

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

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

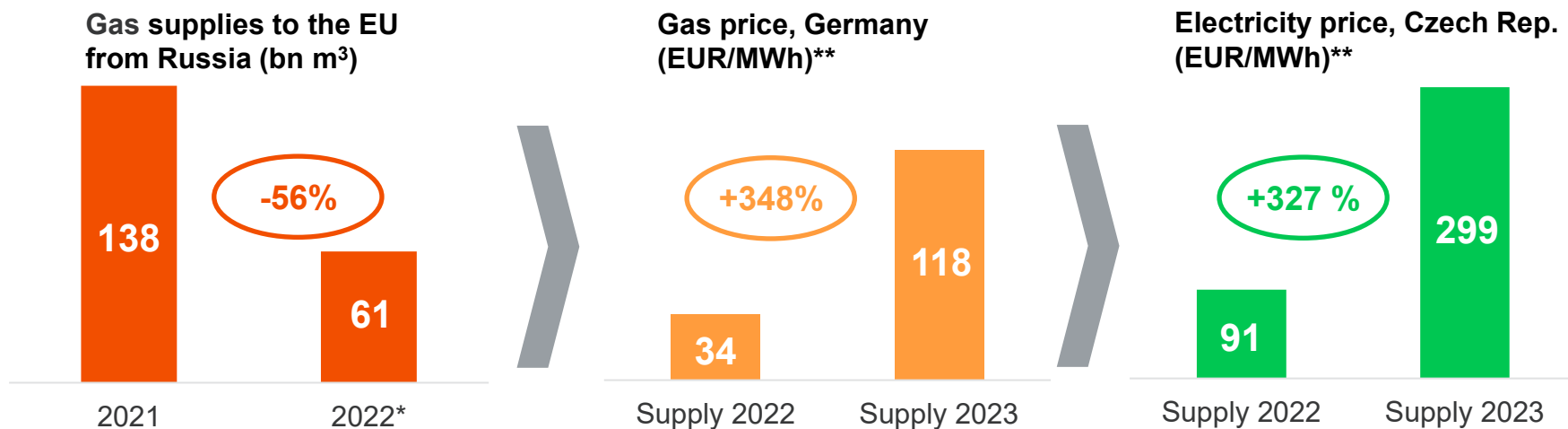
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The year 2022 was marked by an unprecedented energy crisis as a result of the Russian military invasion of Ukraine launched on February 24, 2022.



Challenging year in the wake of the war in Ukraine

- The Russian invasion and the confluence of a number of other factors resulted in a deep energy crisis, extreme volatility, and record commodity price increases.
- This was mainly due to the major reduction in gas supplies from Russia and the overall uncertainty of future gas supplies in the context of the developments in Ukraine, causing a sharp increase in the cost of generating electricity from emission sources and thus extreme volatility and increasing electricity prices across Europe.
- In addition, the EU sanctions adopted against Russia and the Russian reaction have led to a major reduction in Europe's trade and payment relations with Russia, threatening the supply of materials, services and products for the energy sector and further deepening the problem of increasing inflation in Europe.
- The restriction of natural gas supplies to the EU from Russia (77 bn m³ year-on-year) and the low level of gas stocks in Europe (due to Gazprom's limited filling of storage facilities before the invasion) have resulted in a change in the energy market not only in Europe.



The gas supply deficit from Russia, and thus the extreme level of market prices for gas and electricity, was gradually resolved through:

- Reducing gas consumption in the EU by 59 bn m³ (by 15%)
- Increasing LNG supplies by 50 bn m³ (by 69%)
- Increasing gas supply from other countries and increasing domestic extraction by 17 bn m³

* Data for 2022 is only a preliminary indication (source: Eurostat and ČEZ internal analysis)

** Average wholesale price of gas or electricity (BL) in the year preceding the year of supply

CEZ Group has withstood the crisis, contributed to its resolution, and proven to be a reliable, socially responsible partner



Strategic raw materials and immediate anti-crisis measures

- We secured LNG terminal capacity in the Netherlands for 5 years to the extent of 1/3 of the Czech Rep.'s consumption, which substantially increased the Czech Rep.'s energy security and independence on gas supplies from Russia.
- We are filling storage tanks under the security of supply standard obligation, and have purchased gas for the Czech Rep. in strategic reserves.
- We have ensured maximum availability of coal-fired sources and generation to minimize the impact of the energy crisis (e.g. by temporarily extending the operation of the Dětmarovice Power Plant).
- We have secured sufficient nuclear fuel supplies for the near term and contracted the supply of new non-Russian fuel for Temelín from Westinghouse and Framatome (supplies from 2024).
- We have secured maintenance and key supplies of services and materials despite restrictions and sanctions, including negotiating the acquisition of ŠKODA JS.

