

Annex 1 to the material: Board of Directors' Report on the Company's
Business Activities

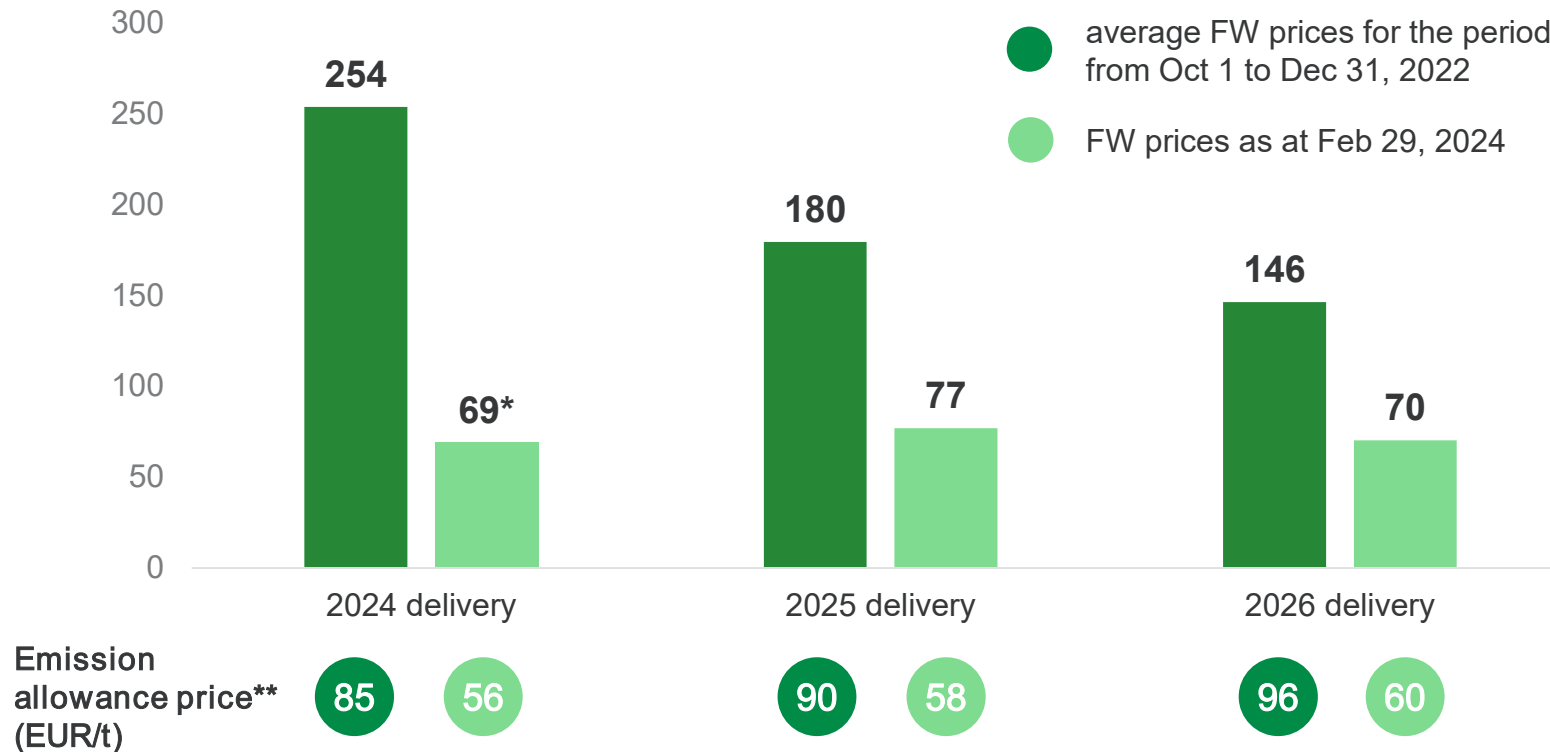
Presentation for the Board of Directors' Report on the Company's Business Activities

Prepared on May 13, 2024

Over the last year, there was a significant stabilization of commodity prices and electricity prices fell to the 2021 price level



Electricity price development in Czechia (EUR/MWh)



* Stated price of electricity as at Feb 29, 2024 with delivery in 2024 is calculated based on the actual spot price for January to February and FW prices with the delivery in March, Q2, Q3 and Q4

** With delivery in December of the respective year

- The sharp increase in electricity prices in 2022 was caused by the rise in gas prices after Russia's invasion of Ukraine
- After securing LNG gas supplies and adapting the European energy market to the new situation, there was a fundamental reduction in electricity prices to the 2021 price level.
- The development of the price of natural gas and emission allowances is the main current driver of the development of the price of electricity.

