

CEZ Group Half-year Financial Report 2024



CLEAN
ENERGY OF
TOMORROW

CEZ Group Profile

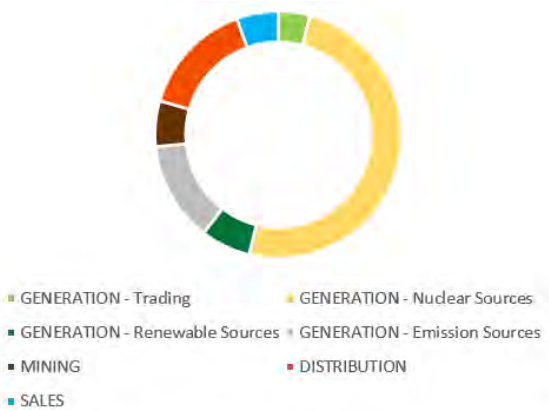
CEZ Group is a stable energy group, one of the largest economic entities in Czechia and Central Europe, contributing significantly to the development of the region’s energy sector in compliance with the European Union’s sustainability targets. CEZ Group is a safe and reliable haven for its customers, ensuring reliable energy supplies in Czechia and neighboring countries and providing comprehensive energy services.

In its activities, CEZ Group emphasizes the implementation of global climate goals, decarbonization, and the environment in general. It focuses on the development of nuclear and renewable energy sources, on innovation in energy and on the development of reliable and sustainable solutions for its customers. Its core value arises from emission-free generation and the distribution and sale of electricity and heat. Other important activities are commodity trading, distribution and sale of natural gas, coal mining, and particularly the provision of complex energy and technological services.

CEZ Group gives work to over 31,000 people and provides energy supplies and modern energy solutions to millions of customers in Czechia, Germany, Poland, and Slovakia. It also operates in particular in Hungary, France, Italy, Austria, and the Netherlands.

Share of CEZ Group’s main activities in EBITDA in H1 2024 (%)

	%
GENERATION - Trading	4
GENERATION - Nuclear Sources	50
GENERATION - Renewable Sources	7
GENERATION - Emission Sources	13
MINING	6
DISTRIBUTION	15
SALES	5
Total	100



Vision and corporate social responsibility

The long-term vision of CEZ Group is to bring innovations for addressing energy needs and contribute to a higher quality of life. The “VISION 2030 – Clean Energy of Tomorrow” strategy is aimed at a dynamic transformation of the generation portfolio to low-emission and achieving full climate neutrality by 2040. An integral part is the commitment to fundamentally limit the generation of heat and electricity from coal by 2030. The massive development of nuclear power and the construction of new renewable energy facilities are fundamental to the zero-emission vision and the priority of energy self-sufficiency. CEZ Group continues to invest in electromobility and in the development of batteries, including the extraction of critical raw materials for their production. The overall goal is to ensure safe and competitive energy for customers.

In distribution and sales, the core objective is to provide the most advantageous energy solutions and the best customer experience on the market. Therefore, CEZ Group invests significantly in modernizing and digitizing its distribution grids, aims to be the most reliable supplier of energy and modern comprehensive energy services, and intends to be a leader in the energy transformation and decarbonization of industry in Czechia and in Central Europe.

CEZ Group’s business activities are governed by strict ethical standards that include responsible behavior toward employees, society, and the environment. It adheres to the principles of sustainable development, and its entire strategy is based on ESG (Environmental, Social, Governance) pillars.

The principles of sustainability are thus an integral part of the management and direction of the entire Company, and CEZ Group emphasizes their fulfillment with its suppliers as well.

CEZ Group supports energy efficiency and effectiveness, promotes new technologies and innovations, and focuses on investments into modern technology, science, and research. Its corporate culture emphasizes safety, internal efficiency in order to promote the growth of its values for the shareholders, and creating a safe and stimulating environment for its employees' career development based on the principle of equal opportunities for everyone. One of its priorities is close cooperation with communities and the most customer-friendly approach.

The largest shareholder of the parent company ČEZ is the Czech government, with a nearly 70% stake in the Company's stated capital. ČEZ shares are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices. The market capitalization of ČEZ as at June 30, 2024 amounted to CZK 472 billion and during its existence the Company has paid CZK 474 billion to its shareholders in dividends.

CEZ Group has long been one of the biggest taxpayers in Czechia and one of the main pillars of Czech economy. Since the establishment of the joint-stock company in 1992, ČEZ has paid more than a trillion Czech crowns to the Czech state in dividends, taxes, levies, donations, and payments for emission allowances.

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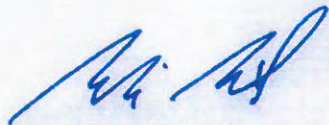
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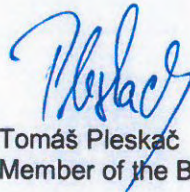
Statutory Declaration of Persons Responsible for CEZ Group's 2024 Half-Year Financial Report

To the best of our knowledge, the interim consolidated financial statements, prepared in accordance with the valid set of accounting standards, give a true and fair view of the assets, liabilities, financial situation and financial results of ČEZ, a. s., and its consolidated unit, and the description under Section 119(2)(b) of Act No. 256/2004 Coll. on capital market undertakings, as amended, contains an accurate overview of the information required under that provision.

In Prague, on August 19, 2024



Martin Novák
Member of the Board of Directors, ČEZ, a. s.



Tomáš Pleskač
Member of the Board of Directors, ČEZ, a. s.

This Half-Year Financial Report has not been audited by an auditor.

1. Introduction of CEZ Group and Highlights

Selected CEZ Group indicators

Economic indicators

	Unit	H1 2023	H1 2024	2024/2023 index (%)
Operating revenues	CZK billions	169.7	161.7	95.3
Of which: Sales of electricity, heat, gas and coal	CZK billions	127.9	113.7	88.9
Revenues from the sale of services and other revenues	CZK billions	39.2	46.8	119.4
EBITDA	CZK billions	62.4	69.2	110.9
Net income	CZK billions	22.3	21.1	94.5
Adjusted net income ¹⁾	CZK billions	22.5	21.1	93.9
Dividend per share ²⁾	CZK / share	145.0	52.0	35.9
Dividend payout ratio ³⁾	%	99.3	80.2	x
Net cash provided by operating activities	CZK billions	134.6	69.5	51.6
Capital expenditures (CAPEX) ⁴⁾	CZK billions	(16.9)	(20.5)	121.1
Assets	CZK billions	825.8 ⁵⁾	769.1	93.1
Equity	CZK billions	245.6 ⁵⁾	237.3	96.6
Net debt	CZK billions	151.3 ⁵⁾	111.1	73.5
Net debt / EBITDA	1	1.21 ⁵⁾	0.84	x

¹⁾ Adjusted net income = Net income adjusted for extraordinary effects not generally attributable to the ordinary activities of the business period.

²⁾ Dividend per share before tax declared in the given year. The value reflects the shareholder's entitlement to receive a share of the profit of a public limited liability company equivalent to the ownership of one share.

³⁾ Related to adjusted net income.

⁴⁾ Additions to noncurrent assets and intangibles.

⁵⁾ Value as at December 31, 2023.

Operating indicators

	Unit	H1 2023	H1 2024	2024/2023 index (%)
Installed capacity	GW	11.9	12.0	101.0
Electricity generated (gross)	TWh	25.0	24.3	97.5
Of which: Emission-free (share) ¹⁾	%	67.4	66.6	x
Electricity sold ²⁾	TWh	12.4	11.6	93.3
Heat sold ²⁾	TWh	3.7	3.5	95.4
Gas sold ²⁾	TWh	6.5	5.3	81.6
Workforce headcount, June 30	thousands of persons	29.4	31.1	105.7
Of which: Women	thousands of persons	6.2	6.7	107.5

¹⁾ CO₂ emitting sources excluded.

²⁾ Sales to end-use customers (outside CEZ Group).

Shares of key countries in the portfolio

	Unit	Czechia		Germany		Poland		Slovakia		Other countries and interregion eliminations	
		H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024
Operation revenues	CZK billions	149.4	140.3	9.1	13.7	6.2	4.0	1.3	1.1	3.7	2.6
EBITDA	CZK billions	60.8	67.2	0.6	1.1	0.6	0.4	0.1	–	0.3	0.5
Net income	CZK billions	21.0	20.5	–	0.1	0.3	0.2	–	–	1.0	0.3
Employees ¹⁾	thousands of persons	24.3	25.3	3.3	3.8	0.9	1.0	0.3	0.3	0.6	0.7

¹⁾ Workforce headcount as at June 30.

Ratings

Credit rating

In the first half of 2024, the long-term rating rates of ČEZ remained unchanged, and the Moody's rating agency changed the rating outlook from stable to negative.

On March 22, 2024 and August 9, 2024, the Standard & Poor's rating agency updated the long-term rating of ČEZ at A-, with a stable outlook.

On March 26, 2024 and April 5, 2024, the Moody's rating agency updated the long-term rating of ČEZ at Baa1, and its stable outlook was changed to negative.

Both credit rating agencies are included in the list of credit rating agencies pursuant to Regulation (EC) No. 1060/2009 of the European Parliament and of the Council, as amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council and Regulation (EU) No. 462/2013 of the European Parliament and of the Council. When selecting credit rating agencies, ČEZ complies with Article 8d of the aforementioned Regulation.

ESG rating

CEZ Group continues to improve its ESG rating, i.e., in the field of environmental and social activities and transparent governance.

ČEZ rating in the field of ESG sustainable development:

- Position pursuant to the CSRHub rating aggregator: 90th percentile.
- MSCI: rating AA.
- Morningstar Sustainalytics: medium risk rating of 28.7 (on a 100–0 scale, with 100 being the highest risk).
- Standard & Poor's Global ESG: overall rating of 58/100.
- Carbon Disclosure Project (CDP) non-profit organization: level B (on a scale of A to D).

Shares

ČEZ shares are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices. ČEZ's market capitalization as at June 30, 2024 was CZK 472 billion, and during its existence, ČEZ has paid over CZK 474 billion in dividends to its shareholders.

As at June 30, 2024, shares of three CEZ Group companies were traded on public markets – ČEZ, a. s., ČEZ OZ uzavřený investiční fond a.s., and Akenerji Elektrik Üretim A.Ş.

1) ČEZ, a. s.

As at June 30, 2024, the total stated capital of ČEZ, a. s. amounted to CZK 53,798,975,900, consisting of 537,989,759 shares with a nominal value of CZK 100. Their ISIN is CZ0005112300.

Structure of shareholders by entity type (%)

	Share in	Share in	Share in	Share in
	stated capital	voting rights ¹⁾	stated capital	voting rights ¹⁾
	as at June 19, 2023 ²⁾		as at June 17, 2024 ³⁾	
Legal entities, total	86.94	86.91	86.68	86.65
of which: Czechia	69.78	69.93	69.78	69.93
ČEZ, a. s.	0.22	–	0.22	–
Other legal entities	16.94	16.98	16.68	16.72
Private individuals, total	13.06	13.09	13.32	13.35

¹⁾ The calculation of the share of voting rights takes into account the prohibition of exercising voting rights associated with own shares held by ČEZ, a. s., not any restrictions on the exercise of voting rights resulting from other facts.

²⁾ Date of record for participation in the 32nd Annual General Meeting.

³⁾ Date of record for participation in the 33rd Annual General Meeting.

Source: Centrální depozitář cenných papírů, a.s. (Central Securities Depository).

Entities holding at least 1% of the shares of ČEZ, a. s.

Entities holding a share interest amounting to at least 1% of the stated capital of ČEZ, a. s., as registered in the Central Securities Depository as at June 17, 2024, were as follows:

- Czech Republic, represented by the Ministry of Finance of the Czech Republic, holding a total share amounting to 69.78% of the stated capital, i.e., 69.93% of voting rights,
- Belviport Trading Limited, holding a share amounting to 2.43% of the stated capital, i.e., 2.44% of voting rights,
- Abaretia Holdings Limited, holding a share amounting to 1.43% of the stated capital, i.e., 1.43% of voting rights,
- PPF banka, a.s., holding a share amounting to 1.39% of the stated capital, i.e., 1.39% of voting rights,
- Chase Nominees Limited, holding a share amounting to 1.37% of the stated capital, i.e., 1.37% of voting rights,
- Clearstream Banking S.A., holding a share amounting to 1.33% of the stated capital, i.e., 1.33% of voting rights.

On June 24, 2024, BlackRock, Inc., delivered a notice of its share in voting rights pursuant to Section 122(1) of the Capital Market Undertakings Act. The share in voting rights pursuant to the notice was 1.33%. On July 11, 2024, the share of the company in voting rights was 1.32%, according to the notice submitted by that company.

As at the aforementioned date, the entities mentioned above had rights arising from the provisions of Section 365 et seq. of the Business Corporations Act. The possibility that some of the aforementioned entities manage shares owned by third parties cannot be excluded.

Treasury shares

As at January 1, 2024, there were 1,179,512 treasury shares, i.e., 0.22% of the stated capital, registered on the asset account of ČEZ, a. s. in the Central Securities Depository. As at June 30, 2024, there was no change; 1,179,512 treasury shares were registered on the asset account.

ČEZ, a. s. price in H1 2024



Payment of dividends to shareholders

The Company's Annual Shareholders' Meeting, held on June 24, 2024, decided to pay the Company's shareholders a dividend of CZK 52 per share before tax. The total amount paid corresponds to the value of 80.2% of the consolidated net income of CEZ Group in 2023, adjusted for extraordinary effects.

The record date for exercising the right to the dividends was June 28, 2024. The dividend is due from August 1, 2024, and the right to it does not expire before July 31, 2028.

2) ČEZ OZ uzavřený investiční fond a.s.

As at June 30, 2024, ČEZ, a. s. held a nearly 99.6% stake in the Company; another shareholder was ČEZ Obnovitelné zdroje, s.r.o. Shareholders outside CEZ Group held 0.04% of the stated capital.

3) Akenerji Elektrik Üretim A.S.

The company's shares are traded freely on the stock exchange. A portion of shares representing a 25.3% stake in the Company's stated capital has been freely traded on the Istanbul stock exchange since July 3, 2000. Their ISIN is TRAAKENR91L9. The shares are not traded on any other public markets. ČEZ, a. s. held an almost 37.4% stake in the Company's stated capital as at June 30, 2024.

Highlights

Highlights of H1 2024

January

- The corporate income tax rate was increased in Czechia from 19 to 21% with effect from January 1, 2024; in addition, value added tax rates were adjusted, which led to an increase in heat rates from 10 to 12%, while electricity and gas rates remained at 21%,
- 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 Task Force on Nature-related Financial Disclosures (TNFD),
- the Czech government agreed to the conclusion of an amendment to the First Implementation Contract on Cooperation in the Construction of the New Nuclear Power Plant at the Dukovany Site, concluded between the Czech Republic and the companies ČEZ, a. s. and Elektrárna Dukovany II, a.s.; the Czech government decided that two of the three applicants for the contract for the new nuclear unit in Dukovany (French EDF and South Korean KHNP) would be invited to submit more favorable bids and at the same time to submit binding bids for 3 other nuclear units at existing nuclear sites in Czechia.

February

- CEZ Group put into operation the largest battery system in Czechia; the facility works as part of gas energy units of the modernized Energy Center in Vítkovice, Ostrava; the battery has a power of 10 MW, more than 30% larger than the largest installation previously; thanks to the unique design without an internal corridor, the facility, as big as a single-family house, has a 20% higher capacity compared to standard batteries.

March

- ČEZ signed a contract with the French company Orano to provide uranium enrichment services; after its conversion into fuel, enriched uranium will be used in the Dukovany Nuclear Power Plant,
- on March 20, 2024, ČEZ entered into an agreement for the purchase of a 55.21% stake in the Luxembourg company Czech Gas Networks S.à r.l., which is the indirect 100% owner of the Czech companies GasNet, s.r.o., the operator of the largest distribution gas network in Czechia, and the service company GasNet Služby, s.r.o.; subsequently, CEZ Group submitted a request for approval of this transaction to the European Commission and the Ministry of Industry and Trade of the Czech Republic,
- ČEZ signed an agreement on a future contract and an implementation contract with Teplárny Brno for the future construction of a heat pipe from the Dukovany NPP to Brno; the construction of the heat pipe is scheduled to start in 2027, with an expected completion in 2031,
- CEZ Group's investment fund Inven Capital expanded its investment portfolio to include the Scottish start-up Ember, which operates 24 intercity electric buses manufactured by Yutong,
- CEZ Group started the process of divestment of coal assets in Poland; the sale involves four companies – CEZ Skawina, CEZ Chorzów, CEZ Produkty Energetyczne Polska, and CEZ Polska.

April

- Elektrárna Dukovany II received updated bids for the construction of the fifth nuclear unit at Dukovany site and for three other units at existing nuclear sites from the French company EDF and the South Korean company KHNP,

- CEZ Group achieved the best ESG evaluation in history; ČEZ was ranked among the 10% of the best-rated companies in the world within the global rating aggregator CSRHub, which compares the approach to ESG by more than 37,000 companies based on ESG data from rating agencies,
- the European Union agreed to the state aid for a new nuclear unit in Dukovany, with a power capacity of 850 to 1,200 MWe; the aid includes three measures – contracts for the purchase of electricity from a new source with a duration of 40 years, repayable financial assistance by the Czech state to finance the construction of the new nuclear facility, and a contractual instrument to protect the investor against changes in the legislative and regulatory environment in Czechia,
- ČEZ concluded long-term contracts for sale of heat from new sources with the towns of Orlová and Bohumín in the Moravian-Silesian Region of Czechia until at least 2040; heat will be produced by new low-emission heat facilities.

May

- The acquisition of GasNet was approved by the Ministry of Industry and Trade of the Czech Republic, thereby fulfilling the first condition precedent to this transaction.

June

- The Annual Shareholders' Meeting of ČEZ was held; among other things, it approved a dividend of CZK 52 per share, corresponding to approximately 80% of CEZ Group's net profit in 2023, adjusted for extraordinary effects,
- a Notice of Evaluation of Bids (including the recommendation of the preferred bidder for the construction of a new nuclear power facility in Dukovany) submitted to the government of the Czech Republic,
- the launch of construction of the first German onshore LNG terminal in Stade, Germany, where ČEZ, a. s. has an annual capacity of 2 billion m³ reserved from 2027,
- ČEZ, a. s. became the winner of the 22nd annual Pluxee Employer of the Year 2024 award in the category of employers with more than 5,000 employees,
- the retail company ČEZ Prodej won an award in the Contact Center World competition for Europe, Middle East and Africa; it won the 1st place and a gold medal in the Best Customer Service category and took the 2nd place in the Best Contact Center category.

Highlights until the Half-Year Financial Report closing date

July

- On July 17, the Czech government decided that the South Korean company Korea Hydro & Nuclear Power Company (KHNP) would be the preferred bidder for the project of construction of new nuclear facilities,
- Elektrárna Dukovany II and ČEZ entered into negotiations on the construction of two units in Dukovany and the possibility of contracting binding options for the construction of additional nuclear facilities in Temelín; framework agreements with the state envisage the conclusion of the contract for the construction of the new facilities in Dukovany in Q1 2025.

August

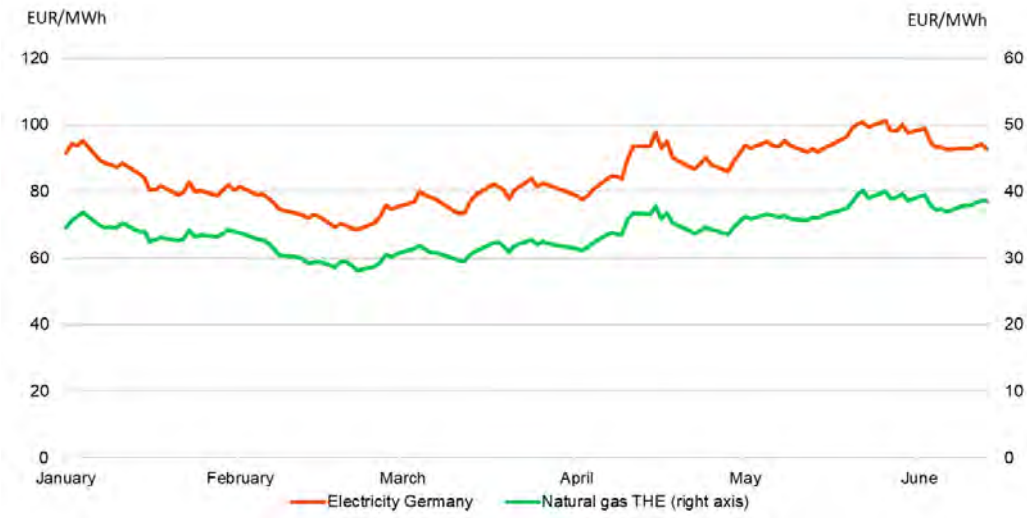
- On August 8, the last condition precedent to the acquisition of GasNet was met, as the transaction was approved by the European Commission; the transaction is expected to be closed (i.e., financial settlement, acquisition of ownership interest, and start of consolidation of the acquired assets' financial results into CEZ Group) at the turn of August and September 2024.

Developments in Energy Markets

Commodity prices

The situation in the energy markets stabilized after the very volatile years of 2022 and 2023. The baseload price of electricity to be supplied in Germany in 2025 started the year 2024 at EUR 92 per MWh and closed at EUR 91 per MWh in June. The price of electricity is greatly influenced by developments in the natural gas markets, which have risen by 12% to EUR 39 per MWh since the beginning of the year due to concerns about supply stability. The higher price of natural gas also affected the price of black coal, which rose by 22% to USD 114 per ton in the first half of 2024. The increase in the price of natural gas and coal was compensated by a decrease in the price of emission allowances by 10% to EUR 70 per ton.

Wholesale electricity and natural gas prices in THE (Trading Hub Europe) in 2024 (with supply in 2025, Germany)



The price of electricity gradually fell from more than EUR 90 per MWh (Germany, Cal25) to below EUR 70 per MWh. With the increase in the prices of natural gas and allowances, the price of electricity subsequently increased, and at the end of June it was again around EUR 90 per MWh.

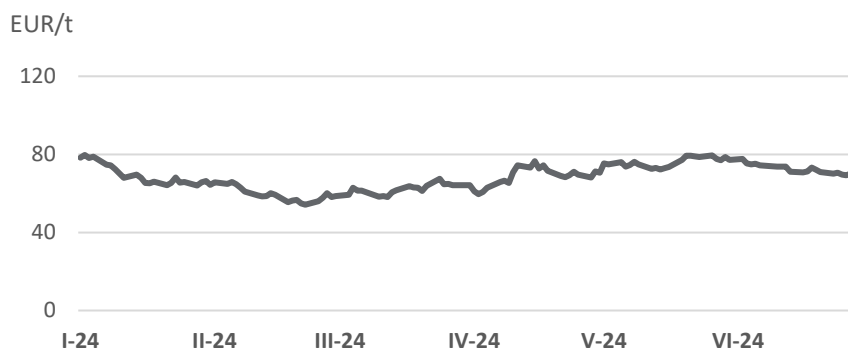
Stable supplies supported by lower consumption led to a gradual decline in the price of natural gas in wholesale markets from EUR 35 per MWh (THE, Cal24) at the beginning of 2024 to below EUR 29 per MWh at the end of February. In the first months of 2024, a stable amount of natural gas was reaching the EU from Norway. This supplier, currently the largest, sends around 90 billion m³ of gas to the EU annually. The import of gas through Russian pipelines is still well below historical highs, although it increased slightly year over year to a level of around 30 billion m³ a year. Consumption was still very low also thanks to the above-average warm weather. Natural gas storage facilities were depleting at a slower rate than in previous years, at the end of the winter season they were full at almost 60%, which was an above-average value. These factors made it possible to reduce imports of liquefied natural gas (LNG).

In the spring, the price of gas began to rise and approached EUR 40 per MWh. The price rose due to shutdowns and more frequent outages of natural gas exports from Norway. However, it also rose due to events with global impacts: the improving economic situation supported the return of Asian and especially Chinese demand, the Iran/Israel geopolitical escalation, and the unstable situation in the Red Sea increased concerns about the permanence of supplies. Despite the price increase, reservoirs were filling at a pace similar to 2023, and at the end of June, they were filled to an above-average 77%. If the current filling rate is maintained, the reservoirs will be completely full again before the start of the heating season.

The black coal market was stable in the first months of 2024, with prices remaining below USD 100 per ton (ARA, Cal24). Increased coal imports to China and India drove prices up to USD 130 per ton. The limited export of coal from the port of Baltimore (USA), where a bridge collapsed after a ship

collided with it, also contributed to the increase in prices. At the end of the first half of the year, the situation stabilized and prices fell below USD 120 per ton.

Emission allowance price EUA in 2024 (with supply in December 2025)



The prices of emission allowances highly correlated with the prices of natural gas in the first half of 2024. In the first months of the year, it fell from EUR 78 per ton (supply December 2025) to below EUR 55 per ton. With the increase in the price of natural gas in the spring, the price of the allowance rose back to EUR 80 per ton. It was only in June that the connection between emission allowances and natural gas weakened and emission allowance's price fell to level of EUR 70 per ton. Temporarily, there is rather a surplus of allowances on the market: even in 2024, a limited volume of allowances originally intended for the years 2027 to 2030 is auctioned. The aim is to get funding for REPowerEU measures, such as renewable capacity growth and energy savings.

Key factors for the future development of the electricity sector

The energy market in Europe determines the development of global commodities (gas, coal), decarbonization goals and regulation in the EU and at the level of individual nation states. Furthermore, the ongoing conflict in Ukraine and the overall uncertainty in Europe are significant factors.

Fifteen-minute products have been launched for trading on the electricity market in Czechia since July 1, and fifteen-minute settlement of deviations has been introduced (a one-hour trading interval was in effect until June 30). The changes are part of the harmonization of the European market, with the aim of more easily integrating renewable sources into it. Fifteen-minute trading will lead to better alignment of production with demand in time and more efficient use of cross-border transmission capacities.

The EU approved rules allowing national governments to limit Russian gas imports if necessary. The agreement on the transit of Russian gas through Ukraine will expire at the end of 2024, which may limit the import of Russian gas to Central Europe. However, thanks to the rapid construction of terminals, Europe is able to increase LNG imports, compensating for the reduction in Russian gas supplies.

Falling electricity prices and high emission allowance prices are pushing the spread on brown coal (i.e., the electricity price minus the allowance price) down. Brown-coal power plants may therefore greatly reduce or even cease operation in the coming years for economic reasons. After these power plants cease operation, it will be necessary to replace their capacity to cover peak demand with other controllable sources (e.g., gas-fired power plants) and ensure enough cheap energy from other sources.

Decarbonization in the EU will first cause the displacement of more emission-intensive electricity generation from coal and later also from natural gas. In the future, this should be replaced by hydrogen obtained by electrolysis, using electricity from renewable energy sources or imported from safe countries.

EU countries presented their draft National Energy and Climate Plans. The ambition for the share of RES in total energy consumption in 2030 is insufficient for most countries from the point of view of the European Commission. These plans are being revised and finally submitted to the European Commission.

China's huge clean technology generation capacities will have a fundamental impact on European and global power industry. Solar panel factories there have reached a capacity of 500 GW in 2023 and are likely to exceed 700 GW this year. The impact can be demonstrated on the following example: if these panels were located in areas exposed to light similar to Central Europe, their annual generation would exceed Germany's consumption. This will fundamentally affect the global balances of electricity, as well as natural gas and coal. At the same time, the excess of solar panels is putting strong pressure on their prices, which fell by 60% in 2023.

The EU and the US, huge importers of clean technologies from China, have expressed concerns about dumping prices. Investigations are underway into electric cars and wind turbines, and tariffs are being imposed or increased. In response to Chinese and American competition, the EU agreed on new legislation to support domestic industry, introducing the Net Zero Industry Act and the Critical Raw Materials Act.

The number of hours with a negative electricity price will increase. In the first half of 2024 alone, there were more of them than in the whole year in the past. If the current regulation is maintained, the number of hours with a negative price would reach 1,600–3,400 per year in 2040. However, in the long term, negative prices will disappear thanks to EU requirements for zero resource support at negative prices. Furthermore, additional flexibility will be needed to integrate renewable energy sources into the market, for example from batteries or new gas/hydrogen sources.

Strategy

The European energy sector is undergoing a major transformation towards sustainable solutions in line with the European Union's climate ambitions. At the same time, the energy market continues to be affected by the armed conflict in Ukraine, which has had a significant impact on commodity market developments, supply chain changes, price growth, and overall uncertainty in Europe. The business environment is still determined by the regulatory and legislative interventions of the European Union and the specific conditions of individual European countries.

CEZ Group has long been committed to decarbonization and sustainable development principles and intends to play a leading role in the overall transformation of the energy sector in the region. In 2021, CEZ Group narrowed down its long-standing strategy of transitioning to climate neutrality and decided to significantly accelerate the overall reduction of emissions. In the accelerated "VISION 2030 – Clean Energy of Tomorrow" strategy, it defined specific ambitious goals and public climate commitments in three ESG sustainability areas by 2025 and 2030, respectively: Environmental, Social, and Governance.

CEZ Group's mission and vision

CEZ Group's mission is to provide safe, reliable, and positive energy to its customers and society at large. CEZ Group's vision is to bring innovations for addressing energy needs and help improve the quality of life. In 2021, the accelerated "VISION 2030 – Clean Energy of Tomorrow" strategy defined CEZ Group's strategic goals until 2030, taking into account the EU's decarbonization vision, and set out CEZ Group's specific ambitions in the area of corporate social responsibility and sustainable development in order to maximize shareholder value.

Strategic vision 2030 – "Clean Energy of Tomorrow"

The main strategic priorities of the accelerated strategy – VISION 2030:

- I. Transform our generation portfolio to low-emission and achieve climate neutrality by 2040,
- II. Provide the most advantageous energy solutions and the best customer experience in the market,
- III. Develop CEZ Group in a responsible and sustainable manner in accordance with ESG principles.

The basic premise is to continuously adjust the structure of CEZ Group to meet the demands of investors, creditors, and employees, and to enable maximum increase in shareholder value.

Main strategic objectives and commitments defined under the individual strategic priorities:

I. Transform our generation portfolio to low-emission one and achieve climate neutrality by 2040

Comprehensive environmental goal – to transform the generation portfolio to low-emission in line with the Paris Agreement by 2030, reduce emissions intensity by more than 50% by 2030 and achieve climate neutrality by 2040.

Nuclear facilities:

- safely increase generation from existing nuclear facilities above 32 TWh and reach a 60-year lifetime of nuclear units, be ready to build a new nuclear unit in Dukovany,
- prepare the construction of small modular reactors (SMRs) with a total capacity of 3,000 MW after 2050.

Renewable energy sources:

- build a total of 6 GW of renewables by 2030,
- increase the installed capacity for electricity storage by at least 300 MWe by 2030.

Conventional facilities:

- decarbonize the heating industry and transform coal sites (after the end of coal-fired operations) into sites ready for new activities,
- build new gas-fired capacities that will be also ready to burn hydrogen.
- reduce the share of coal-fired electricity generation to 25% by 2025 and to 12.5% by 2030.

II. Provide the most advantageous energy solutions and the best customer experience in the market

Distribution:

- invest in smart grids and decentralization to support the further development of a stable and digital distribution grid, including the development of fiber optic networks.

Sales – Retail:

- digitize 100% of key customer processes by 2025,
- maintain the highest Net Promoter Score (NPS) of the major electricity suppliers and grow our customer base by increasing service quality,
- offer residential customers a product portfolio that enables them to achieve energy savings and reduce emissions.

Sales – Energy services and public electromobility:

- develop our role as a decarbonization leader – enable effective emission reduction and delivering energy savings also for clients in the industry, municipalities, and the government in line with the EU's target of delivering energy savings of 39–40%,
- build infrastructure for electromobility – quadruple the charging capacity to 70 MW and operate at least 800 charging stations by 2025.

New segments:

- expand our activities into other areas, such as battery production, electromobility, and hydrogen generation.