Emission-free nuclear power and decarbonization

- Record nuclear generation of 31 TWh contributed significantly to a lower impact of the crisis on Czech businesses and residential customers.
- We have launched a tender for a contractor for constructing a new nuclear power plant at the Dukovany site and received three valid bids.
- We are accelerating preparations for the construction of small modular nuclear reactors ("SMRs").
- We are accelerating the construction of RES (over 4,000 PV plants with a capacity of 27 MWp installed in the retail sector); 173 MWp of support has already been obtained for the construction of new PV plants; in the second call for PV projects with a total installed capacity of 727.7 MWp.
- We continue to decarbonize our entire generation portfolio in line with the ambitions of VISION 2030. CO₂, SO₂, and NO_x emissions from electricity and heat generation have decreased year-on-year despite the energy crisis and the maximum deployment of all emission sources.

Energy savings and customer assistance

- We want to lead by example, we are reducing the temperature in our offices and we reduced consumption by 15% this winter.
- We have launched the www.setrim.cz energy portal, which has already been visited by 2 m people.
- We are helping customers across the country cope with increasing energy prices by offering free payment plans and working to bring the government aid to them as soon as possible.
- As part of the new ČEZ Academy program, we provide energy literacy and mentoring courses for our customers.
- We have also focused on helping Ukraine, for example, by assisting with the restoration of the power grid.

The cornerstone for solving the energy crisis in the Czech Rep.—the first European LNG terminal launched since the invasion of Ukraine

The terminal was built in a record 6 months and launched on September 8

- Total capacity of 8 bn m³ gas per year
- Operated by the Dutch national company Gasunie
- ČEZ, Shell, and Engie have contracts to use the capacity.
- The ČEZ contract was concluded for 5 years with an annual capacity of 3 bn m³ of gas per year.
- The capacity is commercially managed by ČEZ. The contracts include options to cede capacity to the Czech state.

The terminal can supply ~1/3 of the annual gas consumption in the Czech Rep. and represents an additional business opportunity for ČEZ

- This is a crucial step for the Czech Rep.'s energy security, independence from Russia, and an important insurance in case of gas supply limitations from other sources, as the transport routes from the Netherlands to the Czech Rep. were contracted at the same time.
- Natural gas after conversion from LNG was mainly used to fill storage tanks in the Czech Rep. and for commodity trading on Western European markets.

In 2022, ČEZ regasified 3.6 TWh at the terminal

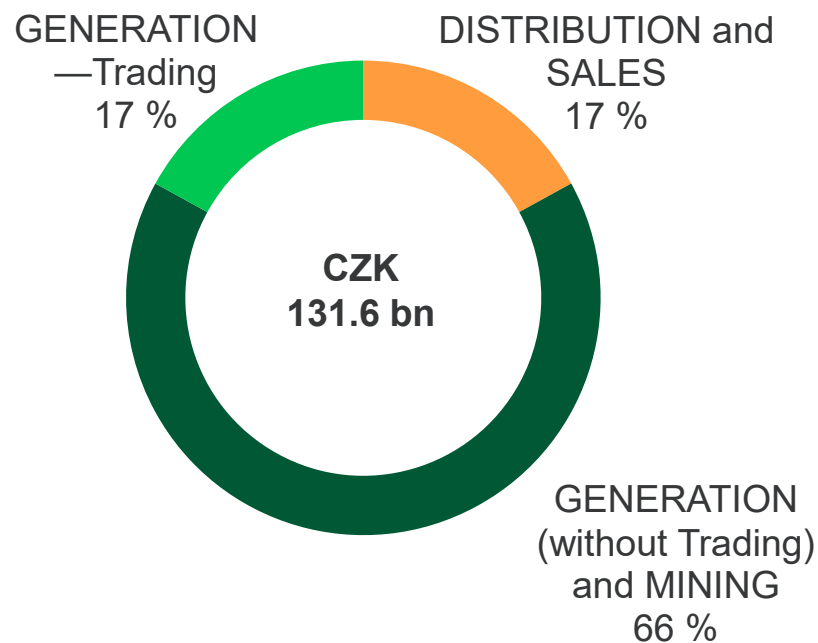
- Terminal utilization in 2022 was impacted by the terminal's phased start-up and a terminal outage due to the connection of heat from an external source.
- For 2023, ČEZ has concluded LNG purchase contracts for ~ 8 TWh.



