CEZ GROUP
CLEAN ENERGY OF TOMORROW

ČISTÁ ENERGIE ZÍTŘKA

INVESTMENT STORY, APRIL 2022

ČISTÁ
ENERGIE
ZÍTŘKA

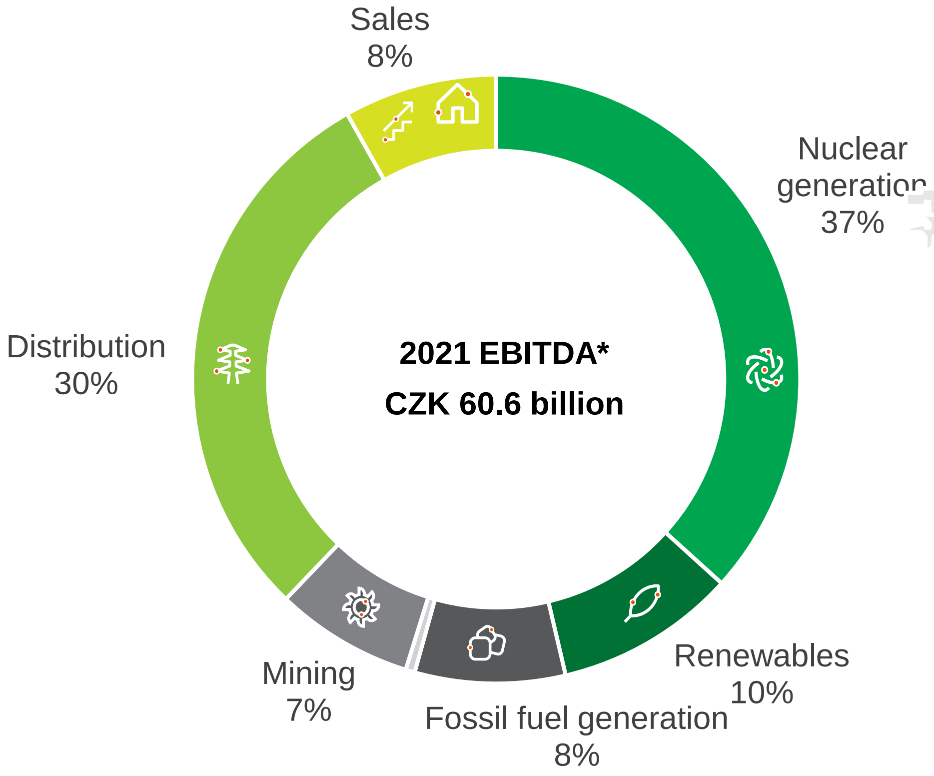
AGENDA

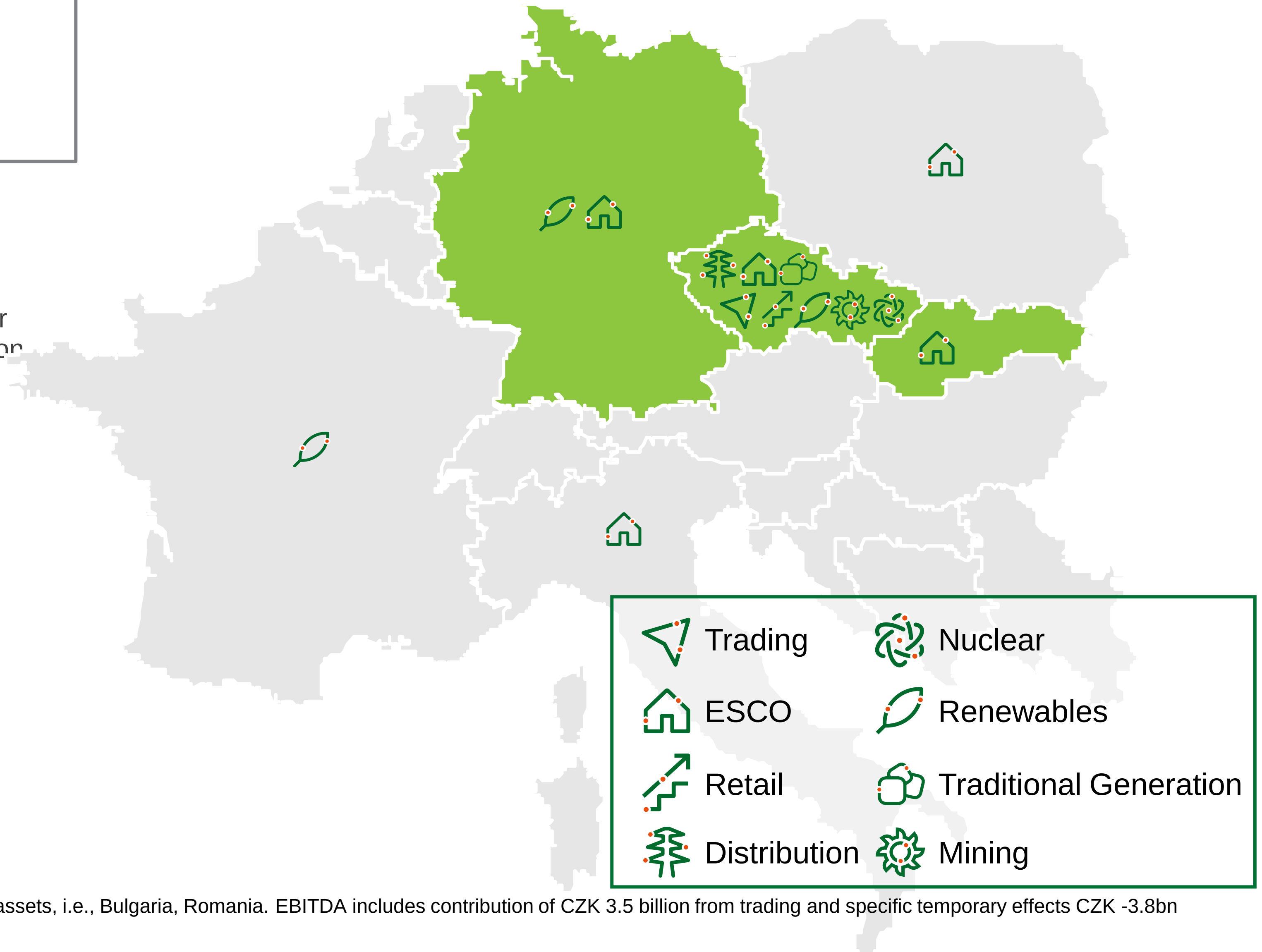
- CEZ Group at a Glance
- Our Performance
- 2022 Outlook
- Our Vision
- Appendix

WE ARE AN INTERNATIONAL UTILITY, AMONG THE LARGEST IN EUROPE BY MARKET CAP

CEZ Group

11th largest in number of customers
12th largest in installed capacity
12th largest by market capitalization**





- Existing assets, excluding CZK 2.6 billion contribution of divested assets, i.e., Bulgaria, Romania. EBITDA includes contribution of CZK 3.5 billion from trading and specific temporary effects CZK -3.8bn
- ** as of February 12, 2022

CEZ GROUP IS VERTICALLY INTEGRATED IN CZECHIA

	Mining	Generation		Networks	Sales (Retail & ESCO)
Market share	**54%**	**63%**		**65%**	**30%**
Volume	15.9 mil. tons	CO2-free 33.9 TWh	Other 19.3 TWh	36.6 TWh	18.7 TWh
EBITDA in Czechia (2021)	4.5 CZK billion	27.7* CZK billion	4.5 CZK billion	18.2 CZK billion	4.0 CZK billion
Market position	No. 1	No. 1		No. 1	No. 1

* EBITDA includes contribution of CZK 3.5 billion from trading and specific temporary effects CZK -3.8bn

WE LEAD ENERGY TRANSFORMATION OF THE CENTRAL EUROPE THROUGH BRINGING THE CLEAN ENERGY OF TOMORROW

Generation

Transforming electricity and heat generation to low-emission, growing renewables

Distribution

Continuous modernization and digitalization of our distribution networks

Retail

Leading electricity supplier of energy helping to decarbonize the Czech industrial base

ESCO

Expanding energy services and clean decentralized generation and heating in Czechia, Germany, Poland, Slovakia and Northern Italy

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WE ARE DELIVERING VALUE TO OUR SHAREHOLDERS – OUR FINANCIAL TARGETS

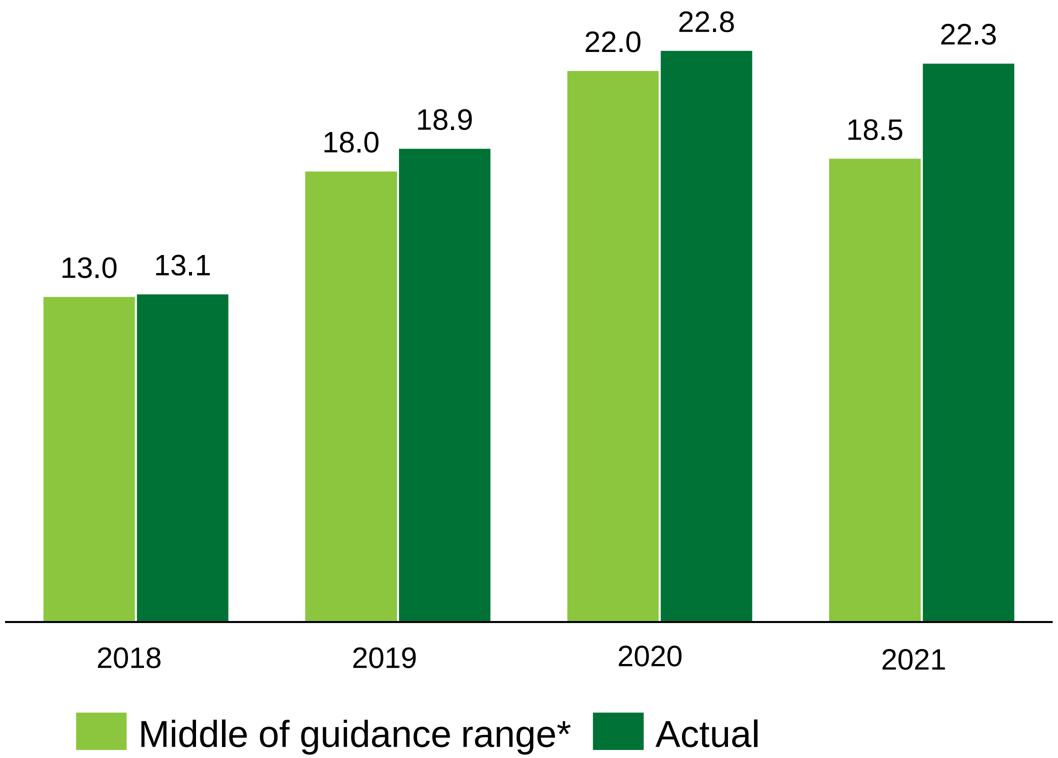
	Delivery on guidance	High dividend payout	Strong balance sheet
Targets	2022 EBITDA CZK 85-89 billion 2022 Adj. Net Income CZK 38-42 billion	2022 DPS of CZK 56-62 2023 payout ratio of 60 - 80%	2.5-3.0x Net debt/EBITDA
2021	EBITDA CZK 63.2 billion Adj. Net Income CZK 22.3 billion	CZK 44 DPS * 106% payout	1.8x Net debt/EBITDA

* Dividend proposal, subject to approval by AGM

WE HAVE A GOOD TRACK RECORD ON GUIDANCE DELIVERY – WE HAVE MET OUR NET INCOME GUIDANCE FOUR YEARS IN A ROW

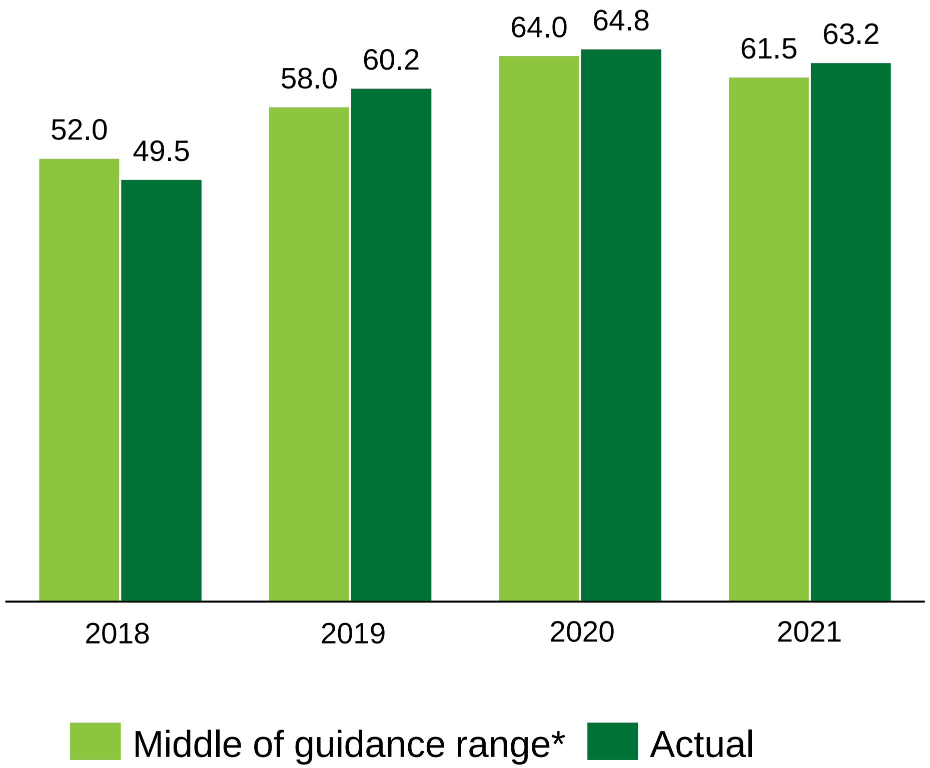
Adjusted net income guidance vs actual

CZK billion



EBITDA guidance vs actual

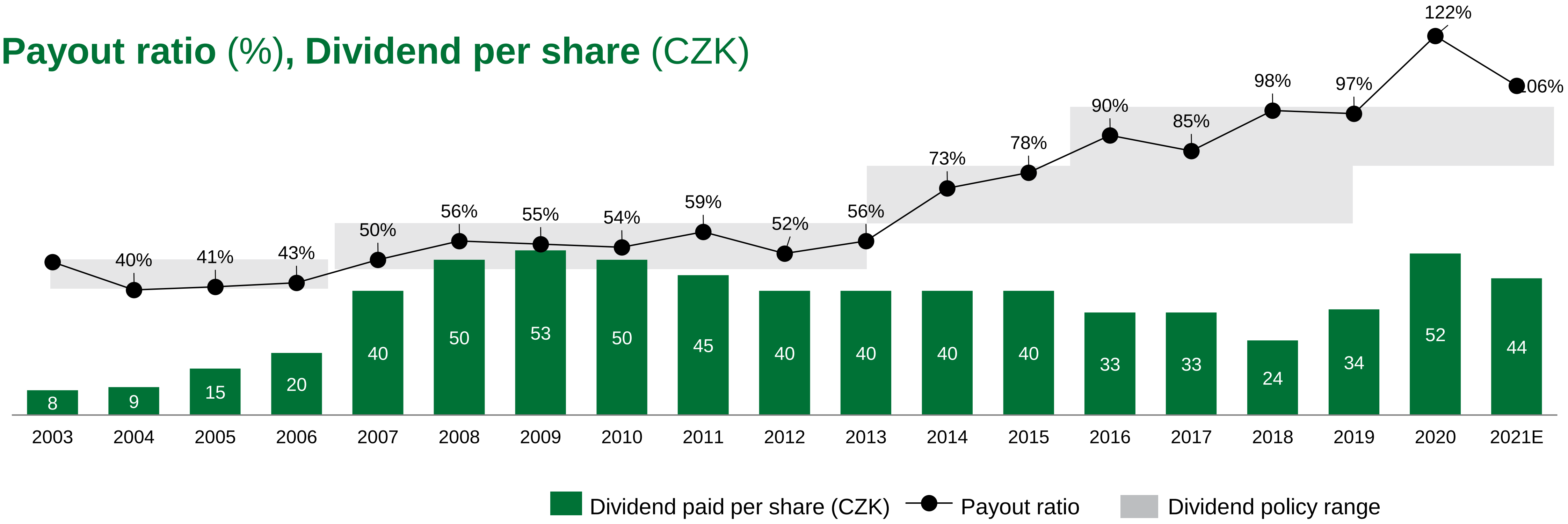
CZK billion



* Guidance announced in March of a given year

DIVIDEND POLICY OF 60-80% PAYOUT RATIO, 80% PAYOUT EXPECTED IN 2022, 2021 DPS PROPOSED AT 44 CZK

Payout ratio (%), **Dividend per share** (CZK)



2021 dividend

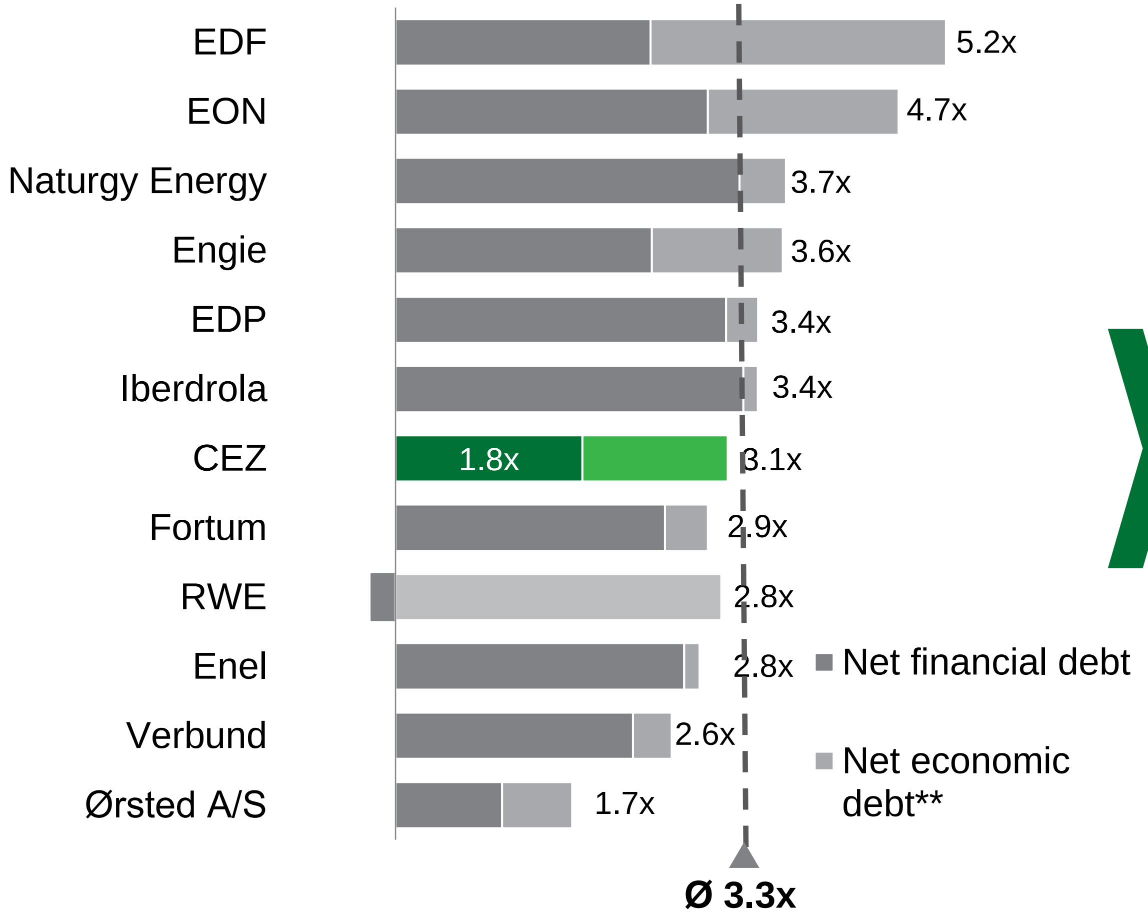
- 2021 dividend proposal **CZK 44 per share**
  - CZK 37 regular component, i.e. 90% payout ratio
  - CZK 7 contribution of Bulgarian disposal

Dividend policy of 60-80% payout ratio applicable from Jan 1, 2023

OUR BALANCE SHEET STRENGTH SUPPORTS FUTURE GROWTH

Net economic debt/EBITDA*

2021



Current credit rating a notch above European utilities

- A-, stable outlook from S&P
- Baa1, stable outlook from Moody's

Net debt to EBITDA target of 2.5-3.0x

CZK 34 billion of divestments proceeds strengthened our balance sheet in 2021

- **Romania**
  - Transaction settled on Mar 31, 2021
- **Bulgaria**
  - Sold to Eurohold for EUR 335 million
  - Transaction settled on Jul 27, 2021
- **2020 EBITDA contribution: CZK 6.9 billion**

* EBITDA as reported by companies

** Net economic debt = net financial debt + net nuclear provisions + provisions for employee pensions + net reclamation provision

GOOD FINANCIAL PERFORMANCE WAS ENABLED BY SUCCESSFUL IMPLEMENTATION OF STRATEGY

Strategic priorities of CEZ Group	Main strategic achievements
Efficient operation, optimal utilization and development of generation portfolio	• 30 TWh production delivered consistently and safely by nuclear plants • Increased efficiency of operations of fossil fueled power plants
Modern distribution and a care for customers' energy needs	• Successful completion of regulatory review of distribution, its modernization and digitalization • Increased number of customers in Czech retail, digitalization
Development of new energy in Czechia	• CEZ ESCO is a leader in energy savings and decentralized generation in Czechia
Development of energy services in Europe	• Leader on German market in energy savings and decentralized generation
Divestment strategy	• Sale of Romanian and Bulgarian assets completed

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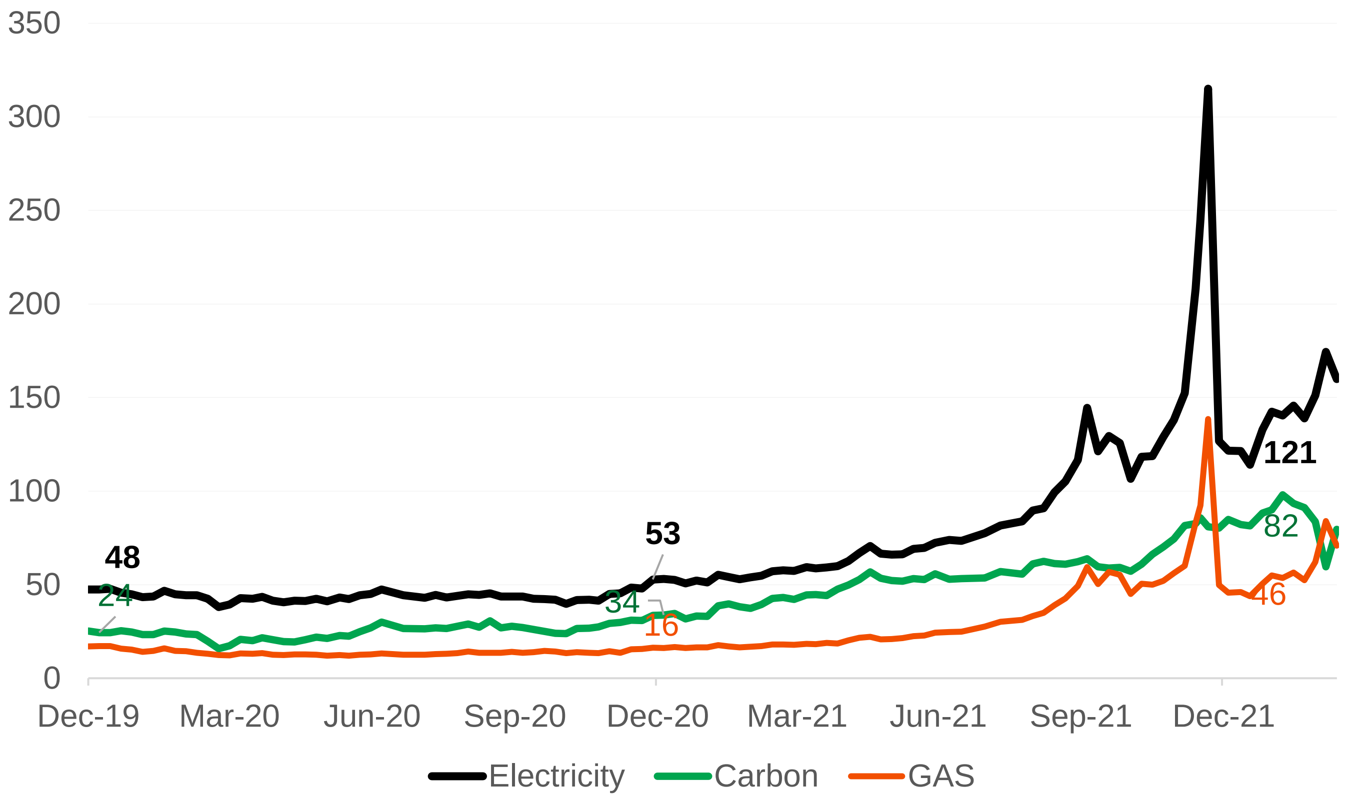
RECENT INCREASE OF POWER PRICES IS DRIVEN BY NATURAL GAS AND PARTIALLY BY CARBON ALLOWANCES

