

# FIRST SUPPLEMENT DATED November 15, 2022

**ČEZ, a. s.**

*(incorporated with limited liability in the Czech Republic)*

and

**CEZ Finance B.V.**

*(incorporated as a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) in the Netherlands with its statutory seat in Amsterdam)*

and in the case of Notes issued by CEZ Finance B.V., unconditionally and irrevocably guaranteed by

**ČEZ, a. s.**

**€8,000,000,000**

**Euro Medium Term Note Programme**

This first supplement (this "*Supplement*") to the Base Prospectus dated March 24, 2022 (the "*Base Prospectus*"), which comprises a base prospectus, constitutes a supplement for the purposes of Article 23(1) of Regulation (EU) 2017/1129 (as amended, the "*Prospectus Regulation*"), and is prepared in connection with the €8,000,000,000 Euro Medium Term Note Programme (the "*Programme*") of ČEZ, a. s. ("*ČEZ*") and CEZ Finance B.V. ("*CEZ Finance*" and, together with ČEZ, the "*Issuers*" and each an "*Issuer*").

Terms defined in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus.

This Supplement has been approved by the *Commission de Surveillance du Secteur Financier* (the "*CSSF*"), as competent authority under the Prospectus Regulation. The CSSF only approves the Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered an endorsement of ČEZ, CEZ Finance or of the quality of the notes that are the subject of the Base Prospectus (the "*Notes*"). Investors should make their own assessment as to the suitability of investing in the Notes issued under the Base Prospectus. By approving this Supplement, neither the CSSF nor the Luxembourg Stock Exchange assume responsibility for the economic and financial soundness of the transactions contemplated by the Base Prospectus or the quality or solvency of ČEZ or CEZ Finance in accordance with Article 6(4) of the Luxembourg Act dated 16 July 2019 relating to prospectuses for securities.

Each of ČEZ and CEZ Finance, having made all reasonable enquiries, confirms that the Base Prospectus (as supplemented by this Supplement) contains all information regarding CEZ Finance, ČEZ and its subsidiaries taken as a whole (the "*CEZ Group*"), the electricity industry in the Czech Republic and the Notes that is (in the context of the issue of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, estimates, or intentions expressed in the Base Prospectus (as supplemented by this Supplement) on the part of ČEZ and CEZ Finance are honestly held or made and are not misleading in any material respect; that the Base Prospectus (as supplemented by this Supplement) does not omit to state any material fact necessary to make such information, opinions, estimates or intentions (in such context) not misleading in any material respect; and that all proper enquiries have been made to ascertain and to verify the foregoing.

Without prejudice to the foregoing, each of ČEZ and CEZ Finance accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained herein is, to the best of its knowledge, in accordance with the facts and makes no omission likely to affect its import. Certain information contained and identified as

such in this Supplement, in particular in sections "*Risk Factors*" and "*Description of ČEZ*" was derived from third parties. ČEZ and CEZ Finance do not accept any responsibility for the accuracy of such third-party information, nor have ČEZ or CEZ Finance independently verified any such third-party information. Each of ČEZ and CEZ Finance confirms that such third-party information has been accurately reproduced.

## Cover page

A new paragraph shall be inserted in bold as the last paragraph on page 2 of the Base Prospectus, immediately before the heading "*Arranger and Dealer*":

**"Pursuant to Czech law, the Issuer is required to withhold tax in respect of payments of principal and interest to any natural person who is a tax resident in the Czech Republic (as determined in accordance with applicable tax law) and any person that does not qualify as a Non-Czech Holder. Beneficial ownership information will be required in respect of all beneficial owners of the Notes to grant any tax relief, and withholding will be applicable (without a requirement on the Issuer to gross-up such payments) if such information is not delivered to the Issuer. For more information, see the sections on "*Risk Factors – Withholding tax on interest in the Czech Republic*", "*Risk Factors – Risks associated with evidencing the entitlement to tax relief of the beneficial owner of income from the Notes*" and "*Taxation*"."**

## Overview of the Programme

The section entitled "*Programme Size*" on page 10 of the Base Prospectus shall be deleted and replaced with the following:

"Up to €8,000,000,000 (or its equivalent in other currencies calculated as described in the Amended and Restated Programme Agreement) outstanding at any time. The relevant Issuer and the Guarantor (if applicable) may increase the amount of the Programme in accordance with the terms of the Amended and Restated Programme Agreement."

## Documents Incorporated by Reference

Pages F-1 to F-212 shall be deleted in their entirety.

The following documents comprising the audited consolidated financial statements of the CEZ Group for the financial year ended December 31, 2021 (the "*2021 Financial Statements*") shall be incorporated by reference in, and form part of, the Base Prospectus:

<b>Annual Report of the CEZ Group for the Year Ended December 31, 2021</b>	<b>Page</b>
(available at <a href="https://www.cez.cz/webpublic/file/edee/ospol/fileexport/investori/vz-2021/cez_group_annual_report_2021.pdf">https://www.cez.cz/webpublic/file/edee/ospol/fileexport/investori/vz-2021/cez_group_annual_report_2021.pdf</a> )	
Independent Auditor's Report for the Consolidated Financial Statements	294-299
Consolidated Balance Sheet	216
Consolidated Statement of Income	217
Consolidated Statement of Comprehensive Income	218
Consolidated Statement of Changes in Equity	219
Consolidated Statement of Cash Flows	220
Notes to the Consolidated Financial Statements	221-293
Independent Auditor's Report for the Non-Consolidated Financial Statements	358-363
Non-Consolidated Balance Sheet	300
Non-Consolidated Statement of Income	301

Non-Consolidated Statement of Comprehensive Income	302
Non-Consolidated Statement of Changes in Equity	302
Non-Consolidated Statement of Cash Flows	303
Notes to the Non-Consolidated Financial Statements	304-357
Report on Relations Between the Controlling and the Controlled Entity and Between the Controlled Entity and Entities Controlled by the Same Controlling Entity for the Accounting Period of January 1, 2021 to December 31, 2021	166-214

On November 10, 2022, ČEZ published (in two separate documents) the consolidated unaudited interim financial statements of the CEZ Group as of and for the nine-month period ended September 30, 2022 (the "*Consolidated Interim Financial Statements*") and the non-consolidated unaudited interim financial statements of ČEZ as of and for the nine-month period ended September 30, 2022 (the "*Non-consolidated Interim Financial Statements*" and, together with the Consolidated Interim Financial Statements, the "*Interim Financial Statements*").

The following documents comprising the Consolidated Interim Financial Statements shall be incorporated by reference in, and form part of, the Base Prospectus:

<b>Consolidated Interim Financial Statements as of September 30, 2022</b>	<b>Page</b>
(available at <a href="https://www.cez.cz/webpublic/file/edee/ospol/fileexport-s/pro-investory/informacni-povinnost-emitenta/2022-11/2022-09_interim-kuz_en_final.pdf">https://www.cez.cz/webpublic/file/edee/ospol/fileexport-s/pro-investory/informacni-povinnost-emitenta/2022-11/2022-09_interim-kuz_en_final.pdf</a> )	
Consolidated Balance Sheet	2-3
Consolidated Statement of Income	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Changes in Equity	6-7
Consolidated Statement of Cash Flows	8-9
Notes to the Consolidated Interim Financial Statements	10-25

The following documents comprising the Non-consolidated Interim Financial Statements shall be incorporated by reference in, and form part of, the Base Prospectus:

<b>Non-consolidated Interim Financial Statements as of September 30, 2022</b>	<b>Page</b>
(available at <a href="https://www.cez.cz/webpublic/file/edee/ospol/fileexport-s/pro-investory/informacni-povinnost-emitenta/2022-11/2022-09_cez_en_final.pdf">https://www.cez.cz/webpublic/file/edee/ospol/fileexport-s/pro-investory/informacni-povinnost-emitenta/2022-11/2022-09_cez_en_final.pdf</a> )	
Non-consolidated Balance Sheet	2-3
Non-consolidated Statement of Income	4
Non-consolidated Statement of Comprehensive Income	5
Non-consolidated Statement of Changes in Equity	6
Non-consolidated Statement of Cash Flows	7-8

Copies of the 2021 Financial Statements, the Consolidated Interim Financial Statements and the Non-consolidated Interim Financial Statements have been filed with the *Commission de Surveillance du Secteur Financier* and, by virtue of this Supplement, the above referenced extracts of the Consolidated Interim Financial Statements and the Non-consolidated Interim Financial Statements are incorporated in, and form part of, the Base Prospectus. The information contained in the 2021 Financial Statements and the Interim Financial Statements that is not included in the above cross-reference lists is considered as additional information to be disclosed to investors rather than information required by the relevant schedules of Commission Regulation (EC) 2019/980 supplementing the Prospectus Regulation. Copies of all documents incorporated by reference in the Base Prospectus and this Supplement can be obtained from the registered office of ČEZ, a. s. and from the specified offices of the Agent for the time being in London and

Luxembourg. Copies of this Supplement, the Base Prospectus and all documents incorporated by reference will also be available free of charge on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Please see the section entitled "*Alternative Performance Measures*" on page 49 of the Base Prospectus for the alternative performance measures contained in the 2021 Financial Statements and the Interim Financial Statements. The section entitled "*Alternative Performance Measures*" on page 49 of the Base Prospectus shall apply to the 2021 Financial Statements and the Interim Financial Statements which are by virtue of this Supplement incorporated by reference in, and form part of, the Base Prospectus, and shall apply *mutatis mutandis* as if set out in full in this Supplement, with references to "this Base Prospectus" being read as "this Supplement".

### **Presentation of Financial Information**

The first and second paragraphs of the section entitled "*Presentation of Financial Information*" on page 49 of the Base Prospectus shall be deleted and replaced with the following:

"With the exception of certain alternative performance measures (please see "*—Alternative Performance Measures*"), (i) the financial information as of and for the years ended December 31, 2020 and 2021 included in this Base Prospectus has been derived from the audited consolidated financial statements of the CEZ Group as of and for the years ended December 31, 2020 (the "*2020 Financial Statements*") and the audited consolidated financial statements of the CEZ Group as of and for the years ended December 31, 2021 (the "*2021 Financial Statements*") and together with the 2020 Financial Statements, the "*Financial Statements*"), and (ii) the financial information as of and for the nine-month period ended September 30, 2022 included in this Base Prospectus has been derived from the consolidated unaudited interim financial statements of the CEZ Group as of and for the nine-month period ended September 30, 2022 (the "*Consolidated Interim Financial Statements*") and the non-consolidated unaudited interim financial statements of ČEZ as of and for the nine-month period ended September 30, 2022 (the "*Non-consolidated Interim Financial Statements*").

The 2021 Financial Statements, the 2020 Financial Statements, the Consolidated Interim Financial Statements and the Non-consolidated Interim Financial Statements are incorporated by reference into this Base Prospectus (see "*Documents Incorporated by Reference*")."

### **Risk Factors**

The risk factors set out in the section entitled "*Risk Factors*" on pages 15 to 47 of the Base Prospectus shall be amended as set out in Schedule 1 (*Amendments to Risk Factors*) to this Supplement.

### **Description of ČEZ**

#### ***History and Development of the CEZ Group***

The following text shall be added at the end of the section entitled "*History and Development of the CEZ Group*" section on page 146 of the Base Prospectus, immediately before the heading "*Organizational Structure of the CEZ Group*":

"In June 2022, CEZ Group concluded contracts with Westinghouse and Framatome for the supply of fuel assemblies for the Temelín Nuclear Power Plant. Deliveries will start in 2024 and continue for approximately 15 years. The contract is worth billions of Czech crowns. Westinghouse has already supplied fuel assemblies to Temelín for ten years after its commissioning. Framatome is one of the only manufacturers based in the European Union that supplies fuel assemblies to most Western European nuclear power plants.