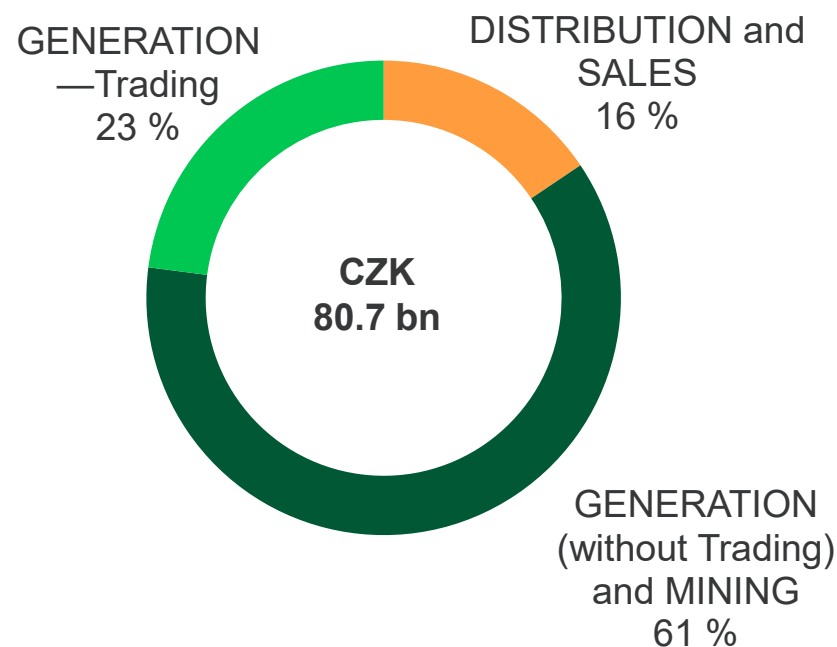
Historically highest nuclear power plant generation (31 TWh) and extraordinary trading income brought record earnings to shareholders



2022 EBITDA share of main activities (%)



2022 net income share of main activities (%)



International commodity trading brought a record income of CZK 18 bn, which is almost 1/4 of CEZ Group's consolidated net income for the full year 2022.

CEZ Group's overall financial results



| Financial results and cash flow (CZK bn) | 2021 | 2022 | Difference | % |
|-------------------------------------------------|-------------|-------------|-------------------|----------|
| Operating revenues | 227.8 | 288.5 | +60.7 | +27% |
| EBITDA | 63.2 | 131.6 | +68.3 | +108% |
| of which: Current assets* | 60.6 | 131.6 | +71.0 | +117% |
| EBIT | 16.1 | 101.9 | +85.8 | >200% |
| Net income | 9.9 | 80.7 | +70.8 | >200% |
| Adjusted net income** | 22.3 | 78.4 | +56.1 | >200% |
| Operating cash flow | 59.2 | 5.1 | -54.1 | -91% |
| Investments (CAPEX)* | 31.4 | 34.8 | +3.4 | +11% |

* Without divested assets. Romanian companies sold on March 31, 2021 and Bulgarian companies on July 27, 2021.

** Adjusted net income = Net income adjusted for extraordinary effects that are generally unrelated to ordinary financial performance in a given period (such as fixed asset impairments and goodwill write-off).

| Assets and equity and liabilities (CZK bn) | 2021 | 2022 | Difference | % |
|---------------------------------------------------|-------------|-------------|-------------------|----------|
| Assets | 1,183.4 | 1,107.4 | -75.7 | -6% |
| Fixed assets | 474.2 | 552.0 | +77.8 | -16% |
| Current assets | 708.9 | 555.4 | -153.5 | -22% |
| Equity and Liabilities | 1,183.1 | 1,107.4 | -75.7 | -6% |
| Equity | 162.8 | 260.3 | +97.4 | +60% |
| Long-term liabilities | 261.2 | 339.7 | +78.5 | +30% |
| Current liabilities | 759.0 | 507.4 | -251.7 | -33% |

