

## FIRST SUPPLEMENT DATED November 12, 2019

ČEZ, a. s.

(Incorporated with limited liability in the Czech Republic)

€8,000,000,000

### Euro Medium Term Note Programme

This first Supplement (this **Supplement**) to the Base Prospectus dated April 23, 2019 (the **Base Prospectus**), which comprises a base prospectus, constitutes a prospectus supplement for the purposes of article 13 of Chapter 1 of Part II of the Luxembourg Act dated July 10, 2005 on prospectuses for securities, as amended (the **Prospectus Act**), and is prepared in connection with the €8,000,000,000 Euro Medium Term Note Programme established by ČEZ, a. s. (the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

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

The Issuer, having made all reasonable enquiries, confirms that the Base Prospectus (as supplemented by this Supplement) contains all information regarding the Issuer, the Issuer and its subsidiaries taken as a whole, 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 the Issuer 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; that the Base Prospectus (as supplemented by this Supplement) does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements in the Base Prospectus (as supplemented by this Supplement), in the light of the circumstances under which they were made, not misleading; and that all proper enquiries have been made to ascertain and to verify the foregoing.

Without prejudice to the foregoing, the Issuer accepts responsibility for the information contained in this Supplement. The information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the importance of such information.

### Documents Incorporated by Reference

On November 12, 2019, the Issuer published in two separate documents its consolidated unaudited interim financial statements and its non-consolidated interim unaudited financial statements, in each case as at and for the nine month period ended September 30, 2019 (together the **Interim Financial Statements**). The following extracts from the Interim Financial Statements are incorporated by reference each as a separate document:

<u>Consolidated Interim Financial Statements</u>	Page	<u>Non-Consolidated Interim Financial Statements</u>	Page
Balance Sheet	2-3	Balance Sheet	2-3
Statement of Income	4	Statement of Income	4

Statement of Comprehensive Income	5	Statement of Comprehensive Income	5
Statement of Changes in Equity	6-7	Statement of Changes in Equity	6
Statement of Cash Flows	8-9	Statement of Cash Flows	7-8
Notes to the Consolidated Financial Statements	10-23		

Copies of the Interim Financial Statements of the Issuer have been filed with the *Commission de Surveillance du Secteur Financier* and, by virtue of this Supplement, the above referenced extracts of the Interim Financial Statements are incorporated in, and form part of, the Base Prospectus. The information contained in the Interim Financial Statements that is not included in the above cross-reference list is considered as additional information to be disclosed to investors rather than information required by the relevant schedules of Commission Regulation (EC) No. 809/2004, as amended. Copies of all documents incorporated by reference in the Base Prospectus and this Supplement can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg. Copies of this Supplement, the Base Prospectus and all documents incorporated by reference are also available on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu).

Please see the Schedule to this Supplement for the alternative performance measures contained in the Interim Financial Statements.

The paragraph “*Significant Change or Material Adverse Change*” on page 238 of the Base Prospectus shall be deleted and replaced with the following paragraph:

“There has been no significant change in the financial or trading position of the Issuer or the Issuer and its subsidiaries since September 30, 2019 and there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries since December 31, 2018.

As of the date of this Supplement, there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of its solvency.”

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

The following text shall be added at the end of the “*History and Development of the CEZ Group*” section on page 126 of the Base Prospectus:

“In May 2019, due to the update of the CEZ Group’s strategy, ČEZ updated its dividend policy and increased its dividend pay-out ratio to 80%–100% of consolidated net income adjusted for extraordinary effects.

In May 2019, ČEZ continued its investment in ESCO companies by acquiring, through Elevion GmbH, a 100% stake in HERMOS, a group of German ESCO companies specializing in automation and IT solutions for industry, energy, environment, buildings and healthcare and delivering a wide array of solutions in the ESCO sector, and by purchasing a 51% stake in e-Dome, a provider of energy services and energy management.

On June 20, 2019, ČEZ and CEZ Bulgarian Investments B.V. signed a share purchase agreement with EuroHold Bulgaria AD for the sale of the CEZ Group’s assets in Bulgaria for EUR 335 million. The intended sale concerned seven companies, namely CEZ Bulgaria

AD, CEZ Elektro Bulgaria AD (a retail electricity supplier), CEZ Razpredelenie Bulgaria AD (an electricity distribution company), CEZ Trade Bulgaria EAD (a wholesale trader), CEZ ICT Bulgaria EAD, Free Energy Project Oreshets EAD (a photovoltaic power plant), and Bara Group EOOD (a former operator of a biomass combined heat and power plant). The sale of the CEZ Group's assets in Bulgaria to EuroHold Bulgaria AD was not approved by the Bulgarian Commission for Protection of Competition on October 24, 2019. The CEZ Group has filed an administrative action against this decision and is considering further legal steps to allow it to proceed with the sale and to protect interests of the CEZ Group. Please see "*Description of the Issuer—Legal Proceedings—Bulgaria*".

In June 2019, INVEN CAPITAL acquired a share in Neuron Soundware, a Czech company delivering smart solutions for machinery diagnostics based on acoustic analysis of machine operation.

In June 2019, our General Meeting approved the updated business policy of the CEZ Group and ČEZ. Please see "*History and Development of the CEZ Group—Our Strategy*".

In July 2019, we signed an agreement to provide a convertible loan of up to EUR 2 mil. to European Metals Holdings, the owner of a 100% share in Geomet, a company having an exclusive license for mining prospecting at Cínovec, Czechia.

In September 2019, CEZ officially launched the process of divestment of its Romanian assets comprising seven Romanian companies, namely Distribuție Energie Oltenia S.A., CEZ Vanzare S.A., CEZ Romania S.A., Tomis Team S.A., MW Team Invest S.R.L., Ovidiu Development S.R.L. and TMK Hydroenergy Power S.R.L.

In August 2019, the CEZ Group acquired a 76% shareholding in EUROKLIMAT, with an option to purchase up to a 100% shareholding. EUROKLIMAT is a general supplier of HVAC, sewage and other technological installations and a leader on Polish HVAC market."

## **Risk Factors**

The second paragraph in the risk factor "*The costs and risks associated with increasing our nuclear generation capacity could have a material adverse effect on our business, results of operations and financial condition.*" on page 8 of the Base Prospectus shall be deleted and replaced by the following:

"As of October 1, 2016, our projects for 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. In December 2017, the Standing Committee for Nuclear Energy established by the Czech Government (ČEZ's controlling shareholder) 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 (see also "*Risk Factors - Future privatization or split of ČEZ may result in a credit downgrade or may affect our ability to repay debt, which could have a material adverse effect on our business, results of operations and financial condition*"). Support mechanisms, including potential state guarantees, needed for each of these options are part of the ongoing analysis, in which ČEZ is participating. In the first half of 2019, the Standing Committee for Nuclear Energy arrived at the conclusion that the most adequate construction investment model would be using a specifically established ČEZ subsidiary. At the

same time, it was concluded that a series of agreements with the Czech Government in various phases of the new project development covering regulatory and market risks would be necessary. In addition, a team was established to coordinate dealings with the E.U. Commission, in particular the provision of state aid by the Czech Government in compliance with the EU state aid rules.”