In June 2022, CEZ Group agreed to acquire Škoda JS, a major Czech company that specialises in nuclear engineering. CEZ Group has worked with Škoda JS for many years, including in the maintenance of the nuclear power plants' primary circuits. As Škoda JS is part of OMZ, a Russian engineering group controlled by Gazprombank, Škoda JS has been at risk of sanctions. This acquisition solves the risk of sanctions affecting a major supplier of CEZ Group's nuclear power plants.

In July 2022, the Ministry of the Environment and CEZ Group signed a Memorandum on Cooperation in Climate Protection, the Energy Sector and Certain Related Areas. Both parties will cooperate on comprehensive decarbonisation of all segments of the Czech economy. Furthermore, CEZ pledges to speed up achieving carbon neutrality of its operations by 10 years by 2040. The commitment undertaken as part of the Paris Agreement had originally envisaged that milestone in 2050.

In July 2022, CEZ Group announced the sale of its 50% stake in AKCEZ Enerji A.Ş. ("AKCEZ"), owned in a joint venture together with the Turkish partner AKKÖK Holding A.Ş., to Torunlar Enerji Sanayi ve Ticaret A.Ş. and Başkent Doğalgaz Dağıtım Gayrimenkul Yatırım Ortaklığı A.Ş. ("Torunlar Group"). AKCEZ is comprised of three subsidiaries that deal with electricity distribution, energy sales and energy services. The transaction is subject to approval by the Turkish antitrust authority and the local energy regulator. The settlement of the transaction is also subject to having an agreement on financing.

In September 2022, a floating LNG terminal was put into operation at Eemshaven, the Netherlands. The facility is able to process as many as eight billion cubic metres of gas per year. Of that, three billion are earmarked for the Czech Republic – a volume equal to approximately one-third of the country's annual consumption. The Ministry of Industry and Trade, in cooperation with CEZ Group, had secured in advance both the lease of a portion of the new terminal's capacity as well as the routes for transporting the gas to the Czech Republic. Liquefied gas is delivered to the terminal in specially adapted tankers. Once heated at the terminal and converted to a gaseous state, it is injected into the transport pipeline system. The rest of the capacity of the terminal operated by the Dutch company Gasunie is used by Shell and Engie."

### ***Legal Proceedings***

The section entitled "*Legal Proceedings*" on pages 189 to 194 of the Base Prospectus shall be amended as set out in Schedule 2 (*Amendments to Legal Proceedings*) to this Supplement.

### **Management of ČEZ**

#### ***Supervisory Board***

The section entitled "*Supervisory Board*" on pages 232 to 237 of the Base Prospectus shall be amended as follows.

The first paragraph of the section entitled "*Supervisory Board*" on page 232 of the Base Prospectus shall be deleted and replaced by the following:

"In accordance with our Articles of Association, the Supervisory Board is designed to have 12 members. As of the date of the first supplement to this Base Prospectus, the Supervisory Board is comprised of nine members (five members elected by the General Meeting, four members elected by employees) and three positions are contemporarily not staffed. Pursuant to the Czech Companies Act and our Articles of Association, two thirds of the members of the Supervisory Board are elected by the General Meeting of the shareholders and the remaining one third of the members are elected by our employees. If the number of the members of the Supervisory Board



The following text shall be added immediately before the heading "*Committees of the Supervisory Board*" on page 237 of the Base Prospectus:

*Vít Doležálek*

*Member of the Supervisory Board since June 29, 2022*

In 2006, he graduated from the Faculty of Law of the Masaryk University in Brno (Mgr.).

He gained professional and managerial experience as a legal specialist at CE WOOD, a.s.; he also worked as a consultant in the engineering industry. He also held the position of director of the department of the minister's office at the Ministry of Agriculture of the Czech Republic.

Currently, he works as a consultant in the field of industry - he leads cooperation projects with industrial producers from various EU countries.

Current membership in governing bodies outside the CEZ Group or in CEZ Group's affiliates and/or joint ventures:

- Nové Slovácko o.p.s. – member of the Supervisory Board;

*Eva Hanáková*

*Member of the Supervisory Board since June 29, 2022*

In 2001, she graduated from the University of Economics in Prague (Ing.) - Faculty of International Relations.

She gained professional and managerial experience in various leadership positions at the Economia Publishing House, where she also worked as chief-editor of the Ekonom weekly magazine. She was also the chief-editor and co-founder of the e-publishing house Tablet Media or deputy general director for content strategies at the Vltava-Labe-Press Publishing House.

She currently holds the position of executive director of SingularityU Czech Summit, Prometheus XXI. and works as chief advisor for the Ministry of Industry and Trade of the Czech Republic.

*Jiří Kadrnka*

*Member of the Supervisory Board since June 29, 2022*

In 1993, he graduated from the Technical University, Faculty of Engineering, in Brno (Ing.).

He gained professional and managerial experience as an assistant to the CEO of PM holding a.s.; he also worked as an economic consultant in the field of setting up company processes. In the past, he was elected as a member of the South Moravian Regional Council and a member of the City Council of Hustopeče; he was also a member of the ČEZ, a. s. supervisory board and chairman of the personnel committee of the ČEZ, a. s. supervisory board.

He is acting as a managing director at MOSS logistics s.r.o.

Current membership in governing bodies outside the CEZ Group or in CEZ Group's affiliates and/or joint ventures:

- MOSS logistics s.r.o. – co-owner and managing director."

## **Taxation**

### ***Taxation in the Czech Republic***

The section entitled "*Taxation in the Czech Republic*" on pages 246 to 250 of the Base Prospectus shall be amended as set out in Schedule 3 (*Amendments to Taxation*) to this Supplement.

### **Terms and Conditions**

Condition 7 (*Taxation*) of the Notes on pages 130 and 131 of the Base Prospectus shall be amended by adding the following text at the end of limb (d) immediately prior to the period.

"as amended by Act No. 609/2020 Coll. and Act No. 353/2021 Coll."

## **General Information**

### ***Authorization***

The first paragraph of the section entitled "*Authorization*" on page 261 of the Base Prospectus shall be deleted and replaced by the following:

"The establishment of the Programme and the issue of Notes have been duly authorized by resolutions of the Board of Directors of ČEZ dated May 28, 2007, February 14, 2011, April 10, 2012, September 16, 2019, March 8, 2021 and September 19, 2022 and resolutions of the Supervisory Board of ČEZ dated June 28, 2007, February 24, 2011, September 26, 2019, March 25, 2021 and September 27, 2022. The giving of the Guarantee has been duly authorized by resolutions of the Board of Directors of ČEZ dated September 19, 2022 and the Supervisory Board of ČEZ on September 27, 2022."

### ***Significant Change or Material Adverse Change***

The section entitled "*Significant Change or Material Adverse Change*" on page 262 of the Base Prospectus shall be deleted and replaced with the following:

"There has been no significant change in the financial performance and in the financial position of ČEZ and its subsidiaries (including CEZ Finance) since September 30, 2022 and there has been no material adverse change in the prospects of ČEZ and its subsidiaries (including CEZ Finance) since December 31, 2021.

There has been no significant change in the financial performance and financial position and there has been no material adverse change in the prospects of CEZ Finance since its incorporation on March 17, 2021.

As of the date of the first supplement to this Base Prospectus, there are no recent events particular to ČEZ and CEZ Finance which are to a material extent relevant to the evaluation of their solvency."

## **General**

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or otherwise incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.



Save as disclosed in this Supplement (including any documents incorporated by reference herein), there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

**Withdrawal rights**

No non-exempt offers of Notes to the public in the European Economic Area made by any Issuer pursuant to the Base Prospectus are on-going as of the date this Supplement, and consequently, no rights of withdrawal arise in accordance with Article 23(2a) of the Prospectus Regulation following the publication of this Supplement.

## Schedule 1

### Amendments to Risk Factors

The risk factors set out in the section entitled "*Risk Factors*" on pages 15 to 47 of the Base Prospectus shall be amended as follows:

- (a) the sub-section entitled "*Risks associated with any decreases in the prices obtained for our electricity.*" on page 15 of the Base Prospectus shall be read with the following blacklined changes:

***"Risks associated with any decreases in the prices obtained for our electricity.***

In the ordinary course of our business, we are exposed to the risk of decreases in the prices obtained for our electricity. We sell the majority of our electricity at prices derived from European market prices, which are mainly driven by the prices of EU emission allowances and the cost of raw materials, as well as by the European aggregate supply and demand balance; available cross-border capacities; global oil, coal and gas prices and EU and national regulation of the wholesale energy market. Furthermore, there is a strong correlation between the price of electricity in the Czech Republic and the price of electricity in Germany, which is one of our export markets and the primary price-setting market in the region. Changes in global commodity prices, available cross-border capacities (caused, for example, by renewable energy sources or flow-based allocation) or a decline in electricity demand in Europe (for example, as a result of an economic slowdown or downturn or increased energy efficiency), could decrease the price of electricity and could have a material adverse effect on our business, results of operations and financial condition.

The operation of our power plants, in particular our nuclear power plants, is characterized by high fixed costs. Some of our costs are not faced by our non-nuclear competitors because they are unique to the nuclear power generation industry. Our ability to generate sufficient turnover at a margin sufficient to cover our fixed costs is dependent, in part, on favourable electricity prices and our overall sales and trading strategy. Because our costs are relatively fixed in nature, they cannot be reduced in periods of low electricity prices. Therefore, in these circumstances, it is possible that we may not produce sufficient cash flows from our electricity sales or trading activities, which could have a material adverse effect on our business, results of operations and financial condition.

To mitigate such exposure, we have developed a hedging strategy of stabilizing margins by contracting for deliveries of electricity to the wholesale market and to end-consumers up to six years ahead through the use of derivative instruments and by concluding long-term contracts. We have also implemented a formal procedure that measures our commodity risk, specifying a ceiling for the maximum acceptable risk. However, the hedging strategies we pursue may create new risks and exposures and we cannot give any assurance that they will function as intended. We cannot completely eliminate our exposure to potential decreases in electricity prices. Any significant decreases in electricity prices, or indeed any economic downturn, could reduce our revenues and have a material adverse effect on our business, results of operations and financial condition.

