, 14 and 20 of the Prospectus Format and Content Regulation.

The Issuer has applied for the admission of the Notes to trading on the Regulated Market of the Prague Stock Exchange (*Burza cenných papírů Praha, a.s.*) with its registered office at Rybná 14/682, 110 05 Prague 1, Czech Republic, ID No.: 471 15 629, registered in the Commercial Register under the File No. B 1773 maintained by the Municipal Court in Prague (the "**PSE**" and the Regulated Market of the PSE hereinafter referred to as the "**Regulated Market**").

*This Prospectus was prepared on 7 May 2025 and approved by the Czech National Bank (the "**CNB**") under ref. no. 2025/054169/CNB/650 file no. S-Sp-2025/00170/CNB/653 dated 12 May 2025, which became effective on 12 May 2025.*

The Prospectus (as may be updated by its supplements) is valid until 12 May 2026. The obligation to supplement the Prospectus in the event of significant new factors, material mistake or material inaccuracies does not apply when the Prospectus is no longer valid.

This Prospectus has been approved by the CNB as competent authority under the Prospectus Regulation. The CNB only approves this Prospectus as to meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. 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.

The Central Securities Depository (*Centrální depozitář cenných papírů, a.s.*) (the "**Central Depository**") has assigned the ISIN CZ0003572695 to the Notes.

The distribution of this Prospectus, as well as the offer, sale or purchase of the Notes, is restricted by law in certain countries. Neither the Prospectus nor the Notes have been authorized or approved by any governmental authority of any jurisdiction except for the approval of the Prospectus by the CNB. After the settlement of the public offering of the Notes or after the date of admission of the Notes to trading on the Regulated Market, prospective purchasers of the Notes must base their investment decisions not only on this Prospectus, as supplemented from time to time, but also on other information that may have been published by the Issuer after the date of this Prospectus or on other publicly available information.

The Prospectus (including any supplements thereto and documents incorporated by reference), as well as other published documents, are available in electronic form on the Issuer's website at www.czechoslovakgroup.com, in the section For investors → Bonds - Regulatory disclosure → CSG 5.75/2030, and historical financial data and auditor's reports at www.czechoslovakgroup.com, in the section For investors → Annual reports, and also available for inspection at the Issuer's registered office at U Rustonky 714/1, Karlín, 186 00 Prague 8, Czech Republic, on Business Days between 9:00 a.m. and 4:00 p.m. (for details, see the section "Important notice").

Coordinator

Česká spořitelna, a.s.

Joint Lead Managers

Česká spořitelna, a.s.

J&T BANKA, a.s.

Komerční banka, a.s.

PPF banka a.s.

UniCredit Bank Czech Republic and Slovakia, a.s.

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IMPORTANT NOTICE

This document is a prospectus for retail non-equity securities (notes) pursuant to Article 6 of the Prospectus Regulation and Article 24 of the Prospectus Format and Content Regulation.

The distribution of this Prospectus and the offer, sale or purchase of the Notes are restricted by law in certain countries. Neither the Notes nor the Prospectus will be authorised, approved or registered by any administrative or other authority of any jurisdiction except for the approval of the Prospectus by the CNB. In particular, the Notes will not be so registered under the United States Securities Act of 1933 (the "U.S. Securities Act") and may not be offered, sold or transferred within the United States or to persons residents of the United States (as such terms are defined in Regulation S promulgated to implement the U.S. Securities Act), other than pursuant to an exemption from registration under the U.S. Securities Act or in a transaction not subject to registration under the U.S. Securities Act. Persons into whose possession this Prospectus comes are responsible for compliance with the restrictions that apply in each country to the offer, purchase or sale of the Notes or to the possession and distribution of the Prospectus and any other materials relating to the Notes.

Those interested in purchasing the Notes should make their own assessment of the suitability of an investment in the Notes. Persons interested in purchasing the Notes must make their investment decision on the basis of the information set out in this Prospectus as amended from time to time. In the event of a conflict between the information contained in this Prospectus and its supplements, the information published last shall always prevail. Any decision to subscribe for the offered Notes must be based solely on the information contained in these documents taken as a whole and the terms of the offer, including a separate assessment by each potential purchaser of the riskiness of an investment in the Notes.

Neither the Issuer nor any of the Joint Lead Managers has authorized any statements or information about the Issuer or the Notes other than those contained in this Prospectus and any supplements thereto. No such other statements or information may be relied upon as having been approved by the Issuer or the Joint Lead Managers. Unless otherwise indicated, all information in this Prospectus is as of the date hereof. The delivery of this Prospectus at any time after the date hereof does not imply that the information contained herein is correct as of any time after the date of this Prospectus.

No representation is being made by the Issuer, the Joint Lead Managers or any of their representatives to any offeree or purchaser of the Notes as to the legality of any investment by such offeree or purchaser under applicable investment or other laws. Each investor should discuss with its advisers the legal, tax, business, financial and related aspects of the purchase of the Notes. None of the Joint Lead Managers has independently verified the information contained in this Prospectus. Accordingly, the Joint Lead Managers make no representation or undertaking, express or implied, and accept no responsibility in relation to the accuracy or completeness of the information contained in or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes. The Joint Lead Managers assume no responsibility in relation to the information contained in or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering or distribution of the Notes. The Joint Lead Managers expressly state that they do not undertake to investigate the financial position or affairs of the Issuer during the term of the Notes or to provide any investor in the Notes with any information which comes to the attention of the Joint Lead Managers.

The information contained in the chapters "Taxation and Foreign Exchange Regulation" and "Enforcement of Civil Liabilities against the Issuer" is provided only as general and not exhaustive information based on the status as of the date of this Prospectus and has been obtained from publicly available sources that have not been compiled or independently verified by the Issuer. Prospective purchasers of the Notes should rely solely on their own analysis of the factors set forth in these sections and on their own legal, tax and other professional advisors. Prospective foreign purchasers of the Notes are advised to consult with their own legal and other advisors as to the provisions of relevant laws and regulations, in particular foreign exchange and tax laws of the Czech Republic, their countries of residence and other relevant countries, if any, as well as the provisions of any relevant international agreements and their impact on specific investment decisions

The Noteholders, including any foreign investors, are urged to keep themselves informed of, and to comply with, all laws and regulations governing the holding of the Notes, the sale of the Notes abroad or the purchase of the Notes from abroad and any other transactions in the Notes.

The Prospectus, any supplements thereto, as well as other published documents, are available in electronic form on the Issuer's website at www.czechoslovakgroup.com, in the section For investors → Bonds - Regulatory disclosure → CSG 5.75/2030, and historical financial data and auditor's reports at www.czechoslovakgroup.com, in the section For investors → Annual reports, as well as for inspection at the Issuer's registered office at U Rustonky 714/1, Karlín, 186 00 Prague 8, on Business Days from 9:00 a.m. to 4:00 p.m.

For so long as any portion of the Notes remain outstanding, the Agency Agreement (as defined in the Terms and Conditions) will be available for inspection at the Specified Office on Business Days during regular business hours from 9:00 a.m. to 4:00 p.m. upon request.

Any assumptions or projections regarding the future development of the Issuer, its financial position, its business or its market position should not be regarded as statements or binding promises by the Issuer concerning future events or results, as such future events or results depend in whole or in part on circumstances and events beyond the Issuer's direct or complete control. Prospective purchasers of the Notes should make their own analysis of any developments or prospects set out in this Prospectus, or make further independent enquiries, and base their investment decisions on the results of such independent analyses and enquiries.

Unless otherwise stated below, all financial information of the Issuer is based on International Financial Reporting Standards as adopted by the EU and consistently applied (IFRS). Certain figures in this Prospectus have been adjusted by rounding. This means, among other things, that the values reported for the same item of information may differ slightly in different places and the values reported as sums of certain values may not be the arithmetic sum of the underlying values.

If this Prospectus is translated into another language, in the event of an interpretive conflict between the text of the Prospectus in the English language and the text of the Prospectus translated into another language, the text of the Prospectus in the English language shall prevail.

The information contained under the hyperlinks in this Prospectus, except for the Chapter entitled "Information Incorporated by Reference", does not form a part of this Prospectus and has therefore not been verified or approved by the CNB.

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I. SHRnutí

Níže uvedené shrnutí uvádí klíčové informace, jež investoři potřebují, aby porozuměli povaze a rizikům Emitenta a Dluhopisů. Shrnutí je nutné vykládat ve spojení s ostatními částmi tohoto Prospektu. Pojmy s počátečním velkým písmenem, které jsou použity ve shrnutí, mají význam jim přiřazený v Emisních podmínkách nebo jakékoliv jiné části Prospektu. Toto shrnutí je překladem z originálního anglického znění; v případě jakýchkoli rozporů mezi jazykovými verzemi má přednost anglické znění.

ODDÍL 1 – ÚVOD A UPOZORNĚNÍ

1.1	Cenné papíry	Dluhopisy CSG 5,75/2030; ISIN CZ0003572695
1.2	Emitent	Emitentem Dluhopisů je společnost CZECHOSLOVAK GROUP a.s. se sídlem U Rustonky 714/1, Karlín, 186 00 Praha 8, Česká republika, IČO: 034 72 302, LEI: 315700SWFD7G70AVG768. Emitenta je možné kontaktovat na telefonním čísle +420 273 162 150 nebo prostřednictvím emailové adresy info@czechoslovakgroup.com.
1.3	Vedoucí spolumanažeri / Kotační agent	<p>Osobami umísťujícími a nabízející Dluhopisy jsou:</p> <ul style="list-style-type: none">Česká spořitelna, a.s., se sídlem Praha 4, Olbrachtova 1929/62, PSČ 140 00, IČO: 452 44 782, LEI: 9KOGW2C2FCIOJQ7FF485, tel. 800 468 378 (800 INVEST), e-mail: csas@csas.cz;J&T BANKA, a.s., se sídlem Sokolovská 700/113a, Karlín, 186 00 Praha 8, IČO: 471 15 378, LEI: 31570010000000043842, tel. +420 221 710 666, e-mail: DealingCZ@jtbank.cz;Komerční banka, a.s., se sídlem na adrese Praha 1, Na Příkopě 33 čp. 969, PSČ 114 07, IČO: 453 17 054, LEI: IYKCAVNFR8QGF00HV840, tel. +420 222 008 229, email: kbisales@kb.cz ;PPF banka a.s. se sídlem na adrese Praha 6, Evropská 2690/17, PSČ 160 41, IČO: 471 16 129, LEI: 31570010000000036567, tel. +420 222 244 255, e-mail: dcm@ppfbanka.cz; aUniCredit Bank Czech Republic and Slovakia, a.s., se sídlem na adrese Praha 4 - Michle, Želetavská 1525/1, PSČ 140 92, IČO: 649 48 242, LEI: KR6LSKV3BTSJRD41IF75, tel. +420 221 216 821, e-mail: DCM@unicreditgroup.cz. <p>Emitent požádá prostřednictvím České spořitelny, a.s., jako Kotačního agenta o přijetí Dluhopisů k obchodování na Regulovaném trhu.</p>
1.4	Orgán schvalující prospekt	Tento Prospekt schválila Česká národní banka (ČNB), IČO: 481 36 450, tel.: 224 411 111, zelená linka tel.: 800 160 170, e-mail: podatelna@cnb.cz.
1.5	Datum schválení prospektu	Prospekt byl schválen rozhodnutím ČNB č. j. 2025/054169/CNB/650 ke sp. zn. S-Sp-2025/00170/CNB/653 ze dne 12. 5. 2025, které nabylo právní moci dne 12. 5. 2025.
1.6	Upozornění	<p>Toto shrnutí je třeba číst jako úvod Prospektu.</p> <p>Jakékoli rozhodnutí investovat do Dluhopisů by mělo být založeno na tom, že investor zváží Prospekt jako celek.</p> <p>Investor do Dluhopisů může přijít o veškerý investovaný kapitál nebo jeho část.</p> <p>V případě, že je u soudu vznesen nárok na základě údajů uvedených v Prospektu, může být žalujícímu investorovi podle vnitrostátního práva členských států uložena povinnost uhradit náklady na překlad Prospektu před zahájením soudního řízení.</p> <p>Občanskoprávní odpovědnost nesou pouze ty osoby, které shrnutí včetně jeho překladu předložily, avšak pouze pokud je shrnutí zavádějící, nepřesné nebo v rozporu s ostatními částmi Prospektu nebo pokud shrnutí ve spojení s ostatními částmi Prospektu neposkytuje klíčové informace, které investorům pomáhají při rozhodování, zda do Dluhopisů investovat.</p>

ODDÍL 2 – KLÍČOVÉ INFORMACE O EMITENTOVĚ

2.1	Kdo je emitentem cenných papírů?	<p>Emitent je akciovou společností založenou podle práva České republiky, se sídlem na adrese U Rustonky 714/1, Karlín, 186 00 Praha 8, zapsanou v obchodním rejstříku vedeném Městským soudem v Praze pod spisovou značkou B 20071, LEI: 315700SWFD7G70AVG768. Emitent se při své činnosti řídí českými právními předpisy.</p> <p>Emitent byl založen a vykonává činnost holdingové společnosti a jeho účelem je strategické vedení, upevňování postavení a rozvíjení vnitřního potenciálu skupiny, a to prostřednictvím financování a řízení činností dceřiných společností působících v oblasti civilní a speciální (vojenské, obranné, záchranné, kontejnerové, dopravní aj.) výroby.</p> <p>Jediným akcionářem Emitenta je společnost CSG FIN a.s., IČO: 141 41 442. Jediným akcionářem společnosti CSG FIN a.s. a skutečným vlastníkem Emitenta je pan Michal Strnad, dat. nar. 4. 8. 1992, bytem Široká 129, Chrudim I, 537 01 Chrudim. Emitent je součástí skupiny CZECHOSLOVAK GROUP (dále též "Skupina").</p> <p>Klíčové řídicí osoby Emitenta jsou členové představenstva: Michal Strnad – majitel a generální ředitel, Petr Formánek – M&A (fúze a akvizice) a kapitálové trhy, David Chour – výkonný ředitel, Zdeněk Jurák – finanční ředitel, a Ladislav Štorek – General Counsel (zastřešující právní záležitosti).</p> <p>Auditorem Emitenta je společnost Deloitte Audit s.r.o., IČO: 496 20 592, se sídlem Italská 2581/67, 120 00 Praha 2 - Vinohrady.</p>																														
2.2	Které finanční informace o emitentovi jsou klíčové?	<p>Výkaz zisku a ztrát (v tis. EUR):</p> <table border="1"> <thead> <tr> <th></th><th>za rok 2024</th><th>za rok 2023</th></tr> </thead> <tbody> <tr> <td>Zisk za účetní období</td><td>633.387</td><td>210.211</td></tr> </tbody> </table> <p>Pro-forma výkaz zisku a ztrát (v tis. EUR):</p> <table border="1"> <thead> <tr> <th></th><th>za rok 2024</th><th>za rok 2023</th></tr> </thead> <tbody> <tr> <td>Zisk za účetní období (pro forma)</td><td>702.464</td><td>366.956</td></tr> </tbody> </table> <p>Výkaz o finanční pozici (v tis. EUR):</p> <table border="1"> <thead> <tr> <th></th><th>k 31. 12. 2024</th><th>k 31. 12. 2023</th></tr> </thead> <tbody> <tr> <td>Čistý finanční dluh (vypočítaný jako součet bankovních dluhů, dluhopisů, půjček od akcionáře a spřízněných osob a leasingů snížený o peníze a peněžní ekvivalenty)</td><td>1.768.725</td><td>573.502</td></tr> </tbody> </table> <p>Výkaz peněžních toků (v tis. EUR):</p> <table border="1"> <thead> <tr> <th></th><th>za rok 2024</th><th>za rok 2023</th></tr> </thead> <tbody> <tr> <td>Čisté peněžní toky z provozní činnosti</td><td>856.056</td><td>199.129</td></tr> <tr> <td>Čisté peněžní toky z finanční činnosti</td><td>1.919.061</td><td>190.709</td></tr> <tr> <td>Čisté peněžní toky z investiční činnosti</td><td>(2.082.603)</td><td>(70.458)</td></tr> </tbody> </table>		za rok 2024	za rok 2023	Zisk za účetní období	633.387	210.211		za rok 2024	za rok 2023	Zisk za účetní období (pro forma)	702.464	366.956		k 31. 12. 2024	k 31. 12. 2023	Čistý finanční dluh (vypočítaný jako součet bankovních dluhů, dluhopisů, půjček od akcionáře a spřízněných osob a leasingů snížený o peníze a peněžní ekvivalenty)	1.768.725	573.502		za rok 2024	za rok 2023	Čisté peněžní toky z provozní činnosti	856.056	199.129	Čisté peněžní toky z finanční činnosti	1.919.061	190.709	Čisté peněžní toky z investiční činnosti	(2.082.603)	(70.458)
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Čisté peněžní toky z finanční činnosti	1.919.061	190.709																														
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2.3	Jaká jsou hlavní rizika, která jsou specifická pro emitenta?	<p>Rizikové faktory vztahující se k Emitentovi a dalším společnostem Skupiny zahrnují především následující skutečnosti:</p> <ol style="list-style-type: none"> Skupina je vystavena riziku spojenému s regulatorním prostředím na trhu s vojenským materiálem a případně malokalibrovou municí v České republice, v Itálii, na Slovensku, ve Španělsku a ve Spojených státech 																														

		<p>amerických – případné zpřísnění nebo nedostatek či ztráta nezbytných licencí a povolení mohou mít negativní vliv na podnikání Skupiny a její schopnost plnit dluhy z Dluhopisů.</p> <p>2. Omezení výdajů na armádu a ozbrojené složky v České republice i v zahraničí může nepříznivě ovlivnit podnikání Skupiny v obranném průmyslu.</p> <p>3. Skupina nemusí být schopna udržet technologický pokrok v oblasti obranného průmyslu nebo letectví.</p> <p>4. Skupina je vystavena riziku neúspěchu ve veřejných zakázkách v oblasti strojírenství.</p> <p>5. Nedávno zavedená a potenciální budoucí cla mohou nepříznivě ovlivnit dodavatelský řetězec Skupiny, zvýšit její výrobní náklady a ovlivnit její finanční výsledky.</p> <p>Výše uvedená rizika mohou mít zásadní negativní vliv na finanční a ekonomickou situaci Emitenta a společností Skupiny, respektive na jejich podnikatelskou činnost. To ve svém důsledku může podstatně zhoršit schopnost Emitenta plnit dluhy z Dluhopisů.</p>
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ODDÍL 3 – KLÍČOVÉ INFORMACE O CENNÝCH PAPIŘECH

3.1	Jaké jsou hlavní rysy cenných papírů?	<p>Dluhopisy jsou zaknihované cenné papíry. Evidenci o Dluhopisech vede Centrální depozitář. Dluhopisům byl Centrálním depozitářem přidělen kód ISIN CZ0003572695.</p> <p>Měna Dluhopisů je koruna česká (CZK). Jmenovitá hodnota jednoho kusu Dluhopisu je 10.000 Kč.</p> <p>Celková předpokládaná jmenovitá hodnota Emise je 5.000.000.000 Kč; Emitent je oprávněn navýšit celkovou jmenovitou hodnotu Emise až na 10.000.000.000 Kč. Předpokládaný počet Dluhopisů je v případě vydání Dluhopisů v celkové předpokládané hodnotě Emise 500.000 kusů (a v případě navýšení celkové jmenovité hodnoty Emise až 1.000.000 kusů).</p> <p>Datum emise je 10. 6. 2025. Den konečné splatnosti Dluhopisů je 10. 6. 2030.</p> <p>Převoditelnost Dluhopisů není omezena.</p> <p>S Dluhopisy je spojeno zejména právo na výplatu jmenovité hodnoty ke dni jejich splatnosti a právo na výnos z Dluhopisů. Jmenovitá hodnota je splatná, nedojde-li k předčasnému splacení Dluhopisů dle Emisních podmínek, jednorázově ke Dni konečné splatnosti dluhopisů.</p> <p>Dluhopisy ponesou pevný úrokový výnos ve výši 5,75 % p.a.; úrokový výnos je splatný pololetně zpětně vždy k 10. 12. a 10. 6.</p> <p>S Dluhopisy je dále spojeno právo Vlastníka Dluhopisů žádat v Případech porušení povinností předčasné splacení Dluhopisů.</p> <p>S Dluhopisy je též spojeno právo účastnit se a hlasovat na schůzích Vlastníků Dluhopisů v případech, kdy je taková schůze svolána v souladu se Zákonem o dluhopisech, resp. Emisními podmínkami.</p> <p>V případě, že dojde ke Změně ovládání je Vlastník Dluhopisů oprávněn podle svého rozhodnutí požádat o předčasné splacení svých Dluhopisů přede Dnem konečné splatnosti dluhopisů písemným oznámením určeným Emitentovi a doručeným Administrátorovi na adresu Určené provozovny, a to vždy za 101 % nesplacené jmenovité hodnoty svých Dluhopisů ke Dni předčasné splatnosti dluhopisů, spolu s narostlým úrokovým výnosem splatným ke Dni předčasné splatnosti dluhopisů.</p> <p>Emitent je oprávněn Dluhopisy na základě svého rozhodnutí a po oznámení Vlastníkům Dluhopisů po uplynutí 4,5letého výročí Data emise předčasně splatit.</p>
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		<p>Dluhopisy zakládají přímé, obecné, nepodmíněné a nepodřízené dluhy Emitenta zajišťované Sdíleným Zajištěním (jak je tento pojem definován v Emisních podmínkách) na jméno Agentu pro zajištění (jak je tento pojem definován v Emisních podmínkách), které jsou a budou co do pořadí svého uspokojení rovnocenné (<i>pari passu</i>) jak mezi sebou navzájem, tak i alespoň rovnocenné vůči všem dalším současným i budoucím nepodřízeným a stejným způsobem zajištěným dluhům Emitenta (včetně dluhů Emitenta podle UK Mezivěřitelské smlouvy, které jsou obdobně zajištěny jako Dluhopisy), s výjimkou těch dluhů Emitenta, u nichž stanoví jinak kogentní ustanovení právních předpisů.</p> <p>Dluhy z Dluhopisů budou, společně s dalšími dluhy Emitenta, počínaje Datem emise zajištěny Sdíleným Zajištěním, zejména: (a) zástavním právem k vybraným aktivům, včetně, avšak nikoli výlučně, (i) akciím Emitenta, (ii) akciím či podílům ve vybraných Dceřiných společnostech, (iii) pohledávkám z bankovních účtů Emitenta, (iv) vybraným vnitroskupinovým pohledávkám, a (b) ručením ze strany vybraných Dceřiných společností. Sdílené Zajištění bude po Datu emise na základě UK Mezivěřitelské dohody mezi věřiteli Emitenta uzavřené 22. 11. 2024 podle anglického práva sdíleno s jinými věřiteli a aranžéry dalších dluhů Emitenta, včetně věřitelů z úvěrů (zejména Seniorní úvěrové smlouvy) a jiných dluhopisů, přijatých či vydaných Emitentem a/nebo jeho Dceřinými společnostmi. Agentem pro zajištění ve vztahu ke Sdílenému Zajištění byla Emitentem pověřena společnost GLAS TRUST CORPORATION LIMITED – Agent pro zajištění drží a případně vymáhá Sdílené Zajištění za využití institutu tzv. paralelního dluhu (<i>parallel debt</i>) podle anglického práva. Zájmy Vlastníků Dluhopisů bude jako strana UK Mezivěřitelské dohody zastupovat společný zástupce – ČSOB Asset Management, a.s., investiční společnost – který přistoupí před Datem emise k UK Mezivěřitelské dohodě.</p>
3.2	Kde budou cenné papíry obchodovány?	Emitent požádá prostřednictvím Kótačního agenta o přijetí Dluhopisů k obchodování na Regulovaném trhu.
3.3	Je za cenné papíry poskytnuta záruka?	Za dluhy z Dluhopisů není nad rámec Sdíleného Zajištění poskytnuta jakákoli záruka.
3.4	Jaká jsou hlavní rizika, která jsou specifická pro tyto cenné papíry?	<p>Rizikové faktory vztahující se k Dluhopisům zahrnují především následující specifické faktory:</p> <ol style="list-style-type: none"> 1. Vlastník Dluhopisů s pevnou úrokovou sazbou je vystaven riziku poklesu ceny takového Dluhopisu v důsledku růstu tržních úrokových sazeb. 2. Vlastník Dluhopisů je vystaven riziku, že Emitent přijme jakékoli další dluhového financování, což může v konečném důsledku znamenat, že v případě insolvenčního řízení budou pohledávky Vlastníků Dluhopisů uspokojeny v menší míře, než kdyby k přijetí takového dluhového financování nedošlo. 3. Pokud dojde k předčasnému splacení Dluhopisů v souladu s Emisními podmínkami před datem jejich splatnosti, je Vlastník Dluhopisů vystaven riziku nižšího než předpokládaného výnosu z důvodu takového předčasného splacení. Emitent je oprávněn rozhodnout o předčasném splacení Dluhopisů počínaje 4,5letým výročím Data emise. 4. Vlastníci Dluhopisů nemají plnou kontrolu nad rozhodnutími týkajícími se Sdíleného Zajištění. Agent pro zajištění jedná na základě pokynů Instruuji Skupiny (<i>Instructing Group</i>), která je tvořena věřiteli s více než 50 % celkových zajištěných dluhů. Pokud dluhy jiné, než dluhy z Dluhopisů, představují 50 % nebo více celkových zajištěných dluhů (což je aktuální stav), nemohou Vlastníci Dluhopisů samostatně iniciovat realizaci Sdíleného Zajištění. 5. Vzhledem k tomu, že se UK Mezivěřitelská dohoda a další dluhové dokumenty uzavřené Emitentem řídí zákony různých jurisdikcí, může být pro Vlastníky Dluhopisů obtížné efektivně vymáhat svá práva v případě insolvence Emitenta a/nebo jeho Dceřiných společností. 6. Existuje riziko, že hodnota Sdíleného Zajištění nemusí být dostatečná

		k uspokojení závazků Emitenta vůči Vlastníkům Dluhopisů. V případě vymáhání zajištění se výnosy rozdělují poměrně mezi různé zajištěné věřitele. Emitent a poskytovatelé zajištění mají navíc kontrolu nad Sdíleným Zajištěním a mohou provádět běžné obchodní aktivity, které mohou snížit hodnotu zajištění.
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ODDÍL 4 – KLÍČOVÉ INFORMACE O VEŘEJNÉ NABÍDCE CENNÝCH PAPÍRŮ A JEJICH PŘIJETÍ K OBCHODOVÁNÍ NA REGULOVANÉM TRHU

4.1	Za jakých podmínek a podle jakého časového rozvrhu mohou investovat do tohoto cenného papíru?	<p>Dluhopisy budou distribuovány cestou veřejné nabídky podle článku 2 písm. d) Nařízení o prospektu. Dluhopisy mohou být vydány jednorázově k Datu emise nebo průběžně kdykoliv po Datu emise prostřednictvím společnosti (i) Česká spořitelna, a.s. (dále též "Koordinátor") a (ii) J&T BANKA, a.s., (iii) Komerční banka, a.s., (iv) PPF banka a.s. a (v) UniCredit Bank Czech Republic and Slovakia, a.s. (společně s Koordinátorem dále též "Vedoucí spolumanažeři"), které jimi (na tzv. <i>best efforts</i> bázi) umístěné Dluhopisy upíší a následně prodají koncovým investorům. Vedoucí spolumanažeři hodlají Dluhopisy nabízet v České republice tuzemským a zahraničním kvalifikovaným i jiným než kvalifikovaným (zejména retailovým) investorům a v zahraničí vybraným kvalifikovaným investorům, a případně dalším investorům za podmínek, které v dané zemi nezakládají povinnost nabízejícího vypracovat a uveřejnit prospekt v souladu s tamními právními předpisy.</p> <p>V rámci veřejné nabídky bude:</p> <ul style="list-style-type: none"> (i) Česká spořitelna, a.s., přijímat pokyny prostřednictvím vybraných poboček a internetového bankovníctví České spořitelny – George; (ii) J&T BANKA, a.s. přijímat pokyny prostřednictvím svého ústředí v Praze; (iii) Komerční banka, a.s., přijímat pokyny prostřednictvím vybraných poboček; (iv) PPF banka a.s. přijímat pokyny prostřednictvím svého ústředí v Praze; a (v) UniCredit Bank Czech Republic and Slovakia, a.s., přijímat pokyny prostřednictvím svého ústředí v Praze. <p>Dluhopisy budou nabízeny cestou veřejné nabídky od 12. 5. 2025 (včetně) do 7. 5. 2026 (včetně).</p> <p>Vedoucí spolumanažeři se na základě smlouvy o upsání a koupi dluhopisů dohodnou s Emitentem, že upíší Dluhopisy oproti zaplacení emisního kurzu. Vedoucí spolumanažeři budou za použití vypořádání prostřednictvím Centrálního depozitáře zapsáni v centrální evidenci cenných papírů jako Vlastníci Dluhopisů oproti zaplacení emisního kurzu (kupní ceny) Dluhopisů na účet Emitenta. Takové Dluhopisy ve stejný den Vedoucí spolumanažeři převedou na majetkové účty příslušným koncovým investorům. Zároveň Vedoucí Spolumanažeři inkasují z peněžních účtů koncových investorů částku odpovídající kupní ceně za takové Dluhopisy.</p> <p>Celková částka provize Vedoucích spolumanažerů za upsání Dluhopisů bude maximálně 1,625 % z celkové upsané jmenovité hodnoty Dluhopisů.</p> <p>V případě vydávání Dluhopisů v tranších po Datu emise Emitent uzavře s dostatečným předstihem před dnem vydání příslušné tranše Dluhopisů s Vedoucími spolumanažery smlouvu o upsání Dluhopisů vydávaných po Datu emise, na jejímž základě Vedoucí spolumanažeři upíší Dluhopisy vydávané po Datu emise za účelem uspokojení závazných objednávek koncových investorů učiněných po datu uveřejnění Prospektu. Následně, k datu vydání příslušné tranše, uspokojí Vedoucí spolumanažeři objednávky podané koncovými investory a převedou Dluhopisy vydávané po Datu emise na majetkové účty jednotlivých investorů vedené v příslušné evidenci investičních nástrojů. Zároveň Vedoucí spolumanažeři inkasují z peněžních účtů koncových investorů hodnotu odpovídající kupní ceně za Dluhopisy vydávané po Datu emise.</p>
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		<p>Investoři v České republice budou osloveni zejména použitím prostředků dálkové komunikace a vyzváni k podání objednávky ke koupi Dluhopisů (dále jen "Objednávka"). Minimální částka, za kterou bude investor oprávněn upsat a koupit Dluhopisy, odpovídá jmenovité hodnotě jednoho Dluhopisu. Maximální objem jmenovité hodnoty Dluhopisů požadovaný jednotlivým investorem v Objednávce je omezen předpokládanou celkovou jmenovitou hodnotou Dluhopisů nabízených Vedoucími spolumanažery. Jestliže objem Objednávek překročí objem Emise, je každý Vedoucí spolumanažer oprávněn na vlastní návrh a po dohodě s Emitentem jím přijaté Objednávky investorů krátit (s tím, že případný přeplatek, pokud by vznikl, bude bez prodlení vrácen na účet příslušného investora za tímto účelem sdělený danému Vedoucímu spolumanažerovi). Vedoucí spolumanažer nebude povinen přijmout Objednávku v případě, že investor nesplňuje podmínky právních předpisů nebo interních předpisů dané banky pro nabytí Dluhopisů. Konečná jmenovitá hodnota Dluhopisů přidělená jednotlivému investorovi bude uvedena v potvrzení o vypořádání daného obchodu, které Vedoucí spolumanažer doručí investorovi elektronicky prostřednictvím emailu bez zbytečného odkladu po provedení pokynu. Před doručení tohoto potvrzení nemůže investor s upisovanými Dluhopisy obchodovat.</p> <p>Při veřejné nabídce činěné Vedoucími spolumanažery bude cena za nabízené Dluhopisy při obchodech uskutečněných v Datum emise rovna emisnímu kurzu k Datu emise (tj. 100 % jmenovité hodnoty upisovaných/kupovaných Dluhopisů), a následně určena Vedoucími spolumanažery po dohodě s Emitentem vždy na základě aktuálních tržních podmínek a uveřejňována na webových stránkách Vedoucích spolumanažerů: v případě společnosti (i) Česká spořitelna, a.s., na adrese www.csas.cz, v sekci <i>Podpora a Dokumenty</i>, dále <i>Dokumenty ke stažení</i>, dále <i>Prospekty a emisní dodatky</i>, (ii) J&T BANKA, a.s., na adrese www.jtbank.cz, v sekci <i>Důležité informace</i>, odkaz <i>emise cenných papírů</i>, záložka <i>CZECHOSLOVAK GROUP a.s.</i>, (iii) Komerční banka, a.s., na adrese www.kb.cz, v sekci <i>O bance, Vše o KB, Povinně uveřejňované informace, Informace o cenných papírech, Dluhopisy klientů Komerční banky</i>, (iv) PPF banka a.s. na adrese www.ppfbanka.cz, v sekci <i>Důležité dokumenty, Cenné papíry, CZECHOSLOVAK GROUP a.s.</i>, a (v) UniCredit Bank Czech Republic and Slovakia, a.s., na adrese www.unicreditbank.cz, v sekci <i>Informace pro investory, Informace pro investory do cenných papírů klientů UniCredit Bank</i>, odkaz <i>Informace k vybraným emisím dluhopisů</i>. Cena za nabízené Dluhopisy bude Vedoucími spolumanažery uveřejňována po celou dobu trvání veřejné nabídky.</p> <p>V souvislosti s nabytím Dluhopisů prostřednictvím:</p> <ul style="list-style-type: none"> (i) České spořitelny, a.s., bude investorovi účtován dle pokynu ke koupi cenných papírů poplatek ve výši 0,25 % ze jmenovité hodnoty nabývaného Dluhopisu. Dále mohou být účtovány poplatky za vedení evidence na majetkovém účtu dle aktuálního ceníku na www.csas.cz, odkaz: <i>Ceník – sekce Investování, Vedení evidence cenných papírů – Navazující evidence ČS</i>. Tyto náklady k datu vyhotovení Prospektu nepřesahují 0,04 % p.a. z celkové jmenovité hodnoty Dluhopisů na takovém účtu, minimálně však 25 Kč čtvrtletně; (ii) J&T BANKY, a.s. budou investorovi do Dluhopisů účtovány poplatky dle aktuálního standardního ceníku banky – k datu tohoto Prospektu ve výši 0,15 % z objemu obchodu nabývaných Dluhopisů dle pokynu ke koupi, minimálně 2.000 Kč; (iii) Komerční banky, a.s. budou každému investorovi účtovány poplatky ve výši 0,25 % ze jmenovité hodnoty nabývaného Dluhopisu. Každý investor, který koupí Dluhopisy u Komerční banky, a.s. bude dle aktuálního ceníku uvedeného na internetových stránkách www.kb.cz, v sekci <i>Ceny a sazby – Sazebníky KB – Občané</i>, hradit běžné poplatky banky za vedení cenných papírů. Náklady za vedení cenných papírů činí k datu Prospektu 0,02 % p.a. z celkové jmenovité hodnoty Dluhopisů na takovém účtu (plus případná DPH), minimálně však 15 Kč měsíčně;
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		<p>(iv) PPF banky a.s. mohou být investorovi do Dluhopisů účtovány poplatky dle aktuálního standardního ceníku PPF banky uveřejněného na internetových stránkách PPF banky www.ppfbanka.cz, v sekci <i>Důležité dokumenty, Produktové informace, Ceníky</i>. Poplatky spojené s Dluhopisy mohou být PPF bankou a.s. sníženy nebo úplně odpuštěny;</p> <p>(v) UniCredit Bank Czech Republic and Slovakia, a.s., budou každému investorovi účtovány poplatky ve výši 0,25 % ze jmenovité hodnoty nabývaného Dluhopisu. Každý investor, který nakoupí Dluhopisy u banky, bude dle aktuálního ceníku uvedeného na internetových stránkách www.unicreditbank.cz, v sekci <i>Sazebník – Sazebník pro fyzické osoby nepodnikající, část 10. Cenné papíry a podílové fondy</i>, hradit běžné poplatky banky za vedení účtu cenných papírů; tyto náklady činí k datu vyhotovení tohoto Prospektu 0,20 % p. a. z celkové jmenovité hodnoty Dluhopisů, minimálně 300 Kč kvartálně, navýšené o DPH.</p>
4.2	Kdo je osobou nabízející cenné papíry a osobou, která žádá o přijetí k obchodování?	<p>Osobami nabízejícími Dluhopisy jsou (i) Česká spořitelna, a.s., se sídlem na adrese Praha 4, Olbrachtova 1929/62, PSČ 140 00, IČO: 452 44 782, (ii) J&T BANKA, a.s., se sídlem Sokolovská 700/113a, Karlín, 186 00 Praha 8, IČO: 471 15 378 (iii) Komerční banka, a.s., se sídlem na adrese Praha 1, Na Příkopě 33 čp. 969, PSČ 114 07, IČO: 453 17 054, (iv) PPF banka a.s. se sídlem na adrese Praha 6, Evropská 2690/17, PSČ 160 41, IČO: 471 16 129, a (v) UniCredit Bank Czech Republic and Slovakia, a.s., se sídlem na adrese Praha 4 - Michle, Želetavská 1525/1, PSČ 140 92, IČO: 649 48 242.</p> <p>Koordinátorem nabídky je Česká spořitelna, a.s. Vedoucími spolumanažery jsou Česká spořitelna, a.s., J&T BANKA, a.s., Komerční banka, a.s., PPF banka a.s. a UniCredit Bank Czech Republic and Slovakia, a.s. Vedoucí spolumanažeri jsou regulovanými bankami a obchodníky s cennými papíry se sídlem v České republice, kteří se řídí českými právními předpisy, zejména zákonem č. 21/1992 Sb., o bankách, ve znění pozdějších předpisů, a zákonem č. 256/2004 Sb., o podnikání na kapitálovém trhu, ve znění pozdějších předpisů a dalšími českými nebo přímo aplikovatelnými evropskými předpisy upravujícími činnost bank a kapitálový trh.</p> <p>Emitent prostřednictvím České spořitelny, a.s., jako Kotačního agenta požádá o přijetí Dluhopisů k obchodování na Regulovaném trhu BCPP a předpokládá, že Dluhopisy budou přijaty k obchodování k Datu emise.</p>
4.3	Proč je tento prospekt sestavován?	<p>Tento Prospekt byl sestaven pro účely veřejné nabídky Dluhopisů a přijetí Dluhopisů k obchodování na Regulovaném trhu.</p> <p>Čistý výtěžek Emise bude primárně použit k úhradě poplatků a nákladů souvisejících s Emisí, refinancování vybraných stávajících úvěrů/dluhopisů – mimo oblast zbrojní a vojenské techniky, skupinovému financování Dceřiných společností – s tím, že financování bude poskytnuto výhradně Dceřiným společností nepodnikajícím v oblasti zbrojní a vojenské techniky – a financování akvizic společností podnikajících mimo oblast zbrojní a vojenské techniky. Emitent odhaduje čistou výši výnosů z Emise (při vydání Dluhopisů v předpokládané celkové jmenovité hodnotě 5.000.000.000 Kč) na částku 4.920.000.000 Kč, resp. 9.840.000.000 Kč v případě navýšení celkového objemu Emise až do 10.000.000.000 Kč.</p> <p>Nabídka není předmětem dohody o upisování na základě pevného závazku převzetí.</p> <p>Dle vědomí Emitenta nemá žádná z fyzických ani právnických osob zúčastněných na Emisi či nabídce Dluhopisů, s výjimkou Vedoucích spolumanažerů, na takové Emisi či nabídce zájem, který by byl pro takovou Emisi či nabídku Dluhopisů podstatný. Česká spořitelna, a.s., působí též jako Administrátor a Kotační agent.</p>

II. SUMMARY

The summary below sets out the key information that investors need to understand the nature and risk factors related to the Issuer and the Notes. The summary should be read in conjunction with the other sections of this Prospectus. Capitalised terms used in the summary have the meanings ascribed to them in the Terms and Conditions or any other part of this Prospectus.

SECTION 1 - INTRODUCTION AND WARNINGS

1.1	Securities	CSG Notes 5.75/2030; ISIN CZ0003572695
1.2	Issuer	The Issuer of the Notes is CZECHOSLOVAK GROUP a.s. with its registered office at U Rustonky 714/1, Karlín, 186 00 Prague 8, Czech Republic, ID No.: 034 72 302, LEI: 315700SWFD7G70AVG768. The Issuer may be contacted by telephone at +420 273 162 150 or by email at info@czechoslovakgroup.com.
1.3	Joint Lead Managers; Listing Agent	<p>The persons placing and offering the Notes are:</p> <ul style="list-style-type: none"> Česká spořitelna, a.s., with registered office at Olbrachtova 1929/62, Postal Code 140 00, Prague 4, Czech Republic, ID No.: 452 44 782, LEI: 9KOGW2C2FCIOJQ7FF485, tel. 800 468 378 (800 INVEST), e-mail: csas@csas.cz; J&T BANKA, a.s., with registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, ID No.: 471 15 378, LEI: 31570010000000043842, tel. +420 221 710 666, e-mail: DealingCZ@jtbank.cz; Komerční banka, a.s., with registered office at Na Příkopě 33 No. 969, Postal Code 114 07, Prague 1, Czech Republic, ID No.: 453 17 054, LEI: IYKCAVNFR8QGF00HV840, tel. +420 222 008 229, email: kbisales@kb.cz; PPF banka a.s. with registered office at Evropská 2690/17, Postal Code 160 41, Prague 6, Czech Republic, ID No.: 471 16 129, LEI: 31570010000000036567, tel. +420 222 244 255, e-mail: dcm@ppfbanka.cz; and UniCredit Bank Czech Republic and Slovakia, a.s., with registered office at Želetavská 1525/1, Michle, Postal Code 140 92, Prague 4, Czech Republic, ID No.: 649 48 242, LEI: KR6LSKV3BTSJRD41IF75, tel. +420 221 216 821, e-mail: DCM@unicreditgroup.cz. <p>The Issuer will apply through Česká spořitelna, a.s., as Listing Agent, for admission of the Notes to trading on the Regulated Market.</p>
1.4	Authority approving the prospectus	This Prospectus was approved by the Czech National Bank (CNB), ID No.: 481 36 450, tel.: 224 411 111, green line tel.: 800 160 170, e-mail: podatelna@cnb.cz.
1.5	Date of approval of the prospectus	The Prospectus was approved by CNB under ref. no. 2025/054169/CNB/650 file no. S-Sp-2025/00170/CNB/653 dated 12 May 2025, which became effective on 12 May 2025.
1.6	Warnings	<p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole by the investor.</p> <p>The investor in the Notes could lose all or part of the capital invested.</p> <p>In the event that a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>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 other parts of the Prospectus, or where it does</p>

		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.
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SECTION 2 - KEY INFORMATION ON THE ISSUER

2.1	Who is the issuer of the securities?	<p>The Issuer is a joint stock company incorporated under the laws of the Czech Republic, with its registered office at U Rustonky 714/1, Karlín, 186 00 Prague 8, Czech Republic, registered in the Commercial Register under file no. B 20071 maintained by the Municipal Court in Prague, LEI: 315700SWFD7G70AVG768. The Issuer's activities are governed by Czech law.</p> <p>The Issuer was established and operates as a holding company and its purpose is to provide strategic leadership, strengthen the position and develop internal potential of the Group by financing and managing the activities of its subsidiaries operating in the field of civil and special (military, defence, rescue, container, transport, etc.) production.</p> <p>The sole shareholder of the Issuer is CSG FIN a.s., ID No.: 141 41 442. The sole shareholder of CSG FIN a.s. and the beneficial owner of the Issuer is Mr. Michal Strnad, born on 4 August 1992, residing at Široká 129, Chrudim I, 537 01 Chrudim. The Issuer is part of the CZECHOSLOVAK GROUP (the "Group").</p> <p>The key management persons of the Issuer are the members of the Board of Directors: Michal Strnad - owner and CEO, Petr Formánek - M&A and Capital Markets, David Chour - COO, Zdeněk Jurák - CFO, and Ladislav Štorek - General Counsel (responsible for legal matters).</p> <p>The Issuer's auditor is Deloitte Audit s.r.o., ID No.: 496 20 592, with registered office at Italská 2581/67, 120 00 Prague 2 – Vinohrady, Czech Republic.</p>																														
2.2	Which is the key financial information regarding the issuer?	<p>Income statement (EUR thousand):</p> <table> <tr> <th></th><th>2024</th><th>2023</th></tr> <tr> <td>Net profit from continuing operations</td><td>633,387</td><td>210,211</td></tr> </table> <p>Pro-forma income statement (EUR thousand):</p> <table> <tr> <th></th><th>2024</th><th>2023</th></tr> <tr> <td>Net profit from continuing operations</td><td>702,464</td><td>366,956</td></tr> </table> <p>Statement of financial position (EUR thousand):</p> <table> <tr> <th></th><th>as at 31 December 2024</th><th>as at 31 December 2023</th></tr> <tr> <td>Net Debt (calculated as the sum of bank debt, notes, shareholder and related party loans and leases less cash and cash equivalents)</td><td>1,768,725</td><td>573,502</td></tr> </table> <p>Cash flow statement (EUR thousand):</p> <table> <tr> <th></th><th>2024</th><th>2023</th></tr> <tr> <td>Net cash flows from operating activities</td><td>856,056</td><td>199,129</td></tr> <tr> <td>Net cash flows from financing activities</td><td>1,919,061</td><td>190,709</td></tr> <tr> <td>Net cash flows from investing activities</td><td>(2,082,603)</td><td>(70,458)</td></tr> </table>		2024	2023	Net profit from continuing operations	633,387	210,211		2024	2023	Net profit from continuing operations	702,464	366,956		as at 31 December 2024	as at 31 December 2023	Net Debt (calculated as the sum of bank debt, notes, shareholder and related party loans and leases less cash and cash equivalents)	1,768,725	573,502		2024	2023	Net cash flows from operating activities	856,056	199,129	Net cash flows from financing activities	1,919,061	190,709	Net cash flows from investing activities	(2,082,603)	(70,458)
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2.3	What are the key risks that are specific to the issuer?	<p>Risk factors relating to the Issuer and other Group companies include primarily the following:</p> <ol style="list-style-type: none"> 1. The Group is exposed to the risk associated with the regulatory environment in the market for military materiel and, where applicable, small calibre ammunition in the Czech Republic, Italy, Slovakia, Spain and the United States of America - any tightening or lack or loss of necessary licences and permits may adversely affect the Group's business and its ability to meet its obligations under the Notes. 2. Restrictions on spending on the military and armed forces in the Czech Republic and abroad may adversely affect the Group's business in the defence industry. 3. The Group may not be able to sustain technological advances in the defence industry or aviation. 4. The Group is exposed to the risk of failure in public procurement in the engineering sector. 5. Recently introduced and potential future tariffs may adversely affect the Group's supply chain, increase its production costs and affect its financial results. <p>The above risks may have a material adverse effect on the financial and economic condition of the Issuer and the other Group companies, or on their business operations. As a result, this may materially impair the Issuer's ability to meet its payment obligations under the Notes.</p>
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SECTION 3 - KEY INFORMATION ON THE SECURITIES

3.1	What are the main features of the securities?	<p>The Notes are book-entry securities. The records of the Notes are kept by the Central Depository. The Notes have been assigned the ISIN code CZ0003572695 by the Central Depository.</p> <p>The currency of the Notes is the Czech Crown (CZK). Each Note is issued at nominal value of CZK 10,000.</p> <p>The anticipated aggregate nominal value of the Issue is CZK 5,000,000,000; the Issuer is entitled to increase the aggregate nominal value of the Issue up to CZK 10,000,000,000. The expected number of Notes is 500,000 units in the case of the issue of Notes in the anticipated aggregate nominal value of the Issue (and up to 1,000,000 units in the case of an increase in the aggregate nominal value of the Issue).</p> <p>The issue date is 10 June 2025. The final maturity date of the Notes is 10 June 2030.</p> <p>The transferability of the Notes is not limited.</p> <p>The Notes carry, in particular, the right to payment of the nominal value on their maturity date and the right to the yield on the Notes. The nominal value is payable, unless the Notes are redeemed early in accordance with the Terms and Conditions, in one lump sum on the Final Maturity Date of the Notes.</p> <p>The Notes will bear a fixed interest rate of 5.75% per annum; interest is payable semi-annually in arrears on each of 10 December and 10 June.</p> <p>The Notes also carry the right of the Noteholder to demand early redemption of the Notes in Events of Default.</p> <p>The Notes also carry the right to attend and vote at meetings of the Noteholders in cases where such a meeting is convened in accordance with the Notes Act or the Terms and Conditions.</p> <p>In the event of a Change of Control, the Noteholder is entitled, at its option, to request early redemption of its Notes prior to the Final Maturity Date by written notice addressed to the Issuer and delivered to the Administrator at the address of the Designated Office, in each case for 101% of the outstanding nominal value of its</p>
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		<p>Notes on the Early Redemption Date, together with accrued interest payable on the Early Redemption Date.</p> <p>The Issuer may, at its option and upon notice to the Noteholders, redeem the Notes early after the 4.5-year anniversary of the Issue Date.</p> <p>The Notes constitute direct, general, unconditional and unsubordinated debts of the Issuer secured by the Shared Security (as defined in the Terms and Conditions) established in the name of the Security Agent (as defined in the Terms and Conditions) which rank and will always rank <i>pari passu</i> among themselves and with obligations of the Issuer which are similarly secured as the Notes under the UK Intercreditor Agreement (as defined below in the Terms and Conditions) and at least <i>pari passu</i> with any other present or future unsubordinated and similarly secured obligations of the Issuer, except for such obligations of the Issuer that may be preferred by mandatory provisions of applicable laws.</p> <p>The debts of the Notes will, together with other debts of the Issuer, from the Issue Date be secured by Shared Security, in particular by: (a) a pledge of selected assets, including, but not limited to, (i) the Issuer's shares, (ii) shares or interests in selected Subsidiaries, (iii) receivables from the Issuer's bank accounts, (iv) selected intercompany receivables, and (b) guarantees by selected Subsidiaries. After the Issue Date, the Shared Security will be shared with other creditors and arrangers of other debts of the Issuer pursuant to the UK Intercreditor Agreement between the Issuer's creditors entered into on 22 November 2024 under English law, including creditors under loans (in particular the Senior Facilities Agreement) and other notes taken out or issued by the Issuer and/or its Subsidiaries. GLAS TRUST CORPORATION LIMITED has been appointed by the Issuer as Security Agent in relation to the Shared Security - the Security Agent holds and enforces the Shared Security, where applicable, using the institution of parallel debt under English law. The interests of the Noteholders will be represented by a common representative (<i>společný zástupce</i>) - ČSOB Asset Management, a.s., investiční společnost – as a party to the UK Intercreditor Agreement which will accede to the UK Intercreditor Agreement prior to the Issue Date.</p>
3.2	Where will the securities be traded?	The Issuer will apply through the Listing Agent for admission of the Notes to trading on the Regulated Market.
3.3	Is there a guarantee attached to the securities?	Except for the Shared Security, no guarantee has been provided in respect of the payment obligations under the Notes.
3.4	What are the key risks that are specific to the securities?	<p>The risk factors related to the Notes primarily include the following specific factors:</p> <ol style="list-style-type: none"> 1. Noteholder of a fixed rate Note is exposed to the risk of a decline in the price of such Note due to a rise in market interest rates. 2. Noteholder is exposed to the risk that the Issuer will accept any additional debt financing, which may ultimately mean that in the event of insolvency proceedings the claims of Noteholders will be satisfied to a lesser extent than if no such debt financing had been accepted. 3. If the Notes are redeemed early in accordance with the Terms and Conditions before their maturity date, the Noteholder is exposed to the risk of lower-than-expected interest yield due to such early redemption. The Issuer is entitled, at its option and upon notice to the Noteholders, to decide on an early redemption of the Notes beginning on the 4.5-year anniversary of the Issue Date. 4. Noteholders do not have full control over decisions relating to the Shared Security. The Security Agent acts on the instructions of the Instructing Group, which is made up of creditors with more than 50% of the total secured debts. If debts other than debts under the Notes represent 50% or more of the total secured debts (which is the current situation), the Noteholders cannot independently initiate the enforcement of the Shared Security.

