



# PRESENTATION ON CEZ GROUP FINANCIAL RESULTS IN Q1 2021

Nonaudited consolidated results  
prepared in accordance with International Financial Reporting Standards (IFRS)

**May 11, 2021**

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# CEZ GROUP FINANCIAL AND OPERATING RESULTS



(CZK bn)	Q1 2020	Q1 2021	Change	%
Revenues	57.0	59.1	+2.0	+4%
EBITDA	25.9	19.9	-5.9	-23%
EBIT	18.8	11.2	-7.6	-40%
Net income	14.2	8.4	-5.8	-41%
Net income adjusted *	13.9	8.4	-5.5	-40%
Operating CF	13.2	5.6	-7.6	-58%
CAPEX	4.4	4.8	+0.4	+10%

		Q1 2020	Q1 2021	Change	%
Installed capacity **	GW	14.4	12.3	-2.1	-14%
Mining	m tons	5.0	4.7	-0.3	-7%
Generation of electricity ***	TWh	16.6	15.9	-0.7	-4%
Electricity distribution to end customers	TWh	14.4	14.9	+0.5	+3%
Electricity sales to end customers	TWh	9.7	9.8	+0.1	+1%
Sales of natural gas to end customers	TWh	3.7	3.1	-0.6	-15%
Sales of heat	000´TJ	9.7	10.5	+0.9	+9%
Number of employees **	000´s	32.2	30.7	-1.5	-5%

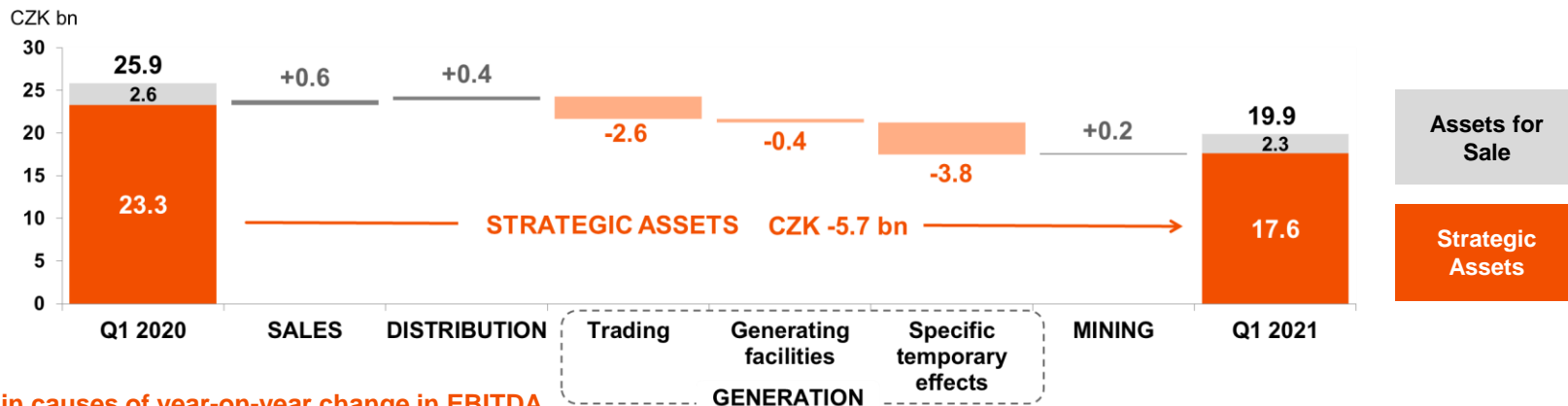
\* Adjusted net income = Net income adjusted for extraordinary effects that are generally unrelated to ordinary financial performance in a given period (such as fixed asset impairments and goodwill impairment)

\*\* As at the last date of the period

\*\*\* Of which 15.8 TWh were generated within the companies in the GENERATION segment in Q1 2021 and 0.1 TWh within ČEZ Energo, which is part of the SALES segment.

# YEAR-ON-YEAR CHANGE IN EBITDA

## INFLUENCED BY SPECIFIC TEMPORARY EFFECTS OF CZK 3.8 BN



### Main causes of year-on-year change in EBITDA

#### Strategic assets—CEZ Group excl. assets for sale (CZK -5.7 bn)

- SALES and DISTRIBUTION customer segments: higher gross margin from electricity distribution and sales (CZK +1.0 bn)
- GENERATION segment:
  - Lower trading margin (CZK -2.6 bn) due to record income in Q1 2020
  - The effect of market prices of emission allowances, natural gas and electricity on the generation margin in Czechia incl. the impact of hedging and the exchange rate (CZK -1.2 bn)
  - Higher generation volume in nuclear and renewable sources (CZK +0.8 bn)
  - Specific temporary effects caused mainly by the decrease in market prices after the COVID-19 outbreak in Europe in Q1 2020 (CZK -3.8 bn): overhedge in Q1 2020 from German hedging contracts for generation supplies in Czechia for the years 2021–2024 (due to a significant increase in spread between CZ and DE market prices of electricity) and specific effects of revaluating of hedging contracts for generation

**Assets for sale—Romanian, Bulgarian, and Polish companies outside ESCO activities (CZK -0.2 bn)**, of which Romania (CZK -0.2 bn)



## OTHER INCOME (EXPENSES)

(CZK bn)	Q1 2020	Q1 2021	Change	%
EBITDA	25.9	19.9	-5.9	-23%
<b>Depreciation, amortization and impairments*</b>	<b>-7.1</b>	<b>-8.7</b>	<b>-1.6</b>	<b>-23%</b>
<b>Other income (expenses)</b>	<b>-1.6</b>	<b>-0.8</b>	<b>+0.8</b>	<b>+49%</b>
Interest income (expenses)	-1.2	-1.0	+0.2	+17%
Interest on nuclear and other provisions	-0.5	-0.5	-0.0	-3%
Income (expenses) from investments and securities	-0.1	0.2	+0.3	-
Other	0.2	0.6	+0.3	+139%
<b>Income taxes</b>	<b>-3.0</b>	<b>-2.0</b>	<b>+1.0</b>	<b>+33%</b>
Net income	14.2	8.4	-5.8	-41%
<b>Net income adjusted</b>	<b>13.9</b>	<b>8.4</b>	<b>-5.5</b>	<b>-40%</b>

### Depreciation, Amortization, and Impairments\* (CZK -1.6 bn)

- Higher asset impairments in Romania and Bulgaria (CZK -2.3 bn)
- Lower depreciation (CZK +0.6 bn) mainly due suspension of depreciation of sold Romania-headquartered companies.

*Note. Impairments to Romanian and Bulgarian assets reflect the achieved income for this period, which effectively belongs to the buyer with regard to the “Locked Box Date” (defined in the contracts for the sale of these assets).*

### Other Income and Expenses (CZK +0.8 bn)

- Lower interest expense (CZK +0.2 bn) due to a decrease in the total amount of debt
- Exchange rate effects and revaluating financial derivatives and securities (CZK +0.5 bn)

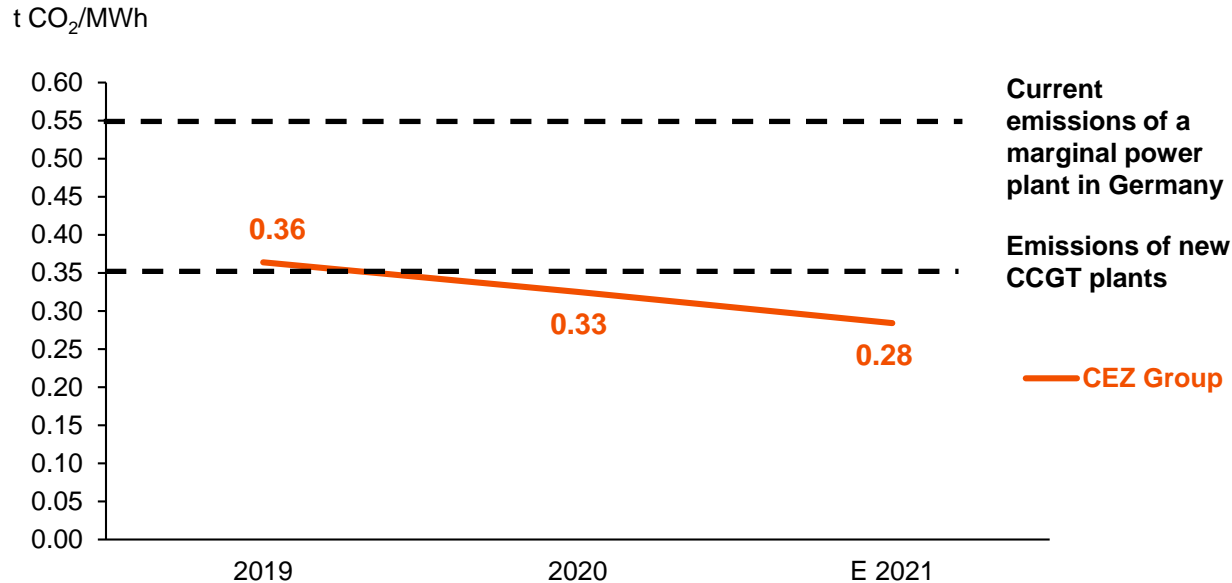
### Net Income Adjustments

- In Q1 2021, the extent of adjustment was only CZK 16 million, mainly due to impairments for assets in Poland
- Q1 2020 net income adjusted for the positive effect of reversal of fixed asset impairments in Bulgaria of CZK 0.2 bn

