

# SUMMARY OF INFORMATION ON THE UPCOMING REMOTE GENERAL MEETING

Dear shareholders,

instead of holding the General Meeting with physical presence of shareholders, O2 Czech Republic a.s. has decided to hold a *per rollam* vote due to the COVID-19 epidemic. This means that voting and polling take place exclusively through correspondence. Here is a summary of important points; terms and conditions for voting and detailed information can be found on the following pages.

## When will the voting commence?

**Voting will start on 11 May 2020**, when O2 will send ballot papers and resend the voting rules to shareholders. Decisions will be voted on by those shareholders whose name is registered on the statement from the Central Securities Depository as of 5 May 2020. So do not vote yet, we are at this point only announcing the terms and conditions which will apply to the voting procedure.

## Which decisions will be voted on and how?

The order of decisions of the General Meeting will remain practically the same as it had been announced for the General Meeting which was to be held on 16 April 2020. The statutory rule "who keeps silent votes against" applies to distance voting. Therefore, only positive votes (for the proposal) need be sent. The remaining shareholders, even if they do not send any vote, are counted as if they were voting against. The law also mandates that the quorum for voting on submitted proposals (decisive majority) is calculated from the total number of eligible votes of all shareholders.

## Voting will be divided into two rounds. The second round will have longer deadlines due to the requirement of a notarial deed.

To the **first round** of voting, the **deadline for submission of votes is 17 June 2020 by 5:00 pm**; the results will be published on 18 June 2020. For these items, official verification of the signature on the ballot paper (or a recognized electronic signature or if the vote is submitted from the eligible voter's data box) will suffice.

The **second round** of items includes the amendment to the Articles of Association and the cancellation of own shares with a consequent reduction of the share capital. These steps require the form of a notarial deed. Please carefully read the instructions that will be sent to you along with the ballot papers as your vote in the form of a notarial deed will not be necessary in many cases. For these points, **the deadline for submission of votes is 2 July 2020 by 5:00 pm**; the results will be published on 3 July 2020.

Board of Directors O2 Czech Republic a.s.

**ANNOUNCEMENT OF PER ROLLAM PROCEDURE TO PASS DECISIONS  
at the General Meeting of the joint-stock company O2 Czech Republic a.s.**

with its registered office in Prague 4, Za Brumlovkou 266/2,  
postal code 140 22, company ID number 60193336, entered in the Commercial Register kept by the  
Municipal Court in Prague  
under file number B 2322  
(hereinafter referred to as the "**Company**")

The Board of Directors of the Company (hereinafter referred to as the "**Board of Directors**") announces that decisions at the General Meeting of the Company will be passed as a written record outside the meeting (hereinafter referred to as "**per rollam procedure**"),

on the following matters, which will be voted on by ballot papers, which the Company will distribute to shareholders:

**A. FIRST ROUND OF VOTES NOT REQUIRING A NOTARIAL DEED; voting ends on 17 June 2020**

- 1. Approval of the Company's standalone financial statements for the year 2019**
- 2. Approval of the Company's consolidated financial statements for the year 2019**
- 3. Decision on the distribution of the Company's profit for the year 2019**
- 4. Decision on the distribution of the Company's share premium**
- 5. Appointment of an auditor to perform the statutory audit of the Company for the year 2020**
- 6. Measures related to the optimization of the capital structure: the decision to acquire the Company's own shares**
- 7. Approval of the remuneration policy for members of the Board of Directors and the Supervisory Board of the Company**
- 8. Election of a member of the Audit Committee**

and on the following matters which requires the shareholders' positive vote to be recorded in a notarial deed drawn up by a Czech public notary:

**B. SECOND ROUND OF VOTES REQUIRING A NOTARIAL DEED; voting ends on 2 July 2020**

- 9. Measures related to the optimization of the capital structure: decision to reduce the Company's share capital by cancelling its own shares**
- 10. Decision to amend the Company's Articles of Association**

(matters under items **Error! Reference source not found.** to **Error! Reference source not found.** referred to below collectively as „**order of decisions**“).

**I. Preamble**

- I.1. On 6 March 2020, the Company published, in addition to information on the convening of the General Meeting, its intentions regarding the payment of dividends and a part of the share premium to shareholders. However, due to the necessary deadlines for printing, packaging and preparation of the distribution of invitations for all shareholders, the invitation had to be sent in its final form on that day. The Board of Directors convened the General Meeting of the

Company for 16 April 2020 by invitation (hereinafter referred to as the "**General Meeting convened for 16 April 2020**"). The invitation was published and sent out on 16 March 2020.

- I.2. In the meantime, on 12 March 2020, the Government of the Czech Republic adopted Resolution No. 194, by which, pursuant to Constitutional Act No. 110/1998 Coll., On the Security of the Czech Republic, it declared emergency on the entire territory of the Czech Republic due to health threats related to coronavirus SARS-CoV-2. Subsequently, the Government and other public authorities declared to take a number of different measures, including extending the state of emergency until 30 April 2020, which eventually prevented the General Meeting convened for 16 April 2020 from taking place. The Company was obliged to inform about this on 9 April 2020 on its website.
- I.3. Due to the large number of shareholders, a General Meeting of the Company, if it is to take place in physical form, always demands a lot in terms of organisation; it requires stable and predictable conditions for it to take place and advance booking of facilities. In the current situation, however, the measures of the Government and other bodies tend to change by day or by the hour; despite the presently announced easing of the restrictions, it is not possible to qualify the forward-looking situation of the next weeks or months as certain. With regard to the information on testing of the population of the Czech Republic, unfortunately, the resurgence of the epidemic after the release of restrictions (the so-called "second wave") and renewal of measures or adoption of measures stricter than before cannot be excluded. Therefore, even if the emergency measures are temporarily relaxed, it is uncertain which measures will apply in a matter of weeks or months, especially as regards events for larger numbers of people which need to be planned in advance. This is evidenced by the postponements of various public events originally planned for summer or even autumn 2020, including major international events (hockey world championships, Olympic Games, etc.). Therefore, in the given situation, the Board of Directors cannot foresee sufficiently in advance what requirements the Company would have to meet so that the General Meeting can pass decisions with the shareholders being physically present (requirements for premises, disinfection, protective equipment, medical examination of staff, keeping distance, etc.).
- I.4. According to Art. III (d) of the Government Resolution No. 452/2020 of 23 April 2020, promulgated as part of a state of emergency in the Collection of Laws under No. 194/2020 Coll., the following rules must be observed for participation in activities of an association: (i) a maximum of 10 people at the same time may attend a meeting of the association's body or another federal meeting, (ii) keep distance of at least 2 meters between the participants, (iii) a container with disinfectant for hand sanitization must be in place. With regard to Section 3 (1) of Act No. 90/2012 Coll., these rules also apply to O2 Czech Republic a.s. as a commercial company.
- I.5. According to an Extraordinary Measure of the Ministry of Health No.: MZDR 15757 / 2020-2 / MIN / KAN of 9 April 2020, persons without respiratory protective equipment (nose, mouth) such as a respirator, mask, surgical mask, scarf, shawl or other means that prevents the spread of droplets, are banned from movement and presence in all places outside their place of residence.
- I.6. The above measures are complemented with additional restrictions in public transport (restrictions on long-distance train travel and international flights and a de facto closure of borders preventing or significantly frustrating physical presence of shareholders at the meeting).