The fifth paragraph in the risk factor “*The outcome of the United Kingdom’s referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets, and, thus, on our results of operations and financial condition.*” on page 23 of the Base Prospectus shall be deleted and replaced by the following:

“On May 7, 2019, the U.K. Government conceded to hold European Parliament elections in order to further negotiate with the E.U. on the possible revisions of the Withdrawal Agreement. On October 17, 2019, the E.U. Commission recommended the European Council to endorse, and the European Parliament to approve, a revised Withdrawal Agreement reached at negotiator level with the U.K. Government. In addition to reaching the agreement, on October 29, 2019, the E.U. Council agreed to give the U.K. a further three-month extension to allow for the ratification of the revised Withdrawal Agreement by the United Kingdom and the E.U. by January 31, 2020.”

The first, second, third and fourth paragraph in the risk factor “*The new transparency regime in the Czech Republic may decrease our competitiveness.*” on page 25 of the Base Prospectus shall be deleted and replaced by the following:

“Under the Czech Registry of Contracts Act, certain business contracts with a consideration above CZK 50,000 entered into by a legal entity in which the Czech Republic or another Czech public entity holds a majority ownership interest must be disclosed in a publicly accessible electronic registry, unless one of the exemptions provided for in the Czech Registry of Contracts Act applies. Otherwise, the respective business contract would be, after a certain period of time, automatically terminated by operation of Czech law. As of November 1, 2019, the Czech Registry of Contracts Act applies also to publicly traded companies in which the Czech Republic holds a majority ownership interest, including ČEZ.

There is a significant risk that know-how and other sensitive business-related information of ČEZ and its counterparties may be required to be disclosed in the Czech Registry of Contracts. Further, there could be disputes as to whether or not certain contracts and/or information is exempted from disclosure under the Czech Registry of Contracts Act and, as a result of such disputes, ČEZ could be forced to disclose in the Czech Registry of Contracts information which ČEZ considers to be a trade secret.

There is a significant risk that ČEZ, unlike its competitors, will be subject to a stringent transparency regime and, thus, put into a competitive disadvantage which could have a material adverse effect on our business, results of operations and financial condition.”

## **Our Strategy**

The section “*Our Strategy*” commencing on page 129 of the Base Prospectus shall be deleted and replaced by the following:

### **“Our Strategy**

The energy market continues its transition and we observe certain key trends, which can be split between three main drivers, namely the stagnation of conventional energy sources, growth of renewable and decentralized energy and new identified needs of end customers.

Firstly, the conventional energy sources stagnate, however their importance within economy remains. We observe stricter ecology legislation with respect to the operation of coal power plants and coal mines along with increasing demands for the safety of nuclear power plants.

Secondly, renewables and decentralized energy are driven by the decision-making of the E.U., which further fosters the growth opportunities. With increased technological advancements, investments into renewable sources became profitable even while operating under market conditions.

Lastly, as a result of increased focus on corporate social responsibility, the end customers shift their focus towards more complex service offerings, which in turn drive the demand for energy efficiency. The updated strategic priorities outlined by the CEZ Group appropriately address the transition of the energy market.

In the recent past, we have further observed the following market changes in the Czech Republic and in the energy market in general:

- E.U. Commission approved new 2030 targets;
- Following the E.U. Commission's targets, the Czech Government prepared a climate and energy plan with a significant increase in the share of generation from renewables (RES) from 13.6 % to 20.8 % and it is updating State energy plan;
- The Czech Government restarted discussion about a new nuclear power plant;
- In parallel, the Czech Republic prepared the National action plan for Smart Grids and e-mobility, and plans for digitalization of the country have accelerated; and
- Technological development, implementation of auctions, increased competition and inflow of cheap capital in RES created pressure on margins and investment returns.

These market changes are reflected in our updated strategy from June 2019, which is based on four fundamental strategic priorities:

- I. Efficient operation, optimal utilization and development of generation portfolio;
- II. Modern distribution and a care for customers' energy needs;
- III. Development of new energy in the Czech Republic; and
- IV. Development of energy services in Europe.

#### **I. Efficient operation, optimal utilization and development of generation portfolio**

- Maximizing of value from mining and conventional generation
- Ensuring long-term operation of nuclear power plants (Temelin and Dukovany)
- Preparation of conditions for realizing a new nuclear power plant as part of strengthening energy security and decarbonization of generation portfolio in the Czech Republic

#### **II. Modern distribution and a care for customers' energy needs**

- Modernization and digitalization of distribution (ČEZ Distribuce) and sales (ČEZ Prodej) in the Czech Republic
- Increasing operating results by means of improving efficiency while at the same time reducing operating expenses in ČEZ Distribuce
- Preserving current profitability by maintaining the current customer base along with increasing customer satisfaction and expanding offerings into non-commodity products and services in ČEZ Prodej

#### **III. Development of new energy in the Czech Republic**

- Development of energy services (ESCO) and RES in the Czech Republic in fulfilling the Czech climate and energy plan
- Acquiring significant market position in both the Czech Republic and Slovakia in ESCO

- Playing a major role in the growth of RES in the Czech Republic

#### **IV. Development of energy services in Europe**

- Developing new activities and achieving significant position in markets close to the Czech Republic, primarily Germany, northern Italy and Poland in international ESCO segment
- Achievement of such growth by means of organic expansion and new acquisitions
- Maximizing synergies from the consolidation of activities in the target markets

Beyond these four strategic priorities, there are two additional ambitions:

1. Realize efficient exit strategies from markets and energy segments, which are risky or do not have attractive prospects; and
2. Finalization of RES development abroad and securing return of invested funds.

The CEZ Group actively responds to changes on the energy market, which are reflected in our updated strategy, however our mission (To provide safe, reliable and positive energy to its customers and society as a whole) and vision (Bring innovations for resolving energy needs and help improve quality of life) remain intact.”

### **Electricity Generation**

The third and fourth paragraph in the “*New Nuclear Sources*” section on page 143 of the Base Prospectus shall be deleted and replaced by the following:

“During the first half of 2018, two documents - Procedure for the Preparation and Construction of New Nuclear Power Plant Units at Dukovany and Temelín and Analysis of Selected Investment Models for the Construction of New Nuclear Power Plant Units and the Manner of Their Financing – were prepared by working groups established under the Standing Committee for Nuclear Energy. These documents were debated at a meeting of the Standing Committee for Nuclear Energy in May 2018. Subsequently, in the governmental meeting in June 2018, there were defined additional tasks with the due date at the end of 2018. In the first half of 2019, the Standing Committee for Nuclear Energy arrived at the conclusion that the most adequate construction investment model would be using a specifically established ČEZ subsidiary. At its July 8, 2019 meeting, the Czech Government also debated a document that should provide for the conditions for further progress in preparations and for arranging a meeting in Brussels on the necessary commercial arrangements to confirm permitted state aid conforming to E.U. state aid rules.

