



PHILIP MORRIS ČR

Philip Morris ČR a.s.

**PROPOSAL OF THE COMPLETE WORDING OF THE COMPANY'S ARTICLES OF ASSOCIATION,  
SUBMITTED BY THE COMPANY'S BOARD OF DIRECTORS FOR DECISION-MAKING AT THE  
GENERAL MEETING CONVENED FOR MAY 30, 2025<sup>1</sup>**

Please note that the only authoritative version of this document is the version in the Czech language. The English version of this document has been prepared for information purposes only.

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<sup>1</sup> If the General Meeting approves the resolution with the proposed amendments to the Articles of Association, this sentence will be replaced by the following: THE ARTICLES OF ASSOCIATION AS AMENDED BY THE GENERAL MEETING HELD ON MAY 30, 2025 AND EFFECTIVE AS OF 1 JUNE 2025.

I. Basic Provisions.....	4
Article 1 General Provisions .....	4
Article 2 Business Name, Registered Office and Period of the Company's Existence .....	4
Article 3 Scope of Business .....	4
Article 4 Registered Share Capital .....	5
Article 5 Shares and Payment of the Share Issue Price.....	5
Article 6 Rights and Obligations of the Company's Shareholders .....	7
II. Company Organisation .....	8
Article 7 Company Bodies .....	8
A. General Meeting .....	8
Article 8 Position and Authority of the General Meeting .....	8
Article 9 Convening of the General Meeting.....	10
Article 10 Participation in the General Meeting .....	13
Article 11 General Meeting Procedures and Decision-Making .....	15
Article 12 Minutes of the General Meeting .....	17
B. Board of Directors.....	18
Article 13 Position and Powers of the Board of Directors .....	18
Article 14 Composition of the Board of Directors, Term of Office, Meetings, and Decision-Making.....	19
Article 15 Obligations of Members of the Board of Directors.....	21
C. Supervisory Board .....	23
Article 16 Position and Powers of the Supervisory Board .....	23
Article 17 Composition of the Supervisory Board and Term of Office .....	23
Article 18 Meetings of the Supervisory Board and Decision-Making.....	24
D. Audit Committee .....	26
Article 19 Position and Powers of the Audit Committee .....	26
Article 20 Composition of the Audit Committee and Term of Office .....	27
Article 21 Meetings of the Audit Committee and Decision-Making .....	27
III. Economic Management of the Company.....	28
Article 22 Records, Accounting, and Ordinary Financial Statements .....	28
Article 23 Distribution of Profit and/or Other Company's Own Sources and Coverage of Losses .....	29
IV. Registered Share Capital Increase .....	30
Article 24 Registered Share Capital Increase.....	30
Article 25 Registered Share Capital Increase by Subscription for New Shares .....	30
Article 26 Registered Share Capital Increase from the Company's Own Sources .....	31

Article 27 Conditional Increase of the Registered Share Capital.....	32
Article 28 Increase of the Registered Share Capital by the Board of Directors.....	32
V. Registered Share Capital Reduction .....	33
Article 29 Registered Share Capital Reduction .....	33
Article 30 Registered Share Capital Reduction by Reducing Nominal Value of Shares .....	33
Article 31 Registered Share Capital Reduction by Refraining from Issue of Shares.....	34
VI. Amendments of the Articles of Association .....	34
Article 32 Amendments of the Articles of Association .....	34
VII. Winding-up and Termination of the Company's Existence.....	35
Article 33 Winding-up of the Company .....	35
Article 34 Liquidation of the Company.....	35
Article 35 Termination of the Company's Existence .....	35
VIII. Acting on behalf of the Company .....	35
Article 36 Acting and Signing on behalf of the Company .....	35
IX. Common and Final Provisions .....	36
Article 37 Notices, Official Publication in the Commercial Bulletin and Publication of Information.....	36
Article 38 Interpretation Provision.....	36
Article 39 Subjection to the Business Corporations Act .....	36

## **I. Basic Provisions**

### **Article 1**

#### **General Provisions**

1. Philip Morris ČR a.s. (the "**Company**"), was founded in accordance with the founder's plan of ČSTP Kutná Hora, a state enterprise, with the consent of the Ministry of Agriculture of the Czech Republic dated 22 March 1991 and numbered 1619/91-510.
2. The Company has been registered in the Commercial Register kept with the Municipal Court in Prague, Section B, Insert 627, as a joint-stock company incorporated pursuant to Czech law.
3. No party received any special benefit in relation to the establishment of the Company.

### **Article 2**

#### **Business Name, Registered Office and Period of the Company's Existence**

1. The Company's business name shall read: Philip Morris ČR a.s.
2. The Company's registered office shall be at the address: Vítězná 1, 284 03 Kutná Hora.
3. The Company has been established for an indefinite period of time.
4. The Company has a website: <http://www.philipmorris.cz>, where it publishes invitations to the General Meetings and other information for its shareholders.

### **Article 3**

#### **Scope of Business**

1. The Company's scope of business shall be:
  - processing of tobacco and manufacture of tobacco products;
  - hospitality activities;
  - sale of fermented alcohol, drinking alcohol and spirits;
  - production of hazardous chemicals and hazardous chemical mixtures and sale of chemicals and chemical mixtures classified as highly toxic and toxic;
  - production of chemicals and chemical mixtures or objects and cosmetic preparations;
  - manufacture, trade and services not listed in Appendices 1 to 3 of the Trade Licensing Act, areas of activities:
    - a) wholesale and retail trade;
    - b) mediation of trade and services;
    - c) rental and lending of movable assets;
    - d) waste management (excluding hazardous waste);
    - e) storage, packaging of goods, cargo handling and technical activities in transport;
    - f) freight forwarding and representation in customs proceedings;
    - g) advisory and consultancy services, preparation of expert studies and reports;
    - h) purchase, sale, management and maintenance of real estate;
    - i) accommodation services;
    - j) preparatory and finishing construction work, specialised construction activities;

k) operation of cultural, cultural-educational and entertainment facilities, organisation of cultural productions, balls, exhibitions, fairs, shows, sales and similar events;

l) production, reproduction, distribution, sale and rental of sound and sound-visual records and production of non-recorded data carriers and records;

m) administrative services and services of an organizational and economic nature;

n) testing, measurement, analyses and inspections;

o) production of food and starch products;

p) production of other products of the processing industry; and

q) production, trade, and services not classified elsewhere.

2. Another part of the Company's scope of business shall be the management of its own assets.

#### **Article 4 Registered Share Capital**

1. The registered share capital of the Company shall amount to CZK 2,745,386,000 (in words: two billion seven hundred and forty-five million three hundred and eighty-six thousand Czech crowns).
2. The registered share capital of the Company has been fully paid up.
3. Increases and reductions in the registered share capital shall be resolved on by the General Meeting or by the Company's Board of Directors in accordance with the relevant provisions of Act No. 90/2012 Coll., on Business Corporations and Cooperatives, as amended (the "**Business Corporations Act**"), and of these Articles of Association.

#### **Article 5 Shares and Payment of the Share Issue Price**

1. The Company's registered share capital has been divided up as follows:
  - a) 831,688 certificated registered shares with a nominal value of CZK 1,000 each, which are not registered for public trading on a European regulated market, with a total nominal value of CZK 831,688,000; and
  - b) 1,913,698 book-entered registered shares with a nominal value of CZK 1,000 each, which are registered for public trading on a European regulated market, with a total nominal value of CZK 1,913,698,000.
2. The Company keeps a list of shareholders. For book-entered shares the list of shareholders is replaced by records of book-entered securities kept pursuant to a special legal regulation.
3. Only the persons recorded in the list of shareholders are deemed to be the Company's shareholders holding shares. The Company shall record a new shareholder in the list of shareholders without undue delay after it is presented with proof that there has been a change of shareholder. It shall also be deemed that the person in whose owner account the particular book-entered share is registered is the owner of the book-entered share. If a shareholder caused that it is not registered in the list of shareholders or that a record in the list of shareholders does not correspond to the actual state of affairs, it may not seek the invalidity of a resolution of the General Meeting due to the fact that the Company did not allow it to take part in the General Meeting or to vote at the General Meeting on the basis of this fact.
4. The list of shareholders of the Company shall specify the class of the share (if shares of several classes are to be issued), its nominal value, the name and address or the registered office of the shareholder, number of the relevant bank account, numerical designation of the share, and changes in the recorded information. The list of shareholders shall also contain information on any separation or transfer of a separately transferable right. Upon the written request of a shareholder and at its expense, the Company

shall provide the shareholder with a copy of the list of shareholders who are owners of registered shares, or the required parts of the list without undue delay after receiving the request.

5. The Company's shares are transferable in accordance with the relevant provisions of the Business Corporations Act, Act No. 89/2012 Coll., the Civil Code, as amended (the "**Civil Code**"), and Act No. 191/1950 Coll., the Cheques Act, as amended (the "**Cheques Act**"). The transferability of the Company's shares is not restricted.
6. The Company may issue shares as global shares (certificates) replacing the individual shares. The rights arising from a global share (certificate) cannot be divided into shares (*podily*) by transfer. An owner of a global share (certificate) is entitled to replacement of the global share (certificate) for individual shares or for other global shares (certificates) based on a written request addressed to the Board of Directors. The Company is obliged within two months after the delivery of the written request, to replace the global share (certificate) for individual shares or for other global shares (certificates).
7. Under the conditions stipulated by the Business Corporations Act, the following rights may be transferred separately: the right to a share in profit and in other Company's own sources, the priority right to subscribe for shares and convertible and priority bonds, the right to a share in the liquidation balance and other similar property rights specified by these Articles of Association.
8. If a share is owned by more than one person, all these persons are co-owners of the share and, in relation to the Company, the share is administered by the administrator of the co-owned item. Mutual relationships between the co-owners of shares are governed analogously by the provisions of the Civil Code regulating co-ownership.
9. Unless stipulated otherwise, the procedure for increasing and reducing the registered share capital shall be governed by the relevant provisions of the Business Corporations Act. When increasing the registered share capital by subscription for new shares, the conditions and manner of share payment shall be stipulated by the General Meeting in accordance with the provisions of the Business Corporations Act and these Articles of Association.
10. When subscribing for shares in connection with an increase in the registered share capital, the subscriber shall be obliged to pay at least 30% of their nominal value, unless a higher percentage is required in the resolution of the General Meeting on an increase of the registered share capital, and a share premium, if any, in the case of monetary contributions, and after all in-kind contributions have been made. The subscriber shall pay the remaining portion of the issue price of these shares no later than six months after the registered capital increase takes effect. Until the issue price of the shares is paid, the shareholder's rights and obligations relating to unpaid shares are represented by interim certificates issued by the Company without undue delay after the registered capital increase takes effect.
11. A subscriber who delays the payment of the issue price of the shares subscribed for by it or a determined portion of such price within the period stipulated by the General Meeting, these Articles of Association or the Business Corporations Act, must pay to the Company default interest on the amount due, which shall equal twice the amount of the default interest stipulated by another applicable legal regulation. If a subscriber is in delay with respect to making a contribution or a part of it, the Board of Directors shall call on the subscriber, by sending it a registered letter, to fulfil its obligation within 60 days of the receipt of such request. After the expiration of such period to no effect, the Board of Directors shall expel the defaulting shareholder from the Company in respect of the shares in relation to which it failed to fulfil its obligation to make a contribution and shall invite it to submit its interim certificate (if issued) within a reasonable period set by the Board of Directors. This shall not apply if the Board of Directors takes any other measure. If no interim certificate has been issued, the unpaid shares shall pass to the Company based on the relevant expulsion resolution of the Board of Directors. The expelled shareholder guarantees the payment of the issue price of the shares subscribed by it. Should the expelled shareholder fail to submit the interim certificate (if issued) within the specified time limit, the Board of Directors shall declare the interim certificate invalid and shall inform the shareholder of this fact in writing. The Board of Directors shall notify the shareholders of its resolution in the manner prescribed by the Business Corporations Act and these Articles of Association for convening a General Meeting and shall simultaneously publish the resolution.

12. The Company shall sell shares to a person approved by the General Meeting, provided that this person pays the issue price of the shares; otherwise the Company shall reduce the registered share capital by the nominal value of the interim certificate or unpaid shares.
13. Performance obtained by the Company from the sale of returned shares shall be used as a consideration for the performance provided by the expelled shareholder for the payment of the issue price, and the Company shall pay such performance to the expelled shareholder without undue delay. The Company shall offset its receivables due from the expelled shareholder as a result of a breach by the shareholder of its obligations against such performance. The Company may also offset any reasonable expenses that it incurs in relation to declaring the interim certificate invalid, while proving the amount of the offset receivable to the shareholder.

