

Should the General Meeting convened on 16 April 2020 not take place, O2 Czech Republic will pay a dividend advance of 100% of the proposed dividend, i.e. CZK 17 per share to its shareholders

31 March 2020

On 30 March 2020, the Board of Directors of O2 Czech Republic adopted the following resolution on dividend advance payment in the event that the General Meeting convened on 16 April 2020 cannot be held:

The Board of Directors of O2 Czech Republic a.s. (the “*Board of Directors*” and the “*Company*”) has taken into account the following matters:

1. On 6 March 2020, the Board of Directors decided to convene the General Meeting on 16 April 2020 (“*convened General Meeting*”).
2. Among other topics, the Board of Directors proposed to include a decision to approve the dividend for 2019 in the amount of CZK 17 before tax for each share with a nominal value of CZK 10 and CZK 170 before tax per share with a nominal value of CZK 100 (the “*dividend*”) in the agenda of the convened General Meeting. A decision on payment of the share premium distribution is also proposed on the agenda of the convened General Meeting, but this is not covered by this resolution of the Board of Directors.
3. The invitation to the convened General Meeting (the “*Invitation*”) proposed the dividend payment date on 6 May 2020. Persons who will be the shareholders of the Company on 6 April 2020 should have the right to dividends.
4. On 6 March 2020, the Company published the above-mentioned intentions regarding shareholder remuneration, while the Invitation had to be dispatched in the final form due to the necessary deadlines for printing, packaging and the distribution of Invitations to all shareholders. It was published and distributed on 16 March 2020.
5. In the meantime, on 12 March 2020, the government of the Czech Republic adopted Resolution No. 194, which, pursuant to the constitutional Act No. 110/1998 Coll., on the Security of the Czech Republic, declared the state of emergency for the whole territory of the Czech Republic due to the health concerns associated with the proved occurrence of SARS-CoV-2 coronavirus. Subsequently, the government and other public authorities decided to take various measures that may prevent the General Meeting from taking place. The measures and the necessary information are subject to changes.
6. The state of emergency period is now set for 30 days.
7. It is unclear whether the convened General Meeting can or cannot be held in accordance with the currently valid emergency measure issued by the Ministry of Health dated 23 March 2020, ref. MZDR 12745/2020-1/MIN/KAN, which however is only valid until 1 April 2020.
8. In view of the above, there is now no certainty as to whether the convened General Meeting can be held on 16 April 2020 and it is not even certain that it can be held at least during the first half of this year (§ 403 of the Business Corporations Act).

9. Failure to hold the General Meeting and the impossibility to approve a dividend at the originally proposed date under the constantly changing conditions may create significant uncertainty for shareholders. The Company's current practice is that it has been distributing share on profit or other own resources annually to its shareholders.
10. The Board of Directors has therefore examined the current financial position of the Company and the legal options of how to, under current circumstances, distribute such payments or their parts to shareholders in such a way that would be as close as possible to the conditions for dividend payment set out in the draft resolution of the convened General Meeting as it was published in the Invitation.
11. On the basis of the above-mentioned assessment, the Board of Directors is of the opinion that the profit share advance payment (dividend advance) for 2019 is an appropriate means of execution of this intention. On the other hand, the share premium advance cannot be paid and therefore the Board of Directors does not decide on the share premium advance payment.
12. On the basis of the foregoing, the Board of Directors' intention is to pay a dividend per share advance amount corresponding to 100% of the dividend amount proposed in the Invitation to the convened General Meeting.

In the case of advance payments execution:

- a) the Board of Directors shall convene a future General Meeting, which shall be held in place of the convened General Meeting (the "Future General Meeting") as soon as the circumstances will permit convocation,
 - b) the Board of Directors shall propose a resolution on the profit distribution on the agenda of the Future General Meeting so that it includes a proposal for the approval of dividends, and the dividend per each share corresponds to the dividend advance payment pursuant to this resolution of the Board of Directors,
 - c) the dividend advance payment will have *de facto* similar effects to the dividend payment itself, which means that shareholders who acquire shares in such a way that the change is reflected in the extract from the statutory records after 6 April 2020 will not receive neither the dividend advance nor the dividend in respect of such newly acquired shares; therefore, the advance and the dividend per share will be cleared with a zero balance; the payment of the advance will continue until 6 May 2023,
 - d) the Board of Directors shall propose to the agenda of the future General Meeting the share premium payment in the same amount as stated in the Invitation to the convened General Meeting; however, unlike the dividend, the share premium will only be paid out to those shareholders who will hold the shares as of the record date for the part of share premium payment as decided by the future General Meeting.
13. The Board of Directors has also examined the risk that (after any advance payments) the future General Meeting would not approve the dividend payment in accordance with the preceding paragraph. Although, in the past, the Company's General Meetings regularly voted in favour of the Board of Directors' proposals for profit distribution, the Board of Directors also confirmed this established practice with the majority shareholder, which, at the Board of Directors' request, stated that it was ready to vote for the Board's proposal. Hence this risk does not exist.
 14. The Board of Directors notes that it has examined the risks associated with the potential advance payments under this resolution in the current situation and concluded that the proposed advance payments and subsequent dividends approval at the Future General