[On October 6, 2022, the Council of the European Union adopted Regulation \(EU\) 2022/1854, on an emergency intervention to address high energy prices, which introduced a mandatory cap on market revenues from the generation of electricity from the sources listed therein, such as solar energy, lignite and nuclear energy. The regulation limits electricity producers' market revenues from electricity produced in the period between December 1, 2022 and June 30, 2023 to a maximum of EUR 180 per MWh. Following the adoption of this regulation, the government of Czech Republic introduced a bill aiming to limit the electricity prices even further. If the bill is passed into law as proposed as at November 14, 2022, it will impose different revenue caps for individual energy sources: as low as EUR 70 per MWh of electricity from nuclear energy, EUR 170 per MWh of electricity from large brown-coal power plants, and EUR 230 per MWh of electricity from smaller brown-coal power plants up to 140 MW. It will also prolong the time period](#)

[for which the price caps shall apply until December 31, 2023. In line with the above-mentioned regulation, the bill provides that any revenues from the generation of electricity in excess of the revenue caps will be subject to a 90% levy. These legislative interventions could have a material adverse effect on our business, results of operations and financial condition.](#)"

- (b) the sub-section entitled "*The risks and costs associated with increasing our nuclear generation capacity.*" on page 16 of the Base Prospectus shall be read with the following blacklined changes:

***"The risks and costs associated with increasing our nuclear generation capacity.***

Pursuant to the updated State Energy Policy of the Czech Republic ("*USEP*") and the National Action Plan for Development of Nuclear Energy in the Czech Republic ("*NAPNE*"), which were prepared by the government of the Czech Republic (the "Czech Government"), two new nuclear power plant units with a total installed capacity of 2,500 MW are planned to be constructed and commissioned at the Dukovany and/or Temelín site by 2035 and, depending on predictions of the Czech Republic's electricity generation and consumption, there are plans for one additional nuclear power plant unit to be constructed and commissioned at the Dukovany or Temelín site in connection with the expected end of the operation of the existing nuclear power plant units at Dukovany. [The NAPNE is going to be updated to react on current situation on gas market and to secure Czech energy security and independency.](#) Neither the Czech Government nor ČEZ has made the final decision as to whether or not those new nuclear power plant units will be constructed. In March 2018, a technical and economic study of the long-term operation of the Temelín nuclear power plant was completed, confirming the feasibility of the long-term operation of the source by 2060 for Unit 1 and 2062 for Unit 2. No significant safety engineering limitations were identified in the study for the potential operation of the Temelín nuclear power plant. [A similar long term operation project is underway in Dukovany. The operation of current Dukovany units is planned at least until 2035-37, ideally until 2045-47.](#)

As of October 1, 2016, our projects for the construction of new nuclear power plant units were spun off into ČEZ's two project subsidiaries (Elektrárna Dukovany II, a.s., and Elektrárna Temelín II, a.s.) incorporated by ČEZ under the laws of the Czech Republic. [The goal was development of up to two new nuclear units in each site.](#) In December 2017, the Standing Committee for Nuclear Energy established by the Czech Government (with ČEZ's controlling shareholder being the Czech Republic) investigated available options for developing new nuclear projects in the Czech Republic. The following three main options were considered by the committee: (i) ČEZ itself will develop new nuclear units; (ii) the Czech Government will acquire from ČEZ the two project subsidiaries (Elektrárna Dukovany II, a.s., and Elektrárna Temelín II, a.s.) and will continue with the development of the new nuclear units on its own; or (iii) the Czech Government will acquire from ČEZ part of its existing business activities, including ČEZ's existing nuclear power plants, and will develop new nuclear units within a new entity. In the first half of 2019, the Standing Committee for Nuclear Energy concluded that the most adequate construction investment model would be to continue to use special purpose vehicles established as ČEZ's subsidiaries. This was subsequently approved by the Czech Government in 2019. In addition, a team was established to coordinate dealings with the EU Commission, in particular the provision of state aid by the Czech Government in compliance with the EU state aid rules. The Czech Government considers the construction of a new unit at the Dukovany site as a preferable option, with the construction in Temelín being a back-up or additional plan, which would be ready for acceleration in the short-term. In July 2019, the Czech Government concluded that it was considered necessary to enter into a series of agreements, addressing regulatory and market risks, during various phases of the new project development. In July 2020, the Czech Republic, ČEZ and Elektrárna Dukovany II entered into the first two agreements in relation to the project, in particular to set the framework of the state support for the project and the mutual obligations of the parties during the first phase of the project. In 2021, the Czech Republic, ČEZ and Elektrárna Dukovany II negotiated the term sheet of a power purchase agreement, an investment agreement and a financing agreement. In August 2020, the

Czech Government prepared a new law defining the conditions for the transition to a low carbon energy economy which was approved and entered into force in October 2021 (Law No. 367/2021 Coll.). This law is essential for the provision of state aid required for the construction of new nuclear power sources in the Czech Republic. [Construction up to two new Dukovany units project passed Environmental Impact Assessment successfully in the past and Ministry of Environment issued EIA positive binding statement on August 30, 2019.](#) Further, in March 2020, Elektrárna Dukovany II submitted to the Czech State Office for Nuclear Safety (the "SONS") an application for [the siting permit of the nuclear installation](#) in accordance with Act No. 263/2016 Coll., the nuclear act (the "Czech Nuclear Act 2016"). The siting permit was subsequently issued by the SONS on March 8, 2021. [As a next step Elektrárna Dukovany II applied for State Authorization for the construction of the electricity generation plant. The State Authorization was issued by the Ministry of Industry and Trade on April 27, 2021.](#) Elektrárna Dukovany II has also finalized an application for site approval in accordance with the Act No. 183/2006 Coll., the Building Act, as amended (the "Building Act"). ~~As of the date of this Base Prospectus, the approval procedure is pending.~~ [The zone decision is expected to be issued by local Building Authority in early 2023.](#)

~~Elektrárna Dukovany II has also finalized the inquiry documentation for EPC tender procedure and is ready to start the EPC contractor selection process subject to prior consent of the Czech Government.~~ By the resolution no. 339 adopted as of March 29, 2021, the Czech Government approved the phase of so-called "security assessment" of potential EPC contractors before the actual commencement of the selection process. Elektrárna Dukovany II has requested the potential EPC contractor to provide the relevant information to enable the Czech Government to execute the "security assessment". Subsequently, the Czech Government further decided – by adoption of the resolution no. 394 made on April 19, 2021 – not to invite Rosatom Overseas JSC (Russia) and China General Nuclear (China) to the security assessment. All addressed potential EPC contractors provided their information in November 2021. On March 17, 2022, ČEZ, through its wholly-owned subsidiary Elektrárna Dukovany II, launched a tender for the construction of a new nuclear power plant in Dukovany. The Ministry of Industry and Trade gave its approval for this step after the safety units assessed the documents from the previous phase, such as incorporation of safety requirements into the tender documentation and completion of the safety assessment of all three bidders. The three bidders are Westinghouse from the USA, EDF from France, and KHNP from Korea. According to the tender schedule, the bidders are to submit their initial bids by the end of November 2022. After that, the bids will be evaluated by ČEZ and the evaluation report will then be submitted for state approval. The contracts are expected to be finalized in 2024.

In 2021, the EU Commission has, based on the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, prepared delegated acts on reporting and climate mitigation and adaptation. The role of nuclear energy and natural gas has been defined in a complementary delegated act in February 2022. [In this act, the EU Commission included certain nuclear and gas activities in the second category of activities, i.e. transitional, those covered by Article 10\(2\) of Regulation \(EU\) 2020/852. These are activities that cannot yet be replaced by technologically and economically feasible low-carbon alternatives, but do contribute to climate change mitigation and with the potential to play a major role in the transition to a climate-neutral economy, in line with EU climate goals and commitments. In order for nuclear energy activities to qualify for sustainable financing under the European taxonomy, strict safety and environmental conditions \(including on waste disposal\) need to be met. If ČEZ is unable to meet these conditions, it would and is waiting to be approved in the European Parliament and Council. That means that to date, the legal framework relating to the European taxonomy for sustainable finance does not provide final legal certainty as to the inclusion of the nuclear power. If the draft complementary delegated act is changed in the approval process in a way resulting in the exclusion of nuclear power, this would](#) be seriously detrimental to ČEZ' ability to finance future major nuclear projects.

In addition, the Czech Republic has also started the notification process of the state aid with the EU Commission.

[In addition to the 1200MW reactor, CEZ is also developing the SMR project. South Bohemia region, ČEZ and Nuclear Research Institute Řež established the South Bohemian Nuclear Park on May 30, 2022. The project aims to speed up the preparatory and introduction of Small Modular Reactors in the Czech Republic. The first pilot project should be built on the premises of the current Temelín Nuclear Power Plant.](#)

The significant participation of the Czech state in the financing and guarantee mechanism is essential for a positive decision to build new nuclear units in the Czech Republic. Without the involvement of the Czech state the decision to build the new nuclear generation capacity in the Dukovany nuclear power plant or in the Temelín nuclear power plant may result in a significant capital expenditure investment on the part of ČEZ, and may expose ČEZ to significant risks associated with building a nuclear power plant."

- (c) the sub-section entitled "*Risks connected with the Russia-Ukraine conflict.*" on page 17 of the Base Prospectus shall be read with the following blacklined changes:

***"Risks connected with the Russia-Ukraine conflict.***

As a result of the recent military incursion by Russia into Ukraine, the EU, the United States and governments in several other countries have imposed severe economic sanctions against Russia and Russian interests, as well as enhanced export controls on certain products and industries. While it is difficult to anticipate the impact that the sanctions and controls announced to date may have on the CEZ Group, these and any further measures or actions taken by any governments ([including adopting protective measures](#)), as well as any measures taken by the governments of Russia or other countries in response (such as restrictions in the supply of crude oil and gas to countries in the region and the EU), could adversely impact macroeconomic conditions, give rise to regional instability, increase our and our customers' costs, and disrupt our supplies, particularly supplies of nuclear fuel, ~~and gas~~ [and electricity](#) (see "*Risks associated with the disruptions in the supply of coal, nuclear fuel, gas or other raw materials, or an unexpected increase in their cost*"), which could have a material adverse effect on our business, results of operation and financial condition."

- (d) the sub-section entitled "*We may not be able to recover the value of our investment in Turkey.*" on page 30 of the Base Prospectus shall be read with the following blacklined changes:

***"We may not be able to recover the value of our investment in Turkey.***

The joint ventures, Akcez Enerji A.S. and Akenerji Elektrik Üretim A.S., were formed in 2009 by the partnership of the CEZ Group and Akkök Group with the aim to invest mainly in power generation and electricity distribution projects in Turkey. Within these joint ventures, we own and operate gas-fired, wind and hydroelectric power plants as well as electricity distribution and sales companies operating in the Sakarya region. After a period of fast-paced growth in the Turkish economy between 2009 and 2011, the year 2013 brought a strong depreciation of the Turkish Lira against the U.S. Dollar due to political destabilization, sustained inflation, growing labour costs, high balance of payments (current account) deficit and resulting lower interest of foreign investors in the Turkish market. This had a negative impact on most local companies, including our joint ventures, which are financed mostly in U.S. Dollars. The weakening of the Turkish Lira continued through 2018, being caused by, among other things, an unsuccessful coup d'état attempt in July 2016 followed by a declaration of the state of emergency in the country and a referendum changing the state system to a presidential system. Following the instability and uncertainty about the future political and economic development, Standard & Poor's lowered Turkey's credit rating to B+ with a negative outlook in December 2021 and Moody's lowed Turkey's credit rating to ~~to~~ B2 with a negative outlook in September 2020. During 2019, 2020 and 2021 the value of the Turkish Lira



against the U.S. Dollar continued to depreciate, negatively influencing financial results of our joint ventures, due to U.S. Dollar denominated loans. In 2013 unbundling, i.e. the separation in the ownership of electricity distribution and the sale of electricity, became mandatory and was completed in Turkey by 2015. The electricity market for end customers has been partially liberalized over the years, putting downward pressure on the market share of the sales companies with state owned companies still influencing the electricity and gas market. The conditions for the upcoming regulatory period (starting 2021) have been announced at the end of 2020 in line with the previous period with an emphasis on quality of distribution network. In 2017, our share of the losses of Akenerji Elektrik Üretim A.S. exceeded the carrying amounts of our investments in the joint venture. Since we assumed no obligations on behalf of Akenerji Elektrik Üretim A.S., we discontinued using the equity method of accounting with respect to the company as of December 31, 2017. As of December 31, 2021, our unrecognised share of losses on Akenerji Elektrik Üretim A.S. and its subsidiaries amounted to CZK 4,770 million.

The CEZ Group is a guarantor for the liabilities of the companies within the joint venture Akcez Enerji A.S. in the amount of USD 82.7 million and TRY (Turkish Lira) 55.4 million as of December 31, 2021. Due to the increased risk of the potential exposure to claims under these guarantees and probability that future cash flows may not be sufficient to settle all liabilities of Akcez Enerji A.S. and its subsidiaries, a provision of CZK 1,907 million has been recognized in our financial statements, as of December 31, 2021.