		<p>5. Given that the UK Intercreditor Agreement and other debt documents entered into by the Issuer are governed by the laws of various jurisdictions, it may be difficult for the Noteholders to effectively enforce their rights in the event of insolvency of the Issuer and/or its Subsidiaries.</p> <p>6. There is a risk that the value of the Shared Security may not be sufficient to satisfy the Issuer's obligations to the Noteholders. In the event of enforcement of the security, the proceeds are distributed <i>pro rata</i> among the various secured creditors. In addition, the Issuer and the security providers have control over the Shared Security and may engage in normal business activities that may reduce the value of the security.</p>
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SECTION 4 - KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1	<p>Under which conditions and timetable can I invest in this security?</p>	<p>The Notes will be offered by the Issuer through Joint Lead Managers in a public offering in accordance with Article 2(d) of the Prospectus Regulation. The Notes may be issued in a single issue on the Issue Date or continuously at any time after the Issue Date and will be offered through (i) Česká spořitelna, a.s. (the "Coordinator") and (ii) J&T BANKA, a.s., (iii) Komerční banka, a.s, (iv) PPF banka a.s. and (v) UniCredit Bank Czech Republic and Slovakia, a.s. (together with the Coordinator as the "Joint Lead Managers"), who will subscribe the Notes from the Issuer (on a <i>best efforts</i> basis) and subsequently sell them to end investors. The Joint Lead Managers intend to offer the Notes in the Czech Republic to domestic and foreign qualified and non-qualified (in particular retail) investors and to qualified investors selected abroad and, where applicable, to other investors on terms that do not require the offeror in that country to prepare and publish a prospectus in accordance with the laws of that country.</p> <p>Within the public offering:</p> <ul style="list-style-type: none"> (i) Česká spořitelna, a.s., will accept instructions through selected branches and its internet banking platform - George; (ii) J&T BANKA, a.s. will accept instructions through its head office in Prague; (iii) Komerční banka, a.s., will accept instructions through selected branches; (iv) PPF banka a.s. will accept instructions through its head office in Prague; and (v) UniCredit Bank Czech Republic and Slovakia, a.s., will accept instructions through its head office in Prague. <p>The public offering of the Notes will run from 12 May 2025 (inclusive) to 7 May 2026 (inclusive).</p> <p>The Joint Lead Managers agree with the Issuer to subscribe the Notes against payment of the issue price pursuant to the subscription agreement. The Joint Lead Managers will be registered in the central securities register as Noteholders against payment of the issue price (purchase price) of the Notes to the Issuer's account. On the same day, the Notes will be transferred by the Joint Lead Managers to the securities accounts of the respective end investors through the Central Depository. At the same time, the Joint Lead Managers will collect from the cash accounts of the end investors the value corresponding to the purchase price for the Notes.</p> <p>The aggregate amount of the Joint Lead Managers' commission for the subscription of the Notes will be a maximum of 1.625% of the total subscribed nominal value of the Notes.</p> <p>In the case of Notes issued in tranches after the Issue Date, the Issuer will, sufficiently in advance of the issue date of the relevant tranche of such Notes, enter into an agreement with the Joint Lead Managers for the subscription of the Notes issued after the Issue Date, pursuant to which the Joint Lead Managers will subscribe the Notes issued after the Issue Date in order to satisfy binding orders placed by end investors after the date of publication of the Prospectus. Subsequently, on the issue date of the</p>
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		<p>relevant tranche, the Joint Lead Managers will satisfy the orders placed by the end investors and transfer the Notes issued after the Issue Date to the individual investors' securities accounts maintained in the relevant investment instruments register. At the same time, the Joint Lead Managers will collect from the cash accounts of the end investors the value corresponding to the purchase price for the Notes issued after the Issue Date.</p> <p>As part of the public offer, investors in the Czech Republic will be contacted by the Joint Lead Managers in particular by means of remote communication and invited to place an order to purchase the Notes (the "Order"). The minimum amount for which an investor will be entitled to subscribe for and purchase Notes corresponds to the nominal value of one Note. The maximum amount of the nominal value of the Notes requested by an individual investor in the Order is limited to the anticipated aggregate nominal value of the Notes offered by the Joint Lead Managers. If the volume of Orders exceeds the volume of the Issue, each Joint Lead Manager will be entitled, at its own proposal and in agreement with the Issuer, to reduce the Orders of investors (provided that any overpayment, if any, will be promptly refunded to the account of the relevant Investor notified to the relevant Joint Lead Manager for this purpose). The Joint Lead Manager will not be obliged to accept an Order if the investor does not meet the conditions of the law or the internal regulations of the relevant bank for the acquisition of the Notes. The final nominal value of the Notes allocated to each investor will be set out in the settlement confirmation for that trade, which the Joint Lead Manager will deliver to the investor via email without undue delay after the execution of the order. Prior to the delivery of this confirmation, the investor may not trade in the Notes subscribed for.</p> <p>In the case of a public offer made by the Joint Lead Managers, the price for the offered Notes in transactions carried out on the Issue Date will be equal to the issue price on the Issue Date (i.e. 100% of the nominal value of the Notes being subscribed/purchased), and subsequently determined by the Joint Lead Managers in agreement with the Issuer based on current market conditions and published on the websites of the Joint Lead Managers; in the case of: (i) Česká spořitelna, a.s., at www.csas.cz, in the section <i>Podpora a dokumenty</i>, and further <i>Dokumenty ke stažení</i>, and further <i>Prospekty a emisní dodatky</i>, (ii) J&T BANKA, a.s., at www.jtbank.cz, in the section <i>Important information</i>, link <i>Securities issue</i>, tab <i>CZECHOSLOVAK GROUP a.s.</i>, (iii) Komerční banka, a.s., at www.kb.cz, in the section <i>About the bank</i>, <i>All about KB</i>, <i>Mandatory information</i>, <i>Information on securities</i>, <i>Notes of Komerční banka clients</i>, (iv) PPF banka a.s. at www.ppfbanka.cz, in the section <i>Důležité dokumenty</i>, <i>Cenné papíry</i>, <i>CZECHOSLOVAK GROUP a.s.</i>, and (v) UniCredit Bank Czech Republic and Slovakia, a.s., at www.unicreditbank.cz, in the section <i>Information for investors</i>, <i>Information for investors in securities of UniCredit Bank's clients</i>, under <i>Information concerning the selected issues of bonds</i>. The price for the offered Notes will be published by the Joint Lead Managers throughout the duration of the public offering.</p> <p>In connection with the acquisition of the Notes through:</p> <ul style="list-style-type: none"> (i) Česká spořitelna, a.s., the investor will be charged a fee of 0.25% of the nominal value of the Notes purchased according to the Order. In addition, fees may be charged for record keeping in the property account according to the current price list at www.csas.cz, link: <i>Price List - Investing section, Securities Recordkeeping</i> - Downstream CS. Such costs will not exceed 0.04% per annum of the aggregate nominal value of the Notes in such account as at the date of this Prospectus, subject to a minimum of CZK 25 per quarter; (ii) J&T BANKA, a.s., the investor will be charged fees according to the current standard price list of the bank - as of the date of this Prospectus in the amount of 0.15% of the trading volume of the Notes purchased according to the Order, with a minimum of CZK 2,000; (iii) Komerční banka, a.s., the investor will be charged a fee of 0.25% of the nominal value of the Notes purchased. Each investor who purchases the Notes through Komerční banka, a.s. will be subject to the bank's standard securities account maintenance fees in accordance with the current price list
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		<p>available on the website www.kb.cz, in the section <i>Prices lists - KB Price Lists - Individuals</i>. As of the date of this Prospectus, securities account maintenance fee amounts to 0.02% per annum of the total nominal value of the Notes held in such account (plus applicable VAT), subject to a minimum monthly fee of CZK 15;</p> <p>(iv) PPF banka a.s., the investor may be charged a fee in accordance with PPF banka's current standard price list published on PPF banka's website www.ppfbanka.cz, in the section <i>Důležité dokumenty, Produktové informace, Ceníky</i>. Fees may be reduced or waived by PPF banka a.s.;</p> <p>(v) UniCredit Bank Czech Republic and Slovakia, a.s., the investor will be charged a fee of 0.25% of the nominal value of the Notes purchased. Each investor who purchases the Notes through UniCredit Bank Czech Republic and Slovakia, a.s. will be subject to the bank's standard securities account maintenance fees in accordance with the current price list available on the website www.unicreditbank.cz, in the section <i>Price lists – Price list for individuals, Part 10</i>. These costs amount to 0.20% per annum of the total nominal value of the Notes as at the date of this Prospectus, at least CZK 300 per quarter, plus VAT.</p>
4.2	Who is the offeror and the person asking for admission to trading?	<p>The persons offering the Notes are (i) Česká spořitelna, a.s., with its registered office at Olbrachtova 1929/62, Postal Code 140 00, Prague 4, Czech Republic, ID No.: 452 44 782, (ii) J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, Karlín, Postal Code 186 00 Prague 8, Czech Republic, ID No.: 471 15 378, (iii) Komerční banka, a.s., with registered office at Na Příkopě 33 No. 969, Postal Code 114 07, Prague 1, Czech Republic, ID No.: 453 17 054, (iv) PPF banka a.s. with registered office at Evropská 2690/17, Postal Code 160 41, Prague 6, Czech Republic, ID No.: 471 16 129, and (v) UniCredit Bank Czech Republic and Slovakia, a.s., with registered office at Želetavská 1525/1, Michle, Postal Code 140 92, Prague 4, Czech Republic, ID No.: 649 48 242.</p> <p>The Coordinator of the offer is Česká spořitelna, a.s. The Joint Lead Managers are Česká spořitelna, a.s., J&T BANKA, a.s., Komerční banka, a.s., PPF banka a.s. and UniCredit Bank Czech Republic and Slovakia, a.s. The Joint Lead Managers are regulated banks and securities dealers based in the Czech Republic, governed by Czech legislation, particularly Act No. 21/1992 Coll., on Banks, as amended, and Act No. 256/2004 Coll., on Doing Business on the Capital Market, as amended, and other Czech or directly applicable European regulations governing banking activities and the capital market.</p> <p>The Issuer, through Česká spořitelna, a.s. as Listing Agent, will apply for admission of the Notes to trading on the Regulated Market and expects that the Notes will be admitted to trading on the Regulated Market as of the Issue Date.</p>
4.3	Why is this prospectus being produced?	<p>This Prospectus has been prepared and published for the purposes of the public offer of the Notes and admission of the Notes to trading on the Regulated Market.</p> <p>The net proceeds obtained through the Issue will be used exclusively to pay fees and expenses related to the Issue, refinancing of selected existing loans and indebtedness - outside the field of arms and military technology, intra-group financing of those Subsidiaries that are not engaged in the field of arms and military technology up to EUR 100,000,000, and financing of acquisitions of companies operating outside of the field of arms and military technology up to EUR 100,000,000. The Issuer estimates the net proceeds obtained through the Issue (if the full anticipated nominal value of the Notes (i.e. CZK 5,000,000,000) is issued will be approximately CZK 4,920,000,000 as of the Issue Date, or CZK 9,840,000,000 in the event of a maximum increase in the total volume of the Issue (i.e. CZK 10,000,000,000).</p> <p>The offer is not subject to a subscription agreement on a firm commitment basis.</p> <p>To the knowledge of the Issuer, none of natural or legal persons involved in the Issue or offering of the Notes, other than the Joint Lead Managers, has any material interest in such Issue or offering of the Notes. Česká spořitelna, a.s. also acts as the Fiscal and Paying Agent and the Listing Agent.</p>

III. RISK FACTORS

Investors considering the purchase of the Notes are advised to carefully review the risk factors that threaten the Issuer's future business and ability to satisfy its liabilities under the Notes. In particular, the investors should examine this Prospectus (as may be amended from time to time), in which the Issuer, to the best of its knowledge, provides a list of the most significant risk factors that might have a significant negative impact on the business of the Issuer and its Group.

The subscription, purchase, holding and eventual subsequent sale of the Notes represent an activity which, by its nature, involves a number of risks. As counterparty to the Note subscription/purchase transaction, the Issuer is exposed to these risks which thus threaten the business of the holder of the Notes. The list of risks is not exhaustive, and the description is not comprehensive. It is not a substitute for professional analysis, nor does it represent an investment recommendation. It does not limit the rights or obligations under the Terms and Conditions. The investors should only make a decision to purchase the Notes after making their own consideration of the yield, risk, liquidity requirements and time horizon of the investment. The decision should be preceded by a careful study of the information provided in this document and also on the supporting analysis of legal or tax advisors.

By presenting the risk factors in the text of the Prospectus, the Issuer seeks to provide the widest possible range of information regarding the investment and to avoid unfounded claims related to the subscription/purchase of the Notes.

Within each category, risk factors are arranged in the order from the most significant to the least significant.

1. RISK FACTORS RELATING TO THE ISSUER AND THE GROUP

Regulatory and legal risks

From its perspective, the Issuer divides the regulatory environment into the regulation of the production and trade, and the commercial market and defence forces (military, police). As the Subsidiaries operate in all these segments, detailed and diligent attention is paid to the area of compliance within the Group. The Subsidiaries have long been certified manufacturers and suppliers according to NATO and other standards, which are closely monitored by the Issuer.

(a) The Group is exposed to risks associated with the regulatory environment in the military equipment market in the Czech Republic and abroad.

The Group's business in the defence segment is highly regulated. Selected companies of the Group had to obtain foreign trade permits for military equipment for the Group to be able to operate in the international military equipment market. In particular, the Subsidiaries engaged in foreign trade in military equipment are subject to statutory regulation under Act No. 38/1994 Coll., on Foreign Trade in Military Equipment, as amended (the "FMETA"). The relevant Subsidiaries hold, in accordance with the FMETA, a permit for foreign trade in military equipment, which, however, is only a general permit, and specific transactions, or the export or import of military equipment, are subject to further approval (and licensing) by the Licensing Administration of the Ministry of Industry and Trade of the Czech Republic (the "MIT"). This administrative body decides on the issuance of a specific license on the basis of binding opinions of the authorities concerned, which are: (a) the Ministry of Foreign Affairs in terms of the foreign policy interests of the Czech Republic, compliance with the obligations of the Czech Republic under international treaties, as well as the membership of the Czech Republic in international organizations; (b) the Ministry of the Interior in terms of public order, security and protection of the public; and (c) the Ministry of Defence in terms of ensuring the defence of the Czech Republic.

The permit for foreign trade in military equipment is issued for an unlimited term, and the permit can be lost as a consequence of instances provided by law. In addition to the dissolution of a company or a bankruptcy decision, a permit may be terminated by a decision of the MIT if (i) the permit was granted on the basis of incorrect or incomplete information, (ii) the legal entity or natural person no longer meets the requirements for granting the permit, (iii) it is required by foreign political, commercial and security interests of the Czech Republic (where these are beyond the Group's control), or (iv) the holder of the permit has seriously violated a provision of the FMETA, or a regulation of the European Union, a regulation of a Member State of the European Union, or a promulgated international treaty by which the Czech Republic is bound, insofar as it regulates trade in or disposition of military equipment.

A license granted by the Licensing Administration of MIT is granted for a specific business case, i.e. for specific goods and a specific country. Consequently, there are limitations. In the license application, the term of validity of the license is proposed. The proposal is based on the commercial contract for which the license is to be issued. A draft of this contract must also be attached to the application. A granted license will be revoked by the MIT if the transaction in military equipment has not been carried out or has not yet been fully completed, and (i) the license was granted on the basis of incorrect or incomplete data, (ii) it is justified by the foreign policy interests of the Czech Republic or the protection of public order, security and protection of the public, (iii) the conditions provided in the granted license have not been complied with, or (iv) the permit has been terminated.

These export controls for military equipment are intended to prevent exports to high-risk countries where there is a risk that such equipment might be misused, e.g. for the suppression of human rights or for resale to unofficial armed forces. In addition, the Group is subject, for example, to the EU Common Rules on Export Controls for Military Equipment (Common Position 2008/944/CFSP), which further restrict or regulate the Group's business in this segment. Therefore, the security situation in the various world regions and the policy of the international organizations of which the Czech Republic is a member towards such security situation play an important role in the decision-making process for the approval of specific foreign transactions in military equipment. All of the above factors apply by analogy to the Slovak Subsidiaries. In addition, in some markets there are also approval procedures by governmental authorities for imports from the Czech Republic or Slovakia. The above regulatory restrictions, and in particular their possible tightening or the lack or loss of licenses and permits, may have a negative impact on the Group's business and its ability to satisfy its liabilities under the Notes, as the Issuer is a holding company and its ability to repay its liabilities, including the Notes, is affected to a large extent by the performance and success of the business of the individual Subsidiaries (see also the risk factor "*The Issuer is a holding company that does not itself carry out any significant business activities*").

(b) *The Group is exposed to risks associated with the regulatory environment in the ammunition market in the Czech Republic and abroad.*

Beyond the above mentioned on the regulation of the military market, the production, distribution and sale of ammunition for the defence forces are in many instances subject to different rules than ammunition designated for the commercial market.

In addition to the individual approach of all relevant Subsidiaries from both the CSG Ammo+ division and partly from the CSG Defence division, which means that each company/legal person must address compliance with local regulations and requirements applicable to the production of and/or trade in ammunition primarily for itself, the Subsidiaries involved in the production of and/or trade in ammunition are part of professional organizations associating both ammunition manufacturers and small arms manufacturers in the countries and territories where the Group operates, in particular where the relevant Subsidiary has its manufacturing facilities. The regulatory environment is particularly important for the Subsidiaries in Slovakia (Act No. 190/2003 Coll, on firearms and ammunition and on the amendment and supplementation of certain acts), Italy (Act 185/90, which regulates all import, export and transit activities relating to the defence sector and related activities; as well as legislation regulating the production of and trade in ammunition in Italy - "*Testo Unico delle leggi di pubblica sicurezza*" (TULPS)), Spain (Act 17/1997, on weapons and explosives, which establishes a regulatory framework for the control, possession, use, production, trade and transport of firearms, ammunition and explosives; together with implementing decrees), the U.S. (Gun Control Act of 1968 (GCA), which provides a federal framework for regulating ammunition, the Arms Export Control Act (AECA), which regulates the export of defence articles, including certain types of ammunition, or the Federal Firearms Act (FFA); since regulation at the federal level does not cover all areas, the regulations of the individual states are therefore more detailed, i.e. in the case of Fiocchi, the states of Missouri and Arkansas, where the manufacturing plants are located), and last but not least in the United Kingdom (the Firearms Act 1968 and related regulations concerning the regulation of the manufacture, sale and possession of ammunition). Let us not forget the regulation at the level of the European Union, where the primary regulation is the Directive on transfers of defence-related products within the EU (Directive 2009/43/EC of the European Parliament and of the Council of 6 May 2009 simplifying terms and conditions of transfers of defence-related products within the Community). This applies to the Czech Republic and the Slovak Republic as well as to Italy, Spain, the U.S. or the UK. Active monitoring of the regulatory framework and regulations directly or indirectly impacting the sector is a matter of course, meaning only a passive approach but also an active approach, e.g. by commenting on bills or other regulatory documents in the early stages of their preparation.

One of the major issues that the Group is now dealing with intensively, not only because of the tightening regulatory requirements currently effective or in preparation, pressure from environmental organizations or customer requests, is the use of lead or other toxic substances in production or in the ammunition itself, primarily in small calibre ammunition representing approx. 11% of total revenues as of 31 December 2024 (approx. 30% of total revenues on a pro-forma basis). The subsidiaries are fully compliant with the current requirements and closely follow the development of new technologies and requirements from the market, also with other ammunition manufacturers. For example, the Fiocchi Group is following the current trend with its newly developed "Green Core" range - this ammunition is optimized to meet the most stringent environmental requirements and does not contain lead or any other heavy toxic metals, and at the same time part of the cartridge case is made of environmentally friendly, naturally degradable material.

With regard to the recent increase in the number of firearm attacks, particularly in the U.S., the Issuer can report that the entire market is very sensitive to these events and incidents and is taking steps to increase transparency for the purchase, possession and use of firearms in the commercial or civilian market. Future changes in the regulation of the possession or use of firearms, possibly with an impact on the regulation of the actual production of and/or trade in ammunition, may have a negative impact on the current set-up of production or business processes in the relevant divisions of the Group. The Group companies provide sales information or other information to any governmental

or industry institutions that have a right to such information or where the Group company is required to disclose such information by law.

(c) *Risks associated with the ongoing criminal prosecution of the Subsidiary MSM Martin*

In 2020, a criminal investigation was initiated in Slovakia into MSM Martin and Mr. Marián Goga (a former shareholder and executive director of MSM Martin). Both MSM Martin and Mr. Goga were accused (*obvinění*) of an alleged manipulation of a public procurement process organized by the Slovak Administration of State Material Reserves related to the purchase of recovery vehicles, tanks and mobile bridges. In December 2020, the charges against MSM Martin were dropped. However, in March 2021, the decision was reversed and the criminal charge reinstated by a higher prosecutorial authority. Investigation in this criminal matter has been completed by final discovery of the investigation file on 6 December 2024, after which the file shall be transmitted to the prosecutor, who shall decide whether an indictment will be filed against the company MSM Martin or the proceedings will be closed. MSM Martin has filed a motion to close the criminal proceedings in relation to the alleged acts.

If MSM Martin is to be found guilty by the Slovak courts, due to the amendment to the Slovak Criminal Code by Act No. 20/2024 Coll., effective as of 6 August 2024, the company would face a much more lenient penalty than under the original legal qualification, which was (i) the winding up of the legal entity, (ii) the forfeiture of property, (iii) the forfeiture of assets, (iv) a financial penalty, (v) a prohibition on business activities, (vi) a prohibition on receiving state subsidies, (vii) a prohibition on receiving EU funds, (viii) a prohibition from participating in public procurement and/or (ix) a publication of the conviction.

Risks relating to the Group and its business

As the economic results of the Group companies will be reflected in the consolidated results of the Issuer and in the event that the Subsidiaries do not achieve profits, they will not be able to pay the Issuer a share in profits in the form of dividends, the risks that may have an impact on the business and economic results of the Group companies will also have an indirect impact on the Issuer.

(d) *Recently imposed and potential future tariffs may adversely affect Group's supply chain, increase Group's production costs, and impact its financial performance.*

Group's business operations in Europe and the United States are subject to risks arising from newly imposed and potential future tariffs, trade restrictions, or other governmental measures. Although the Group primarily operates as a producer rather than an importer into the United States, changes in global trade policies can still pose indirect risks to its business, including:

New U.S. tariffs on European countries

The implementation of broader tariffs of 20% (with an initial 90-day period at a reduced rate of 10%) by the United States on most goods originating from European countries, including the Czech Republic, effective as of 9 April 2025, may moderately increase input costs for the Group's manufacturing operations and could affect certain aspects of its supply chain logistics. However, given the Group's vertically integrated structure and multi-sourcing strategy, the overall exposure is currently assessed as limited. For Group's U.S. facilities, the tariffs may increase cost of machinery and repair parts that are imported from overseas.

U.S. Tariffs on steel and aluminium

The introduction of 25% tariffs on steel and aluminium imports in the United States is expected to have a mixed but generally favourable effect on the Group's U.S. operations. These tariffs are anticipated to reduce competitive pressure from importers and certain U.S.-based manufacturers reliant on foreign inputs. Although some increases in input costs may occur, they are expected to be minimal due to the low volume of imported materials used by the Group's U.S. facilities.

EU retaliatory measures

In response to U.S. actions, the European Union has proposed counter-tariffs which may result in limited disruption to the cross-border movement of components and subsystems between the Group's European and U.S. facilities. Such disruptions could affect production timelines and logistics planning, although current operations remain largely unaffected.

Global trade tensions

Ongoing trade tensions between major economies continue to create an environment of uncertainty around future tariff policy, which could influence the Group's strategic decisions related to sourcing, supply chain management, and capital expenditures across its key markets.

Cross-border exposure

As a Czech-based group with substantial operations in both the EU and U.S. markets, the Group may be exposed to risks arising from both sides of trade disputes. In certain cases, components used in production may cross international borders multiple times, potentially resulting in cumulative tariff exposures. Nonetheless, the Group's current supply chain configuration limits the extent of such impacts.

Regulatory complexity and compliance

The combination of evolving tariff regimes and increasingly stringent export controls, particularly within the defence sector, has contributed to a more complex regulatory environment. Ensuring compliance with these measures may require additional administrative resources and could result in modest increases in operational overhead.

While these developments have the potential to increase costs and create operational inefficiencies over the longer term, the Group currently assesses that the impact on its financial performance, supply chain resilience, and profit margins remains limited. Due to its predominantly domestic production model, minimal reliance on U.S.-sourced raw materials - particularly steel - and flexible sourcing strategies, the Group does not expect these trade measures to materially affect its near-term revenues, profitability, or overall business performance.

(e) Cuts in expenditure on the military and armed forces in the Czech Republic and abroad may have an adverse effect on the Group's business in the defence industry.

Cuts in expenditure on the military and armed forces in the Czech Republic and abroad may reduce the demand for arms industry products supplied by the Subsidiaries. Defence industry services and products accounted for approximately three-quarters of the Group's revenues in 2024. Historically, this segment has accounted for approximately half of the Group's revenues. In addition, the Group's specialty manufacturing business is broadly diversified, so that, for example, any reduction in expenditure in the field of aerospace defence would not jeopardize the Group's economic stability. This segment of the Group's business includes vehicle production, production of ammunition, production of radars, special electronics and command and control systems, as well as flight training services for military helicopter pilots. Overall, the business is counter-cyclical in nature, with an average number of tenders being in the region of lower tens.

The significant costs of preparation and future implementation of a contract may thus be wasted. Tenders for supplies to the armed forces are highly competitive and technically and financially demanding and time-consuming. The possible cancellation or suspension of tenders (where the contract/offer is "tailor-made") or the Group's failure to win individual tenders may have a negative impact on the Issuer's and the Group's operations, financial performance and financial prospects.

(f) The Group may not be able to keep up with technological advances in the defence industry.

The Group's activities are based on technological progress, which is why the Group invests approximately CZK 250 million annually in research and development in the defence industry. The development of a new weapons technology or its innovation takes years and several objective obstacles may occur during the development process, including increasing costs or delays in the overall development. Due to the complexity of the process, large R&D (research and development) expenditures may not always pay off in a commercially successful product. If the Group were to fail to respond to requirements arising from customer needs and related changes in the field of weapons and technology development and were to ignore the needs for innovation and technological development, this would have a negative impact on the financial performance and financial prospects of the Issuer and the Group.

(g) The Group is exposed to risk of failure to win public contracts in the field of engineering.

In the field of engineering, where the companies of the CSG Mobility division and selected companies of the CSG Business Projects division operate, the Group is partly dependent on revenues generated through public contracts¹. The Group companies participate in an average of 150 tenders per year in the engineering sector, with the average length of tenders, from the call for tenders to the actual conclusion, ranging from 3 to 12 months. Tenders tend to be time consuming and costly and any failure to win a tender may have a negative impact on the Group's sales of engineering products, which may have a negative impact on the Issuer's and the Group's financial results.

¹ The Issuer does not monitor/assess this figure or share.

(h) *The Group may not be able to keep up with technological advances in aviation.*

As in the defence industry, the Group is exposed to the risk that it will not be able to keep up with the pace of technological advances, which would have a negative impact on the financial performance and financial prospects of the Issuer and the Group. For this reason, the Group companies invest more than CZK 260 million per year in R&D in aviation and engineering.

Technological and technical progress is moving forward very quickly in all areas of industry. As air transport and its safety is about processing data, the volume of which is constantly increasing, it is necessary to prepare products to handle the amount of data that will be required by the customer. This is related to modern data processing technologies where corporate suppliers are way ahead. This is not a major risk as the Group companies will keep the development in this area in-house so that they are not reliant on external suppliers for standard designs and can provide adequate service to their customers. One of the potential risks in radar manufacturing is the component base from which the products are made. The Group has a proven track record of reliability and makes sure that tests are carried out with every change. However, there are smaller, more powerful components available on the market today, which the Group has been testing and manufacturing itself over the last two years to ensure that the technical parameters of these components can be declared and these components serviced. If the Group companies were not to implement the more efficient components and ensure their own development in this area, they would risk a possible disadvantage in the aviation tenders.

(i) *There is no assurance that the current favourable demand cycle for the Group's products will continue.*

Since 2014, the defence industry has experienced steady growth mostly as a result of increased geopolitical instability and consequential increase in military related spending by governments around the world. In particular, the Russian invasion of Ukraine is driving additional defence spending across Europe, which is the most significant market for the Group's defence business segment. After a long period of neglect, NATO members are increasing their focus on defence spending in order to meet their commitment to dedicate at least 2% of their GDP to defence spending annually. Further, the outcome of the war in Ukraine could determine the course of defence spending by neighbouring countries within Europe or further action in creating pan-European military capabilities.

Beyond Europe, increasing fear of Chinese power in the Pacific Ocean is driving additional defence spending across the United States and the Asia-Pacific regions. Further, in the Middle East and North Africa, countries are modernizing their militaries and have increasingly sophisticated defence needs. Further, there has been an increasing defence sophistication required by governments across the Middle East and North Africa, as well as the growing need of North African countries to modernize their militaries. As a result of these favourable industry dynamics, the Issuer has seen a sharp increase in demand for the Group's products and revenue in recent years. While the Issuer anticipates that governments' budgets allocated to defence will continue to increase in the future, driven by increasing and larger scale global security threats, which in turn, will drive demand for defence capabilities across the regions in which the Group operates, there is no assurance that this will materialize or that the favourable demand cycle will continue. If the global security threats, including ongoing conflicts like the Russia-Ukraine war eases and the Group enters into a broader period of relative global peace and geopolitical stability, the Group could experience lower demand for the Group's products, which will have a material adverse effect on Group's sales, results of operation and financial performance.

(j) *Changes in government policies and the regulatory environment in the United States, particularly firearms and ammunition legislation could adversely affect Group's business and financial results.*

The sale, purchase, ownership and use of firearms and ammunition are subject to numerous and varied federal, state and local governmental regulations. Sales of ammunition products can be correlated with sales of firearms, and legislation restricting the sale or use of firearms could negatively affect sales of ammunition products. For example, within the United States, federal laws governing firearms and ammunition include the National Firearms Act, the Federal Firearms Act, the Arms Export Control Act and the Gun Control Act of 1968. These laws generally govern the manufacture, import, export, sale and possession of firearms and ammunition. The Group holds all necessary licenses to legally sell ammunition in the U.S. The Group, however, faces tightening regulatory requirements (including in respect of firearms ownership and environmental concerns like climate change), growing public interest in concerns and pressure from environmental organizations and from customer requirements, particularly in relation to the use of lead and other toxic substances in the production of, or in hunting and other ammunitions.

In recent years, federal and state courts and legislatures have increased their attention on the regulation of firearms and ammunition. The laws passed and bills proposed to date are extremely varied and include, without limitation, laws and court decisions increasing the age of ownership, imposing additional licensing or registration requirements for the purchase or ownership of firearms or ammunition, curtailing or creating liability for certain types of advertising, and allowing civil causes of action against marketers and sellers of firearms and ammunition arising out of the criminal misuse of their products. These laws and decisions could impose liability on manufacturers of firearms or ammunition or effectively ban or severely limit the sale of certain categories of firearms, which would negatively impact sales of Group's related ammunition products. Any adverse change to the interpretations of the Second Amendment to the U.S.

constitution (which includes the right to bear arms) could impact Group's ability to conduct business by restricting the ownership and use of firearms and ammunition in the United States. The regulation of firearms and ammunitions could become more restrictive in the future and any such restrictions will have a material adverse effect on Group's business and results of operations.

In addition, political factors, including concerns about elections and policy shifts resulting from those elections can adversely affect demand for Group's products. Further, the uncertainty surrounding the control of firearms and ammunition products in the U.S. and certain of the Group's foreign markets amidst heightened fears of terrorism and crime can adversely affect consumer demand for Group's products, which could in turn affect the Group's business, financial condition, results of operations and prospects.

If the Group is unable to comply with existing or new regulation or meet emerging customer requirements, or if new regulation restricts the operations of the Group's ammunition business in the United States, this could have a material adverse effect on Group's business, financial condition, results of operations and prospects.

(k) Group's future success depends, in part, on the ability to innovate, develop new products and technologies to meet the needs of Group's customers.

The strength of Group's technology product portfolio and long-term operating results depend substantially on continuing investment in R&D, ability to bring technology to aerospace and defence applications and success in regularly developing, introducing and marketing new and innovative products and services. Many of Group's markets are characterized by high R&D costs, requiring significant investments with a high level of complexity and variable chances of success.

Group's ability to compete for contracts depends on the strength of intellectual property rights and technical know-how, together with the effectiveness and innovation of R&D programs, ability to offer better program performance than the competitors at a lower cost to Group's customers, and the readiness of Group's facilities, equipment and personnel to successfully and efficiently execute the programs for which the Group competes. The Group cannot be certain that its competitors will not develop competing technologies which gain market acceptance to a greater degree than Group's products. Group's competitors may develop new technologies or offerings that cause Group's existing technologies and offerings to become obsolete, or which effectively reduce the price the Group is able to charge its customers for the products and services. If the Group fails in its new product development efforts, or if its products or services fail to achieve market acceptance as rapidly as Group's competitors, Group's ability to procure new contracts could be negatively impacted, while obsolescence of Group's products as a result of the emergence of new technologies could result in substitution or reduction in the use of such products. Disruptive technologies or new entrants with alternative business models could reduce Group's ability to regularly obtain future business, achieve positive operating results and realize future growth opportunities. These circumstances could have a material adverse effect on Group's business, financial condition, results of operations and prospects.

Within the defence and aerospace industries, the development and innovation of new weapons technology takes years and is subject to frequent obstacles that delay the timing and increase the costs of the program. Due to the complexity of the process, extensive R&D expenditure does not always return a commercially successful product. If the Group is unable to respond to the changing requirements of its customers and maintain the required pace of innovation and technological development or if the Group is unable to produce equipment that performs consistently and reliability, it may lose out on business to competitors within the defence and aerospace industries, which could have a material adverse effect on Group business, financial condition, results of operations and prospects.

(l) Disruption to Group's external supply chains could have a material adverse effect on Group's operations.

If Group external supply chains are not sufficiently resilient to unforeseen events, such events could affect Group's operations, which could result in significant financial and reputational damage. Major supply chain disruption could result in delayed delivery of Group's products, which could, in turn, result in increased costs for Group's business in mitigating the effects of delays and/or compensating customers, as well as damage to Group's reputation that may reduce demand for Group's products in the future.

Group's products and services are delivered through the operation of complex supply chains which rely upon multiple other companies including subcontractors, suppliers and joint ventures to produce and provide raw materials and components and to perform certain of the services that it provides to Group's customers. For instance, the Group depends on supply chains for critical raw materials such as gunpowder and propellant charges, both of which are currently in short supply globally. Disruption to these external supply chains as a result of problems with key supplier facilities, natural disasters, pandemics, regional conflicts, financial difficulty or insolvency of a critical subcontractor, supplier or joint venture partner, scarcity of materials, export controls or other production issues or delays could reduce Group's ability to meet the product and service commitments to its customers, which could have a material adverse effect on its operations and financial position. To maintain the viability of Group's supply chains, the Group is, in certain cases, required to provide financial or other forms of assistance to subcontractors, suppliers and/or joint venture partners and

there is a risk that it may be necessary for the Group to significantly expand the scale of such support in the future and/or that the Group may be required to seek alternative subcontractors, suppliers or joint venture partners, to ensure continued supply or other dealings. This could increase the cash amounts that are required to be committed to Group's supply chains and increase the working capital requirements of Group's business operations.

Additionally, the Group relies to some extent on air carriers and ocean shipping services for most of international shipping needs, including shipment of products and receipt of raw materials and many of the components the Group uses to manufacture Group's products. If there is any significant interruption in service by such providers or at airports or shipping ports or shipping routes in the future disruptions, including as a result of natural disasters and public health crisis or other significant catastrophic events such as armed conflicts affecting international shipping routes like the recent attacks on commercial shipping on the Red Sea by Houthi rebels, the Group may face significant disruption to the supply chain and operations, and may be unable to engage alternative suppliers or to receive or ship goods through alternative means in order to deliver its products or receive raw material or components for its manufacturing activities in a timely and cost-efficient manner. As a result, the Group could experience manufacturing delays, increased manufacturing and shipping costs and lost sales due to missed delivery deadlines and product demand cycles. Furthermore, if the cost of delivery or shipping services increases significantly, and the Group cannot recover such costs through product pricing (i.e., passing such costs on to customers), Group's results of operations and/or financial performance could be materially adversely affected.

The Group is also dependent on joint ventures as part of its business operations. In particular, DAKO-CZ, one of the Group's CSG MOBILITY subsidiaries, has two joint ventures in India. The Group is able to exercise less operational control and oversight over its joint ventures than it exercises in respect of CSG companies performing similar functions, resulting in an increased risk of disruption to Group's business to the extent that the Group relies on joint ventures in order to provide products or services to customers, including as part of Group's supply chains. This increased risk of disruption to business operations and/or supply chains could be both substantial and sustained where the role of a joint venture business in the supply chains is such that it cannot be quickly or easily replaced. There is also a broader risk of deterioration in Group's relationships with joint venture partners, which could ultimately require the Group to significantly adjust aspects of its business operations and/or supply chains, including by exiting certain joint ventures and/or ceasing operations in certain jurisdictions.

In addition, the specialist nature of the products supplied by certain of suppliers, as well as the quantities of components required in some cases, results in a heightened risk that the Group may not be able to substitute suppliers quickly, easily or at all if one or more of Group's current suppliers become unable or unwilling to supply the Group. This could result in increased costs and/or delays in finding alternative suppliers capable of meeting Group's requirements. In some circumstances, components used in Group's products are sourced from single-source suppliers. Such suppliers may be affected by a range of circumstances that prevent them from being able to continue to supply the Group including, but not limited to, financial difficulties, insolvency, acquisition by a competitor or loss of required regulatory approvals. If these suppliers become temporarily or permanently unable to supply the Group, the production of certain products could be materially impacted as the Group may be unable to source such components and may have to redesign any products requiring such components or may have to invest significant time and resources in establishing in-house production of components to satisfy Group's requirements. Further, given the nature of the industries in which the Group serves, the Group faces heightened security risks in the transport and storage of raw materials and finished products. If the Group is unable to ensure safe and effective transport and secure its inventories, it may suffer damage to its physical locations, employees or reputation.

The Group relies on efficient inventory management. Certain products and components necessary to Group's business activities are typically easily available and, as a result, the Group typically maintains a limited inventory of such items. However, if there is widespread disruption to Group's external supply chains and/or to global supply chains as a whole, there is a risk that low inventory levels of such items may result in disruption to Group's ability to carry out its business if the Group were unable to acquire such products and components within expected timeframes. By contrast, certain other products and components necessary to Group's business activities are typically difficult to source and, as a result, the Group usually maintains a larger inventory of such products and components. Following Russia's invasion of Ukraine in 2022, many of the key raw materials have come under increasing supply pressure and in response, the Group has increased its inventories of critical supplies. If such inventories prove to be insufficient, the Group may be forced to purchase such supplies on the open market at prices that may adversely affect Group's profitability. Conversely, if there is a sudden or unexpected decline in Group's backlog and the Group no longer requires the same number of such products and components to carry out its business activities, then there is a risk that the Group may be unable to make economic use of its inventory, which may lose value when such inventory becomes unusable and/or unsellable and, therefore, may have an adverse effect on Group's balance sheet.

If any of the foregoing occurs, it could have a material adverse effect on Group's business, financial condition, results of operations and prospects.

(m) Group's results are affected by fluctuations in commodity prices.

The Group is also exposed to fluctuations in the price of commodities, including metals, gas, propellant and electricity, which are key elements in the production and cost of Group's products. Some of these raw materials may be rare and/or exhibit significant price volatility and it may not be possible to hedge the prices of those raw materials through long-term price agreements, financial derivatives, strategic stocks or other means. Alternatively, hedges may only be available over short periods. Significant external events could also materially impact forecast currency and commodity exposures, potentially resulting in over-hedged positions and derivative liabilities. The prices of steel in 2024 were stable when comparing to end of year 2023 and changed only by approx. 2%. Copper increased year-on-year approx. by 4%. Electricity increased in 2024 approx. by 10% compared to year-end 2023. All price changes had only a limited impact to the Group's performance, impacting profitability by less than 2%.

Sustained increases in the price of oil could cause the operation of Group's products to become more expensive for the customers. Such customers could increasingly favour alternative power sources in order to reduce their reliance on oil-based fuels and, in so doing, attempt to cut their overall operating costs and/or reduce their exposure to the price of oil. These changes in customer behaviours could result in a reduction in the demand for certain of Group's products that use oil-based fuels, particularly in the event of sustained increases in the price of oil.

Group's inability to offset material price inflation through increased prices to customers or commodity hedges, the impact of external events on forecast currency and commodity exposures and/or oil price rises reducing demand for Group's products could have a material adverse effect on Group's business, financial condition, results of operations and prospects.

(n) Group's association with the defence and ammunition industries may affect the Group's relationships with certain third parties that are critical to the Group's success.

The Group utilizes the services of numerous financial institutions, resellers, insurance carriers, suppliers, transportation providers and other service providers. Some third parties, as well as some customers and investors, have decided or may in the future decide to cease doing or limit their business with companies associated with the defence and ammunition industries or impose unacceptable or costly restrictions on Group's business due to reputational concerns, pressure from politicians or activists, or high-profile media coverage of events. These decisions could have a material adverse impact on Group's business, financial condition, results of operations and prospects. For example, following the death of Saudi journalist Jamal Khashoggi in 2018, the Group was unable to deliver on certain contracts for the export of trucks equipped with German engines to certain countries in the Middle East due to restrictions imposed on a third-party supplier by the German government. The Group was only able to resume delivery once it was able to secure a replacement engine supplier approximately one year following the suspension.

(o) The Group faces certain risks associated with having minority shareholders of certain Subsidiaries.

The Group faces certain risks associated with having minority shareholders of certain Subsidiaries. Certain Subsidiaries have minority shareholders who may have different interests, and any disagreements with such minority shareholders may affect the successful implementation of Group's business plans with respect to those Subsidiaries; for example, TATRA TRUCKS a.s., CSG Land Systems CZ a.s., MSM GROUP s.r.o., EXCALIBUR INTERNATIONAL a.s., RETIA, a.s. or TATRA DEFENCE VEHICLE a.s. While there are shareholder agreements in place for most of such Subsidiaries with minority shareholders that mitigate against such problems, any significant disagreements between Group management and those minority shareholders with respect to the identification and achievement of strategic and operation objectives or otherwise could have a material adverse effect on the results of operations and financial condition of those companies.

The Group has granted put options to minority shareholders of certain of its Subsidiaries. These minority shareholders have the right to exercise those put options in certain circumstances, such as the expiry of agreed time periods. If one or more put options were exercised, the Group would have to pay an amount of money to the relevant shareholder or shareholders in proportion to the performance of the relevant Subsidiary and such payment could have a material adverse impact on the results of operations and financial condition of the relevant company.

(p) *Lead ban impact on the Group*

The European Union has initiated regulatory measures aimed at phasing out the use of lead ammunition and fishing weights, with the objective of making these regulations applicable between 2028 and 2030. While the primary intent of these regulations is to mitigate environmental and health risks associated with lead exposure, The Group's production of hunting and sport shooting ammunition in Europe is subject to risk of operational challenges.

The proposed regulations include provisions to ban lead in hunting activities, aiming to reduce lead exposure to wildlife, livestock, and humans. However, certain exemptions and extended timelines for implementation could result in prolonged periods of regulatory uncertainty and potential non-compliance risks. For instance, the proposal allows for continued use of lead in specific contexts, such as traditional hunting practices and certain cultural events, which may complicate enforcement and monitoring efforts.

Entities within the Group that engage in activities subject to these regulations may face increased compliance costs and operational disruptions. Additionally, the availability and adoption of non-toxic alternatives to lead-based products may vary across regions, potentially affecting operational efficiency and cost structures.

While the Group is actively monitoring these developments and assessing potential impacts, there can be no assurance that the regulatory changes will not affect the Group's operations, financial performance, or market position. Currently, the Group's production of ammunition for hunting and sport shooting activities in European Union is less than 3% of its total consolidated revenue. Different alternatives to lead which are currently being analysed and tested may increase the cost of production for the hunting and sport shooting ammunition by approximately 4-6%, resulting to overall impact to Group's Operating EBITDA less than 0.5%.

Financial risks

Management of the Issuer's and the Group's financial risk focuses on the financial risks arising from the financial instruments to which the Issuer and the Group are exposed as a result of their activities. Financial risks include in particular credit risk, liquidity risk, currency risk and interest rate risk. The primary objective of financial risk management is to establish risk limits and to ensure that exposure to these risks remains within those limits.

Oversight of the Issuer's and the Group's risks is ensured within the framework of the Group's established market risk management rules and at the same time by the Issuer's and the Subsidiaries' senior management decisions in individual areas of activity on the basis of reporting and also within the framework of the relevant decision-making of the Issuer's or the Subsidiaries' governing bodies. The Issuer and the Group have used and intend to continue to use derivative financial instruments to reduce the above risks, in particular currency and exchange rate risks. The potential impact of each financial risk on the Issuer's and the Group's business and the Issuer's ability to satisfy its liabilities under the Notes is outlined below.

(q) *The Group is exposed to credit risk.*

Credit risk is the risk that the Issuer's and the Group's debtors will be unable to repay their debts from financial or trade relationships, which may lead to financial losses for the Issuer and the Group. Given that the Issuer is a holding company, this risk is minimal at the Issuer's level. There is a policy in place within the Group under which each new customer requiring products or services in excess of a certain limit (which is based on the size and nature of the particular Subsidiary) is analysed using an individual credit rating before the standard payment and delivery terms of that Subsidiary can be offered. These business partners of the Subsidiaries have a credit limit, i.e. the maximum permissible value of total outstanding receivables from the respective business partner. In determining the credit limits, account is taken in particular of the solvency of the Subsidiaries' business partners assessed in particular based on financial analyses of their economic results and information from external public and specialized databases. To the maximum extent possible, instruments for securing the receivables in question, such as bank guarantees, pledges on movable property or mortgages on immovable property, insurance, etc., are used. The determined credit limits are strictly observed. Business partners who are found to be non-creditworthy, risky and reasonably problematic are put on the list by the Issuer and the Subsidiaries are not allowed to do business with them. A failure by the Group to manage this risk or poorly set risk management mechanisms would have a negative impact on the Group's customer service results and ultimately, it might have a negative impact on the Group's business.

As at 31 December 2024, trade and other receivables amounted to EUR 544,899 thousand (as at 31 December 2023, it was EUR 220,436 thousand). The following items from the consolidated statement of the financial position are included in this amount: long-term and short-term portions of Trade and Other Receivables. The maximum amount of credit risk on Trade and Other Receivables and contract assets as at 31 December 2024 and 31 December 2023 corresponds to the carrying amount of the individual financial assets and the Issuer also represents that there is no significant concentration of credit risk towards any one business entity.

Ageing of Trade and Other Receivables and contract assets as at 31 December 2024 is shown below:

EUR thousand total (gross)	606,110
Covered portion of financial assets	20,231
Before due date	443,454
1-90 days past due	72,593
91-180 days past due	31,930
181-360 days past due	12,303
More than 360 days past due	25,599

The Group makes an allowance for the impairment of assets representing an estimate of the loss incurred in respect of trade and other receivables. The main components of these allowances are specific loss components relating to individually significant receivables and collective loss components established for groups of similar assets in respect of losses already incurred but not yet identified. The collective loss tolerance is determined on the basis of historical payment statistics data for similar financial assets. The Group believes that the amounts for which no allowance has been made are still collectible.

Despite all measures taken by the Group to mitigate the effects of credit risk, the failure of the Group's counterparties may cause losses that might have a negative impact on the Group's business, economic results, financial situation and ultimately on the Issuer's ability to satisfy its liabilities under the Notes.

(r) The Group is exposed to liquidity risk.

The primary objective of liquidity risk management is to limit the risk that the Group will not have the resources to satisfy its obligations for debt, working capital and capital expenditure. The Group's liquidity management aims to ensure that resources ensuring the payment of debts as they fall due are available at all times. As at 31 December 2024, the Group's consolidated current assets amounted to EUR 4,630,916 thousand (EUR 1,997,010 thousand as at 31 December 2023), and the amount of consolidated current liabilities as at 31 December 2024 was EUR 3,700,434 thousand (EUR 1,523,080 thousand as at 31 December 2023).

The Group has in place a system of tracking income and expenses several months in advance in relation to purchase orders issued and invoices received, as well as in relation to orders received and confirmed, invoices issued and other contracts entered into (leases, insurance, loans), expected salaries and other. Expenses are regulated so that always four months in advance, there are funds in the account required to cover debts to the state, health insurance companies, salaries and debts to banks in the amount corresponding to 1–2 months.

Despite all these measures, it cannot be ruled out that the Group companies will face liquidity shortages due to a failure in liquidity risk management or poorly set liquidity risk management and that they will be unable to pay their debts as they fall due, which may lead to disruption of customer relationships, deterioration of commercial conditions and insolvency proceedings. These events may have a negative impact on the business of the Group companies, their economic results, financial condition and ultimately on the Issuer's ability to duly satisfy its liabilities under the Notes.

(s) The Group is exposed to interest rate risk.

The Group's business is exposed to the risk of interest rate fluctuations when interest-bearing assets (including investments) and liabilities mature or are repriced at different times or in different amounts. The time periods over which the interest rate of a financial instrument is fixed indicate the extent to which the instrument is exposed to interest rate risk.

The following table shows financial information relating to interest-bearing and non-interest-bearing assets and liabilities and their contractual maturity or revaluation dates as at 31 December 2024 and 31 December 2023, without including the effect of derivatives:

As at 31 December 2024	Floating interest rate			Fixed interest rate or unspecified	Total
	Less than 1 year	1 year to 5 years	More than 5 years		
<i>EUR thousand</i>					
Interest-bearing financial assets					
Loans and other financial assets	69,474	143	47	77,016	146,680
Total	69,474	143	47	77,016	146,680
Interest-bearing financial liabilities					
Loans and borrowings	747,377	1,139,364	1,038	24,717	1,912,496
Bonds	836,317	—	—	169,378	1,005,695
Put Option	143,517	5,260	—		148,777
Total	1,727,211	1,144,624	1,038	194,095	3,066,968
Net interest rate risk position	(1,657,737)	(1,144,481)	(991)	(117,079)	(2,920,288)

As at 31 December 2023	Floating interest rate			Fixed interest rate or unspecified	Total
	Less than 1 year	1 year to 5 years	More than 5 years		
<i>CZK thousand</i>					
Interest-bearing financial assets					
Loans and other financial assets	144,461	44,438	—	84,710	273,609
Total	144,461	44,438	—	84,710	273,609
Interest-bearing financial liabilities					
Loans and borrowings	277,273	366,628	32,411	81,087	757,399
Bonds	144,455	—	—	192,990	337,445
Put Option	—	176,451	—	—	176,451
Total	421,728	543,079	32,411	274,077	1,271,295
Net interest rate risk position	(277,267)	(498,641)	(32,411)	(189,367)	(997,686)

The Issuer and the Subsidiaries hedge the relevant portion of the variable rate debt for the relevant interest-bearing period through interest rate swaps based on periodically updated strategies based on the current estimate of interest rate developments according to the banks' forecasts and the general financial market consensus. In most cases, this involves hedging at least 50% of the volume of variable rate debt. The amount of variable rate debt hedged by interest rate swaps was EUR 389,492 thousand as at 31 December 2024 and EUR 519,407 thousand as at 31 December 2023.

Despite all these measures, losses due to adverse fluctuations in interest rates that could have a negative impact on the Group's business cannot be ruled out, where a one percentage point increase in the interest rate would mean (retrospectively) reduction of the Group's profit by EUR 18,866 thousand for 2024 and reduction of the Group's profit by EUR 6,704 thousand for 2023 and the impairment of its economic results, financial situation and ultimately the Issuer's ability to satisfy its liabilities under the Notes.

(t) The Group is exposed to foreign exchange risk.

The Group is exposed to the effect of fluctuations of current foreign exchange rates on the Group's financial position and cash flows. The Group is exposed to foreign currency risk on sales, purchases and loans for consumption that are denominated in currencies other than the functional currencies of the Group's entities, primarily EUR and USD for the Czech Subsidiaries and USD and CZK for the Slovak Subsidiaries.

The strengthening of the Czech crown as at 31 December 2024 and 31 December 2023 against EUR and USD would result in an increase/decrease of equity by the amounts shown in the table below. This analysis is based on deviations in foreign currency exchange rates that the Group considered reasonably probable at those dates. This sensitivity analysis assumes that all other variables, primarily interest rates, remain unchanged:

Impact on profit/loss <i>EUR thousand</i>	31 December 2024	31 December 2023
EUR (10% strengthening)	190,461	129
USD (10% strengthening)	52,525	(135)

The Board of Directors of the Issuer approved an internal regulation requiring the Issuer and the Subsidiaries to hedge at least 50% of the net open foreign currency position according to the foreign currency cash flow plan for at least 24 months in advance through currency forwards. Forward rates ensure at all times that the value of net foreign currency income and assets in the functional currency corresponds at least to the amount projected in the financial plan.

Despite the measures taken, losses due to adverse fluctuations of foreign exchange rates that could have a negative impact on the Group's business, economic results, financial situation and ultimately on the Issuer's ability to satisfy its liabilities under the Notes cannot be excluded.

(u) The Issuer is a holding company that does not itself carry out any significant business activities.

The Issuer is a holding company that primarily holds, manages and, where appropriate, finances interests in other Group companies and does not itself carry out any significant business activities. As the Issuer will also use the funds raised from the Issue for financing its Subsidiaries, the Issuer is dependent on the success of its Subsidiaries' business. If the Subsidiaries do not achieve the expected results or if their ability to make payments (for example, in the form of dividends, interest or otherwise) to the Issuer is limited for other reasons (such as by lack of available funds, legal or tax regulations and/or contractual limitations), this would have a significant negative impact on the Issuer's income and its ability to satisfy its liabilities under the Notes.

Risks relating to the acquisition of The Kinetic Group

(v) Impact of change of control on The Kinetic Group's agreements

The acquisition of The Kinetic Group has resulted in a change of control under certain agreements entered into by The Kinetic Group, such as commercial agreements with some of its suppliers. The Issuer cannot exclude the possibility that some of these third parties may exercise their termination, adjustment or other rights, which may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations following the acquisition. In addition, some of the third parties may use their termination or adjustment rights to renegotiate the terms of the agreements to the Group's detriment and may benefit from stronger bargaining power, as a result of which The Kinetic Group may only be able to secure replacement contracts on less favourable terms or at all.

Furthermore, the acquisition has required and continues to require substantial time and focus from The Kinetic Group's management, which could adversely affect The Kinetic Group's ability to manage its business. Likewise, its employees may feel affected by the acquisition, which could have an impact on work quality and retention.

(w) The Kinetic Group's historical financial information may not be representative of the Issuer's future results.

The Kinetic Group's financial statements were prepared before the completion of the acquisition and do not reflect the impact of purchase accounting adjustments applied following the acquisition. The Issuer accounted for the acquisition using the acquisition method of accounting under IFRS 3 and applied purchase accounting adjustments in connection with the acquisition to the financial statements for accounting periods subsequent to the completion of the acquisition.

The application of purchase accounting could result in different carrying values for existing assets and liabilities and the Issuer may add assets to its statement of financial position, including, *inter alia*, intangible assets, such as goodwill, which are not required to be amortized in accordance with applicable IFRS. The Issuer may also recognize different amortization and depreciation expenses. Due to these and other potential adjustments, if the Issuer provides consolidated

financial statements for periods after the completion of the acquisition at the level of the Issuer, the Issuer's financial statements may be materially different once the adjustments are made and may not be comparable to The Kinetic Group's financial statements.

(x) ***The Kinetic Group may have liabilities that were not known to the Issuer (prior to the acquisition) or are greater than anticipated.***

Before the acquisition of The Kinetic Group, the Issuer conducted due diligence that it deemed reasonable and appropriate based on the facts and circumstances applicable to the transaction. The objective of the due diligence process is to identify attractive investment opportunities based on the facts and circumstances of an investment, to identify possible risks associated with that investment and to prepare a framework that may be used from the date of an acquisition to drive operational achievement and value creation. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Issuer relies on resources available to it, including information provided by The Kinetic Group and, in some circumstances, third-party investigations.

Despite these efforts, the Issuer cannot be certain that the Issuer's due diligence investigation revealed or highlighted all relevant facts (including fraud, bribery and other illegal activities and contingent liabilities) that may have been necessary or helpful in evaluating the merits of investing in The Kinetic Group. If the due diligence investigation has failed to identify material information regarding The Kinetic Group, the Issuer may be forced to write down or write off certain assets, significantly modify the business plan or incur impairment losses or other charges.

In addition, the Issuer may not be able to enforce claims with respect to the representations, warranties and indemnity undertakings that the sellers have provided to the Issuer under the merger agreement.

2. RISK FACTORS RELATED TO THE NOTES

The risks relating to the Notes include, but are not limited to, the following risk factors:

(a) *Fixed-rate notes*

The holder of a fixed-rate Note is exposed to the risk of a decrease in the price of the Note as a result of a change (increase) in market interest rates - in this respect it should be noted that the base interest rate (2T Repo rate) is currently (effective as of 9 May 2025) at 3.50%. While the nominal interest rate set out in the Terms and Conditions is fixed for the life of the Notes, the current capital market interest rate (the "**Market Interest Rate**") usually changes on a daily basis. As the Market Interest Rate changes, the price of a fixed-rate Note also changes, but in the opposite direction. Thus, if the Market Interest Rate increases, the price of a fixed-rate Note will generally fall to a level where the yield on that Note is approximately equal to the Market Interest Rate. If the Market Interest Rate decreases, the price of a fixed-rate Note will generally increase to a level where the yield on that Note is approximately equal to the Market Interest Rate.

(b) *Risk of accepting new debt financing by the Issuer*

There are no major legal restrictions on the amount and terms of any future unsubordinated debt financing of the Issuer (other than the restrictions under the Terms and Conditions). The acceptance of any new debt financing may ultimately mean that, in the event of bankruptcy or similar proceedings, the claims of the Noteholders under the Notes will be satisfied to a lesser extent than if such debt financing had not been accepted. As the Issuer's debt financing increases, the risk that the Issuer may default on its liabilities under the Notes also increases. As at 31 December 2024, the Issuer's total individual liabilities amounted to CZK 63,327,750 thousand. These debts consist primarily of (i) two retail note issues with an aggregate outstanding amount of CZK 6,992,508 thousand, (ii) two private placement issues with an aggregate outstanding amount of CZK 652,500 thousand and (iii) senior loan and note financing accepted in connection with the acquisition of The Kinetic Group in 2024 with an aggregate outstanding amount of EUR 2,189,310 thousand (the Senior Facility Agreement and US Indenture).

(c) *Risk of early redemption*

If the Notes are, in accordance with the Terms and Conditions, redeemed early, before maturity (e.g. in the event of a Change of Control or an Event of Default, or where a meeting of the Noteholders decides to amend the Terms and Conditions and the investor does not agree to the amendment), the Noteholder is exposed to the risk of a lower-than-expected yield due to such early redemption. The Issuer may, at its option and upon notice to the Noteholders (made no later than sixty (60) days prior to the relevant early redemption date) following the 4.5-year anniversary of the Issue Date, redeem the Notes early.

(d) *Inflation risk*

Prospective purchasers or sellers of the Notes should be aware that the Notes do not contain an anti-inflation clause and so the fair value of an investment in the Notes may decline as inflation reduces the value of the currency. Inflation will also cause the real yield on the Notes to fall. If the amount of inflation exceeds the nominal yields on the Notes, the value of the real yields on the Notes will be negative.

