PRESS CONFERENCE ON CEZ GROUP FINANCIAL RESULTS IN 2020

AUDITED CONSOLIDATED RESULTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

March 16, 2021

A YEAR WITH COVID-19:
PROTECTING OPERATIONS, EMPLOYEES AND HELPING OTHERS

Timely measures and close coordination with national crisis staff allowed CEZ Group to deliver electricity without restrictions throughout the duration of the pandemic in Czechia and abroad. We also help others cope with the situation.

WE PROTECTED AND KEEP PROTECTING CEZ GROUP OPERATIONS AND PERSONNEL

- A special crisis management team established back in February 2020 saw to the timely introduction of necessary measures depending on developments in the epidemic:
    - General measures: mandatory face masks, keeping safe distance in common areas, extensive opportunities for working from home, providing compulsory training online, banning external visitors, restricting the operation of customer care and information centers
    - Operations: separate workplaces, contactless shift changeover, taking employees' temperature when they report for work, banning field trips, special regimen at nuclear power plants, and general antigen testing during outages
- The measures we took allowed us to successfully manage scheduled outages of nuclear power plants as well as upgrades to other facilities.
- We identified employees for priority vaccination to ensure the operation of critical infrastructure
- We started testing our employees at power plants, in distribution, and in other key operations early. Now we test all employees working on premises.

WE HELPED OTHERS

- ČEZ Prodej operators helped public health offices with Covid-19 contact tracing and the communication of test results starting from September 2020. Almost 63,000 calls were made and more than 16,000 e-Requests for Covid-19 testing were issued in 2020.
- We limited outages in ČEZ Distribuce's grid to a bare minimum necessary for maintaining proper grid operation or repairing faults caused by weather to allow children to study and people to work from home.
- We were the only utility in Czechia that allowed its customers to reduce their advance payments to zero for up to 3 months.
- A fifth of ČEZ Foundation funds was quickly redirected to fighting the effects of the Covid-19 epidemic: buying personal protective equipment and sanitizers, providing care to seniors and the sick, implementing projects to reduce social isolation, supporting distance learning, and supporting food banks.
- We support online education: tablets for school children, distribution of data SIMs to schoolchildren with poor access to the internet, online debates on the energy sector, online visits to information centers, etc.

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CEZ Group—Summary of 2020 and Ambitions for 2021
Daniel Beneš, Chief Executive Officer

CEZ Group’s Financial Results
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Generation, Mining
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New Nuclear Power Plant
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Distribution, Sales, and Trading
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FINANCIAL HIGHLIGHTS OF 2020

- **Operating revenues** increased by 4% year-on-year to **CZK 213.7 bn.**
- **EBITDA** increased by 8% year-on-year to **CZK 64.8 bn.**
- **Net income** decreased by 62% year-on-year to **CZK 5.5 bn.**
- **Adjusted net income** increased by 21% year-on-year to **CZK 22.8 bn.**

- **ČEZ's market capitalization** was **CZK 276 bn** as at Dec 31, 2020.
- ČEZ has paid **dividends amounting to CZK 315 bn** to its shareholders throughout its existence.
- CEZ Group had almost **33,000 employees** as at Dec 31, 2020.
- **S&P's international credit rating of A− was reaffirmed** in 2020.

Adjusted net income = Net income adjusted for extraordinary effects that are generally unrelated to ordinary financial performance in a given period.

KEY EVENTS OF 2020

EXTERNAL ENVIRONMENT

- The European Commission **proposed increasing the 2030 target for CO_2 emission reduction to 55%** of the 1990 baseline and published further ambitions and scenarios for attaining objectives under the European Green Deal
- **The price of emission allowances exceeded 40 EUR/t**, setting a record for the 16 years of EU ETS existence
- The Czech Coal Commission recommended **ending coal mining and combustion in Czechia by 2038.**

CEZ GROUP

- Generated **60.9 TWh of electricity**, including **30.0 TWh at nuclear plants**.
- **In spite of Covid-19, the initial ambition was reached** at **EBITDA** level and **dividends amounting to CZK 18 bn** were paid out, which provided ČEZ shareholders with **the highest** 2020 **dividend yield among all European utilities** included in the STOXX Europe 600 Utilities index (6.7% of share base value).
- Average **CO_2 emission intensity** in electricity generation **dropped below the level of emissions of new CCGT plants**: the **Prunéřov 1 power plant was shut down**; the coal-fired **Počerady power plant was sold** 3 years early.
- A contract for **the sale of Romanian assets** has been concluded and **the conditions precedent for the completion of the sale in Bulgaria have been met**.
- Initial **contracts with the Czech state for the construction of a new nuclear power plant at** Dukovany **were signed**. CEZ fulfilled its obligations arising from them, incl. preparation of tender documentation and obtaining the siting permit of a nuclear facility from SÚJB (State Office for Nuclear Safety)

CLIMATE NEUTRALITY BY 2050 IS THE EU'S PRIORITY; ALL 2030 TARGETS WERE INCREASED SIGNIFICANTLY IN 2020

	2030 (original agreement)*	2030 (European Commission (EC)'s current proposal)
Reduction of greenhouse gas emissions from 1990 levels	**At least 40%** ▪ Binding EU-wide target ▪ The target would probably be reached as a side effect of meeting the other two targets	**At least 55%** ▪ European Parliament requests 60% ▪ The Council supports the EC's proposal ▪ Compromise will be reached in the Trialogue
RES share in total final energy consumption**	**At least 32%** ▪ Binding EU-wide target ▪ RES electricity should grow to 55% in the EU (from 34% in 2020)	**38%–39%** ▪ According to 55% decarbonization scenarios ▪ 63%–65% share of RES in electricity ▪ Actual proposal in June 2021
Energy savings (EED)* as compared to 2007 predictions**	**At least 32.5%** ▪ Indicative EU-wide target ▪ Binding annual savings of 0.8% of final energy at national level	**39%–40%** ▪ According to 55% decarbonization scenarios ▪ 36%–37% of final energy consumption ▪ Actual proposal in June 2021

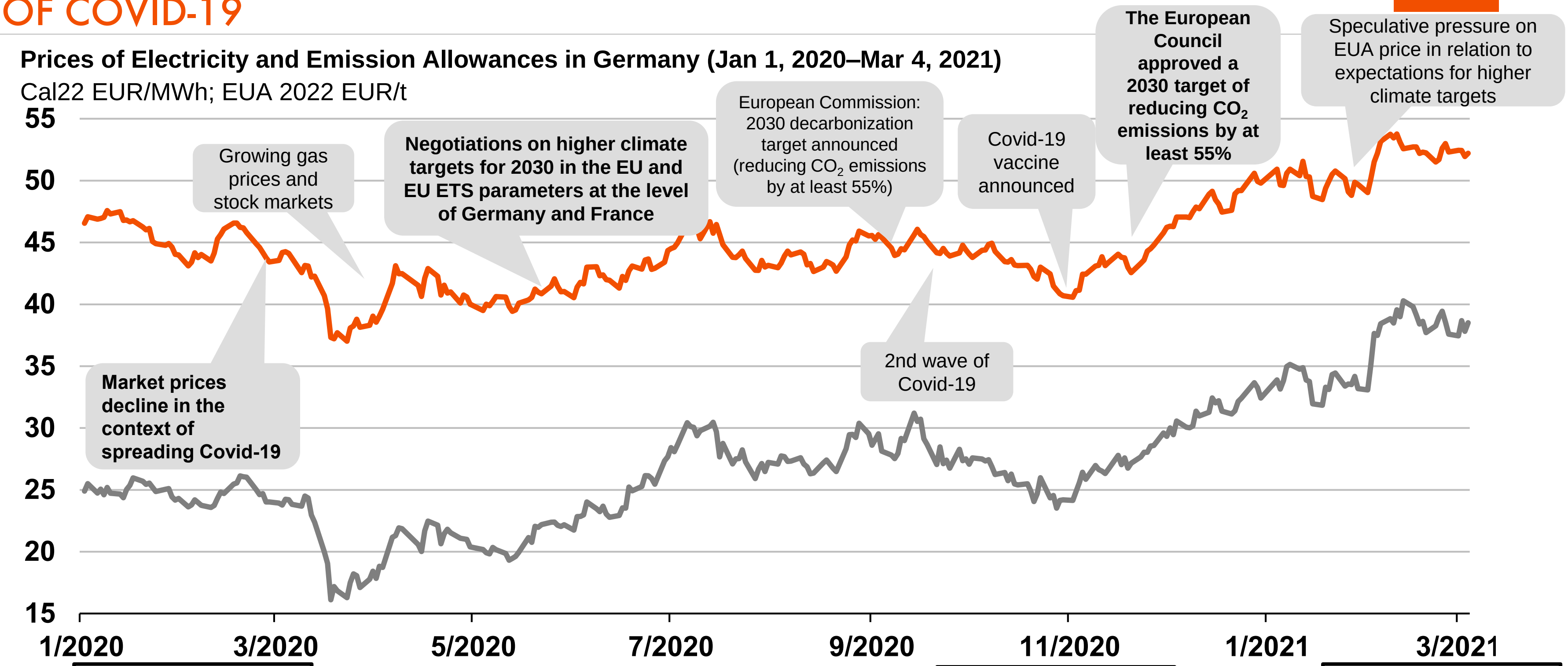
- **Approval of the European Green Deal was the key event of 2020.** It further emphasizes climate goals and intends to support their fulfillment with a huge reallocation of EU member states' funds of over EUR 1.8 trillion, of which at least 30% must be provided to projects related to climate protection.
- **Total potential for those funds for Czechia in the next 7 years exceeds EUR 50 bn.**
- A proposal for specific changes to the EU ETS, RES, and EED Directives will be published in June 2021.
- Additionally, the **EU adopted its hydrogen strategy**, which envisages that 40 GW of electrolyzers should be put into operation and the annual production of green hydrogen should reach 10 million tons by 2030.

* The 2030 targets are being revised based on the Green Deal; **RES: applicable to all kinds of energy, not just electricity; ***EED—Energy Efficiency Directive

MARKET PRICES OF ELECTRICITY AND EMISSION ALLOWANCES IN 2020 WERE DETERMINED BY DEVELOPMENTS IN EU REGULATION AND IMPACTS OF COVID-19

Prices of Electricity and Emission Allowances in Germany (Jan 1, 2020–Mar 4, 2021)

Cal22 EUR/MWh; EUA 2022 EUR/t



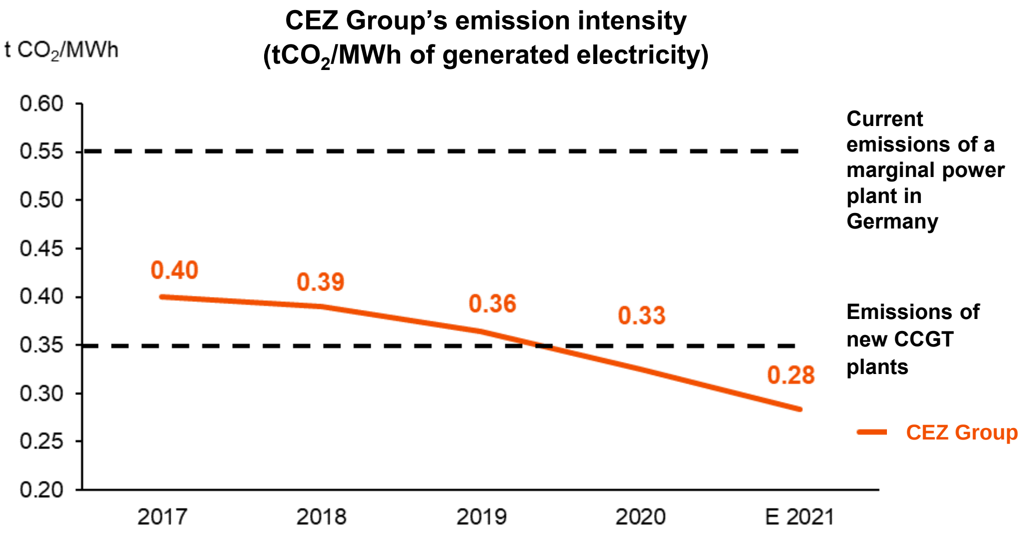
Jan 2, 2020:
EE—44.6 EUR/MWh
EUA—24.9 EUR/t

Dec 30, 2020:
EE—49.8 EUR/MWh
EUA—32.4 EUR/t

Mar 4, 2020:
EE—52.2 EUR/MWh
EUA—38.5 EUR/t

EE – electricity; EUA - European Union Emission Allowance

IN 2020 CEZ GROUP'S EMISSION INTENSITY REACHED A VALUE LOWER THAN THE SPECIFIC CO_2 EMISSIONS OF NEW CCGT PLANTS



CEZ Group's emission intensity per generated electricity (emissions of 0.33 tCO_2/MWh_e):

- Decreased by more than 10% year-on-year
- The value reached in 2020 is already below the emission intensity of a new CCGT plant (0.35 $tCO2/MWh_e$)
- We expect another decrease of more than 12% in 2021, to 0.28 $tCO2/MWh_e$, which is a value corresponding to 50% of emissions produced by a marginal power plant, determining current market prices in Germany

WE PROVED IN 2020 THAT SUSTAINABLE DEVELOPMENT AND SOCIAL RESPONSIBILITY ARE OUR EMPLOYEES' PRIORITY

"E" Environment

- **Gradual reduction of CO_2 emissions**—shutting down the 440 MW Prunéřov 1 power plant.
- To help Czechia meet its EU commitments, **ČEZ and the Czech MIT signed an Energy Efficiency Enhancement Agreement** in 2020.
- **Energy saving projects** saved customers **a quarter of a billion CZK** and **reduced CO_2 emissions** by more than **39,000 tons** in 2020.
- Customers had **660 rooftop photovoltaic systems and over 500 heat pumps installed**.
- **62% more** public charging stations **installed** year-on-year. A total of **270 stations** were installed as at Dec 31, 2020.
- ČEZ has implemented an **environmental management system** (EMS) **according to ISO 14001.**
- **We continue with land reclamation. CZK 410 m was expended** on preparations for and elimination of the effects of past mining activities in 2020. CEZ Group **planted 232,000 trees** in 2020, having planted **almost 21.5 million trees in total.**

"S" Social

- **Employer of the Year 2020**—1st place for ČEZ in the main category of over 5,000 employees, 2nd place for ČEZ Distribuce in the category under 5,000 employees.
- In the **TOP Employers** survey conducted among university and college students, **CEZ Group was the overall winner** and defended 1st place in industry categories.
- To alleviate the impacts of Covid-19, the **ČEZ Foundation supported** a total of 647 Czech entities with an amount of almost **CZK 31 m.**
- **"Granting Wishes, Thinking about Others"** is the most generous employee collection in Czechia in 2020. **CEZ Group employees donated almost CZK 3 m to people in need**. The ČEZ Foundation doubled the amount to **CZK 5.9 m**.
- We launched a ČEZ Prodej customer care line with speech-to-text conversion to **facilitate communication for our hearing-impaired customers**.

"G" Governance

- **ČEZ promotes ethical principles** in business and its employees' conduct through its **Code of Ethics** and a comprehensive **Compliance Management System**
- All CEZ Group employees are mandatorily and regularly trained in **ethical behavior policy**.
- **The ČEZ shareholders' meeting approved** a transparent **remuneration policy** in 2020.
- **The manner of managing and ensuring the safety and security** of generating facilities, environmental protection, and the protection of individuals and the public is defined **in the Safety and Environmental Protection Policy.**
- We have been governed by a **Customer Constitution** since 2019, which defines the fundamental values and rules of conduct toward customers.
- **The ČEZ corporate ombudsman** has helped customers **for 11 years**.

DIVESTMENTS OF SELECTED FOREIGN ASSETS FULFILL CEZ GROUP'S APPROVED STRATEGY AND HELP REINFORCE ITS FINANCIAL STABILITY

- **The current strategy from 2019** aimed at divesting some assets in selected countries **to improve CEZ Group's risk profile** and focus on the **decarbonization of its generation portfolio**, **development of renewables** and **modern energy services** in Czechia and European countries with a stable business environment.
- The divestments will provide **CEZ Group with significant funds**, which will:
  - **Help decrease its debt**
  - **Be used for development investments in Czechia and stable countries**
  - **Allow for a higher dividend for shareholders**
- Development investments under consideration include **fulfilling the national integrated energy and climate plan in Czechia**, **converting heat generation facilities toward zero-emission technology**, and **developing modern energy services focusing on savings**.

THE MOST SIGNIFICANT DIVESTMENT TRANSACTION—SALE OF ROMANIAN ASSETS—WILL BE SETTLED ON MAR 31, 2021

All necessary approvals have been obtained; settlement incl. purchase price payment on Mar 31, 2021

- The selling process started on Sep 9, 2019.
- CEZ Group received binding bids on Jun 25, 2020. The bid of renowned international institutional investor Macquarie Infrastructure and Real Assets was evaluated as the best.
- ČEZ entered into a contract for the sale of the Romanian assets with the winning bidder on Oct 22, 2020. The assets sold include a distribution company, a sales company, the Fântânele and Cogealac wind parks, four small hydroelectric power plants, and service company CEZ Romania.
- The buyer obtained an antitrust approval of the transaction from the EU’s Directorate-General for Competition in Brussels on Dec 23, 2020. The transaction was approved by Romania’s Supreme Council of National Defense on Jan 5, 2021.
- By agreement with the buyer, the settlement of the transaction, including the payment of the purchase price, is scheduled for Mar 31, 2021.

DEVELOPMENTS IN CEZ GROUP'S DIVESTING ACTIVITIES

OTHER COUNTRIES

BULGARIA—The energy regulatory authority approved the sale of assets to Eurohold

- On Jul 22, 2020, the Administrative Court in Sofia reversed the decision of the Bulgarian Commission for Protection of Competition, which stopped the sale of assets to Bulgarian company Eurohold in Oct 2019.
- The Commission for Protection of Competition approved the sale of assets to Eurohold at its meeting held on Oct 29, 2020.
- The Bulgarian energy regulatory authority approved the sale on Jan 19, 2021.
- We expect that the transaction will be settled by Jun 30, 2021.
- The arbitration claim is not subject of sale and international arbitration is still conducted by ČEZ, a. s.
- On March 2, 2021, the arbitration tribunal in the international investment arbitration of ČEZ, a. s., against the Republic of Bulgaria confirmed the legitimacy of conducting arbitration within the current jurisdiction and thus moving to the next phase in which the merits of the dispute will be assessed.