In the second financial quarter of 2021, the CEZ Group officially launched the divestment process of the majority of its 50% stake in AKCEZ Enerji A.Ş. (AKCEZ), owned in a joint venture together with the Turkish partner AKKÖK Holding A.Ş. (AKKÖK). AKCEZ comprises of three subsidiaries that deal with electricity distribution, energy sales and energy services. The sale of shares in the AKCEZ joint venture is part of CEZ Group's new strategy "Vision 2030 – Clean Energy of Tomorrow" to divest chosen assets in selected countries and instead focus on the decarbonization of the production portfolio, development of renewable energy sources and providing modern energy services in the Czech Republic and across Europe.

On 30 July 2022, CEZ Group signed an agreement of the sale of its 50% stake in AKCEZ with Torunlar Enerji Sanayi ve Ticaret A.Ş. and with Başkent Doğalgaz Dağıtım Gayrimenkul Yatırım Ortaklığı A.Ş. (Torunlar Group). The transaction needs to be approved by both the Turkish Competition Authority and the Energy Market Regulatory Authority in Türkiye. For the successful completion of the transaction, it is also important to have an agreement on financing.

It should be noted that CEZ Group remains active in Türkiye through the company Akenerji Elektrik Üretim A.Ş., another joint venture with Turkish partners. Akenerji is primarily engaged in the production of electricity from renewable and gas sources. For more information, please see "Wind power generation–Turkey " on page 167 of this Base Prospectus.

Even though we are trying to take all measures available to limit the negative impact on our investment arising from the developments in Turkey described above, we cannot give any assurance that we will be able to recover our investment in our joint venture business in Turkey. Consequently, the developments in Turkey could have an adverse effect on our business, results of operations and financial condition."

- (e) the sub-section entitled "*Our ability to access credit and bond markets and our ability to raise additional financing is in part dependent on our credit ratings*" on page 34 of the Base Prospectus shall be read with the following blacklined changes:

***"Our ability to access credit and bond markets and our ability to raise additional financing is in part dependent on our credit ratings***

As of the date of this Base Prospectus, ČEZ has a credit rating of A- with a stable outlook by Standard & Poor's and Baa1 with a stable outlook by Moody's. On ~~June 7, 2021~~ [September 23, 2022](#), Standard & Poor's updated its credit report in relation to ČEZ and confirmed its long-term credit rating "A-" with a stable outlook. On February 18, 2022, Moody's updated its credit opinion of ČEZ with an unchanged long-term credit rating of "Baa1" with a stable outlook. These ratings reflect each agency's opinion of our financial strength, operating performance and ability to meet our debt obligations as they become due. These ratings are near the low-end of the respective rating agency's scale of investment-grade ratings. Credit rating agencies monitor companies more closely and have made liquidity, and the key ratios associated with it, such as gross leverage ratio, a particular priority when determining a company's rating. Our ability to access the capital markets and other forms of financing (or refinancing), and the costs connected with such activities, depend in part on our credit ratings. We currently expect to operate with sufficient liquidity to maintain our current ratings. However, this is dependent on a number of factors, some of which may be beyond our control. If we fail to maintain adequate levels of liquidity, our ratings may be downgraded. In the event our credit or debt ratings are further lowered by the rating agencies, we may not be able to raise additional indebtedness on terms similar to our existing indebtedness or at all, and our ability to access credit and bond markets and other forms of financing (or refinancing) could be limited, which could have a material adverse effect on our business, results of operations and financial condition. Further lowering of our credit rating may also trigger our obligation to redeem certain debt securities prior to their scheduled redemption date which could also have a material adverse effect on our business, results of operations and financial condition."

- (f) the sub-section entitled "*We could incur unforeseen taxes, tax penalties and sanctions.*" on page 36 of the Base Prospectus shall be read with the following blacklined changes:

***"We could incur unforeseen taxes, tax penalties and sanctions.***

A number of Member States face significant budget deficits and, as a result, new taxes have been, and may in the future be, imposed on the utilities sector, such as the nuclear tax in Germany and the power sales tax in Hungary. The imposition of any new taxes (including a carbon tax or sector tax) in the countries in which we operate, or changing interpretations or application of tax regulations by the tax authorities, harmonization of Czech and EU tax law and regulation, extensive time periods relating to overdue liabilities and the possible imposition of penalties and other sanctions due to unpaid tax liabilities may result in additional amounts being payable by us, which could have a material adverse effect on our business, results of operations and financial condition.

For example, with effect from January 1, 2014, operators of certain solar electricity producing facilities in the Czech Republic which were put into operation between January 1, 2010 and December 31, 2010 are subject to a withholding tax in the amount of (i) 10 % of the income corresponding to the feed-in tariff, or (ii) 11 % of the income corresponding to a "green bonus". As of December 31, 2021, we owned and operated 13 solar power plants in the Czech Republic, with installed capacity of 126.0 MW. The majority of these solar power plants were put into operation between January 1, 2010 and December 31, 2010 and are subject to the withholding tax. Extension or amendment to such tax legislation or introduction of any similar tax in the future could have a material adverse effect on our business, results of operations and financial condition.

[On November 4, 2022, the lower house of the Parliament of the Czech Republic approved a bill aiming to impose a temporary tax on exceptionally profitable businesses mainly from the energy and banking sectors \(the "Czech Windfall Tax"\), with an expected effective date of January 1, 2023 and a duration of three years \(i.e., from 2023 to 2025\). The bill is yet to be approved by the Senate and presented to the President for final signature. As the Czech Windfall Tax should apply, inter alia, to businesses with an annual revenue from energy production and distribution of at least CZK 2 billion, it is expected that we will be subject of the Czech Windfall Tax. The Czech Windfall Tax](#)

will be calculated as a 60% tax surcharge applied to the company's excess profits, determined as a difference between (i) the tax base in the particular year and (ii) the average of the tax bases for the last four years, increased by 20%. The draft legislation further aims to introduce an obligation to pay tax advances on the Czech Windfall Tax, starting from 2023. If the Czech Windfall Tax is introduced as it is currently proposed, it will result in additional amounts of taxes being payable by us, which could have a material adverse effect on our business, results of operations and financial condition."

- (g) the sub-section entitled "*Withholding tax on interest in the Czech Republic in respect of payments made to individuals that are Czech tax residents.*" on page 45 of the Base Prospectus shall be read with the following blacklined changes:

**~~"Withholding tax on interest in the Czech Republic in respect of payments made to individuals that are Czech tax residents.~~**

The Issuer is entitled to grant an exemption from withholding tax (to grant tax relief at the source) only when it duly identifies the beneficial owner of the income. If a holder of the Notes fails to provide the identification documents necessary for withholding tax exemption, 35% withholding tax will be applied on interest (coupon) payments. Interest income on the Notes (with the exception of Discount as described below) paid to an individual who is for tax purposes treated as a resident of the Czech Republic is generally subject to a withholding tax at 15%. As described in sections "Subscription and Sale" and "Transfer Restrictions", the Notes are not to be offered to such individuals. ČEZ is relying on the restrictions set out in sections "*Subscription and Sale*" and "*Transfer Restrictions*". If the Notes are acquired by an individual who is for tax purposes treated as a resident of the Czech Republic in breach of such restrictions, the interest income will be subject to a withholding tax as required by law and no gross up will be made by the Issuer in accordance with the Terms and Conditions. Holders should consult their own tax advisers regarding the tax implications of their potential purchase, holding, or sale of the Notes. For additional information on the Czech taxation regime, please see the section entitled "*Taxation*".

- (h) a new sub-section entitled "*Risks associated with evidencing the entitlement to tax relief of the beneficial owner of income from the Notes*" shall be added after the "*Withholding tax on interest in the Czech Republic*" sub-section on page 45 of the Base Prospectus and shall read as follows:

***"Risks associated with evidencing the entitlement to tax relief of the beneficial owner of income from the Notes***

Under Czech tax law, the Issuer is liable for (i) any withholding tax and tax security (as the case may be) payments required to be withheld or deducted at source at the appropriate rate under any applicable law by or within the Tax Jurisdiction from any payment of interest and principal in respect of the Notes as well as (ii) the granting of any tax relief. The Issuer bears the related burden of proof, which necessitates, before any tax relief can be granted, collection of the beneficial ownership information. Accordingly, for so long as this requirement is stipulated by Czech tax law, unless the Issuer receives information on the beneficial owner of principal and interest payments in respect of a Note (whether this is because the relevant beneficial owner fails to provide such information or because the relevant procedures have not been duly followed or for any other reason, except where this is caused by actions or omissions of the Issuer or its agents), the Issuer will withhold (i) a withholding tax amount of up to 35 per cent. of any interest payment under the Note and (ii) if such Note was issued at a price lower than its principal amount (i.e. below par), 1 per cent. tax security from any payment of principal under the Note unless the Issuer has the necessary information (by virtue of other means) to not apply the withholding tax (or to apply it at a lower rate) or to not apply the tax security (as the case may be) and the Issuer will not gross up payments in respect of any such withholding.



As a result, the beneficial owner will be required to provide, in order to be entitled to any tax relief, the beneficial ownership information. If the beneficial ownership information is not delivered to the Issuer (by or on behalf of the beneficial owner) in respect of each interest payment or it is incorrect, incomplete or inaccurate, payments of interest to such beneficial owner will be subject to withholding tax of up to 35 per cent. If the Note was issued at a price lower than its principal amount (i.e. below par), the tax security of 1 per cent. from any payment of principal on such Note will also apply. However, if the beneficial owner is otherwise entitled to any tax relief, it may then make use of the quick refund procedure to recover any such tax withheld.

Should the beneficial owner, who would otherwise be entitled to any tax relief, fail for any reason to make use of the quick refund procedure, the beneficial owner may make use – with respect to withholding tax only – of the standard refund procedure. There is a risk, however, that such beneficial owner may not, in spite of duly providing the beneficial ownership information, obtain a refund of any amounts withheld, as under the standard refund procedure, it is conditional on the ability of the Issuer to firstly successfully obtain a corresponding refund of the amounts originally withheld and paid to the Czech tax authorities. The use of the standard refund procedure is also subject to a fee in respect of the Issuer's administrative costs in following this procedure.

The certification procedures have not yet been tested in practice and, as such, there is a risk that the procedures may be burdensome on the beneficial owners or result in additional costs being incurred by the beneficial owners. Further, the Issuer accepts no responsibility and will not be liable for any damage or loss suffered by any beneficial owner to whom payments under the Notes are paid net of any withholding tax or tax security (as the case may be) withheld by the Issuer either because the certification procedures have proven ineffective or because the certification procedures have not been duly followed or for any other reason even though they would otherwise be entitled to a tax relief, except where this is caused by actions or omissions of the Issuer or its agents. Furthermore, the Notes or the Agency Agreement may be amended without the consent of the holders of the Notes to reflect any changes in applicable laws, rules or procedures.

Where the beneficial owner does not hold Notes directly on an account in the books of an International Central Securities Depository ("**ICSD**"), it may not be able to benefit from the certification procedures if the intermediary through which it holds the Notes in the ICSD has not implemented the certification procedures.

In addition, in accordance with the terms and conditions between the ICSDs and the participants to the ICSDs, ICSDs are not obliged to provide tax assistance and may unilaterally decide to discontinue the application of tax services, for which no liability for any consequences is accepted. Consequently, there is a risk that the Certification Procedures may be discontinued at any time.

See the "*Taxation*" section for a fuller description of certain tax considerations relating to the Notes and the formalities which beneficial owners must follow in order to claim exemption from withholding tax and tax security (as applicable), as well as the procedures and formalities for claiming a refund for amounts that have been withheld, where applicable."