According to the Czech Ministry of Finance's macroeconomic forecast published in April 2025, the year-on-year inflation at the beginning of the year was slightly below 3%. Inflationary pressures will continue to be moderated this year through interest rates by restrictive monetary policy. The expected decline in dollar oil prices, slight strengthening of the Czech crown, and lower energy prices will also have an anti-inflationary effect. On the contrary, pro-inflationary factors include continuing higher wage growth, increased excise taxes on tobacco products and alcohol, as well as increased price dynamics in services, including the resuming growth of imputed rent. The average inflation rate this year (2025) could reach 2.4% and in 2026 slightly decrease to 2.3%.²

(e) *Liquidity risk relating to Notes*

The Issuer will apply for the admission of the Notes to trading on the Regulated Market of the PSE. Notwithstanding the admission of the Notes to trading on the Regulated Market, there is no assurance that a sufficiently liquid secondary market for the Notes will be formed or, if formed, that such secondary market will persist. Even if the Notes are actually admitted to trading on the Regulated Market, it will not necessarily result in such Notes being more liquid than Notes not admitted to trading on the Regulated Market. In a potentially illiquid market, investors may not be able to sell the

² Source: <https://www.mfcr.cz/cs/rozpoctova-politika/makroekonomika/makroekonomicka-predikce/2025/makroekonomicka-predikce-duben-2025-59451>

Notes at any time at an adequate market price. This may have a negative effect on the value of the investment in the Notes.

(f) Risk of divergence of terms and price for the Notes in a simultaneous public offering

The terms and conditions of the public offering made by the Joint Lead Managers may differ (including the price and fees charged to the investors). If an investor purchases the Notes at a higher price (the price being either the issue price in the primary offering or the purchase price in the secondary offering), the investor bears the risk that the total return on its investment will be lower than if the investor had purchased the Notes at a lower price. In addition, the price and the total amount of the price may be also reflecting the fees of the Joint Lead Managers or third parties associated with the public offering (primary or secondary) and the registration of the Notes, which are charged to investors, and may result in different costs that the investor in the Notes will have to pay to purchase one Note from different Joint Lead Managers.

(g) Risk of different interpretation of Section 23(5) of the Notes Act

The Notes Act (as amended by Act No. 462/2023 Coll.) has modified certain rules for early redemption of notes at the request of noteholders in cases where they disagree with changes of a fundamental nature ("material changes", including changes to the terms and conditions) adopted at a noteholders' meeting. According to the current wording of Section 23(5) of the Notes Act, the following applies: *"...if the noteholders' meeting has approved changes of a fundamental nature, a person who was the owner of the note as of the record date for participation in the noteholders' meeting and who, according to the minutes, voted against the proposal at the meeting or did not attend the meeting, may request the issuer for early redemption of the nominal value of the note, including proportional yield, or for the repurchase of the Note at market price."*

Section 23(9) of the Notes Act further states that if the terms and conditions regulate the rights and obligations of Noteholders differently from Sections 1 to 8 of the Notes Act (including the aforementioned Section 5), the issuer must highlight this in the prospectus or, at the latest by the issue date, in the same manner in which it made the terms and conditions available. The Issuer therefore considers the provision of Section 23(5) of the Notes Act to be dispositive, and therefore (also taking into account practical uncertainties regarding the determination of the "market price" of any Notes) the Issuer has excluded the possibility of early repurchase of the Notes at "market price," and declares this in accordance with the Notes Act in this Prospectus.

The conclusion regarding the dispositive nature of Section 23(5) of the Notes Act is also supported by the explanatory memorandum to Act No. 462/2023 Coll., which states the following regarding the amended Section 23(5) of the Notes Act: *"The provision is liberalized in favour of the issuer. The legal regulation of the right of a noteholder who disagreed with a fundamental change adopted at a noteholders' meeting or did not attend the meeting and, in view of this, could request early redemption of the nominal value of the note, is proposed as dispositive."*

However, due to the absence of any case law and court interpretation, it cannot be ruled out that in the future any court may legally determine that the Issuer will be obliged, at the request of a Noteholder in the relevant situation referred to in Section 23(5) of the Notes Act, to pay the Noteholder the "market price" of the relevant Notes instead of the nominal value and accrued yield.

Specific risks relating to Shared Security

(h) Enforcement of the rights of the holders of the Notes under the Terms and Conditions across multiple jurisdictions may prove difficult.

The UK Intercreditor Agreement, the US Intercreditor Agreement, Shared Security documents and other credit agreements and debt documents of the Issuer are governed by the laws of a number of different jurisdictions. Moreover, the Issuer is incorporated under the laws of the Czech Republic and its Subsidiaries are organized or incorporated under the laws of the Czech Republic, Italy, Slovakia, Spain and the United States. In the event of bankruptcy, insolvency, administration or a similar event, proceedings could be initiated in any of these jurisdictions. The rights of Noteholders are likely to be subject to insolvency and administrative laws of several jurisdictions, and it may be difficult for the Security Agent, the Noteholders and/or the appointed Common Representative to effectively enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. In addition, the multi-jurisdictional nature of enforcement over the Shared Security may limit the realizable value of such Shared Security.

(i) The holders of the Notes may not control certain decisions regarding the Shared Security.

The UK Intercreditor Agreement provides that the Security Agent, who also serves as the security agent for the lenders under the Senior Facilities Agreement, certain hedging obligations, and any additional debt secured by the Shared

Security, will act as provided for in the UK Intercreditor Agreement. The UK Intercreditor Agreement regulates the ability of the Common Representative or the Noteholders to instruct the Security Agent to take enforcement action.

As a result of the voting provisions set forth in the UK Intercreditor Agreement, for so long as 50% or more of the total commitments and obligations owed in respect of the debt ranking *pari passu* in right of payment with the Notes that is subject to the UK Intercreditor Agreement (the Senior Secured Credit Participations) are represented by obligations other than the Notes, the Noteholders will not be able to force the enforcement of the Shared Security. Subject to certain limited exceptions, the Security Agent will act with respect to the Shared Security only at the direction of the relevant Instructing Group. No Noteholder will have a separate right to enforce or to require the enforcement of the Shared Security.

The "**Instructing Group**" means, in relation to any consent or instructions relating to enforcement at any time when there are Notes outstanding, those creditors whose Senior Secured Credit Participations at that time aggregate more than 50% of the total Senior Secured Credit Participations at that time.

The creditors under the Senior Facilities Agreement and any hedge counterparties may have interests that are different from the interests of Noteholders, and they may elect to pursue their remedies under the relevant Shared Security documents at a time when it would otherwise be disadvantageous for the Noteholders to do so.

(j) *The Issuer and the security providers will have control over the Shared Security, and the sale or transfer of assets could reduce the pool of assets securing the Notes.*

The Shared Security documents allow the Issuer and the relevant security providers to remain in possession of, retain control over, operate, and collect, invest and dispose of any income from, the Shared Security securing the Notes. So long as no default or event of default under the Terms and Conditions or the UK Intercreditor Agreement has occurred or would result therefrom, the Issuer and the relevant security providers may, among other things, without any release or consent by the Common Representative or the Security Agent, conduct ordinary course activities with respect to the Shared Security such as selling, factoring, abandoning or otherwise disposing of Shared Security through asset sales or intercompany disposals and making ordinary course cash payments, including repayments of indebtedness. Any of these activities could reduce the value of the Shared Security, which could reduce the amounts payable to the Noteholders from the proceeds of any sale of the Shared Security in the case of an enforcement of the Shared Security.

The Shared Security may be subject to release in certain circumstances. The Shared Security will be subject to release in the event of certain enforcement actions under the UK Intercreditor Agreement. For example, in the event of a sale or disposition of all or substantially all of the Issuer's assets in an enforcement action that complies with the terms of the UK Intercreditor Agreement, the claims under the Shared Security will be released by the Security Agent. Similarly, in the event of a sale or disposition of the shares of a Subsidiary providing a guarantee (or a holding company of such Subsidiary) in an enforcement action that complies with the terms of the UK Intercreditor Agreement, the claims under the Shared Security in respect of such Subsidiary will be released by the Security Agent, whether or not the Noteholders make any recovery from such sale or disposition. Also, The Security Agent is authorized to release any Shared Security in case of a "Non-Distressed Disposal", which is: (i) disposal of an asset of a Group member or an asset subject to Shared Security, (ii) to a person outside the Group or to Group members, (iii) where the applicable Senior Agent, Creditor Representatives and the Issuer confirm in writing that the disposal is permitted under the Senior Facility Agreements (facility agreements documenting any credit facility or loan instrument made available to a member of the Group where the lender, *inter alia*, is a party to the UK Intercreditor Agreement), Senior Secured Guarantee Documents (any document entered into between a Debtor and a bank, insurance company or other financial institution that has acceded to the UK Intercreditor Agreement to document the terms of any guarantee issued on behalf of a member of the Group) and Senior Secured Note Indentures (an indenture or subscription agreement governing the applicable debt securities issued, whether publicly or privately, by a Debtor, made between, among others, the applicable trustee, the Security Agent and a Debtor (as the note issuer)), and (iv) the disposal is not a "Distressed Disposal" (a disposal occurring under enforcement or distressed circumstances).

As a result of these and other provisions in the UK Intercreditor Agreement the Noteholders may not realize a partial or full recovery of their investment in the Notes, and the claims under some or all of the Shared Security may be released.

(k) *Risks relating to the hierarchy between the UK Intercreditor Agreement and the US Intercreditor Agreement*

The UK Intercreditor Agreement and the US Intercreditor Agreement are two interconnected documents that together govern a complex security structure and priorities among creditors. The US Intercreditor Agreement is a document governed by New York law, entered into between the ABL Collateral Agent and the Security Agent, with this document having superior status in case of conflict between the two agreements. While the main UK Intercreditor Agreement governs the relationships between Senior Secured Creditors and their security claims, the US Intercreditor Agreement specifically addresses the relationship between security in favour of Senior Secured Creditors and security in favour of ABL Finance Parties over U.S. domestic assets of The Kinetic Group, with the main agreement expressly refraining from addressing the ranking between these different types of security.

Regarding the enforcement of security, the UK Intercreditor Agreement stipulates that all amounts obtained through security enforcement are subject to the prior application of the terms of the US Intercreditor Agreement. The Security Agent may receive enforcement instructions from the Instructing Group; however, this is expressly subject to the terms of the US Intercreditor Agreement. In case of insolvency of any Group member, any party entitled to distribution of assets must comply with the terms of the US Intercreditor Agreement where applicable. This hierarchy is consistently applied throughout the entire agreement, including provisions on set-off, distribution of proceeds, and priority of claims.

The creditors under the ABL Facility Agreement, who enjoy a first priority lien over certain U.S. domestic assets of the Group, may have interests that are different from the interests of Noteholders, and they may elect to pursue their remedies under the US Intercreditor Agreement at a time or in a manner that would otherwise be disadvantageous for the Noteholders.

(l) *The value of the Shared Security securing the Notes may not be sufficient to satisfy the Issuer's obligations under the Notes and the Shared Security may be reduced or diluted under certain circumstances.*

The obligations of the Issuer with respect to the Notes, together with other Issuer's payment obligations under other debt documents and certain hedging obligations, will be secured by first-ranking security interests in the Shared Security (or second-ranking security interest over certain U.S. domestic assets of The Kinetic Group). Pursuant to the terms of the UK Intercreditor Agreement, the Noteholders will receive proceeds from enforcement of security over the Shared Security on a *pro rata* and *pari passu* basis with the secured creditors under, among others, the Senior Facilities Agreement and certain hedging obligations.

Furthermore, the interests in the Shared Security can be affected by a variety of factors, including the timely satisfaction of perfection requirements, statutory liens and certain standard business terms. In the event of an enforcement of the Shared Security, the proceeds from the sale of the assets underlying the Shared Security may not be sufficient to satisfy the Issuer's obligations with respect to the Notes or any additional debt that may be incurred by the Issuer in the future. The value of the Shared Security will depend on many factors including, among others, the ability to sell the issued, pledged share capital of the Issuer and certain Subsidiaries, among others, in an orderly sale and the availability of buyers (including various regulatory and foreign direct investment issues). The pledged shares may also prove illiquid. Moreover, such pledged shares may also have limited value in the event of a bankruptcy, insolvency or other similar proceeding in relation to the entity's shares that have been pledged because all of the obligations of the entity whose shares have been pledged must first be satisfied, leaving little or no remaining assets in the pledged entity. As a result, the creditors secured by a pledge of the shares of the Issuer and certain Subsidiaries, among others, may not recover anything of value in the case of an enforcement sale. If the proceeds of the Shared Security are not sufficient to repay all amounts due on the Notes, the Noteholders (to the extent not repaid from the proceeds of the sale of the Shared Security) would have only an unsecured claim against the Issuer's remaining assets.

(m) *The security over the Shared Security will not be granted directly to the holders of the Notes.*

The security interests in the Shared Security that will secure the Issuer's obligations under the Notes and the obligations of the Subsidiaries under the guarantees provided in the UK Intercreditor Agreement will not be granted directly to the Noteholders, but will be granted only in favour of the Security Agent for the benefit of the secured creditors, including the Noteholders and the lenders under the senior facilities and certain other debt documents. The Terms and Conditions governing the Notes and the UK Intercreditor Agreement will provide that only the Security Agent has the right to enforce the security interests. As a consequence, Noteholders will not have direct security interests and will not be entitled to take enforcement action in respect of the Shared Security securing the Notes, except through the Common Representative, who will accede to the UK Intercreditor Agreement prior to the Issue Date and provide instructions to the Security Agent for the Shared Security.

IV. SUBSCRIPTION AND SALE

1. GENERAL INFORMATION REGARDING THE OFFER, THE RESPONSIBLE PERSONS AND THE METHOD OF SUBSCRIPTION

The Issuer has appointed the Joint Lead Managers, the companies (i) Česká spořitelna, a.s., LEI: 9KOGW2C2FCIOJQ7FF485, (ii) J&T BANKA, a.s., LEI: 31570010000000043842, (iii) Komerční banka, a.s., LEI: IYKCAVNFR8QGF00HV840, (iv) PPF banka a.s., LEI: 31570010000000036567, and (v) UniCredit Bank Czech Republic and Slovakia, a.s., LEI: KR6LSKV3BTSJRD41IF75, with the task of public offering and placement of the Notes with end investors, on the basis of Mandate Agreement for the Arrangement of the Issue of Notes dated 23 April 2025.

The Notes may be offered independently through the Joint Lead Managers, who will subscribe the Notes from the Issuer on a "best efforts" basis and subsequently sell them to the end investors as described below.

The Issuer intends to issue the Notes in an anticipated aggregate nominal value of up to CZK 5,000,000,000 (in words: five billion Czech crowns). The Issuer is also entitled to issue Notes in a larger aggregate nominal value of the Issue than the assumed aggregate nominal value of the Issue, up to CZK 10,000,000,000 (in words: ten billion Czech crowns). All Notes issued under the Issue will be subject to the offer. The Notes will be offered to investors for purchase by the Joint Lead Managers in accordance with the Prospectus Regulation and other applicable laws.

The Notes will be offered by the Issuer through the Joint Lead Managers in a public offering in the Czech Republic pursuant to Article 2(d) of the Prospectus Regulation to domestic and foreign qualified and non-qualified (in particular retail) investors and to qualified investors selected abroad and, where applicable, to other investors on terms that do not require the offeror in that country to prepare and publish a prospectus in accordance with the laws of that country.

The public offering of the Notes by the Joint Lead Managers will run from 12 May 2025 (inclusive) to 7 May 2026 (inclusive).

As part of the public offer, investors will be contacted by the Joint Lead Managers, in particular by means of remote communication, and invited to place an order to purchase the Notes (the "**Order**"), whereby the condition for participation in the public offer is proof of the investor's identity by a valid identity document. The Joint Lead Manager will not be obliged to accept the Order if the investor does not meet the conditions of the applicable laws or the internal regulations of the relevant bank for the acquisition of the Notes.

In connection with the submission of the Order, investors are obliged to enter into or have entered into an agreement with the relevant Joint Lead Manager, inter alia, for the purpose of opening a securities account in the register of investment instruments maintained by the Central Depository or similar securities register with the relevant Joint Lead Manager and placing an order to procure the purchase of the Notes pursuant to such agreement, or may be required by the relevant Joint Lead Manager to submit other necessary documents and identification information.

The price to end investors for the Notes issued on the Issue Date will be the same as the Issue Price.

The procedure for the exercise of pre-emption rights, the negotiability of subscription rights and the treatment of unexercised subscription rights is not relevant.

No quotas have been established for subscription by each Joint Lead Manager. Neither the Joint Lead Managers nor any other persons have assumed a firm commitment to the Issuer to subscribe for or purchase the Notes in connection with the Issue.

The final results of the public offering, including also the aggregate nominal value of all issued Notes within the Issue, will be published on the Issuer's website www.czechoslovakgroup.com, in the section *For Investors → Bonds - Regulatory disclosure → CSG 5.75/2030* and on the website of each Joint Lead Manager, in the case of: (i) Česká spořitelna, a.s., at www.csas.cz, in the section *Podpora a Dokumenty*, and further *Dokumenty ke stažení*, and further *Prospekty a emisní dodatky*, (ii) J&T BANKA, a.s. at www.jtbank.cz, in the section *Important information*, link *Securities issue*, tab *CZECHOSLOVAK GROUP a.s.*, (iii) Komerční banka, a.s., at www.kb.cz, in the section *About the bank, All about KB, Mandatory disclosures, Information on securities, Notes of Komerční banka clients*, (iv) PPF banka a.s., at www.ppfbanka.cz, in the section *Důležité dokumenty, Cenné papíry, CZECHOSLOVAK GROUP a.s.*, and (v) UniCredit Bank Czech Republic and Slovakia, a.s., at www.unicreditbank.cz, in the section *Information for investors, Information for investors in securities of UniCredit Bank's clients, under Information concerning the selected issues of bonds*, immediately after the closing of the public offering.

The Joint Lead Managers have conducted and may in the future conduct investment banking and/or merchant banking transactions with, and may provide services to, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of business, the Joint Lead Managers and their affiliates may make or hold a wide range of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account or for the account of their customers. Such investment and securities activities may involve securities and/or instruments of the Issuer or affiliates of the Issuer. Typically, the Joint Lead Managers and their affiliates would hedge such exposure by establishing positions in securities, potentially including the Notes. Such short positions could adversely affect the future prices at which the Notes trade. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent analytical opinions with respect to such securities or financial instruments and may hold such securities and instruments or recommend that clients acquire long and/or short positions in such securities.

Subscription and purchase of Notes

The Joint Lead Managers have agreed with the Issuer, pursuant to an agreement for the subscription and purchase of the Notes (the "**Subscription Agreement**") entered into after the date of this Prospectus, that if certain conditions are met (including, without limitation, if the Issuer's auditor issues a certificate of compliance with the financial information in this Prospectus (the *Comfort Letter*), there has been no material adverse change in the business or financial condition of the Issuer or the Group since the date of the Subscription Agreement, and the Agency Agreement (as such term is defined in the Terms and Conditions) has been duly and validly entered into), the Issuer will, on the Issue Date (being the settlement date agreed in the subscription agreement), subscribe the underwritten and placed Notes against payment of the purchase (issue) price less applicable commissions and expenses as agreed between the Issuer and the Joint Lead Managers.

On the same day, the Notes will be transferred by the Joint Lead Managers to the securities accounts of the respective end investors through the Central Depository. At the same time, the Joint Lead Managers will collect from the cash accounts of the end investors the value corresponding to the purchase price for the Notes - such funds corresponding to the purchase price of the Notes purchased will be available in the cash accounts of the end investors no later than: in the case of: (i) Česká spořitelna, a.s., at the time of placement of the Order, (ii) J&T BANKA, a.s., at the time of placement of the Order, (iii) Komerční banka, a.s., at the date on which the collection of Orders specified in the sales order sent to individual customers ends, (iv) PPF banka a.s. at the Issue Date and (iv) UniCredit Bank Czech Republic and Slovakia, a.s., at the Issue Date.

The aggregate amount of the commission for the subscription of Notes by the Joint Lead Managers will be a maximum of 1.625% of the total subscribed nominal value of the Notes.

Notes issued in tranches after the Issue Date

In the case of Notes issued in tranches after the Issue Date ("**Post-Issue Date Notes**"), the Issuer will, sufficiently in advance of the issue date of the relevant tranche of Post-Issue Date Notes, enter into an agreement with the Joint Lead Managers for the subscription of Post-Issue Date Notes, pursuant to which the Joint Lead Managers will subscribe the Post-Issue Date Notes in order to satisfy binding orders placed by end investors after the date of publication of the Prospectus.

Subsequently, on the issue date of the relevant tranche, the Joint Lead Managers will satisfy the Orders placed by the end investors and transfer the Post-Issue Date Notes to the individual investors' securities accounts maintained in the relevant investment instruments register. At the same time, the Joint Lead Managers will collect from the cash accounts of the end investors the value corresponding to the purchase price for the Post-Issue Date Notes - such funds corresponding to the purchase price of the Post-Issue Date Notes must be available in the cash accounts of the end investors no later than: in the case of (i) Česká spořitelna, a.s., at the time of placement of the Order, (ii) J&T BANKA, a.s., at the time of placement of the Order, (iii) Komerční banka, a.s., at the date on which the collection of Orders specified in the sales order sent to individual investors/clients ends, (iv) PPF banka a.s. at the settlement date of the relevant tranche of the Post-Issue Date Notes and (v) UniCredit Bank Czech Republic and Slovakia, a.s., at the settlement date of the relevant tranche of the Post-Issue Date Notes.

The purchase price for the end investors for Post-Issue Date Notes will be determined by the Joint Lead Managers in agreement with the Issuer based on current market conditions and any applicable interest income and published on the websites of the Joint Lead Managers, in the case of: (i) Česká spořitelna, a.s. at www.csas.cz, in the section *Podpora a Dokumenty*, and further *Dokumenty ke stažení*, and further *Prospekty a emisní dodatky*, (ii) J&T BANKA, a.s., at www.jtbank.cz, in the section *Important information*, link *Securities issue*, tab *CZECHOSLOVAK GROUP a.s.*, (iii) Komerční banka, a.s., at www.kb.cz, in the section *About the bank*, *All about KB*, *Mandatory information*, *Information on securities*, *Notes of Komerční banka clients*, (iv) PPF banka a.s., at www.ppfbanka.cz, in the section *Důležité dokumenty*, *Cenné papíry*, *CZECHOSLOVAK GROUP a.s.*, and (v) UniCredit Bank Czech Republic and

Slovakia, a.s., at www.unicreditbank.cz, in the section *Information for investors, Information for investors in securities of UniCredit Bank's clients, under Information concerning the selected issues of bonds*.

2. CONDITIONS FOR PLACING ORDERS

The purchase of the Notes through Česká spořitelna, a.s. is conditional upon the conclusion of the investment services agreement between the investor and Česká spořitelna, a.s. and submission of an instruction to subscribe for securities under that agreement. Within the public offering in the Czech Republic, Česká spořitelna, a.s. will accept instructions through Česká spořitelna branches (a list of branches can be found at the following link: <https://www.csas.cz/cs/pobocky-a-bankomaty/#/> and through internet banking platform of Česká spořitelna, a.s. - George.

The purchase of the Notes through J&T BANKA, a.s. is conditional upon the conclusion of an investment services agreement between the investor and J&T BANKA, a.s., and submission of an instruction to subscribe for securities under that agreement. Within the public offering in the Czech Republic, J&T BANKA, a.s. will accept instructions through its head office in Prague.

The purchase of the Notes through Komerční banka, a.s. is conditional upon the conclusion of an agreement on the provision of investment services between the investor and Komerční banka, a.s. and submission of an instruction to procure the purchase of the Notes pursuant to that agreement. Within the public offering in the Czech Republic, Komerční banka, a.s. will accept instructions through the Private Banking branches of Komerční banka (a list of branches can be found at the following link: <https://www.kb.cz/cs/privatni-bankovnictvi>) or KB Premium centers (a list of branches can be found at the following link: <https://www.kb.cz/cs/pobocky-a-bankomaty?isPremium=true#ResultsList>).

The purchase of the Notes through PPF banka a.s. is conditional upon the conclusion of an agreement on the provision of investment services between the investor and PPF banka a.s. and the submission of an instruction to purchase the Notes pursuant to this agreement. PPF banka a.s. will accept instructions in the context of the public offering in the Czech Republic through its head office in Prague.

The purchase of the Notes through UniCredit Bank Czech Republic and Slovakia, a.s. is conditional upon the conclusion of an investment services agreement between the investor and UniCredit Bank Czech Republic and Slovakia, a.s. and submission of an instruction to subscribe for securities under that agreement. Within the public offering in the Czech Republic, UniCredit Bank Czech Republic and Slovakia, a.s., will accept instructions through its head office in Prague.

The minimum amount for which an individual investor is entitled to subscribe for and purchase Notes corresponds to the nominal value of one Note. The maximum amount of the nominal value of the Notes requested by an individual investor in the Order is limited to the anticipated aggregate nominal value of the Notes offered by the Joint Lead Managers. If the total volume of Orders exceeds the volume of the Issue, the Joint Lead Managers are entitled, at their own proposal and in agreement with the Issuer, to reduce the Orders of investors (provided that any overpayment, if any, will be promptly refunded to the account of the relevant investor notified to the relevant Joint Lead Manager for this purpose). The final nominal value of the Notes allocated to each investor will be set out in the settlement confirmation for that trade, which the Joint Lead Manager will deliver to the investor via email without undue delay after the execution of the instruction. Prior to the delivery of this confirmation, the investor may not trade in the Notes subscribed for.

Each investor who purchases Notes through Česká spořitelna, a.s. 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, link: *Price List - Investing section, Securities recordkeeping - Downstream CS*. Such costs will not exceed 0.04% per annum of the aggregate nominal value of the Notes in such account as at the date of this Prospectus, subject to a minimum of CZK 25 per quarter.

Each investor who purchases Notes through J&T BANKA, a.s. will be charged fees according to the current standard price list of the bank - as of the date of this Prospectus in the amount of 0.15% of the trading volume of the Notes purchased according to the Order, with a minimum of CZK 2,000.

In connection with the purchase of Notes through Komerční banka, a.s., investors will be charged a fee of 0.25% of the nominal value of the Notes purchased. Each investor who purchases the Notes through Komerční banka, a.s. will be subject to the bank's standard securities account maintenance fees in accordance with the current price list available on the website www.kb.cz, in the section *Prices lists - KB Price Lists - Individuals*. As of the date of this Prospectus, the securities account maintenance fee amounts to 0.02% per annum of the total nominal value of the Notes held in such account (plus applicable VAT), subject to a minimum monthly fee of CZK 15.

In connection with the acquisition of the Notes through PPF banka a.s., the investor in the Notes may be charged a fee in accordance with PPF banka's current standard price list published on PPF banka's website www.ppfbanka.cz, in the section *Důležité dokumenty, Produktové informace, Ceníky*. Fees may be reduced or waived by PPF banka.

In connection with the purchase of Notes through UniCredit Bank Czech Republic and Slovakia, a.s., investors will be charged a fee of 0.25% of the nominal value of the Notes purchased, according to the instruction to purchase securities. Each investor who purchases the Notes through UniCredit Bank Czech Republic and Slovakia, a.s. will be subject to the bank's standard securities account maintenance fees in accordance with the current price list available on the website www.unicreditbank.cz, in the section *Price lists – Price list for individuals, Part 10*. These costs amount to 0.20% per annum of the total nominal value of the Notes as at the date of this Prospectus, at least CZK 300 per quarter, plus VAT.

3. MIFID II MONITORING THE CREATION AND DISTRIBUTION OF THE FINANCIAL INSTRUMENT

Target market - eligible counterparties, professional clients and retail clients.

Solely for the purposes of its own approval process by reviewing the target market in relation to the Notes, it has been assessed by the Joint Lead Managers that (i) the target market for the Notes is eligible counterparties, professional clients within the meaning of Directive 2014/65/EU (MiFID II) as well as retail clients of the Joint Lead Managers and (ii) all distribution channels are selected in the distribution of the Notes in this target market, namely through a non-advised sales service or a portfolio management service, as the case may be.

Any person subsequently offering, selling or recommending Notes subject to MiFID II is responsible for conducting its own target market analysis in relation to the Notes (either by adopting or refining a target market assessment) and determining its own appropriate distribution channels. The Joint Lead Managers and the Issuer are only ever responsible for determining target markets and distribution channels in relation to the primary offering of the Notes or an offering conducted by the Joint Lead Managers themselves.

4. ADMISSION TO TRADING

Notes previously issued by the Issuer (ISIN CZ0003550808 and ISIN CZ0003532681) have been admitted to trading on the Regulated Market.

The Issuer, through the Listing Agent, will apply for admission of the Notes to trading on the Regulated Market and expects that the Notes will be admitted to trading on the Regulated Market as of the Issue Date. The fee for admission of the Notes to trading on the Regulated Market is CZK 50,000 and the annual trading fee is CZK 15,000.

After the Notes are admitted to trading on the Regulated Market, the Notes will be traded and settled on the Regulated Market in CZK. Settlement will take place in the form of DVP (*delivery versus payment*) and/or DFP (*delivery free of payment*) through the Central Depository or the persons keeping the follow-up records relating thereto in the usual manner in accordance with the rules and operating procedures of the PSE and the Central Depository and within the time limits set out in the relevant rules. The subscription of the Notes in the Central Depository may be settled only through a participant of the Central Depository.

No person has undertaken to act as an intermediary in secondary trading (*market maker*). Neither the Issuer nor the Joint Lead Managers can exclude the possibility that the Notes will cease to be traded in any market or markets in the future and therefore that the Noteholders will not be able to sell the Notes in such market or markets prior to their maturity date.

5. RESTRICTIONS ON THE PROSPECTUS DISTRIBUTION AND ON THE OFFER AND SALE OF NOTES

The distribution of this Prospectus and the offer, sale or purchase of the Notes are restricted by law in certain countries. The Issuer has not applied for the approval or recognition of this Prospectus in any other country and the Notes are not authorized or approved by any administrative or other authority of any jurisdiction except for the approval of this Prospectus by the CNB and, similarly, the offering of the Notes will not be permitted without further delay except in the Czech Republic as described in this Prospectus (except to the extent that the offering of the Notes will comply with all the conditions prescribed for such offering by the applicable laws of the country in which such offering is to be made).

Persons into whose possession this Prospectus comes are responsible for compliance with the restrictions applicable in each country on the offer, purchase or sale of the Notes or the possession and distribution of any material relating to the Notes, including this Prospectus.

Additionally, the Issuer and the Joint Lead Managers request all purchasers of the Notes to comply with the provisions of all applicable laws in each state (including the Czech Republic) where they will purchase, offer, sell or deliver Notes issued by the Issuer or where they will distribute, make available or otherwise circulate this Prospectus, including any supplements thereto, or other offering or promotional material or information relating to the Notes, in each case at their

own expense and regardless of whether this Prospectus or any supplements thereto or other offering or promotional material or information relating to the Notes is reproduced in printed form or in electronic or other intangible form only.

Any person acquiring any Notes will be deemed to have represented and agreed that (i) such person understands all applicable restrictions on the offer and sale of the Notes, in particular in the Czech Republic, which apply to such person and the relevant method of offer or sale, and (ii) such person will not offer for sale or resell the Notes, without complying with all applicable restrictions applicable to such person and the relevant method of offer and sale and (iii) before offering or reselling the Notes, such person will inform potential purchasers that further offers or sales of the Notes may be subject to legal restrictions in various states which must be complied with.

The Issuer advises prospective purchasers of the Notes that the Notes have not been and will not be registered under the U.S. Securities Act or with any securities commission or other regulatory authority of any state of the United States and, as a result, may not be offered, sold or transferred within the United States or to persons, residents of the United States (as such terms are defined in Regulation S promulgated to implement the U.S. Securities Act) other than pursuant to an exemption from registration under the U.S. Securities Act or in a transaction not subject to registration under the U.S. Securities Act.

The Issuer further advises that the Notes may not be offered or sold in the United Kingdom of Great Britain and Northern Ireland ("**UK**") by means of the distribution of any material or announcement, other than an offer to sell to persons authorized to deal in securities in the UK for their own or another's account or in circumstances which do not constitute an offer of securities to the public within the meaning of the Companies Act 1985, as amended. All legal acts in relation to the Notes carried on in, from or otherwise relating to the UK must also then be carried on in particular in accordance with the Financial Services and Markets Act 2000 (FSMA 2000), as amended, the Financial Services Promotion Order 2005 (*Financial Promotion Order*), as amended, and *The Prospectus Regulations 2019* and *The Financial Services (Miscellaneous Amendments) (EU Exit) Regulations 2020*, as amended.

V. TERMS AND CONDITIONS OF THE NOTES

Notes issued by CZECHOSLOVAK GROUP a.s., with its registered office at U Rustonky 714/1, Karlín, 186 00 Prague 8, Czech Republic, ID No.: 034 72 302, LEI: 315700SWFD7G70AVG768, registered in the Commercial Register maintained by the Municipal Court in Prague, File No. B 20071 (the "**Issuer**"), in the anticipated aggregate nominal value of CZK 5,000,000,000 (in words: five billion Czech crowns), with the possibility of increasing up to CZK 10,000,000,000 (in words: ten billion Czech crowns), bearing a fixed interest rate of 5.75% p.a., due in 2030 (the "**Issue**" and the individual notes issued within the Issue as the "**Notes**"), are governed by these Terms and Conditions of the Notes (the "**Terms and Conditions**") and Act No. 190/2004 Coll., on Notes, as amended (the "**Notes Act**").

The Issue was approved by a resolution of the Issuer's Board of Directors on 5 May 2025. The Notes have been assigned the ISIN code CZ0003572695, FISN code CZECHOSLOVAK GR/5.75 DEB 20300610 and CFI code DBFGGN by the Central Depository (as defined below). The title of the Issue is "CSG Notes 5.75/2030".

In relation to the Notes, the Issuer has prepared a prospectus of the Notes in accordance with 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, and Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the "**Prospectus**"), of which these Terms and Conditions form a part.

The services of a fiscal and paying agent related to interest payments and Notes redemption will be provided by Česká spořitelna, a.s., with its registered office at Prague 4, Olbrachtova 1929/62, Postal Code 140 00, ID No.: 452 44 782, registered in the Commercial Register maintained by the Municipal Court in Prague, File No. B 1171 (the "**Fiscal and Paying Agent**"). The relation between the Issuer and the Fiscal and Paying Agent in connection with making payments to the Noteholders and with certain other administrative acts related to the Issue, is governed by an agreement between the Issuer and the Fiscal and Paying Agent (the "**Agency Agreement**"). A copy of the Agency Agreement is available for inspection upon request by Noteholders on Business Days during regular business hours from 9:00 a.m. to 4:00 p.m. at the Specified Office of the Fiscal and Paying Agent as set out in Section 11.1.1 of these Terms and Conditions.

The Issuer will apply through Česká spořitelna a.s. (the "**Listing Agent**") for the admission of the Notes to trading on the regulated market of the Prague Stock Exchange (the "**PSE**") and expects that the Notes will be admitted to trading on the regulated market as of the Issue Date (as defined below). If the Issue is admitted to trading on the regulated market of the PSE, the Notes will become securities admitted to trading on the regulated market.

The Czech National Bank (the "**CNB**") supervises the Issuer in connection with the Notes issued by the Issuer and admitted to trading on the regulated market. Additionally, the CNB will supervise the Issuer in connection with the Notes offered to the public through their admission to trading on the regulated market (it includes in particular the approval of the Prospectus, any of its supplements and supervision over the Issuer's fulfilment of its information obligations throughout the period of admission of the Notes to trading on the regulated market). The Prospectus has been approved by the CNB; as part of its approval, the CNB has assessed the Prospectus only with respect to the completeness of the information contained therein and has not assessed the Issuer's economic results or financial position in approving the Prospectus. By approving the Prospectus, the CNB does not guarantee the future profitability of the Issuer or its ability to repay the interest payments and nominal value of the Notes.

1. GENERAL CHARACTERISTICS OF THE NOTES

1.1 Book-entry securities, nominal value, anticipated aggregate nominal value of the Issue

The Notes are issued as book-entry securities in accordance with the Notes Act. The nominal value of each Note is CZK 10,000 (in words: ten thousand Czech crowns). The anticipated aggregate nominal value of the Issue (i.e. the maximum sum of the nominal values of the Notes, unless the aggregate nominal value of the Issue is increased in accordance with Section 2.1 below) is CZK 5,000,000,000 (in words: five billion Czech crowns). The anticipated number of the Notes is 500,000 (in words: five hundred thousand).

1.2 Detachment of the right to interest; pre-emptive and exchange rights

Detachment of the right to interest, i.e. the right to receive interest payable on the Notes by issuing coupons as separate securities or otherwise, is excluded. No pre-emptive or exchange rights are attached to the Notes.

1.3 Noteholders

For the purposes of these Terms and Conditions, the "**Noteholder**" means the person in whose owner's account maintained by the Central Depository or in follow-up records relating to the central registry for securities, the Note is recorded.

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

Unless the Issuer and the Fiscal and Paying Agent are informed in a credible manner of facts proving that the entry in the owner's account within the Central Depository or in the follow-up records related to the central registry does not correspond to the reality and that there is another person, in whose owner's account within the Central Depository or in the follow-up records related to the central registry the Note should be registered, the Issuer and the Fiscal and Paying Agent will consider each Noteholder in all aspects as the owner thereof and will make payments to that Noteholder in accordance with these Terms and Conditions. Persons that are Noteholders and that are not registered for any reason in the relevant records within the Central Depository or in the follow-up records related to the central registry (in their owner's account) will be obliged to promptly notify the Issuer and the Fiscal and Paying Agent of such fact and of their acquisition title to the Notes and to prove such facts in a credible manner.

1.4 Transfer of the Notes

The transferability of the Notes is not limited.

The transfer of the Notes will be effective upon the registration of such transfer in the owner's account within the Central Depository in accordance with the applicable laws and regulations of the Central Depository. In the case of Notes registered in the Central Depository in the client's (nominee) account (*účet zákazníků*), the transfer of the Notes will be effective upon (i) recording the transfer in the client's (nominee) account in accordance with the applicable laws and regulations of the Central Depository; the owner of the client's (nominee) account will promptly record such transfer in the owner's account (*účet vlastníka*) as of the date of recording in the client's (nominee) account, or (ii) in the case of a transfer between the Noteholders within the same client's (nominee) account, by recording the transfer in the owner's account in the follow-up records related to the central registry.

1.5 Rating

As of the Issue Date, the Issuer has not been assigned a rating by any company registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council, as amended, or by any other company. No separate financial rating of the Issue has been assigned and therefore the Issue does not have a separate rating.

2. ISSUE DATE, AGGREGATE NOMINAL VALUE, ISSUE PRICE, SUBSCRIPTION PERIOD, METHOD OF NOTE ISSUE

2.1 Issue Date, Issue Period

The issue date of the Notes is 10 June 2025 (the "**Issue Date**"). The Issuer may issue any of the Notes (i) within a single series (as a lump sum) on the Issue Date or (ii) in tranches at any time after the Issue Date during the subscription period, which starts on 12 May 2025 and ends twelve (12) months after the approval of the Prospectus (the "**Issue Period**"), or an additional subscription period (the "**Additional Issue Period**") if the Issue Period is insufficient. The Issuer will announce the decision to set the Additional Issue Period in the manner in which these Terms and Conditions have been published.

The Issuer has the right to issue Notes on the Issue Date or during the Issue Period or Additional Issue Period in a larger aggregate nominal value than the anticipated aggregate nominal value of the Issue. If the Issuer decides to issue the Notes in a larger aggregate nominal value than the anticipated aggregate nominal value of the Issue, the aggregate nominal value of all issued Notes will not exceed CZK 10,000,000,000 (in words: ten billion Czech crowns).

Without undue delay after the expiry of the Issue Period or Additional Issue Period, the Issuer will notify the Noteholders of the aggregate nominal value of all issued Notes within the Issue in the manner in which these Terms and Conditions have been published.

2.2 Issue Price

The issue price of the Notes issued on the Issue Date is equal to 100% (the "**Issue Price**") of their nominal value.

The Issue Price of the Notes issued after the Issue Date will be determined by the Joint Lead Managers (as defined below) in consultation with the Issuer based on current market conditions. In addition, the Issue Price of the Notes issued after the Issue Date will be subject to the addition of an appropriate interest income aliquot, if applicable.

2.3 Method and place of the Notes subscription

The Notes will be offered through the joint lead managers of the Issue, (i) Česká spořitelna, a.s. as an offer coordinator (the "**Coordinator**"), and (ii) and J&T BANKA, a.s. (iii) Komerční banka, a.s., (iv) PPF banka a.s. and (v) UniCredit Bank Czech Republic and Slovakia, a.s. (together with the Coordinator as the "**Joint Lead Managers**"), for purchase by the investors in accordance with the relevant legal regulations and Chapter IV (*Subscription and Sale*) of the Prospectus.

Any Notes may be issued by registering on the Issuer's asset account maintained by the Central Depository in accordance with Section 15(4) of the Notes Act.

3. STATUS OF THE NOTES

3.1 Status of the Notes

The Notes constitute direct, general, unconditional and unsubordinated obligations of the Issuer secured by the Shared Security (as defined below) established in the name of the Security Agent (as defined below), which rank and will always rank *pari passu* among themselves and with obligations of the Issuer which are similarly secured as the Notes under the UK Intercreditor Agreement (as defined below) and at least *pari passu* with any other present or future unsubordinated and similarly secured obligations of the Issuer, except for such obligations of the Issuer that may be preferred by mandatory provisions of applicable laws. The Issuer undertakes to treat all Noteholders equally on the same terms.

3.2 Security for payment obligations under the Notes and Security Agent

3.2.1 Security for payment obligations under the Notes

The payment obligations under the Notes, among other debts of the Issuer and its Subsidiaries, will be secured by (a) a pledge of selected assets including (i) the Issuer's shares, (ii) shares or interests in selected Subsidiaries, (iii) bank account receivables of the Issuer, (iv) selected intercompany receivables, and (b) a guarantee provided by the selected Subsidiaries (jointly as the "**Shared Security**"). The Shared Security has already been established on the basis of an agreement under English law concluded on 22 November 2024 between various creditors and GLAS TRUST CORPORATION LIMITED, a company incorporated and existing under the laws of England and Wales, with registered office at 55 Ludgate Hill, Level 1 West, London EC4M 7JW, the United Kingdom of Great Britain and Northern Ireland, registered with the Registrar of Companies for England and Wales under company no. 07927175, as a security agent (the "**Security Agent**" and the "**UK Intercreditor Agreement**"). As at the Issue Date, the Common Representative (as defined in Section 12.3.3 of the Terms and Conditions) will accede to the UK Intercreditor Agreement and the Notes will become indirectly secured by the Shared Security.

The statements above, in connection with *pari passu* status of the Notes and with the payment obligations under the Notes being secured under the UK Intercreditor Agreement, must be interpreted in accordance with the terms and conditions of the Shared Security under, and in connection with, the UK Intercreditor Agreement. In particular, the Noteholders must understand that the payment obligations under the Notes are not individually secured by any collateral or guarantee, however the Noteholders may benefit from the Shared Security through the UK Intercreditor Agreement and the concept of parallel debt, which allows the Security Agent to effectively manage, enforce and distribute the proceeds from the Shared Security to each group of creditors, including the Noteholders, subject to, and in accordance with, the terms and conditions of the UK Intercreditor Agreement (and the US Intercreditor Agreement as defined below).

As of the date of the Prospectus the Shared Security consists of (by type):

- pledge of all present and future assets and properties of The Kinetic Group companies – Subsidiaries of the Issuer;
- pledge of shares in The Kinetic Group companies – Subsidiaries of the Issuer;
- pledge of shares in the Issuer and its and selected Subsidiaries;
- pledge of receivables under selected bank account agreements maintained by the Issuer;
- pledge of selected intra-group receivables; and

- guarantees provided by the selected Subsidiaries.

Certain security interests have been granted by Vista Outdoor Inc. and certain other members of The Kinetic Group in connection the ABL Facility Agreement (as defined below), in addition to the Shared Security granted by certain members of The Kinetic Group. The ABL Finance Parties (as defined below) do not share any security other than at The Kinetic Group level. The security arrangements with respect to The Kinetic Group are as follows:

- (a) the ABL Finance Parties have **first lien** security over inventory, specified collection accounts, third party receivables and intragroup receivables owed by members of The Kinetic Group to other members of The Kinetic Group (but no other intragroup receivables) and **second lien** security on the Shared Security; and
- (b) the Senior Secured Creditors (which will include the Finance Parties under the Senior Facilities Agreement, i.e., also the Noteholders) have **first lien** security over the Shared Security at The Kinetic Group level (including shares, other bank accounts, intragroup receivables (other than intragroup receivables owed by members of The Kinetic Group)) and **second lien** security on the assets over which the ABL Finance Parties have first lien security.

The ABL Collateral Agent in respect of the ABL Facility Agreement and the Security Agent are party to a New York law governed intercreditor agreement concluded on 15 January 2025 (the "**US Intercreditor Agreement**"), which governs the relationship between the Senior Secured Creditors (i.e., Senior Lenders under the Senior Facilities Agreement, Hedge Counterparties, Senior Secured Guarantee Issuing Parties and other creditors (or their representatives), including the Noteholders) under the UK Intercreditor Agreement and the ABL Finance Parties, and the ranking of the US security agreements at The Kinetic group level and application of proceeds thereof. The ABL Finance Parties are not party to the UK Intercreditor Agreement. However, the UK Intercreditor Agreement deals with instructions for enforcement of the US security agreement at The Kinetic Group level given in favour of the Senior Secured Creditors (but not with respect to the US security agreements at The Kinetic Group level in favour of the ABL Finance Parties) and the application of proceeds thereof as between the Senior Secured Creditors, after application of the US Intercreditor Agreement. All intragroup receivables including at The Kinetic Group level will be subordinated under the UK Intercreditor Agreement and be subject to the distressed disposals regime under the UK Intercreditor Agreement. The ABL facility will not be able to be released under the distressed disposals regime under the UK Intercreditor Agreement in case of share pledge enforcement (as the ABL Finance Parties are not a party to the UK Intercreditor Agreement).

In case of the pledges, the Shared Security provides security for various secured obligations under the UK Intercreditor Agreement, including the obligations set out in Clause 20.3 (*Parallel Debt (Covenant to pay the Security Agent)*) of the UK Intercreditor Agreement), provided that any secured debts that do not exist as at the date of the relevant security agreement are secured by the pledge only if they are incurred by 3 December 2040 up to a maximum aggregate amount of EUR 7,052,055,000 (or its equivalent in other currencies).

A more detailed list of Shared Security (as of the date of this Prospectus) is attached as Schedule 1 to these Terms and Conditions.

Pursuant to the UK Intercreditor Agreement (and the US Intercreditor Agreement), the Shared Security will be shared with other creditors and arrangers of other payment obligations of the Issuer (other than payment obligations under the Notes), including creditors of loans, other notes, guarantees and hedging arrangements taken out or issued by the Issuer and/or its Subsidiaries – i.e., as of the date of the Prospectus:

- existing notes issued by the Issuer: (a) notes with fixed coupon of 8% p.a. in the expected total nominal amount up to CZK 3,000,000,000 with increase option up to CZK 5,000,000,000 due 2028 with ISIN CZ0003550808; (b) notes with floating interest income in the expected total nominal amount up to CZK 1,500,000,000 with option to increase to up to CZK 2,000,000,000 due 2026 with ISIN CZ0003532681; (c) private notes with ISIN CZ0003546780 due 2027 and floating interest income in the amount of EUR 11,000,000; (e) private notes with ISIN CZ0003534174 and fixed (step-up) coupon due 2026 in the amount of EUR 15,000,000;
- EUR 1,545,000,000 senior facilities agreement dated 22 November 2024 and concluded among, inter alia, CSG FIN a.s. as Original Parent, the Issuer as Company, subsidiaries of the Issuer listed therein as Original Guarantors, UNICREDIT S.p.A. and UniCredit Bank Czech Republic and Slovakia, a.s. as Global Coordinators, GLOBAL LOAN AGENCY SERVICES LIMITED as Agent and GLAS TRUST CORPORATION LIMITED as Security Agent, and other financial institutions listed therein as Original Lenders (the "**Senior Facilities Agreement**");
- a private placement indenture for USD 775,000,000 senior secured floating rates notes due 2030 (the "**US Indenture**");
- up to USD 250 million asset-based revolving credit agreement dated 20 December 2024 between Vista Outdoor Inc. as borrower and certain of its subsidiaries, the additional borrowers from time to time party thereto, the

lenders from time to time party thereto, the letter of credit issuers from time to time party thereto and PNC Bank, National Association as administrative agent (together with the lenders and the Bank Product Providers (as defined therein), the "**ABL Finance Parties**") (the "**ABL Facility Agreement**");

- hedging transactions created under ISDA Master Agreements and Schedules and/or similar agreements with Česká spořitelna, a.s., Komerční banka, a.s., UniCredit Bank Czech Republic and Slovakia, a.s., Commerzbank AG, and Československá obchodní banka, a. s., each as a Hedge Counterparty (the "**Hedge Counterparties**"), in aggregate amount of EUR 859 million as of 31 March 2025; and
- agreements on provision of bank guarantees and guarantee limit agreement with Commerbank AG, Československá obchodní banka, a. s., Komerční banka, a.s. and Všeobecná úverová banka a.s., Tokio Marine Europe S.A., Zurich Insurance Europe AG and Liberty Mutual Insurance Europe SE Direktion für Deutschland, a branch of Liberty Mutual Insurance Europe SE, each as a Senior Secured Guarantee Issuing Party (the "**Senior Secured Guarantee Issuing Parties**" and the guarantees issued the "**Senior Secured Guarantees**"), in aggregate amount of EUR 179 million as of 31 March 2025.

A copy of the UK Intercreditor Agreement, in the English language will be available to the public on the website referred to in Section 13 of these Terms and Conditions. An up-to-date list of Shared Security (as maintained by the Issuer and provided to the Common Representative) will be available for inspection at the registered office of the Common Representative on Business Days during regular business hours from 9:00 a.m. to 4:00 p.m. upon request.

The interests of the Noteholders will be represented by the Common Representative (as defined in Section 12.3.3 of the Terms and Conditions) who will accede to the UK Intercreditor Agreement (or other necessary or appropriate contractual documentation) prior to the Issue Date. The Common Representative will always be bound by the resolutions of the Meeting (as defined in Section 12.1.1 of the Terms and Conditions) (which will decide by a simple majority of the votes of the Noteholders present) when acting in connection with the UK Intercreditor Agreement, except where such decisions of the Meeting are, in the opinion of the Common Representative, contrary to law or good morals. The rights and obligations of the Common Representative will be defined by the resolutions of the Meeting and by the agreement concluded with the Issuer (which will, in particular, state that the Issuer will pay the Common Representative's remuneration and necessary expenses in connection with his appointment). If the Common Representative acts on behalf of the Noteholders after the conclusion of the UK Intercreditor Agreement (e.g., in the case of the enforcement of the Shared Security), it will always be bound by the resolutions of the Meeting in accordance with Section 24(1) of the Notes Act and all costs related to such action will be borne by the Issuer; however, the Common Representative will be entitled to request from the Noteholders a reasonable advance payment for the costs related to its appointment and any other necessary cooperation or assurances from the Noteholders, including a promise of indemnity for any damages incurred in connection with the Common Representative's actions (e.g., if the costs incurred are not duly reimbursed by the Issuer).

In order to improve the position of the Noteholders, the Issuer decided to secure, among others, the recovery of the Issuer's payment obligations under the Notes through the Security Agent, who will be contractually obliged to pay the proceeds from the realization of the Shared Security or a portion thereof attributable to the Noteholders in accordance with the UK Intercreditor Agreement for the purpose of its payment to the Noteholders to the extent of the Issuer's failure to fulfil its payment obligations. The Security Agent's duties under the Shared Security documents are solely mechanical and administrative in nature.

The Security Agent will act in accordance with the terms of the UK Intercreditor Agreement when performing its function as the Security Agent. In the event that the Security Agent ceases to exist without a legal successor or is unable to carry on its ordinary business (due to the revocation of relevant business licenses, insolvency proceedings, etc.) or in the event of a gross breach of its obligations when performing its function as Security Agent or in any other case as provided in the UK Intercreditor Agreement, another person who may, by virtue of its authority in the relevant jurisdiction, perform the function of Security Agent in relation to the Notes, will be appointed as Security Agent without undue delay as described in detail in the UK Intercreditor Agreement. Such change, however, must not negatively affect the position or interests of the Noteholders. For this purpose, the Issuer and other Shared Security providers will assist with respect to any step or action (including without limitation executing amendment and/or restatement agreements) which may be required under applicable laws from time to time to enable the replacement of the Security Agent by a successor Security Agent or to perfect any registrations of the successor Security Agent or transfer of any property forming part of Shared Security. The Issuer will notify the Noteholders of the replacement of the Security Agent without undue delay in accordance with Section 13 of these Terms and Conditions.

3.2.2 Security Agent

The Security Agent is entitled and obliged to exercise any and all rights, powers, authorizations and decision-making rights resulting from the security documentation in respect of the Shared Security in accordance with

the UK Intercreditor Agreement and the relevant Shared Security documents (pledge or similar security agreements). The Shared Security has been established in the name of the Security Agent.

In addition, by acquiring and holding the Notes, every Noteholder appoints the Security Agent (in whose name the Shared Security has been established) as the sole party to the security documentation under the parallel debt concept and to exercise, in its name and on behalf of the relevant Noteholder (and other persons with whom the Shared Security will be shared under the UK Intercreditor Agreement and the US Intercreditor Agreement), any and all rights, powers, authorizations and decision-making rights resulting from the security documentation, including the guarantees.

3.2.3 Establishment of the Shared Security

The Shared Security has already been established on the basis of the UK Intercreditor Agreement and relevant pledge/security agreements. The Issuer or the other persons who have established the Shared Security will duly maintain the Shared Security until all of Issuer's payment obligations under the Notes will be paid in accordance with the UK Intercreditor Agreement. However, if other payment obligations secured by the Shared Security will permit future release of the Shared Security (or a part thereof), or if other payment obligations so secured will be paid in full, which would permit the release of the established Shared Security (or a part thereof), the Shared Security (or a part thereof) may be released simultaneously in respect of the Notes without requiring the consent or other action of the Noteholders (or the Common Representative) – see also Section 3.2.5 (*Change in scope and release of the Shared Security*).

3.2.4 Recovery of the Issuer's payment obligations through the Security Agent

The Security Agent is entitled, if any Senior Acceleration Event under the UK Intercreditor Agreement occurs (incl. an Event of Default relating to Notes), in accordance with the terms of the UK Intercreditor Agreement and by virtue of a parallel debt concept, to claim from the Issuer (or the guarantors) payment of any amounts owed by the Issuer to any Noteholder in respect of the Issuer's payment obligations under the Notes, including the recovery of such amounts through a realization of the Shared Security (established solely in the name of the Security Agent) pursuant to the terms of a relevant pledge or other security agreement or guarantee. Therefore, all Noteholders are obliged to exercise any of their rights from the Notes, which could in any manner jeopardize the existence or quality of the Shared Security (including the application and recovery of any payment obligation towards the Issuer under the Notes by realizing the Shared Security), only in cooperation with and through the Security Agent.

The recovery of the Issuer's payment obligations through the Security Agent, including the realization of the Shared Security, will be made in accordance with, and subject to, the terms and conditions of the UK Intercreditor Agreement.

The Common Representative will notify the Noteholders of the procedure followed when the Shared Security is realized (once it learns such information from the Security Agent), by posting it on the Common Representative's website.

As a result of the voting provisions set forth in the UK Intercreditor Agreement, for so long as 50% or more of the total commitments and obligations owed in respect of the debt ranking *pari passu* in right of payment with the Notes that is subject to the UK Intercreditor Agreement (the "**Senior Secured Credit Participations**") are represented by obligations other than the Notes, the Noteholders will not be able to force the enforcement of the Shared Security. Subject to certain limited exceptions, the Security Agent will act with respect to the Shared Security only at the direction of the relevant Instructing Group. No Noteholder will have a separate right to enforce or to require the enforcement of the Shared Security.