POLAND—Process of selling coal-fired assets started, we expect binding bids in April 2021

- The process of selling Polish coal-fired assets (the Chorzów and Skawina power plants) and other Polish companies, except for energy service companies (ESCOs), was started on Sep 16, 2020, by publishing a request for expression of interest, to be submitted by Sep 29, 2020. The request resulted in 14 expressions of interest from potential investors.
- A standard check of the bidders was carried out in October; ČEZ then received five indicative offers on Dec 11, 2020. Following their assessment, four prospective buyers advanced to the next stage. The second stage will end by submitting binding offers in Q2 2021.
- The sale of Polish wind projects in the development phase continues. The sale of the Krasin and Sakówko projects was completed in Q2 2020.

STRATEGIC PRIORITIES FOR 2021

GENERATION & MINING

- Increasing generation at nuclear power plants to over 30.5 TWh
- Starting the construction of new RES facilities in Czechia
- Fulfilling the decarbonization strategy, incl. shutdown of Unit 3 of the Mělník power plant
- Preparing the transition of heat generation to low-emission sources
- NNPP—obtaining authorization and zoning permit and starting the contractor selection procedure

DISTRIBUTION

- Digitizing end-to-end distribution processes in customer service, asset management, and support services at over 25%
- Fulfilling the investment program and operational efficiency objectives of ČEZ Distribuce

SALES

- Digitizing sales processes, increasing the portfolio of end-use customers
- Stabilizing the ESCO business after Covid-19 impacts and restarting growth
- Reinforcing positions in ESCO markets in Italy and Slovakia

DIVESTMENT STRATEGY

- Completing the sale of foreign assets in Romania, Bulgaria, and Poland
- Protecting CEZ Group’s interests in international arbitration in Bulgaria

NNPP – new nuclear power plant

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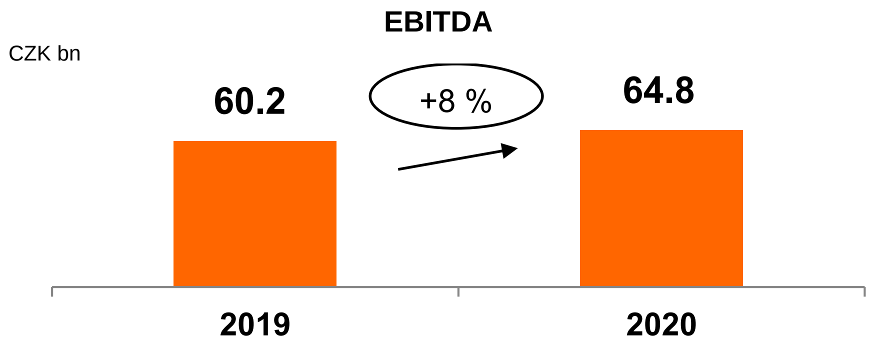
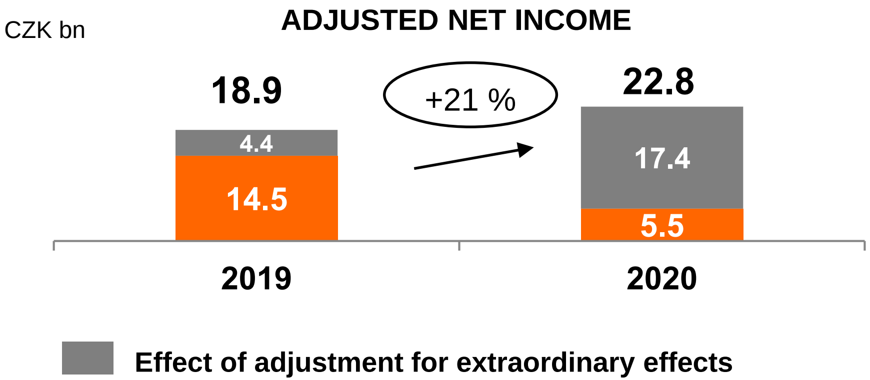
FINANCIAL PERFORMANCE IN 2020: EBITDA OF CZK 64.8 BN, NET INCOME OF CZK 5.5 BN, ADJUSTED NET INCOME OF CZK 22.8 BN





Selected year-on-year effects (at EBITDA level):

+ Higher realization prices of electricity incl. hedging effects in Czechia

− Higher expenses on emission allowances for generation in Czechia

− Lower operation of fossil fuel plants and lower sales of coal in Czechia

We estimate the negative effect of Covid-19 on fulfilling the initial ambitions for 2020 at EBITDA level at over CZK 3 bn.

Nevertheless, the initial ambition (CZK 65 bn) was almost fulfilled and the full negative effect of Covid-19 was nearly offset by other gains (in particular, by additional gains from commodity trading and savings of some planned expenses).

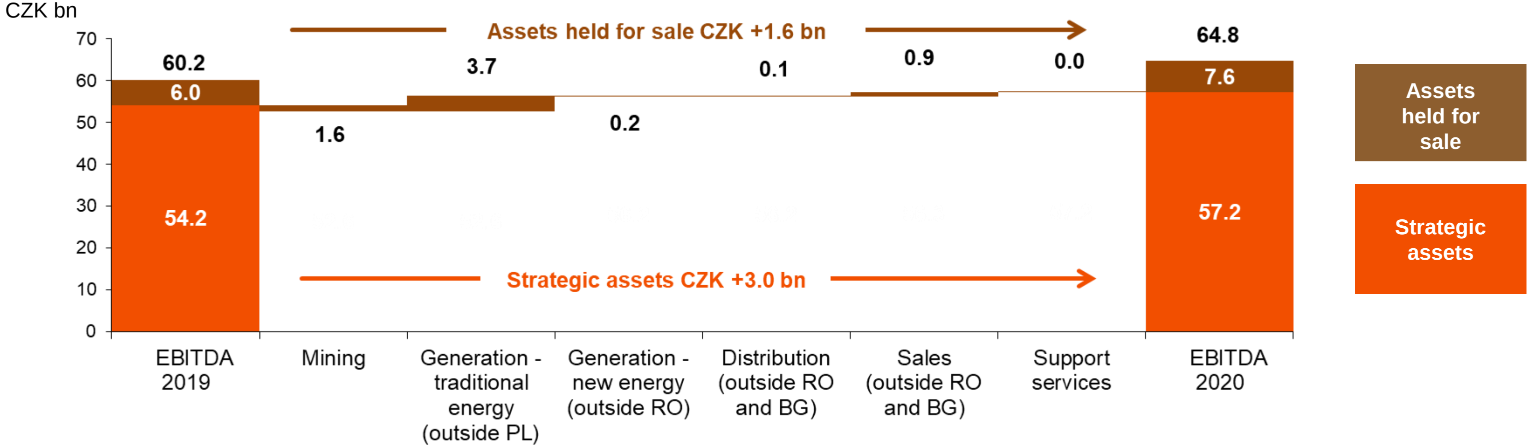
Net income adjustment for extraordinary effects

A year-on-year increase of CZK 13.0 bn in adjustment is due to higher additions to fixed asset impairments, reflecting primarily the concluded contract for the sale of Romanian assets and deteriorated conditions for coal-fired energy resulting from the European Green Deal.

 Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

YEAR-ON-YEAR CHANGE IN EBITDA

BY SEGMENT (INCL. STRATEGIC VS. OTHER ASSETS)



Main causes of year-on-year change in EBITDA

Strategic assets (CEZ Group excluding companies intended for sale under the valid strategy from 2019)

- Higher realization prices of generated electricity, including the effect of hedges in Czechia (CZK +8.8 bn)
- Higher expenses on emission allowances for generation in Czechia due to increased purchase prices and lower allocation of free allowances (CZK -3.7 bn)
- Lower operation of fossil fuel plants and lower sales of coal in Czechia (CZK -2.7 bn)
- Effect of a 2019 court ruling under which the payment of a debt of SŽ (formerly SŽDC) to ČEZ Prodej from 2010 had to be paid back incl. interest and costs (CZK +1.3 bn)

Assets intended for sale (Romanian, Bulgarian, and Polish companies other than ESCO activities)

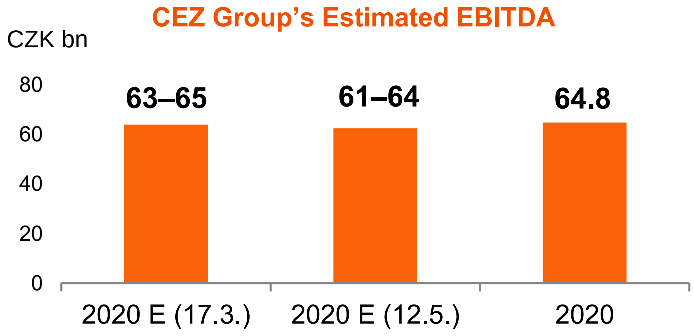
- Higher EBITDA of Romanian and Bulgarian distribution (CZK +0.8 bn) primarily due to lower costs of losses and higher revenue from electricity distribution
- Higher gross margin on electricity generation at Romanian wind parks due to both higher generated volume and higher realization prices (CZK +0.6 bn)

 Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

THE NEGATIVE EFFECT OF COVID-19 ON FULFILLING CEZ GROUP'S INITIAL AMBITIONS FOR 2020 WAS OFFSET AT EBITDA LEVEL

The total negative effect of COVID-19 on the initial ambition for CEZ Group's 2020 EBITDA exceeded CZK 3 bn; thereof:

- Sales segment approx. CZK 1.5 bn
- Distribution segment approx. CZK 0.5 bn
- Generation—Traditional Energy and Mining segments approx. CZK 1 bn in total



Covid-19 effects on the energy sector and CEZ Group's segments:

- Reduced electricity consumption had a negative impact, primarily, on customer segments (Sales/ESCO and Distribution) and indirectly, through decreased prices of energy commodities and demand for electricity, on the Generation—Traditional Energy and Mining segments. Electricity consumption in the distribution area served by ČEZ Distribuce* decreased by 3.3% year-on-year.
- The negative effect on coal-fired power plants and mining activities was intensified by a concurrent considerable increase in the market prices of emission allowances due to increased ambitions for reducing CO_2 emissions in the EU. However, it did not exceed CZK 1 bn in total because of generation hedging in the past years.
- Travel restrictions, overall market uncertainty, and slowdown of economic growth in Europe resulted in the postponement of development acquisitions and investments in general. The biggest negative impact was that of the slowdown of development and, most importantly, acquisition activities in ESCO.
- The abovementioned factors resulted in a lower estimate of the 2021 profit and a worse business plan outlook for the next years.

* ČEZ Distribuce's distribution area covers about 5/8 of Czechia.

OTHER INCOME (EXPENSES)

(CZK bn)	2019	2020	Change	%
EBITDA	60.2	64.8	+4.6	+8%
Depreciation, amortization and impairments*	**-33.7**	**-52.2**	**-18.5**	**-55%**
Other income (expenses)	**-8.0**	**-4.7**	**+3.3**	**+42%**
Interest income (expenses)	-5.1	-4.9	+0.2	+3%
Interest on nuclear and other provisions	-1.9	-2.0	-0.1	-3%
Income (expenses) from investments and securities	0.4	0.4	+0.0	+4%
Other	-1.5	1.7	+3.2	-
Income taxes	**-3.9**	**-2.4**	**+1.5**	**+38%**
Net income	14.5	5.5	-9.0	-62%
Net income adjusted	**18.9**	**22.8**	**+4.0**	**+21%**

Depreciation, Amortization, and Impairments* (CZK -18.5 bn)

- Higher additions to fixed asset impairments** in Romania (CZK -12.5 bn), Poland (CZK -4.3 bn), and Czechia (CZK -2.1 bn)
- Lower depreciation and amortization (CZK +0.7 bn), including at ČEZ, a. s. (CZK +0.9 bn), primarily due to increased service life of nuclear plants

Other Income (Expenses) (CZK +3.3 bn)

- Received interest on late payment in relation to the refund of a portion of gift tax paid on emission allowances from 2011 and 2012 (CZK +1.5 bn)
- Foreign exchange gain from the hedging of income from the sale of Romanian assets (CZK +1.0 bn)
- Lower additions to provisions for potential payment under guarantee provided for Akcez group companies' loans (CZK +0.8 bn)

Net Income Adjustments

- In 2020 adjusted for the negative effect of additions to a portion of fixed asset impairments** in Romania (CZK +9.5 bn), in Poland (CZK +4.8 bn), at Severočeské doly (CZK +2.7 bn), and for other assets (CZK +0.2 bn)
- In 2019 adjusted for the negative effect of additions to fixed asset impairments** in Czechia (CZK +1.5 bn), in Bulgaria (CZK +1.4 bn), in Poland (CZK +1.2 bn), and in Romania (CZK +0.3 bn)

* Including gain/loss from sales of tangible and intangible fixed assets; **including goodwill impairment

FINANCIAL AND OPERATING RESULTS

CEZ GROUP

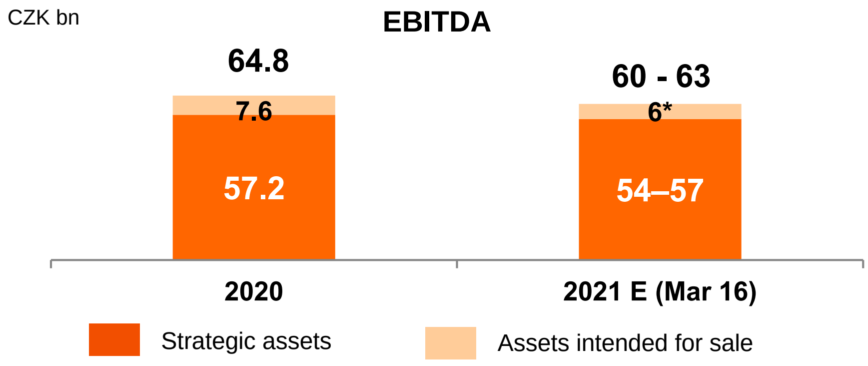
(CZK bn)	2019	2020	Change	%
Revenues	206.2	213.7	+7.5	+4%
EBITDA	60.2	64.8	+4.6	+8%
EBIT	26.4	12.6	-13.8	-52%
Net income	14.5	5.5	-9.0	-62%
Net income adjusted *	18.9	22.8	+4.0	+21%
Operating CF	42.9	72.2	+29.2	+68%
CAPEX	29.8	31.2	+1.4	+5%

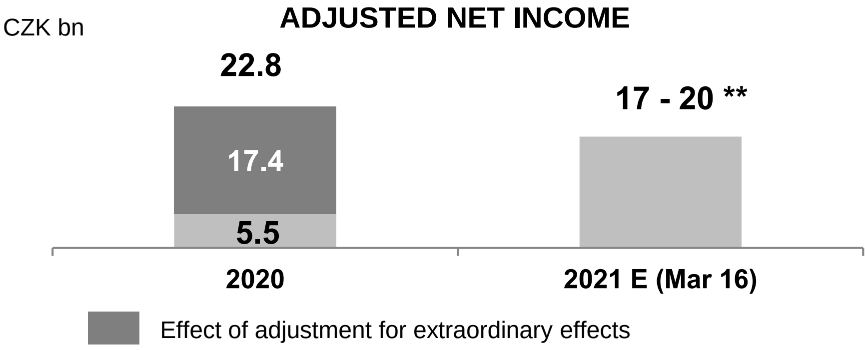
		2019	2020	Change	%
Installed capacity **	GW	14.6	12.9	-1.7	-12%
Mining	m tons	20.4	15.4	-5.0	-25%
Generation of electricity - segment traditional energy	TWh	62.4	58.6	-3.8	-6%
Generation of electricity - segments new energy and sales	TWh	2.2	2.3	+0.1	+6%
Electricity distribution to end customers	TWh	52.1	50.6	-1.5	-3%
Electricity sales to end customers	TWh	35.2	33.3	-1.9	-5%
Sales of natural gas to end customers	TWh	9.8	9.3	-0.5	-5%
Sales of heat	000´TJ	24.1	24.0	-0.1	-1%
Number of employees **	000´s	32.4	32.5	+0.2	+1%

* 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 impairment)

** As at the last date of the period

FINANCIAL OUTLOOK FOR 2021: WE ESTIMATE STRATEGIC ASSETS EBITDA AT 54-57, NET INCOME AT CZK 17-20 BN





Main year-on-year effects (2021 vs. 2020):

− Higher expenses on emission allowances for generation
− Lower revenue from ancillary services
− Effect of a new regulatory period on ČEZ Distribuce in Czechia
− / + Uncertain amount of gain from commodity trading
+ Higher realization prices of electricity
+ Higher generation volume at nuclear plants
+ Stabilization of the Sales segment after the impacts of Covid-19 on corporate customers

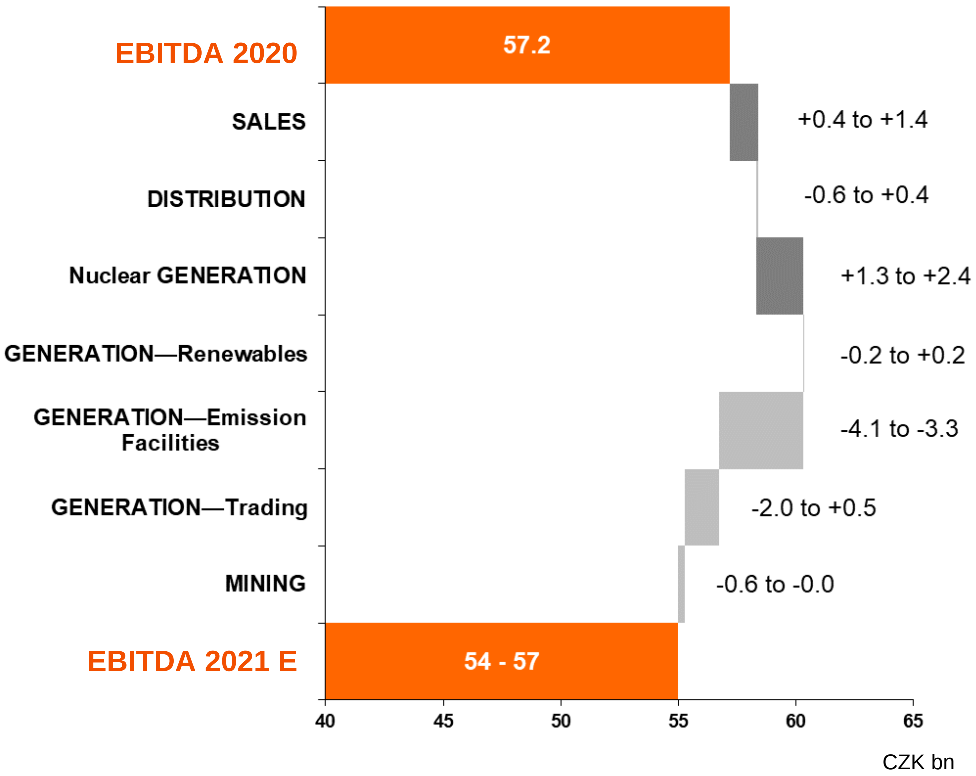
Selected prediction risks and opportunities:

- Availability of generating facilities
- Realization prices of generated electricity
- Gain from commodity trading and revaluation of derivatives
- Revenue from ancillary services provided by generating facilities in Czechia
- Effects of Covid-19

* Expected EBITDA of assets intended for sale for the full year 2021. The actual contribution to the consolidated results of CEZ Group will depend on the settlement date of disposals. According to current estimated dates (RO Mar 31, BG Jun 30, PL Dec 31), we estimate their contribution to EBITDA at CZK +2 to +3 bn.