III. Develop CEZ Group in a responsible and sustainable manner in accordance with ESG principles

CEZ Group's comprehensive goal in responsible and sustainable development is to maintain a position among the top 20% companies in ESG ratings.

Selected goals in the Environmental area:

- reduce greenhouse gas emissions in line with the Paris Agreement “well below 2 degrees Celsius” from 0.38 t of CO_{2e} per MWh in 2019 to 0.26 t of CO_{2e} per MWh in 2025 and 0.16 t of CO_{2e} per MWh in 2030,
- reduce SO₂ emissions from 21 kt in 2019 to 6.5 kt by 2025 and 3 kt by 2030,
- reduce NO_x emissions from 23 kt in 2019 to 13 kt by 2025 and 7 kt by 2030.

Selected goals in the Social area:

- continue to be a good corporate citizen, cultivating good relationships with communities,
- maintain our position of the most attractive employer for future talents and current employees,
- ensure a just transition for all employees affected by the shift away from coal through retraining, requalification, or compensation,
- maintain the highest Net Promoter Score (NPS) among major electricity suppliers,
- digitize all key customer processes by 2025.

Selected goals in the Governance area:

- achieve 30% representation of women in the management,
- increase the frequency of employee training concerning the Code of Ethics and train at least 95% of employees each year starting from 2022,

CEZ Group's investment plan is fully in line with the goal of reducing emission intensity by 2030 and with the goal of achieving full climate neutrality by 2040. Therefore, investments in coal-fired power plants and mines are mainly limited to projects aiming to ensure their continued operation and investments related to decommissioning.

Approach to the Environment

Reducing the environmental impact of the energy sector and contributing to the fulfillment of global climate goals are long-term strategic objectives of CEZ Group. CEZ Group has spent tens of billions of Czech crowns on desulfurization, denitrification, reduction of CO₂ emissions and on other environmental measures, and constantly takes advance steps to meet all emission and environmental requirements set by legislation and regulatory bodies. The main environmental priorities include decarbonization and reduction of CO₂, SO₂, and NO_x emissions in electricity generation.

CEZ Group has a long-term commitment to meet emission reduction targets. As early as in 2015, it signed up to achieve climate neutrality by 2050 in accordance with the conclusions of the Paris Agreement. In 2022, it decided to accelerate decarbonization and vowed to achieve climate neutrality by the end of 2040.

In 2023, CEZ Group's decarbonization goals and commitments were assessed by the Science Based Targets initiative (SBTi), which found that the 2033 and 2040 goals correspond to the 1.5°C commitment of the Paris Agreement. CEZ Group is committed to perform activities leading to the mitigation of impacts of climate change as well as to adaptation activities. Since 2023, CEZ Group has managed climate risks and issued a regular TCFD report in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures.

Reducing emissions of greenhouse gases and other pollutants is one of the main prerequisites for fulfilling the strategic VISION 2030. The main measures focus in particular on higher use of nuclear facilities, development of renewable energy sources, increasing the efficiency of energy use, implementation of smart grids, increasing the flexibility of distribution networks, as well as comprehensive procedures and initiatives that help CEZ Group's customers fulfill their decarbonization strategies (e.g., in the field of energy savings, decentralization of energy generation, and e-mobility). The 2025 and 2030 strategic commitments of CEZ Group in emissions reduction are quantified in the VISION 2030 strategy from 2021 through specific goals of CO₂ emission intensity, SO₂ and NO_x emissions in the generation of electricity and heat, and the share of electricity generation from coal.

The year-over-year development of these indicators is given below:

CO₂e emission intensity in electricity and heat generation

	Unit	H1 2023	H1 2024	2024/2023 index (%)
CO ₂ e emission intensity	t CO ₂ e/MWh	0.25	0.25	99.0

Emission intensity is defined as the total share of emissions in Scope 1 and 2 and total electricity and heat generated.

CEZ Group determines and reports its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol methodology and pursuant to the relevant legislation (e.g., the EU ETS system). Greenhouse gas emissions from facilities included in the EU ETS system, i.e., roughly 96% of the emissions reported in Scope 1 in 2023, are verified by accredited verification bodies in accordance with the system's requirements.

SO₂ and NO_x emissions released into the air during electricity and heat generation

Emission	Unit	H1 2023	H1 2024	2024/2023 Index (%)
Sulfur dioxide (SO ₂)	tons	2,555	2,076	81.3
Nitrogen oxides (NO _x)	tons	5,327	5,222	98.0

Share of electricity generated from coal (%)

	H1 2023	H1 2024
Share of electricity generated from coal	27.3	28.1

2. Corporate Governance

Shareholders' Meeting of ČEZ

The Annual Shareholders' Meeting was held on June 24, 2024 and it:

- heard the reports of the Company's bodies,
- approved the financial statements of ČEZ, a. s. and the consolidated financial statements of CEZ Group for 2023,
- approved the distribution of ČEZ's profit in 2023 in the amount of CZK 28.1 bn¹ as follows:
 - profit share to be distributed among shareholders (dividend)CZK 28.0 bn,
 - transfer to the retained earnings accountCZK 0.1 bn.

The dividend is CZK 52 per share before tax. The record date for exercising the right to the dividends was June 28, 2024. The dividend is due from August 1, 2024, and the right to it does not expire before July 31, 2028.

The amount of the dividend was calculated from the total number of Company shares issued. Dividend attributable to treasury shares held by the Company on the record date will not be paid. The amount corresponding to the dividend on treasury shares held by the Company as at the record date for entitlement to the dividend will be transferred to the retained earnings account.

- appointed the auditing company Deloitte Audit s.r.o. as the auditor to perform the mandatory audit for the accounting period of the calendar years 2025 and 2026 and to audit the Sustainability Reports for 2024, 2025, and 2026,
- approved the 2025 donations budget of CZK 220 m,
- approved the Remuneration Report of the Body Members of ČEZ, a. s. for the accounting period of 2023 (report pursuant to Section 121o et seq. of Act No. 256/2004 Coll., Capital Market Undertakings Act, as amended), as submitted to the Shareholders' Meeting by the Company's Board of Directors,
- approved the Remuneration Policy of ČEZ, a. s. as presented to the Shareholders' Meeting by the Company's Board of Directors,
- approved the service contract template for a member of the Supervisory Board of ČEZ, a. s., as presented to the Shareholders' Meeting by the Company's Board of Directors,
- elected Bc. Martin Půta as a member of the Board of Directors of ČEZ, a. s.,
- elected Ing. Otakar Hora, CSc. as a member of the Audit Committee of ČEZ, a. s., with effect from July 3, 2024.

¹ The total amount is CZK 27.9 bn, taking into account the effect of treasury shares as at the record date. The amounts are rounded, the exact amounts are given in the published results of the Shareholders' Meeting here: www.cez.cz/webpublic/file/edee/ospol/fileexport-s/pro-investory/investor-relations/vh2024/cj/vh-2024-vysledky-jednani-cj.pdf.

Changes in the Bodies of ČEZ

Supervisory Board

Newly elected members of the Supervisory Board

Martin Půta member of the Supervisory Board elected by the Shareholders' Meeting on June 24, 2024
(term of office until June 24, 2028)

Members of the Supervisory Board with change of function within the Supervisory Board

Elected as Vice-Chairman:

František Novotný Vice-Chairman of the Supervisory Board since April 17, 2024, member of the Supervisory Board elected by the Company's employees, with effect from January 24, 2022
(term of office until January 24, 2026)

Resignation from the position of Vice-Chairman at his own request:

Radek Mucha member of the Supervisory Board elected by the Company's employees, with effect from January 24, 2022
Vice-Chairman of the Supervisory Board from May 16, 2023 to April 16, 2024
(term of office until January 24, 2026)

Audit Committee

Otakar Hora re-elected as Chairman of the Audit Committee, with effect from July 3, 2024
Chairman of the Audit Committee from June 29, 2022 to July 2, 2024
Vice-Chairman of the Audit Committee from September 27, 2016 to June 28, 2022
member of the Audit Committee elected by the Shareholders' Meeting since June 3, 2016
re-elected as a member of the Audit Committee by the Shareholders' Meeting, with effect from July 3, 2024
(term of office until July 3, 2028)

3. CEZ Group Activities – Business Segments and Financial Performance

CEZ Group Operations

The parent company ČEZ, a. s. is based in Czechia and applies concern and segment management within four main business segments, which are GENERATION, MINING, DISTRIBUTION, and SALES. CEZ Group operates mainly in Czechia and in Central European markets.

Overview of Major Activities in Selected Countries

Czechia

In Czechia, CEZ Group operates in generation, sales, and distribution of electricity and natural gas, generation and sales of heat, mining of mineral resources, and also provision of energy and telecommunications services. The most important generation company is the parent company ČEZ, a. s., which operates nuclear, emission, and renewables generating facilities, and trades commodities on the European wholesale markets.

Other important companies of CEZ Group in Czechia also include ČEZ Distribuce, ČEZ Prodej, ČEZ ESCO, Energotrans, and Severočeské doly. Inven Capital, which manages one of the largest corporate clean-tech funds in Europe, is also seated in Czechia.

In March, ČEZ concluded a purchase agreement for the purchase of a share in a Luxembourg company that is the indirect 100% owner of the Czech company GasNet, the operator of the largest gas distribution network in Czechia. Both conditions precedent imposed by the Ministry of Industry and Trade of the Czech Republic and the European Commission have been fulfilled. The transaction is expected to be settled at the turn of August and September 2024.

Germany

In Germany, CEZ Group operates mainly in the field of comprehensive energy services, represented by Elevion Group. It is also active in the renewables sector, where it focuses on the operation and development of wind power plants.

Poland

In Poland, CEZ Group companies are engaged in the generation of heat and electricity and the provision of comprehensive energy services.

In accordance with its decarbonization strategy, the divestment process of Polish coal-fired assets has been initiated. The divestment concerns four companies: CEZ Skawina, CEZ Chorzów, CEZ Produkty Energetyczne Polska, and CEZ Polska. In Poland, CEZ Group will continue developing modern energy services, currently provided by CEZ ENERGO Polska and Elevion Group.

Slovakia

In Slovakia, CEZ Group is active in the provision of comprehensive energy services, heat sales, and electricity and natural gas distribution and is also preparing the construction of a nuclear power plant under the joint venture Jadrová energetická spoločnosť Slovenska, a. s. (JESS).

Other countries

In Austria and Italy, CEZ Group operates mainly in the field of energy services and electricity generation.

In Hungary, CEZ Group sells electricity to end-use customers and provides energy services.

In France, CEZ Group generates electricity in onshore wind power plants and focuses on the development of more such plants.

In the Netherlands, CEZ Group owns companies that carry out holding, financial or management activities, as well as companies that provide energy services. It holds certain capacity in the LNG terminal in Eemshaven, used for the supply of gas to Czechia and for commodity trading on Western European markets.

In Turkey, CEZ Group is active in electricity generation. The companies' economic results enter the consolidated results using the equity method.

CEZ Group also owns several companies in Asia, mainly in China and Malaysia, focused on the promotion and development of energy services of the German company Elevion.

Business Impact of the Conflict in Ukraine

The impact of the ongoing military conflict in Ukraine on CEZ Group's business is significant. The situation on the wholesale electricity and natural gas markets has already relatively stabilized, especially with regard to the ever-increasing capacity of LNG terminals in Europe, and thus the sufficient volume of natural gas. However, the conflict as such continues to pose a significant risk for Central European countries, including Czechia, as well as for its critical infrastructure and CEZ Group's power plants. The development of the conflict and the subsequent measures and sanctions by the EU, individual European countries and Russia have fundamentally changed supplier-customer relations, limited competition and the availability of suppliers, and increased the prices of capital and operating expenses. The conflict also has a great influence on the structure and amount of development investments by countries and energy companies.

In 2022, CEZ Group already managed to contribute to increasing Czechia's energy security and reliable energy supplies to all customers. It did so by launching the first new liquefied natural gas terminal in Europe since the beginning of the war in Ukraine. In June 2024, the 100th ship with liquefied natural gas arrived at the terminal. The contents of 37 ships were designated for Czechia. In total, ČEZ, in cooperation with the state, has secured 3.4 billion m³ of gas, which is more than half of the 6.7 billion m³ consumption in Czechia in 2023. The facility can process 8 billion m³ of gas per year, of which up to 3 billion m³ can be transported to Czechia.

In June 2024, CEZ Group, in cooperation with the Czech state, took another fundamental step to ensure sufficient gas supplies for the future by contracting a long-term annual capacity of 2 billion m³ in an onshore LNG terminal in Germany. The Stade terminal will be located near Hamburg, at the mouth of the Elbe River into the North Sea and will be launched by its operator Hanseatic Energy Hub in 2027.

CEZ Group has also taken significant steps for the security of nuclear fuel supplies. On the one hand, it immediately ensured an increase in nuclear fuel stocks for both facilities, and as early as in 2022, it signed a contract for the supply of fuel assemblies for the Temelín Power Plant with Westinghouse and Framatome. Subsequently, in 2023, ČEZ also concluded a contract for Dukovany with Westinghouse, under which the first fuel assemblies should be delivered as early as at the end of 2024. In both nuclear power plants, work and measures are ongoing to ensure the gradual replacement of fuel and increase the number of suppliers.

ČEZ has been supporting the Ukrainian energy industry since the beginning of the conflict. The Kyiv School of Economics calculated the direct damage to Ukraine's energy infrastructure as at May 2024 at USD 16 billion, more than half of which was damage to electricity generating facilities; some power plants were completely destroyed, and regular outages had to be introduced in the country. The last assistance so far was a special cable, 173 m long and weighing 13 t, sent by ČEZ to Ukraine in the spring of 2024, which will reinforce the protective reactor building of the Rivne Nuclear Power Plant. It was custom-made in Temelín by specialists from ÚJV Řež to match the requirements of the Ukrainian power plant. In total, ČEZ has already donated almost a hundred crucial energy installations to Ukraine.

GENERATION Segment

Four main areas are monitored within the GENERATION segment: nuclear facilities, renewable energy sources, emission sources, and trading.

Nuclear facilities

Existing nuclear facilities

CEZ Group operates nuclear power plants in Czechia, at the Dukovany and Temelín sites. In the first half of 2024, they produced 60% of all electricity generated by CEZ Group. Year over year, both nuclear power plants generated a lower amount of electricity; the decrease was caused by scheduled outages and lower availability of the Temelín Power Plant. The installed capacity of the power plants remained unchanged.

Capital construction

The investment projects prepared and implemented at the Dukovany and Temelín sites during the first half of 2024 primarily focus, just like every year, on maintaining and continuously increasing nuclear safety, reliability, and quality, and on the technical renewal and modernization of aging equipment with the aim of ensuring conditions for long-term operation and compliance with strict legislative requirements given, among other things, by the Atomic Act. The volume of funds increases each year because of the growing price of work and supplies as well as the age of both nuclear sites.

Among the most financially significant investment projects at the Temelín site, worth billions of CZK, are the renewal of Temelín NPP generators, planned for a long time beforehand, a major project to replace key control systems on the WDPF platform, a project for the reconstruction of waste lines from the power plant to Kofensko, and safety-related projects for additional measures to deal with severe accidents, namely reactor core flooding in the reactor pressure vessel and long-term heat removal from the containment. Additional funding of the project of hot water piping from the Temelín Power Plant to České Budějovice was also secured.

At the Dukovany power plant, major steps were taken to maintain a high level of safety, for example, the preparation of an important project to ensure the long-term operability of the safety systems on the Spinline3 platform. The construction of a new administrative building at the site was completed; it will gradually replace the existing buildings, which are decades old and were built jointly with the power plant as such.

During the first outage at the Dukovany NPP, the replacement of unit section switchboards with a voltage of 0.38 kV was initiated; it is part of efforts to modernize the equipment to ensure at least sixty years of operation of the power plant. Its first stage will be completed on all four units by 2028.

In the course of 2024, the output of all four units of the Dukovany Nuclear Power Plant is being gradually increased by 2.3%, which should bring additional more than 300,000 MWh per year.

Nuclear facilities under preparation

Dukovany New Nuclear Facility (Dukovany NNF)

The investor of the Dukovany New Nuclear Facility is Elektrárna Dukovany II.

In the first half of 2024, project preparation continued in accordance with the First Implementation Contract on Cooperation in the Construction of the New Nuclear Facility at the Dukovany Site, concluded between Elektrárna Dukovany II, ČEZ and the Czech state. The main task was to arrange a tender for the supplier of a new nuclear facility and to evaluate the bids submitted by the bidders.

In January, the government of the Czech Republic agreed to conclude an amendment to the First Implementation Contract on Cooperation in the Construction of the New Nuclear Facility at the Dukovany Site. It also decided that the bidders for the contract to build a new nuclear unit in Dukovany (the French company EDF and the South Korean KHNP) would be invited to submit more favorable bids and at the same time to submit binding bids for three other nuclear units at existing nuclear sites in Czechia.

In April, the bidders for the contract to build a new nuclear unit in Dukovany submitted updated bids. This was followed by the evaluation of the received updated bids and the submission of the Notice of Evaluation of Bids by ČEZ, a. s., to the Ministry of Industry and Trade on June 14, 2024.

On July 17, the Czech government decided that the South Korean company Korea Hydro & Nuclear Power Company (KHNP) is the preferred bidder. The companies Elektrárna Dukovany II and ČEZ started negotiations on the construction of two units in Dukovany and the possibility of contracting binding options for the construction of additional nuclear facilities in Temelín. Framework agreements with the state envisage the conclusion of the contract for the construction of the new facilities in Dukovany in the first quarter of 2025.

The preparation of documents defining the financing of the next project phases, based on the previously adopted financing model, continued. Negotiations were also underway between the state and the European Commission regarding the European Commission's state aid notification process on the compatibility of state aid with EU rules. The process for the construction of one nuclear unit in Dukovany was completed on April 30, 2024, when the Czech Republic received a permit from the European Commission for state aid for the construction of a nuclear unit in Dukovany.

Temelín New Nuclear Facility (Temelín NNF)

The investor is Elektrárna Temelín II. Following the resolution of the government of the Czech Republic on the preferential preparation of the new nuclear facility project at the Dukovany site, the preparation of the new nuclear facility project at the Temelín site is only limited to preserving the value of the project and ensuring the validity of existing permits, in such a way as to preserve the possibility of quick activation of this project as needed.

In the first half of 2024, the preparation of the project continued mainly in the field of compliance with the conditions based on the issued opinion on the environmental impact assessment (EIA), the issued decision on the siting of the Temelín NNF, and also provisions for an extension of the validity of already issued permits. At the same time, work was underway on the preparation of documentation for a request to extend the validity of the EIA opinion, which will be finalized by the end of 2024. At the same time, preparatory activities continued on the route for the transport of heavy and oversized components.

In January 2024, the government of the Czech Republic issued a safety instruction for Elektrárna Dukovany II to extend the tender for the supplier of a new nuclear facility at the Dukovany site by adding binding bids for three other nuclear units at the Dukovany and Temelín sites, i.e., among others, binding bids for units 3 and 4 in Temelín. At its meeting on July 17, 2024, the government confirmed the selection of the preferred supplier for the Dukovany NNF project and ordered Elektrárna Dukovany II and ČEZ to also start negotiations on the possibility of contracting binding options for other new power plants in Temelín, i.e., for units 3 and 4 at the Temelín site.

Small modular nuclear reactors (SMRs)

In the first half of 2024, accelerated negotiations continued with potential technology partners for the purpose of building SMRs in Czechia. In March, the selection was narrowed from seven to four SMR technologies. The selection of CEZ Group's technology partner is expected by the end of 2024. Work on the structure of the supply chain is also continuing, and cooperation with the state has been intensified regarding the compatibility of the selected technology with its interests.

An integrated business plan for the SMR project in Czechia was developed and approved at the corporate level.

In addition to the mentioned activities, work is being carried out to verify the suitability of sites for the construction of the nuclear facility, along with work aimed at obtaining a framework permit, and the preparation of related and induced investments.

Jaslovské Bohunice New Nuclear Facility (NNF)

The construction of a new nuclear facility at the Jaslovské Bohunice site is being prepared by Jadrová energetická spoločnosť Slovenska, a.s. (JESS), in which a CEZ Group company – ČEZ Invest Slovensko, a.s. (formerly ČEZ Bohunice) – owns a 49% stake.

The Nuclear Regulatory Authority of the Slovak Republic (NRA SR) issued a decision on the placement of a new nuclear facility in accordance with the Atomic Act, which entered into force on May 30, 2024 and is valid for 10 years.

Work has begun on the creation of documentation for obtaining a decision on the placement of the NNF in accordance with the Building Act, known as the zoning procedure.

At the same time, project activities necessary to maintain the value of the project, provision and detailed specification of information on site aspects (e.g., water management, seismicity, geology) are ongoing. In connection with the planned zoning procedure, the issues of electrical station, power evacuation, and back-up supply are intensively addressed. Negotiations with affected municipalities are held on an ongoing basis concerning the inclusion of the new nuclear facility in land use planning documentation.

Since January, a separate group has been working on the issue of securing financing for the project after 2026, or 2028, when the contract with the technology supplier should be signed.

On May 15, 2024, the government of the Slovak Republic adopted a resolution to approve the plan to build the NNF with an installed capacity of up to 1,200 MW at the Jaslovské Bohunice site. By October 31, 2024, the relevant members of the government must present the conditions for the construction of the 5th nuclear unit, including its schedule, at a government meeting.

Renewable energy sources

Generation and development of hydroelectric, photovoltaic, and wind power plants are monitored in this area. Biomass, which is classified as a renewable energy source under the European taxonomy, is monitored by CEZ Group in the area of emission sources due to CO₂ emissions as well as due to primary combustion together with coal in coal-fired power plants.

Generation from renewable energy sources¹ constituted 6.6% of the generation volume of CEZ Group and was higher year over year mainly due to the increase in generation in Czechia's hydroelectric power plants, which was related to the better climatic conditions in 2024. The installed capacity of power plants with renewable energy sources increased year over year, mainly thanks to the commissioning of photovoltaic power plants in Germany and wind farms in France, which also had an impact on generation in renewable sources.

From June 3, 2024, it is possible to submit applications for a released non-guaranteed connection to distribution companies². ČEZ submitted a total of 240 applications relating to a total installed capacity of 3.8 GWp. The evaluation period has started (60 days from submission) and can be extended.

Hydroelectric

Capital construction

In Czechia, the main task of capital construction in 2024 is the completion of commercial arrangements for the complex modernization of the Orlik hydroelectric power station, consisting in the replacement of the existing turbines with reverse systems.

In the first half of 2024, the modernization of other selected hydroelectric power plants continued, involving the renewal and increase of the efficiency of individual systems as well as the reduction of the environmental burden of the sites, among other things, by reducing the amount of oil charges. Considering the need to secure production and assembly capacities in a timely manner, preparatory work related to the renewal and modernization of the Dlouhé Stráně pumped-storage plant, the essential part of which is planned beyond the 2030 horizon, was started as a priority.

In Poland, the turbine rotor of the hydrogenerator of the Borek Szlachecki small hydropower plant was modernized.

In Turkey, investments mainly went into existing hydroelectric power plants.

¹ Total for hydroelectric, photovoltaic, and wind power plants.

² A newly available method of power evacuation from renewable energy sources – for this type of connection to the distribution system, the distribution system operator can limit or turn off the relevant connection (without compensation for the electricity generating plant connected in this way) in order to prevent or handle an overload issue in the distribution system.

Installed capacity

There was no year-over-year change in the installed capacity of hydroelectric power plants in Czechia, Poland, and Turkey.

Solar

Capital construction

In Czechia, 11 PV projects (71.7 MWp in total) are at the stage of implementation, with tendered investment subsidies from the Modernization Fund (ModF). Of these, 5 projects – Vrskmaň PVPP, Okrouhlička PVPP, Tachov PVPP, Vysočany Hráz PVPP, and EMĚ Fuel Dump PVPP (a total of 28.3 MWp) – successfully completed approval procedures, and the process of granting a license for electricity generation by the Energy Regulatory Office is currently underway, with the subsequent connection into the power grid and completion of warranty tests. For the Tušimice PVPP project – fuel dump No. 3, approval procedures are in progress, an application for the granting of a license has been submitted, and connection to the power grid and completion of warranty tests will follow. The aforementioned 6 projects are expected to be put into commercial operation in the third quarter of 2024. Other projects will gradually be put into operation in the fourth quarter of 2024 and in the first half of 2025.

In the first half of 2024, BELECTRIC Group commissioned solar power plants with a capacity of approximately 280 MWp in Germany.

In Austria, the Elevion Group is developing rooftop PV installations built at customers. At the same time, the Elevion Group operates these power plants for its customers.

In Turkey, capital construction costs were mainly directed into a solar power plant project with an additional installed capacity of 8 MWp, operated by Akenerji.

Installed capacity

The installed capacity of photovoltaic power plants increased by 68 MWp year over year (mostly in the second half of 2023). In Czechia, the new Křižany (4.3 MWp) and Vrskmaň (4.8 MWp) facilities were put into operation, and in Germany, construction activities were completed at the Deubach (48 MWp) and Reddehausen (7.6 MWp) sites. In Austria, there was an increase due to the development of construction of a larger number of small PVPPs installed on the sites of customers who have licenses for electricity generation.

Wind

Capital construction

In Czechia, CEZ Group already has 14 wind power projects in the preparation phase, with an expected installed capacity of up to 295 MW.

In Germany, CEZ Group focuses on the co-development of a portfolio of wind projects consisting of 12 projects, the planned output of which is up to 193.5 MW. The Datteln project (11.4 MW, 2 turbines), expected to be commissioned in the fourth quarter of 2024, is in the most advanced stage. The Nortorf project (11.4 MW, 2 turbines) ranks among other advanced projects; its construction began in October 2023 and commissioning is planned for H1 2025. Both the projects were moved from co-development to the property of CEZ Group.

In France, CEZ Group is involved in the development of a portfolio of 15 wind power projects with a planned capacity of up to 207 MW. The Aschères-le-Marché (12 MW, 4 turbines) and Neuville-aux-Bois (15 MW, 5 turbines) projects were successfully commissioned. Construction activities began on the Nueil-sous-Faye project (11.1 MW, 4 turbines) in August 2023, with commissioning taking place in July 2024. The La Piballe project (7.2 MW, 3 turbines) is in an advanced stage, with construction starting in 2023 and commissioning scheduled for late 2024.

Installed capacity

The installed capacity of wind power plants in Czechia, Germany, and Turkey remained the same year over year. In French wind power plants, it increased year over year as a result of the commissioning of new facilities in the second half of 2023.

Emission sources

Generation in emission sources – i.e., facilities burning coal, gas and biomass – accounted for 33.4% of CEZ Group's electricity generation and was lower year over year, in particular due to the decline in generation from biomass in Poland caused by worse market conditions. Generation from natural gas in Czechia also decreased, mainly due to worse market conditions for the operation of the Počerady II CCGT power plant.

Coal

Capital construction

In Czechia, the investment plans of individual electricity-generating emission sources were updated in the first half of 2024, taking into account the growing pressure for decarbonization in the EU and Czechia and in accordance with the commitments of the strategic VISION 2030. The goal is to maintain safe operation.

In Poland, basic investment maintenance of existing coal-fired facilities was carried out at the Skawina power plant.

Installed capacity

In Czechia and Poland, the installed capacity of coal-fired power plants remained unchanged year over year.

Gas

Capital construction

In connection with the approved segment strategy, preparatory work continued in Czechia for the considered transformation of generating facilities at the Mělník site, with the proposed construction of new CCGT facilities with heat supply. At the same time, work related to the possible construction of CCGT power plants at other sites continues, with priority being the Počerady site.

At the Polish power plant Skawina, the main investment project involves the construction of units of a new CCGT plant. The design phase started in 2022 continued in the first half of 2024 (construction of new facilities and a supply gas pipeline).

Project X is completing the construction of seven combined heat and power units at four sites in Northern Italy, with an installed capacity of 26.4 MW_e, to supply electricity and heat for the Transalpine Oil Pipeline (TAL). The first site with an installed capacity of 8.8 MW_e is already fully operational. At other sites, combined heat and power units are being tested, and heat exchangers are being installed.

In Prešov, Slovakia, a combined heat and power unit with a thermal capacity of 1 MW and an electrical capacity of 0.8 MW was completed by SPRAVBYTKOMFORT.

In Turkey, the costs of capital construction flowed mainly into the repairs of the power plant in Erzin.

Installed capacity

The installed capacity of gas power plants increased slightly year over year, especially in generating facilities in Italy.

Biomass

Capital construction

In Czechia, the greening of the Dvůr Králové nad Labem heating plant was completed, in the gas + biomass fuel base configuration, in the first quarter of 2024. Work continued at other biomass-burning facilities, in various stages of preparation and implementation, as part of projects primarily aimed at maintaining safe operation and improving reliability and efficiency of generating facilities.

In the first half of the year, no investments in biomass generation were made in Poland.

In Turkey, capital construction expenditures were mainly directed to a biomass power plant operated by Akenerji.

Waste to energy

Capital construction

A contract was signed for the implementation of a waste-to-energy (WtE) facility located at the Energotrans (Mělník) site with scheduled commissioning for trial operation at the turn of 2027 and 2028.

LNG terminals

Due to the search for new sales opportunities and ensuring secure supply of natural gas, CEZ Group, in cooperation with the Czech government, acquired a reserved capacity in the LNG terminal in Eemshaven, the Netherlands, in 2022. This is a long-term contract for five years, which covers approximately one-third of the annual gas consumption in Czechia.

In 2023, ČEZ and the Czech government secured a future capacity at the LNG terminal in Stade, Germany. The Hanseatic Energy Hub consortium expects to start operations in 2027. This LNG terminal received the final investment decision (FID) in the spring of 2024 which enabled beginning of its construction on June 28, 2024. CEZ Group has reserved 2 billion m³ of the terminal's annual capacity of 13.3 billion m³, in cooperation with the government of the Czech Republic. In the first phase, the terminal will be used to import and process LNG, SNG (Synthetic Natural Gas) and bioLNG (LNG made from biogas). Energy carriers based on hydrogen, such as ammonia, are to follow.

Trading

Trading activities include trading commodities on own account for speculative profit, trading to secure the needs of generating facilities including hedging activities in the medium term, and trading to secure the needs of end-use customers, in particular the supply of electricity and gas. The activity is managed centrally by ČEZ from Czechia. The actual trading, including the settlement of trades, takes place in most European countries with wholesale partners and through energy exchanges in accordance with applicable risk limits and risk playing field of CEZ Group. At the same time, CEZ Group operates a trading company in Hungary, which provides local support for ČEZ trading and concurrent electricity sales to end-use customers.

In the first half of 2024, more than 118,000 transactions were concluded as part of trading activities and 135 TWh of electricity, 524 TWh of natural gas, and 94 million tons of emission allowances were traded, among others.

Outlook for 2024

The availability of nuclear power plants is affected by the timing of scheduled outages related not only to fuel replacement and the performance of scheduled maintenance, inspections and revisions of key equipment, but also activities aimed at continuous modernization and increasing the efficiency and reliability of the operation of the two plants. In the Dukovany power plant, the project of gradual cleaning of steam generators is continuing, with the aim of mitigating the trend of aging of heat exchange surfaces and increasing their reliability. At the same time, starting from 2024, the Dukovany power plant is fully switching to an extended 16-month outage cycle of its units. The Temelín Power Plant received an affirmative decision from the SONS for an extended 18-month outage cycle of its units and is fully prepared for the transition to this extended fuel cycle after the outage of unit 2 in the fall of this year. In the course of 2024, the capacity of all four generating units of the Dukovany Nuclear Power Plant will be gradually increased by 2.3%.

In Czechia's coal-fired power plants, the priority task is to continue activities that will enable the continuous transition of sites to low-emission facilities, especially to ensure heat supply. The commercial provision of new natural gas-based generation technology at the Mělník site is a fundamental activity to enable the transition from burning coal to low-emission facilities; in addition, it

will enable the fulfillment of the long-term heat supply agreement for the capital city of Prague, Mělník, and Neratovice.