## **Article 6**

### **Rights and Obligations of the Company's Shareholders**

1. The rights and obligations of shareholders are set out by the legal regulations and by these Articles of Association.
2. A shareholder of the Company may be either a legal entity or an individual.
3. Any rightful shareholder of the Company shall be entitled to take part in the management of the Company. This right shall be exercised in principal at the General Meeting and each shareholder must respect the rules of procedure and voting at the General Meeting, provided that such rules are approved by the General Meeting.
4. A shareholder shall be entitled to take part in a General Meeting and to vote at the General Meeting. The condition for the exercise of a voting right by a shareholder is the entry of that shareholder's beneficial owner in the register of beneficial owners in accordance with Act No. 37/2021 Coll., on Register of Beneficial Owners, as amended (the "**Act on Register of Beneficial Owners**"), if the shareholder is obliged to arrange for the entry of the beneficial owner. In order to verify these facts, the shareholder may be invited to submit an up-to-date extract from the register of beneficial owners and a related declaration confirming that the information entered in the register and stated in the submitted extract is up-to-date. The essentials associated with the submission of this extract and the related declaration shall be set out in the invitation to the General Meeting (or in the draft resolution). If the shareholder does not provide, based on a request stated in the invitation to the General Meeting (or in the draft resolution), the extract proving the registration of its beneficial owner and the related declaration (if requested), that shareholder shall not be allowed to exercise their voting rights (that shareholder must not exercise their voting rights).
5. A shareholder is entitled to require and obtain from the Company explanations in respect of the Company's affairs and matters relating to parties controlled by the Company, should such explanation be necessary for the assessment of matters on the agenda of the General Meeting or for the exercise of shareholder's rights at the General Meeting. The shareholder may file the request for explanation pursuant to the preceding sentence in writing. A shareholder may file proposals and counterproposals in relation to the matters on the agenda of the General Meeting. The exercise of such rights is specified in detail in Articles 8, 9, 10 and 11 of these Articles of Association.
6. The voting rights of a shareholder shall depend on the nominal value of its shares. Each share with a nominal value of CZK 1,000 (in words: one thousand Czech crowns) shall represent one vote at the General Meeting. The number of votes in the Company totals 2,745,386 (in words: two million seven hundred and forty-five thousand three hundred and eighty-six).
7. Shareholders of the Company shall have the right to a share in the Company's profit and in other Company's own sources as approved by the General Meeting for distribution among shareholders based on the economic result, and each shareholder's share in the Company's profit respectively in other Company's own sources shall be determined based on the proportion of the nominal value of the shares owned by the particular shareholder to the Company's registered share capital. The decisive date for exercising the right to a share in profit and in other Company's own sources is the sixth business day following the date of the General Meeting which resolved on the distribution of profit and/or other

Company's own sources. The share in profit and in other Company's own sources shall be payable within three months of the date of the adoption of the resolution of the General Meeting on the distribution of profit and other Company's own sources, unless the General Meeting resolves otherwise. Neither the share in profit nor the share in other Company's own sources shall bear interest. If any share in profit and/or in other Company's own sources is not collected within three years of its due date, it shall be transferred to the Company's fund of uncollected dividends.

8. Shareholders are not entitled to request that their contributions be returned during the existence of the Company or upon its winding-up. After the winding-up of the Company with liquidation, shareholders shall be entitled to a share in the liquidation balance whereas such liquidation balance shall be divided among the shareholders in proportion corresponding to the paid nominal value of their shares. The liquidator shall pay a share in the liquidation balance without undue delay after the return of the share(s). If a shareholder fails to return its shares at the request of the liquidator, the liquidator shall pay the share in the liquidation balance to the shareholder without undue delay after the shares have been declared invalid. For book-entered shares, the right to a share in the liquidation balance shall arise to a shareholder on the day on which the shares are deleted from the Company's records of book-entered securities based on the order of the liquidator.
9. The shareholder is obliged to pay the issue price and the share premium, if any, of the shares subscribed for by it in accordance with Article 5 of these Articles of Association.

## **II. Company Organisation**

### **Article 7 Company Bodies**

The Company has selected a dualistic internal structure system. The bodies of the Company shall be:

- a) the General Meeting;
- b) the Board of Directors;
- c) the Supervisory Board; and
- d) the Audit Committee.

### **A. General Meeting**

#### **Article 8 Position and Authority of the General Meeting**

1. The General Meeting shall be the supreme body of the Company. It shall resolve on all the Company's affairs placed under its authority by these Articles of Association or by generally binding legal regulations.
2. The General Meeting shall have the authority to:
  - (a) resolve on any changes to the Articles of Association, except for changes which are the consequence of an increase in the registered share capital by the authorised Board of Directors or a change arising as a result of other legal facts;
  - (b) resolve on any changes to the amount of the registered share capital, or on the authorisation of the Board of Directors to increase the registered share capital;
  - (c) resolve on the possibility of setting-off a receivable from the Company against a receivable of the Company regarding payment of the issue price;
  - (d) resolve on the issue of convertible or priority bonds;
  - (e) elect and recall members of the Board of Directors, unless the Business Corporations Act stipulates otherwise;



- (f) elect and recall members of the Supervisory Board, unless the Business Corporations Act stipulates otherwise;
- (g) approve the ordinary, extraordinary or consolidated financial statements and, where stipulated by law, also interim financial statements;
- (h) resolve on the distribution of profit or other funds of the Company or on the payment of a loss;
- (i) resolve on filing any application for the acceptance of participating securities of the Company for trading on a European regulated market or for withdrawal of these securities from trading on a European regulated market;
- (j) resolve to wind up the Company with liquidation;
- (k) appoint and recall a liquidator; approve the agreement on performance of liquidator office;
- (l) approve the final report on the course of the liquidation and a proposal for the use of the liquidation balance;
- (m) approve any transfer or pledge of an enterprise or such part of the assets and liabilities that would mean a material change to the actual scope of business or activities of the Company;
- (n) resolve on the assumption of the effect of actions performed on behalf of the Company before its establishment;
- (o) approve any agreement on silent partnership (company) and any other agreement establishing a right to a share in profit or a share in other Company's sources;
- (p) resolve on a transformation of the Company, unless the law governing transformations of business companies and cooperatives stipulates otherwise;
- (q) appoint and recall members of the Audit Committee;
- (r) resolve on the approval of the agreements on performance of office of members of the Board of Directors, the Supervisory Board and the Audit Committee, and on their remuneration or the provision of any other benefits to which they are not entitled on the basis of a legal regulation or the agreement on performance of office approved by the General Meeting or on the basis of an internal regulation approved by the General Meeting;
- (s) resolve on changes in the rights attached to a certain class of shares;
- (t) resolve on changes in the class and type of shares;
- (u) resolve on share splitting or the merger of a number of shares into one share;
- (v) resolve on the restriction of share transferability or any change thereto;
- (w) resolve on the acquisition by the Company of its own shares in accordance with the applicable legal rules;
- (x) resolve on the appointment of an auditor of the Company;
- (y) resolve on the approval of the remuneration (compensation) policy pursuant to Section 121k of Act No. 256/2004 Coll., on Business Activities on the Capital Market, as amended (the "**Act on Business Activities on the Capital Market**");
- (z) resolve on the approval of the remuneration (compensation) report pursuant to Section 121o of the Act on Business Activities on the Capital Market;
- (aa) resolve on the approval of the rules of procedure and voting rules for the General Meeting of the Company;
- (bb) discuss the Board of Directors' report on the Company's business activities;
- (cc) discuss the Supervisory Board's report (statement) and the Audit Committee's report (statement) in the cases provided for by law or these Articles of Association;

- (dd) resolve on the approval of a significant transaction under the conditions specified in Section 121s of the Act on Business Activities on the Capital Market; and
- (ee) resolve on any other matters which the law or these Articles of Association place under the authority of the General Meeting.
3. The General Meeting may not reserve the right to resolve on certain matters that are not placed under its authority by law or these Articles of Association.
  4. The General Meeting shall also be entitled to adopt resolutions (decisions) outside the General Meeting within the meaning of Section 418 *et seq.* of the Business Corporations Act (the *per rollam* decision-making), including using technical means within the meaning of Section 398 of the Business Corporations Act. The conditions for the *per rollam* decision-making, including but not limited to the conditions of the *per rollam* decision-making using technical means, shall be determined by the Board of Directors and shall be specified in the draft resolution. As part of the *per rollam* decision-making, a person authorised to convene the General Meeting may send the draft resolution to all shareholders in accordance with the procedure set out in Section 418 *et seq.* of the Business Corporations Act (i.e. at the address of the registered office or residence address specified in the list of shareholders in the case of shareholders owning certificated shares and, in the case of shareholders owning book-entry shares, at the address indicated in the register of book-entry securities), or may alternatively use the possibility to deliver or send the draft resolution to all shareholders as set out in paragraph 5 of this Article below.
  5. In the case of the *per rollam* decision-making of the General Meeting, a person authorised to convene the General Meeting shall deliver a draft resolution to all shareholders of the Company:
    - a) by its publication on the Company's website and, at the same time,
    - b) by publication of the information that the General Meeting will resolve *per rollam* in the Commercial Bulletin (*Obchodní věstník*),

whereas this method of delivery shall replace the sending of the draft resolution to all shareholders at their addresses. The draft resolution shall be delivered to each shareholder on the date on which the essentials referred to in sub-paragraphs a) and b) of this paragraph 5 are fulfilled (hereinafter referred to as the "**date of dispatch of the draft resolution**"). The time limit for receipt of a shareholder's statement shall be at least 15 days from the date of dispatch.
  6. The person authorised to convene the General Meeting shall ensure that, at least 15 days before the date of dispatch of the draft resolution, the Company publishes on its website a notice of the *per rollam* decision-making and, in particular, the information on the manner of and possibility for the shareholders of becoming acquainted with the draft resolution and the supporting documents on the draft. In addition, the person authorised to convene the General Meeting shall determine in the notice more detailed conditions and instructions on the *per rollam* decision-making, *inter alia*, the method of showing consent to the draft resolution.
  7. The decisive date for the *per rollam* decision-making shall be the seventh day preceding the date on which the draft resolution is sent to all shareholders. The decisive date for exercising the right to a share in profit and in other Company's own sources shall be the sixth business day following the date of the General Meeting which resolved on the distribution of profit and/or other Company's own sources *per rollam*. A notification of approval of the distribution of profit and/or other Company's own sources shall be published on the Company's website. This shall not affect the notification of a resolution adopted *per rollam* to shareholders within the meaning of Section 420 (1) of the Business Corporations Act.
  8. The Company shall disclose the Company's financial results for the previous accounting period as well as the amount of the shares in profit and/or in other Company's own sources if it is proposed before the decisive date for the *per rollam* decision-making.

## Article 9

### Convening of the General Meeting

1. The General Meeting shall be convened by the Board of Directors at least once per accounting period, usually at the Company's registered office or at such other place indicated by the Board of Directors in the invitation to the General Meeting.
2. The Board of Directors shall convene a General Meeting:
  - (a) at any time it deems necessary in view of the Company's interests or for any other good reason; or
  - (b) upon a written request of a shareholder or shareholders holding shares with a total nominal value of or such a number of shares corresponding to at least 1% of the Company's registered share capital in order to discuss the matters proposed by such shareholder(s), provided that each of the matters proposed includes the reasoning or a proposal for a resolution; or
  - (c) if it learns that the Company's total loss on the basis of any financial statements has reached an amount which if covered by the Company's available sources would result in an uncovered loss amounting to one half of the Company's registered share capital, or if this result may be expected in view of all the circumstances, and in particular if it learns that the Company has become insolvent (in Czech: *v úpadku*).
3. The General Meeting shall be convened by the Supervisory Board if the Company does not have any Board of Directors elected or if the Board of Directors does not fulfil its obligations on a long-term basis and if the General Meeting is not even convened by a member of the Board of Directors. The Supervisory Board may also convene the General Meeting if the Company's interests so require, in which case the Supervisory Board will propose necessary measures. If the Supervisory Board does not convene the General Meeting, it may be convened by any member of the Supervisory Board. The Supervisory Board is, as the body convening the General Meeting, bound in the same way as the Board of Directors by rules for the convocation of the General Meeting (Sections 405 to 411 of the Business Corporations Act).
4. The General Meeting shall be convened by the convener based on an invitation sent in the manner specified in Article 37 (1) of these Articles of Association at least 30 days before the date of the General Meeting, unless the Business Corporations Act or these Articles of Association stipulate(s) a shorter period.

The condition of a 30-day period does not need to be observed in the following instances:

- a) convening of a substitute General Meeting;
- b) convening of a General Meeting on the basis of a request of shareholders under Article 9 (2) of these Articles of Association.

In the above cases, a period as stipulated by law shall apply.