Current market situation in Europe:

- indicates a significant acceleration of coal-fired power plants closures,
- requires the acceleration of measures to ensure the stability of transmission and distribution networks and to support the rapid construction of gas, nuclear and renewable generation facilities.

Overall financial results and realized prices of 2023 generation



Key financial results and indicators

- Operating revenues increased by 18% year over year to CZK 340.6 bn.
- EBITDA decreased by 5% year over year to CZK 124.8 bn.
- Net income reached CZK 29.6 bn.
- Net income adjusted for extraordinary effects amounted to CZK 34.8 bn.

- Capital expenditures (CAPEX) reached CZK 45.8 bn, increased by CZK 11 bn year over year.
- Net debt decreased by CZK 4.4 bn year over year to CZK 151.3 bn (as at Dec 31, 2023).
- The Net Debt/EBITDA indicator corresponds to a value of 1.2.

Extraordinary taxation in 2023

- Levy on revenues above price caps from generation of CZK 10.0 bn
- Windfall tax of CZK 30.1 bn

Realized prices and generation volumes in Czechia

| | | | |
|-----------------------------|-------------|--------------------------------|------------|
| Volume of electricity sold: | 43.5 TWh | Volume of emission allowances: | 13.4 mil t |
| Average selling price: | EUR 126/MWh | Average purchase price: | EUR 61/t |