CEZ Group's overall operating results



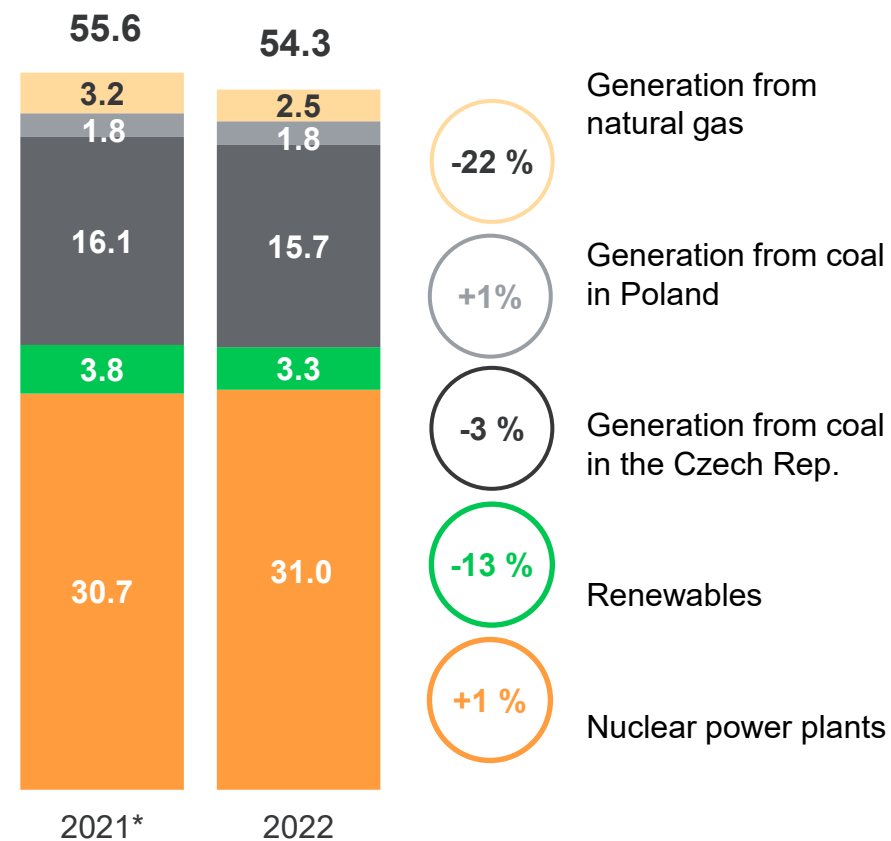
| | | 2021 | 2021* | 2022 | Diff* | %* |
|--------------------------|--------------|------|-------|------|-------|------|
| Electricity generation | TWh | 56.0 | 55.6 | 54.3 | -1.3 | -2% |
| Electricity distribution | TWh | 43.6 | 36.8 | 35.1 | -1.8 | -5% |
| Electricity sales | TWh | 26.8 | 20.4 | 22.5 | +2.1 | +10% |
| Gas distribution | TWh | 0.7 | 0.7 | 0.6 | -0.1 | -12% |
| Gas sales | TWh | 7.3 | 6.8 | 8.1 | +1.3 | +19% |
| Heat sales | thousands TJ | 26.5 | 26.5 | 23.5 | -3.0 | -11% |

* Without divested assets. Romanian companies sold as of March 31, 2021, Bulgarian companies as of July 27, 2021.

Note: The figures for electricity and gas distribution and sales correspond to the volumes supplied to end-use customers.

| | | As of Dec 31, 2021 | As of Dec 31, 2022 | Diff | % |
|---------------------|-------------------|--------------------|--------------------|------|-----|
| Installed capacity | GW | 11.8 | 11.8 | +0.0 | +0% |
| Workforce headcount | thousands persons | 28.0 | 28.7 | +0.7 | +2% |

Electricity generation (TWh)



* Excluding generation from sold companies in Romania and Bulgaria

Strategy pillar I: Transform our generation portfolio to a low-emission one and achieve climate neutrality



The main strategic ambitions of VISION 2030

- We will safely increase generation from existing nuclear power plants to over 32 TWh per year and achieve a 60-year lifespan.
- We continue to prepare for the construction of a new nuclear unit at Dukovany.
- We will build 6 GW of renewables by 2030, including 1.5 GW by 2025.
- We will decarbonize the heating industry and transform our coal sites for new activities after the coal phase-out.
- We will build new gas-fired capacity that will be ready for hydrogen combustion.
- We will reduce the share of coal-fired electricity generation to 25% by 2025 and to 12.5% by 2030.