As regards the Dukovany new nuclear power plant units, public hearings concerning the environmental impact assessment (EIA) took place in Budapest, Hungary, and public discussions were held in Vienna, Austria, and Munich, Germany. In the Czech Republic, a public hearing concerning the Dukovany new nuclear power plant unit’s EIA took place in Třebíč in June 2018. On August 30, 2019, the Ministry of the Environment of the Czech Republic issued a binding EIA opinion approving the plan to build a new nuclear power plant with an output of up to 2,400 MWe at the Dukovany site. Documentation for the application for a nuclear siting permit according to the Czech Nuclear Act 2016 is under preparation. Further preparatory works are being carried out in line with an approved schedule and budget.”

The following text shall be added at the end of the second paragraph of the “*Coal Mining*” section on page 157 of the Base Prospectus:

“In July 2019, the Ministry of the Environment of the Czech Republic issued a favorable environmental impact assessment (EIA) for coal mining extension at the Bílina Mine of our subsidiary Severočeské doly a.s. until 2035.”

## **Inven Capital**

The following text shall be added at the end of the “*Inven Capital*” section on page 162 of the Base Prospectus:

“In June 2019, Inven Capital acquired a share in Neuron Soundware, a Czech company delivering smart solutions for machinery diagnostics based on acoustic analysis of machine operation.

In September 2019, Inven Capital acquired a minority shareholding in German innovation company Zola providing digital solutions for rooftop photovoltaic installations and combined photovoltaic and battery systems.”

## **WANO**

The following text shall be added at the end of the “*WANO*” section on page 167 of the Base Prospectus:

“Between July 17 to August 2, 2019, another WANO international review took place at the Temelín Nuclear Power Plant, which concluded that the power plant is properly operated and is in a good condition.”

## **Cybersecurity**

The following new section shall be added at the end of the “*WANO*” section on page 167 of the Base Prospectus:

### **“Cybersecurity**

ČEZ has been the administrator of a critical information infrastructure pursuant Act No. 181/2014 Coll., as amended, (the “Czech Cybersecurity Act”) since 2016. In May 2019, the Dukovany Nuclear Power Plant was inspected by the National Cyber and Information Security Agency, focusing on 3 security systems in compliance with the Czech Cybersecurity Act. The inspection concluded that ČEZ’s cybersecurity is ensured at a conforming level.”

## **Legal Proceedings**

### **CZECH REPUBLIC**

The third paragraph in the “*Litigation between CIB RENT PÍSNICE s.r.o. and real estate tenants concerning the sale of apartments in Prague-Písnice; ČEZ, a. s. is an affiliated subsidiary participant*” section on page 172 of the Base Prospectus shall be deleted and replaced by the following:

“In February 2018, the first instance court dismissed the case. The appellate court affirmed the first instance court’s decision in respect of the merit but set aside the part of the decision dealing with litigation costs.

In August 2019, the first instance court awarded ČEZ a. s, almost CZK 0.5 billion in litigation costs. The majority of the tenants appealed and in October 2019, the appellate court reduced the amount of litigation costs to be paid to CZK 121,000, out of which CZK 118,194 has already been paid to ČEZ a. s. As a result, the proceeding between the parties was discontinued.”

The whole paragraph in the “*Insolvency Proceedings of VÍTKOVICE POWER ENGINEERING a. s.*” section on page 173 of the Base Prospectus shall be deleted and replaced by the following:

“In the insolvency proceedings against VÍTKOVICE POWER ENGINEERING a.s. ŠKODA PRAHA a.s. (as of January 1, 2019 a legal successor of ŠKODA PRAHA Invest s.r.o.), a subsidiary of ČEZ, a. s., registered contingent (approximately CZK 8.8 billion) and non-contingent (approximately CZK 126 million) claims relating to construction of a new power unit at the Ledvice power plant and complex retrofitting of the Prunéřov II power plant. All the registered claims were denied by either the insolvency trustee or VÍTKOVICE POWER ENGINEERING a.s. or by both of them. Therefore, ŠKODA PRAHA a.s. (formerly ŠKODA PRAHA Invest s.r.o.) filed actions with the insolvency court seeking declaration of the validity and the amount of all the denied registered claims. The registered non-contingent claims relating to the construction at the Ledvice power plant were found to be valid, while the action relating to the other claims remained subject to the respective court proceeding.

In October 2019, ŠKODA PRAHA a.s. (formerly ŠKODA PRAHA Invest s.r.o.) and VÍTKOVICE POWER ENGINEERING a.s. concluded an out-of-court settlement, whereunder specified contingent and non-contingent claims were novated with the obligation of VÍTKOVICE POWER ENGINEERING a.s. to pay ŠKODA PRAHA a.s. (formerly ŠKODA PRAHA Invest s.r.o.) approximately CZK 200 million, as a result of which, the proceedings were discontinued.”

The whole paragraph in the “*Insolvency Proceedings of KRÁLOVOPOLSKÁ RIA, a. s.*” section on page 173 of the Base Prospectus shall be deleted and replaced by the following:

“In the insolvency proceedings against KRÁLOVOPOLSKÁ RIA, a.s., ŠKODA PRAHA a.s. (as of January 1, 2019 a legal successor of ŠKODA PRAHA Invest s.r.o.), a subsidiary of ČEZ, has registered claims relating to the construction of a new power unit at the Ledvice power plant and the gas-steam power unit at the Počeradý power plant and the complex retrofitting of the Prunéřov II power plant in the total amount of approximately CZK 1.89 billion (consisting of approximately CZK 1.85 billion in contingent claims and non-contingent claims amounting to approximately CZK 38.7 million based on the registration from the year 2018). KRÁLOVOPOLSKÁ RIA, a.s. denied the contingent claims, while the insolvency trustee denied all the registered claims. ŠKODA PRAHA a.s. (formerly ŠKODA PRAHA Invest s.r.o.) filed with the insolvency court actions seeking court declaration of the validity and the amount of all the denied registered claims.

The action concerning the denied non-contingent claims was withdrawn in May 2019 and the proceeding was discontinued. The insolvency proceedings and the proceedings concerning the incidental disputes are pending and the outcome thereof cannot be anticipated.”

The second, third and fourth paragraphs in the “*Litigation Proceedings between ČEZ Prodej, a.s. and SŽDC*” section on page 174 of the Base Prospectus shall be deleted and replaced by the following:

“In August 2017, the Czech Supreme Court set the decisions of both the first instance and the appellate court aside and remanded the case to the first instance court for further proceeding.

The first instance court dismissed our claim and ČEZ Prodej, a.s. appealed. Along with the appeal, ČEZ Prodej, a.s. also filed a complaint with the Czech Constitutional Court, the proceeding is still pending. The first instance court’s dismissal of our claim was upheld by the appellate court in May 2019 and became effective in August 2019. As a result, ČEZ Prodej, a.s., filed another extraordinary appeal with the Czech Supreme Court and a second complaint with the Czech Constitutional Court. The proceedings are now pending, and the outcome thereof cannot be anticipated.