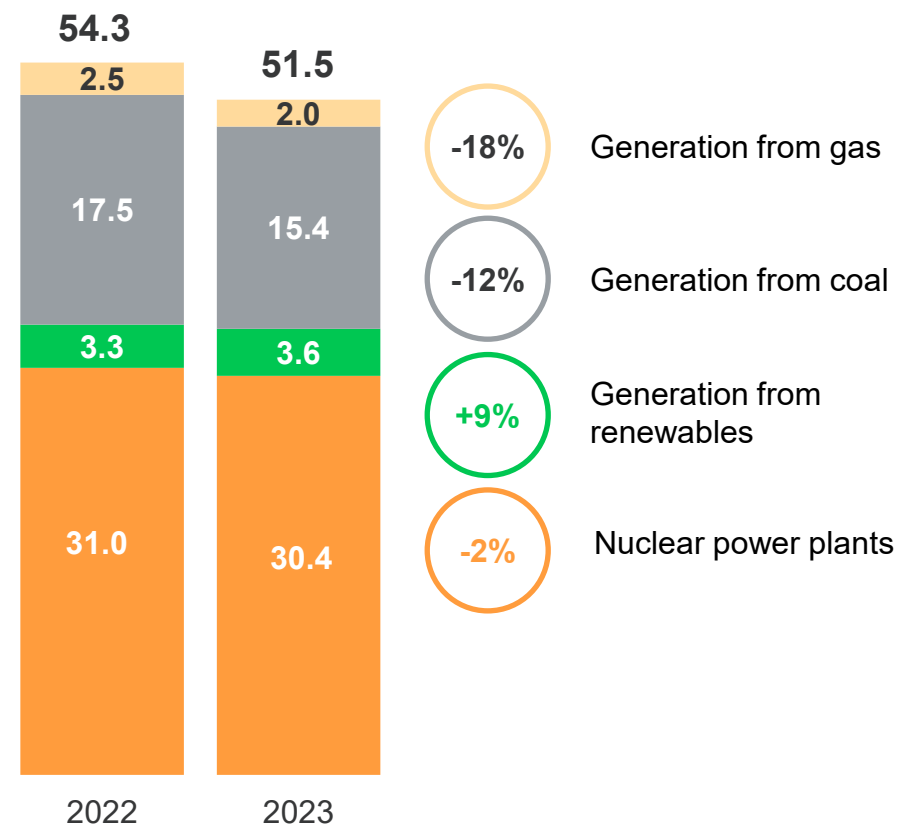
CEZ Group's overall operating results



| | | 2022 | 2023 | Diff | % |
|---------------------------|-------------------------|------|------|-------|------|
| Electricity generation | TWh | 54.3 | 51.5 | -2.9 | -5% |
| Electricity distribution* | TWh | 35.1 | 33.8 | -1.2 | -4% |
| Sales of electricity* | TWh | 22.5 | 24.0 | +1.5 | +7% |
| Gas distribution* | TWh | 0.8 | 0.9 | +0.1 | +18% |
| Gas sales* | TWh | 8.1 | 11.2 | +3.1 | +38% |
| Heat sales | TWh | 6.7 | 6.5 | -0.3 | -4% |
| Coal mining | mil t | 17.8 | 15.6 | -2.1 | -12% |
| Emission intensity** | t CO ₂ e/MWh | 0.29 | 0.27 | -0.02 | -8% |

| | | as at Dec 31, 2022 | as at Dec 31, 2023 | Diff | % |
|---------------------|----------------------|-----------------------|-----------------------|------|-----|
| Installed capacity | GW | 11.8 | 11.9 | +0.1 | +1% |
| Workforce headcount | thousands persons | 28.7 | 30.6 | +1.8 | +6% |

Electricity generation (TWh)



* To end-use customers

** CO₂e emission intensity of heat and power generation, corresponding to emissions as defined under "SCOPE 1 of the GHG protocol". Under CEZ Group's conditions, these are emissions related to the combustion of fossil fuels in the generation of electricity and heat (CO₂, CH₄ and N₂O emissions) and CO₂ emissions from transport. The CO₂e indicator also includes CH₄ and N₂O emissions from biomass combustion, CH₄ emissions from coal mining and HFC, PFC and SF₆ emissions from air conditioning and other equipment.

Strategy pillar I: Transform the generation portfolio into a low-emission one and reach climate neutrality



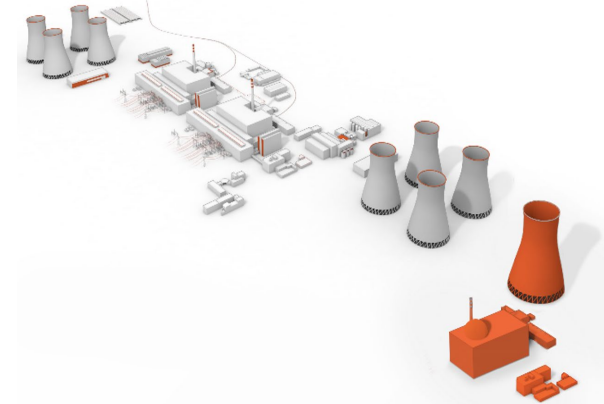
2023: Meeting Targets and Selected Events

- Nuclear facility generation reached 30.4 TWh – it exceeded 30 TWh for the fifth consecutive year. Emission intensity of heat and power generation of CEZ Group declined y-o-y by 8% to 0.27 t of CO₂e/MWh, SO₂ emissions declined by 15%, NO_x emissions by 10%.
- CEZ Group received a zoning permission from the Czech state for a new nuclear facility in Dukovany and completed the documentation for the EIA notification and for the application for a permit to place SMR at the Temelín site. We also completed preliminary feasibility study for SMR at the sites of Tušimice and Dětmarovice.
- We secured capacity in the LNG terminal in Stade, Germany in a volume of 2 bn m³ from 2027 for up to 25 years.
- We started the construction of new low-emission heating sources at the site of Dvůr Králové and started the selection of suppliers for the sites of Mělník, Dětmarovice, Trmice, and Prunéřov-Tušimice.
- We started implementation of the first 7 PV projects in Czechia (38.4 MWp in total) and received decisions on the allocation of investment support of CZK 3.1 bn for projects with total installed capacity of 730 MWp.