Meeting will not put the Company at risk or lead to other consequences that would materially impact the Company.

15. This resolution has been discussed in detail with the Supervisory Board of the Company, which reviewed the advance payments proposal under this resolution (in the same way it formerly reviewed the proposal for dividend payment under the draft resolution of the convened General Meeting included in the Invitation) and agreed with the proposed procedure.

In relation to the above-mentioned facts, the Board of Directors adopts the following **decision**:

- I. **The Board of Directors decides on a dividend advance payment in the amount of 100% of proposed dividend stated in the Invitation. The payment shall be paid under the same conditions as set out formerly for the dividend payment. The resolution of the Board of Directors is as follows:**

A dividend advance payment of CZK 17 (before tax) will be paid for each share with the nominal value of CZK 10. A dividend advance payment of CZK 170 (before tax) will be paid for each share with the nominal value of CZK 100.

Under the terms and conditions pursuant to the Czech law, the relevant tax will be deducted (subtracted) from the above sum before the dividend is paid out.

The payment will be executed based on the extract, which shall be obtained by the Company as at 6 April 2020 (unless it is proven that the entry in the register does not correspond to the actual situation).

The dividend advance payment date will be 6 May 2020.

The dividend advance payment will be being paid until 6 May 2023.

The responsibility for the payment of dividend advance payments rests with the Company's Board of Directors. The payments will be carried out at the expense of the Company by Česká spořitelna, a.s., and, where not regulated by this resolution, the payments shall be carried out in compliance with legal regulations and the Company's Articles of Association.

- II. **The Board of Directors shall publish this resolution on the websites <https://www.o2.cz/spolecnost/en/general-meetings/> and <https://www.o2.cz/spolecnost/en/regulatory-announcements/> without undue delay.**

- III. **The Board of directors will propose approval of the dividend per each share of the same amount as approved for the payment of dividend advance payments according to the art. I above, in the following invitation to the Future General Meeting, while**

shareholders acquiring shares in such a manner that the change will be reflected in the extract from the register after 6 April 2020 will not obtain any dividend advance payment or dividend proposed by the Board of Directors per these recently acquired shares. The settlement of the advance and dividend per share will therefore be carried out with a zero balance.

- IV. **Without undue delay, after the Board of Directors finds out that objective circumstances related to the emergency measures issued by the Ministry of Health, resolutions of the government of the Czech Republic or other relevant authorities disable the convened General Meeting to take place, such information shall be published by the Board of Directors on its website <https://www.o2.cz/spolecnost/en/general-meetings/>.**
- V. **This resolution shall cease to apply if the convened General Meeting (i.e. General Meeting convened on 16 April 2020) adopts a resolution on the distribution of the Company's profit for 2019.**

Contacts

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About O2 Czech Republic

O2 is the largest operator on the Czech market. It provides voice, internet and data services to customers ranging from households to small and medium-sized businesses to large corporations. O2 always offers the latest technology. Currently, it is preparing for the arrival of the fifth-generation networks (5G) and it was the first to test them in a real environment. O2 is also the largest internet provider for homes and businesses, covering 99% of addresses. Fixed connection works the best in combination with the O₂ Smart Box modem, which has been developed in-house. With its O₂ TV service, it is the largest provider of IPTV service in the Czech Republic. O2 has acquired a number of exclusive sports rights for its customers and thus offers the most attractive sports content on the Czech market. The company is one of the largest players in hosting and cloud services, as well as in managed services and ICT. As trends in the telecommunications sector are changing significantly, O2 also focuses on the development and offering of non-traditional telecommunications services. These include, in particular, financial services such as equipment insurance, mobile travel insurance or O₂ eKasa electronic sales registration solutions.