2022: Meeting Targets and Selected Events

- Record nuclear generation of 31 TWh (target surpassed by 0.5 TWh) and fourth consecutive year of generation over 30 TWh.
- We received the license for the long-term operation of Unit 2 of the Temelín Nuclear Power Plant.
- We launched a tender for the supplier of the new nuclear power plant at Dukovany. We received three valid bids and started the evaluation.
- We accelerated preparations for the construction of small modular reactors (SMRs), with the ambition to build the first one at Temelín in 2032.
- In the first call of the Modernization Fund we received support of CZK 1 bn for PV plants with a total capacity of 173 MWp, and in the second call we received support for PV projects with a total installed capacity of 720 MWp.
- We have completed the construction of a photovoltaic power plant in Tramm Göthen, Germany (172 MWp) within Belectric (Elevion Group).
- Partial exemptions from BAT have been issued for the Tušimice, Ledvice, and Prunéřov basin sites. Preparations for the conversion of all emission generating facilities to low-emission continued in line with the strategy and in the context of the temporary increase in commodity prices.
- The emission intensity of electricity and heat generation decreased by 1% year-on-year to 0.29 t CO₂e/MWh despite the energy crisis and the maximum deployment of all emission sources. SO₂ emissions decreased by 19% year-on-year and NO_x emissions decreased by 9%.

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



The main strategic ambitions of VISION 2030

- We will invest in Smart grids and decentralization to further develop a reliable and digital distribution grid, including the development of fiber optic networks.
- We will digitize 100% of key customer processes by 2025.
- We will offer residential customers a portfolio of products that will enable them to achieve energy savings and emissions reductions.
- We will build electromobility infrastructure—quadrupling charging capacity and operating at least 800 stations by 2025.
- We will further develop our role as a decarbonization leader—enabling effective emissions reductions and energy savings for our industrial customers, municipalities and government in line with the EU's target to increase energy efficiency by 39–40%.
- We will expand our business activities to include batteries, e-mobility and hydrogen.



2022: Meeting Targets and Selected Events

- 678 km of new fiber optic routes have been built in the territory of ČEZ Distribuce (5,323 km in total).
- 21,487 PV plants with an output of 178.2 MW connected to the distribution grid in the Czech Rep. (fourfold increase year-on-year).
- Increase in the number of retail customers in the Czech Rep. (increase in the number of service points by 127 thousand, of which 86 thousand in electricity and 41 thousand in natural gas).
- More than 4,100 PV plants installed in the retail sector in the Czech Rep., with a total installed capacity of 27.2 MWp, an almost fourfold increase year-on-year.
- Outperformed the ESCO revenue increase target of 29% to nearly CZK 31 bn.
- More than 100 charging stations for electric vehicles were commissioned.

We are succeeding in improving our ESG score in line with the VISION 2030 targets. The aim is to be in the top 20% in ESG scores.



ESG rating improvement of ČEZ reflects systematic work in the area of sustainability



As of 2022, ČEZ, a.s., received an MSCI ESG Rating of AA.

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2022: Meeting Targets and Selected Events

- Validation of short-term SBTi target in line with well-below 2 °C conducted to reduce emissions in all scopes. ČEZ was the first in the Czech Rep. to achieve validation.
- We are committed to achieving climate neutrality as early as 2040.
- We joined the CEO Water Mandate to protect water resources—as the first in the Czech Rep.
- The most trusted energy supplier according to Net Promoter Score in the Czech Rep.—for the seventh time in a row
- Awarded “Most Desirable Employer” in the Czech Rep.—for the third time in a row
- ESG certification of Board of Directors members
- Sustainability Report* issued in accordance with international standards (GRI, SASB, WEF, EU Taxonomy) including externally audited key KPI's.
- Separate SDGs and TCFD reports issued
- ESG website** launched including an interactive ESG library of non-financial data (the most extensive of any European energy sector)