- I.7. Due to the uncertainty that will obviously be of a longer-term nature, the Parliament of the Czech Republic adopted Act No. 191/2020 Coll. "On certain measures to mitigate the effects of the SARS CoV-2 coronavirus epidemic on litigants, injured parties, victims of crime and legal persons and on amending the Insolvency Act and the Enforcement Code" (hereinafter referred to as "*Lex COVID*"), which among other things allows – in contrast to the current situation - the bodies of legal persons to pass decisions exclusively in writing or remotely, even if this method is not explicitly regulated in their articles of association. *Lex COVID* came into force on 24 April 2020.
- I.8. On 28 April 2020, the state of emergency was extended by the Chamber of Deputies until (at least) 17 May 2020.
- I.9. Given that the Board of Directors has once been forced to conclude that the General Meeting cannot be held for objective reasons, it does not consider it appropriate that this situation be repeated due to uncertain future developments.
- I.10. After careful consideration of all the circumstances, the Board of Directors concluded that in a situation whereby it is not clear when it would be possible to hold the General Meeting without unreasonable restrictions, to hold the General Meeting in the physical presence of shareholders would be associated with considerable impediments. Therefore, the Board of Directors deems it necessary to proceed in line with *Lex COVID* whose timing is precise and definite at that time. Consequently, the Board of Directors decided that the General Meeting will pass decisions per rollam, taking into account the following facts:
- (a) the regularly convened General Meeting of the Company was to take place as early as 16 April 2020, of which both shareholders, markets and investors concerned had been informed, and the Company therefore seeks to ensure that all those concerned receive clear information as soon as possible when the matters of which they have already been informed by invitation to the convened General Meeting will be decided;
  - (b) there is no reason to fundamentally change the scope of matters originally included on the agenda of the convened General Meeting or to postpone them, as it is not clear what consequences the postponing of these matters indefinitely would have, which the Board of Directors deems unacceptable for the reasons of legal certainty (see above); and
  - (c) pursuant to Section 19 of *Lex COVID*, the Company's shareholders are temporarily permitted to make decisions in writing outside the General Meeting, i.e. to make per rollam decisions, even if this method is not provided for in the Company's Articles of Association, in which case, under this provision, the Board of Directors shall determine the conditions for decision-making per rollam.
- I.11. The Board of Directors set out the conditions for the per rollam procedure with regard to the above-mentioned provision of Section 19 of *Lex COVID*, as well as the provisions of Sections 418 to 420 of the Business Corporations Act. The Board of Directors draws attention to the following:
- (a) the legislation addresses the issue of per rollam decision-making by shareholders in general scope only; as a result, detailed conditions for per rollam decision-making are set out in this Announcement, which is also required by Section 19 (2) of *Lex COVID*; and

- (b) to the extent that the Board of Directors has considered it reasonably possible in view of the specifics of the situation, these rules are similar to those that the Company regularly applies in connection with convening its General Meetings with the presence of shareholders and exercising shareholders' rights thereon. However, the rules of per rollam decision-making are inherently specific.

Therefore, the Board of Directors invites shareholders and recommends that they be sufficiently acquainted with the following rules of the per rollam procedure in order to avoid possible misunderstandings. For these reasons, the Board of Directors has also decided to make the necessary information available to shareholders (investors) well in advance of the Voting Record Date (see item **Error! Reference source not found.** below) and the actual distribution of Proposals (see item **Error! Reference source not found.** et seq below).

## II. General commentary on the per rollam procedure

- II.1. As part of the per rollam procedure, voting takes place in two rounds of voting:
  - (a) the first round of voting not requiring a notarial deed with the end of voting on 17 June 2020

and

  - (b) the second round of voting, where a vote adopting a decision (positive vote) requires a notarial deed, with the end of voting on 2 July 2020.
- II.2. While the per rollam procedure takes place outside the General Meeting, it is still a decision of the General Meeting as the supreme governing body of the Company. It differs from the standard decision-making process of the General Meeting of the Company mainly in that the shareholders or their proxies do not vote on the proposals in personal attendance at the General Meeting, but the decision is taken if a sufficient number of shareholders' votes for the proposal (positive votes) is cast in writing within the period specified for the proposal of the Board of Directors distributed to the shareholders. In cases where the decision taken at the General Meeting must be certified by a notarial deed, the shareholder's will expressed per rollam must also take the form of a notarial deed.
- II.3. The per rollam procedure is thus, in essence, only an alternative way of passing decisions at the General Meeting. It does have, however, certain specifics and limitations resulting mainly from the fact that there is no on-site discussion of individual items on the agenda of the General Meeting. The fundamental difference, it should be noted at the outset, is that the statutory rule "who keeps silent votes against" applies in per rollam voting. A shareholder can therefore vote "against" a proposal simply by not submitting a vote (Section 419 (1) of the Business Corporations Act). The quorum for voting on submitted proposals (decisive majority) is calculated from the total number of votes of all shareholders (Section 419 (3) of the Business Corporations Act). Therefore, no proposals can be enforced by a minority of votes. Detailed rules are set out further below in Art. III - XII of this Announcement.
- II.4. The scope and methods of exercising shareholder rights may vary from the situation when they are exercised at the General Meeting for the reasons stated above (for more detailed information, see below).
- II.5. The Board of Directors commissioned ADMINISTRATOR, spol. s r.o., Company ID No. 47551054, with its registered office at Husova 109/19, Kutná Hora-Vnitřní Město, 284 01 Kutná Hora, to

organize the per rollam voting of shareholders and to ensure all steps that enable, prevent, follow or in any way relate to adopting decisions, in order to ensure the proper procedure and determination of the outcome of the decision, unless it is expressly stated in this Announcement that this will be provided by another entity.

### III. Summary of the conditions of the per rollam procedure

- III.1. The voting of shareholders in the framework of the per rollam procedure will take place in writing in the period beginning on 11 May 2020 and ending on
- (a) **17 June 2020 at 5:00 pm** for Round A (items **Error! Reference source not found.** - **Error! Reference source not found.**) on the order of decisions; proposals will be voted by way of ballot papers which the Company distributes to shareholders and makes available on its website; and
  - (b) **2 July 2020 at 5:00 pm** for Round B (items 9 and 10) on the order of decisions; proposals will be voted FOR by way of notarial deed made by a Czech public notary, which carries the associated according to the Notary Tariff.
- III.2. Shareholders entitled to vote in per rollam decisions will be appointed on the Voting Record Date (see Art. **Error! Reference source not found.** below).
- III.3. III.3. The rules of the per rollam procedure are explained in more detail below in this Announcement.

### IV. Voting Record Date

- IV.1. Persons who are be listed as shareholders on 5 May 2020 (hereinafter referred to as the "**Voting Record Date**") in the extract from the statutory register CDCP where the Company's book-entered shares are registered (hereinafter referred to as the "**Statement from the CDCP**") will be eligible to vote. The Statement from the CDCP will be procured by the Company. This is a procedure similar to the determination of persons authorized to participate in the General Meeting and to exercise shareholders' rights at the meeting, including the right to vote pursuant to Article 9 (6) of the Company's Articles of Association.