## Schedule 2

### Amendments to Legal Proceedings

The section entitled "*Legal Proceedings*" on pages 189 to 194 of the Base Prospectus shall be read with the following blacklined changes:

#### "Legal Proceedings

We are currently involved in a number of legal proceedings; however, we believe that liabilities relating to such proceedings would not, individually or in the aggregate, have a material adverse effect on the results of our operations or financial condition. Certain significant legal proceedings in which we have been involved in the 12 months preceding the date of this Base Prospectus are described below.

#### *Czech Republic*

##### **ČEZ**

Minority shareholders brought a lawsuit against ČEZ and Severočeské doly a.s. based on an action filed in 2006, seeking a declaratory judgment on the adequacy of consideration in the compulsory sale of corporate securities. Should the plaintiffs win, the total additional payment could be in the order of hundreds of millions of CZK. The case is being heard at first instance. The outcome of the proceedings is impossible to predict.

ČEZ brought a lawsuit against the Appellate Financial Directorate, based on an administrative action brought against the decision of the Specialized Tax Office, which imposed a fine of CZK 150 million for violating the Prices Act in the payment of the price of brown thermal coal supplied by Sokolovská uhelná, právní nástupce, a.s., in 2010, 2012, and 2013. The administrative court admitted the action. ~~The case is being heard by the Supreme Administrative Court based on a cassation appeal filed by the Appellate Financial Directorate (however, the Appellate Financial Directorate rescinded the fine imposing decision based on the legal opinion of the court of first instance). The outcome of the proceedings is impossible to predict.~~ The decision of the Regional Court was appealed by the Financial Directorate of Appeal, which was rejected by the Supreme Administrative Court. The dispute is closed. The Appellate Financial Directorate annulled the decision imposing the fine on the basis of the legal opinion of the Court of First Instance.

ČEZ brought a lawsuit against ŠKODA JS a.s., based on an action filed in 2016. The issue in dispute is damages for 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 in 2016 was CZK 611 million, plus interest and costs, but after negotiations over an out-of-court settlement of the dispute failed, a motion was filed in February 2020 to extend the action to a total amount of CZK 2,759 million. The amount currently claimed includes full damages for lost profits. The proceedings are in the court of first instance. The outcome of the proceedings is impossible to predict.

In the insolvency proceedings against TENZA, a.s., ČEZ filed claims in the total amount of over CZK 1,327 million in March 2021 and subsequently claims in the total amount of almost CZK 203 million were filed in April 2021. The vast majority of the claims were made for contractual penalties and damages, as well as for related costs associated with the breach of work contracts for the construction of the Temelín Nuclear Power Plant (TPP) thermal feeder and the reconstruction of the TPP unit heat exchanger station. TENZA, a.s., breached its contractual obligation to complete the work and hand it over in a proper and timely manner. Most of the claims in both applications were denied by the insolvency administrator and the debtor as to their authenticity and, to a limited extent, as to their amount. For this reason, ČEZ filed a total of six injunctive claims in June 2021. ~~In connection with the filed claims, injunctive proceedings are currently underway, and, as of the date of this Base Prospectus, negotiations are currently ongoing between~~

~~ČEZ, the insolvency administrator of TENZA, a.s., and its subcontractors to conclude an agreement on settlement and settlement of all mutual claims. The outcomes of the proceedings are impossible to predict.~~ The actions were followed by in-court proceedings. ČEZ withdrew part of its partial claim filed in the insolvency proceedings in the amount of CZK 29.8 million and CZK 144.26 million. The claim was paid up to these amounts from bank guarantees negotiated by TENZA, a.s. At the same time, negotiations were conducted between ČEZ, the insolvency administrator of TENZA, a.s., and its subcontractors, on the basis of which a settlement agreement was concluded between these entities (after court approval at the end of March 2022). Following this agreement, the disputes between the insolvency administrator and ČEZ, as well as between other creditors—former subcontractors of TENZA, a.s.—were terminated. On the basis of the settlement agreement, the insolvency administrator recognized all the claims filed by ČEZ as being filed in accordance with the law, while most of these claims of ČEZ became so-called subordinated claims. The insolvency proceedings are still pending.

### **ČEZ Distribuce, a. s.**

SPR a.s. brought a lawsuit against ČEZ Distribuce, a. s., based on an action filed in May 2013, seeking payment of CZK 213 million plus interest and costs. 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, a. s., in relation to the connection of the Dubí PV power plant to the distribution grid. The case is being heard at first instance, currently resumed after a stay based on the court's May 2020 decision. The proceedings are currently in the evidentiary phase. The outcome of the proceedings is impossible to predict.

Four electricity generators/local distribution system operators brought significant lawsuits against ČEZ Distribuce, a. s., 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 electricity support from renewable sources 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, a.s. exceeds CZK 1 billion plus interest and costs. 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 ERO. The ERO has finally decided to reject the proposal for unjust enrichment for the time being in three of the four cases, ~~where the appellants brought action under Part V of the Civil Procedure Code. In one case, the matter is still pending before a decision of the ERO.~~ In two cases, a subsequent action under Part V of the Code of Civil Procedure was also dismissed. The outcomes of the proceedings are impossible to predict.

ČEZ Distribuce, a. s., brought three lawsuits against OTE, a.s., based on actions brought in 2016 and 2017, seeking recovery of unjust enrichment from OTE amounting to approximately CZK 7.6 billion plus interest and costs, consisting of the electricity distribution price component to cover costs associated with electricity support from renewable sources being incorrectly billed but duly paid by ČEZ Distribuce, a. s., from January 1, 2013, to December 31, 2013. Following a special panel's decision on conflict of jurisdiction, court proceedings in two of the lawsuits were discontinued in 2019 and the matter was referred to the ERO. The third dispute was referred to the ERO for the same reasons in 2020. The ERO dismissed the claim of ČEZ Distribuce, a. s., in the first dispute concerning the amount of CZK 1.86 billion. An appeal was filed against the decision, followed by an action under Part V of the Civil Procedure Code. The other two cases were consolidated into one proceeding and the application was dismissed. A remonstrance against the decision has been filed. The other disputes are still pending. The outcomes of the proceedings are impossible to predict.

ČEZ Distribuce, a. s., brought a lawsuit against ŠKO-ENERGO, s.r.o., based on an action filed in 2016, seeking payment from ŠKO-ENERGO in excess of CZK 113 million plus interest and costs. 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. In the first instance, the ERO rejected ČEZ Distribuce's application. The first-instance decision was revoked by the ERO Council in

January 2020 on the basis of a remonstrance filed by ČEZ Distribuce, as, and the matter was returned before the first instance. The ERO decided again to dismiss the claim of ČEZ Distribuce, a. s., in May 2020. An appeal against the decision was filed, followed by an action under Part V of the Civil Procedure Code which was rejected by the court. ~~ČEZ Distribuce is preparing an appeal. The outcome of the proceedings is impossible to predict.~~ 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 the accessories. ŠKO-ENERGO paid the ordered amount and announced that it would appeal. The outcome of the proceeding is impossible to predict.

ČEZ Distribuce, a. s., brought a lawsuit against Liberty Ostrava a.s. (formerly ArcelorMittal Ostrava a.s.), based on an action filed in 2019, seeking payment of approximately CZK 225 million plus interest and costs. The matter in dispute is unreceived payments for system services for the period from February 2016 to November 2018 that ČEZ Distribuce, a. s., invoiced ArcelorMittal Ostrava a.s. (i.e. the SYS II lawsuit). The case is being heard at first instance and has been stayed. The outcome of the lawsuit depends on the decision in another proceeding, which commenced in January 2016. (i.e. the SYS I lawsuit), which has already been finally terminated in favour of ČEZ Distribuční. However, Liberty Ostrava a.s. has filed an appeal against the decision. In November 2021, in factually the same matter, a lawsuit was filed against Liberty Ostrava a.s. seeking payment of approximately CZK 132 million plus interest and costs. The subject of the newly initiated dispute is payments for system services for the period from December 2018 to June 2021 (i.e. the SYS III lawsuit). The outcomes of the proceeding are impossible to predict.

In insolvency proceedings against Česká energie, a.s., ČEZ Distribuce, a. s., submitted an unsecured claim for approximately CZK 138 million plus interest and costs arising from failure to pay for distribution system services under a contract. The insolvency proceedings commenced in December 2016 and are still pending. The outcome of the proceedings is impossible to predict.

ČEZ Distribuce, a. s., 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 for approximately CZK 115 million plus interest and proceeding costs. The claim arose from failure to pay for distribution system services under a contract. The insolvency proceedings are pending. The outcome of the proceedings is impossible to predict.

In an insolvency proceeding against One Energy & One Mobile a.s., ČEZ Distribuce, a. s., submitted an unsecured claim for approximately CZK 154 million plus interest and costs arising from failure to pay for distribution system services under a contract. The insolvency proceeding commenced in 2018 and is still pending. In October 2020, a resolution was issued approving a partial schedule for the distribution of recovered performance in the amount of approximately CZK 97 million, while the creditor of ČEZ Distribuce, a. s. was satisfied with a proportional amount of over CZK 49 million. This recovered performance was paid to ČEZ Distribuce, a. s. at the end of November 2020. In addition, a resolution approving the final report was published in July 2021, after which the final amount of the recovered performance of almost CZK 12 million was paid to ČEZ Distribuce, a. s. The registered receivable was thus satisfied to the extent of approximately 52%. The insolvency proceedings were terminated in November 2021 by a resolution cancelling the bankruptcy after the fulfilment of the schedule resolution.

### ***ČEZ Prodej, a.s.***

ČEZ Prodej, a.s., brought a lawsuit against the Czech state organization Railway Administration (Správa železnic, státní organizace) ("SZSO"), based on an action filed in 2010, seeking damages in the amount of CZK 805 million plus interest and costs. The matter in dispute is an alleged breach of an electricity supply contract by SZSO, consisting of the failure to take deliveries of an agreed amount of electricity in 2010, and the resulting loss. Following an application for leave to appeal filed by SZSO, the Czech Supreme Court overturned the rulings of the courts of first and second instance and returned the case to the court of first instance. The court of first instance dismissed the action. The court of appeal upheld the ruling of the

court of first instance in May 2019. ČEZ Prodej, a.s., withdrew the action before the judgment of the court of second instance was served. In August 2019, a judgment of the court of appeal was delivered confirming the judgment of the court of first instance and ruling that the withdrawal was ineffective. The judgments of the courts of both instances are final. ČEZ Prodej, a.s., however, filed an appeal and a constitutional complaint, on which the Constitutional Court decided in August 2020 and cancelled the decision of the court of appeal on the ineffectiveness of the withdrawal. In October 2020, the Municipal Court again ruled on the ineffectiveness of the application to withdraw the action. In May 2021, the Czech Supreme Court granted the appeal, dismissed the judgments of both courts of both levels and returned the case to the court of first instance for further proceedings. The hearing in the case is scheduled for March 2022. [In September 2022 the court ruled in favour of CEZ Prodej in the amount of CZK 765 mil. In the amount of CZK 40mil. the case was rejected. Most probably SZSO will file an appeal.](#) SZSO, which had paid the amount claimed, also brought an action against ČEZ Prodej, a.s., seeking recovery of unjust enrichment amounting to the paid sum of CZK 1,116 million plus interest and costs, which the court of first instance admitted. The court of appeal upheld the judgment of the court of first instance. After the decision became final, ČEZ Prodej, a.s. paid the amount claimed and has filed an appeal, which was decided by the Czech Supreme Court by annulling the judgment of the appellate court and returned the case to it for further proceeding. In August 2021, ČEZ Prodej, a.s. filed a lawsuit to reopen the proceedings. The proceedings in this action are currently stayed. The proceedings in this action are stayed. The outcomes of the proceedings are impossible to predict.