The "**Instructing Group**" means, in relation to any consent or instructions relating to enforcement at any time when there are Notes outstanding, those creditors whose Senior Secured Credit Participations at that time aggregate more than 50% of the total Senior Secured Credit Participations at that time.

The proceeds of the realization of the Shared Security (after deducting the costs and fees of the Security Agent and the Common Representative of the Noteholders and any other costs associated with the realization of the Shared Security) will be distributed among the creditors, including the Noteholders, in the manner and in accordance with the terms of the UK Intercreditor Agreement and US Intercreditor Agreement. If the proceeds from realization of the Shared Security do not sufficiently cover all payment obligations under the Notes, the individual Noteholders will be satisfied from the proceeds of realization of the Shared Security on a proportionate basis. Any unsatisfied portion of the payment obligations under the Notes will be enforceable against the Issuer in accordance with applicable laws (but will no longer benefit from any security).

Under the UK Intercreditor Agreement, the order of application of proceeds is as follows: **first**, to discharge sums owing to the Security Agent, any Receiver (a receiver or receiver and manager or administrative receiver of the whole or any part of the charged property) or Delegate (any delegate, agent, attorney or co-trustee appointed by the Security Agent), and any Creditor Representative Amounts (fees, costs and expenses); **second**, to discharge all costs and expenses incurred by Senior Secured Creditors in connection with enforcing Shared Security; **third**, payment to Creditor

Representatives and Hedge Counterparties for pro rata distribution among: (i) Senior Facility Liabilities (i.e. Senior Facilities Agreement lenders – Senior Facility Creditors), (ii) Senior Secured Note Liabilities (including the Notes' liabilities), (iii) Senior Secured Guarantee Liabilities (i.e., liabilities under any guarantee issued by Senior Secured Guarantee Issuing Parties), and (iv) Hedging Liabilities (i.e., liabilities owed to Hedge Counterparties) (all ranking *pari passu* among themselves); **fourth**, if no Debtors (i.e., the Issuer and its selected Subsidiaries) have further liabilities, payment to any person to whom the Security Agent is obliged to pay in priority to Debtors; and **finally**, any balance to the relevant Debtors. This entire waterfall is subject to the terms of the US Intercreditor Agreement to the extent applicable, and also to provisions regarding SFA Cash Cover (a "cash cover" under the Senior Facilities Agreement) and Senior Secured Guarantee Cash Cover (a cash cover or cash collateralisation under any Senior Secured Guarantee Document) which are treated separately.

The UK Intercreditor Agreement does not govern the ranking of the Shared Security in favour of the Senior Secured Creditors and the Shared Security in favour of the ABL Finance Parties among themselves, which is governed by the terms of the US Intercreditor Agreement. The US Intercreditor Agreement sets out the following priorities:

- (i) any lien on the ABL Priority Collateral (i.e., all present and future right, title and interest of each grantor in all of the listed property and assets of such grantor) securing the ABL Debt (other than the amount thereof that exceeds the Maximum Priority ABL Debt – i.e., up to USD 250 million) now or hereafter held by or for the benefit or on behalf of any ABL Secured Party or any agent or trustee therefor shall be senior in right, priority, operation, effect and in all other respects to any lien on the ABL Priority Collateral securing the Non-ABL Debt (or any other debt or obligation of grantors) now or hereafter held by or for the benefit or on behalf of any Non-ABL Secured Party or any agent or trustee therefor;
- (ii) any lien on the Non-ABL Priority Collateral securing the Non-ABL Debt now or hereafter held by or for the benefit or on behalf of any Non-ABL Secured Party or any agent or trustee therefor shall be senior in right, priority, operation, effect and in all other respects to any lien on the Non-ABL Priority Collateral securing the ABL Debt (or any other debt or obligation of grantors) now or hereafter held by or for the benefit or on behalf of any ABL Secured Party or any agent or trustee therefor; and
- (iii) any lien on the ABL Priority Collateral securing the Non-ABL Debt now or hereafter held by or for the benefit or on behalf of any Non-ABL Secured Party or any agent or trustee therefor shall be senior in right, priority, operation, effect and in all other respects to any lien on the ABL Priority Collateral to the extent securing ABL Debt in excess of the Maximum Priority ABL Debt now or hereafter held by or for the benefit or on behalf of any ABL Secured Party or any agent or trustee therefor.

3.2.5 *Change in scope and release of the Shared Security*

The Shared Security may vary over time in accordance with the requirements set out in the Senior Facilities Agreement and the UK Intercreditor Agreement. Any additional wholly owned Material Subsidiary will be required to provide guarantees as part of the Shared Security. In addition, if certain guarantee coverage requirements (representing at least 80% of the consolidated Group's EBITDA) are not met, additional Subsidiaries may be required to provide guarantees as part of the Shared Security. Subsequently (or at latest concurrently with the effectiveness of such Material Subsidiary's or Subsidiary's joinder as guarantor), the Issuer, and/or the corresponding Material Subsidiary or other relevant Subsidiaries, will be required to provide as additional Shared Security the relevant equity interests in, and certain intragroup receivables owing to, the additional guarantee provider.

The Shared Security may be subject to release in certain circumstances. The Shared Security will be subject to release in the event of certain enforcement actions under the UK Intercreditor Agreement. For example, in the event of a sale or disposition of all or substantially all of the Issuer's assets in an enforcement action that complies with the terms of the UK Intercreditor Agreement, the claims under the Shared Security will be released by the Security Agent. Similarly, in the event of a sale or disposition of the shares of a Subsidiary providing a guarantee (or a holding company of such Subsidiary) in an enforcement action that complies with the terms of the UK Intercreditor Agreement, the claims under the Shared Security in respect of such Subsidiary will be released by the Security Agent, whether or not the Noteholders make any recovery from such sale or disposition. Also, The Security Agent is authorized to release Shared Security in case of a "Non-Distressed Disposal", which is: (i) disposal of an asset of a Group member or an asset subject to Shared Security, (ii) to a person outside the Group or to Group members, (iii) where the applicable Senior Agent, Creditor Representatives and the Issuer confirm in writing that the disposal is permitted under the Senior Facility Agreements (facility agreements documenting any credit facility or loan instrument made available to a member of the Group where the lender, inter alia, is a party to the UK Intercreditor Agreement), Senior Secured Guarantee Documents ((any document entered into between a Debtor and a bank, insurance company or other financial institution that has acceded to the UK Intercreditor Agreement to document the terms of any guarantee issued on behalf of a member of the Group) and Senior Secured Note Indentures (an indenture or subscription agreement governing the applicable debt securities issued, whether publicly or privately, by a Debtor, made between, among others, the applicable trustee, the Security Agent and a Debtor (as the note issuer)), and (iv) the disposal is not a "Distressed Disposal" (a disposal occurring under enforcement or distressed circumstances).

4. NEGATIVE PLEDGE AND OTHER ISSUER'S COVENANTS

4.1 Negative pledge

The Issuer undertakes, until all of its payment obligations under the issued and outstanding Notes are fully paid, except for the Shared Security, not to establish or permit the establishment of any additional security for any payment obligations that would restrict, in whole or in a part, the rights of the Issuer or its Subsidiaries to their present or future assets or income, unless the Issuer ensures, on or before establishing such additional security, that its payment obligations under the Notes are secured (i) on a *pari passu* basis with its payment obligations so secured, or (ii) in another manner approved by a resolution of the Meeting (as defined in Section 12.1.1 of these Terms and Conditions).

The foregoing paragraph does not apply to any present or future security if, at the time of its establishment or immediately prior to its establishment, no Event of Default exists or is pending and no Event of Default will occur or will be pending as a result of establishment of such security, and when it comes to security:

- (a) established to the Issuer's shares, interests or similar direct equity interests in any of its Subsidiaries as security for any debt financing provided by any third party outside the Group to any Subsidiary;
- (b) relating to or arising on the assets of the Issuer or a Subsidiary (i) in the ordinary course of the Issuer's or a Subsidiary's business or (ii) as a result of existing or future debt financing of the Issuer or any Subsidiary, in particular in the form of loans, borrowings or other forms of debt financing for which security has been or will be established;
- (c) relating to or arising on the assets of the Issuer or a Subsidiary in connection to hedging derivatives entered into by the Issuer or any Subsidiary to hedge against movements in interest rates or foreign exchange rates (for the avoidance of doubt, excluding any derivatives used for speculative purposes);
- (d) arising from contractual arrangements of the Issuer or any Subsidiaries existing as of the Issue Date, including any refinancing of such debts (up to the amount of the original security) secured by the Issuer or any Subsidiaries;
- (e) established to secure any debts of the Issuer or any Subsidiary incurred in connection with the Project Financing, provided that the property or income in respect of which the subject third party pledge or similar rights have been created are (i) assets, used or to be used in connection with the project to which the Project Financing relates, or (ii) revenues or claims arising from the operation, failure to meet agreed parameters or other conditions of expropriation, sale or destruction or damage to such property; or
- (f) arising by law or arising from a judicial, arbitral or administrative decision, provided that the Issuer has acted actively and in good faith to protect its interests in the judicial, arbitral or administrative proceedings leading to the relevant judicial or administrative decision or arbitral award.

"security" means, for the purposes of this Section 4.1 of the Terms and Conditions, any pledge, security interest, lien, guarantee or any other form of security, including (but not limited to) any similar institute under the law of any jurisdiction.

4.2 Additional indebtedness

The Issuer undertakes and will ensure that, until all of its payment obligations under the issued and outstanding Notes are fully paid, the Issuer or any Subsidiary will not enter into any transaction which would directly or indirectly result in an increase in the Gross Debt of the Group if, as a result of the entering into of such transaction, (i) the Net Debt Ratio (Pro Forma) exceeds the Permitted Value or (ii) any Event of Default were to occur, became pending or remained ongoing. The Net Debt Ratio (Pro Forma) will be calculated from the most recent available Net Debt data, taking into account the relevant transaction increasing the Group's Gross Debt on a pro forma basis, available as at the date of the intended increase in the Gross Debt but not older than ninety (90) days (such individual data will not be subject to ad hoc verification by an auditor or public disclosure). This limitation does not apply to any guarantee(s) given to third parties outside the Group which at any time does not exceed in the aggregate amount of EUR 80,000,000, or the equivalent in other currencies. This limitation also does not apply to Gross Debt incurred (i) by operation of law or by virtue of a judicial or administrative decision, (ii) in connection with the ordinary course of the Issuer's business (including documentary letters of credit and bank guarantees issued on behalf of the Issuer or any Subsidiary), (iii) in connection with hedging derivatives entered into by the Issuer or any Subsidiary to hedge against movements in interest rates or currency exchange rates (for the avoidance of doubt, excluding any derivatives used for speculative purposes), (iv) in connection with the Project Financing or (v) in connection with the refinancing of any debt existing as at the Issue Date (but not exceeding the amount of the debt refinanced).

4.3 Related party transactions

The Issuer will not enter into any agreement with any Subsidiary or person controlled by the same person as the Issuer (the "**Affiliate Company**"), nor will carry out any transaction or take any action in relation to any Subsidiary or Affiliate Company other than on arm's-length basis.

4.4 Disposal of assets

The Issuer undertakes and will ensure that the Issuer or any Material Subsidiaries will not sell, contribute to the share capital or other capital of any other company, rent, transfer or otherwise dispose of, whether in one or more transactions (related or unrelated), any of its assets in excess of EUR 100,000,000 or the equivalent in other currencies (the "**Disposal**"), if, as a result of the execution of such transaction, (i) the Net Debt Ratio (Pro Forma) would exceed the Permitted Value or (ii) any Event of Default were to occur, become pending or remain ongoing.

The Issuer and any Material Subsidiary are allowed to make the Disposal if (i) the transaction is made at fair market value, (ii) no Event of Default is pending or ongoing, (iii) within the transaction valued at EUR 150,000,000 or more, the Issuer obtains in advance a valuation of the target of the transaction by an independent valuer, auditor or financial institution, and (iv) the Issuer uses the proceeds for operational needs or for the repayment of the outstanding Notes or for the refinancing of debt that is senior to the Notes.

For purposes of control prior to the Disposal, the Net Debt Ratio (Pro Forma) will be calculated from the most recent Net Debt data available as of the date of the proposed Disposal, but not older than ninety (90) days, taking into account the applicable Disposal on a pro forma basis as part of such calculation.

4.5 Restriction of payments

The Issuer undertakes that until all of its payment obligations under the issued and outstanding Notes are fully paid, it will not (i) propose a resolution for the payment of, nor pay, any dividend, any other profit share, any share in the registered or own capital, any other payment related to its capital or interest on any unpaid dividend or other payment or distribute or pay any dividend, other profit share, any share in the registered or own capital, any other payment in respect of the Issuer's capital or interest on an unpaid dividend or other distribution (the "**Distribution**") and (ii) make any payment, directly or indirectly, in connection with the redemption of any subordinated debts (including the payment of interest) (the "**Prohibited Payment**") if, as a result of such transaction, the Net Debt Ratio (Pro Forma) would exceed the Permitted Value or if any Event of Default would be pending or ongoing. The Net Debt Ratio (Pro Forma) will be calculated from the most recent Net Leverage data available as of the date of the Distribution or Prohibited Payment, taking into account such Distribution or Prohibited Payment, as applicable, on a pro forma basis, but not older than ninety (90) days. The limitation under this paragraph does not apply to transactions without cash impact, e.g., a dividend offset against a claim against a shareholder, etc.

In addition, the Issuer undertakes to ensure that the Material Subsidiaries or the relevant bodies of the Material Subsidiaries decide annually to pay dividends to the Material Subsidiaries to the maximum extent possible and pay the dividend in accordance with the law.

4.6 Use of proceeds

The Issuer undertakes that the funds obtained through the Issue (the "**Proceeds**"), after deducting the costs of preparing the Issue, i.e. the costs of the fees of the Coordinator, Joint Lead Managers, Fiscal and Paying Agent and Listing Agent, the costs related to the Elected Auditor, the fees of the Central Depository and CNB and the fees related to the Issue or its placement on the market, up to a maximum of 1.6 per cent (%) of the aggregate nominal value of the Notes issued, will be used exclusively for the following purposes (in order of priority):

- (a) refinancing of selected existing loans and indebtedness outside the field of arms and military technology;
- (b) intra-group financing of those Subsidiaries that are not engaged in the field of arms and military technology; and
- (c) acquisitions of companies operating outside the field of arms and military technology.

In addition to the above, the Issuer undertakes not to provide the Proceeds to any company outside the Group.

4.7 Information obligation

The Issuer will publish and make available to the Noteholders in the manner set out in Section 13 the following documents and information in the Czech or English language within the timeframes or deadlines set out below:

- (a) the annual report and annual audited consolidated financial statements of the Issuer prepared in accordance with IFRS and audited by the Elected Auditor by 30 April each year, commencing with the annual report and financial statements prepared as at the last day of the financial year ending 31 December 2025;
- (b) the Issuer's half-yearly report and half-yearly Unaudited Condensed Consolidated Interim Financial Statements prepared in accordance with IAS 34 Interim Financial Reporting as at 30 June in each year, commencing with the half-yearly report and half-yearly unaudited financial statements prepared for the half-year ending 30 June 2025 and ending with the half-yearly report and half-yearly unaudited financial statements prepared for the half-year ending 30 June 2029 (and including such half-yearly report and financial statements), by no later than 30 September in that year; and
- (c) information on the Group's Net Debt Ratio (Pro Forma) figures derived from the Issuer's annual audited consolidated financial statements prepared in accordance with IFRS and audited by the Elected Auditor and, together with the Elected Auditor's confirmation in the Annual Report of the accuracy of the Group's Net Debt Ratio (Pro Forma) figures and that, whether or not the value of the Group's Net Debt Ratio (Pro Forma) exceeds the Permitted Value as at the last day of the financial year, together with a statement to the same effect from the persons authorized to act for the Issuer, by no later than 30 April of the following year.

4.8 Definition

For the purposes of Section 4 of the Terms and Conditions, the following terms have the following meanings:

"**Cash and Cash Equivalents**" has the meaning given by IFRS.

"**Net Debt Ratio (Pro Forma)**" means, as of the relevant date, the ratio of (a) the Group's Net Debt as of such date to (b) the Group's Operating EBITDA (Pro Forma) for the most recently completed Measurement Period for which internal financial statements are available immediately prior to the relevant date. This measure is included for the purpose of assessing the Issuer's compliance with its obligations set out in Section 4 of the Terms and Conditions and is regularly published by the Issuer in its annual financial statements.

"**IFRS**" means International Financial Reporting Standards (IFRS Accounting Standards) as adopted by the European Union and applied consistently.

"**Measurement Period**" means, provided that the relevant entity prepares internal quarterly financial statements, the last four complete fiscal quarters for which the relevant financial statements have been prepared and are available, or, if the relevant entity elects, at its sole discretion, to discontinue preparing quarterly financial statements, the last two complete fiscal half-years for which the relevant financial statements have been prepared and are available.

"**Net Debt**" is calculated as the sum of Loans and borrowings, bonds and lease liabilities *less* cash and cash equivalents. i.e.:

- Overdraft;
- Secured bank loans;
- Unsecured bank loans;
- Loans from the shareholder and other related parties;
- Loans from third parties (other loans);
- Bonds;
- Lease liabilities;

= Gross Debt

less Cash and cash equivalents (from the consolidated statement of financial position)

= Net Debt

"**Operating EBITDA**" is calculated as:

- Net profit from continuing operations;
- *increased* by income tax;
- *increased* by Depreciation and amortisation expenses;
- *reduced* by Profit or *increased* by Loss from financing activities;
- *reduced* by Share of Profit or *increased* by Share of loss from associates and JVs, net;
- *reduced* by Profit or *increased* by Loss from the sale of equity interests

(the definition is provided only to illustrate the structure of the calculation of the measure and does not enter into any other definition in Section 4 of the Terms and Conditions or into the calculation of the Net Debt Ratio (Pro Forma))

"Operating EBITDA (Pro Forma)" is calculated as:

- Net profit from continuing operations (pro-forma);
- *increased* by income tax (pro-forma);
- *increased* by Depreciation and amortisation expenses (pro-forma);
- *reduced* by Profit or *increased* by Loss from financing activities (pro-forma);
- *reduced* by Share of Profit or *increased* by Share of loss from associates and JVs, net (pro-forma);
- *reduced* by Profit or *increased* by Loss from the sale of equity interests (pro-forma)

The calculation of Operating EBITDA (Pro Forma) of the Group as of the relevant date is used solely for the calculation of the Net Debt Ratio (Pro Forma) and is based on the line items in the IFRS statements. The Operating EBITDA (Pro Forma) is derived from the EBITDA used in the Issuer's financial statements but is adjusted to reflect the true economic position of the Issuer and the Group for the purpose of the Issuer's obligations under this Section 4 of the Terms and Conditions. As of the relevant date, the Operating EBITDA (Pro-Forma) of the companies is included on a "rolling" (continuous) basis for twelve months. However, solely for the purpose of calculating the Net Debt Ratio (Pro Forma), the Issuer will not be subject to any additional obligation to prepare consolidated financial statements or to prepare any annexes thereto.

"Permitted Value" means **3.50**.

"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 will be repaid by the borrower from the proceeds of the use, operation, destruction or damage to the property financed and, at the date of such financing, the providers of such funds could reasonably expect that the principal of and interest on the funds so provided will be repaid from such project proceeds.

"Trade Instruments" means any guarantees for contract performance, advance payment guarantees or documentary letters of credit issued in respect of debts of the Issuer and/or its Subsidiaries (including the Issuer) incurred in the ordinary course of business.

Terms not otherwise defined in this paragraph has the meanings ascribed to them in IFRS.

5. INTEREST

5.1 Method of Interest calculation, Interest period

The Notes bear a fixed interest rate of 5.75 per cent (%) p.a.

The interest will accrue from the first day of each Interest Period to the last day of such Interest Period at the interest rate applicable to such Interest Period. Interest will be paid semi-annually in arrears for each Interest Period always on 10 December and 10 June of each year (the **"Interest Payment Date"**) in accordance with Section 7 of these Terms and Conditions. The first Interest Payment Date will be on 10 December 2025.

"Interest Period" means, for the purposes of these Terms and Conditions, the six-month period commencing on the Issue Date (inclusive) and ending on the first Interest Payment Date (excluding such date) and each immediately succeeding six-month period commencing on the Interest Payment Date (inclusive) and ending on the next succeeding Interest Payment Date (excluding such date in each case) until the maturity date of the Notes. For the purposes of the commencement of any Interest Period, the Interest Payment Date will not be adjusted in accordance to the Business Day Convention (Section 7.3 of these Terms and Conditions).

5.2 End of interest accrual

The Notes will cease to bear interest on the Final Redemption Date (as defined in Section 6.1 of these Terms and Conditions) or on the Early Redemption Date (as defined in Sections 6.4, 6.5, 9.2 and 12.4.1 of these Terms and Conditions), except if, despite the fulfilment of all conditions and requirements, payment of the amount due has been wrongfully withheld or refused by the Issuer. In such case, the interest will continue to accrue at the interest rate set out in Section 5.1 of these Terms and Conditions until the earlier of (i) the date on which all amounts due as of the date are paid to the Noteholders in accordance with the Terms and Conditions, or (ii) the date on which the Fiscal and Paying Agent notifies the Noteholders that it has received all amounts due in connection with the Notes (except in cases where an unauthorized withholding or refusal of payments occurs after such notification).

5.3 Convention for interest calculation

For the purposes of calculating the interest payable to the Notes for a period of less than one (1) year, one year is deemed to consist of three hundred and sixty (360) days divided into twelve (12) months of thirty (30) days each (BCK Standard 30E/360), in the event of an incomplete month, the calculation will be based on the actual number of elapsed days.

5.4 Determination of interest

The amount of interest payable to the Note for each period of one (1) year will be determined as the product of the nominal value of such Note and the relevant interest rate (expressed as a decimal). The amount of interest payable to the Note for any period of less than one (1) year will be determined as the product of the nominal value of such Note, the relevant interest rate (expressed as a decimal) and the relevant fraction of days calculated in accordance with the convention for interest calculation set out in Section 5.3 of the Terms and Conditions.

6. REDEMPTION AND PURCHASE OF THE NOTES

6.1 Final redemption

Unless previously redeemed or purchased by the Issuer and cancelled as specified below, the nominal value of the Notes will be redeemed in a single payment on 10 June 2030 (the "**Final Redemption Date**").

The Noteholder is not entitled to demand early redemption of the Notes prior to the Final Redemption Date, except for an early redemption of the Notes in accordance with Sections 6.4, 6.5, 9 and 12.4.1 of these Terms and Conditions.

6.2 Purchase of the Notes

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

6.3 Cancellation of the Notes

The Notes purchased by the Issuer will not be cancelled, unless the Issuer decides otherwise. If the Issuer does not decide to cancel the Notes purchased by it, it will be entitled to dispose of such Notes at its sole discretion. The rights and obligations attached to the Notes held by the Issuer will terminate on the Final Redemption Date (as defined in Section 6.1 of these Terms and Conditions), unless earlier terminated by a decision of the Issuer.

6.4 Early redemption at the option of the Noteholders

For the purposes of this Section, "**Change of Control**" means a situation where any person (or group of persons acting in concert) other than Jaroslav Strnad, born on 10 June 1972, or his son(s) (i) Michal Strnad, born on 4 August 1992, or (ii) Jaroslav Strnad, born 26 October 1998 (or a person controlled by them) acquires a direct or indirect share in the Issuer's share capital or voting rights in the amount of at least 50 per cent (%) or acquires the right to appoint at least half of the members of the Issuer's statutory body.

In the event of Change of Control, the Issuer will promptly notify the Fiscal and Paying Agent hereof in writing, but no later than three (3) Business Days after becoming aware of such fact, and the Noteholders in the manner set out in Section 13 of the Terms and Conditions (the "**Change of Control Notice**").

In the event of Change of Control, any Noteholder may, at its discretion, request early redemption of the Notes held by that Noteholder (which the Noteholder undertakes not to dispose of from the moment of submitting the Early Redemption Notice) by written notice addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office (the "**Early Redemption Notice**"), in each case at 100 per cent (%) of the nominal value of the Notes as of the Early Redemption Date (as defined below) increased by an extraordinary interest yield of 1 per cent (%) of the outstanding nominal value of the Notes plus accrued interest according to Section 5.1 due as of the Early Redemption Date (as defined below); the redemption must take place within thirty (30) days (inclusive) following the date on which the Noteholder delivered the Early Redemption Notice to the Fiscal and Paying Agent (the "**Early Redemption Date**").

Early Redemption Notice must be delivered to the Fiscal and Paying Agent not later than thirty (30) days after the date on which the Change of Control Notice is published.

This is without prejudice to the right of the Noteholder to request early redemption of the nominal value of the Notes plus the accrued interest in accordance with Sections 9 and 12.4.1 of the Terms and Conditions.

The provisions of Section 7 of these Terms and Conditions will apply *mutatis mutandis* to the early redemption of the Notes under this Section 6.4.

6.5 Early redemption at the option of the Issuer

Starting from the 4.5-year anniversary of the Issue Date, the Issuer will have the right to redeem all outstanding Notes early, provided that this right may be exercised only if the Issuer notifies the Noteholders no later than sixty (60) days prior to the relevant early redemption date (such early redemption date as notified to the Noteholders; the "**Early Redemption Date**" – the first Early Redemption Date may occur on 10 December 2029). The Issuer will redeem 100 per cent (%) of the nominal value of the Notes plus the accrued interest according to Section 5.1 due as of the Early Redemption Date.

The Issuer's notice on early redemption under this Section 6.5 of these Terms and Conditions will be published by the Issuer in the manner specified in Section 13 of these Terms and Conditions; such notice will be irrevocable and will oblige the Issuer to redeem the Notes early in accordance with the provisions of this Section 6.5 of these Terms and Conditions.

The provisions of Section 7 of these Terms and Conditions will apply *mutatis mutandis* to the early redemption of the Notes under this Section 6.5.

6.6 Presumption of redemption

For the purposes of Section 4.1 of the Terms and Conditions, all the Issuer's payment obligations under the Notes will be deemed fully discharged on the date on which the Issuer pays to the Fiscal and Paying Agent all amounts of the nominal values of the Notes and the accrued interest (where applicable) payable under Sections 5, 6, 9 and 12.4.1 of these Terms and Conditions.

7. PAYMENT TERMS

7.1 Currency of payments

The Issuer undertakes to pay the interest and redeem the nominal value of the Notes exclusively in CZK or any other lawful currency of the Czech Republic that might replace CZK. The interest will be paid and the nominal value of the Notes will be redeemed to the Noteholders 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 crown (CZK), in which the Notes are denominated and in which payments in respect of the Notes are to be made in accordance with these Terms and Conditions, ceases to exist and is replaced by the euro (EUR), (i) the denomination of the Notes will be changed to the euro (EUR), in accordance with applicable law, and (ii) all monetary payment obligations under the Notes will automatically and without further notice to the Noteholders be payable in euro (EUR), with the official exchange rate of the Czech crown (CZK) to euro (EUR) (i.e. the fixed conversion rate) in accordance with applicable law. Such substitution of the Czech crown (CZK) (i) will not affect in any respect the existence of the Issuer's payment obligations under the Notes or the enforceability thereof and (ii) for the avoidance of doubt, will not be deemed to constitute either an amendment to the Terms and Conditions or an Event of Default under the Terms and Conditions.

7.2 Payment day

Payments of interest and redemption of the nominal value 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 being hereinafter referred to, according to its meaning, as the "**Interest Payment Date**" or a "**Final Redemption Date**" or an "**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 for such delay in payment resulting from the application of the Business Day convention.

For the purposes of these Terms and Conditions, "**Business Day**" means any day (other than Saturday and Sunday) on which banks in the Czech Republic are open for business and on which foreign exchange transactions and interbank payments are made in the Czech crown or in other lawful currency of the Czech Republic which would replace the Czech crown.

7.4 Determination of the right to receive payments related to the Notes

The authorized persons to whom the Issuer will pay interest on the Notes are persons in whose owner's account maintained by the Central Depository or in a register maintained by a person keeping follow-up records (*evidence navazující na centrální evidenci*) relating to the central registry for securities, the Notes are registered at the end of the relevant Record Date for Interest Payment (the "**Authorized Persons**"). For determining the beneficiary of interest or other yield on the Notes, neither the Issuer nor the Fiscal and Paying Agent will take into consideration any transfers of the Notes made after the Record Date for Interest Payment.

"**Record Date for Interest Payment**" means the day falling thirty (30) days prior to the applicable Interest Payment Date; however, for determining the Record Date for Interest Payment, the Interest Payment Date will not be adjusted according to the Business Day Convention.

The Authorized Persons to whom the Issuer will redeem the nominal value of the Notes are the persons on whose owner's account maintained by the Central Depository in a register maintained by a person keeping follow-up records (*evidence navazující na centrální evidenci*) relating to the central registry for securities, the Notes are registered at the end of the relevant Record Date for Nominal Value Redemption (the "**Authorized Persons**"). For determining the beneficiary of the nominal value of the Notes, neither the Issuer nor the Fiscal and Paying Agent will take into consideration transfers of the Notes made after the Record Date for Nominal Value Redemption.

"**Record Date for Nominal Value Redemption**" means the day falling thirty (30) days prior to the applicable Final Redemption Date or Early Redemption Date, as applicable; however, for determining the Record Date for Nominal Value Redemption, the Payment Date will not be adjusted according to the Business Day Convention. Unless contrary to applicable law, transfers of all Notes may be suspended commencing on the day immediately following the Record Date for Nominal Value Redemption until the respective Payment Date.

7.5 Payments

The Fiscal and Paying Agent will make payments to the Authorized Persons only by means of wire transfer to their accounts kept at a bank in the Czech Republic in accordance with the instructions that the respective Authorized Person delivers to the Fiscal and Paying Agent at the address of the Specified Office in a credible manner (the "**Instruction**").

The Instruction will be in the form of a signed written statement (with an officially legalized (notarized) signature or signatures) containing sufficient details of that account to enable the Fiscal and Paying Agent to make the payment; it will be accompanied by the original or officially certified copy of the tax domicile certificate of the recipient for the relevant tax period. If the recipient is a legal entity, the Instruction will be accompanied by an original or a copy of a valid extract from the commercial register or other similar register in which the Authorized Person is registered, not older than three (3) months. If any of the required documents is in a language other than Czech, it is necessary to submit an officially certified translation into Czech together with the original document or its officially certified copy. In the case of original foreign official documents or official authentication in a foreign country, the attachment of the relevant higher authentication or further authentication or apostille pursuant to Convention of 5 October 1961 Abolishing the Requirement of Legalisation for Foreign Public Documents (the Hague Convention) (as applicable) is required. The Instruction must be in content and form satisfactory to the reasonable requirements of the Fiscal and Paying Agent, and the Fiscal and Paying Agent will be entitled to require evidence satisfactory to the Fiscal and Paying Agent that the person signing the Instruction is authorized to sign such Instruction on behalf of the Authorized Person. Such proof will be delivered to the Fiscal and Paying Agent with the Instruction. In this respect, the Fiscal and Paying Agent is entitled to require in particular (i) the submission of a power of attorney if the Authorized Person is represented by an agent (with an officially certified translation into Czech if necessary) and (ii) additional confirmation of the Instruction from the Authorized Person. Notwithstanding the foregoing, neither the Fiscal and Paying Agent nor the Issuer is obliged to verify in any way the accuracy, completeness or authenticity of such Instruction and will not be liable for any damages caused by any delay by the Authorized Person in delivering the Instruction or any incorrectness or other defect in such Instruction. If an Instruction contains all of the particulars required by this Section and is delivered to the Fiscal and Paying Agent in accordance with this Section and complies with the requirements of this Section in all other respects, it will be deemed properly made.

The Instructions will be deemed filed in a timely manner, if they are delivered to the Fiscal and Paying Agent not later than five (5) Business Days before the relevant Payment Date.

The Issuer's obligation to pay any amount due in connection with the Notes will be deemed discharged in a due and timely manner if the relevant amount is remitted to the Authorized Person in accordance with the proper Instructions under this Section 7.5 of the Terms and Conditions and is debited from the Fiscal and Paying Agent's account no later than on the relevant due date for that amount.

Neither the Issuer nor the Fiscal and Paying Agent will be liable for any time delay caused by an Authorized Person, e.g. late submission of the Instruction. If any Authorized Person has failed to deliver a proper Instruction to the Fiscal and Paying Agent in accordance with this Section 7.5 of these Terms and Conditions, then the obligation of the Issuer to pay any amount due to such Authorized Person will be deemed discharged in a due and timely manner if the relevant amount is remitted to the Authorized Person in accordance with the proper Instruction under this Section 7.5 of the Terms and Conditions and is debited from the Fiscal and Paying Agent's account not later than ten (10) Business days following the day on which the Fiscal and Paying Agent received the proper Instruction, provided that such Authorized Person will not be entitled to receive any interest yield or additional payment for such delay.

Neither the Issuer nor the Fiscal and Paying Agent will be liable for any damages arising (i) from the failure to deliver timely and properly the Instruction or other documents or information required to be delivered under this Section 7.5 or (ii) from the Instruction or related documents or information being incorrect, incomplete or false or (iii) from circumstances beyond the control of the Issuer or the Fiscal and Paying Agent. No Authorized Person will be entitled in any such event to receive any additional payment, other compensation or interest for any such delay in the relevant payment.

7.6 Change in the payment method

The Issuer and the Fiscal and Paying Agent are jointly entitled to decide to change the payment procedure, provided that such change does not affect the position or interests of the Noteholders (otherwise such change will be decided by the Meeting). Such decision will be notified to the Noteholders in the manner set out in Section 13 of these Terms and Conditions.

8. TAXATION

The tax laws of the investor's state and the tax laws of the Czech Republic as the domicile of the Issuer may affect the income from the Notes. Redemption of nominal value of the Notes and payment of the interest on the Notes will be made without withholding any taxes or charges of any kind unless such withholding is required by applicable laws of the Czech Republic in effect on the date of the relevant payment. If any withholding of taxes or charges is required by the applicable laws of the Czech Republic in effect on the date of the relevant payment, the Issuer will not be obligated to pay to the Noteholders any additional amounts as compensation for the withholding of taxes or charges. The Issuer assumes responsibility for withholding of taxes at source.

9. EARLY REDEMPTION OF THE NOTES UPON THE OCCURENCE OF EVENTS OF DEFAULT

9.1 Events of Default

If any of the following events occurs and persists (each as the "**Event of Default**"):

(a) *Payment default*

Any payment due to the Noteholders in connection with the Notes is not made on the due date and remains unpaid for more than ten (10) Business Days from the date the Issuer was notified thereof by any Noteholder by means of a letter delivered to the Issuer or the Fiscal and Paying Agent at the address of the Specified Office; or

(b) *Breach of other obligations*

the Issuer breaches or fails to perform any of its other obligations (other than those referred to in (a) above) in connection with the Notes (for the avoidance of doubt it is stated that such obligation will (i) always be deemed a breach of any obligation of the Issuer under Section 4 of the Terms and Conditions and (ii) not be deemed an event giving rise to the right of the Noteholder to demand early redemption under Section 6.4 of the Terms and Conditions) and such breach or failure to perform remains unremedied for more than thirty (30) Business Days from the date the Issuer was notified by any Noteholder thereof by means of a letter delivered to the Issuer or the Fiscal and Paying Agent at the address of the Specified Office; or

(c) *Default on other payment obligations of the Issuer or any Subsidiary*

Any Gross Debt (within the meaning of Section 4 of the Terms and Conditions) of the Issuer or any Subsidiary which in aggregate amounts to at least EUR 50,000,000 (in words: fifty million euro) or the equivalent of such amount in any other currency, (i) becomes prematurely due and payable before its original due date by reason of a breach of an obligation by the Issuer or any Subsidiary or (ii) is not paid at the time it becomes due and remains unpaid after the expiration of any additional period that was originally provided for; or

(d) *Insolvency*

- (i) the Issuer or its Material Subsidiary files a petition for bankruptcy over its assets, petition for permission of restructuring, a petition for discharge of debts or any other similar insolvency petition with a court (the "**Insolvency Petition**"), the purpose of which is to satisfy creditors collectively or progressively in accordance with the applicable law;
- (ii) bankruptcy, reorganization, debt relief, or any other similar proceedings are declared by a court or another competent authority in respect of the assets of the Issuer or its Material Subsidiary, unless the petition for such proceedings is (x) withdrawn within thirty (30) days or is rejected or dismissed by the insolvency court within such period for reasons other than lack of assets pursuant to clause (iii) below, or (y) the Czech insolvency court has decided pursuant to Section 100a of the Insolvency Act on a preliminary assessment of the insolvency petition and such petition is dismissed within the time limit pursuant to Section 128a(1) of the Insolvency Act for manifest lack of reason;
- (iii) the Insolvency Petition is dismissed by the competent authority on the grounds that the Issuer's assets or the assets of its Material Subsidiary would not cover the costs and expenses of the proceedings; or
- (iv) the Issuer or its Material Subsidiary proposes or enters into a settlement agreement, schedule the payment of claims or otherwise modify its debts on the grounds that it is unable to pay them properly and on time; or

(e) *Liquidation*

A final and binding decision of a competent authority of the relevant jurisdiction is made, or a resolution of the Issuer's competent body is adopted on its dissolution with liquidation; or

(f) *Termination of business activities*

The Issuer or its Material Subsidiary discontinues its core business activities or loses the licence to conduct its core business activities;

(g) *Judicial and other decisions*

The Issuer or its Subsidiary fails to comply with a payment obligation imposed by a competent authority which, individually or in aggregate, exceeds the amount of EUR 50,000,000 (in words: fifty million euro), or the equivalent of such amount in any other currency, within fourteen (14) days of delivery of such final and binding decision to the Issuer or within any longer period as specified in the relevant decision; or

(h) *Execution proceedings*

There is a restriction on the disposition of, or execution or similar proceedings will be commenced in respect of any part of the assets of the Issuer or its Subsidiary or any part of the property or assets of the Issuer or its Subsidiary the value of which, individually or in the aggregate, exceeds EUR 50,000,000 (in words: fifty million euro) and will not be discontinued within thirty (30) days; or

(i) *Security*

The Shared Security is not created for the benefit of the Noteholders and the Security Agent under the Terms and Conditions (in particular, as set out in Section 3.2 of the Terms and Conditions) or any other significant breach under the UK Intercreditor Agreement occurs, and such breach is not remedied within (and including) thirty (30) Business Days after the date on which such breach occurred, or the Shared Security ceases to exist or ceases to be valid and enforceable (except as permitted pursuant to these Terms and Conditions and/or the UK Intercreditor Agreement), and such breach is not remedied within (and including) ten (10) Business Day, or the Issuer or any pledgor/guarantor under any Shared Security document claim that the Shared Security or its part is invalid or not enforceable; or

(j) *Illegality*

The payment obligations under the Notes cease to be partially or fully legally enforceable or become in breach of applicable laws or performance of any of the Issuer's material obligations under these Terms and Conditions or under the Notes becomes illegal; or

(k) *Delisting of the Notes from trading on the Regulated Market of the PSE*

The Notes will not be admitted for trading on the Regulated Market of the PSE or another regulated market which replaces the Regulated Market of the PSE (or on a similar market of the successor to the PSE) no later than on the Issue Date or will cease to be securities admitted for trading on the Regulated Market of the PSE at any time thereafter;

then the Issuer is obliged to publish the nature of the Event of Default in the manner set out in Section 13 of these Terms and Conditions and any Noteholder may, at its discretion, request the early redemption of the Notes held by that Noteholder (which the Noteholder undertakes not to dispose of from that moment) by a written notice addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office (the "**Early Redemption Notice**"), plus any accrued and unpaid Interest thereon in accordance with Section 5.1 of these Terms and Conditions, as of the Early Redemption Date (as defined below), and the Issuer is obliged to redeem those Notes (together with accrued and unpaid interest thereon) in accordance with Section 9.2 of these Terms and Conditions.

9.2 Maturity of early redeemed Notes

All amounts payable by the Issuer to any Noteholder according to Section 9.1 of these Terms and Conditions will become due and payable on the last Business Day of the month following the month in which the Noteholder delivered the relevant Early Redemption Notice addressed to the Issuer to the Fiscal and Paying Agent at the Specified Office (the "**Early Redemption Date**"), unless the Issuer remedies the relevant Event of Default before it receives the Early Redemption Notice in respect of the relevant Notes or unless the Early Redemption Notice has been withdrawn in accordance with Section 9.3 of these Terms and Conditions.

9.3 Withdrawal of the Early Redemption Notice

Noteholder may withdraw the Early Redemption Notice, in writing, but only with respect to the Notes held by that 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 not later than five (5) Business Days before the relevant amounts become due and payable pursuant to Section 9.2 of these Terms and Conditions. However, any such withdrawal of the Early Redemption Notice will not affect any Early Redemption Notices given by other Noteholders.

9.4 Other conditions for early redemption of the Notes

The provisions of Section 7 of these Terms and Conditions will apply *mutatis mutandis* to the early redemption of the Notes under this Section 9.

10. STATUTE OF LIMITATIONS

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

11. FISCAL AND PAYING AGENT

11.1 Fiscal and Paying Agent

11.1.1 Fiscal and Paying Agent and Specified Office

The Fiscal and Paying Agent is Česká spořitelna, a.s., and the Specified Office (the "**Specified Office**") is located at the following address:

Česká spořitelna, a.s.
Financial institutions, team 3760_05
Budějovická 1518/13a,b
140 00 Prague 4

11.1.2 Additional and other Fiscal and Paying Agent and other 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 designate additional payment providers. Such change will not affect the position or interests of the Noteholders (otherwise, such change will be decided by the Meeting).

The Issuer will notify the Noteholders of any change of the Fiscal and Paying Agent or the Specified Office or the appointment of additional payment providers in the manner set out in Section 13 of these Terms and Conditions. Any such change will become effective upon the expiration of fifteen (15) days following the date of the notice, unless a later effective date is specified in the notice. In any event, any change that would otherwise become effective less than thirty (30) days before or after the Payment Date for any amount payable under the Notes will become effective on the thirtieth (30th) day following the Payment Date.

11.1.3 Relation of the Fiscal and Paying Agent to the Noteholders

In connection with the performance of the Fiscal and Paying Agent's obligations under the agreement entered into with the Fiscal and Paying Agent, the Fiscal and Paying Agent acts as an agent of the Issuer, it is not liable for the payment obligations of the Issuer under the Notes, it does not guarantee them or otherwise, and has no legal relationship with the Noteholders.

11.2 Listing agent

11.2.1 Listing agent

The Listing agent is Česká spořitelna, a.s.

11.2.2 Relation of the Listing Agent to the Noteholders

In connection with the performance of the Listing Agent's obligations, the Listing Agent acts as an agent of the Issuer and has no legal relationship with the Noteholders.

12. NOTEHOLDERS' MEETING AND AMENDMENTS TO THE TERMS AND CONDITIONS

12.1 Authority and convocation of the Meeting

12.1.1 Right to convene the Meeting

The Issuer, the Security Agent, a Noteholder or the Noteholders may convene a meeting of the Noteholders (the "**Meeting**") in accordance with these Terms and Conditions and applicable laws, if so required to decide on common interests of the Noteholders; any Noteholder is entitled to, and the Security Agent must (if it learns so), convene the Meeting in the event that the Issuer has breached its obligation to convene the Meeting according to Section 12.1.2 (except for item (i)) below. The costs of organising and convening the Meeting will be borne by the convener of the Meeting, unless otherwise provided by law (in particular in the case where the Meeting is convened by the Noteholder as a result of the Issuer's default in convening the Meeting according to Section 12.1.2 below). The costs of attending the Meeting will be borne by each attendee.

If the Meeting is convened by any Noteholder(s), the convening person(s) will be obliged, not later than on the date of publishing the notice of the Meeting (Section 12.1.3 of these Terms and Conditions) (i) to deliver to the Fiscal and Paying Agent a request for procuring evidence of the number of all Notes entitling the holder(s) to attend the Meeting convened by the Noteholder(s), i.e. an extract from the relevant register of the Note Issue, (ii) where relevant, to pay to the Fiscal and Paying Agent an advance payment to cover the costs associated with its services in relation to the Meeting. The due and timely delivery of the request under the clause (i) above and payment of the advance payment for the costs referred to in clause (ii) above are prerequisites for a valid convocation of the Meeting.

12.1.2 Meetings convened by the Issuer

The Issuer is obliged to promptly convene the Meeting and request, at such Meeting, an opinion of the Noteholders in the event of (i) a proposal for any amendment to the Terms and Conditions that requires the Noteholders' consent under applicable laws or (ii) resignation of the Common Representative or (iii) termination of the Security Agent's engagement in accordance with the UK Intercreditor Agreement or (iv) a request to replace the Security Agent (with respect to the Notes only) by the Noteholders whose total nominal value of Notes represents at least five (5) per cent (%) of the total nominal value of the Issue (each a "**Material Change**").

The Issuer may convene the Meeting to propose a joint action in the event that, in the opinion of the Issuer, any Event of Default might occur.

12.1.3 Notice of the Meeting

The Issuer is obliged to publish the notice of the Meeting in the manner set out in Section 13 of the Terms and Conditions no later than fifteen (15) days prior to the date of the Meeting. If the convener of the Meeting is any Noteholder(s) (or the Security Agent), the convener will deliver a notice of the Meeting (containing all statutory elements) to the Issuer at the address of the Specified Office sufficiently in advance (at least twenty (20) days prior to the proposed date of the Meeting. The Issuer will promptly ensure that the notice of the Meeting is published in the manner and within the time limit specified in the first sentence of this Section 12.1.3 (however, the Issuer is not responsible for the content of the notice nor for any delay or default of the convening Noteholder(s) (or the Security Agent) in complying with any statutory time limits). The notice of the Meeting must contain at least (i) the Company name, identification number and registered office of the Issuer, (ii) the identification of the Notes, to the minimum extent of the Note title, the Issue Date and the ISIN, (iii) the place, date and time of the Meeting, provided that the date of the Meeting must fall on a day which is a Business Day and the time of the Meeting may not be earlier than 10:00 a.m. (Prague time), (iv) the agenda of the Meeting and, in the case of any amendment(s) to the Terms and Conditions is proposed, a specification of the proposed amendment and justification thereof, and (v) the day that is the record (conclusive) date for attending the Meeting. The Meeting is entitled to adopt only draft resolutions contained in the notice of the Meeting; any matters that were not included on the proposed agenda of the Meeting may be decided only with the attendance and consent of all Noteholders entitled to vote at the Meeting.

If the reason for convening the Meeting ceases to exist, the convenor will recall the Meeting in the same manner as it was convened.

12.2 Persons entitled to attend and vote at the Meeting

12.2.1 Persons entitled to attend the Meeting

Only the Noteholder (the "**Person Entitled to Attend the Meeting**") who has been recorded as the Noteholder in the register maintained by the Central Depository and is listed in the extract from the Notes issue register provided by the Central Depository as at the end of the day preceding by seven (7) days the date of the relevant Meeting (the "**Meeting Attendance Record Date**") will be entitled to attend and vote at the Meeting, or any person who proves, by a confirmation from the person in whose client account within the Central Depository the relevant number of Notes was registered on the Meeting Attendance Record Date, that this person is the Noteholder and that the Notes held by that person are registered in the account of the above-mentioned person by reason of their custodianship by such person. The confirmation pursuant to the preceding sentence will be in form and content satisfactory to the Fiscal and Paying Agent. No transfers of the Notes made after the Meeting Attendance Record Date will be taken into account.

12.2.2 Voting rights

Each Person Entitled 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 value of the Notes held by that person as at the Meeting Attendance Record Date and the aggregate outstanding nominal value of the Issue as at the Meeting Attendance Record Date. No voting right will be attached to any Notes held by the Issuer on the Meeting Attendance Record Date that have not been cancelled by the Issuer within the meaning of Section 6.3 of these Terms and Conditions. If the Meeting decides on recalling the Common Representative, the Common Representative (if it is a Person Entitled to Attend the Meeting) may not exercise its voting right.

12.2.3 Attendance of other persons at the Meeting

The Issuer is obliged to attend the Meeting, either in person or by proxy. In addition, the representatives of the Fiscal and Paying Agent and the Security Agent, the Common Representative (unless it is a Person Entitled to Attend the Meeting) and any guests invited by the Issuer or the Fiscal and Paying Agent.

12.3 Course of the Meeting; Decision-making

12.3.1 Quorum

The Meeting will constitute a quorum if attended by the Persons Entitled to Attend the Meeting who were, on the Meeting Attendance Record Date, holders of the Notes whose nominal value represents more than 30% of the aggregate

nominal value of the issued and outstanding Notes under the Issue. Any Notes held by the Issuer on the Meeting Attendance Record Date that have not been cancelled at the option of the Issuer within the meaning of Section 6.3 of these Terms and Conditions will not be included for the purposes of the Meeting's quorum. If the Meeting decides on recalling the Common Representative, any votes belonging to Common Representative (if it is a Person Entitled to Attend the Meeting) will not be included in the total number of votes. Before opening the Meeting, the convener will provide information on the number of all Notes in respect of which the Persons Entitled to Attend the Meeting are entitled to attend and vote at the Meeting in accordance with these Terms and Conditions.

12.3.2 Chairman of the Meeting

The meeting convened by the Issuer will be presided over by a chairman appointed by the Issuer. The meeting convened by any Noteholder(s) or the Security Agent will be presided over by a chairman elected by a simple majority of the votes of the attending Persons Entitled to Attend the Meeting. Until the chairman is elected, the Meeting will be presided over by a person appointed by the convening Noteholder(s) or the Security Agent, and the election of the chairman must be the first item on the agenda of any Meeting not convened by the Issuer.

12.3.3 Common Representative

The Issuer has appointed ČSOB Asset Management, a.s., investiční společnost, to act as the first common representative of the Noteholders (the "**Common Representative**"). The Meeting may elect, by resolution, an individual or a legal entity to act as a Common Representative. The Common Representative is entitled by law, to (i) exercise, on behalf of all Noteholders, any rights attached to the Notes to the extent specified in the resolution of 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 (including the ones relating to the UK Intercreditor Agreement) or protect the Noteholders' interests in the manner and to the extent specified in a resolution of the Meeting. The Meeting may recall the Common Representative in the same way in which the Common Representative was elected or replaced it by another Common Representative. Any agreement on appointing a Common Representative will be available to the public on the website referred to in Section 13 of these Terms and Conditions.

12.3.4 Decision-making at the Meeting

The Meeting decides on the issues on its agenda in the form of resolution. Any resolution that (i) approves the Material Change, or (ii) appoints or recalls a Common Representative, requires the affirmative vote of at least $\frac{3}{4}$ (three-quarters) of the votes of the attending Persons Entitled to Attend the Meeting. Any other resolutions require a simple majority of votes of the attending Persons Entitled to Attend the Meeting.

12.3.5 Adjournment of the Meeting

If within one (1) hour after the scheduled opening of the Meeting a quorum is not present, then the Meeting will be adjourned without further notice.

If the Meeting which is to decide on the change of these Terms and Conditions does not have a quorum within one (1) hour after the scheduled opening of the Meeting, the Issuer will convene, if necessary, a substitute Meeting to be held within six (6) weeks after the scheduled date of the original Meeting. The holding of the substitute Meeting with an unchanged agenda will be notified to the Noteholders within fifteen (15) days after the scheduled date of the original Meeting. A substitute Meeting deciding on the Material Change will have a quorum irrespective of the quorum conditions set out in Section 12.3.1.

12.4 Certain additional rights of the Noteholders

12.4.1 Consequence of voting against certain resolutions of the Meeting

If the Meeting approved the Material Change according to Section 12.1.2(i), the Person Entitled to Attend the Meeting who, according to the minutes of such Meeting, voted against or did not attend the relevant Meeting (the "**Applicant**"), may request redemption of the nominal value of the Notes held by that Noteholder as of the Meeting Attendance Record Date and which it has not transferred since such time, together with any pro rata interest accrued on those Notes in accordance with these Terms and Conditions (if applicable). This right must be exercised by the Applicant within thirty (30) days from the date of disclosure of such resolution of the Meeting in accordance with Section 12.5 of these Terms and Conditions by means of a written notice (the "**Application**") addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office; otherwise, this right terminates. The amounts referred to above will become due and payable within thirty (30) days from the date the Application was delivered to the Fiscal and Paying

Agent (the "**Early Redemption Date**"). The Noteholder is not entitled to require the Issuer, as an alternative to the procedure described above, to repurchase the Notes at the market price within the meaning of Section 23(5) of the Notes Act.

12.4.2 Requirements for the Application

The Application must specify the number of Notes for which redemption is requested in accordance with this Section. The Application must be in writing, signed by persons authorised to act on behalf of the Applicant, and their signatures must be officially certified. Within the same time limit, the Applicant is obliged to deliver to the Fiscal and Paying Agent at the address of the Specified Office all documents required for redemption under Section 7 of these Terms and Conditions.

12.5 Minutes of the Meeting

Minutes of the business transacted at the Meeting will be taken by the person who convened the Meeting, or by a person authorized by that person, within thirty (30) days from the date of the Meeting. The minutes will contain the conclusions of the Meeting, including, without limitation, any resolutions adopted by the Meeting.

If the Meeting is convened by the Noteholder(s) or the Security Agent, the minutes of the Meeting must also be delivered to the Issuer at the address of the Specified Office within thirty (30) days of 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 any Noteholder(s) during regular business hours at the Specified Office. The Issuer is obliged, in person or through its authorized person (in particular the Fiscal and Paying Agent), to publish all decisions of the Meeting in the manner set out in Section 13 of these Terms and Conditions, no later than thirty (30) days after the date of the Meeting. If the Meeting discussed a resolution on any of the Material Changes, a notarial record must be made of the attendance at the Meeting and any resolutions adopted by the Meeting. If the Meeting adopts any such resolution, the notarial record must also contain the names of the Persons Entitled to Attend the Meeting who validly voted for the adoption of that resolution and the number of Notes held by those persons on the Meeting Attendance Record Date.

13. NOTICE

Any notice to the Noteholders will be valid and effective if made available and published in the Czech language on the Issuer's website <http://www.czechoslovakgroup.com/>, in the section *For Investors → Bonds - Regulatory disclosure → CSG 5.75/2030*. If the mandatory provisions of applicable laws or these Terms and Conditions determine any other method of publication of any notice under these Terms and Conditions, such notice will be deemed to be validly published by publication in the manner prescribed by the relevant legislation. If any notice is published in multiple ways, the publication date of that notice will be deemed to be the date of its first publication.

14. GOVERNING LAW, LANGUAGE AND DISPUTE RESOLUTION

Any rights and obligations under the Notes will be governed by, and interpreted and construed in accordance with, the laws of the Czech Republic. The UK Intercreditor Agreement is governed by English law and certain Shared Security documents are governed by foreign laws – in particular, Slovak, Spanish, Idaho and New York law. These Terms and Conditions have been prepared in English language.

Any dispute between the Issuer and the Noteholders arising out of or in connection with the Notes (including disputes relating to non-contractual obligations arising in connection therewith and disputes relating to their existence and validity) will be finally resolved by the Municipal Court in Prague, unless agreement on jurisdiction is not allowed by the applicable laws.

15. DEFINITION AND INTERPRETATION

If the Issuer undertakes in these Terms and Conditions to ensure that a third party performs an obligation, the Issuer thereby undertakes within the meaning of the first sentence of Section 1769 of Act No. 89/2012 Coll., the Civil Code, as amended (the "**Civil Code**"), i.e. that it arranges for the third party to provide the agreed performance. For the avoidance of doubt, the second sentence of Section 1769 of the Civil Code does not apply in the present cases.

Terms defined in these Terms and Conditions in the singular will have the same meaning when used in the plural and vice versa. In addition to the terms defined in the Terms and Conditions above, the following terms have the following meanings for the purposes of the Terms and Conditions:

"Subsidiary" means any entity in which the Issuer has a direct or indirect interest of more than 50% in the share capital or voting rights or has the right to appoint or remove a majority of the persons who are members of the statutory body of such entity or members of the supervisory body of such entity, or may enforce such appointment or removal, or whose financial statements are consolidated with the financial statements of the Issuer in accordance with IFRS.