### V. Identifying shareholders and their proxies

- V.1. The Statement from the CDCP as of the Voting Record Date will be procured by the Company.
- V.2. Unless otherwise stated below, shareholders will be identified for the purposes of per rollam voting by means of the following documents:
- (a) Shareholders – natural persons, if they vote without a proxy, will be identified according to the Statement from the CDCP and do not have to provide any other documents when voting.
  - (b) Shareholders – legal entities must deliver the original or an officially certified copy of the document proving the existence of the legal entity and the manner of acting of the member of the statutory body on its behalf.

- (c) Shareholders' proxies must, in addition, deliver the original or an officially certified copy of the written power of attorney with the officially certified signature of the principal when voting (for details and exceptions, see Art. V.3 below).

V.3. If the documents referred to in above Art. **Error! Reference source not found.** or V.2(a) are made by foreign authorities or institutions or provided with their verification clauses, they must be provided with an apostille or other clause or verification, which are required in official communication by the Czech authorities for similar foreign documents. If such documents, clauses or verifications are made in a foreign language, an official translation into Czech must be attached to them. Documents in Slovak language constitute an exception.

V.4. Special provisions concerning powers of attorney:

- (a) Unless otherwise stated below, the Company will also admit shareholder representation in per rollam decisions on the basis of a power of attorney, which was issued for the purposes of representation at the General Meeting convened for 16 April 2020:
  - (i) if the power of attorney had been granted at any time prior to the publication of this Announcement on the Company's website; and
  - (ii) whether such authorization was derived from a power of attorney form published on the Company's website, from another power of attorney, or was notified to the Company electronically by any of the methods previously specified by the Company in connection with the Company's previous General Meetings.

However, the Company will not allow the above representation if, at the latest on the day on which the relevant proxy delivers a shareholder voting statement to the Company, the shareholder's will is delivered to the Company, revoking or limiting the proxy so that it does not allow appropriate representation in per rollam decisions.

- (b) Unless otherwise specified below, shareholders may use a written power of attorney (see also Art. V.2(a) above) also the forms that the Company publishes together with this Announcement on its website. The use of the form is not obligatory when granting a power of attorney.
- (c) Unless otherwise stated below, shareholders may also:
  - (i) notify the Company at [o2valnahromada@per-rollam.cz](mailto:o2valnahromada@per-rollam.cz) of the granting of a power of attorney to a proxy to represent the shareholder in per rollam decisions, as well as of its revocation. If such notification does not allow the Company to assess the compliance of the power of attorney with legal requirements or unambiguous identification of the signatory (especially if it is not provided with a recognized electronic signature), the Company is entitled, but not obliged, to request additional information to prove shareholder representation; or
  - (ii) notify the Company of the granting of a power of attorney to represent it in per rollam decisions, as well as its revocation through a data box whose address (ID) is j3sjbnj; such notification must also make it possible to assess the compliance of the power of attorney with the legal requirements and, in the interests of smooth processing, the matter must be duly identified in the message (dmAnnotation) as "Power of attorney for per rollam decisions".

If the shareholder's representation is proven in any of the above ways, the Company will not require the submission of a written power of attorney.

V.5. Special provision concerning representation by an administrator:

- (a) The Company also admits representation of shareholders by a person registered in the Statement from the CDCP as an administrator or as a person authorized to exercise the rights associated with the share. If the shareholder's representation is proved in this way, the Company will not require the submission of the documents referred to in Art. V.2 (b) or V.2 (c) above when voting.
- (b) However, the Company will not allow the above representation if, at the latest on the day on which the relevant administrator delivers a shareholder voting statement to the Company, the shareholder's will is delivered to the Company, revoking or limiting the representation so that it does not allow appropriate representation in per rollam voting.

V.6. Special provision concerning representation when voting on items **Error! Reference source not found.** and **Error! Reference source not found.** on the order of decisions:

- (a) The identification of shareholders and their representatives for the purposes of voting on matters where a notarial deed is required for such voting will be carried out directly by the public notary who will be making the relevant notarial deed. As a result, the Company cannot anticipate what in such a case the requirements for identification of persons and proof of authorization to vote as a shareholder's proxy will be, however, with regard to the usual practice of Czech public notaries, it can be assumed that they will require similar proofs of identification as described in previous paragraphs of this Art. V.
- (b) While the Company is aware of the restrictions resulting from the measures taken by the competent national authorities in connection with the occurrence of SARS-CoV-2 coronavirus (and is aware that certain restrictions result from the measures taken by the relevant foreign public authorities), the aim of the Company was to facilitate voting for to the maximum extent possible. For this reason, the Company is prepared to provide shareholders, at their written request, contact information of the person who will represent, subject to the meeting of specific conditions, shareholders at the expense of the Company when voting as a proxy. The written request must be sent to the data box whose address (ID) is: j3sjbnj, or by e-mail to the e-mail address [o2valnahromada@per-rollam.cz](mailto:o2valnahromada@per-rollam.cz).

## VI. Voting procedure

- VI.1. Based on the Statement from the CDCP, the Company will send draft decisions (hereinafter referred to as "**Proposals**") to shareholders and administrators of the equity accounts of the Company's shareholders ahead of voting. Simultaneously with the commencement of the distribution of the Proposals, the Proposals will be published on the website [www.ico60193336.cz](http://www.ico60193336.cz) under the link Investor Relations, Section General Meeting (hereinafter referred to as the "**Company's Website**").
- VI.2. The **Proposals will be published** on the Company's Website on 11 May 2020 and will subsequently be distributed to the Company's shareholders. Voting commences on the same date. Votes received before this date will not be taken into account.

VI.3. VI.3. Together with the Proposals, the Company will distribute to the shareholders and simultaneously publish on the Company's Website in particular the following:

- (a) **ballot papers for the first round of voting** – i.e. for items 1 to 8 on the order of decisions, together with the draft Remuneration Policy for Members of the Board of Directors and the Supervisory Board (re item 7)
  - ballot papers for this round will contain both "FOR" and "AGAINST" variants, whereby "AGAINST" may be voted in such a way that the shareholder does not submit any vote,
- (b) **ballot papers for the second round of voting** – i.e. items 9 to 10 on the order of decisions, together with a proposal for amendments to the Company's Articles of Association (re item 10),
  - ballot papers for this round will contain "AGAINST" variant, whereby "AGAINST" may be voted in such a way that the shareholder does not submit any vote,
  - the "FOR" vote takes the form of a notarial deed as required by law;

These individual ballot papers are hereinafter collectively referred to as "Ballot Papers".

If shareholders or their proxies are required to submit certain documents (in particular a power of attorney or an extract from the Commercial Register) when voting, these documents must be delivered to the Company no later than the relevant deadline according to Art. VI.4 below. Until the required documents have been delivered to the Company, the vote of the given shareholder will not be counted, even if it had been already duly delivered.