5. The invitation to the General Meeting must include:
  - a) the business name and registered office of the Company;
  - b) the place, date and time of the General Meeting;
  - c) information about whether an ordinary or a substitute General Meeting is being convened;
  - d) the agenda of the General Meeting, including any person nominated to hold the office of a member of any elected Company body (if any);
  - e) a decisive day for attending the General Meeting, if one has been determined, and an explanation of its significance for voting at the General Meeting;
  - f) draft resolutions of the General Meeting and their reasoning;
  - g) the essentials stipulated in Section 120a of the Act on Business Activities on the Capital Market;
  - h) the time limit for delivery of the shareholder's opinion on the agenda of the General Meeting (if correspondence voting is allowed), which may not be shorter than 15 days and which begins upon the delivery of the invitation to the shareholder; and

- i) other essentials stipulated by law, these Article of Association or any previous resolutions of the General Meeting.
- 6. If no draft resolution pursuant to paragraph 5(f) of this Article is submitted, the invitation to the General Meeting shall contain the opinion of the Board of Directors of the Company on each item of the agenda proposed.
- 7. If the agenda of the General Meeting includes any amendments of the Articles of Association of the Company, the invitation to the General Meeting shall contain at least a brief and concise description and justification of the proposed amendments to the Articles of Association. The full draft amendments of the Articles of Association shall be published by the Board of Directors together with the invitation to the General Meeting on the Company's website. The Company will allow each shareholder to view the draft amendments of the Articles of Association at its registered office free of charge within the time limit specified in the invitation to the General Meeting. A shareholder may request that a copy of the draft Articles of Association be sent to it at its own expense and risk. Shareholders must be informed of these rights in the invitation to the General Meeting.
- 8. The explanation under Article 6 (5) above regarding matters relating to the relevant General Meeting will be provided by the Company to the shareholders directly at the General Meeting. If this is not possible due to the complexity of the explanation, the Company will provide the explanation to all shareholders within 15 days after the date of the General Meeting, even if this is no longer necessary for the consideration of actions of the General Meeting or for the exercise of shareholders' rights at the General Meeting, by publishing it on the website of the Company. The information contained in the explanation must be clear and must provide a sufficient and true view of the enquiry concerned. The explanation above may be provided in the form of a summary statement on several similar issues. It shall be deemed that shareholders have been provided with the explanation even if the information is published on the Company's website no later than on the day preceding the date of the General Meeting and is available to the shareholders for viewing at the place where the General Meeting is to take place. If the information is provided to a shareholder, any other shareholder is entitled to request this information even without adhering to the procedure pursuant to Section 357 of the Business Corporations Act.
- 9. Any shareholder is entitled to file proposals and counterproposals regarding any matters included in the agenda of the General Meeting.
- 10. Any proposals and counterproposals delivered to the Company no later than three days before the General Meeting shall be published by the Board of Directors without undue delay on the Company's website. If the proposals and counterproposals contain justifications, the Board of Directors shall also publish these justifications along with them. If the proposals and counterproposals are delivered at the latest five days before the General Meeting, the Board of Directors shall also publish its opinion on the received proposals and counterproposals without undue delay.
- 11. A shareholder may file its proposals in relation to the matters which are to be included in the agenda of the General Meeting also before the invitation to the General Meeting is published. The Board of Directors shall publish any proposal delivered to the Company at least five days before the invitation to the General Meeting is published and its opinion on it along with the invitation to the General Meeting on the Company's website. Paragraph 10 of this Article applies analogously to any proposals delivered after this time limit.
- 12. The General Meeting may be cancelled or postponed until a later date. The Company shall inform the shareholders of the cancellation or postponement of the General Meeting in the manner stipulated by law and these Articles of Association regarding the convocation of the General Meeting at least one week before the originally announced date of the General Meeting; otherwise it will pay to the shareholders who appeared at the General Meeting according to the original invitation the related reasonably expended costs. If the General Meeting was convened on the basis of a request of the shareholders described in Article 9(2), the General Meeting can only be cancelled or postponed if these shareholders agree with it.
- 13. A substitute General Meeting shall be convened by the Board of Directors by a new invitation, which does not have to contain any justification of the draft resolution of the General Meeting or opinion of the Board of Directors of the Company on each proposed matter included in the agenda of the General Meeting pursuant to paragraph 5(d) of this Article above, in the manner specified in this Article; however,

the period specified therein shall be reduced to 15 days. The invitation to the substitute General Meeting shall be sent to the shareholders no later than 15 days after the date for which the original General Meeting was convened, and the substitute General Meeting shall be held within six weeks of the day of the original General Meeting. Its agenda must be unchanged. The substitute General Meeting shall be quorate regardless of the number of the shareholders present and the nominal value of their shares. Resolutions on matters that were not included in the proposed agenda of the original General Meeting may only be adopted at the substitute General Meeting if all shareholders agree with it.

14. A General Meeting that was not convened duly and on time can only be held if all shareholders of the Company agree with it. Each shareholder must provide their consent in writing with their officially verified signature on it or verbally at the General Meeting so convened. Any consent granted at the General Meeting shall be recorded in the minutes of the General Meeting. If a resolution of a General Meeting is certified by a public deed, the declaration on the granting of the consent shall be specified in the public deed.

## **Article 10**

### **Participation in the General Meeting**

1. A shareholder shall be entitled to attend the General Meeting and vote at it. The voting by a shareholder at the General Meeting may take place provided that the statutory conditions and the conditions specified in these Articles of Association (or also contained in the rules of procedure and voting rules for the General Meeting, approved by the General Meeting (the "**Rules of Procedure and Voting Rules**") are complied with, *inter alia* in the form of correspondence voting in accordance with Section 398 (4) of the Business Corporations Act; the correspondence voting is however only and solely allowed if its conditions are specified in the invitation to the General Meeting (or in the draft resolution in the case of the *per rollam* decision-making). The conditions for the correspondence voting shall be determined by the Board of Directors in accordance with law and these Articles of Association.
2. A shareholder shall participate in the General Meeting either in person or through a proxy. The participation of a person designated by a shareholder pursuant to Section 399 (2) of the Business Corporations Act shall not be permitted, with the exception of participation of a person providing assistance to a shareholder with a disability. In the case of the Company's book-entered shares, shareholders (or their proxies) registered in the records of book-entered securities of the Company kept pursuant to a special legal regulation as at the decisive date for attendance of the General Meeting shall be entitled to attend the General Meeting and exercise their shareholder's rights there, i.e. also to vote there. If the Company's shares are registered for public trading on a European regulated market, the decisive date for attendance of the General Meeting is the seventh day prior to the General Meeting (the "**Decisive Date**"). In the case of the Company's certificated shares, shareholders registered in the list of shareholders of the Company as at the Decisive Date (or their proxies) shall be entitled to attend the General Meeting and exercise their shareholder's rights there, i.e. also to vote there, unless it is proved that such registration as at this date does not correspond to the actual state of affairs. The Company is obliged to obtain a statement from the records of book-entered securities as at the Decisive Date by the date of the General Meeting.
3. In order to participate in the General Meeting and in its discussions, a shareholder's proxy must have a power of attorney with an officially verified signature of a person who is a Company shareholder as at the Decisive Date, and it must be clear from this power of attorney whether this power of attorney has only been granted for one General Meeting or whether it has been granted for several General Meetings. If a special form is required for adopting a resolution of the General Meeting, it is sufficient if the power of attorney is granted in writing with an officially verified signature of the principal. A shareholder may also notify the Company of the granting or revocation of a power of attorney in electronic form, with the required formal and substantive requirements of such communication specified in the invitation to the General Meeting. A shareholder's proxy shall inform the shareholder, sufficiently in advance before the date of the General Meeting, of any and all facts that could be significant for the shareholder's assessment of whether there may be a potential conflict between the shareholder's interests and the proxy's interests. If a shareholder acts on the account of another person in respect of certain shares, such shareholder may exercise the voting rights attached to these shares in a different manner.

4. It is assumed that the person registered in the register of investment instruments as an administrator and/or a person entitled to exercise the rights attached to a share in the Company may represent the shareholder in exercising all the rights attached to the Company's shares registered in the relevant account, including participation in the General Meeting. Instead of a power of attorney, this person must prove their identity by producing a statement from the register of investment instruments; this is not necessary if the Company obtains a statement by itself from such register for the purposes of exercising the rights attached to the shares.
5. Each share with a nominal value of CZK 1,000 shall represent one vote. A shareholder may not exercise its voting rights in the cases stipulated by law. Voting is done by ballot, in which case shareholders will receive the ballots upon registration in the attendance list, or by any other suitable manner using technical means and allowing for electronic (or other technical) voting: the voting conditions using technical means shall be determined by the Board of Directors and specified in the invitation to the General Meeting. The General Meeting shall first vote on proposals submitted by the Board of Directors or the Supervisory Board. If such proposals are not submitted or adopted, shareholders' (counter)proposals are voted on.
6. Shareholders attending the General Meeting shall sign the attendance list provided by the Board of Directors, which shall include the shareholder's name and surname or the name or business name and registered office or address of such shareholder and the name and surname, birth identification number and address or registered office of a person acting on its behalf (if it concerns a legal entity), or a proxy of such shareholder or a person providing assistance to a shareholder (proxy) with a disability, and the numbers of shares and the nominal value of shares entitling the shareholder to vote, or information that the share does not entitle the shareholder to vote. Should a certain person be rejected for registration in the attendance list, this fact and the reason for the rejection shall be recorded in the attendance list. Powers of attorney of shareholders' proxies shall be attached to the attendance list and its accuracy shall be confirmed by the signature of the person convening the General Meeting (in Czech *svolavatel valné hromady*) or a person appointed by it.
7. A shareholder who is an individual must present a valid identification document upon registration. A person authorised to act on behalf of a shareholder who is a legal entity must present a valid identification document and submit either the original or a certified copy of an extract from the Commercial Register or another document (not older than 3 months) proving the existence of the legal entity and the right to act on its behalf. A proxy of a shareholder (other than a trustee or a person entitled to exercise rights associated with shares recorded in the register of investment instruments or the register of book-entered securities) must also submit a written power of attorney with the principal's notarised signature, unless the authorisation has been properly communicated to the Company electronically according to Article 10 (3). A representative whose right to act on behalf of a shareholder is based on circumstances other than authorisation must present documents proving such right.
8. Throughout the General Meeting, shareholders who sign the list of attendees and do not express their intention to leave the meeting through a written declaration shall be considered present.
9. The Company or persons entrusted with tasks related to the organization and conduct of the General Meeting may, in accordance with law, prevent individuals from attending the General Meeting if their presence could compromise the dignity and smooth progress of the General Meeting. This includes individuals whose attire, unclean condition, or behaviour might disrupt the proceedings or clearly contravene standards of decency, as well as armed individuals
10. Correspondence voting of shareholders may only and solely take place if (i) the conditions for this form of voting determined by the Board of Directors are specified in the invitation to the General Meeting, and shareholders may submit their votes in writing before the General Meeting within a time limit determined by the Board of Directors and specified by the Board of Directors in the invitation to the General Meeting (the votes submitted at any later moment will not be taken into account); and (ii) the relevant correspondence vote meets the requisites specified below in this paragraph; otherwise the correspondence vote or the participation of the shareholder voting in this manner will not be taken into account. The correspondence vote must include, in particular, the following:

- a) name and surname, residence address and date of birth in the case of a shareholder – individual, or name or business name, registered office and identification number of the shareholder – legal entity (in the case of foreign legal entities, a similar number that sufficiently identifies the legal entity may be specified, if any such number has been assigned by the relevant foreign institution or authority);
- b) the information specified above in subparagraph a) in relation to any person who represents a shareholder (legal entity) and/or a person who acts on behalf of the shareholder;
- c) number of the shares and nominal value of the shares entitling the shareholder to the vote (or an indication that the shares do not entitle the shareholder to the vote);
- d) the item on the agenda to which the correspondence voting relates or the wording of the draft put to the vote;
- e) if a shareholder is represented by a proxy, that proxy is obliged to attach to the voting form a written power of attorney to represent the shareholder in the exercise of voting and other shareholder rights;
- f) an officially verified signature of the voting person. If a correspondence vote has been signed by the representative (proxy) on behalf of the shareholder, it is necessary to prove the authorisation of the representative (proxy) to represent the shareholder. In order to prove the right to represent a shareholder, the relevant provisions of this Article 10 shall apply by analogy. Further information regarding the proving of the authorisation of the representative (proxy) to represent a shareholder in the voting by way of a correspondence vote shall be specified in the invitation to the General Meeting (in the draft resolution).

The shareholder may not change or cancel a submitted correspondence vote. Nevertheless, the shareholder may be present at the General Meeting in one of the manners stipulated in this Article. In such a case, no account shall be taken of the correspondence votes that the shareholder may have submitted earlier in respect of any voting that is to take place after that shareholder's registration in the attendance list. Shareholders voting by the correspondence vote shall be deemed to be present for the purposes of assessing whether a resolution has been adopted.