# THE CEZ GROUP EMISSION INTENSITY IN GENERATING ELECTRICITY IS CONSTANTLY DECREASING; WE EXPECT A YEAR-ON-YEAR DECREASE OF 15% FOR THE ENTIRE YEAR OF 2021



## CEZ Group's Emission Intensity per Electricity Generated (t CO<sub>2</sub>/MWh<sub>e</sub>)



- **For the entire year of 2021, we expect a decline of 15% to the level 0.28 t CO<sub>2</sub>/MWh<sub>e</sub>, which corresponds to:**
  - 80% of emissions from a new CCGT source
  - 50% of emissions produced by the marginal generation source, which determines the current market prices in Germany
- **In Q1 2021 it reached the value of 0.30 t CO<sub>2</sub>/MWh<sub>e</sub>, which is 19% less than in Q1 2020 (0.37 t CO<sub>2</sub>/MWh<sub>e</sub>)**

# THE SALE OF ROMANIAN ASSETS HAS BEEN COMPLETED. THE FUNDS RAISED WILL REDUCE FINANCIAL DEBT, ENABLE DEVELOPMENT INVESTMENT AND A HIGHER DIVIDEND



## The Shares of Romanian Companies were Handed Over to the Buyer Against Payment of the Purchase Price as at Mar 31, 2021

- Following the fulfillment of all conditions precedent, the shares were transferred to the buyer (the renowned international institutional investor Macquarie Infrastructure and Real Assets) and the full purchase price was paid.
- The assets sold include a total of 7 companies (distribution company, sales company, Fântânele and Cogealac wind farms, four small hydroelectric plants, and a shared services center).
- Following the transaction settlement, CEZ Group remains active in Romania in the area of trading (through CEZ Trade Romania) and the provision of energy services (through High-Tech Clima).

## Expected Use of Funds Gained from the Sale

- Income from sale of assets amounting of CZK 24.6 bn will:
  - **help decrease the financial debt**
  - **be used for development investments in Czechia and stable countries**
  - **allow for a higher dividend for shareholders**
- As part of liquidity management in order to optimize interest expense, part of the funds obtained from the sale of Romanian assets was used to repay part of the EUR and USD issues of bonds and loans with a total value over CZK 14 bn.
- Thanks to additional liquidity obtained from divestments we do not expect refinancing of bonds maturing in October 2021. Refinancing of bonds maturing in 2022 is expected either at the end of 2021 or at the beginning of 2022.

# SALES PROCESS DEVELOPMENT IN OTHER COUNTRIES AND SELECTED EVENTS IN BULGARIA



## **Bulgaria—Sales Process Development, Agreement on the Dividend Payment of EUR 25 million and Arbitration**

- Due to the time that has elapsed since concluding the purchase agreement with Eurohold, the banks financing Eurohold are now examining the financial health of the assets for sale (confirmatory due diligence).
- The expected transaction settlement at the end of Q2 2021.
- In addition to the valid purchase agreement with Eurohold, the dividend payment was negotiated in the total amount of EUR 25 million from the companies for sale (without affecting the purchase price set in the SPA).
- The sale of assets does not affect the international investment arbitration conducted by ČEZ against the Republic of Bulgaria. On Mar 2, 2021, the arbitral tribunal confirmed the legitimacy of conducting international arbitration within the relevant jurisdiction, and the arbitration proceedings thereby moved to the substantive phase.

## **Poland—Sales Process Development**

- The assets for sale include CEZ Polska, CEZ Chorzow, including the 100% subsidiary CEZ Chorzow II, CEZ Skawina, and CEZ Produkty Energetyczne Polska.
- 14 investors showed interest in Polish assets and non-binding bids were submitted as at Dec 11, 2020. After their evaluation, due diligence was started.
- The original deadline for submitting binding bids on Apr 15, 2021 was postponed upon request from investors due to the worsened pandemic situation. We assume the binding bids will be submitted in Q2 2021.
- CEZ Group also owns ESCOs in Poland (CEZ ESCO Polska, OEM Energy, Metrolog, and Euroklimat), which are not subject to sales process.





## SELECTED EVENTS IN THE PAST QUARTER

### Date of the General Meeting and date of discussion of the dividend proposal are set

- The regular General Meeting of ČEZ, a. s. will take place on June 28th, 2021.
- The Board of Directors of ČEZ, a. s. will discuss the dividend proposal at its meeting on May 20th, 2021.

### Selected Events in Nuclear Power

- EDU II, a. s., received a permit from SÚJB on Mar 8, to place two nuclear power units in a locality with a maximum output of 2 x 1,200 MW<sub>e</sub>.
- On Mar 29, a SÚJB permit was issued to perform services essential for radiation protection and personal dosimetric control.
- The WANO Peer Review mission has started at the Dukovany power plant (an international team of specialists is evaluating the power plant's operation).

The mission includes:

- Crew Performance Observation (CPO)—Mar/Apr 2021
  - Evaluation of selected areas of operation (by a team of 25 experts from foreign nuclear power plants) in order to set up best practices and potential areas for improvement (AFI29)—from Apr 20 to May 7.
- Based on the positive opinion of the Ministry of Industry and Trade of the Czech Republic, a tender was launched for the completion of the “Horkovod (Hot Water Pipe) České Budějovice” project.

### ESCO joint venture with SPP was Created in Slovakia and a Commodity Customer Portfolio was Sold

- Together with SPP, a strong local partner, joint venture for the development of ESCO services was created in Slovakia in February. Both companies (ČEZ ESCO and SPP) own a 50% share, ČEZ ESCO has managerial control. ČEZ ESCO contributed 6 subsidiaries to the joint venture, SPP made a cash contribution of the corresponding value. The main strategic objective of the new cooperation is the development decentralized energy and comprehensive energy services in Slovakia.
- Commodity customer portfolio (supply of electricity and natural gas) was sold to SPP on April 1, 2021.

# COVID-19: ČEZ MAINTAINS STRICT MEASURES IN FORCE, AND THUS GUARANTEES THE PROVISION OF SECURE AND STABLE ELECTRICITY SUPPLIES IN CZECHIA AND ABROAD, AND CONTINUES TO HELP OTHERS



## WE PROTECT OPERATIONS AND PERSONNEL

- We were one of the first in Czechia to introduce personnel self-testing; we currently perform approx. 8,200 tests per week.
- We also test our suppliers in nuclear power plants—a total of up to 1,000 tests per day at each power plant during outages.
- In selected operations, we measure the temperature with an automatic system (more accurate and faster than manual measurement).
- We keep using work from home and primarily online training.
- The obligation to wear respirators indoors, separate meals, more frequent cleaning, and disinfection remain in force.
- Vaccination of personnel in particularly critical infrastructure was started in Czechia—in ČEZ these are selected operations (nuclear power plant operators, dispatching, distribution).

## WE HELP OTHERS

- From Mar 2020 to Apr 2021, we reduced distribution grid outages due to increased work from home and online learning: we canceled more than 2,500 outages, which would affect almost 315,000 service points.
- Our operators contacted a total of over 47,000 people as part of assistance with contact tracing, processing almost 20,000 electronic test requests. Contact tracing ended on Jan 31, 2021.
- We support online education: over 30,000 people have seen virtual online tours of our power plants.
- The ČEZ Foundation continues to support organizations that have found themselves in a difficult situation due to the pandemic.

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## EBITDA OF SEGMENT: SALES

(CZK bn)	Q1 2020	Q1 2021	Change	%
Czechia	1.3	1.8	+0.5	+36%
Germany	0.1	0.2	+0.1	+55%
Romania	0.2	0.1	-0.2	-73%
Bulgaria	0.2	0.2	+0.0	+19%
Other states	0.0	0.1	+0.0	+189%
<b>Total</b>	<b>1.9</b>	<b>2.3</b>	<b>+0.4</b>	<b>+23%</b>
thereof Strategic Assets	1.5	2.1	+0.6	+38%
thereof Assets for Sale*	0.4	0.3	-0.1	-28%

### Czechia (CZK +0.5 bn)

- Higher margins on commodity sales mainly due to lower purchase prices and higher sales volume

### Germany (CZK +0.1 bn)

- Positive financial results, especially of the Kofler and Elevion groups

### Romania (CZK -0.2 bn)

- Lower gross margin mainly due to higher expenses of electricity purchases

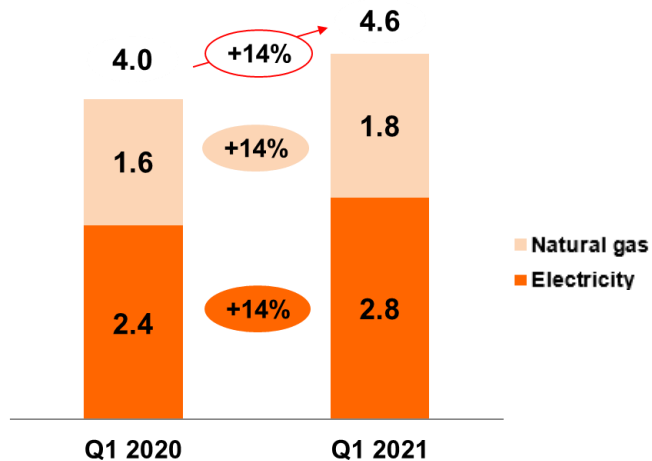
\* Romanian assets were sold as at Mar 31, 2021, the sale of Bulgarian assets is expected at the end of Q2 2021