"Insolvency Act" means Act No. 182/2006 Coll., on Bankruptcy and its Resolution, as amended.

"Group" means the Issuer and any Subsidiary.

"The Kinetic Group" means Vista Outdoor Inc. and its subsidiaries.

"Material Subsidiary" means a Subsidiary whose share of the Operating EBITDA (as defined in Section 4 of these Terms and Conditions) of the Group exceeds 10%, as measured by the most recent consolidated financial statements.

"Selected Auditor" means an audit firm providing audit services in accordance with the law of the relevant jurisdiction and belonging to the PricewaterhouseCoopers, KPMG, Deloitte, E&Y or BDO group.

SCHEDULE 1 – Existing Shared Security**Part A – List of Guarantors**

	Name of Guarantor	Jurisdiction	Registration number
1.	CSG Elevate I Inc.	Delaware	2375788
2.	CSG Elevate II Inc.	Delaware	2375813
3.	CSG Ammo+ a.s.	Czech Republic	11858061
4.	CSG AEROSPACE a.s.	Czech Republic	3312208
5.	Vista Outdoor Inc	Delaware	5522245
6.	Vista Outdoor Sales LLC	Delaware	5469986
7.	The Kinetic Group Operations LLC	Delaware	4079980
8.	Vista Commercial Ammunition Company Inc.	Delaware	3459049
9.	Federal Cartridge Company	Minnesota	611-AA
10.	Ammunition Operations LLC	Delaware	3437574
11.	LAIRAN SPV a.s.	Czech Republic	14141663
12.	MSM GROUP s.r.o.	Slovak Republic	46553509
13.	Fábrica de Municiones de Granada, S.L.U.	Spain	B-88295209
14.	MSM EXPORT, s.r.o.	Slovak Republic	48006122
15.	ZVS IMPEX, akciová spoločnosť	Slovak Republic	36302848
16.	VOP Nováky, a.s.	Slovak Republic	35820322
17.	CSG DEFENCE a.s.	Czech Republic	7333528
18.	CSG Land Systems CZ a.s.	Czech Republic	8584923
19.	TATRA DEFENCE VEHICLE a.s.	Czech Republic	24152269
20.	EXCALIBUR ARMY spol. s r.o.	Czech Republic	64573877
21.	CSG MOBILITY a.s.	Czech Republic	8950181
22.	DAKO-CZ, a.s.	Czech Republic	46505091
23.	TECHNOLOGY CS a.s.	Czech Republic	5774888
24.	RETIA, a.s.	Czech Republic	25251929
25.	ELDIS Pardubice, s.r.o.	Czech Republic	15050742

	Name of Guarantor	Jurisdiction	Registration number
26.	EXCALIBUR INTERNATIONAL a.s.	Czech Republic	29289688
27.	JOB AIR Technic a.s.	Czech Republic	27768872

Part B – Pledges over certain assets

	Name of Original Obligor / Third Party Security Provider	Shared Security Document	Governing Law
1.	CZECHOSLOVAK GROUP a.s.	Pledge of bank account receivables	Czech Republic
2.	CZECHOSLOVAK GROUP a.s.	Pledge of intra-group receivables	Czech Republic
3.	CZECHOSLOVAK GROUP a.s.	Share pledge over all of the issued share capital of CSG Ammo+ a.s.	Czech Republic
4.	CZECHOSLOVAK GROUP a.s.	Share pledge over all of the issued share capital of CSG AEROSPACE a.s.	Czech Republic
5.	CZECHOSLOVAK GROUP a.s.	Share pledge over all of the issued share capital held by CZECHOSLOVAK GROUP a.s. (89%) in EXCALIBUR INTERNATIONAL a.s.	Czech Republic
6.	CZECHOSLOVAK GROUP a.s.	Share pledge over all of the issued share capital held by CZECHOSLOVAK GROUP a.s. (89.903%) in NIKA Development a.s.	Czech Republic
7.	CSG Ammo+ a.s.	Pledge of intra-group receivables	Czech Republic
8.	CSG Ammo+ a.s.	Share pledge over all of the issued share capital of CSG Elevate I Inc.	New York
9.	CSG AEROSPACE a.s.	Pledge of intra-group receivables	Czech Republic
10.	CSG AEROSPACE a.s.	Share pledge over all of the issued share capital of JOB AIR Technic a.s.	Czech Republic
11.	CSG Elevate I Inc.	An "all assets" pledge and security agreement granting a valid and perfected first priority lien and security interest in all or substantially all present and future assets and properties, whether now owned or hereafter acquired, of CSG Elevate I Inc.	New York
12.	CSG Elevate I Inc.	An "all assets" pledge and security agreement granting a valid and perfected share pledge over all of the issued share capital of CSG Elevate II Inc.	New York

	Name of Original Obligor / Third Party Security Provider	Shared Security Document	Governing Law
13.	CSG Elevate II Inc.	An "all assets" pledge and security agreement granting a valid and perfected first priority lien and security interest in all or substantially all present and future assets and properties, whether now owned or hereafter acquired, of CSG Elevate II Inc.	New York
14.	Federal Cartridge Company	A deed of trust granting a valid and perfected first priority lien and security interest in real property owned by Federal Cartridge Company with address at 2299 Snake River Avenue, Lewiston, ID 83501, United States	Idaho
15.	Federal Cartridge Company	A deed of trust granting a valid and perfected first priority lien and security interest in real property owned by Federal Cartridge Company with address at 1023 Snake River Avenue, Lewiston, ID 83501, United States	Idaho
16.	Federal Cartridge Company	A deed of trust granting a valid and perfected first priority lien and security interest in real property owned by Federal Cartridge Company with address at 180 Southport Avenue, Lewiston, ID 83501, United States	Idaho
17.	Federal Cartridge Company	A deed of trust granting a valid and perfected first priority lien and security interest in real property consisting of a portion of Government Lot 1 located in Lewiston, Idaho 83501, United States owned by Federal Cartridge Company	Idaho
18.	CSG Elevate II Inc.	A pledge agreement granting a share pledge over all of the issued share capital of Vista Outdoor Group	New York
19.	Vista Outdoor Group	An "all assets" pledge and security agreement granting a valid and perfected first priority lien and security interest in all or substantially all present and future assets and properties, whether now owned or hereafter acquired, of Vista Outdoor Group (subject to exclusions customary for transactions of this type (including without limitation real property and equity interests in immaterial subsidiaries))	New York
20.	Vista Outdoor Group	An "all assets" pledge and security agreement granting a valid and perfected share pledge over all of the issued share capital of The Kinetic Group Operations LLC (f/k/a Sporting Products Operations, LLC)	New York
21.	The Kinetic Group Operations LLC (f/k/a Sporting Products Operations, LLC)	An "all assets" pledge and security agreement granting a valid and perfected <i>first</i> priority lien and security interest in all or substantially all present and future assets and properties, whether now owned or hereafter acquired, of The Kinetic Group Operations LLC (f/k/a Sporting Products Operations, LLC) (subject to exclusions customary for transactions of this type (including without limitation real property and equity interests in immaterial subsidiaries))	New York
22.	The Kinetic Group Operations LLC (f/k/a Sporting Products Operations, LLC)	An "all assets" pledge and security agreement granting a valid and perfected share pledge over all of the issued share capital of Vista Commercial Ammunition Company Inc.	New York

	Name of Original Obligor / Third Party Security Provider	Shared Security Document	Governing Law
23.	Vista Commercial Ammunition Company, Inc.	An "all assets" pledge and security agreement granting a valid and perfected first priority lien and security interest in all or substantially all present and future assets and properties, whether now owned or hereafter acquired, of Vista Commercial Ammunition Company, Inc. (subject to exclusions customary for transactions of this type (including without limitation real property and equity interests in immaterial subsidiaries))	New York
24.	Vista Commercial Ammunition Company	An "all assets" pledge and security agreement granting a valid and perfected share pledge over all of the issued share capital of Federal Cartridge Company	New York
25.	Federal Cartridge Company	An "all assets" pledge and security agreement granting a valid and perfected first priority lien and security interest in all or substantially all present and future assets and properties, whether now owned or hereafter acquired, of Federal Cartridge Company (subject to exclusions customary for transactions of this type (including without limitation real property and equity interests in immaterial subsidiaries))	New York
26.	Federal Cartridge Company	An "all assets" pledge and security agreement granting a valid and perfected share pledge over all of the issued share capital of Ammunition Operations LLC (subject to exclusions customary for transactions of this type (including without limitation real property))	New York
27.	Federal Cartridge Company	An "all assets" pledge and security agreement granting a valid and perfected share pledge over the issued share capital of Vista Outdoor Sales, LLC ³ (subject to exclusions customary for transactions of this type (including without limitation real property))	New York
28.	Vista Outdoor Sales, LLC	An "all assets" pledge and security agreement granting a valid and perfected first priority lien and security interest in all or substantially all present and future assets and properties, whether now owned or hereafter acquired, of Vista Outdoor Sales LLC (subject to exclusions customary for transactions of this type (including without limitation real property and equity interests in immaterial subsidiaries))	New York
29.	Ammunition Operations LLC	An "all assets" pledge and security agreement granting a valid and perfected first priority lien and security interest in all or substantially all present and future assets and properties, whether now owned or hereafter acquired, of Ammunition Operations LLC (subject to exclusions customary for transactions of this type (including without limitation real property and equity interests in immaterial subsidiaries))	New York
30.	Ammunition Operations LLC	An "all assets" pledge and security agreement granting a valid and perfected share pledge over the issued share capital of Remington Licensing Corporation (subject to exclusions customary for transactions of this type (including without limitation real property))	New York

³ Federal Cartridge Company holds 59.4% of the shares in Vista Outdoor Sales, LLC

	Name of Original Obligor / Third Party Security Provider	Shared Security Document	Governing Law
31.	CSG FIN a.s.	Share pledge over all of the issued share capital of CZECHOSLOVAK GROUP a.s.	Czech Republic
32.	CSG Ammo+ a.s.	Share pledge over all of the issued share capital of LAIRAN SPV a.s.	Czech Republic
33.	CSG DEFENCE a.s.	Share pledge over the issued share capital held by CSG DEFENCE a.s. in MSM GROUP s.r.o. ⁴	Slovak Republic
34.	MSM GROUP s.r.o.	Pledge of intra-group receivables	Czech Republic
35.	MSM GROUP s.r.o.	Share pledge over all of the issued share capital of Fábrica de Municiones de Granada, S.L.U. (including granting irrevocable powers of attorney in connection with the pledge over shares)	Spain
36.	Fábrica de Municiones de Granada, S.L.U.	Pledge of intra-group receivables (including granting irrevocable powers of attorney in connection with the pledge over intragroup receivables)	Slovak Republic
37.	MSM GROUP s.r.o.	Share pledge over all of the issued share capital of MSM EXPORT, s.r.o.	Slovak Republic
38.	MSM EXPORT, s.r.o.	Pledge of intra-group receivables	Slovak Republic
39.	MSM GROUP s.r.o.	Share pledge over all of the issued share capital of ZVS IMPEX, akciová spoločnosť	Slovak Republic
40.	ZVS IMPEX, akciová spoločnosť	Pledge of intra-group receivables	Slovak Republic
41.	MSM GROUP s.r.o.	Share pledge over all of the issued share capital of VOP Nováky, a.s.	Slovak Republic
42.	VOP Nováky, a.s.	Pledge of intra-group receivables	Slovak Republic
43.	CZECHOSLOVAK GROUP a.s.	Share pledge over all of the issued share capital of CSG DEFENCE a.s.	Czech Republic
44.	CSG DEFENCE a.s.	Pledge of intra-group receivables	Czech Republic
45.	CSG DEFENCE a.s.	Share pledge over the issued share capital held by CSG DEFENCE a.s. in CSG Land Systems CZ a.s. ⁵	Czech Republic
46.	CSG Land Systems CZ a.s.	Pledge of intra-group receivables	Czech Republic
47.	CSG Land Systems CZ a.s.	Share pledge over the issued share capital held by CSG Land Systems a.s. in TATRA DEFENCE VEHICLE a.s. ⁶	Czech Republic

⁴ 80.2% shareholding of CSG DEFENCE a.s. in MSM GROUP s.r.o.

⁵ CSG DEFENCE a.s. holds 89% of the issued share capital in CSG Land Systems CZ a.s.

⁶ CSG Land Systems CZ a.s. holds 90% of the issued share capital in TATRA DEFENCE VEHICLE a.s.

	Name of Original Obligor / Third Party Security Provider	Shared Security Document	Governing Law
48.	TATRA DEFENCE VEHICLE a.s.	Pledge of intra-group receivables	Czech Republic
49.	CSG Land Systems CZ a.s.	Share pledge over all of the issued share capital of EXCALIBUR ARMY spol. s r.o.	Czech Republic
50.	EXCALIBUR ARMY spol. s r.o.	Pledge of intra-group receivables	Czech Republic
51.	CZECHOSLOVAK GROUP a.s.	Share pledge over all of the issued share capital of CSG MOBILITY a.s.	Czech Republic
52.	CSG MOBILITY a.s.	Share pledge over all of the issued share capital of DAKO-CZ, a.s.	Czech Republic
53.	DAKO-CZ, a.s.	Pledge of intra-group receivables	Czech Republic
54.	CSG AEROSPACE a.s.	Share pledge over all of the issued share capital of TECHNOLOGY CS a.s.	Czech Republic
55.	TECHNOLOGY CS a.s.	Share pledge over all of the issued share capital of RETIA, a.s. held by TECHNOLOGY CS a.s. (90%)	Czech Republic
56.	RETIA, a.s.	Pledge of intra-group receivables	Czech Republic
57.	CSG AEROSPACE a.s.	Share pledge over all of the issued share capital of ELDIS Pardubice, s.r.o.	Czech Republic
58.	ELDIS Pardubice, s.r.o.	Pledge of intra-group receivables	Czech Republic
59.	EXCALIBUR INTERNATIONAL a.s.	Pledge of intra-group receivables	Czech Republic

An "all assets" pledge and security agreement grant a valid and perfected first priority lien and security interest in all or substantially all present and future assets and properties, whether now owned or hereafter acquired, of the company in question (subject to exclusions customary for transactions of this type (including without limitation real property and equity interests in immaterial subsidiaries). The pledge and security interests will be provided as follows (i) **first priority lien** on U.S. domestic assets (other than inventory, third party receivables and certain collection accounts) of the company will be granted to the Senior Secured Creditors (including the Noteholders) (with **second priority liens** to be granted in favour of the finance parties under the ABL Facility Agreement over the same U.S. domestic assets) and (ii) **second priority lien** on U.S. domestic assets constituting inventory, third party receivables and certain collection accounts of the company will be granted to the Senior Secured Creditors (including the Noteholders) (with **first priority liens** to be granted in favour of the finance parties under the ABL Facility Agreement).

The overall value of the Shared Security is considered to be in line with the amount of total assets presented in the latest consolidated financial statements of the Group (as of 31 December 2024) and amounting to EUR 8,029 million.

VI. INTEREST OF PERSONS INVOLVED IN THE ISSUE; REASONS FOR THE OFFER AND USE OF PROCEEDS

To the knowledge of the Issuer, none of natural or legal persons involved in the Issue, other than the Joint Lead Managers who place the Notes pursuant to a *best effort* arrangement, has any interest, including a conflict of interest that is material to the Issue.

Legal advisor of the Joint Lead Managers is PRK Partners s.r.o., attorneys-at-law.

The Issuer expects that the total costs for the preparation the Issue, i.e. the remuneration of the Joint Lead Managers, the fees of the Central Depository, the PSE, the CNB, the Issuer's auditor, the costs of the legal advisor of the Joint Lead Managers and certain other costs related to the Issue or their placement on the market, will be approximately CZK 80,000,000 if the full anticipated nominal value of the Notes (i.e. CZK 5,000,000,000) is issued on the Issue Date.

The Issuer expects that the net aggregate proceeds obtained through the Issue, if the full anticipated nominal value of the Notes (i.e. CZK 5,000,000,000) is issued will be approximately CZK 4,920,000,000 as of the Issue Date. The net proceeds obtained through the Issue will be used exclusively for the following purposes (in order of priority):

- (a) refinancing of the following selected existing loans and indebtedness outside the field of arms and military technology;
 - (i) ABL Facility Agreement; and/or
 - (ii) senior secured floating rates notes due 2030 issued under the US Indenture; and/or
 - (iii) facilities under EUR 350,000,000 Unsecured Bridge Facility Agreement dated 27 March 2025 entered into between, among others, the Issuer as borrower, and UniCredit Bank Czech Republic and Slovakia, a.s., as underwriter, bookrunner, mandated lead arranger, agent and original lender
 - (iv) revolving credit facilities under the Senior Facilities Agreement;
- (b) intra-group financing of those Subsidiaries that are not engaged in the field of arms and military technology up to EUR 100,000,000; and
- (c) acquisitions of companies operating outside the field of arms and military technology up to EUR 100,000,000.

In addition to the above, the Issuer undertakes not to provide the net proceeds to any company outside the Group.

The Issuer expects that, in the event that the full anticipated nominal value of the Notes is issued, such funds will be sufficient to make the payments referred to in (a) to (c) above. In the event of interesting opportunities in the acquisition market, the Issuer is prepared to use its own funds for part of the acquisitions and intra-group financing.

In the event of a maximum increase in the volume of the Issue (i.e. up to the aggregate nominal value of CZK 10,000,000,000), the Issuer expects that the total costs for the preparation of the Issue (as described above) will be approximately CZK 160,000,000. The Issuer expects that in such case (of a maximum increase in the Issue up to an aggregate nominal value of CZK 10,000,000,000) the net aggregate proceeds obtained through the Issue will be approximately CZK 9,840,000,000.

VII. INFORMATION INCORPORATED BY REFERENCE

The following documents can be found on the Issuer's official website (www.czechoslovakgroup.com, under *For investors* → *Annual reports*) and are incorporated by reference into this Prospectus:

Information	Document	Pages
Consolidated Financial Statements of the Issuer for the year ended 31 December 2023	Consolidated Annual Report of the Issuer for 2023	116-247
Independent Auditor's Report on the Consolidated Financial Statements and Consolidated Annual Report for 2023	Consolidated Annual Report of the Issuer for 2023	290-301
Consolidated financial statements of the Issuer for the year ended 31 December 2024	Consolidated Annual Report of the Issuer for 2024	307-342
Independent Auditor's Report on the Consolidated Financial Statements and Consolidated Annual Report for 2024	Consolidated Annual Report of the Issuer for 2024	343-352

The Issuer's IFRS consolidated financial statements for the period from 1 January 2023 to 31 December 2023, including the auditor's report, are available here:

<https://cdn.sanity.io/files/j8c4kujk/production/843aee9a843488423aade447de071f3f55452fea.zip>

(Annual Report 2023 compiled in a uniform electronic reporting format in accordance with Section 118(2) of the Capital Markets Act)

The Issuer's IFRS consolidated financial statements for the period from 1 January 2024 to 31 December 2024, including the auditor's report, are available here:

<https://cdn.sanity.io/files/j8c4kujk/production/d867e8ec4e81a3dfdbf431d49da5bd9a0d807b46.zip>

(Annual Report 2024 compiled in a uniform electronic reporting format in accordance with Section 118(2) of the Capital Markets Act)

All of the Issuer's financial information set out above is based on International Financial Reporting Standards (IFRS) as adopted by the EU. Parts of the above documents that have not been incorporated by reference into the Prospectus are not material to the investor or information extracted from them is directly referred to in this Prospectus.

All of the above documents are also available for inspection during business hours at the registered office of the Issuer.

VIII. INFORMATION ABOUT THE ISSUER

1. PERSONS RESPONSIBLE, THIRD-PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL

1.1 RESPONSIBLE PERSONS

The person responsible for the correctness and completeness of the information contained in this Prospectus is the Issuer, i.e. company CZECHOSLOVAK GROUP a.s. with its registered office at U Rustonky 714/1, Karlín, 186 00 Prague 8, Czech Republic, ID No.: 034 72 302, registered in the Commercial Register under the File No. B 20071 maintained by the Municipal Court in Prague, represented by the below-mentioned persons.

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

Prague, 7 May 2025

CZECHOSLOVAK GROUP a.s.



Ladislav Štorek
Vice-Chairman of the Board of Directors



Zdeněk Jurák
Member of the Board of Directors

1.2 EXPERTS' REPORTS

Except for the auditor's reports incorporated by reference, a statement or report of a person as an expert is not included in the document.

1.3 THIRD PARTY INFORMATION

Some of the information contained in the Prospectus has been sourced from a third party. Such information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This includes the following information and its sources:

Olin Corp. - <https://olin.com/investors/financials-filings/annual-reports-proxy/>
Company of the Year – Entrepreneur of the Year, <https://www.firmaroku.cz/vysledky>,
Czech Superbrands, <https://www.czechsuperbrands.com/superbrands.php?m=857&k=6>

1.4 COMPETENT AUTHORITY APPROVAL

This Prospectus has been approved by the CNB as competent authority under the Prospectus Regulation. The CNB only approves this Prospectus as to meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the Notes, business or any performance of the Issuer described in this document.

Investors should make their own assessment as to the suitability of investing in the Notes.

2. STATUTORY AUDITORS

The consolidated financial statements of the Issuer for the period from 1 January 2023 to 31 December 2023 and from 1 January 2024 to 31 December 2024 have been audited by:

<i>Auditing firm:</i>	Deloitte Audit s.r.o.
<i>Certificate No.:</i>	079
<i>Registered office and registration:</i>	Italská 2581/67, 120 00 Prague 2, Czech Republic, ID No.: 496 20 592, registered in the Commercial Register under the File No. C 24349 maintained by the Municipal Court in Prague
<i>Membership of a professional organisation:</i>	Chamber of Auditors of the Czech Republic
<i>Responsible person:</i>	David Batal
<i>Certificate No.:</i>	2147

The Auditor, Deloitte Audit s.r.o. does not, to the best of the Issuer's knowledge, have any material interest in the Issuer. For the purposes of this statement, the Issuer has considered, among other things, the following in relation to the Auditor: possible (i) ownership of shares issued by the Issuer or shares or interests in companies forming a concern with the Issuer, or any options to acquire or subscribe for such shares or interests, (ii) employment with the Issuer or any compensation from the Issuer, (iii) membership in the Issuer's governing bodies, and (iv) relationship with the Joint Lead Managers.

3. RISK FACTORS

The risk factors are set out in the introduction to this Prospectus – in Chapter III (*Risk Factors*) of this Prospectus.

4. INFORMATION ABOUT THE ISSUER

4.1 GENERAL INFORMATION

<i>Company name:</i>	CZECHOSLOVAK GROUP a.s.
<i>Registration:</i>	File No. B 20071 maintained by the Municipal Court in Prague
<i>ID No.:</i>	034 72 302
<i>LEI:</i>	315700SWFD7G70AVG768
<i>Date of incorporation:</i>	13 October 2014; The Issuer was established for an indefinite period of time
<i>Legal form:</i>	joint stock company
<i>Governing law:</i>	<p>The Issuer is governed in its activities by Czech law, in particular Act No. 89/2012 Coll., the Civil Code, as amended (the "Civil Code"), Act No. 90/2012 Coll., on Business Corporations and Cooperatives, as amended (the "Business Corporations Act"), Act No. 455/1991 Coll., the Trade Licensing Act, as amended, Act No. 38/1994 Coll., on Foreign Trade in Military Material, as amended, Act No. 134/2016 Coll., on Public Procurement, as amended, Act No. 143/2001 Coll., on Protection of Competition, as amended, and Act No. 125/2008 Coll., on Transformations of Business Corporations and Cooperatives, as amended.</p> <p>Significant Slovak Subsidiaries are governed by Slovak law, in particular Act No. 40/1964 Coll., the Civil Code, as amended, Act No. 513/1991 Coll., the Commercial Code, as amended, Act No. 455/1991 Coll., the Trade Licensing Act, as amended, Act No. 392/2011 Coll., the Act on Trading in Defence Industry Products and on Amendments and Additions to certain Acts, as amended, Act No. 343/2015 Coll., on Public Procurement and on Amendments and Additions to certain Acts, as amended, Act No. 136/2001 Coll., on the Protection of Competition and on Amendments and Additions to certain Acts, as amended.</p>
<i>Registered office:</i>	U Rustonky 714/1, Karlín, 186 00 Prague 8, Czech Republic
<i>Phone number:</i>	+420 273 162 150
<i>E-mail:</i>	info@czechoslovakgroup.com

Web: www.czechoslovakgroup.com (the information on this website, except for the information incorporated herein by reference, is not part of the Prospectus)

4.2 HISTORY AND DEVELOPMENT OF THE ISSUER AND THE GROUP

The Issuer was established on 28 August 2014 by the memorandum of association (NZ 527/2014, N 598/2014) under the law of the Czech Republic as a joint stock company under the company name EXCALIBUR GROUP a.s. The Issuer was incorporated by registration in the Commercial Register maintained by the Municipal Court in Prague under File No. B 20071 on 13 October 2014.

With effect from 14 January 2016, the Issuer changed its company name to CZECHOSLOVAK GROUP a.s.

The Issuer is a holding company representing the activities of the Subsidiaries in the Czech Republic and abroad. The Issuer has not conducted any significant business activities in the past.

The founding of the Group by Jaroslav Strnad dates back to the mid-1990s. In those years, the Group, or rather its legal predecessors, began trading in surplus military material and scrap metal. In an effort to diversify the Group's portfolio of activities, the Group further focused on the reconstruction and modernisation of military equipment and technology.

In recent years, the Group has experienced significant growth through the acquisition of medium-sized companies that were mostly in a poor economic situation and whose portfolio of products and services fits into the Group's strategy. The new companies are undergoing reorganisation and, once completed, the Group's product portfolio is being expanded and synergies in vertical integration are being realised, particularly in the manufacturing, defence and engineering sectors. The most well-known and successful example is the acquisition and subsequent reorganisation of the heavy truck manufacturer Tatra (direct acquisition by Jaroslav Strnad). In 2022, the Issuer completed a significant and the largest acquisition to date of the world's leading manufacturer of small calibre ammunition, the Italian company Fiocchi Munizioni. This transaction culminated the Issuer's long-term strategy to consolidate its ammunition portfolio from small calibre to large calibre and significantly contributed to the globalisation of the entire Group.

The Group also grows by organic growth. The story of Nika Logistics' growth from just four logistics trucks to a fleet of more than 250 vehicles is well known. There has been the transformation of DAKO-CZ into the world's leading manufacturer of braking systems for locomotives and trucks. EXCALIBUR ARMY expands cooperation with the Slovak companies ZVS and MSM to create a leading company in the Czech and Slovak market.

The Group aims to continue to grow, both through acquisitions and organically, in order to continue to live up to the Group's motto "tradition is the future".

History and the Group's most significant acquisitions:

1995–2005	Initial activities including spare parts sales, logistics, medical equipment, vehicles and other military equipment
2007	Acquisition of DAKO-CZ
2008	Purchase of the VOP Přelouč premises
2010	Acquisition of MSM Group
2013	Acquisition of Karbox Hořice and purchase of VOP Šternberk premises
2014	Establishment of Excalibur Group to cover military and non-military activities
2015	Establishment of TATRA DEFENCE VEHICLE a.s., EXCALIBUR INTERNATIONAL a.s. and ZTS METALURG, a.s.
2016	Acquisition of Retia Pardubice, Avia Letňany, Job Air Ostrava and Elton hodinářská, a.s. Renaming of the Issuer to CZECHOSLOVAK GROUP

2017	Acquisition of ELDIS Pardubice, s.r.o., CS SOFT a.s., divestment of Nika Logistics a.s. and RETIA, a.s.
2018	Acquisition of VÍTKOVICKÁ DOPRAVA a.s.
2019	Acquisition of TRANSELCO CZ s.r.o., the remaining 50% share of INTEGRA CAPITAL a.s. (holding 80.3% share in JOB AIR Technic a.s.) and Car Star group a.s.
2020	Acquisition of 100% of Ifield Computer Consultancy (ICC), a spin-off of ICC Ltd., subsequently renamed to ATRAK a.s., 50% of Prague Fertility Centre s.r.o., 19.7% of JOB AIR Technic a.s., RETIA, a.s. and FABRICA DE MUNICIONES DE GRANADA S.L.
2021	Acquisition of the remaining 49% of DAKO-CZ, a.s. and another 40% of shares in Prague Fertility Centre s.r.o., a divestment of Skyport a.s.
2022	Acquisition of 70% of Fiocchi Munizioni S.p.A., 100% of GAMA OCEL spol. s r.o., 100% of UpVision s.r.o., and the remaining 15% of EUROPEAN AIR SERVICES SLOVAKIA s. r. o.
2023	Acquisition of 20.42% of Gaussin SA, Acquisition of remaining 20% of CS SOFT a.s.
2024	Acquisition of 100% of The Kinetic Group
2025	Acquisition of 30% of Fiocchi Munizioni S.p.A.

4.3 RECENT EVENTS PARTICULAR TO THE ISSUER

The Issuer fulfils all its debts in due and timely manner. The Issuer is not aware of any recent event particular to the Issuer that is to a material extent relevant to an evaluation of the Issuer's solvency.

4.4 CREDIT RATINGS

Neither the Issuer nor its securities (including the Notes) have been assigned a rating.

4.5 BORROWING AND FUNDING STRUCTURE

The Issuer has issued the following loans and issues of outstanding notes (data valid as at the date of the Prospectus):

- (a) notes with fixed coupon of 8% p.a. in the expected total nominal amount up to CZK 3,000,000,000 with increase option up to CZK 5,000,000,000 due 2028 with ISIN CZ0003550808; (b) notes with floating interest income in the expected total nominal amount up to CZK 1,500,000,000 with option to increase to up to CZK 2,000,000,000 due 2026 with ISIN CZ0003532681; (c) private notes with ISIN CZ0003546780 due 2027 and floating interest income in the amount of EUR 11,000,000; (e) private notes with ISIN CZ0003534174 and fixed (step-up) coupon due 2026 in the amount of EUR 15,000,000;
- Senior Facilities Agreement;
- US Indenture;
- loan facilities under EUR 350,000,000 Unsecured Bridge Facility Agreement dated 27 March 2025 entered into between, among others, the Issuer as borrower, and UniCredit Bank Czech Republic and Slovakia, a.s., as underwriter, bookrunner, mandated lead arranger, agent and original lender;
- EUR 80,000,000 revolving credit facility under facility agreement dated 6 March 2025 and concluded between the Issuer as borrower and Banka CREDITAS a.s. with final maturity date on 31 March 2026 (as at the date of the Prospectus with outstanding principal amount of EUR 38,000,000); and
- loan facilities under EUR 300,000,000 Senior Term Facilities Agreement dated 1 May 2025 and entered into between, among others, the Issuer as the company and the original borrower, CSG FIN a.s. as the original parent and original third-party security provider, financial institutions listed therein as original lenders,

Deutsche Bank Aktiengesellschaft, as mandated lead arranger, GLOBAL LOAN AGENCY SERVICES LIMITED as agent for itself and as Agent, and GLAS TRUST CORPORATION LIMITED as Security Agent.

There has been no material change in the Issuer's borrowing and funding structure since the last financial year, i.e. for the period from 1 January 2025 to the date of this Prospectus.

4.6 DESCRIPTION OF THE EXPECTED FINANCING OF THE ISSUER'S ACTIVITIES

The Issuer does not contemplate any further financing beyond the current financing set out in Section 4.5 of this Chapter (*Borrowing and Funding Structure*) above and plans to finance its operations from its own resources as well as from the proceeds of the Issue, which it will use for the in-house financing of Subsidiaries and acquisitions of other companies in accordance with this Prospectus.

5. BUSINESS OVERVIEW

5.1 PRINCIPAL ACTIVITIES

The Issuer was established and operates as the holding company of the Group and its purpose is to provide strategic leadership, consolidate its position and develop the Group's internal potential by financing and managing the activities of the Subsidiaries. As the Issuer has no employees, it performs management tasks related to consolidating the Group's position in the markets and developing the Group's potential through the employees of the service company CSGM a.s.

The Group consists mainly of Czech and Slovak manufacturing and trading companies. The Group's key industries are aerospace, automotive, defence and security and rail. The Group also builds its divisional structure according to these industries, with an umbrella sub-holding entity over companies operating in the same industry to control management and to seek synergies. In 2022, another separate Group division, CSG Ammo+, was established due to the acquisition of a majority stake in the Italian company Fiocchi Munizioni S.p.A., a leading manufacturer of small-calibre ammunition. In 2024, the Group completed the acquisition, through CSG Ammo+ a.s., of The Kinetic Group in the United States.

In the aviation segment, the Group offers a broad portfolio of products and services that comprehensively support or enable flight operations. These include the development and manufacture of primary and secondary radars (the field of ELDIS and RETIA), the development of air traffic management software (ATRAK's and CS SOFT's scope of work) and the servicing of civil aircraft (JOB AIR Technic business activity).

Representation in the automotive industry is provided by TATRA TRUCKS, the world's third oldest automotive company, with a tradition of manufacturing vehicles since 1850. It operates in a specific niche of its industry: it produces heavy off-road chassis, with a unique concept of a central support tube and swinging semi-axes. Thanks to the unique characteristics of its product, it is a globally successful supplier of vehicles for the armed forces, firefighters, loggers and foresters.

In terms of the defence and security industry, the Group operates in a wide range of fields. The EXCALIBUR ARMY and TATRA DEFENCE VEHICLE companies develop, manufacture, repair or modernise armoured vehicles, panzer cabins and artillery systems. In Slovakia, the Group is involved in the production of ammunition as well as its delaboration through several companies. In addition, it also manufactures ammunition in Western Europe, specifically in the Spanish company FMG.

The railway industry is the domain of DAKO-CZ, a globally important developer and manufacturer of braking systems and components for rolling stock vehicles. It is thus making a significant contribution to the development of sustainable and environmentally friendly freight and passenger rail transport.

The newly created CSG Ammo+ division represents the companies belonging to Fiocchi Group: the parent company in Italy, Fiocchi Munizioni S.p.A. and two production plants in the United States, as well as the British company Lyalvale Express Limited, and The Kinetic Group in the United States. The companies of the CSG Ammo+ division produce high-quality small-calibre ammunition for sport shooting and hunting (the so-called leisure segment) and, to a lesser extent, for the armed forces and law enforcement public entities.

In addition to the above-mentioned key businesses, the Group is also active in other business areas where it has found opportunities for profitable and interesting investments. This includes the manufactory of luxury watch PRIM, company ELTON hodinářská; another example is the Prague Fertility Centre s.r.o., a reproductive clinic in Prague.

5.2 MATERIAL SUBSIDIARIES AND THEIR ACTIVITIES

The following is a description of the Issuer's Subsidiaries that the Issuer considers to be material, primarily due to the perception of their market position in the relevant segment and the projected future performance of these Subsidiaries (the ownership interest always corresponds to the voting interest in the Subsidiary, unless explicitly stated otherwise).

Given the size of the Group and the range of industries in which its companies operate, the Group is divided into divisions according to business sector in terms of internal organisation and external business relations. The divisional structure evolves flexibly in line with the development of the Group as a whole. The first division to be created was in the aerospace companies, called CSG Aerospace and led by the company of the same name, which also has its own management structure. Other divisions followed.

List of the material companies and their assignment to CSG Aerospace, CSG Defence, CSG Mobility, CSG Ammo+ and CSG Business Projects division:

CSG AEROSPACE	ELDIS Pardubice, s.r.o., RETIA, a.s., JOB AIR Technic a.s.
CSG DEFENCE	EXCALIBUR ARMY spol. s r.o., TATRA DEFENCE VEHICLE a.s., Fábrica de Municiones de Granada SL., ZVS holding, a.s., VOP Nováky, a.s., MSM EXPORT, s.r.o.
CSG MOBILITY	TATRA TRUCKS a.s., DAKO-CZ, a.s.
CSG AMMO+	Fiocchi Munizioni S.p.A., The Kinetic Group
OTHER/ CSG BUSINESS PROJECTS	EXCALIBUR INTERNATIONAL a.s.

CSG AEROSPACE

CSG Aerospace is a division of the Group, which represents several Czech and Slovak companies operating in the aerospace industry.

Their products and services complement each other and respond to the requirements of customers in both the civilian and military sectors. Thanks to product diversification, synergies between the companies, their cooperation and high flexibility in adapting products to specific customer requirements, the division's companies have managed to build leading and significant positions in the aerospace industry on a global scale.

ELDIS Pardubice, s.r.o.



Company name: ELDIS Pardubice, s.r.o. (**ELDIS Pardubice**)

ID No.: 150 50 742

Registered office: Dělnická 469, Pardubičky, 533 01 Pardubice, Czech Republic

Group's Ownership Interest: 100% through the Subsidiary CSG AEROSPACE a.s., which is 100% owned by the Issuer

Principal activities:

ELDIS Pardubice is dedicated to the production and development of radar technology and air traffic control systems. It has been operating on the market since 1991 and since 2017 it has been a member of the Group and its CSG Aerospace division. The company is one of the leading Czech manufacturers of active radar systems that serve both civil air traffic control organisations and military entities.

Its key products are the RL-2000 primary surveillance radar, the MSSR-1 secondary surveillance radar and the PAR-E precision approach radar. All these systems feature modern, all-digital technology, are modularly expandable and fully compliant with EUROCONTROL and ICAO standards. ELDIS Pardubice products are used by customers in more than twenty-five countries practically all over the world. The company's radars cover, for example, 99% of the airspace of India. In total, the company has installed more than 30 new radar systems and upgraded 11 installations in this world's seventh largest country.

Below are selected financial data of ELDIS Pardubice based on the audited unconsolidated financial statements prepared in accordance with the Czech Accounting Standards (CAS). The data for the year 2024 are still preliminary (unaudited).

BALANCE SHEET (selected financial data)

<i>CZK thousand</i>	as at 31 December 2024 (unaudited)	as at 31 December 2023 (audited)
Total Assets	2,165,827	2,795,129
Non-current assets	415,143	390,482
Current assets	1,747,112	2,390,503
Inventory	434,078	277,813
Non-current receivables	10,363	7,692
Current receivables	1,189,573	1,477,932
Current financial assets	116,670	641,210
Total Liabilities	2,165,827	2,795,129
Equity	195,705	387,252
Registered capital	100	100
Profit / loss of previous years	37,100	328,591
Profit / loss of current period	158,453	58,509
External resources	1,970,122	2,407,877
Non-current liabilities	1,431,922	514,861
Current liabilities	538,200	1,569,729
Liabilities to credit institutions	0	323,287

INCOME STATEMENT - GENERIC BREAKDOWN (selected financial data)

<i>CZK thousand</i>	year ended 31 December 2024 (unaudited)	year ended 31 December 2023 (audited)
Revenue from sales of goods	2,152,426	2,852,462
Costs of goods sold	2,084,850	2,733,114
Revenue from sales of products and services	667,875	465,265
Production consumption minus Costs of goods sold plus Capitalization (-) and Change in own inventory (+/-)	276,794	266,793
Personal expenses	248,220	195,848
Operating profit / loss	131,107	90,351
Financial profit / loss	49,433	-31,636
Profit / loss from ordinary activities	158,453	58,509
Profit / loss of current period	158,453	58,509

In 2017, ELDIS Pardubice became part of the Group and managed to enter the important Pakistani market and conclude large contracts for radars for the Czech Army and India.

The year 2018 was a transitional year for ELDIS Pardubice, as preparations for the arrival of new management were underway, the audit company was changed and sufficient contracting for 2019 was secured. In addition, sales of radars to Poland and India were completed in 2018.

In 2019, ELDIS Pardubice changed its organisational structure, with the arrival of a new CEO, the creation of new management positions such as CFO, or the creation of new departments such as the IT department. In 2019 and 2020, the number of employees increased significantly from the original 175 to a final number of approximately 250 employees. In 2019, contracts for Vietnam, Bulgaria, Jordan and were completed and major orders to Azerbaijan and Slovakia were initiated.

In December 2020, a Framework Agreement was signed with the Ministry of Defence of the Slovak Republic for the delivery of three complete RPL-2000 radar sets for three Slovak military airports. These complete airport radar sets consist of the primary and secondary surveillance radar RL2000/MSSR-1 and the precision landing radar PAR-E. They have been installed successively over a period of three years at the Slovak airports of Kuchyň, Sliač and Prešov. In 2020 and 2021, the company's activities and results were affected by the impact of the global pandemic COVID-19. Customers from the civil sector, especially companies providing national air traffic control services, faced limited revenues, which was naturally also reflected in deferred or cancelled investments. This resulted in a decline in the main economic indicators - revenue and operating profit.

In 2021, ELDIS Pardubice underwent a complete rebranding, when the traditional logo with a four-leaf clover was replaced by a new dynamic logo, corresponding to current graphic trends, which honours tradition and shows at first glance what the company does, i.e. the radar wave symbol.

In 2022, ELDIS Pardubice signed a new contract with a Turkish customer for the delivery of two new generation radar systems. The company was also successful with this product in Germany, where a contract was signed for the supply of a new generation precision approach radar. Furthermore, ELDIS Pardubice managed to win a contract for three radar systems in Poland towards the end of the year. Last year, the company signed a contract with a major business partner in India, which will participate in the implementation of already contracted local contracts. In the area of research and development, ELDIS Pardubice has moved into the subsystem testing phase in the development of the PAR-NG precision approach radar. The new gallium-nitride transmitters together with the new antenna were successfully tested on the Bezděkov measurement polygon using the functional pattern of the side antenna segment. At the same time, the circular polarization function was successfully tested. Full-scale production of the radar was started and CSC certification was obtained for the container, which is a fixed part of the mobile system. The development of the new block has expanded the possibility of using RFSoc chip technology in the X-band.

During 2022, ELDIS Pardubice also completed the construction of an anechoic shielded chamber for measuring the characteristics of antennas and their segments at the Bezděkov measurement polygon. The chamber enables the measurement of antenna characteristics without affecting the test signal in any way. This is ensured by the perfect shielding of the anechoic chamber and the installation of attenuation needles that absorb any unwanted spread of electromagnetic energy. The control station is located outside the chamber.

In 2023, ELDIS Pardubice continued fulfilling its contract to supply 11 combined radars for the Indian Navy and Air Force. The second radar was being prepared for delivery, and the third was in the assembly phase. In Morocco, the company secured a contract for two secondary radars, with the first already delivered. A significant milestone was the installation of a secondary radar at Araracuara Airport in Colombia, marking ELDIS's entry into the South American market. Additionally, the company completed an order for the Royal Malaysian Air Force on Labuan Island, involving the delivery of a primary surveillance radar, an angular information processing system, and the complete ERDIS air traffic management system. Beyond these commercial successes, ELDIS focused on developing a new generation of its core products, including primary, secondary, and precision approach radars, enhancing its market competitiveness. These innovations resulted in reduced material usage across all new-generation radars, leading to lower energy consumption and decreased backup power requirements, while incorporating more computing elements. The entire NG series is now software-defined. Due to the increasing volume of orders, ELDIS initiated a recruitment campaign aiming to hire several dozen new employees, particularly in the technical department.

In 2024, ELDIS Pardubice further expanded its international activities. In India, the company secured a new contract for the delivery of 20 new airport radars, specifically 11 combined (PSR/MSSR) and 9 secondary (MSSR), with planned deliveries from 2024 to 2026. Additionally, the company obtained an order from the Norwegian Air Force to deliver a complete RL-2000 NG primary radar system with a range of 100 nautical miles. During 2024, ELDIS successfully developed, installed, commissioned, and handed over to the customer in Colombia an ADS-B ground station and a data fusion system for up to 30 ADS-B ground stations. Another commercial success was achieved in Malaysia, involving the delivery, installation, training, and service support of an ATM system for the Royal Malaysian Air Force base in Butterworth. After four years of intensive development, ELDIS introduced the new generation Precision Approach Radar PAR NG to the market. The installation of this radar took place in November 2024 for the first customer in Germany. Due to increasing orders and workload, ELDIS commenced the construction of a new administrative building with a smaller assembly hall in 2024, adjacent to which a 24-meter reinforced concrete tower for testing new products will be built. The expected completion of the construction is at the end of 2025. Further investments are directed towards the reconstruction of the measuring Polygon facility in Bezděkov, where a new testing tower is being constructed to meet the structural load requirements of the newly developed antenna.

RETIA, a.s.



Company name: RETIA, a.s. (**RETIA**)

ID No.: 252 51 929

Registered office: Pražská 341, 530 02 Pardubice - Zelené Předměstí, Czech Republic

Group's Ownership Interest: 90% through the Subsidiary TECHNOLOGY CS a.s., which is 100% owned by CSG AEROSPACE a.s.

Principal activities:

Development, production and delivery of complex solutions in the field of military radar electronics, command and control systems, recording systems, localization devices, communication systems and vehicle equipment with special electronics.

RETIA is a technology company based in Pardubice, established in 1993. It develops, manufactures and modernizes radars, anti-aircraft missile assets, command and control systems, recording systems, UWB localization equipment and communication systems. RETIA develops, manufactures and integrates radar systems for ground-based air defence complexes, as well as advanced electronic vehicle systems or sophisticated recording and evaluation systems for military and civilian use. The Pardubice-based manufacturer is a strategic enterprise of the Czech defence industry not only in the field of radars, but also in the command-and-control systems segment. It employs around 300 people, with the majority of employees being university-educated specialists. RETIA supplies radar equipment and kits as well as electronic systems to the Armed Forces of the Czech Republic and armies of NATO allies, directly to the North Atlantic Treaty Organization and other military and civilian customers in the Czech Republic and in more than 40 countries worldwide. Over two-thirds of the company's revenues are generated through the export of its products and services.

RETIA's uniqueness lies in the extensive expertise of its specialists, who are able to solve complex tasks in all areas of the company's activities.

Below are selected financial data of RETIA based on the audited unconsolidated financial statements prepared in accordance with the Czech Accounting Standards (CAS). The data for the year 2024 are still preliminary (unaudited).

BALANCE SHEET (selected financial data)

<i>CZK thousand</i>	as at 31 December 2024 (unaudited)	as at 31 December 2023 (audited)
Total Assets	2,535,987	2,028,927
Non-current intangible assets	35,479	25,136
Non-current tangible assets	443,721	268,343
Current assets	1,965,973	1,733,448
Inventory	793,358	1,027,916
Non-current receivables	76,871	162,897
Current receivables	1,031,536	126,359
Total Liabilities	2,535,387	2,028,927
Equity	476,457	421,087
Registered capital	10,000	10,000
Profit / loss of previous years	358,624	315,198
Profit / loss of current period	123,971	112,025
External resources	2,058,930	1,607,840
Non-current liabilities	1,061,956	471,366
Current liabilities	996,974	984,074
Bank loans and assistance	7,134	38,571

INCOME STATEMENT - GENERIC BREAKDOWN (selected financial data)

<i>CZK thousand</i>	year ended 31 December 2024 (unaudited)	year ended 31 December 2023 (audited)
Performance	1,559,487	1,062,793
Production consumption minus Costs of goods sold plus Capitalization (-) and Change in own inventory (+/-)	1,041,148	628,006
Personal expenses	283,243	287,138
Operating profit / loss	184,440	113,771
Financial profit / loss	-46,944	4,995
Profit / loss from ordinary activities	123,971	112,025
Profit / loss of current period (+/-)	123,971	112,025

The past years have brought a number of new projects that have marked a major shift in the company's further development. Thanks to them, the gradual transformation from a small technology company to a manufacturing and technology company took place. This trend continued in 2022, when RETIA continued with important projects from the previous period, such as the assembly of TITUS vehicle bodies, a major project for the Armed Forces of the Czech Republic, in which several Group companies participate.

In 2022, the development phase and final military trials of the TITUS vehicles were successfully completed. The joint project between RETIA and Elta Systems involving the production of Elta EL/M-2084 3D radars for the Armed Forces of the Czech Republic also reached its final stage. A contract was also signed for the delivery of more Elta radars under the SHORAD programme. The upgrade of the ASVRP RACCOS air defence system for the Armed Forces of the Czech Republic was completed and handed over. A contract was also signed for further technical improvement of the ASVRP RACCOS air defence system under the follow-on contract IFF mode 5 RVR and the acquisition of two sets of ReVisor reconnaissance sensors. The Caesar 8x8 howitzers contract saw the successful activation of an option for the supply of HW components for the fire control system and the extension of the existing contract by 10 additional howitzer sets. The ReDAT division worked on the delivery of hundreds of recording units for ADIF, the Spanish railway infrastructure

manager. Another project was the supply and extension of an existing system for EINARE, the Spanish air traffic control company.

JOB AIR Technic a.s.



Company name: JOB AIR Technic a.s. (**JOB AIR Technic**)

ID No.: 277 68 872

Registered office: Gen. Fajtla 370, 742 51 Mošnov, Czech Republic

Group's Ownership Interest: 100% through the Subsidiary CSG AEROSPACE a.s., which is 100% owned by the Issuer

Principal activities:

Heavy maintenance, cabin reconfigurations, cabin modifications, structural and composite repairs, non-destructive testing, landing gear replacement, engine and auxiliary engine replacement, provision of aircraft paint.

JOB AIR Technic has one of the largest aircraft maintenance and repair hangars in Central and Eastern Europe. It provides maintenance of wide-body twin-aisle and narrow-body single-aisle aircraft. As part of heavy maintenance, performs non-destructive inspections of aircraft parts, structural repairs, replacements and repairs of landing gear, engines and other aircraft parts, as well as cabin reconfigurations and installation of Wi-Fi or infotainment systems (a system combining information and entertainment modules).

JOB AIR Technic holds EASA PART 145 (European Aviation Safety Agency) and FAA (US Federal Aviation Administration) approvals to perform comprehensive maintenance on BOEING 737 CL, NG, MAX and AIRBUS A320CEO, NEO and A330 aircraft. At the same time, JOB AIR Technic is authorized under EASA PART 147 and PART 66 (authorization issued by the European Aviation Safety Agency). In accordance with this authorization, it provides services in the field of type training of aircraft mechanics and in the field of basic maintenance training, in the same scope as the aircraft maintenance authorization. In 2017, the company was certified to maintain a number of Airbus A330 aircraft. Further, in 2019, the company obtained AS 9100D certification and accepted its first ever Airbus A330 into maintenance. Another significant milestone was the opening of a new hangar, which was successfully completed and certified in 2020. The hangar can accommodate up to 2 Airbus A320 or Boeing 737 aircraft for maintenance at a time. Last but not least, the company also holds EN ISO 14001:2015 certification.

Below are selected financial data of JOB AIR Technic based on audited unconsolidated financial statements prepared in accordance with Czech Accounting Standards (CAS). The data for the year 2024 is still preliminary (unaudited).

BALANCE SHEET (selected financial data)

<i>CZK thousand</i>	as at 31 December 2024 (unaudited)	as at 31 December 2023 (audited)
Total Assets	1,273,564	1,291,743
Non-current assets	825,300	852,282
Non-current tangible assets	814,802	838,839
Current assets	448,264	439,461
Inventory	179,235	114,227
Non-current receivables	0	0
Current receivables	166,817	225,746
Total Liabilities	1,273,564	1,291,743
Equity	891,342	913,417
Registered capital	66,000	66,000
Profit / loss of previous years	841,731	837,100
Profit / loss of current period	-16,389	4,630
External resources	382,222	378,326
Non-current liabilities	134,515	11,635
Current liabilities	247,707	195,870
Liabilities to credit institutions	0	170,821

INCOME STATEMENT - GENERIC BREAKDOWN (selected financial data)*CZK thousand*

	year ended 31 December 2024 (unaudited)	year ended 31 December 2023 (audited)
Revenue from sales of goods	23,646	5,199
Costs of goods sold	15,277	3,982
Revenue from sales of products and services	967,557	1,120,648
Production consumption minus Costs of goods sold plus Capitalization (-) and Change in own inventories (+/-)	538,070	691,871
Personal expenses	405,887	388,360
Operating profit / loss	-3,346	23,146
Financial profit / loss	-10,182	-21,122
Profit / loss from ordinary activities	-16,389	4,630
Profit / loss of current period (+/-)	-16,389	4,630

In the post-COVID-19 period, JOB AIR Technic expanded its existing partnerships with major leasing companies. This helps JOB AIR Technic to take full advantage of the long-term competitive advantage of so-called redelivery checkouts, i.e. the return of the aircraft to the original lessee or its handover to a new lessee. In 2021, the company began offering overhauls of aircraft batteries and welcomed an Airbus A320neo for maintenance in its hangar for the first time. In November 2021, the company signed a framework agreement with Airbus. The contract will allow it to provide maintenance services for this high-profile company – a leader among aircraft manufacturers – as their approved service provider. In the autumn of 2022, the company signed a seven-year contract with the Ministry of Defence of the Czech Republic for the maintenance of the government's Airbus A-319CJ aircraft. JOB AIR Technic is also a fully EASA Part 147 approved training organisation, offering on-the-job training or online training to employees and third parties as part of its training services.

CSG DEFENCE

The CSG Defence division brings together traditional and new companies operating in the Czech Republic, Slovakia and other European countries.

CSG Defence's companies' portfolio includes, for example, the development, production and sales of military and special wheeled and tracked vehicles, heavy off-road trucks, weapons and special weapons systems. CSG Defence companies also develop and manufacture medium and large calibre ammunition for combat vehicles, artillery and tanks and sell handguns or equipment for pyrotechnic services. In addition, CSG Defence companies also manufacture engineering products for the automotive and aerospace industries, special mobile containers and accessories. The division's offerings also include training of crews and support personnel, logistics support and comprehensive technical lifecycle support.

EXCALIBUR ARMY spol. s r.o.



Company name: EXCALIBUR ARMY spol. s r.o. (**EXCALIBUR ARMY**)

ID No.: 645 73 877

Registered office: U Rustonky 714/1, Karlín, 186 00 Prague 8, Czech Republic

Group's Ownership Interest: 100% through the Subsidiary CSG Land Systems CZ a.s. (89% owned by CSG DEFENCE a.s.), CSG DEFENCE a.s. is 100% owned by the Issuer

Principal activities:

Sale, production, repair and modernization of military equipment, spare parts, weapons, ammunition and other military material. Engineering production, revision of equipment and training in working with equipment.

Categories of activities:

Trade in military equipment, such as tanks, infantry fighting vehicles, armoured personnel carriers, self-propelled howitzers and other tracked and wheeled military vehicles, and to a limited extent aerial equipment. Storage, production and sale of spare parts for military equipment. Trade in ammunition and other military material. Complete servicing and modernisation of proven types of combat vehicles and spare parts.

Customers mainly government and public entities operating in the field of domestic and international trade, marginally military history clubs and museums.

The company EXCALIBUR ARMY carries out modernization and repairs of various military equipment and military equipment owned by the Armed Forces of the Czech Republic. EXCALIBUR ARMY produces some spare parts for this equipment and especially modernized elements that complement this equipment.

The company's own development products include the AM-50 and AM-70 bridge vehicles, the DITA and MORANA self-propelled howitzers, the TREVA recovery vehicle, the Patriot wheeled armoured vehicle, and products used to improve tracked armoured vehicles of the BVP type, such as the Šakal tracked vehicle and others.

Below are selected financial data of EXCALIBUR ARMY based on audited unconsolidated financial statements prepared in accordance with Czech Accounting Standards (CAS). The data for the year 2024 is still preliminary (unaudited).