The generation level in hydroelectric power plants will especially depend on the hydrological situation, in particular on the rate of utilization of the Vltava Cascade and the actual deployment of pumped-storage hydroelectric power plants. Investments are directed into the preparation of repairs and modernization of the Dlouhé Stráně and Dalešice pumped-storage plants, which will take place in 2024-2025, but above all into the comprehensive modernization of the Orlický hydroelectric power plant.

Generation at the Počerady CCGT power plant in Czechia will mirror the development of commodity prices and emission allowances.

MINING Segment

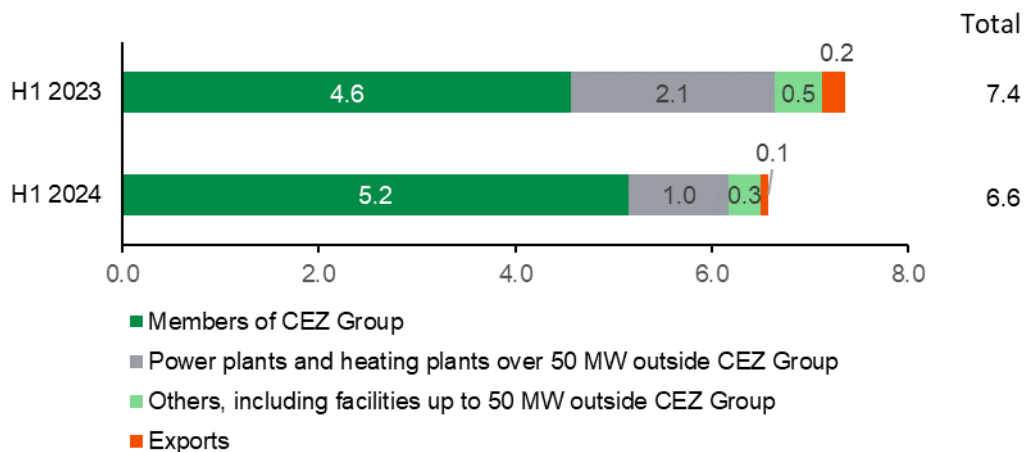
Brown coal

Mining, treatment and sales of brown coal constitute the main business activities of Severočeské doly, which is the largest Czech brown coal mining company in terms of coal production volume. Given that the majority of production is purchased by CEZ Group, Severočeské doly is one of the smaller players on the free coal market.

Mining and sales

In the first half of 2024, Severočeské doly sold 6.6 million tons of coal, of which 5.2 million tons were sold to CEZ Group members. In a year-over-year comparison, deliveries decreased by 0.8 million tons, mainly due to the lower demand by external customers.

Coal sales, by customer (millions of tons)



Capital construction

The investment program mostly focuses on projects to ensure mining at the Bílina Mine, especially on the supply, reconstruction and upgrade of mining technology, processing and crushing operations, construction of stability measures and water management works. The investment projects are continuously revised to match the estimated lifetime of both sites (Bílina Mine and Nástup Tušimice Mines).

Outlook for 2024

Severočeské doly are planning to produce 14.3 million tons of coal in 2024, i.e., 1.4 million tons less than in 2023. The development of fuel supplies mainly depends on the needs of coal-fired power plants, which are based on the demand for electricity and are also related to how temperature evolves in winter. Currently, they are also related to the issue of natural gas supply and the generation of energy from renewable energy sources. The trend of supply to customers in CEZ Group and to external customers corresponds to the gradual transition of customers to renewable energy sources and the gradual shift away from coal as the main energy source.

Limestone

LOMY MOŘINA spol. s r.o., is involved in limestone mining (high-percentage limestone used in desulfurization plants) in CEZ Group. In the first half of 2024, this company delivered 275,000 tons of limestone to customers in CEZ Group for the desulfurization of coal-fired power plants, which marks a year-over-year growth of about 23%. In 2024, the sales of limestone to CEZ Group members are expected to amount to 550,000 tons.

Lithium ore

In March 2020, ČEZ decided to join a lithium ore extraction project at Cínovec. The original developer of the project, European Metals Holdings Limited (EMH), held a 100% stake in GEOMET, the holder of an exclusive license for exploration for zinnwaldite, a lithium-containing mineral. CEZ Group's Severočeské doly acquired a 51% stake in GEOMET through an increase of its stated capital in the first half of 2020. The final lithium processing method was confirmed based on the successful results of laboratory and semi-operational tests. As a result of GEOMET's negotiations with local administrations and representatives of the Ústí nad Labem Region, the target location of the processing plant has been changed. The processing plant is now envisaged to be built in Prunéřov, which requires an update of the final feasibility study.

DISTRIBUTION Segment

Electricity distribution

Electricity distribution in CEZ Group in Czechia is provided by ČEZ Distribuce. Priority areas in distribution include in particular safe, reliable, and efficient operation of the distribution grid and implementation of key investment measures related to the integration of decentralized facilities, as well as implementation of new technologies and smart grid elements, including elements supporting an increase in the reliability of the distribution grid. The Company also continued to develop its fiber-optic infrastructure in order to ensure long-term development of modern technologies for distribution grid management, in synergy with preparations for a higher degree of grid automation.

The price of electricity distribution and other services in Czechia is regulated by the Energy Regulatory Office (ERO). The key for ČEZ Distribuce is the ERO's Price Decision No. 5/2023 for the electricity sector, through which prices for related service in the electricity sector and other regulated prices are set, with effect from January 1, 2024.

In the first half of 2024, the distribution area of ČEZ Distribuce was affected by a total of 5 extraordinary conditions caused by adverse climatic conditions. During these conditions, electricity supply restrictions for almost 160,000 service points were recorded at the time of the highest failure rate, along with more than 53,000 callers to the call center and more than 62,000 accesses to the web portal, where it is possible to check the status of electricity distribution at a specific address. The consequences of these extraordinary situations were successfully eliminated in the shortest possible time.

In the first half of 2024, the supply of electricity to customers in Czechia decreased year over year compared to the same period in 2023. From the point of view of the individual voltage levels, there was a decrease especially at the low voltage level, partly because the temperature was above the long-term temperature standard in the first half of 2024, but also due to the increase in photovoltaic power plant installations.

On August 1, Elektroenergetické datové centrum, a.s. (Electricity Data Center, EDC) launched its activities. It will ensure the collection of energy data, their standardization and sharing. EDC started with the option of registration, which is a necessary first step to sharing electricity under the new community energy system. ČEZ Distribuce is one of the shareholders of EDC and participated in the development of the necessary information system.

In Slovakia, electricity distribution is provided by ESCO Distribučné sústavy, which operates several local distribution networks. One local distribution grid is also operated by KLF-Distribúcia. Due to consolidation using the equity method, the volume of electricity distributed by that company is not included in the summary data for CEZ Group. ESCO Distribučné sústavy also deals with the sale of electricity to end-use customers, primarily in its networks.

Capital construction

ČEZ Distribuce's investments were directed mainly into the renewal and development of distribution networks at all voltage levels, in particular at the LV level, and then into the reconstruction of transformer stations, distribution substations, and electricity meters. Approximately the same amount of funds went into the handling of customer requests for connection to the distribution grid. Investments also continued into smart technologies, digitization, and the development of medium-voltage optical infrastructure. The principal objective of capital expenditures is improving the quality, reliability, and safety of electricity supplies.

Natural gas distribution

ČEZ ESL provides for natural gas distribution in Czechia (it was named ČEZ Energetické služby until July 1, 2024). As in previous years, the company operates local distribution systems at the Vítkovice, Dětmárovice, Mohelnice, and Kdyně sites.

At all the sites concerned, the company is the proper holder of a license for natural gas distribution; it adheres to the valid legislative framework and the ERO's Price Decision, taking over the prices of the high-level distributor as part of the price policy.

In Slovakia, gas distribution is provided by ESCO Distribučné sústavy, which operates several local grids. The company deals with the sales of natural gas to end-use customers primarily in its networks and supplies gas to its sister companies SPRAVBYTKOMFORT and ESCO Servis.

Capital construction

Investments in Czechia were mainly made to replace selected existing boilers in control stations.

In Slovakia, the biggest investments went into the maintenance of existing equipment.

Outlook for 2024

In the area of electricity distribution, the expected supply volume is based on the expected development of electricity consumption, taking into account customer savings and PV installations. The increase in consumption associated with the shift away from gas (due to the transition to heat pumps) and the development of electromobility will have an opposite effect.

In the field of natural gas distribution, ČEZ ESL foresees development activities, modernization of equipment, and expansion of the provided services. At the same time, CEZ Group expects to develop the business of the newly acquired GasNet Group.

SALES Segment

The SALES segment includes companies selling electricity, natural gas, heat, energy services, and telecommunications services.

Among the priorities of the companies in the segment are the efficient provision of electricity and natural gas for consumers, the provision of the most advantageous energy solutions and the best customer experience on the market, the development of new, innovative areas with growth potential, digitization, and the transformation of the heating industry to a low-emission standard. And thanks to the development of ESCO services, also the creation of state-of-the-art energy solutions that can enable clients to meet their goals in climate protection and energy savings.

Commodity sales

Electricity

Electricity sales

The most important market in which CEZ Group sold electricity to end-use customers in the first half of 2024 was mainly Czechia, but also Hungary, followed far behind by Germany, Slovakia, and Italy.

Czechia

The energy market in Czechia is fully liberalized, and all customers, including residential customers, can choose their electricity and gas supplier. In Czechia, there is the functioning energy exchange PXE (which is part of the German EEX exchange) and a market operator ensuring the functioning of the electricity markets.

CEZ Group offers electricity to end-use customers in Czechia through the companies ČEZ Prodej, ČEZ ESCO, ENESA, ČEZ Energo, Energetické centrum and also through companies from the GENERATION segment: ČEZ, Energotrans, and ÚJV Řež.

Electricity sales to all types of customers decreased year over year. The supply decrease was significantly affected by warm weather in H1 2024, when the average temperature was +1.8°C above the 2023 level. The slight decrease in the number of ČEZ Prodej customers reflects significant volatility of commodity prices and the competitive environment in Czechia. The year-over-year decrease in the volume of electricity sales of ČEZ ESCO Group was significantly influenced by the loss of supply to the Správa železnic (Railway Infrastructure Administration) in 2024.

December 31, 2023 saw an end to the price regulation, introduced by a government decree in 2023 in response to the spike in commodity prices following Russia's invasion of Ukraine, launched in 2022. The final billing of electricity supply compensation for the entire year 2023 was settled in the first half of 2024.

Effective July 1, 2024, there were several changes in the energy sector. The entire trading system changed from an hourly settlement interval to a 15-minute interval, and commodity sharing was launched on August 1, 2024, enabling surpluses from PV plants to be shared either among a group of customers, with an agreement on their own price terms, or to cover part of the consumption of other properties of the PV plant operator from their own generation. ČEZ Prodej will mediate the creation of energy communities for its customers and subsequently their administration and communicate the requirements for the Electricity Data Center (EDC), which will provide for the sharing.

Pilot projects of commercial electricity sharing without the need to use the EDC system were launched in the product portfolio of ČEZ ESCO.

Heat

Heat generation and sales

In Czechia, Poland, and Slovakia, a year-over-year decrease in heat supply was recorded. The lower supply was not only influenced by the warmer winter season, but also by cost-saving measures on the part of customers. On the contrary, the commissioning of the ČEZ, a. s., hot water piping from Temelín to České Budějovice in October 2023 had a growth effect.

CEZ Group offers heat to end-use customers in Czechia through ČEZ Teplárenská, Teplo Klášterec, ENESA, ČEZ ESL, ÚJV Řež, ČEZ Energo, Energotrans, Energetické centrum, ČEZ Energetické produkty, and ČEZ.

In April, ČEZ Teplárenská, a.s., acquired a 100% stake in ACTHERM Distribuce, which deals with heat distribution in Chomutov, Jirkov, and Klášterec nad Ohří.

The transformation of the heating industry is taking place in accordance with the set schedule, and its main goal remains to ensure a long-term and reliable heat supply at a favorable price.

ČEZ Teplárenská completed strategic concepts for the Hodonín, Poříčí and Ledvice sites, and with this step also ended the process of preparation and specification of the resources of all of CEZ Group's heating sites.

The design preparation for the construction of high-efficiency, low-emission sources continues at the sites of Prunéřov, Tušimice, and Trmice.

The construction of new sources has already started at the Dětmarovice site, with the expected gradual commissioning at the end of 2026.

In April 2024, a long-term contract for using heat from that source was signed with the representatives of the municipal distribution companies in Orlová and Bohumín.

Natural gas

Sales of natural gas

Czechia

CEZ Group offers natural gas to end-use customers in Czechia through the companies ČEZ Prodej, ČEZ ESCO, and ČEZ Energo.

Gas sales to all types of customers declined year over year. The year-over-year supply decrease was significantly affected by warm weather in the first half of 2024, when the average temperature was +1.8°C higher than in the same period of the previous year. The slight decrease in the number of customers reflects significant volatility of commodities, the competitive environment in Czechia, and the overall stabilization of ČEZ Prodej portfolio after the bankruptcy of Bohemia Energy (former company).

The energy market in Czechia is fully liberalized, and all customers, including residential customers, can choose their electricity and gas supplier. In Czechia, there is a functioning energy exchange PXE (which is part of the German EEX exchange) and a market operator ensuring the functioning of the gas markets. Commodities in Czechia are sold to residential and small business end-use customers primarily by ČEZ Prodej and to corporate, municipal, and public authority customers by ČEZ ESCO.

Similarly to electricity, natural gas saw a gradual decline in commodity prices during 2023, which did not rebound from the bottom until the end of the first quarter of 2024. Once again, no customer will be charged a price above the government-set cap for natural gas under their already running fixed contract, and these customers have been given an option to change the fixed price terms by extending the contract.

December 31, 2023 saw an end to the price regulation, introduced by a government order in 2023 in response to the spike in commodity prices following Russia's invasion of Ukraine, launched in 2022. The final billing of gas supply compensation for the entire year 2023 was settled in the first half of 2024.

Energy services

Companies in the SALES segment engaged in the provision of B2B energy services are divided into two basic groups. In Czechia, the applicable activities are provided by ČEZ ESCO Group. Other foreign markets are covered in particular by the Elevion Group, which operates mainly in Germany, but also in Poland, Italy, Romania, Austria, Israel, the Netherlands, Hungary, Denmark, China, Malaysia, the United Kingdom, and newly also in Spain. In Slovakia, energy services are provided by ESCO Slovensko Group, part of ČEZ Invest Slovensko Group since January 1, 2024. All groups operate in

three main areas covering a wide range of ESCO services: energy solutions for buildings, green energy, and energy for industry.

Sales of energy services

Czechia

In Czechia, energy services to retail customers are provided by ČEZ Prodej, which also deals with the implementation process through its subsidiary TENAUR. In the first half of the year, domestic photovoltaic power plants were installed at 1,863 clients, with a total capacity of 15 MWp. The most popular variant is a combination of photovoltaics and battery storage. “ČEZ Battery Box Queen” hybrid battery system offered by ČEZ Prodej is unique in the Czech market.

Other services provided include gas boiler maintenance – the ČEZ Servis Vytápění (ČEZ Heating’s Maintenance Service), which provides regular annual inspections of the gas boiler and the flue gas path as well as possible repairs, is used by more than 26.5 thousand customers. If it is necessary to replace an old gas boiler, ČEZ Prodej also provides complete installation services, including adjustments to the flue gas path.

ČEZ ESCO Group provides supplies to B2B clients (commercial companies) and the B2G sector (mainly municipalities). ČEZ ESCO is a leader in the field of sustainable energy and provides comprehensive and state-of-the-art solutions. ČEZ ESCO Group is one of the first companies to provide solutions in the field of green energy also “as a service”. In 2024, the construction of a PV plant with a total capacity of approximately 30 MWp is expected. In this model, the customer does not have to pay the investment costs for the installation of the PV plant, but repays this investment by purchasing the electricity produced from the PV plant. State-of-the-art technology is installed to ensure maximum generation as well as maximum safety and reliability of operation.

ČEZ ESCO Group is also actively involved in the modernization of the heating industry, including green generation at industrial sites. It offers solutions for the supply of heat sources (hot water, steam and hot water boilers, heat pumps, solar panels, gas radiators, electric boilers), heat distribution, modernization, optimization, and decentralization of central heat supply.

At the beginning of 2024, ČEZ ESCO Group put into operation the largest Czech battery (10 MW / 12.4 MWh) in Vítkovice, where a trial operation was carried out for managing the deviation of the portfolio of combined heat and power units (CHP units). Except for BESS Vítkovice, the portfolio of flexibility sources was successfully expanded. All new sources (especially combined heat and power units) are automatically connected to the infrastructure for providing power balancing services and included in aggregation blocks.

Germany

In the segment of energy services for B2B customers on the German market, Elevion Group operates through its subsidiaries in three business segments, namely Green Energy, Industrial Energy, Building Energy.

The most important representative of the Green Energy segment in the area of large generating facilities is BELECTRIC Group in Germany, which implements activities within the entire value chain of solar power plants and battery storage, from development to actual operation and maintenance. At the beginning of the year, BELECTRIC Group commissioned approximately 280 MWp, of which the Deubach and Reddehausen power plants remained the property of BELECTRIC Group, which will continue to operate them.

Elevion Green was founded at the beginning of 2024; it aims to create an intra-group platform for the development of activities in the field of B2B ESCO services (primarily rooftop photovoltaic systems, battery storage, charging wallboxes, heat pumps, energy management) and digitize activities along the entire value chain of decentralized energy (marketing, sales, technical planning, subcontractor management, other related services).

In the Industrial Energy segment, the activities of Entract Energy (complex energy services for industrial customers and for real estate development), GWE (planning of complex energy concepts) and SERCOO Group (complex services in the operation of biogas power plants, combined heat and power production and production of biomethane) are carried out.

The key company in Digitization and Automation is HERMOS AG Group, which deals with automation services and IT solutions for various industries, including energy management, and which also

includes Hofmockel, which specifically complements the Group's portfolio with automation in the wastewater treatment segment.

In the Building Energy segment, it is primarily represented by subsidiaries Rudolf Fritz GmbH (low voltage and control systems), ETS Efficient Technical Solutions GmbH (technical building equipment), EAB Elektroanlagenbau GmbH Rhein/Main (electrical engineering and technical equipment of buildings), D-I-E Elektro AG (electrical engineering and technical equipment of buildings) and Alexander Ochs (ventilation and air conditioning). Important companies in this segment also include En.plus GmbH (consulting and planning, implementation, service and operation of equipment and systems for energy-efficient buildings, especially in the field of cooling).

Slovakia

CEZ Group operates on the Slovak market through ESCO Slovensko Group. As part of the provided energy services, ESCO Slovensko Group started offering new products as a service: photovoltaics, heat from renewable energy sources, and cooling.

In the first half of 2024, the construction market experienced a decline, which resulted in a lower volume of orders and increased competition in the sector.

Poland

The key companies operating in Poland are companies in Euroklimat Group as well as Metrolog. Euroklimat provides services in the field of technical equipment for buildings, electrical installations, telecommunications networks, and IT installations. It also offers planning services, implementation, and subsequent maintenance, and its portfolio of companies includes TRIM-TECH and Instal Bud Pecyna, acquired in the first half of 2024. Metrolog is one of the leading suppliers of complex implementation of projects in the fields of heating and construction of water treatment systems on the Polish market.

Other countries: Italy, Romania, Austria, Israel, the Netherlands, Hungary, Spain, China, Malaysia, and UK

In other countries, Elevion Group continues to grow organically and through acquisitions, in line with the approved strategy.

ZOHD Group, operating in the Netherlands, was renamed to Energy Shift on January 1, 2024. The company provides services in the field of rooftop photovoltaic systems. After a successful pilot phase, the company added the implementation of battery storage system installations to its portfolio of offered services in 2023.

In Austria, Elevion Group operates through several smaller companies that focus on the planning and installation of complex electrical equipment. A unique project was the installation of a photovoltaic power plant with battery storage at the upper cable car station to Zwölferhorn (1,522 m above sea level), which made the cable car largely energy self-sufficient.

In northern Italy, Elevion Group entered into a project of several high-efficiency CHP units. The units are gradually installed along the TAL oil pipeline managed by SIOT and could potentially be powered by biomethane in the future.

In the field of photovoltaics, Elevion Group entered the Spanish market. It founded BELECTRIC ESPAÑA, S.L. and bought the local property developer Navitacum, which was fully integrated into the company. The new company plans extensive activities in the field of photovoltaic power plants and battery storage, from project implementation and EPC to turnkey operation (O&M), along the entire value chain.

In Romania, energy services are provided mainly in the field of technical equipment for buildings through High-Tech Clima S.A.

BELECTRIC Group, as one of the largest European companies specializing in the construction of large photovoltaic power plants, is also very active in other markets, especially in the United Kingdom, the Netherlands, Israel, and also in Denmark, where it participates in the construction project of a power plant with a capacity of 135 MWp.

Telecommunications services

Cable connections

Telco Pro Services provides telecommunications services for the purposes of CEZ Group and the external market. The subsidiary Telco Infrastructure has been established to own, build, and operate the fiber-optic communications infrastructure to which CEZ Group's other companies supplying services to end-use customers will be connected. In April 2024, Telco Pro Services completed acquisitions of major internet providers, namely EDERA Group a. s. (including subsidiaries) and WMS s.r.o. After the acquisitions this year, Telco Pro Services and its subsidiaries own a total of 331,000 connection points and provide services to end-use customers on 120,000 connections.

Mobile telephone market

ČEZ Prodej has also been active in the field of telecommunications services for a long time. With the MOBIL OD ČEZ product and more than 100,000 active numbers, it ranks among the three largest virtual operators in Czechia. As at July 2024, it serves over 158,000 active SIM cards.

For a long time, the MOBIL OD ČEZ product also has had the best values in customer experience, and it has recently received a five-star quality badge, thanks to which it is ranked among the best-rated spots on the Mapy.cz portal.

Electric mobility

Public infrastructure

CEZ Group's priority in the area of electric vehicle infrastructure is the construction of an extensive charging network using reliable technology, assuming long-term sustainability, in order to enable and support the development of this type of transport in Czechia. In 2024, the infrastructure development has mostly focused on ultra-fast chargers (HPC) with a capacity exceeding 150 kW, concentrated into charging parks (hubs).

By the end of the first half of 2024, 754 (+32% per year) charging stations with an installed capacity of 57.8 MW (+49.7% per year) were in operation. The number of HPC chargers increased from 18 to 66 year over year. These chargers account for 9% of the total number but up to 26% of the installed charging capacity. The most prominent charging parks with HPC stations are located along highways as well as along the I/37 road.

By the end of this year, CEZ Group plans to put into operation such a number of charging parks with HPC stations that would meet the goals for electric mobility, set in the Clean Energy of Tomorrow strategy (800 stations with a capacity of 70 MW) for 2025, sooner – before the end of 2024.

Public charging service

The charging service, sold under the futurego brand, also recorded significant progress in the first half of 2024. Drivers used 3.9 MWh of electricity during that period, an increase of 67% compared to the same period in 2023. The service launched a new website, futurego.cz, where CEZ Group was the first in Czechia to present an online charging calculator, which allows customers to calculate their monthly consumption and the ideal settings of their tariff easily. In the long term, the most significant development activity is probably the roaming service for futurego customers. Its goal is to enable trouble-free charging at almost all charging points not only in Czechia, but also abroad. By the end of the first half of the year, futurego customers could already use more than 30,000 roaming charging points in neighboring countries.

Products and services for corporate clients

Electric mobility products and services for corporate clients intended for non-public use are provided within CEZ Group by ČEZ ESCO, which has managed to build relevant internal competences, including service representatives for Czechia. Ekoenergetyka Polska was added to them in 2024.

Outlook for 2024

Electricity

In Czechia, a year-over-year decrease in the volume of electricity sold to retail customers and B2B customers is expected at the end of 2024. In 2023, the regime of capped electricity and gas prices with a regulated margin ended, and the market is expected to stabilize in 2024. In 2024, CEZ Group expects a significant reduction in price volatility for corporate customers.

The Hungarian company CEZ Magyarország Kft. anticipates an increase in supply volumes due to market consolidation; this company remains a stable and trusted partner providing superior customer service.

Heat

CEZ Group will continue to transform the heating industry by turning coal-fired sites in Czechia into low-emission facilities in order to achieve climate neutrality. In Slovakia, one of the largest investments in the replacement of existing heat pipes in the history of SPRAVBYTKOMFORT was launched in Prešov. The investment will continue until 2028 and, in addition to a more reliable heat supply, it will enable individual apartment buildings to build their own heat sources (RES).

Construction of the remaining 3 CHP units along the TAL oil pipeline in northern Italy is expected to be completed.

Natural gas

In Czechia, a year-over-year decrease in the volume of gas sold to retail and B2B customers is expected at the end of 2024. In 2023, the regime of capped electricity and gas prices with a regulated margin ended, and even this market is expected to stabilize in 2024. In 2024, CEZ Group expects a significant reduction in price volatility for corporate customers.

In Slovakia, CEZ Group expects to maintain the volume of delivered natural gas year over year.

Energy services

It is expected that business activities will be maintained, and the position of CEZ Group in energy services will strengthen in 2024. The continued emphasis of customers on savings and their efforts to increase energy independence will drive the energy industry towards decentralized, cost-effective, and environmentally-friendly energy sources. The situation in the field of construction remains a potential risk. On the other hand, the growing consumer interest in greening and decarbonization presents a clear opportunity for commodities, such as green electricity, zero-emission electricity, and zero-emission gas¹, and also for modern energy solutions to reduce the carbon footprint. The largest PV plant of ČEZ ESCO Group (1.7 MWp) of all PV plants built so far was launched as a service. By the end of the year, the portfolio is expected to have 18 PVPPs in full operation as a service.

The market in Slovakia expects further distribution of funds from the Recovery and Resilience Plan, which should increase the demand for energy saving services.

Other products and services

Telco Pro Services, including its subsidiaries, intends to take advantage of any new acquisition opportunities in the market and continue to provide quality internet connectivity to end-use customers, as well as internet-related services, such as VoIP and IPTV, with a high level of security. The construction of fiber-optic networks with end-use customer connectivity is still expected to continue.

¹ Carbon in zero-emission gas comes from plant matter that absorbed it from atmospheric CO₂, therefore the generation of zero-emission gas is carbon neutral

Installed Capacity of Facilities and Electricity, Heat, and Natural Gas Procured and Sold by CEZ Group

Installed capacity in individual countries, June 30 (MW_e)

Type of Source	Czechia		Germany		France		Poland		Italy		Slovakia		Austria		Total	
	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024
Emission-free:	6,403	6,412	134	190	27	2	2	1	1	1	1	1	0	4	6,552	6,635
Nuclear power plants	4,290	4,290	-	-	-	-	-	-	-	-	-	-	-	-	4,290	4,290
Hydroelectric power plants	1,979	1,979	-	-	-	2	2	-	-	-	-	-	-	-	1,981	1,981
Photovoltaic power plants	126	135	0	56	-	-	-	1	1	-	-	-	0	4	128	196
Wind power plants	8	8	133	133	27	-	-	-	-	-	-	-	-	-	154	169
Emission-generating:	4,725	4,731	1	1	-	568	568	4	31	4	1	2	-	-	5,299	5,332
Coal-fired power plants and heating plants (burning coal and biomass)	3,748	3,748	-	-	-	-	568	568	-	-	-	-	-	-	4,317	4,317
CCGT plants; gas-fired CHP units and bioler plants	971	977	1	1	-	-	-	1	25	1	1	2	-	-	973	1,005
Biomass plants, biogas stations and other sources	6	6	-	-	-	-	-	3	5	-	-	-	-	-	9	11
Total	11,128	11,143	134	190	27	570	570	5	32	5	1	2	0	4	11,851	11,967
Of which: Renewables ¹⁾	2,119	2,128	134	190	27	2	2	4	6	4	1	2	0	4	2,271	2,356

¹⁾ The source for electricity generation is water, sun, wind, or biomass.

The installed capacity of Turkish generating facilities is listed separately from the other facilities of CEZ Group. CEZ Group does not have decisive control over the companies that own Turkish assets and therefore their values are not included in the consolidated balance sheets and data for CEZ Group.

Installed capacity, June 30 (in MW_e)

Type of source	June 30, 2023	June 30, 2024
Emission-free:	317	326
Hydroelectric power plants	289	289
Photovoltaic power plants	–	8
Wind power plants	28	28
Emission-generating:	907	917
CCGT power plants; gas-fired CHP units and boiler plants	904	904
Biomass plants, biogas stations and other sources	3	13
Total	1,224	1,243
Of which: Renewables ¹⁾	318	337

¹⁾ The source for electricity generation is water, sun, wind, or biomass.

Electricity

Electricity procured and sold

Electricity procured and sold (GWh)

	H1 2023	H1 2024	2024/2023 Index (%)
Electricity generated	22,515	21,820	96.9
Electricity generated (gross)	24,951	24,335	97.5
In-house and other consumption, including pumping in pumped-storage plants	(2,436)	(2,515)	103.2
Wholesale balance	(9,322)	(9,478)	101.7
Sold in the wholesale market	(43,709)	(31,757)	72.7
Purchased in the wholesale market	34,387	22,279	64.8
Grid losses	(781)	(768)	98.2
Sold to end-use customers	(12,412)	(11,574)	93.3

Electricity generation

Electricity generation by energy source in individual countries (GWh)

Type of Source	Czechia		Germany		Poland		Italy		France		Slovakia		Austria		Total	
	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024
Emission-free	16,636	15,998	160	178	5	2	1	1	9	32	—	—	—	—	16,811	16,211
Nuclear	15,303	14,602	—	—	—	—	—	—	—	—	—	—	—	—	15,303	14,602
Water	1,263	1,318	—	—	5	2	—	—	—	—	—	—	—	—	1,268	1,320
Sun	66	72	—	30	—	—	1	1	—	—	—	—	—	—	66	103
Wind	5	6	160	149	—	—	—	—	9	32	—	—	—	—	173	187
Emission-generating	7,294	7,471	—	—	833	565	11	85	—	—	3	4	—	—	8,140	8,124
Coal	6,116	6,373	—	—	692	474	—	—	—	—	—	—	—	—	6,808	6,847
Natural gas	985	893	—	—	—	—	2	68	—	—	3	4	—	—	989	965
Biomass	193	205	—	—	141	90	9	17	—	—	—	—	—	—	343	312
Biogas	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	23,930	23,469	160	178	838	567	11	85	9	32	3	4	—	—	24,951	24,335
Of which: Renewables ¹⁾	1,526	1,601	160	178	146	93	10	17	9	32	—	—	—	—	1,851	1,921

¹⁾ The source for electricity generation is water, sun, wind, or biomass.

Share of each source type in CEZ Group's total electricity generation (%)

	CEZ Group	
	H1 2023	H1 2024
Emission-free	67.4	66.6
Nuclear	61.3	60.0
Water	5.1	5.4
Sun	0.3	0.4
Wind	0.7	0.8
Emission-generating	32.6	33.4
Coal	27.3	28.1
Natural gas	4.0	4.0
Biomass	1.4	1.3
Biogas	—	—
Total	100.0	100.0
Of which: Renewables ¹⁾	7.4	7.9

¹⁾ The source for electricity generation is water, sun, wind, or biomass.

Expected electricity generation in 2024 (GWh)

Type of source	Czechia	Germany	Poland	Italy	France	Slovakia	Austria	Total
Emission-free	32,329	352	8	1	88	-	-	32,777
Nuclear	29,761	-	-	-	-	-	-	29,761
Water	2,416	-	8	-	-	-	-	2,423
Sun	140	60	-	1	-	-	-	201
Wind	12	292	-	-	88	-	-	391
Emission-generating	16,236	-	1,330	225	-	7	-	17,798
Coal	13,737	-	1,099	-	-	-	-	14,836
Natural gas	2,077	-	-	186	-	7	-	2,271
Biomass	421	-	231	39	-	-	-	691
Biogas	-	-	-	-	-	-	-	-
Total	48,564	352	1,338	226	88	7	-	50,575
Of which: Renewables ¹⁾	2,989	352	238	40	88	-	-	3,707

¹⁾ The source for electricity generation is water, sun, wind, or biomass.