ČEZ Prodej, a.s., brought a lawsuit against SZSO based on an action filed in 2013, seeking damages in the amount of CZK 857 million plus interest and costs. The matter in dispute is an alleged breach of an electricity supply contract by SZSO, consisting in failure to take delivery of an agreed amount of electricity in 2011, and the resulting loss. At the hearing of the court of first instance in January 2022, after the decision of the court of first instance was overturned by the appellate court, the action was upheld in full. ~~The decision has not yet been delivered to ČEZ Prodej, a.s., and it is expected that SZSO will file~~ [SZSO filed](#) an appeal. The outcome of the proceedings is impossible to predict.

ČEZ Prodej, a.s., brought a lawsuit against OTE, a.s., seeking substitution of a decision by the ERO and a decision by the Chairwoman of the ERO concerning the payment of an amount in excess of CZK 124 million as the outstanding difference in purchase prices paid to solar electricity producers, which were paid by OTE, a.s., to ČEZ Prodej, a.s., as the mandatory purchaser on the basis of an action brought in 2016. The difference was caused by inconsistency with the data on commissioning of the production plant, which were handed over by the distribution system operator to ČEZ Prodej, a.s., and the data transmitted to OTE, a.s. The court of first instance dismissed the action. The court of appeal upheld the ruling of the court of first instance. ČEZ Prodej, a.s. filed an appeal against the decision of the court of appeal, which was rejected by the Supreme Court of the Czech Republic in August 2021. ČEZ Prodej, a.s. filed a constitutional complaint against the decision of the Supreme Court, ~~which has not yet been decided.~~ [which was rejected.](#) [The decision is final.](#)

ČEZ Prodej, a.s., brought a lawsuit against ACTHERM, spol. s r.o. (a distribution system operator), seeking damages in excess of CZK 185 million plus interest and costs based on an action filed 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, a.s. In May 2021, ČEZ Prodej, a.s. received a resolution to discontinue the proceedings and refer the case to the ERO. ČEZ Prodej appealed against the decision, which was upheld by the court of appeal. Subsequently, the court of first instance upheld the lawsuit brought by ČEZ Prodej, a.s. in its judgment of November 2021. [An appeal has been lodged against the favourable judgment, which has not yet been decided.](#) The outcome of the proceedings is impossible to predict.

ČEZ Prodej, a.s., brought three lawsuits with solar electricity producers based on actions filed in March 2017, seeking recovery of unjust enrichment of nearly CZK 160 million. The unjust enrichment consists of



the collection of higher purchase prices than those reimbursed to ČEZ Prodej, a.s., by OTE, a.s. The court of first instance discontinued the proceedings in all three cases and referred these to the ERO for further proceedings. Additionally, the appellate court also overturned a judgment of the court of first instance dismissing the action in the case of one of the producers. In all cases, the ERO issued a decision according to which the producers are obliged to pay the due amount plus interest and costs. The Board of the ERO rejected the appeals and upheld the first instance decision. In two cases, the producers filed an action under Part V of the Civil Procedure Code. The outcomes of the proceedings are impossible to predict.

OTE, a.s., brought a lawsuit against ČEZ Prodej, a.s., based on an action brought in 2018, seeking payment of approximately CZK 104.4 million plus interest and costs. The legal ground for the amount sought is recovery of the difference between the purchase price and the hourly price paid by OTE, a.s., to ČEZ Prodej, a.s., as a mandatory purchaser from a solar electricity producer in the period from January 1, 2013, to April 30, 2018. The court of first instance issued a ruling discontinuing the action and referring the case to the ERO. The decision of the ERO rejected the proposal of OTE, a.s. An appeal was filed by OTE, a.s., against the negative decision, [which was rejected by the decision of the Council of the Energy Regulatory Office and the decision was confirmed. OTE, a.s., brought an action under Part V of the Code of Civil Procedure.](#) The outcome of the proceedings is impossible to predict.

OTE, a.s., brought two administrative proceedings before the ERO against ČEZ Prodej, a.s., based on petitions filed in July 2019, seeking recovery of unjust enrichment totaling approximately CZK 327 million. The legal ground for the amount claimed is recovery of the difference between the purchase price and the hourly price paid by OTE, a.s., to ČEZ Prodej, a.s., as a mandatory purchaser in the period from January 1, 2013, to May 31, 2018. By the decisions of the ERO, the proposals of OTE, a.s. were rejected. OTE, a.s. filed appeals against the negative decisions, [which were rejected by the rulings of the Energy Regulatory Office Council and the original decisions were confirmed.](#) ~~The outcomes of the proceedings are impossible to predict.~~

In December 2020, three photovoltaic producers initiated three administrative proceedings against ČEZ Prodej, a.s., in which they demand the payment of a total amount of approximately CZK 475 million plus interest and costs. According to the producers, the applied amount represents outstanding support in the form of purchase prices valid for production put into operation in 2010 (respectively the difference between 2010 and 2011) for electricity produced in the period from May 1, 2018, or June 1, 2018, respectively, to November 30, 2020. For the period from May 1, 2018, to February 28, 2019, producers demand only the difference between the purchase prices valid for production put into operation in 2010 and 2011. For the period from March 1, 2019, to November 30, 2020, the purchase prices valid for production put into operation in 2010 are demanded in full. These proceedings are also related to three separate administrative proceedings, in which the same producers are seeking support in the aggregate amount of approximately CZK 69.5 million plus interest and costs. According to the producers, the amount applied within these proceedings represents the aid owed in the form of purchase prices valid for production put into operation in 2011, for electricity produced in the period from May 1, 2018, and June 1, 2018, respectively, to February 28, 2019. In all proceedings, the producer's claim was rejected, and appeals were filed against the rejection decisions. [The proceedings are at various stages, in some of which the Energy Regulatory Office Board has already rejected the appeals and upheld the original decision. In such cases, the producers bring actions under Part V of the Code of Civil Procedure.](#) The outcomes of the proceedings are impossible to predict.

## ***Poland***

In 2009, Agrowind Kończewo sp. z o.o. ("AWK") filed a lawsuit against seven companies jointly and severally, one of which is Eco-Wind Construction S.A. (a member of the CEZ Group), seeking PLN 22.7 million (approximately CZK 122 million) plus interest. AWK claimed that the companies frustrated the installation of wind turbines and transformer substations on land that was allegedly held by AWK. In December 2012, the claim was increased to a total of PLN 112.7 million (approximately CZK 673 million) plus interest. The case was subsequently suspended on the ground of notified bankruptcy of one of the

companies. Another hearing was initiated in January 2019, but only with six parties continuing in the proceedings. In June 2019, the Court of First Instance issued a negative decision, against which AWK appealed. The appeal filed was dismissed by the Court of Appeal in June 2021, thereby upholding the decision of the Court of First Instance. AWK filed a cassation appeal with the Supreme Court against the negative decision. At the same time, the bankruptcy proceedings against Eco-Wind Construction, S.A. were terminated, and the court will now have to decide how to further continue proceedings against the company. The further procedure in the proceedings is likely to depend on the outcome of the cassation appeal proceedings. The outcome of the proceedings is impossible to predict.

In November 2019, CEZ Skawina S.A. (a member of the CEZ Group) filed a lawsuit against the State Treasury – the Minister of Climate and Environment (Skarb Państwa – Minister Klimatu i Środowiska), the subject of which is a request for repayment of an amount of approximately PLN 46.8 million (approximately CZK 252 million), or other compensation, consisting of the compensation for the non-issuance of greenhouse gas emission allowances in total amount of 176,197, which CEZ Skawina S.A. should have received as a result of fulfilling the investment task included in the National Investment Plan. The company's entitlement to the issue of emission allowances free of charge stems from the Polish national law. Due to alleged non-compliance of Polish national law with Directive 2003/87/EC of the European Parliament and the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowances trading within the Community and amendment of the Council Directive 96/61/EC (EU ETS), the Minister for the Environment refused to issue emission allowances with a reference to the relevant opinion of the European Commission. Due to the non-issuance of emission allowances, CEZ Skawina S.A. filed a lawsuit for compensation for the liability of a Member State for breaking the EU law. The proceedings are currently held before a court of first instance. The outcome of the proceedings is impossible to predict.

### **Germany**

CEZ Erneuerbare Energien Beteiligungs II GmbH together with CEZ MH B.V. and with other interested CEZ Group companies assert claims against a group of accused persons (and related companies) against whom criminal proceedings are being held on reasonable suspicion that they committed fraud, forgery of documents and bribery in connection with the sale of wind farms to the institutional and other investors across Europe (the so-called "Holt Holding case"). The total amount applied is EUR 5.68 million (approximately CZK 149 million) excluding interest and costs. In 2020, we managed to recover more than EUR 1 million (over CZK 26 million). In criminal proceedings, all offenders have been apprehended; ~~accused and the two main offenders remain in custody. The main trial against the offenders is currently underway.~~ 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. For some of the defendants, the sentences are not yet final as an appeal is pending. At the same time, bankruptcy proceedings were declared against the offenders' assets in several bankruptcy proceedings, and the CEZ Group companies concerned filed their claims in these proceedings. The outcome of the proceedings is impossible to predict.

In December 2020, GMH Gebäudemanagement Hamburg GmbH (a subsidiary of the Free and Hanseatic City of Hamburg) filed an action against Kofler Energies Ingenieurgesellschaft mbH (a member of CEZ Group). The lawsuit seeks an interim judgment ruling only on the merits, i.e. determining the validity of the defendant's liability for damage caused by the delivery of design work on the construction of the University of Hamburg buildings in 2013-2017 (i.e. before the acquisition of the defendant by the CEZ Group). Although no specific amount has been sued so far, it is clear that the dispute is significant. In the event of the plaintiff's success, and to the extent the subsequently awarded amount is not covered by the defendant's liability insurance, the amount will be claimed by the CEZ Group against the seller, as anticipated by the transaction documentation on the basis of which the defendant became part of the CEZ Group. Kofler Energies Ingenieurgesellschaft mbH made a statement on the lawsuit and it is expected that the reply to that statement will be made by the applicant in September 2022. In the meantime, the applicant

extended the action to other entities involved in the design work on the construction of the University of Hamburg. The outcome of the proceedings is impossible to predict.

CEZ ESCO II GmbH (a member of CEZ Group), as buyer, claims damages against Kofler Energies AG (now KO Energies GmbH) and its two guarantors as sellers in a lawsuit filed in July 2020. The claims are asserted on the basis of the share purchase agreement (SPA) (acquisition of shares in Kofler Energies Ingenieurgesellschaft) in the total amount of approximately EUR 4.48 million (approximately CZK 113.8 million). Following the termination of the SPA in July 2018, certain projects of Kofler Energies Ingenieurgesellschaft turned out to incur losses. However, the buyer was not properly informed of their losses when negotiating the SPA. Along with the application, expert reports were submitted to the court to assess the loss-incurring projects. According to CEZ ESCO II GmbH, the defendants have the necessary means to pay the compensation. The conciliation hearing, including the (first) oral hearing, took place in December 2021. At this hearing, the court, after hearing the factual and legal situation, called on the parties to consider a settlement, given that due to the complexity of the evidence, the trial is expected to last for several years. The legal representative of CEZ ESCO II GmbH stated that the proposed settlement must first be discussed with the decision-making bodies in the CEZ Group. [The court-confirmed settlement was concluded on March 28, 2022. The next date for the oral hearing was set for October 2022. CEZ Group is currently discussing the possibilities of concluding an agreement internally. The outcome of the proceedings is impossible to predict.](#)

### ***Turkey***

Between 2011 and 2015, Sakarya Elektrik Dagitim A.S. (SEDAS) filed appeals against administrative decisions of the Turkish energy market regulatory authority (EPDK) that were the basis for reducing the portion of the companies' operating costs that were automatically recognized in tariffs. In all cases except one case, the claims were rejected. Since SEDAS's operating costs are no longer generated according the EPDK calculation, these disputes are no longer materially significant.