VI.4. Voting on the first Round of Proposals (items **Error! Reference source not found.** - **Error! Reference source not found.** on the order of decisions) will proceed as follows:

- (a) Shareholders who decide to vote "FOR" a Proposal will fill in the Ballot Papers in the manner indicated on them and shall send them in one of the following ways:
  - (i) by post to O2 Czech Republic a.s., P.O. BOX 16, 284 01 Kutná Hora;  
in this case, the signatures on the Ballot Papers must be officially verified and the same applies to foreign verification clauses as in Art. V.3 above;
  - (ii) to the e-mail address [o2valnahromada@per-rollam.cz](mailto:o2valnahromada@per-rollam.cz);  
in this case, a simple electronic copy of the signed Ballot Papers will suffice (without the need for official verification of signatures), but the relevant e-mail message must be signed with a recognized electronic signature; or
  - (iii) to a data box whose address (ID) is: j3sjbnj  
in this case, a simple electronic copy of the signed Ballot Papers will also suffice (without the need for official verification of signatures and a recognized electronic signature on the Ballot Paper).
- (b) Shareholders who decide to vote "AGAINST" the Proposal may fill in the Ballot Papers in the manner indicated on them and send them in the same ways as above or not submit a vote (Section 419 (1) of the Business Corporations Act).

In order to be counted, Ballot Papers for the first round of voting must be delivered to the Company in one of the ways according to this Article VI.4 no later than **17 June 2020 by 5:00 pm.**

VI.5. The voting on the second round of proposals will proceed as follows:

- (a) Shareholders who decide to vote "FOR" a Proposal must, by law, have a public notary to draw up a notarial deed (hereinafter referred to as the "Notarial Deed") and send it in the same ways as in Art. VI.4. (a) above, using electronic mail or data box. The Notarial Deed must be converted in an authorized way in accordance with Act No. 300/2008 Coll.
- (b) For the purpose of drawing up Notarial Deeds, the Company will publish on the Company's Website a reference template so that shareholders (or their proxies) can easily use it in their Notarial Deeds as required by Section 419 (2) of the Business Corporations Act. A Notarial Deed for the vote on the Proposal relating to item 10 on the order of decisions must contain a draft of the full text of the Articles of Association which is the subject of the vote.
- (c) The making of a notarial deed attracts a notary fee; before visiting a public notary, it is recommended to check by telephone the circumstances of the appointment (office hours) as well as the terms for making a notarial deed, including identification requirements and the cost.
- (d) Shareholders who elect to vote "AGAINST" a proposal may complete the Ballot Papers in the manner indicated on them and send them in the same manner as above or they can elect not cast a vote (Section 419 (1) of the Business Corporations Act); a notarial deed is not drawn up in this case.
- (e) In order to be counted, Ballot Papers or Notarial Deeds for the second round of voting must be delivered to the Company in the manner specified in this Announcement and in the prescribed form no later than **2 July 2020 by 5:00 pm.**
- (f) In any other case, unless expressly stated otherwise in this Announcement, voting on Proposals for items **Error! Reference source not found.** and **Error! Reference source not found.** on the order of decisions applies *mutatis mutandis* to voting on items **Error! Reference source not found.** - **Error! Reference source not found.** on the order of decisions, as described in Art. VI.4 above.

VI.6. Special provision on the conflict of voting of a shareholder and proxy: If a shareholder and his proxy vote for a Proposal, only the vote that is submitted (delivered to the Company) first will be counted in the result of the voting.

VI.7. Special provision on voting by a proxy representing more than one shareholder: In the event that a proxy represents more than one shareholder in a voting, they shall attach to the ballot paper completed in accordance with the rules set out in this Announcement a list of shareholders for whom they are voting and their identification. A sample ballot paper for voting by a proxy who represents several shareholders will be published on the Company's Website.

VI.8. Votes cast (i.e. on Ballot Papers or through Notarial Deeds) cannot be changed or revoked.

VI.9. The majority decisive for determining whether the relevant Proposal has been approved is calculated from the total number of votes of all shareholders entitled to vote (see Section 419 (3) of the Business Corporations Act). Therefore, in order for Proposals to be approved:

- (a) in the first round (items 1 - 8 on the order of decisions), a simple majority of votes of all shareholders eligible to vote is required; and
- (b) in the second round (items 9 and 10 on the order of decisions), a two-thirds majority of votes of all shareholders eligible to vote is required.
- (c) The Company may not exercise voting rights that are attached to the Company's own shares (it is not entitled to vote itself).

#### **VII. Information on draft resolutions to be submitted to shareholders for decision**

The Board of Directors intends to submit Proposals for decision per rollam, the wording and justification of which are set out at the end of this Announcement. For the avoidance of doubt, the Board of Directors warns that it is possible to vote for Proposals only after the Proposals have been distributed and only in the manner described in Art. VI above, i.e. the publication of the Proposals under this notice is not in itself a call for shareholders to vote for the Proposals.

#### **VIII. Information on the documents that will be sent to shareholders together with the Proposals**

Together with the Proposals, the Company will distribute to the shareholders the following documents submitted for approval within the relevant items on the order of decisions:

- (a) Draft remuneration policy for members of the Board of Directors and the Supervisory Board of the Company
- (b) Proposal for amendments to the Company's Articles of Association

VIII.2. The Company will send these documents to the shareholders, even though the documents have already been published together with this Announcement (see also Art. **Error! Reference source not found.** and X.1(d) below).

#### **IX. Information on the number of shares and voting rights**

The share capital of the Company amounts to CZK 3,102,200,670 (in words: three billion one hundred two million two hundred thousand six hundred and seventy Czech crowns) and is divided into 310,220,057 registered ordinary shares with a nominal value of CZK 10 per share and 1 registered ordinary share with a nominal value of CZK 100. Each CZK 10 nominal value of shares represents one vote; the total number of votes attached to the Company's shares is therefore 310 220 067.

#### **X. Information on documents available to shareholders**

X.1. Along with this Announcement, the following documents have been published on the Company's Website.

- (a) Annual Report of the Company for 2019 (hereinafter referred to as the “**Annual Report 2019**”), including (i) the report of the Board of Directors on the Company's

business activities and the state of its assets, (ii) key data and information for the year 2019, including a summary report pursuant to the Capital Market Undertakings Act, (iii) reports on relations for 2019, (iv) the Company's standalone financial statements for the year 2019, and (v) the Company's consolidated financial statements for the year 2019.

The Company has made the Annual Report 2019 in accordance with the obligations set out in legal regulations (especially the Act on Accounting and the Capital Market Undertakings Act).

Through it, the Board of Directors simultaneously submits the following reports and information to shareholders:

- (i) a review of the Company's business and the state of its assets, pursuant to Section 436 (2) of the Business Corporations Act and the Company's Articles of Association; this report being included in the Annual Report 2019 in Section 3;
- (ii) a summary report pursuant to Section 118 (9) of the Capital Market Undertakings Act concerning key data and information pursuant to Section 118 (5) (a) – (k) of the Capital Market Undertakings Act; this report being included in the Annual Report 2019 in Section 2;
- (iii) a report on relations prepared in accordance with Section 82 et seq. of the Business Corporations Act; this report forms an annex to the Annual Report 2019.

The Annual Report also includes:

- (iv) the Company's standalone financial statements for the year 2019, which are included in the Annual Report as part of Chapter 5; and
- (v) the Company's consolidated financial statements for the year 2019, which are included in the Annual Report as part of Chapter 5,

the approval of both sets of financial statements of the Company will be the subject of draft decisions which the Board of Directors intends to submit for approval per rollam under items 1 and 2 on the order of decisions.