# SALES SEGMENT—RETAIL

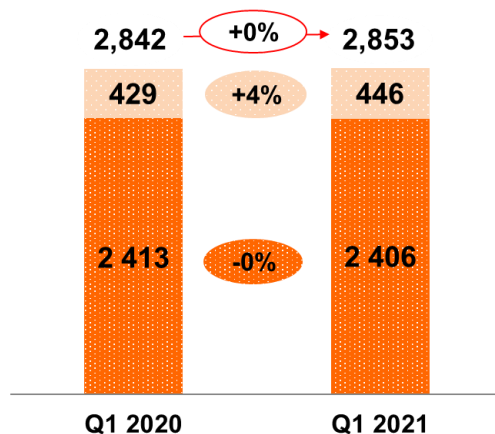
## AMOUNTS OF ELECTRICITY AND GAS SOLD IN CZECHIA



ČEZ Prodej's supply of electricity and natural gas increased year-on-year by a total of 14% (TWh)



Number of ČEZ Prodej customers is stable year-on-year (service points in thousands)

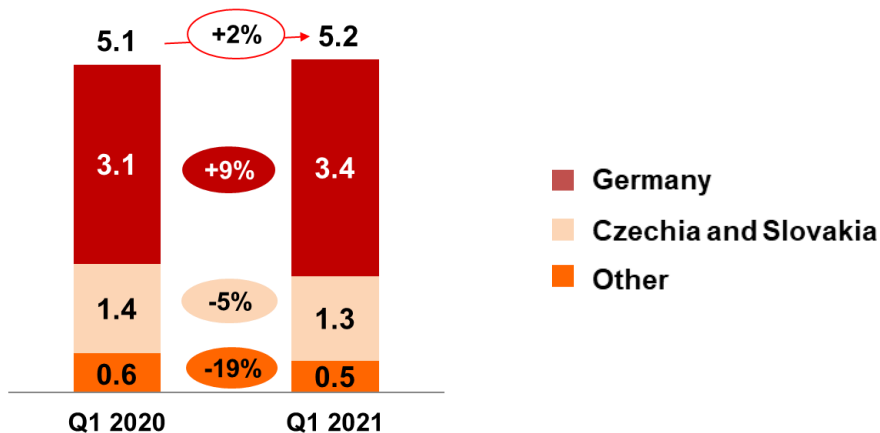


- Electricity and gas supplies increased mainly due to a colder winter in 2021.
- In addition, the increase in the volume of electricity sold was due to higher residential customer consumption in 2021 as a result of COVID-19 measures.
- The increase in gas volume was further supported by the acquisition of new customers, which is also reflected in the overall year-on-year increase in the number of service points by 17,000.
- Overall, the number of service points is stabilized, or more precisely, increased by almost 11 thousand.

# ESCO SERVICES SALES IN Q1 INCREASED YEAR-ON-YEAR BY +2%, WE EXPECT 8% INCREASE FOR THE FULL YEAR



CZK bn



### Germany (+9%)

+ organic increase

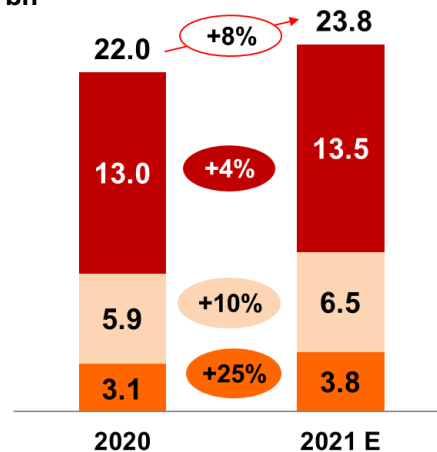
### Czechia & Slovakia (-5%)

- negative impact of COVID-19 on Q1 2021 (the year 2020 was affected only from Q3 onwards)

### Poland and Other Countries (-19%)

- negative impact of COVID-19 on Q1 2021 (the year 2020 was affected only from Q3 onwards)

CZK bn



### Germany (+4%)

+ organic increase

### Czechia & Slovakia (+10%)

+ Assumption of resuming organic increase and implementation of orders deferred in connection to COVID-19

### Poland and Other Countries (+25%)

+ Assumption of resuming organic increase and implementation of orders deferred in connection to COVID-19



## EBITDA OF SEGMENT: DISTRIBUTION

(CZK bn)	Q1 2020	Q1 2021	Change	%
Czechia	4.8	5.2	+0.4	+9%
Romania	0.4	0.5	+0.1	+31%
Bulgaria	0.6	0.6	+0.0	+2%
<b>Total</b>	<b>5.8</b>	<b>6.4</b>	<b>+0.5</b>	<b>+9%</b>
thereof Strategic Assets	4.8	5.2	+0.4	+9%
thereof Assets for Sale*	1.0	1.1	+0.1	+14%

### Czechia (CZK +0.4 bn)

- Higher gross margin on electricity distribution (CZK +0.3 bn)
- Higher revenue from activities to ensure input power and connection (CZK +0.2 bn)
- Higher fixed operating cost (CZK -0.1bn)

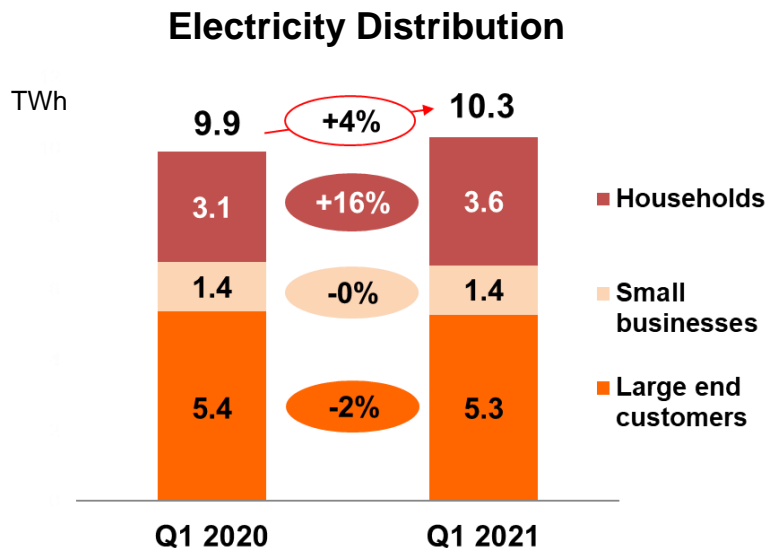
### Romania (CZK +0.1 bn)

- primarily higher revenues from electricity distribution and lower costs to cover grid losses

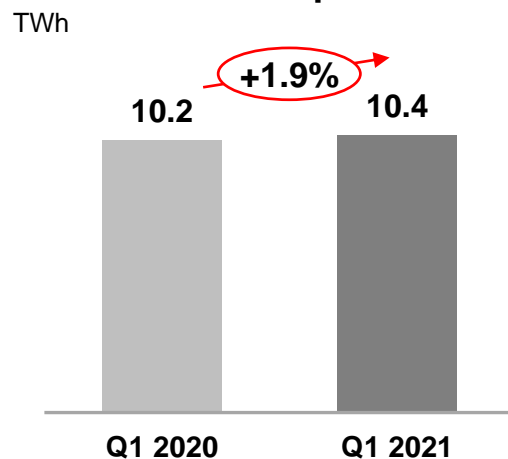
\* Romanian assets were sold as at Mar 31, 2021, the sale of Bulgarian assets is expected at the end of Q2 2021.

# ELECTRICITY CONSUMPTION

## IN THE DISTRIBUTION AREA OF ČEZ DISTRIBUCE INCREASED



### Temperature- and Calendar-Adjusted Consumption



The volume of electricity distributed corresponds to the total electricity consumption in the ČEZ Distribuce area. The company's distribution area covers around 66% of Czechia's territory, so the data are a good indicator of total nationwide electricity consumption trends.

The recalculated consumption is based on the internal model and volume of electricity distributed by ČEZ Distribuce, a. s.



## EBITDA OF SEGMENT: GENERATION



(CZK bn)	Q1 2020	Q1 2021	Change	%
Czechia	15.4	8.7	-6.7	-43%
Germany	0.2	0.1	-0.1	-52%
Poland	0.3	0.3	-0.1	-22%
Romania	0.8	0.6	-0.2	-24%
Other states	0.0	-0.0	-0.0	-
<b>Total</b>	<b>16.8</b>	<b>9.7</b>	<b>-7.1</b>	<b>-42%</b>
thereof Strategic Assets	15.6	8.8	-6.8	-44%
thereof Assets for Sale*	1.2	0.9	-0.3	-24%

### Strategic assets:

#### Czechia (CZK -6.7 bn)

- Lower trading margin from commodity trading (CZK -2.6 bn) due to record income in Q1 2020
- The impact of market prices of emission allowances, natural gas and electricity on the generation margin, including the effects of hedging and the exchange rate (CZK -1.2 bn)
- Higher generation volume in nuclear and renewable sources (CZK +0.8 bn)
- Specific temporary effects caused mainly by the decrease in market prices after the COVID-19 outbreak in Europe in Q1 2020 (CZK -3.8 bn): overhedge in Q1 2020 from German hedging contracts for generation supplies in Czechia for the years 2021–2024 (due to a significant increase in the spread between CZ and DE market prices of electricity) and specific effects of revaluating of hedging contracts for generation

#### Germany (CZK -0.1 bn)

- Lower generation at wind turbines due to below-average climatic conditions and operational outages of several turbines

### Assets for Sale\*:

#### Poland (CZK -0.1 bn)

- Lower generation margins, mainly due to increasing prices of emission allowances