- 11. Any documents by which the shareholder or the shareholder's representative proves his/her/its identity, which are produced by foreign authorities or institutions or to which certification clauses of such foreign authorities or institutions are attached, shall contain another certification, i.e. shall be superlegalised or provided with an apostille or other clause (certification), which is required in official contact by the Czech authorities for similar foreign documents (or certification), except for documents that have been issued or certified in a country with which the Czech Republic has concluded a legal assistance agreement (or a similar agreement), under which no superlegalisation or apostille is required. If any such documents, clauses or certifications are made out in a foreign language (with the exception of the Slovak language), an official translation thereof into the Czech language shall also be attached.
- 12. Members of the Board of Directors shall always attend the General Meeting. Members of the Supervisory Board attend the General Meeting and the member authorised by the Supervisory Board shall report to the General Meeting on the results of the activities of the Supervisory Board. A member of the Board of Directors and a member of the Supervisory Board must be permitted to take the floor whenever they request this. An auditor/auditors (or persons acting on behalf of the auditor/auditors) may be invited to the relevant part of the General Meeting to present to the shareholders their findings regarding the documents which are subject to auditor verification, in particular the General Meetings approving the financial statements. Other persons invited by the Board of Directors may also participate in General Meetings as guests, unless the shareholders resolve by the majority of votes specified under Article 11 (7) to exclude them from the General Meeting. The General Meeting shall also be attended by persons providing the technical running of the General Meeting. These individuals shall not vote and shall not be allowed to request explanations or submit (counter)proposals

## **Article 11**

### **General Meeting Procedures and Decision-Making**

- 1. The General Meeting shall be opened by the person convening the General Meeting or a person appointed by it and shall be presided over by this person until the election of a chairperson. The same applies if a chairperson of the General Meeting is not elected or if the elected chairperson of the General

Meeting is unable to continue presiding over the General Meeting due to serious reasons. If the General Meeting is convened by a body, this body must authorise one of its members (or resolve to authorise another person) to preside over the General Meeting until the chairperson is elected or, as the case may be, if no chairperson of the General Meeting is elected. The task of the person convening the General Meeting or the person appointed by it is to ensure that the General Meeting elects a chairperson of the General Meeting, a minutes clerk, one or more verifiers of the minutes and a person or persons charged with counting the votes (the “**scrutineer**” or “**scrutineers**”). If no minutes clerk, verifier of the minutes or scrutineer is elected, the person convening the General Meeting shall appoint them. The same applies if the minutes clerk, the minutes verifier or the scrutineer are unable to continue performing their offices due to serious reasons. The General Meeting may also resolve that a single person may act as both the chairperson of the General Meeting and the verifier of the minutes. The General Meeting may resolve that the chairperson of the General Meeting shall also count the votes, provided that this does not endanger the due course of the General Meeting.

2. The chairperson of the General Meeting may also be determined by the court if the General Meeting is convened by the shareholders specified in Article 9 (2) of these Articles of Association on the basis of a court authorisation. Following the election of the chairperson, the General Meeting shall be conducted by its new chairperson. The chairperson of the General Meeting decides on procedural matters, including interruption of the proceedings, announcement of breaks, granting and withdrawing the right to speak, determining time limits for oral proposals, counterproposals, requests for explanations, or objections, etc.). The powers and duties of the chairperson of the General Meeting similarly apply to any other person presiding over the General Meeting (i.e., the person convening the General Meeting or a person designated by them).
3. Unless decided otherwise, voting is performed by means of ballots, which the shareholders receive upon registration or, as the case may be, during the General Meeting based on an instruction of the chairperson of the General Meeting. Each time before votes are cast, the chairperson of the General Meeting will inform the shareholders of the proposed resolution which is being voted on and which ballot should be used for this purpose. Each shareholder will indicate his/her will on the ballot and signs the ballot. To indicate the shareholder's agreement with the proposed resolution, the shareholder shall mark the box “FOR”. To indicate the shareholder's disagreement, the shareholder shall mark the box “AGAINST”. If the shareholder wishes to abstain from voting, the shareholder shall mark the box “ABSTAIN” for the relevant agenda item. Additionally, a shareholder may choose not to participate in the voting by not submitting a voting ballot. The first vote shall be conducted on the proposal of the Board of Directors or the Supervisory Board. If no such proposal is accepted or presented, voting shall proceed on the (counter)proposal of a shareholder.
4. Ballots which are not signed, ballots without a ballot number or with an incorrect ballot number and ballots containing no identification number or an incorrect identification number or ballots from which the shareholder's intent cannot be determined are invalid. Ballots which are torn, crossed-out, rewritten or otherwise invalidated (i.e. containing illegible, uncertain or unclear information) will also be considered invalid. If a shareholder makes a mistake when filling in a ballot, the shareholder must ask the scrutineer for assistance.
5. Once the ballots have been collected, the scrutineers shall immediately begin counting the votes. As soon as the scrutineers determine that the required number of votes to decide on the proposed resolution has been reached, they shall present the results to the chairperson of the General Meeting, who shall announce them to the General Meeting. The chairperson shall then confirm whether the General Meeting has or has not approved the resolution for the specific agenda item. The evaluation of the remaining votes shall continue, and the full results (including information on the quorum of the General Meeting, the number of votes required for approval, and the number of votes cast) shall be recorded in the minutes of the general meeting or published during the meeting.
6. The General Meeting shall be quorate if attended by shareholders holding shares whose nominal value or number exceeds 30% of the Company's registered share capital.
7. The General Meeting shall adopt its resolutions by a simple majority of votes of the shareholders present, unless required otherwise by the Business Corporations Act or by these Articles of Association.



8. In order for the General Meeting to adopt a resolution under Article 8 (2) (m), a resolution on an amendment of the Articles of Association, a resolution as a consequence of which the Articles of Association are amended, a resolution on the authorisation of the Board of Directors to increase the registered share capital, a resolution on the possibility of offsetting a shareholder's receivable due from the Company against a receivable of the Company in respect of the payment of the issue price of shares, a resolution to issue convertible or priority bonds, a resolution on the winding-up of the Company with liquidation and a resolution on the distribution of the liquidation balance, the approval of at least a two-thirds majority of votes of the shareholders present is required.
9. The adoption by the General Meeting of a resolution under Article 8 (2) (m) and on a change of the registered share capital also requires the approval of shareholders in respect of each class of shares whose rights are to be affected by that resolution; in the case of voting in respect of a single class of shares, at least a two-thirds majority of votes of the shareholders present shall be required.
10. In order for the General Meeting to adopt a resolution on a change in the classes and types of shares, on a change of the rights attached to a certain class of shares, on the restriction of transferability of the registered shares, or on the withdrawal of participating securities from trading on a European regulated market, the approval of at least three quarters of the votes of the attending shareholders holding such shares shall be required.
11. A resolution on the exclusion or restriction of the priority right to the acquisition of convertible or priority bonds, on the distribution of profit or other Company's own sources to persons other than the shareholders under Section 34 (1) of the Business Corporations Act, on the exclusion or restriction of the priority right of a shareholder during an increase of the registered share capital by subscription for new shares, and on the increase in the registered share capital by in-kind contributions requires the approval of at least three quarters of the votes of present shareholders. If the Company has issued various classes of shares, the aforesaid resolutions require the approval of shareholders for each class of share the rights of which are affected by such resolution; when voting under the class of share, at least a three quarters majority of votes of the present shareholders is required.
12. In order for the General Meeting to adopt a resolution on the merger of shares or on a change in the class of shares to shares with which no voting rights are associated, the approval of all affected shareholders shall be required.
13. The resolutions of the General Meeting on transformation of the Company must be approved by at least three quarters of the votes of shareholders present, unless stipulated otherwise by law.
14. Resolutions of the General Meeting on matters under paragraph 8 of this Article and on other matters which take effect upon their registration in the Commercial Register must be certified by a public deed. The public deed must also include the approved wording of the amended Articles of Association (if amended).
15. A shareholder does not have to exercise the voting rights attached to all of its shares in the same manner; this also applies to a shareholder's proxy.
16. Issues not included in the agenda of the General Meeting may only be discussed and resolved on at such General Meeting if all shareholders of the Company agree to it.
17. The course, the rules regarding the procedure and voting of the General Meeting, as well as other related matters and details, may be governed by the Rules of Procedure and Voting Rules approved by the General Meeting. Until the Rules of Procedure and Voting Rules are approved, the conduct of the General Meeting shall be governed by the applicable legal regulations and these Articles of Association. If, in a specific case, no applicable procedural rules for the course, proceedings, and voting of the General Meeting arise from the relevant legal regulations, these Articles of Association, or from the Rules of Procedure and Voting Rules (if approved by the General Meeting), the chairperson of the General Meeting shall decide on the further course of the meeting. The Board of Directors may adopt technical measures necessary to ensure the proper conduct of the General Meeting.

## **Article 12**

### **Minutes of the General Meeting**

1. Minutes of the General Meeting shall be prepared by the minutes clerk within 15 days of its conclusion.
2. The minutes of the General Meeting shall include:
  - a) the Company's business name and registered office;
  - b) the place and time of the General Meeting;
  - c) the name of the General Meeting's chairperson, minutes clerk, verifiers of the minutes and person(s) charged with vote counting;
  - d) a description of the discussion of individual matters on the agenda of the General Meeting;
  - e) the resolutions of the General Meeting and a record of voting results;
  - f) the content of the protest of a shareholder, member of the Board of Directors or of the Supervisory Board concerning a resolution of the General Meeting; and
  - g) other essentials, if stipulated by law for exceptional cases.
3. Submitted proposals and declarations and the attendance list shall be attached to the minutes.
4. The minutes shall be signed by the minutes clerk, by the chairperson of the General Meeting or by the person convening the General Meeting and by the minutes verifier(s).
5. The minutes of General Meetings, invitations to the General Meetings, as well as attendance lists shall be kept in the Company's archives for the whole period of the Company's existence.

## **B. Board of Directors**

### **Article 13**

#### **Position and Powers of the Board of Directors**

1. The Board of Directors is the statutory body of the Company. It manages the Company's business and acts on the Company's behalf in the manner specified in Article 36 of these Articles of Association.
2. The Board of Directors has all the powers which these Articles of Association, the legal regulations or a decision of a public authority does not reserve to another body of the Company. The Board of Directors is in charge of the Company's business management.
3. The Board of Directors shall be authorised, in particular, to:
  - a) convene the General Meeting under the conditions stipulated by law and execute its resolutions;
  - b) submit a report on the Company's business activities to the General Meeting for discussion;
  - c) submit to the General Meeting for approval:
    - (i) ordinary, extraordinary and consolidated financial statements, and interim financial statements;
    - (ii) proposals for the distribution of profit and/or other Company's own sources, including determination of the amount and manner of payment of shares in profit and/or in other Company's own sources and royalties (in Czech *tantiéma*), and proposals for coverage of losses;
    - (iii) proposals for the increase or reduction of the registered share capital;
    - (iv) information on the purchase of the Company's own shares under Section 304 (2) of the Business Corporations Act;
    - (v) proposals for the issue of bonds;
    - (vi) proposals for the distribution of the fund of uncollected dividends;

- (vii) the remuneration (compensation) policy and the remuneration (compensation) report pursuant to the Act on Business Activities on the Capital Market; and
  - (viii) proposals for significant transactions under the conditions specified in Section 121s *et seq.* of the Act on Business Activities on the Capital Market;
- d) send the shareholders no less than 30 days before the General Meeting financial statements which are to be submitted to the General Meeting for approval, or selected data from them, including specification of the time and place where the financial statements may be inspected;
  - e) grant and recall procuration (in Czech: *prokura*) and powers of attorney to the Company's representatives; and
  - f) establish obligatory funds of the Company under the generally binding legal regulations and, in cooperation with the Supervisory Board, stipulate the manner of their creation and drawing.
4. The Board of Directors shall be accountable for all its activities to the General Meeting and decides on Company matters collectively. The powers of the Board of Directors may be divided among individual members based on their particular qualifications. Division of powers does not release the other members of the Board of Directors from the obligation to monitor the management of the Company's matters.