** We estimate the contribution of assets held for sale to the 2021 consolidated net income at nearly zero, especially in view of already made contracts (for the sale of RO and BG assets), under which any profit belongs to the buyers.

EXPECTED YEAR-ON-YEAR CHANGE IN EBITDA FOR STRATEGIC ASSETS
2021 VS. 2020 BY BUSINESS SEGMENT



STRATEGIC ASSETS
(total year-on-year decrease by CZK 0 to 3 bn)

SALES Segment
\+ Growth ambitions in ESCO services
\+ Negative effect of Covid-19 on ESCO companies in 2020
− Settlement of unbilled electricity at ČEZ Prodej in 2020

DISTRIBUTION Segment
− Effect of a new regulatory period on ČEZ Distribuce
\+ Positive effect of correction factors

GENERATION Segment Total (CZK -4.0 to -1.0 bn)

Nuclear Plants
\+ Higher realization prices of electricity
\+ Higher generation volume

Fossil fuel facilities
− Higher expenses on emission allowances for generation
− Lower revenue from sales of ancillary services
− Higher maintenance costs

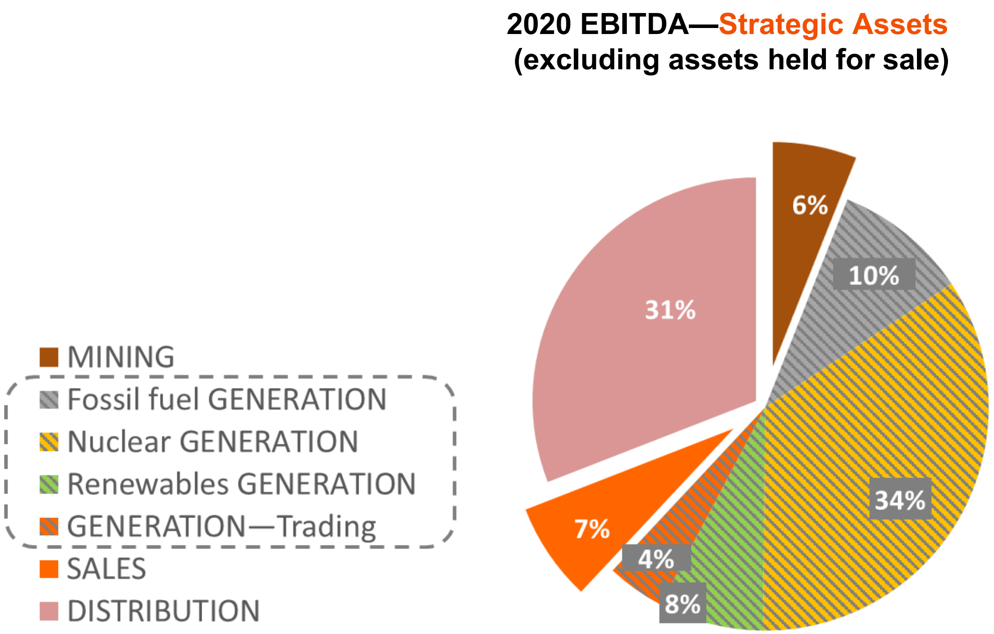
Trading
− -/+ Uncertain amount of commodity trading profit

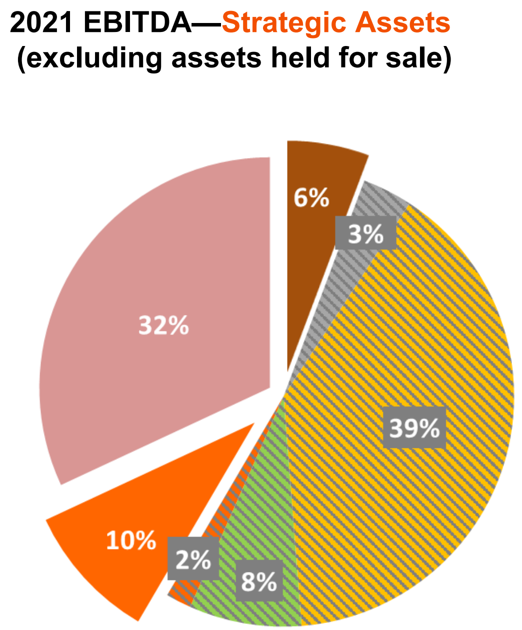
MINING Segment
− Higher fixed operating expenses and higher expenses on land reclamation

WE CHANGE THE STRUCTURE OF KEY OPERATING SEGMENTS FROM JAN 1, 2021. NEWLY 4 SEGMENTS: SALES, DISTRIBUTION, GENERATION, MINING

Segments until Dec 31, 2020	Segments since Jan 1, 2021	
Mining	MINING	
Generation—Traditional Energy	GENERATION	GENERATION—Nuclear Plants
Generation—New Energy		GENERATION—Renewables
Support Services		GENERATION—Fossil Fuel
		GENERATION—Trading
Sales	SALES	
Distribution	DISTRIBUTION	

WE ESTIMATE THAT THE SHARE OF FOSSIL FUEL GENERATION AND MINING IN STRATEGIC ASSETS EBITDA WILL DECREASE BELOW 10% OVERALL IN 2021





PRESS CONFERENCE ON CEZ GROUP FINANCIAL RESULTS IN 2020

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EBITDA IN SEGMENTS: GENERATION–TRADITIONAL ENERGY, MINING, GENERATION–NEW ENERGY, SUPPORT SERVICES

Main operating results in selected countries

EBITDA segments (CZK bn)		2019	2020	Change	%
Generation—traditional energy	Czech Republic	24.8	28.5	+3.7	+15%
Mining	Czech Republic	5.0	3.4	-1.6	-31%
Generation—new energy	Czech Republic	1.9	1.9	-0.0	-2%
Generation—new energy	Germany	0.5	0.5	+0.1	+12%
Support services	Czech Republic	1.4	1.4	-0.0	-4%

Main causes of year-on-year change in EBITDA

Generation – traditional energy, Czechia (CZK +3.7 bn)

- Effect of change of market price of electricity and emission allowance on generation including effect of hedges and FX rate (CZK +6.1 bn)
  - Increase of average achieved prices for electricity by 7 EUR/MWh (to 45 EUR/MWh)
  - Increase of average purchase prices of purchased emission allowances by 4 EUR/t (to 15 EUR/t).
- Lower volume of allowances allocated free of charge by 2.5 m t within the derogation (CZK -1.0 bn)
- Lower operational availability of fossil fuel power plants (CZK -1.0 bn) mainly due to decommissioning of Prunéřov 1 power plant and lower availability of plants located at the edge of mines.
- Higher revenues from sales of heat (CZK+0.4 bn), lower commodity trading profit (CZK -0.6 bn)

Mining (CZK -1.6 bn)

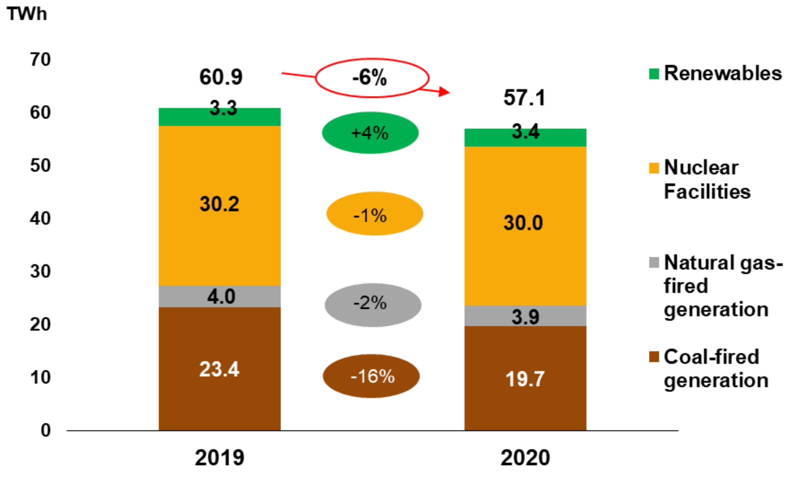
- Decrease of revenues from coal sales to CEZ Group (CZK -1.1 bn) mainly lower supplies to coal plants of CEZ due to their lower dispatch as a result of declining electricity-carbon spread and due to lower operational availability of power plants.
- Decrease of revenues from coal sales to external customers (CZK -0.4 bn) mainly termination of partial supplies to local heat plants and lower volumes sold to industrial companies affected by covid-19.

Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

ELECTRICITY GENERATION IN 2020

STRATEGIC ASSETS

Electricity generation – Strategic assets*



Renewables (+4%)

Czechia hydro (+5%)

+ Higher generation in pump-storage power plants

Germany (+3%)

+ Worse-than-average weather conditions in 2019

Nuclear generation (-1%)

− Operating inspections, investment projects, and grid effects

Natural gas fired generation (-2%)

− Longer planned outage of the Počerady 2 power plant

Coal-fired generation (-16%)

− Termination of the Prunéřov 1 power plant's operation at Jun 30, 2020

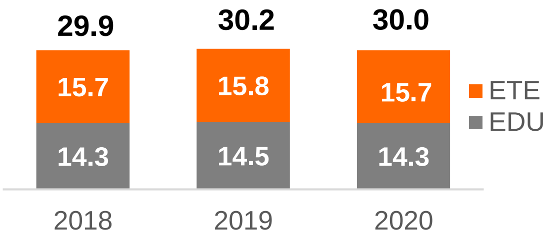
− Lower generation at the Mělník 3, Tušimice 2, Prunéřov 2, and Mělník 2 power plants, mainly in connection with unfavorable changes in the market prices of electricity and emission allowances

+ Shorter outages at the Ledvice 3 power plant

Note: Renewables = hydro, wind, solar, biomass, biogas

* It is production in CEZ Group power plants excluding companies intended for sale, i.e. it does not include the volume of electricity production in Romania, Poland and Bulgaria. In 2020 the production volume in these countries amounted to 3.9 TWh, of which 2.0 TWh in coal plants and 1.9 TWh in renewables. In 2019 the production volume in these countries amounted to 3.7 TWh, of which 2.0 TWh in coal plants and 1.7 TWh in renewables.

Nuclear Generation (TWh)



GENERATION—NUCLEAR PLANTS
SELECTED EVENTS IN 2020

Stable and safe generation at nuclear plants

- 30.04 TWh of electricity generated in 2020.
- ČEZ’s nuclear power plants stood the difficult test of operation and outage performance during the pandemic Covid-19. With organization and engineering measures, outages at both NPPs were successfully performed in compliance with all safety measures.
- Both nuclear power plants defended the title of a Safe Enterprise. Audits of the OSH management system help us maintain a low rate of occupational injuries among employees and contractors in the long term. Cybersecurity is ensured in compliance with the National Cyber and Information Security Agency’s requirements and under constant supervision of ČEZ’s internal departments.
- Projects for further optimization of availability started at both nuclear plants, with an ambition to increase annual generation to over 31 TWh.

Achievable capacity of Temelín Unit 2 increased by 4 MW_e

- The increase was due to the installation of two new separators—steam reheaters in the non-nuclear part of the power plant, which enhanced the unit’s efficiency at the same reactor output. This increased the unit’s achievable capacity to 1,086 MW_e. The same investment project will be undertaken at Temelín Unit 1 in 2021.

Priority of Safety and Compliance

- Conditions from the Dukovany NPP operating license met in accordance with SÚJB’s (State Office for Nuclear Safety) decision.
- A periodic safety review of Temelín Unit 1 was performed after 20 years of operation.
- A renewed operating license for an indefinite period of time was obtained for Temelín Unit 1 on Sep 23, 2020. Similarly, to the Dukovany NPP, the license is subject to several conditions; compliance will be checked regularly.
- Preparation of supporting documents for an application for a renewed operating license for Temelín Unit 2 continues.

Other Selected Events in Nuclear Power

- Ústav aplikované mechaniky Brno (Institute of Applied Mechanics) was acquired on Jul 1, 2020 and is now wholly owned by ČEZ, a. s. It is a company having key competences for providing safety and stress analyses for nuclear plant lifecycle management.
- Digitization of processes continues. Both nuclear power plants make use of mobile operational support. Both power plants started to use mobile support for obtaining maintenance equipment during outages. The NED Digitization project will save thousands of hours of work and ensure higher work quality and efficiency.

 NPP—nuclear power plant; NED—Nuclear Energy Division; ETE—Temelín Nuclear Power Plant; EDU—Dukovany Nuclear Power Plant

GENERATION—RENEWABLES
SELECTED EVENTS IN 2020

Czechia

- Electricity generation at ČEZ, a.s., hydroelectric power plants increased by 0.1 TWh year-on-year, to 2.2 TWh, due to better climatic conditions.
- Preparatory work continued for the upgrade of the Orlík power plant into a pumped-storage power plant.
- Generation at photovoltaic power plants in Czechia reached 128.6 GWh, decreasing by 5% year-on-year. This was primarily due to lower insolation.

Abroad

- The Fântânele and Cogealac wind parks in Romania generated 1,259 GWh of electricity in 2020 (year-on-year increase of 75 GWh).
- Small hydroelectric power plants operated by TMK Hydroenergy Power S.R.L. at Reşiţa, Romania, generated 75 GWh of electricity (year-on-year increase of 10 GWh).
- In renewables in Germany, co-development continues of the existing wind portfolio consisting of 12 projects with a capacity of up to 193.5 MW. The most advanced projects are Datteln and Nortorf (GP Joule portfolio). The process of selecting wind turbine suppliers for a portion of the portfolio started in mid-2020.
- In France, a public call for tenders was made in early October 2020 to choose an alternative technology for turbine supplies according to French law for the Aschères-le-Marché project, originally planned with Senvion turbines. The evaluation of tenders is expected to take place in Q2 2021.

GENERATION–FOSSIL FUEL FACILITIES AND MINING
SELECTED EVENTS IN 2020–CZECHIA

Electricity and Heat Generation

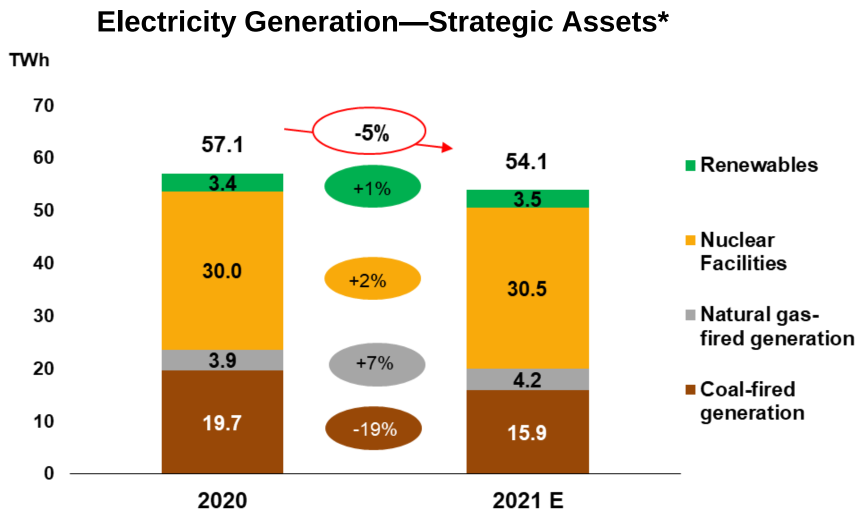
- Electricity generation at coal-fired power plants decreased by 3.7 TWh to 20.3 TWh. It was affected most significantly by the shutdown of the Prunéřov 1 power plant (on Jun 30, 2020; year-on-year decrease of 1.4 TWh in generation) and a negative effect of market prices of electricity and emission allowances during the year.
- Implementing and preparatory work continued at all coal-fired facilities in relation to new emission measures (BATs) coming into effect in Aug 2021.
- The Počerady coal-fired power plant was handed over to a new owner on Dec 31; the sale was thus completed 3 years early. The sale terminated a commitment to take deliveries of 5 million tons of coal per year from Vršanská uhelná in 2021–2023.
- On Oct 1, 2020, two generating units of the Mělník power plant were transferred from ČEZ to Energotrans, which now operates all 3 units on the site.
- The Počerady CCGT plant generated 0.1 TWh less year-on-year, i.e., 3.6 TWh, due to a planned overhaul during which the facility’s achievable capacity was increased by 44 MW_e. Biomass-fired electricity generation remained 0.6 TWh, unchanged year-on-year.
- Heat sales from facilities in Czechia were 18.6 thousand TJ in 2020, year-on-year decrease of 0.3 thousand TJ.