An overview of electricity generated in Turkey and the expected generation in 2024 are presented separately from the above-mentioned overviews of electricity generation of CEZ Group. CEZ Group does not have decisive control over the companies that own Turkish assets and therefore their values are not included in the consolidated balance sheets and data for CEZ Group.

Electricity generation in Turkey (GWh)

Type of source	H1 2023	H1 2024
Emission-free	493	465
Water	456	420
Sun	–	6
Wind	37	40
Emission-generating	1,555	1,089
Natural gas	1,552	1,065
Biomass	–	19
Pyrolysis	3	4
Total	2,048	1,554
Of which: Renewables ¹⁾	493	485

¹⁾ The source for electricity generation is water, sun, wind, or biomass.

Expected electricity generation in Turkey in 2024 (in GWh)

Type of source	2024
Emission-free	789
Water	687
Sun	13
Wind	89
Emission-generating	3,038
Natural gas	2,981
Biomass	53
Pyrolysis	5
Total	3,828
Of which: Renewables ¹⁾	842

¹⁾ The source for electricity generation is water, sun, wind, or biomass.

Electricity sales

Electricity Sales to End-Use Customers (GWh)

Consumption category	Czechia		Hungary		Slovakia		Italy		Germany		Total	
	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024
Large customers	5,743	4,945	1,150	1,550	13	13	9	83	-	30	6,915	6,622
Commercial retail	1,445	1,287	-	-	-	-	2	2	-	-	1,447	1,289
Residential customers	4,049	3,663	-	-	0	0	-	-	-	-	4,050	3,663
Total	11,237	9,895	1,150	1,550	14	14	11	85	-	30	12,412	11,574

Expected Electricity Sales to End-Use Customers in 2024 (GWh)

Consumption Category	Czechia	Hungary	Slovakia	Italy	Germany	Total
Large customers	10,836	3,181	27	218	60	14,322
Commercial retail	2,543	-	-	8	-	2,552
Residential customers	7,251	-	1	-	-	7,252
Total	20,630	3,181	27	226	60	24,125

In December 2023, ÇEZ, a. s., sold its stake in the Turkish company Akcez Enerji Yatirimlari Sanayi ve Ticaret A.Ş., and therefore the ownership interest in its sales subsidiary SEPAS also ceased to exist. In the first half of 2023, SEPAS sold a total of 6,129 GWh of electricity.

Electricity distribution

Electricity distributed (GWh)

Electricity distributed to end-use customers	H1 2023	H1 2024
Czechia	17,473	17,127
Slovakia	13	13
Total	17,486	17,140

ČEZ, a. s., sold its stake in the Turkish company Akcez Enerji Yatirimlari Sanayi ve Ticaret A.Ş. in December 2023 and, as a consequence, the ownership interest in its subsidiary – the distribution company SEDAS – also ceased to exist. In the first half of 2023, SEDAS distributed 5,021 GWh of electricity.

Expected electricity distribution in 2024 (GWh)

Electricity distributed to end-use customers	2024
Czechia	33,805
Slovakia	22
Total	33,827

Heat

Heat supplied and sold

Heat supplied and sold (TWh)

Country	Heat supplied for heating purposes		External heat sales (outside CEZ Group)	
	H1 2023	H1 2024	H1 2023	H1 2024
Czechia	3.3	3.2	2.7	2.6
Poland	0.9	0.8	0.9	0.8
Slovakia	0.1	0.1	0.1	0.1
Italy	–	0.0	–	–
Total	4.3	4.1	3.7	3.5

Expected heat supply and sales in 2024 (TWh)

Country	Heat supplied for heating purposes	External heat sales (outside CEZ Group)
Czechia	6.0	5.0
Poland	1.5	1.5
Slovakia	0.2	0.2
Italy	0.1	–
Total	7.8	6.7

Natural gas

Natural gas procured and sold

Natural gas procured and sold (GWh)

	H1 2023	H1 2024	2024/2023 Index (%)
Procured	126,704	105,479	83.2
Of which: Trading	126,239	105,000	83.2
Other	465	479	103.0
Removed from storage	6,479	3,005	46.4
Sales	(125,899)	(102,744)	81.6
Of which: Trading	(119,359)	(97,433)	81.6
External large customers	(2,180)	(1,816)	83.3
Medium-sized customers	(700)	(630)	89.9
Small customers	(1,295)	(940)	72.6
Residential customers	(2,305)	(1,904)	82.6
OTE (market operator)	(59)	(22)	36.9
Placed in storage	(4,837)	(3,343)	69.1
Consumed in-house	(2,447)	(2,396)	97.9

Sales of natural gas

Natural gas sold to end-use customers (GWh)

Consumption category	Czechia		Slovakia		Total	
	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024
External large customers	2,166	1,804	14	12	2,180	1,816
Medium-sized customers	700	630	–	–	700	630
Small customers	1,295	940	–	–	1,295	940
Residential	2,305	1,904	–	–	2,305	1,904
Total	6,467	5,277	14	12	6,481	5,289

Natural gas expected to be sold to end-use customers (GWh)

	Czechia	Slovakia	Total
Total	10,912	24	10,936

Natural gas distribution

Natural gas distributed (GWh)

Natural gas distributed to end-used customers	H1 2023	H1 2024
Czechia	415	455
Slovakia	80	71
Total	494	525

Expected natural gas distribution in 2024 (GWh)

Natural gas distributed to end-used customers	2024
Czechia	817
Slovakia	154
Total	971

CEZ Group Financial Performance

Consolidated CEZ Group as at June 30, 2024

As at June 30, 2024, the consolidated CEZ Group comprised a total of 224 companies, with 203 companies fully consolidated and 21 joint ventures and associates consolidated using the equity method.

The companies of the consolidated CEZ Group were divided into four operating segments: GENERATION, MINING, DISTRIBUTION, and SALES.

GENERATION

ČEZ, a. s.	Ferme Eolienne de Thorigny SAS
Areál Třeboradice, a.s.	Ferme éolienne des Besses SAS
Baltic Green Construction sp. z o.o.	Ferme Eolienne des Breuils SAS
BANDRA Mobiliengesellschaft mbH & Co. KG	Ferme Eolienne des Grands Clos SAS
CASANO Mobiliengesellschaft mbH & Co. KG	Ferme éolienne du Blessonnier SAS
CE Insurance Limited	Ferme Eolienne du Germancé SAS
Centrum výzkumu Řež s.r.o.	FVE Mydlovary, s.r.o.
CEZ Deutschland GmbH	MARTIA a.s.
CEZ Erneuerbare Energien Beteiligungs GmbH	MD projekt s.r.o.
CEZ Erneuerbare Energien Beteiligungs II GmbH	Nuclear Property Services, s.r.o.
CEZ Erneuerbare Energien Verwaltungs GmbH	OSC, a.s.
CEZ France SAS	PV Design and Build s.r.o.
CEZ Holdings B.V.	SALLEKO, spol. s r.o.
CEZ Chorzów S.A.	ŠKODA JS a.s.
CEZ Chorzów II sp. z o.o. w likwidacji	ŠKODA PRAHA a.s.
CEZ Magyarország Kft. (CEZ Hungary Ltd.)	ÚJV Řež, a. s.
CEZ MH B.V.	Ústav aplikované mechaniky Brno, s.r.o.
CEZ Polska sp. z o.o.	Windpark Baben Erweiterung GmbH & Co. KG
CEZ Produkty Energetyczne Polska sp. z o.o.	Windpark Badow GmbH & Co. KG
CEZ RES International B.V.	Windpark Cheinitz-Zethlingen GmbH & Co. KG
CEZ Skawina S.A.	Windpark Datteln GmbH & Co. KG
CEZ Ukraine LLC	Windpark FOHREN-LINDEN GmbH & Co. KG
CEZ Windparks Lee GmbH	Windpark Frauenmark III GmbH & Co. KG
CEZ Windparks Luv GmbH	Windpark Gremersdorf GmbH & Co. KG
CEZ Windparks Nordwind GmbH	Windpark Mengerlinghausen GmbH & Co. KG
ČEZ Energetické produkty, s.r.o.	Windpark Naundorf GmbH & Co. KG
ČEZ ENERGOSERVIS spol. s r.o.	Windpark Nortorf GmbH & Co. KG
ČEZ ICT Services, a. s.	Windpark Zagelsdorf GmbH & Co. KG
ČEZ Invest Slovensko, a.s.	5 ER ENERJI TARIM HAYVANCILIK ANONIM SİRKETİ *)
ČEZ Obnovitelné zdroje, s.r.o.	AK-EL Kemah Elektrik Üretim A.S. *)
ČEZ OZ uzavřený investiční fond a.s.	AKEL SUNGURLU ELEKTRİK ÜRETİM ANONİM SİRKETİ *)
Elektrárna Dukovany II, a. s.	Akenerji Dogalgaz Ithalat Ihracat ve Toptan Ticaret A.S. *)
Elektrárna Temelín II, a. s.	Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.S. *)
Energotrans, a.s.	Akenerji Elektrik Üretim A.S. *)
Ferme Eolienne d'Andelaroché SAS	ČEZ Recyklace, s.r.o. *)
Ferme éolienne de Feuillade et Souffrignac SAS	GP JOULE PP1 GmbH & Co. KG *)
Ferme éolienne de Genouillé SAS	GP JOULE PPX Verwaltungs-GmbH *)
Ferme éolienne de la Petite Valade SAS	Green Wind Deutschland GmbH *)
Ferme Eolienne de la Piballe SAS	Jadrová energetická spoločnosť Slovenska, a. s. *)
Ferme Eolienne de Neuville-aux-Bois SAS	
Ferme éolienne de Nueil-sous-Faye SAS	
Ferme Eolienne de Saint-Laurent-de-Céris SAS	
Ferme Eolienne de Seigny SAS	

GENERATION

juwi Wind Germany 100 GmbH & Co. KG *)
Windpark Bad Berleburg GmbH & Co. KG *)
Windpark Berka GmbH & Co. KG *)

Windpark Moringen Nord GmbH & Co. KG *)
Windpark Prezelle GmbH & Co. KG *)

*) *Joint venture or associate*

MINING

PRODECO, a.s.
Revitrans, a.s.
SD - Kolejová doprava, a.s.
Severočeské doly a.s.

GEOMET s.r.o. *)
LOMY MOŘINA spol. s r.o. *)

*) *Joint venture or associate*

DISTRIBUTION

ČEZ Distribuce, a. s.
Grid Design, s.r.o.

SALES

ACTHERM Distribuce s.r.o.
AirPlus, spol. s r.o.
Alexander Ochs Wärmetechnik GmbH
AMPRO Medientechnik GmbH
Ampro Projektmanagement GmbH
AxE AGRICOLTURA PER L'ENERGIA
SOCIETA' AGRICOLA A R.L.
AZ KLIMA a.s.
AZ KLIMA SK, s.r.o.
Bechem & Post Wärmetechnik
Kundendienst GmbH
BELECTRIC ESPAÑA, S.L.
Belectric France S.A.R.L.
BELECTRIC GmbH
BELECTRIC Greenvest GmbH
Belectric Israel Ltd.
Belectric Italia Srl
Belectric Solar Ltd.
BIOPEL, a. s.
Brandt GmbH
Bücker & Essing GmbH
BUDRIO GFE 312 SOCIETA' AGRICOLA S.R.L.
CAPEXUS s.r.o.
CAPEXUS SK s. r. o.
CERBEROS s.r.o.
ČEZ Energo, s.r.o.
ČEZ ESCO, a.s.
ČEZ ESL, s.r.o.
ČEZ Prodej, a.s.
ČEZ Teplárenská, a.s.

ČEZNET s.r.o.
Deutsche Technik Service GmbH
D-I-E Elektro AG
Domat Control System s.r.o.
E-City Polska sp. z o.o.
EAB Elektroanlagenbau GmbH Rhein/Main
EDERA Group a.s.
EDERA Jičín s.r.o.
Elektro-Decker GmbH
Elektro Hofmockel GmbH & Co.
Elektroanlagen KG
Elektro Hofmockel Verwaltungsgesellschaft mit
beschränkter Haftung
Elevion Deutschland Holding GmbH
Elevion Energy & Engineering Solutions GmbH
Elevion GmbH
Elevion Green GmbH
Elevion Group B.V.
Elevion Holding Italia Srl
Elevion Österreich Holding GmbH
ELIMER, a.s.
Energetické centrum s.r.o.
Energy Shift B.V.
Energy Shift Installaties B.V.
ENESA a.s.
En.plus GmbH
Entract Energy GmbH
ENVEZ, a. s.
EP Rožnov, a.s.
EPIGON spol. s r.o.

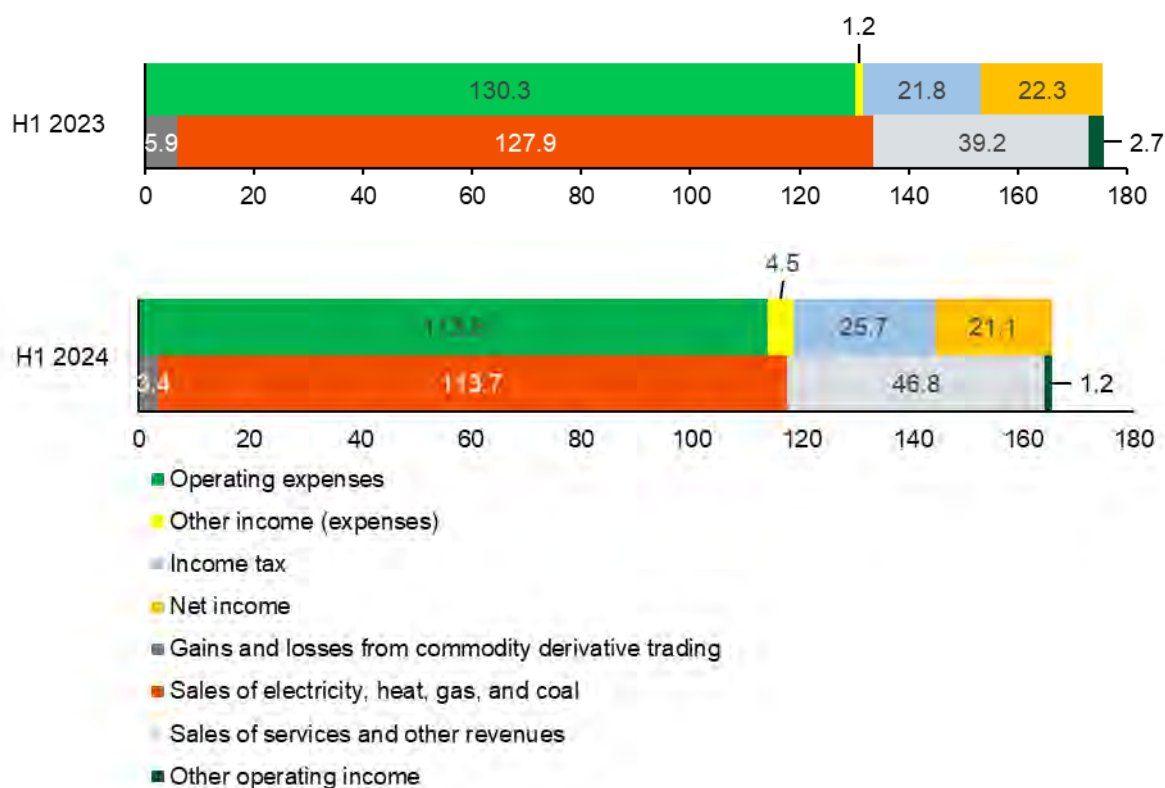
SALES

ESCO Distribučné sústavy a.s.	MT Energy Service GmbH
ESCO Servis, s. r. o.	MWB Power GmbH
ESCO Slovensko, a. s.	NEK Facility Management GmbH
ETS Efficient Technical Solutions GmbH	OEM Energy sp. z o.o.
ETS Efficient Technical Solutions Shanghai Co. Ltd.	Optické sítě s.r.o.
ETS Engineering Kft.	Pantegra Ingenieure GmbH
Euroklimat sp. z o.o.	Peil und Partner Ingenieure GmbH
GEE - Green Energy Efficiency GmbH	PIPE SYSTEMS s.r.o.
GESPA GmbH	Project X S.r.l.
Green Energy Capital, a.s.	Rudolf Fritz GmbH
GWE Verwaltungs GmbH	SERCOO ENERGY GmbH
GWE Wärme- und Energietechnik GmbH	SERCOO Group GmbH
HA.EM OSTRAVA, s.r.o.	Shift Energy B.V.
Hermos AG	SOCIETA' AGRICOLA B.T.C. S.R.L.
HERMOS International GmbH	SOCIETA' AGRICOLA DEF S.R.L.
HERMOS SDN. BHD	Societa' Agricola Falgas S.r.l.
Hermos Schaltanlagen GmbH	Solkraftwerk Deubach GmbH & Co. KG
Hermos Signaltechnik GmbH	Solkraftwerk Reddehausen GmbH & Co. KG
Hermos sp. z o.o.	Solární servis, s.r.o.
Hermos Systems GmbH	SPRAVBYTKOMFORT, a.s. Prešov
High-Tech Clima S.A.	SYNECO PROJECT S.r.l.
HORMEN CE a.s.	Syneco tec GmbH
Hybridkraftwerk Culemeyerstraße Projekt GmbH	SYNECOTEC Deutschland GmbH
IBP Ingenieure GmbH	Telco Infrastructure, s.r.o.
IBP Verwaltungs GmbH	Telco Pro Services, a. s.
inewa consulting Srl	TENAUR, s.r.o.
inewa Srl	Tepelné hospodářství města Ústí nad Labem s.r.o.
Instal Bud Pecyna Sp. z o.o.	Teplo Klášterec s.r.o.
INTERNEXT 2000, s.r.o.	TRIM-TECH TECHNIKA INSTALACJI sp. z o. o.
Inven Capital, SICAV, a.s.	Wagner Consult GmbH
KABELOVÁ TELEVIZE CZ s.r.o.	Web4Soft Internet s.r.o.
KART, spol. s r.o.	ZOHD Groep B.V.
Kofler Energies Ingenieurgesellschaft mbH	
M&P Real GmbH	Bytkomfort, s.r.o. *)
Magnalink, a.s.	Elevion Co-Investment GmbH & Co. KG *)
Metrolog sp. z o.o.	KLF-Distribúcia, s.r.o. *)
Metropolitní s.r.o.	
Moser & Partner Ingenieurbüro GmbH	*) <i>Joint venture or associate</i>

Changes in revenues, expenses, and income of CEZ Group

Profit generation

CEZ Group's net income breakdown (in CZK billions)



Net income (after-tax income) in the first half of 2024 amounted to CZK 21.1 billion, which is a year-over-year decrease of CZK 1.2 billion.

Revenues and other operating income decreased year over year by CZK 8.0 billion to CZK 161.7 billion, mainly due to lower revenues from the sale of gas (CZK -8.8 billion) and lower revenues from the sale of electricity (CZK -4.3 billion). On the contrary, there was an increase mainly in revenues from distribution services (CZK +4.9 billion).

Operating expenses decreased by CZK 16.5 billion year over year to CZK 113.8 billion. The costs of purchasing electricity, gas, and other energies decreased (CZK +11.7 billion). Other operating expenses fell (CZK +11.6 billion), mainly as a result of termination of the obligation for levy on revenues above price caps from generation in Czechia, which burdened the costs of the first half of 2023 by CZK 11.1 billion. Costs for services (CZK -1.9 billion), salaries and wages (CZK -2.6 billion), costs for materials (CZK -1.4 billion), and depreciation and amortization (CZK -0.9 billion) increased. The cost of fuel and emission allowances decreased year over year (CZK +0.3 billion).

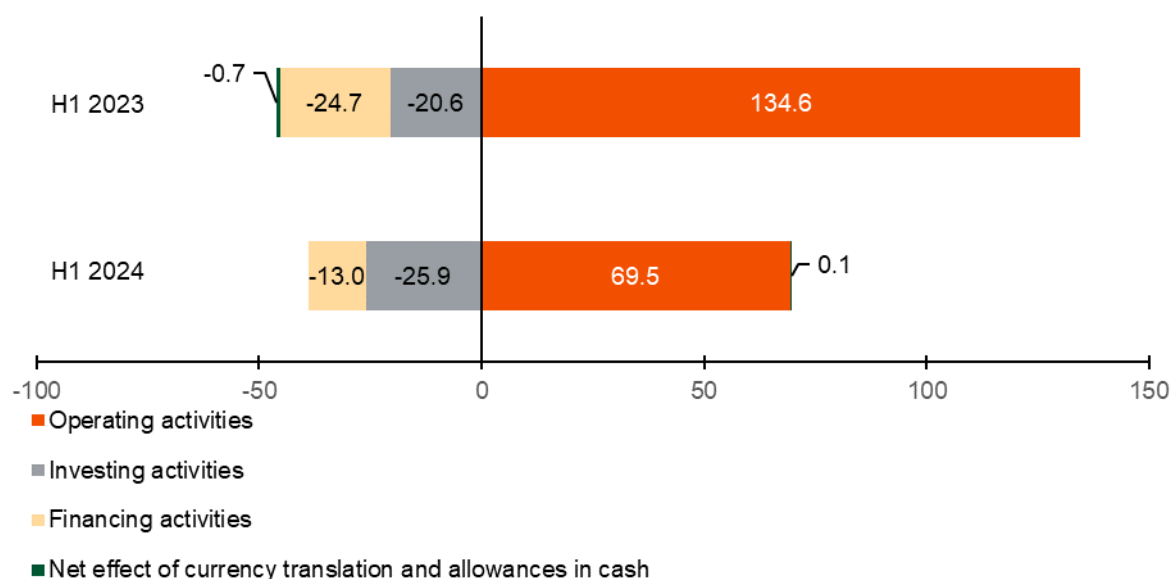
Gains and losses from commodity derivative trading were CZK 2.5 billion lower year over year due to lower gains on speculative commodity trading and the temporary revaluation of derivative trades hedging generation and sales positions for future periods.

Other expenses and income increased the net income by CZK 3.3 billion year over year. The balance of expense and income interest had a negative impact on net income (CZK -1.2 billion), which was primarily the result of temporarily lower free cash and lower interest rates in 2024. In addition, exchange rate effects and revaluation of financial derivatives (CZK -0.9 billion), share of profit (loss) from associates and joint-ventures (CZK -0.5 billion), mainly as a result of exchange rate effects due to ownership of companies in Turkey in 2023, had a negative impact, just like the revaluation of the Inven Capital portfolio (CZK -0.5 billion) and higher interest from nuclear and other provisions (CZK -0.4 billion).

Income tax increased by CZK 3.9 billion to CZK 25.7 billion.

Cash flows

CEZ Group's cash flows (in CZK billions)



Net cash flow from operating activities decreased year over year by CZK 65.2 billion to CZK +69.5 billion. The main effect on the highly negative year-over-year comparison of operating cash flow resulted from specific income in the first half of 2023 by virtue of return of temporary margin deposits on commodity exchanges and with trading counterparties, related to the pre-sales of generation (this income accounted for more than 80% of the total year-over-year change in net cash flow from operating activities). These deposits were mostly created in 2022 and were returned in 2023 as a result of the gradual settlement of supplies from generation at historically lower contracted prices as well as a significant decrease in forward electricity prices for the supplies of generation in subsequent periods. Another significant effect was the increase in advances and payments of income taxes.

Income before income taxes adjusted for noncash transactions decreased by CZK 16.5 billion, of which profit before tax increased (CZK +2.7 billion) and adjustments for noncash transactions decreased (CZK -19.2 billion), in particular due to the cash flow hedges reclassified from equity to statement of income. The balance of interest received and paid (except for capitalized) was lower (CZK -0.9 billion). Income taxes paid increased year-over-year (CZK -22.7 billion), mainly due to the paid advances on the windfall tax (CZK -15.0 billion), and the higher regular corporate income tax (CZK -7.7 billion).

Year-over-year differences in the development of working capital reached a total of (CZK -25.0 billion). The negative difference was mainly caused by the change in trade and other receivables and payables (CZK -41.9 billion), primarily as a result of a significant drop in prices in the first half of 2023 and the related reduction in margin deposits on energy exchanges and with commodity traders in 2023. The change in receivables and payables from derivative transactions had a positive effect (CZK +24.6 billion). The change in materials, supplies, and fossil fuel stocks (CZK -4.1 billion), the change in short-term debt securities and term deposits (CZK -2.4 billion), and the change in other working capital items (CZK -1.2 billion) had an opposite effect.

Net cash flow from investment activities amounted to CZK -25.9 billion and increased (CZK -5.3 billion) year over year. The biggest contributor to growth was the higher additions to noncurrent assets (CZK -3.6 billion), especially long-term tangible assets. The level of financial assets with limited availability increased (CZK -1.1 billion), just like the acquisition of subsidiaries, associates, and joint ventures (CZK -0.8 billion).

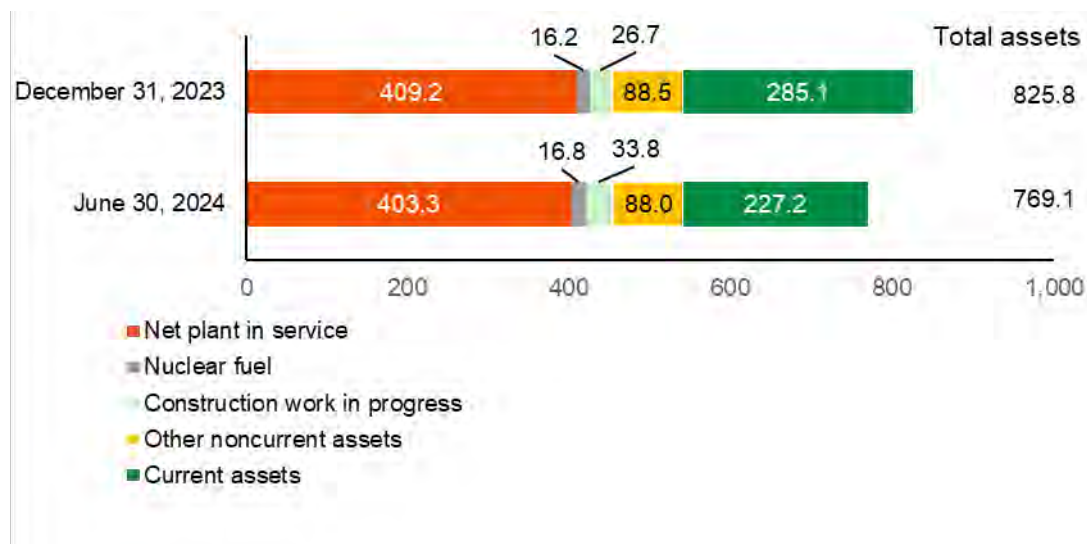
Net cash flow from financing activities amounted to CZK -13.0 billion and decreased year over year by (CZK +11.8 billion). The decrease was due to the change in the balance of drawdowns and repayments of loans and borrowings (CZK +10.4 billion) and other long-term liabilities (CZK +1.5 billion).

The net effect of currency translation and allowances in cash had a positive impact (CZK +0.8 billion).

Structure of assets, equity, and liabilities

The value of CEZ Group's consolidated assets, equity, and liabilities decreased by CZK 56.6 billion to CZK 769.1 billion in the first half of 2024.

Structure of CEZ Group's assets (in CZK billions)



Noncurrent assets increased by CZK 1.3 billion to CZK 541.9 billion.

The value of long-term tangible assets, net, decreased by CZK 6.0 billion to CZK 403.3 billion, while the gross value increased by CZK 9.2 billion and accumulated depreciation and impairment reduced the total value by CZK 15.1 billion.

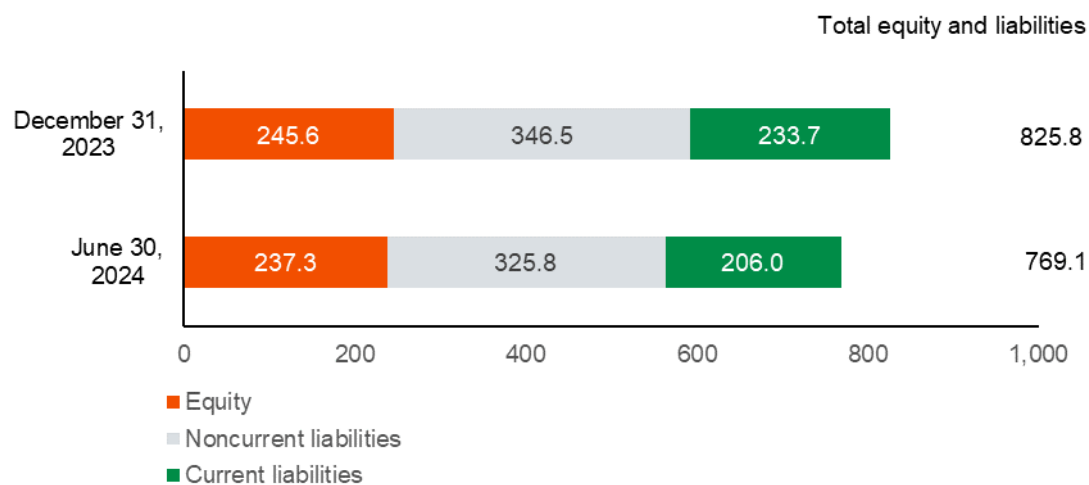
The balance of construction work in progress into intangibles (CZK +7.2 billion) and of nuclear fuel (CZK +0.6 billion) increased.

Other noncurrent assets decreased by CZK 0.5 billion to CZK 88.0 billion. This was mainly due to a decrease in long-term receivables from derivative operations (CZK -3.3 billion), a decrease in debt securities (CZK -0.3 billion), and long-term financial receivables (CZK -0.3 billion). On the contrary, financial assets with restricted disposal (CZK +1.8 billion) and long-term intangible assets (CZK +1.5 billion) had an impact, mainly because of the influence of newly acquired subsidiaries.

Current assets decreased by CZK 57.9 billion to CZK 227.2 billion. The decrease was caused by a reduction in short-term receivables from derivatives (CZK -37.9 billion), mainly due to changes in the fair value of commodity trades as a result of lower commodity prices. Emission allowances decreased (CZK -26.4 billion), mainly due to the annual settlement of their consumption during generation with the register, and trade and other receivables also fell (CZK -23.4 billion). There was a reduction in short-term contractual assets and provided advances (CZK -1.8 billion), receivables from taxes and fees, including income tax (CZK -1.0 billion), fossil fuel inventory (CZK -0.8 billion), and short-term debt securities (CZK -0.3 billion).

Conversely, cash and cash equivalents (CZK +30.7 billion) and stocks of material (CZK +2.8 billion) increased.

Structure of CEZ Group's equity and liabilities (in CZK billions)



Equity decreased by CZK 8.3 billion to CZK 237.3 billion. The after-tax (net) income generated in 2024 contributed positively to equity (CZK +21.1 billion). The overall decrease was mainly caused by dividends awarded to shareholders (CZK -27.9 billion) and other comprehensive income (CZK -1.4 billion).

Noncurrent liabilities decreased by CZK 20.7 billion to CZK 325.8 billion. A decrease in the deferred tax liability (CZK -12.1 billion) and a reduction of long-term debt (CZK -11.7 billion) contributed to the decrease most of all. Long-term provisions, especially nuclear, grew (CZK +3.3 billion).

Current liabilities decreased by CZK 27.6 billion to CZK 206.0 billion. Current liabilities from derivatives decreased (CZK -34.6 billion). Furthermore, trade payables (CZK -20.2 billion) and short-term provisions (CZK -10.8 billion) decreased, mainly as a result of the dissolution of provisions for the consumption of emission allowances in generation.

On the contrary, payables to owners for profit distribution (CZK +27.7 billion) grew, which was related to dividends awarded to shareholders. Income tax payables increased (CZK +8.6 billion), just like the current portion of long-term debt and short-term loans (CZK +2.0 billion). Other changes in short-term liabilities (CZK -0.3 billion).