Development of prices of electricity price and carbon allowances

Czech baseload in EUR/MWh, EUR/t for carbon, Y+1

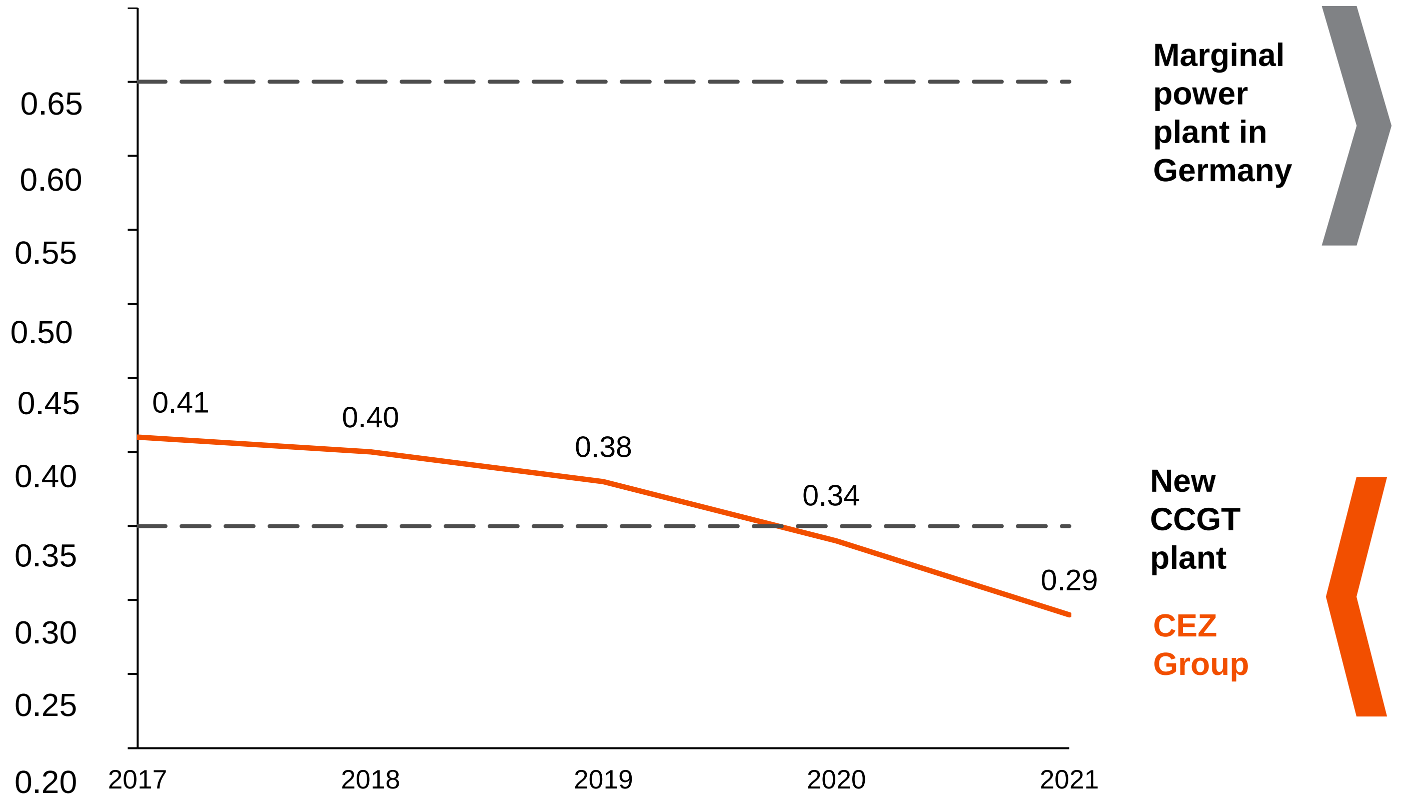


Increase in the price of natural gas has been the main reason for the recent increase in electricity prices

1 EUR/t change in carbon allowance implies 0.6-0.7 EUR changes in electricity price

CEZ GROUP BENEFITS FROM INCREASING CARBON PRICES

CEZ Group’s emission intensity (tCO_2e/MWh of generated electricity)



- **CEZ Group’s carbon intensity** is **below marginal plant** and even **below new CCGT** and therefore higher carbon prices are beneficial for profitability of our generation fleet.
- **1 EUR increase in carbon price results in ~CZK 500 million increase in EBITDA***

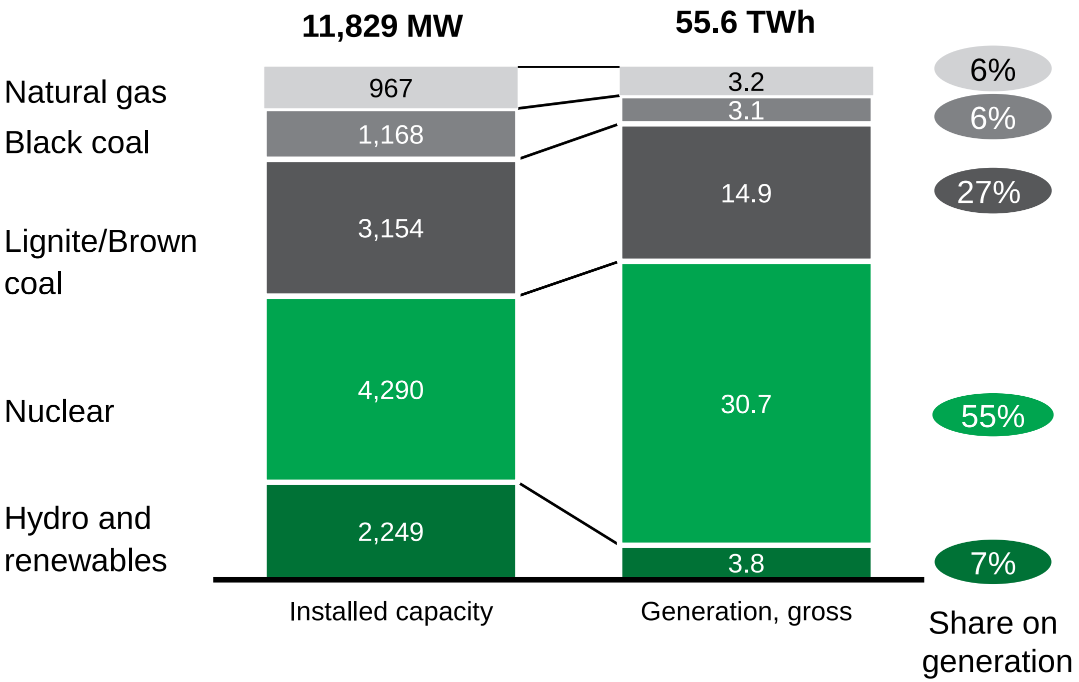
	Generation volume** (2021, TWh)	CO_2 emission intensity (2021, t/MWh)
CO2 free	34.5	0.00
Gas	3.2	0.35
Coal and lignite	18.0	0.85
Total	**55.6**	**0.29**

* Assuming no hedging, 2021 generation volumes and emission intensity
** Existing assets, i.e. excluding divested assets in Bulgaria and Romania, which contributed 0.4 TWh

WE HAVE A ROBUST GENERATION PORTFOLIO WITH LOW AND LARGELY FIXED COSTS

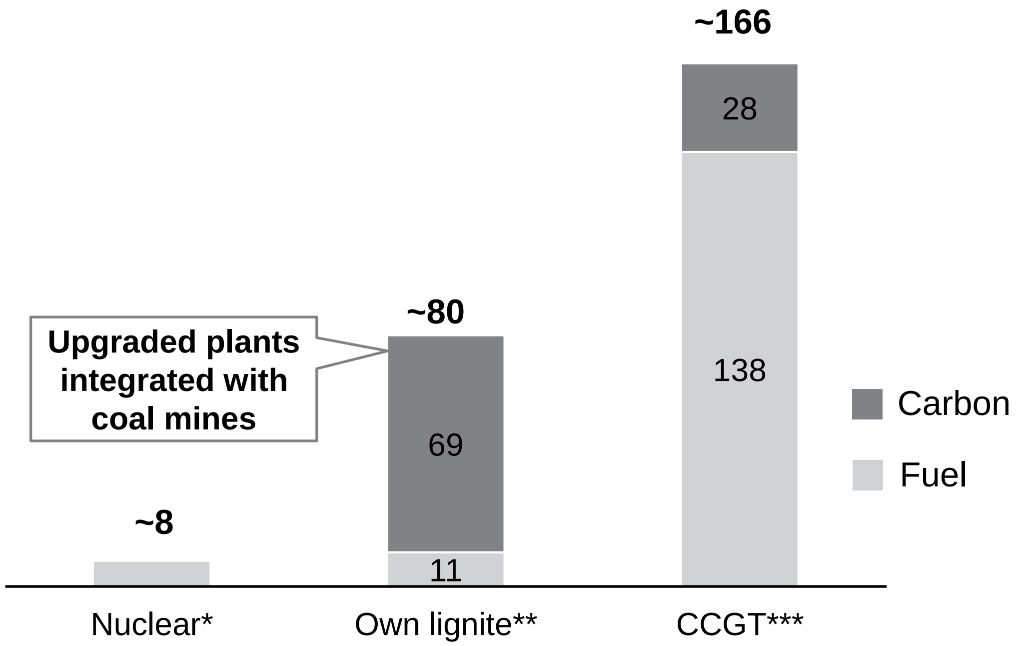
We have diversified generation portfolio

Generation capacity and volumes
(existing assets, excluding assets divested in 2021)



Our fuel costs are low, not dependent on commodity prices

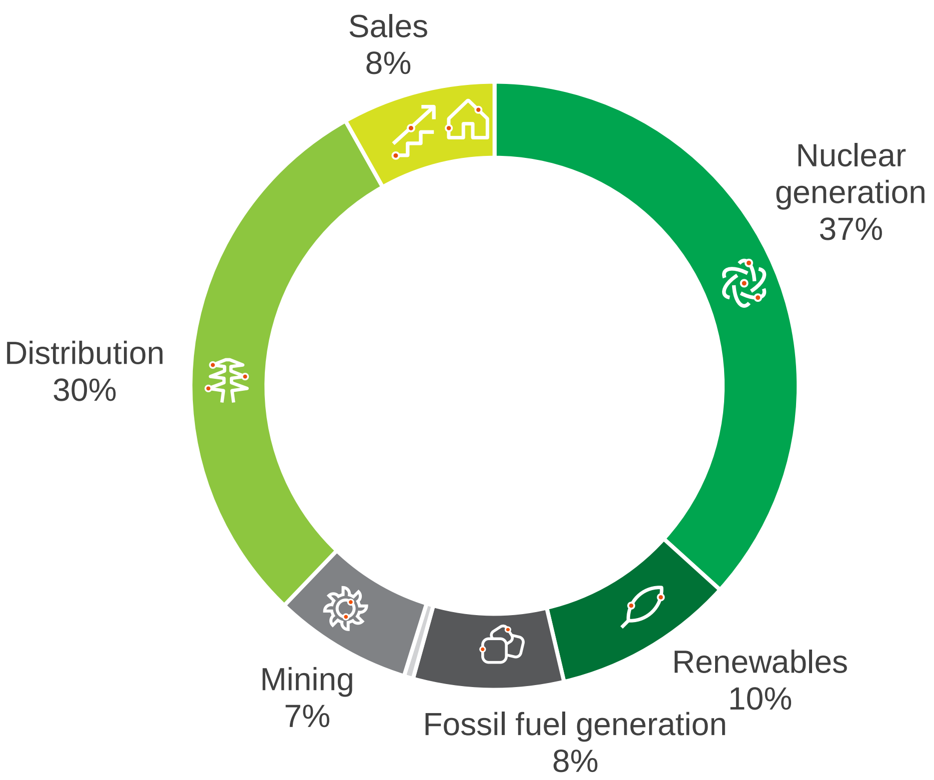
Current marginal costs by technology
(fuel and carbon, EUR/MWh)



* Nuclear fuel costs + CZK 55/MWh payment for fuel storage
** Cash cost of extracting own lignite, 42% efficiency, 11.5 GJ/t calorific value, carbon at 79.6 EUR/t
*** Gas 70.9 EUR/MWh, 57% efficiency, 0.35 t/MWh CO2 (gas prices depend on market)

NUCLEAR PLANTS ARE IMPORTANT PROFIT GENERATORS WITH STABLE PRODUCTION VOLUMES

2021 CEZ Group EBITDA*



Our nuclear fleet has low and fixed costs and benefits directly from increasing power prices

- Operating licenses secured enabling 60 years operating life, i.e., remaining 30+ years of operations until decommissioning
- We have stabilized production volumes at above 30 TWh per year
- Capacity increased by 568 MW to 4,290 MW by technical improvements (fuel with higher enrichment, modernization of turbines and generators)

- Existing assets, excluding CZK 2.6 billion contribution of divested assets, i.e., Bulgaria, Romania, EBITDA includes contribution of CZK 3.5 billion from trading and specific temporary effects CZK -3.8bn

NEW NUCLEAR PROJECT IS IN THE FIRST PREPARATORY STAGE THAT IS COVERED BY THE SIGNED FIRST IMPLEMENTATION CONTRACT…

Stage	End date	Expected costs* (EUR billion)	Permitting and licensing	Contract with technology supplier
1. Preparation, supplier selection	2024	~0.2**	EIA Site decision License for the siting	Tender process and contract signature
2. Preliminary works	2029	~0.7	License for construction, Building permit	"LWA - Limited Work Authorization" phase
3. Construction, commissioning	2036	~5.1	License for commencement of trial operation	Construction
4. Warranty period	2038		Operation license	Warranty period operation

A Framework contract

B First implementation contract

C Power Purchase Agreement (TBD)
Repayable Financial Assistance (TBD)
Investor Agreement (TBD)

* At 2020 prices, rounded

** It does not include the costs incurred until 2020 for the permitting and contracting and the purchase of land; assuming the current supplier model

… GOVERNMENT SHALL PROVIDE FINANCING FOR PERMITTING AND CONSTRUCTION PHASES AND SECURE THE OPERATION BY POWER PURCHASE AGREEMENT

Currently contemplated financing structure*

- CEZ Group will fund Stage 1 entirely through its equity investment. (ca EUR 0.2 billion**)
- Stage 2 onwards will be financed by the repayable financial assistance from state (RFA)
  - During 2024-2029 in the Stage 2 in the amount ca EUR 0.7 billion
  - During 2029-2038 in the Stage 3 and 4 in the amount ca EUR 5.1 billion

Repayable Financial Assistance from state (RFA)

- 0% during the period of construction
- During period of operation: costs of State debt financing plus 1% but not less than 2% p.a.
- Duration 30 years from the start of operation of NPP

As a result of a higher share of state financing, the offtake price is expected to be between 50-55 EUR/MWh, i.e., in the lower interval of the originally assumed range of 50-60 EUR/MWh (subject to EPC tender results)

Additional cost overrun financing mechanism

- CEZ Group will not bear any risk of additional costs in case of “legitimate grounds”, the Czech state bears the additional costs

Test on the overcompensation will be implemented in the PPA contract

- The mechanism according to the low-carbon law will ensure adequacy of the purchase price and return (regular review after 5 years)

This model will be further discussed in the prenotification with the European Commission and finalized

* At 2020 prices, rounded

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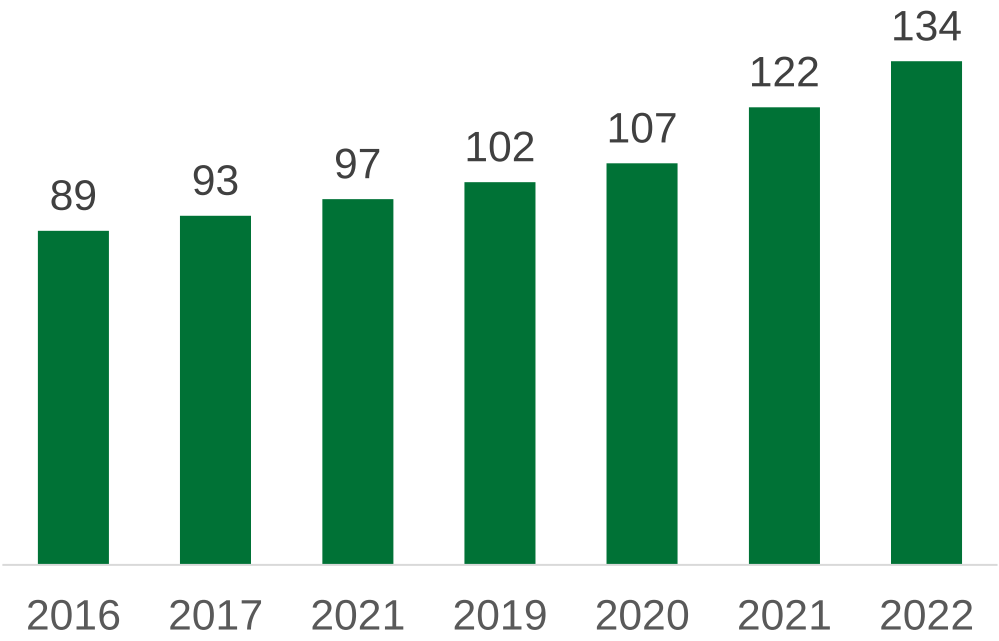
WE ARE GROWING OUR REGULATED ASSET BASE IN DISTRIBUTION, REGULATORY VISIBILITY UNTIL 2025

Regulatory asset base

CZK billion



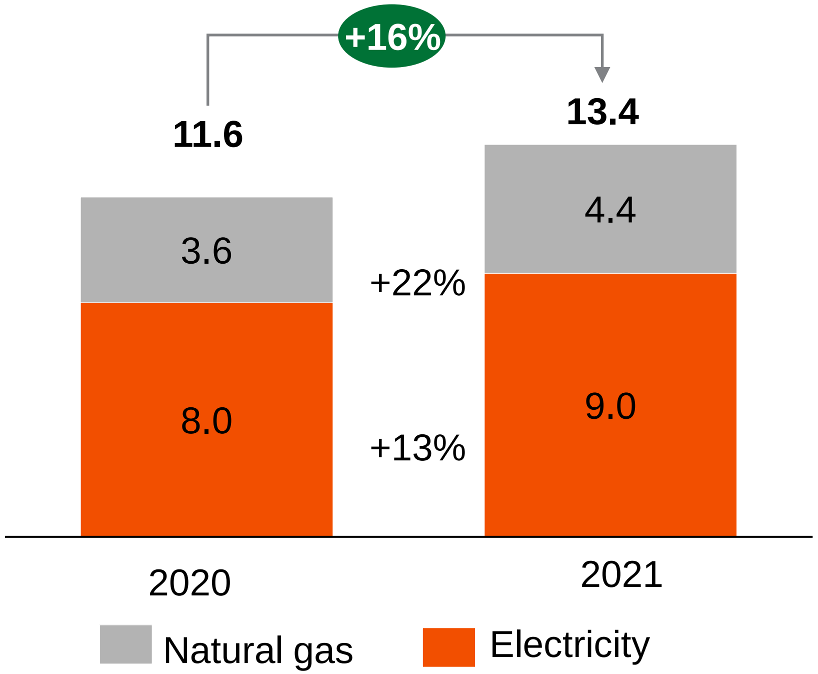
Outcome of regulatory review for 2021-2025 supportive for RAB grow

- RAB will growth by 8% CAGR in 2020-2025 thanks to revaluation and investments
- WACC at 6.54% among the highest in Europe
- Investments directed to digital transformation, preparation for decentralized generation
- Accelerated growth in renewables expected from 2021 onwards, our network is ready to process connection requests

OUR RETAIL BUSINESS PROVIDES HEALTHY MARGINS, ROBUST VOLUME GROWTH AND BEST IN CLASS CUSTOMER SATISFACTION

Retail electricity and natural gas supplies

Supplied electricity and gas (TWh)



Retail defended the title of the “Most trusted energy supplier in CZ”

- “Most trusted energy supplier” in Czechia *
- Customer satisfaction indicator (CX) of more than 86% is continually improving
- Volume growth driven by lower temperatures, growth in customer base in Q4 and structural shift towards electric heating
- Number of connection points increased by 11% to 3.2 m thanks to competitors ceasing activities in Q4

** based on an independent survey conducted with more than 4,000 respondents as a part of the 7th annual national Trusted Brands program (monitoring and awarding brands that Czech consumers trust most)

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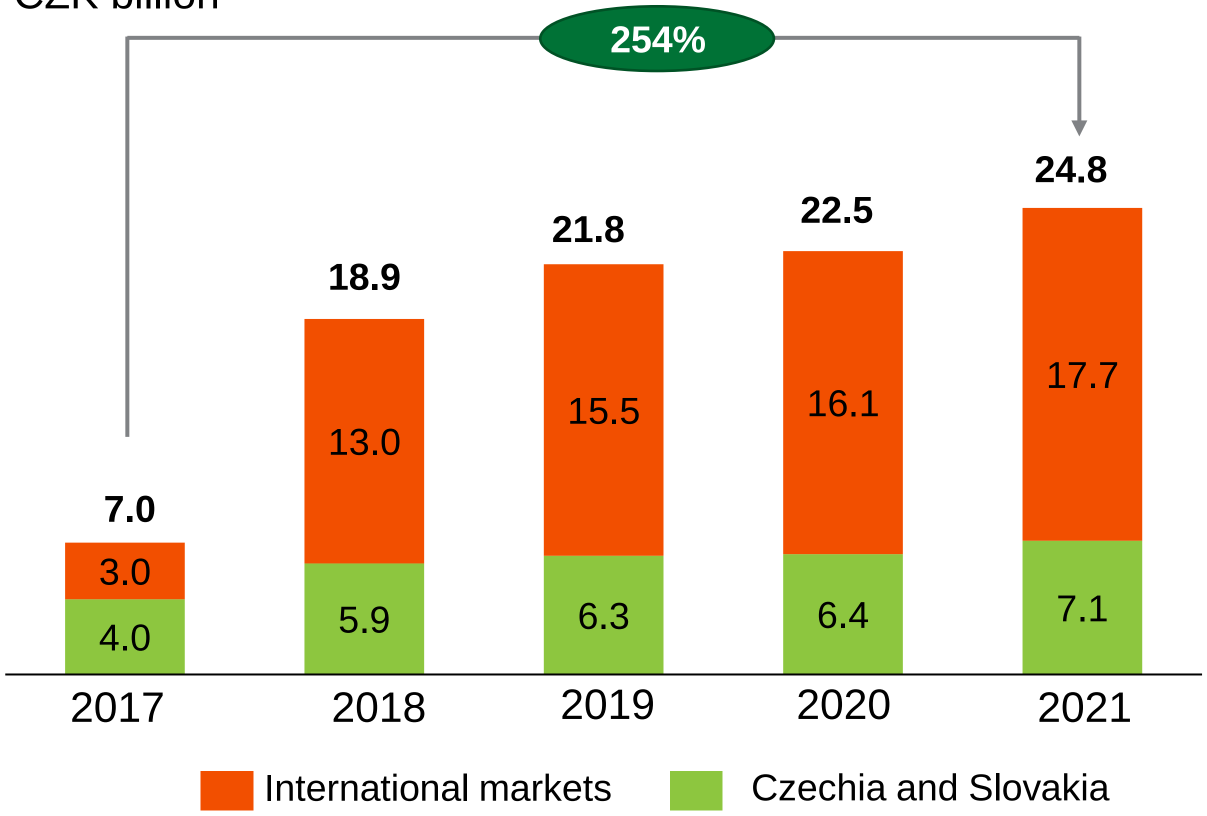
STRONGLY GROWING IN ENERGY SERVICES BUSINESS AND HELPING CUSTOMERS TO DECARBONIZE