Mining

- Saleable mining output was 15.4 million tons of coal.
- Timely and consistent implementation of measures to protect employee health allowed maintaining continuous company operations and ensuring coal supplies despite the Covid-19 pandemic.
- Severočeské doly acquired a 51% stake in GEOMET s.r.o., the holder of priority exploration and exploitation rights to a lithium ore deposit at Cínovec.

ESTIMATED ELECTRICITY GENERATION IN 2021

STRATEGIC ASSETS



Renewables (+1%)

Czechia hydro (+3%)

+ Shorter outages at pumped-storage power plants

Czechia biomass (-9%)

Germany (+8%)

+ Worse-than-average weather conditions in 2020

Nuclear plants (+2%)

+ Shorter outages at the Dukovany power plant

Natural gas–fired generation (+7%)

+ Shorter outage at the Počerady CCGT plant

Coal-fired generation (-19%)

− Sale of the Počerady power plant on Dec 31, 2020
− Closure of the Prunéřov 1 power plant’s operation on Jun 30, 2020
− Longer outages at the Tušimice 2 power plant
− Lower generation at the Mělník 3 power plant due to the termination of its operation in August 2021
+ Shorter outages at the Ledvice 4 and Prunéřov 2 power plants

Note: Renewables = hydro, wind, solar, biomass, biogas

* It is production in CEZ Group power plants excluding companies intended for sale, i.e. it does not include the volume of electricity production in Romania, Poland and Bulgaria. In 2020 the production volume in these countries amounted to 3.9 TWh, of which 2.0 TWh in coal plants and 1.9 TWh in renewables. In 2021 the production volume in these countries is expected at 3.6 TWh. On the other hand, the Počerady coal-fired power plant (sold as at 31 December 2020) is included in the chart. In 2020, 3.9 TWh of electricity was produced in this power plant.

 Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

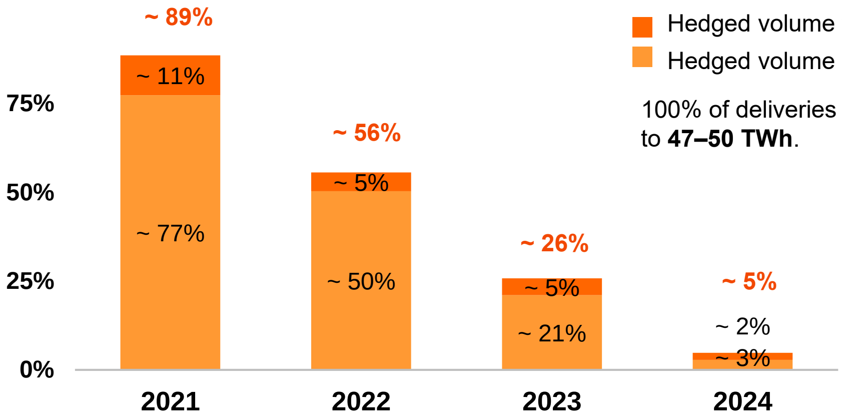
ČEZ CONTINUES HEDGING ITS GENERATION REVENUES; 89% CONTRACTED FOR 2021, ELECTRICITY AT 46 EUR/MWH, EUA AT 20.6 EUR/T

Expected realization prices for generation in Czechia in 2021 (forecasts as at Dec 31, 2020):

- The expected average realization price of generated electricity is approximately **48 EUR/MWh**.
- The expected average purchase price of emission allowances for generation (incl. those allocated under a derogation) is **24 EUR/t**.

Note: It is a result of hedges from previous yeas and of current market valuation of unsold electricity and not purchased allowances for expected production volume in 2021.

Share of Hedged Production of ČEZ* Facilities in Czechia as at Dec 31, 2020



Hedged volume from Oct 1, 2020, to Dec 31, 2020
Hedged volume as at Sep 30, 2020

100% of deliveries in 2021–2024 corresponds to **47–50 TWh**.

Hedging Prices of Electricity & Emission Allowances for Generation in Czechia as at Dec 31, 2020

	2021	2022	2023	2024
Electricity selling price (EUR/MWh)	€45.9	€47.0	€47.1	€48.5
EUA purchase price (EUR/t)	€20.6	€22.6	€23.7	€25.3

* ČEZ, a. s., including the Energotrans and Dětmarovice power plants (Počerady until Dec 31, 2020)

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ON JUL 28, 2020, THE CZECH GOVERNMENT SIGNED TWO AGREEMENTS WITH ČEZ AND ELEKTRÁRNA DUKOVANY II, DEFINING FRAMEWORK CONDITIONS FOR THE CONSTRUCTION OF A NEW NUCLEAR POWER PLANT IN CZECHIA, AT DUKOVANY LOCATION

1) FRAMEWORK AGREEMENT, not legally binding, covers overall cooperation in NNPP construction

2) IMPLEMENTATION AGREEMENT FOR STAGE 1 OF THE CONSTRUCTION OF A NEW NUCLEAR POWER PLANT at Dukovany

Selected obligations of ČEZ during Stage 1:

- Ensure the issuance of a zoning decision, a permit for the siting of a nuclear facility (application submitted on March 25) and the necessary rights to real estate and land
- Select a contractor and enable the state to control the choice of contractor with regard to Czechia's security interests
- Keep to the schedule and budget for Stage 1 and allow the Czech state to monitor performance
- Hand over fully functional company Elektrárna Dukovany II if the company is to be bought by the Czech state

Selected rights of ČEZ during Stage 1 if no agreement is reached on the next stage (e.g., due to regulatory conditions):

- Sell Elektrárna Dukovany II to the Czech state
- Get compensation from the Czech state in the amount of costs incurred

The next stages of the project will be addressed by successive agreements, incl. definition of the main principles (e.g., the parameters of purchase prices of electricity from the new facility and conditions for the Czech state to partially fund the project). Starting tender for supplier is subject to the state's fulfillment of certain conditions.

NEW NUCLEAR POWER PLANT AT DUKOVANY

PREPARATORY STEPS IN 2020 AND EXPECTED STEPS IN 2021

STEPS TAKEN IN 2020 ACCORDING TO CONTRACTS

On CEZ Group side:

- Company Elektrarna Dukovany II is fully equipped with capacity, professionals, processes, systems and capital to independently perform all activities for the preparation of the construction of a new nuclear power plant in the Dukovany location
- A nuclear facility siting permit was received from SÚJB
- Documentation for the tender for contractor was prepared

On Goverment's side:

- A bill on measures for transition to low-carbon energy was submitted to the Czech Parliament (currently under discussion in 3rd reading)
- Discussions are underway on the manner and timing of launching tender for contractor
- Prenotification negotiations between the state and the EC have started.

EXPECTED STEPS IN 2021

- Applying for and receiving generating facility authorization under the Energy Act (application already prepared)
- Applying for and receiving a zoning permit (documentation is already processed)
- Launching a tender to select the contractor for the Dukovany NNPP according to specified security requirements of the Czech State

- Approval of law on measures for transition to low-carbon energy
- Definition and approval of PPA principles from new nuclear power plant and conditions of repayable financial assistance provided by the state
- commencement of formal notification of the project to the European Commission by the Czech state

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GAIN FROM COMMODITY TRADING IN 2020 CONFIRMED THE HIGH STANDARD FROM 2018 AND 2019

- Our trading activities in 2020 included more than **325,000** closed transactions, trading:
  - **725 TWh** of electricity
  - **1,731 TWh** of natural gas
- **Our trading margin*** in 2020 was **CZK +3.8 bn**, which was the second best result in history.
- The **economic effect** of trading activities is generated primarily at ČEZ, a. s., **reported primarily as the financial performance of the Generation—Traditional Energy segment**.
- All trading activities are subject to established **Risk Management Frameworks** (defining limits, permitted deals, and trading rules); compliance is regularly reviewed by the CEZ Group Risk Management Committee.
- Activity is managed centrally from Czech Republic by ČEZ, a. s.

* Part of the trading margin achieved in 2020 (corresponding to the difference between internal demand for a transaction and the contracted external deal) is not reflected in CEZ Group's profit or loss until the year of delivery, i.e., future years. In particular, this concerns ongoing hedging of future electricity generation, emission allowance purchases for generation, or electricity and gas purchases for end-use customers.

EBITDA OF SEGMENTS: DISTRIBUTION, SALES

EBITDA in selected countries

EBITDA segments (CZK bn)		2019	2020	Change	%
Distribution	Czech Republic	17.5	17.7	+0.1	+1%
Sales	Czech Republic	2.4	3.5	+1.2	+48%
Sales	Germany	0.7	0.3	-0.4	-57%
Sales	Poland	0.2	0.2	+0.0	+19%

Main reasons for y-o-y changes in EBITDA

Distribution - Czechia (CZK +0.1 bn)

- Lower gross margin from electricity distribution (CZK -0.2 bn) caused by Covid-19
- Higher revenues from securing input and connections (CZK+0.1 bn)
- Lower maintenance expenses (CZK +0.1 bn)

Sales - Czech Republic (CZK +1.2 bn)

- Effect of a 2019 court ruling under which the payment of SŽDC’s debt to ČEZ Prodej from 2010 had to be paid back incl. interest and costs (CZK +1.3 bn)
- Higher deliveries of unbilled electricity (CZK +0.4 bn)
- Negative effect of Covid-19 in 2020 on margin on commodity sales to corporate customers (CZK -0.2 bn) and on ESCO activities (CZK -0.2 bn)

Sales - Germany (CZK -0.4 bn)

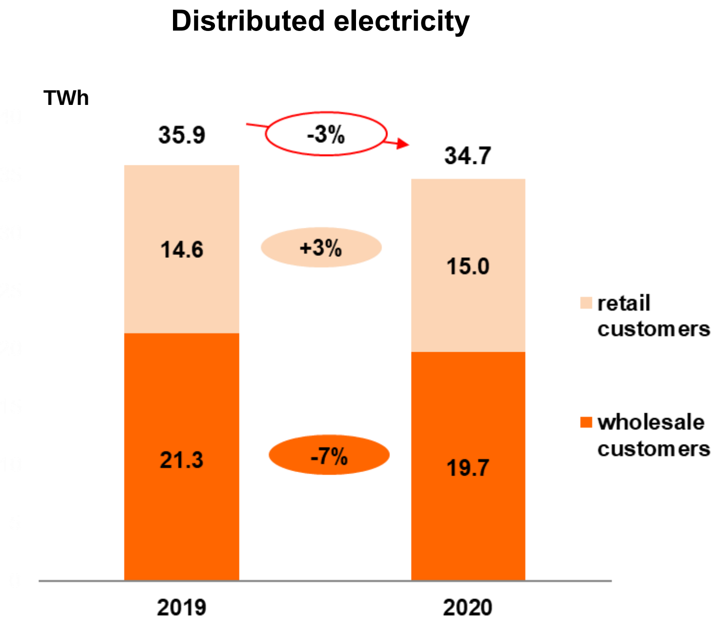
- Negative effect of Covid-19 on ESCO activities

Sales - Poland (CZK +0.0 bn)

- Negative effect of covid-19 compensated by acquisition of Euroklimat

Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

ČEZ DISTRIBUCE
AMOUNT OF DISTRIBUTED ELECTRICITY AND SELECTED EVENTS IN 2020



Selected Events

- On Jan 1, 2021, the company changed the manner of notification of planned outages, switching from paper to digital form (email/SMS); this step was preceded by a public information campaign named "Years of Leaflets Are Over" in social media, on the radio, and in the press.
- A new website was launched at www.cezdistribuce.cz, which adapts the contents to user devices such as laptops, tablets, and cell phones. The website gets more than 3.2 million page views a year.
- The distribution area was hit by 10 calamities in 2020; the biggest one was Sabine in February. In total, supply was restricted for over 570,000 service points; the consequences were remedied in record-breaking times.
- ČEZ Distribuce was placed second in the category of employers with up to 5,000 employees of the Sodexo Employer of the Year 2020 competition.

- Volume of distributed electricity decreased by -1.2 TWh (-3.3 %).
- Lower consumption of wholesale customers by -1.6 TWh (-7.5 %) is driven by covid-19.
- Consumption of retail customers increased by +0.4 TWh (+2.8 %)

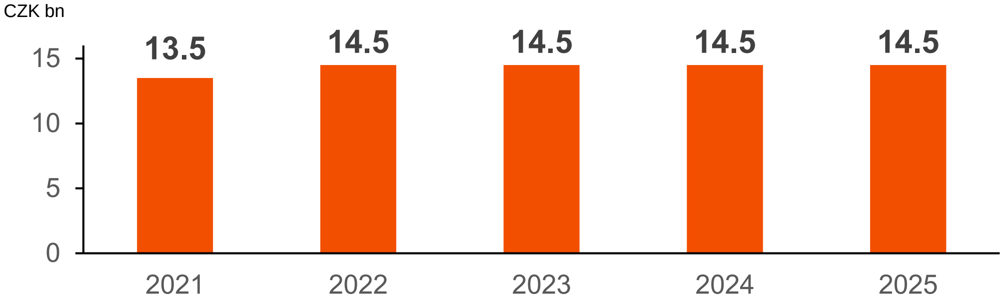
ČEZ DISTRIBUCE

PARAMETERS OF THE NEW REGULATORY PERIOD 2021-2025

Summary of parameters for the 5th regulatory period, i.e. for the period of 2021–2025

- There will be a 100% adjustment of the regulatory asset base (RAB) to the total book value of assets by the end of 2025 in a progressive manner (in 2020 the RAB value is CZK 106.6 bn and accounts for 82% of the book value of assets, it is estimated to increase to 89% in 2021, to 95% in 2022, to 97% in 2023, to 98% in 2024 and to 100% in 2025).
- For a reasonable return on the RAB, a nominal pre-tax WACC of 6.54% was set.
- The investment plan assumes a gradual increase to CZK 14.5 bn from year 2022 onwards.
- The lowest efficiency factor among regulated entities in Czechia was set (i.e. the pace of mandatory reduction of allowed costs in the future with regards to austerity measures taken in the past by the regulated company).

Expected investments by 2025

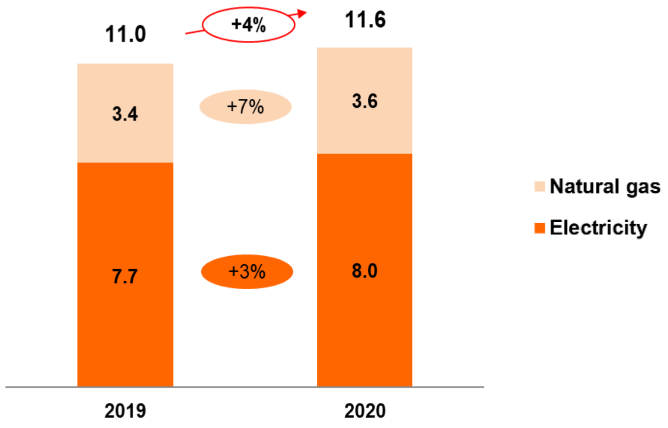


- Investments in the field of digital technologies will be directed to remotely controlled elements of the distribution system, elements of the distribution system monitoring, system for voltage control and regulation, to IT technologies, and to the field of electromobility.

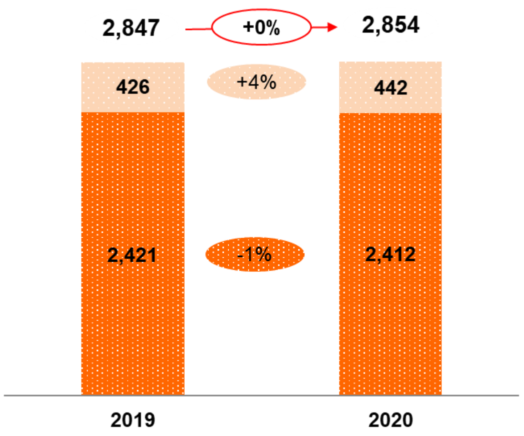
SALES SEGMENT—RETAIL

AMOUNTS OF ELECTRICITY AND GAS SOLD IN CZECHIA

ČEZ PRODEJ's ELECTRICITY AND NATURAL GAS SUPPLIES GREW BY 4% IN TOTAL (TWh)



ČEZ PRODEJ'S NUMBER OF CUSTOMERS IS STABLE YEAR-ON-YEAR (CONNECTION POINTS IN THOUSAND)



- Volume of electricity supplies of electricity and gas grew primarily due to colder winter 2020.
- Volume growth of electricity was also caused by higher consumption of households in 2020 as a result of covid-19 measures.
- YoY increase in volume of gas sales was further supported by acquisition of new customers.

ČEZ PRODEJ defended the title of the "Most trusted energy supplier in Czechia" and enjoys customers' trust

- ČEZ Prodej defended the title of the "Most Trusted Energy Supplier" in Czechia again in 2020. It is based on an independent survey conducted with more than 4,000 respondents as part of the 6th annual national Trusted Brands program, which monitors and awards brands that Czech consumers trust most.
- ČEZ Prodej continually has a CX (customer satisfaction indicator) of more than 85%—which means that more than 85% of its clients give it an A for how it handled their request. This keeps it the leading major energy supplier in Czechia, enjoying customers' trust.