The entire Annual Report 2019, including its appendices, has previously been published on the Company's Website and is accessible to all shareholders. It is available here: ([www.ico60193336.cz](http://www.ico60193336.cz)) under tab Investor Relations, section Annual and Half-year Reports, Annual Report 2019, and also here: [www.o2.cz/spolecnost/vyrocnni-a-pololetni-zpravy](http://www.o2.cz/spolecnost/vyrocnni-a-pololetni-zpravy).

(b) Report by the Supervisory Board

Through this report, the Board of Directors informs shareholders of the results of the Company's supervisory activities within the meaning of Section 447 (3) and Section 449 (1) of the Business Corporations Act, including the results of the review of the report on relations for the year 2019 as required by Section 83 (1) of the Business Corporations Act.

The Board of Directors further states that the Supervisory Board did not raise any issues concerning about the standalone financial statements for the year 2019, the proposal for the distribution of profit for the year 2019, the consolidated financial statements for the year 2019 and the report on relations for the year 2019 as presented by the Board of Directors.

It is available here: [www.o2.cz/spolecnost/valne-hromady/](http://www.o2.cz/spolecnost/valne-hromady/).

(c) Draft remuneration policy for members of the Board of Directors and the Supervisory Board of the Company

The Board of Directors intends to propose for decision per rollam under item 7 the approval of the remuneration policy for the members of the Board of Directors and the Supervisory Board of the Company.

It is available here: [www.o2.cz/spolecnost/valne-hromady/](http://www.o2.cz/spolecnost/valne-hromady/).

(d) Draft amendment to the Articles of Association of the Company

The Board of Directors intends to propose an amendment to the Company's Articles of Association for decision per rollam under item 10 on the order of decisions.

Available to shareholders:

- (i) Full version of the Articles of Association with the proposed effective date of 1 January 2021 (here: [www.o2.cz/spolecnost/valne-hromady/](http://www.o2.cz/spolecnost/valne-hromady/)); a
- (ii) Track-changes version of the Articles of Association – draft with the changes highlighted (here: [www.o2.cz/spolecnost/valne-hromady/](http://www.o2.cz/spolecnost/valne-hromady/)).

The documents are also available to shareholders for viewing free of charge from 30 April 2020 on working days from 9:00am to 4:00pm at the Company's headquarters.

(e) Power of attorney template

In accordance with Art. V.4(b) above, the Company publishes, together with this Announcement, a power of attorney template that shareholders may use to vote per rollam. The form is available here: [www.o2.cz/spolecnost/valne-hromady/](http://www.o2.cz/spolecnost/valne-hromady/) and also from 30 April 2020 on working days from 9:00am to 4:00pm at the Company's headquarters.

Each shareholder also has the right to request that the form be sent at their own expense and risk in paper form or electronically by requesting it at [o2valnahromada@per-rollam.cz](mailto:o2valnahromada@per-rollam.cz) or telephone number 840 114 114.

X.2. The English version of this Announcement is also available to shareholders here: [www.o2.cz/spolecnost/en/general-meetings/](http://www.o2.cz/spolecnost/en/general-meetings/).

## **XI. Information on other shareholder rights**

### **XI.1. Right to explanation**

The Board of Directors fully intends to allow all shareholders to exercise their right to an answer to their request for an explanation of matters concerning the Company, or the persons controlling it, which are necessary for the assessment of proposals for the adoption of decisions submitted by the Board of Directors or for the exercise of shareholder rights in the context of the per rollam procedure.

The Board of Directors therefore intends to provide shareholders with answers to requests for explanation if they are delivered to the Company from the date of publication of this Announcement **until 8 June 2020**. Requests must be delivered to the Company [using one of the methods set out in Art. VI.4 (a)]; Art. VI.4 (a); for the avoidance of doubt, the Board of Directors confirms that requests for explanation do not require a certified signature when using any of the specified methods of delivery.

It must be clear from the request for explanation that it is a request of a shareholder or their proxy for an explanation in connection with a per rollam decision and who is making it.

Responses to valid requests for explanation will be provided by publication on the Company's Website no later than **10 June 2020**. If it is not possible to respond within the specified period, the Board of Directors will react no later than 15 days thereafter.

The Board of Directors further points out that the provision of explanations may be refused in whole or in part for the reasons and under the conditions specified in Section 359 and Section 360 of the Business Corporations Act.

#### XI.2. Right to submit proposals and counterproposals

In view of the nature and structure of the per rollam procedure and the provisions of Section 418 of the Business Corporations Act, only the draft resolution presented sent by the convener of the General Meeting is voted on in this procedure.

#### XI.3. Rights of qualified shareholders in connection with the per rollam procedure

Qualified shareholders of the Company, i.e. shareholders who have shares with an aggregate nominal value of at least 1% of the Company's share capital, have not exercised the right to propose an item to be included in the order of decisions prior to the commencement of the per rollam procedure. Due to the structure of the per rollam procedure, they can no longer exercise such a right.

### **XII. Information on the results of voting**

#### XII.1. Information on the results of voting

The Board of Directors will announce the results of the per rollam decisions of the General Meeting in the same way as results of a General Meeting with shareholder presence.

#### XII.2. Reporting running count of votes cast

However, in order for each investor to be able to assess the current standing of a particular Proposal during voting period and at the same time to prevent the Company from using any inside information from the per rollam procedure and its current situation, the Board of Directors will further ensure that every business day at 5:00 pm, the Company's Website will

feature up-to-date information on the number of votes that the Board of Directors has received so far in relation to individual Proposals. The number of votes will be stated both in absolute numbers and as a percentage of the total number of votes of all shareholders.

XII.3. Information regarding whether a particular shareholder's votes have been counted:

You can check whether your Ballot Paper has been delivered, registered and has been counted by enquiring at the telephone number +420 327 588 356.

## **Draft proposals to be submitted to shareholders (for the first round of voting)**

The Board of Directors intends to submit Proposals for decision per rollam, the wording and justification of which are set out below. For the avoidance of any doubt, the Board of Directors warns that it is possible to vote for the Proposals only after the Proposals have been distributed and only in the manner described in Article VI. above. The publication of Proposals in this Announcement is not in itself a call for shareholders to vote in favour of the Proposals.

Concerning item **Error! Reference source not found.** on the order of decisions (**Error! Reference source not found.**)

DRAFT RESOLUTION:

**Outside the meeting, the General Meeting approves in writing the regular financial statements of the Company for 2019 verified by an auditor, which were presented by the Board of Directors in the form of publication on the Company's website ([www.ico60193336.cz](http://www.ico60193336.cz)) under the tab Investor Relations, section Annual and Half-year Reports as part of the Company's Annual Report for the year 2019.**

*Justification: The Company is obliged to prepare standalone financial statements for the past accounting period pursuant to applicable laws, and the Board of Directors presents them to the General Meeting for approval in accordance with the Business Corporations Act. The standalone financial statements are part of the Annual Report for the year 2019 and are available to shareholders on the Company's website. Standalone financial statements provide a true and fair view of the state and movement of property and other assets, payables and other liabilities, as well as costs and revenues and the Company's financial results. The auditor gave an unqualified opinion on the standalone financial statements. The standalone financial statements have been also reviewed by the Supervisory Board, which did not find any irregularities, and therefore recommends them for approval.*