BALANCE SHEET (selected financial data)

<i>CZK thousand</i>	as at 31 December 2024 (unaudited)	as at 31 December 2023 (audited)
Total Assets	57,777,137	18,160,461
Non-current assets	1,139,290	742,990
Current assets	56,608,341	17,358,847
Inventory	34,440,320	11,191,331
Non-current receivables	34,867	51,942
Current receivables	7,254,164	2,362,540

Total Liabilities	46,611,709	13,119,602
Equity	11,165,428	5,040,859
Registered capital	520	520
Profit / loss of previous years	11,128,297	3,663,218
External resources	0	0
Non-current liabilities	132,567	370,024
Current liabilities	44,020,384	12,094,337
Liabilities to credit institutions	1,967,776	239,033

INCOME STATEMENT - GENERIC BREAKDOWN (selected financial data)

<i>CZK thousand</i>	year ended 31 December 2024 (unaudited)	year ended 31 December 2023 (audited)
Revenue from sales of goods	61,058,135	14,901,391
Costs of goods sold	44,707,883	10,751,998
Revenue from sales of products and services	4,745,557	3,803,536
Production consumption minus Costs of goods sold plus Capitalization (-) and Change in own inventory (+/-)	5,841,217	2,877,312
Personal expenses	546,703	455,669
Operating profit / loss	14,365,718	4,552,477
Financial profit / loss	-199,506	-17,866
Profit / loss from ordinary activities	11,128,297	3,663,218
Profit / loss of current period	11,128,297	3,663,218

The total number of employees increased from 604 employees as of 31 December 2023 to 687 employees as of 31 December 2024. The company will continue this upward trend in the coming period and will continue to recruit additional employees.

The development centre was completed in 2021. Research and development are highly prioritized in the company. The number of engineers is continuously expanding and the number of development projects is growing year by year. The company is currently working on ballistic protection for vehicles within the TREND programme, improving its own howitzers and their systems, and is also working on other projects such as recovery vehicles.

The production programme was filled in the past year mainly with assembly of DITA howitzers, general repairs of T-72 tanks, M113 and Viktor MR-2 vehicles. A significant part of the production was the traditional delivery of spare parts for wheeled and tracked military equipment.

The year 2024 was also significant in terms of ammunition deliveries, which increased significantly in view of the events in Ukraine. The ongoing security situation in the world has raised a large wave of demand for the company's products, and therefore in 2022 the company decided to expand its production facilities in Šternberk. The construction of new assembly hall in Šternberk started in the last quarter of 2022 and finished in January 2025. New assembly hall was put into trial operation in March 2025 and after all necessary tests will be carried out the hall will be approved during 2025. The production space will thus be expanded by a further 6,600 m².

TATRA DEFENCE VEHICLE a.s

Company name: TATRA DEFENCE VEHICLE a.s. (**TATRA DEFENCE VEHICLE**)

ID No.: 241 52 269

Registered office: U Rustonky 714/1, Karlín, 186 00 Prague 8, Czech Republic

Group's Ownership Interest: 90% through the Subsidiary CSG Land Systems CZ a.s. (89% owned by CSG DEFENCE a.s.); CSG DEFENCE a.s. is 100% owned by the Issuer

Principal activities:

Production, overhaul, modernisation and development of mainly armoured and special vehicles including after-sales services to ensure the entire life cycle of the supplied equipment. Production of spare parts, service and training for operators.

Categories of activities:

Production, service, maintenance and development of wheeled armoured vehicles, repair of military equipment, production of military and automotive components. Service and maintenance of vehicles, overhaul and modernization of tanks, BVP vehicles and other equipment. Production and supply of spare parts, training of crews and support personnel, logistic support and comprehensive life cycle support of equipment.

The company cooperates with the TATRA TRUCKS car company on the production of TITUS armoured vehicles, to which it also supplies various types of armoured cabs, especially for the Belgian and Czech armies. Under license from GDELS Corporation, the company manufactures and services Pandur II 8x8 armoured wheeled vehicles and has the rights to sell them in selected regions. The customers are mainly the Armed Forces of the Czech Republic, but also foreign customers.

Below are selected financial data of TATRA DEFENCE VEHICLE based on audited unconsolidated financial statements prepared in accordance with Czech Accounting Standards (CAS). The data for the year 2024 is still preliminary (unaudited).

BALANCE SHEET (selected financial data)

<i>CZK thousand</i>	as at 31 December 2024 (unaudited)	as at 31 December 2023 (audited)
Total Assets	1,351,076	3,133,466
Non-current assets	499,564	506,585
Non-current tangible assets	269,643	261,302
Current assets	848,507	2,625,190
Inventory	628,378	1,673,944
Non-current receivables	42,607	13,622
Current receivables	86,919	722,441
Total Liabilities	1,351,076	3,133,466
Equity	388,508	381,789
Registered capital	2,000	2,000
Profit / loss of previous years	59,476	113,072
Profit / loss of current period	230,469	170,154
External resources	955,368	2,751,677
Non-current liabilities	19,492	50,752
Current liabilities	769,284	2,653,686
Liabilities to credit institutions	24,998	688,606

INCOME STATEMENT - GENERIC BREAKDOWN (selected financial data)

<i>CZK thousand</i>	year ended 31 December 2024 (unaudited)	year ended 31 December 2023 (audited)
Revenue from sales of goods	0	0
Costs of goods sold	0	0
Revenue from sales of products and services	3,030,668	3,565,426
Production consumption minus Costs of goods sold plus Capitalization (-) and Change in own inventory (+/-)	2,404,992	3,084,785
Personal expenses	183,846	163,221
Operating profit / loss	277,414	257,689
Financial profit / loss	1,505	-47,944
Profit / loss from ordinary activities	230,469	170,154
Profit / loss of current period	230,469	170,154

At the beginning of the calendar year 2022, the war in Ukraine and the related sanctions against the Russian Federation began, with a potential impact on national economies in Europe and around the world. The company has no material direct exposure to Ukraine, Russia or Belarus. The company's management has considered the impact of this event in preparing the financial statements as at 31 December 2024.

The company's main production program is the manufacture, repair and service of military equipment. In 2020, the Pandur production project for the Armed Forces of the Czech Republic was successfully completed and the production of the TITUS project was launched. Comprehensive tests of all TITUS prototype vehicles produced were also completed in 2022, and in 2023 and subsequent years, the production of these armoured vehicles for the Armed Forces of the Czech Republic will be a core part of the company's production capacity. The company is also engaged in the development, design and production of armoured cabins for vehicles produced by TATRA TRUCKS as well as the development and production of armoured vehicles on Tatra chassis. In 2021, the company, together with its partner TATRA TRUCKS and DAF Trucks, won a major order for the Belgian army. The contract was fully implemented in 2022, when vehicle tests were completed and the first production units were handed over to the customer. The company will produce armoured cabs for these vehicles from its own development until 2025. In addition, the company is involved in the repair of tanks in close cooperation with EXCALIBUR ARMY and provides service for off-road vehicles on Toyota and Land Rover Defender chassis. A major service contract for Pandur armoured vehicles for the Armed Forces of the Czech Republic was signed for 2020-2024.

MSM EXPORT, s.r.o.

Company name: MSM EXPORT, s.r.o. (**MSM Export**)

ID No.: 48 006 122

Registered office: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia

Group's Ownership Interest: 100% through the Subsidiary MSM GROUP s.r.o. (80.2% owned by CSG DEFENCE a.s.); CSG DEFENCE a.s. is 100% owned by the Issuer

Principal activities:

In 2015, MSM GROUP s.r.o. became the 100% owner of the company. In 2016, the company relocated its registered office from Kasárenská 8, 911 05 Trenčín, Slovakia, to Štúrova 925/27, 01841 Dubnica nad Váhom, Slovakia. In 2017, the company changed its name from MSM servis s.r.o. to MSM holding, s.r.o. In 2022, a part of the company was transferred to Industry Defence, s.r.o., and the company was renamed to MSM EXPORT, s.r.o. in the same year. The company's business activities are focused on the purchase and sale of defence-related goods.

The company experienced significant growth in 2023, achieving sales of EUR 222 million. In that year, the Czech companies EXCALIBUR ARMY spol. s r.o. and REAL TRADE PRAHA a.s. were key business partners of MSM Export. The upward trend in sales continued in 2024. The company's largest customers included EXCALIBUR ARMY spol. s r.o., Rheinmetall Waffe Munition GmbH and EXCALIBUR INTERNATIONAL a.s. The company entered into several long-term purchase contracts with ARCA for M107mm, M 152mm, 122mm D-30 a 122mm GRAD, and resale contracts with EXCALIBUR ARMY spol. s r.o. and other customers. The resale of this ammunition is the main reason

of sales increase in 2025. In 2024, the company increased its sales by 358%. For 2025, the company expects further growth of 380%, with projected sales reaching EUR 2,452 billion.

Below are selected financial data of the company based on audited unconsolidated financial statements prepared in accordance with Slovak Accounting Standards. The data for the year 2024 is still preliminary (unaudited).

BALANCE SHEET (selected financial data)

<i>EUR</i>	as at 31 December 2024 (unaudited)	as at 31 December 2023 (audited)
Total Assets	880,857,401	262,752,814
Non-current assets	3,128,534	1,933,999
<i>Non-current intangible assets</i>	1,220,664	1,225,705
<i>Non-current tangible assets</i>	1,907,870	708,294
Current assets	877,105,535	260,406,674
<i>Inventory</i>	576,544,063	182,803,968
<i>Non-current receivables</i>	716,867	303,599
<i>Current receivables</i>	234,052,134	67,673,946
<i>Financial accounts</i>	65,792,471	9,625,161
Other current assest	353,332	412,141
Total Liabilities	880,587,401	262,752,814
Equity	82,181,512	15,330,618
<i>Registered capital</i>	20,000	20,000
<i>Other</i>	1,308,614	684,431
<i>Profit / loss of previous years</i>	14,626,187	57,821
<i>Profit / loss of current period</i>	80,850,898	14,626,187
External resources	794,463,099	247,392,051
<i>Non-current liabilities</i>	29,668	19,247
<i>Non-current bank loans</i>	102,535	2,627,480
<i>Non -current provisions for liabilities</i>	6,026	6,026
<i>Current liabilities</i>	792,548,679	231,492,152
<i>Current bank loans</i>	54,530	12,546,746
<i>Current provisions</i>	1,721,661	700,400
Other liabilities	3,942,790	30,145

INCOME STATEMENT - GENERIC BREAKDOWN (selected financial data)

<i>EUR</i>	year ended 31 December 2024 (unaudited)	year ended 31 December 2023 (audited)
Net turnover	648,094,649	221,832,770
Revenue from operating activities	648,094,649	221,885,405
Cost of economic activity	540,448,707	201,750,558
Operating profit / loss	107,645,942	20,134,847
Financial profit / loss	-2,189,080	-1,508,591
Net profit / loss of current period	80,850,898	14,626,187

FÁBRICA DE MUNICIONES DE GRANADA EN.



Company name: Fábrica de Municiones de Granada SL. (FMG)

ID No.: B88295209

Registered office: Carretera de Murcia (El Fargue), S/N, Granada, 18182, Granada, Spain

Group's Ownership Interest: 100% through the Subsidiary MSM GROUP s.r.o. (80.2% owned by CSG DEFENCE a.s.); CSG DEFENCE a.s. is 100% owned by the Issuer

Principal activities:

FMG is engaged in the production of high-performance ammunition meeting NATO quality standards, particularly large-calibre ammunition for tanks and artillery, plus high-performance single-deck propellants for medium-calibre ammunition and EOD equipment for combat vehicles and security and police forces. In addition, FMG develops, manufactures and integrates key ammunition and missile components.

FMG was founded in 2019, however continues a nearly 700-year tradition of manufacturing gunpowder, powder charges and subsequently tank and artillery ammunition in the Granada area. The plant, located on the outskirts of the local metropolis, in the municipality of El Fargue, specialises in the production, sale and storage of large-calibre ammunition manufactured to NATO standards - 105mm, 120mm and 155mm for tanks and artillery systems and mortar rounds. It also produces high performance powder charges for medium calibre ammunition, pyrotechnic equipment for engineers and security and police forces, rocket components and carries out final assembly of guided missiles.

As with all Group companies, the war in Ukraine has fundamentally changed the business environment at FMG. Within four months in 2022, the development and production of M1 large-calibre powder and the follow-on production of M4A2 artillery ammunition rounds were completed. Two- and, where possible, three-shift operation has been implemented on all production lines. The workforce has increased by 100 people. In 2023, the company started to collaborate - as part of a consortium of companies - on the Spike LR2 anti-tank missile project for the Spanish army. As part of this programme, FMG will be involved in the production of warheads, and production of 1,600 Spike LR2 anti-tank missiles is expected. Between 2023 and 2026, the Spanish Ministry of Defence plans to invest EUR 287 million in the project, and more than 1,000 jobs are expected to be created.

Below are selected audited unconsolidated financial data of FMG in accordance with Spanish Accounting Standards. The data for the year 2024 is still preliminary (unaudited).

BALANCE SHEET (selected financial data)

<i>EUR</i>	as at 31 December 2024 (unaudited)	as at 31 December 2023 (audited)
Total Assets	193,567,888	98,642,366
Non-current assets	182,198	187,728
Non-current tangible assets	6,054,626	3,992,671
Current assets	4,423,824	3,303,715
Inventory	166,855,969	59,371,518
Non-current receivables	-	-
Current receivables	16,051,271	31,786,734
Total Liabilities	193,567,888	98,642,366
Equity	32,809,134	10,446,960
Registered capital	700,000	700,000
Profit / loss of previous years	-	(2,709,510)
<i>Share premiums and reserves</i>	<i>9,746,960</i>	<i>5,400,000</i>
Profit / loss of current period	22,362,174	7,056,470
External resources	160,758,754	88,195,406
Non-current liabilities	-	-
Current liabilities	160,734,650	88,190,447
Liabilities to credit institutions	24,104	4,959

INCOME STATEMENT - GENERIC BREAKDOWN (selected financial data)

<i>EUR</i>	year ended 31 December 2024 (unaudited)	year ended 31 December 2023 (audited)
Revenue from sales of goods	162,812,352	72,049,204
Costs of goods sold	111,879,696	46,756,772
Revenue from sales of products and services	529,588	635,869
Production consumption minus Costs of goods sold plus Capitalization (-) and Change in own inventory (+/-)	8,525,332	12,430,581
Personal expenses	19,853,857	12,464,640
Operating profit / loss	29,643,916	8,883,363
Financial profit / loss	61,197	253,885
Profit / loss from ordinary activities	22,362,174	7,056,470
Profit / loss of current period	22,362,174	7,056,470

ZVS holding, a.s.

Company name: ZVS holding, a.s. (**ZVS holding**)

ID No.: 36 305 600

Registered office: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia

Group's Ownership Interest: 50% through the Subsidiary MSM GROUP s.r.o. (80.2% owned by CSG DEFENCE a.s.); CSG DEFENCE a.s. is 100% owned by the Issuer

Principal activities:

Development, design and production of large- and medium-calibre ammunition, engineering production, sheet metal processing, welding and powder coating.

ZSV Holding's business activities are engaged in the production and sales in the specialty manufacturing segment with a focus on large and medium calibre ammunition as well as general engineering. In addition, the company provides services (energy distribution, rentals) to internal and external customers.

The biggest trading partners in recent years have come mainly from Europe, for example from Poland or Serbia, but also from Slovakia. In 2020 and 2022, ZVS Holding also cooperated with Israeli partners and in 2021 successfully completed a key order for the UAE. It was a delivery of large-calibre 155 mm ammunition (M107), including KZ 984 and modular cartridges, carried out in cooperation with sister companies FMG, ZVS IMPEX and MSM Nováky. During 2021 and 2022, the company also worked on another key order for large calibre ammunition for the Polish company Dezamet, and as part of the fruitful cooperation, signed a significant business partnership for the following period. In 2022, the Slovak companies MSM EXPORT and MSM Martin were key partners of ZVS Holding.

Sales continued to grow in 2023. The company's largest customers included MSM EXPORT, Dezamet, KONŠTRUKTA – Defence and JUGOIMPORT. In 2024, the company focused on investments in new technologies, automatization and further sales growth. In the same year, the company entered into long-term contracts with Dezamet and MoD Slovakia. ZVS holding increased sales by 49% year-on-year. The main customers were MSM EXPORT, Polish company Dezamet and MoD Slovakia.

Below are selected financial data of the company based on audited unconsolidated financial statements prepared in accordance with Slovak Accounting Standards. The data for the year 2024 is still preliminary (unaudited).

BALANCE SHEET (selected financial data)

<i>EUR</i>	as at 31 December 2024 (unaudited)	as at 31 December 2023 (audited)
Total Assets	233,519,549	83,801,922
Non-current assets	51,797,244	24,081,393
Non-current intangible assets	431,863	553,865
Non-current tangible assets	51,194,264	23,356,411
Current assets	181,640,836	59,693,496
Inventory	126,910,448	43,156,754
Non-current receivables	676,736	613,614
Current receivables	26,124,065	14,911,963
Financial accounts	27,888,019	1,011,165
Total Liabilities	233,519,549	83,801,922
Equity	23,365,158	16,442,827
Registered capital	2,357,200	2,357,200
Profit / loss of previous years	7,725,712	6,884,124
Profit / loss of current period	12,047,863	5,967,120
External resources	210,154,391	67,338,369
Non-current liabilities	17,372	24,164
Current liabilities	196,445,972	53,775,433
Current bank loans	380	3,133,849

INCOME STATEMENT - GENERIC BREAKDOWN (selected financial data)

<i>EUR</i>	year ended 31 December 2024 (unaudited)	year ended 31 December 2023 (audited)
Net turnover	119,367,673	80,088,192
Revenue from operating activities	142,496,303	88,177,859
Cost of economic activity	124,322,661	79,636,316
Operating profit / loss	18,173,642	8,541,543
Financial profit / loss	-3,114,779	-864,471
Net profit / loss of current period	12,047,863	5,967,120

VOP Nováky, a.s.

Company name: VOP Nováky, a.s. (**VOP Nováky**)

ID No.: 35 820 322

Registered office: Duklianska 60, Nováky 972 71, Slovakia

Group's Ownership Interest: 100% through MSM GROUP s.r.o. (80.2% owned by CSG DEFENCE a.s., which is 100% owned by the Issuer)



VOP Nováky started its business activities in 2013, directly following the former state enterprise VOP Nováky. It was founded in the late 1950s and from the beginning it was engaged in the inspection and repair of various types of ammunition, later expanding its activities to the field of ammunition delaboration. This - including the modernisation

of ammunition - is what the company is still doing today, and it also offers programmes to extend the life cycle of ammunition.

In recent years, VOP Nováky has expanded its portfolio to include the production of selected types of missiles, training large-calibre ammunition and large-calibre dummy ammunition. VOP Nováky also offers ammunition storage services, delaboration services and environmental disposal of ammunition. As of 2019, it uses one of the most modern halls in Central Europe for its activities, approved for working with ammunition with an annual capacity of 110,000 pieces.

In 2021, VOP Nováky implemented the technical life extension of ammunition for an EU member country as a pilot project. The cooperation will continue in the following years. Thus, VOP Nováky participates to a large extent in another large project in the MSM Group and fulfils the supply of ammunition within the EU. The company is also successfully engaged in production for the civilian sector. It has a modern workplace for the design, development, production and repair of injection moulds for plastic and rubber components, which have a 30-year tradition.

Below are selected financial data of VOP Nováky based on audited unconsolidated financial statements prepared in accordance with Slovak Accounting Standards. The data for the year 2024 is still preliminary (unaudited).

BALANCE SHEET (selected financial data)

<i>EUR</i>	as at 31 December 2024 (unaudited)	as at 31 December 2023 (audited)
Total Assets	299,991,652	151,704,416
Non-current assets	25,137,639	10,908,748
Non-current intangible assets	839,404	3,123,146
Non-current tangible assets	24,298,235	7,784,702
Non-current financial assets	0	900
Current assets	274,772,191	140,731,823
Inventory	180,455,153	88,493,950
Non-current receivables	2,201,111	0
Current receivables	78,809,662	27,741,506
Total Liabilities	299,991,652	151,704,416
Equity	116,828,199	89,513,044
Registered capital	21,049,194	21,049,194
Profit / loss of previous years	0	16,999,364
Profit / loss of current period	91,567,555	48,791,617
External resources	181,198,837	62,191,372
Non-current bank loans	0	0
Current liabilities	175,421,744	61,760,726
Current bank loans	7,762	85

INCOME STATEMENT - GENERIC BREAKDOWN (selected financial data)

<i>EUR</i>	year ended 31 December 2024 (unaudited)	year ended 31 December 2023 (audited)
Net turnover	259,848,533	130,925,365
Revenue from operating activities	290,994,537	133,616,949
Cost of economic activity	174,589,359	72,508,346
Operating profit / loss	116,405,178	61,108,603
Financial profit / loss	- 475,008	678,190
Net profit / loss of current period	91,567,555	48,791,617

CSG MOBILITY

The main companies of the division are TATRA TRUCKS, one of the oldest car manufacturers in the world with more than 170 years of vehicle manufacturing tradition, and DAKO-CZ, manufacturer of braking systems and components supplying to leading rail vehicle manufacturers such as Siemens and Stadler.

All TATRA wheeled vehicles with a unique chassis design, based on a central spine tube with independently suspended swing axles, and chassis configurations from 4x4 to 16x16, serve customers in the civil and security sectors worldwide. Another member of the division is TRUCK SERVICE GROUP s.r.o. Manufacture and development of trucks and special vehicles for the military, construction, mining, forestry, agriculture and fire service. Civil production is represented mainly by the TATRA PHOENIX series, while special and military production is represented by the TATRA FORCE and TATRA TACTIC series.

Rolling stock equipped with DAKO-CZ braking systems and components is operated not only in Europe, but also in China, India, Malaysia, Indonesia, Algeria and Saudi Arabia. DAKO-CZ is one of the three largest European manufacturers of pneumatic electromechanical and hydraulic braking systems and components for rolling stock. The company's core business is the development, manufacture and service of DAKO-CZ braking systems and components and their supply for rail freight cars, passenger cars, commuter units, locomotives, maintenance cars, metro sets and trams. DAKO-CZ has its own development and modern testing laboratory. All this enables the company to respond quickly to customer requirements. DAKO-CZ continues a tradition of more than two centuries and focuses primarily on the quality of the products delivered.

Other members of the division are TRUCK SERVICE GROUP s.r.o. and KARBOX s.r.o. TRUCK SERVICE GROUP is a certified partner of the TATRA TRUCKS production plant and it specializes in sales and financing of new TATRA vehicles and for service and aftermarket sales of original TATRA spare parts. KARBOX is specialized in production of special contained superstructures for trucks and cooperating with TATRA TRUCKS on building special hook lift superstructure for military logistic vehicles delivered within NATO countries.

In March 2023, the Group acquired a 20.42% equity interest in Gaussin SA, a publicly listed company located at 11 rue du 47ième RA, Héricourt, France, dedicated to the development and manufacture of emission-free transport systems with automated driving without human driver intervention.

TATRA TRUCKS a.s.



Company name: TATRA TRUCKS a.s. (**TATRA TRUCKS**)

ID No.: 014 82 840

Registered office: Areál Tatro 1450/1, 742 21 Kopřivnice, Czech Republic

Group's Ownership Interest: 65% through NIKA Development a.s., which is 89.9% owned by the Issuer

Principal activities:

Production and development of trucks and special vehicles for construction, forestry, agriculture, firefighting and military. Civil and firefighting production is represented mainly by the TATRA PHOENIX and TATRA TERRA series, while special and military production is represented by the TATRA FORCE and TATRA TACTIC series.

TATRA TRUCKS is one of the oldest automobile manufacturers in the world with 173 years of tradition in the production of vehicles. TATRA's fully powered vehicles with a unique chassis design based on a carrier tube with independently suspended swing semi-axles with 4x4 to 16x16 axles serve customers in the civil and security sectors worldwide. TATRA vehicles are mostly used for cargo transport, as carriers for special bodies, liaison vehicles, chassis for weapon systems and radars or chassis for electronic or other sensitive systems. TATRA chassis are also used for armoured and special vehicles of foreign manufacturers.

Below are selected financial data of TATRA TRUCKS based on the audited unconsolidated financial statements prepared in accordance with the Czech Accounting Standards (CAS). The data for the year 2024 are still preliminary (unaudited). Within the consolidated financial statements, the company is reported as a company under significant influence.

BALANCE SHEET (selected financial data)

<i>CZK thousand</i>	as at 31 December 2024 (unaudited)	as at 31 December 2023 (audited)
Total Assets	8,413,643	7,625,621
Non-current assets	3,172,498	3,013,390
Current assets	5,147,225	4,566,532
Inventory	2,579,279	2,711,081
Non-current receivables	5,801	7,149
Current receivables	2,469,072	1,736,265
Cash and cash equivalents	93,073	112,037
Deferred costs	93,920	45,699
Total Liabilities	8,413,643	7,625,621
Equity	2,851,749	2,890,979
Registered capital	1,002,000	1,002,000
Other capital funds	632,688	691,170
Profit / loss of previous years	1,197,782	1,243,652
Profit for the period	19,279	- 45,868
External resources	5,561,894	4,734,642
Non-current liabilities	426,537	166,832
Current liabilities	4,930,491	4,407,295
Liabilities to credit institutions	1,835,228	2,412,346

INCOME STATEMENT - GENERIC BREAKDOWN (selected financial data)

<i>CZK thousand</i>	year ended 31 December 2024 (unaudited)	year ended 31 December 2023 (audited)
Revenue from sales of goods	298,399	342,621
Costs of goods sold	163,709	199,768
Revenue from sales of products and services	9,370,896	8,013,163
Production consumption minus Costs of goods sold plus Capitalization (-) and Change in own inventory (+/-)	7,920,997	7,097,884
Personal expenses	1,180,592	915,469
Operating profit / loss	226,525	123,761
Financial profit / loss	- 240,558	- 150,311
Profit / loss from ordinary activities	- 14,033	- 26,550
Profit / loss of current period	19,279	- 45,868

In 2024, TATRA TRUCKS sold 1,548 vehicles and increased production by 7% compared to 2023. The company introduced the third generation of the flagship Tatra Phoenix model series for the civilian sector and commenced its serial production at the end of the year. The majority of the vehicles sold - 831 units - were delivered to the defence sector. A total of 501 vehicles were purchased by customers in civilian sectors such as the construction industry, mining and agriculture. Additionally, 216 vehicles were supplied to firefighting and rescue services. Given the international situation and orders for the Armed Forces of the Czech Republic, the most significant part of TATRA TRUCKS' production consists of vehicles and chassis for defence projects. This focus is further supported by cooperation with partner companies within the Group, which is the majority shareholder of TATRA TRUCKS.

The year-on-year growth in production was achieved in the difficult conditions of the transition to completely new generations of vehicles. In mid-2024, serial production of the third generation of the Tatra Force series and the modernized Tatra V8 and V12 engines of the "RE" series was launched. At the end of the year, serial production of the

latest generation of the Tatra Phoenix series was added. The serial vehicles were equipped with newly developed Tatra axles and a new F-shift transmission system of TATRA TRUCKS' own design. The production of these modern vehicles with cutting-edge electronic and safety systems represents a significant technological shift and a promise for the future. The development of vehicles with alternative drives and other technologies also continued, with which Tatra is preparing for the future market and regulatory environment.

Due to the planned production volume, new employees were recruited for production, who adapted during 2024. Production at TATRA TRUCKS is very complex and acquiring the necessary working knowledge and skills requires adaptation lasting more than a year. The increase in production volume and the successful launch of serial production of new models and design innovations are a great merit of the entire TATRA TRUCKS employee team.

Investments in expanding production capacities in 2024 will allow for a further increase in vehicle production volumes from 2025. Further investments in buildings and machinery amounting to several hundred million crowns are planned. This step will create the conditions for meeting the growing demand for TATRA TRUCKS vehicles and strengthen the automaker's position on both the domestic and global markets

TATRA TRUCKS delivered vehicles to end customers and partners from the Czech Republic to Australia. The largest numbers of vehicles went to the Netherlands, Australia, India, Germany, Austria and Slovakia. In the field of military vehicles, deliveries of logistics vehicles and chassis for the Armed Forces of the Czech Republic dominated. In 2024, the Czech Minister of Defence signed a framework contract for more than 800 additional TATRA TRUCKS vehicles. The Slovak Minister of Defence added a requirement for more than 200 vehicles. In cooperation with DAF Trucks, the production of logistics vehicles for the Belgian army continued. Hundreds of other vehicles were taken over by partner companies from the Group working on military projects for foreign customers.

In 2024, TATRA TRUCKS won two Red Dot awards in the Product Design category for the third generation Tatra Force, for the four-door cab version and the e-Drive version with electric drive and hydrogen fuel cells, for the first time in its history, confirming the top level of design and innovation. After the devastating floods in the Czech Republic, the Group donated 9 Tatra Phoenix trucks and 3 Tatra Force 6x6 rescue vehicles to the Fire and Rescue Service, worth a total of over CZK 100 million, thus demonstrating TATRA TRUCKS' social responsibility. Through the Tatra to Schools educational project, organized in cooperation with regional governments, TATRA TRUCKS supplied 15 road maintenance vehicles to road administration directorates in several regions of the Czech Republic, while supporting the technical education of students who participated in the assembly of the vehicles.

TATRA TRUCKS is in a historically unique situation, where demand exceeds the company's current production capacities. The Board of Directors will therefore work hard to ensure that the company increases production and is able to satisfy customer requirements at home and in global markets to the maximum extent. This is an important task not only from the perspective of the company's prosperity, but also from a security perspective: Tatra in the hands of soldiers or firefighters strengthens the ability of countries to defend themselves against armed aggression or natural disasters by providing top-notch mobility even in the most demanding conditions in the spirit of its slogan 'Tatra takes you further'.

The company expects its growth to continue in 2025.

DAKO-CZ, a.s.



Company name: DAKO-CZ, a.s. (**DAKO-CZ**)

ID No.: 465 05 091

Registered office: Josefa Daňka 1956, 538 43 Třemošnice, Czech Republic

Group's Ownership Interest: 100% owned by CSG MOBILITY a.s. which is 100% owned by the Issuer

Principal activities:

Development, production and service of braking systems for rolling stock. Supply of braking systems and components for freight and passenger cars, suburban units, locomotives and metro and tram cars.

Categories of activities:

Manufacture of pneumatic, electromechanical and hydraulic braking systems for rolling stock. Manufacture of components such as brake system dashboards, disc brakes, limit valves, brake clutches and stopcocks, distributors and auxiliary valves, brake cylinders and load-sensitive automatic braking devices. Braking systems for complete trainsets, including locomotives, passenger cars, freight cars, tank cars, container and pocket cars, consisting of electro-pneumatic brakes, parking and emergency brakes, supplemented by auxiliary pneumatic circuits such as control of pick-ups,

sanding and cleaning of wheel surfaces. Components for modular braking systems for metro trains. Components for tram braking systems, including electronics and sanding equipment.

DAKO-CZ is a leading manufacturer of pneumatic, electromechanical and hydraulic brake systems and components for rolling stock with 207 years of tradition. The company with annual sales of around EUR 92 million, 74% of which is accounted for by foreign orders, is based in Třemošnice in eastern Bohemia.

DAKO-CZ supplies braking systems and components for rail freight wagons and passenger cars, commuter units, locomotives, maintenance cars, subway trains and trams. The company's key customers include the world's leading manufacturers of rolling stock, such as ŠKODA GROUP, VTG, TATRAVAGÓNKA POPRAD, ČESKÉ DRÁHY, STADLER, SIEMENS and MODERTRANS POZNAŇ. Rolling stock with DAKO-CZ braking systems or components is not only operated in Europe, but also in China, India, Malaysia, Indonesia, Algeria, Saudi Arabia, Slovenia, Poland and Egypt. In addition to manufacturing, DAKO-CZ also develops and services brake systems and components. In 2022, the company opened development offices in Pardubice and Ostrava.

In 2021, the company opened a new production plant DAKO-CZ Machinery in Ostrava. To support its business abroad, in 2022 DAKO-CZ established joint-ventures with Indian partners - MEDHA DAKO-CZ Pvt. Ltd. and JWL DAKO-CZ (INDIA) Ltd. The Indian market, where DAKO-CZ and subsidiary DAKO-CZ INDIA has been successfully supplying its products for several years, generates about one third of the company's turnover.

In 2020, DAKO-CZ took second place in the Company of the Year competition of the Pardubice Region, and in 2021 the company won the competition⁷. In 2022, the company won the prestigious Czech Superbrands award, which it managed to defend in the B2B area in 2023⁸.

Below are selected financial data of DAKO-CZ based on the audited unconsolidated financial statements prepared in accordance with the Czech Accounting Standards (CAS). The data for the year 2024 are still preliminary (unaudited).

BALANCE SHEET (selected financial data)

<i>CZK thousand</i>	as at 31 December 2024 (unaudited)	as at 31 December 2023 (audited)
Total Assets	2,343,867	2,588,462
Non-current assets	804,340	809,762
Non-current tangible assets	697,056	692,915
Current assets	1,481,455	1,735,270
Inventory	737,440	787,005
Non-current receivables	463	207,496
Current receivables	653,620	714,041
 Total Liabilities	 2,343,867	 2,588,462
Equity	552,978	496,538
Registered capital	187,740	187,740
Profit / loss of previous years	325,429	118,704
Profit / loss of current period	6,419	151,843
External resources	1,790,889	2,091,925
Non-current liabilities	29,967	1,071,939
Current liabilities	1,575,288	877,240
Liabilities to credit institutions	0	1,481,470

⁷ Source: <https://www.firmaroku.cz/vysledky>

⁸ Source: <https://www.czechsuperbrands.com/superbrands.php?m=857&k=6>

INCOME STATEMENT - GENERIC BREAKDOWN (selected financial data)

<i>CZK thousand</i>	year ended 31 December 2024 (unaudited)	year ended 31 December 2023 (audited)
Revenue from sales of goods	165,908	184,267
Costs of goods sold	117,418	139,305
Revenue from sales of products and services	1,285,434	1,367,372
Production consumption minus Costs of goods sold plus Capitalization (-) and Change in own inventory (+/-)	621,954	272,572
Personal expenses	412,095	373,615
Operating profit / loss	160,073	301,029
Financial profit / loss	-124,479	-107,684
Profit / loss from ordinary activities	35,594	193,345
Profit / loss of current period	6,419	151,843

In 2022, DAKO-CZ grew steadily. It managed to acquire and implement interesting projects within the European and Indian markets, which resulted in the company surpassing another significant milestone in its history by exceeding a turnover of CZK 2 billion on 12 December 2022.

In 2022, production and assembly were dominated by orders for passenger cars, which involved the supply of air brakes, which the company supplies in significant quantities to the Indian market. In the area of truck brakes, the company executed the largest orders with Tatravagónka Poprad. In the passenger transport sector, the most important projects were the supply of additional options for ÖBB DANI passenger cars, as well as the supply of brake components for Munich subway trains and the first supply of pneumatic panels for the London Subway. All of the above-mentioned projects were carried out by the company for its long-standing business partner Siemens Mobility GmbH. For the Stadler Group, the company supplied brake panels for units operating on the Italian, Polish, Slovenian and Netherland markets. The supply of spare parts and repairs also contributes significantly to the implementation of the business plan.

In terms of research and development activities, the company managed to complete several interesting and key projects in 2022.

Tests of the lightweight beam brake for freight wagons have been successfully completed by the wagon operator. In Egypt, trials of the brake components on the passenger cars supplied by DAKO-CZ for Spanish manufacturer Talgo were underway and in December 2022 the first train was successfully handed over to the end customer for operation. Testing of Prague Subway vehicles equipped with DAKO prototype brake units was also underway. A high-speed brake was applied to this project, with disc speeds comparable to high-speed units such as the TGV. After their successful completion, the vehicle was approved for passenger operation. The company successfully completed acceptance of the first brake components for the London Subway project, on which it is working with long-term customer Siemens Mobility GmbH. In 2022, development work began on a new generation of brake slack adjuster and an electromechanical brake unit for suburban units. Development of brake components for special coaches was started during the year 2022.

In the field of hydraulics, the development of electromechanical brakes for rolling stock is also underway. Design work has been started on a project to supply electromechanical brake units with emergency braking function with the iRB-05 control unit. This brake system will be implemented on trams in Woltersdorf (part of Berlin). Design work has started on a combined unit for the hydraulic braking system, which has the advantage of combining the possibility of electric and manual emergency braking into one device, and the company is continuing to develop a telemetry system for freight cars, which includes monitoring the necessary variables from the braking system during normal operation and their subsequent analysis and evaluation of test runs or measured real data.

The company continues to invest in the expansion of production facilities, machinery, technology and logistics. It is constantly improving working conditions for its employees and expanding a range of employee benefits.

CSG AMMO+

The CSG Ammo+ division is comprised of companies Fiocchi Munizioni S.p.A. and The Kinetic Group.

The Fiocchi Group is one of the world's leading manufacturers of small calibre ammunition, operating in Italy, United Kingdom and in the United States. The companies of the division offer small calibre ammunition for pistols, revolvers, rifles and shotguns in various price categories, including premium ammunition. Approximately 80% of production is directed to the civilian market, primarily for hunters and sport shooters (the so-called leisure segment). The remaining 20% of production is intended for defence and security forces. Fiocchi has also set up a division dedicated to the development and production of high-quality ammunition for extreme conditions for special forces. Fiocchi products are also known from the sporting environment. Fiocchi is a partner of a number of top athletes in the field of sport shooting and biathlon.

The Italian Fiocchi Group, currently Fiocchi Munizioni S.p.A. with its subsidiaries Fiocchi of America Inc, Lyalvale Express Limited and Fiocchi UK Limited, was acquired by the Group at the end of November 2022. In April 2025, the Group acquired remaining 30% of the Fiocchi Munizioni S.p.A. and became the sole owner.

FIOCCHI MUNIZIONI S.p.A.

Company name: Fiocchi Munizioni S.p.A. (**FMI**)

ID No.: LC 166990

Registered office: Via Santa Barbara, 4, 23900 Lecco LC, Italy

Group's Ownership Interest: 100% owned by LAIRAN SPV a.s., LAIRAN SPV a.s. is 100% owned by CSG Ammo+ a.s., which is 100% owned by the Issuer



FMI was founded in 1876 by Giulio Fiocchi and is the key company of CSG's Ammo+ division. It became part of the Group in 2022, when the Group acquired a 70% stake in it (see further Section 11.3 (*Pro forma of Group's consolidated financial information*)). FMI, based in Lecco, in the Lombardy region of northern Italy, has focused on the production of various types of small calibre ammunition for more than 140 years and is one of the world leaders in this segment.

FMI produces a complete range of small calibre ammunition for pistols, rifles and shotguns, with approximately 80% of the company's total production going to the civilian market. The remaining share is destined for the security forces. Thanks to its extensive production capacity, Fiocchi is able to meet global demand and the company employs over 1,300 people on two continents.

In addition to Italy, FMI has a wholly owned subsidiary in the United States, Fiocchi of America, Inc. (**FOA**), with two manufacturing facilities, namely in Ozark, Missouri, and Little Rock, Arkansas. The Ozark manufacturing facility was established in the 1980s as part of FMI's expansion into the U.S. market. Together with the Little Rock branch, which the company established in 2020, up to 80% of Fiocchi's ammunition for the US market is now manufactured in the US. In addition to its U.S. manufacturing capabilities, FMI also owns Bologna, Italy-based Baschieri & Pellagri and the U.K.-based Lyalvale Express. At the end of 2024, Baschieri & Pellagri was merged into FMI. All companies are also major supporters and sponsors of several successful athletes, including the world's top ten shotgun shooters, Olympic medalist and World Biathlon Champion Dorothea Wierer, and the Italian Biathlon Association.

Below are selected financial data of FMI based on the unconsolidated financial statements (for 2024 unaudited) prepared in accordance with IFRS.

BALANCE SHEET (selected financial data)

<i>EUR thousand</i>	as at 31 December 2024 (unaudited)	as at 31 December 2023 (audited)
Total Assets	751,283	725,126
Non-current assets	607,747	602,209
Non-current tangible assets	74,727	62,684
Current assets	143,536	122,917
Inventory	82,820	47,832
Receivables	42,881	31,949

Total Liabilities	751,283	725,126
Equity	382,702	359,075
Registered capital	17,328	17,328
Profit / loss of previous years	39,357	44,925
Profit / loss of current period	22,755	- 5,568
External resources	368,581	366,051
Liabilities	139,953	130,423
Liabilities to credit institutions	228,628	235,628

INCOME STATEMENT - GENERIC BREAKDOWN (selected financial data)

<i>EUR thousand</i>	year ended 31 December 2024 (unaudited)	year ended 31 December 2023 (audited)
Revenue from operating activities	271,233	215,748
Production costs	- 208,679	- 173,321
Administrative costs	- 45,525	- 31,407
Operating profit / loss	17,029	11,019
Financial profit / loss	5,311	- 18,293
Profit / loss of current period	22,755	- 5,568

THE KINETIC GROUP



Company name: The Kinetic Group Operations LLC (**The Kinetic Group**)
ID No.: 4079980

Registered office: 900 Bob Ehlen Drive, Anoka, MN 55303, USA

Group's Ownership Interest: 100% owned by Vista Outdoor Inc., which is 100% owned by CSG Elevate II Inc., which is 100 % owned by CSG Elevate I Inc., which is 100% owned by CSG Ammo+ a.s., which is 100% owned by the Issuer.

The Kinetic Group is a leading global designer, manufacturer, and marketer of shooting sports products. The Kinetic Group is headquartered in Anoka, Minnesota and has four manufacturing facilities and one distribution facility in the United States that service both the U.S. domestic and international commercial markets and government agencies around the globe.

The Kinetic Group designs, develops, manufactures and distributes ammunition and ammunition components with exclusive focus on the small calibre ammunition business segment and serves devoted hunters, recreational shooters, federal and local law enforcement agencies and the military. The Kinetic Group is one of the largest global manufacturers of the commercial small calibre ammunition and is among the largest commercial small calibre ammunition manufacturers in the United States for the civilian market and the law enforcement market⁹.

The Kinetic Group serves the ammunition market through a portfolio of brands that allows it to leverage shared customer knowledge, product development and innovation, manufacturing excellence, supply chain and distribution, and sales and marketing functions across product categories to better serve its channel partners and consumers. Ammunition is a consumable, repeat purchase product and The Kinetic Group believes ammunition brands have a strong and loyal customer base. The Kinetic Group fulfils distribution through three primary sales channels:

- The United States domestic commercial channel services a wide variety of mass, specialty and independent retailers and distributors, such as Academy, Bass Pro Shops/Cabelas, Sports Inc., Sports South, and Walmart. Some products are also sold directly to consumers through the brands' websites;
- The United States military/law enforcement channel services law enforcement and military professionals through law enforcement distributors, such as Kiesler Police Supply and TJ Morris & Son, and agencies such as the New York City Police Department, the Federal Bureau of Investigation, and the U.S. Department of Defense; and
- The international channel services the international commercial markets outside of the United States through distributors, such as North Silva Sports and the NIOA Group, and allied government agencies around the globe.

History

Vista Outdoor was incorporated in Delaware in 2014. Since 2020, Vista Outdoor has operated through two reportable segments: Sporting Products (recently renamed as The Kinetic Group) and Outdoor Products (recently renamed as Revelyst). Vista Outdoor's Revelyst reportable segment designs, develops, distributes and manufactures outdoor recreation gear and equipment to a diverse range of outdoor enthusiasts around the world, including hikers, campers, cyclists, off-road riders, skiers, snowboarders, backyard grillers, golfers, anglers and hunters. Many of The Kinetic Group's brands have a long-standing history, such as Remington Ammunition, founded in 1816, Federal Premium, founded in 1922, Speer, founded in 1943, and CCI, founded in 1951.

On 15 October 2023, Vista Outdoor entered into a definitive agreement to sell The Kinetic Group business to the Issuer for an enterprise value of USD 2,294 million on a cash-free, debt-free basis and including adjustment for a normalized level of working capital. The acquisition closed in November 2024.

References herein to "**The Kinetic Group**" refer to the businesses and operations of Vista Outdoor other than the businesses and operations of Vista Outdoor's Revelyst reportable segment.

The Kinetic Group's Brands

The Kinetic Group's brands are well-known in their respective product categories. The Kinetic Group's brands, consisting of Federal Premium, Remington, HEVI-Shot, CCI and Speer, each hold strong competitive positions in the marketplace. For example, The Kinetic Group believes it holds the top sales position in the U.S. markets for commercial and U.S. law enforcement small calibre ammunition. To maintain the strength of its brands and drive revenue growth, The Kinetic Group invests in product innovation to continuously improve the performance, quality, and affordability of its products for its retail partners and end consumers. The Kinetic Group's products have received numerous awards for

⁹ Source: Olin Corp 10K - <https://olin.com/investors/financials-filings/annual-reports-proxy/> and <https://s3.amazonaws.com/sec.irpass.cc/1548/0000074303-25-000023.pdf>; Kinetic Group 10K - <https://investors.vistaoutdoor.com/Investors/financials/sec-filings/default.aspx>

product innovation by respected industry publications, including the Golden Bullseye Award by NRA Publications (an industry award for innovation), and Field and Stream's Annual Best of the Best Award. Additionally, high-profile professional athletes, sportsmen and sportswomen, as well as sponsored and organic influencers use and endorse The Kinetic Group's products, which it believes influences the purchasing behaviour of recreational consumers.

The Kinetic Group's brands include the following:

- **Alliant Powder** is one of America's most popular smokeless powders to be utilized by reloaders according to a consumer research report;
- **CCI** is a leader in rimfire ammunition and primers and is renowned for its production of handgun ammunition;
- **Estate Cartridge** produces a variety of reliable and affordable shotshells for the field and the range;
- **Federal Premium** manufactures high-quality shotshell, centrefire and rimfire loads for hunters and shooters;
- **HEVI-Shot** is a U.S. shotshell manufacturer that produces non-toxic pellets and is an industry leader in non-toxic shotshell for the avid shooter and outdoor enthusiast according to a consumer research report;
- **Remington** has been manufacturing quality shotshell, centrefire, and rimfire loads since 1816, and has been a trusted ammunition utilized by millions of users; and
- **Speer** has been making quality pistol ammunition since 1943. Speer Gold Dot is the most trusted duty ammunition for law enforcement.

The Kinetic Group's Products

The Kinetic Group's product lines are focused on the following categories:

- Centrefire pistol ammunition for use in handguns for training, target shooting and personal protection;
- Centrefire rifle ammunition for use in rifles for hunting, target shooting, training and personal protection;
- Rimfire ammunition for training and recreational target shooting in rifles and handguns;
- Shotshell ammunition for clay target shooting, waterfowl, and upland game hunting; and
- Ammunition components for the OEM and reloading markets.

Among these categories, over 99% of The Kinetic Group's sales are derived from ammunition and related components, which are consumable, repeat purchase products.

Leading innovation and product development competencies in the highly competitive business in which The Kinetic Group operates, The Kinetic Group's trade names, service marks, and trademarks are important to distinguish its products from those of its competitors. The Kinetic Group owns various U.S. and foreign trademarks that expire at various times and plans to continue to extend the terms of these trademarks in accordance with its business needs and the relevant laws of the jurisdictions where these trademarks are registered. The Kinetic Group relies on trade secrets, continuing technological innovations, and licensing arrangements to maintain and improve its competitive position. The Kinetic Group also has a portfolio of approximately 175 U.S. and foreign patents, and it believes these patents, as well as unpatented research, development, and engineering skills, make important contributions to The Kinetic Group's business.

The Kinetic Group employs approximately 50 dedicated design and product development professionals across the organization. By applying its engineering and manufacturing expertise, The Kinetic Group has been able to bring to market new and innovative products that maintain product differentiation while targeting affordability for the end consumers. Examples of The Kinetic Group's recent product innovations include:

- Federal Premium introduced the 30 Super Carry. The compact design represents an entirely new class of ammunition engineered for performance. The 30 Super Carry offers a higher capacity and smaller frame size than the 9mm but with similar muzzle blast, recoil and terminal performance. In 2023, the 30 Super Carry won the NRA Golden Bullseye Award for Ammunition Product of the Year.
- The Federal Premium Terminal Ascent line of rifle hunting cartridges provides a blend of terminal effects and long-range accuracy for today's discriminating hunter. Featuring an extremely high ballistic coefficient with its sleek profile and slipstream hollow core tip, compounded with a solid shank jacket and bonded core, Terminal Ascent is most capable at all ranges. In 2021, the Terminal Ascent won the NRA Golden Bullseye Award for Ammunition Product of the Year.
- Remington introduced the Core-Lokt Tipped line of rifle hunting cartridges. The Core-Lokt Tipped line of products provides the same performance as original Core-Lokt, with the added benefit of flight aerodynamics

and incredible accuracy even at extended ranges. In 2023, the Core-Lokt Tipped won NRA Golden Bullseye Award for Ammunition Product of The Year.

- Federal Premium and Speer continue to provide Law Enforcement with unique duty ammunition solutions that address rigorous performance requirements. Incorporating core bonding features along with unique hollow point concepts and jacket designs, Federal Premium's HST and Speer's Gold Dot product families continue to win significant government and law enforcement contracts, including the Department of Homeland Security, U.S. Customs and Border Protection, the New York City Police Department and the Miami-Dade Police Department.
- CCI introduced the new Uppercut 22 LR round.
- Responding to environmental concerns with plastics left behind in the field, Federal Premium recently introduced the Top Gun Paper Wad shotshell product featuring a unique "paper-based" wad system.

Customers and Marketing

The Kinetic Group's primary customers are retailers and distributors who serve the end consumers, who are hunters, competitive and recreational shooters. Examples of Kinetic Group's retail customers are: Academy, Bass Pro Shops/Cabela's, Scheels, Sportsman's Warehouse and Walmart. The Kinetic Group also sells to distributors who serve outdoor sporting supply stores as well as smaller law enforcement departments including the following: Kiesler Police Supply, Nations Best Sports, San Diego Police Equipment Co., Sports Inc. and Sports South. Additionally, The Kinetic Group sells directly to larger law enforcement agencies, such as New York City Police Department, and direct to government agencies, such as the U.S. Department of Defense.

Sales to The Kinetic Group's top ten customers (retailers and distributors only) accounted for approximately 45 % of The Kinetic Group's net sales in the fiscal year ended 31 March 2023. In the fiscal year ended 31 March 2023, U.S. customers represented approximately 92% of The Kinetic Group's sales and customers outside of the U.S. represented approximately 8% of The Kinetic Group's sales. Of The Kinetic Group's sales for the fiscal year ended 31 March 2023, approximately 19% of sales were to law enforcement, government, and military professionals within the U.S. and internationally.

Manufacturing, Sourcing, Quality Assurance and Distribution

Manufacturing

The Kinetic Group believes that its state-of-the-art manufacturing expertise and distribution capabilities and high-quality retail, dealer and distributor networks allows it to produce, deliver and replenish products in a more efficient and faster manner than its competitors. The Kinetic Group believes that this speed allows it to better serve the needs of customers and end consumers and capture market share. The scale and scope of the manufacturing and distribution operations also allows The Kinetic Group to be one of the lowest-cost producers in many of its product categories.

A key component of The Kinetic Group's strategy includes production of numerous individual components that are utilized in the manufacturing of finished ammunition rounds. These components include cases, primers, bullets, non-toxic and lead shot, as well as shotshell hulls. These components allow for vertical integration within The Kinetic Group's manufacturing process (those not utilized for its own manufacturing process are sold as individual components in the OEM (original equipment manufacturer) and retail markets).

The Kinetic Group's long history of American manufacturing experience across multiple manufacturing facilities provides opportunities to leverage best practices. The Kinetic Group drives innovation and best practices across all facilities, focusing on efficiency and output improvements, safety, health, and environmental initiatives, quality improvements, and cost reduction projects. The sharing of best practices between its factories and The Kinetic Group's ability to choose the lowest cost routing across manufacturing facilities allows it to maximize efficiencies and efficiently deliver its products to its customers and end consumers.

Sourcing

Integrated supply chain management is a core focus of The Kinetic Group. For its manufacturing operations, The Kinetic Group procures large quantities of raw materials, including copper, zinc, and lead, primarily from domestic sources, and manufactured components, including resin, corrugate, propellant and projectiles. The Kinetic Group leverages negotiating disciplines and production methods with the objective of obtaining the best price and delivery available as well as low-cost conversion of raw materials into finished product. The Kinetic Group continuously seeks to improve its vendor base as well as the support and oversight, and through the integrated supply chain management process it seeks to provide year-over-year reductions in input costs. The Kinetic Group believes the scope and scale of its sourcing network would be difficult to replicate.

Quality Assurance

The Kinetic Group maintains a disciplined quality assurance process, setting stringent metrics to drive year-over-year quality improvements. The Kinetic Group also has customer call centres, which allow it to collect feedback on The Kinetic Group's customer service, and robust social media tracking and engagement tools that enable it to collect real-time feedback, communicate with end-users and ensure that The Kinetic Group's customers and end consumers are satisfied with The Kinetic Group's products and customer service.

Distribution

The distribution and logistics infrastructure of The Kinetic Group gives it the ability to serve a broad array of wholesale and retail customers, many of whom rely on The Kinetic Group for services such as category management, marketing campaigns, merchandising and inventory replenishment. The strong wholesale and retail relationships and diverse product offering provide The Kinetic Group with a unique competitive advantage.

The Kinetic Group maintains strong relationships with its retail partners based on trust and professionalism. The Kinetic Group's long-standing commitment to its customers, diverse product offering and focus on profitability for both The Kinetic Group and its retail partners have enabled it to gain shelf space and secure premium placement of its products at many major retailers. The Kinetic Group's management team interfaces directly with the executives of many of its top retail partners to ensure The Kinetic Group is delivering the products its retailers need to meet the demands of the end consumer in an efficient, profitable manner. Furthermore, The Kinetic Group believes its scale allows it to leverage its resources to service its largest retail customers efficiently and profitably. For example, The Kinetic Group works with its key retail customers to develop marketing and advertising campaigns, provide inventory replenishment support and organize product category merchandising plans.

Competition

Competition in the markets in which The Kinetic Group operates is based on a number of factors, including price, quality, product innovation, performance, reliability, styling, product features, and warranties, as well as sales and marketing programs. The Kinetic Group's significant competitors include: Winchester Ammunition of Olin Corporation, Barnes of Clarus Corporation, CBC Global Ammunition, Hornady, PMC, Ammo Incorporated and Rio Ammunition.

The following chart shows the breakdown of The Kinetic Group's selected significant competitors in the civil and law enforcement end-user market segments:

Civil	Law Enforcement
CBC Global Ammunition	CBC Global Ammunition
Ammotec	Ammotec
Winchester	Winchester
Sig Sauer	Sig Sauer
Hornady	Hornady
Lapua	Lapua
Nosler	
Barnes	

Seasonality

The Kinetic Group's business experiences a certain level of seasonality. Sales of The Kinetic Group's ammunition are generally highest during the months of August through December due to shipments around the fall hunting season and holidays.

Employees

As at 31 December 2024, The Kinetic Group employs approximately 3,600 individuals almost entirely within the United States.

Property and Leases

The following is a description of The Kinetic Group's material properties and leases as of the date of this Prospectus or as at the date indicated.

Headquarters, manufacturing plants, and other buildings

The Kinetic Group occupies manufacturing, assembly, warehouse, test, research, development, and office facilities. As at 31 December 2024, The Kinetic Group had significant operations at the following locations, which include office, manufacturing, and distribution facilities, each within the United States.

Description	Location
Manufacturing Facility	Lewiston, Idaho
Corporate Headquarters and Manufacturing Facility	Anoka, Minnesota
Manufacturing Facility	Lonoke, Arkansas
Manufacturing Facility	Sweet Home, Oregon

Leases

Description	Location
Distribution Facility	Anoka, Minnesota

Legal Proceedings

From time to time, The Kinetic Group is subject to various legal proceedings, including lawsuits, which arise out of, and are incidental to, the conduct of The Kinetic Group's business. The Kinetic Group and the Issuer do not consider any of such proceedings that are currently pending, individually or in the aggregate, to be material to The Kinetic Group's business or likely to result in a material adverse effect on The Kinetic Group's operating results, financial condition, or cash flows.

Regulatory Matters

While The Kinetic Group does not manufacture firearms, it is subject to the rules and regulations of the Bureau of Alcohol, Tobacco, Firearms and Explosives and various state and international agencies that control the manufacture, export, import, distribution, and sale of firearms, explosives, and ammunition. If The Kinetic Group fails to comply with these rules and regulations, these agencies may limit The Kinetic Group's growth or business activities, or, in extreme cases, revoke its licenses to do business. The Kinetic Group's business, as well as the business of all producers and marketers of ammunition, is also subject to numerous federal, state, local, and foreign laws, regulations and protocols. Applicable laws:

- require the licensing of all persons manufacturing, exporting, importing, or selling ammunition as a business;
- require labelling and tracking the acquisition and disposition of certain types of ammunition, and certain related products;
- regulate the use and storage of gun powder or other energetic materials;
- regulate the interstate sale of certain ammunition;
- limit the mail-order sale of ammunition;
- regulate The Kinetic Group's employment of personnel with certain criminal convictions; and
- restrict access to ammunition manufacturing facilities for certain individuals from other countries or with criminal convictions.