Energy Services (ESCO) revenue

CZK billion



We are No. 1 player in Czechia

We are within Top 3 players in Germany

We are helping our customers to decarbonize by:

- Installation of efficient cogeneration units on their sites
- Providing energy advisory and management
- Energy storage installations
- Rooftop photovoltaic plants
- Lighting, cooling, heating installations

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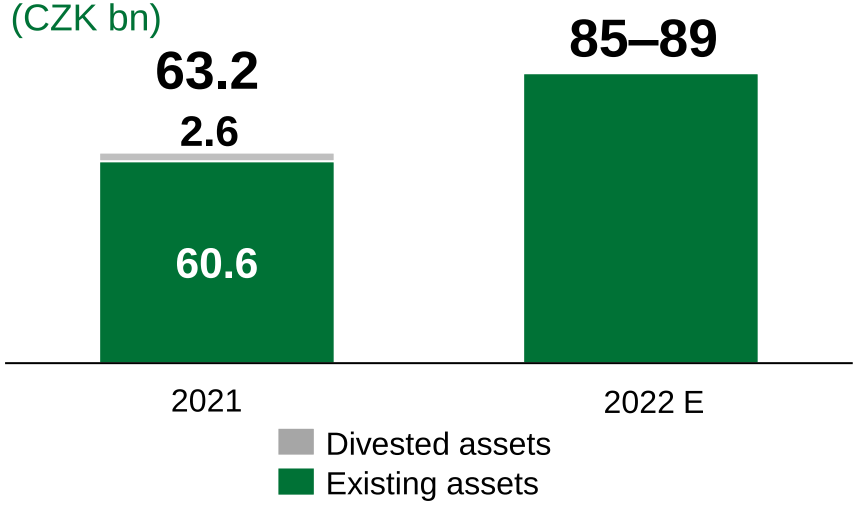
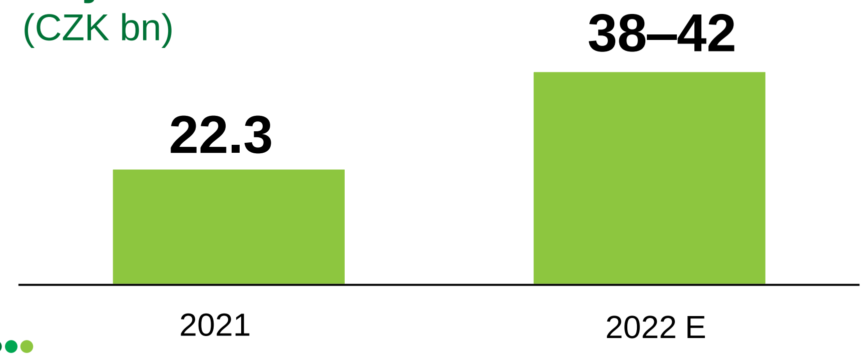
2022 EBITDA OF CZK 85–89 BN, NET INCOME OF CZK 38–42 BN, DIVIDEND OF CZK 56–62

EBITDA
(CZK bn)



Adjusted net income
(CZK bn)



Main year-on-year effects:

- ⊕ Significantly higher realization prices of electricity
- ⊕ Growth ambitions in ESCO services
- ⊖ Sale of Romanian and Bulgarian assets
- ⊖ Higher expenses on emission allowances for generation

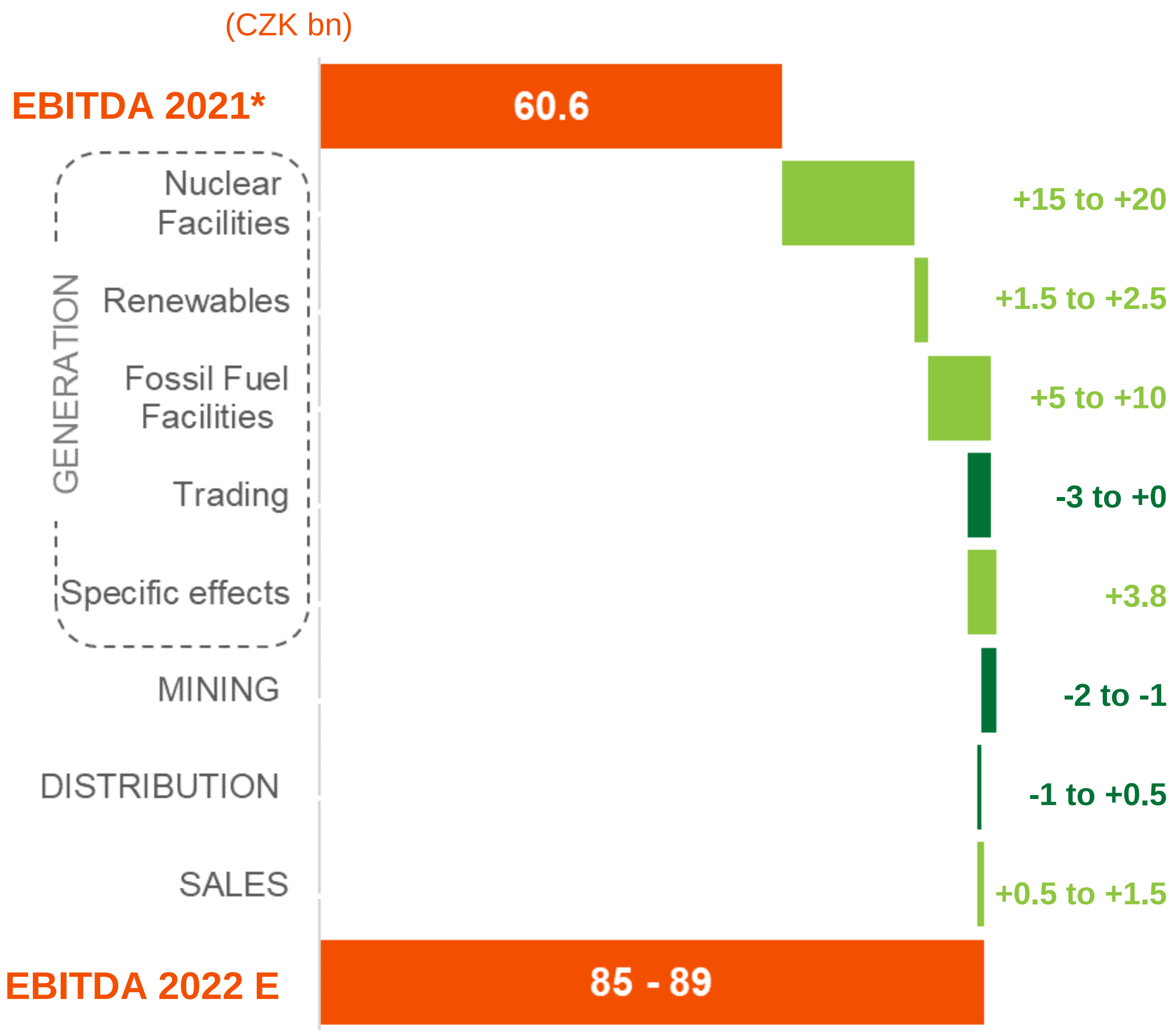
Selected prediction risks and opportunities:

- Realization prices of generated electricity
- Availability of generating facilities
- The cost of acquiring emission allowances and natural gas for generation
- Gain from commodity trading and revaluation of derivatives
- Economic impacts of sanctions imposed on Russia in connection to conflict in Ukraine

Expected dividend from 2022 earnings:

- Dividend of CZK 56–62 per share, representing 80% of 2022 earnings
- The assumption reflects the updated Dividend Policy with a payout ratio of 60%–80% effective from January 1, 2023

INCREASE IN EBITDA DRIVEN PRIMARILY BY HIGHER ACHIEVED ELECTRICITY PRICES



* without the divested assets in Romania and Bulgaria

GENERATION

Nuclear

- (+) Higher realization prices of electricity incl. hedging

Renewables

- (+) Higher realization prices of electricity incl. hedging

Fossil-Fuel plants

- (+) Effect of realized prices of electricity, emission allowances and natural gas on gross margin
- (−) Higher maintenance costs

Trading

- (−)(+) Uncertain amount of commodity trading profit

Specific effects in 2021

- (+) Revaluation of emission allowance trades related to hedging 2022+ generation positions and time arbitrage and revaluation of hedging sales of the portion of year 2022 emissions generation that does not meet the own-use conditions due to supply uncertainty

MINING

- (−) Lower coal sales outside CEZ Group
- (−) Higher fixed operating expenses, especially expenses on energy

DISTRIBUTION

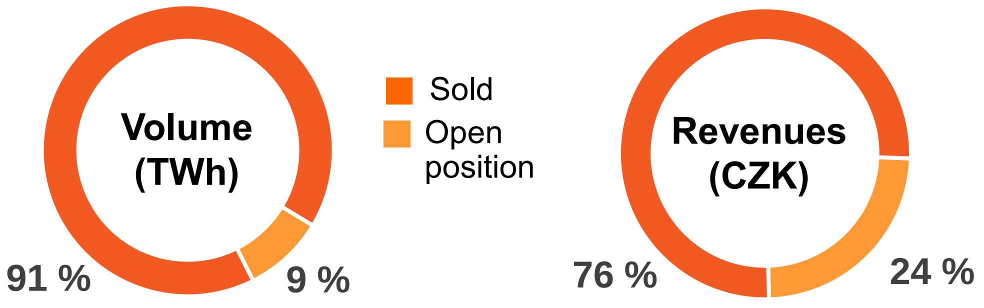
- (−) Negative effect of correction factors
- (+) Higher RAB and depreciation and amortization

SALES

- (+) Acquisition and organic increase in ESCO

AVERAGE POWER PRICE EXPECTED EUR 90-95/MWH, GENERATION VOLUME 56.7 TWH

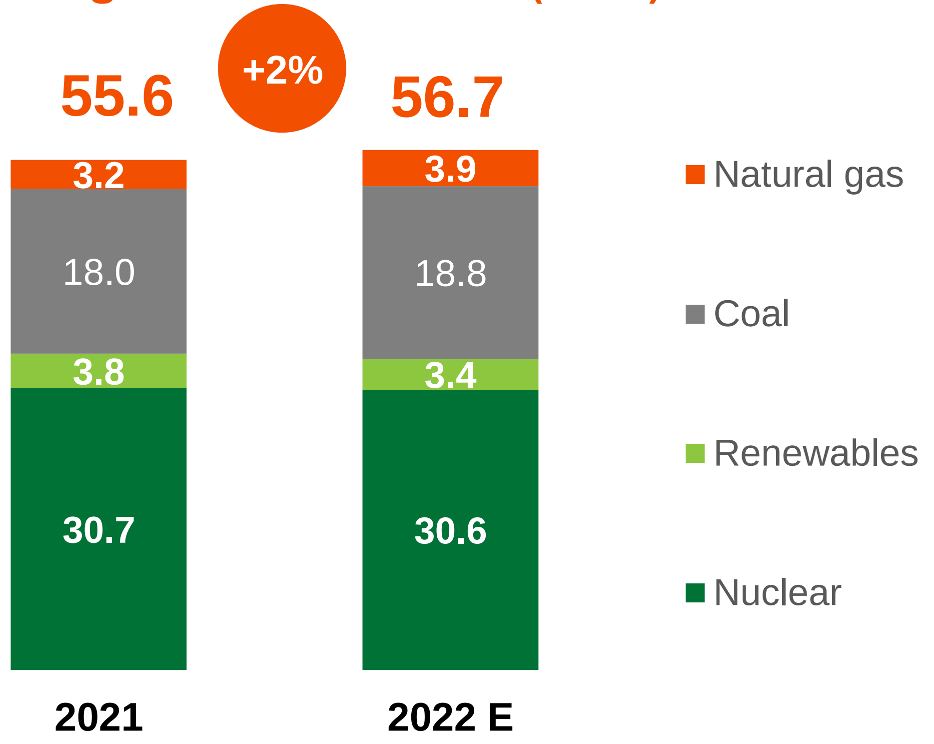
Electricity—share of secured supply from generation in Czechia* for 2022



100% of the expected electricity deliveries in Czechia* = 47.5 TWh

- The average achieved price** **EUR 90-95/MWh**
- **43.2 TWh** already sold for average achieved price** of **EUR 79/MWh**
- Open position assumption of **4.3 TWh**
- 2022 FX position hedged at **CZK 25.9/EUR**.

Expected generation volume (TWh)



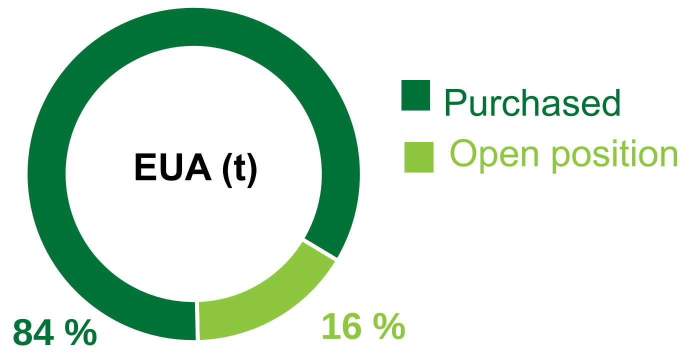
* These are supplies from generation in companies CEZ, Energotrans, and Elektrárna Dětmarovice

** This is the result of hedging trades and current market valuation of unsold electricity for expected generation in 2022. Concluded hedging contracts for electricity from gas and part of coal plants did not fulfil the IFRS criteria for own-use classification and therefore these contracts are revalued in the P&L statement on an ongoing basis. Actual realized price of these contracts, in which they will influence 2022 financials, therefore is the price as of Dec 31, 2021.

FINANCIAL AMBITIONS FOR 2022*:
HEDGING THE COST OF EMISSION ALLOWANCES AND GAS

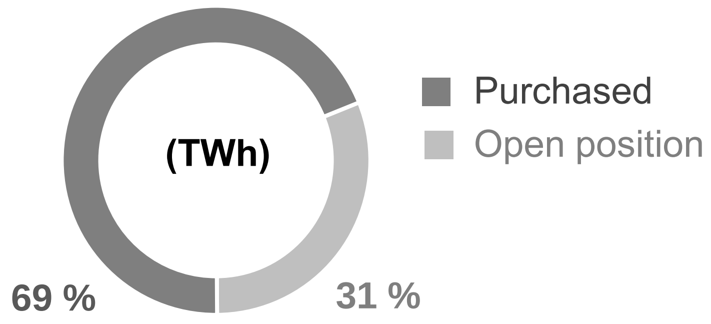
Hedging the cost of generation in Czechia* for 2022

Emission Allowances



- The average purchase price of **14 m tons** of emission allowances is **EUR 33/**t
- Assumption of an open position of **2.8 million tons of EUAs**

Natural Gas**



- The average purchase price*** of **4.8 TWh** natural gas is **EUR 81/MWh**
- Assumption of an open position in natural gas is **2.2 TWh**

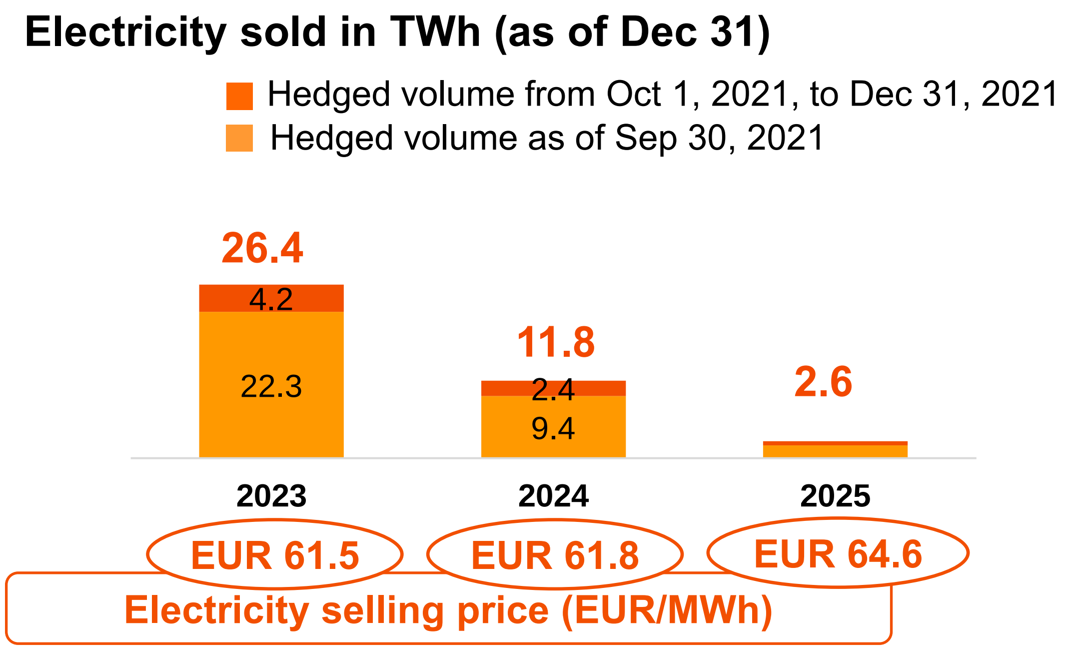
Note: In addition to the above-mentioned hedging of expected production from gas fired power plants, CEZ Group has contracted 100% of the gas volume for existing end customers of CEZ Prodej and ČEZ ESCO for 2022.

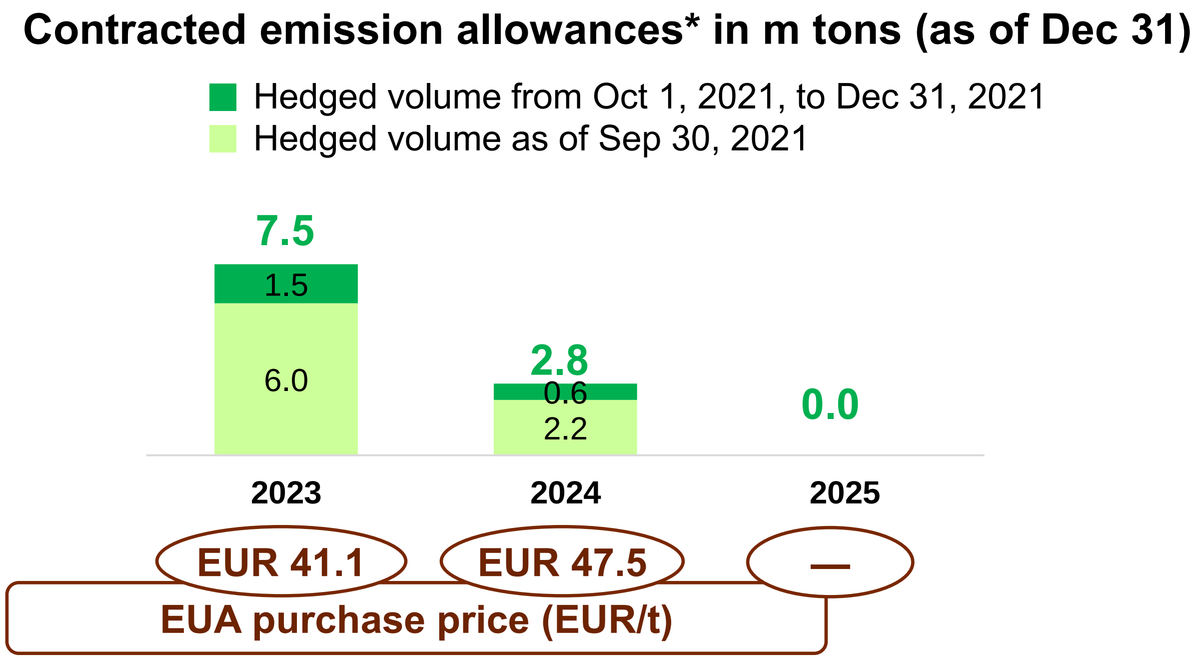
* Hedging of net electricity generation volumes from companies CEZ, Energotrans, and Elektrárna Dětmarovice.

** The volume of electricity generation from gas might be significantly influenced by the development of situation in Ukraine and by consequences of approved sanctions against Russian federation.

*** Purchase prices of gas correspond to the prices as of December 31, 2021, at which they will effectively enter the financial results for 2022. According to IFRS, the hedging transactions in question did not fulfil the own-use character and are therefore revalued in the P&L statement on an ongoing basis, just like the hedging transactions of electricity supplies from gas-fired plants, which are concluded simultaneously with gas purchase agreements.

HEDGING THE MARKET RISKS OF GENERATION IN CZECHIA FOR 2023–2025





Share of hedged electricity deliveries from generation in Czechia (as of December 31)

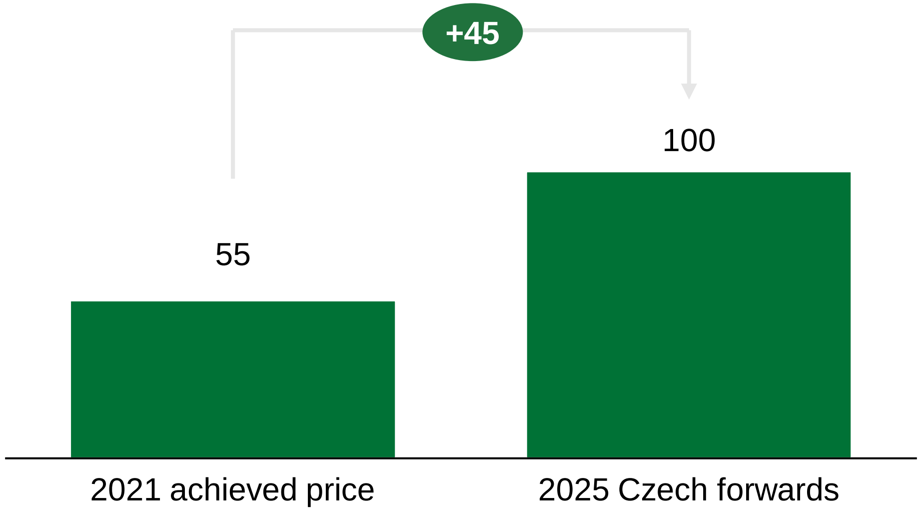
	2023	2024	2025	100% of expected deliveries
Proportion of electricity deliveries hedged	58%	28%	6%	42 to 45 TWh of external deliveries per year

* 100% of the expected annual volume of emission allowances for generation in Czechia for 2023–2025 is 11–14 m tons.