*In connection with the approval of the Company's standalone financial statements for the year 2019 within the per rollam procedure, reports and other documents are available to shareholders, which are as standard presented to shareholders at General Meetings of the Company before the approval of financial statements.*

Concerning item **Error! Reference source not found.** on the order of decisions (**Error! Reference source not found.**)

DRAFT RESOLUTION:

**Outside the meeting, the General Meeting approves in writing the consolidated financial statements of the Company for 2019 verified by an auditor, which were presented by the Board of Directors in the form of publication on the Company's website ([www.ico60193336.cz](http://www.ico60193336.cz)) under the tab Investor Relations, section Annual and Half-year Reports as part of the Company's Annual Report for the year 2019.**

*Justification: The Company is obliged to prepare consolidated financial statements for the past accounting period pursuant to applicable laws, and the Board of Directors presents them to the General Meeting for approval in accordance with the Business Corporations Act. The consolidated financial statements are part of the Annual Report for the year 2019 and are available to shareholders on the Company's website. Consolidated financial statements provide a true and fair view of the state and movement of property and other assets, payables and other liabilities, as well as costs and revenues and the financial results for the consolidated whole. The auditor gave an unqualified opinion on the consolidated financial statements. The consolidated financial statements have been also reviewed by the Supervisory Board, which did not find any irregularities, and therefore recommends them for approval.*

*In connection with the approval of the Company's consolidated financial statements for the year 2019 within the per rollam procedure, reports and other documents are available to shareholders, which are as standard presented to shareholders at General Meetings of the Company before the approval of financial statements.*

**Concerning item Error! Reference source not found. on the order of decisions (Error! Reference source not found.)**

DRAFT RESOLUTION:

**Outside the meeting, the General Meeting decides in writing as follows:**

**I.**

**The distribution of the Company's unconsolidated profit for the year 2019 in the amount of CZK 5,350,524,416.86 after tax is approved as follows:**

- 1) contribution to the reserve fund CZK 0.00**
- 2) contribution to the social fund CZK 8,000,000.00**
- 3) royalties CZK 0.00**
- 4) dividends CZK 5,273,741,139.00**
- 5) retained earnings of previous years CZK 68,783,277.86**

**The Company's business assets also include its own shares. In accordance with Section 309 (2) of the Business Corporations Act, the Company's right to a share in the profits associated with these shares expires upon its maturity. The unpaid profit attributable to these shares will also be transferred to the retained earnings account of previous years.**

**Each share with a nominal value of CZK 10 receives a pre-tax dividend of CZK 17, and a share with a nominal value of CZK 100 receives a pre-tax dividend of CZK 170.**

**II.**

**Whereas**

- on 30 March 2020 the Board of Directors decided that, in the event that holding the General Meeting on 16 April 2020 proves to be impossible, to pay advances for the Company's profit for the year 2019 in the amount of CZK 17 before tax per share with a nominal value of CZK 10 and CZK 170 before tax per share in the nominal value of CZK 100 (hereinafter referred to as "Decisions on Advances" and "Advances"); with Advances becoming due and payable on 6 May 2020, the payment of Advances ending on 6 May 2023 and the record date for the payment of Advances on 6 4. 2020,**
- the General Meeting proved impossible to be held on 16 April 2020 and the Company proceeded to the payment of Advances, and**
- the General Meeting, by this decision on the amount of the dividend, conclusively confirms the Decision on Advances,**

**the General Meeting notes the following:**

- 1) the amount of the dividend per share fully corresponds to the amount of the Advances decided by the Board of Directors of the Company in the Decision on Advances,
- 2) on the basis of this resolution, the Advance and dividend from the profit for the year 2019 associated with each share of the Company will be settled by deducting the Advance per share (CZK 17 and CZK 170, respectively) from the dividend attributable to the same share (CZK 17 and CZK 170, respectively); the resulting balance will be zero and the dividend payable above the Advance already paid will be CZK 0 (in words: zero Czech crowns),
- 3) the relevant tax is to be withheld (deducted) by the Company under the conditions arising from Czech legislation within the approved Advances.

### III.

**The due date of the dividend has been set for 19 June 2020, on which day the settlement of dividends and Advances will take place; the record date for the dividend in accordance with the Articles of Association is 20 May 2020.**

*Justification: According to the Business Corporations Act and the Company's Articles of Association, the decision on the distribution of the Company's profit and retained earnings from previous years falls within the competence of the General Meeting. Therefore, the shareholders of the Company may also decide on it by means of a per rollam decision, in accordance in particular with the provisions of Section 19 (1) of the Act on Measures to Mitigate the Impact of the Coronavirus Epidemic and in connection with Section 418 et seq. of the Business Corporations Act. The share of the profit is derived from the standalone financial statements. The Board of Directors proposes the distribution of profit for 2019 in an amount that meets the requirements of the Business Corporations Act and the Company's Articles of Association. The amount of the Company's distributed profit is stated in the proposed resolution. In the opinion of the Board of Directors, the proposed distribution of profit corresponds to the financial situation and needs of the Company. At the same time, the proposed dividend is in line with the Company's announced dividend policy, within which the Board of Directors intends to propose the distribution of 90% to 110% of net non-consolidated profit. The proposed dividend represents 99% of the Company's net non-consolidated profit for 2019. The Supervisory Board has reviewed the proposal of the Board of Directors and recommends it to shareholders for approval.*

*The fundamental difference with respect to deciding on dividends within the distribution of profit for this year is that, by a decision of the Company's Board of Directors dated 30 March 2020, advances have been granted for dividends from the profit for the year 2019. Shareholders were informed of the circumstances of the advances and their consequences in due course. Therefore, the Board of Directors now provides only a brief explanation of the significance of the proposed resolution on profit distribution in relation to the advances. The eligibility to advance payments has been set as of 6 April 2020 and the due date was set for 6 May 2020. At the same time, a dividend cannot be paid from a share if an advance had been already granted in the same amount from the same share. Therefore, the Board of Directors has already clearly stated in the resolution on the payment of advances that the payment of an advance on a dividend will have de facto similar effects as the payment of the dividend itself. As a result, neither a dividend advance nor a dividend in relation to newly acquired shares will be paid to shareholders who acquire shares in such a way that the change is reflected in the statement from the statutory records after 6 April 2020. The settlement of the advance and the dividend per share will therefore take place with a zero balance and the payment of the advance will continue until 6 May 2023. At present, the Company's shares are not entitled to a dividend payment from the 2019 profit in the scope corresponding to the advances (these shares may only be eligible for any dividend in excess of the advance payment, if any such dividend is approved by the General Meeting). At the same time, the shares are subject to the settlement of advances against dividends for 2019 approved within the scope of the General Meeting, with a zero balance. This settlement is linked to shares, not to shareholders, and will therefore be made in relation to all shares, regardless of, inter alia, whether existing shareholders had received an advance in the past. As the amount of the dividend per share proposed by the Board of Directors from the profit for 2019 is the same as the amount of the advance per share, no dividend will be effectively paid to shareholders as a result of this settlement. The record date and due date are proposed in connection with Art. Article 35 (5) of the Company's Articles of Association, only in order to determine the decisive moments for the said settlement of dividends and Advances.*

*In the case of shares that are part of the Company's business assets (treasury shares), their number has remained and will remain throughout the whole period starting with Board of Directors' decision to pay advances until the*

record date of the proposed decision, with unpaid earnings on these shares transferred to retained earnings account from previous years.