Also, in October 2017, following the decision of the Czech Supreme Court setting aside the decisions of the first instance court in question, SŽDC filed a lawsuit against ČEZ Prodej, a.s. on the grounds of unjust enrichment in the amount of CZK 1.1 billion plus appurtenances, which the court of first instance admitted. In September 2019, the appellate court upheld the decision of the



first instance court and in October 2019, ČEZ Prodej, a.s. paid SDŽC CZK 1.1 billion plus appurtenances. ČEZ Prodej, a.s. is currently in the process of preparation of an extraordinary appeal with the Czech Supreme Court against the decision. The outcome of the proceeding cannot be anticipated.”

The whole paragraph in the “*Litigation with Lesy České republiky, s. p. over Compensation of Damage*” section on page 174 of the Base Prospectus shall be deleted and replaced by the following:

“We face 33 actions, which were instituted by Lesy České republiky, s.p., a state-owned company. All of the actions seek compensation for damage allegedly caused by our operations to forest crops since 1997. The total amount claimed is CZK 295 million plus appurtenances. The proceedings are currently pending, and the outcome thereof cannot be anticipated.”

The whole paragraph in the “*Litigation between ČEZ Distribuce, a. s. and OTE, a.s.*” section on page 174 of the Base Prospectus shall be deleted and replaced by the following:

“In 2016 and 2017, ČEZ Distribuce, a. s. instituted three actions against OTE, a. s. seeking approximately CZK 7.6 billion on the grounds of unjust enrichment of OTE, a. s. due to the incorrectly invoiced costs related to promotion of electricity in connection with the local (own) electricity consumption between January and December 2013. In respect of two actions, the first instance and the appellate court dismissed the actions due to the lack of subject-matter jurisdiction. ČEZ Distribuce, a. s., filed two extraordinary appeals to the Czech Supreme Court. In one case, the Czech Supreme Court set the respective decision of the appellate court aside and remanded the case to the first instance court for further proceeding. This proceeding was discontinued by the first instance court and the matter was referred to the Energy Regulatory Office. The second extraordinary appeal has been denied by the Czech Supreme Court and the first instance court discontinued the proceeding and referred the matter to the Energy Regulatory Office. The third proceeding has been temporarily stayed by the second instance court. The outcome of the proceedings cannot be anticipated.”

The whole paragraph in the “*Litigation between ČEZ Distribuce, a. s. and local distribution system users*” section on page 175 of the Base Prospectus shall be deleted and replaced by the following:

“Four local distribution system operators are currently seeking ČEZ Distribuce, a. s. to return an alleged unjust enrichment amounting to over CZK 1 billion, plus appurtenances, based on actions filed in 2015, 2016 and 2017 and claiming allegedly incorrectly invoiced costs related to promotion of electricity in connection with the local (own) electricity consumption between January and October 2013. Two actions were dismissed by the first instance court and, based on appeals lodged against the dismissals, (i) one action is currently pending before the appellate court, (ii) in case of the second action the appellate court set the first instance court’s decision aside and referred the case to the Energy Regulatory Office, which resulted into termination of the proceeding at the end of February 2019. One action was in part upheld against ČEZ Distribuce, a. s. but the appellate court subsequently set the first court’s decision aside following the appeal from ČEZ Distribuce, a. s. and remanded the case for further proceeding before the first instance court. Following a special panel’s decision on conflict of jurisdiction, court proceedings in all of the lawsuits were discontinued in 2019 and the matters were referred to the Energy Regulatory Office. The outcomes of the proceedings are impossible to predict.”

The second paragraph in the “*Other Proceedings*” section on page 175 of the Base Prospectus shall be deleted and replaced by the following:

“Specifically, the following assets have been seized: (i) receivables of ČEZ Obnovitelné zdroje, s.r.o. against OTE, a.s. in the form of the paid support for the green bonus as of at July 31, 2019, in the total amount of nearly CZK 780 million. The seized funds are deposited with the Czech

National Bank for the duration of the seizure, and ČEZ Obnovitelné zdroje, s.r.o. may not dispose of the funds; and (ii) funds in a bank account of ČEZ in the amount of approximately CZK 223 million; ČEZ may not dispose of the funds for the duration of the seizure.”

## **POLAND**

The whole paragraph in the “*Proceedings Relating to Our Polish Wind Farms Developer*” section on page 175 of the Base Prospectus shall be deleted and replaced by the following:

“Agrowind Kończewo sp. z o.o. (“Agrowind”) filed a lawsuit against Eco-Wind Construction S.A., our Polish wind farms developer (“EWC”) and six other defendants claiming damages amounting to approximately PLN 23 million plus appurtenances (on a joint and several basis). Agrowind alleged that EWC and the other defendants made it impossible to install wind turbines and transformer stations at the land plots which, according to the claim, were in possession of Agrowind. On December 4, 2012, the plaintiff expanded its claim to a total of approximately PLN 113 million plus appurtenances (approximately CZK 673 million). On September 13, 2018, the bankruptcy of Eco-Wind Construction S.A. was declared, and the management of the company was taken over by a bankruptcy trustee as a result of which, the proceeding was temporarily stayed. In January 2019, the proceeding was resumed without Eco-Wind Construction S.A. On July 31, 2019 the court announced a verdict regarding the other defendants. The proceeding regarding Eco-Wind Construction S.A. is still stayed due to pending bankruptcy proceedings. The outcome of the proceedings cannot be anticipated.”

## **BULGARIA**

The first, second and third paragraphs in the “*Proceedings with the Bulgarian Energy and Water Regulatory Commission (KEVR) and related disputes*” section on page 175 and 176 of the Base Prospectus shall be deleted and replaced by the following:

“In 2016, 2017, 2018 and 2019, CEZ Razpredelenie Bulgaria AD and CEZ Elektro Bulgaria AD filed an appeal against numerous decisions of the KEVR relating to electricity prices. The court proceedings are pending. In addition, CEZ Razpredelenie Bulgaria AD and CEZ Elektro Bulgaria AD are carrying on two lawsuits against the KEVR concerning changes affecting electricity price regulation in effect since June 2018. The outcome of the proceedings, which are currently pending before the Bulgarian Supreme Cassation Court, cannot be anticipated.

An audit by KEVR was conducted in respect of CEZ Razpredelenie Bulgaria AD to examine its compliance with the terms and conditions of its electricity distribution license in the period from July 1, 2008 to November 30, 2013. CEZ Razpredelenie Bulgaria AD received 981 administrative decisions on alleged individual breaches. Appeals and objections were filed against all these administrative decisions. Following the appeals, CEZ Razpredelenie Bulgaria AD received 206 administrative decisions on imposition of penalty in the amount of BGN 20,000 (approx. CZK 260,000) for each breach of the terms and conditions of the distribution license and CEZ Razpredelenie Bulgaria AD has appealed against all of them. As of the date of this Base Prospectus, 199 judicial decisions are in force - 96 affirming the penalty while 103 repealing it, seven proceedings are pending before the first instance court and one before the appellate court. In one case the proceedings have been recently decided in favor of CEZ Razpredelenie Bulgaria AD. The outcome of the pending proceedings cannot be anticipated.”