In some cases, the handling of technical data and the international sale of The Kinetic Group's products are also regulated by the U.S. Department of State and Department of Commerce. These agencies oversee the export of the ammunition products. In many instances, it must obtain export authorizations for international shipments. To date, most of The Kinetic Group's requests for export licenses have been approved. These agencies can impose civil and criminal penalties,

including preventing The Kinetic Group from exporting its products, for failure to comply with applicable laws and regulations.

The Kinetic Group is also regulated by the U.S. Department of Homeland Security, which regulates the out-bound and in-bound movement of certain of its products, as well as components, parts, and materials used in its manufacturing processes. The agency is authorized to detain and seize shipments, as well as penalize The Kinetic Group for failure to comply with applicable regulations. The agency also works closely with the Department of State and the Department of Commerce to protect national security.

There are many laws at the international, federal, state and local levels regulating the purchase, possession and use of The Kinetic Group's products. The Kinetic Group has robust policies and procedures in place to help ensure it complies with these requirements, and it actively supports and encourages the safe, lawful and responsible use of its products. The Kinetic Group partners with a variety of organizations who share these goals, supports policies that advance safety initiatives, and uses its brand platforms to educate, reinforce and share best practices for the safe use of its products. Through membership in trade organizations, The Kinetic Group supports efforts to reduce the unlawful use of firearms, prevent suicides, prevent illegal purchases of firearms, and educate the public on the safe use and storage of firearms and ammunition. The Kinetic Group has a robust export control program in place, screens its international customers for compliance or ethical concerns, and insists that its business partners comply with all laws applicable to the manufacture, sale and distribution of its products.

CSG Business Projects

The Business Projects division includes companies that do not fall into any of the Issuer's core business areas. Nevertheless, they have strong potential or represent an interesting business opportunity.

ELTON hodinářská, a manufacturer of traditional PRIM watches with a history since 1949, is a long-standing member of this division. In 2020, the Prague Fertility Centre s.r.o. was incorporated into this division. The number of companies included in this Group division may change dynamically. The companies in this division share an interesting story, strong business potential and the Issuer intends to further develop these companies. Compared to other companies from specialized divisions, this division offers the possibility of long-term development of companies and also the possibility of selling them in case of an interesting offer.

EXCALIBUR INTERNATIONAL a.s. is a separate entity that does belong directly under the CSG Business Projects division. However, due to the nature of its core business, the Group has decided to include it under the defence segment for reporting purposes.

EXCALIBUR INTERNATIONAL a.s.



Company name: EXCALIBUR INTERNATIONAL a.s. (**EXCALIBUR INTERNATIONAL**)

ID No.: 292 89 688

Registered office: U Rustonky 714/1, Karlín, 186 00 Prague 8, Czech Republic

Group's Ownership Interest: direct 89% interest of the Issuer

Principal activities:

International trade in the products of Group companies. Provision of comprehensive customer solutions including logistics and after-sales services with a focus primarily in the military and defence industry. Service includes financing, operator training and on-site support throughout the life cycle of the delivered technology.

Categories of activities:

Foreign trade in military equipment such as tanks, armoured vehicles, weapons and weapons systems. Servicing, modernisation and upgrading of military equipment. Handling of ammunition, weapons and explosive material.

EXCALIBUR INTERNATIONAL is the Group's export agency, representing the complete portfolio of products and services of the Group and its partners. It has been operating within the Group since 2015 and focuses mainly on large international projects. Thanks to its broad portfolio of products and services and its extensive network of business partners, EXCALIBUR INTERNATIONAL acts as a coordinator of complex projects and tenders. Whether it is supplying military equipment, tailor-made TATRA trucks, helicopter pilot training or cutting-edge radar technology, the company's core value is meeting customer requirements. EXCALIBUR INTERNATIONAL focuses on business opportunities, particularly in the areas of ground and aerospace engineering, defence industry and radar technology. Dozens of experts who have long been active in the field of international business cover projects from the actual design of the solution through to the provision of delivery and after-sales service. The company represents more than 60 Czech, Slovak and foreign companies and operates in more than 40 countries worldwide.

In 2023, EXCALIBUR INTERNATIONAL continued its successful tradition of participation in the world's leading defence industry trade fairs. The most important event was undoubtedly the INTERNATIONAL DEFENCE EXHIBITION & CONFERENCE, held in Abu Dhabi, United Arab Emirates, in February 2023. EXCALIBUR INTERNATIONAL will continue its proactive approach to business opportunities and partnerships, both new and existing, in 2025 to achieve its ambitious goals and continue to build its international reputation.

Below are selected financial data of EXCALIBUR INTERNATIONAL based on the audited unconsolidated financial statements prepared in accordance with Czech Accounting Standards (CAS). The data for the year 2024 are still preliminary (unaudited).

BALANCE SHEET (selected financial data)

<i>CZK thousand</i>	as at 31 December 2024 (unaudited)	as at 31 December 2023 (audited)
Total Assets	15,951,846	7,057,747
Non-current assets	4,899	25,745
Non-current tangible assets	16,660	19,934
Current assets	13,791,601	6,459,843
Non-current receivables	3,660,207	2,074,430
Current receivables	5,571,043	1,191,008
Total Liabilities	15,951,846	7,057,747
Equity	1,038,920	713,258
Registered capital	2,000	2,000
Profit / loss of previous years	277,449	241,245
Profit / loss of current period	702,289	287,801

INCOME STATEMENT - GENERIC BREAKDOWN (selected financial data)

<i>CZK thousand</i>	year ended 31 December 2024 (unaudited)	year ended 31 December 2023 (audited)
Revenue from sales of goods	8,452,223	2,909,949
Costs of goods sold	4,655,733	1,559,430
Revenue from sales of products and services	873,045	1,608,039
Production consumption minus Costs of goods sold plus Capitalization (-) and Change in own inventory (+/-)	3,194,626	2,087,127
Personal expenses	81,078	63,922
Operating profit / loss	988,284	473,632
Financial profit / loss	-90,740	-118,011
Profit / loss from ordinary activities	897,544	355,621
Profit / loss of current period (+/-)	702,289	287,801

5.3 SECTORAL ANALYSIS

5.3.1 Principal activities

The Group identifies operating segments at the level of divisions which represents the main pillars of the Group's business. Divisions comprise of individual member companies. Each division has its own management, which coordinates the development, production, and business activities of the member companies which allows them to implement complex projects and create synergies. Information reported to the group's Board of Directors which is also the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segment performance is focused on revenue, Operating EBITDA, EBITDA, profit after tax, and additions to tangible and intangible assets of each division. The Group's reportable segments under IFRS 8 therefore are as follows:

CSG AEROSPACE

The following entities operate in this segment: ATRAK a.s., JOB AIR Technic a.s., ELDIS Pardubice, s.r.o., and RETIA, a.s. These entities principally focus on the development and production of radar systems, development of air traffic control systems and maintenance and repairs of aircraft and aircraft equipment.

CSG DEFENCE

Group entities whose principal business activity involves trade and manufacturing activities, or providing services in the area of military material, military equipment and systems belong to the Defence segment. A major portion of sales is realised with external customers outside the Group, namely in the European Union, Ukraine, Asia and Africa. This segment is dominated by EXCALIBUR ARMY spol. s r.o., Czech leader on the military material market offering a wide range of military vehicles, weapon systems and ammunition for which it provides comprehensive services – spare parts, ammunition, repairs and modernisation. Some vehicles are manufactured internally directly by EXCALIBUR ARMY spol. s r.o. and so is a wide array of spare parts. EXCALIBUR INTERNATIONAL a.s. is a separate entity which does not belong directly under CSG Defence division. However, by nature of its main business, the Group decided to include it under the defence segment for the reporting purposes. The company's activity is mainly trading with defence material, aviation technology and special material including related logistics and aftersales services. TATRA DEFENCE VEHICLE a.s. focuses mainly on the development, production, overhaul and modernisation of mainly armoured and special vehicles for domestic and foreign customers. The Slovak entity MSM Martin a.s. predominantly focuses on the repairs of ground land military equipment and modernisation of military and special vehicles including the sale of spare parts. Furthermore, the company specialises in the production of ammunition; its services cover the entire ammunition life cycle including technical life extensions. The company also develops and produces radio-navigation electronics. The Slovak entities ZVS deal with the production of ammunition and development, production and sale of guns. The Spanish company FABRICA DE MUNICIONES DE GRANADA S.L. predominantly manufactures ammunition.

CSG MOBILITY

Major players in the CSG Mobility segment principally include TRUCK SERVICE GROUP s.r.o., NIKA Development a.s., and TATRA MANUFACTURE a.s. The company TRUCK SERVICE GROUP s.r.o. is mainly dedicated to the purchase, overhaul and financing of TATRA vehicles. DAKO-CZ, a.s. dominates as a manufacturer of pneumatic, electromechanical, and hydraulic braking systems and components for rail vehicles with a 205-year tradition. Additionally, the subsidiaries of the aforementioned manufacturer also play a significant role. Companies in this segment realise most of their sales outside the Group.

CSG AMMO+

In this segment, we have newly acquired The Kinetic Group, which has become the largest company in the ammunition division. The Kinetic Group is the world's leading ammunition manufacturer, based in the US, where its largest market is also located. It engineers and manufactures the most accurate, powerful, and reliable ammunition in the world. Other significant part of CSG Ammo+ division is Fiocchi Group, which is the world's third largest small caliber ammunition manufacturer. The Italian family-owned company, originally founded in 1876, has production facilities not only in its country of origin, but also in the UK and the US. The representative of the group is Fiocchi Munizioni S.p.A., followed by its subsidiaries Fiocchi of America Inc. and Fiocchi UK Limited.

OTHER/CSG BUSINNES PROJECTS

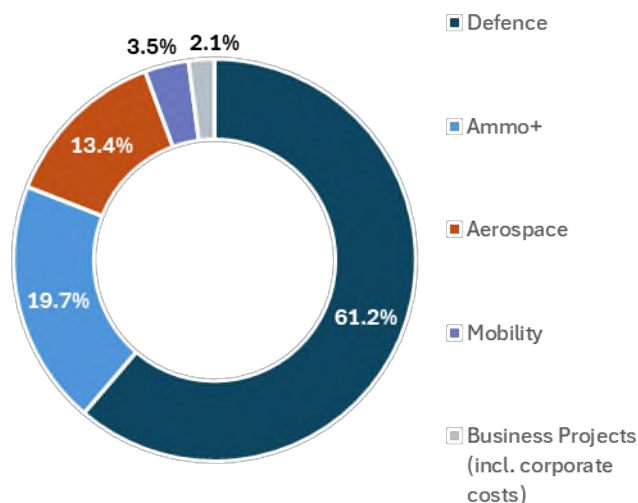
The operating segment includes entities having an economic specialisation different from that of entities included in the operating segments disclosed above. The income generated by those entities is principally attributable to the rental of real estate and sales of consumables. Since 2021, this segment was expanded to include Prague Fertility Centre s.r.o., a clinic for assisted reproduction. The above-specified operating segments have their individual management at the level

of individual entities; their accounting policies are identical. The company accounts for the income and transactions between segments as if they represented income and transaction with third parties, i.e. at the level of arm's length prices.

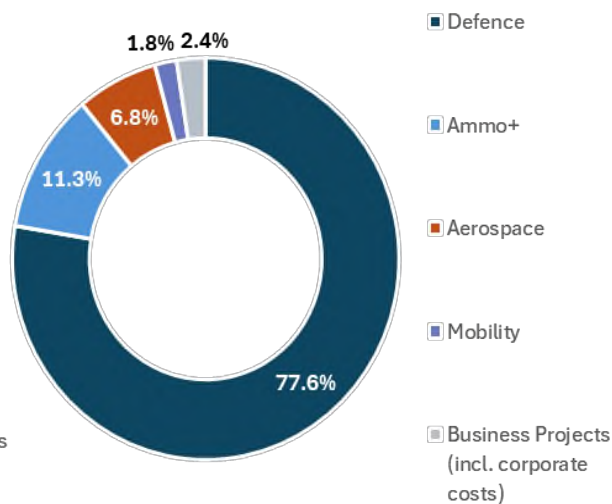
For the year ended 31. 12. 2024 (EUR thousand)	CSG AEROSPACE	CSG DEFENCE	CSG AMMO +	CSG MOBILITY	OTHER/CSG BUSINESS PROJECTS	Elimination of mutual relations	Consolidated data
Revenue	288,661	3,301,218	482,191	77,823	102,329	(243,608)	4,008,614
Profit (loss) from continuing operations	49,891	929,155	50,059	7,783	(8,189)	(15,826)	1,012,873
For the year ended 31. 12. 2023 (EUR thousand)	CSG AEROSPACE	CSG DEFENCE	CSG MOBILITY	CSG AMMO+	OTHER/CSG BUSINESS PROJECTS	Elimination of mutual relations	Consolidated data
Revenue	256,007	1,167,185	67,363	375,570	39,615	(171,310)	1,734,430
Profit (loss) from continuing operations	4,890	328,553	9,847	37,714	(1,680)	(1,196)	378,128

Note: The segment amounts also include transactions between companies within the segments.

Shares of sales by divisions in 2023 (%)



Shares of sales by divisions in 2024 (%)



5.3.2 Issuer's strategy

The Group's long-term strategy is to operate and expand in promising sectors of traditional Czech and Slovak industry with strong export potential.

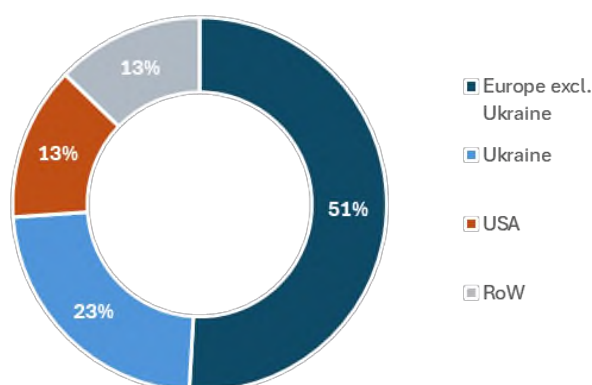
5.4 ISSUER'S MARKET POSITION

The Issuer, through its Subsidiaries, actively trades with customers in many countries around the world.

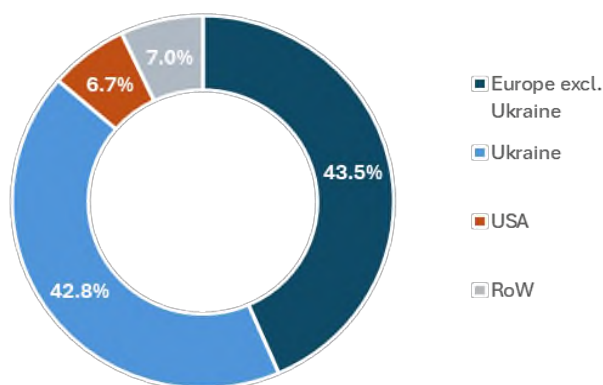
The Group's competitive environment is determined by the supply of and demand for relevant products in a given market. Given the relative diversification of the Group's activities and the fact that Russia and China do not publish relevant data in the arms industry, no estimate can be made of the Group's share of the global market.

Information on revenue by region for the period 2024 and the period 2023 in relation to revenue from contracts with customers (in connection with continuing operations), broken down by geographical location, main products and services and revenue recognition period for 2024 and 2023 in accordance with the requirements of IFRS 15 (information derived from the Issuer's consolidated financial statements).

Percentage share of sales in 2023



Percentage share of sales in 2024



5.4.1 Competition in the defense sector

Czech Republic and Slovakia

In the Czech Republic and Slovakia, the Group currently holds an exclusive to dominant position in the development and production of new ground military equipment with very limited competition. Partial competitors in the field of repair and modernisation of "Soviet" type ground equipment are VOP CZ, s.p. (Šenov u Nového Jičína, ID No.: 000 00 493), STV Group a.s. (Prague, ID No.: 261 81 134) and DMD Group, a.s. (Dubnica nad Vahom, ID No.: 36 297 194). However, this competition is limited by the company's own development and production or subcontracting capacities. Taking into account its comprehensive capabilities in the field of development, production, repair, modernisation and full life cycle support, negotiation and implementation of demanding contractual relationships and international cooperation in top quality, the Group concludes that it has no competition on the Czech and Slovak market and is a hegemon in the field of ground and anti-aircraft technology.

The superiority is particularly evident in the area critical to success in terms of ability:

- to provide integrated solutions across the entire spectrum of production and product life cycle, i.e. customer-oriented development, production, repair, life cycle assurance, upgrades, logistics including warehousing;
- to provide for the strategic needs of the state defence - the Ministry of Defence of the Czech Republic is currently preparing a concept that would define and provide for the needs of the state's arms production through a "strategic defence industry enterprise"; the Issuer has the prerequisites to become an element of this concept and thus have a state-guaranteed share in the defence industry of the Czech Republic;
- to provide interconnected solutions ("in house") without dependence on external suppliers - the Issuer has a well-thought-out acquisition policy and through ownership links with companies outside the holding company, unique solutions are available to cover modernization trends and meet the requirements of users (armies, states) in the highest possible quality and across the entire product portfolio, such as TATRA TRUCKS chassis (unified platform of the Armed Forces of the Czech Republic) - with the possibility of container and automotive builds (KARBOX); Pandur wheeled platform (TATRA DEFENCE VEHICLE) and the possibility of special, electronic builds (RETIA); Retia command and control systems for ground troops (on the TATRA TRUCKS wheeled platform); modernisation and repairs of the air defence system of the state (PVOS) at RETIA (repairs of the system's tracked chassis at EXCALIBUR ARMY); production of howitzers, rocket launchers, armoured vehicles

by EXCALIBUR ARMY (chassis of Tatra Trucks, RETIA fire control system under development), EXCALIBUR ARMY bridge vehicles (TATRA TRUCKS chassis), MSM ammunition (upgraded EXCALIBUR ARMY guns), field hospital for the Czech Army KARBOX (TATRA TRUCKS transporters) and others.

Foreign markets

The fundamental influence on the situation on foreign markets was clearly the invasion of Russia into Ukraine, which fundamentally changed the position of the defence industry in Europe and naturally had an impact on the Group's business, although the Group's companies, namely EXCALIBUR ARMY or TATRA TRUCKS, were among the few in the European defence industry to supply weapons and equipment to the Ukrainian army in the years before the outbreak of the conflict, the resulting situation significantly strengthened this market. As a result of the conflict between the two countries, there has been an increased interest in supplying goods, military equipment and services not only to Ukraine but also to other countries and other markets as part of the strengthening of national defence capabilities.

Simply put, the Group operates through its companies globally. The most significant part of sales is made outside the Group to external customers, namely in the regions of the European Union (45% of sales), Eastern Europe (41% of sales), the USA (2% of sales) South East Asia, the Middle East and Africa (12% of sales in total). The international markets in which the Group operates and a description of them are set out below:

Markets for military equipment of "Soviet" production, and therefore the need for repair, modernization and purchase of this type of equipment

These markets include the area of Soviet-produced equipment, where there is a need for repair, modernisation and purchase of this type of equipment, or supply of spare parts. Geographically, these markets cover the Maghreb (Morocco, Algeria, Tunisia and Libya), Sub-Saharan Africa, post-Soviet countries, India, Pakistan, Vietnam and others.

Given the amount of "Soviet" ground combat equipment worldwide, it is not possible to list all the competitors – in general, it can be said that these are mainly industrial bases that had experience with such equipment in the past, i.e. mainly the countries of the former Soviet bloc (Bulgaria, Poland, former Yugoslavia, Russia). However, for the assessment of competitiveness it is relevant to state that the Czechoslovakia at that time had the "exclusivity" to produce such equipment and a production base in Slovakia, today partly held by the Group. In the Issuer's opinion, this makes the Group today the leader in terms of quality of repairs, knowledge and available technical documentation in this segment. Another important factor is that the Russian military-industrial complex is primarily focused on the sale of new weapon systems, while being rejected in certain markets for various reasons, which will be further accentuated in the future in connection with the very low efficiency of Russian weapon systems during the current conflict in Ukraine, as well as sanctions arrangements restricting the Russian Federation's commercial activities.

In the field of Soviet radar technology, the Issuer, through RETIA, believes that it is a potential leader in the modernization of air defence radars due to its unique solution for the modernization of P-18 and P-37 radars (e.g. Turkmenistan, Vietnam, Ethiopia) and its ability to develop and integrate new air defence systems.

Ammunition markets

From the Company's point of view, these markets include mainly the large-calibre ammunition sector, where the Issuer, in its opinion, is a leading European player through the MSM GROUP holding, which deals with the complete ammunition life cycle process, from new production through technical life extension to ammunition delaboration, mainly due to its long-standing experience in ammunition production and high level of know-how. Markets served include Ukraine, Poland, the Baltic States, Slovakia, Turkey, Spain, Latin American countries, among others.

Markets defined by license agreement with General Dynamics for operations in selected territories

General Dynamics, as part of the strategic cooperation and the licence sold for the production of the PANDUR wheeled armoured vehicle, enables the Group to operate in markets where it does not intend to engage itself, either for political or organisational reasons or because it recognises that the Group's business opportunities are significantly higher given its regional experience; generally speaking, the products of the world leaders have a more limited clientele for price and often political reasons - this is an opportunity for the Issuer to enter markets where it is already established with these products. As part of the strategic cooperation with General Dynamics, most of the markets in which the Issuer is active today are contracted for the benefit of the Issuer

Markets defined by the license agreement with NEXTER SYSTEMS for operations in selected territories

NEXTER SYSTEMS, within the framework of the strategic cooperation and the licence granted for the production of the TITUS wheeled armoured vehicle, enables the Group to operate on the Czech market. Expansion into other markets is possible by mutual agreement with NEXTER SYSTEMS, taking into account the Group's current business cases and NEXTER SYSTEMS' business plans.

New territories

New territories can be considered all those where the Group operates through manufacturing companies or its own trading companies (REAL TRADE PRAHA, EXCALIBUR INTERNATIONAL) and where it will provide new products beyond the existing ones in the field of "Soviet" technology. It is logical that it uses not only its own business capacities, but also and above all builds on existing business and client networks - in this way it uses existing clients to promote and sell its own technological and design innovations (EXCALIBUR ARMY - bridge cars, howitzers, rocket launchers, armoured vehicles, recovery vehicles, MSM EXPORT - new types of ammunition, RETIA - radar sensors, etc.). The new territories include, in addition to the Czech Republic, the markets of the post-Soviet space, Central Asia, Southeast Asia (Indonesia, Thailand, Vietnam, Malaysia), South Asia, the Middle East and Africa.

Strategic partners

Strategic partners include, for example, the NATO Maintenance and Supply Agency (NAMSA) and the NATO Support and Procurement Agency (NSPA), through which the Group delivers some Alliance solutions (e.g. 45 tanks for Ukraine).

5.4.2 Non-defence sector

The Group operates in non-defence markets primarily through The Kinetic Group, ELDIS Pardubice, CS SOFT, ATRAK, CSGM, KARBOX, Prague Fertility Centre s.r.o. and DAKO-CZ.

DAKO-CZ is one of the world's four manufacturers of brake systems for rolling stock. It cooperates with the world's leading rolling stock manufacturers, preferably Siemens. Reference orders include brakes for subway cars in Munich, Riyadh and Kuala Lumpur. Other markets where DAKO-CZ has completed orders are Algeria, Malaysia, Indonesia and China, where DAKO-CZ cooperates with the world's leading rolling stock manufacturers and rail operators.

CSGM a.s. is a service organization providing management, accounting and other services mainly for the Group.

Prague Fertility Centre s.r.o. (PFC) is a company providing services in the field of assisted reproduction, which was founded in September 2009 by Sonja Lazarovská, MVDr. Daniel Hlinka, PhD. In the opinion of the Issuer, since its establishment, PFC has become one of the most sought-after clinics in the Czech Republic with a very good reputation abroad; 80-90 % of the patients come from abroad. Since 2019, PFC has managed to contract all health insurance companies in the Czech Republic, which has also duly contributed to the expansion of its domestic clientele. The main service that PFC provides is In Vitro Fertilization (IVF), infertility treatment using all available assisted reproduction methods.

Through KARBOX, s.r.o. the Group has executed orders outside the Czech Republic, e.g. in France, Sweden and Norway.

The Issuer expects that the Group will operate in the aerospace segment, in which the Group has been operating since 2016 through the acquisition of JOB AIR Technic a.s., for customers in various countries, holding maintenance authorisations for major aircraft types used worldwide.

6. ORGANISATIONAL STRUCTURE AND SUBSIDIARIES

6.1 ORGANISATIONAL STRUCTURE OF THE GROUP

The sole shareholder of the Issuer is CSG FIN a.s., with its registered office at U Rustonky 714/1, Karlín, 186 00 Prague 8, Czech Republic, ID No.: 141 41 442, registered in the Commercial Register maintained by the Municipal Court in Prague under File No. B 26982. The sole shareholder of CSG FIN a.s. and the beneficial owner of the Issuer is Mr. Michal Strnad, born on 4 August 1992, residing at Široká 129, Chrudim I, 537 01 Chrudim.

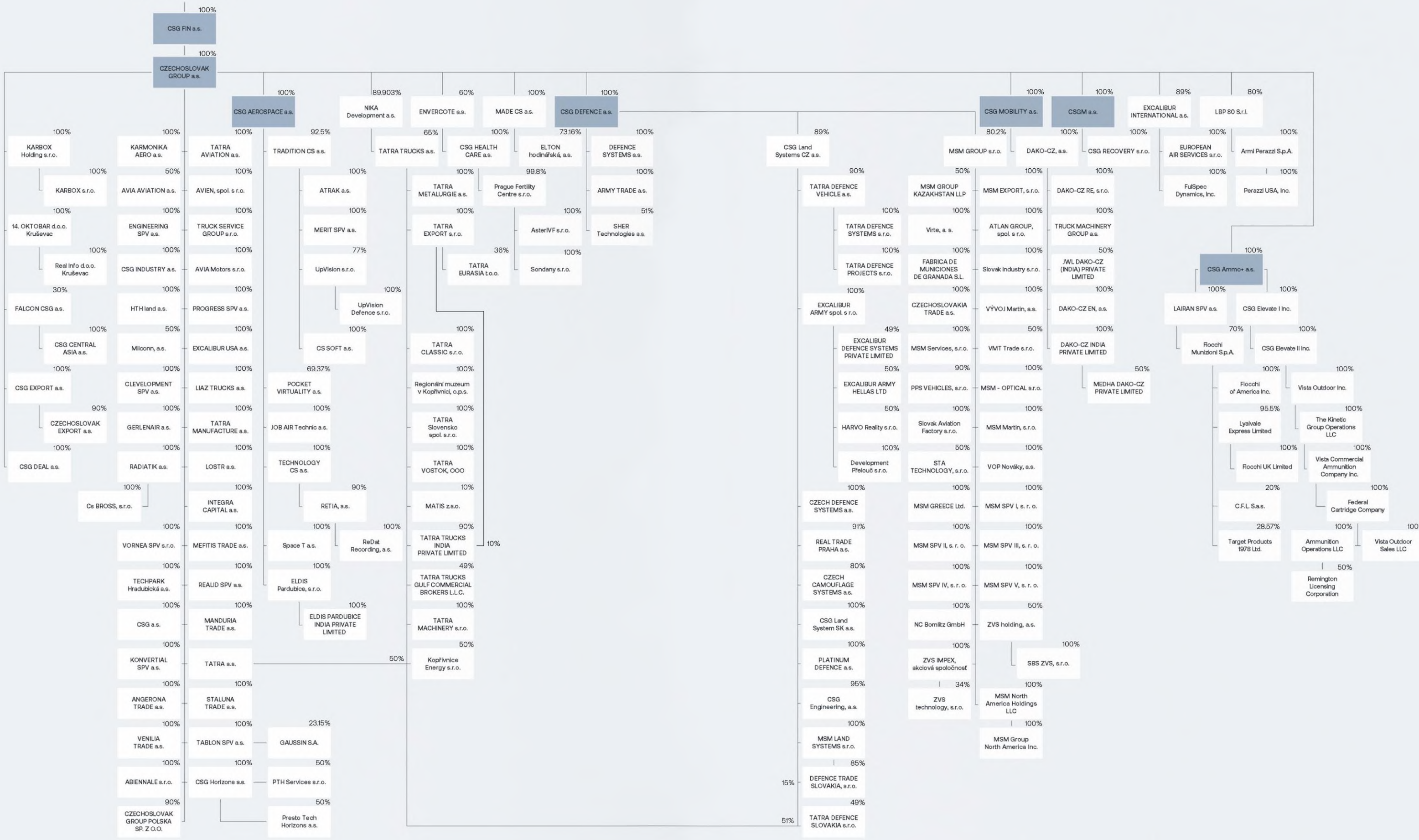
The Issuer is a holding company covering the activities of the Subsidiaries.

The Issuer has a direct ownership interest and an indirect ownership interest in Group companies. The following diagram shows the structure of the Group showing the direct Subsidiaries as well as the other Subsidiaries described in Section 5.2 (*Material Subsidiaries and their activities*) of this Prospectus. The ownership interest always corresponds to the voting interest, unless expressly stated otherwise.

Organisational structure of the Group as of 31 December 2024:

Group Structure Chart

Michal Strnad



6.2 ISSUER'S DEPENDENCE ON THE GROUP

The Issuer is dependent upon the Subsidiaries as their results of operations will be reflected in the consolidated results of the Issuer and in the event that the Subsidiaries do not make a profit, they will not be able to pay the Issuer a share of profits in the form of dividends.

As the Issuer will also use the proceeds of the Issue to provide financing to various Subsidiaries, this will result in the Issuer's economic dependence upon the solvency of the Subsidiaries concerned.

7. TREND INFORMATION

The trends relating to the Issuer are mainly based on the fact that the Issuer is a holding company directly or indirectly owning Subsidiaries. Therefore, the Issuer will be indirectly subject to the same influences as the members of the Group and will affect the financial results of the Issuer.

The Issuer is not aware of any trends, uncertainties, demands, commitments or events that may have a material effect on the Group's prospects for the current financial year. The Issuer represents that no material adverse change in the prospects of the Group since the date of its last published audited financial statements to the date of this Prospectus exists. The Issuer further represents that no significant change in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of this Prospectus exists.

The Issuer is in an industry where there are a number of factors that may affect the Issuer's business in some way. In particular, with respect to the trading of military equipment, any tenders are subject to legislative or administrative export restrictions. However, the Issuer is not currently aware of any significant restrictive measures in its principal export markets and is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.

Important for the company's development will be possible supplies for the armed forces, which are, however, subject to demanding tenders and strong competition. The Group is significantly expanding its production portfolio with innovative solutions to cover customer needs towards the critical change in requirements for contemporary technology and the ongoing change in its use.

Trends in defence sector (CSG Defence division)

There are many factors in the military equipment industry that may affect the Group's business. Particularly with respect to the trade in military equipment, potential tenders are subject to legislative or administrative export restrictions. However, the Issuer is currently not aware of any significant restrictive measures in its main export markets, both in the civilian and armed forces markets. Important for the company's development will be the potential supply to the armed forces, which is, however, subject to demanding tenders and strong competition.

Globally, the defence industry is a partially regulated sector due to the control and licensing policies of individual states. Despite this, it can be stated that it shows positive trends that allow it to be considered an area of stability and high investment potential in terms of sectoral activity, which is also true for the Group.

The most significant trend in the defence sector is the increasing defence spending in the Czech Republic and Europe as a whole as a result of the war in Ukraine. Currently, there is the highest expected increase in defence spending in Europe in the last 40 years¹⁰, which will be used to repair, modernise, renew and purchase military equipment and weapons systems.

The stability of the defence sector can be measurably traced, for example, by comparing the ITA stock index, which tracks the stock of the largest North American arms companies, with other stock indexes. Another data point confirming this stability is the global and long-term trend in arms spending - in 1998, approximately USD 1,014 billion was spent on expenditure worldwide, in 2003 approximately USD 1,250 billion, in 2004 approximately USD 1,329 billion and in 2018 already USD 1,816 billion. These dynamics can be expected to continue in the future, given that many states have reached critical levels of military power, and the threat of regional conflict remains (for example, in the case of India and Pakistan). The escalation of 'civilisational' and regional conflicts with a global dimension (Syria,

¹⁰ Source: Goldman Sachs Global Investment Research, Europe Aerospace & Defence, 13 June 2022.

Daesh, Afghanistan) is another significant factor affecting the level of arms spending. The last, major factor influencing the continuation of the trend of increasing arms spending is the fact that there is a "generational" replacement of weapons systems related to the end of their service life (equipment acquired massively during the Cold War) and the fact that their technical maturity does not cover the needs of current warfare and military tactics.

Confirmation of these trends is known from publicly available facts such as the resolutions of NATO summits and the pressure on member countries to increase defence spending up to 2% of GDP or the declaration of the Czech government to ensure increased spending in the budget chapter of the Ministry of Defence of the Czech Republic.

The above factors have a direct impact on the Group's operations both in the Czech Republic and abroad and represent a significant opportunity for the Group to further develop its business, but also a risk in the event that it does not respond to the requirements arising from customer needs and related changes in the field of weapons and technology development and ignores the need for innovation and technological development.

Trends in the non-defence sector

Aviation - CSG Aerospace division

An important trend in the aviation segment is the use of artificial intelligence, not only to increase production efficiency and reduce costs, but also to automatically detect anomalies, for example in log data of software applications. The use of unmanned aerial vehicles is also a growing trend, including in the civilian sector. The Group's ambition is also to develop a drone traffic management system, i.e. comprehensive airspace management, which should cover all categories of drones.

Automotive - CSG Mobility division

A significant trend in the automotive segment is the pressure to continuously reduce emissions, for this reason, a key activity of TATRA TRUCKS is the continued development of its own hydrogen propulsion system consisting of fuel cells and an electric motor for TATRA FORCE vehicles. TATRA TRUCKS is also working on a project for a hybrid vehicle with a Tatra engine and generator or a battery vehicle with an internal combustion engine as a range extender.

In the area of rail transport, the use of high-speed lines is gradually increasing. At the same time, there is pressure to increase transport efficiency. For these reasons, DAKO-CZ is developing new brake components for both freight wagons and passenger cars. For example, brake components for special coaches are under development, while in the hydraulics sector, electromechanical brakes for rail stock are being developed, as well as a telemetry system for freight wagons, which includes monitoring of the necessary brake system variables during operation, followed by analysis and evaluation of real data.

CSG Ammo+ division

The small calibre ammunition market has experienced consistent growth in recent years, driven by several key factors - military modernization initiatives, heightened global defence spending, law enforcement requirements, as well as increased civilian firearm ownership, sport shooting, and recreational pursuits.

Looking forward, the small calibre ammunition market is poised for continued, steady growth in the coming years. Key drivers of this anticipated growth include growing global security concerns, the ongoing demand for counterterrorism operations, trends in the civilian firearms market, and the rising popularity of shooting sports. Additionally, the increasing need for military and law enforcement training is expected to support market expansion. Noteworthy trends shaping the market during the forecast period include a growing emphasis on training and simulation ammunition, rising global defence budgets, strategic partnerships, a focus on reducing environmental impact, and the development of customizable and modular ammunition solutions.

8. PROFIT FORECASTS OR ESTIMATES

The Issuer has not made any profit forecast or estimate.

9. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

9.1 BOARD OF DIRECTORS

The business management of the Issuer, including bookkeeping, is carried out and ensured by the Board of Directors, which has five (5) members. The members of the Board of Directors are elected and dismissed by the General Meeting (or by the Issuer's sole shareholder in the capacity of the General Meeting). The Board of Directors elects and dismisses the Chairman and two (2) Vice-Chairmen of the Board of Directors from among its members. The Board of Directors is governed by the policies and guidelines approved by the General Meeting, insofar as they are in accordance with the law and the Articles of Association. The term of office of the members of the Board of Directors is five (5) years.

No persons have been appointed as senior management of the Issuer; the company is managed directly by the members of the Board of Directors.

The business address of all members of the Issuer's Board of Directors is U Rustonky 714/1, Karlín, 186 00 Prague 8, Czech Republic.

The members of the Issuer's Board of Directors as of the date hereof are:

Mr. Michal Strnad	
Office:	Chairman of the Board of Directors since 31 October 2015
Education, experience and other relevant data:	<p>Mr. Michal Strnad completed his secondary education at Anglické gymnázium, Střední odborná škola and Vyšší odborná škola, s.r.o. From 2010 to 2013, he actively assisted within the business/project sector of EXCALIBUR ARMY spol. s r.o. In 2014, he continued his professional engagement within the Group at CSGM a.s., where he held the position of assistant to the project manager from 2014 to 2015.</p> <p>In addition to his responsibilities on the Board of Directors of the Issuer, a position he assumed in 2015, Michal held the role of CEO at CSGM a.s. until 2019. As the current ultimate owner of the Issuer, he has the key voice in determining the Group's strategic direction.</p>
Acting in statutory and supervisory bodies or other involvement in companies significant for the Issuer:	<p>CSGM a.s. (member of the Board of Directors)</p> <p>KARBOX Holding s.r.o. (Managing Director)</p> <p>NIKA Development a.s. (chairman of the Board of Directors)</p> <p>CSG CAPITAL a.s. (chairman of the Board of Directors)</p> <p>ELTON hodinářská, a.s. (chairman of the Supervisory Board)</p> <p>CSG AEROSPACE a.s. (chairman of the Supervisory Board)</p> <p>DEFENCE SYSTEMS a.s. (member of the Board of Directors)</p> <p>CSG DEFENCE a.s. (chairman of the Supervisory Board)</p> <p>Milconn, a.s. (chairman of the Supervisory Board)</p> <p>CSG Land Systems CZ a.s. (member of the Supervisory Board)</p> <p>CSG MOBILITY a.s. (chairman of the Board of Directors)</p> <p>CSG HEALTH CARE a.s. (member of the Board of Directors)</p> <p>CSG Ammo+ a.s. (chairman of the Administrative Board)</p> <p>CSG DEAL a.s. (chairman of the Supervisory Board)</p> <p>CSG FIN a.s. (chairman of the Administrative Board, sole shareholder)</p> <p>LAIRAN SPV a.s. (chairman of the Administrative Board)</p> <p>JOB AIR Technic a.s. (chairman of the Supervisory Board)</p> <p>CSG NADAČNÍ FOND (chairman of the Supervisory Board)</p> <p>MADE CS a.s. (chairman of the Board of Directors)</p> <p>HTH land a.s. (member of the Board of Directors)</p> <p>Space T a.s. (member of the Board of Directors)</p> <p>MERIT SPV a.s. (member of the Administrative Board)</p> <p>MSM GROUP s.r.o. (member of the Supervisory Board)</p>

Mr. David Chour	
Office:	Vice-Chairman of the Board of Directors since 1 September 2020
Education, experience and other relevant data:	<p>Mr. David Chour is a graduate of the Faculty of Economics and Administration at the University of Pardubice. Over the course of nearly two decades, he dedicated his professional efforts to Profireal Group, a financial group he took on the position of CEO in 2003 and assumed the role of Chairman of the Board of Directors in 2007. Under his leadership, the Profireal Group evolved into a global player, successfully expanding onto markets across Europe.</p> <p>In August 2020, David began a new chapter in his professional career when he joined the Group as its CFO. In September 2020, he was appointed Vice-Chairman of the Board of Directors of the company. At the beginning of 2023, he was entrusted with the role of Group COO.</p>
Acting in statutory and supervisory bodies or other involvement in companies significant for the Issuer:	<p>CSGM a.s. (chairman of the Board of Directors)</p> <p>JOB AIR Technic a.s. (member of the Supervisory Board)</p> <p>NIKA Development a.s. (member of the Board of Directors)</p> <p>INDUSTRY INNOVATION a.s. (member of the Board of Directors)</p> <p>CSG AEROSPACE a.s. (member of the Supervisory Board)</p> <p>DAKO-CZ, a.s. (member of the Supervisory Board)</p> <p>TRADITION CS a.s. (chairman of the Supervisory Board)</p> <p>CSG DEFENCE a.s. (vice-chairman of the Board of Directors)</p> <p>ATRAK a.s. (chairman of the Supervisory Board)</p> <p>Milconn, a.s. (member of the Supervisory Board)</p> <p>CSG Land Systems CZ a.s. (vice-chairman of the Board of Directors)</p> <p>CSG Ammo+ a.s. (member of the Administrative Board)</p> <p>CSG DEAL a.s. (vice-chairman of the Board of Directors)</p> <p>CSG FIN a.s. (member of the Administrative Board)</p> <p>LAIRAN SPV a.s. (member of the Administrative Board)</p> <p>TATRA TRUCKS a.s. (member of the Supervisory Board)</p> <p>CSG CAPITAL a.s. (vice-chairman of the Board of Directors)</p> <p>HTH land a.s. (member of the Supervisory Board)</p> <p>CSG MOBILITY a.s. (chairman of the Board of Directors)</p> <p>CZECHOSLOVAK INDUSTRIAL a.s. (chairman of the Board of Directors)</p> <p>CSG NADAČNÍ FOND (chairman of the Administrative Board)</p> <p>Fiocchi Munizioni S.p.A. (director)</p> <p>CSG Land System SK a.s. (member of the Supervisory Board)</p>

Mr. Petr Formánek	
Office:	Member of the Board of Directors since 4 November 2019
Education, experience and other relevant data:	<p>Mr. Petr Formánek holds a degree in Finance from the Prague University of Economics and Business. From 1988 to 2001, Petr held a variety of positions within the financial market segment, specifically in banks, including membership on boards of directors in both the Czech Republic and Canada. From 2001 to 2005, he actively contributed to the management of a distressed asset portfolio in a joint venture with the finance division of General Motors.</p> <p>From 2005 to 2016, as a member of the Board of Directors of Patria Corporate Finance, Petr was responsible for overseeing numerous public and private projects on capital markets, both in the Czech Republic and internationally.</p> <p>Since 2016, Petr has been overseeing the Group's corporate finance.</p>

Acting in statutory and supervisory bodies or other involvement in companies significant for the Issuer:	<p>CSG AEROSPACE a.s. (member of the Supervisory Board)</p> <p>DAKO-CZ, a.s. (chairman of the Supervisory Board)</p> <p>CSG MOBILITY a.s. (member of the Board of Directors)</p> <p>CSG FIN a.s. (member of the Administrative Board)</p> <p>LAIRAN SPV a.s. (member of the Administrative Board)</p> <p>CSG CAPITAL a.s. (member of the Board of Directors)</p> <p>CSG NADAČNÍ FOND (member of the Administrative Board)</p> <p>CSG Elevate I Inc. (director)</p> <p>CSG Elevate II Inc. (director)</p>
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Mr. Zdeněk Jurák	
Office:	Member of the Board of Directors since 1 January 2024
Education, experience and other relevant data:	<p>Mr. Zdeněk Jurák holds a degree from Mendel University in Brno and has completed an internship at the University of Illinois in the USA. He is ACCA/DipIFR certified and holds certification as a qualified accounting expert.</p> <p>With over eight years of experience at KKCG, an international investment group, Zdeněk has gained valuable insights into financial management in both domestic and foreign settings. His areas of expertise include mergers and acquisitions, bond issues, and guiding companies through capital markets preparations. During his time at KKCG, Zdeněk played a key role in implementing new ERP and CPM systems and handled negotiations and communication with auditors. Prior to this tenure, Zdeněk worked at Generali PPF Group and Mazars.</p> <p>In June 2023, Zdeněk Jurák joined the Issuer as its Chief Financial Officer (CFO), succeeding David Chour, who assumed the role of the Group's Chief Operation Officer (COO) of the Group in the same year.</p>
Acting in statutory and supervisory bodies or other involvement in companies significant for the Issuer:	<p>CSG CAPITAL a.s. (vice-chairman of the Board of Directors)</p> <p>CSG DEFENCE a.s. (member of the Board of Directors)</p> <p>CSG MOBILITY a.s. (member of the Supervisory Board)</p> <p>CSG Ammo+ a.s. (member of the Administrative Board)</p> <p>CSG NADAČNÍ FOND (member of the Supervisory Board)</p> <p>Fiocchi Munizioni S.p.A. (director)</p> <p>Armi Perazzi S.p.A. (member of the Board of Directors)</p> <p>LBP 80 S.r.l. (director)</p> <p>TATRA TRUCKS a.s. (member of the Supervisory Board)</p>

Mr. Ladislav Štorek	
Office:	Vice-chairman of the Board of Directors since 1 September 2022
Education, experience and other relevant data:	<p>Mr. Ladislav Štorek holds a law degree from the Faculty of Law at Charles University. After his graduation, he took the first steps on his professional journey as an associate and attorney at the American law firm Altheimer & Gray, which subsequently became part of the international law firm SALANS and, later on, Dentons. In 2002, he became a partner and, starting in 2008, he led the firm's Prague office for a decade while concurrently leading the Czech Dispute Resolution practice and managing the Bratislava office for several years. In addition to these responsibilities, Ladislav was a member of European bodies of this firm. After contributing his expertise for a period that cumulatively exceeded 25 years, he began pursuing a new professional opportunity by joining the Czechoslovak Group as its General Counsel.</p> <p>Ladislav is a member of the Czech Bar Association. In his capacity as the Issuer's General Counsel, he provides strategic advice to its top management and the sole shareholder. His</p>

Mr. Ladislav Štorek	
Office:	Vice-chairman of the Board of Directors since 1 September 2022
	responsibilities include overseeing the legal department's operations and addressing all significant legal matters within the Group.
Acting in statutory and supervisory bodies or other involvement in companies significant for the Issuer:	CSGM a.s. (member of the Board of Directors) CSG INDUSTRY a.s. (chairman of the Supervisory Board) CSG DEFENCE a.s. (member of the Supervisory Board) CSG NADAČNÍ FOND (member of the Supervisory Board) CSG MOBILITY a.s. (chairman of the Supervisory Board) CSG Elevate I Inc. (officer) CSG Elevate II Inc. (officer) MSM Group North America Inc. (officer) MSM North America Holdings LLC (director)

9.2 SUPERVISORY BOARD

The Issuer's Supervisory Board has three (3) members. The members of the Supervisory Board are elected and dismissed by the General Meeting (or by the Issuer's sole shareholder in the capacity of the General Meeting); the members of the Supervisory Board elect the Chairman of the Supervisory Board among themselves. The term of office of a member of the Supervisory Board is five (5) years. The Supervisory Board is the supervisory body of the company; it supervises the performance of the Board of Directors and the company's activities. The Supervisory Board may also convene a general meeting of the company under the conditions provided for by law. A designated member of the Supervisory Board represents the company in proceedings before courts and other authorities against a member of the Board of Directors (e.g. in proceedings for damages).

The business address of all members of the Issuer's Supervisory Board is U Rustonky 714/1, Karlín, 186 00 Prague 8, Czech Republic.

The members of the Issuer's Supervisory Board as at the date of this document are:

Mr. Rudolf Bureš	
Office:	Member of the Supervisory Board since 4 October 2018
Education, experience and other relevant data:	<p>Mr. Rudolf Bureš holds a degree from the Faculty of Economics of the University of Economics in Prague. In 2015, he successfully completed the Master of Laws (LL.M.) educational program with a focus on corporate law at the Law and Legal Science Institute in Prague.</p> <p>From 1995 to 2003 Rudolf Bureš worked at Eurotel Praha spol. s r.o., where he co-founded the Treasury Department. He further enhanced his managerial and specialized expertise in two groups of companies, Unipetrol and AWT, where he worked from 2003 to 2008 and 2009 to 2015, respectively, in Treasury and Risk Management Director positions. From 2016 forward, he held a managerial position in the advisory company PwC.</p> <p>In 2017, Rudolf took on the role of Group Treasurer at the Issuer. Between 2021 and 2023, he served as CFO and CEO of DAKO-CZ, a.s., followed by a role as COO of the Group's CSG Mobility division. Currently, he is the Group's Cash Flow Management Director.</p>
Acting in statutory and supervisory bodies or other involvement in companies significant for the Issuer:	DAKO-CZ, a.s. (vice-chairman of the Board of Directors) CSG CAPITAL a.s. (member of the Board of Directors)

Mr. Aleš Klepek	
Office:	Member of the Supervisory Board since 2 September 2020
Education, experience and other relevant data:	<p>Mr. Aleš Klepek graduated from the Military Technical University in Liptovský Mikuláš, majoring in radar. He completed his postgraduate studies at IEHEI in Nice in the field of International Relations and European Studies.</p> <p>Throughout the majority of his career, he has been actively engaged in international relations, participation in bilateral cooperation, and contributions to the processes related to the preparations for the Czech Republic's accession to NATO. He concluded his activities in this field at a diplomatic post at the Czech Embassy in France. In 2008, he joined the Czech Ministry of Defence and subsequently held various positions in state administration, including roles as the director of the Defence Minister's cabinet, as a deputy minister, and later in the cabinet of the Czech Prime Minister, where he remained until the end of 2011. In 2006, French president Jacques Chirac awarded him the National Order of Merit for his contributions to the development of Czech French relations. Aleš Klepek also served as a member of the Supervisory Board of ČEZ a.s., where he was appointed as the chairman of its Strategic Committee.</p> <p>Since January 2020, Aleš Klepek has held the position of member of the Board of Directors of CSG AEROSPACE a.s., and he is currently also the CEO of the CSG Aerospace division of the Group. His responsibilities here include the establishment of the organizational, procedural, and executive framework for the industry pillar of the Group.</p>
Acting in statutory and supervisory bodies or other involvement in companies significant for the Issuer:	<p>UpVision s.r.o. (Managing Director)</p> <p>UpVision Defence s.r.o. (Managing Director)</p> <p>CS SOFT a.s. (chairman of the Board of Directors)</p> <p>CSG AEROSPACE a.s. (chairman of the Board of Directors)</p> <p>TRADITION CS a.s. (chairman of the Board of Directors)</p> <p>TECHNOLOGY a.s. (member of the Board of Directors)</p> <p>ATRAK a.s. (chairman of the Board of Directors)</p> <p>CSG Horizons a.s. (member of the Board of Directors)</p> <p>Presto Tech Horizons a.s. (member of the Board of Directors)</p>

Ms. Michaela Katolická	
Office:	Chairman of the Supervisory Board since 1 March 2023
Education, experience and other relevant data:	<p>Mrs. Michaela Katolická completed her education with a Doctor of Juridical Science degree (the Czech JUDr. degree) from Charles University in 2014, complementing an academic journey that included studies in EU Law at Université Toulouse 1 Science Sociales and the attainment of a master's degree from the University of West Bohemia in Pilsen.</p> <p>Commencing her professional career as a paralegal at the District Office in Prague 1, she subsequently contributed her legal expertise to the Czech Republic's Financial Analytical Office, specializing in the fight against money laundering and financing of terrorism.</p> <p>Since joining the Issuer in 2010, Michaela has held a variety of roles, including Compliance Specialist and Director of Security and Compliance. Currently, she is the CEO of CSGM a.s.</p>
Acting in statutory and supervisory bodies or other involvement in companies significant for the Issuer:	<p>CSGM a.s. (member of the Board of Directors)</p> <p>CSG DEFENCE a.s. (member of the Supervisory Board)</p> <p>CSG CAPITAL a.s. (member of the Supervisory Board)</p> <p>CSG MOBILITY a.s. (vice-chairman of the Board of Directors)</p> <p>CSG NADAČNÍ FOND (member of the Administrative Board)</p>

9.3 AUDIT COMITEE

The Board of Directors has established two board committees: the Audit Committee and the Sustainability Committee. The Audit Committee performs the following activities, without affecting the responsibility of the members of the Board of Directors and the Supervisory Board:

- monitors the effectiveness of internal control, risk management system;
- monitors the effectiveness of internal audit and ensures its functional independence;
- monitors the financial statements and consolidated financial statements preparation process;
- approves the provision of other non-audit services;
- monitors the process of the obligatory audit; and
- performs other activities in accordance with the Act on Auditors or directly applicable EU regulation.

The Audit Committee has three members – Ms. Olga Nahodilová, Ms. Ivana Hubáčková and Mr. František Jirásek – appointed by the General Meeting of the Issuer.

9.4 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES' CONFLICTS OF INTERESTS

The Issuer is not aware of any potential conflict of interests between any duties of the members of the Issuer's administrative, management and supervisory bodies, to the Issuer and their private interests or other duties.

10. SOLE SHAREHOLDER

The sole shareholder and controlling person of the Issuer is CSG FIN a.s., with its registered office at U Rustonky 714/1, Karlín, 186 00 Prague 8, Czech Republic, ID No.: 141 41 442, which owns 100% of the Issuer's shares. The sole shareholder of CSG FIN a.s. and the ultimate beneficial owner of the Issuer is Mr. Michal Strnad, born on 4 August 1992, residing at Široká 129, Chrudim I, 537 01 Chrudim.

The control of the Issuer by its sole shareholder results from the rights and obligations of the sole shareholder associated with the shareholding in the Issuer, where the sole shareholder exercises the powers of the Issuer's supreme body. The Issuer has not taken any measures to prevent abuse of control by the sole shareholder. The Issuer makes use of the statutory instrument of the Controlling Person Relationship Report against abuse of control and controlling influence by the controlling person. The report is prepared annually by the Issuer and is reviewed by the Supervisory Board in accordance with the relevant legislation and forms part of the audited annual report. Through the Supervisory Board and the audit, control is ensured over the information contained in the report.

The Issuer is not aware of any mechanisms or arrangements that could lead to a change of control of the Issuer. As at the date of this Prospectus, no measures have been taken to ensure that there is no abuse of control.

11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

11.1 HISTORICAL ANNUAL FINANCIAL INFORMATION

The Issuer has prepared consolidated financial statements for the financial years ended 31 December 2023 and 31 December 2024. These financial statements have been audited and are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

The Issuer's historical financial data for the financial years ended 31 December 2023 and 31 December 2024 have been audited by Deloitte Audit s.r.o., Italská 2581/67, 120 00 Prague 2 - Vinohrady, Czech Republic, ID No.: 496 20 592, registered in the Commercial Register maintained under the File No. C 24349 maintained by the Municipal Court in Prague, and in the list of auditing companies at the Chamber of Auditors of the Czech Republic under authorisation

number 079. The auditor has issued a "no objections" statement on the financial statements. This information is incorporated herein by reference (see Chapter VII - *Information Incorporated by Reference*). The Auditor's reports on the above financial statements were prepared pursuant to the respective agreements entered into between the Auditor and the Issuer and the opinions were addressed to the Issuer's shareholders. To the extent permissible under applicable law, the Issuer's auditor shall not be liable to any third party for any potential damages, costs or expenses arising from reliance on the audit reports issued by it or this Prospectus.

The Issuer has not published any interim financial information since the date of the last audited financial information.

11.2 SELECTED PERFORMANCE MEASURES

General note on alternative performance measures

The selected financial performance measures set out in this Prospectus (or the Terms and Conditions) are not financial measures under IFRS. They are Operating EBITDA, Operating EBITDA (Pro Forma), Net Debt and Net Debt Ratio (Pro Forma) (the "**Alternative Performance Measures**"). The Alternative Performance Measures are sometimes used by investors, financial analysts or other interested parties as additional indicators to assess the efficiency of companies' operations or their ability to use the proceeds of their business to pay debt service, capital expenditures and operating expenses.

The Alternative Performance Measures alone do not provide a sufficient basis for comparing the performance of the Group or individual Group companies with other companies, are not a substitute for other financial data and ratios presented in the financial statements such as net profit, operating profit, cash flows from operating activities, financing activities or investing activities or other data or ratios determined in accordance with IFRS and should not be evaluated in isolation without a simultaneous assessment of the financial data presented in the financial statements of the Issuer and the relevant Group companies.