#### **Article 14**

##### **Composition of the Board of Directors, Term of Office, Meetings, and Decision-Making**

1. The Board of Directors of the Company shall consist of six members, elected and recalled by the General Meeting. An individual or a legal entity complying with the conditions set out by law may become a member of the Board of Directors. If a legal entity is a member of the Board of Directors, it shall authorise without undue delay a single individual, who will meet the requirements and preconditions for the performance of office set out by law for a member of an elected body, to represent this entity in the Board of Directors. If the legal entity does not authorise a representative pursuant to this paragraph and if the representative is not registered in the Commercial Register within three months from the date on which the legal entity's office was established, its office shall be terminated. If an individual (representative) loses his/her authorisation due to incapacity or loss of eligibility to perform the office, the legal entity shall authorise without undue delay another individual to represent that legal entity in the Board of Directors; if, however, the individual is not registered in the Commercial Register within three months from the date of expiry of the authorisation of the previous representative, the office of that legal entity as a member of the Board of Directors shall be terminated
2. A person who does not comply with the conditions set out by law for the performance of office of member of the Board of Directors or for whom there is an obstacle to the performance of the office shall not become a member of the Board of Directors, even if elected by the General Meeting. Unless the Business Corporations Act or the Civil Code stipulates otherwise, if a member of the Board of Directors ceases to meet the conditions set out by law for the performance of the office, their office shall be terminated. This shall not affect any rights of third parties acquired in good faith. A person who is to become a member of the Board of Directors shall inform the Company in advance of facts to the extent specified in Section 46(2) of the Business Corporations Act. Likewise, a member of the Board of Directors shall inform the Company of any facts referred to in the previous sentence if any of them occur during their term of office, without delay after becoming aware of such facts.
3. The term of office of a member of the Board of Directors shall be three years. Members of the Board of Directors may be re-elected.
4. Provided that the number of members of the Board of Directors has not fallen below one half, the Board of Directors may appoint substitute members until the next General Meeting. The term of office of a substitute member of the Board of Directors shall not be included in the term of office of a member of the Board of Directors.
5. The term of office of members of the Board of Directors shall terminate, besides by expiry, upon:
  - (i) the death of the member of the Board of Directors;

- (ii) the dissolution of a legal entity, unless stipulated otherwise by these Articles of Association or by law;
  - (iii) resignation of the member of the Board of Directors;
  - (iv) recall of the member of the Board of Directors by the General Meeting;
  - (v) election of a new member of the Board of Directors by the General Meeting, unless provided otherwise in the resolution of the General Meeting (for the purposes of this paragraph 5(v), a new member also refers to the re-election of a member of the Board of Directors); or
  - (vi) other termination of office in compliance with the law.
6. If a term of office of a member of the Board of Directors is terminated, the General Meeting is required to elect a new member of the Board of Directors within two months. If a legal entity which is a member of the Board of Directors is dissolved and has a legal successor, its legal successor shall become the member of the Board of Directors.
7. A member of the Board of Directors may resign from the office by a written notice addressed to the Board of Directors and delivered to the address of the Company's registered office. The Board of Directors shall subsequently discuss the resignation of the member of the Board of Directors no later than at the next meeting following the delivery of the relevant resignation statement to the Company. The term of office of such a member of the Board of Directors shall be terminated on the day on which that member's resignation was discussed or should have been discussed by the Board of Directors, unless another date of termination of office is approved by the Board of Directors at the request of the resigning member of the Board of Directors. A member of the Board of Directors may also resign by announcing their resignation at a meeting of the Board of Directors or by submitting a written statement of resignation at a meeting of the Board of Directors to any member of the Board of Directors present, with that member's office to be terminated upon the expiry of two months after such announcement or submission of a written statement, unless another date of termination of office is approved by the Board of Directors at the request of the resigning member of the Board of Directors. A member of the Board of Directors may also resign in such a way that the notice of resignation is included in the agenda of the General Meeting and the resigning member of the Board of Directors notifies their resignation at this General Meeting. In such a case, the member's office shall terminate upon the member's notification of resignation at the General Meeting, unless the General Meeting approves another date of termination of office at the request of the resigning member of the Board of Directors. A member of the Board of Directors may not resign at a time that is inconvenient for the Company.
8. If the Board of Directors is incapable of performing its functions due to an insufficient number of members, the missing members shall be appointed by a court at the proposal of a person legally interested in this for such period of time until any missing member or members of the Board of Directors are duly elected; otherwise, the court may wind up the Company, even without any proposal, and may order its liquidation.
9. Members of the Board of Directors shall elect one of their peers as the chairperson of the Board of Directors and shall also recall the chairperson.
10. The Board of Directors shall take decisions by resolutions usually adopted in the course of its meetings. Meetings of the Board of Directors shall be held as frequently as necessary; however, at least twice a year. The meetings shall be presided by the chairperson.
11. A meeting of the Board of Directors shall be convened by the chairperson of the Board of Directors and, if the Board of Directors does not have a chairperson, by any member of the Board of Directors, by a written invitation which includes the place, date, time and proposed agenda of the meeting. Each member of the Board of Directors shall receive an invitation with the materials for the meeting at least 10 calendar days before the meeting of the Board of Directors. A meeting of the Board of Directors may be convened by phone, e-mail or fax, or with the use of any other suitable technical means, no later than three calendar days before the meeting. If a meeting of the Board of Directors is convened by phone or with the use of any other suitable technical means, it must also be simultaneously convened by fax or e-mail and the invitation must include the aforesaid required information. The time limits stated above do not apply to outside-of-meeting resolutions of the Board of Directors. The chairperson of the Board of Directors must convene a meeting of the Board of Directors if requested by at least two members of the Board of

Directors or the Supervisory Board. Meetings of the Board of Directors shall be held at the Company's registered office, unless the invitation states otherwise. The Board of Directors may, at its discretion, invite to its meetings members of other bodies of the Company, the Company's employees or shareholders, or other persons. A member of the Supervisory Board may attend the meeting of the Board of Directors if the Supervisory Board so requests. Each member of the Board of Directors shall perform their office in person; however, this does not prevent any member of the Board of Directors from authorising another member of the Board of Directors to vote on behalf of the authorising member of the Board of Directors at the meeting of the Board of Directors in their absence at an individual occasion.

12. The Board of Directors shall be quorate if a simple majority of its members are present. A resolution of the Board of Directors shall be adopted if approved by a simple majority of members present. Each member of the Board of Directors shall have one vote. In the event of a tie vote, the chairperson's vote shall be decisive.
13. Each individual member of the Board of Directors, or all members of the Board of Directors, may attend a meeting of the Board of Directors and vote even if they are not present at the meeting in person, irrespective of whether or not the number of members present in person at the place of the meeting is sufficient for the Board of Directors to have a quorum. Those members of the Board of Directors who attend the Board of Directors meetings and are not present in person at the place of the meeting shall vote by telephone or any other communication system that allows all persons attending the meeting to hear each other (e.g. teleconferencing or video conferencing). Any person attending the meeting and voting in this manner shall be considered present at the meeting and shall be entitled to vote. Other details of the course of the meeting pursuant to this paragraph may be stipulated in the rules of procedure of the Board of Directors.
14. The Board of Directors may, at the proposal of its chairperson or, if the Board of Directors does not have a chairperson, at the proposal of another member of the Board of Directors, adopt resolutions outside of a meeting by way of a written vote and/or voting by e-mail, fax or any other suitable technical means. The members voting outside of a meeting shall be considered present. The Board of Directors is quorate for outside-of-meeting voting if a simple majority of the members of the Board of Directors participate in the voting. A resolution shall be adopted if approved by a simple majority of votes of the members voting outside of its meetings. In the event of a tie vote, the chairperson's vote shall be decisive. All organisational matters related to decision-making outside of the meeting of the Board of Directors shall be arranged for by the chairperson of the Board of Directors. Resolutions adopted outside of meetings of the Board of Directors must be incorporated into the minutes at the nearest meeting of the Board of Directors. Other details of the course of adopting resolutions outside a meeting pursuant to this paragraph may be stipulated in the rules of procedure of the Board of Directors.
15. Minutes of meetings of the Board of Directors and of their resolutions shall be executed and signed by the chairperson of the Board of Directors and the minutes clerk. The list of attendees shall form an annex to the minutes. A member of the Board of Directors or any other person may be the minutes clerk. The minutes shall describe the manner in which the individual items on the agenda of the meeting of the Board of Directors were discussed and the resolutions adopted on these items, including the numbers of votes by which each resolution was adopted. The minutes of the meeting of the Board of Directors must specify the names of the members of the Board of Directors who voted against separate resolutions of the Board of Directors or abstained from voting. The minutes shall also contain information on whether the Board of Directors was quorate during the entire meeting. Members of the Board of Directors not specified in the minutes as voting against shall be understood to have voted for the resolution, unless it is proved otherwise. The costs related with the meetings and other activities of the Board of Directors shall be borne by the Company.

## **Article 15**

### **Obligations of Members of the Board of Directors**

1. Members of the Board of Directors shall exercise their authority with due care and necessary loyalty, qualification and diligence. A person who acts with diligence and necessary qualification in making business decisions is someone who can reasonably anticipate in good faith that they act on an informed basis and in the justifiable interest of the Company. This shall not apply if any such decisions were not

made with necessary loyalty. A member of the Board of Directors may ask the General Meeting for an instruction regarding business management. This shall not affect their duty to act with due care.

2. The rights and duties between the Company and a member of the Board of Directors shall be governed by applicable provisions of the Civil Code on mandate agreements *mutatis mutandis*, unless anything else arises from the agreement on performance of office (if executed) or from the law.
3. A member of the Board of Directors who breaches their duty of acting with due care shall return to the Company any benefit they obtained by such acting. If the benefit cannot be returned, the relevant member of the Board of Directors shall compensate it to the Company in money. If harm is caused to the Company due to a member's breach of their duty to act with due care, the Company may settle it pursuant to the agreement concluded with the obligor. For such an agreement to be effective, consent of the General Meeting adopted by at least a two-thirds majority of votes of all shareholders is required. Legal actions of the Company restricting the liability of a member of the Board of Directors shall not be taken into account.
4. If a member of the Board of Directors fails to compensate the Company for the damage they caused to it by a breach of their duties in the performance of their office, although they were obliged to compensate the Company for such damage, this member of the Board of Directors shall be liable towards a creditor of the Company for the Company's debt to the extent to which this member of the Board of Directors fails to compensate the Company for the damage, if the creditor is unable to collect the performance from the Company.
5. A member of the Board of Directors may not:
  - (a) carry out business in the Company's scope of activities, not even for the benefit of other persons, or mediate any of the Company's business for other persons;
  - (b) be a member of the statutory body of any other legal entity with the same or similar scope of activities or a person in a similar position, unless it is a holding or a person controlled by the Company, a person controlling the Company, or related persons;
  - (c) take part in the business activities of another business corporation as a member with unlimited liability or as a controlling person of another entity with the scope of activities that is identical or similar to the scope of activities of the Company.

A breach of the above obligations shall have the consequences specified in Section 5 of the Business Corporations Act.

6. If a member of the Board of Directors expressly draws the attention of the General Meeting to any of the circumstances specified in paragraph 5 of this Article before his/her election to office or if any such circumstance occurs later and the relevant member of the Board of Directors notifies the Company of it in writing, it shall be deemed that this member of the Board of Directors is not prohibited from carrying out the activity to which the prohibition under paragraph 5 of this Article applies. This shall not apply if the Supervisory Board expresses its disagreement with the activity pursuant to paragraph 5 of this Article within one month from the date on which it was notified about the circumstances pursuant to paragraph 5 of this Article. Any notification by a member of the Board of Directors pursuant to this paragraph shall be specified in the invitation to the General Meeting or invitation to the meeting of the Supervisory Board (as applicable) and the agenda of that meeting shall then contain the voting on any potential disagreement of the General Meeting or the Supervisory Board (as applicable) with the activity of the member of the Board of Directors pursuant to paragraph 5 of this Article.
7. If the Company intends to enter into an agreement with an influential or controlling person or with a person controlled by the same controlling person, a member of the Board of Directors shall inform the Supervisory Board thereof without undue delay. This shall not apply if the agreement is concluded with a managing person or with another person that is a member of the same group.

## **C. Supervisory Board**

### **Article 16**

#### **Position and Powers of the Supervisory Board**

1. The Supervisory Board shall supervise the performance of the Board of Directors and the activities of the Company. The Supervisory Board shall adhere to the principles approved by the General Meeting, unless in conflict with the Business Corporations Act or these Articles of Association. No breach of these principles shall have any effects towards third parties. No one is entitled to grant instructions to the Supervisory Board relating to its statutory obligation to supervise the performance of the Board of Directors.
2. The Supervisory Board:
  - a) shall assess specific trends in the activities of the Company and its business policy and supervise its implementation;
  - b) shall review the ordinary, extraordinary, consolidated, and interim financial statements as well as the proposal for the distribution of profit or other Company's own sources and coverage of losses and submit its views to the General Meeting;
  - c) may, through any of its members, inspect all documents and records concerning the activities of the Company;
  - d) shall check whether the accounting books have been duly kept and accurately reflect reality, and whether the Company's business activities or any other activities are carried out in compliance with legal regulations and these Articles of Association;
  - e) shall convene the General Meeting if the Company's interests so require and propose any necessary measures at the General Meeting;
  - f) shall designate one of its members to represent the Company in proceedings before courts and any other authorities conducted against any member of the Board of Directors;
  - g) may prohibit a member of the Board of Directors from certain legal actions, if this is in the interest of the Company; and
  - h) shall provide for an internal procedure allowing for regular review of significant transactions pursuant to Section 121v (3) of the Act on Business Activities on the Capital Market;
  - i) shall perform other matters entrusted to its competence by law or these Articles of Association.
3. If a member of an elected body of the Company intends to conclude an agreement with the Company, they shall inform the body of which they are a member and the Supervisory Board of this without undue delay. A member of the Supervisory Board shall inform the Supervisory Board; if that member is the only member of the Supervisory Board, they shall inform the General Meeting. They shall also specify under what conditions the agreement is to be concluded. The above shall apply analogously to agreements between the Company and any persons close to a member of a body of the Company or any persons influenced or controlled by a member of a body of the Company, and also if the Company is to secure or affirm any debts of persons specified in this paragraph or if the Company is to become a co-debtor together with these persons. The Supervisory Board may prohibit a member of a body of the Company from concluding such an agreement with the Company if this is not in the interest of the Company. This paragraph shall not apply to any agreements concluded within the ordinary course of business.