The whole paragraph in the “*Litigation in Bulgaria with NEK*” section on page 176 of the Base Prospectus shall be deleted and replaced by the following:

“In March 2014, NEK filed a petition with the Sofia City Court against CEZ Razpredelenie Bulgaria AD. NEK claims payment for electricity supplies in 2011 and 2012 in the amount of

BGN 5.9 million (approximately CZK 76 million). In 2015 the court terminated the case in respect of NEK EAD and summoned as plaintiff ESO EAD. In December 2017 the court rejected the appeal of ESO which has appealed against this decision. In August 2018, the appellate court in Sofia ordered CEZ Razpredelenie Bulgaria AD to pay BGN 5.7 million plus BGN 2.75 million in appurtenances. CEZ Razpredelenie Bulgaria AD appealed and the case is currently pending before the Bulgarian Supreme Cassation Court. By Resolution dated July 1, 2019, the Supreme Cassation Court has rejected the cassation appeal of CEZ Distribution and CEZ Distribution now has to in addition pay legal expenses in amount of BGN 113062.”

The whole paragraph in the “*Litigation with ESO EAD (transmission system operator)*” section on page 176 of the Base Prospectus shall be deleted and replaced by the following:

“CEZ Razpredelenie Bulgaria is a party of two proceedings with ESO EAD regarding payment of receivables related to transmission and supply of electricity in the amount of approximately BGN 6 million (approximately CZK 83 million) in the period between March 2014 and January 2015. The legal ground for the payment demanded by ESO EAD is article 7 of the ordinance no. 1 relating to regulation of electricity prices. In one case the proceedings are pending before the first instance court, in the other case before the Supreme Cassation court. By Resolution dated July 4, 2019, the Supreme Cassation Court rejected the cassation appeal of CEZ Distribution and CEZ Distribution paid the legal expenses in the amount of BGN 282,285. Since the second proceeding was commenced on the same legal grounds, on September 18, 2019 CEZ Distribution withdrew the other action pending since there is no prospect that the courts would be of a different view than in the first rejected case and which would also mean that CEZ Distribution would not have to pay interest accrued during the court proceeding.

Given the foregoing, all amounts due (principals, interest and expenses) on both reactive energy court cases with ESO EAD have been paid and there are no pending disputes between CEZ Distribution and ESO EAD.”

The third paragraph in the “*Commission for the Protection of Competition*” section on page 176 of the Base Prospectus shall be deleted and replaced by the following:

“The transaction was not approved by the Bulgarian Commission for Protection of Competition on July 19, 2018. A lawsuit against the decision was filed with the Supreme Cassation Court by Inercom Bulgaria EAD on July 30, 2018 and by ČEZ on August 1, 2018. The Supreme Cassation Court set the first hearing on May 14, 2019. Another lawsuit was filed against the decision of the Bulgarian Commission for Protection of Competition to suspend the approval process concerning the second application for approval of the transaction filed by Inercom Bulgaria EAD. The second application has been filed after the transaction was disapproved based on the first application and after Inercom Bulgaria EAD sold its solar energy assets. In February 2019, the court confirmed this decision to suspend the approval process concerning the second application until the Supreme Cassation Court renders its decision on the lawsuit concerning the disapproval of the transaction by the Bulgarian Commission for Protection of Competition. Both Inercom Bulgaria EAD and ČEZ filed a lawsuit against the decision with the Supreme Cassation Court. On 15 April 2019, ČEZ terminated the share purchase agreement with Inercom and withdrew from the filed lawsuits against the decisions of the Bulgarian Commission for Protection of Competition.

On June 20, 2019, ČEZ and CEZ Bulgarian Investments B.V. signed a share purchase agreement with EuroHold Bulgaria AD for the sale of the CEZ Group’s assets in Bulgaria for EUR 335 million. The intended sale concerned seven companies, namely CEZ Bulgaria AD, CEZ Elektro Bulgaria AD (a retail electricity supplier), CEZ Razpredelenie Bulgaria AD (an electricity distribution company), CEZ Trade Bulgaria EAD (a wholesale trader), CEZ ICT Bulgaria EAD, Free Energy Project Oreshets EAD (a photovoltaic power plant), and Bara Group EOOD (former operator of a biomass combined heat and power plant). The sale of the CEZ group’s assets in

Bulgaria to EuroHold Bulgaria AD was not approved by the Bulgarian Commission for Protection of Competition on October 24, 2019. The CEZ Group has filed an administrative action against this decision and is considering further legal steps to allow it to proceed with the sale and to protect interests of the CEZ Group. CEZ is of the view that the decision was issued in violation of Bulgarian competition laws and hence is exploring available legal means to protect and enforce its rights, including a lawsuit against the said decision.”

The first paragraph in the “*International Investment Arbitration Proceedings against the Republic of Bulgaria*” section on page 177 of the Base Prospectus shall be deleted and replaced by the following:

“On July 12, 2016, CEZ filed with ICSID a Request for Arbitration against the Republic of Bulgaria on the grounds of the Republic of Bulgaria’s failure to observe the investment protection provisions of the Energy Charter Treaty. The Request for Arbitration is based on a number of measures taken by Bulgarian authorities against CEZ’s Bulgarian subsidiaries which had negatively influenced the business operations of CEZ’s subsidiaries in Bulgaria. The award sought in the international investment arbitration against the Republic of Bulgaria amounts to hundreds of millions of euros. The arbitral panel was formed on February 25, 2019 and now the regular procedural steps are anticipated. The first matter considered by the tribunal will be Bulgaria’s objection to jurisdiction of the arbitral tribunal to decide the dispute. This means an exchange of the parties’ filings and then an oral procedure. The outcome of the arbitration proceedings cannot be anticipated.”

## **ROMANIA**

The first paragraph in the “*Proceedings with ANRE*” section on page 177 of the Base Prospectus shall be deleted and replaced by the following:

“Since January 2014, Distribuție Energie Oltenia S.A. (formerly operating under the name CEZ Distribuție S. A.) has been a party to the proceeding against ANRE regarding the distribution tariffs established for the second regulatory period (from 2008 to 2012). In April 2016, the first instance court partially upheld the complaint of Distribuție Energie Oltenia S.A and decided that the correction of tariffs for the last regulatory period had been applied incorrectly. The regulatory authority appealed against the judgment and also disputed the submitted expert opinion, which stressed that the amount of negative correction (the primary cause of a decrease in tariffs) is unjustified. The court of second instance overturned the ruling and returned the case to first instance court. A hearing is scheduled for October 2019. The outcome of the proceeding cannot be anticipated.”

The following paragraph shall be added after the second paragraph in the “*Proceedings with ANRE*” section on page 177 of the Base Prospectus:

“On September 9, 2019, CEZ launched the divestment process in Romania. CEZ is considering selling seven companies in Romania (namely, Distribuție Energie Oltenia S.A., CEZ Vanzare S.A., CEZ Romania S.A., Tomis Team S.A., MW Team Invest S.R.L., Ovidiu Development S.R.L. and TMK Hydroenergy Power S.R.L.), keeping only those engaged in energy services (ESCO) activities and part of trading. These steps are in line with the CEZ Group's new strategy.”