Distribution and sales companies in Turkey are facing lawsuits concerning a refund of the costs of technical and nontechnical losses paid for by the companies' customers. In the case of SEDAS, the total amount of pending lawsuits is immaterial, and courts have been deciding in favour of the company with regard to the legislation passed in 2016 as well as the Constitutional Court's jurisprudence. Since the compliance of the new legislation with the Constitution was approved by the Constitutional Court, the existing disputes were decided in favour of SEDAS.

In March and May 2016, SEDAS brought three administrative actions against EPDK's decisions regulating the limits of SEDAS's revenue from electricity distribution in the regulatory period of 2016- 2020, including the method of calculation and application. In all cases except one case, the SEDAS's claims were rejected. Since SEDAS's operating costs are no longer generated according the EPDK calculation, these disputes are no longer materially significant.

### ***Italy***

In an action brought in May 2020 against Belectric Italia S.r.l. (CEZ Group member), Energyka Elettrosystem S.r.l. claims for remuneration from the investment opportunity mediation agreement concluded between Energyka Elettrosystem S.r.l. and Belectric Italia S.r.l. from 2016, amounting to approximately EUR 11.1 million (approximately CZK 270 million). The subject of this contract was the commitment to mediate investment opportunities by Energyka Elettrosystem S.r.l. in the field of photovoltaic projects in Italy. Belectric Italia S.r.l. was acquired by CEZ ESCO II GmbH (a member of the CEZ Group) in December 2021. The seller is liable to CEZ ESCO II GmbH for full compensation for the above dispute. The outcome of the proceedings is impossible to predict.

### ***Other Proceedings***



## **Czech Republic**

As part of an investigation into possible criminal activity related to obtaining a license to operate the Vranovská Ves PV power plant, the police authorities have issued a resolution to secure a replacement value of the likely proceeds of this criminal activity pursuant to the Code of Criminal Procedure, specifically:

- (a) Securing of receivables of ČEZ Obnovitelné zdroje, s.r.o., against OTE, a.s., in the form of support paid for the green bonus, totaling over CZK 1.063 million as at December 31, 2021; the amount in question will be deposited in a bank account with the Czech National Bank for the duration of the security, and ČEZ Obnovitelné zdroje, s.r.o., cannot dispose of these funds.
- (b) Securing of funds in a ČEZ bank account, amounting to approximately CZK 223 million as of December 31, 2021; ČEZ cannot dispose of these funds for the duration of the security.

In both cases, these are interlocutory security measures taken by law enforcement authorities in a case where the accused are not employees of CEZ Group companies. An acquittal in the criminal proceedings was issued in September 2020. On the appeal filed by the public prosecutor, the Court of Appeal ruled in May 2021 that the acquittal was set aside, and the case was returned to the Court of First Instance for a new hearing and decision. In November 2021, the acquittal in the criminal proceedings was issued by the Court of First Instance again, and the public prosecutor kept a deadline for filing an appeal after receiving the written copy of the judgment. ~~Although ČEZ Obnovitelné zdroje, s.r.o., has requested the release of the seized funds, the securing of funds continues. The outcome of the proceedings is impossible to predict. The acquittal was delivered for the second time at the end of 2021, becoming final on March 23, 2022, following which, on March 31, 2022, the competent court issued orders annulling the aforementioned seizure of funds, which became final on April 15, 2022. The funds were returned to the account of ČEZ Obnovitelné zdroje on June 7, 2022. The order for unblocking the secured funds in bank account of CEZ, a.s. was issued in June 2022 and the accounts were unblocked in August 2022.~~

## **Bulgaria**

In July 2016, ČEZ formally filed a Request for Arbitration with the International Centre 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 claim amounts to hundreds of millions of EUR. The first matter addressed is an objection to jurisdiction, that is, the competence of the arbitral tribunal to decide the dispute. Following an exchange of written pleadings, a hearing on jurisdiction was held on June 8–9, 2020. The arbitration tribunal subsequently issued an award on jurisdiction on March 2, 2021, in which it rejected the jurisdictional objection of the Republic of Bulgaria. The arbitration proceedings thus moved to the next phase, in which the merits of the dispute will also be examined on the basis of the arguments and documents submitted by both parties. The place of arbitration is Washington, D.C., USA, in accordance with the rules of the ICSID. On July 3, 2021, ČEZ filed its first Memorial on Merits in the arbitration, containing a factual description of the facts of the case, a detailed legal argumentation, and a quantification of the claim. ~~According to the current arbitration schedule, the Republic of Bulgaria should submit the counterparty's statement to the CEZ (Counter-Memorial) till February 27, 2022. The opposing party's response to ČEZ's submission (Counter-Memorial) was filed on February 1, 2022. ČEZ submitted a written Reply to Bulgarian's Counter-Memorial in September and we will be awaiting their Rejoinder, which will be the last meritory written submission of the Parties according to the procedural calendar.~~ The outcome of the proceedings is impossible to predict."

## Schedule 3

### Amendments to Taxation

The section entitled "*Taxation in the Czech Republic*" on pages 246 to 250 of the Base Prospectus shall be read with the following blacklined changes:

#### "Taxation in the Czech Republic

The Notes described in the Base Prospectus are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any natural person who is a tax resident in the Czech Republic (as determined in accordance with applicable tax law). Any natural person who is tax resident in the Czech Republic (as determined in accordance with applicable tax law) should not act or rely on this document or any of its contents.

The information set out below is a summarized description of certain material Czech tax consequences of the purchase, holding and disposition of Notes and it does not purport to be a complete analysis of all Czech tax considerations relating to the Notes that may be relevant to a decision to purchase the Notes. This summary does not take into account or discuss the tax laws of any country other than the Czech Republic nor does it take into account specific double taxation treaties nor the individual circumstances, financial situation or investment objectives of any investor in the Notes.

This summary is based on the tax laws of the Czech Republic as in effect on the date of this Base Prospectus and their prevailing interpretations available on or before such date. All of the foregoing is subject to change, which could apply retroactively and could affect the continued validity of this summary.

As this is a general summary, holders of the Notes should consult their own tax advisors as to the consequences under the tax laws of the country in which they are resident for tax purposes and the tax laws of the Czech Republic concerning the purchase, holding and disposition of the Notes and receiving payments of interest, principal and/or other payments under the Notes, including, in particular, the application to their own situation of the tax considerations discussed below as well as the application of state, local, foreign or other tax laws.

This description of material Czech tax consequences consists of ~~three~~two sections:

- Part A describes tax considerations for Notes issued by ČEZ.
- ~~— Part B describes tax considerations for Notes issued by CEZ Finance with ČEZ providing the Guarantee to the holders of the Notes.~~
- Part ~~C~~B describes other tax considerations ~~common to both Part A and Part B~~.

#### **Part A: Tax Regime for Notes issued by ČEZ**

##### *Treatment of the Notes as bonds*

While the matter is not entirely free from doubt, we believe that the Notes should be considered as bonds for the purposes of application of Czech tax laws because they meet the qualification criteria of a bond under Section 2(1) of Act No. 191/2004 Coll., on Bonds, as amended, save for the fact that they are not issued under Czech law. However, there is no guarantee that Czech tax authorities will agree with this position.

The remainder of this discussion assumes that the Notes will be treated as bonds for the purposes of Czech tax laws.

## ***Non-Czech Holders, Holding and Sale***

### *General*

A Non-Czech Holder will not become or be deemed to become a tax resident in the Czech Republic solely by reason of holding of the Notes or the execution, performance, delivery and/or enforcement of the Notes.

### *Interest*

Interest income on the Notes held by an individual or a taxpayer other than an individual who is not for tax purposes treated as a resident of the Czech Republic, a "Non-Czech Holder", will be exempt from taxation in the Czech Republic, under the conditions that:

- (i) the Non-Czech Holder does not have a direct or indirect control over 25% or more of the Issuer's capital and/or voting rights; and
- (ii) the Issuer does not have a direct or indirect control over 25% or more of the Non-Czech Holder's capital and/or voting rights; and
- (iii) the Non-Czech Holder and the Issuer did not enter into the legal relation predominantly for the purpose of reducing a tax base or increasing a tax loss.

### *Conditions for withholding tax exemption*

The Issuer is entitled to grant an exemption from interest withholding tax (to grant the tax relief at source) only in such cases in which it duly identifies the beneficial owner of the income at the time of the interest income payment (the "Payment"). If a holder fails to file the identifying documentation necessary for granting the withholding tax exemption prior to the pay-out, the Issuer is obliged to apply the least convenient treatment available, resulting in a 35% withholding tax on interest (coupon) payments.

Withholding tax can be avoided by tax relief at source or later refunded via refund procedures, as described in Part B of this section.

### *Sale*

Income realised by a Non-Czech Holder not holding the Notes through a permanent establishment in the Czech Republic, from the sale of the Notes to another Non-Czech Holder, not purchasing the Notes through a permanent establishment in the Czech Republic, will not be subject to taxation in the Czech Republic.

Income realised by a Non-Czech Holder, whether holding the Notes through a permanent establishment in the Czech Republic or not, from the sale of the Notes to (i) a Czech Holder or to (ii) a Non-Czech Holder acquiring the Notes through a permanent establishment in the Czech Republic, will be subject to taxation in the Czech Republic, unless such income is exempt from tax (as described further below) or the selling Non-Czech Holder is resident for tax purposes in a country within the meaning of a double taxation treaty between that country and the Czech Republic, pursuant to the terms of which the right to tax that income is conferred exclusively to the former country and the Non-Czech Holder is entitled to enjoy the benefits of that double taxation treaty.

Income realised by Non-Czech Holders holding the Notes in connection with the business activities through a permanent establishment in the Czech Republic from the sale of the Notes will be subject to taxation in the Czech Republic regardless of the status of the buyer.

If income realised by a Non-Czech Holder from the sale of the Notes is subject to taxation in the Czech Republic (as discussed in the foregoing paragraphs), a Czech Holder or a permanent establishment in the

Czech Republic of a Non-Czech Holder paying that income will be obliged to withhold an amount of 1 % on a gross basis representing the securing tax, unless the Non-Czech Holder selling the Notes is a tax resident in an EU/EEA-member state or the obligation to withhold is waived based on a tax authority's decision. The recipient is, irrespective whether or not being a tax resident in an EU/EEA-member state and whether the obligation to withhold is waived based on a tax authority's decision, obliged to file a tax return and therein declare the income (and claim expenses, in particular the purchase price of the Notes). The tax securing will be credited against the final tax liability of the Non-Czech Holder selling the Notes with any overpayment being refunded subject to standard rules.

Income realised by a Non-Czech Holder from the sale of the Notes to (i) a Czech Holder or to (ii) a Non-Czech Holder acquiring the Notes through a permanent establishment in the Czech Republic, will be exempt from taxation in the Czech Republic, if the selling Non-Czech Holder is an individual who has held the Notes for more than three years prior to their sale or his/her (gross) worldwide income from the sale of securities (including the Notes) in a given calendar year does not exceed the amount of CZK 100,000, provided, in each case, that the Notes have not been held in connection with the business activities of the Non-Czech Holder, or if so, the Notes are sold more than three years following the termination of such business activities.

Taxable gain realised by a Non-Czech Holder from the sale of the Notes is generally subject to Czech corporate income tax of 19 % or progressive personal income tax of 15/23 %, while the threshold for the higher bracket amounts to 48 times the average wage, i.e. CZK 1,867,728 in 2022, and is tested against the sum of this and most other types of income.