CURRENT FORWARD COMMODITY PRICES REPRESENT SIGNIFICANT PROFIT UPSIDE COMPARED TO 2021

Power prices

EUR/MWh

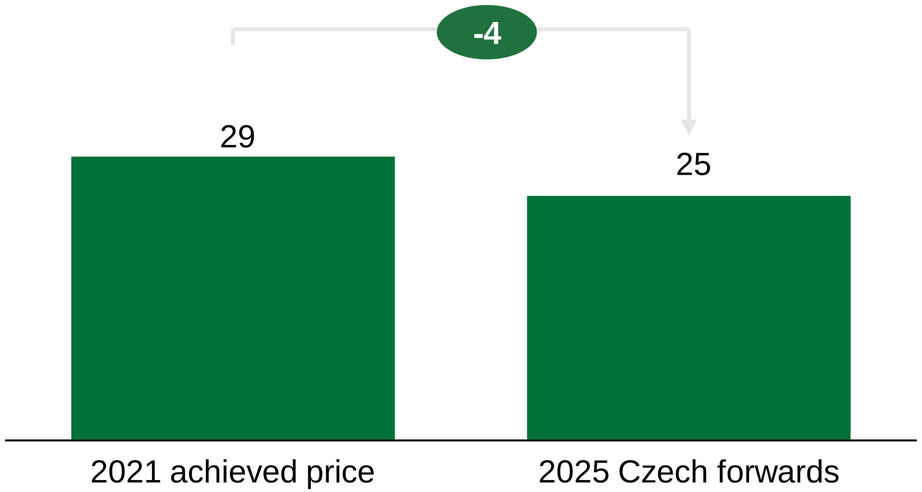


Carbon free generation 34.5 TWh

Financial impact: CZK +39.6 billion*

Lignite spread

EUR/MWh, power price minus carbon allowance



Lignite generation 14.9 TWh

Financial impact: CZK -1.5 billion*

Theoretical operating profit upside of CZK 38.1 billion*
using current commodity prices compared to 2021 achieved levels

* Assuming no hedging, 25.5 EUR/CZK exchange rate, 2021 generation volumes, forward prices of electricity and carbon as of March 2022 i.e. power price 100 EUR/MWh and carbon allowance price 75 EUR/t

AGENDA

WE ARE ACCELERATING GROWTH WITHIN CURRENT STRATEGY. STRATEGIC DIRECTIONS OF VISION 2030 – CLEAN ENERGY OF TOMORROW

Strategic priorities of CEZ Group

Efficient operation, optimal utilization and development of generation portfolio

Modern distribution and a care for customers' energy needs

Development of new energy in Czechia

Development of energy services in Europe

Vision 2030 Strategic directions CLEAN ENERGY OF TOMORROW

I Decarbonize generation portfolio and reach carbon neutrality

- Efficiently managing nuclear power plants and preparing conditions for the construction of a new nuclear power plant as part of enhancement of energy security in Czechia
- Efficient management of coal-fired power plants located near the coal basins and decarbonization of Czech generating portfolio (including transformation of the heating industry)
- Developing renewable energy sources (RES) while fulfilling the Czech energy and climate plan

II Provide best energy solutions and highest quality customer experience on the market

- Modernizing and digitizing distribution and retail in Czechia, developing comprehensive services with respect to customers' needs.
- Developing energy services sources (ESCO) in Czechia while fulfilling the Czech energy and climate plan.
- Developing energy services (ESCO) abroad to achieve a significant market position in Germany, Northern Italy, and Poland

UNDER THE CURRENT STRATEGY WE ARE ACCELERATING DEVELOPMENT. WE WANT TO ACHIEVE 40% INCREASE IN EBITDA BY 2030 ON COMPARABLE POWER PRICES

Vision 2030

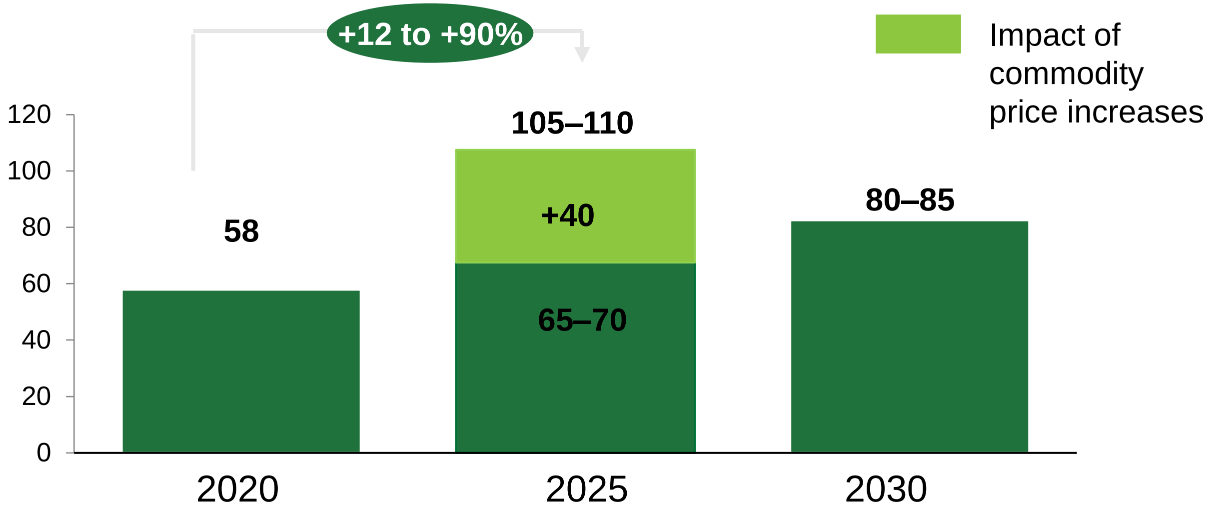
CLEAN ENERGY OF TOMORROW

I **Decarbonize generation portfolio and reach carbon neutrality**

II **Provide best energy solutions and highest quality customer experience on the market**

EBITDA* of CEZ Group

Existing assets in CZK billion



Annual Capex** CZK billion, avg		**Wholesale electricity prices** EUR/MWh		
~48	50–55	51	51*-100	~ 57*
2021–25	2026–30	2020	2025	2030

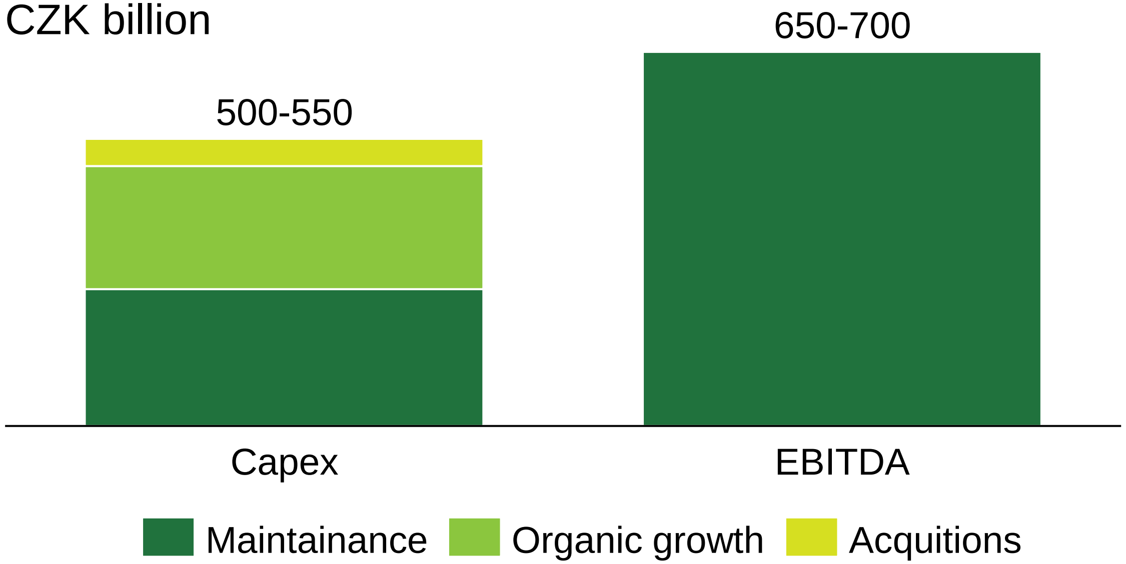
* Assuming forward power prices from March-2021, which were escalated; carbon allowance price assumption for 2020: 25 EUR/t; 2025: 41 EUR/t; 2030: 46 EUR/t,

** Capex and financial investments

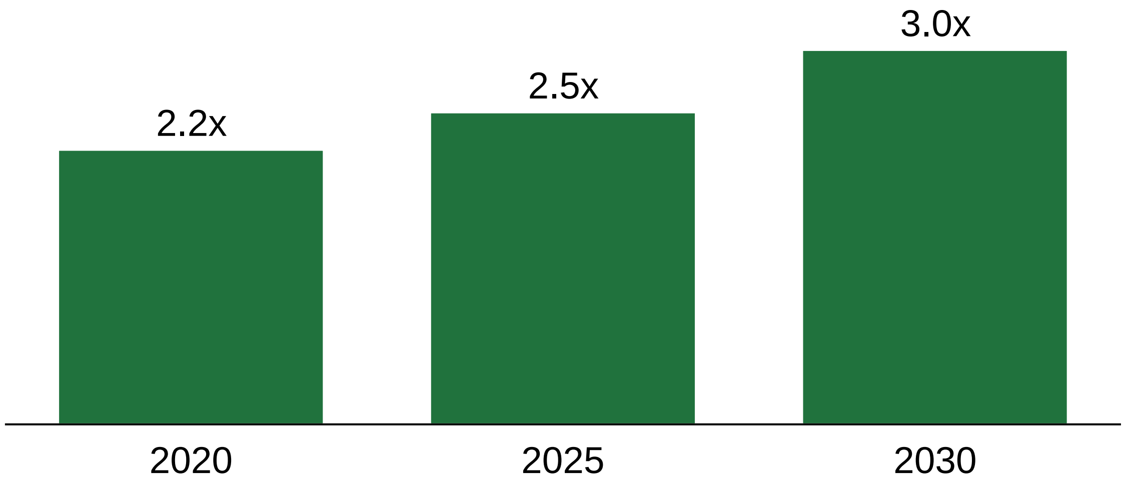
WE CAN EXECUTE OUR 2030 GROWTH STRATEGY WHILE KEEPING LEVERAGE WITHIN OUR TARGET – EVEN WITHOUT THE TAILWIND OF FROM CURRENT POWER PRICES

Expected Cumulative Capex and EBITDA 2021-2030

CZK billion



Expected Net debt to EBITDA ratio



We will continue to generate positive free cash flow even with the increased Capex and our leverage would stay below 3.0x of EBITDA

Note: Organic growth = new renewables and gas capacities, expansion of distribution network, Acquisitions = ESCOs abroad

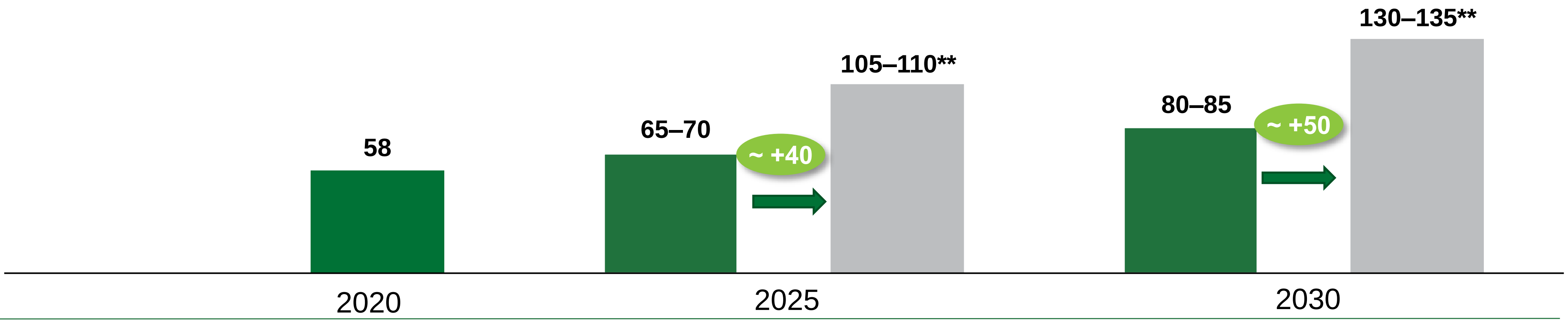
EBITDA SENSITIVITY TO CHANGES IN WHOLESALE ELECTRICITY PRICES AND CARBON ALLOWANCES

EBITDA of CEZ Group

Existing assets in CZK billion

EBITDA at March 2021 prices*

EBITDA at current prices**



Wholesale prices

	2020	2025		2030	
Electricity (EUR/MWh)	51	~ 51*	~ 100**	~ 57*	~ 110**
Carbon allowances (EUR/t)	25	41*	~ 75**	46*	~ 83**

• Assuming froward market prices from March-2021, which were escalated by inflation to 2030
*** Assuming forward prices prices from March-2022, which were escalated by inflation to 2030

WE ARE ACCELERATING GROWTH WITHIN CURRENT STRATEGY. STRATEGIC DIRECTIONS OF VISION 2030 – CLEAN ENERGY OF TOMORROW

Vision 2030 Strategic directions
CLEAN ENERGY OF TOMORROW

Decarbonize generation portfolio and reach carbon neutrality

- Efficiently managing nuclear power plants and preparing conditions for the construction of a new nuclear power plant as part of enhancement of energy security in Czechia
- Efficient management of coal-fired power plants located near the coal basins and decarbonization of Czech generating portfolio (including transformation of the heating industry)
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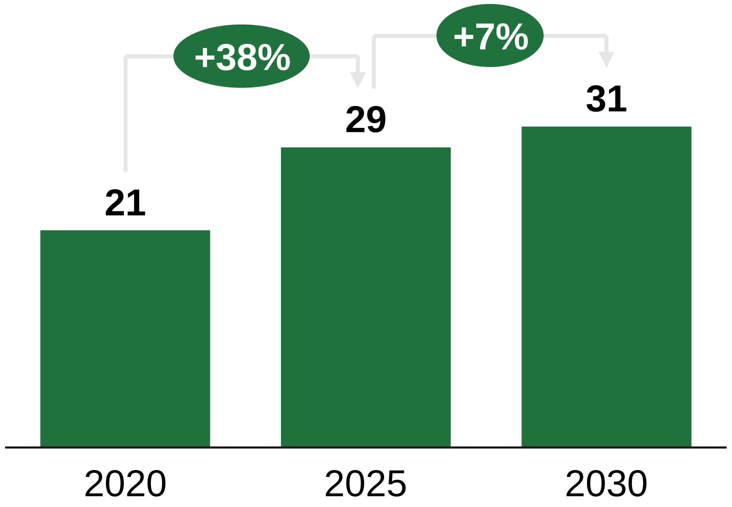
WE WILL INCREASE NUCLEAR PRODUCTION OVER 32 TWH

Nuclear EBITDA

CZK billion



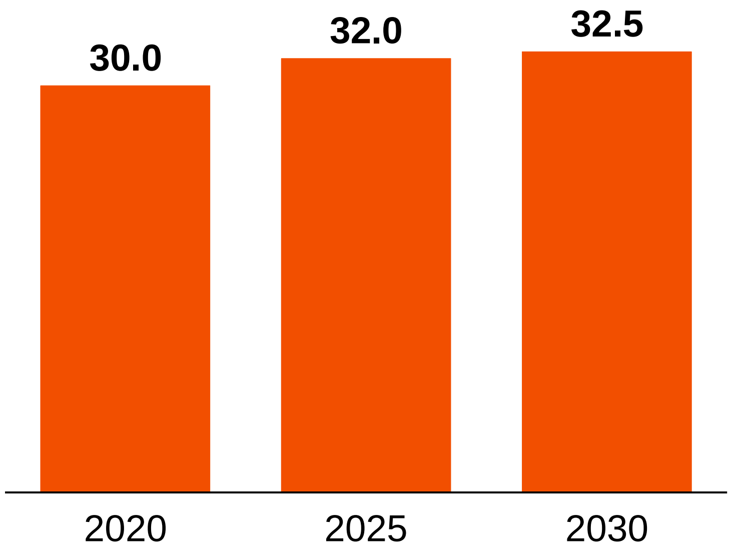
Annual Capex*

CZK billion, avg

~10	~10
2021–25	2026–30

Nuclear generation

TWh



Wholesale electricity prices**

EUR/MWh

51	~ 51	~ 57
2020	2025	2030

We will increase production of existing power plants above 32 TWh by

- Prolonging fuel replacement cycle
- Optimizing maintenance
- Increasing capacity by up to 50 MW

We plan to start construction of new nuclear unit in Dukovany, which is a subject to agreeing support scheme with government

We will prepare for potential construction of small modular reactors after 2040 with total capacity of 1000 MW

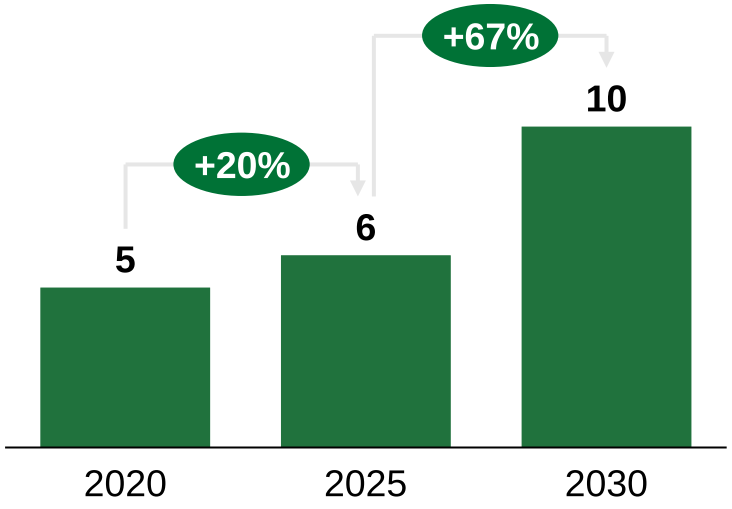
- Of which CZK ~4 billion p.a. are purchases of nuclear fuel, excluding new nuclear Capex in 2025-2030 due to assumed 100% state financing

** Market prices from March-2021 inflationary adjusted and sensitivity applied

WE WILL ADD 6 GW OF RENEWABLES CAPACITY BY 2030

Renewables EBITDA

Existing assets in CZK billion*



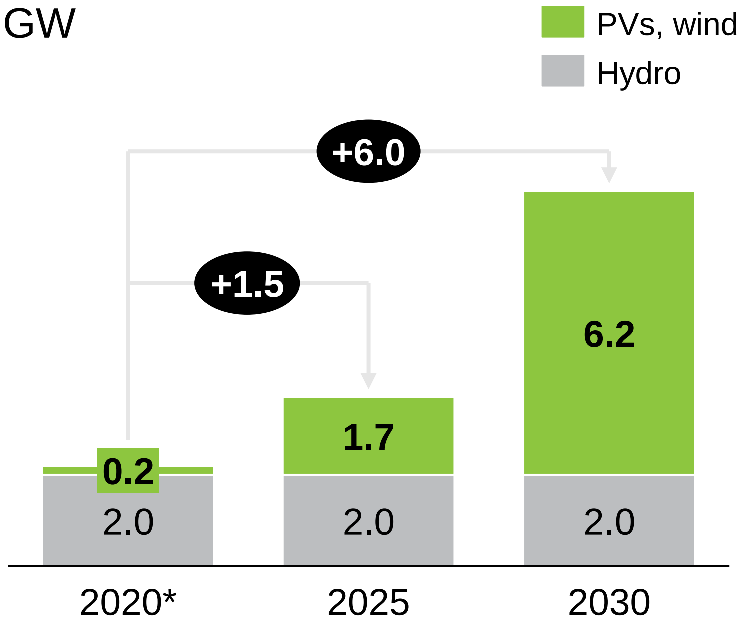
Annual Capex**

CZK billion, avg

6–7	14–15
2021–25	2026–30

Renewables capacity

GW



Wholesale electricity prices***

EUR/MWh

51	~ 51	~ 57
2020	2025	2030

We expect to focus our RES development on photovoltaic in Czechia

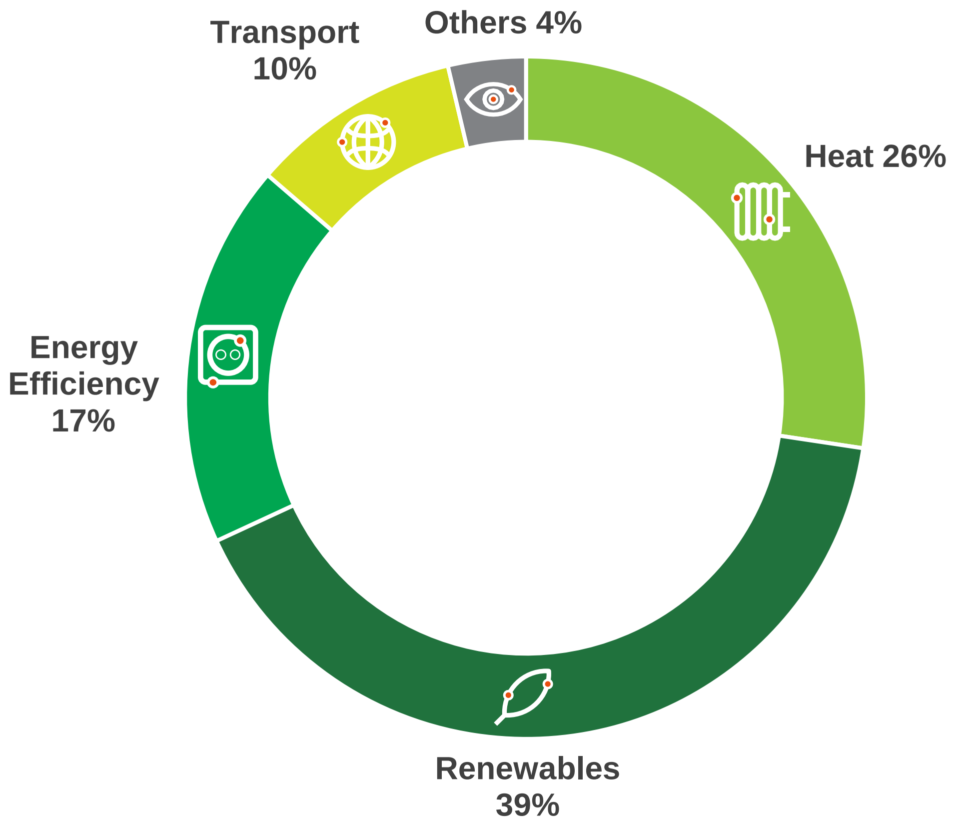
RES development in 2022-2030 to be incentivized by Capex grants from Modernization Fund

We will increase storage capacities to above 300 MWe

* 2020 figures exclude contribution from 600 MW of Romanian wind, which was disposed on Mar-31, 2021
** Capex conservatively assumes no subsidies on Capex from Modernisation fund due to their uncertain amount
*** Realized prices for renewables will be adjusted by the shape discount (0.8-0.9) on top of wholesale power price

MODERNISATION FUND TO SUPPORT DEVELOPMENT OF PHOTOVOLTAICS IN CZECHIA

Indicative allocation from Modernisation fund to different grant categories



Support of renewables from Modernisation Fund

- In 2021–30 **CZK ~114 billion* is available** for grants to support renewables projects, out of which 60% will be dedicated to projects of existing electricity producers
- Actual **amount of subsidy to be determined in auctions**, grants might fund up to 50% of total expenditure and up to CZK 6.2-7.3 m/MW**
- Generated **electricity** will be **sold at market prices**

CEZ Group submitted 24 photovoltaics projects with capacity of 233 MWp to the first round of the auction. 17 projects succeeded and should receive CZK 1 bn of grants as announced in March 2022.