ESG efforts have already produced direct financial effects

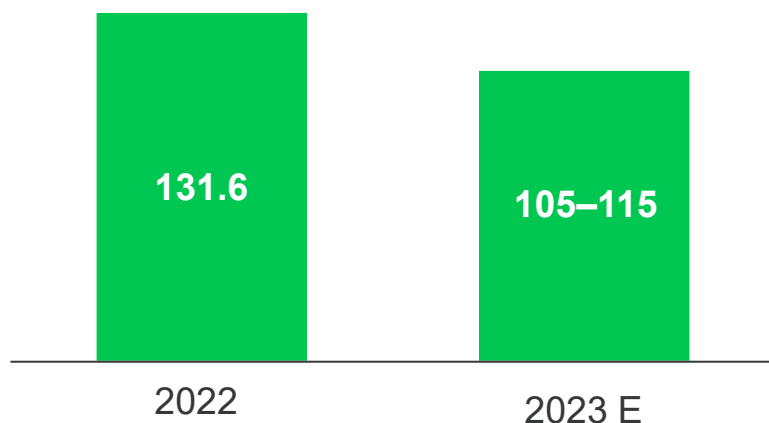
- In April, bonds of EUR 600 m were issued with a yield linked to sustainability parameters, the so-called Sustainability-Linked Bond, maturing in 2027 with a coupon of 2.375%.
- This is the first Sustainability-Linked Bond denominated in EUR issued by an energy company in Central and Eastern Europe.

Economic outlook for 2023:

EBITDA CZK 105—115 bn, Adjusted net income CZK 33—37 bn



EBITDA (CZK bn)



Main year-on-year effects on Adjusted net income

- Extraordinary income from commodity trading in 2022 (CZK -18 bn)
- + Market influences, business development, and growth ambitions (~ CZK 0 to CZK +20 bn)
- Taxation of excess sales and income in the Czech Rep. in 2023 (CZK -30 to -40 bn)

Selected generation assumptions in the current prediction

- Total electricity supply in the Czech Rep. of 43 to 45 TWh
- Open position of ~10% of electricity supply from generation in the Czech Rep.
- Average realization price of electricity generated in the Czech Rep. of 120 to 140 EUR/MWh

Adjusted net income (CZK bn)



Selected prediction risks and opportunities

- Availability of generating facilities
- Realization prices of generated electricity
- Income from commodity trading and revaluation of derivatives

In 2023, CEZ Group will pay CZK 30—40 bn to the Czech state in extraordinary levies and taxes



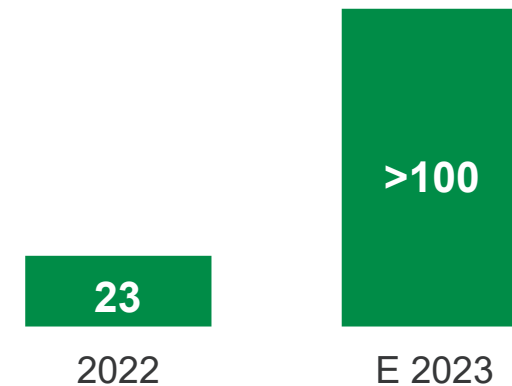
CEZ Group's payments of extraordinary duties and taxes in 2023*

| (CZK bn) | Q1 2023 | 2023 E |
|-----------------------------------|-----------|-----------------|
| Duties on excess generation sales | 10 | 10 to 15 |
| Windfall tax | 9 | 20 to 30 |
| Total expected duties | 19 | 30 to 40 |

Indication of state income from CEZ Group in 2023

| (CZK bn) | 2023 E |
|--------------------------------------------------|----------|
| Windfall tax and duty on excess generation sales | 30 to 40 |
| Current income taxes** | 26 to 30 |
| Dividend from 2022 income | 44*** |

Czech Rep.'s income from dividends, income taxes and duties on CEZ Group's sales (CZK bn)



In 2023, CEZ Group will pay more than CZK 100 bn to the Czech state in dividends, income taxes and sales taxes

* The values shown correspond to the duty obligation or compensation entitlement for the period (not to the exact cash flow, which reflects the dates of advances and settlements)

** Advances for current income taxes on 2023 income and additional income taxes on 2022 income over and above the advances paid in 2022

*** Value as proposed by the Board of Directors in the amount of CZK 117 per share, corresponding to the upper dividend policy threshold (80% of CEZ Group's Adjusted net income for 2022)