## **TURKEY**

The first and second paragraph in the “*Turkish Administrative Court Proceedings with Respect to Regulatory Tariffs*” section on page 177 of the Base Prospectus shall be deleted and replaced by the following:

“From 2011, Sakarya Elektrik Dağıtım A.S. (SEDAŞ – Turkish distributor of electricity operated

by our joint venture with Akkök Group) has filed actions against a number of administrative decisions of the Turkish energy market regulatory authority (“EPDK”) that reduced the portion of operating costs that are to be automatically recognized in regulated electricity tariffs. SEDAŞ appealed against one of the first instance decisions to the Supreme Administrative Court of Turkey. The appeal was dismissed. The remaining lawsuits are in the pleading submission stage. The outcome of the proceedings cannot be anticipated.

In March and May 2016, SEDAŞ filed three administrative actions against the decisions of EPDK setting the limits of SEDAŞ’s revenue from electricity distribution in the regulatory period of 2016 to 2020, including the method of calculation and application. The actions are currently pending before the appellate court and the outcome thereof cannot be anticipated.”

## **Regulation**

The sixth paragraph in the “2030 E.U. Energy and Climate Change Legislation” section on page 181 of the Base Prospectus shall be deleted and replaced with the following:

“In November 2017, the E.U. Commission introduced a proposal for an amendment to the E.U. Third Gas Directive aiming to clarify that the core principles of the E.U. Energy and Climate Change Legislation will apply to all gas pipelines from, and to, third countries up to the borders of the EU. The proposal purports to ensure that all major gas pipelines entering E.U. territory comply with the E.U. rules, are operated with the same level of transparency, are accessible to other operators and are operated in an efficient way. Political agreement reached on February 13, 2019 materialized in adoption of Directive (EU) 2019/692 of 17 April 2019 amending Directive 2009/73/EC concerning common rules for the internal market in natural gas, which came into force on March 25, 2019. The Member States shall transpose the directive by 24 February 2020.”

The twelfth paragraph in the “2030 E.U. Framework for Climate and Energy Policy” section on page 183 of the Base Prospectus shall be deleted and replaced with the following:

“Multiple legislative acts to implement the new market design were also presented as part of the “Clean Energy for All Europeans” package. In particular, on July 5, 2019, a new Directive on Common Rules for the Internal Market in Electricity came into force. The new directive inter alia suggests reinforcing and expanding the rights of consumers, compelling suppliers to provide services better tailored to the needs of consumers and supporting installation of new kinds of infrastructure (such as energy storage facilities). The directive also strives to promote new energy services, such as demand side response, aggregators or citizen energy communities, and sets out the rules for smart metering deployment and data management. Majority of provisions of the new directive shall be transposed by the end of 2020.”

The thirteenth paragraph in the “2030 E.U. Framework for Climate and Energy Policy” section commencing on page 183 of the Base Prospectus shall be deleted and replaced with the following:

“Further, a recast Regulation on the Internal Market for Electricity came into force on July 5, 2019. The regulation aims to further liberalize the electricity market, for example, by removing price caps and floors in wholesale trade with prices to be determined by immediate consumption rate, limiting priority dispatch, or introducing rules on balancing markets. It sets out the rules for capacity mechanisms deployment, introducing a more European approach by linking it to the result of the E.U. resources adequacy assessment. The regulation also seeks to enhance regional cooperation of (i) transmission system operators by setting up Regional Coordination Centres (“ROCs”), and (ii) distribution system operators by setting up E.U. Entity for Distribution System

Operators (“E.U. DSO Entity”). The recast Regulation on the Internal Market for Electricity shall become applicable from January 1, 2020.”

The fourteenth paragraph in the “*2030 E.U. Framework for Climate and Energy Policy*” section on page 184 of the Base Prospectus shall be deleted and replaced with the following:

“On July 5, 2019 a revised E.U. ACER Regulation came into force, which adapts the Agency for the Cooperation of Energy Regulators (“ACER”) to the changes in the energy markets and addresses the need for enhanced regional cooperation. The revised regulation gives ACER a stronger role in the development of network codes and coordination of regional decision-making. Also, a number of new tasks related to the regional coordination centres (that are to be established), the supervision of nominated electricity market operators and the assessment of generation adequacy and risk preparedness are assigned thereto.”

The fifteenth paragraph in the “*2030 E.U. Framework for Climate and Energy Policy*” section on page 184 of the Base Prospectus shall be deleted and replaced with the following:

“Accordingly, all legislative acts in the Clean Energy for All Europeans package are now in force at the EU level.”

The second paragraph in the “*Security of Electricity Supply*” section on page 186 of the Base Prospectus shall be deleted and replaced with the following:

“In November 2016, a proposal for a Regulation on Risk-Preparedness in the Electricity Sector was introduced as part of the E.U. “Clean Energy for All Europeans” package, aiming to unify the Member States’ approach towards assessing risks and managing energy crises. Among the key objectives is securing electricity supply to customers, especially those providing essential services (e.g. hospitals) and operation of the market mechanisms as long as possible in a time of a crisis. Member State’s authorities will be required to establish a risk-preparedness plan and national and regional electricity crisis scenarios. The regulation also purports to introduce new rules for regional cooperation in crisis situations. The Regulation on Risk-Preparedness in the Electricity Sector came into force and became applicable on July 5, 2019.”

The fourth paragraph in the “*Proposed Changes for Energy Infrastructure*” section on page 187 of the Base Prospectus shall be deleted and replaced with the following:

“Additionally, on November 20, 2018, a new E.U. framework for screening of foreign direct investments in strategic technologies and infrastructure was agreed on by the E.U. Parliament, the Council and the E.U. Commission. The proposed framework establishes a cooperation mechanism where Member States and the E.U. Commission will be able to exchange information and raise specific concerns regarding foreign acquisitions of strategic technologies (e.g. energy networks). Accordingly, within the new framework, the E.U. Commission would be empowered to screen foreign direct investments on grounds of security or public order and to issue opinions in cases where several Member States would be concerned, or when an investment could affect a project or programme of interest to the whole E.U. However, the proposal keeps the last word of Member States whether a specific operation should be allowed or not in their territory. The framework was implemented into E.U. law via Regulation (EU) 2019/452 of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union, which came into force in April 2019 and shall be applied from October 11, 2020.”

The second paragraph in the “*Czech Integrated National Energy and Climate Plan*” section on page 205 of the Base Prospectus shall be deleted and replaced with the following:

“A consultation process between the Czech Republic and the E.U. Commission took place in the first half of 2019 and the Czech Republic received recommendations from the E.U. Commission to the draft of the Czech Integrated National Energy and Climate Plan on July 18, 2019. In the recommendation, the E.U. Commission *inter alia* recommended the Czech Republic to (i) increase the level of ambition for 2030 to a renewable energy share of at least 23 % as Czechia's contribution to the Union's 2030 target for renewable energy, (ii) increase its ambition towards reducing primary energy consumption, (iii) include projections for the future energy mix, including renewable sources of gas, and planned measures in the area of resilience of the energy system, demand side measures, cybersecurity and critical infrastructure, and (iv) further clarify national objectives and funding targets in research, innovation and competitiveness, specifically related to the Energy Union, to be achieved between now and 2030. The Czech Republic is required to submit the final version of the Czech Integrated National Energy and Climate Plan to the E.U. Commission after due settlement of any comments by the end of 2019 and subsequently every ten years thereafter.”