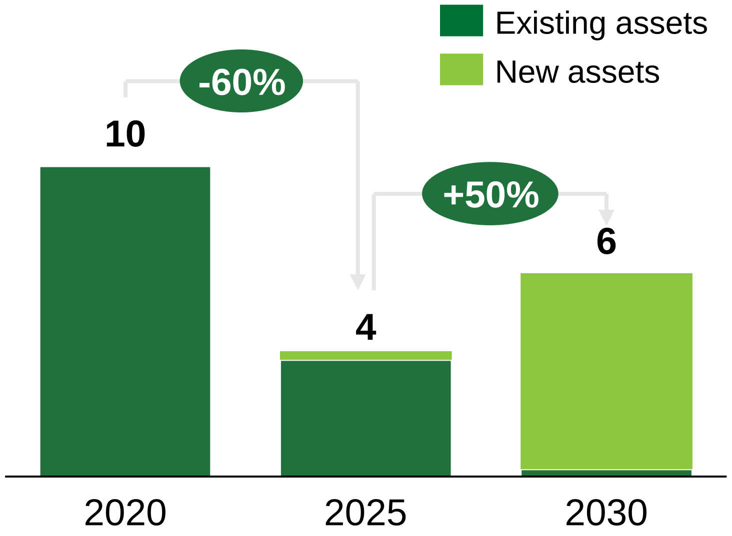
* Assuming price of carbon allowances a EUR 60/t; CZK 295 billion available in Modernisation Fund in total and 38.7% of total for renewables

** Maximum per MW grant depends on size and technology (rooftop or ground-mounted)

WE ARE CLOSING COAL PLANTS, PRODUCTION OF HEAT TO BE TRANSFORMED TO LOW CARBON TECHNOLOGIES

Fossil fuel generation and mining EBITDA

Existing assets in CZK billion



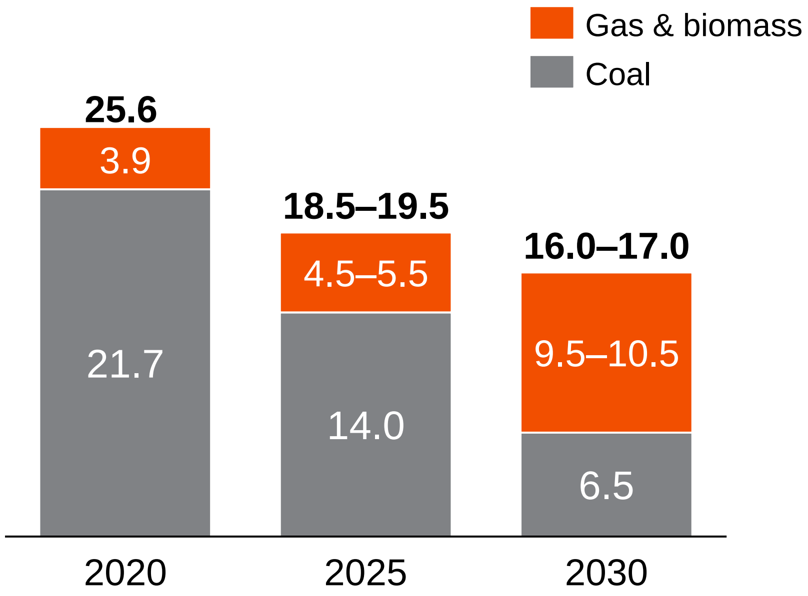
Annual Capex*

CZK billion, avg

~9	4-5
2021–25	2026–30

Coal and gas generation

Existing assets, TWh



Coal and gas capacity

in GW

2020	2025	2030
1.0	1.1–1.3	2.0–2.5
4.8	3.0	2.2

Decarbonization of our heat plants and transition of current coal sites to new activities

Newly built gas plants will be hydrogen ready

EBITDA growth between 2025 and 2030 enabled by new gas capacities with better margins compared to coal

* Includes CZK 3.5 billion average annual average Capex into new gas and biomass capacities

CEZ GROUP PLANS TO INCREASE GENERATION IN RENEWABLES, NUCLEAR AND GAS

Nuclear

- We will **safely increase generation volume in existing plants above 32 TWh** on average and achieve 60-year operating life
- We will build a new nuclear power plant in Dukovany.

Renewables

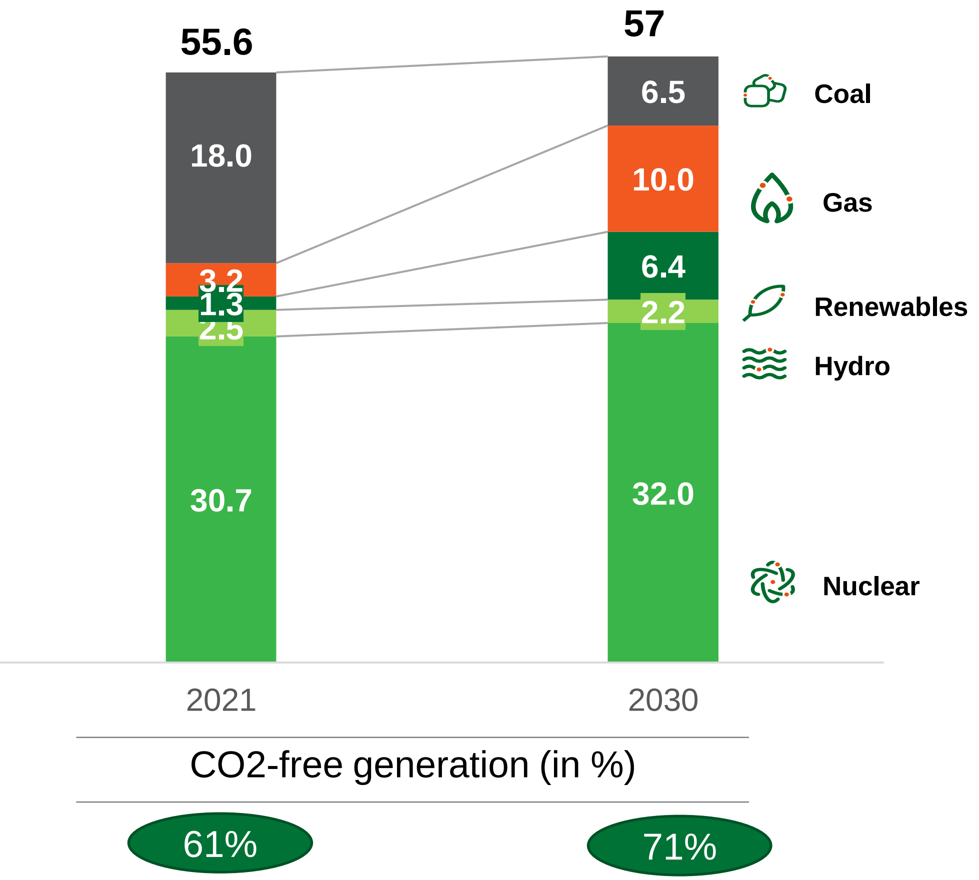
- We will build **1.5 GW of renewables by 2025** and **6 GW renewables by 2030.**
- **We will increase installed capacity of electricity accumulation** to at least **300 MWe** by 2030.

Traditional

- **We will decarbonize heating** and **will transform our coal locations** to new activities.
- We will **build new gas capacities**, which will be **ready for hydrogen combustion**.

Electricity generation of CEZ Group

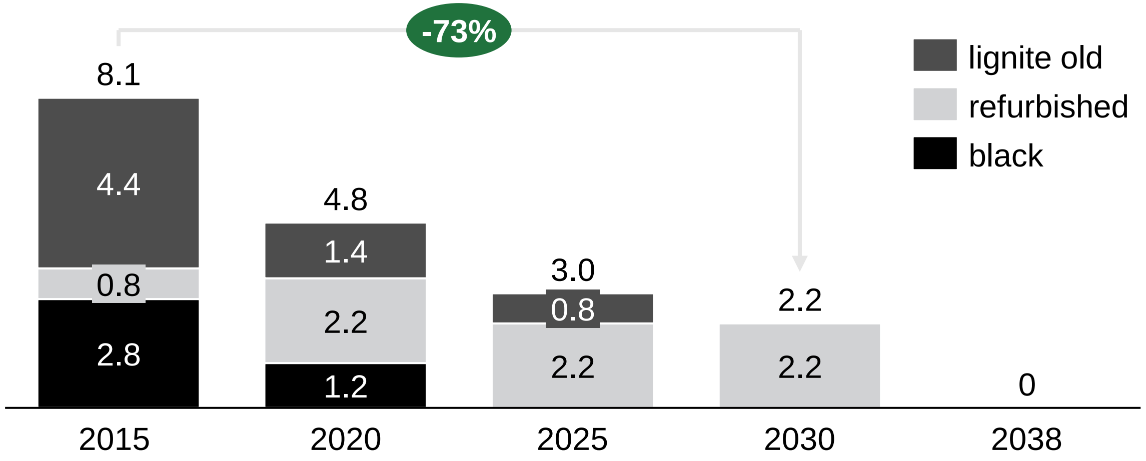
(Existing assets, in TWh)



WE WILL REDUCE SHARE OF OUR COAL GENERATION TO 12.5% IN 2030, AND COMPLETELY EXIT COAL BY 2038

Expected development of installed capacity in coal

(GW)



Share of coal related revenue * (%)		
18%	~15%	~2%
2020	2025	2030

Share of coal on generation (%)		
36%	25%	12.5%
2020	2025	2030

Coal fired power plants are being gradually closed

- No new coal capacity investments commitment
- Coal capacity was reduced 1,719 MW in 2020, further 500 MW has been closed in 2021.
- Post 2030 only 3 upgraded units planned to be in operations
- **Coal exit by 2038** in line with recommendation of Czech Coal Commission **or earlier** depending on the legal framework (current government is targeting 2033)

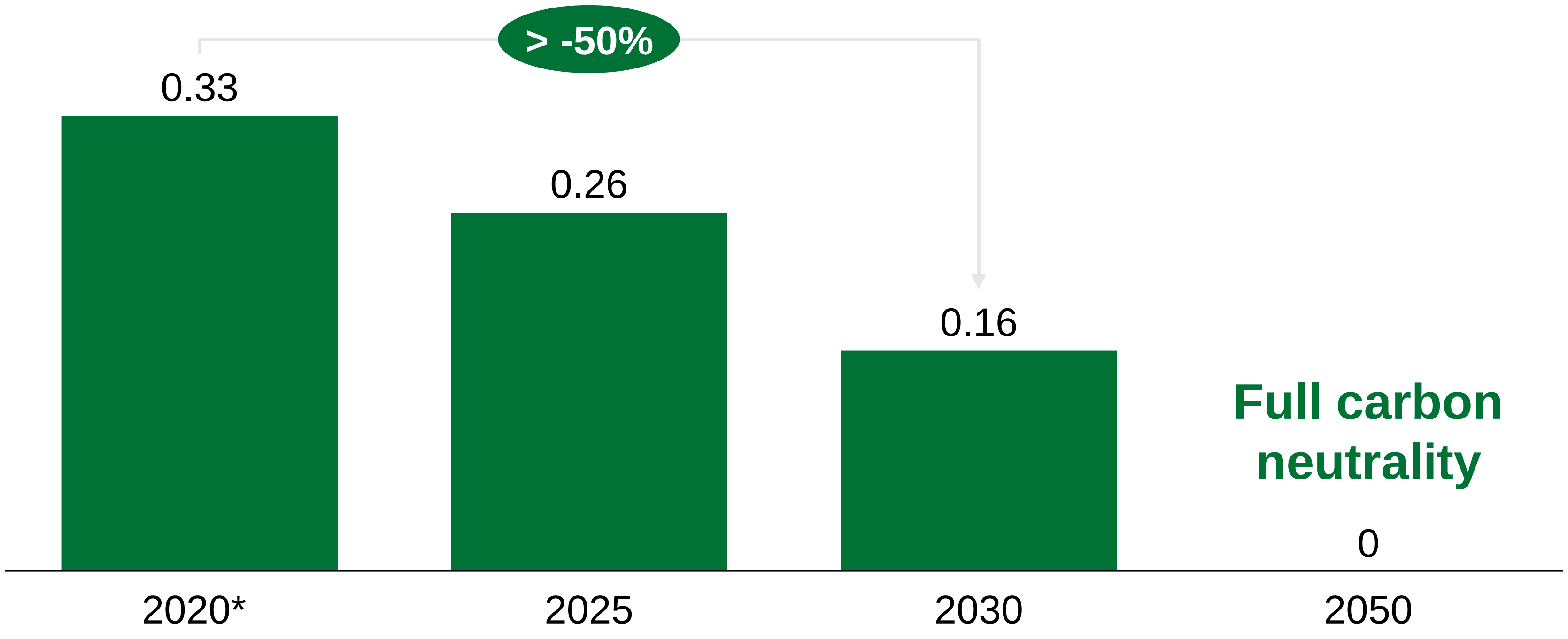
Coal extracted is mainly used in own power plants and declining

- CEZ Group produced 15.9 million tones of coal, out of which only 26% is sold externally
- Volume of extracted coal is expected to decline to 8 million tones in 2030 reflecting the reduction of CEZ Group's coal capacities.
- **Termination of coal mining by 2038** in line with recommendation of Czech Coal Commission, i.e. much earlier than depletion of coal reserves

* Share of sales of electricity, Sales of heat sales and revenues from externally sold coal on consolidated revenues

WE WILL ACHIEVE CARBON NEUTRALITY BY 2050

Reduction of CEZ Group's CO_2 emission intensity
($t\ CO_2e/MWh$)



- **Speed of carbon emissions reduction until 2030 in line with Paris agreement** "well below 2 degrees"
- We will reach carbon neutrality by **2050**
- **Capex plan** fully alligned with the decarbonisation pathway

* 0.36 in 2019

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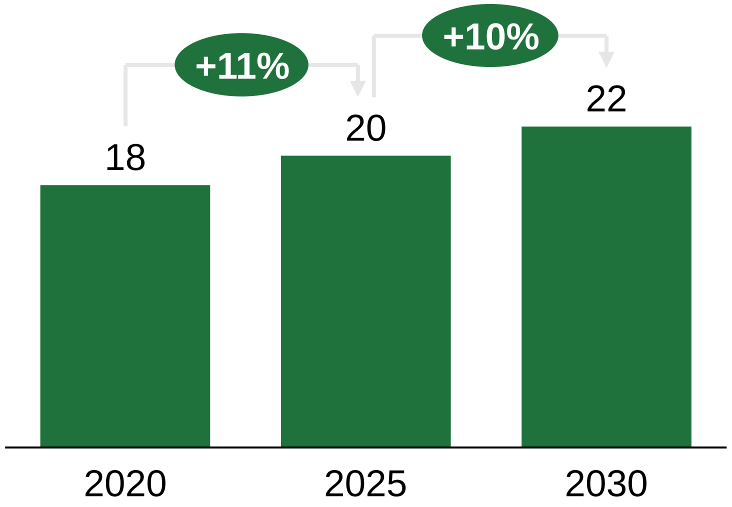
WE WILL BUILD SMART DIGITAL ELECTRICITY GRID

Distribution EBITDA

Existing assets in CZK billion



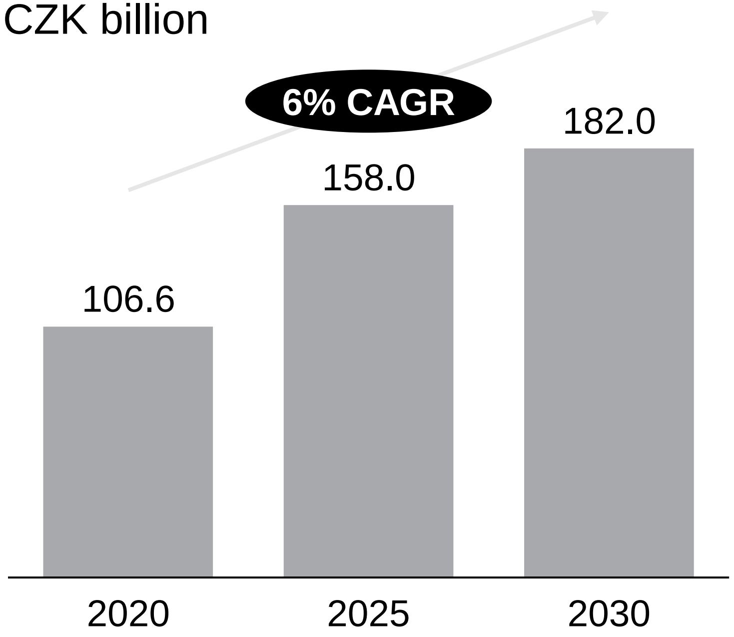
Annual Capex

CZK billion, avg

14–15	14–15
2021–25	2026–30

RAB Development

CZK billion



We will invest into smart grids and decentralization for developing digital distribution grid including fiber optic networks

2030 digital transformation targets

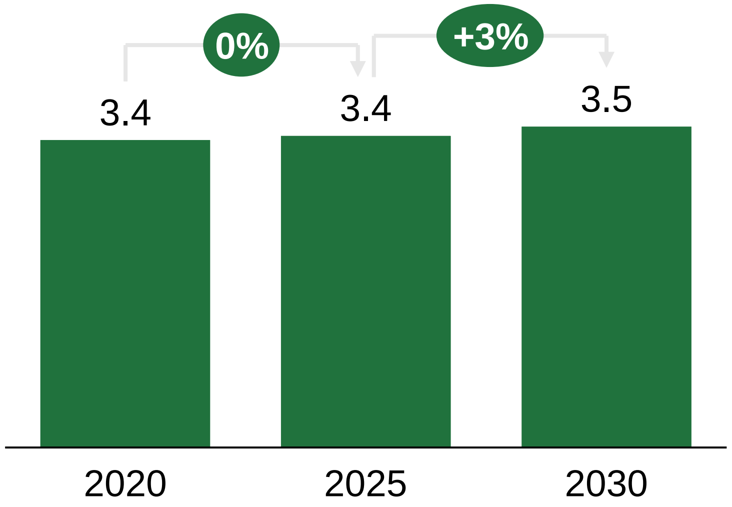
- 80% of consumption covered by smart meters
- 80% of remotely measured transformer stations
- 11,000 km of optic fiber networks (compared to 4,200 km today)

- Increase network reliability
- Enable new connections of decentralized generation
- More efficient network management and cost reduction
- Utilize fiber optic network capacity for telecommunication services

WE WILL GROW OUR RETAIL CUSTOMER BASE AND MAINTAIN HIGH CUSTOMER SATISFACTION

Retail EBITDA

CEZ Prodej, CZK billion



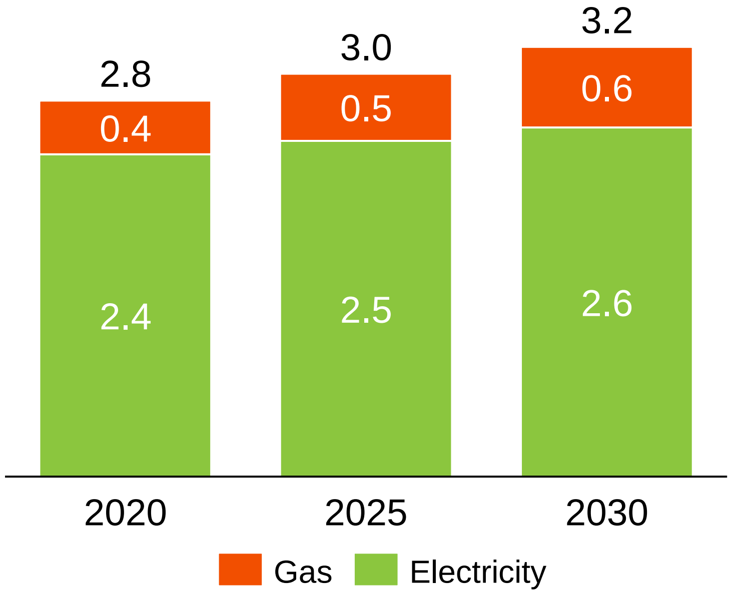
Annual Capex

CZK billion, avg

2021–25	2026–30
0.2	0.2

Number of customers

Million



B2C

100% of key customer processes will be **digital by 2025**

We will maintain the **highest NPS** (net promoter score) among largest electricity supplies and we will increase our customer base

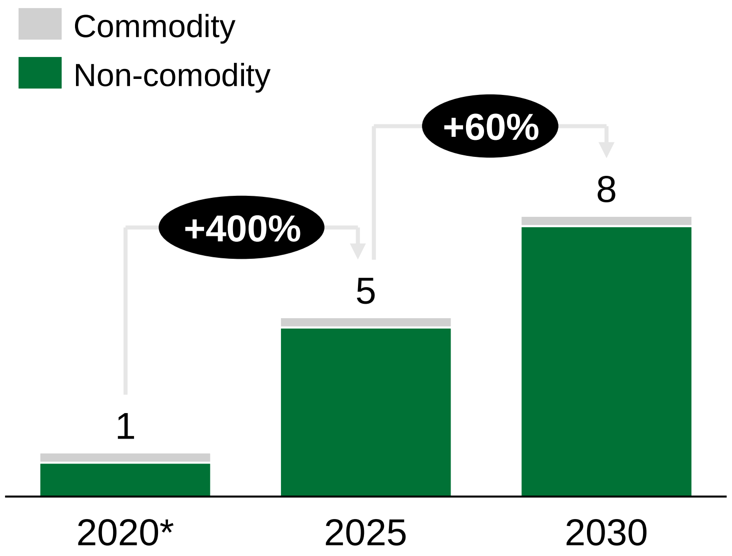
We will **broaden our product portfolio** for households, which will enable their decarbonization and energy savings