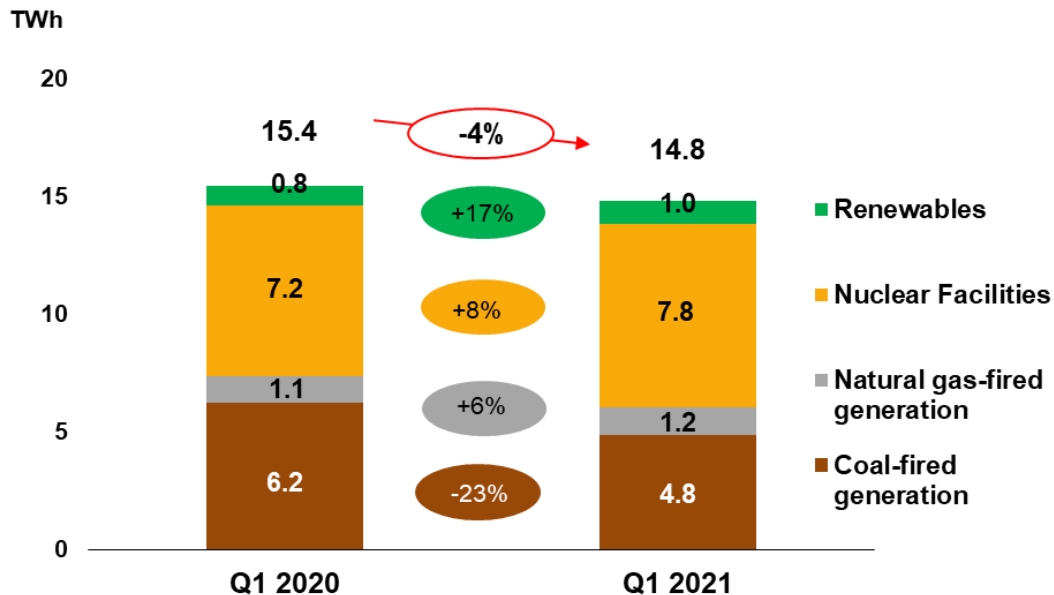
#### Romania (CZK -0.2 bn)

- Lower electricity prices and lower generation volume due to below-average climatic conditions.

\* Romanian assets were sold as at Mar 31, 2021, the sale of Polish assets is expected at the turn of 2021 and 2022.

# ELECTRICITY GENERATION IN Q1

## STRATEGIC ASSETS\*



**Renewables (+17%)**  
(Hydro, Wind, Sun, Biomass, Biogas)

**Hydro—Czechia (+37%)**

- + Higher generation at hydroelectric power plants due to better-than-average hydrometeorologic conditions

**Wind—Germany (-42%)**

- Worse-than-average weather conditions
- Operational outages of several turbines

**Nuclear plants (+8%)**

- + Shorter outages of both nuclear power plants

**Natural gas-fired generation (+6%)**

- + Higher generation at the Počerady 2 power plant due to favorable development of market prices of electricity and emission allowances

**Coal-fired generation—Czechia (-23%)**

- Sale of the Počerady power plant as at Dec 31, 2020 (-1.3 TWh)
- Termination of the Pruněšov 1 power plant's operation on Jun 30, 2020 (-0.5 TWh)
- Longer outages at the Tušimice 2 power plant
- + Shorter outages of Pruněšov 2 and Ledvice 3 power plants

\* This is generation in CEZ Group plants without companies for sale, i.e., it does not include the volume of electricity generation in Romania, Poland, and Bulgaria. In Q1 2021, a total of 1.1 TWh was generated in these countries, of which coal-fired plants generated 0.6 TWh and renewables generated 0.5 TWh. In Q1 2020, 1.1 TWh was generated, of which coal-fired plants generated 0.6 TWh and renewables generated 0.6 TWh, i.e., year-on-year decrease in generation by 7%.

# EBITDA OF SEGMENT: GENERATION (STRATEGIC ASSETS)

## DETAIL, BY GENERATION SOURCES



(CZK bn)	Q1 2020	Q1 2021	Change	%
Zero-emission Generating Facilities	6.6	7.3	+0.7	+11%
thereof nuclear	5.6	6.3	+0.7	+12%
thereof renewables	1.0	1.1	+0.0	+4%
Fossil Fuel Generation	3.6	2.4	-1.1	-32%
Trading	2.6	0.0	-2.6	-99%
Specific temporary effects	2.8	-1.0	-3.8	-
<b>GENERATION Segment - Strategic assets</b>	<b>15.6</b>	<b>8.8</b>	<b>-6.8</b>	<b>-44%</b>

### Nuclear Generating Facilities (CZK +0.7 bn)

- Operational availability of nuclear power plants (CZK +0.6 bn), other effects (CZK +0.1 bn) especially lower maintenance expenses

### Renewables (CZK 0.0 bn)

- Czechia (CZK +0.1 bn)—operation of hydro power plants (CZK +0.2 bn), lower exposure at photovoltaic power plants (CZK -0.1 bn)
- Germany (CZK -0.1 bn)—worse-than-average climatic conditions and outage of several wind turbines

### Fossil Fuel Generation (CZK -1.1 bn)

- Influence of emission allowance market prices, natural gas and electricity on generation margin incl. impact of hedging and the exchange rate (CZK -1.1 bn)
- Operational availability of coal-fired facilities (CZK -0.1 bn)

**Trading (CZK -2.6 bn)**—trading margin in Q1 2020 reached record high CZK +2.7 bn, trading margin in Q1 2021 reached CZK +0.2 bn

### Specific temporary effects (CZK -3.8 bn) caused mainly by the decrease in market prices after the COVID-19 outbreak in Q1 2020

- Overhedge in Q1 2020 from German security contracts for generation supplies in Czechia in the years 2021 to 2024 due to a significant increase in the difference between Czech and German market electricity prices (CZK -1.5 bn). Note: During Q2-Q4 2020 this swing of the market prices' spread was eliminated.
- Specific effects of revaluating hedging commodity contracts for generation (CZK -2.1 bn), other specific effects (CZK -0.2 bn)



## THE SEGMENT EBITDA: MINING

(CZK bn)	Q1 2020	Q1 2021	Change	%
Czechia	1.4	1.5	+0.2	+12%
<b>Total</b>	<b>1.4</b>	<b>1.5</b>	<b>+0.2</b>	<b>+12%</b>

### Czechia (CZK +0.2 bn)

- Higher revenues related to higher coal deliveries to CEZ Group (CZK +0.2 bn)
- Decrease in revenues from coal sales to external customers (CZK -0.1 bn)
- Lower fixed operating expenses of Severočeské doly (CZK +0.1 bn), especially lower electricity consumption and lower repair and maintenance expenses

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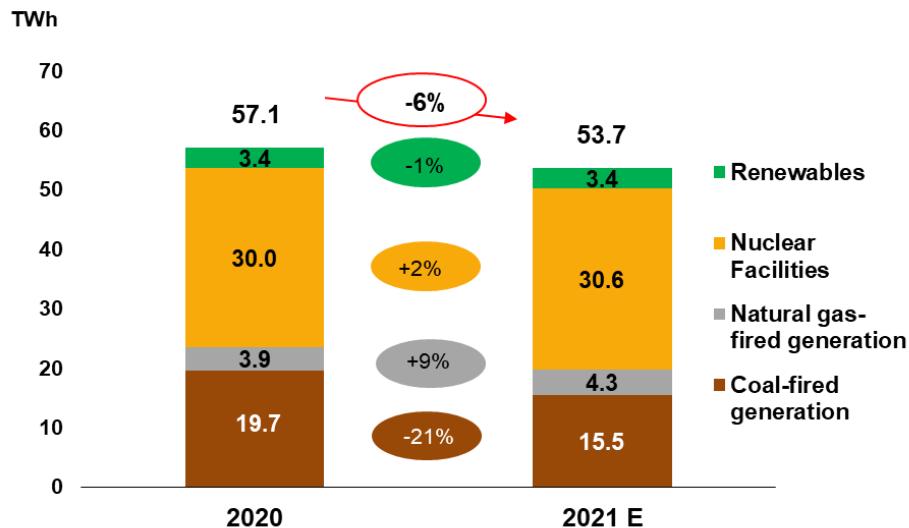
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# ESTIMATED ELECTRICITY GENERATION IN 2021

## STRATEGIC ASSETS



### Forecast of Realization Prices for Generation in Czechia in 2021:

- Estimated realization price of generated electricity is approx. **49 EUR/MWh**.
- The expected purchase price of emission allowances for generation is approximately **24 EUR/t**.

This is the result of hedging transactions from previous years and the current market valuation of electricity not yet sold and emission allowances not yet acquired for expected production in 2021.