### **Article 17**

#### **Composition of the Supervisory Board and Term of Office**

1. The Supervisory Board shall consist of six members who may be individuals or legal entities meeting the requirements of the law. Two members of the Supervisory Board shall be elected and recalled by the Company's employees in accordance with the Business Corporations Act and the remaining four

members shall be elected and recalled by the General Meeting. The term of office of a member of the Supervisory Board shall be three years. Members of the Supervisory Board can be re-elected.

2. A member of the Supervisory Board must not be simultaneously a member of the Board of Directors or any other person authorised – according to the entry in the Commercial Register – to act on behalf of the Company. If the number of members of the Supervisory Board has not fallen below half of its members, the Supervisory Board may appoint a substitute member to hold the office until the next General Meeting. The term of office of a substitute member of the Supervisory Board shall not be included into the term of office of a member of the Supervisory Board.
3. Members of the Supervisory Board shall elect one of their peers as chairperson of the Supervisory Board and shall also recall the chairperson.
4. Members of the Supervisory Board shall participate in the General Meeting and an authorised member of the Supervisory Board shall report to the General Meeting the results of the activities of the Supervisory Board. Any members of the Supervisory Board must be permitted to take the floor whenever they so request; they may also submit proposals for the General Meeting agenda.
5. The Supervisory Board shall designate one of its members to represent the Company in proceedings before courts and any other authorities conducted against any member of the Board of Directors.
6. The provisions of Article 14 (5), (6) and (8) shall apply analogously to members of the Supervisory Board. A member of the Supervisory Board may resign from the office by a written notice addressed to the Supervisory Board and delivered to the address of the Company's registered office. The Supervisory Board shall subsequently discuss the resignation of the member of the Supervisory Board no later than at the next meeting following the delivery of the relevant resignation statement to the Company. The term of office of such a member of the Supervisory Board shall be terminated on the day on which that member's resignation was discussed or should have been discussed by the Supervisory Board, unless another date of termination of office is approved by the Supervisory Board at the request of the resigning member of the Supervisory Board. A member of the Supervisory Board may also resign by announcing their resignation at a meeting of the Supervisory Board or by submitting a written statement of resignation at a meeting of the Supervisory Board to any member of the Supervisory Board present, with that member's office to be terminated upon the expiry of two months after such announcement or submission of a written statement, unless another date of termination of office is approved by the Supervisory Board at the request of the resigning member of the Supervisory Board. A member of the Supervisory Board may also resign in such a way that the notice of resignation is included in the agenda of the General Meeting and the resigning member of the Supervisory Board notifies their resignation at this General Meeting. In such a case, the member's office shall terminate upon the member's notification of resignation at the General Meeting, unless the General Meeting approves another date of termination of office at the request of the resigning member of the Supervisory Board. A member of the Supervisory Board may not resign at a time that is inconvenient for the Company. Section 58 (1) of the Business Corporations Act shall not apply.
7. If the position of a member of the Supervisory Board elected by the Company's employees ceases to exist, a substitute member of the Supervisory Board shall automatically take that member's vacant seat. The substitute member of the Supervisory Board shall be the person who has received the next highest number of votes in the last election of employee representatives into the Supervisory Board (in order after the Supervisory Board members elected by employees). If several individuals have received the same next highest number of votes, the substitute member of the Supervisory Board shall be the person who has been employed by the Company for a longer period of time.

## **Article 18**

### **Meetings of the Supervisory Board and Decision-Making**

1. Meetings of the Supervisory Board shall be convened as often as required and presided over by the chairperson of the Supervisory Board.
2. A meeting of the Supervisory Board shall be convened by the chairperson of the Supervisory Board and, if the Supervisory Board does not have a chairperson, by any member of the Supervisory Board, by a



written invitation which includes the place, date, time and proposed agenda of the meeting. Each member of the Supervisory Board shall receive an invitation with the materials for the meeting at least 10 calendar days before the meeting of the Supervisory Board. A meeting of the Supervisory Board may be convened by phone, e-mail or fax, or with the use of any other suitable technical means, no later than three calendar days before the meeting. If a Meeting of the Supervisory Board is convened by phone or with the use of any other suitable technical means, it must also be simultaneously convened by fax or e-mail and the invitation must include the aforesaid required information. The time limits stated above do not apply to outside-of-meeting resolutions of the Supervisory Board. The chairperson of the Supervisory Board must convene a Meeting of the Supervisory Board if requested by any member of the Supervisory Board. The Meeting of the Supervisory Board shall be held at the Company's registered office, unless the invitation provides otherwise. Members of the Supervisory Board shall perform their office in person; however, this will not prevent a member authorising another member of the Supervisory Board in an individual case to vote on their behalf at a meeting of the Supervisory Board in their absence. The Supervisory Board may, at its discretion, invite members of other bodies of the Company, its employees or shareholders, or other persons to its meetings.

3. The Supervisory Board shall be quorate if a simple majority of its members are present. Each member shall have one vote. A resolution shall be adopted if approved by a simple majority of all members of the Supervisory Board.
4. Each individual member of the Supervisory Board, or all members of the Supervisory Board, may attend a meeting of the Supervisory Board and vote even if they are not present at the meeting in person, irrespective of whether or not the number of members present in person at the place of the meeting is sufficient for the Supervisory Board to have a quorum. Those members of the Supervisory Board who attend the Supervisory Board meetings and are not present in person at the place of the meeting shall vote by telephone or any other communication system that allows all persons attending the meeting to hear each other (e.g. teleconferencing or video conferencing). Any person attending the meeting and voting in this manner shall be considered present at the meeting and shall be entitled to vote. As regards other details of the meeting, the provisions of Article 14 (13) shall apply by analogy.
5. The provisions of Article 14 (14) shall apply analogously to resolutions taken by the Supervisory Board outside its meeting; however, approval by a majority of votes of all the members of the Supervisory Board is required for such a resolution to be adopted.
6. The Supervisory Board shall execute the minutes of its meetings and resolutions which shall be signed by the chairperson of the meeting. The list of attendees will be attached as an annex to the minutes. The minutes must include a description of the discussion on the individual items on the agenda of the Supervisory Board and the resolutions adopted, including the number of votes by which the respective resolution was adopted. The minutes of a meeting of the Supervisory Board shall specify the names of the members of the Supervisory Board who voted for the adoption of the individual resolution or who abstained from voting; if the minutes of the Supervisory Board's meeting does not specify whether its member voter for the adoption of the individual resolution or abstained from voting, such member will be deemed to have voted for the adoption of the resolution. The opinions of the minority of the members of the Supervisory Board shall also be recorded in the minutes, if they so require. The minutes shall also contain information on whether the Supervisory Board was quorate during the entire meeting.
7. If the Supervisory Board does not give its consent to actions of the Board of Directors for which the prior consent of the Supervisory Board is required by law or the Articles of Association, or if the Supervisory Board prohibits the Board of Directors from taking an action, the members of the Supervisory Board who failed to act with due care will be held liable instead of the members of the Board of Directors for any harm caused to the Company. If the Supervisory Board gives its consent to the actions referred to in the first sentence, the members of the Supervisory Board and the Board of Directors who failed to act with due care shall be held liable jointly and severally for any harm.
8. The costs related to the meetings and other activities of the Supervisory Board shall be borne by the Company.
9. The provisions of Article 15 of these Articles of Association shall apply analogously to the members of the Supervisory Board.

10. The Election Rules governing the elections and recalls of those members of the Supervisory Board that are elected by employees shall be prepared by the Board of Directors after a consultation with the trade union.

## **D. Audit Committee**

### **Article 19**

#### **Position and Powers of the Audit Committee**

1. The Audit Committee is a Company body whose powers include, in particular, the following:
  - a) monitoring of the process of preparing the financial statements and consolidated financial statements, as well as the preparing the sustainability statement, and presenting of recommendations to the Board of Directors or the Supervisory Board to ensure the integrity of the accounting and financial reporting systems;
  - b) monitoring of the efficiency of the Company's internal controls and of the risk management system;
  - c) monitoring of the efficiency of the internal audit and its functional independence (provided that the internal audit function has been established);
  - d) monitoring of the process of statutory audits and verification of the sustainability statement, based on the summary report on the quality assurance system;
  - e) assessment of the independence of statutory auditors and auditing firm(s) and, in particular, the provision of non-audit services to the Company;
  - f) recommendation of auditor to the Supervisory Board, providing a proper justification for the recommendation (unless a relevant legal regulation applicable to the Company stipulates otherwise);
  - g) discussing with the auditor the threats to the auditor's independence and the respective safeguard measures, which the auditor has accepted in order to mitigate those threats;
  - h) informing the Supervisory Board (i) about the results of the statutory audit and verification of the sustainability statement and its findings obtained during the process of monitoring the statutory audit and verification of the sustainability statement; and (ii) about the manner in which the statutory audit contributed to ensuring the integrity of the accounting and financial reporting systems;
  - i) approval of the provision of other non-audit services;
  - j) acceptance of information, statements and communication according to the applicable legal regulations from the auditor and discussion of such information, statements and communication with the auditor; and
  - k) informing of other bodies of the Company as necessary regarding matters that are within the powers of the Audit Committee.
2. The Audit Committee is allowed to access and view the documents and records relating to the Company's activities to the extent necessary for the performance of its activities.
3. The Audit Committee also has other powers that follow from Act No. 93/2009 Coll., on Auditors and on Amendment of Certain Other Laws (the Act on Auditors), as amended, from other relevant legal regulations applicable to the activities of the Audit Committee, these Articles of Association or other internal regulations of the Company. In the case of any amendments of the legal regulations applicable to the powers of the Audit Committee, the powers of the Audit Committee shall be modified so that they comply with the amended legal regulations.
4. The powers of the Audit Committee do not affect the powers of the other bodies of the Company pursuant to the legal regulations and these Articles of Association.

**Article 20**  
**Composition of the Audit Committee and Term of Office**

1. The Audit Committee shall consist of three members who can be individuals or legal entities meeting the requirements of the relevant legal regulations with respect to the performance of this office. The members of the Audit Committee shall be appointed and recalled by the General Meeting.
2. The term of office of a member of the Audit Committee is three years. The members of the Audit Committee may be re-elected.
3. The members of the Audit Committee elect one of their peers as the chairperson of the Audit Committee and shall also recall the chairperson.
4. Provided that the number of members of the Audit Committee has not fallen below one half, the Audit Committee may appoint a substitute member until the next General Meeting. The term of office of a substitute member of the Audit Committee shall not be included in the term of office of a member of the Audit Committee.
5. The provision of Article 14 (5) and (6) shall be applied analogously also to members of the Audit Committee.
6. A member of the Audit Committee may resign from the office by a written notice addressed to the Audit Committee and delivered to the address of the Company's registered office. The Audit Committee shall subsequently discuss the resignation of the member of the Audit Committee no later than at the next meeting following the delivery of the relevant resignation statement to the Company. The term of office of such a member of the Audit Committee shall be terminated on the day on which that member's resignation was discussed or should have been discussed by the Audit Committee, unless another date of termination of office is approved by the Audit Committee at the request of the resigning member of the Audit Committee. A member of the Audit Committee may also resign by announcing their resignation at a meeting of the Audit Committee or by submitting a written statement of resignation at a meeting of the Audit Committee to any member of the Audit Committee present, with that member's office to be terminated upon the expiry of two months after such announcement or submission of a written statement, unless another date of termination of office is approved by the Audit Committee at the request of the resigning member of the Audit Committee. A member of the Audit Committee may also resign from their office in such a way that an item will be included in the agenda of the General Meeting, under which the resignation from the office will be announced, and the member of the Audit Committee will then announce their resignation at the General Meeting. In such a case, the member's term of office terminates upon announcement of the resignation from the office at the General Meeting, unless the General Meeting determines another date of termination of office at the request of the resigning member. The term of office of a member of the Audit Committee shall also terminate upon election of a new member, unless something else ensues from the resolution of the General Meeting. A member of the Audit Committee may not resign at a time that is inconvenient for the Company.
7. Members of the Audit Committee participate in the General Meetings of the Company. They are obliged to inform the General Meeting of the results of their activities.