EBITDA improvement despite growing competitive pressures in commodities

WE WILL GROW OUR ENERGY SERVICES BUSINESS BY SUPPORTING DECARBONISATION OF OUR CUSTOMERS

ESCO EBITDA

CZK billion



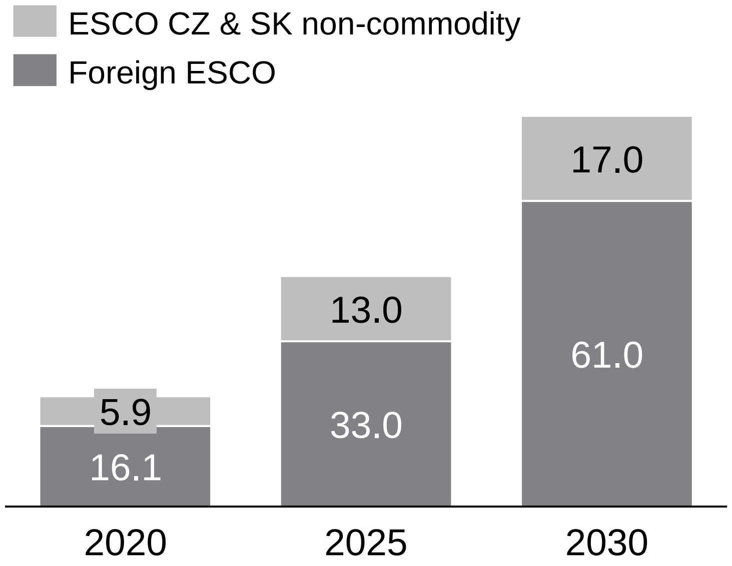
Annual Investments**

CZK billion, avg

2021–25	2026–30
6	6-7

ESCO revenues

CZK billion



EBITDA margin (%)***

CZK billion, avg

2020	2025	2030
3%	10%	10%

B2B

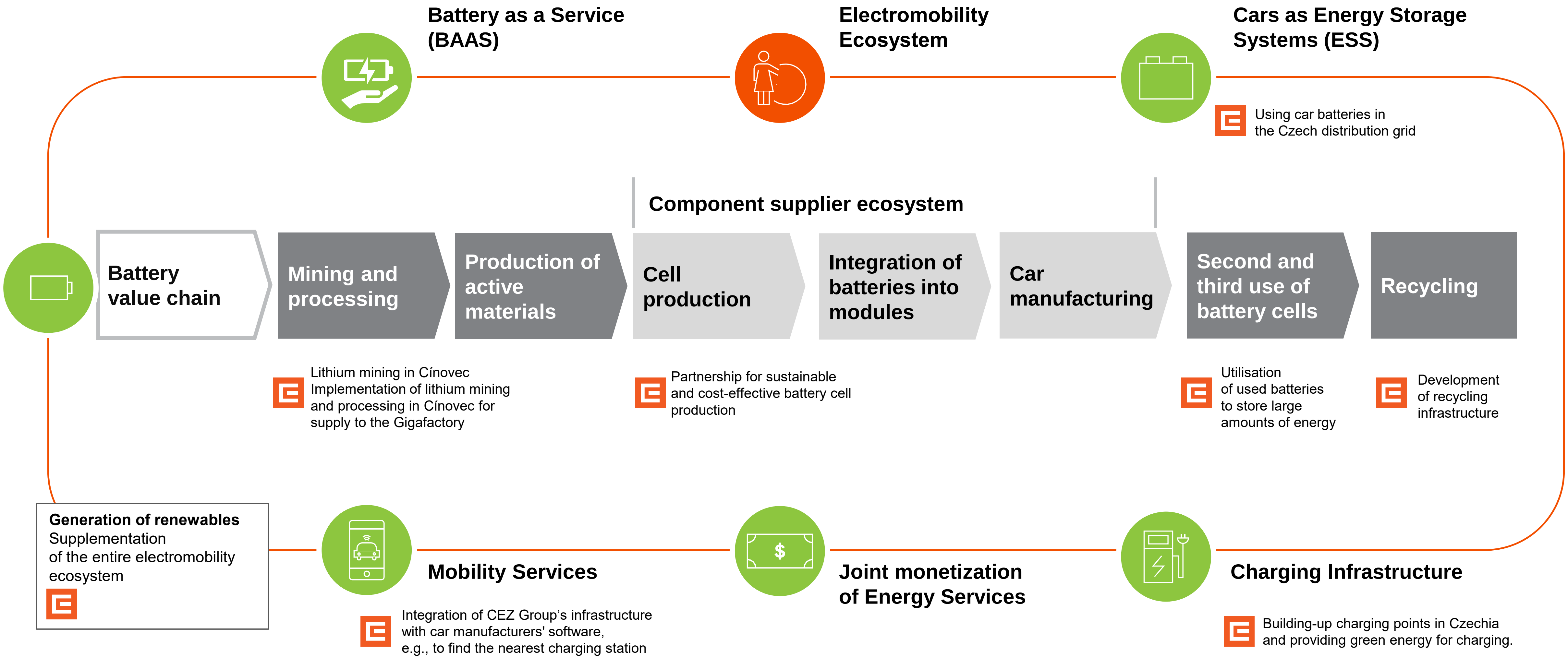
We will enable efficient decarbonization and delivery of energy savings for our customers in industry, municipalities and public administration in line with EU target 39-40%

* 2020 EBITDA was negatively impacted by Covid-19 pandemic, 2019 EBITDA of CZK 1.4 billion declined to CZK 0.6 billion

** CAPEX and financial investments

*** Only non-commodity; EBITDA margin (2020) was negatively affected by Covid-19 pandemic, EBITDA margin (2019): 6.5%

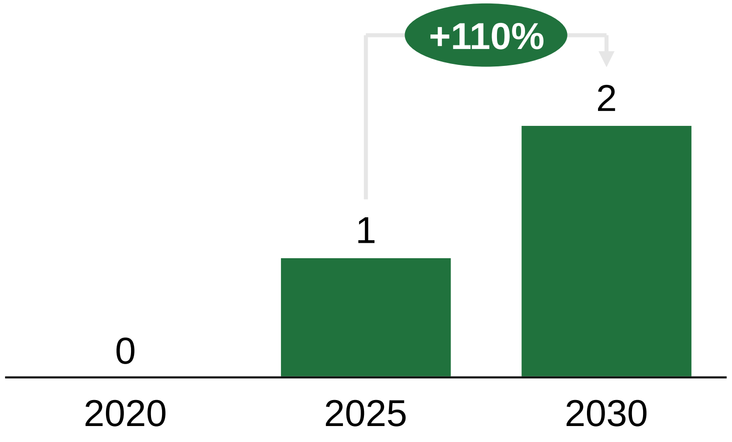
ELECTROMOBILITY VALUE CHAIN REPRESENTS AN ADDITIONAL SOURCE OF GROWTH



AREAS OF BATTERY PRODUCTION AND ELECTROMOBILITY WILL BE ADDITIONAL SOURCES OF GROWTH

Proportional EBITDA of battery related activities*

in CZK billion



Annual Capex*

CZK billion, avg

2.9	0.2
2021–25	2026–30

Lithium mining and processing in Cínovec

- CEZ Group owns 51% stake in Geomet, which owns rights to deposit
- Pilot ore-processing line is being prepared
- Preparation of technical and financial feasibility study under way
- In 2023 a decision on mining feasibility

Battery production

- We are discussing possibilities of partnerships on battery production factory

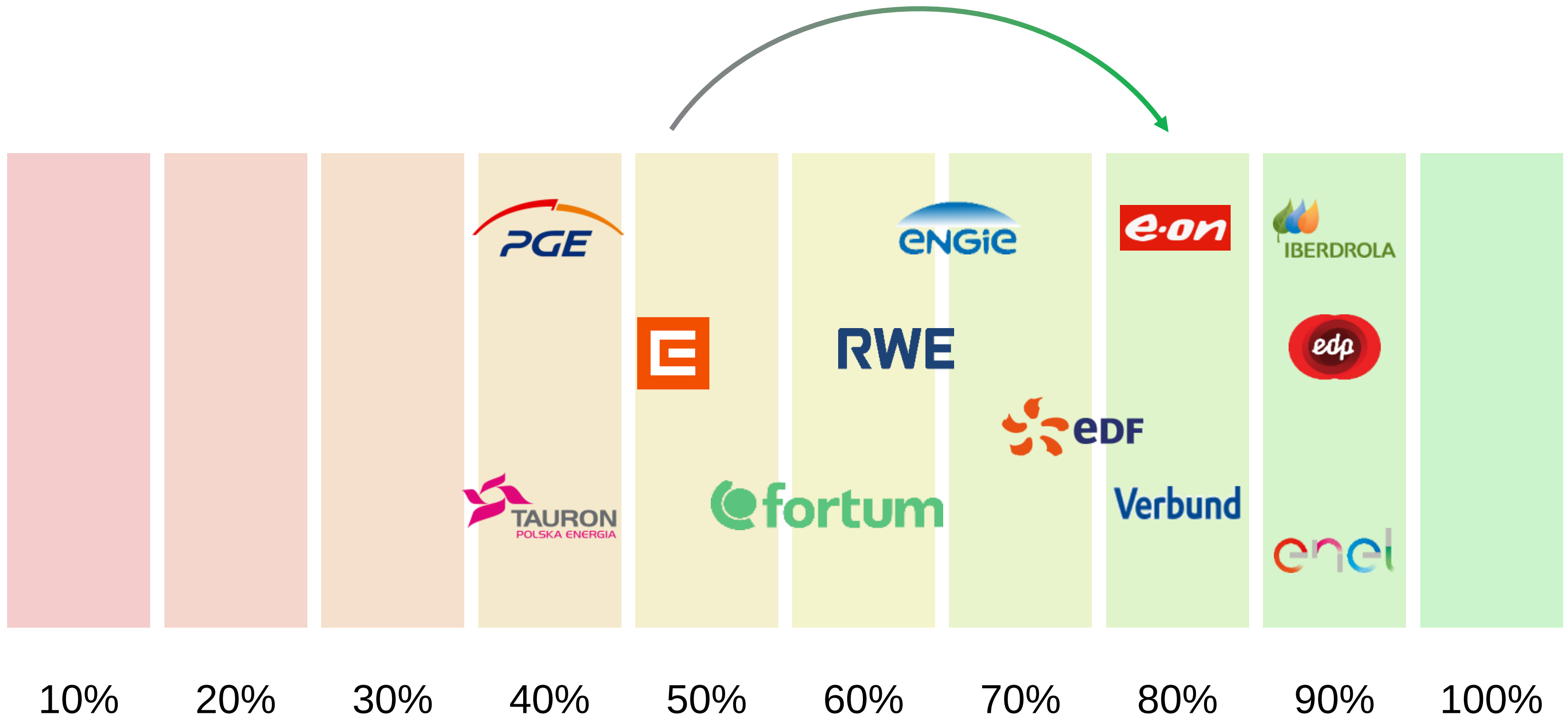
Electromobility infrastructure

- We will be quadrupling charging capacity and will operate at least 800 stations by 2025

* Values of EBITDA and Capex represent 51% stake of CEZ Group on lithium mining project and 10% stake on battery factory. These projects are unlikely to be fully consolidated.

OUR AMBITION IS TO BECOME A LEADER IN ESG

Current ESG rating*



CEZ Group targets an improvement of ESG rating* to above 80% by 2023

We have set targets for individual areas of ESG, which would help us to increase ESG rating

* Average rating of MSCI and Sustainalytics ESG ratings

WE HAVE SET SPECIFIC TARGETS IN ALL THREE AREAS OF ESG TO ACHIEVE THIS AMBITION

CEZ Group key ESG commitments

Environment

- **CO_2 emissions reduction in line with "well below 2°" scenario** (decrease from 0.36 tCO_2e/MWh in 2019 to 0.16 in 2030)
- **Lowering share of coal** generation to 25% in 2025; to 12.5% in 2030
- Newly build **renewables** of 1.5 GW until 2025, 6 GW until 2030
- **NOx emission reduction** from 23 kt in 2019 to 13 kt in 2025 and 7 kt in 2030
- **SO_2 emission reduction** from 21 kt in 2019 and 6.5 kt in 2025 and 3 kt in 2030

Social

- **Remain good corporate citizen** developing good relationship with communities
- **Rank among Top Employers** for future talent and current employees
- **Ensuring just transition** through re-skilling or compensation for 100% of employees affected by coal exit
- **Highest net promoter score** among Czech electricity suppliers
- **Digitalization** of all key customer processes by 2025

Governance

- We will reach **30% share of women** in management, increase share of women in non-technical positions to 30% by 2025
- **Further proceed in Code of Ethics training,** annually train above 95% of employees from 2022 onwards

SUMMARY AND INVESTMENT HIGHLIGHTS

We are accelerating strategy execution to benefit from energy transition

- We are transforming to **low emission electricity generator**
- We provide the **most cost-effective energy solutions** and the **best customer experience** on the market

We develop CEZ Group responsibly and sustainably

- Our **new ESG targets** will enable us to **increase our ESG rating to 80%** by 2023
- We **will reduce our emissions intensity** by more than **50%** by 2030

We offer attractive dividend while maintaining strong credit rating

- **EBITDA is expected to increase by 40%** by 2030
- **Dividend policy: 60-80% payout ratio** from Jan 1, 2023, dividend proposal of CZK 44 per share from 2021 earnings, i.e. 106% of adjusted net income also reflects Bulgarian disposal proceeds
- Leverage target of **Net Financial Debt/EBITDA between 2.5x and 3.0x**

AGENDA

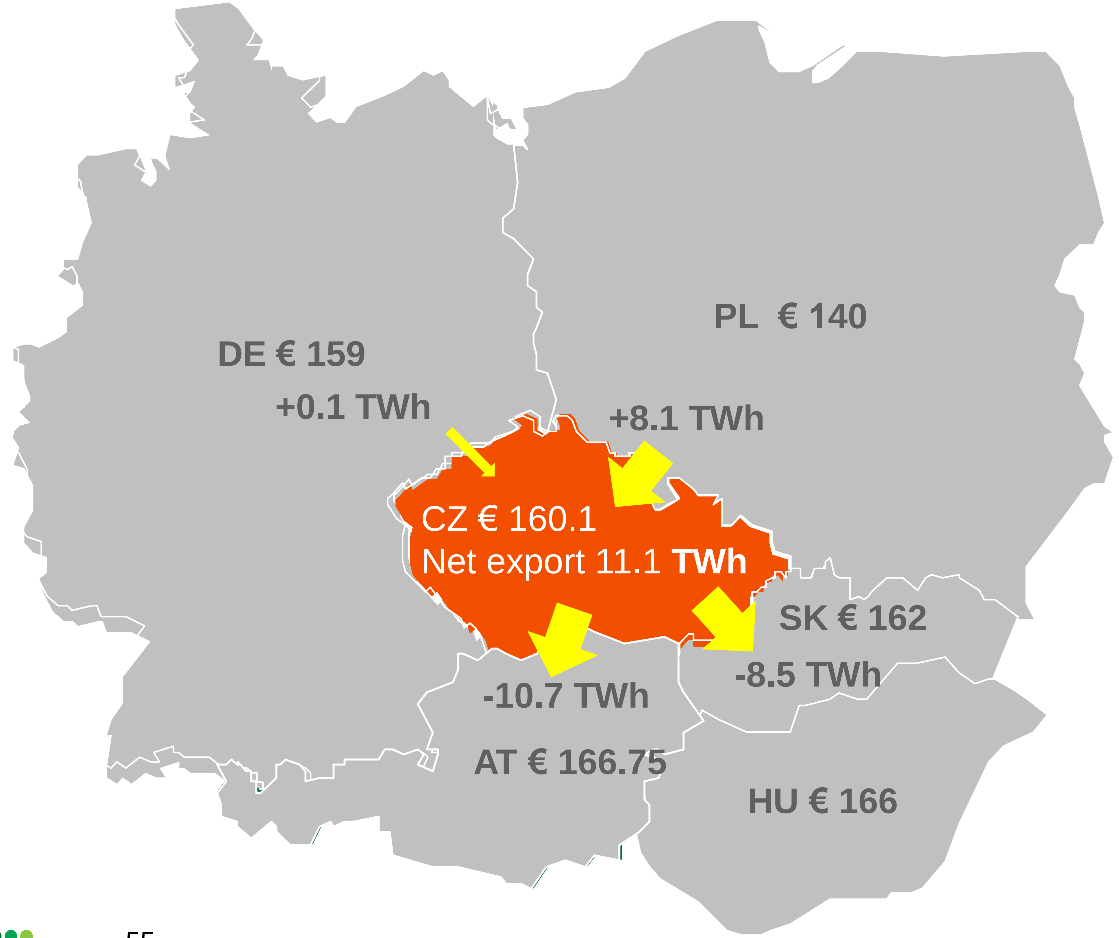
- CEZ Group at a Glance
- Our Performance
- 2022 Outlook
- Our Vision
- Appendix

APPENDIX

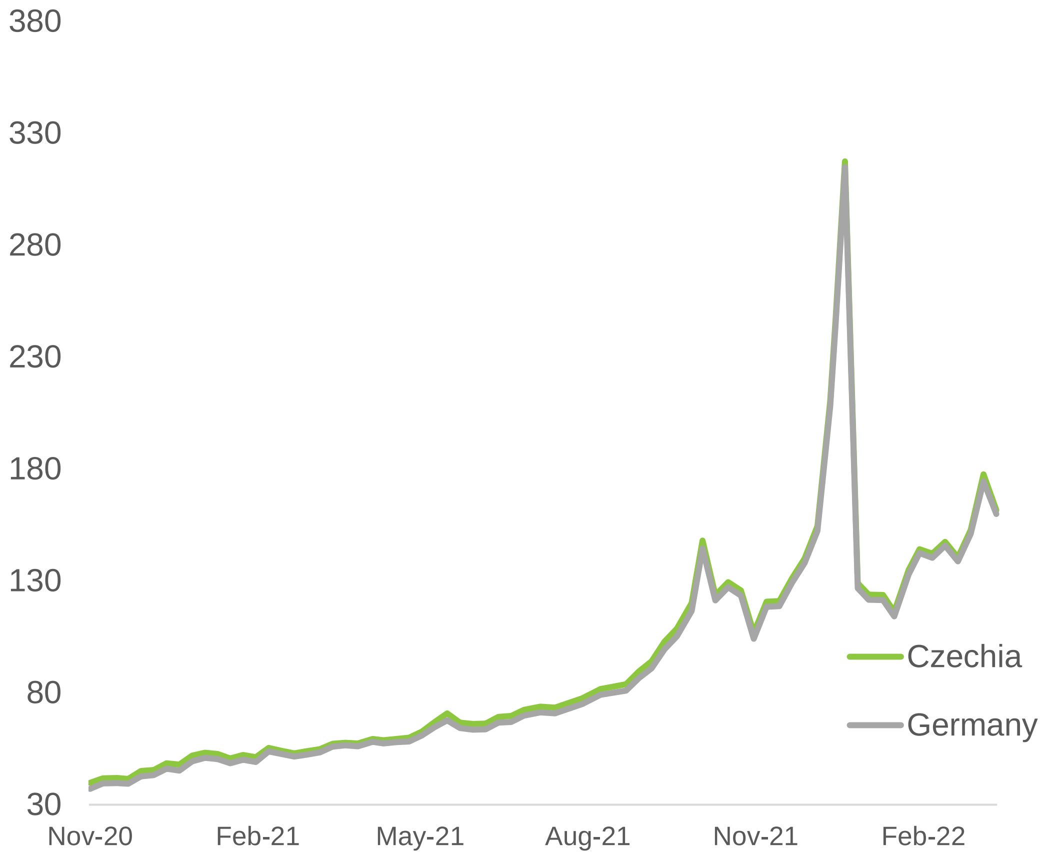
- **Electricity market fundamentals**
- **Progress in implementing Vision 2030 and key objectives for 2022**
- **Regulation of distribution**
- **ESG indicators**
- **Financial results**