SALES SEGMENT—RETAIL

ČEZ PRODEJ HELPED ALLEVIATE COVID-19 IMPACTS ON ITS CUSTOMERS

- **Key “alleviation measures” relating to a state of emergency declared** due to the Covid-19 pandemic in March 2020 were:
  - **Possibility to suspend advance payments for up to 3 months**
  - **Suspension of disconnection due to nonpayment**
  - **Interest-free installment plans**
  - **Suspension of both out-of-court and judicial debt collection**

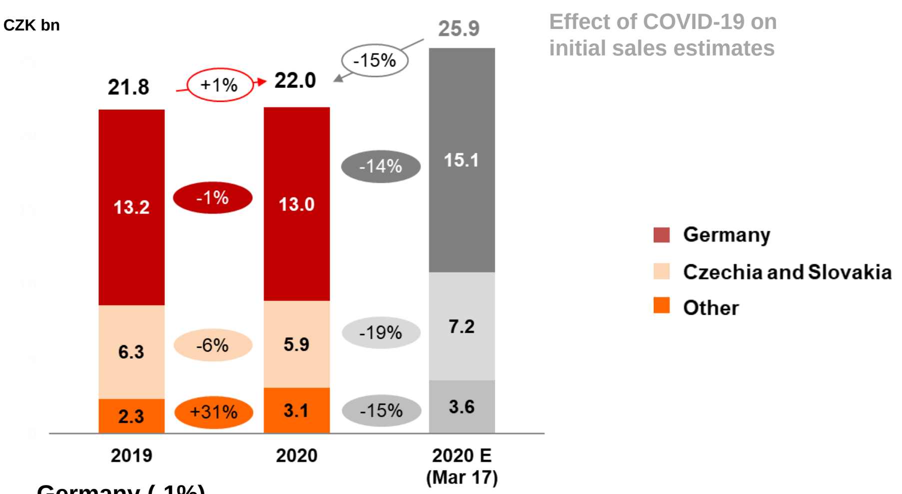
  Several tens of thousands of customers took advantage of the measures.

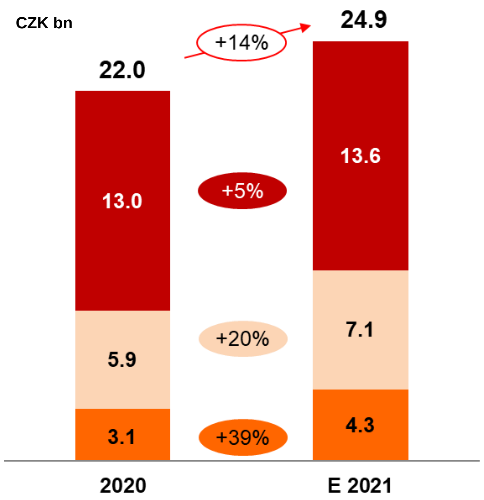
- In September, ČEZ Prodej, a. s., started helping the Ministry of Health in Covid-19 contact tracing and with informing the tested about a positive result and subsequent measures. As at Dec 31, 2020, there had been 62,955 calls made and 16,365 e-Requests for Covid-19 testing issued. According to the Ministry of Health’s statistics, ČEZ Prodej was placed first among 25 call centers that have helped Czech health authorities with contact tracing. There are more than 100 operators currently involved in the project.

- Help was provided to the Southern Bohemia Region in October to allow it to **connect disadvantaged pupils and students to the internet.** Schoolchildren that could not fully participate in online education thus received 1,300 SIMs with a high data limit of 50 GB.

ESCO SERVICES IN 2020 NEGATIVELY AFFECTED BY COVID-19 EFFECTS

REVENUE GROWTH AMBITION FOR 2021 SET TO 14%





Germany (-1%)
+ Effect of acquisition of Hermos (consolidated May 15, 2019)
− Organic growth negatively affected by Covid-19

Czechia & Slovakia (-6%)
− Organic growth negatively affected by Covid-19

Other Countries (+31%)
+ Effect of the acquisition of Euroklimat in Poland (consolidated Aug 30, 2019), Moser & Partner in Austria (consolidated Apr 9, 2020), AxE in Italy (consolidated Oct 29, 2020)
− Organic growth negatively affected by Covid-19

Revenue growth ambition (+14 %)
+ Organic growth assuming market recovery after Covid-19
+ Growth in new products

SALES SEGMENT—ESCO SERVICES
SELECTED EVENTS IN 2020

ESCO CZECHIA AND SLOVAKIA

- ČEZ ESCO, a.s., became the owner of a 100% stake in ČEZ Energo, s.r.o. The remaining share of 49.9% was purchased from TEDOM at Jun 30, 2020. ČEZ Energo was established in 2011 through a partnership of ČEZ and TEDOM. It was a subsidiary of ČEZ ESCO starting from 2014.
- An agreement was signed with Slovenský plynárenský priemysel, a.s. (SPP) in December 2020 to create a joint venture named “ESCO Slovensko,” which will aim to contribute to energy sector modernization in Slovakia, increase energy efficiency, and help meet obligations relating to climate change, environmental protection, and goals defined by the European Green Deal. The joint venture was approved by the Antimonopoly Office of the Slovak Republic and the agreement entered into force on Feb 1, 2021.
- Selected projects:
  - CTU and Enesa signed an EPC project to achieve energy savings in CTU’s dormitories and dining halls. Total annual savings will be CZK 21.7 m and emissions will be reduced by 4,400 tons of CO_2; water and sewage charges will drop by CZK 5.1 m a year.
  - Solar panels were installed for Škoda Auto in collaboration with ŠKO-ENERGO, covering 2,200 m^2 and supplying more than 450 MWh of environmentally friendly energy every year to meet almost 25% of the electricity demand of Škoda Auto Service Center in Kosmonosy.
  - Growing interest in green electricity among businesses resulted in a two-year contract for the delivery of 43 GWh of green electricity with ABB, which corresponds to saving more than 43,000 tons of CO_2 as compared to coal-generated electricity and about half as much emissions as compared to standard electricity from a wall outlet.

ESCO ACTIVITIES ABROAD: Germany, Poland, Italy (under “Elevion Group B.V.”)

- CEZ Group’s ESCO activities abroad have been managed by Elevion Group B.V. since 2020, to which activities were transferred from ČEZ, a. s.
- Support functions for companies in Germany and Poland were optimized and unified.

CTU—Czech Technical University (a leading Czech technical university based in Prague)

INVEN CAPITAL
SELECTED EVENTS IN 2020

Successful appreciation of share in CyberX:

- **CyberX**—an Israeli company providing comprehensive solutions for industrial cybersecurity
- **Share sold to Microsoft for about 1.6 times the purchase price in June 2020**

Investments in new companies:

- **Forto**—a German company developing a comprehensive platform that greatly simplifies all steps in international freight transportation, with focus on air and maritime transportation
- **Eliq**—a Swedish company developing a platform for electricity generators and distributors, which can be offered by these corporations to their customers as an application. Eliq's software analyzes consumption as well as other indicators such as outdoor temperature, humidity, and weather forecast to allow users to better control and predict their consumption
- **Topíte**—a Czech company developing a digital marketplace for fitters and customers, brokering job orders for fitters and providing customers with an insight into their projects for the installation of a heat pump, boiler, air conditioning, or solar panels

Investments in current companies:

- **tado°**—a German company manufacturing smart thermostats and software for automatic remote control of household heating and air conditioning
- **Cloud & Heat**—a German company operating in 24 countries throughout the world, building a network of energy-saving data centers and using heat from servers for building and water heating
- **Vulog**—a French company providing green mobility sharing technologies
- **Neuron Soundware**—a Czech company developing artificial intelligence products for preventing machinery failures
- **Zolar**—a Germany company developing an innovative platform for the installation of solar panels and batteries

Two companies from Inven Capital's portfolio are included in Cleantech Group's prestigious global list of 100 most innovative businesses. **Tado°** and **Cloud & Heat** are among the top 100 most innovative clean-tech businesses across the globe.

CEZ GROUP CONTINUES DEVELOPING ELECTRIC MOBILITY IN CZECHIA AND CONSIDERS FURTHER DEVELOPMENT IN THE FIELD

ČEZ is the largest e-mobility network operator in Czechia

- 83 public charging stations were built in 2020, 63% more year-on-year
- The amount of electricity consumed at charging station increased by 24% year-on-year
- We launched FUTUR/E/GO, a new customer application making use of a platform developed by Driivz, an Israeli company in which Inven Capital holds a stake
- We currently operate 280 charging stations, which is more than a third of the whole market. Faster direct-current charging is possible at 195 stations, making ČEZ's market share exceed 50%.

ČEZ is working to become involved in additional areas of the e-mobility chain

- It contemplates building a factory making electric vehicle batteries ("Gigafactory") in Czechia and continues with negotiations with battery manufacturers and automakers
- Analyses continue for potential extraction of lithium ore in northern Bohemia under GEOMET s.r.o. It is a company that holds priority exploration and exploitation rights to a deposit at Cínovec and in which Severočeské doly acquired a 51% share in 2020.
  - An application for environmental impact assessment (EIA) of extraction was filed
  - Additional exploratory boreholes are made at the deposit and possible ways of extracting lithium from the lithium ore are analyzed and tested

DEVELOPMENT OF RENEWABLES IN CZECHIA AND MODERNIZATION FUND

SELECTED EVENTS IN 2020

CEZ Group has an ambition to become a more significant player in renewables in Czechia and put RES facilities with capacity exceeding 1 GW into operation by 2025.

General parameters for Modernization Fund support for RES are approved; conditions for disbursement in Czechia are not

- The Modernization Fund is aimed at supporting investments in the development of renewables and the modernization of energy networks and at improving energy efficiency. Its beneficiary states are just Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, and Slovakia. The investments should result in the countries' faster transition to a low-carbon economy.
- The support should be provided from 2021 to 2030.
- The 9 support programs include 3 programs relevant to CEZ Group, with a total indicated support of 78% of fund resources:
  1. HEAT (26%), focusing on changing the fuel basis for heat generating facilities, supplementarily also on grid modernization
  2. RES+ (38.7%), where 23% is preferentially earmarked for entities that must purchase emission allowances for their generating facilities; the remaining 15.7% is intended for all applicants
  3. ENERG ETS (13.3%), support for customers' decarbonization solutions, modernization of public lighting (opportunities for ČEZ ESCO)

CEZ Group preliminarily registered its intended projects for the defined programs

- On Nov 30, 2020, the State Environmental Fund (SEF) published a Call for intended projects under the first three programs, i.e., RES+, ENERG ETS, HEAT. Applications could be submitted until Feb 1, 2021.
- CEZ Group took an active part in the Call under all three announced support programs.
- The submitted intended projects are now awaiting evaluation by the SEF and the definition of final conditions for subsequent live Calls, including the finalization of implementing and guidance documents for the Modernization Fund programs.

ANNEXES

- EBITDA by Segment—All-Year Comparison incl. Segment Generation Volumes
- EBITDA—Q4 Year-on-Year Comparison
- Net Income—Q4 Year-on-Year Comparison
- Cash Flows
- Debt Position and Structure
- Capital Expenditures
- Balance Sheet Overview
- Change in Segment Structure from Jan 1, 2021, and Segment Shares in 2020 EBITDA
- Electricity Generation by Assets Held for Sale and Developments in Distribution Regulation Abroad in 2020
- Hedging against Currency Risks in Generation
- Electricity Consumption
- Overview of Počerady Power Plant Disposal
- Structure of EU Funds to Support Climate Goals
- Market Developments
- Electricity Procured and Sold
- Definitions and Calculation of Alternative Indicators according to ESMA

SEGMENT: GENERATION–TRADITIONAL ENERGY

EBITDA (CZK bn)	2019	2020	Change	%
Czechia	24.8	28.5	+3.7	+15%
Poland	0.8	0.7	-0.1	-10%
Other states	0.0	0.0	-0.0	-42%
Generation - traditional energy	**25.6**	**29.3**	**+3.6**	**+14%**

Czechia (CZK +3.7 bn)

- Higher realization prices of generated electricity, including the effect of hedges (CZK +8.8 bn)
- Higher expenses on emission allowances for generation due to increased purchase prices and lower allocation of free allowances (CZK -3.7 bn)
- Lower operational availability of fossil fuel plants (CZK -1.0 bn), lower generation by nuclear power plants (CZK -0.2 bn)
- Higher revenue from heat sales (CZK +0.4 bn)
- Lower gain from commodity trading (CZK -0.6 bn)

Poland (CZK -0.1 bn)

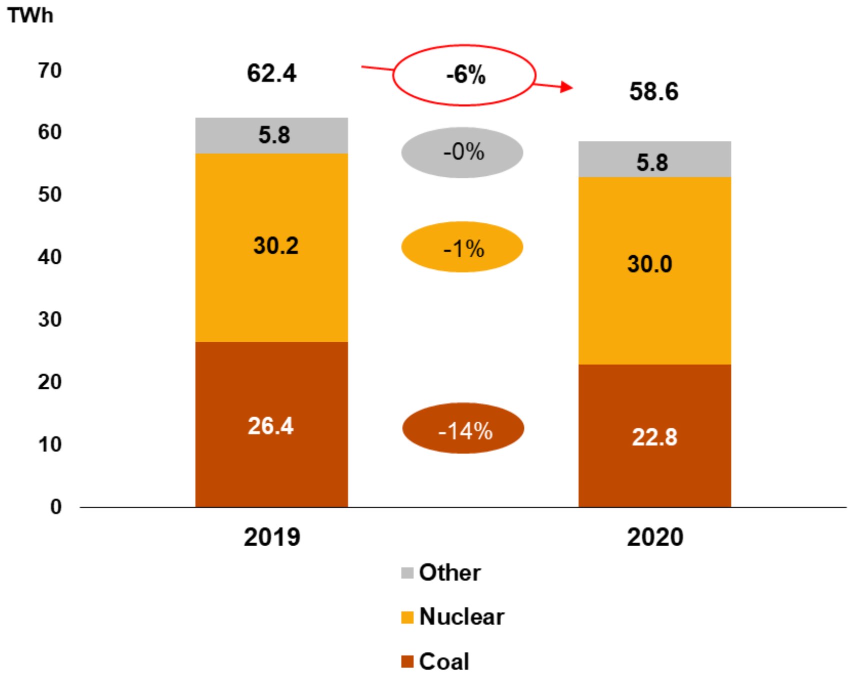
- Primarily, higher expenses on allowances and biomass at Chorzów power plant

Note: Covid-19 negatively affected realization prices of generated electricity and thus overall segment performance.

Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

ELECTRICITY GENERATION IN 2020

SEGMENT GENERATION—TRADITIONAL ENERGY



Nuclear Power Plants (-1%)

− Operating inspections, investment projects, and grid effects

Coal-Fired Power Plants (-14%)

Czechia (-15%)

− Termination of the Prunéřov 1 power plant's operation at Jun 30, 2020

− Lower generation at the Mělník 3, Tušimice 2, Prunéřov 2, and Mělník 2 power plants in connection with unfavorable changes in the market prices of electricity and emission allowances

+ Shorter outages at the Ledvice 3 power plant

Poland (+4%)

+ Higher generation in September and October because of favorable hard coal prices (Skawina)

− Effect of lower electricity prices (Chorzów)

Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

SEGMENT: GENERATION–NEW ENERGY

EBITDA (CZK bn)	2019	2020	Change	%
Czechia	1.9	1.9	-0.0	-2%
Romania	1.6	2.3	+0.7	+41%
Germany	0.5	0.5	+0.1	+12%
Other states	0.0	-0.1	-0.2	-
Generation - new energy	**4.1**	**4.6**	**+0.5**	**+13%**

Romania (CZK +0.7 bn)

- Higher gross margin on electricity generation (CZK +0.6 bn) due to a higher generated amount and higher prices
- Gains from insurance compensation (CZK +0.1 bn)

Germany (CZK +0.1 bn)

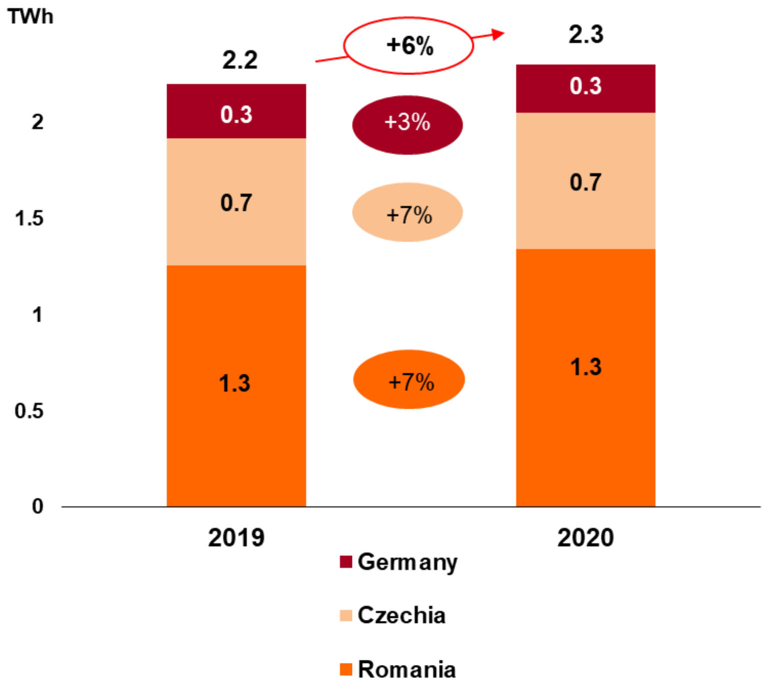
- Lower fixed operating expenses relating to change in RES strategy abroad

Other Countries (CZK -0.2 bn)

- Formation of CEZ RES International (in charge of RES activities in Western Europe), resulting in transfer of expenses from ČEZ, a. s. (CZK -0.1 bn)
- Effect of compensation for additionally assessed pre-acquisition taxes of Ecowind in 2019 (CZK -0.1 bn)

ELECTRICITY GENERATION IN 2020

SEGMENTS GENERATION—NEW ENERGY AND SALES



Germany (+3%)
+ Worse-than-average weather conditions in 2019

Czechia (+7%)
+ Higher generation at ČEZ Energo
+ Higher generation at small hydropower plants due to better-than-average hydrometeorologic conditions

Romania (+7%)
+ Worse-than-average weather conditions in 2019

 Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

SEGMENT: SALES

EBITDA (CZK bn)	2019	2020	Change	%
Czechia	2.4	3.5	+1.2	+48%
Germany	0.7	0.3	-0.4	-57%
Romania	0.1	0.3	+0.2	+116%
Bulgaria	0.4	0.4	+0.0	+10%
Other states	-0.0	0.1	+0.1	-
Sales	**3.6**	**4.6**	**+1.1**	**+30%**

Czechia (CZK +1.2 bn)

- Effect of a 2019 court ruling under which the payment of SŽDC's debt to ČEZ Prodej from 2010 had to be paid back incl. interest and costs (CZK +1.3 bn)
- Higher deliveries of unbilled electricity (CZK +0.4 bn)
- Negative effect of Covid-19 in 2020 on margin on commodity sales to corporate customers (CZK -0.2 bn) and on noncommodity ESCO activities (CZK -0.2 bn)
- Other effects (CZK -0.1 bn), primarily additions to provisions and allowances

Germany (CZK -0.4 bn)

- Negative effect of Covid-19

Romania (CZK +0.2 bn)

- Higher gross margin, primarily due to lower expenses on electricity purchases

Other Countries (CZK +0.1 bn)

- Positive effect of Euroklimat acquisition in Poland

Note: Covid-19 not only negatively affected a year-on-year comparison of the performance of existing activities but also greatly reduced ESCO development activities.