Comprehensive Income

Total comprehensive income, net of tax, decreased by CZK 22.8 billion to CZK 19.6 billion. Net income (CZK -1.2 billion) and other comprehensive income (CZK -21.6 billion) decreased year over year.

The decrease in other comprehensive income was mainly caused by the change in fair value of cash flow hedges (CZK -49.0 billion), cash flow hedges reclassified from equity to statement of income (CZK -25.1 billion), and the change in fair value of debt instruments charged to equity (CZK -1.6 billion). The change in deferred tax related to other comprehensive income (CZK +53.4 billion) and translation differences for subsidiaries, associates, and joint ventures (CZK +0.8 billion) had a positive effect.

Net debt

CEZ Group's net debt (in CZK billions)

	December 31, 2023	June 30, 2024
Long-term debt, net of current portion	131.0	119.4
Current portion of long-term debt	30.6	32.2
Short-term loans	7.3	7.6
Total debt	168.9	159.3
Cash and cash equivalents	10.9	41.6
Highly liquid financial assets	6.7	6.5
Net debt	151.3	111.1
EBITDA (as in preceding 12 months)	124.8	131.6
Net debt / EBITDA	1.21	0.84

Financial results of CEZ Group segments

The companies of the consolidated CEZ Group are divided into four segments: GENERATION, MINING, DISTRIBUTION, and SALES.

Segments and Their Contributions to CEZ Group's Financial Performance

	Operating revenues	EBITDA	Net income	Headcount June 30
	(CZK billions)	(CZK billions)	(CZK billions)	(Thousands of people)
Generation				
H1 2023	125.8	45.5	21.4	12.0
H1 2024	104.0	50.8	19.0	12.8
Mining				
H1 2023	9.9	5.6	3.7	4.3
H1 2024	7.5	4.1	2.5	4.3
Distribution				
H1 2023	18.0	9.0	4.5	4.6
H1 2024	23.0	10.4	4.8	4.7
Sales				
H1 2023	114.3	3.2	2.6	8.5
H1 2024	87.8	3.8	1.9	9.3
Inter-segment elimination				
H1 2023	(98.3)	(0.9)	(9.8)	–
H1 2024	(60.5)	(0.0)	(7.2)	–
CEZ Group, total				
H1 2023	169.7	62.4	22.3	29.4
H1 2024	161.7	69.2	21.1	31.1

The net income of the most important segment – GENERATION – decreased year over year by CZK 2.5 billion to CZK 19.0 billion. In Czechia, net income in the segment decreased by CZK 2.4 billion. A higher EBITDA indicator (CZK +5.1 billion) had a positive effect; on the contrary, lower dividends received (CZK -2.4 billion), interest costs and income, including interest from nuclear and other provisions (CZK -1.5 billion), higher depreciation and amortization (CZK -0.2 billion), and higher income tax (CZK -3.6 billion) all had a negative effect.

The net income of the MINING segment fell by CZK 1.1 billion due to lower EBITDA (CZK -1.5 billion), lower noncurrent asset impairments (CZK +0.2 billion), and lower income tax (CZK +0.2 billion).

The net income of the DISTRIBUTION segment increased year over year by CZK 0.4 billion, of which by CZK 0.6 billion in Czechia. The growth of the EBITDA indicator in Czechia (CZK +1.4 billion) was dampened by higher depreciation and amortization (CZK -0.3 billion), interest costs and income (CZK -0.1 billion), and higher income tax (CZK -0.3 billion). The impact of ownership of the sold Turkish assets in 2023 negatively affected the year-over-year comparison of the segment's net income (CZK -0.2 billion).

The net income of the SALES segment fell by CZK 0.6 billion. In Czechia, it was lower by 0.2 due to the revaluation of the Inven Capital portfolio (CZK -0.5 billion); the increase in EBITDA (CZK +0.4 billion) had a positive effect. The impact of ownership of the sold Turkish assets in 2023 negatively affected the year-over-year comparison of the segment's net income (CZK -0.4 billion).

In the individual segments stated in the table, comments are added below on the year-over-year change in EBITDA, which is the most common indicator of operating performance of companies traded at global exchanges and is monitored by international analysts, creditors, investors, and shareholders.

In the largest segment – GENERATION – the indicator increased by CZK 5.3 billion to CZK 50.8 billion. In Czechia, it increased by CZK 5.1 billion, mainly as a result of the end of the obligation to impose a levy on revenues above price caps in 2023 (CZK +11.1 billion). Negative effects were

caused by the lower availability of nuclear facilities, mainly due to scheduled outages (CZK -2.0 billion), lower income from speculative trading in commodities (CZK -1.3 billion), and other effects (CZK -2.7 billion), especially temporary revaluation of derivative trading hedging generation and sales positions of future periods. In other countries, the indicator grew (CZK +0.2 billion) thanks to business activities in Hungary.

In the MINING segment, the indicator fell by CZK 1.5 billion to CZK 4.1 billion because of lower external sales, mainly due to lower coal supplies (CZK -1.8 billion) and also lower revenues from coal supply to CEZ Group, which was almost compensated by the reduction in energy costs as a result of the decline of electricity prices.

In the DISTRIBUTION segment, the indicator increased by CZK 1.4 billion to CZK 10.4 billion because of the negative correction factor in the first half of 2023, which resulted from the elimination of some of the 2021 revenues in connection with the higher volume of electricity distributed to residential customers during the Covid-19 pandemic (CZK +1.0 billion). Other effects overall increased the indicator (CZK +0.4 billion), mainly due to higher permitted revenues reflecting higher investments in distribution assets.

The SALES segment reported an EBITDA of CZK 3.8 billion, i.e., CZK 0.6 billion more year over year. In Czechia, the indicator increased by CZK 0.4 billion. Electricity sales (CZK +1.5 billion) and gas sales (CZK +1.0 billion) by ČEZ Prodej had a positive effect, in particular due to significant temporary seasonal factors on the cost of acquiring commodities in 2023. On the other hand, negative effects included the purchase of electricity from renewable energy sources (CZK -0.8 billion) due to the exceptionally high income in the first half of 2023, and especially the revenues of ČEZ Prodej in 2023 from the lawsuit with the Správa železnic (Railway Infrastructure Administration) regarding the supply of electricity in 2011 (CZK -1.4 billion). In other countries, the indicator increased (CZK +0.2 billion), mainly thanks to the higher volume of contracts business by Elevion and Belectric in Germany and the benefits of the acquisitions of the German companies SERCOO and Ochs Gruppe.

Related parties

Overview of receivables from and payables to related parties (in CZK millions)

	Receivables		Payables	
	December 31, 2023	June 30, 2024	December 31, 2023	June 30, 2024
ČEZ Recyklace, s.r.o.	144	147	–	–
Elevion Co-Investment GmbH & Co. KG	–	–	68	70
GEOMET s.r.o.	126	127	–	–
GP JOULE PP1 GmbH & Co. KG	56	–	–	–
In PROJEKT LOUNY ENGINEERING s.r.o.	16	–	16	16
Jadrová energetická spoločnosť Slovenska, a. s.	2	2	–	45
LOMY MOŘINA spol. s r.o.	52	42	40	28
Výzkumný a zkušební ústav Plzeň s.r.o.	8	4	18	9
Windpark Berka GmbH & Co. KG	11	13	–	–
Others	44	29	22	23
Total	459	364	164	191

Sales to and purchases from related parties (in CZK millions)

	Sales to related parties		Purchases from related parties	
	H1 2023	H1 2024	H1 2023	H1 2024
Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.S.	15	5	21	93
Bytkomfort, s.r.o.	–	45	–	–
In PROJEKT LOUNY ENGINEERING s.r.o.	18	–	11	22
LOMY MOŘINA spol. s r.o.	76	106	158	204
Tepelné hospodářství města Ústí nad Labem s.r.o.	240	–	1	–
Výzkumný a zkušební ústav Plzeň s.r.o.	5	6	18	27
Others	31	40	18	33
Total	385	202	227	379

Interest, other financial income, and income from received profit shares from related parties (in CZK millions)

	Interest and other financial expenses		Interest and other financial income		Interest on received profit shares	
	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024
Elevion Co-Investment GmbH & Co. KG	2	–	–	–	–	–
GEOMET s.r.o.	–	–	1	6	–	–
KLF-Distribúcia, s.r.o.	–	–	–	4	–	–
Výzkumný ústav pro hnědé uhlí a.s.	–	–	–	–	8	3
Others	–	–	7	1	5	2
Total	2	–	8	11	13	5

Economic and financial outlook for 2024

As at August 8, 2024, CEZ Group expected to achieve consolidated EBITDA of CZK 118 to 122 billion and consolidated net income adjusted for extraordinary effects of CZK 25 to 30 billion for the full year 2024. Compared to 2023 results, this constitutes a decrease in EBITDA by CZK 3 to 7 billion and adjusted net income by CZK 5 to 10 billion.

To give an idea of the expected economic situation of CEZ Group in 2024, the main reasons for the year-over-year change in operating results in individual business segments are listed below.

The GENERATION segment is expected to decrease by CZK 1 to 9 billion year over year. This is mainly due to a lower contribution from trading, which achieved the second highest income in the history of commodity trading in 2023. Furthermore, an increase in fixed expenses and a decrease in revenues from ancillary services in generation are expected. The end of the obligation to remit excess revenues from generation in Czechia as at December 31, 2023 has a positive effect on the year-over-year comparison.

In the MINING segment, a year-over-year decrease of CZK 3 to 5 billion is expected. The main negative factor is lower revenues from coal sales due to a reduction of realized prices. Lower energy expenses, on the other hand, have a positive effect.

The DISTRIBUTION segment is estimated to increase by CZK 2 to 4 billion year over year, with a positive impact of the negative effects of correction factors in 2023 and higher allowed revenues reflecting higher investments; conversely, higher fixed costs will have a negative impact.

The SALES segment is estimated to change by CZK 0 to 2 billion year over year, with a positive impact of commodity sales in retail and the organic and acquisition growth in energy services. In contrast, the extraordinary higher income from the purchase of electricity from renewable energy sources in the first half of 2023 and, in particular, the 2023 revenues from the lawsuit with Správa železnic regarding electricity supply in 2011 have a negative effect.

The elimination of relationships between the segments will have a positive impact of CZK 0 to 2 billion year over year. This mainly concerns the lower value of elimination of the effect of hedging the currency risks of ČEZ ESCO (SALES segment) through ČEZ, a. s. (GENERATION segment), where the effect is reported as part of other expenses and revenues (outside EBITDA).

Selected risks and forecast opportunities include: availability of generating facilities, realized price of electricity generated, uncertain amount of profit from commodity trading and derivatives' revaluation, and outside of EBITDA, in particular the amount of the windfall tax and the amount of deferred taxes.

Investments in the fixed assets of CEZ Group in 2024 are expected to amount to almost CZK 55 billion, mostly planned to be invested in generation and distribution assets in Czechia.

The net income of the parent company ČEZ, a. s. is estimated at CZK 12 to 18 billion in 2024.

Note: The above predictions and assumptions do not include the contribution of the acquisition of a majority stake in Czech GasNetworks S.à r.l. The assumption of control over the company and the start of consolidation of the management of the acquired assets into CEZ Group are expected at the turn of August/September 2024.

CEZ Group Capital Expenditure

Total capital expenditure (CZK billions)

Capital expenditure	H1 2023	H1 2024	2024/2023 index (%)
Additions to noncurrent assets, incl. capitalized interest	19.0	22.6	119.2
Additions to property, plant, and equipment	16.1	19.4	120.5
of which: nuclear fuel procurement	3.4	4.2	123.7
Additions to intangibles	0.8	1.1	134.6
Additions to noncurrent financial assets	0.4	0.2	47.6
Change in balance of liabilities attributable to capital expenditure	1.7	2.0	115.9
Financial investments ¹⁾	0.5	1.3	256.1
Total capital expenditure	19.5	24.0	122.8

¹⁾ Acquisition of subsidiaries, associates and joint ventures, net of cash acquired.

Additions to property, plant, and equipment and intangibles, by type of facility (CZK millions)

	H1 2023	H1 2024
GENERATION segment	8.0	9.8
of which: nuclear fuel	3.4	4.2
nuclear facilities	2.2	2.5
renewable energy sources	0.4	1.2
gas facilities	0.2	0.1
coal-fired facilities	0.6	0.3
MINING segment	0.8	0.7
DISTRIBUTION segment	7.2	8.8
SALES segment	1.1	1.5
of which: renewable energy sources	0.1	0.2
gas facilities	0.1	0.2
Elimination	(0.1)	(0.2)
Total	16.9	20.5

Additions to property, plant, and equipment and intangibles, by country and segment (CZK billions)

Country	Segment												Total	
	GENERATION		MINING		DISTRIBUTION		SALES		Elimination		Total			
	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024		
Czechia	7.2	9.4	1.3	0.4	7.2	8.8	0.5	0.7	-	-	16.2	19.3		
of which: nuclear fuel	3.4	4.2	-	-	-	-	-	-	-	-	3.4	4.2		
Germany	(0.0)	0.1	-	-	-	-	0.1	0.3	-	-	0.1	0.4		
Poland	0.1	0.0	-	-	-	-	0.0	0.0	-	-	0.1	0.1		
France	0.3	0.3	-	-	-	-	0.0	-	-	-	0.3	0.3		
Slovakia	-	-	-	-	-	-	0.0	0.0	-	-	0.0	0.0		
Italy	-	-	-	-	-	-	0.0	0.1	-	-	0.0	0.1		
Other countries	0.0	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0		
Elimination	0.4	(0.0)	(0.5)	0.3	0.0	(0.0)	0.3	0.3	(0.1)	(0.2)	0.2	0.2		
Total	8.0	9.8	0.8	0.7	7.2	8.8	1.1	1.5	(0.1)	(0.2)	16.9	20.5		

4. CEZ Group Activities – Other Areas

Safety and Security

Safety

Safety is CEZ Group's top priority. The principles of managing and ensuring safety and environmental protection are defined in the Safety and Environmental Protection Policy, which is linked to CEZ Group's strategic priorities. The principle of continuous improvement is applied within the framework of the safety management system; it includes an evaluation system and continuous monitoring and evaluation of selected indicators. On the basis of this information, targeted measures aimed at increasing the performance of the management system and the level of safety are implemented. Setting up and maintaining a system approach to safety management contributes to meeting the requirements of legal regulations and other requirements based on international ISO standards for management systems in the areas of fire protection, emergency preparedness, and occupational health and safety.

In line with the expectations of stakeholders and in connection with the announced concern for CEZ Group's "Unified Management System", management systems are being introduced in accordance with the Safe Enterprise program or the ISO 45001 standard to support safety management in CEZ Group companies. These companies are certified by accredited certification bodies or are verified by independent bodies. A system approach to safety management based on international standards for management systems contributes to the fulfillment of legal requirements and other requirements in the areas of occupational health and safety (OHS), fire protection, and emergency preparedness.

In 2024, an extensive information campaign continues to raise the awareness of employees about possible safety risks and ways to avoid them. The main slogan of the campaign is: "I think about security." It promotes efforts to detect, eliminate, and minimize risks, in particular by identifying dangerous situations (near misses) with the potential to cause injury.

Safety of operated nuclear power plants

In the first half of 2024, ČEZ's nuclear power plants were operated in accordance with legal regulations and standards for the use of nuclear energy. The conditions of the valid operating permits are met. Safety Enhancement Plans were evaluated and updated in April. ČEZ strives for continuous improvement and innovation in the field of nuclear facility safety in accordance with international standards and recommendations.

At both nuclear sites, planned inspections of preparedness to respond to extraordinary events took place in accordance with the schedule (emergency drills).

The firefighters at both nuclear power plants are newly equipped with special containers for extinguishing electric cars.

Modernization of both nuclear power plants continues to ensure increased efficiency and safe operation for at least 60 years. This program is included in a project called "Safely 32 Terawatt-hours" (B32T), which refers to the plan to increase the average generation of Czech nuclear power plants up until 2030. That is why modernization actions are implemented in both power plants – both power plants are transitioning their operations from one-year cycle: Dukovany to 16-month fuel cycle and Temelín to 18-month fuel cycle. Diversification of suppliers is underway.

The digitization of processes continues, contributing to greater efficiency and the elimination of risks.

Dukovany Nuclear Power Plant

In March, a previsit took place with the participation of IAEA experts. The main part of the OSART mission will follow with the participation of a strong team of experts in the fall. In addition to finding out what ČEZ should improve on, one of the most valuable benefits was getting to know the international agency's work methods, which will make it easier to prepare for the mission itself in the fall of 2024.

In April, a course for new IAEA inspectors took place in the premises of Unit 1 as part of the Support Program for the IAEA, of which Czechia has long been a part, under the auspices of the SONS. CEZ Group actively contributes to the IAEA organization in its efforts to protect nuclear materials against misuse and to develop their peaceful use in the world.

In May, the Safeguard 2024 exercise took place at the Dukovany NPP, where soldiers responded to various options of a simulated attack. The aim of the exercise was to check the readiness to ensure the external protection of the building. The exercise took place in accordance with the recommendation of the European Commission and the program for increasing the safety of nuclear facilities. A similar exercise was held at the Temelín NPP in June 2023.

Temelín Nuclear Power Plant

On March 7, 2024, the Temelín site was hit by an earthquake measuring 3.4 on the Richter scale. The epicenter of the tremor was recorded approximately 32 kilometers from the power plant. Although the earthquake was strongly felt by the residents of the surrounding areas, it did not cause any damage to the power plant or threaten its safe operation in any way. The seismic resistance of the key buildings of the Temelín Power Plant is designed to withstand shocks much stronger than those recorded. An inspection of the power plant's safety systems and infrastructure was carried out in response to the earthquake, confirming their full functionality and resilience.

In accordance with safety protocols and preventive measures, an outage of Unit 1 was inserted in March, during which a valve on one of the service cooling water systems was replaced. The system is key to cooling various parts of the power plant, including heat exchangers and air handling.

Security

Physical protection

The goal of physical protection is to ensure an adequate and acceptable level of protection of CEZ Group facilities in line with the current security risks within the territory of Czechia. The physical protection of nuclear installations and nuclear materials fully reflects the threats that are defined within the framework of the project's basic threat established by a decision of the State Office for Nuclear Safety.

For the first half of 2024, no safety-significant deviations from the standard level of physical protection were recorded within CEZ Group, including both nuclear power plants. The inspections carried out by the state supervision, as well as the internal audit carried out in the first half of 2024, stated that the method of ensuring the physical protection of nuclear materials and nuclear installations at both nuclear power plants is carried out in accordance with the requirements of Czech legal standards and respects international recommendations in this area.

The performed Safeguard exercise confirmed the readiness of the Army of the Czech Republic to ensure the external protection of the Dukovany NPP.

Information and cybersecurity

Selected CEZ Group companies are administrators of critical information infrastructure and basic service information systems (mainly power and heat generation plants, distribution of electricity and energy services) within the meaning of Act No. 181/2014 Coll., on cybersecurity.

In the first half of 2024, there were no cases of noncompliance with cybersecurity standards and regulations. The condition of cybersecurity was, as in previous years, independently verified by an internal audit.

In 2023, CEZ Group launched the multi-year NIS2 Implementation Program, i.e., the updated version of the NIS directive (Network and Information Security), which includes all the necessary preparation for compliance with the new legislative requirements at the organization and management, personnel, and technology levels.

In 2024, ČEZ, a. s., and ČEZ Distribuce, a. s., will undergo a recertification audit for the information security management system pursuant to ISO/IEC 27001:2023. In both companies, the external certification authority is TÜV SÜD, as in previous years.

Integrated Security Operations Center – ISOC

In the first half of 2024, continuous training went on not only for ISOC personnel, but also for other employees responsible for the safe operation of CEZ Group's assets, for example in the form of workshops and hands-on exercises of various scope and focus. Two-way communication and coordination with state security agencies also continues.

The technical equipment of essential security surveillance systems was updated, which led to an increase in the resistance of these systems and opened the possibility of further development of the portfolio of surveillance systems and applications. A specific example of this development is a project for the centralization of technical protection systems, under which individual sites operated by CEZ Group companies are gradually connected to central security surveillance.

Business continuity management and crisis management

Effective cooperation continued with the employees of central administrative authorities, especially the Ministry of Industry and Trade of the Czech Republic and the General Directorate of the Fire Rescue Service of the Czech Republic, which is responsible for crisis management. To ensure this cooperation, CEZ Group established a regular communication platform on which issues related to crisis management and the resilience of critical infrastructure entities are discussed. ČEZ representatives had the opportunity to comment on the drafts of new legislation in the area of critical infrastructure protection. It should enter the legislative process in the course of 2024, and the expected effective date is January 1, 2025.

The business continuity management system is now ready for certification; it confirms CEZ Group's ability to effectively respond to unexpected events and minimize their impact on its business.

Environment

Reducing the environmental impacts of generating facilities is one of CEZ Group's long-term strategic goals.

Selected events and measures in the first half of 2024

CEZ Group's generating facilities were operated without significant fluctuations and incidents; in addition, neither the external effects on the operation of facilities nor their environmental impacts were recorded.

As at May 31, 2024, the operation of the last coal-fired boiler in the Dvůr Králové nad Labem heating plant was terminated. The generation of heat and electricity in this facility is provided by a gas and biomass source. This results in a significant reduction in emissions at the site.

The environmental management system (EMS) and the energy management system (EnMS), introduced and certified for all sources of conventional and nuclear energy, were also extended to include the operation of renewable energy sources (photovoltaic, wind, and hydroelectric power plants). The attributes of these systems are a prerequisite for minimizing the impact of operation of the facilities on the environment and the economical use of energy.

Research, Development, and Innovation

Research and development

The portfolio of research and development projects of CEZ Group includes both projects financed entirely by ČEZ and projects co-financed from public sources, mainly through the Technology Agency of the Czech Republic, in which ČEZ holds the position of an industrial partner.

Projects financed entirely by ČEZ cover many areas in nuclear (nuclear fuel and its cladding, repair technologies, etc.) and non-nuclear energy (advanced diagnostic methods, energy storage, renewable energy sources, etc.). The goal of the pilot project of a hydrogen unit in Mníšek pod Brdy is to build and operate a hydrogen production plant with hydrogen produced from renewable electricity by electrolysis, with a storage capacity and a filling station for regional bus transport.

Two complex projects supported by the Technology Agency of the Czech Republic continued for the second year, operating under the National Center of Competence II program. The first project involves the National Energy Center II (coordinated by VSB – Technical University of Ostrava), focusing on a wide variety of topics – decarbonization, high-temperature energy storage, new thermodynamic cycles, alternative fuels, hydrogen technologies, and transmission and distribution of electrical energy. The second project fully focuses on nuclear energy (Advanced Nuclear Technology Center II, coordinated by the University of West Bohemia in Plzeň) and deals with nuclear fuel, new materials, control systems, radioactive waste, and advanced nuclear systems. ČEZ also participates in other research and development projects supported by the Technology Agency of the Czech Republic, especially under the THETA program.

Investments in new technologies

Inven Capital, SICAV

Inven Capital, SICAV, a.s., is a joint-stock company with variable stated capital which manages four subfunds (Inven Capital – Subfund A, Inven Capital – Subfund B, Inven Capital – Subfund C, and Inven Capital – Subfund D). The holder of founder's shares in Inven Capital, SICAV, a.s., is ČEZ, a. s. Investment shares of Subfunds A and C are held by CEZ Group, and investment shares of Subfunds B and D are held by the European Investment Bank. Inven Capital focuses on investments in start-ups (early-stage companies) in the field of clean technologies and innovative technologies contributing to decarbonization. These start-up companies are at a more advanced stage of development – their business models are proven by sales, and they have a significant growth potential. The investment period of Subfunds A and B ended on December 31, 2022, and they can only invest in existing portfolio companies. Subfunds C and D invest in new companies. Since its inception, Inven Capital has invested in shares in nineteen companies (seven German, four Israeli, two French, two Czech, two British, one Swedish, and one Austrian) and the UK-based Environmental Technologies Fund 2. Inven Capital fully sold its shares in four companies and partly in one company.

In the first half of 2024, Subfund C made a new investment in the UK-based company Ember, which builds and operates charging infrastructure and a network of electric buses. Ember's comprehensive solution for 'operations and infrastructure' is technology-based. Their platform manages the entire network, from timetables and tickets to charging, usage, and maintenance. Additional investments were made from Subfund A into the existing portfolio companies Vulog, Woltair, and Zolar in the first half of 2024. The aim of the said investments was to contribute to the subsequent profitable sale of the named companies.

Supporting innovation

Support for innovation naturally corresponds to the accelerated strategy "VISION 2030 – Clean Energy of Tomorrow". Decarbonization plays a key role in commercial innovation, with an example of successful implementation of a decarbonization project into CEZ Group's offer being the Emission-Free Electricity from Nuclear Facility product, and the certification of the decarbonization calculator, which were developed within CEZ Group.

Savings on primary energy, strengthening the role of active customers, and the use of hydrogen in public transport are major areas of innovation for pilot projects. An example is a project to share surplus electricity generated from renewable energy sources between the customer community and municipal buildings. Another example is the flexibility aggregation project, which is created by

combining the provision of support services to transmission system operators from many electricity providers using different types of generation technologies.

The aforementioned project focusing on the use of hydrogen in mass transport concerns the construction of infrastructure for the operation of 10 hydrogen buses in the vicinity of the city of Mníšek pod Brdy, which is expected to start at the end of 2025. ČEZ ESCO will supply an electrolyzer with an input of 540 kW for hydrogen production, a hydrogen filling station and tanks, and the electricity for its emission-free generation will be provided by ČEZ's hydroelectric power plant in Vrané nad Vltavou.

On the I2US platform, ČEZ shares information with innovative and non-competitive utilities throughout Europe under the principle of open innovation. The main tool of this collaboration is sharing innovation opportunities and experience from the implementation of new services, products, business models, and methods for cooperation with partners.

Use of artificial intelligence

In the first half of 2024, CEZ Group successfully continued the implementation of artificial intelligence in its processes. It focused primarily on the field of generative artificial intelligence. An AI assistant for processing complaints was deployed in routine operation, which brings significant time savings to the staff of the Complaints Department of ČEZ Prodej and thus significantly contributes to reducing the number of complaints pending processing. In customer service processes, AI helps automate the establishment of follow-up operations at the call center, which increases the quality and speed of customer service. At Energotrans, AI is used to control water heating in the hot-water pipe. In the area of internal processes, the AI solution for searching control documentation, categorizing records from the correction and prevention system, and evaluating feedback from training has reached the final stage of prototype tuning.

In addition to the obvious benefits, ČEZ is also aware of the risks associated with the use of AI. It therefore launched a project aimed at defining the rules for the use of artificial intelligence in CEZ Group. These rules will be fully in line with the upcoming EU legislation and will ensure that artificial intelligence will be used in CEZ Group in a safe, trustworthy, and ethical manner.

Legal and Other Proceedings

Legal proceedings

Czechia

ČEZ, a. s. (hereinafter also referred to as ČEZ)

1. Minority shareholders carry on a lawsuit against ČEZ and Severočeské doly based on an action filed in 2006, seeking declaratory judgment on the adequacy of consideration in the compulsory sale of corporate securities. In January 2024, the Regional Court in Ústí nad Labem issued an interim decision (first-instance, not yet legally binding), stating that the appropriate amount of consideration is closer to the expert opinions submitted by the mentioned CEZ Group companies. The petitioners as well as ČEZ and Severočeské doly filed an appeal.
2. On the basis of a lawsuit filed by ČEZ in 2016, ČEZ is in dispute with ŠKODA JS a.s. (100% owned by ČEZ, a. s. from 2022). The issue in dispute is damages adequate to lost profits due to wrongly performed radiographic inspections of welded joints at the Dukovany Nuclear Power Plant and the Temelín Nuclear Power Plant. The amount originally claimed was CZK 611 million with accessories in 2016, but a motion was filed to extend the action to a total of CZK 2,759 million in 2020, i.e., the total amount including compensation for the entire claimed damage corresponding to the amount of lost profit. The proceedings are pending before the court of first instance and were suspended on the request of both parties in 2023.
3. In the insolvency proceedings against TENZA, a.s., ČEZ filed receivables in the total amount of over CZK 1,327 million in March 2021, and other receivables in the total amount of almost CZK 203 million were subsequently filed due to the breach of contracts for work for the construction of the Temelín Nuclear Power Plant's hot water piping and the reconstruction of Temelín NPP's unit heat exchanger station. TENZA, a.s. did not complete and deliver the work properly and in a timely manner. As part of the settlement agreement between ČEZ, the insolvency administrator of TENZA, a.s., and its subcontractors, the insolvency administrator recognized all the registered receivables of ČEZ as being filed in accordance with the law, and most of these claims of ČEZ became subordinated claims. The insolvency proceedings are still ongoing, and to bring it to a close, it is still necessary in particular to settle the debtor's claims, which are part of the assets, and the sale of some items registered in the assets. It is not possible to determine exactly when the insolvency proceedings will be closed.
4. In July 2024, ČEZ filed a lawsuit against ELTE Holding a.s. and Energie - stavební a báňská a.s. for joint and separate payment of the amount of CZK 287 million with accessories. The dispute is based on a contract for work for the completion of a hot water pipe for the Temelín Power Plant, with ČEZ demanding the payment of the contractual fines specified in the contract for work with regard to the defendant companies' delay in completing the work within the specified time limits.

ČEZ Distribuce, a. s. (hereinafter also referred to as ČEZ Distribuce)

5. SPR a.s. carries on a lawsuit against ČEZ Distribuce based on an action filed in May 2013, seeking the payment of CZK 213 million with accessories. The matter in dispute is the existence of loss alleged by the plaintiff, which was allegedly incurred due to a breach of obligations by ČEZ Distribuce in relation to the connection of the Dubí photovoltaic power plant to the distribution system – the alleged unequal access to applicants for connection in 2010. The plaintiff seeks the imposition of an editorial obligation, which the court of first instance repeatedly refused. The plaintiff appealed again. The court of appeal upheld the decision of the first-instance court, and the rejection of the editorial obligation is thus final. The proceedings are currently still before the court of first instance, in the evidence phase.
6. Four electricity generating companies/local distribution system operators carry on significant lawsuits against ČEZ Distribuce based on actions filed in 2015, 2016, and 2017. The matter in dispute is a claim for recovery of unjust enrichment consisting in the electricity distribution price component to cover costs associated with renewable electricity support that was allegedly incorrectly billed but duly paid by the plaintiffs in relation to their internal electricity consumption from January 1, 2013, to October 1, 2013. The total payment claimed from ČEZ Distribuce exceeds CZK 1 billion with accessories. Following a special panel's decision on conflict of jurisdiction, court proceedings in all of the lawsuits were discontinued in 2019, and the matter was referred to the Energy Regulatory Office (ERO). The ERO has finally decided to reject the claim for unjustified enrichment in all four cases so far. In four cases, subsequent action under Part V of the

Code of Civil Procedure was also rejected. An appeal was filed in all cases, and in three cases the court already decided and confirmed the rejection of the claim as correct. An appellate review can be expected.