### Renewables (-1%)

(Hydro, Wind, Sun, Biomass, Biogas)

#### Hydro—Czechia (+1%)

- + Higher generation due to better-than-average hydrometeorological conditions
- Planned repairs at small hydroelectric power plants

#### Biomass—Czechia (-8%)

- Generation decrease at the Hodonín power plant due to greening

#### Wind—Germany (-4%)

- Worse-than-average weather conditions
- Operational outages of several turbines

### Nuclear plants (+2%)

- + Influence of outage timing at the Dukovany power plant

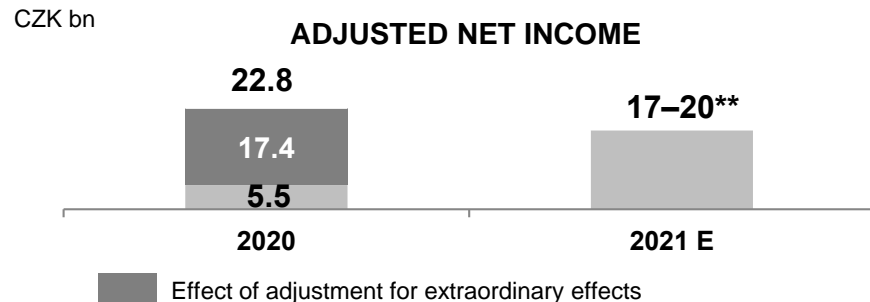
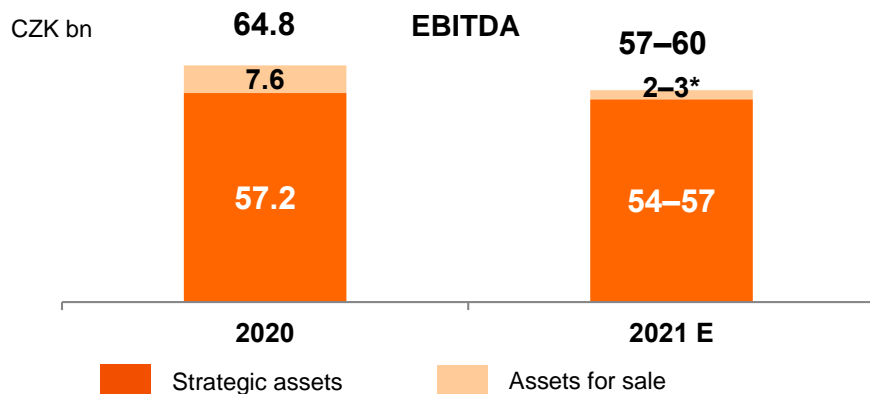
### Natural gas-fired generation (+9%)

- + Shorter outage at the Počerady CCGT plant

### Coal-fired generation—Czechia (-21%)

- Sale of the Počerady power plant as at Dec 31, 2020 (-4,9 TWh)
- Termination of the Prunéřov 1 power plant's operation on Jun 30, 2020 (-0,6 TWh)
- Longer outages at the Tušimice 2 power plant
- Lower generation at the Mělník 3 power plant in connection with the planned decommissioning during the summer of 2021
- + Shorter outages at the Ledvice 4 and Prunéřov 2 power plants

# CEZ GROUP'S FINANCIAL OUTLOOK FOR 2021: WE EXPECT EBITDA OF CZK 57-60 BN, ADJUSTED NET INCOME AT CZK 17-20 BN



#### Main Year-On-Year Effects (2021 vs. 2020):

- Sale of Romanian and Bulgarian assets
- 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 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
- Effects of COVID-19

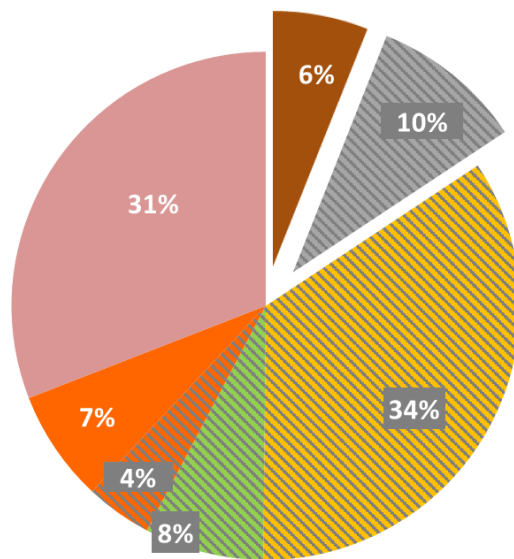
\* The contribution of assets held for sale to CEZ Group's EBITDA will depend on the settlement date of the sale of Bulgarian assets.

\*\* We estimate the contribution of assets held for sale to the 2021 consolidated net income at nearly zero, especially in view of concluded contracts for the sale of foreign assets, under which any profit from 2021 belongs to the buyers.

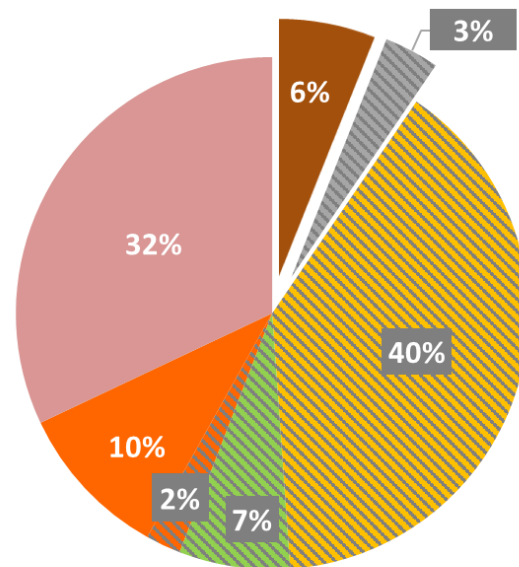
# IN 2021, WE EXPECT A DECREASE IN THE TOTAL SHARE OF FOSSIL-FUEL PRODUCTION AND MINING ON STRATEGIC ASSETS EBITDA BELOW 10%



**2020 EBITDA—Strategic Assets**  
(CEZ Group Excluding Assets for Sale)



**2021 EBITDA—Strategic Assets**  
(CEZ Group Excluding Assets for Sale)



■ MINING

■ Fossil fuel GENERATION

■ Nuclear GENERATION

■ Renewables GENERATION

■ GENERATION—Trading

■ SALES

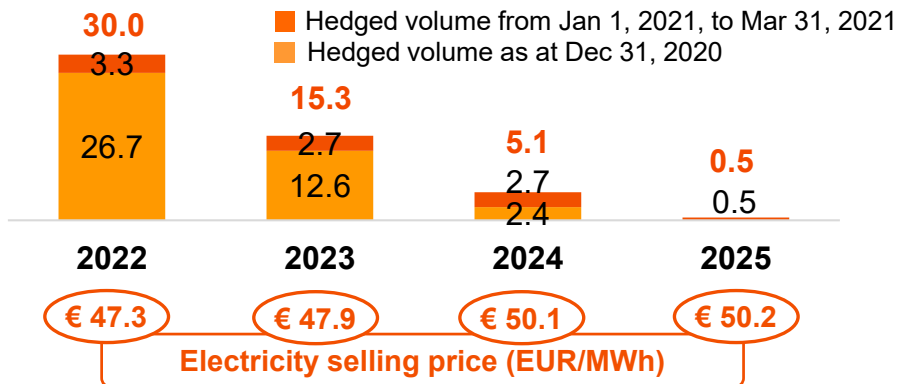
■ DISTRIBUTION



# CEZ CONTINUES HEDGING MARKET RISKS OF GENERATION MARGIN FOR 2022-25, 30 TWH SOLD FOR 2022 AT 47.3 EUR/MWH AND 8.7 MIL. TONS OF EUA PURCHASED AT 23.5 EUR/T

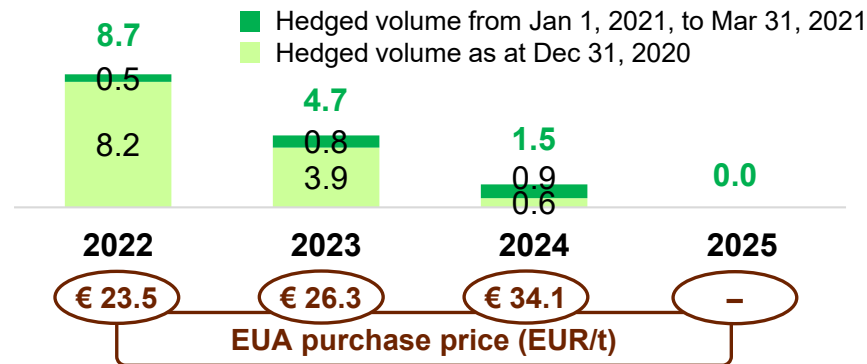


Electricity Sold for 2022 – 2025 in TWh (as at March 31, 2021)



100% of the estimated annual volume of external deliveries from generation in Czechia for the years 2022 - 2025 is **46 - 50 TWh**.

Contracted emission allowances in million tons for 2022 – 2025 (as at March 31, 2021)



100% of the estimated annual volume of emission allowances for generation in Czechia for the years 2022 - 2025 is **14 - 17 million tons**.