**Article 21**  
**Meetings of the Audit Committee and Decision-Making**

1. Meetings of the Audit Committee shall be convened as often as required and presided over by the chairperson of the Audit Committee.
2. A meeting of the Audit Committee shall be convened by the chairperson of the Audit Committee and, if the Audit Committee does not have a chairperson, by any member of the Audit Committee, by a written invitation which includes the place, date, time and proposed agenda of the meeting. Each member of the Audit Committee shall receive an invitation with the materials for the meeting at least 10 calendar days before the meeting of the Audit Committee. A meeting of the Audit Committee may be convened by phone, e-mail or fax, or with the use of any other suitable technical means, no later than three calendar days before the meeting. If a meeting of the Audit Committee is convened by phone or with the use of any other suitable technical means, it must also be simultaneously convened by fax or e-mail and

the invitation with materials must include the aforesaid required information. The time limits stated above do not apply to outside-of-meeting resolutions of the Audit Committee. The chairperson of the Audit Committee must convene a meeting of the Audit Committee if requested by any member of the Audit Committee. If, in such a case, a meeting of the Audit Committee is not convened within five business days of the delivery of the request for convocation of a meeting of the Audit Committee to the chairperson of the Audit Committee, or if the Audit Committee does not have a chairperson, the meeting of the Audit Committee may be convened and conducted by the given member of the Audit Committee. The meeting of the Audit Committee shall be held at the Company's registered office, unless the invitation provides otherwise. Members of the Audit Committee shall perform their office in person; however, this will not prevent a member authorising another member of the Audit Committee in an individual case to vote on their behalf at a meeting of the Audit Committee in their absence. The Audit Committee may, at its discretion, invite to its meetings members of other bodies of the Company, its employees or shareholders, or other persons.

3. The Audit Committee is quorate if more than half of its members are present. Every member of the Audit Committee has one vote. Resolutions of the Audit Committee shall be adopted if they are approved by more than half of all the members of the Audit Committee, unless these Articles of Association or the legal regulations require a higher number of votes necessary for the adoption of resolutions. In the event of a tie vote, the chairperson's vote shall be decisive.
4. Each individual member of the Audit Committee, or all members of the Audit Committee, may attend a meeting of the Audit Committee and vote even if they are not present at the meeting in person, irrespective of whether or not the number of members present in person at the place of the meeting is sufficient for the Audit Committee to have a quorum. Those members of the Audit Committee who attend the Audit Committee meetings and are not present in person at the place of the meeting shall vote by telephone or any other communication system that allows all persons attending the meeting to hear each other (e.g. teleconferencing or video conferencing). Any person attending the meeting and voting in this manner shall be considered present at the meeting and shall be entitled to vote. As regards other details of the meeting, the provisions of Article 14 (13) shall apply by analogy.
5. The provisions of Article 14 (14) apply analogously to adopting resolutions outside meetings of the Audit Committee; however, approval by a majority of votes of all the members of the Audit Committee is required for such a resolution to be adopted.
6. The Audit Committee shall execute the minutes of its meetings and resolutions which shall be signed by the chairperson of such meeting (or by all members of the Audit Committee present); the list of attendees will be attached as an annex to the minutes. The minutes must include a description of the discussion on the individual items on the agenda of the Audit Committee and the resolutions adopted, including the number of votes by which the respective resolution was adopted. The minutes of a meeting of the Audit Committee shall specify the names of the members of the Audit Committee who voted for the adoption of the individual resolution or who abstained from voting; if the minutes of the Audit Committee's meeting does not specify whether its member voter for the adoption of the individual resolution or abstained from voting, such member will be deemed to have voted for the adoption of the resolution. The opinions of the minority of the Audit Committee's members shall also be recorded in the minutes, if they require so.
7. The costs related to the meetings and other activities of the Audit Committee shall be borne by the Company.

### **III. Economic Management of the Company**

#### **Article 22**

#### **Records, Accounting, and Ordinary Financial Statements**

1. The accounting period of the Company corresponds to the calendar year.
2. The Company's records and account books shall be maintained in a manner complying with the applicable generally binding legal regulations. The Board of Directors shall be responsible for proper bookkeeping.

3. The Board of Directors shall submit the financial statements to the auditors together with a request for a review of the business activities of the Company for the relevant period. Having received the auditor's report on the review of the financial statements and business activities of the Company, the Board of Directors shall submit the financial statements and the auditor's report to the Supervisory Board together with the proposal for the distribution of profit and/or other Company's own sources or for the coverage of losses.
4. The Supervisory Board shall examine the financial statements and the proposal for the distribution of profit and/or other Company's own sources or for the coverage of losses and provide its statement to the General Meeting.
5. The Company is required to publish the financial statements and the annual report after the relevant statutory conditions are met.
6. The Company shall compile the set of information prescribed by the legal regulations and provide information on its activities to the authorities pursuant to generally binding legal regulations.
7. The Company shall not create a reserve fund from profit.
8. The Board of Directors of the Company can create non-mandatory funds of the Company in accordance with the legal regulations, decide on allotments into and use of such funds, except for cases where resolutions on the allotments into or use of so created funds are made by the General Meeting.
9. The Company creates a fund of uncollected dividends.

### **Article 23**

#### **Distribution of Profit and/or Other Company's Own Sources and Coverage of Losses**

1. The profit and/or other Company's own sources shall be distributed, or losses covered, in the manner approved by the General Meeting after the examination by the Supervisory Board of the manner proposed by the Board of Directors.
2. The profit and/or also other Company's own sources may also be distributed among members of the bodies of the Company (royalties).
3. The profit (or other Company's own sources) remaining after the payment of tax and other similar liabilities shall be used in accordance with the resolution of the General Meeting in the following order and in the following way:
  - a) allotments to the Company's other funds, if such exist;
  - b) other purposes determined by the General Meeting;
  - c) the payment of shares in profit and/or in other Company's own sources to shareholders;
  - d) the payment of shares in profit and/or in other Company's own sources to members of the bodies of the Company (royalties).

The order specified above shall not be binding upon the General Meeting. The General Meeting is not obliged to resolve on the use of the profit or other Company's own sources in all manner specified above.

4. The Company may not pay out shares in profit and/or in other Company's own sources, if this would lead to the insolvency of the Company pursuant to another legal regulation. This shall also apply to any advance payment of the shares in profit.
5. A shareholder's share in the profit and in other Company's own sources shall be determined based on the proportion of the nominal value of the shares owned by the particular shareholder to the Company's registered share capital.
6. The condition for the payment of a share in profit and/or in other Company's own sources or in the liquidation balance to a shareholder is the entry of that shareholder's beneficial owner in the register of beneficial owners in accordance with the Act on Register of Beneficial Owners, if the shareholder is obliged to arrange for the entry of the beneficial owner. In order to verify these facts, the shareholder

may be invited to submit an up-to-date extract from the register of beneficial owners and a related declaration confirming that the information entered in the register and stated in the submitted extract is up-to-date. The essentials associated with the submission of this extract and related declaration shall be set out in the invitation to the General Meeting (or in the draft resolution). If the shareholder does not provide, based on a request stated in the invitation to the General Meeting (or in the draft resolution), the extract proving the registration of its beneficial owner and the related declaration (if requested) for the purpose of payment of a share in profit and/or in other Company's own sources or in the liquidation balance, the Company shall not pay the given shares or liquidation balance. Any right to a share in profit and/or in other Company's own sources that has not been paid due to the absence of the entry of the beneficial owner in the relevant register under the Act on Register of Beneficial Owners by the end of the accounting period in which it was resolved on its payment, shall cease to exist.

6. The Company may provide financial assistance under the conditions defined by the Business Corporations Act.

#### **IV. Registered Share Capital Increase**

##### **Article 24**

##### **Registered Share Capital Increase**

1. The increase of the Company's registered share capital shall be decided on by the General Meeting or, under the conditions stipulated in Sections 511 to 515 of the Business Corporations Act, by the Board of Directors. The resolution shall be adopted in accordance with the conditions stipulated in these Articles of Association and by generally binding legal regulations, and in the manner indicated by them. The resolution on the registered share capital increase shall be certified by a public deed. The Company can increase its registered share capital in the following ways:
  - a) subscription for new shares (Section 474 *et seq.* of the Business Corporations Act);
  - b) from the Company's own sources (Section 495 *et seq.* of the Business Corporations Act); and
  - c) conditionally, by the issuing of convertible or priority bonds (Section 505 *et seq.* of the Business Corporations Act).
2. The registered share capital increase shall become effective upon registration of the new amount of the registered share capital in the Commercial Register, unless the registered share capital is increased by a company whose shares are accepted for trading on a regulated European market or whose issuance is the last condition for such shares being accepted on a regulated European market.
3. If the registered share capital is increased by subscription of new shares by a company whose shares are accepted for trading on a regulated European market or whose issuance is the last condition for such shares being accepted on a regulated European market, the registered share capital increase shall become effective upon subscription of the shares and provision of all non-monetary contributions or upon payment of the part of their issue price determined by these Articles of Association or a resolution of the General Meeting on the registered share capital increase with whose payment that resolution associates the effects of the registered share capital increase; if such part of the issue price is determined by these Articles of Association, a resolution of the General Meeting on the registered share capital increase may determine a different moment of the effect of the registered share capital increase. However, the registered share capital increase cannot become effective earlier than the shares having been subscribed and later than the new amount of the registered share capital having been registered in the Commercial Register.

##### **Article 25**

##### **Registered Share Capital Increase by Subscription for New Shares**

1. The increase of the registered share capital by subscription for new shares shall be admissible only if the shareholders have fully paid the issue price of shares subscribed for before, unless the outstanding part of the issue price is negligible in relation to the amount of the registered share capital and the

General Meeting expresses its consent to such increase of the registered share capital. This restriction shall not apply if the registered share capital is being increased by in-kind contributions only.

2. The Board of Directors shall file an application for the registration of the resolution of the General Meeting in the Commercial Register without undue delay. The application for the registration of the resolution of the General Meeting may be combined with an application for registration of the new amount of the registered share capital in the Commercial Register.
3. Each shareholder shall have a priority right to subscribe for part of the new shares of the Company which are being subscribed for with the aim of increasing the registered share capital based on the proportion of the nominal value of the shares owned by that shareholder to the registered share capital, if the issue price thereof is to be paid in money.
4. The Board of Directors shall notify the shareholders of the information concerning the priority right, which must contain all the essentials stipulated by law, in the manner determined by law and these Articles of Association for convening the General Meeting and, at the same time, shall officially publish such information. The period for the exercise of the priority right must not be shorter than two weeks from the delivery of information to this effect.
5. The priority right of shareholders to subscribe, in the proportion of their shares in the registered share capital, for part of the new shares of the Company which are being subscribed for with the aim of increasing the registered share capital, can only be excluded or restricted by a resolution of the General Meeting on the increase of the registered share capital if it is important for the Company's interests. The priority right may only be restricted or excluded to the same extent in relation to all the shareholders.
6. In its resolution on the increase of the registered share capital, the General Meeting can resolve that a determined portion or all of the shares not subscribed for by the use of priority rights can be subscribed for by shareholders based on an agreement under Section 491 of the Business Corporations Act, or can be offered to a designated interested party or parties, together with the specification of such parties and/or the manner of selecting such party or parties, or that they will be offered for subscription based on a public offer.
7. The General Meeting can also resolve that all shares will be subscribed for by a securities dealer based on a contract for the procurement of the issue of securities. In such case, the contract shall contain the securities dealer's duty to sell the subscribed shares to persons who have a priority right to subscription for shares, upon their request, for a determined price, within the specified period and to the extent of their priority right to subscription for new shares.

## **Article 26**

### **Registered Share Capital Increase from the Company's Own Sources**

1. Based on a resolution of the General Meeting, the Company may issue bonds carrying the right of conversion into shares or priority bonds carrying the right to priority subscription for shares.
2. The General Meeting can resolve that the registered share capital will be increased from the Company's own sources as shown in the Company's equity entry in the approved ordinary, extraordinary or interim financial statements, unless such sources are earmarked for a special purpose and the Company may not change the purpose. Net profit may not be used for increasing the registered share capital based on interim financial statements.
3. The registered share capital may be increased from the Company's sources only if the financial statements on which the resolution of the General Meeting is based are verified by an auditor without a qualified opinion. The auditor shall verify the financial statements for the purposes of the resolution as per the preceding sentence based on data ascertained no later than as of the day which is no more than six months after the date when the resolution of the General Meeting on the increase of the registered share capital from own sources is adopted. If, however, the Company finds out from any interim financial statements that its own sources have been reduced, it will not use the data from the ordinary or extraordinary financial statements, but will use the data recorded in the interim financial statements referred to above.