The tender for the new nuclear unit in Dukovany is entering its final phase



- In October 2023, the company Elektrárna Dukovany II received bids for the construction of the NNPP in Dukovany from three bidders. Bids were submitted by the French company EDF, the South Korean company KHNP and the US-Canadian company Westinghouse.
- On Jan 31, 2024, the government of the Czech Republic approved the conclusion of an amendment to the first implementation agreement on cooperation in the construction of the nuclear facility in Dukovany, Czechia, between the Czech state and the companies ČEZ and Elektrárna Dukovany II.
- The government of the Czech Republic decided that only two bidders would be invited to submit detailed bids for unit 5 in Dukovany: the French company EDF and the South Korean KHNP, and at the same time they would be invited to submit binding bids for unit 6 at the Dukovany site and units 3 and 4 at the Temelín site.
- The government of the Czech Republic set up a working group to suggest the financing of other nuclear units. The group is comprised of representatives of the Ministry of Finance, the Ministry of Industry and Trade and the investor.
- Both contacted bidders submitted an updated bid for unit 5 in Dukovany and for the other three units on April 30, 2024.
- The decision on the winner of the tender for the new unit in Dukovany is expected in 2024, and the contract to be signed with the selected bidder by March 31, 2025.
- The overall schedule does not change, the goal is to start trial operation of the new unit in 2036.



On April 30, 2024, the EU approved public support for a new nuclear unit in Dukovany, with a capacity of 850 to 1,200 MW_e

Support for Elektrárna Dukovany II contains three measures:

- contracts for the purchase of electricity from a new nuclear power plant (NNPP) with a duration of 40 years,
- repayable financial assistance for the financing of the construction of a new nuclear power plant by the Czech state,
- contractual instrument to protect the investor against changes in the legislative and regulatory environment in Czechia.

Strategy pillar II: Provide the best energy solutions and the best customer experience on the market



2023: Meeting Targets and Selected Events

- 51,422 PV power plants with a capacity of 609 MW were connected to the ČEZ Distribuce grid (3.4 times more y-o-y)
- The digitalization of contacts with customers of ČEZ Distribuce exceeded 64%. We processed more than 1.2 mil contacts through digital channels and internet portal. Contacts through Proud application increased four times.
- Almost 4,000 PV plants with capacity of 28.2 MWp were installed for households in the Czech Republic, additional 96 rooftop and ground PV plants with capacity of 25 MWp were installed for companies and municipalities.
- Our fundamentally improved online application for households “MŮJ ČEZ” has already been downloaded by more than 300,000 customers.
- Revenues from the sale of energy services to corporates and municipalities increased by 32% to a record CZK 42 bn.
- The interest of customers in emission-free electricity with certification of origin was also record high. We sold 2 TWh of green electricity generated in 2023 from renewable sources and 0.6 TWh of electricity generated from nuclear sources.
- More than 145 charging stations for electric vehicles were commissioned, their total capacity reached 49.5 MW. The volume of pumped electricity increased 25% to 5.5 GWh.

ČEZ concluded a contract for the purchase of a 55% stake in the company that owns GasNet – the largest gas distributor in Czechia