Share of Hedged Deliveries of Electricity from Generation in Czechia\* as at Mar 31, 2021

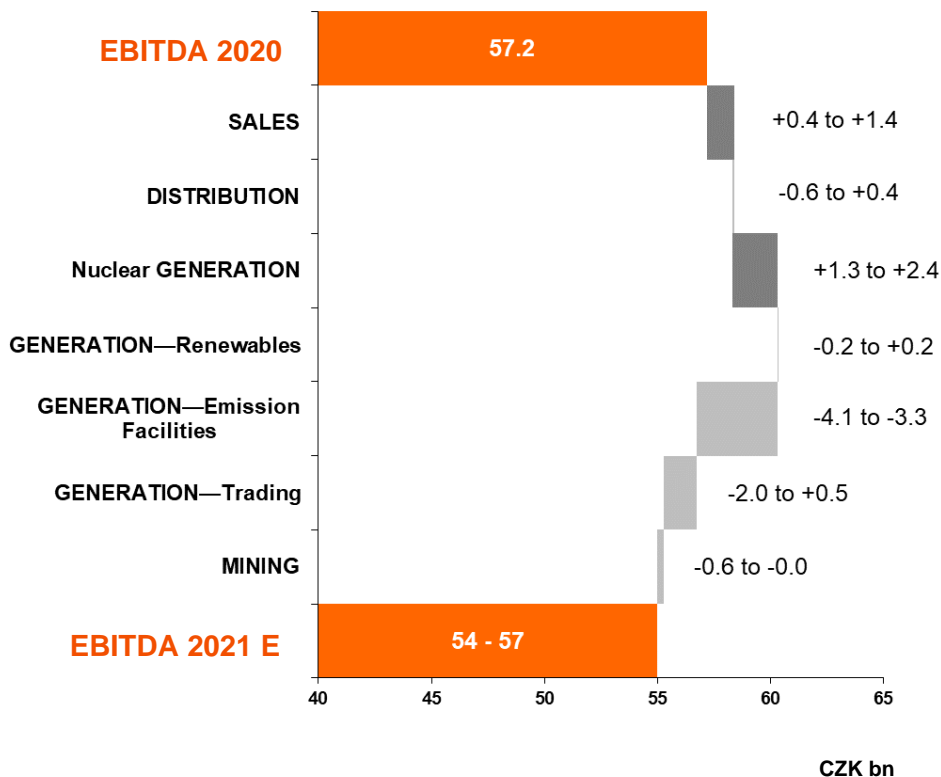
	2022	2023	2024	2025	100 % of estimated external delivery
Emission-free sources (nuclear and ČEZ RES )	69 %	36 %	12 %	2 %	29 - 31 TWh per year
Fossil-fuel sources (coal and natural gas)	56 %	27 %	9 %	-	16 - 19 TWh per year

## ANNEXES



- Estimated Year-On-Year Change in Strategic Assets EBITDA—By Segment
- Operating Revenues for Q1 by Segments and Countries—Year-On-Year Comparison
- Investments in Fixed Assets (CAPEX) in Q1—Year-On-Year Comparison
- Change in Net Debt in Q1 (Cash Flow)
- Debt Position and Structure as at Mar 31
- Hedging against Currency Risks of Generation
- Specification of Factors Affecting the Hedging of Commodity Risks of Generation
- Market Developments
- Electricity Procured and Sold
- Calculation of Alternative Indicators According to ESMA

# ESTIMATED YEAR-ON-YEAR CHANGE IN STRATEGIC ASSETS EBITDA 2021 VS. 2020 IN INDIVIDUAL BUSINESS SEGMENTS



## STRATEGIC ASSETS

(Total Year-On-Year Unchanged to Decrease up to CZK 3 bn)

### SALES Segment

- + Growth ambitions in ESCO services
- + Negative effect of COVID-19 on ESCOs 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

#### Nuclear Facilities

- + Higher realization prices of electricity incl. hedging (CZK +1.0 to +1.6 bn)
- + Higher generation

#### Fossil Fuel Generation

- The effect of market prices of emission allowances, natural gas and electricity on the gross margin from generation incl. hedging (CZK -2.5 to -1.5 bn)
- Lower revenue from sales of ancillary services
- Higher maintenance costs

#### Trading

- / + Uncertain amount of gain from commodity trading

### MINING Segment

- Higher fixed operating expenses and higher expenses on land restoration

# CEZ GROUP OPERATING REVENUES FOR Q1, BY MAIN BUSINESS SEGMENTS AND INDIVIDUAL COUNTRIES

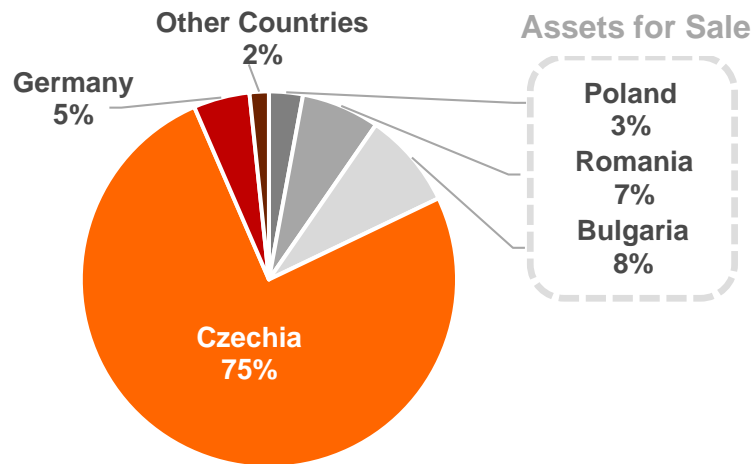


SALES (CZK bn)	Q1 2020	Q1 2021	Change	%
Czechia	14.1	14.5	+0.4	+3%
Germany	3.1	3.4	+0.3	+8%
Romania	2.5	2.3	-0.2	-7%
Bulgaria	4.5	4.6	+0.1	+2%
Other states	1.8	1.1	-0.7	-41%
Elimination of Internal Relations	-2.1	-1.7		
<b>Total</b>	<b>24.0</b>	<b>24.1</b>	<b>+0.2</b>	<b>+1%</b>

MINING (CZK bn)	Q1 2020	Q1 2021	Change	%
Czechia	2.7	2.8	+0.1	+3%
Elimination of Internal Relations	-1.6	-1.8		
<b>Total</b>	<b>1.0</b>	<b>1.0</b>	<b>-0.1</b>	<b>-6%</b>

GENERATION (CZK bn)	Q1 2020	Q1 2021	Change	%
Czechia	28.7	29.3	+0.6	+2%
Germany	0.3	0.2	-0.1	-43%
Poland	1.9	1.7	-0.1	-8%
Romania	1.2	1.2	-0.1	-6%
Other states	0.6	0.6	+0.0	+1%
Elimination of Internal Relations	-11.4	-10.3		
<b>Total</b>	<b>20.4</b>	<b>21.9</b>	<b>+1.6</b>	<b>+8%</b>

## Operating Revenues for Q1 2021



DISTRIBUTION (CZK bn)	Q1 2020	Q1 2021	Change	%
Czechia	9.0	9.2	+0.2	+2%
Romania	1.4	1.5	+0.1	+9%
Bulgaria	1.4	1.5	+0.1	+4%
Elimination of Internal Relations	-0.1	-0.1		
<b>Total</b>	<b>11.7</b>	<b>12.0</b>	<b>+0.4</b>	<b>+3%</b>



# CAPITAL EXPENDITURES IN Q1

## BY SEGMENT

CZK bn	Q1 2020	Q1 2021
<b>GENERATION segment</b>	<b>1.5</b>	<b>1.3</b>
Thereof: Nuclear fuel procurement	0.6	0.5
<b>MINING segment</b>	<b>0.3</b>	<b>0.3</b>
<b>DISTRIBUTION segment</b>	<b>1.7</b>	<b>2.2</b>
<b>SALES segment</b>	<b>0.2</b>	<b>0.2</b>
<b>Strategic Assets Total</b>	<b>3.6</b>	<b>4.1</b>
Poland	0.2	0.0
Romania	0.4	0.5
Bulgaria	0.3	0.3
<b>Assets for Sale Total</b>	<b>0.8</b>	<b>0.8</b>
<b>CEZ Group Total</b>	<b>4.4</b>	<b>4.8</b>

### Main reasons for year-on-year changes in capital expenditures:

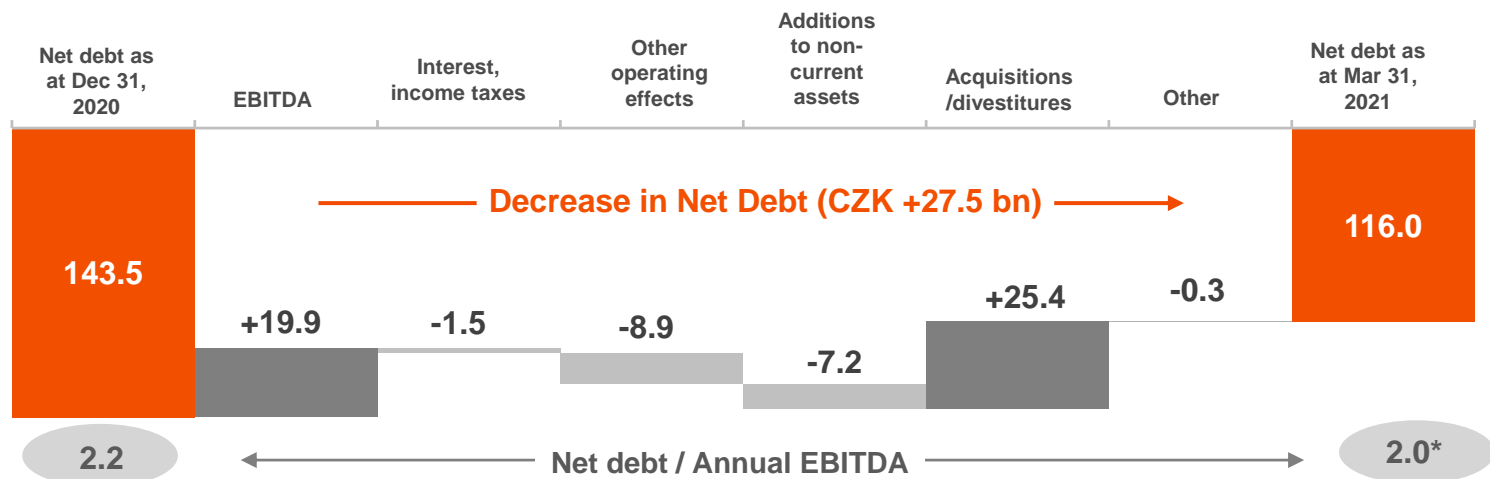
#### Strategic Assets

- **GENERATION segment**—Higher expenditure in 2020 mainly due to greening (completion of the Energotrans's SO<sub>x</sub> emissions reduction project)
- **DISTRIBUTION segment**—year-on-year increase in investments in accordance with the gradual onset of increased investments within the parameters of the 5th regulatory period (especially associated with the connection of customers and producers)