CZECH ELECTRICITY MARKET IS INTEGRATED WITH NEIGHBOURING COUNTRIES

Physical electricity flows and power prices
EUR/MWh



Czech and German Electricity prices
EUR/MWh, Y+1 baseload forwards

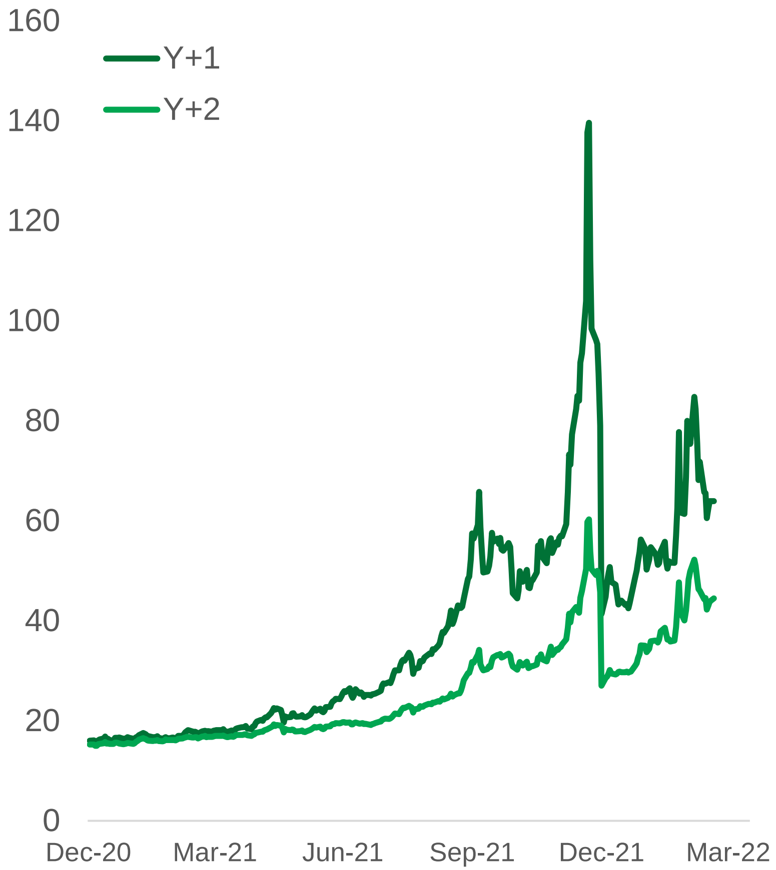


Source: EEX, prices as of March 17, 2022

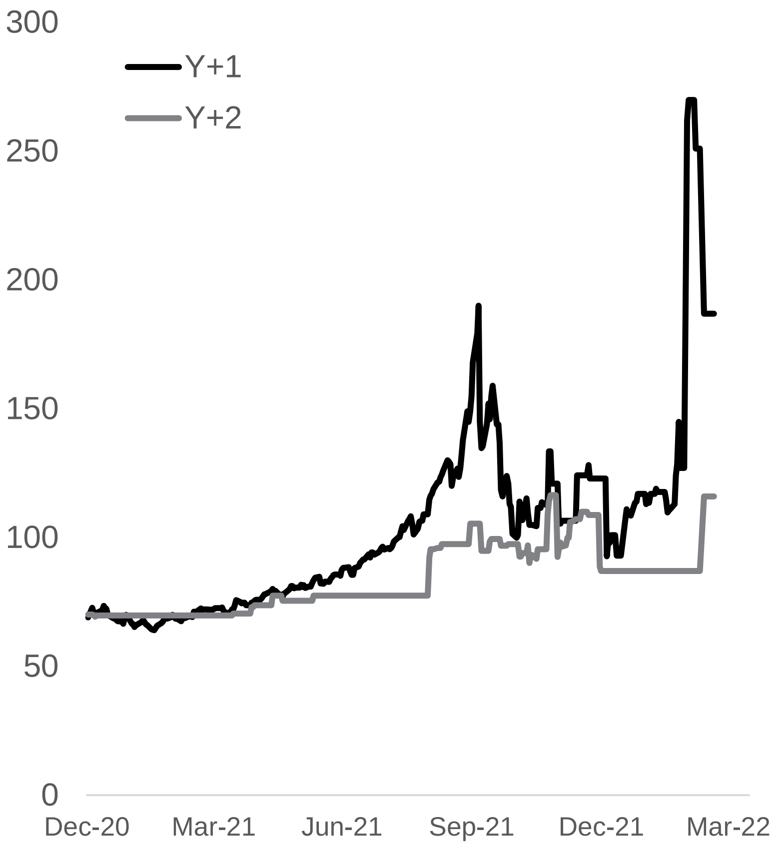
COMMODITY PRICES GREW SIGNIFICANTLY IN 2021, ARE HIGHLY VOLATILE IN 2022

Carbon prices[1]
EUR/t

Gas prices[2]
EUR/MWh



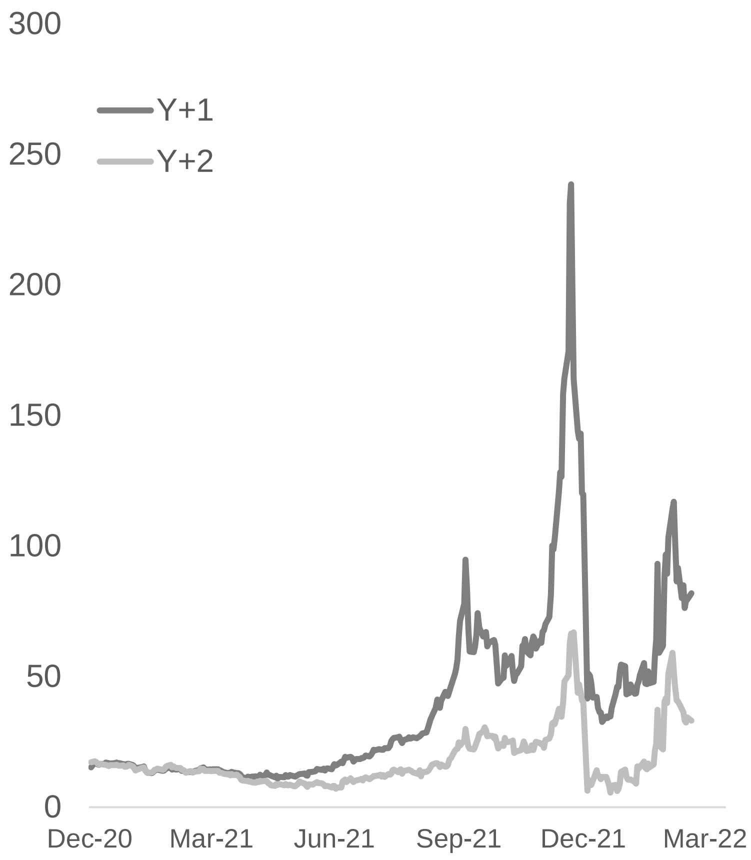
Coal prices[3]
EUR/t



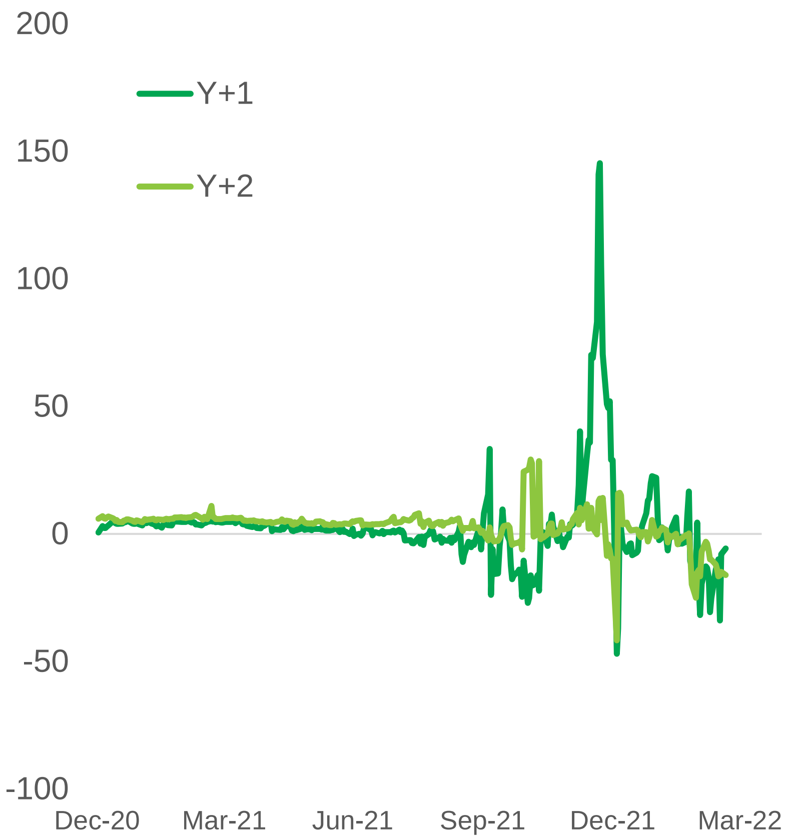
1. EU allowances, Y+1 forward, 2. Netherlands TTF, 3. API2 coal

ELECTRICITY SPREADS: IMPROVEMENT IN LIGNITE MARGIN, VOLATILITY OF CSS AND CDS

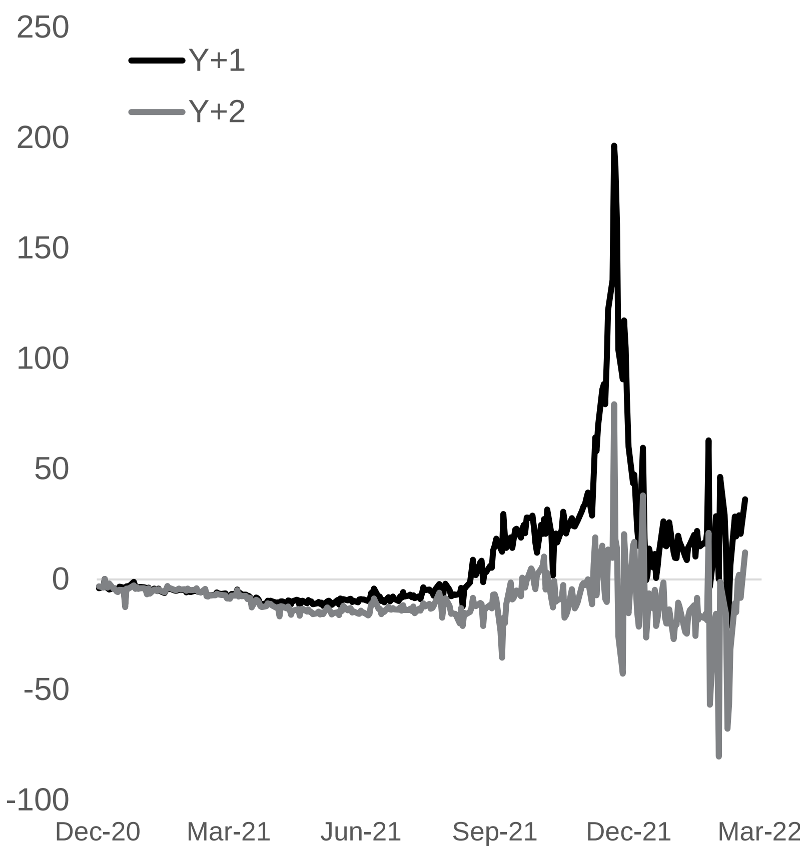
Clean power (electricity – carbon)[1]
EUR/MWh



Clean spark spread (CSS)[2]
EUR/MWh



Clean dark spread (CDS)[3]
EUR/MWh



1. German electricity baseload minus carbon (36% efficiency) 2. German (55% efficiency) 3. German (38% efficiency),

APPENDIX

- Electricity market fundamentals
- **Progress in implementing Vision 2030 and key objectives for 2022**
- Regulation of distribution
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WE MEET THE STRATEGIC GOALS OF VISION 2030—CLEAN ENERGY FOR TOMORROW—PILLAR I TRANSFORM THE GENERATION PORTFOLIO TO LOW-EMISSION AND ACHIEVE CARBON NEUTRALITY

Key strategic ambitions of VISION 2030

- We will safely increase generation from existing nuclear sources to over 32 TWh per year and will achieve a 60-year lifetime.
- We continue to prepare for the construction of a new nuclear unit in Dukovany.
- We will build 6 GW of RES by 2030, including 1.5 GW by 2025.
- We will decarbonize production of heat and convert our coal sites to new activities after the shift away from coal.
- We will build new gas-fired capacities that are ready to burn hydrogen.
- We will reduce the share of electricity generated from coal to 25% by 2025 and to 12.5% by 2030.

2021: Completed Activities and Selected Events

- NPP Dukovany and NPP Temelín exceeded the annual generation target of 30.5 TWh of electricity (30.7 TWh)
- Completed increase of the achievable capacity of Unit 1 of ETE by 4 MW_e to 1,086 MW_e (replacement of two new separators—steam heaters in the nonnuclear part of the plant)
- NPP Dukovany and NPP Temelín successfully passed IAEA verification with a focus on physical and cyber security
- Operation of power plant Energotrans 3 (500 MW) was terminated
- Under the RES+ subsidy program, 22 ČEZ projects with an installed capacity of 211 MWp were submitted.

2022: Key Objectives and Priorities

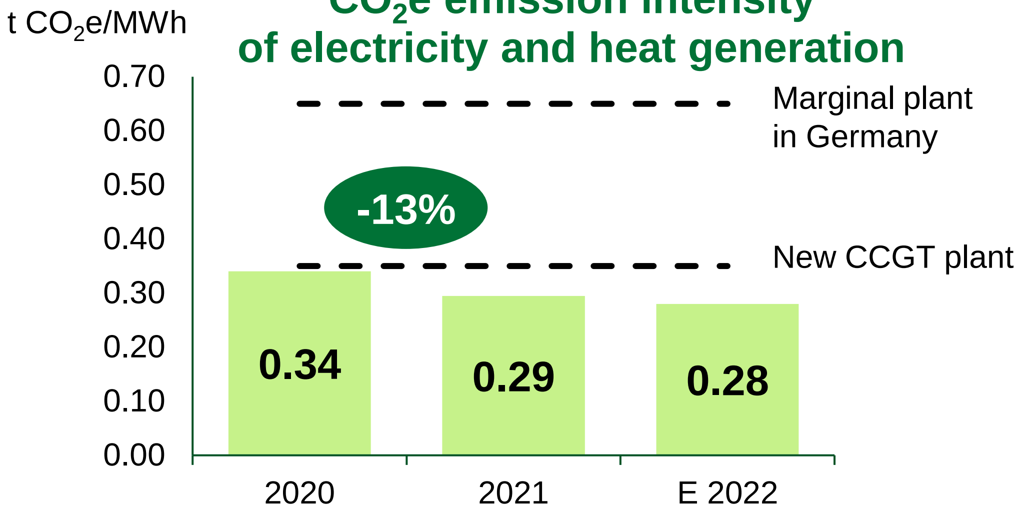
- Continuously improve safety and digitization of nuclear power plants
- Generation of nuclear power plants above 30.5 TWh and implementation of projects leading to increased availability
- Permit renewal for Temelín NPP Unit 2
- NNPP Dukovany (launch of bidding procedure for contractor and obtain planning permission)
- Prepare ČEZ‘s photovoltaic projects with installed capacity of hundreds MWp for submission to subsidy program RES+
- Start preparation of a low-emission heat supply solution including controlled decentralization in relation to progressively updated Site Concepts, thus replacing heat supply from large coal-fired power plants

WE MEET THE STRATEGIC GOALS OF VISION 2030—CLEAN ENERGY FOR TOMORROW DECARBONIZATION AND EMISSION TARGETS

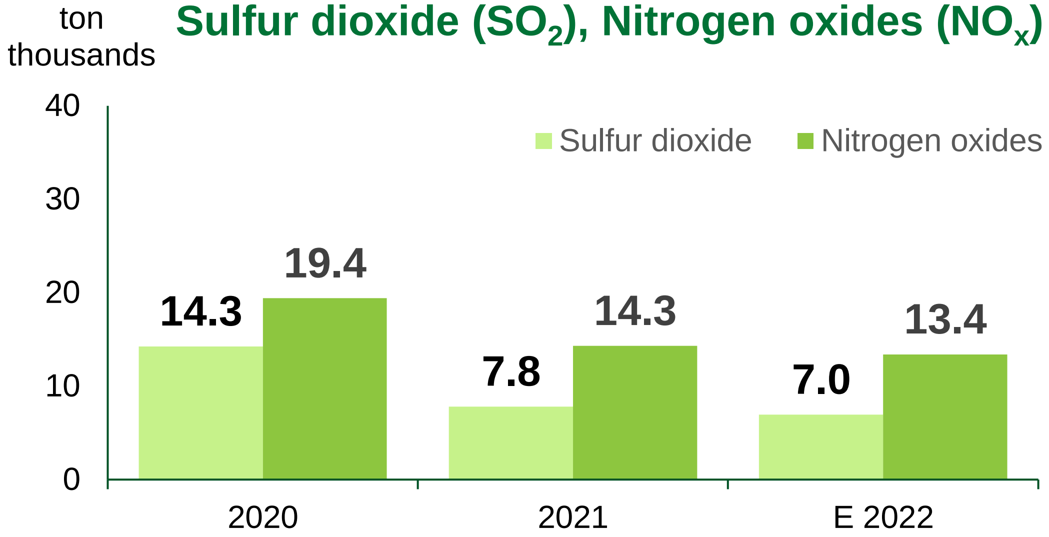
Key strategic ambitions of VISION 2030

- We will reduce CO_2 emissions by 2030 in line with the Paris Agreement “Well Below 2 Degrees”.
- We will reduce the emission intensity to 0.26 t CO_2e/MWh in 2025 and to 0.16 t CO_2e/MWh in 2030.
- By 2030, we will completely phase out coal-fired heat generation. We will achieve full carbon neutrality by 2050.
- We will reduce NO_x emissions from 23 kt in 2019 to 13 kt in 2025 and 7 kt in 2030 and SO_2 from 21 kt in 2019 to 6.5 kt in 2025 and 3 kt in 2030.

CO_2e emission intensity of electricity and heat generation



Sulfur dioxide (SO_2), Nitrogen oxides (NO_x)



- CEZ Group's emission intensity reached 0.29 CO_2e /MWh in 2021, a decrease of 13% compared to 2020 (0.34 CO_2e /MWh), corresponding to approx. 84% of the emissions from the new CCGT plant and approx. 45% of the emissions from the marginal plant determining current market prices in Germany.
- SO_2 emissions amounted to 7.8 thousand tons in 2021, a decrease of 45% compared to 2020, and NO_X emissions amounted to 14.3 thousand tons (a year-on-year decrease of 26%).

The reported CO_2e corresponds to emissions according to definition of “SCOPE I by GHG protocol“. In CEZ Group, these are emissions related to the combustion of fossil fuels in the generation of electricity and heat (CO_2, CH_4, N_2O) but also CO_2 emissions from transportation. The indicator also includes CH_4 and N_2O emissions from biomass combustion, CH_4 emissions from coal mining, and HFC, PFC, and SF_6 emissions from air conditioning and other equipment.

WE MEET THE STRATEGIC GOALS OF VISION 2030—CLEAN ENERGY FOR TOMORROW—PILLAR II PROVIDE THE MOST COST-EFFECTIVE ENERGY SOLUTIONS AND THE BEST CUSTOMER EXPERIENCE ON THE MARKET

Key strategic ambitions of VISION 2030

- We will invest in Smart grids and decentralization to further develop a stable and digital distribution grid, including the development of fiber optic networks.
- We will digitize 100% of key customer processes by 2025.
- We will maintain the highest Net Promoter Score (NPS) among major electricity suppliers and will grow our customer base by increasing service quality.
- We will build infrastructure for electromobility—quadruple the charging capacity and operate at Min. 800 stations by 2025.
- We will further develop our role as a decarbonization leader—enabling effective emission reductions and we will help our clients in industry, municipalities, and government with energy savings in line with the EU target of 39–40% reduction of energy consumption.

2021: Completed Activities and Selected Events

- 632 km of new fiber optic routes built in the distribution area of CEZ Distribuce; a total of 4,712 km of fiber optic routes have been completed.
- CEZ Distribuce already has 4,727 remote-controlled elements and over 8,100 remote-communication stations.
- After the closure of Bohemia Energy and other suppliers, almost 400 thousand service points were transferred to the supplier of last resort in the area of CEZ Distribuce, and CEZ Prodej gained more than 380 thousand customers.
- Strategic cooperation between CEZ Prodej and Ceska posta was initiated
- CEZ Prodej installed 1,544 photovoltaic power plants for its customers (of which 999 including battery solutions) and 1,124 heat pumps.
- Organic and acquisitive growth of ESCO activities resumed after COVID-19.

2022: Key Objectives and Priorities

- Preparing the distribution network for the increase of RESs and electromobility and increasing annual investments in distribution networks by over CZK 1 bn to CZK 14.5 bn.
- Digitizing customer processes in CEZ Distribuce and CEZ Prodej and meeting strategic objectives in the area of end customer service.
- Continued dynamic increase in the technology products market (PV and heat pumps)—CEZ Prodej targets more than 3,800 installations.
- Full start of the strategic cooperation between CEZ Prodej and Ceska posta in the area of servicing and acquisitions—by the end of 2022, 58 more branches will be opened beyond the 15 branches already opened by the end of 2021.
- Implementation of the ESCO growth strategy in Czechia and abroad and overall ambition of ESCO sales in the amount of CZK 31.5 bn.

APPENDIX

- Electricity market fundamentals
- Progress in implementing Vision 2030 and key objectives for 2022
- Regulation of distribution
- ESG indicators
- Financial results

CZECH REPUBLIC: ELECTRICITY DISTRIBUTION - OVERVIEW OF REGULATORY FRAMEWORK

Regulatory Framework

- Regulated by ERU (Energy Regulatory Office, www.eru.cz)
- The main components of regulatory formula for distribution
  - Revenue cap = Operating expenses + Depreciation + Regulatory return on RAB - Other revenues corrections +/- Quality factor + Market factor
  - RAB adjusted annually to reflect net investments and revaluation trajectory
  - Regulatory rate of return (WACC nominal, pre-tax) – 6.54% for 2021-2025
  - Operating costs are indexed to weighted average of wage inflation index and market services price index. In V. Regulatory period efficiency factor set at 0.2% per year.
  - Quality factor – prescribed levels of SAIDI and SAIFI parameters. Maximum bonus or penalisation +/- 4% of allowed profit. Currently has neutral impact on CEZ Distribuce.
  - Market factor to reflect unexpected cost which could not had been planned while setting planned values of allowed costs (e.g. new duties coming from new legislation). Never used by ERU in case of CEZ Distribuce.

Regulatory period

- 5th regulatory period from January 1, 2021 till December 31, 2025,
- Main focus:

- lowering allowed costs compared to the previous period (reflecting actual costs in the previous regulatory period);
- pressure on quality and security of electricity distribution (prescribed SAIDI and SAIFI parameters);
- renew and develop the networks incentivised by reasonable regulation parameters.

Unbundling & Liberalization

- Since January 1, 2006 all customers can choose their electricity supplier, market is 100% liberalized
- Prices for distribution regulated as per above, price of commodity is not regulated at all.

CZECH REPUBLIC: ELECTRICITY DISTRIBUTION - WACC

- WACC set using CAPM formula:

$$WACC=\left(k_e\times\frac{E}{D+E}\right)+\left[\left(k_d\times\frac{D}{D+E}\right)\times(1-T)\right]$$

$$k_e = r_f + \beta \times MRP$$

$$k_d = r_f + credit\ risk\ margin\ (CRM)$$

- Risk free rate (r_f) was derived from median yields of 10-y Czech sovereign bonds for 10 years period

- Credit risk margin set as a difference between BBB rated corporate bonds and 10Y AAA EUR Sovereign bonds

WACC components	**5th regulatory period 2021-2025**
Risk free rate (r_f)	2.04%
Market risk premium (MRP)	6.54%
ß unlevered	0.51
ß levered (ß)	0.90
Cost of equity (k_e)	**7.94%**
Credit risk margin (CRM)	1.09%
Cost of debt, pre tax (k_d)	3.14%
Tax rate (T)	19%
Cost of debt, post-tax	**2.54%**
Debt/(Debt+Equity)	48.92%
WACC (nominal, before tax)	**6.54%**

- Electricity market fundamentals
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KEY ESG INDICATORS

Environment

	unit	2019	2020
Scope 1 emissions	M t CO2e	26.1	23.2
Scope 2 emissions	M t CO2e	0.4	0.3
Scope 3 emissions	M t CO2e	18.3	17.4
Carbon intensity (electricity and heat generation)	kg/MWh	0.36	0.33
Water consumption	m^3/MWh	8.9	8.6
Fuel consumption from non-renewable sources	000’ TJ	603	563
Carbon neutrality: Interim targets:	Year	2050 2025 and 2030	2050 2025 and 2030
Weight of waste (non-hazardous)	000’ t	294	64
ISO 14001 certified MWs	%	88	91

Social

		2019	2020
Number of employees	000’	32.4	32.5
Employee turnover	%	10.4	9.9
Employees unionized	%	26%	26%
Donorship	m CZK	349	397
Fatalities	#	0	3
Training hours	000’	624	665
Injuries	#	363	147
Women in workforce	%	21.6	21.4
SAIDI	minutes /customer	233	220
R&D expenses	m CZK	961	961

Governance

	unit	2019	2020
Supervisory Board meetings	#	12	13
Supervisory Board member attendance	%	97.9	98.1
Supervisory Board independence	%	67	67
Female Supervisory Board members	%	8.3	8.3
Number of Supervisory Board members	#	12	12
Women in management	%	15.8	16.0

APPENDIX

- **Electricity market fundamentals**
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FINANCIAL AND OPERATING RESULTS

		2020	2021	Difference	%
Operating revenues	CZK bn	213.7	227.8	+14.1	+7%
EBITDA	CZK bn	64.8	63.2	-1.5	-2%
of which: Existing assets*	CZK bn	57.9	60.6	+2.7	+5%
EBIT	CZK bn	12.6	16.1	+3.5	+28%
Net income	CZK bn	5.5	9.9	+4.4	+81%
Adjusted net income**	CZK bn	22.8	22.3	-0.6	-3%
Operating cash flows	CZK bn	72.2	59.2	-13.0	-18%
CAPEX	CZK bn	31.2	32.5	+1.4	+4%

The significant year-on-year decline in operating cash flow is due to temporary effects resulting from significant fluctuations in market prices and commodity trading. This is mainly the effect of margining in commodity futures and the effect of timing arbitrages in emission allowances.