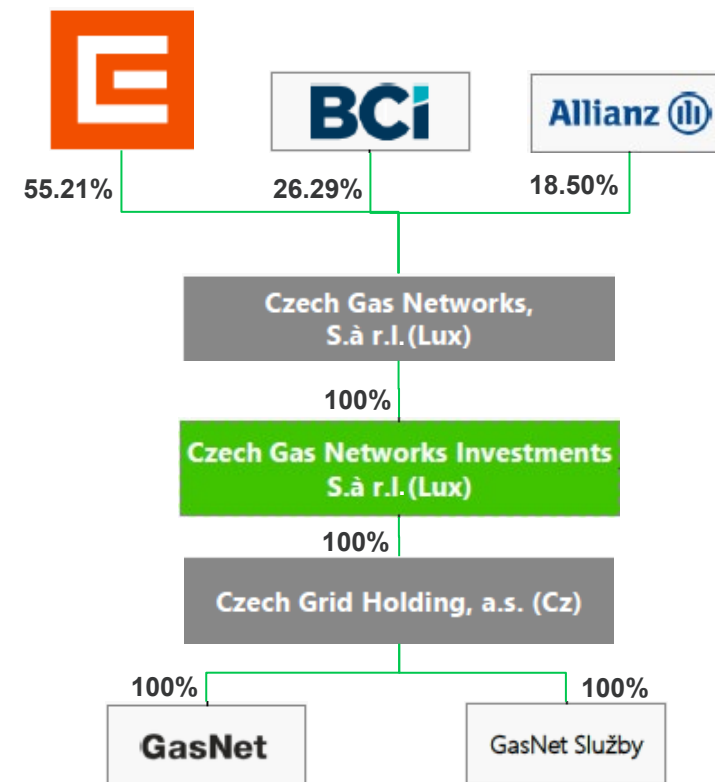
Basic parameters of the contract

On March 20, 2024, ČEZ signed an agreement to purchase a 55.21% stake in Luxembourg based company Czech Gas Networks, S.à r.l., which is the indirect 100% owner of:

- GasNet, s.r.o., the operator of the largest gas distribution network in Czechia
- Service company GasNet Služby, s.r.o.

Purchase price of equity stake being acquired is EUR 846.5 million.

The transaction was approved by Ministry of Industry and Trade of the Czech Republic on May 9, 2024. The completion of the transaction is still subject to approval by the European Commission.



The diagram shows the future ownership structure of the GasNet group in case of approval of the concluded contract by the EC.

Basic information about GasNet

- Operator of 65,000 km gas distribution network
- Distributor of 66 TWh of natural gas per year
- Approximately 80% market share in Czechia
- 72% of network length ready for hydrogen transport
- 2.3 mil of connection points
- 2021 EBITDA CZK 10.2 bn, 2022 EBITDA CZK 9.2 bn
- 2022 RAB ~CZK 60 bn

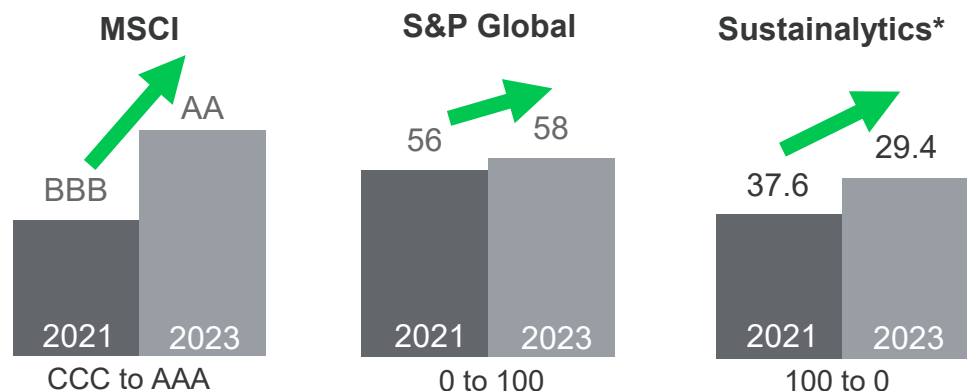


● GasNet distribution area

We fulfilled the main ESG strategic goal announced in 2021 to rank among the top 20% in 2023

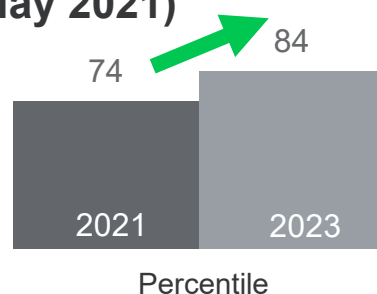


Development of ČEZ's ESG ranking since the announcement of VISION 2030 (in May 2021)



* Sustainalytics rating is defined on the basis of risk score. A zero score means the lowest level of risk and therefore the best ESG ranking.