The Issuer includes the Alternative Performance Measures because it believes that these figures are indicative of trends in the Group's business that may be helpful to relevant investors and financial analysts. These measures illustrate the geographical and economic diversity of the Group and also the selected financial covenants (liabilities) set out in Chapter V (*Terms and Conditions of the Notes*) of this Prospectus are based on the Alternative Performance Measures.

The Issuer further notes that the Alternative Performance Measures set out in the Prospectus do not represent measures with the same or similar names as those set out in its financial statements or in the financial statements of Group companies.

The Issuer believes that Operating EBITDA and Operating EBITDA (Pro Forma) assist in understanding of the Group's trading performance as they give an indication of the Group's ability to service its indebtedness.

Alternative Performance Measures and related data used

Operating EBITDA is defined from the consolidated financial statements of the Group as Profit from operating activities – *increased by* Depreciation and amortisation expenses. Profit from operating activities is then defined as Net profit from continuing operations *increased by* Income tax *increased by* Profit/ (loss) from sale of equity interests *increased by* Share of profit/ (loss) from associates & JVs, net *increased by* Profit/ (loss) from financing activities (**Operating EBITDA**).

Operating EBITDA (Pro Forma) is determined as Profit from operating activities (Pro Forma) *increased by* Depreciation and amortisation expenses (Pro Forma). Profit from operating activities (Pro Forma) is then calculated as Net profit from continuing operations (pro-forma) *increased by* Income tax (pro-forma) *increased by* Profit/ (loss) from sale of equity interests (pro-forma) *increased by* Share of profit/ (loss) from associates & JVs, net (pro-forma) *increased by* Profit/ (loss) from financing activities (pro-forma) (**Operating EBITDA (Pro Forma)**).

Net debt is defined as Gross Debt (including Overdraft, Secured and unsecured bank loans, Loans from the shareholder and other related parties, Other loans, Bonds and Lease liabilities) *less* Cash and cash equivalents (as presented in the consolidated statement of financial position) (**Net Debt**).

The Net Debt Ratio (Pro Forma) is determined for the Measurement Period (as such term is defined in Chapter V (*Terms and Conditions of the Notes*) of this Prospectus) as the ratio of (a) Net Debt to (b) Operating EBITDA (Pro Forma) (**Net Debt Ratio (Pro Forma)**).

The following table provides a reconciliation of the Group's individual performance measures as at 31 December 2024 and 31 December 2023, which are based on the Issuer's financial information and which are used to calculate the selected financial covenants (liabilities) set out in Sections 4.2, 4.4, 4.5 and 4.8 (*Terms and Conditions of the Notes*) to the items in the Issuer's financial statements:

Operating EBITDA	31. 12. 2024	31. 12. 2023
<i>EUR thousand</i>	(unaudited)	(unaudited)
Net profit from continuing operations	633,387	210,211
Income tax	212,451	68,717
Depreciation and amortisation expenses	66,291	60,654
Profit from financing activities	168,960	101,612
Share of profit/ (loss) from associates & JVs, net	300	(647)
Profit/(loss) from sale of equity interests	(2,225)	(1,766)
Operating EBITDA	1,079,164	438,781

Operating EBITDA (Pro Forma)	31. 12. 2024	31. 12. 2023
<i>EUR thousand</i>	(unaudited)	(unaudited)
Net profit from continuing operations (pro-forma)	702,464	366,956
Income tax (pro-forma)	259,587	121,256
Depreciation and amortisation expenses (pro-forma)	91,094	89,581
Profit from financing activities (pro-forma)	338,336	240,273
Share of profit/ (loss) from associates & JVs, net (pro-forma)	300	(647)
Profit/ (loss) from sale of equity interests (pro-forma)	(2,225)	(1,766)
Operating EBITDA (Pro Forma)	1,389,556	815,653

Net Debt	2024	2023
<i>EUR thousand</i>	(unaudited)	(unaudited)
Overdraft	449,589	76,282
Secured bank loans	1,414,816	587,865
Unsecured bank loans	44,077	53,907
Loans from the shareholder and other related parties	1,216	38,288
Loans from third parties (other loans)	2,798	1,057
Bonds	1,005,695	337,445
Lease liabilities	99,021	42,523
Gross Debt (as such term is defined in the section " <i>Terms and Conditions of the Notes</i> ")	3,017,212	1,137,367
- less Cash and cash equivalents (from the consolidated statement of financial position)	(1,248,487)	(563,865)
Net Debt	1,768,725	573,502

EUR thousand

	2024	2023
	(unaudited)	(unaudited)
Operating EBITDA (Pro Forma)	1,389,556	815,651
Net Debt	1,768,725	573,502
Net Debt Ratio (Pro Forma)*	1.27x	0.7x

* adjusted by rounding

11.3 PRO FORMA OF GROUP'S CONSOLIDATED FINANCIAL INFORMATION

As of 27 November 2024, the Group acquired 100% of the shares in The Kinetic Group through CSG Elevate II Inc. and started to fully consolidate The Kinetic Group and all its subsidiaries. This acquisition has a substantial and sustainable impact on the Group's financial position and performance.

To properly reflect the impact of The Kinetic Group acquisition, the Group has prepared a Pro Forma Consolidated Statement of Comprehensive Income for the period from 1 January 2024 to 31 December 2024 (the "**Unaudited Pro Forma Financial Information**"). The purpose of this preparation is to illustrate the significant impact of the acquisition on the Group's consolidated results for 2024, as if the acquisition had been completed on 1 January 2024.

The Unaudited Pro Forma Financial Information is provided for illustrative purposes only. Due to the nature of the pro forma adjustments, it represents a hypothetical scenario and includes estimates and uncertainties. As such, the Unaudited Pro Forma Financial Information may differ from actual results and should only be considered in the context of the Group's consolidated financial statements for 2024.

The Unaudited Pro Forma Financial Information prepared in accordance with Annex 20 of the Prospectus Format and Content Regulation, including the report of the independent auditors - Deloitte Audit, s.r.o. - on the compilation of the Unaudited Pro Forma Financial Information, is set out in [Annex 1](#) to this Prospectus.

11.4 LEGAL AND ARBITRATION PROCEEDINGS

As at the date of this Prospectus, neither the Issuer nor any Subsidiary is a party to any governmental, legal or arbitration proceeding (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have or have had in the recent past significant effects on the on the Issuer's and/or Group's financial position or profitability except for the criminal prosecution of the MSM Martin Subsidiary as described in Section II.1 (*Risk factors relating to the Issuer and the Group*) under (c).

11.5 SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL POSITION

The Group closed the acquisition of a 30% minority stake in Fiocchi Munizioni S.p.A. as of 15 April 2025. As a consequence, the liability from put option as presented in the Consolidated Statement of Financial Position has been settled.

No significant change in the financial position of the Issuer has occurred since the end of the last period for which the Issuer's audited financial statements have been published.

12. SHARE CAPITAL AND ARTICLES OF ASSOCIATION

12.1 SHARE CAPITAL

As of the date of this Prospectus, the Issuer's share capital amounts to CZK 2,000,000,000 which has been fully paid up. The share capital is divided into 20 shares with a nominal value of CZK 100,000,000 per share. The Issuer's shares are not admitted to trading on a regulated market and all of them are in book-entry form. The Issuer has not issued any securities that would entitle to exercise the right to exchange for other participating securities or to subscribe for other participating securities in preference. The Issuer's Shares are freely transferable, and no consent of the Issuer is required

for their transfer or pledge. There are no restrictions on the voting rights attached to them. The Issuer's shares are pledged as part of the Shared Security in the name of the Security Agent for the benefit of various group of lenders.

12.2 ARTICLES OF ASSOCIATION

The Issuer was established under Czech law for an indefinite period of time as a joint stock company and was registered on 13 October 2014 in the Commercial Register maintained by the Municipal Court in Prague under the File No. B 20071. The Issuer is a joint stock company - Issuer's business is described in Article 3 of the articles of association (production, trade and services not listed in Annexes 1 to 3 of the Trade Licensing Act, within the scope of the listed fields), which are filed in the collection of documents with the relevant registration court, respectively in Chapter VIII, Section 5.1 (*Principal Activities*) of this Prospectus.

13. MATERIAL CONTRACTS

As at the date of this Prospectus, neither the Issuer nor the members of the Group have entered into any contract, other than contracts entered into in the ordinary course of business, or the Senior Facilities Agreement and UK Intercreditor Agreement, which could give rise to an obligation that would be material to a member of the Group and, therefore, to the Issuer and the Issuer's ability to meet its obligations to the Noteholders.

(A) UK Intercreditor Agreement

The concept of parallel debt is commonly used in multi-lender financing transactions, especially in jurisdictions where the concept of a trust is not recognized. Parallel debt is a structure where the borrower owes an equal amount to the security agent as it does to the lenders. This creates a direct contractual relationship between the borrower and the security agent. It allows the security agent to hold and enforce security on behalf of multiple lenders. The security agent typically has several key responsibilities: holding and managing security on behalf of lenders, enforcing security when necessary, distributing proceeds from pledged assets or guarantees to lenders.

The Shared Security has been established on the basis of an UK Intercreditor Agreement concluded on 22 November 2024 between, among others, the Issuer, UniCredit S.p.A. as Senior Lender, GLAS TRUST CORPORATION LIMITED as Security agent and other Subsidiaries as Original Debtors.

Each Debtor irrevocably undertakes to pay to the Security Agent, as creditor in its own right, amounts equal to and in the same currency as its obligations to the Secured Parties under the Debt Documents (in particular, the Senior Facilities Agreement). This creates a "parallel debt" owed directly to the Security Agent, separate from but mirroring the underlying obligations to the Secured Parties. The Parallel Debt is intended to enable the Security Agent to hold security on behalf of the Secured Parties in jurisdictions where the concept of security trustee may not be recognized. Any amount due under the Parallel Debt is decreased to the extent the Secured Parties receive payment of the corresponding underlying debt, and *vice versa*.

The Security Agent holds the Shared Security on trust for the Secured Parties. The Security Agent is authorized to execute and enforce the Shared Security on behalf of the Secured Parties. Upon enforcement, the Security Agent applies proceeds in the order specified in the UK Intercreditor Agreement, including: costs/expenses of the Security Agent and *pro rata* to Senior Facility Liabilities, Senior Secured Note Liabilities, Senior Secured Guarantee Liabilities and Hedging Liabilities. The Security Agent acts on the instructions of the Instructing Group (typically Majority Senior Secured Creditors) regarding enforcement.

(B) Senior Facilities Agreement

A EUR 1,545,000,000 senior facilities agreement dated 22 November 2024 and concluded among, inter alia, CSG FIN a.s. as Original Parent, CZECHOSLOVAK GROUP a.s. as Company, subsidiaries of CZECHOSLOVAK GROUP a.s. listed therein as Original Guarantors, UniCredit S.p.A. and UniCredit Bank Czech Republic and Slovakia, a.s. as Global Coordinators, GLOBAL LOAN AGENCY SERVICES LIMITED as Agent and GLAS TRUST CORPORATION LIMITED as Security Agent, and other financial institutions listed therein as Original Lenders, as amended.

The Senior Facilities Agreement, taken out to finance, among others, The Kinetic Group acquisition, involves multiple lenders, and outlines the relationships and priorities among these lenders. There is a number of financial covenants and non-financial covenants (restrictions on further borrowing or asset sales) that the Issuer needs to adhere to.

Contracts that the Issuer considers to be material to its business are listed in Chapter VIII, Section 4.5 (*Borrowing and Funding Structure*) of this Prospectus.

14. DOCUMENTS AVAILABLE

For the term of this Prospectus, the following documents may be inspected upon request during regular business hours from 9 a.m. to 4. p.m. at the registered office of the Issuer: (i) the up-to-date articles of association of the Issuer, (ii) all reports, letters, and other documents valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Prospectus.

The full text of the articles of association is also available on the website www.justice.cz → *Public Register* → *Search for an Issuer* → *Collection of Documents*.

Historical data of the Subsidiaries for each of the two financial years preceding the publication of this Prospectus (or such shorter period as such Subsidiary has been in existence) is available for inspection at the registered office of the relevant Subsidiary.

IX. TAXATION AND FOREIGN EXCHANGE REGULATION

Any prospective acquirers of any Notes are advised to consult their own legal and tax advisors as to the tax and foreign exchange legal implications of purchasing, selling and holding the Notes and receiving interest payments on the Notes under the tax and foreign exchange laws applicable in the Czech Republic and in the countries of which they are residents and in the countries in which the yields from holding and selling the Notes may be subject to taxation.

The following brief summary of the taxation of the Notes in the Czech Republic is made particularly on the basis of Act No. 586/1992 Coll., on Income Taxes, as amended, and related legal regulations effective as at the date of this Prospectus, as well as on the customary interpretation of these acts and other regulations used by Czech administrative authorities and other governmental bodies and known to the Issuer as at the date of this Prospectus. All of the information below may be subject to change depending on amendments to the relevant legal regulations that may occur after that date or changes in the interpretation of such legal regulations that may be used after that date.

In the event of any amendment to or changes in the interpretation of the relevant legal regulations with respect to the taxation of the Notes as compared to the regime outlined below, the Issuer will proceed in accordance with such new regime. If the Issuer is required, by reason of any amendment to or changes in the interpretation of the legal regulations, to make withholdings or deductions of income tax on the Notes, the Issuer will not be obliged to pay any additional amounts to the holders of the Notes in respect of such withholdings or deductions as compensation for the withholdings or deductions so made.

The following summary does not include the tax implications related to the holding or sale of the Notes for investors who are subject to a special tax regime in the Czech Republic (e.g. investment, mutual or pension funds).

Interest

Interest on holding a note issued as of 1 January 2021 (except for income/yield determined by the difference between the face value of the note paid at maturity and the issue price of the note) (the "**interest**") paid to a natural person who is a Czech Tax Resident, or who is not a Czech Tax Resident and does not earn the interest through a Czech Permanent Establishment, is subject to withholding tax collected at source (i.e. by the Issuer upon payment of the interest). The rate of such withholding tax under the Czech tax regulations is 15% unless, in the case of a Czech Tax Non-Resident, the relevant Tax Treaty provides for a lower rate. If the recipient of the interest is a natural person who is not a Czech Tax Resident, does not earn the interest through a Czech Permanent Establishment and is not a tax resident of another EU Member State or another state forming the European Economic Area or a third state/jurisdiction with which the Czech Republic has entered into a valid and effective international double Tax Treaty or an international treaty on the exchange of information in tax matters in the field of income taxes, including a multilateral international treaty, the withholding tax rate under the Czech tax regulations is 35%. The above withholding tax represents the final taxation of interest in the Czech Republic.

The withholding tax is applied automatically at a tax rate corresponding to the beneficiary's tax status. If documents evidencing the residency status are made available to the payer of the interest prior to the decisive date of the beneficiary's claim on the interest, the payer of the interest shall apply the tax rate specified in an applicable Tax Treaty or pays the interest free of withholding tax if the applicable Tax Treaty prevents taxation of the interest in the source state (i.e. the Czech Republic). Where the tax status of the beneficiary of the interest is provided to the payer of the interest only after it has been obliged to withhold the tax, the payer of the interest is obliged to withhold the Czech tax at the applicable Czech statutory tax rate (15% or 35%) but the tax can be refunded.

The tax regime for interest paid to a natural person who is not a Czech Tax Resident and at the same time earns the interest through a permanent establishment in the Czech Republic is not subject to withholding tax and forms part of the recipient/taxpayer's general tax base, then it is subject to progressive personal income tax at a rate of 15% or 23%. The higher tax rate applies to the part of the natural person's total tax base exceeding CZK 1,676,052 (for 2025). In the event that interest income forms part of the general tax base and is earned through a Czech Permanent Establishment of a natural person who is not a Czech Tax Resident and who is also not a tax resident of a Member State of the EU or the European Economic Area, the Issuer is obliged to withhold a tax security of 10% of such income upon payment of interest. The amount of the tax security is rounded up to whole crowns. A natural person carrying out business in the Czech Republic through a permanent establishment is generally obliged to file a tax return in the Czech Republic, and the withheld tax security is offset against the person's total tax liability.

Withholding tax withheld from interest paid to a natural person who is a tax resident of another EU Member State or a state forming the European Economic Area and included in taxable income from a source in the Czech Republic declared in a personal income tax return by that natural person will be offset against that person's total tax liability relating to income from sources in the Czech Republic.

The tax regime for yield from the holding of a note determined by the difference between the face value of the note and the issue price of the note realized by a natural person who is a Czech Tax Resident, or who is not a Czech Tax Resident and at the same time earns this yield through a Czech Permanent Establishment, is included in the general tax base and is subject to progressive personal income tax at a rate of 15% or 23%. The higher tax rate applies to the portion of the natural person's total tax base exceeding CZK 1,676,052 (for 2025). In the event that the yield from holding the note forms part of the general tax base and is earned through a Czech permanent establishment of a natural person who is not a Czech Tax Resident and who is also not a tax resident of a Member State of the EU or the European Economic Area, the Issuer is obliged to withhold, upon payment, a tax security in the amount of 1% of the amount paid upon maturity of the note. The amount of the tax security is rounded up to whole crowns.

Interest paid to a legal entity that is a Czech Tax Resident, or that is not a Czech Tax Resident and at the same time carries out business in the Czech Republic through a permanent establishment, is not subject to withholding tax, is part of the general tax base and is subject to corporate income tax at the rate of 21%. Interest paid to a legal entity that is not a Czech Tax Resident and at the same time does not carry out business in the Czech Republic through a permanent establishment is subject to withholding tax collected at source (i.e. by the Issuer upon payment of the interest). The rate of such withholding tax under the Czech tax regulations is 15% unless the relevant Tax Treaty provides for a lower rate. If the recipient of the interest is a legal entity that is not a Czech Tax Resident, nor a tax resident of another EU Member State or another state forming the European Economic Area or a third state/jurisdiction with which the Czech Republic has entered into a valid and effective Tax Treaty or an international treaty on the exchange of information in tax matters in the field of income taxes, including a multilateral international treaty, the withholding tax rate under the Czech tax regulations is 35%. The above withholding tax represents the final taxation of interest in the Czech Republic. However, a legal entity who is a tax resident of a Member State of the EU or the European Economic Area, may decide to include the interest 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.

In the event that the interest is accrued by a Czech Permanent Establishment of a legal entity that is not a Czech Tax Resident and that is also not a tax resident of a Member State of the EU or the European Economic Area, the Issuer is obliged to withhold tax security in the amount of 10% of such income upon payment. The tax administrator may, but is not required to, consider the taxpayer's tax liability satisfied by the withholding under the preceding sentence. A legal entity carrying out business in the Czech Republic through a permanent establishment is generally obliged to file a tax return in the Czech Republic, and the withheld tax security, if applied, is offset against the total tax liability. The amount of tax security is rounded up to whole crowns.

It is assumed in the above summary that the recipient of the interest is the beneficial owner of the interest. A Tax Treaty between the Czech Republic and the country of residence of the recipient of the interest may exclude taxation of interest in the Czech Republic or reduce the tax rate. The entitlement to benefit from the tax regime under a Tax Treaty may be conditional upon proving that the relevant Tax Treaty actually applies to the recipient of the interest payment. This could be done via submitting a tax residency certificate issued by the relevant tax authorities and a beneficial ownership declaration of the income recipient. The interest payer or paying agent may require the recipient to provide information necessary to comply with the reporting obligations under the Directive on the exchange of information in the tax field.

Certain categories of taxpayers (e.g. foundations, Investor Compensation Fund, pension fund societies, etc.) are entitled to exemption of interest income from income tax under certain conditions. In cases where such income is subject to withholding tax, the condition for claiming this exemption is to demonstrate to the payer of the interest, well in advance of making the interest payment, that the claim for this exemption exists.

Gains/losses on sales

Gains on the sale of notes realized by a natural person who is a Czech Tax Resident or who is not a Czech Tax Resident and at the same time realizes these gains in the Czech Republic through a permanent establishment or who is not a Czech Tax Resident and receives income from the sale of notes from a purchaser that is a Czech Tax Resident or from a Czech Permanent Establishment of a purchaser that is not a Czech Tax Resident, are not subject to withholding tax and are included in the general tax base where they are subject to progressive personal income tax at the rate of 15%

or 23%. The higher tax rate applies to the portion of the natural person's total tax base exceeding CZK 1,676,052 (for 2025). Losses on the sale of notes are generally non-tax deductible for natural persons - non-entrepreneurs, unless taxable gains on the sale of other securities are also reported in the same tax period, in which case losses on the sale of notes up to the amount of gains on the sale of other securities can be offset against each other.

Gains on the sale of notes that have not been included in business assets are generally exempt from income tax for natural persons provided that the period between the acquisition and sale of the notes is at least 3 years and that the total income from the sale of securities (including notes), from the sale of interests in business corporations, and from the sale of crypto assets does not exceed CZK 40 million in the relevant tax period. Also, there is a de-minimis exemption available in respect of income from sale of securities that does not exceed CZK 100 thousand in the relevant tax period. If the total income from the sales of securities in a given tax year exceeded CZK 100 thousand, the corresponding gains are taxable unless the above-mentioned exemption for sales of securities after three years of their holding applies.

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% of a gross amount of the unreported income.

Gains on the sale of notes realized by a legal entity which is a Czech Tax Resident or which is not a Czech Tax Resident and at the same time earns these gains in the Czech Republic through a permanent establishment or which is not a Czech Tax Resident and earns gains on the sale of notes from a purchaser, which is a Czech Tax Resident or from a Czech Permanent Establishment of a purchaser which is not a Czech Tax Resident, are included in the general corporate income tax base of the legal entity and are subject to corporate income tax at the rate of 21%. Losses on the sale of notes are generally tax deductible for this category of persons.

In the event of the sale of notes by a holder that is not a Czech Tax Resident, nor a tax resident of a Member State of the EU or the European Economic Area, to a purchaser that is a Czech Tax Resident or to a person that is not a Czech Tax Resident and that is at the same time carrying out business in the Czech Republic through a permanent establishment, the purchaser is obliged to withhold income tax security in the amount of 1% of such income upon payment of the purchase price of the notes. The seller is then generally obliged to file a tax return in the Czech Republic, and the withheld tax security is offset against its total tax liability. The amount of the tax security is rounded up to whole crowns.

A Tax Treaty between the Czech Republic and the country of residence of the selling holder of the notes may exclude taxation of gains on the sale of notes in the Czech Republic, including tax security. Eligibility to benefit from the tax regime regulated by a Tax Treaty may be conditional upon proving that the relevant Tax Treaty actually applies to the recipient of the payment.

Interest income from the right of redemption of the Notes

Income from the right of redemption of notes, which means the positive difference between the nominal value of the note paid on redemption or the amount paid on early redemption and the price at which the taxpayer purchased the note or the open market price on its acquisition free of charge, is taxed in accordance with the rules for taxation of gains/losses on the sale of notes outlined above, except for the exemption of such income from personal income tax which applies provided that the period between the acquisition and sale of the notes is at least 3 years and that the total income from the sale of securities (including notes), from the sale of interests in business corporations, and from the sale of crypto assets does not exceed CZK 40 million in the relevant tax period. The reporting obligation mentioned above related to the exempt income for individuals described above applies in this situation too.

If such income is realized by a tax non-resident who is not a resident of a Member State of the EU or the European Economic Area, the tax security that will be applied in the Czech Republic is 1% of the amount paid to the investor at maturity of the note.

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. The transfer of the Notes or the accrual of interest as VAT-exempt supplies provided by a Czech VAT payer may restrict the Czech VAT payer's entitlement to reclaim of VAT on the Czech VAT payer's received supplies. This will not be the case if the transfers of the Notes or the receipt of the interest are auxiliary one-of transactions.

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 disposition of the Notes.

Foreign exchange regulation

Notes are not "foreign securities". Their issuance and acquisition are not subject to foreign exchange regulation in the Czech Republic. However, pursuant to Section 6(3) of Act No. 240/2000 Coll, on Crisis Management and on amendments to certain acts (the Crisis Act), the Government of the Czech Republic may, during the period of a declared state of emergency, order, among other things, a prohibition on the sale of securities and book-entry securities the issuer of which is a person residing or having its registered office in the Czech Republic to persons residing or having their registered office outside the Czech Republic.

X. ENFORCEMENT OF CIVIL LIABILITIES AGAINST THE ISSUER

The information in this chapter is provided only as general information to characterize the legal situation and has been obtained from publicly available documents. No representation is made by the Issuer or its advisors as to the accuracy or completeness of the information contained in this document. Prospective acquirers of any Notes should not rely solely on the information contained in this document and are advised to consult their own legal advisors with regard to the enforcement of private obligations against the Issuer in each relevant jurisdiction.

The Issuer has not given consent to the jurisdiction of any foreign court in connection with any legal proceedings brought in connection with the acquisition of any Notes, nor has it appointed any counsel/agent for proceedings in any state. As a result, it may be impossible for the acquirers of any Notes to bring any proceedings against the Issuer or to seek in foreign courts the issuance of judgments against the Issuer or the enforcement of judgments issued by such courts based on the provisions of foreign law.

In cases where the Czech Republic has entered into an international treaty on the recognition and enforcement of judgments with a particular state, the enforcement of judgments of that state is ensured in accordance with the provisions of the respective international treaty. In the absence of such a treaty, judgments of foreign courts may be recognized and enforced in the Czech Republic under the conditions provided by Act No. 91/2012 Coll., on Private International Law, as amended (the "**PILA**"), as of 1 January 2014.

Under the PILA, judgments of courts of a foreign state and decisions of authorities of a foreign state on the rights and obligations which, according to their private law nature, would be decided by courts in the Czech Republic, as well as foreign judicial reconciliations and foreign notarial and other public documents in these matters (collectively, for the purposes of this section, also referred to as "**Foreign Decisions**") cannot be recognized and enforced, if (i) the case is subject to the exclusive jurisdiction of the Czech courts, or if the proceedings could not be brought before any authority of the foreign state if the provisions on the jurisdiction of the Czech courts were applied to the assessment of the jurisdiction of the foreign authority, unless the party to the proceedings against whom the Foreign Decision is directed has voluntarily submitted to the jurisdiction of the foreign authority; or (ii) the same legal situation is the subject of proceedings before a Czech court and those proceedings were instituted before the foreign proceedings in which the decision whose recognition is sought was issued; or (iii) the same legal situation has been the subject of a final decision issued by a Czech court or a final decision of a third state authority provided that it has already been recognized in the Czech Republic; or (iv) the party to the proceedings against whom the decision is to be recognized has been deprived of the opportunity to participate properly in the proceedings by the procedure of the foreign authority, in particular where the party has not been served with a summons or a motion to initiate the proceedings; or (v) recognition would be manifestly contrary to public order; or (vi) reciprocity of recognition and enforcement of decisions is not warranted (reciprocity is not required if the Foreign Decision is not directed against a citizen of the Czech Republic or a legal entity with its registered office in the Czech Republic). The obstacles referred to in (ii) to (iv) above will only be taken into account if they are invoked by the party to the proceedings against whom the Foreign Decision is to be recognized, unless the existence of an obstacle referred to in (ii) or (iii) is otherwise known to the authority deciding on the recognition.

The Ministry of Justice of the Czech Republic may, upon agreement with the Ministry of Foreign Affairs of the Czech Republic and other competent ministries, make a declaration of reciprocity on the part of the foreign state. Such a declaration is binding on the courts of the Czech Republic and other governmental authorities. If such a declaration of reciprocity is not issued in respect of a particular country, it does not automatically mean that reciprocity does not exist. The recognition of reciprocity in such cases will depend on the actual situation of the recognition of decisions of the Czech authorities in the country concerned. Unlike in the previous state of affairs, the PILA does not provide that a notification of reciprocity by the Ministry of Justice of the Czech Republic on the part of a foreign state is binding on courts and other governmental authorities. The court will thus take it into account as any other evidence.

In connection with the membership of the Czech Republic in the EU, Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) is directly applicable in the Czech Republic. Under this regulation, judgments issued by judicial authorities in EU Member States in civil and commercial matters are enforceable in the Czech Republic.

XI. DEFINITIONS

"ABL Facility Agreement" means up to USD 250 million asset-based revolving credit agreement dated 20 December 2024 between Vista Outdoor Inc. as borrower and certain of its subsidiaries, the additional borrowers from time to time party thereto, the lenders from time to time party thereto, the letter of credit issuers from time to time party thereto and PNC Bank, National Association as administrative agent (together with the lenders and the Bank Product Providers (as defined therein), the ABL Finance Parties), as amended from time to time.

"Business Corporations Act" means Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (Business Corporations Act), as amended.

"Capital Markets Act" means Act No. 256/2004 Coll., on Doing Business on the Capital Market, as amended.

"CNB" means the Czech National Bank (*Česká národní banka*).

"Civil Code" means Act No. 89/2012 Coll., the Civil Code, as amended.

"CZK" means Czech crown (*koruna česká*), a lawful currency of the Czech Republic.

"Czech Tax Resident" means a taxpayer who is a tax resident of 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 a tax resident of the Czech Republic neither under the Income Taxes Act nor under any Tax Treaty.

"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.

"Group" means the Issuer and all of its Subsidiaries.

"IFRS" means the International Financial Reporting Standards as adopted by the European Union.

"Income Taxes Act" means Act No. 586/1992 Coll., on Income Taxes, as amended.

"Notes Act" means Act No. 190/2004 Coll., on Notes, as amended.

"The Kinetic Group" means Vista Outdoor Inc. and all of its subsidiaries.

"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.

"Security Agent" means GLAS TRUST CORPORATION LIMITED, a company incorporated and existing under the laws of England and Wales, with registered office at 55 Ludgate Hill, Level 1 West, London EC4M 7JW, the United Kingdom of Great Britain and Northern Ireland, registered with the Registrar of Companies for England and Wales under company no. 07927175.

"Senior Facilities Agreement" means EUR 1,545,000,000 senior facilities agreement dated 22 November 2024 and concluded among, inter alia, CSG FIN a.s. as Original Parent, CZECHOSLOVAK GROUP a.s. as Company, subsidiaries of CZECHOSLOVAK GROUP a.s. listed therein as Original Guarantors, UNICREDIT S.p.A. and UniCredit Bank Czech Republic and Slovakia, a.s. as Global Coordinators, GLOBAL LOAN AGENCY SERVICES LIMITED as Agent and GLAS TRUST CORPORATION LIMITED as Security Agent, and other financial institutions listed therein as Original Lenders, as amended from time to time.

"Subsidiary" means, at any given time, any other entity (the "second person") in relation to any entity (the "first person") whose affairs and policies are controlled, or the right to control them is held, by the first person, whether through share capital ownership, contract, the right to appoint or remove members of the governing body of the second person, or otherwise. For the purposes of the Terms and Conditions, **"Subsidiary"** means any person in which the Issuer holds, directly or indirectly, more than 50% of the share capital or voting rights, or has the right to appoint or remove a majority of the members of the statutory body or the supervisory body of such person, or is able to procure such appointment or removal, or whose financial statements are consolidated with those of the Issuer in accordance with IFRS.

"UK Intercreditor Agreement" means an agreement under English law concluded on 22 November 2024 between various creditors and the Security Agent, as amended from time to time.

"US Intercreditor Agreement" means a New York law governed intercreditor agreement concluded on 15 January 2025 between PNC BANK NATIONAL ASSOCIATION as ABL Collateral Agent and the Security Agent, acknowledged and agreed by members of The Kinetic Group and CSG Elevate II Inc., as amended from time to time

"US Indenture" means a private placement indenture for USD 775,000,000 senior secured floating rates notes issued by CZECHOSLOVAK GROUP a.s. and due 2030, as amended from time to time.

XII. GENERAL INFORMATION

CORPORATE APPROVAL

The Issue of the Notes was approved by a resolution of the Issuer's Board of Directors dated 5 May 2025.

LEGISLATION GOVERNING THE ISSUE OF THE NOTES

The Notes are being issued in particular according to the Act of Notes, Capital Markets Act, Prospectus Format and Content Regulation and Prospectus Regulation.

DATE OF THE PROSPECTUS

The Prospectus is dated 7 May 2025.

PRIIPs

No products with an investment element within the meaning of Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) will be issued on the basis of this document, and therefore no key information document will be provided to investors in relation to such products.

ADDRESSES

ISSUER

CZECHOSLOVAK GROUP a.s.
U Rustonky 714/1
186 00 Prague 8, Czech Republic

JOINT LEAD MANAGERS

Česká spořitelna, a.s.
Olbrachtova 1929/62
140 00 Prague 4, Czech Republic

J&T BANKA, a.s.
Sokolovská 700/113a
186 00 Prague 8, Czech Republic

Komerční banka, a.s.
Na Příkopě 33 No. 969
114 07 Prague 1, Czech Republic

PPF banka a.s.
Evropská 2690/17
160 41 Prague 6, Czech Republic

UniCredit Bank Czech Republic and Slovakia, a.s.
Želetavská 1525/1
140 92 Prague 4, Czech Republic

COORDINATOR, FISCAL AND PAYING AGENT AND LISTING AGENT

Česká spořitelna, a.s.
Olbrachtova 1929/62
140 00 Prague 4, Czech Republic

LEGAL ADVISOR OF THE JOINT LEAD MANAGERS

PRK Partners s.r.o.
advokátní kancelář
Jáchymova 2
110 00 Prague 1, Czech Republic

COMMON REPRESENTATIVE OF THE NOTEHOLDERS

ČSOB Asset Management, a.s., investiční společnost
Radlická 333/150
150 57 Prague 5, Czech Republic

AUDITOR

Deloitte Audit s.r.o.
Italská 2581/67
120 00 Prague 2, Czech Republic

ANNEX 1

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF
CZECHOSLOVAK GROUP a.s.
For the year ended 31 December 2024

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Introduction

On 27 November 2024, CZECHOSLOVAK GROUP a.s. (together with its subsidiaries, the "Company", "CSG" or the "CSG Group" completed the acquisition of 100 per. Cent share in The Kinetic Group, a leading U.S. manufacturer of small-calibre ammunition (the "Transaction"). The Kinetic Group ("TKG") was formed by a spin-off of the Sporting Products division from Vista Outdoor Inc., a publicly traded entity. The acquisition fell under the scope of International Financial Reporting Standard 3 - Business Combinations ("IFRS 3"). Subsequent to the acquisition date, CSG Group started to include its new wholly-owned subsidiary TKG in its consolidated financial statements by the full method. The total purchase price for the Transaction was USD 2,294,323 thousand (EUR 2,172,518 thousand), consists of basic purchase price USD 2,225,000 thousand (EUR 2,106,875 thousand) and change in net working capital amounted to USD 69,323 thousand (EUR 65,643 thousand). The total purchase price was all paid in cash on the acquisition date.

The Unaudited Pro Forma Consolidated Statement of Profit or Loss has been prepared on a voluntary basis consistent with the accounting policies adopted by CSG in preparing its consolidated financial statements for the year ended 31 December 2024 and on the basis of the notes set out below to illustrate the effect of the Transaction on the consolidated statement of profit or loss of CSG as if the Transaction occurred on 1 January 2024 (together "Unaudited Pro Forma Consolidated Financial Information").

The Transaction has the meaning as described in this paragraph:

- (a) The Transaction involves two entities (i) CSG, and (ii) The Kinetic Group, and
- (b) The Transaction describes the acquisition of The Kinetic Group by CSG and associated acquisition financing.

As the consolidated financial statements of CSG Group already include the full effect of TKG acquisition, the Pro Forma Consolidated Statement of Financial Position is not presented, as its results would be identical with the audited consolidated statement of financial position of CSG Group as of 31 December 2024.

The Unaudited Pro Forma Consolidated Financial Information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation. It does not purport to represent what CSG Group's financial performance would have been if the Transaction had been completed on the date indicated. Actual results may differ materially from the assumptions made for the purposes of the Unaudited Pro Forma Consolidated Financial Information. The Unaudited Pro Forma Consolidated Financial Information is based on factually supportable pro forma adjustments described in the accompanying notes, which CSG Group considers reasonable. It does not include incremental revenues or costs that are not directly related to the Transaction and does not reflect the results of any future initiatives, or the effect of anticipated synergies and efficiencies associated with the Transaction. Future results of operations may differ materially from those presented in the Unaudited Pro Forma Consolidated Financial Information. As a result, it may not give a true picture of CSG Group's financial performance nor it is indicative of the results that may, or may not, be expected to be achieved in the future.

This Unaudited Pro Forma Consolidated Financial Information is prepared on a voluntary basis for its inclusion in a prospectus in connection with a public offering compliant with (i) Capital Markets Act and (ii) Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Prospectus Regulation"), in particular Art. 1 paragraphs 3 and 4 of the Prospectus Regulation. It is however not considered compliant with Regulation S-X Article 11, Pro Forma Financial Information, as amended by the final rule, "Amendments to Financial Disclosures About Acquired and Disposed Businesses," as adopted by the Securities and Exchange Commission ("SEC") on May 21, 2020 ("Article 11").

EUR '000	Historical Financial Information		Pro forma Adjustments		Pro forma
	CSG Consolidated Statement of Profit or Loss for the year ended 31 December 2024	Kinetic Group Consolidated Statement of Profit or Loss for the period from 1 January 2024 to 26 November 2024	Elimination of Transactions between CSG and Kinetic Group	Financing Costs	Unaudited Pro forma Consolidated Statement of Profit or Loss (combined) for the year ended 31 December 2024
	Note 1	Note 2	Note 3	Note 4	
Revenues	4 008 614	1 184 753	(11 054)		5 182 313
Raw material and consumables	(2 157 664)	(434 503)	11 054		(2 581 113)
External costs	(442 284)	(91 323)			(533 607)
Employee benefits expense	(286 212)	(318 816)			(605 028)
Other operating income	61 028	(177)			60 851
Other operating expense	(104 318)	(29 542)			(133 860)
Depreciation and amortisation expenses	(66 291)	(24 803)			(91 094)
Profit from operating activities	1 012 873	285 589	-	-	1 298 462
Financial income	165 850	-			165 850
Financial expense	(378 336)	(334)		(169 042)	(547 712)
Profit /(loss) from other financial instruments	43 526	-			43 526
Profit from financing activities	(168 960)	(334)	-	(169 042)	(338 336)
Share of Profit/(loss) of associates & JVs, net	(300)				(300)
Profit (loss) from the sale of equity interests	2 225				2 225
Profit before tax	845 838	285 255	-	(169 042)	962 051
Income tax	(212 451)	(68 435)		21 299	(259 587)
Net profit from continuing operations	633 387	216 820	-	(147 743)	702 464
Total Profit	633 387	216 820	-	(147 743)	702 464
Profit attributable to:					
Non-controlling interest	107 313				107 313
Shareholder of the Company	526 074	216 820	-	(147 743)	595 151

Basis of Preparation

The Unaudited Pro Forma Consolidated Financial Information has been prepared consistently in all material aspects on the basis of International Financial Reporting Standards (“IFRS[®] Accounting Standards”) adopted by the European Union and CSG Group accounting policies described in the notes to the consolidated financial statements of CSG Group for the year ended 31 December 2024, unless otherwise stated. The pro forma assumptions and pro forma adjustments based on such assumptions have been prepared as described in this section.

The pro forma adjustments made for the purposes of the Unaudited Pro Forma Consolidated Financial Information are based on the information available at the time of the preparation of the Unaudited Pro Forma Consolidated Financial Information and on preliminary estimates as well as on certain pro forma assumptions, which are described in the accompanying pro forma notes and which CSG Group considers reasonable. The pro forma adjustments are directly attributable to the Transaction, including transaction-related costs and related financing, determinable and factually supportable. The Unaudited Pro Forma Consolidated Financial Information contains neither potential synergies, cost savings, normalization of any restructuring nor additional future expenses or any future effects that could result from the Transaction.

The Unaudited Pro Forma Consolidated Financial Information has been prepared for illustrative purposes only. Given its nature, the Unaudited Pro Forma Financial Consolidated Information merely describes a hypothetical situation and is based on assumptions, and it therefore does not represent the actual results of operations of CSG Group. It is also not intended to forecast the results of operations of CSG Group on any future date. The Unaudited Pro Forma Consolidated Financial Information is only meaningful when read in conjunction with, and therefore should only be read in conjunction with, the audited consolidated financial statements CZECHOSLOVAK GROUP a.s. for the year ended 31 December 2024, prepared in accordance with IFRS Accounting Standards. The Unaudited Pro Forma Consolidated Financial Information is presented in euros (“EUR”) rounded to the nearest thousand.

Historical Financial information included in the Unaudited Pro Forma Consolidated Financial Information

The unaudited *pro forma consolidated* financial information for the year ended 31 December 2024 set forth in “Unaudited Pro Forma consolidated Financial Information of the CZECHOSLOVAK GROUP a.s. for the year ended 31 December 2024” was prepared on the basis of the following historical financial information:

- Audited consolidated financial statements of CZECHOSLOVAK GROUP a.s. for the year ended 31 December 2024 prepared in accordance with International Financial Reporting Standards (“IFRS[®] Accounting Standards”) as adopted by the European Union
- Unaudited combined financial information for The Kinetic Group for the period from 1 January 2024 to 26 November 2024, prepared in accordance with the accounting principles generally accepted in the United States of America (“US GAAP”). As The Kinetic Group accounting period ends on 31 March, this historical financial information has been extracted from unaudited financial information of The Kinetic Group for the period from 1 April 2024 to 26 November 2024 and unaudited financial information for the period for the three months from 25 December 2023 to 31 March 2024. CSG considered the non-coterminous year ends of CSG and The Kinetic Group and deemed the difference between 25 December 2023 (period end of The Kinetic Group) and 31 December 2023 (period end of CSG) to have immaterial impact. No adjustments were recognized for this matter in the Unaudited Pro Forma Consolidated Financial Information. Furthermore, The Kinetic Group did not operate as a separate legal entity. Unaudited financial information for three months ended 31 March 2024 has been prepared on a “carve-out” basis and are derived from the accounting records of Vista Outdoor Inc.

The Kinetic Group financial information for three months ended 31 March 2024 has been prepared on a “carve-out” basis of The Kinetic Group reportable segment derived from the consolidated financial statements and accounting records of Vista Outdoor Inc. to include expense allocation for certain functions provided by Vista Outdoor Inc., including, but not limited to, management, finance, legal, information technology, human resources, communications and insurance. These expenses have been allocated to The Kinetic Group based on direct usage when identifiable, with the remainder principally allocated based on proportion of revenue, headcount or other operating measures. The Kinetic Group Financial Statements may not be indicative of The Kinetic Group's future performance and do not necessarily reflect what the financial position, results of operations and cash flows would have been had The Kinetic Group operated as an independent company during the periods presented.

The Kinetic Group financial information has been prepared in accordance with US GAAP and has been presented in U.S. dollars and therefore is not readily comparable to CSG financial statements, which have been prepared in accordance with IFRS Accounting Standards and have been presented in euro. As of the date of this Unaudited Pro Forma Consolidated Financial Information, CSG have not completed financial analyses and procedures to identify and quantify all differences between IFRS Accounting Standards as applied in the historical CSG Financial Statements and US GAAP as applied in The Kinetic Group Financial Statements in respect of transactions and activities of TKG being recognized prior to the acquisition date. However, based on preliminary financial analyses and procedures conducted, CSG believes that there are material differences between IFRS Accounting Standards as applied in the historical CSG Financial Statements and US GAAP as applied in the Kinetic Group financial information, including the following:

- Accounting for pension plans: IAS 19 Employee benefits requires that net benefit obligation recognized in the statement of comprehensive income is calculated using the same discount rate applied for both pension plans and gross value of employment benefit obligation, while under US GAAP, specific discount rate is used for valuation purposes of pension plan which differs from discount rate applied to calculate present value of gross benefit obligation.
- Leases: For operating leases under US GAAP; the lease expense generally results in a straight-line expense profile that is presented as a single line in the income statement. As interest on the lease liability is generally declining over the lease term, amortization of the right of use asset increases over the lease term to provide a constant expense profile. Under IFRS 16, however, the right of use asset is generally amortized on a straight-line basis. This amortization, when combined with the interest on the lease liability, results in a front-loaded expense profile.

The Transaction was accounted for as a business combination using the acquisition method of accounting in conformity with IFRS 3, Business Combinations (referred to as “IFRS 3”), under which the consideration is allocated to assets acquired and liabilities assumed based on their estimated fair values as of the date of completion of the Transaction, with CSG identified as the accounting acquirer. Under this method, assets acquired, and liabilities assumed are usually recorded based on preliminary estimates of fair value. As of approval of the Unaudited Pro Forma Consolidated Financial Information, no preliminary valuations have been performed as not all necessary information can be gathered, hence CSG applied an exemption allowed under IFRS 3 that Purchase price allocation will be completed within twelve-month period after the acquisition, and provisional accounting is used in the Unaudited Pro Forma Consolidated Financial Information. Actual results may differ from these preliminary estimates once CSG has determined the final purchase price for The Kinetic Group, has completed the final valuation studies necessary to finalize the required purchase price allocation, and has identified any additional conforming accounting policy changes for The Kinetic Group. There can be no assurance that such finalization will not result in material changes.

Explanatory notes to basis of preparation to Pro Forma Consolidated Statement of Profit or Loss for the year ended 31 December 2024:

1. CSG Group financial information

The CSG Statement of Profit or Loss for the year ended 31 December 2024 was extracted without any adjustment from the 2024 CSG Consolidated Financial Statements.

2. The Kinetic Group financial information

The Kinetic Group Statement of Profit or Loss for the period from 1 January 2024 to 26 November 2024 was extracted from The Kinetic Group's financial information and accounting records as adjusted to the CSG accounting policies and presentation format. A reconciliation of The Kinetic Group Statement of Profit or Loss for the period ending 26 November 2024 to the CSG accounting policies is presented as follows:

Kinetic Group Combined statement of profit or loss for the period from 1 January 2024 to 26 November 2024	Reclassifications and adjustments from US GAAP to IFRS						Kinetic Group statement of comprehensive income for the period ending 24 December 2024 under CSG comprehensive income statement presentation and after IFRS adjustments	Translated to CSG presentation currency
	Kinetic Group Combined statement of profit or loss for the period from 1 January 2024 to 26 November 2024 under CSG statement of profit or loss presentation	Allocation of overhead cost	Leasing adjustment	Pension Adjustment	Income tax adjustment			
	USD '000 Note (2.1)	USD '000 Note (2.2)	USD '000 Note (2.3.1)	USD '000 Note (2.3.2)	USD '000 Note (2.4)		USD '000 Sum	EUR '000 Note (2.5)
Revenues	1 286 237						1 286 237	1 184 753
Raw material and consumables	(471 722)						(471 722)	(434 503)
External costs	(100 134)	(1 787)	2 775				(99 146)	(91 323)
Employee benefits expense	(339 426)	(5 295)		(1 404)			(346 125)	(318 816)
Other operating income	(192)						(192)	(177)
Other operating expense	(33 629)	1 557					(32 072)	(29 542)
Depreciation and amortisation expenses	(24 011)	(475)	(2 442)				(26 928)	(24 803)
Profit from operating activities	317 123	(6 000)	333	(1 404)	-		310 052	285 589
Financial income	-						-	-
Financial expense			(363)				(363)	(334)
Profit /(loss) from other financial instruments							-	-
Profit from financing activities	-	-	(363)	-	-		(363)	(334)
Share of Profit/(loss) of associates & JVs, net							-	-
Profit (loss) from the sale of equity interests							-	-
Profit before tax	317 123	(6 000)	(30)	(1 404)	-		309 689	285 255
Income tax					(74 297)		(74 297)	(68 435)
Net profit from continuing operations	317 123	(6 000)	(30)	(1 404)	(74 297)		235 392	216 820
Total Profit	317 123	(6 000)	(30)	(1 404)	(74 297)		235 392	216 820

- 2.1. The Kinetic Group Statement of Profit or Loss for the period from 1 January 2024 to 26 November 2024 was extracted from the financial information and accounting records of TKG for the period from 1 April 2024 to 26 November 2024, and from the financial information and accounting records of Vista Outdoor Sports segment for three months ended 31 March 2024.
- 2.2. As The Kinetic Group did not operate as a separate legal entity before 31 March 2024, an adjustment has been made to include allocations of certain central functions provided by Vista Outdoor Inc. for the three-month period ended 31 March 2024, including, but not limited to, management, finance, legal, information technology, human resources, communications and insurance. These expenses have been allocated to The Kinetic Group based on direct usage when identifiable, with the remainder principally allocated based on percent of revenue, headcount or other operating measures. Overview of central function allocated costs is disclosed in the following table:

	USD '000
External costs	1,787
Employee benefits expense	5,295
Depreciation and amortisation expenses	475
Other operating income	
Other operating expense	(1,557)
Total	6,000

The Kinetic Group financial information may not be indicative of The Kinetic Group's future performance and does not necessarily reflect what the financial position, results of operations and cash flows would have been had The Kinetic Group operated as an independent company during the periods presented.

- 2.3. Certain IFRS adjustments and reclassifications were made to reflect the difference in accounting policy under the CSG IFRS accounting policies as opposed to US GAAP:
- 2.3.1. Under the US GAAP, lease expense is recognized on a straight-line basis as incurred while IFRS requires recognition of finance liability at present value of minimum lease payments, and right of the use asset, which lead to separate recognition of depreciation expense for the right of use asset and interest expense from lease obligation recognized in liabilities. Resulting of this adjustment is reduction of external costs by USD 2,775 thousand, increase of depreciation and amortization expenses by USD 2,442 thousand, and increase of interest expense by USD 363 thousand, respectively.
- 2.3.2. Under the US GAAP accounting policy, The Kinetic Group has recorded pension costs using a straight-line method while IFRS requires discounting of pension costs. The adjustment resulted in increase of Employee benefits expense by USD 1,404 thousand, and corresponding increase of equity.
- 2.4. As TKG did not operate as a separate legal entity before 31 March 2024, and is yet to file its income tax return for the initial fiscal year ended 31 March 2025, the adjustment for estimated income tax expense for the period has been made using the statutory income tax rate of 24%.
- 2.5. The Kinetic Group financial information has been converted from USD to EUR using the average exchange rate of USD 1 : 0.9211 EUR for the year ended period from 1 January 2024 to 26 November 2024 as per the Czech National Bank.

Explanatory note to Pro Forma Adjustments to the Statement of Profit or Loss for the year ended 31 December 2024:

Date of Transaction

For the purposes of the *pro forma* consolidated statement of profit or loss of CSG Group, closing of the Transaction is assumed to have occurred on 1 January 2024.

Kinetic Group Acquisition Accounting Adjustments

IFRS 3 – Business Combinations requires acquirers to allocate the consideration transferred to acquiree's assets acquired and liabilities assumed based on their estimated fair values. Given the stage of the Transaction, it was not possible to determine the preliminary estimates of fair value for the purposes of preparation of this Unaudited Pro Forma Consolidated Financial Information. Instead, CSG Group has applied provisional accounting method under IFRS 3 and allocated the whole difference between the purchase price (USD 2,294,323) and The Kinetic Group's assets and liabilities to goodwill.

For the purposes of the Unaudited Pro Forma Financial Information, it is assumed that all excess of the purchase price over the acquired net assets, which amounts to EUR 1,583,818 thousand, is allocated to goodwill and not amortised to profit or loss. As of the date of preparation of these Unaudited Pro Forma Financial Information, the purchase price allocation is not complete and is therefore subject to change up to twelve months after the acquisition date.

3. Elimination of Transactions between CSG and Kinetic Group

An adjustment was recorded in the pro forma statement of profit or loss to eliminate the purchase and sale transactions between The Kinetic Group and CSG in the amount of EUR 11,054 thousand.

4. New Financing and Financing Costs

In order to fund the Transaction, CSG raised a new financing comprising syndicated term loan and privately placed bond. For the purposes of preparation of this Unaudited Pro Forma Consolidated Financial Information, CSG assumed a structure of EUR 1,245,000 thousand term loan consisting of EUR 498,000 thousand equally amortizing tranche and EUR 747,000 thousand bullet tranche repayable at maturity, and EUR 745,192 thousand private bond.

The Pro Forma adjustment of EUR 178,999 thousand was made for the period from 1 January 2024 to 26 November 2024 using the average interest rate of 9.4% assuming the new financing had been obtained on 1 January 2024.

The income tax impact of the pre-tax adjustment for financing costs was estimated using a statutory income tax rate of 21% in the Czech Republic assuming that approximately 60% of finance cost would be tax deductible.

In Prague, 7 May 2025

Signed on behalf of the Board of Directors of CZECHOSLOVAK GROUP a.s.



Ladislav Štorek

Vice-Chairman of Board of Directors



Zdeněk Jurák

Member of Board of Directors

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

To: the Board of Directors of CZECHOSLOVAK GROUP a.s.

Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information Included in a Prospectus

We have completed our assurance engagement to report on the compilation of Unaudited Pro Forma Consolidated Financial Information of CZECHOSLOVAK GROUP a.s. (hereinafter "CSG" or the "Company") prepared by the Board of Directors of CSG (hereinafter the "Board of Directors") included in ANNEX 1 of a Prospectus. The Unaudited Pro Forma Consolidated Financial Information of the Company consists of the Pro Forma Statement of Profit or Loss for the period ended 31 December 2024, and related explanatory notes (together the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Board of Directors has compiled the Unaudited Pro Forma Consolidated Financial Information are specified in section Basis of Preparation of the Pro Forma Financial Information.

The Unaudited Pro Forma Consolidated Financial Information has been compiled by the Board of Directors to illustrate the impact of the acquisition of Vista Outdoor Inc. Sporting Products segment (hereinafter "The Kinetic Group") and related financing transactions, as set out in the Unaudited Pro Forma Consolidated Financial Information on the Company's financial performance for the period ended 31 December 2024 as if the transaction had taken place as at 1 January 2024.

As part of this process, information about the Company's financial performance has been extracted by the Board of Directors from:

- The Company's financial statements for the period ended 31 December 2024 prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS-EU"). These consolidated financial statements were audited by Deloitte Audit s.r.o., which issued unmodified audit opinion on 2 April 2025. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.
- Unaudited combined financial information for The Kinetic Group for the period from 1 January 2024 to 26 November 2024, prepared in accordance with the accounting principles generally accepted in the United States of America ("US GAAP") after reclassifications and adjustments that management has considered necessary to conform to CSG accounting policies and presentation format. The combined financial information also includes expense allocations for certain functions provided by Vista Outdoor Inc. These allocations may not be reflective of the actual expenses that would have been incurred had the Company operated as an independent company apart from Vista Outdoor Inc.

Responsibility of The Board of Directors for the Pro Forma Financial Information

The Board of Directors is responsible for compiling the Unaudited Pro Forma Consolidated Financial Information based on the criteria outlined in the Unaudited Pro Forma Consolidated Financial Information (basis of preparation) ("Applicable Criteria").

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We applied International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

Our responsibility is to express an opinion on whether the Unaudited Pro Forma Consolidated Financial Information of the Company has been compiled, in all material respects, by the Board of Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Unaudited Pro Forma Consolidated Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Consolidated Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Consolidated Financial Information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 1 January 2024 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Consolidated Financial Information of the Company has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Board of Directors in the compilation of the Unaudited Pro Forma Consolidated Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to the Applicable Criteria; and
- The Unaudited Pro Forma Consolidated Financial Information of the Company reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the Company, the event or transaction in respect of which the Unaudited Pro Forma Consolidated Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Consolidated Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Unaudited Pro Forma Consolidated Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria as set out in the Unaudited Pro Forma Consolidated Financial Information.

Voluntary reporting

As stated in Section 1 Introduction of Unaudited Pro Forma Consolidated Financial Information, the Unaudited Pro Forma Consolidated Financial Information was prepared on a voluntary basis in connection with a public offering compliant with (i) Capital Markets Act and (ii) Commission Delegated Regulation (EU) 2017/1129 (the "Prospectus Regulation"). It is however not considered compliant with Regulation S-X Article 11, Pro Forma Financial Information, as amended by the final rule, "Amendments to Financial Disclosures About Acquired and Disposed Businesses," as adopted by the Securities and Exchange Commission ("SEC") on May 21, 2020 ("Article 11").

Restriction in use

The Unaudited Pro Forma Consolidated Financial Information was prepared for its inclusion in a Prospectus and may not be suitable for any other purpose.

In Prague on 7 May 2025



David Batal

Partner

Deloitte Audit, s.r.o.

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