## Supervisory Board

The table that sets out members of our Supervisory Board on page 209 of the Base Prospectus shall be deleted and replaced with the following table:

<b>Name</b>	<b>Born</b>	<b>Position</b>
Otakar Hora	1960	Chairman of the Supervisory Board
Zdeněk Černý	1953	Vice Chairman of the Supervisory Board
Ondřej Landa	1980	Vice Chairman of the Supervisory Board
Vladimír Hronek	1964	Member of the Supervisory Board
Jitka Čermáková	1973	Member of the Supervisory Board
Lubomír Klosík	1951	Member of the Supervisory Board
Josef Suchánek	1954	Member of the Supervisory Board
František Vágner	1954	Member of the Supervisory Board
Vladimír Kohout	1954	Member of the Supervisory Board
Lubomír Lízal	1969	Member of the Supervisory Board
Karel Tyll	1975	Member of the Supervisory Board
Jan Vaněček	1967	Member of the Supervisory Board

The curriculum vitae of Šárka Vinklerová on page 213 of the Base Prospectus shall be deleted and replaced by the curriculum vitae of Jan Vaněček:

*“Jan Vaněček*

*Member of the Supervisory Board since June 27, 2019*

*Member of the Audit Committee since June 12, 2015*

*Re-elected with effect from June 27, 2019*

*Chairman of the Audit Committee since September 25, 2015*

*Re-elected with effect from June 27, 2019*

A graduate of the Faculty of Electrical Engineering, Czech Technical University, Prague; and an ACCA/FCCA—Chartered Certified Accountant obtained on the international professional training program at Charles University, Prague. He gained managerial and professional experience in such positions as Audit Senior at Arthur Andersen and Chief Financial Officer for the Czech Republic at Cinergy, a U.S. energy company.

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

- Pinn partners s.r.o.—Managing Director and company.

Membership in governing bodies outside the CEZ Group or in CEZ Group’s affiliates and/or joint ventures ended in the past five (5) years:

- i4wifi a.s.—member of the Supervisory Board; and
- CP Praha s.r.o., in liquidation—Vice-Chairman and member of the Supervisory Board.”

The heading of curriculum vitae of Jan Vaněček on page 215 of the Base Prospectus shall be deleted and replaced by the following heading:

*“Jan Vaněček*

*Member of the Supervisory Board since June 27, 2019  
Member of the Audit Committee since June 12, 2015  
Re-elected with effect from June 27, 2019  
Chairman of the Audit Committee since September 25, 2015  
Re-elected with effect from June 27, 2019”*

## **Board of Directors**

The table that sets out members of our Board of Directors on page 218 of the Base Prospectus shall be deleted and replaced with the following table:

<b>Name</b>	<b>Born</b>	<b>Position</b>
Daniel Beneš	1970	Chairman of the Board of Directors
Martin Novák	1971	Vice Chairman of the Board of Directors
Pavel Cyrani	1976	Member of the Board of Directors
Tomáš Pleskač	1966	Vice Chairman of the Board of Directors
Ladislav Štěpánek	1957	Member of the Board of Directors
Bohdan Zronek	1971	Member of the Board of Directors

The heading of curriculum vitae of Pavel Cyrani on page 219 of the Base Prospectus shall be deleted and replaced by the following heading:

*“Pavel Cyrani*

*Member of the Board of Directors since October 20, 2011  
Last re-elected with effect from October 22, 2019”*

The (i) curriculum vitae of Michaela Chaloupková commencing on page 219 of the Base Prospectus and (ii) second sentence in the paragraph headed “*Michaela Chaloupková*” on page 221 of the Base Prospectus shall be deleted as her mandate as the Member of the Board of Directors expired on October 21, 2019.

## **Miscellaneous**

### ***Divestment of Bulgarian Assets***

The information in the Base Prospectus concerning the sale of our Bulgarian assets (i) in the twelfth paragraph of the “*We may not be able to recover the value of our investment in Bulgaria*” section on page 18 of the Base Prospectus, (ii) in the thirteenth paragraph of the “*Bulgaria*” section on page 135 of the Base Prospectus, (iii) in the second paragraph of the “*Bulgaria*” section on page 146 of the Base Prospectus, (iv)



in the fifth paragraph of the “*Bulgaria*” section on page 150 of the Base Prospectus, (v) in the ninth paragraph of the “*Bulgaria*” section on page 153 of the Base Prospectus shall be updated by and read in conjunction with the following:

“On 15 April 2019, CEZ terminated the share purchase agreement with Inercom and withdrew from the filed lawsuits against the decisions of the Bulgarian Commission for Protection of Competition.

On June 20, 2019, ČEZ and CEZ Bulgarian Investments B.V. signed a share purchase agreement with EuroHold Bulgaria AD for the sale of the CEZ Group’s assets in Bulgaria for EUR 335 million. The intended sale concerned seven companies, namely CEZ Bulgaria AD, CEZ Elektro Bulgaria AD (a retail electricity supplier), CEZ Razpredelenie Bulgaria AD (an electricity distribution company), CEZ Trade Bulgaria EAD (a wholesale trader), CEZ ICT Bulgaria EAD, Free Energy Project Oreshets EAD (a photovoltaic power plant), and Bara Group EOOD (former operator of a biomass combined heat and power plant). The sale of the CEZ Group’s assets in Bulgaria to EuroHold Bulgaria AD was not approved by the Bulgarian Commission for Protection of Competition on October 24, 2019. The CEZ Group has filed an administrative action against this decision and is considering further legal steps to allow it to proceed with the sale and to protect interests of the CEZ Group. CEZ, a. s. is of the view that the decision was issued in violation of Bulgarian competition laws and hence is exploring available legal means to protect and enforce its rights, including a lawsuit against the said decision.”

The sentence “The transaction remains subject to the approval of the Bulgarian Commission for Protection of Competition and, with respect to CEZ Razpredelenie Bulgaria AD, also to the approval of KEVR.” (i) in the fifth paragraph of the “*Bulgaria*” section on page 150 of the Base Prospectus, and (ii) in the sixth paragraph of the “*Bulgaria*” section on page 152 of the Base Prospectus shall be deleted and replaced by the following:

“The sale of our Bulgarian assets remains subject to the approval of the Bulgarian Commission for Protection of Competition and, with respect to CEZ Razpredelenie Bulgaria AD, also to the approval of KEVR.”

### ***Divestment of Romanian Assets***

The information in the Base Prospectus concerning our Romanian assets (i) in the tenth paragraph of the “*We may not be able to fully recover the value of our investment in Romanian wind power plants.*” section on page 20 of the Base Prospectus, (ii) in the sixth paragraph of the “*Romania*” section on page 136 of the Base Prospectus, (iii) in the eleventh paragraph of the “*Romania*” section on page 149 of the Base Prospectus, (iv) in the second paragraph of the “*Romania*” section on page 150 of the Base Prospectus, (v) in the second paragraph of the “*Romania*” section on page 152 of the Base Prospectus, and (vi) in the paragraph of the “*Romania*” section on page 156 of the Base Prospectus, shall be updated by and read in conjunction with the following:

“On September 9, 2019 CEZ launched the divestment process in Romania. CEZ is considering selling seven companies in Romania (namely, Distribuție Energie Oltenia S.A., CEZ Vanzare S.A., CEZ Romania S.A., Tomis Team S.A., MW Team Invest S.R.L., Ovidiu Development S.R.L. and TMK Hydroenergy Power S.R.L.), keeping only those engaged in energy services (ESCO) activities and part of trading. These steps are in line with the CEZ Group's new strategy.