Development of ČEZ's percentile according to the ranking aggregator CSRHub since the announcement of VISION 2030 (in May 2021)



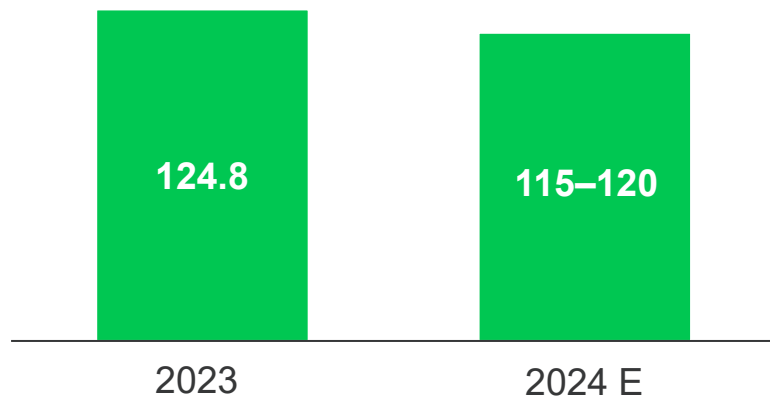
2023: Meeting Targets and Selected Events

- SBTi (Science Based Target initiative) validated ČEZ's commitment to reduce emission intensity in Scope 1 and 2 by 83% by 2033 (compared to 2019), and the commitment to achieve "net-zero" in its entire value chain by 2040 (both in-line with the 1.5°C temperature increase scenario).
- The 2022 Sustainable Report was issued in accordance with international standards (GRI, SASB, WEF, EU Taxonomy).
- CEZ Group committed to report the impacts of its business on the environment, landscape, ecosystems and biological diversity according to the recommendations and evaluation criteria of the Taskforce on Nature-related Financial Disclosures (TNFD).
- Joining the UN Women's Empowerment Principles global initiative, which supports companies in creating equal opportunities and empowering women.
- ČEZ won the prestigious international Sustainable Company Awards 2023 of the expert portal Environmental Finance in the categories of "Sustainability Reporting of the Year in EMEA region" and "Sustainable Business Leader of the Year 2023". ČEZ was in particular awarded for its interactive data library, which is the largest database of non-financial indicators among European utilities.
- ČEZ achieved B-score (management = coordinated action on climate) in the comprehensive assessment of the climate protection approach "CDP Climate Change".

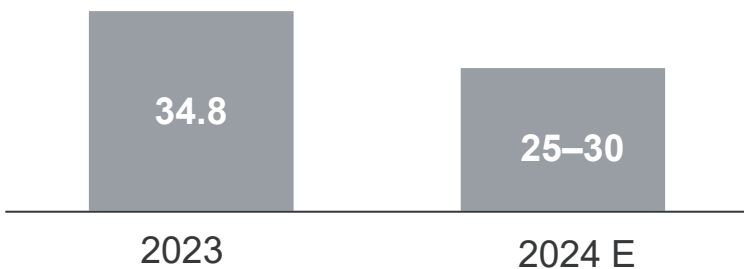
Economic outlook for 2024



EBITDA (CZK bn)



Adjusted net income (CZK bn)



Main year-over-year effects on EBITDA

- Lower expected income from commodity trading (CZK -8 to -4 bn) due to the achievement of the 2nd highest profit in history (CZK +9.4 bn) in 2023
- Lower sales for ancillary services and higher purchase prices of emission allowances
- Higher fixed operating expenses
- + Realized prices of electricity incl. effect of exchange rate hedging
- + Levies on revenues above price caps from generation in 2023

Selected assumptions of the current forecast

- Total electricity supply from generation in Czechia of ~42 TWh
- Average realized price of electricity generated in Czechia of EUR 130 to 135 per MWh
- Acceleration of depreciation of coal-fired power plants
- Windfall tax of CZK 25–32 bn