SEGMENT: DISTRIBUTION

EBITDA (CZK bn)	2019	2020	Change	%
Czechia	17.5	17.7	+0.1	+1%
Romania	1.5	2.0	+0.4	+27%
Bulgaria	1.5	1.9	+0.4	+27%
Distribution	**20.6**	**21.5**	**+0.9**	**+5%**

Czechia (CZK +0.1 bn)

- Lower gross margin on electricity distribution (CZK -0.2 bn) due to Covid-19 effects
- Higher capitalization of expenses as capital expenditure (CZK +0.2 bn)
- Higher revenue from activities to ensure input power and connection (CZK +0.1 bn)

Romania (CZK +0.4 bn)

- Higher revenue from electricity distribution and lower costs to cover network losses (CZK +0.5 bn)
- Higher revenue from connections and higher revenue from pole leases (CZK +0.2 bn)
- Higher fixed operating expenses, primarily labor costs and equipment maintenance costs (CZK -0.2 bn)
- Higher additions to allowances (CZK -0.1 bn)

Bulgaria (CZK +0.4 bn)

- Lower costs to cover network losses and higher revenues from electricity distribution (CZK +0.6 bn)
- Higher fixed operating expenses, primarily labor costs and equipment maintenance costs (CZK -0.2 bn)

Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

MINING AND SUPPORT SERVICES SEGMENTS

EBITDA (CZK bn)	2019	2020	Change	%
Czechia	5.0	3.4	-1.6	-31%
Mining	**5.0**	**3.4**	**-1.6**	**-31%**

Czechia (CZK -1.6 bn)

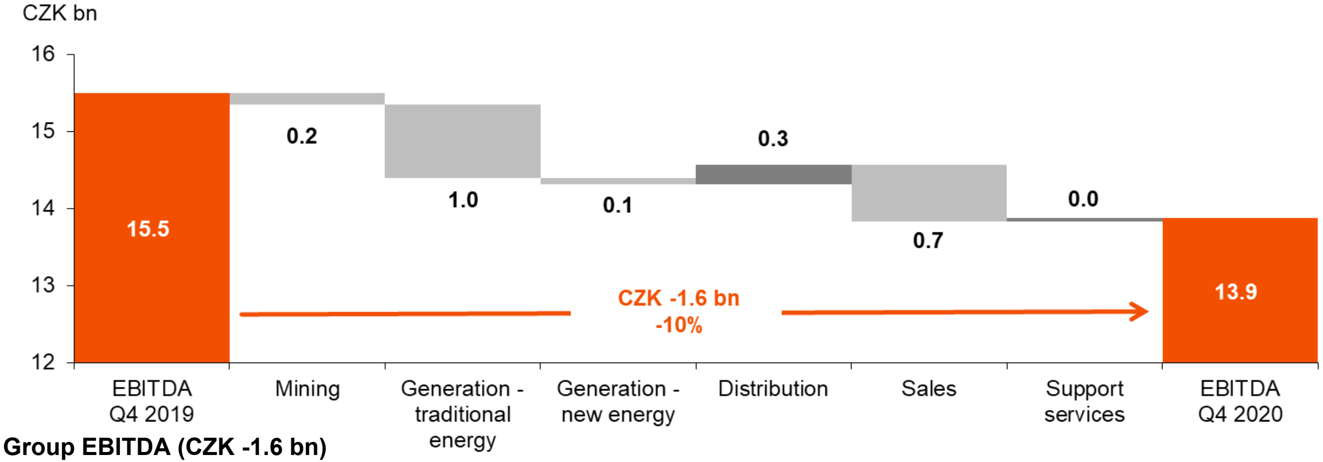
- Decrease in revenue from coal sales to CEZ Group (CZK -1.1 bn), primarily due to an extended outage of Ledvice 4 (new facility) and the shutdown of Prunéřov 1
- Decrease in revenue from coal sales to external customers (CZK -0.4 bn)
- Decrease in freight transportation at SD-Kolejová doprava (CZK -0.2 bn)
- Lower expenses on reclamation of mines (CZK +0.1 bn)

Note: Covid-19 negatively affected electricity market prices, contributing to overall decrease in coal deliveries to coal-fired power plants and in segment income.

EBITDA (CZK bn)	2019	2020	Change	%
Czechia	1.4	1.4	-0.0	-4%
Other states	-0.1	-0.0	+0.0	+60%
Support services	**1.3**	**1.3**	**-0.0**	**-2%**

Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

EBITDA—Q4 YEAR-ON-YEAR COMPARISON



CEZ Group EBITDA (CZK -1.6 bn)

- **Mining (CZK -0.2 bn):** lower revenue from coal sales, primarily due to lower demand from CEZ Group
- **Generation—Traditional Energy (CZK -1.0 bn):** higher expenses on emission allowances for generation due to increased purchase prices and lower allocation of free allowances (CZK -0.8 bn); lower generation in nuclear power plants (CZK -0.7 bn); lower gain from on commodity trading (CZK -0.4 bn); higher realization prices of generated electricity incl. the effect of hedges (CZK +0.4 bn); higher operational availability of coal-fired plants (CZK +0.3 bn)
- **Generation—New Energy (CZK -0.1 bn):** effect of compensation for additionally assessed preacquisition taxes of Ecowind in 2019
- **Sales (CZK -0.7 bn):** negative effect of Covid-19 on Q4 2020 results (CZK -0.6 bn); higher additions to allowances on receivables in Czechia (CZK -0.1 bn)
- **Distribution (CZK +0.3 bn):** Czechia (CZK +0.2 bn) higher capitalization of expenses as capital expenditure and lower additions to allowances; Romania (CZK +0.1 bn) higher gross margin

 Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

NET INCOME—YEAR-ON-YEAR Q4 COMPARISON

(CZK bn)	Q4 2019	Q4 2020	Change	%
EBITDA	15.5	13.9	-1.6	-10%
Depreciation, amortization and impairments*	-11.2	-24.5	-13.3	-119%
Other income (expenses)	-2.7	1.0	+3.7	-
Income taxes	-0.8	1.4	+2.2	-
Net income	0.9	-8.1	-9.0	-
Net income adjusted	**4.1**	**4.1**	**-0.0**	**-1%**

Depreciation, Amortization, and Impairments* (CZK -13.3 bn)

- Higher additions to fixed assets impairment** in Romania (CZK -11.1 bn), Poland (CZK -2.3 bn), Czechia (CZK -1.0 bn), Bulgaria (CZK -0.3 bn)
- Lower depreciation and amortization especially at ČEZ, a. s. (CZK +1.0 bn), primarily due to increased service life of nuclear plants, and in Romania (CZK +0.4 bn) as well

Other Income (Expenses) (CZK +3.7 bn)

- Received interest on late payment in relation to the refund of a portion of gift tax paid on emission allowances from 2011 and 2012 (CZK +1.5 bn)
- Foreign exchange gain from the hedging of revenue from the sale of Romanian assets (CZK +1.0 bn)
- Lower additions to provisions for potential payment under guarantee provided for Akcez group companies' loans (CZK +0.8 bn)

Net Income Adjustments

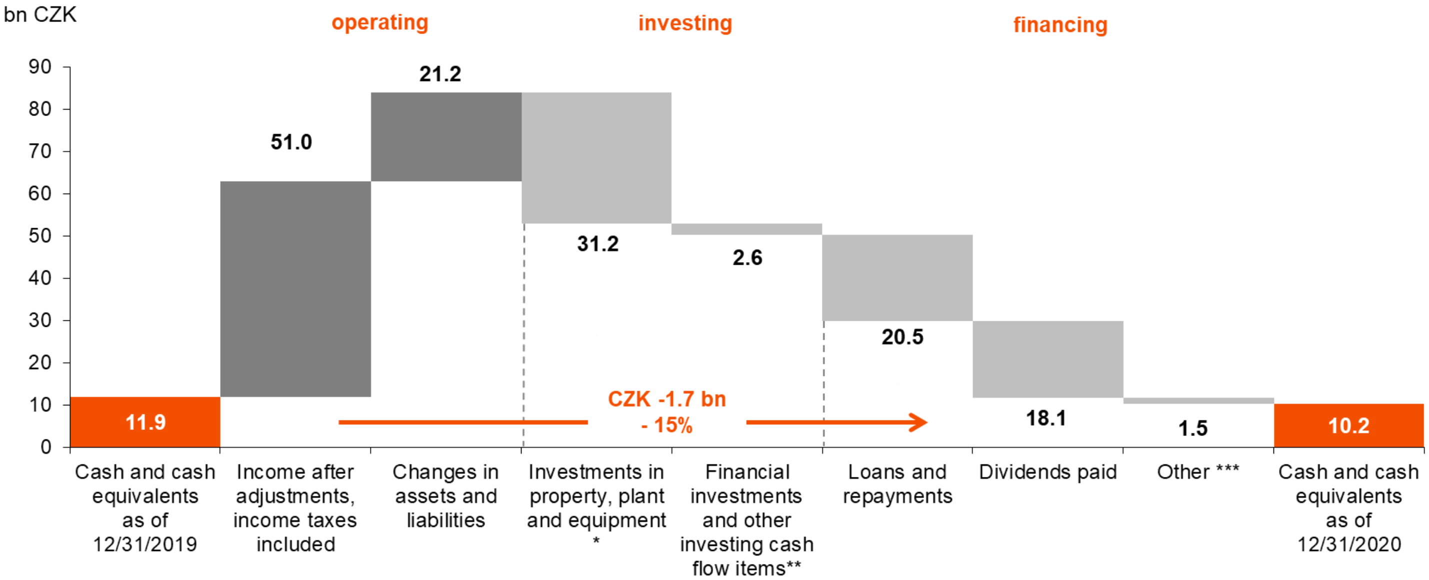
- In Q4 2020 adjusted primarily for the negative effect of some fixed asset impairments** in Romania (CZK +7.2 bn), in Poland (CZK +3.0 bn) and at Severočeské doly (CZK +2.0 bn)
- In Q4 2019 adjusted for the negative effect of fixed asset impairments** in Czechia (CZK +1.5 bn), in Poland (CZK +1.2 bn), in Bulgaria (CZK +0.5 bn), and in Romania (CZK +0.1 bn)

*Including gain/loss from sales of tangible and intangible fixed assets; **including impairment of goodwill

CASH FLOWS

Cash Flows from Operating Activities (CZK +72.2 bn)

- Income after adjustments incl. income taxes (CZK +51.0 bn): income before tax (CZK +7.9 bn); income tax paid (CZK -3.7 bn); interest paid, other than capitalized interest, and interest received (CZK -5.3 bn); adjustments of income before tax for cash generated by operating activities (CZK +52.1 bn), of which depreciation and amortization of nuclear fuel (CZK +32.5 bn); impairments of property, plant, and equipment and intangible assets (CZK +24.1 bn); revaluation of emission allowances (CZK -13.1 bn), effect of cash flow hedging (CZK +2.9 bn), change in provisions (CZK +2.8 bn), other adjustments of income before tax (CZK +2.7 bn)
- Changes in assets and liabilities (CZK +21.2 bn): change in payables and receivables from derivatives, including options (CZK +13.3 bn); change in emission allowances without the effect of revaluation (CZK +6.7 bn); change in term deposits and debt securities (CZK -2.4 bn); other changes, primarily change in margin deposits (CZK +3.6 bn)



Cash Flows Used in Investing Activities (CZK -33.7 bn)

- Capital expenditure* (CZK -31.2 bn)
- Acquisition and sale of subsidiaries, associates, and joint ventures (CZK -1.3 bn)
- Change in loans granted (CZK -0.9 bn); change in financial assets with limited availability (CZK -0.4 bn)

Cash Flows from Financing Activities (CZK -40.2 bn)***

- Dividends paid to shareholders (CZK -18.1 bn), balance of proceeds from and repayments of borrowings (CZK -20.5 bn); acquisitions of noncontrolling interests (CZK -1.1 bn); lease payments (CZK -0.9 bn); net effect of currency translation and allowances in cash (CZK +0.3 bn)

*CAPEX; **Including change in liabilities attributable to capital expenditure, balance of loans granted, divestments, and change of restricted funds;
***Including the net effect of currency translation and impairments on the amount of cash

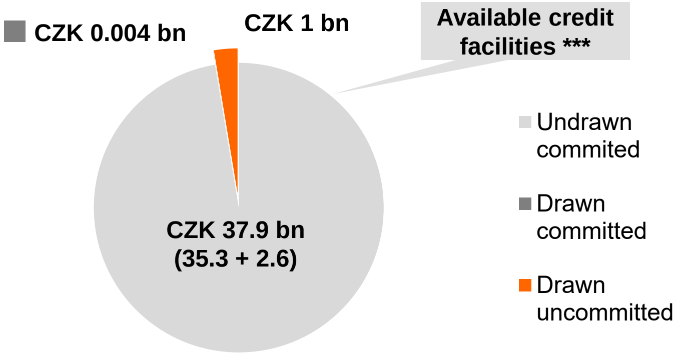
DEBT POSITION AND STRUCTURE

CEZ GROUP MAINTAINS A STRONG LIQUIDITY POSITION

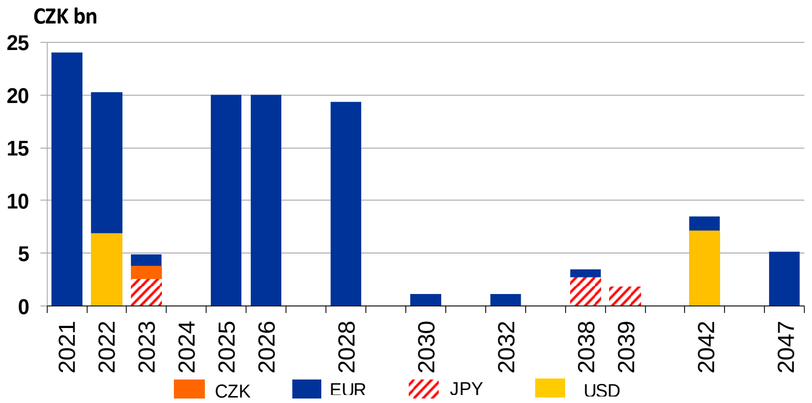
Debt Level*

		As at Dec 31, 2019	As at Dec 31, 2020
Debt and loans	CZK bn	173.7	156.5
Cash and fin. assets**	CZK bn	12.4	13.0
Net debt	CZK bn	161.2	143.5
Net debt/EBITDA		2.68	2.22

Utilization of Short-Term Lines* and Available Committed Credit Facilities*** (as at Dec 31, 2020)



Bond Maturity Profile (as at Dec 31, 2020)



- 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 37.9 bn in committed credit facilities, using just CZK 4 m as at Dec 31, 2020.
- The average maturity of CEZ Group's financial debt was 5.8 years as at Dec 31, 2020.
- Net Debt/EBITDA reached 2.22 in 2020.

* Including data for Bulgarian and Romanian assets held for sale. ** Cash and Cash Equivalents & Highly Liquid Financial Assets.
*** Available credit facilities include an undrawn EUR 100 m portion of a long-term loan from the EIB.