The divestment of Romanian companies is in line with the CEZ Group's new strategy, approved in June 2019. The strategy envisages the gradual sale of assets in Bulgaria, Romania, Turkey and partly also in Poland, with the exception of companies focused on the field of modern energy services (ESCO), which CEZ wants to develop further both at home and abroad. For more information, please see “*Description of the Issuer—Our Strategy*”

***Moody's Investors Services Ltd. affirmed CEZ Baa1 ratings, changed outlook to "stable"***

The reference to the credit rating of the Issuer of "Baa1 (positive outlook) by Moody's Investors Service Ltd. ("Moody's")" in the eighth paragraph on page 1 of the Base Prospectus shall be deleted and replaced by the following: "Baa1 (stable outlook) by Moody's Investors Service Ltd. ("Moody's")".

The reference to the credit rating of the Issuer of "Baa1 with a positive outlook by Moody's" in the first paragraph of the section "*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 9 of the Base Prospectus shall be deleted and replaced by the following: "Baa1 with a stable outlook by Moody's"

The sentence "On January 23, 2019 Moody's confirmed ČEZ's Baa1 rating with a positive outlook." in the first paragraph of the section "*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 10 of the Base Prospectus shall be deleted and replaced by the following: "On October 7, 2019 Moody's confirmed ČEZ's Baa1 rating with the outlook changed from positive to stable."

The reference to the credit rating of the Issuer of "Baa1 (positive outlook) by Moody's." (i) in the first paragraph of the section "*Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes*" on page 38 of the Base Prospectus, (ii) in the line headed "Ratings:" in the table on page 54 and 55 of the Base Prospectus, and (iii) in the sole paragraph in the "*Robust Credit Profile*" section on page 128 of the Base Prospectus shall be deleted and replaced by the following: "Baa1 (stable outlook) by Moody's."

***Moody's Investors Services Ltd. upgraded Czech Republic's A1 ratings, changed outlook to "stable"***

The sentence "In August 2011, Standard & Poor's upgraded its rating of the Czech Republic by two notches to AA- (Standard & Poor's is established in the European Union, domiciled in Ireland and is included in the list of credit rating agencies registered in accordance with Regulation (EC) No. 1060/2009, as amended by Regulation (EU) No 513/2011, which is available on the ESMA website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>))." in the first paragraph of the section "*Majority State-Owned Company, Backed by a Stable and Open Economy*" on page 128 of the Base Prospectus shall be deleted and replaced by the following: "In August 2011, Standard & Poor's upgraded its rating of the Czech Republic by two notches to AA- and in October 2019, Moody's upgraded its rating of the Czech Republic by one notch to Aa3 and changed the outlook to stable from positive (Standard & Poor's and Moody's are established in the European Union, domiciled in Ireland and is included in the list of credit rating agencies registered in accordance with Regulation (EC) No. 1060/2009, as amended by Regulation (EU) No 513/2011, which is available on the ESMA website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>))."

The sentence "In April 2018, Moody's confirmed the Czech Republic's credit rating of A1, with the outlook changed from stable to positive." in the second paragraph of the section "*Czech Republic*" on page 131 of the Base Prospectus shall be deleted and replaced by the following: "In October 2019, Moody's upgraded the Czech Republic's credit rating from A1 to Aa3 and changed the outlook to stable from positive."

**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 incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, 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.

## ***General Information***

The whole paragraph under “*Authorization*” section on page 237 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 the Issuer dated May 28, 2007, February 14, 2011, April 10, 2012 and September 16, 2019 and resolutions of the Supervisory Board of the Issuer dated June 28, 2007, February 24, 2011 and September 26, 2019 (see also “*Overview of the Programme – Programme Size*”).”

## Schedule

### Alternative Performance Measures

In the notes to the consolidated unaudited interim financial statements as at and for the nine month period ended September 30, 2019 of the Issuer (the “**Consolidated Interim Financial Statements**”), which are by virtue of this Supplement incorporated by reference, the Issuer presents the following metrics which are not calculated in accordance with IFRS and which are therefore non-IFRS measures. These metrics constitute Alternative Performance Measures (“*APMs*”) as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures. Please see page 20 of the Consolidated Interim Financial Statements for reconciliation of the APMs to the respective line items of the Consolidated Interim Financial Statements.

<b>APM</b>	<b>Definition of APM</b>	<b>Purpose of APM</b>
EBIT	Income before other income (expenses) and income taxes.	Measure of operating performance.
EBITDA	Income before other income (expenses) and income taxes plus depreciation and amortization plus impairment of property, plant and equipment and intangible assets and less gain (or loss) on sale of property, plant and equipment, net.	Measure of operating performance.

The APMs are supplemental measures of the Issuer’s performance and liquidity that are not required by, nor presented in accordance with, IFRS. Furthermore, the APMs should not be considered as an alternative to income after taxes, income before taxes or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities, as a measure of the Issuer’s liquidity or as a measure of cash available to the Issuer to invest in the growth of its business.

The APMs are included in the Consolidated Interim Financial Statements to extend the financial disclosure to metrics which are used, along with IFRS measures, by the management of the Issuer in monitoring and evaluating the Issuer’s economic and financial performance, and provide investors with a further basis, along with IFRS measures, for measuring the Issuer’s performance.

The APMs presented in the Consolidated Interim Financial Statements may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Issuer’s operating results as reported under IFRS. The APMs are not measurements of the Issuer’s performance or liquidity under IFRS and should not be considered as alternatives to operating income or net profit or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles, or as alternatives to cash flow from operating, investing or financing activities.

The APMs have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analysis of the Issuer’s results as reported under IFRS and investors should not place any undue reliance on APMs. Some of the limitations related to the APMs are:

- they do not reflect the Issuer’s cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, the Issuer’s working capital needs;

- they do not reflect the interest expense or cash requirements necessary to service interest or principal payments on the Issuer's debt;
- they do not reflect gains or losses in hedging or foreign exchange contracts;
- they do not reflect any cash income taxes that the Issuer may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in the Issuer's statements of cash flows;
- they do not reflect the impact of earnings or charges resulting from certain matters the Issuer considers not to be indicative of the Issuer's ongoing operations;
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and
- other companies in the same industry as the Issuer may calculate these measures differently than the Issuer does, limiting their usefulness as comparative measures.

Because of these limitations, the APMs should not be considered as measures of discretionary cash available to the Issuer to invest in the growth of the Issuer's business or as measures of cash that will be available to the Issuer to meet its obligations. Investors should compensate for these limitations by relying primarily on the Issuer's IFRS results and using these APMs only as supplemental means for evaluating the Issuer's performance.