**Concerning item Error! Reference source not found. on the order of decisions (Error! Reference source not found.)**

DRAFT RESOLUTION:

**Outside the meeting, the General Meeting approves in writing the distribution of a part of the Company's share premium in the actual amount of CZK 8,263,773,333.91 to shareholders as follows:**

- **the Company's share premium will be distributed (reduced) in the amount of up to CZK 1,240,880,268.00,**
- **the Company's own assets also include the Company's own shares. The Company will not be entitled to the payment of the amount related to the payment of share premium; the applicable amount (i.e. the relevant part of the above maximum amount) will remain in the share premium account,**
- **for each share with a nominal value of CZK 10, an amount of CZK 4 before tax will be paid,**
- **the amount of CZK 40 before tax will be paid for the share with a nominal value of CZK 100,**
- **having regard to the above provisions of this resolution, the final aggregate amount paid to shareholders, as well as the remaining share premium, will depend on the actual number of treasury shares owned by the Company,**
- **under the conditions arising from Czech legislation, the relevant tax will be deducted (deducted) by the Company before the payment is made,**
- **the payment will be made on the basis of a statement from the statutory register, which will be procured by the Company on 23 May 2020 (unless it is proven that the date in the register does not correspond to the factual situation as of that date),**
- **the amount to be paid will become due on 22 June 2020. The Board of Directors is responsible for the payment of the share of the share premium and the payment will be made at the Company's expense through Česká spořitelna, a.s. In matters not regulated by this resolution, the payment will be carried out in particular in accordance with legal regulations and the Company's articles of association.**

*Justification: According to the Company's audited standalone financial statements for 2019, the Company's share premium is part of the Company's equity. As of 31 December 2019, its amount reached a total of CZK 8,263,773,333.91. Based on thorough analysis, the Board of Directors of the Company concluded that the distribution of part of the share premium among the shareholders is justified in the given case. The proposal is also based on analysis of the Company's results in the previous period, the current situation of the balance sheet and expected future results of the Company performed by the Company's Board of Directors, including investment plans and an estimate of cash flow generation. With regard to the foregoing, the Board of Directors came to the conclusion that the proposed payment of part of the share premium corresponds to the financial situation and needs of the Company, and will not limit the current or intended future operations of the Company. At the same time, the payment of part of the share premium represents another source of income for all shareholders.*

Concerning item **Error! Reference source not found.** on the order of decisions (**Error! Reference source not found.**)

DRAFT RESOLUTION:

**Outside the meeting and on the basis of a proposal from the Supervisory Board and the Audit Committee, the General Meeting appoints the audit firm KPMG Česká republika Audit, s.r.o., Company ID No. 49619187, with its registered office in Prague 8, Pobřežní 648 / 1a, Postal Code 186 00, to perform a statutory audit of the Company for accounting period corresponding to the calendar year 2020 and that the audit contract of KPMG Česká republika Audit, s.r.o. be extended accordingly**

*Justification: According to the Act on Auditors and the Company's Articles of Association, the appointment of the Company's auditor to perform the statutory audit falls within the competence of the General Meeting. In keeping with the provisions of Section 44 (a)(d) of the Act on Auditors, the Audit Committee, recommended to the Supervisory Board to propose the appointment of KPMG Česká republika Audit, s.r.o. as an external auditor, and thus to extend the audit contract of the said audit firm. In its recommendation, the Audit Committee stated that KPMG Česká republika Audit, s.r.o., which performed the statutory audit of the Company for the accounting period corresponding to the calendar year 2019, had performed all statutory audit services properly, met all requirements for statutory auditor independence, has sufficient expertise in the field telecommunications and in the field of audit of companies whose shares are listed for trading on a regulated market, and thus, by appointing KPMG Czech Republic Audit, s.r.o., proper conduct of the statutory audit for the accounting period corresponding to the calendar year 2020 will be ensured. The Audit Committee further stated that the extension of the audit contract of KPMG Česká republika Audit, s.r.o. for the said accounting period is in accordance with the limits for the duration of an audit contract pursuant to Regulation (EU) No. 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities. Based on this recommendation, the Supervisory Board proposes to appoint KPMG Česká republika Audit, s.r.o. as the auditor for the accounting period corresponding to the calendar year 2020.*

Concerning item **Error! Reference source not found.** on the order of decisions (**Error! Reference source not found.**)

DRAFT RESOLUTION:

**Outside the meeting, the General Meeting agrees in writing that the Company may acquire its own shares, under the following conditions:**

- **the maximum number of shares that the Company may acquire: 30,088,214 dematerialized (book-entered) ordinary shares of the Company, while the nominal value of each share as of the date of adoption of this resolution is CZK 10**
- **the period during which the Company may acquire shares: 5 years from starting from 9 December 2020**
- **the lowest price at which the Company can acquire individual shares: CZK 10**
- **the highest price at which the Company can acquire individual shares: CZK 297**
- **the highest aggregate price of all shares that the Company may acquire on the basis of this resolution: CZK 5.5 billion.**

*Justification: The buy-back of treasury shares has so far been carried out on the basis of Resolution 2015 (as described below in the draft resolution on paragraph 9 on the order of decisions above) adopted by the General Meeting to reduce equity, which should result in capital optimization, i.e. in this specific case an increase of the debt to equity ratio. The share buy-back program was approved in form of a resolution in the 2015 Resolution for the maximum possible duration allowed by law, which was 5 years. This period expires on 8 December 2020. The share buy-back program delivered the expected result. For this reason, the Board of Directors proposes to continue the share buy-back program under similar terms and conditions as those approved by way of Resolution 2015 beyond 8 December 2020. This will allow the Company to flexibly manage its capital structure in the future.*

*The approval of the proposed share buy-back program is without prejudice to other legal obligations and limits that the Board of Directors must comply with, either in relation to capital markets or in relation to shareholders and the Company itself (especially the obligation to treat shareholders equally or to exercise due diligence).*

**Concerning item Error! Reference source not found. on the order of decisions (Error! Reference source not found.)**

DRAFT RESOLUTION:

**Outside the meeting, the General Meeting decides in writing on the adoption of the remuneration policy for the members of the Board of Directors and the Supervisory Board in the wording of the proposal presented by the Board of Directors, which had been distributed together with this proposal.**

*Justification: The submitted draft policy for the remuneration of the members of the Board of Directors and the Supervisory Board of the Company represents the fulfilment of the obligation imposed on issuers of securities by the amendment to the Capital Market Undertakings Act. The remuneration policy summarizes the premises, rules and criteria on which the remuneration of members of the Board of Directors and the Supervisory Board is based, as required by law. The policy proposal is based on the currently valid principles of remuneration of members of the Board of Directors and the Supervisory Board.*

**Concerning item Error! Reference source not found. on the order of decisions (Error! Reference source not found.)**

DRAFT RESOLUTION:

**Outside the meeting, the General Meeting elects in writing Mr. Michal Brandejs, born on 21 February 1967, resident at Bartákova 110/34, Prague 4, as a member of the Company's Audit Committee with effect from 9 December 2020.**