CAPITAL EXPENDITURE

BROKEN DOWN BY SEGMENT

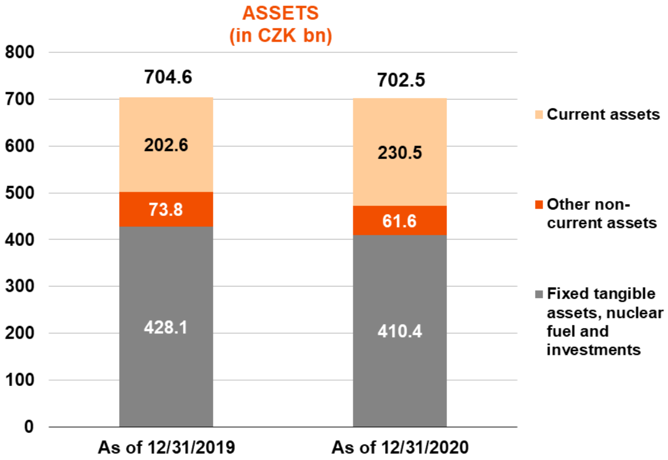
CZK bn	2019	2020
Generation—Traditional Energy	**10.8**	**10.7**
Thereof: Nuclear fuel procurement	3.2	3.0
Generation—New Energy	**0.7**	**0.4**
Mining	**2.3**	**3.3**
Distribution	**13.7**	**14.9**
Czechia	10.9	12.4
Romania	1.3	1.4
Bulgaria	1.5	1.1
Sales	**1.5**	**1.2**
Support Services*	**0.8**	**0.7**
Total	**29.8**	**31.2**

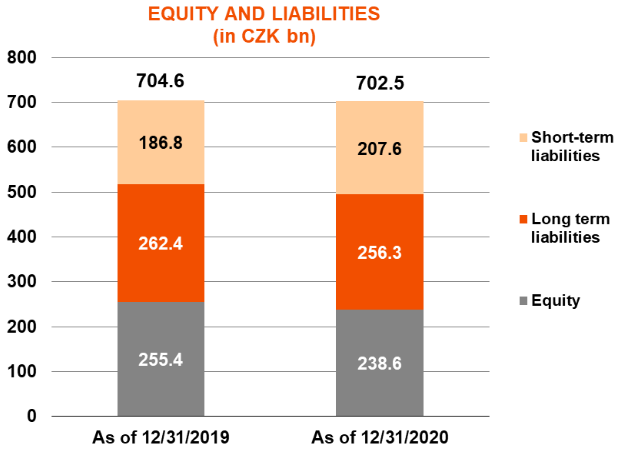
Main reasons for year-on-year changes in capital expenditures in individual segments

- **Generation—Traditional Energy:** Time effect of the procurement of a portion of nuclear fuel for the Temelín power plant; procurement of a greater amount of uranium in 2019
- **Generation—New Energy:** Acquisitions of RES projects in France in 2019
- **Mining:** Higher drawdown primarily due to the execution of postponed projects from previous years
- **Distribution:**
  Czechia—Higher capital expenditures on the renovation of distribution grid facilities and capital expenditures initiated at customer requests
  Bulgaria—Increased frequency of electricity meter replacements in 2019
- **Sales:** Decrease resulting primarily from a lower number of implemented ESCO projects due to Covid-19

*Including the amount of intersegment eliminations; RES—renewable energy sources

BALANCE SHEET OVERVIEW





Current assets increased by CZK 27.9 bn
- Assets classified as held for sale CZK +23.1 bn
- Emission allowances CZK +10.8 bn
- Short-term deposits CZK +2.8 bn
- Short-term receivables from sale of subsidiaries CZK +2.0 bn
- Short-term loans CZK +1.0 bn
- Receivables from derivatives, including options CZK -4.6 bn
- Cash and cash equivalents CZK -3.7 bn
- Net trade receivables CZK -1.4 bn
- Other current assets CZK -2.2 bn, primarily contract assets

Other fixed assets decreased by CZK 12.3 bn
- Noncurrent intangible assets CZK -13.2 bn, primarily long-term emission allowances CZK -9.4 bn and goodwill at subsidiaries CZK -2.4 bn
- Long-term derivatives CZK -2.6 billion
- Long-term equity securities CZK -0.7 bn and deferred tax asset CZK -0.7 bn
- Long-term receivables from sale of subsidiaries and other long-term receivables CZK +3.4 bn
- Restricted assets CZK +0.7 bn
- Investments in associates and joint ventures CZK +0.8 bn (Geomet)

Property, plant, and equipment, nuclear fuel, and construction work in progress decreased by CZK 17.7 bn
- Property, plant, and equipment, gross, and construction work in progress CZK -35.6 bn, accumulated deprecation and impairments CZK +18.4 bn—primarily in connection with a sales contract made for Romanian assets and in connection with worsened conditions for coal-fired energy in general
- Nuclear fuel CZK -0.6 bn

Current liabilities increased by CZK 20.9 bn
- Current liabilities from derivatives CZK +8.7 bn
- Trade payables CZK +6.9 bn
- Liabilities associated with assets held for sale CZK +6.0 bn
- Current portion of long-term debts CZK +3.7 bn
- Current liabilities from acquisition of subsidiaries CZK +0.2 bn
- Short-term loans CZK -3.3 bn
- Taxes and charges other than income tax CZK -0.5 bn, contract liabilities CZK -0.2 bn
- Short-term provisions CZK -0.6 bn

Noncurrent liabilities decreased by CZK 6.2 bn
- Bonds issued and long-term bank loans CZK -19.2 bn
- Liabilities attributable to capital expenditure CZK -1.5 bn
- Noncurrent lease liabilities CZK -1.2 bn
- Other noncurrent liabilities and liabilities from acquisition of subsidiaries CZK -1.1 bn
- Deferred tax liability CZK -1.2 bn
- Long-term provisions CZK +15.8 bn, primarily nuclear provisions
- Noncurrent liabilities from derivatives CZK +2.3 bn

Equity decreased by CZK 16.8 bn
- Approved dividends for shareholders CZK -18.2 bn
- Net income in the reporting period CZK +5.5 bn
- Other comprehensive income CZK -3.8 bn
- Other changes in equity CZK -0.3 bn

Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

KEY OPERATING SEGMENTS NEWLY STRUCTURED SINCE JAN 1, 2021

NEWLY 4 SEGMENTS: SALES, DISTRIBUTION, GENERATION, MINING

Segments until Dec 31, 2020

- Mining
- Generation—Traditional Energy
- Generation—New Energy
- Support Services
- Sales
- Distribution

Segments since Jan 1, 2021

- MINING
- GENERATION
- SALES
- DISTRIBUTION

- **The change consists in merging the Generation—Traditional Energy and Generation—New Energy segments into a new GENERATION segment.**
- The main reason is the fact that renewables will be primarily developed within CEZ Group under existing companies that currently operate prevailingly traditional energy facilities, rather than existing companies in the Generation–New Energy segment or newly acquired companies. This results from refined regulatory support for RES development in Czechia as well as from accelerated coal phaseout plans in Europe, which speed up the transformation of the traditional energy sector.
- Additionally, the **Support Services segment is dissolved** primarily due to the dissolution of ČEZ Korporátní služby, whose activities were transferred mostly to the parent company ČEZ, a. s. (included under Generation—Traditional Energy until Dec 31, 2020).

COMPARISON OF 2020 EBITDA STRUCTURED BY KEY OPERATING SEGMENTS AS IN EFFECT UNTIL DEC 31, 2020, AND SINCE JAN 1, 2021, AND INFORMATION ON THE INCLUSION OF COMPANIES IN SEGMENTS SINCE JAN 1, 2021

EBITDA 2020 (CZK bn)

Segments until Dec 31, 2020	CEZ Group	%	of which Strategic assets	%
Generation—Traditional Energy	29.3	45%	28.5	50%
Generation—New Energy	4.6	7%	2.3	4%
Support Services	1.3	2%	1.4	2%
Distribution	21.5	33%	17.7	31%
Sales	4.6	7%	4.0	7%
Mining	3.4	5%	3.4	6%
Total	**64.8**	**100%**	**57.2**	**100%**

EBITDA 2020 (CZK bn)

Segments since Jan 1, 2021	CEZ Group	%	of which Strategic assets	%
GENERATION	35.1	54%	32.0	56%
DISTRIBUTION	21.5	33%	17.7	31%
SALES	4.8	7%	4.1	7%
MINING	3.4	5%	3.4	6%
Total	**64.8**	**100%**	**57.2**	**100%**

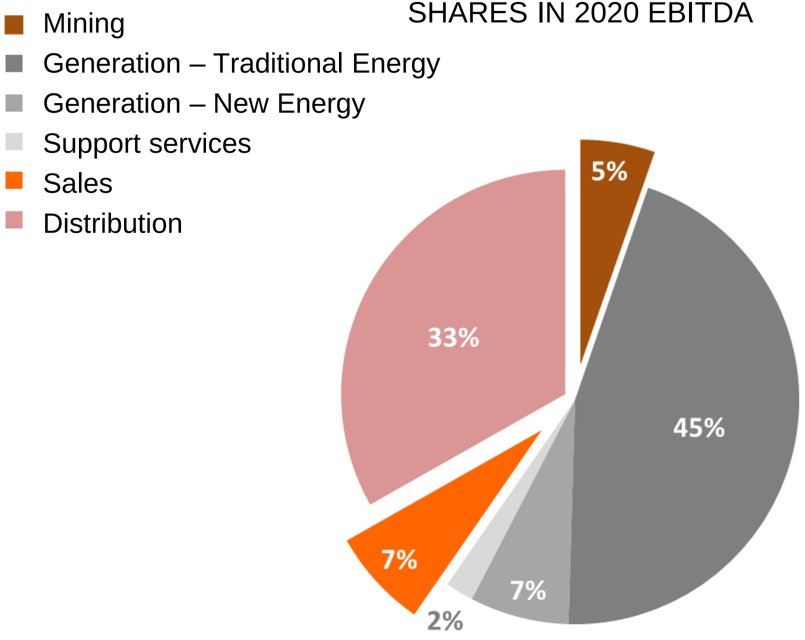
All companies in the previous Generation—Traditional Energy, Generation—New Energy, and Support Services segments have been included in the new GENERATION segment since Jan 1, 2021, except for the following companies, which are included in the SALES segment:

From Generation–New Energy to SALES:
Inven Capital, SICAV, a.s.

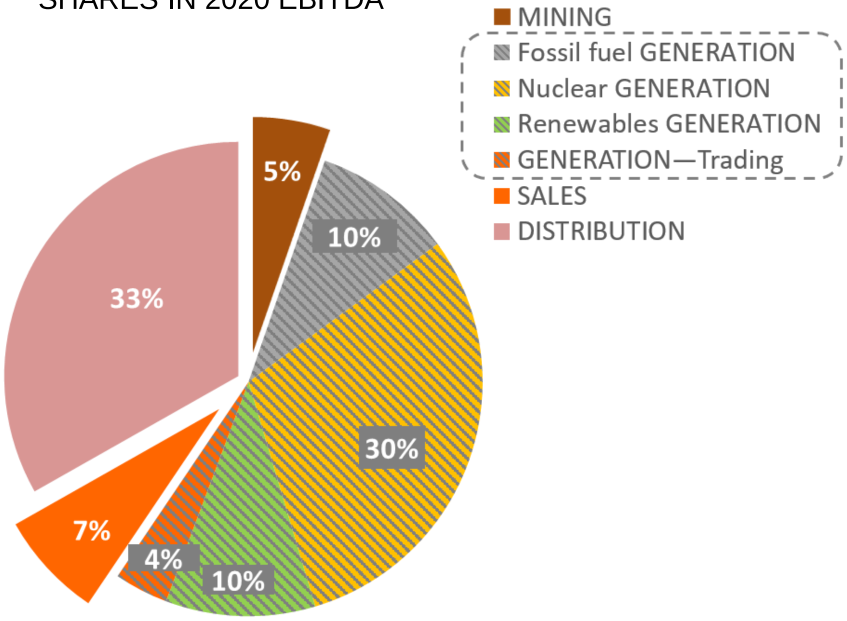
From Support Services to SALES:
FDLnet CZ, s.r.o.
ISP West s.r.o.
TaNET West s.r.o.
Telco Infrastructure, s.r.o.
Telco Pro Services, a. s.

FOUR SUBAREAS FOLLOWED UNDER THE NEW GENERATION SEGMENT:
NUCLEAR, RENEWABLES, FOSSIL FUEL, TRADING

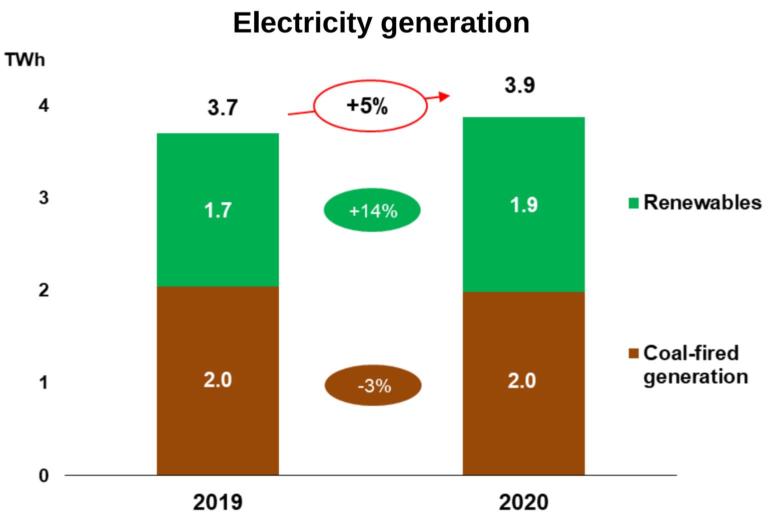
PREVIOUS SEGMENT STRUCTURE
in effect until Dec 31, 2020
SHARES IN 2020 EBITDA



NEW SEGMENT STRUCTURE
in effect since Jan 1, 2021
SHARES IN 2020 EBITDA



ASSETS HELD FOR SALE—ELECTRICITY GENERATION AND CHANGES IN DISTRIBUTION REGULATION IN 2020



Renewables (+14%)
- Romanian wind
- Romanian & Polish hydro
- Bulgarian photovoltaic
- Polish biomass

Coal-fired generation (-3%)

Poland—coal-fired generation (-3%)

− Less coal burnt due to more biomass combusted (Chorzów)

+ Higher generation because of favorable hard coal prices (Skawina)

Note: Renewables=hydro, wind, solar, biomass, biogas

Distribution Segment—Changes in Regulatory Conditions
- Losses in distribution grids in Bulgaria were reduced to 7.5% in 2020, from 8.0% in 2019
- On May 6, 2020, the Romanian regulatory authority (ANRE) approved a new value of WACC, which has been in force since its publication in the Official Journal on May 13, 2020. According to the regulation, the WACC is 6.39%, with an additional 1% applying to new investments. The new value is expected to be taken into account through a correction to tariffs for the next years of the regulatory period, i.e., in 2021–2023.
- On Dec 9, 2020, the Romanian regulatory authority approved new distribution tariffs effective from Jan 1, 2021. The Romanian distribution company’s tariffs increased by an average of 9.44% at all voltage levels year-on-year.

Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

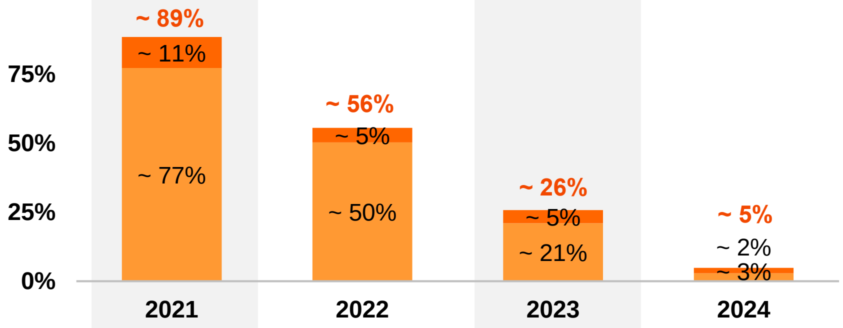
CURRENCY HEDGES FOR EXPECTED ELECTRICITY GENERATION IN 2021–2024

Currency Hedges for Estimated Supplies of Generated Electricity as at Dec 31, 2020

	2021	2022	2023	2024
Total currency hedges (natural & transactional) as at Dec 31, 2020	**98%**	**97%**	**87%**	**67%**
Natural currency hedging (debt in EUR, capital and other expenditure and costs in EUR)	83%	81%	81%	25%

The foreign exchange position for 2021 is hedged at an average rate of 26.9 CZK/EUR, for 2022–2024 at a rate of 25.8–26.2 CZK/EUR.

Share of Hedged Production of ČEZ* Facilities in Czechia as at Dec 31, 2020



- Hedged volume from Oct 1, 2020 to Dec 31, 2020
- Hedged volume as at Sep 30, 2020

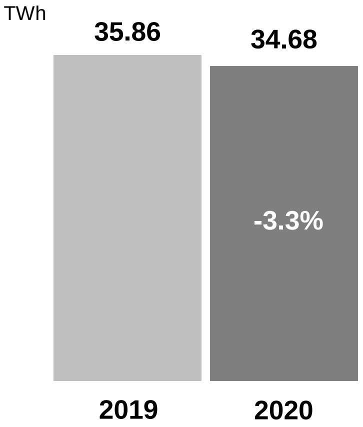
100% of deliveries in 2021–2024 corresponds to **47–50 TWh**.

* ČEZ, a. s., including the Energotrans, Počerady, and Dětmarovice power plants

ELECTRICITY CONSUMPTION

IN THE DISTRIBUTION AREA OF ČEZ DISTRIBUCE

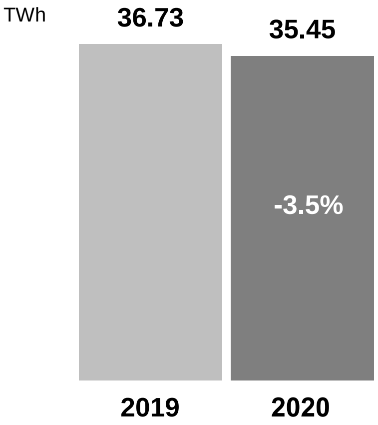
Consumption in the Distribution Area of ČEZ Distribuce



Changes in consumption (-3.3%) by segment:

- -7.5% large end-use customers
- +5.4% residential customers
- -2.6% commercial retail

Temperature- and Calendar-Adjusted Consumption*



- Q4 consumption was 9.42 TWh, increasing by 0.3% y-o-y.
- Temperature- and calendar-adjusted Q4 consumption was 9.83 TWh, decreasing by 0.5% y-o-y.

Analysis based on CEZ Group's internal data. CEZ Group's distribution area covers around 5/8 of Czechia's territory, so the data are a good indicator of nationwide consumption trends.

Acc. to data of ČEZ Distribuce, a. s.; * Adjustment as per ČEZ Distribuce, a. s., model

POČERADY COAL-FIRED POWER PLANT—SALE TRANSACTION SUMMARY

Transaction summary

- Original contracts made between ČEZ and Vršanská uhelná from the Sev.en Energy group anticipated selling a 100% stake in Elektrárna Počerady for a purchase price of CZK 2.0 bn with a transaction date of Jan 2, 2024. Under an agreement from Oct 22, 2020, the purchase price was increased to CZK 2.5 bn, payable by Nov 30, 2023.
- The power plant was transferred at Dec 31, 2020.
- The sale terminated a commitment to take deliveries of 5 million tons of coal per year from Vršanská uhelná in 2021–2023.
- The buyer is obligated to supply 5 TWh of electricity per year to ČEZ at a fixed price in that period.

- ČEZ counts on further operation and development of the Počerady site, where it retains a modern CCGT unit (880 MW), a gas line, a feeder supplying the site with water from the Ohře River, and a total of 300,000 m^2 of land.

Sale impacts

- By selling the Počerady coal-fired power plant, ČEZ is fulfilling its strategy of phasing out coal-fired power plants and switching to low-emission or completely emission-free facilities.
- The sale will greatly reduce CEZ Group's carbon footprint (the Počerady power plant's CO_2 emissions amounted to 4 to 5 million tons a year; the installed capacity of CEZ Group's coal-fired generating facilities will decrease by 1,000 MW after the sale).
- With the sale, ČEZ eliminated risks associated with environmental regulatory requirements for capital expenditure on the generating facility in 2021 through 2023 and risks associated with the operation of a coal-fire facility in general.