#### Assets for Sale

- **Poland** - higher expenditures in 2020 at CEZ Skawina – completion of the denitrification program (DeNO<sub>x</sub>)

# NET DEBT DOWN BY CZK 27.5 BN IN Q1 DUE TO PAYMENT OF THE PURCHASE PRICE FOR ROMANIAN ASSETS AS OF MAR 31, 2021



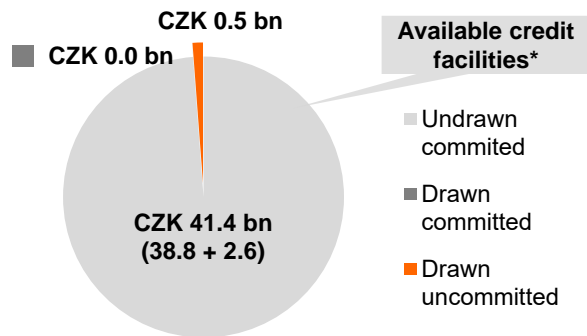
- **Interest, income taxes (CZK -1.5 bn):** paid income tax (CZK -1.0 bn), balance of interest paid and received (CZK -0.5 bn)
- **Other operating effects (CZK -8.9 bn):** change in working capital mainly due to trades in emission allowances (CZK -7.7 bn), others (CZK -1.2 bn)
- **Additions to non-current assets (CZK -7.2 bn):** additions to non-current assets – CAPEX (CZK -4.8 bn), change in liabilities from non-current assets acquisition (CZK -2.0 bn)
- **Divestments / acquisitions (CZK +25.4 bn):** income from the sale of Romanian assets (CZK +24.6 bn), sale of the share in ESCO Slovensko (CZK +0.8 bn), acquisitions (CZK 0.0 bn)

# DEBT POSITION AND STRUCTURE AS OF MAR 31, 2021

## CEZ GROUP MAINTAINS A STRONG LIQUIDITY POSITION



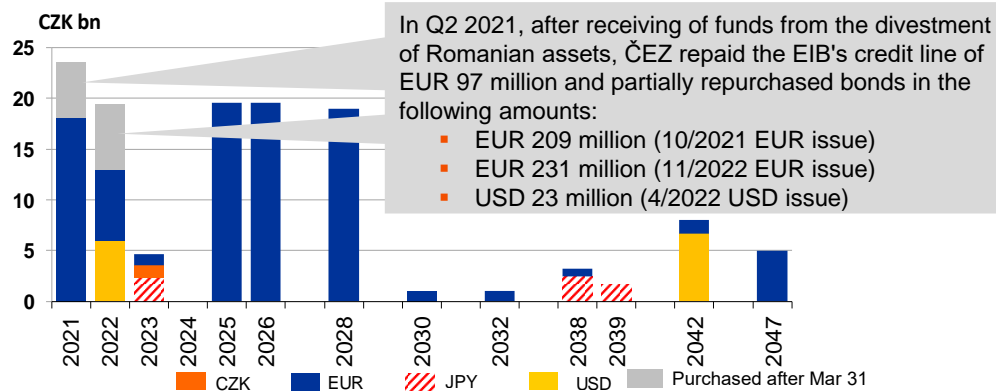
### Utilization of Short-Term Lines and Available Committed Credit Facilities\* (as of Mar 31, 2021)



\* Available credit facilities also include the undrawn portion of a long-term loan from the EIB (EUR 100 million).

- 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 41.4 bn in committed credit facilities, using just CZK 3 m as at Mar 31, 2021.

### Bond Maturity Profile (as of Mar 31, 2021)



### Debt Level

		As at Mar 31, 2020	As at Mar 31, 2021
Debt and loans	CZK bn	186.4	151.9
Cash and fin. assets**	CZK bn	18.5	35.9
Net debt	CZK bn	167.9	116.0
Net debt/EBITDA***		2.59	1.97

\*\* Cash and cash equivalents & highly liquid financial assets.

\*\*\* The indicator includes EBITDA from already sold Romanian assets in the amount of CZK 4.3 bn. If this EBITDA was not included in the calculation, the indicator value would be 2.13.

# CURRENCY HEDGING OF ESTIMATED REVENUES FROM ELECTRICITY GENERATION IN 2022-2025



## Currency hedging of estimated revenues from electricity generation as of Mar 31, 2021

	2022	2023	2024	2025
<b>Total currency hedges</b> (natural & transaction) as at Mar 31, 2021	99 %	91 %	80 %	76 %
Natural currency hedges (debt in EUR, capital and other expenditures and costs in EUR)	82 %	82 %	24%	76 %

**The foreign exchange position for 2022 – 2025** is hedged at an exchange rate of **25.6 – 26.3 CZK/EUR**, the foreign exchange position for 2021 is hedged at an exchange rate of 27.1 CZK/EUR.



# SPECIFICS OF FACTORS AFFECTING THE HEDGING OF COMMODITY RISKS OF GENERATION

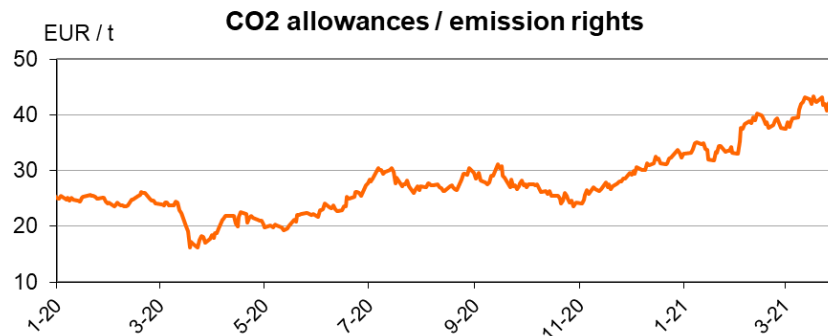
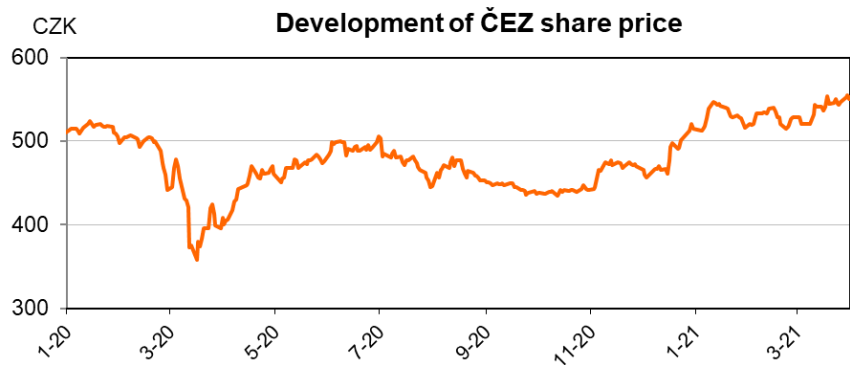


**Specification of influences that affect achieved prices of generated electricity and the purchase prices of emission allowances in Czechia, or effects causing deviations of achieved prices from average hedging prices continuously reported before the start of the delivery year:**

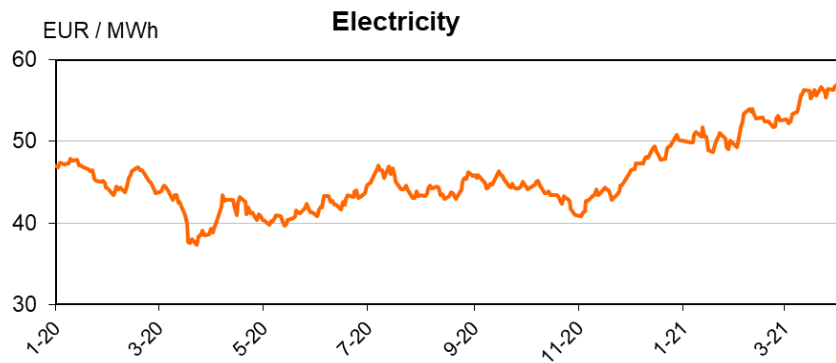
- a significant volume of expected production is not subject of hedging before the start of the delivery year, and therefore its realized prices reflect the development of spot prices
  - quarterly, monthly, weekly and daily products are not sufficiently liquid before the start of the year
  - power plants, whose dispatch is not highly likely in the medium term, are not subject to continuous hedging
- development of CZ and DE spread of electricity prices (A large part of the generation position is hedged through DE contracts in the medium term. Only when there is sufficient liquidity on the Czech market, sales contracts are concluded in the Czech Republic and contracts in Germany are bought back. Development of CZ-DE spread therefore affects the final realized price in the Czech Republic)
- Influence of hedged and spot exchange rates of CZK / EUR
- The impact of optimizing the dispatch of plants during the year depending on spot commodity prices and variable costs of individual plants. The output of hedged plant might be reduced or stopped in the short-term during times, when it is more advantageous to save variable costs and emission allowance costs (or, conversely, there might be additional deployment of sources)
- The effect the classification of realized external trading contracts