*Justification: The Board of Directors proposes the re-election of Mr. Michal Brandejs as a member of the Audit Committee in view of the fact that Mr. Michal Brandejs' term of office expires on 8 December 2020. The Board of Directors considers the proposed candidate suitable with regard to his qualifications, experience and history as an existing member of the Audit Committee of the Company.*

## **Draft proposals to be submitted to shareholders (for the second round of voting)**

The Board of Directors intends to submit Proposals for decision per rollam, the wording and justification of which are set out below. For the avoidance of any doubt, the Board of Directors warns that it is possible to vote for the Proposals only after the Proposals have been distributed and only in the manner described in Article VI. above. The publication of Proposals in this Announcement is not in itself a call for shareholders to vote in favour of the Proposals

### **1. Concerning item Error! Reference source not found. on the order of decisions (Error! Reference source not found.)**

DRAFT RESOLUTION:

**Outside the meeting, the General Meeting decides in writing on the reduction of the Company's share capital by cancelling its own shares, in the amount of CZK 93,379,100 (in words: ninety-three million three hundred and seventy-nine thousand one hundred Czech crowns), i.e. from 3,102,200 CZK 670 (in words: three billion one hundred two million two hundred thousand six hundred and seventy Czech crowns) to CZK 3,008,821,570 (in words: three billion eight million eight hundred and twenty-one thousand five hundred and seventy Czech crowns).**

**This reduction in the Company's share capital will take place in the following circumstances:**

#### **- Reason and purpose of the share capital reduction**

**By its resolution of 8 December 2015 (hereinafter referred to as the "2015 Resolution"), the General Meeting of the Company agreed to acquire its own shares under the specified conditions, in connection with the Board of Directors' intention to flexibly manage the Company's capital structure. At the same time, this procedure was to increase the possibility for cash payment in favour of those shareholders who decide to use this option, or to increase value for those shareholders who keep their shares.**

**Pursuant to the 2015 Resolution, the Company has so far acquired its own shares in the number corresponding to 9,337,910 shares (in words: nine million three hundred and thirty-seven thousand nine hundred and ten) with a nominal value of CZK 10 (in words: ten Czech crowns; "Cancelled Shares").**

**By repurchasing its own shares, the Company reduced its equity, which led to the desired increase of the debt to equity ratio. With regard to the fact that the Company already holds shares exceeding 3% of all shares and the program period according to the 2015 Resolution is already approaching 5 years, the Board of Directors considers the optimal solution to cancel shares with a subsequent share capital reduction, thus completing the purpose of buying back the Company's own shares.**

#### **- Method of reducing the share capital**

**The share capital of the Company will be reduced by the cancellation of the Cancelled Shares.**

The Canceled Shares will be cancelled by deleting them from the statutory register of book-entered securities. The aggregate nominal value of the Cancelled Shares corresponds to the amount of the share capital reduction, i.e. CZK 93,379,100 (in words: ninety-three million three hundred and seventy-nine thousand one hundred Czech crowns).

- The manner in which the amount corresponding to the reduction in share capital will be treated

As the Cancelled Shares are the Company's own shares, the relevant amount corresponding to the total amount of the share capital reduction, i.e. CZK 93,379,100 (in words: ninety-three million three hundred and seventy-nine thousand one hundred Czech crowns), cannot be paid to the Company's shareholders nor transferred to another equity account of the Company. The share capital account will be reduced by this amount. The amount corresponding to the reduction in share capital will therefore effected only in the accounting sense.

The total acquisition price at which the Company acquired the Cancelled Shares amounts to CZK 2,347,554,154.72 (in words: two billion three hundred and forty-seven million five hundred and fifty-four thousand one hundred and fifty-four Czech crowns seventy-two hellers). The share premium will be reduced by the difference between the acquisition price and the nominal value of the Cancelled Shares, i.e. by the amount of CZK 2,254,175,054.72 (in words: two billion two hundred and fifty-four million one hundred and seventy-five thousand fifty-four Czech crowns seventy-two hellers). For the avoidance of doubt, this amount cannot be paid to the Company's shareholders.

- Special provisions - key rules governing the procedure of share capital reduction

In reducing its share capital, the Company's Board of Directors will comply with the law and International Financial Reporting Standards ("IFRS"), which the Company is required to follow, including the management of the amount corresponding to the share capital reduction and the related accounting operations.

Without prejudice to the obligations of the Board of Directors under the law and the Company's Articles of Association, the Board of Directors will announce on the Company's Website ([www.ico60193336.cz](http://www.ico60193336.cz)) under the tab Investor Relations without undue delay:

- (i) the date of entry of this decision on the reduction of the Company's share capital in the Commercial Register and the date on which it became effective against third parties within the meaning of Section 518 (1) of the Business Corporations Act;
- (ii) the date of the first publication of the announcement and the notice to creditors within the meaning of Section 518 (2) of the Business Corporations Act;
- (iii) the date of the second publication of the announcement and the notice to creditors within the meaning of Section 518 (2) of the Business Corporations Act.

The Board of Directors will also notify the date on which the reduction of the share capital will be entered in the Commercial Register at least two weeks in advance in the manner specified in the previous point. The Board of Directors will ensure that the

**Cancelled Shares are deleted from the statutory register, where the Company's shares are registered and which replaces the list of shareholders.**

*Justification: The reasons and purpose of the proposed reduction of share capital are fully described in the relevant point of the resolution.*

*The reduction of the share capital and the cancellation of the Cancelled Shares will not change the mutual proportions of the shares of individual shareholders in the Company. This transaction will not have any negative effects for the shareholders or the Company (the reduction of the share capital will not have an immediate impact on the rights of the shareholders), nor will it negatively impact the recoverability of the Company's creditors' claims.*

*An amendment to the Articles of Association reflecting a reduction in the number of shares and a reduction in share capital will be made once the legal conditions have been met, in accordance with Section 433 of the Business Corporations Act.*

**Concerning item [Error! Reference source not found.](#) on the order of decisions ([Error! Reference source not found.](#))**

DRAFT RESOLUTION:

**Outside the meeting, the General Meeting decides in writing on the amendment of the Company's Articles of Association by approving the new full wording of the Company's Articles of Association in the wording presented by the Board of Directors, which forms an appendix to this proposal. The new full wording of the Company's Articles of Association will take effect as of 1 January 2021.**

*Justification: The proposal of the Board of Directors is based on the effects of legislative changes that are necessary, or appropriate, to incorporate in the text of the Articles of Association. These include the following changes: (i) adjustment of the powers of the General Meeting and the Supervisory Board in relation to the remuneration policy and the conclusion of significant agreements with related parties, (ii) the report of the Board of Directors on the Company's business and assets will not be made and therefore will not be presented to the General Meeting for discussion, (iii) regulation of participation of persons other than shareholders in the General Meeting (iv) invitation to the General Meeting and (counter) proposals of shareholders delivered before the General Meeting will be published on the Company's Website and the invitation will be published in the Commercial Bulletin; (v) the right of the trade union to nominate a candidate for employee representative to the Supervisory Board has been added, (vi) the quorum for the validity of the election of the employee representative to the Supervisory Board has been made more precise. In addition, the Board of Directors proposes only minor terminological improvements to the text, which have no material impact.*

*The proposed postponement of the effectiveness of the full text of the Articles of Association is related to the fact that most of the legislative changes, according to which the change takes place, will also take effect as of 1 January 2021.*

\* \* \*