SUMMARY OF POTENTIAL FINANCIAL RESOURCES FOR SPECIFIC GREEN INVESTMENTS IN LINE WITH THE EU'S "GREEN DEAL"

Fixed funds allocated at EU level *

- **EU budget for 2021–2027 totaling EUR 1,074 bn** earmarked for operational programs, common agricultural policy, and EU functioning
- **"Next Generation EU" recovery plan: EUR 750 bn** (390 bn grants and 360 bn loans), of which **EUR 672.5 bn** is earmarked for member states under a "*Recovery and Resilience Plan.*" Funds will be allocated in **2021–2023**. Related reforms and investments must be carried out by 2026.
- At least **30%** of the total EU funds (amounting to EUR 1,824 bn, see above) **must be spent** on **climate-related projects**.
- Total **potential for funds for Czechia** in the next 7 years exceeds **EUR 50 bn**. Thereof, approx. EUR 27 bn is allocation from the EU budget, approx. EUR 9 bn is estimated to come from recovery plan grants, and approx. EUR 15 bn from recovery plan loans.

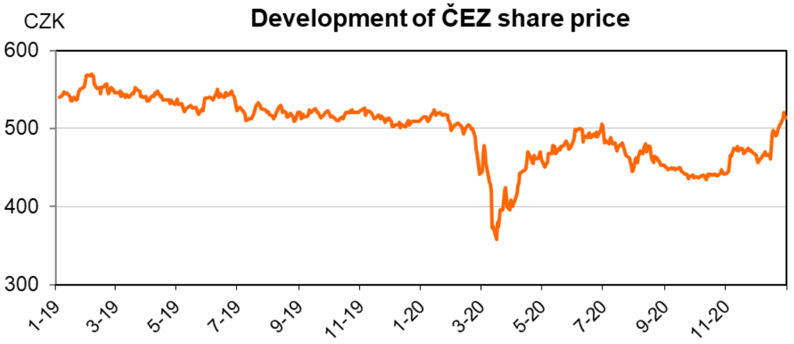
EU ETS funds, income from emission allowances

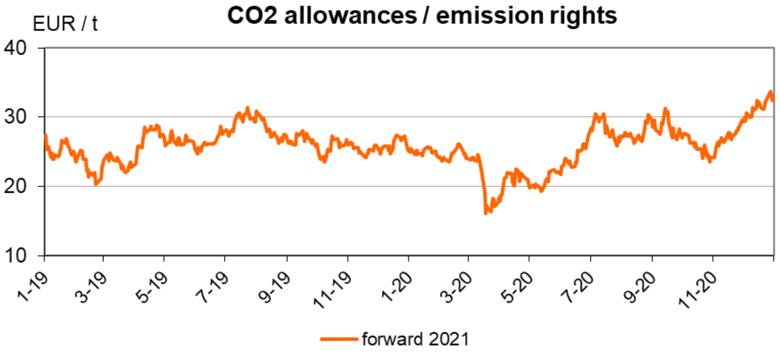
- **Modernization fund** of tens of bn of EUR (approx. **EUR 5 bn** for Czechia) for RES, efficiency, storage, …
- **Innovation fund**—more than **EUR 11 bn** at EU level for innovation in RES, CCS, storage, and industry.
- At least **50% of income from EUA auctions** earmarked for climate and energy expenditure.
- Potential increase in EUA price would mean further increase in these resources.

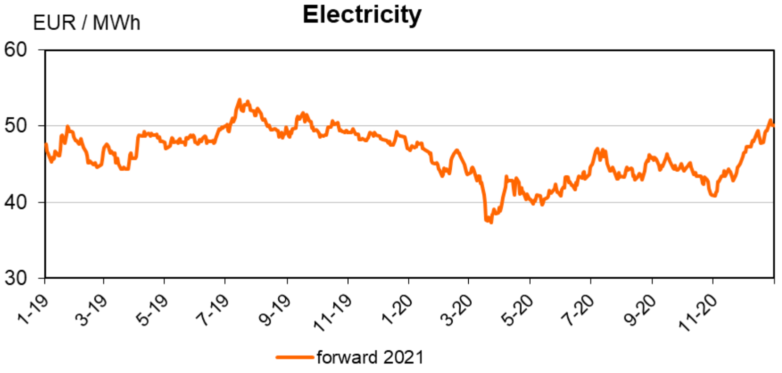
Sustainable Finance

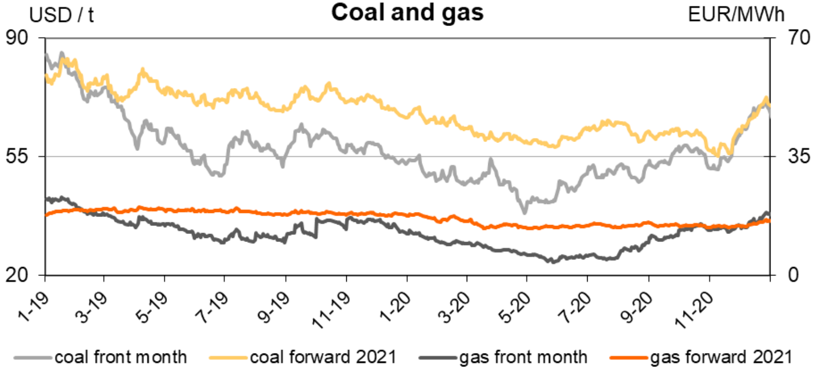
- Financial market regulation
- In the first stage, technologies will be "labeled" as **sustainable/temporarily unsustainable**.
- In the next stage, the financial market will be motivated to **prefer sustainable projects** over unsustainable.
- "Green" investments will be preferred in financial markets.
- A significant portion of banks/insurance companies already take this criterion into account and restrict collaboration with entities planning to use coal.

MARKET DEVELOPMENTS









Electricity balance (GWh)

	2019	2020	Index 2020/2019
Electricity procured	**58,381**	**54,902**	**-6%**
Generated in-house (gross)	64,635	60,946	-6%
In-house and other consumption, including pumping in pumped-storage plants	-6,254	-6,044	-3%
Sold to end customers	**-35,176**	**-33,265**	**-5%**
Sold in the wholesale market (net)	**-19,468**	**-18,102**	**-7%**
Sold in the wholesale market	-324,116	-277,953	-14%
Purchased in the wholesale market	304,648	259,851	-15%
Grid losses	**-3,737**	**-3,535**	**-5%**

Electricity generation by source (GWh)

Nuclear	30,245	30,042	-1%
Coal and lignite	25,416	21,659	-15%
Water	2,315	2,465	+6%
Biomass	1,028	1,167	+13%
Photovoltaic	142	135	-5%
Wind	1,479	1,560	+5%
Natural gas	4,006	3,915	-2%
Bio gas	2	3	+31%
Total	**64,635**	**60,946**	**-6%**

Sales of electricity to end customers (GWh)

Households	-12,884	-13,491	+5%
Commercial (low voltage)	-4,869	-4,367	-10%
Commercial and industrial (medium and high voltage)	-17,423	-15,406	-12%
Sold to end customers	**-35,176**	**-33,265**	**-5%**

Distribution of electricity (GWh)

	2019	2020	Index 2020/2019
Distribution of electricity to end customers	52,098	50,560	-3%

Electricity balance (GWh) by segment

2020	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	**52,596**	**-6%**	**1,983**	**+6%**	**0**	**-**	**323**	**+8%**	**0**	**-**	**54,902**	**-6%**
Generated in-house (gross)	58,606	-6%	2,002	+6%	0	-	337	+7%	0	-	60,946	-6%
In-house and other consumption, including pumping in pumped-storage plants	-6,011	-3%	-19	+17%	0	-	-14	-5%	0	-	-6,044	-3%
Sold to end customers	**-2,169**	**+4%**	**0**	**-**	**0**	**-**	**-32,548**	**-2%**	**1,784**	**-5%**	**-33,265**	**-5%**
Sold in the wholesale market (net)	**-50,427**	**-7%**	**-1,983**	**+6%**	**3,535**	**-5%**	**32,225**	**-2%**	**-1,784**	**-5%**	**-18,102**	**-7%**
Sold in the wholesale market	-294,843	-15%	-2,707	+7%	0	-	-5,107	+28%	24,895	-10%	-277,953	-14%
Purchased in the wholesale market	244,416	-16%	725	+9%	3,535	-5%	37,332	+1%	-26,679	-10%	259,851	-15%
Grid losses	**0**	**-**	**0**	**-**	**-3,535**	**-5%**	**0**	**-**	**0**	**-**	**-3,535**	**-5%**

Electricity generation by source (GWh) by segment

	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	30,042	-1%	0	-	0	-	0	-	0	-	30,042	-1%
Coal and lignite	21,659	-15%	0	-	0	-	0	-	0	-	21,659	-15%
Water	2,161	+5%	305	+16%	0	-	0	-	0	-	2,465	+6%
Biomass	1,167	+13%	0	-	0	-	0	-	0	-	1,167	+13%
Photovoltaic	0	-	135	-5%	0	-	0	-	0	-	135	-5%
Wind	0	-	1,560	+5%	0	-	0	-	0	-	1,560	+5%
Natural gas	3,578	-3%	0	-	0	-	337	+10%	0	-	3,915	-2%
Bio gas	0	-	3	+31%	0	-	0	-	0	-	3	+31%
Total	**58,606**	**-6%**	**2,002**	**+6%**	**0**	**-**	**337**	**+7%**	**0**	**-**	**60,946**	**-6%**

Sales of electricity to end customers (GWh) by segment

	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	0	-	0	-	0	-	-13,491	+5%	0	-	-13,491	+5%
Commercial (low voltage)	-1	-10%	0	-	0	-	-4,334	-8%	0	-	-4,367	-10%
Commercial and industrial (medium and high voltage)	-2,168	+4%	0	-	0	-	-14,722	-5%	1,784	-5%	-15,406	-12%
Sold to end customers	**-2,169**	**+4%**	**0**	**-**	**0**	**-**	**-32,548**	**-2%**	**1,784**	**-5%**	**-33,265**	**-5%**

Electricity balance (GWh) by country

2020	Czechia GWh	Czechia +/-	Poland GWh	Poland +/-	Romania GWh	Romania +/-	Bulgaria GWh	Bulgaria +/-	Germany GWh	Germany +/-	Others GWh	Others +/-	Eliminations GWh	Eliminations +/-	CEZ Group GWh	CEZ Group +/-
Electricity procured	**51,077**	**-7%**	**2,211**	**+4%**	**1,316**	**+7%**	**6**	**-4%**	**292**	**+3%**	**0**	**-**	**0**	**-**	**54,902**	**-6%**
Generated in-house (gross)	56,777	-6%	2,537	+4%	1,335	+7%	6	-4%	292	+3%	0	-	0	-	60,946	-6%
In-house and other consumption, including pumping in pumped-storage plants	-5,699	-4%	-326	+5%	-19	+17%	0	-	0	-	0	-	0	-	-6,044	-3%
Sold to end customers	**-17,035**	**+5%**	**-332**	**-82%**	**-3,696**	**-0%**	**-10,423**	**-1%**	**0**	**-**	**-1,779**	**-39%**	**0**	**-**	**-33,265**	**-5%**
Sold in the wholesale market (net)	**-32,073**	**-12%**	**-1,879**	**>200%**	**3,185**	**-3%**	**11,177**	**-1%**	**-292**	**+3%**	**1,779**	**-39%**	**0**	**-**	**-18,102**	**-7%**
Sold in the wholesale market	-278,218	-15%	-2,527	-8%	-1,484	-25%	-392	-33%	-292	+3%	-97	-49%	5,056	-46%	-277,953	-14%
Purchased in the wholesale market	246,145	-16%	648	-73%	4,669	-11%	11,569	-3%	0	-	1,876	-39%	-5,056	-46%	259,851	-15%
Grid losses	**-1,970**	**-6%**	**0**	**-**	**-805**	**-1%**	**-760**	**-7%**	**0**	**-**	**0**	**-**	**0**	**-**	**-3,535**	**-5%**

Electricity generation by source (GWh) by country

	Czechia GWh	Czechia +/-	Poland GWh	Poland +/-	Romania GWh	Romania +/-	Bulgaria GWh	Bulgaria +/-	Germany GWh	Germany +/-	Others GWh	Others +/-	Eliminations GWh	Eliminations +/-	CEZ Group GWh	CEZ Group +/-
Nuclear	30,042	-1%	0	-	0	-	0	-	0	-	0	-	0	-	30,042	-1%
Coal and lignite	19,672	-16%	1,987	-3%	0	-	0	-	0	-	0	-	0	-	21,659	-15%
Water	2,381	+6%	9	+61%	75	+14%	0	-	0	-	0	-	0	-	2,465	+6%
Biomass	625	-1%	541	+36%	0	-	0	-	0	-	0	-	0	-	1,167	+13%
Photovoltaic	129	-5%	0	-	0	-	6	-4%	0	-	0	-	0	-	135	-5%
Wind	8	-13%	0	-	1,259	+6%	0	-	292	+3%	0	-	0	-	1,560	+5%
Natural gas	3,915	-2%	0	-	0	-	0	-	0	-	0	-	0	-	3,915	-2%
Bio gas	3	+31%	0	-	0	-	0	-	0	-	0	-	0	-	3	+31%
Total	**56,777**	**-6%**	**2,537**	**+4%**	**1,335**	**+7%**	**6**	**-4%**	**292**	**+3%**	**0**	**-**	**0**	**-**	**60,946**	**-6%**

Sales of electricity to end customers (GWh) by country

	Czechia GWh	Czechia +/-	Poland GWh	Poland +/-	Romania GWh	Romania +/-	Bulgaria GWh	Bulgaria +/-	Germany GWh	Germany +/-	Others GWh	Others +/-	Eliminations GWh	Eliminations +/-	CEZ Group GWh	CEZ Group +/-
Households	-7,064	+4%	0	-	-1,826	+6%	-4,601	+6%	0	-	0	-	0	-	-13,491	+5%
Commercial (low voltage)	-1,928	-5%	-32	-76%	-830	-13%	-1,437	-10%	0	-	-140	-10%	0	-	-4,367	-10%
Commercial and industrial (medium and high voltage)	-8,043	+8%	-300	-82%	-1,040	+1%	-4,385	-3%	0	-	-1,639	-40%	0	-	-15,406	-12%
Sold to end customers	**-17,035**	**+5%**	**-332**	**-82%**	**-3,696**	**-0%**	**-10,423**	**-1%**	**0**	**-**	**-1,779**	**-39%**	**0**	**-**	**-33,265**	**-5%**

Distribution of electricity (GWh) by country

2020	Czechia GWh	Czechia +/-	Poland GWh	Poland +/-	Romania GWh	Romania +/-	Bulgaria GWh	Bulgaria +/-	Germany GWh	Germany +/-	Others GWh	Others +/-	Eliminations GWh	Eliminations +/-	CEZ Group GWh	CEZ Group +/-
Distribution of electricity to end customers	34,676	-3%	0	-	6,487	-5%	9,396	-0%	0	-	0	-	0	-	50,560	-3%

Definitions and Calculations of Indicators Unspecified in IFRS

In accordance with ESMA guidelines, ČEZ provides detailed information on indicators that are not reported as standard in IFRS reports or the components of which are not directly available from standardized reports and notes to the financial statements. Such indicators represent supplementary information in respect of financial data, providing report users with additional information to assess the financial position and performance of CEZ Group or ČEZ. In general, these indicators are also commonly used in other commercial companies, not only in the energy sector.

Indicator	
Adjusted Net Income (Net Income, Adjusted)	Purpose: This is a supporting indicator, intended primarily for investors, creditors, and shareholders, which allows interpreting achieved financial results with the exclusion of extraordinary, usually nonrecurring effects that are generally unrelated to ordinary financial performance and value creation in a given period. Definition: Net income (after-tax income) +/− additions to and reversals of impairments of property, plant, and equipment and intangible assets, including impairment of goodwill +/− additions to and reversals of impairments of developed projects +/− other extraordinary effects that are generally unrelated to ordinary financial performance in a given year and value creation in a given period +/− effects of the above on income tax.

Most of the components of individual indicators are directly shown in financial statements. Components of calculations that are not included in the financial statements are usually shown directly in a company's books and are calculated as follows:

Adjusted Net Income indicator—individual components:

Adjusted Net Income (After-Tax Income, Adjusted)	Unit	2019	2020
Net income	CZK millions	14,500	5,468
Impairments of property, plant, and equipment and intangible assets, including impairment of goodwill	CZK millions	4,860	24,062
Impairments of developed projects**)	CZK millions	12	8
Effects of additions to or reversals of impairments on income tax***)	CZK millions	-516	-3,500
Other extraordinary effects****)	CZK millions	—	-3,197
Adjusted net income	**CZK millions**	**18,856**	**22,841**

**) Corresponds to the total value reported in the row Impairments of Property, Plant, and Equipment and Intangible Assets in the consolidated Statement of Profit or Loss*
***) Included in the row Other operating expenses in the Consolidated Statement of Profit or Loss*
****) Included in the row Income taxes in the Consolidated Statement of Profit or Loss*
*****) The adjustment consists of a correction of adjustment of the net income by the part of impairments of property, plant, and equipment and intangible assets (including the related effect on income tax) that relates—based on its characteristics—to the current year. This item includes the 2020 net income of companies in Romania and Bulgaria (totaling to CZK 1,862 million) that are being sold, which—taking into account the "Locked-box date" as defined in agreements for the sale of assets—belongs effectively to purchasers. Furthermore, it includes the effect of termination of depreciation of fixed assets being sold or the effect of termination of depreciation at the consolidation level. Effect of termination of depreciation of the assets being sold for the respective period of 2020 on the net income amounted to CZK 1,335 million. If the depreciation of the respective assets would not be terminated, they would affect the Consolidated Statement of Profit or Loss in the Depreciation and Amortization row. Their value would also affect value reported in the Income Tax row.*

Note: Totals and subtotals can differ from the sum of individual values due to rounding.