The above rules apply equivalently if the Notes are sold to the Issuer.

Permanent establishments of Non-Czech Holders who are subject to Czech accounting standards for entrepreneurs or to Czech accounting standards for financial institutions may be required to re-measure the Notes to fair value for accounting purposes, whereby the unrealised gains and losses would be accounted for as revenue or expense, respectively. Such revenue is generally taxable and the corresponding expense is generally tax deductible for Czech tax purposes.

### ***Czech Holders, Holding and Sale***

#### *Interest*

Interest income on the Notes (with the exception of Discount as described below) paid to an individual Czech Holder is generally subject to a withholding tax at 15%. [However, the Notes are not to be offered, sold, distributed or otherwise made available to any natural person who is a tax resident in the Czech Republic \(as determined in accordance with applicable tax law\), as described in the "Subscription and Sale" and "Transfer Restrictions" sections.](#)

Interest income on the Notes paid to a Czech Holder other than an individual, is not subject to withholding tax. Such holder of the Notes would include the interest income (on an accrual basis) in its general tax base (subject to corporate income tax at a rate of 19 %).

Selected categories of taxpayers (for example, charitable foundations or the Guarantee Fund of Securities Traders) are exempt from tax on interest income, subject to certain conditions.

#### *Sale*

Any gains upon the sale of the Notes will generally be taxable, unless exempt from tax, at the standard tax rates (as stated below) and, in the case of Czech Holders who keep accounting books and hold the Notes as part of their business property (in principle, all legal entities and certain individuals), any losses will generally be tax deductible. By contrast, a loss realised by a Czech Holder who is an individual other than

that mentioned in the preceding sentence is generally non-deductible, except where such loss is compensated by taxable gains on sales of other securities realised in the same calendar year and the income from the sale of the Notes is not exempt from tax.

~~In the case of Czech Holders who are individuals, any gain derived from the sale of the Notes is exempt from Czech personal income tax if the individual has held the Notes for more than three years prior to their sale or if his/her (gross) worldwide income from the sale of securities (including the Notes) in a given calendar year does not exceed the amount of CZK 100,000, provided, in each case, that the Notes have not been held in connection with the business activities of the Czech Holder or if so, the Notes are sold more than three years following the termination of such business activities.~~

Taxable gain realised by a Czech Holder from the sale of the Notes is generally subject to Czech corporate income tax of 19 % ~~or progressive personal income tax of 15/23 %, while the threshold for the higher bracket amounts to 48 times the average wage, i.e. CZK 1,867,728 in 2022, and is tested against the sum of this and most other types of income. In the specific case of a Czech Holder who is an individual and holds the Notes as part of his/her business property, the respective income is also subject to social security and health insurance levies.~~ Czech Holders are generally obliged to declare such income in their annual tax returns on a self-assessment basis.

The above rules apply equivalently if the Notes are sold to the Issuer.

Czech Holders who are subject to Czech accounting standards for entrepreneurs or to Czech accounting standards for financial institutions and hold the Notes for the purposes of trading may be, under certain conditions, required to re-measure the Notes to fair value for accounting purposes, whereby the unrealised gains or losses would be accounted for as revenues or expenses, respectively. Such revenues are generally taxable and the corresponding expenses are generally tax deductible for Czech tax purposes.

### *Discount*

In this section, "discount" refers to the excess of the amount payable by the Issuer to the holders of the Notes upon the maturity of the Notes (or upon their early redemption) over the acquisition value of the Notes in the hands of the holder. This would include, but not be limited to, an issue of the Notes at less than their nominal value.

Czech and Non-Czech Holders who keep accounting books may be required to recognize the discount on accrual basis.

### *Non-Czech Holders*

If the Notes were acquired with a discount, income realised by a Non-Czech Holder upon the Note's maturity will be subject to taxation in the Czech Republic, unless the Non-Czech Holder is resident for tax purposes in a country within the meaning of a double taxation treaty between that country and the Czech Republic, pursuant to the terms of which the right to tax that income is conferred exclusively to the former country and the Non-Czech Holder is entitled to enjoy the benefits of that double taxation treaty.

If such income realised by a Non-Czech Holder upon the Note's maturity (or upon its early redemption) is subject to taxation in the Czech Republic (as discussed in the foregoing paragraph), the Issuer will be obliged to withhold an amount of 1 % on a gross basis of the whole amount paid by the Issuer (not only the discount, but also including the principal) representing the securing tax, unless the Non-Czech Holder is a tax resident in an EU/EEA-member state or the obligation to withhold is waived based on a tax authority's decision. Such income recipient is, irrespective whether or not being a tax resident in an EU/EEA-member state and whether the obligation to withhold is waived based on a tax authority's decision, obliged to file a tax return and therein declare the income (and claim expenses, in particular the purchase

price of the Notes). The tax securing will be credited against the final tax liability of the Non-Czech Holder with any overpayment being refunded subject to standard rules.

Taxable discount realised by a Non-Czech Holder upon the Note's maturity (or upon its early redemption) is generally subject to Czech corporate income tax of 19 % or progressive personal income tax of 15/23 %, while the threshold for the higher bracket amounts to 48 times the average wage, i.e. CZK 1,867,728 in 2022, and is tested against the sum of this and most other types of income.

#### Conditions for tax securement exemption

The Issuer is entitled to grant an exemption from a discount tax securement (to grant tax relief at source) only in such cases in which it duly identifies the beneficial owner of the income at the time of the Payment. If a holder fails to file the identifying documentation necessary for granting the withholding tax exemption prior to the pay-out, the Issuer is obliged to apply the least convenient treatment available, resulting in a 1% tax securement on the full amount paid by the Issuer.

Tax securement can be avoided by tax relief at source or later refunded via refund procedures, or reclaimed from the Czech tax authority directly, as described in Part B of this section.

#### *Czech Holders*

The discount realised by a Czech Holder upon the Note's maturity (or upon its early redemption) is generally subject to Czech corporate income tax of 19 % ~~or progressive personal income tax of 15/23 %, while the threshold for the higher bracket amounts to 48 times the average wage, i.e. CZK 1,867,728 in 2022, and is tested against the sum of this and most other types of income.~~

#### ~~***Part B: Czech Tax Considerations for Notes issued by CEZ Finance with ČEZ providing the Guarantee***~~

~~This section describes Czech taxation considerations in case CEZ/ČEZ would be required to fulfil its obligations towards the holders of the Notes under the Guarantee ("Guarantee Payments").~~

~~There are relevant arguments that could be presented to defend the position that Guarantee Payments do not constitute payments of income in principle, and as such are not subject to any Czech taxation.~~

~~However, Guarantee Payments are not explicitly assigned a tax regime under Czech tax laws. As a result, the regime would have to be established by interpretation of the law, in line with the law's more general principles. Such interpretation would be connected to a risk that it would not be accepted by the tax authority.~~

~~Notably, there is a risk that the nature of the Guarantee Payments would cause them to be considered as payments of the same income, as if the Notes were issued by ČEZ and therefore generally subject to Czech taxation, including withholding taxation as described above. As a result, Guarantee Payments in respect of the underlying (defaulted) payments of interest and repayments of the Notes on their maturity (discount) could be subject to the same Czech tax regime as described in Part B (Interest and Discount sections) of this section.~~

#### ~~***Part C-B: Other Tax-related Issues common to Part A and Part B***~~

#### Identification obligation for tax relief at source

The tax relief at source and refund procedures for the Czech Republic implemented by Euroclear and Clearstream, Luxembourg, designed to facilitate collection of the identifying documentation, are available at the website of the International Capital Market Services Association ([www.icmsa.org](http://www.icmsa.org)), as amended or replaced from time to time. The holders of the Notes must seek their own professional advice to satisfy



themselves that they comply with all the applicable procedures and any requirements thereunder (whether documentary or otherwise) to ensure tax treatment of their Notes that duly reflects their particular circumstances for the purposes of applying any withholding tax, tax security and tax Relief (as the case may be). Accordingly, they should consult the latest announcements in relation to identifying documentation procedures on the websites of Euroclear and Clearstream, Luxembourg (www.euroclear.com and www.clearstream.com) and on the website of the International Capital Market Services Association (www.icmsa.org). None of the Issuer, the Arranger, the Dealers, the Paying Agents or the ICSDs (or any other clearing system) assumes any responsibility therefor.

As per the current identifying documentation procedures a holder of the Notes (both the Czech Holder and Non-Czech Holder) would be, prior to the Payment date, notified about the upcoming Payment and asked to file the necessary identifying documentation to grant a withholding tax exemption. The required information includes (i) a declaration of the beneficial owner of the income paid on the Notes, signed by an executive or a duly authorised representative and (ii) a tax residency certificate (in English or Czech, or translated into one of these languages) of the beneficial owner. Both documents are deemed valid for one calendar year after their issuance.

Holders of the Notes should maintain a recent tax residency certificate (not older than one calendar year) at all times, as this is typically required on short notice before the Payment date.

The Issuer is not permitted to grant a tax exemption (tax relief at source) without this identifying documentation.

### **Tax refund procedures**

If the tax is withheld at the time of the Payment because no identifying documentation was presented by the holder of the Notes, the following procedures are available to secure a tax refund:

#### **Quick refund procedure**

The quick refund procedure is available when the identifying documentation is delivered by the holder of the Notes after the deadline for the tax relief at source – although still before the expiry of the period for transferring the withheld amounts to the Czech tax authorities. For 2022 and 2023, the quick refund procedure is available if the identifying documentation is delivered no later than on the fifteenth day of the month following the month in which the relevant Payment date occurred.

In these cases, the refund can still be processed via a Paying Agent.

#### **Standard refund procedure**

The standard refund procedure entails a procedure whereby refunds of the withholding tax are reclaimed through the Issuer from the Czech tax authorities after the income has been paid out net, as a result of neither relief at the source nor a quick refund procedure being used.

The procedure is available within three years after the end of the calendar year in which the Payment date occurred.

However, a risk exists that, despite providing all the relevant information, no refund will be secured by the holder of the Notes, as any such refund under the standard refund procedure is conditional on the ability of the Issuer to initially successfully recover the withheld amounts from the Czech tax authorities.

Any standard refund procedure is subject to a fee of EUR 1,000 covering the Issuer's costs incurred in administering the relevant procedure.

No refund procedure is available in cases where a tax securement payment was made; in such cases, the holder of the Notes should approach the Czech tax authorities directly.

### ***Reporting Obligation***

A holder of the Notes (Czech and Non-Czech) who is an individual is obliged to report to the Czech tax authority any income earned in connection with the Notes (including interest income or income from sale) if such income is exempt from taxation in the Czech Republic and exceeds, in each individual case, CZK 5 million (the "*Reporting Obligation*"). Non-compliance with the Reporting Obligation may be penalized by a sanction of up to 15% of the gross amount of the tax exempt income.

The Issuer may be obliged to report to the Czech tax authority an income paid to Non-Czech Holders in connection with Notes (including interest income) even if such income is exempted from taxation in the Czech Republic or is not taxable in the Czech Republic by virtue of a double taxation treaty.

### ***Value Added Tax***

There is no Czech value added tax payable in respect of payments in consideration for the issue of the Notes, or in respect of the payment of interest or principal under the Notes, or in respect of the transfer of the Notes.

### ***Other Taxes or Duties***

No registration tax, capital tax, customs duty, transfer tax, stamp duty or any other similar tax or duty is payable in the Czech Republic by a Non-Czech Holder or a Czech Holder in respect of or in connection with the purchase, holding or disposition of the Notes, save for disposition in certain cases upon donation or inheritance."