7. ČEZ Distribuce is party to 2 disputes with the electricity market operator OTE, a.s., in which OTE demands the release of unjust enrichment in the amount of CZK 7.6 billion with accessories, consisting of a component of the price for electricity distribution incorrectly invoiced and duly paid by ČEZ Distribuce to cover costs associated with support for electricity from renewable energy sources (RES support) in 2013, based on actions filed in 2016 and 2017. Both proposals for claims for the period from January 1, 2013 to October 1, 2013 and for the period from October 2, 2013 to December 31, 2013 were rejected by the ERO and the ERO Board. The actions under Part V of the Code of Civil Procedure were rejected in both cases, and the rejection was confirmed in the appellate proceedings. Appellate review was filed in both proceedings. In accordance with the conclusions of the Supreme Court of the Czech Republic in the case of ŠKO-ENERGO, s.r.o. (see below), in the case of ČEZ Distribuce vs. OTE for the 1st to 3rd quarter of 2013, the Supreme Court of the Czech Republic annulled the decisions of courts of first and second instance and referred the matter back to the court of first instance, stating that it is necessary to verify the existence of a private law title for the collection of contributions for RES support in the relevant period for individual entities to which the RES support contribution was charged and subsequently paid for them in favor of OTE. The court of first instance already ordered a hearing in the matter and is requesting proof of a private title and imposing this obligation on ČEZ Distribuce.
8. ČEZ Distribuce carries on a lawsuit against ŠKO-ENERGO, s.r.o., based on an action brought in 2016, seeking the payment of CZK 113 million with accessories. The matter in dispute is additional payment of the electricity distribution price component to cover costs associated with electricity support for the period from April 1, 2013, to October 1, 2013. The ERO rejected the claim of ČEZ Distribuce in the first instance. Based on a remonstrance filed by ČEZ Distribuce, the first-instance decision was reversed by the ERO Board in January 2020 and the matter was remanded to the first instance. The Energy Regulatory Office decided to reject the claim of ČEZ Distribuce again in May 2020. A remonstrance was filed against the decision, followed by an action under Part V of the Code of Civil Procedure, which the court rejected. ČEZ Distribuce filed an appeal, on the basis of which the court of appeal annulled the previous decision and replaced it with a new decision, which upheld ČEZ Distribuce's claim in its entirety and ordered ŠKO-ENERGO to pay the defendant the amount of the claim, including accessories. ŠKO-ENERGO filed an appellate review, which was upheld; the Supreme Court of the Czech Republic annulled the previous decision and referred the case back for a new hearing. It considered the issue of existence of a private law title for the collection of payment as key to the annulment decision – i.e., demonstrating the existence of “any” contract which would imply that ČEZ Distribuce was entitled to demand this payment from ŠKO-ENERGO. On August 1, 2024, the Regional Court in Prague ruled in favor of ČEZ Distribuce again. For the time being, ČEZ Distribuce does not have the written version of the decision.
9. ČEZ Distribuce carries on a lawsuit against Liberty Ostrava a.s. (formerly ArcelorMittal Ostrava a.s.) for CZK 395 million with accessories, based on two actions filed in 2019 and 2022. The matters in dispute are unreceived payments for system services for the period from February 2016 to December 2021 that ČEZ Distribuce invoiced to ArcelorMittal Ostrava a.s. (i.e., SYS II and SYS III actions). The dispute outcome depends on the decision in another proceeding for January 2016 (i.e., SYS I action), which was finally terminated in favor of ČEZ Distribuce. The appellate review filed by Liberty Ostrava a.s. was rejected, and the Constitutional Court confirmed the correctness of the decisions of the general courts. On June 21, 2024, Liberty Ostrava was declared bankrupt in insolvency proceedings. The claim for system payments for the period of February 2016 to December 2021 in the total amount of approximately CZK 584 million (including the principal amount of approximately CZK 395 million and accessories capitalized as at the date of the bankruptcy in the amount of approximately CZK 189 million) was submitted by an application to the insolvency proceedings.
10. ČEZ Distribuce carried on a lawsuit against ORLEN Unipetrol RPA, s.r.o. (hereinafter referred to as “ORLEN”), based on an action brought before an arbitration court in 2022, seeking the payment of CZK 159 million with accessories. The matters in dispute were the outstanding payments for system services for the period from January 2019 to June 2021, or December 2021, invoiced by ČEZ Distribuce, a. s. to ORLEN in multiple invoices. On December 21, 2023, the arbitration court issued an arbitration award confirming ORLEN's obligation to make payments for system services for the disputed period of time, but awarded a default interest for the individual claims for no more

than three years of delay. ORLEN paid the entire imposed obligation properly and on time, by payment on December 29, 2023. Subsequently, ORLEN was requested to pay the remaining SYS payments for the period of January 2016 to December 2018, which it paid in April 2024.

11. In the insolvency proceedings conducted against Česká energie, a.s., ČEZ Distribuce registered an unsecured claim in the amount of CZK 138 million with accessories, arising from failure to pay for distribution system services in accordance with a contract. The insolvency proceedings were initiated in December 2016 and are still underway. The insolvency administrator has been called upon to submit a progress report since 2022, but so far without success.
12. ČEZ Distribuce filed an insolvency petition combined with a bankruptcy petition against SCP first payment of receivables s.r.o. (formerly ENWOX ENERGY s.r.o.) in December 2017, submitting its matured unsecured claim of CZK 115 million with accessories. The claim arose from failure to pay for distribution system services under a contract. In the course of the insolvency proceedings, claims in the amount of approximately CZK 2.2 million have been paid for the time being. The insolvency proceedings are still ongoing.

ČEZ Prodej, a.s. (hereinafter also referred to as ČEZ Prodej)

13. ČEZ Prodej carries on a lawsuit against state organization Správa železnic (Railway Infrastructure Administration, hereinafter SŽ, formerly Správa železniční dopravní cesty, státní organizace, abbreviated as SŽDC) based on an action brought in 2010, seeking damages in the amount of CZK 805 million with accessories. The matter in dispute is an alleged breach of an electricity supply contract by SŽ, consisting in failure to take deliveries of an agreed amount of electricity in 2010, and the resulting loss. After complicated procedural developments in the previous years, a hearing took place in September 2022, during which the court accepted the claim of ČEZ Prodej in the amount of CZK 765 million and rejected the claim in the amount of CZK 40 million. Both parties appealed the decision. On October 25, 2023, the court of appeal issued a judgment, accepting the claim of CZK 700 million and rejecting the claim of CZK 105 million. SŽ paid the principal and the accessories in accordance with the decision. Both participants filed an appellate review. SŽ, which already paid the contested amount in 2015 on the basis of a judgment that was later annulled, filed an action against ČEZ Prodej for the release of unjust enrichment in the amount of the paid amount of CZK 1,116 million with accessories (for details of the proceedings see point 14).
14. SŽ, which paid the contested amount in connection with the proceedings mentioned in point 13 (on the basis of a judgment which was later annulled), filed an action in 2017, seeking the release of unjust enrichment. The court of first instance admitted the action. The court of appeal upheld the judgment of the court of first instance. ČEZ Prodej paid the sued amount, including accessories, after the decision became legally binding, and filed an appellate review in the matter. The Supreme Court of the Czech Republic decided to annul the judgment of the court of appeal and referred the case back for further proceedings. SŽ was ordered to repay the amount paid in full, which it refused to do, and only paid the interest. Subsequently, the court of appeal overturned the judgment of the court of first instance and referred the case back to the court of first instance for further proceedings. In 2022, a mutual proposal was made by ČEZ Prodej to issue the amount (of the unjust enrichment), which SŽ refused to return. The proceedings are currently suspended until the final conclusion of the appellate review proceedings referred to in point 13.
15. ČEZ Prodej carries on a lawsuit against SŽ based on an action brought in 2013, seeking damages in the amount of CZK 858 million with accessories. The matter in dispute is an alleged breach of an electricity supply contract by SŽ, consisting in failure to take deliveries of an agreed amount of electricity in 2011, and the resulting loss. At the hearing in January 2022, the court of first instance accepted the filed action in full. SŽ filed an appeal against the decision. In February 2023, the court of appeal (High Court in Prague) confirmed the original first instance judgment as regards the amount of CZK 727 million, but rejected the action for the amount of CZK 131 million. SŽ paid the principal of the debt and filed an appellate review. Subsequently, SŽ paid the interest, which reaches almost the value of the assigned principal amount. ČEZ Prodej also filed an appellate review in the amount of CZK 131 million (rejected amounts).
16. ČEZ Prodej carries on a lawsuit against ACTHERM, spol. s r.o. (distribution system operator), seeking damages in excess of CZK 185 million with accessories based on an action brought in 2016 (CZK 124 million) and its extension in 2017 concerning loss incurred in the subsequent period (CZK 61 million). The matter in dispute is loss caused by the actions of ACTHERM, spol. s r.o. during the registration of three solar electricity producers in the market operator's system and the delivery of information on the registration to ČEZ Prodej. In May 2021, ČEZ Prodej received a resolution to discontinue the proceedings and refer the case to the ERO. ČEZ Prodej filed an

appeal against the resolution, which the court of appeal upheld. The court of first instance subsequently satisfied the action brought by ČEZ Prodej by judgment of November 2021. An appeal was filed by the other party against this judgment. The court of appeal reversed the judgment and rejected the action of ČEZ Prodej. ČEZ Prodej filed an appellate review against the rejection decision, which has not yet been decided.

17. ČEZ Prodej carries on three lawsuits with solar electricity producers based on actions filed in March 2017, seeking recovery of unjust enrichment of CZK 160 million. The unjust enrichment consists in the collection of higher purchase prices than those reimbursed to ČEZ Prodej by OTE, a.s. The court of first instance discontinued the proceedings in all three cases and referred the cases to the ERO for further proceedings. In all cases, the ERO issued a decision according to which the producers are obliged to pay the due amount with accessories. The ERO Board rejected the remonstrances of the producers and upheld the first-instance decision. All producers brought an action under Part V of the Code of Civil Procedure. The proceedings are at various stages – one is before the court of first instance, in two proceedings the court rejected the claims and the producers appealed; in one of them the court of appeal upheld the judgment of the court of first instance.
18. OTE, a.s. carries on a lawsuit against ČEZ Prodej, based on an action brought in 2018, seeking the payment of CZK 104 million with accessories. The legal title of the defendant's sum is the payment of the difference between the purchase price and the hourly price paid by OTE, a.s. to ČEZ Prodej, which mandatorily purchases electricity from solar electricity producers. The difference arose in the period from January 2013 to April 2018. The court of first instance issued a ruling discontinuing the action and referring the case to the ERO. The ERO decided to reject the motion of OTE, a.s. OTE, a.s. filed a remonstrance against the negative decision, which was rejected by the decision of the ERO Board and the decision was upheld. OTE, a.s. filed a lawsuit under Part V of the Code of Civil Procedure, which is ongoing before the District Court for Prague 4; the court has merged these proceedings with the proceedings in the case of another producer for CZK 52 million. By judgment of May 3, 2023, the court rejected the action of OTE, a.s. An appeal was filed against the rejection judgment. The court of appeal upheld the judgment of the court of first instance. OTE, a.s. filed an appellate review.
19. OTE, a.s. carries on two administrative proceedings before the ERO against ČEZ Prodej, based on petitions filed in July 2019, seeking recovery of unjust enrichment totaling CZK 327 million. The legal title for the amount claimed is the recovery of the difference between the purchase price and the hourly price paid by OTE, a.s. to ČEZ Prodej as a mandatory purchaser in the period from January 2013 to May 2018. The ERO decided to reject the petitions of OTE, a.s. OTE, a.s. filed remonstrances against the rejection decisions, which were rejected by decisions of the ERO Board and the original decisions were upheld. OTE, a.s. filed actions under Part V of the Code of Civil Procedure. The courts rejected the actions of OTE, a.s. OTE, a.s. filed an appeal against the rejection judgments. The court of appeal upheld the judgments of the court of first instance. OTE, a.s. filed an appellate review.
20. Since 2020, administrative proceedings have been conducted against ČEZ Prodej by three photovoltaic producers, seeking the payment of a total amount of CZK 475 million with accessories. According to the producers, the claimed amounts constitute support owed in the form of purchase prices for electricity generated in the period from approximately mid-2018 to November 2020. In all proceedings, the producers' petitions were rejected, and remonstrances were filed against the rejection. By decisions of the ERO Board, all remonstrances were rejected and the decisions of the ERO were upheld. The producers filed actions under Part V of the Code of Civil Procedure. In one proceeding (worth CZK 182 million), the lawsuit was not filed, and therefore the proceeding is legally terminated. Thus, two proceedings with a total value of CZK 292 million continue (or CZK 266 million, when in one of the proceedings a lawsuit was filed for only part of the claim). In one of the proceedings, the court of first instance decided to dismiss the claim and the producer filed an appeal.
21. OTE, a.s. is conducting proceedings against ČEZ Prodej for the payment of approx. CZK 129.5 million. The legal reason is the payment of the difference between the purchase price and the hourly price paid by OTE, a.s. to ČEZ Prodej, which mandatorily purchases electricity from solar electricity producers. The difference arose in the period from 2013 to 2018. The proceedings were initiated in December 2022 and are being conducted by the District Court for Prague 4. By resolution, the court decided to stop the proceedings and refer the matter to the ERO. OTE, a.s. filed an appeal against the resolution to discontinue the proceedings. A proposal was submitted by

the ERO to initiate a jurisdictional dispute, when the court's special jurisdictional panel decided that the court had the authority to decide the lawsuit.

22. OTE, a.s. is conducting proceedings against ČEZ Prodej for the payment of approx. CZK 130.8 million. The legal reason is the payment of the difference between the purchase price and the hourly price paid by OTE, a.s. to ČEZ Prodej, which mandatorily purchases electricity from solar electricity producers. The difference arose in the period from 2013 to 2019. The proceeding was initiated before the ERO in October 2023. By resolution, the ERO decided to suspend the case (due to lack of jurisdiction); OTE, a.s. filed a remonstrance which has not been settled yet. At the same time, OTE, a.s. also filed a lawsuit in a separate proceeding with the District Court for Prague 4, when the court decided by resolution to stop the proceedings and refer the case to the ERO. The ERO therefore initiated a jurisdictional dispute.

ŠKODA JS a.s. (hereinafter also referred to as ŠKODA JS)

23. In 2016, ŠKODA JS a.s. was sued by ČEZ – for details see dispute number 2 above, in the section on ČEZ, a. s.
24. In connection with the case specified in points 2 and 23, out of caution and due to the threatening statutory limitation of claims, ŠKODA JS filed an action against its supplier of part of the performed radiographic inspections of welded joints at the Dukovany NPP, the company TEDIKO, s.r.o., for compensation of damages in the amount of CZK 611 million. This is a potential recourse claim against the supplier, which is suspended pending the outcome of the dispute between ŠKODA JS and ČEZ, a. s. (see points 2 and 23).
25. The former managers of ŠKODA JS have been indicted by the public prosecutor for committing economic crimes. In March 2024, a final acquittal was handed down. In view of the expiry of the statute of limitations, ŠKODA JS brought civil actions against these former managers for breach of the defendants' duty to act with due care in the exercise of their former functions on the plaintiff's Board of Directors, in a total amount exceeding CZK 400 million.

ČEZ Obnovitelné zdroje, s.r.o. (hereinafter also referred to as "ČOZ")

26. Due to the results of the criminal proceedings concerning the commissioning of the Čekanice PVPP, the ERO ex officio ordered renewal of the proceedings at the request of ČEZ Obnovitelné zdroje, s.r.o. from 2009 on the change of the decision on the granting of a license in respect of the Čekanice PVPP. On October 15, 2020, the ERO issued a new decision in the renewed proceedings on the granting of a license for the Čekanice PVPP, with effect from the date of legal effect of the decision (Verdict I), and at the same time annulled the original decision on the granting of a license for the Čekanice PVPP with retroactive effects as of December 30, 2009 (Verdict II). Based on a remonstrance submitted by ČOZ, the ERO Board decided in May 2021 to annul Verdict II and refer it for a new decision. Following the aforementioned decision of the ERO Board on the remonstrance, Verdict I became legally binding and electricity generation was resumed at the Čekanice PVPP in May 2021, without RES support. In October 2021, the ERO decided on the verdict previously annulled by the ERO Board, by once again annulling the original decision on the granting of a license for the Čekanice PVPP retroactively as of December 30, 2009. ČOZ filed a remonstrance against this decision, which was rejected by the ERO Board in June 2022. Afterwards, on August 31, 2022, ČOZ filed an administrative action as an extraordinary remedy, which was granted suspensory effect; it was rejected in May 2024. In June 2024, ČOZ filed a cassation complaint against the rejection judgment; the complaint has not yet been decided.
27. In November 2023, ČOZ filed an administrative action against the decision of the State Energy Inspectorate of the Czech Republic, which rejected ČOZ's request to establish individual support conditions for electricity generated at the Ralsko PVPP, filed pursuant to Section 34a(2) of Act No. 165/2012 Coll., as amended. The Regional Court accepted the action and in April 2024 annulled the decision of SEI and referred the matter back to it for further proceedings. SEI filed a cassation appeal against this judgment; it was rejected by the Supreme Administrative Court in June 2024. Thus, SEI will decide again on ČOZ's request to determine individual conditions of support for electricity generated at the Ralsko PVPP. Possible success in the dispute could mean a financial benefit for ČOZ, consisting in the prospective setting of a reduced solar levy, or waiver of the solar levy altogether. As time goes by, however, the considered financial benefit is decreasing.
28. In November 2023, ČOZ filed an administrative action against the decision of the State Energy Inspectorate of the Czech Republic, which rejected ČOZ's request to establish individual support conditions for electricity generated at the Žabčice PVPP, filed pursuant to Section 34a(2) of Act No. 165/2012 Coll. The lawsuit has not yet been decided. Possible success in the dispute could

mean a financial benefit for ČOZ, consisting in the prospective setting of a reduced solar levy on behalf of the Žabčice PVPP, or waiver of the solar levy altogether.

29. On March 15, 2024, ČOZ filed an action against the Ministry of Justice for compensation for damage caused by the improper official procedure of authorities in criminal proceedings when securing financial resources in connection with the proceedings in the case of the Vranovská Ves PVPP. The lawsuit has not yet been decided.

Germany

30. CEZ Erneuerbare Energien Beteiligungs II GmbH, together with CEZ MH B.V. and other interested parties within CEZ Group, pursue claims against a group of persons (and related companies) who are subject to criminal proceedings on the basis of a suspicion that these accused persons, acting as an organized group, committed fraud, forged documents, and committed bribery in relation to the sale of wind farm projects to institutional and other investors across Europe (Holt Holding case). The total amount claimed by CEZ Group companies was EUR 5.7 million without accessories. More than EUR 1 million was recovered by 2020. The trial of the defendants began in August 2021 and sentences were delivered in May 2022. The defendants were sentenced to prison terms ranging from 3 to 7.5 years. CEZ Group companies filed their receivables against the assets of the perpetrators in bankruptcy proceedings, while the receivables of the two main perpetrators have already been recognized by the court.
31. In December 2020, GMH Gebäudemanagement Hamburg GmbH (subsidiary of the Free and Hanseatic City of Hamburg) filed an action against Kofler Energies Ingenieurgesellschaft mbH (CEZ Group member, hereinafter referred to as "Kofler"). The action requires an issuance of a preliminary judgment that will decide on the basis of the case only, specifically determining the justification of liability of the defendant for damage caused in the supply of design work in construction of buildings of the University of Hamburg in 2013–2017 (i.e., before the acquisition of the defendant by CEZ Group). Although no specific amount is being sued for now, it is clear that the dispute will be in the order of tens of millions of EUR. If the claimant succeeds to the extent that the awarded amount would not be covered by liability insurance, the sum will be claimed by CEZ Group against the sellers, as it is stipulated in the transaction documentation on the basis of which the defendant became a member of CEZ Group. Kofler filed a statement on the action. In the meantime, the applicant extended the action to other parties involved in the planning of the buildings of the University of Hamburg. Kofler has until the end of March 2025 to respond, and oral hearings are expected to take place during 2025 at the earliest.

Poland

32. In 2009, Agrowind Kończewo sp. z o.o. (AWK) initiated a lawsuit against seven companies, jointly and severally, one of which is Eco-Wind Construction S.A. (CEZ Group member, later Eco-Wind Construction Sp. z o.o. w likwidacji). It seeks the payment of compensation in the amount of PLN 22.7 million (approx. CZK 122 million) with accessories for preventing the installation of wind turbines and transformer stations on land that the claim alleges was held by AWK. In 2012, the claim was increased to a total of PLN 112.7 million with accessories. Subsequently, the proceedings against Eco-Wind Construction S.A. were suspended due to bankruptcy on the company's assets. In relation to the other defendants (outside CEZ Group), the proceedings continued and ended with a final decision, which was honored by the obliged persons. As the bankruptcy proceedings against Eco-Wind Construction S.A. (which changed its legal form to sp. z o.o. and went into liquidation) were terminated at the end of 2021, the court renewed the proceedings against this company. Following the deletion of Eco-Wind Construction sp. z o.o. w likwidacji from the commercial register (in July 2023), the dispute proceedings above were stopped by the court in January 2024.
33. In November 2021, CEZ Skawina S.A. (CEZ Group member) filed a lawsuit against the Polish state – the Minister of Climate and Environment (Skarb Państwa – Minister Klimatu i Środowiska), the subject of which is a demand for payment of PLN 47 million, or other compensation, on the grounds of compensating for the non-issuance of 176,197 t of greenhouse gas emission allowances which the company should have received as a result of compliance with the investment task included in the National Investment Plan. CEZ Skawina S.A.'s entitlement to free emission allowances is based on Polish national law. However, as a result of the alleged inconsistency of the Polish national law with Directive 2003/87/EC of the European Parliament and of the Council of October 13, 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (EU ETS Directive), the Minister of Climate and the Environment refused to issue the emission allowances, referring to the

relevant opinion of the European Commission. The case is currently pending before the court of first instance. In the defense, it was argued that CEZ Skawina's claim was unfounded, in particular with regard to the question of the law's compatibility with EU legislation, where compensation for damages would constitute unlawful state aid. CEZ Skawina's request for the admission of a statement to the counterclaim has not yet been discussed. Two oral hearings have taken place so far – in August 2023 and June 2024. The date of the next hearing has not been scheduled.

Italy

34. ENERGYKA ELECTROSYSTEM SRL claims, in a lawsuit dated May 2020 against Belectric Italia Srl (CEZ Group member) for the remuneration from an agreement on mediating an investment opportunity, concluded between the companies in 2016, in the amount of EUR 11 million. The subject of this agreement was in particular the commitment to broker investment opportunities by ENERGYKA ELECTROSYSTEM SRL in the field of photovoltaic projects in Italy. Belectric Italia Srl was taken over by CEZ ESCO II GmbH (CEZ Group member) in December 2021. Several oral hearings have already been held. The court called a hearing for the presentation of closing arguments on May 20, 2025.
35. E&E Srl is suing inewa Consulting Srl (formerly Syneco Energy Service Srl) (CEZ Group member) for damages and lost profit in the amount of EUR 10.2 million. E&E Srl, in consultation with Syneco Energy Service Srl, purchased Lucania Energia together with a project to build five wind farms. A subsidy was to be provided for the said construction. After connecting to the electricity grid, Lucania Energia was told that subsidies would not be provided due to failure to meet all conditions. This is a dispute that was initiated before the acquisition of the defendant company by CEZ Group, and the transaction documentation contained guarantees (indemnity) related to this dispute. In the case of the plaintiff's success, the sum will therefore be applied by CEZ Group from the seller. The next court hearing is scheduled for September 2024.

Other proceedings

36. In July 2016, ČEZ filed a Request for Arbitration with the International Center for Settlement of Investment Disputes (ICSID), officially commencing international investment arbitration against the Republic of Bulgaria under the Energy Charter Treaty on the grounds of non-protection of investment. The place of arbitration is Washington, D.C., USA, in accordance with the rules of the International Center for Settlement of Investment Disputes (ICSID). The claim amounts to hundreds of millions of EUR. In the first place, a jurisdictional objection of the Republic of Bulgaria was resolved, i.e., the question of the jurisdiction of the arbitration tribunal to decide the dispute; the arbitration tribunal rejected this objection in its award of March 2, 2021. The arbitration proceedings thus moved to the merits stage. After the parties submitted their written statements on the merits to the tribunal, two hearings took place in 2023.
37. In the arbitration proceedings initiated in February 2023, conducted in Geneva, Switzerland, under the rules of the International Chamber of Commerce (ICC), ČEZ demands compensation from Gazprom Export LLC (hereinafter referred to as "Gazprom") for damages exceeding CZK 1 billion, incurred by cutting natural gas supplies in 2022. After the end of the written part of the proceedings, an oral hearing took place in Geneva in June 2024. In the natural gas supply contract, ČEZ and Gazprom agreed that any disputes would be resolved exclusively in the above-mentioned manner, i.e., in ICC arbitration. Nevertheless, in April 2024, Gazprom turned to the state court in St. Petersburg, Russia, with a proposal to prohibit ČEZ from continuing with the arbitration, under the threat of a fine equal to the amount that ČEZ is claiming in the arbitration. The ICC tribunal banned Gazprom from conducting this trial by a preliminary injunction, but Gazprom did not respect the ban and the St. Petersburg court granted its request in a May 2024 decision. ČEZ considers this decision illegal.
38. In November 2023, ČEZ, a. s. filed an administrative lawsuit against the state of Romania with the Court of Appeal in Bucharest, the purpose of which was to question the legality of the "contribution to the Energy Transformation Fund" which Romania imposed on energy traders, even though they are not tax residents, and which is, in the opinion of ČEZ, prohibitively high and irrationally constructed. The aim of the lawsuit is to make sure that the sums paid as this contribution, amounting to hundreds of millions of Czech crowns in total, are returned. The proceedings are now before the court of first instance, and the first oral hearing was held in April 2024. The next court hearing is scheduled for September 2024.

Developments in Sectoral Regulation and Legislation

The business environment in which CEZ Group operates is significantly impacted by regulation and legislation at the level of the European Union as well as those of the individual countries of its presence. The present chapter is not a list of all relevant changes in this field. It only highlights the major events, documents and legislation at the level of the European Union, Czechia, Germany, France, Poland, and Turkey.

European Union

Regulation to improve the electricity market design

On June 26, 2024, the final text of Regulation (EU) 2024/1747 of the European Parliament and of the Council amending Regulations (EU) 2019/942 and (EU) 2019/943 as regards improving the Union's electricity market design was published in the Official Journal. The new regulation, which will affect CEZ Group's business activities on wholesale markets, including the sale of electricity to end-use customers, among other things, introduces new concepts for the long-term support of the generation of clean and low-carbon electricity in the form of contracts for difference and power purchase agreements (PPA) to support flexibility and ensure price stability for end-use customers.

Due Diligence Directive

In July 2024, the final version of Directive (EU) 2024/1760 of the European Parliament and of the Council on corporate sustainability due diligence was published in the Official Journal, laying down rules on the obligations of companies regarding actual and potential adverse impacts on human rights and adverse environmental impacts throughout the value chain. The aforementioned directive will have an impact on CEZ Group's ESG and purchasing activities.

Regulation prohibiting products made with forced labor

In the spring of 2024, a regulation prohibiting products made with forced labor was approved. This regulation lays down rules that prohibit economic operators from placing, supplying, or exporting products made with forced labor on the European Union market. This regulation will have an impact on CEZ Group's ESG and purchasing activities.

Revision of the Energy Performance of Buildings Directive (EPBD)

In May 2024, the final version of Directive (EU) 2024/1275 of the European Parliament and of the Council on the energy performance of buildings was published in the Official Journal. This directive brings, among other things, new requirements for the energy efficiency of buildings, the national building renovation plan, the use of photovoltaics on buildings or equipping buildings with infrastructure for charging electric cars.

Regulation on the transparency and integrity of ESG rating activities

In the spring of 2024, the Regulation on the transparency and integrity of ESG rating activities was approved. The regulation aims to increase transparency in the ESG activities of rating agencies.

Gas package

In 2024, the legislative process to draft a directive and regulation on the decarbonization of the gas market in the EU was formally completed. Both norms replace the original EU legislation from 2009 and aim to facilitate the deployment of renewable and low-carbon gases, including hydrogen. For CEZ Group, the new legislation in the area of low-carbon and renewable gases can be an opportunity for its greater involvement in the hydrogen supply chain. Likewise, in 2024, the approval process for the draft Regulation of the European Parliament and of the Council (EU) on methane emissions reduction in the energy sector and amending Regulation (EU) 2019/942 was completed. This regulation introduces new requirements for the oil, gas, and coal sectors to measure, report, and verify methane emissions.

Regulation on fluorinated greenhouse gases (F-gases)

On March 11, 2024, Regulation (EU) 2024/573 of the European Parliament and of the Council on fluorinated greenhouse gases, amending Directive (EU) 2019/1937 and repealing Regulation (EU) No. 517/2014 came into force. The primary objective of this regulation is to further tighten control and gradually push equipment containing fluorocarbons (HFCs) and especially fluorinated greenhouse gases (F-gases) out of the market through various restrictions and bans. This regulation affects

technological equipment containing F-gases used by CEZ Group in the electricity generation and distribution sector. At the same time, in February 2024, the approval process of Regulation (EU) 2024/590 of the European Parliament and of the Council on substances that deplete the ozone layer, and repealing Regulation (EC) No 1005/2009, which lays down rules for the generation, import, export, sale, use, recovery, recycling, regeneration, and disposal of substances that deplete the ozone layer, was completed. This regulation will have an impact mainly in the form of information requirements and measures for products and equipment that use these substances.

Revision of the Industrial Emissions Directive (IED)

In April 2024, the final version of the Industrial Emissions Directive (IED) was approved by the Council; it addresses pollution prevention and control for large industrial installations. It now includes, for example, mass production of batteries (gigafactories) and livestock breeding. At the same time, it changes the process of issuing an integrated permit and tightens the rules for granting exemptions. The goal of the adjustment is a gradual transition to a climate-neutral EU. From CEZ Group's point of view, this is one of the key pieces of legislation, not only for the operation of stationary sources but also for new plans in the field of lithium ore mining and processing and related activities.

Critical Raw Materials Act (CRMA)

Regulation (EU) 2024/1252 of the European Parliament and of the Council of April 11, 2024 establishing a framework for ensuring a secure and sustainable supply of critical raw materials and amending Regulations (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1724, and (EU) 2019/1020 became effective on May 23, 2024. The regulation introduces a comprehensive set of activities to ensure EU access to secure, diversified, affordable, and sustainable supplies of critical raw materials indispensable for strategic industries. Among other things, lithium is included as a strategic raw material, so it is assumed that it will also apply to lithium mining projects in the EU. Important measures brought about by this regulation include, for example, the shortening of permitting procedures for projects of strategic importance.

Net Zero Industry Act (NZIA)

Regulation (EU) 2024/1735 of the European Parliament and of the Council of June 13, 2024 on establishing a framework of measures for strengthening Europe's net-zero technology manufacturing ecosystem and amending Regulation (EU) 2018/1724 aims to achieve total strategic capacity to produce at least 40% of the necessary net zero emission technologies in the European Union, or at least to come close to this goal, by 2030. The regulation also includes nuclear technologies among technologies with zero net emissions. A wider inclusion of nuclear technologies under this regulation could thus help support the nuclear industry in the EU in the future.

Extension of the EU ETS emission allowance system

Since January 2024, the EU ETS system has covered maritime transport carried out by ships with a gross tonnage of 5,000 t and above. In practice, this means that shipping companies have to buy emission allowances based on the number of tons of CO_{2e} emitted, both on voyages to the EU and within the EU. From 2026, the EU ETS will also cover methane and nitrous oxide emissions. The obligation also applies to ships importing LNG.

Czechia

Legislation in Czechia

In the first half of 2024, the following **implementing legislation** was adopted or amended in the energy sector, among other things:

- On January 16, 2024, Decree No. 5/2024 Coll. of the Energy Regulatory Office amending Decree No. 349/2015 Coll., on Gas Market Rules, entered into force. The amendment introduces a service for the cross-border use of a gas storage facility in order to clearly govern the procedure and requirements of gas storage in storage facilities that are directly connected to the transport system of the neighboring country. The amendment further specifies the scope and format of transmission and publication of data by gas market participants. For CEZ Group, the amendment will simplify and clarify the rules for gas storage in storage facilities.
- Decree No. 6/2024 Coll., amending Decree No. 408/2015 Coll., on Electricity Market Rules, as amended, and Decree No. 490/2021 Coll., amending Decree No. 408/2015 Coll., on Electricity

Market Rules, as amended, entered into force on January 16, 2024. The amendment introduced, in particular, the harmonization of the deviation settlement system, elements innovating the tariff structure or the modification of the rules for the registration of transfer points of electricity generating facilities, and the transfer of data between individual electricity market participants. The amendment also responds to the introduction of measurements with advanced measurement and data processing functions (AMM) and the categorization of type C measurements under Decree No. 359/2020 Coll., on electricity measurement. From CEZ Group's point of view, these adjustments affect a wide range of activities (electricity generation, electricity distribution, and electricity trading).