4. The registered share capital increase may not be higher than the difference between equity and the sum of the registered share capital and the other sources of the Company that are earmarked for a special purpose and where the Company may not change the purpose.
5. The shareholders shall participate in the registered share capital increase in the proportion corresponding to the nominal value of their shares. Company shares owned by the Company or by an entity controlled by the Company or an entity controlled by the entity controlled by the Company shall also participate in the registered share capital increase. Where no-par value shares were issued, the shareholders shall participate in the registered share capital increase in the proportion corresponding to the number of the no-par value shares owned by them.
6. The registered share capital increase from the Company's own sources shall be performed either by the issuing of new shares and their distribution among the shareholders free of charge or by increasing the nominal value of the existing shares.

#### **Article 27**

##### **Conditional Increase of the Registered Share Capital**

1. If the General Meeting resolves to issue convertible or priority bonds, it shall simultaneously adopt a resolution on the increase of the registered share capital to the extent in which the convertible rights associated with the convertible bonds or priority subscription rights associated with priority bonds can be exercised, unless the bonds are supposed to be converted into already issued shares.
2. The Board of Directors shall file an application for registration of the new amount of the registered share capital in the Commercial Register without undue delay following the lapse of the time limit for the exercise of the convertible or priority subscription rights and only to the extent of the convertible or priority subscription rights so exercised.
3. Following the registration of the new amount of the registered share capital in the Commercial Register, the Company shall issue shares to the extent of the convertible and priority subscriptions rights that have been exercised. When converting bonds into shares, the Company shall proceed pursuant to Sections 503, 504 and 537 to 541 of the Business Corporations Act, with necessary modifications.

#### **Article 28**

##### **Increase of the Registered Share Capital by the Board of Directors**

1. The General Meeting can authorise the Board of Directors to resolve, under the conditions set by the Business Corporations Act and these Articles of Association, on the increase of the Company's registered share capital by subscription for new shares, conditional registered share capital increase or an increase of the registered share capital from the Company's own sources, at most by one half of the amount of the registered share capital existing at the time when the Board of Directors is so authorised by the General Meeting. The authorisation as per the preceding sentence shall substitute the resolution of the General Meeting on the registered share capital increase and shall specify
  - a) the maximum number of shares to be issued for the purposes of the registered share capital increase and other information about the shares that are stipulated in Section 475 (b) of the Business Corporations Act; and
  - b) which body of the Company will resolve on the valuation of an in-kind contribution based on an expert opinion, if the Board of Directors has been authorised to increase the registered share capital.

Within the scope of the authorisation, the Board of Directors may increase the registered share capital more than once, provided that the aggregate amount of the registered share capital increase does not exceed the limit specified in the authorisation.
2. The authorisation to increase the registered share capital may be granted for no longer than five years from the day on which the General Meeting resolved on the granting of the authorisation. The authorisation may be granted repeatedly.



3. If the Board of Directors resolves to increase the registered share capital by subscription for new shares, the priority right of shareholders to subscribe, based on the proportion of the nominal value of their shares to the registered share capital, for part of the new shares that are being subscribed for with the aim of increasing the registered share capital, may not be excluded or restricted, if the issue price is to be paid in cash.
4. The resolution of the Board of Directors to increase the registered share capital shall be certified by a public deed and such resolution shall be registered in the Commercial Register.

## **V. Registered Share Capital Reduction**

### **Article 29**

#### **Registered Share Capital Reduction**

1. The General Meeting shall resolve on reduction of the Company's registered share capital. It shall do so in accordance with the conditions stipulated by these Articles of Association and the legal regulations and in the manner indicated by them.
2. As a result of the reduction of the registered share capital, the registered share capital may not drop below the amount stipulated by law. The registered share capital reduction may not deteriorate the recoverability of claims by creditors.
3. The Company shall use its own shares that it has in its assets to make a compulsory reduction of its registered share capital. In all other cases of registered share capital reduction, the Company shall first use its own shares that it has in its assets. A different procedure for the registered share capital reduction may only be used if the above procedure pursuant to the previous sentence is insufficient for the registered share capital reduction to the extent determined by the General Meeting or if this procedure does not meet the purpose of the registered share capital reduction.
4. Should the Company not have own shares in its assets, or should the use of these shares be insufficient under paragraph 3 of this Article for the registered share capital reduction, or should this procedure not fulfil the purpose of the registered share capital reduction, the Company shall reduce the nominal value of the shares, or shall refrain from the issue of unpaid shares.
5. A registered share capital reduction by withdrawing shares from circulation on the basis of drawing lots or withdrawing shares from circulation on the basis of a contract is inadmissible.
6. The Board of Directors shall file an application for the registration of the resolution of the General Meeting in the Commercial Register without undue delay.

### **Article 30**

#### **Registered Share Capital Reduction by Reducing Nominal Value of Shares**

1. If the Company's registered share capital is reduced by reducing the nominal value of the shares, it shall be reduced proportionally for all of the Company's shares, unless the purpose of the registered share capital reduction is a waiver of an unpaid part of the shares' issue price.
2. The nominal value of shares or interim certificates shall be reduced by exchanging the shares or interim certificates for shares or interim certificates with a lower nominal value or by marking the lower nominal value on the existing shares or interim certificates with the signature of the member(s) of the Board of Directors. The Board of Directors shall, in a manner set out by the Business Corporations Act and the Articles of Association for convening the General Meeting, invite the shareholders holding shares or interim certificates to submit them for procedure as described in the previous sentence within the time period determined by the General Meeting. A shareholder that is in default in submitting the shares or interim certificates within the specified period shall not be authorised to exercise any shareholder rights attached to the shares or interim certificates until their submission and the Board of Directors shall apply the procedure set out in Sections 537 to 541 of the Business Corporations Act.

3. The nominal value of book-entered shares shall be reduced by changing the information on their nominal value in the record of book-entered securities defined by law, based on the Company's instruction. The instruction shall be accompanied with a statement from the Commercial Register evidencing the registered share capital reduction.

### **Article 31**

#### **Registered Share Capital Reduction by Refraining from Issue of Shares**

1. The General Meeting can resolve on a reduction of the registered share capital by refraining from issuing shares, to the extent of the sum of the nominal values of the unpaid shares, to the extent the subscribers are in default in paying the nominal value of the shares, unless the Company expels the defaulting shareholder from the Company.
2. If the Company has issued interim certificates for unpaid shares, the issue of unpaid shares shall be refrained from in such a manner that the Board of Directors shall invite the shareholder that is in default in paying the issue price or part of it to submit its interim certificate within a period determined by the General Meeting. The Company shall not issue the shares represented by the interim certificate and it shall return to the subscriber, without undue delay after the effectiveness of the registered share capital reduction, the part of the issue price paid by the subscriber, reduced by the Company's claims against the subscriber. From the effective date of the share capital reduction, the shareholder shall not exercise any shareholder rights associated with the interim certificate based on the interim certificate pursuant to the previous sentence. If a shareholder pursuant to this paragraph is in default in submitting the interim certificate(s) within the specified period, the Board of Directors shall apply the procedure set out in Sections 537 to 541 of the Business Corporations Act. If the Company has not issued interim certificates for the unpaid shares, any unpaid share shall cease to exist upon the effective date of the share capital reduction, and the Company shall return to the subscriber without undue delay after the effective date of the share capital reduction the issue price paid to the relevant date, after offsetting its receivables from the subscriber.

## **VI. Amendments of the Articles of Association**

### **Article 32**

#### **Amendments of the Articles of Association**

1. The Articles of Association may be amended or altered on the basis of a resolution adopted by the General Meeting of the Company or on the basis of another legal fact.
2. Any amendments of the Articles of Association that are subject to the resolution of the General Meeting shall become effective upon the General Meeting adopting such a resolution, unless it ensues from the resolution or from law that they shall become effective later.
3. A resolution of a General Meeting as a result of which the terms of the Articles of Association change shall replace a resolution on amendments of the Articles of Association. Such resolution of the General Meeting shall be certified by a public deed. Should it not ensue from the resolution of the General Meeting in what way the Articles of Association should be amended, their terms shall be amended by the Board of Directors in compliance with the resolution of the General Meeting. The resolution of the Board of Directors amending the terms of the Articles of Association shall be certified by a public deed.
4. If the terms of the Articles of Association are amended, the Board of Directors of the Company shall draw up the full wording of the Articles of Association without undue delay after any member of the Board of Directors learns about it.
5. Upon a change to the class or type of shares, the rights attached to such class or type of shares shall also change as of the effective date of the amendment to the Articles of Association, irrespective of the day when the shares are exchanged.

6. Upon change of certificated shares into book-entered shares and upon change of book-entered shares into certificated shares, the legal position of a shareholder will only change upon the replacement of the shares or upon the shares being declared invalid.

## **VII. Winding-up and Termination of the Company's Existence**

### **Article 33**

#### **Winding-up of the Company**

1. The Company shall be wound up by a legal act, expiry of a term, decision of a public authority or upon completion of the purpose for which it was formed and for other reasons stipulated by law. A legal entity must be wound up with liquidation, unless all its assets are acquired by a legal successor or where otherwise stipulated by law.
2. The Company shall be wound up:
  - a) with liquidation
    - (i) upon expiry of the term for which it was formed;
    - (ii) upon the completion of the purpose for which it was formed;
    - (iii) on the day determined by law or by the legal act concerning the winding-up of the Company, otherwise on the day on which the legal act becomes effective; or
    - (iv) on the day on which a decision of a public authority becomes legally effective, unless a later date is stipulated in that decision;
  - b) without liquidation upon transformation of the Company pursuant to a special legal regulation as of the effective date of such transformation;
  - c) without liquidation upon cancellation of bankruptcy after the fulfilment of a distribution order or due to the fact that the assets are utterly insufficient provided that the Company's insolvency has been proven; however, the Company will enter the liquidation if certain assets appear after the termination of the insolvency proceedings.

### **Article 34**

#### **Liquidation of the Company**

The method of liquidating the Company upon its winding-up shall be regulated by the applicable legal regulations.

### **Article 35**

#### **Termination of the Company's Existence**

The Company shall cease to exist upon its deletion from the Commercial Register.

## **VIII. Acting on behalf of the Company**

### **Article 36**

#### **Acting and Signing on behalf of the Company**

1. The Company shall be represented by the Board of Directors, which is the Company's statutory body.
2. Two members of the Board of Directors jointly are authorised to act on the behalf of the Company. When signing on behalf of the Company two members of the Board of Directors jointly shall attach their signatures to the Company's printed or written business name.
3. The members of the Board of Directors may grant authorisations for acting on behalf of the Company.

## **IX. Common and Final Provisions**

### **Article 37**

#### **Notices, Official Publication in the Commercial Bulletin and Publication of Information**

1. Shareholders shall be informed about the holding of the General Meeting (or the convening of the General Meeting) by a notice published on the Company's website at <http://www.philipmorris.cz> and in the Commercial Bulletin. Sending an invitation to the addresses of individual shareholders within the meaning of Section 406 (1) of the Business Corporations Act shall thus be replaced by the official publication of an invitation in the Commercial Bulletin. The Company shall notify shareholders in the same way of the result of the per rollam decision-making pursuant to Section 420 of the Business Corporations Act, or decisions adopted in accordance with Section 418 et seq. of the Business Corporations Act, under which the announcement of the decisions adopted shall be published on the Company's website at <http://www.philipmorris.cz> and the sending shall be replaced by the official publication in the Commercial Bulletin.
2. The data and information that the Company is required to officially publish under the relevant legal regulations or these Articles of Association shall be officially published in the Commercial Bulletin, unless the law stipulates any other method of publication.
3. The data and information that the Company is required to publish or make known pursuant to the relevant legal regulations or these Articles of Association shall be published on the Company's website and, where appropriate, in other places stipulated by the relevant legal regulations or these Articles of Association.

### **Article 38**

#### **Interpretation Provision**

If any provision of the Articles of Association appears invalid, ineffective or unenforceable due to the applicable legislation or changes therein, or if any provision is missing, the other provisions of the Articles of Association shall remain unaffected by this fact. Instead of such a provision, the provision of a relevant generally binding legal regulation which due to its nature and purpose is the closest to the contemplated purpose of such a provision, or, if the legal regulation does not include such a provision, a solution customary in business relations, shall apply.

### **Article 39**

#### **Subjection to the Business Corporations Act**

The Company has subjected itself to the Business Corporations Act as a whole. The registration of this fact has been published in the Commercial Register in a manner allowing remote access pursuant to the Act on Public Registers of Legal Entities and Individuals.

**Philip Morris ČR a.s.**