Selected prediction risks and opportunities

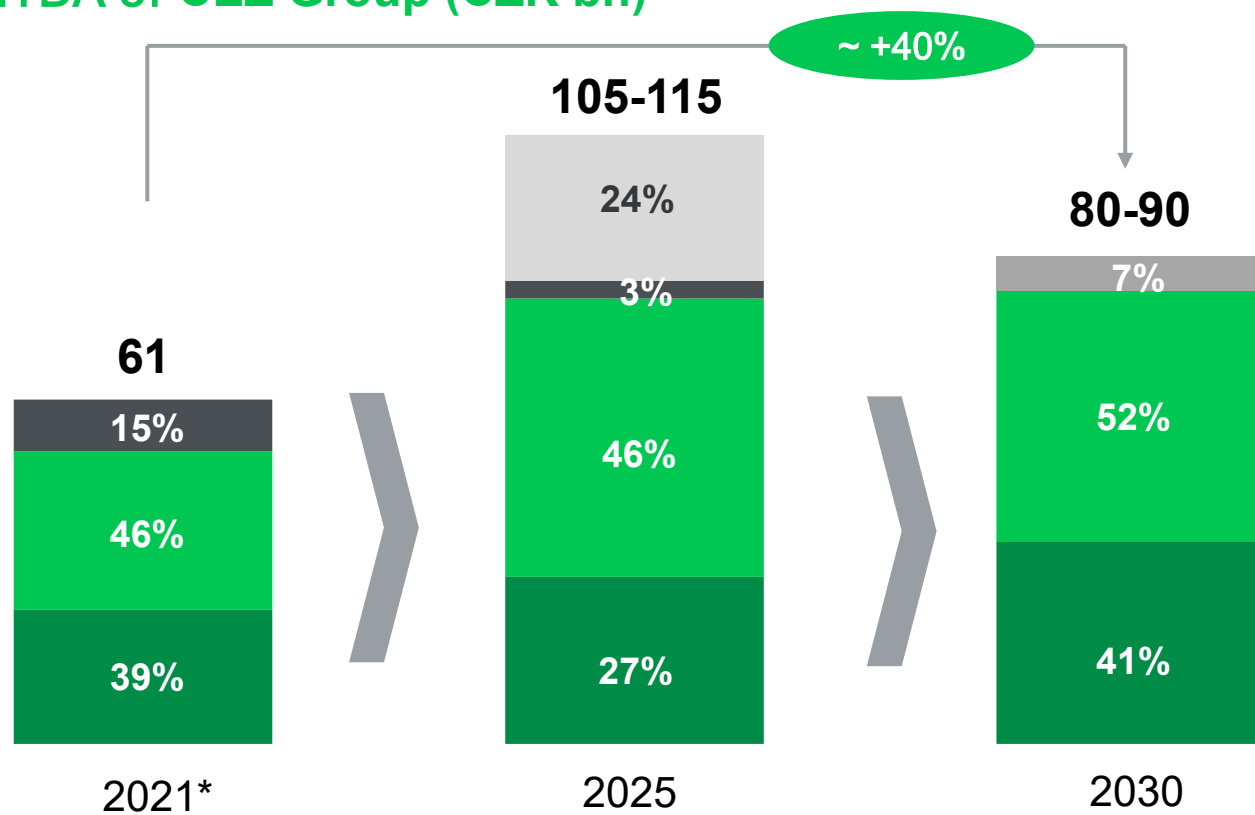
- Availability of generating facilities
- Realized prices of generated electricity
- Income from commodity trading and revaluation of derivatives
- Amount of the income taxes base

The given predictions of CEZ Group's financial targets do not include the contribution of the potential purchase of a stake in Czech Gas Networks. The transaction is subject to the approval of the European Commission.

The initial financial target of VISION 2030 – increase EBITDA by 35% compared to 2021 – will be achieved despite inflationary pressures



EBITDA of CEZ Group (CZK bn)



- Effect of hedging contracts in generation**
- GENERATION low-emission sources
- GENERATION from emission generating facilities and MINING
- GENERATION from zero-emission generating facilities and Trading
- DISTRIBUTION and SALES

Share of emission-free activities in EBITDA will grow in 2025 to 97%. Gas will replace coal for electricity generation by 2030.

* Without sold assets (RO, BG)

** Effect of commercial hedging of generation of electricity and costs of emission allowances beyond the market FW prices at March 31, 2024, used to derive the EBITDA outlook for 2025 and 2030.

Zero-emission activity = DISTRIBUTION segment + SALES segment + Trading and nuclear facilities and renewables in GENERATION segment

The given indications of the shares of individual activities do not include the contribution of the potential purchase of a stake in Czech Gas Networks. The transaction is subject to approval by the European Commission.