- On February 1, 2024, Government Regulation No. 17/2024 Coll., amending Government Regulation No. 463/2022 Coll., on the determination of prices for electricity and gas in an emergency market situation supplied for losses in distribution grids and on the compensation provided for the supply of electricity and gas for losses at set prices, as amended by Government Regulation No. 214/2023 Coll., came into force. The regulation sets forth the latest possible deadline for submitting a proper, corrective, and new application for payment of compensation to the market operator.
- On February 2, 2024, Government Regulation No. 18/2024 Coll., amending Government Regulation No. 36/2023 Coll., on the format and template of forms submitted for levies on revenues above price caps, came into force. The government regulation established the range of data verified by the auditor for correctness and completeness, the scope of this verification, the template for the settlement of the levy on revenues above price caps for the second levy period, and instructions for filling it out. The amendment will enable the settlement of the levy on revenues above price caps for the second levy period.
- On March 5, 2024, Decree of the Energy Regulatory Office No. 47/2024 Coll., amending Decree No. 8/2016 Coll., on the details of granting licenses for business in the energy sectors, as amended by Decree No. 147/2022 Coll., came into force. The amendment expands the list of types of licenses to include the Energy Data Center and also responds to the introduction of hydrogen as a new category of gas by amending the forms. The changes bring certain procedural simplifications in the granting and changes of licenses for the energy sector, i.e., also for CEZ Group companies.
- On April 25, 2024, Decree of the Energy Regulatory Office No. 78/2024 Coll., amending Decree No. 401/2010 Coll., on the requirements for the content of the Transmission System Operation Rules, the Distribution System Operation Rules, the Transmission System Operator Rules, the Distribution System Operator Rules, the Gas Storage Facility Operator Rules and the Market Operator Terms and Conditions, came into force. The amendment to the decree follows up on the amendment to the Energy Act No. 469/2023 Coll. (referred to as Lex RES II) and implements the requirements for the content of the Data Center Rules.
- On May 23, 2024, Decree of the Ministry of Industry and Trade No. 127/2024 Coll., amending Decree No. 345/2002 Coll., which establishes measuring instruments for mandatory verification and measuring instruments subject to type approval, came into force. The amendment led to a partial expansion of the scope of regulation in metrology, and conversely to the removal of regulation for some types of measuring instruments. In addition, inappropriate terminology was removed.
- On May 28, 2024, Government Regulation No. 134/2024 Coll., amending Government Regulation No. 5/2023 Coll., on the compensation provided for the supply of electricity and gas at fixed prices, as amended, came into force. The government regulation governs the range of data in the request for payment of compensation for the specified period, to be verified by the auditor, and the scope of verification of these data. This adjustment contributes to the conclusion of compensations in relation to an extraordinary market situation.
- On May 30, 2024, Decree of the Ministry of Industry and Trade No. 138/2024 Coll., amending Decree No. 359/2020 Coll., on electricity measurement, as amended by Decree No. 375/2023 Coll., came into force. The amendment primarily governs the installation of continuous measurement in electricity sharing points, the methodology for determining substitute data from smart metering devices, and some general rules for their installation. The decree also shortens the time limits for communication of data from continuous measurement by system operators and also responds to the new tariff structure introduced in the area of compensation

for unauthorized consumption or distribution. The new rules thus primarily affect the activity of electricity distribution.

- On June 4, 2024, Government Regulation No. 139/2024 Coll., on the conditions for exercising the special rights of vulnerable customers, came into force. The rules introduced by the government regulation will affect the activities of CEZ Group, which will be obliged to implement some processes concerning vulnerable customers.
- On June 17, 2024, Decree No. 156/2024 Coll. of the Energy Regulatory Office, amending Decree No. 408/2015 Coll., on Electricity Market Rules, came into force. The amendment follows up on the amendment to the Energy Act entitled Lex RES II and governs, in particular, the areas of electricity sharing, energy communities, smart electricity meters (data transmission, time limits), deviation settlement system, etc. This legislation brings the need to adapt CEZ Group's processes and systems to changes in market functioning.
- On June 20, 2024, Decree of the Ministry of Industry and Trade No. 171/2024 Coll., amending Decree No. 344/2012 Coll., on the state of emergency in the gas industry and on the method of ensuring the safety standard of gas supply, as amended, came into force. The amendment mainly amended the definition of consumption levels and groups of customers, conditions for including customers in groups, procedures for receiving and providing international assistance in crisis situations in the gas industry, and rules for determining the safety standard of gas supply. CEZ Group will be required to implement some new procedures.
- On June 20, 2024, Decree of the Ministry of Industry and Trade No. 172/2024 Coll., amending Decree No. 79/2010 Coll., on the dispatch of the electricity system and on the transmission of data for dispatch, as amended, came into force. The amendment responded to Lex RES II and mainly adjusted the rules for the dispatch control of generating facilities connected with non-guaranteed performance and the scope of limited performance without compensation. This mode constitutes an important tool for the more economically efficient management of the distribution system and for enabling the further connection of electricity generating facilities to the distribution system in places with limited capacity.
- On June 26, 2024, Decree of the Ministry of Labor and Social Affairs No. 192/2024 Coll., amending Decree No. 389/2011 Coll., on the implementation of certain provisions of the Assistance in Material Need Act, as amended by Decree No. 277/2022 Coll., Decree No. 410/2023 Coll., on the determination of electronic communication for the purposes of humanitarian benefit, and Decree No. 411/2023 Coll., on the determination of electronic communication in the field of state social support, came into effect. The amendment specifies communication between the assistance in material need authority and the gas or electricity supplier (i.e., the format, content, and structure of data messages).

Other important non-legislative documents with an impact on the Czech energy market:

Other significant non-legislative documents with an impact on the Czech energy market include price decisions approved by the Energy Regulatory Office, which set regulated prices in the electricity, gas, and heating sectors and in the field of promotion for supported energy sources.

Gas industry:

- Price Decision of the Energy Regulatory Office No. 1/2024 on regulated prices related to gas supply was issued on May 31, 2024. With effect from January 1, 2025, this price decision, which sets the prices of the gas transport service, will replace Price Decision of the Energy Regulatory Office No. 01/2023 of June 2, 2023 on regulated prices related to gas supply.
- On June 25, 2024, Price Decision of the Energy Regulatory Office No. 2/2024 was issued, amending Price Decision of the Energy Regulatory Office No. 01/2023 of June 2, 2023 on regulated prices related to gas supply. This changes the annual price for reserved fixed transport capacity for the exit border point in Český Těšín for the period from July 1, 2024 to the end of 2024.

Electricity sector:

- On June 25, 2024, Price Decision No. 3/2024, amending Price Decision No. 5/2023, and Price Decision No. 4/2024, amending Price Decision No. 6/2023, were issued. Both price decisions respond to the introduction of the Electricity Data Center by an amendment to Energy Act Lex RES II and establish a regulated price for its activity, and therefore also the price for off-grid infrastructure, which also includes, in addition to the price for the data center's activities, the price for the market operator's activities and a fee for the operation of the Energy Regulatory Office.

Supported energy sources:

- On May 27, 2024, the European Commission approved, within the framework of EU state aid rules, a Czech program to support the generation of electricity from new and modernized, highly efficient facilities for the combined heat and power generation in the amount of EUR 3.2 billion (approx. CZK 75 billion). The program will operate until December 31, 2025, and the measure will contribute to the implementation of the Czech national plan in energy and climate, the Green Deal for Europe, and EU goals in the field of energy efficiency. All technologies and projects that enable the generation of electricity from highly efficient combined heat and power plants are eligible, with the exception of solid fossil fuel, diesel, and oil plants. Projects involving natural gas will have to either close supported facilities or enable the transition to renewable and low-carbon gases by 2050 to avoid dependence on natural gas. It is currently possible to use green bonuses for generating facilities with an installed capacity of up to and including 1 MW, and also to organize auctions to obtain an auction bonus for facilities with an installed capacity of over 1 MW.

Germany

Germany continues to maintain its position of a European leader in the energy transformation called "Energiewende". The Energiewende represents the ambitious goal of transitioning from fossil and nuclear fuel to renewable energy sources (RES). The main goal of this transformation until 2050 is, in addition to the transition to RES, also the reduction of greenhouse gas emissions and the overall reduction of energy consumption.

On April 15, 2024, one year passed from the shutdown of all German nuclear power plants. The universal shutdown of nuclear power plants began in 2011, when Germany generated around 25% of its electricity from nuclear sources. In 2023, nuclear power plants accounted for only 5% of generated electricity. Germany is also gradually decommissioning its coal-fired power plants. At the end of March 2024, 15 coal-fired power plants with a capacity of 4.4 GW were shut down. The decommissioning of all coal-fired power plants was originally planned by 2038, but the revised targets envisage their complete decommissioning as early as in 2030.

On January 1, 2024, the Building Heating Energy Act (GEG) came into force, requiring all heating systems installed in new buildings on newly built-up areas to be powered by at least 65% of renewable energy. For older buildings, there are extended time limits and a choice of technologies that enable heating from renewable energy sources. In cities and towns with more than 100,000 residents, the installation of heating systems with a 65% share of renewable energy will be mandatory from July 1, 2026 at the latest. For smaller municipalities, the time limit is postponed to 2028.

In the first six months of 2024, almost 252 TWh of electricity was produced in Germany, of which 150 TWh came from renewable energy sources, which constitutes a 60% share (58% of gross electricity consumption). Electricity generation from onshore wind energy contributed the most to this result. Generation from conventional energy sources fell by more than 15% year over year.

In the first half of 2024, 2 auctions were held to determine support for the generation of electricity from onshore wind power plants. The Federal Network Agency (Bundesnetzagentur – BNetzA) tendered a total of 5,282 MW of capacity in both auctions. Support was granted to 129 and 189 projects with a total capacity of 1,795 and 2,379 MW, respectively. The average value of the granted support was 7.34 ct per kWh in the first auction round and 7.33 ct per kWh in the second round. Operational support is provided to projects for 20 years.

France

French energy transformation is defined in multi-annual energy programs – “Programmation Pluriannuelle de l'énergie” (PPE). These programs are based on similar goals as Germany's Energiewende. Emphasis is placed on the development of renewable energy sources, reduction of energy consumption, reduction of greenhouse gas emissions, and a shift away from fossil fuels. However, unlike Germany, France still relies on nuclear power plants, which account for around 70% of its energy mix. To ensure a balanced energy mix, a gradual reduction in the share of nuclear power plants is planned, to 50% by 2035 (original plan by 2025). Due to the end of the useful life of some nuclear reactors, the construction of new nuclear reactors is also planned.

In the first six months of 2024, approximately 261 TWh of electricity was produced in France, of which 73 TWh came from renewable energy sources, a share of 28% of gross electricity generated from RES.

The results of 2 auctions from 2023 were announced in the first half of 2024. As part of the auction for onshore wind power plants, support for a total of 925 MW was tendered. In the auction, 89 conforming bids were submitted, with a total capacity of 1,723.1 MW. Support was allocated to 57 bids, with a capacity of 1,007 MW. The average price in the auction was 8.72 ct per kWh, which was the highest price since 2017. Operational support is provided to projects for 20 years.

Poland

Update of strategic sector documents:

In the first half of 2024, government work continued on the preparation of updates to strategic sector documents, i.e., the National Energy and Climate Plan, the Polish Energy Policy up to 2040, and the new strategy for the heating industry. The first fund of finances from the National Recovery Plan (KPO) were released. The third revision of the KPO will take place after the release of finances from the 2nd and 3rd funds, most likely in the first half of 2025.

Adopted legislation:

In the first half of 2024, changes to important sectoral legislation were adopted, the most significant of which was the adoption of the Act of May 23, 2024 on the energy voucher and on the amendment of certain acts in order to limit the prices of electricity, natural gas and district heating (Collection of Laws 2024.859). The act lays down the rules for the gradual release of prices of electricity, gas, and district heating. In 2024, single-payment support for residential customers in the form of an energy voucher will range from PLN 300 to PLN 600, depending on the income criterion adopted, and will be doubled in the case of electricity heating. The act did not renew the obligation of electricity generators and electricity trading companies to pay a levy to the Price Difference Payment Fund (FWRC). Currently, only the final settlement of the fulfillment of this obligation in 2022 and 2023 is underway.

Reform of the equalization market was introduced, with effect from June 14, 2024. The process of creating the Energy Market Central Information System (CSIRE) is ongoing, and the system is scheduled to be operational from July 1, 2025.

Turkey

The Turkish currency has been kept at the level of TRY 32–33 per USD since March 2024, mainly due to measures introduced by the central bank. In the first half of 2024, inflation growth picked up slightly again, with annual inflation reaching 71.6% (in June 2024).

Changes in Ownership Interests

Czechia

- On April 9, Telco Pro Services, a. s. acquired a 100% stake in WMS s.r.o.
- On April 29, a new company, FVE Mydlovary, s.r.o., was established on the basis of a founding deed dated April 12, 2024; its 100% member is ČEZ, a. s.
- On April 30, Telco Pro Services, a. s. acquired a 100% stake in EDERA Group a.s. and through it (indirectly) also a 100% share in EDERA Jičín s.r.o. and Metropolitní s.r.o., and through the latter company (indirectly) also a 100% share in Metropolitní Chotěboř s.r.o. and Metropolitní Havlíčkův Brod s.r.o.
- On April 30, ČEZ Teplárenská, a.s. acquired a 100% stake in ACTHERM Distribuce s.r.o.
- On May 20, the ownership interest in Quadruple, a.s. ceased to exist as a result of the sale of a 5.24% stake in that company from KABELOVÁ TELEVIZE CZ s.r.o. to COMVERGA a.s. (current majority owner of Quadruple, a.s.).
- On July 1, ACTHERM Distribuce s.r.o. and Teplo Klášterec s.r.o. were dissolved due to merger with the parent company ČEZ Teplárenská, a.s.
- On July 1, the name of ČEZ Energetické služby, s.r.o. changed to ČEZ ESL, s.r.o.

Italy

- On June 26, inewa Srl acquired the remaining 30% stake in BUDRIO GFE 312 SOCIETA' AGRICOLA S.R.L., becoming its sole member.

Germany

- On January 23, the name of SP Solarprojekte 17 Verwaltungs-GmbH changed to Elevion Green GmbH.
- On January 31, CEZ Erneuerbare Energien Beteiligungs GmbH acquired a 100% limited partnership stake in Windpark Datteln GmbH & Co. KG (in which CEZ Erneuerbare Energien Beteiligungs II GmbH originally held a 50% indirect stake through GP JOULE PP1 GmbH & Co. KG).
- On February 23, a 1% limited partnership stake in Solarkraftwerk Herleshof GmbH & Co. KG was sold from BELECTRIC Greenvest GmbH to a natural person (Mr. Paul Anton Graf von Schönborn – Wiesentheid, as the owner of the land on which the solar farm is located).
- On February 27, WPG Projekt GmbH was dissolved as a result of the cancellation of bankruptcy (after meeting the schedule resolution); the company was erased from the commercial register on the above-mentioned date.
- On March 1, the name of Belectric SP Solarprojekte 101 GmbH & Co. KG changed to Solarkraftwerk Deubach GmbH & Co. KG.

Netherlands

- On April 24, 2024, CEZ Bulgarian Investments B.V. was dissolved as a result of completion of liquidation (the company was wound up and entered into liquidation on December 1, 2023).

Poland

- On January 18, A.E. Wind S.A. w likwidacji was dissolved as a result of completion of liquidation.
- On February 29, Baltic Green III sp. z o.o. w likwidacji was dissolved due to completion of liquidation.
- On April 5, Euroklimat sp. z o.o. acquired a 100% stake in Instal Bud Pecyna Sp.z o.o.
- On April 17, 2024, CEZ Chorzów II sp. z o.o. entered into liquidation and at the same time its name changed to CEZ Chorzów II sp. z o.o. w likwidacji.

Slovakia

- On January 1, e-Dome, a. s. was dissolved due to a merger with its parent company ESCO Slovensko, a. s.
- On January 1, as a result of transformation (division by spin-off and merger) within CEZ Group, the ownership rights to all, i.e. 50%, of the shares of ESCO Slovensko, a.s., (i.e., including stakes in its subsidiaries ESCO Distribučné sústavy a.s., AZ KLIMA SK, s.r.o., SPRAVBYTKOMFORT, a.s. Prešov, ESCO Servis, s. r. o., CAPEXUS SK s. r. o., ELIMER, a.s., BIOPEL, a. s., KLF-Distribúcia, s.r.o.) owned by the Czech company ČEZ ESCO, a.s. were transferred to the Czech company ČEZ Invest Slovensko, a.s.
- On May 13, ESCO Slovensko, a. s. increased its stake in BIOPEL, a. s. from 55.43% to 57.72%.

Spain

- On February 23, the Spain company BELECTRIC ESPAÑA, S.L. was founded, with its sole member being BELECTRIC GmbH.

Ukraine

- On July 10, CEZ Ukraine LLC was dissolved due to the completion of liquidation.

United Kingdom

- On January 8, Inven Capital, SICAV, a.s. acquired a minority stake in Ember Core Ltd.

5. Financial Part

CEZ Group Interim Consolidated Financial Statements Prepared in Accordance with IFRS Accounting Standards as Adopted by European Union as of June 30, 2024

CEZ GROUP

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING
STANDARDS AS ADOPTED BY EUROPEAN UNION
AS OF JUNE 30, 2024**

CEZ GROUP CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2024

In CZK Millions

	Note	June 30, 2024	December 31, 2023
ASSETS:			
Plant in service		956,895	947,745
Less accumulated depreciation and impairment		<u>(553,615)</u>	<u>(538,500)</u>
Net plant in service		403,280	409,245
Nuclear fuel		16,794	16,228
Construction work in progress		<u>33,845</u>	<u>26,659</u>
Total property, plant and equipment		453,919	452,132
Investments in associates and joint-ventures		3,781	3,737
Restricted financial assets		26,990	25,229
Other non-current financial assets	5	26,679	30,379
Intangible assets		29,345	27,801
Deferred tax assets		<u>1,221</u>	<u>1,380</u>
Total other non-current assets		<u>88,016</u>	<u>88,526</u>
Total non-current assets		541,935	540,658
Cash and cash equivalents		41,622	10,892
Trade and other receivables		61,368	84,759
Income tax receivable		804	942
Materials and supplies		23,048	20,255
Fossil fuel stocks		2,066	2,857
Emission rights	6	4,403	30,819
Derivatives and other current financial assets	5	73,638	111,714
Other current assets		<u>20,257</u>	<u>22,869</u>
Total current assets		<u>227,206</u>	<u>285,107</u>
Total assets		<u><u>769,141</u></u>	<u><u>825,765</u></u>

**CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2024**

continued

	Note	June 30, 2024	December 31, 2023
EQUITY AND LIABILITIES:			
Stated capital		53,799	53,799
Treasury shares		(1,334)	(1,334)
Retained earnings and other reserves		183,298	191,587
Total equity attributable to equity holders of the parent		235,763	244,052
Non-controlling interests		1,542	1,549
Total equity		237,305	245,601
Long-term debt, net of current portion	8	119,378	131,042
Provisions		168,750	165,440
Other long-term financial liabilities	9	5,834	6,104
Deferred tax liability		31,821	43,888
Other long-term liabilities		31	31
Total non-current liabilities		325,814	346,505
Short-term loans	10	7,650	7,314
Current portion of long-term debt	8	32,223	30,554
Trade payables		39,708	59,869
Income tax payable		10,863	2,268
Provisions		20,300	31,113
Derivatives and other short-term financial liabilities	9	75,923	82,540
Other short-term liabilities		19,355	20,001
Total current liabilities		206,022	233,659
Total equity and liabilities		769,141	825,765

CEZ GROUP

CONSOLIDATED STATEMENT OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2024

In CZK Millions

	Note	1-6/2024	1-6/2023	4-6/2024	4-6/2023
Sales of electricity, heat, gas and coal		113,714	127,858	50,042	54,686
Sales of services and other revenues		46,774	39,185	23,604	19,580
Other operating income		1,229	2,654	676	2,051
Total revenues and other operating income	11	161,717	169,697	74,322	76,317
Gains and losses from commodity derivative trading	12	3,447	5,931	2,139	5,194
Purchase of electricity, gas and other energies		(29,507)	(41,167)	(14,241)	(20,515)
Fuel and emission rights		(19,283)	(19,608)	(8,180)	(7,978)
Services		(18,462)	(16,539)	(9,809)	(9,102)
Salaries and wages		(19,573)	(16,984)	(10,100)	(9,037)
Material and supplies		(9,768)	(8,322)	(5,710)	(4,379)
Capitalization of expenses to the cost of assets and change in own inventories		2,493	3,033	1,587	1,617
Depreciation and amortization		(17,916)	(17,014)	(9,174)	(8,657)
Impairment of property, plant and equipment and intangible assets		(28)	(221)	(26)	(235)
Impairment of trade and other receivables		65	(47)	(78)	(188)
Other operating expenses	13	(1,852)	(13,441)	(1,045)	(2,017)
Income before other income (expenses) and income taxes		51,333	45,318	19,685	21,020
Interest on debt		(2,713)	(3,758)	(1,319)	(1,767)
Interest on provisions		(4,035)	(3,647)	(2,017)	(1,823)
Interest income		1,742	4,021	897	2,370
Share of profit (loss) from associates and joint-ventures		(31)	493	(34)	108
Impairment of financial assets		(6)	34	(1)	269
Other financial expenses		(1,187)	(676)	(113)	(121)
Other financial income		1,680	2,286	691	(378)
Total other income (expenses)		(4,550)	(1,247)	(1,896)	(1,342)
Income before income taxes		46,783	44,071	17,789	19,678
Income taxes		(25,726)	(21,790)	(10,286)	(8,218)
Net income		21,057	22,281	7,503	11,460
Net income attributable to:					
Equity holders of the parent		21,093	22,230	7,559	11,458
Non-controlling interests		(36)	51	(56)	2
Net income per share attributable to equity holders of the parent (CZK per share):					
Basic		39.3	41.4	14.1	21.3
Diluted		39.3	41.4	14.1	21.3

CEZ GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2024

In CZK Millions

	Note	1-6/2024	1-6/2023	4-6/2024	4-6/2023
Net income		21,057	22,281	7,503	11,460
Change in fair value of cash flow hedges		4,799	53,830	(8,671)	6,306
Cash flow hedges reclassified to statement of income		(9,815)	15,312	(4,197)	4,623
Change in fair value of debt instruments		(561)	1,060	(385)	560
Disposal of debt instruments		5	24	1	1
Translation differences – subsidiaries		293	(122)	(242)	255
Translation differences – associates and joint-ventures		37	(327)	(35)	(202)
Disposal of translation differences		(28)	(15)	(19)	(15)
Share on other equity movements of associates and joint-ventures		(2)	(60)	(18)	1
Deferred tax related to other comprehensive income	14	<u>3,829</u>	<u>(49,548)</u>	<u>8,160</u>	<u>(7,586)</u>
Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods		<u>(1,443)</u>	<u>20,154</u>	<u>(5,406)</u>	<u>3,943</u>
Total comprehensive income, net of tax		<u><u>19,614</u></u>	<u><u>42,435</u></u>	<u><u>2,097</u></u>	<u><u>15,403</u></u>
Total comprehensive income attributable to:					
Equity holders of the parent		19,635	42,399	2,167	15,388
Non-controlling interests		(21)	36	(70)	15

**CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2024**

In CZK Millions

	Note	Attributable to equity holders of the parent							Non-controlling interests	Total equity	
		Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Debt instruments	Equity instruments and other reserves	Retained earnings			Total
Balance as at January 1, 2023		53,799	(1,334)	(5,177)	(22,258)	(1,675)	(2,020)	237,551	258,886	1,375	260,261
Net income		-	-	-	-	-	-	22,230	22,230	51	22,281
Other comprehensive income		-	-	(448)	19,794	884	-	(61)	20,169	(15)	20,154
Total comprehensive income		-	-	(448)	19,794	884	-	22,169	42,399	36	42,435
Dividends		-	-	-	-	-	-	(77,838)	(77,838)	(9)	(77,847)
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	(3)	(3)
Changes of non-controlling interests without loss of control		-	-	-	-	-	-	(14)	(13)	(12)	(25)
Put options held by non-controlling interests		-	-	(1)	-	-	-	7	6	(5)	1
Balance as at June 30, 2023		53,799	(1,334)	(5,625)	(2,464)	(791)	(2,020)	181,875	223,440	1,382	224,822

**CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2024**

continued

	Note	Attributable to equity holders of the parent							Non-controlling interests	Total equity	
		Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Debt instruments	Equity instruments and other reserves	Retained earnings			Total
Balance as at January 1, 2024		53,799	(1,334)	(3,468)	8,382	284	(2,324)	188,713	244,052	1,549	245,601
Net income		-	-	-	-	-	-	21,093	21,093	(36)	21,057
Other comprehensive income		-	-	287	(1,237)	(507)	-	(1)	(1,458)	15	(1,443)
Total comprehensive income		-	-	287	(1,237)	(507)	-	21,092	19,635	(21)	19,614
Dividends	7	-	-	-	-	-	-	(27,914)	(27,914)	(11)	(27,925)
Contribution from owners of non-controlling interests		-	-	-	-	-	-	-	-	8	8
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	9	9
Changes of non-controlling interests without loss of control		-	-	-	-	-	-	(6)	(6)	4	(2)
Put options held by non-controlling interests		-	-	4	-	-	-	(8)	(4)	4	-
Balance as at June 30, 2024		53,799	(1,334)	(3,177)	7,145	(223)	(2,324)	181,877	235,763	1,542	237,305

CEZ GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2024

In CZK Millions

	Note	1-6/2024	1-6/2023
OPERATING ACTIVITIES:			
Income before income taxes		46,783	44,071
Adjustments of income before income taxes to cash generated from operations:			
Depreciation and amortization		17,916	17,014
Amortization of nuclear fuel		1,734	1,861
(Gains) and losses on non-current asset retirements		(85)	22
Foreign exchange rate loss (gain)		(1,099)	195
Interest expense, interest income and dividend income		888	(274)
Provisions		(7,956)	(9,872)
Impairment of property, plant and equipment and intangible assets		28	221
Other non-cash expenses and income		(7,373)	14,621
Share of (profit) loss from associates and joint-ventures		31	(493)
Changes in assets and liabilities:			
Receivables and contract assets		28,042	83,666
Materials, supplies and fossil fuel stocks		(1,851)	2,245
Receivables and payables from derivatives		13,759	(10,865)
Other assets		24,470	28,116
Trade payables		(18,269)	(35,865)
Other liabilities		(874)	3,023
Cash from operations		96,144	137,686
Income taxes paid		(25,129)	(2,468)
Interest paid, net of capitalized interest		(3,290)	(4,629)
Interest received		1,744	4,010
Dividends received		10	31
Net cash flow from operating activities		69,479	134,630
INVESTING ACTIVITIES:			
Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired	4	(1,314)	(513)
Disposal of subsidiaries, associates and joint-ventures, net of cash disposed of		32	11
Additions to non-current assets, including capitalized interest		(22,637)	(18,993)
Proceeds from sale of non-current assets		246	222
Loans made		(8)	(153)
Repayment of loans		79	20
Change in restricted financial assets		(2,301)	(1,168)
Net cash flow from investing activities		(25,903)	(20,574)

CEZ GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2024

continued

	Note	1-6/2024	1-6/2023
FINANCING ACTIVITIES:			
Proceeds from borrowings		164,346	66,366
Payments of borrowings		(175,756)	(88,144)
Payments of lease liabilities		(482)	(362)
Proceeds from other long-term liabilities		104	38
Payments of other long-term liabilities		(972)	(2,444)
Dividends paid to Company's shareholders		(195)	(133)
(Dividends paid) contributions received – owners of noncontrolling interests, net		(1)	(7)
Acquisition of non-controlling interests		(2)	(25)
Net cash flow from financing activities		<u>(12,958)</u>	<u>(24,711)</u>
Net effect of currency translation and allowances in cash		112	(664)
Net increase in cash and cash equivalents		30,730	88,681
Cash and cash equivalents at beginning of period		<u>10,892</u>	<u>36,609</u>
Cash and cash equivalents at end of period		<u><u>41,622</u></u>	<u><u>125,290</u></u>
Supplementary cash flow information:			
Total cash paid for interest		3,576	4,914

CEZ GROUP

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2024

1. The Company

ČEZ, a. s. (“ČEZ” or “the Company”) is a Czech joint-stock company, owned 69.8% (69.9% of voting rights) at June 30, 2024 by the Czech Republic represented by the Ministry of Finance. The remaining shares of the Company are held by legal persons and individuals and they are traded on stock exchange markets in Prague and Warsaw. The address of the Company's registered office is Duhová 2/1444, Praha 4, 140 53, Czech Republic.

The Company is a parent company of the CEZ Group (“the Group”). CEZ Group is a vertically integrated energy group that is among the largest economic entities in the Czech Republic and Central Europe. The main business of the Group is the generation, distribution, trade and sale in the field of electricity and heat, coal mining, trading in commodities and providing of complex energy services, distribution, trade and sale in the field of natural gas and providing of electronic communications.

The “VISION 2030 – Clean Energy of Tomorrow” strategy is focused on dynamic transformation of the generation portfolio to low-emission one and achievement of full climate neutrality already by 2040. The strategy includes a commitment to end the production of heat from coal and fundamentally limit the production of electricity from coal by 2030. In areas of distribution and sales, the basic goal is to provide the most advantageous energy solutions and the best customer experience on the market.

2. Summary of Significant Accounting Policies

2.1. Financial Statements

The interim consolidated financial statements for the nine months ended June 30, 2024 have been prepared in accordance with IAS 34 and have not been audited by an independent auditor. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statement as of December 31, 2023.

2.2. Changes in Accounting Policies

2.2.1. Adoption of New IFRS Standards in 2024

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statement as of December 31, 2023.

As of January 1, 2024, the Group did not adopt any new or amended accounting standard IFRS that would have a significant impact on Group's interim consolidated financial statements.

3. Seasonality of Operations

The seasonality within the segments Generation, Distribution and Sales usually takes effect in such a way that the revenues and operating profits of these segments for the 1st and 4th quarters of a calendar year are slightly higher than the revenues and operating profits achieved in the remaining period.

4. Changes in the Group Structure

The following table summarizes the cash flows related to acquisitions in the first six months of 2024 (in CZK millions):

Cash outflow on acquisition of the subsidiaries	1,426
Cash contributions to joint-ventures	47
Payments of payables from acquisitions of previous periods	93
Less:	
Cash and cash equivalents acquired on acquisition of the subsidiaries	(242)
Cash and cash equivalents acquired on including the previously unconsolidated subsidiaries in consolidation	(10)
	<hr/>
Total acquisition of subsidiaries, associates and joint-ventures, net of cash acquired	<u>1,314</u>

4.1. Acquisitions of Subsidiaries in the First Six Months of 2024

On April 5, 2024, the Group acquired a 100% interest in Polish company Instal Bud Pecyna Sp. z o.o., which focuses on implementation of industrial installations of technical equipment of buildings and wastewater treatment projects.

On April 30, 2024, the Group acquired a 100% interest the company ACTHERM Distribuce s.r.o., which focuses on heat distribution.

On April 30, 2024, the Group acquired a 100% interest the companies EDERA Group a.s., EDERA Jičín s.r.o. a Metropolitní s.r.o., which focuses on providing services in the field of electronic communications, production, installation, repairs of electrical machines and devices, electronic and telecommunications equipment.