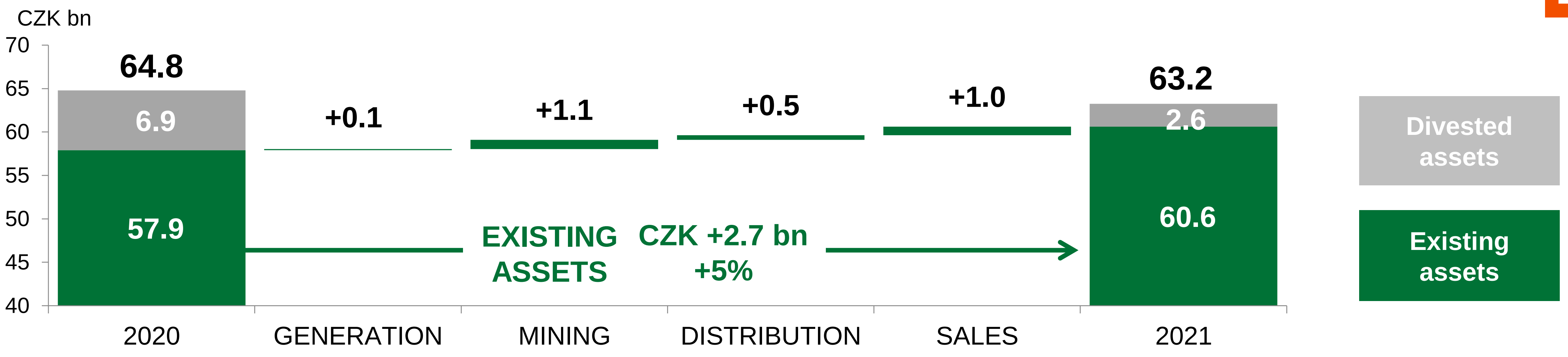
		2020	2021	Difference	%
Installed capacity***	GW	12.9	11.8	-1.1	-9%
Electricity generation	TWh	60.9	56.0	-5.0	-8%
Electricity distributed to end-use customers	TWh	50.6	43.3	-7.2	-14%
Sales of electricity to end customers	TWh	33.3	26.8	-6.4	-19%
Sales of gas to end customers	TWh	9.3	7.3	-2.1	-22%
Sales of heat	thousands TJ	24.6	26.4	+1.8	+7%
Workforce headcount***	thousands persons	32.6	28.0	-4.5	-14%

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

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

*** As of the last date of the period

MAIN CAUSES OF YEAR-ON-YEAR CHANGE IN EBITDA



Existing assets (CZK +2.7 bn):

- **GENERATION Segment (CZK +0.1 bn)**:
  - The impact of changes in market prices of electricity and emission allowances on generation, including the impact of hedging transactions and exchange rate effects (CZK +3.9 bn)
  - Specific temporary effects (CZK -3.8 bn): the revaluation of emission allowance trades related to hedging 2022+ generation positions and related to time arbitrage (CZK -2.1 bn) and the revaluation of hedging electricity sales for part of 2022 fossil-fuel generation (CZK -1.6 bn)
- **MINING Segment (CZK +1.1 bn)**: higher sales related to higher coal supplies to CEZ Group (CZK +1.0 bn)
- **DISTRIBUTION Segment (CZK +0.5 bn)**: higher electricity distribution volume and revenues from power supply and connection
- **SALES Segment (CZK +1.0 bn)**: improved performance of the B2B segment following COVID-19 and continued growth (CZK +0.7 bn), higher volume of electricity sales to residential customers in Czechia (CZK +0.6 bn), lower margin on natural gas sales to residential customers (CZK -0.4 bn)

Divested assets (CZK -4.2 bn):

- Romania (CZK -3.3 bn): assets sold as of March 31, 2021
- Bulgaria (CZK -0.9 bn): assets sold as of July 27, 2021

MAIN CAUSES OF YEAR-ON-YEAR CHANGE IN NET INCOME

(CZK bn)	2020	2021	Difference	%
EBITDA	64.8	63.2	-1.5	-2%
Depreciation and amortization	-28.3	-31.6	-3.3	-12%
Valuation impairments*	-23.9	-15.5	+8.4	+35%
Other income (expenses)	-4.7	-2.7	+2.0	+43%
Interest income (expenses)	-4.9	-3.8	+1.1	+23%
Other	0.2	1.1	+0.9	>200%
Income taxes	-2.4	-3.5	-1.1	-44%
Net income	5.5	9.9	+4.4	+81%
Adjusted net income	22.8	22.3	-0.6	-3%

Net Income Adjustments

- In 2020 adjusted for the negative effect of fixed assets impairments** in Romania (CZK +9.5 bn), Poland (CZK +4.8 bn), Severoceske doly (CZK +2.7 bn), and other assets (CZK +0.2 bn)
- In 2021 adjusted for the negative effect of fixed assets impairments in Severoceske doly (CZK +10.3 bn), in Poland (CZK +1.3 bn), Elektrárna Dětmarovice (CZK +0.6 bn), and other assets (CZK +0.2 bn)

Valuation impairments* (CZK +8.4 bn)

- higher impairments of fixed assets in Severoceske doly (CZK -8.4 bn); lower impairments in Poland (CZK +4.5 bn), Romania (CZK +11.5 bn), and Bulgaria (CZK +1.0 bn); other effects (CZK -0.2 bn)

Depreciation and Amortization (CZK -3.3 bn)

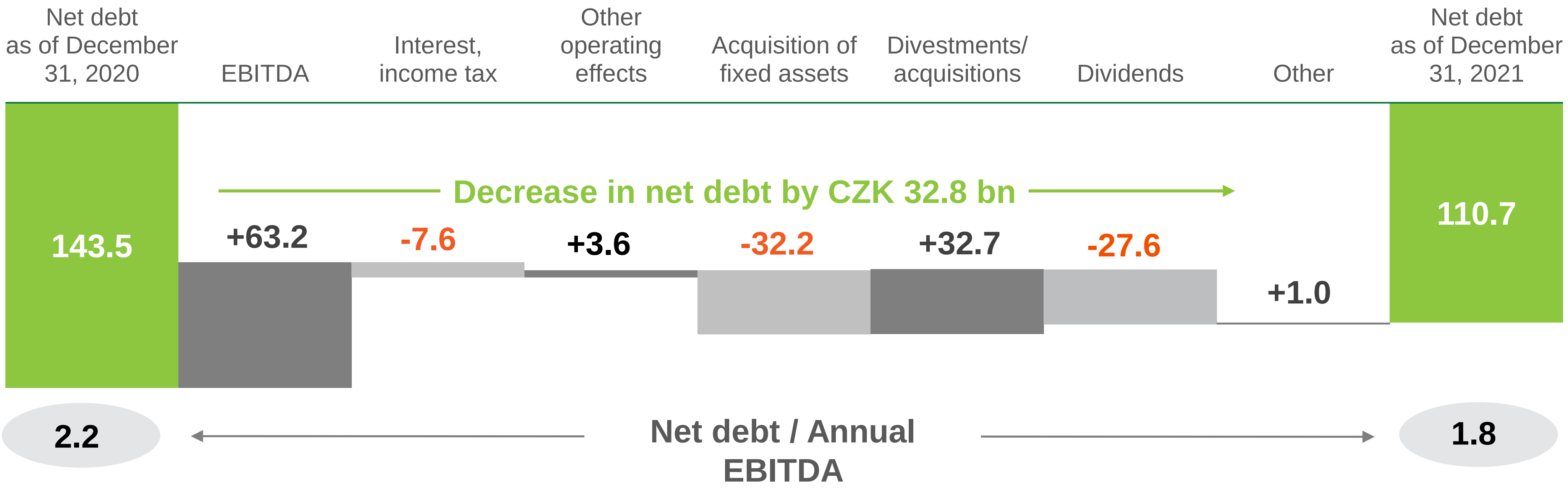
- Acceleration of depreciation and amortization of coal-fired power plants in Czechia reflecting the deterioration of market and regulatory conditions for the long-term operation of coal-fired power plants in Czechia (CZK -3.8 bn)
- Higher depreciation and amortization due to provisioning for demolition and dismantling of coal-fired power plants in Czechia after decommissioning (CZK -1.9 bn)
- Higher depreciation and amortization of nuclear assets (CZK -0.3 bn), lower depreciation and amortization of assets at Severoceske doly (CZK +0.6 bn) and power plants in Poland (CZK +0.2 bn)
- Divested assets (CZK +1.8 bn)

Other Income (Expenses) (CZK +2.0 bn)

- Lower interest expense (CZK +1.1 bn) due to a decrease in the total amount of debt; bond redemption expenses in 2021 (CZK -0.3 bn)
- Exchange rate effects and revaluation of financial derivatives (CZK +0.5 bn)
- Revaluation of Inven Capital's assets (CZK +0.5 bn)

* Including income/loss from sales of tangible and intangible fixed assets
** Including write-off of goodwill

NET DEBT DECREASED BY ALMOST CZK 33 BN IN 2021



- **Interest, income taxes (CZK -7.6 bn):** income taxes paid (CZK -3.6 bn), balance of interest paid and received (CZK -4.1 bn)
- **Other operating effects (CZK +3.6 bn):** change in emission allowances (CZK +69.4 bn), margin deposits related to the increase in electricity market prices in 2021 and hedging credit risks (CZK -52.5 bn), change in other trade receivables and payables (CZK -8.8 bn), inventories of materials and fossil fuels (CZK -2.5 bn), other effects (CZK -2.0 bn)
- **Acquisition of fixed assets (CZK -32.2 bn):** acquisition of fixed assets (CAPEX) (CZK -32.5 bn), change in liabilities from fixed asset acquisition (CZK +0.7 bn), change in equity securities (CZK -0.4 bn)
- **Divestments/acquisitions (CZK +32.7 bn):** sale of Romanian assets (CZK +24.6 bn), sale of Bulgarian assets (CZK +9.5 bn), sale of stake in ESCO Slovakia (CZK +0.8 bn), repayment for sale of Pocerady (CZK +0.7 bn); acquisition of new (CZK -3.1 bn) mainly ESCO and Telco companies

CEZ Group handled extreme pressure on liquidity with respect to fluctuations in commodity market prices and related margining

In Q4, ČEZ was forced to deliver cash in the amount of hundreds of EUR mil per day as collateral for its sales contracts on exchanges. This situation was faced in particular by the largest electricity generators, which had significant volumes of electricity pre-sold. Unlike several major European energy companies, ČEZ did not need to apply for state guarantees and managed the situation within the framework of liquidity and risk management tools.

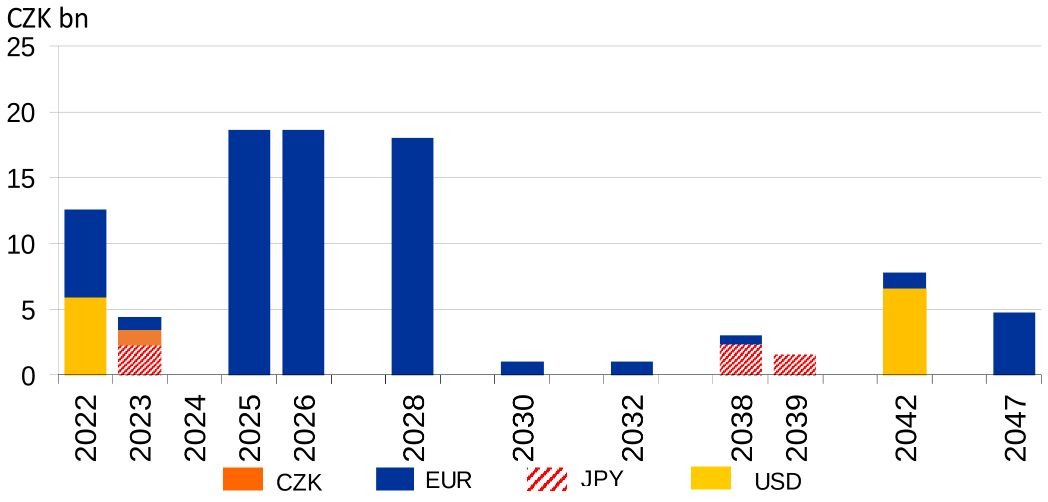
CREDIT LINES AND DEBT STRUCTURE AS OF DEC 31, 2021

Utilization of Short-Term Lines and Available Committed Credit Facilities (as of Dec 31, 2021)

* The available credit facilities include undrawn long-term EIB loans totaling EUR 400 m

- Committed facilities are kept as a reserve for covering unexpected expenses and to fund short-term financial needs.
- CEZ Group has access to a total of CZK 47.3 bn in committed credit facilities, having drawn CZK 22.1 bn as of Dec 31, 2021. Use of credit facilities was primarily related to higher margin deposits on commodity exchanges following a high increase of electricity market prices in Q4.
- The average maturity of CEZ Group's financial debt was more than 5.3 years as of Dec 31, 2021.

Bond Maturity Profile (as of Dec 31, 2021)



Debt Level		Dec 31, 2020	Dec 31, 2021
Debt and loans	CZK bn	156.5	137.9
Cash and fin. assets**	CZK bn	13.0	27.1
Net debt	CZK bn	143.5	110.7
Net debt / EBITDA***		2.2	1.8

** Cash and Cash Equivalents & Highly Liquid Financial Assets
*** The indicator includes EBITDA from already sold Romanian and Bulgarian assets in the amount of CZK 2.6 bn.

NUCLEAR AND MINING PROVISIONS AS OF YE 2021

Nuclear and mining provisions as of YE 2021 in accordance with IFRS
(discount rate 0.3 % p.a. (real), est. Inflation effect 2.0%)

	Provision (CZK bn)	Responsibility of:	Cash cover (CZK)
Interim storage of spent nuclear fuel	10.0	CEZ	0.01 bn
Permanent storage of spent nuclear fuel	41.4 bn	State*, costs paid by CEZ	Fee 55 CZK/MWh generated in NPP paid to Nuclear Account***
Nuclear Facility decommissioning	42.3 bn	CEZ	14.8 bn
Mining reclamation	12.4 bn	CEZ (SD**)	5.7 bn
Landfills (ash storage)	0.7 bn	CEZ	0.2 bn

*** RAWRA - Radioactive Waste Repository Authority**
****SD – Severočeské doly**
***** State Nuclear Account balance as of YE 2020 CZK 31.7bn**

EBITDA BY SEGMENT AND COUNTRY

GENERATION (CZK bn)	2020	2021	Difference	%
Czechia	31.6	32.2	+0.6	+2%
Germany	0.5	0.5	-0.1	-9%
Poland	0.7	0.4	-0.3	-44%
Romania	2.3	0.6	-1.7	-73%
Other Countries	-0.1	-0.1	-0.0	-32%
Total	**35.1**	**33.5**	**-1.5**	**-4%**
Existing assets	32.7	32.9	+0.1	+0%
Divested assets	2.4	0.6	-1.7	-73%

MINING (CZK bn)	2020	2021	Difference	%
Czechia	3.4	4.5	1.1	+31%

DISTRIBUTION (CZK bn)	2020	2021	Difference	%
Czechia	17.7	18.2	+0.5	+3%
Romania	2.0	0.5	-1.4	-72%
Bulgaria	1.9	1.1	-0.8	-40%
Total	**21.5**	**19.9**	**-1.6**	**-8%**
Existing assets	17.7	18.2	+0.5	+3%
Divested assets	3.8	1.7	-2.2	-57%

SALES (CZK bn)	2020	2021	Difference	%
Czechia	3.7	4.0	+0.4	+10%
Germany	0.3	0.7	+0.4	+145%
Romania	0.3	0.1	-0.2	-72%
Bulgaria	0.4	0.3	-0.1	-32%
Other Countries	0.1	0.3	+0.2	+114%
Total	**4.8**	**5.4**	**+0.6**	**+13%**
Existing assets	4.1	5.0	+1.0	+24%
Divested assets	0.7	0.3	-0.4	-51%

GENERATION SEGMENT EBITDA*

EBITDA (CZK bn)	2020	2021	Difference	%	10-12/2020	10-12/2021	Difference	%
Zero-emission Generating Facilities	24.1	28.3	+4.2	+17%	4.7	7.8	+3.1	+68%
of which: nuclear	19.6	22.5	+2.8	+15%	3.8	6.0	+2.2	+58%
of which: renewables	4.5	5.9	+1.3	+29%	0.9	1.8	+0.9	+110%
Fossil-Fuel Generating Facilities	5.9	4.9	-1.0	-17%	1.1	2.7	+1.6	+147%
Trading	2.6	3.5	+0.8	+32%	0.1	1.4	+1.4	>200%
Specific temporary effects	-	-3.8	-3.8	-	-	-2.6	-2.6	-
Total Generation Segment	**32.7**	**32.9**	**+0.1**	**+0%**	**5.8**	**9.3**	**+3.5**	**+61%**

Year-on-year effects for the whole year:

- **Nuclear plants (CZK +2.8 bn):** higher realized electricity prices (+3.4), higher operational availability of facilities (+0.8), higher fixed costs (-0.6), compensation received for damages at Dukovany NPP in 2020 (CZK -0.2), higher nuclear reserve build-up due to inflation increase (-0.5)
- **Renewables (CZK +1.3 bn):** higher realized electricity prices (+1.1), higher revenues from ancillary services and regulatory energy (+0.3), lower volume of photovoltaic and wind generation (-0.1)
- **Fossil-fuel plants (CZK -1.0 bn):**
  - **Czechia (CZK -0.7 bn):** Effect of market prices of emission allowances, gas, and electricity on generation margin (-0.6), lower revenues from ancillary services (-0.2), higher revenues from heat (+0.4), higher operational availability of existing sources (+0.6), higher fixed costs (-0.4), dissolution of the exhalation reserve in 2020 (-0.2), other effects (-0.3)
  - **Poland (CZK -0.3 bn):** higher costs for emission allowances
- **Trading (+ CZK 0.8 bn):** total trading prop margin (+3.0), part of the margin realized on generation contracts for 2022+ delivery, i.e. impacting future years' results (-2.1)
- **Specific temporary effects (CZK -3.8 bn):** revaluation of emission allowance trades related to hedging 2022+ generation positions and related to time arbitrage (-2.1); revaluation of hedging sales of the portion of 2022 emissions generation that does not meet the own-use conditions due to supply uncertainty (-1.6)

Year-on-year effects in Q4:

- **Nuclear plants (CZK +2.2 bn):** higher electricity realization prices (+2.1), higher operating availability (+0.9), higher fixed costs (-0.3), higher nuclear reserve build-up due to inflation (-0.5)
- **Renewables (CZK +0.9 bn):** higher realized electricity prices (+0.6), higher revenues from ancillary services and regulatory energy (+0.2)
- **Fossil-fuel plants (CZK +1.6 bn):** higher supply margins in Q4 due to more favourable market prices (+1.0), higher operational availability of existing sources (+0.6)
- **Trading (CZK +1.4 bn):** business prop margin (+3.4), part of the margin realized on generation contracts with 2022+ delivery and other business and consolidation effects (-2.0)
- **Specific temporary effects (CZK -2.6 bn):** revaluation of hedging sales of electricity part of 2022 generation (-1.6), revaluation of traded allowances (-1.0)

The division of EBITDA of the GENERATION segment into five sub-segments is only indicative on the basis of central allocation assumptions (in particular the allocation of gross margin and fixed costs of the central divisions of ČEZ) and simplified consolidation with other companies in the segment.

* without the divested assets in Romania and Bulgaria

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP (CZK)

CZK bn	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Revenues	221.9	216.7	201.8	210.2	203.7	205.1	184.5	206.2	213.7	227.8
Sales of electricity	186.8	189.4	173.8	182.1	174.9	104.1	103.1	110.2	118.7	136.2
Sales of services						76.3	59.9	71.4	71.5	67.3
Sales of gas, heat and coal and other income	35.1	27.4	27.9	28.1	28.8	24.7	21.5	24.6	23.5	24.3
Operating Expenses	136.1	134.7	129.3	145.1	145.6	151.2	135	146	148.9	164.6
Purchased power and related services	71.7	79	75.8	90.9	59.5	57.4	52.2	55.5	56.3	62.7
Fuel and emission rights	15.8	13.8	12.7	13.1	15.1	16.0	19.1	21.4	23.3	24.6
Salaries and wages	18.7	18.7	18.9	17.8	19.2	22.1	25.6	28.8	30.9	30.6
Other	29.9	23.2	21.9	23.4	51.8	54.5	38.1	40.3	38.4	46.7
EBITDA	**85.8**	**82**	**72.5**	**65.1**	**58.1**	**53.9**	**49.5**	**60.2**	**64.8**	**63.2**
EBITDA margin	*39%*	*38%*	*36%*	*31%*	*29%*	*26%*	*27%*	*29%*	*30%*	*28%*
Depreciation, amortization, impairments	28.9	36.4	35.7	36.3	32.1	29.5	29.7	33.8	52.2	47.1
EBIT	**57**	**45.7**	**36.9**	**29**	**26.1**	**25.6**	**19.8**	**26.4**	**12.6**	**16.1**
EBIT margin	*26%*	*21%*	*18%*	*14%*	*13%*	*12%*	*11%*	*13%*	*6%*	*7%*
Net Income	**40.1**	**35.2**	**22.4**	**20.5**	**14.6**	**19**	**10.5**	**14.5**	**5.5**	**9.9**
Net income margin	*18%*	*16%*	*11%*	*10%*	*7%*	*9%*	*6%*	*7%*	*3%*	*4%*
Adjusted net income	**41.3**	**43**	**29.5**	**27.7**	**19.6**	**20.7**	**13.1**	**18.9**	**22.8**	**22.3**
Adjusted net income margin	*19%*	*20%*	*15%*	*13%*	*10%*	*10%*	*7%*	*9%*	*11%*	*10%*

CZK bn	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Non current assets	494.7	485.9	497.5	493.1	489.3	487.9	480.4	501.9	471.9	474.4
Current assets	141.1	154.5	130.4	109.6	141.6	136	227	202.7	230.5	708.4
- out of that cash and cash equivalents	18	25	20.1	13.5	11.2	12.6	7.3	9.8	6.1	26.6
Total Assets	**635.8**	**640.4**	**627.9**	**602.7**	**630.8**	**623.9**	**707.4**	**704.6**	**702.5**	**1182.9**
Shareholders equity (excl. minority. int.)	250.2	258.1	261.3	267.9	256.8	250	234.7	250.8	233.9	161.1
Return on equity	*17%*	*14%*	*9%*	*8%*	*6%*	*8%*	*4%*	*6%*	*2%*	*5%*
Interest bearing debt	192.9	199	184.1	157.5	167.8	154.3	161	171.9	151.8	137.9
Other liabilities	192.6	183.3	182.4	177.3	206.2	219.6	311.7	281.9	316.8	883.9
Total liabilities	**635.8**	**640.4**	**627.9**	**602.7**	**630.8**	**623.9**	**707.4**	**704.6**	**702.5**	**1182.9**

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP (EUR)

EUR M	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Revenues	8,926	8,717	8,117	8,455	8,194	8,250	7,422	8,294	8,596	9,163
Sales of electricity	7,514	7,619	6,991	7,325	7,035	4,187	4,147	4,433	4,775	5,479
Sales of services						3,069	2,409	2,872	2,876	2,707
Sales of gas, heat and coal and other income	1,412	1,102	1,122	1,130	1,158	994	865	990	945	977
Operating Expenses	5,475	5,418	5,201	5,837	5,857	6,082	5,430	5,873	5,990	6,621
Purchased power and related services	2,884	3,178	3,049	3,656	2,393	2,309	2,100	2,233	2,265	2,522
Fuel and emission rights	636	555	511	527	607	644	768	861	937	990
Salaries and wages	752	752	760	716	772	889	1,030	1,158	1,243	1,231
Other	1,203	933	881	941	2,084	2,192	1,533	1,621	1,545	1,879
EBITDA	**3,451**	**3,298**	**2,916**	**2,619**	**2,337**	**2,168**	**1,991**	**2,422**	**2,607**	**2,542**
EBITDA margin	*39%*	*38%*	*36%*	*31%*	*29%*	*26%*	*27%*	*29%*	*30%*	*28%*
Depreciation, amortization, impairments	1,163	1,464	1,436	1,460	1,291	1,187	1,195	1,360	2,100	1,895
EBIT	**2,293**	**1,838**	**1,484**	**1,167**	**1,050**	**1,030**	**796**	**1,062**	**507**	**648**
EBIT margin	*26%*	*21%*	*18%*	*14%*	*13%*	*12%*	*11%*	*13%*	*6%*	*7%*
Net Income	**1,613**	**1,416**	**901**	**825**	**587**	**764**	**422**	**583**	**221**	**398**
Net income margin	*18%*	*16%*	*11%*	*10%*	*7%*	*9%*	*6%*	*7%*	*3%*	*175%*
Adjusted net income	**1,661**	**1,730**	**1,187**	**1,114**	**788**	**833**	**527**	**760**	**917**	**897**
Adjusted net income margin	*19%*	*20%*	*15%*	*13%*	*10%*	*10%*	*7%*	*9%*	*11%*	*394%*

EUR M	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Non current assets	19,899	19,545	20,012	19,835	19,682	19,626	19,324	20,189	18,982	19,083
Current assets	5,676	6,215	5,245	4,409	5,696	5,471	9,131	8,154	9,272	28,496
- out of that cash and cash equivalents	724	1,006	809	543	451	507	294	394	245	1,070
Total Assets	**25,575**	**25,760**	**25,257**	**24,244**	**25,374**	**25,097**	**28,455**	**28,343**	**28,258**	**47,583**
Shareholders equity (excl. minority. int.)	10,064	10,382	10,511	10,776	10,330	10,056	9,441	10,088	9,409	6,480
Return on equity	*17%*	*14%*	*9%*	*8%*	*6%*	*8%*	*4%*	*6%*	*2%*	*5%*
Interest bearing debt	7,759	8,005	7,405	6,335	6,750	6,207	6,476	6,915	6,106	5,547
Other liabilities	7,747	7,373	7,337	7,132	8,294	8,833	12,538	11,340	12,743	35,555
Total liabilities	**25,575**	**25,760**	**25,257**	**24,244**	**25,374**	**25,097**	**28,455**	**28,343**	**28,258**	**47,583**

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