The fair values of acquired identifiable assets and liabilities and the purchase considerations have been stated provisionally and could be adjusted in the subsequent period. The following table presents the current best estimate of fair values of acquired identifiable assets and liabilities, which are part of the business combination transaction, as of the date of acquisition (in CZK millions):

	Instal Bud Pecyna	ACTHERM Distribuce	Group of companies of EDERA	Other	Total
Share being acquired	100%	100%	100%		
Property, plant and equipment	11	153	85	-	249
Intangible assets	131	-	4	-	135
Other long-term financial assets	24	-	6	-	30
Other non-current assets	5	-	-	-	5
Cash and cash equivalents	77	150	5	20	252
Other short-term financial assets	-	-	46	-	46
Materials and supplies	-	1	10	-	11
Trade receivables	70	-	5	-	75
Contract assets	31	-	-	-	31
Another current assets	1	3	1	-	5
Long-term debt, net of current portion	(1)	(147)	(41)	-	(189)
Long-term provision	(11)	-	-	-	(11)
Other long-term financial liabilities	(14)	-	-	-	(14)
Deferred tax liability	(25)	(12)	-	-	(37)
Trade payables	(50)	(54)	(7)	-	(111)
Short-term provisions	(14)	(1)	-	-	(15)
Other short-term financial payables	-	-	(46)	-	(46)
Another current liabilities	(27)	(41)	(17)	(2)	(87)
Total net assets	208	52	51	18	329
Share of net assets acquired	208	52	51	9	320
Goodwill	243	460	584	1	1,288
Total purchase consideration	451	512	635	10	1,608
Liabilities from acquisition of the subsidiary	(73)	(25)	(84)	-	(182)
Cash outflow on acquisition in 2024	378	487	551	10	1,426
Less: Cash and cash equivalents paid in previous periods	-	-	-	(10)	(10)
Less: Cash and cash equivalents in the subsidiary acquired	(77)	(150)	(5)	(10)	(242)
Cash outflow in 2024, net	301	337	546	(10)	1,174

If the acquisitions had taken place at the beginning of the year 2024, net income for CEZ Group as of June 30 , 2024 would have been CZK 21,091 million and the revenues and other operating income from continuing operations would have been CZK 162,047 million. The amounts of goodwill recognized as a result of the business combinations comprise the value of expected synergies arising from the acquisitions.

From the acquisition date, the newly acquired subsidiaries have contributed the following balances to the Group's statement of income (in CZK millions):

	<u>Instal Bud Pecyna</u>	<u>ACTHERM Distribuce</u>	<u>Group of companies of EDERA</u>	<u>Other</u>	<u>Total</u>
Revenues and other operating income	60	39	28	3	130
Income (loss) before other income (expense) and income taxes	2	12	6	(23)	(3)
Net income (loss)	(2)	10	6	(24)	(10)
Net income (loss) attributable:					
Equity holders of the parent	(2)	10	6	(21)	(7)
Non-controlling interests	-	-	-	(3)	(3)

5. Derivatives and Other Financial Assets

The overview of derivatives and other financial assets at June 30, 2024 and December 31, 2023 is as follows (in CZK millions):

	June 30, 2024		December 31, 2023			
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Term deposits	67	26	93	66	-	66
Other financial receivables	4,651	192	4,843	4,912	128	5,040
Receivables from sale of subsidiaries, associates and joint-ventures	-	-	-	-	31	31
Investment in finance lease	209	47	256	213	49	262
Total financial assets at amortized cost	4,927	265	5,192	5,191	208	5,399
Equity financial assets – investments in Inven Capital, SICAV, a.s., ČEZ sub-funds	3,480	-	3,480	3,746	-	3,746
Commodity and other derivatives	-	46,722	46,722	62	82,465	82,527
Total financial assets at fair value through profit or loss	3,480	46,722	50,202	3,808	82,465	86,273
Veolia Energie ČR, a.s.	403	-	403	403	-	403
Other financial assets	353	7	360	271	6	277
Total equity financial assets	756	7	763	674	6	680
Cash flow hedge derivatives	17,516	20,246	37,762	20,706	22,378	43,084
Debt financial assets	-	6,398	6,398	-	6,657	6,657
Total financial assets at fair value through other comprehensive income	18,272	26,651	44,923	21,380	29,041	50,421
Total	26,679	73,638	100,317	30,379	111,714	142,093

The decrease of short-term commodity derivatives in the first six months of 2024 is caused by physical delivery of the commodity or by the financial settlement. The decrease in the first six months of 2024 is also influenced by volatility of the market prices of emission rights, electricity and gas. With this decrease is connected the decrease of payables from commodity and other derivatives, which is disclosed in Note 9.

6. Emission rights

The composition of emission rights and green and similar certificates at June 30, 2024 and December 31, 2023 (in CZK millions):

	June 30, 2024			December 31, 2023		
	Non-current	Current	Total	Non-current	Current	Total
Emission rights for own use	3	3,843	3,846	5	25,118	25,123
Emission rights held for trading	-	554	554	-	5,589	5,589
Green and similar certificates	-	6	6	-	112	112
Total	3	4,403	4,406	5	30,819	30,824

Non-current emission rights for own use are part of intangible assets.

7. Dividends

On June 24, 2024, the Shareholders Meeting of ČEZ, a. s., approved the dividends per share before tax of CZK 52. The total amount of dividend approved for distribution to shareholders net of treasury shares amounts to CZK 27,914 million.

8. Long-term Debt

Long-term debt at June 30, 2024 and December 31, 2023 is as follows (in CZK millions):

	June 30, 2024	December 31, 2023
3.005% Eurobonds, due 2038 (JPY 12,000 million)	1,758	1,910
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,173	1,274
4.875% Eurobonds, due 2025 (EUR 750 million)	18,954	19,173
4.375% Eurobonds, due 2042 (EUR 50 million)	1,284	1,241
4.500% Eurobonds, due 2047 (EUR 50 million)	1,282	1,238
4.383% Eurobonds, due 2047 (EUR 80 million)	2,075	2,006
3.000% Eurobonds, due 2028 (EUR 725 million)	18,364	18,433
0.875% Eurobonds, due 2026 (EUR 750 million)	18,790	18,464
2.375% Eurobonds, due 2027 (EUR 600 million)	15,037	15,020
4.250% Eurobonds, due 2032 (EUR 750 million)	18,742	-
5.625% U.S. bonds, due 2042 (USD 300 million)	7,061	6,754
4.500% Registered bonds, due 2030 (EUR 40 million)	1,019	984
4.700% Registered bonds, due 2032 (EUR 40 million)	1,010	1,021
4.270% Registered bonds, due 2047 (EUR 61 million)	1,544	1,493
3.550% Registered bonds, due 2038 (EUR 30 million)	756	760
Total bonds and debentures	108,849	89,771
Less: Current portion	(19,582)	(1,469)
Bonds and debentures, net of current portion	89,267	88,302
Long-term bank and other loans, lease liabilities:	42,752	71,825
Less: Current portion	(12,641)	(29,085)
Long-term bank and other loans, lease payables, net of current portion	30,111	42,740
Total long-term debt	151,601	161,596
Less: Current portion	(32,223)	(30,554)
Total long-term debt, net of current portion	119,378	131,042

9. Derivatives and Other Financial Liabilities

Derivatives and other financial liabilities at June 30, 2024 and December 31, 2023 are as follows (in CZK millions):

	June 30, 2024		
	Long-term liabilities	Short-term liabilities	Total
Payables from non-current assets purchase	320	-	320
Payables to owners for profit distribution	-	28,627	28,627
Other	818	1,295	2,113
Financial liabilities at amortized cost	1,138	29,922	31,060
Cash flow hedge derivatives	3,262	3,455	6,717
Commodity and other derivatives	-	42,001	42,001
Liabilities from put options held by non-controlling interests	941	205	1,146
Contingent consideration from the acquisition of subsidiaries	493	340	833
Financial liabilities at fair value	4,696	46,001	50,697
Total	5,834	75,923	81,757

	December 31, 2023		
	Long-term liabilities	Short-term liabilities	Total
Payables from non-current assets purchase	318	-	318
Payables to owners for profit distribution	-	904	904
Other	1,381	1,162	2,543
Financial liabilities at amortized cost	1,699	2,066	3,765
Cash flow hedge derivatives	2,579	8,455	11,034
Commodity and other derivatives	430	71,613	72,043
Liabilities from put options held by non-controlling interests	933	203	1,136
Contingent consideration from the acquisition of subsidiaries	463	203	666
Financial liabilities at fair value	4,405	80,474	84,879
Total	6,104	82,540	88,644

The decrease of short-term commodity derivatives in the first six months of 2024 is caused by physical delivery of the commodity or by the financial settlement. The decrease in the six nine months of 2024 is also influenced by volatility of the market prices of emission rights, electricity and gas. With this decrease is connected the decrease of receivables from commodity and other derivatives, which is disclosed in Note 5.

10. Short-term Loans

Short-term loans at June 30, 2024 and December 31, 2023 are as follows (in CZK millions):

	June 30, 2024	December 31, 2023
Bank loans	6,927	7,214
Bank overdrafts	723	100
Total	7,650	7,314

11. Revenues and Other Operating Income

The composition of revenues and other operating income for the first six months ended June 30, 2024 and 2023 is as follows (in CZK millions):

	<u>1-6/2024</u>	<u>1-6/2023</u>
<u>Sales of electricity:</u>		
Sales of electricity to end customers	37,737	61,424
Sales of electricity through energy exchange and other organized markets	18,400	26,992
Sales of electricity to traders	14,486	19,704
Sales to distribution and transmission companies	232	91
Other sales of electricity	14,847	6,305
Effect of hedging – presales of electricity	8,836	(15,894)
Effect of hedging – currency risk hedging	726	919
Total sales of electricity	<u>95,264</u>	<u>99,541</u>
<u>Sales of gas, coal and heat:</u>		
Sales of gas	8,644	17,407
Sales of coal	2,010	3,798
Sales of heat	7,796	7,112
Total sales of gas, coal and heat	<u>18,450</u>	<u>28,317</u>
Total sales of electricity, heat, gas and coal	<u>113,714</u>	<u>127,858</u>
<u>Sales of services and other revenues:</u>		
Distribution services	22,872	17,944
Other services	22,535	18,694
Rental income	112	90
Revenues from goods sold	415	559
Other revenues	840	1,898
Total sales of services and other revenues	<u>46,774</u>	<u>39,185</u>
<u>Other operating income:</u>		
Granted green and similar certificates	-	64
Contractual fines and interest fees for delays	179	759
Gain on sale of property, plant and equipment	114	186
Gain on sale of material	113	181
Other	823	1,464
Total other operating income	<u>1,229</u>	<u>2,654</u>
Total revenues and other operating income	<u><u>161,717</u></u>	<u><u>169,697</u></u>

Revenues from contracts with customers for the six months ended June 30, 2024 and 2023 were CZK 150,814 million and CZK 181,928 million, respectively, and can be linked to the above figures as follows:

	1-6/2024	1-6/2023
Sales of electricity, heat, gas and coal	113,714	127,858
Sales of services and other revenues	46,774	39,185
Total revenues	160,488	167,043
Adjustments:		
Effect of hedging – presales of electricity	(8,836)	15,894
Effect of hedging – currency risk hedging	(726)	(919)
Rental income	(112)	(90)
Revenues from contracts with customers	<u>150,814</u>	<u>181,928</u>

12. Gains and Losses from Commodity Derivative Trading

The composition of gains and losses from commodity derivative trading for the six months ended June 30, 2024 and 2023 is as follows (in CZK millions):

	1-6/2024	1-6/2023
Gain from electricity derivative trading	4,481	5,178
Loss from gas derivative trading	(361)	(307)
Loss from oil derivative trading	(14)	(7)
Gain from coal derivative trading	7	21
Gain (loss) from emission rights derivative trading	(666)	1,046
Total gains and losses from commodity derivative trading	<u>3,447</u>	<u>5,931</u>

Reported gains and losses from derivative trading consist of trades with commodities for the purpose of speculative trading, but also trades concluded for the purpose of hedging the gross margin from electricity generation, where changes in their fair value do not enter the hedge accounting scheme mainly due to the uncertainty of the hedged deliveries of electricity from generation sources (where the expected deliveries of electricity may not be produced eventually, but trading positions on electricity and related positions for emission allowances and fuels will be closed, e.g. for deliveries from the Počerady CCGT power plant). Given the high volatility of commodity market prices, these trades have a significant impact on reported gains and losses from derivative trading.

13. Other Operating Expenses

Other operating expenses for the six months ended June 30, 2024 and 2023 are as follows (in CZK millions):

	1-6/2024	1-6/2023
Change in provisions	2,045	1,597
Levy on revenues above price caps	46	(11,149)
Other taxes and fees	(1,565)	(1,459)
Insurance	(629)	(534)
Costs related to trading of commodities	(384)	(467)
Cost of goods sold	(215)	(353)
Loss on sale of property, plant and equipment	(1)	(1)
Other	(1,149)	(1,075)
Total other operating expenses	<u>(1,852)</u>	<u>(13,441)</u>

14. Income Taxes

Tax effects relating to each component of other comprehensive income are the following (in CZK millions):

	1-6/2024			1-6/2023		
	Before tax amount	Tax effect	Net of tax amount	Before tax amount	Tax effect	Net of tax amount
Change in fair value of cash flow hedges	4,799	(3,276)	1,523	53,830	(39,424)	14,406
Cash flow hedges reclassified to statement of income	(9,815)	7,056	(2,759)	15,312	(9,923)	5,389
Change in fair value of debt instruments	(561)	50	(511)	1,060	(191)	869
Disposal of debt instruments	5	(1)	4	24	(10)	14
Translation differences – subsidiaries	293	-	293	(122)	-	(122)
Translation differences – associates and joint-ventures	37	-	37	(327)	-	(327)
Disposal of translation differences	(28)	-	(28)	(15)	-	(15)
Share on other equity movements of associates and joint-ventures	(2)	-	(2)	(60)	-	(60)
Total	(5,272)	3,829	(1,443)	69,702	(49,548)	20,154

15. Segment Information

The Group reports its result using four reportable operating segments:

- Generation
- Distribution
- Sales
- Mining

The segments are defined across the countries in which CEZ Group operates. Segment is a functionally autonomous part of CEZ Group that serves a single part of the value chain of the Group.

The Group accounts for intersegment revenues and transfers as if the revenues or transfers were to third parties, that is, at current market prices or where the regulation applies at regulated prices.

In segment reporting, IFRS 16 is applied to external leases from the Group's perspective, but it is not applied to leases between individual operating segments, although in some cases the asset is leased to another segment internally.

The Group evaluates the performance of its segments based on earnings before interest, taxes, depreciation and amortization (EBITDA). The reconciliation of EBITDA to income before other income (expenses) and income taxes summarizes the following table (in CZK millions):

	1-6/2024	1-6/2023
Income before other income (expenses) and income taxes	51,333	45,318
Depreciation and amortization	17,916	17,014
Impairment of property, plant and equipment and intangible assets	28	221
Gains and losses on sale of property, plant and equipment, net ¹⁾	(113)	(185)
EBITDA	69,164	62,368

- 1) Gains on sale of property, plant and equipment are presented in the statement of income as part of the line item Other operating income (Note 11). Losses on sale of property, plant and equipment are presented in the statement of income as part of the line item Other operating expenses (Note 13).

The Group follows and analyses results of individual segments also based on the ratio of Gross margin, which is defined as follows (in CZK millions):

	1-6/2024	1-6/2023
Operating income	161,717	169,697
Gains and losses from commodity derivative trading	3,447	5,931
Purchase of electricity, gas and other energies	(29,507)	(41,167)
Fuel and emission rights	(19,283)	(19,608)
Services	(18,462)	(16,539)
Capitalization of expenses to the cost of assets and change in own inventories	2,493	3,033
Levy on revenues above price caps ¹⁾	46	(11,149)
Other ²⁾	(2,471)	(2,034)
Gross margin	97,980	88,164

- 1) Levy on revenues above price caps is part of the statement of income line-item Other operating expenses (Note 13).
- 2) Other includes relevant part of the material costs (part of the statement of income line-item Material and supplies) and excludes part of the statement of income line-item Services, which refers to repair and maintenance services and other services that have rather overhead nature.

The following tables summarize segment information by operating segments for the six months ended June 30, 2024 and 2023 and at December 31, 2023 (in CZK millions):

June 30, 2024:	Gene-ration	Distribu-tion	Sales	Mining	Combined	Elimina-tion	Consoli-dated
Revenues and other operating income – other than intersegment	56,971	22,753	79,651	2,342	161,717	-	161,717
Revenues and other operating income – intersegment	47,012	209	8,159	5,163	60,543	(60,543)	-
Total revenues and other operating income	103,983	22,962	87,810	7,505	222,260	(60,543)	161,717
Thereof:							
Sales of electricity, heat, gas and coal	96,507	-	66,651	6,756	169,914	(56,200)	113,714
Sales of services and other revenues	6,660	22,800	20,707	660	50,827	(4,053)	46,774
Other operating income	816	162	452	89	1,519	(290)	1,229
Revenues and other operating income, including result from commodity derivative trading	107,442	22,962	87,798	7,505	225,707	(60,543)	165,164
Total sales of electricity, including the result of electricity trading ¹⁾	87,397	-	54,722	-	142,119	(42,374)	99,745
Gross margin	64,775	15,905	13,177	7,457	101,314	(3,334)	97,980
EBITDA	50,808	10,436	3,783	4,145	69,172	(8)	69,164
Depreciation and amortization	(11,674)	(3,896)	(1,293)	(1,053)	(17,916)	-	(17,916)
Impairment of property, plant and equipment and intangible assets	(4)	(24)	-	-	(28)	-	(28)
Income before other income (expenses) and income taxes	39,203	6,529	2,507	3,102	51,341	(8)	51,333
Interest on debt and provisions	(6,130)	(638)	(197)	(367)	(7,332)	584	(6,748)
Interest income	1,115	237	598	376	2,326	(584)	1,742
Share of profit (loss) from associates and joint-ventures	(17)	-	22	(36)	(31)	-	(31)
Income taxes	(23,173)	(1,300)	(587)	(677)	(25,737)	11	(25,726)
Net income	18,977	4,827	1,946	2,526	28,276	(7,219)	21,057
Identifiable assets	286,002	140,336	15,298	12,597	454,233	(314)	453,919
Investment in associates and joint-ventures	2,837	-	304	640	3,781	-	3,781
Unallocated assets							311,441
Total assets							769,141
Capital expenditure	9,787	8,777	1,476	671	20,711	(208)	20,503

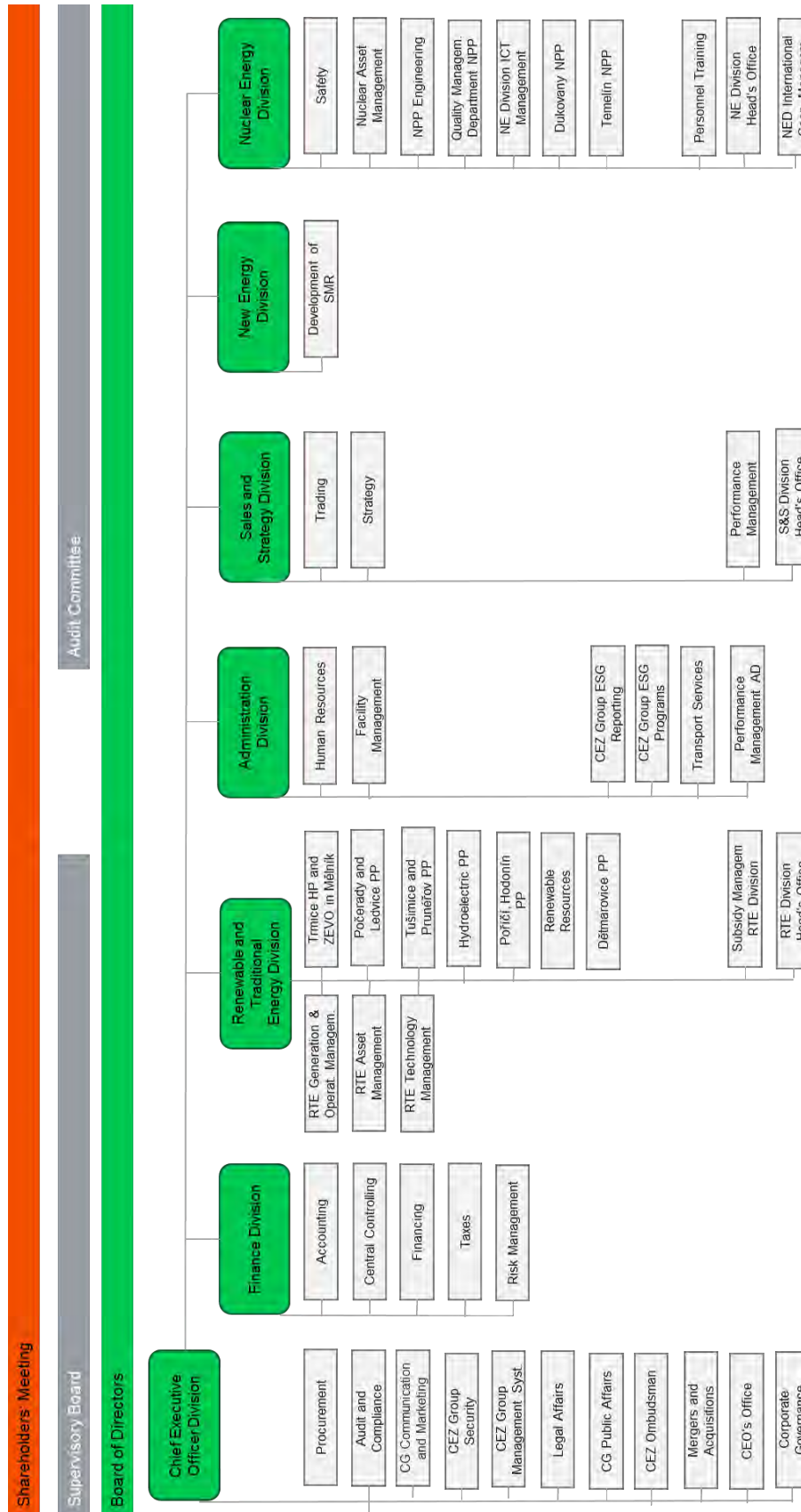
¹⁾ The item contains the line Total sales of electricity (Note 11) and the line Gain from electricity derivative trading (Note 12).

	Gene- ration	Distribu- tion	Sales	Mining	Combined	Elimina- tion	Consoli- dated
June 30, 2023:							
Revenues and other operating income – other than intersegment	47,537	17,890	100,161	4,109	169,697	-	169,697
Revenues and other operating income – intersegment	78,245	131	14,104	5,788	98,268	(98,268)	-
Total revenues and other operating income	125,782	18,021	114,265	9,897	267,965	(98,268)	169,697
Thereof:							
Sales of electricity, heat, gas and coal	118,169	-	95,177	9,225	222,571	(94,713)	127,858
Sales of services and other revenues	6,846	17,872	17,262	637	42,617	(3,432)	39,185
Other operating income	767	149	1,826	35	2,777	(123)	2,654
Revenues and other operating income, including result from commodity derivative trading	131,976	18,021	114,616	9,897	274,510	(98,882)	175,628
Total sales of electricity, including the result of electricity trading ¹⁾	101,678	-	72,819	-	174,497	(69,778)	104,719
Gross margin	57,707	14,047	11,302	9,679	92,735	(4,571)	88,164
EBITDA	45,489	9,004	3,164	5,649	63,306	(938)	62,368
Depreciation and amortization	(11,398)	(3,568)	(1,070)	(978)	(17,014)	-	(17,014)
Impairment of property, plant and equipment and intangible assets	(1)	(7)	-	(213)	(221)	-	(221)
Income before other income (expenses) and income taxes	34,213	5,462	2,103	4,478	46,256	(938)	45,318
Interest on debt and provisions	(6,838)	(613)	(206)	(329)	(7,986)	581	(7,405)
Interest income	3,242	366	657	337	4,602	(581)	4,021
Share of profit (loss) from associates and joint-ventures	(27)	177	390	(47)	493	-	493
Income taxes	(19,592)	(991)	(294)	(875)	(21,752)	(38)	(21,790)
Net income	21,428	4,467	2,565	3,661	32,121	(9,840)	22,281
Capital expenditure	7,975	7,178	1,073	820	17,046	(118)	16,928
December 31, 2023:							
Identifiable assets	288,800	135,516	15,104	12,977	452,397	(265)	452,132
Investment in associates and joint-ventures	2,773	-	284	680	3,737	-	3,737
Unallocated assets							369,896
Total assets							<u>825,765</u>

¹⁾ The item contains the line Total sales of electricity (Note 11) and the line Gain from electricity derivative trading (Note 12).

6. Other Information

Basic Organizational Chart of ČEZ as of August 1, 2024



Definitions and Calculations of Indicators Unspecified in IFRS

In accordance with the ESMA guidelines, ČEZ informs in more detail about indicators that are not normally part of the financial statements prepared in accordance with IFRS. Such indicators represent supplementary information in respect of financial data, providing report users with additional information for their assessment of the financial position and performance of CEZ Group. In general, these indicators are also commonly used in other commercial companies, not only in the energy sector.

Below are the definitions of individual indicators, including the specification of components that are not directly available in the financial statements or notes to the consolidated financial statements.

Indicator	
EBITDA	<p><u>Purpose:</u> It is a basic indicator of the operational performance of publicly traded companies, which is monitored by international analysts, creditors, investors and shareholders. The EBITDA value indicates the basic generated cash flow from operating activities for the past period, i.e., it is the basic source for investment and financial expenses.</p> <p><u>Definition:</u> Included in the notes to the consolidated financial statements, the point "Information on segments".</p>
Adjusted Net Income (After-Tax Income, Adjusted)	<p><u>Purpose:</u> This is a supporting indicator, intended primarily for investors, creditors and shareholders, which allows interpreting the achieved financial results with the exclusion of extraordinary, usually nonrecurring effects that are generally unrelated to ordinary financial performance and value creation in a given period.</p> <p><u>Definition:</u> Net income (after-tax income) +/- additions to and reversals of impairment of property, plant and equipment and intangible assets, including impairment of goodwill +/- additions to and reversals of impairments of developed projects +/- other extraordinary effects that are generally unrelated to ordinary financial performance and value creation in a given period +/- effects of the above on income tax.</p>
Net Debt	<p><u>Purpose:</u> The indicator shows the real level of a company's financial debt, i.e., the carrying amount of debt net of cash, cash equivalents, and highly liquid financial assets held. The indicator is primarily used to assess the overall appropriateness of the indebtedness, e.g., in comparison with selected income or balance sheet indicators.</p> <p><u>Definition:</u> Long-Term Debt, Net of Current Portion + Current Portion of Long-Term Debt + Short-Term Loans – (Cash and Cash Equivalents + Highly Liquid Financial Assets).</p> <p>The components of the indicator, except for Highly Liquid Financial Assets, are reported individually on the balance sheet, with items related to assets held for sale are presented separately on the balance sheet.</p>

Indicator	
Net Debt / EBITDA	<p>Purpose: This indicates a company's capability to pay back its debt as well as its ability to take on additional debt to grow its business. CEZ Group uses this indicator primarily to assess the adequacy of its capital structure to the structure and stability of its expected cash flows.</p> <p>Definition: Net Debt / EBITDA, where Net Debt is the amount at the end of the reported period. EBITDA is the running total for the past 12 months. June 30 value therefore contains Net Debt as at June 30 and EBITDA for the period from July 1 of the previous year until June 30 of the current year.</p>

Most of the indicators' components are directly calculated in the consolidated financial statements. Components not included in the financial statements relate to the Adjusted net income and Net Debt indicators (including derived indicator Net Debt / EBITDA) and are calculated as follows:

Adjusted Net Income Indicator – calculation for period in question:

Adjusted Net Income (After-Tax Income, Adjusted) Unit		H1 2023	H1 2024
Net income	CZK billions	22.3	21.1
Impairment of property, plant and equipment and intangible assets (including goodwill write-off) ¹⁾	CZK billions	0.2	0.0
Impairments of developed projects ²⁾	CZK billions	–	–
Effects of additions to or reversals of impairments on income tax ³⁾	CZK billions	-0.0	-0.0
Other extraordinary effects	CZK billions	–	–
Adjusted net income	CZK billions	22.5	21.1

1) Corresponds to the total value reported in the row Impairment of Property, Plant and Equipment and Intangible Assets in the Consolidated Statement of Income

2) Included in the row Other operating expenses in the Consolidated Statement of Income

3) Included in the row Income taxes in the Consolidated Statement of Income

Highly Liquid Financial Assets – Component of the Net Debt Indicator (in CZK billions):

	as at Dec 31, 2023	as at Jun 30, 2024
Current debt financial assets	6.7	6.4
Noncurrent debt financial assets	-	-
Current term deposits	-	0.0
Noncurrent term deposits	0.1	0.1
Short-term equity securities	0.0	-
Highly liquid financial assets, total	6.7	6.5

Totals and subtotals can differ from the sum of partial values due to rounding.

Glossary of Selected Terms and Abbreviations

Term	Commentary
AI	Artificial intelligence refers to the ability of machines to imitate the thinking of the human brain, learn and understand context.
B2B	Relationship between trading companies; used to describe commercial transactions where the contracting party is not the final customer. (Business-to-business)
B2G	The relationship between a business company as a supplier and the public sector as a customer (Business-to-government)
BESS	Battery Energy Storage System. It contains battery cells and, among other things, devices that check the operation of the batteries or measure the electricity flow. (Battery Energy Storage System)
Critical Raw Materials Act	Critical Raw Materials Act, through which the EU aims to ensure a secure and sustainable supply of critical raw materials for the European industry and significantly reduce the EU's dependence on imports from single-country suppliers.
EPC	Guaranteed energy services. An effective tool for the implementation of cost-saving measures. The EPC method can be characterized as the guarantee of an expected reduction in energy consumption, which will be reflected in savings in operating expenses used to repay the original investment. (Energy Performance Contracting)
ESG	ESG represents a set of non-financial criteria that investors use to assess and evaluate the performance of the entity in which they invest. E refers to Environmental criteria, i.e., the entity's behavior towards the environment, S refers to Social criteria, i.e., behavior towards employees, suppliers and communities in the place of business, G refers to Governance criteria, i.e., the method of its management, internal controls and shareholders' rights.
EU ETS	European Union Emissions Trading System (EU Emissions Trading System)
LV	Low voltage
MIT	Ministry of Industry and Trade (of the Czech Republic)

Term	Commentary
Net Promoter Score (NPS)	Net Promoter Score, registered trademark A marketing methodology that measures the respondent's likelihood of recommending a product or service to others. It compares the share of loyal and disloyal answers.
Net Zero Industry Act	Net Zero Industry Act, which creates a regulatory framework to strengthen the competitiveness of EU industries and technologies crucial to decarbonization.
NPP	Nuclear Power Plant
Onshore	Term used to describe the location of wind turbines on land.
PVPP	Electricity generating facility using the photoelectric effect for its generation. (photovoltaic power plant)
REPower EU	The European Commission's plan to end the European Union's dependence on Russian fossil fuels by accelerating the transition to renewable energy sources.
RES	Renewable Energy Sources Energy sources that can be naturally replenished, either partially or in full. They include, in particular, solar, wind, and hydro energy, biomass, and biogas.
RES support	Supported energy sources Refers to a system supporting energy generation from renewable and secondary sources and the generation of electricity from decentralized sources and from highly efficient combined generation.
Smart Grids	Intelligent / smart networks Electricity networks that are able to effectively link the behavior and actions of all users connected to them – generators, consumers, self-generated consumers – to ensure an economically efficient, sustainable energy system operating with low losses and high reliability of supply and security.
SONS	State Office for Nuclear Safety (in Czechia)
Utility	A company that manages infrastructure intended for a public service, such as electricity or water; usually the company also provides supply on the infrastructure in question. (public utility company, utility)

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Identification of ČEZ, a. s.

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Czechia

Registered in the Commercial Register maintained by the
Municipal Court in Prague, Section B, File 1581

Established: 1992
Legal form: Joint-stock company
Company Reg. No.: 452 74 649
LEI: 529900S5R9YHJHYKKG94
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Closing date of the 2024 Half-Year Financial Report: August 19, 2024