**Impact of these factors is growing with declining spread of electricity and carbon causing also declining volume of fossil fuel generation subject to hedging before the start of the year delivery.**

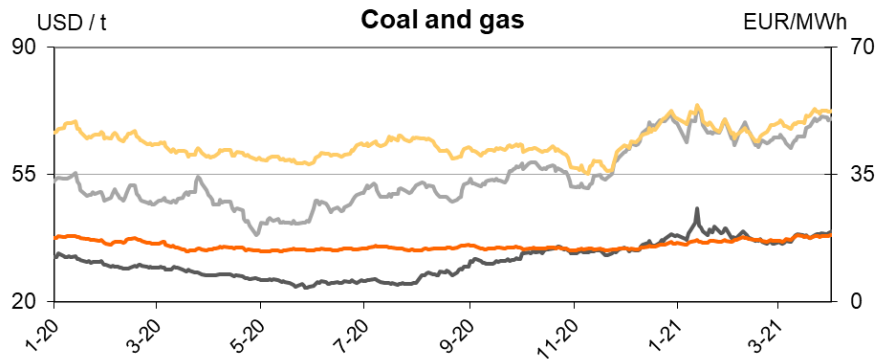
# MARKET DEVELOPMENTS



— forward 2022



— forward 2022



— coal front month    — coal forward 2022    — gas front month    — gas forward 2022

## Electricity balance (GWh)

	Q1 2020	Q1 2021	Index 2021/2020
<b>Electricity procured</b>	<b>14,923</b>	<b>14,320</b>	<b>-4%</b>
Generated in-house (gross)	16,582	15,857	-4%
In-house and other consumption, including pumping in pumped-storage plants	-1,658	-1,538	-7%
<b>Sold to end customers</b>	<b>-9,719</b>	<b>-9,842</b>	<b>+1%</b>
<b>Sold in the wholesale market (net)</b>	<b>-4,088</b>	<b>-3,480</b>	<b>-15%</b>
Sold in the wholesale market	-67,481	-63,462	-6%
Purchased in the wholesale market	63,393	59,983	-5%
<b>Grid losses</b>	<b>-1,116</b>	<b>-999</b>	<b>-11%</b>

## Electricity generation by source (GWh)

Nuclear	7,239	7,803	+8%
Coal and lignite	6,830	5,403	-21%
Water	539	742	+38%
Biomass	276	258	-7%
Photovoltaic	24	19	-20%
Wind	541	433	-20%
Natural gas	1,133	1,199	+6%
Bio gas	1	1	+16%
<b>Total</b>	<b>16,582</b>	<b>15,857</b>	<b>-4%</b>

## Sales of electricity to end customers (GWh)

Households	-4,089	-4,477	+9%
Commercial (low voltage)	-1,406	-1,231	-12%
Commercial and industrial (medium and high voltage)	-4,223	-4,133	-2%
<b>Sold to end customers</b>	<b>-9,719</b>	<b>-9,842</b>	<b>+1%</b>

## Distribution of electricity (GWh)

	Q1 2020	Q1 2021	Index 2021/2020
Distribution of electricity to end customers	14,444	14,943	+3%

## Electricity balance (GWh) by segment

Q1 2021	Generation		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
<b>Electricity procured</b>	<b>14,192</b>	<b>-4%</b>	<b>0</b>	<b>-</b>	<b>127</b>	<b>+9%</b>	<b>0</b>	<b>-</b>	<b>14,320</b>	<b>-4%</b>
Generated in-house (gross)	15,725	-4%	0	-	132	+9%	0	-	15,857	-4%
In-house and other consumption, including pumping in pumped-storage plants	-1,533	-7%	0	-	-5	+29%	0	-	-1,538	-7%
<b>Sold to end customers</b>	<b>-586</b>	<b>-17%</b>	<b>0</b>	<b>-</b>	<b>-9,720</b>	<b>+3%</b>	<b>464</b>	<b>+3%</b>	<b>-9,842</b>	<b>+1%</b>
<b>Sold in the wholesale market (net)</b>	<b>-13,606</b>	<b>-4%</b>	<b>999</b>	<b>-11%</b>	<b>9,592</b>	<b>+3%</b>	<b>-464</b>	<b>+3%</b>	<b>-3,480</b>	<b>-15%</b>
Sold in the wholesale market	-69,208	-5%	0	-	-1,114	-11%	6,860	+1%	-63,462	-6%
Purchased in the wholesale market	55,602	-6%	999	-11%	10,706	+1%	-7,324	+1%	59,983	-5%
<b>Grid losses</b>	<b>0</b>	<b>-</b>	<b>-999</b>	<b>-11%</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-999</b>	<b>-11%</b>

## Electricity generation by source (GWh) by segment

	Generation		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	7,803	+8%	0	-	0	-	0	-	7,803	+8%
Coal and lignite	5,403	-21%	0	-	0	-	0	-	5,403	-21%
Water	742	+38%	0	-	0	-	0	-	742	+38%
Biomass	258	-7%	0	-	0	-	0	-	258	-7%
Photovoltaic	19	-20%	0	-	0	-	0	-	19	-20%
Wind	433	-20%	0	-	0	-	0	-	433	-20%
Natural gas	1,067	+5%	0	-	132	+9%	0	-	1,199	+6%
Bio gas	1	+16%	0	-	0	-	0	-	1	+16%
<b>Total</b>	<b>15,725</b>	<b>-4%</b>	<b>0</b>	<b>-</b>	<b>132</b>	<b>+9%</b>	<b>0</b>	<b>-</b>	<b>15,857</b>	<b>-4%</b>

## Sales of electricity to end customers (GWh) by segment

	Generation		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	0	-	0	-	-4,477	+9%	0	-	-4,477	+9%
Commercial (low voltage)	-3	-41%	0	-	-1,228	-12%	0	-	-1,231	-12%
Commercial and industrial (medium and high voltage)	-583	-16%	0	-	-4,015	+1%	464	+3%	-4,133	-2%
<b>Sold to end customers</b>	<b>-586</b>	<b>-17%</b>	<b>0</b>	<b>-</b>	<b>-9,720</b>	<b>+3%</b>	<b>464</b>	<b>+3%</b>	<b>-9,842</b>	<b>+1%</b>

**Electricity balance (GWh) by country**

Q1 2021	Czechia		Poland		Romania		Bulgaria		Germany		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
<b>Electricity procured</b>	<b>13,295</b>	<b>-3%</b>	<b>569</b>	<b>-7%</b>	<b>388</b>	<b>-11%</b>	<b>1</b>	<b>-11%</b>	<b>67</b>	<b>-42%</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>14,320</b>	<b>-4%</b>
Generated in-house (gross)	14,730	-4%	665	-5%	394	-10%	1	-11%	67	-42%	0	-	0	-	15,857	-4%
In-house and other consumption, including pumping in pumped-storage plants	-1,435	-8%	-96	+4%	-6	+30%	0	-	0	-	0	-	0	-	-1,538	-7%
<b>Sold to end customers</b>	<b>-5,306</b>	<b>+5%</b>	<b>-42</b>	<b>-45%</b>	<b>-1,045</b>	<b>+7%</b>	<b>-3,035</b>	<b>-4%</b>	<b>0</b>	<b>-</b>	<b>-412</b>	<b>-10%</b>	<b>0</b>	<b>-</b>	<b>-9,842</b>	<b>+1%</b>
<b>Sold in the wholesale market (net)</b>	<b>-7,510</b>	<b>-8%</b>	<b>-527</b>	<b>-1%</b>	<b>924</b>	<b>+14%</b>	<b>3,287</b>	<b>-4%</b>	<b>-67</b>	<b>-42%</b>	<b>412</b>	<b>-10%</b>	<b>0</b>	<b>-</b>	<b>-3,480</b>	<b>-15%</b>
Sold in the wholesale market	-63,662	-6%	-615	-12%	-378	-13%	-107	+2%	-67	-42%	-19	-31%	1,385	+6%	-63,462	-6%
Purchased in the wholesale market	56,152	-5%	89	-47%	1,302	+4%	3,394	-4%	0	-	431	-11%	-1,385	+6%	59,983	-5%
<b>Grid losses</b>	<b>-479</b>	<b>-17%</b>	<b>0</b>	<b>-</b>	<b>-267</b>	<b>-3%</b>	<b>-252</b>	<b>-5%</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-999</b>	<b>-11%</b>

**Electricity generation by source (GWh) by country**

	Czechia		Poland		Romania		Bulgaria		Germany		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	7,803	+8%	0	-	0	-	0	-	0	-	0	-	0	-	7,803	+8%
Coal and lignite	4,840	-23%	562	-3%	0	-	0	-	0	-	0	-	0	-	5,403	-21%
Water	709	+37%	3	+78%	30	+69%	0	-	0	-	0	-	0	-	742	+38%
Biomass	158	+1%	100	-16%	0	-	0	-	0	-	0	-	0	-	258	-7%
Photovoltaic	18	-20%	0	-	0	-	1	-11%	0	-	0	-	0	-	19	-20%
Wind	2	-40%	0	-	364	-14%	0	-	67	-42%	0	-	0	-	433	-20%
Natural gas	1,199	+6%	0	-	0	-	0	-	0	-	0	-	0	-	1,199	+6%
Bio gas	1	+16%	0	-	0	-	0	-	0	-	0	-	0	-	1	+16%
<b>Total</b>	<b>14,730</b>	<b>-4%</b>	<b>665</b>	<b>-5%</b>	<b>394</b>	<b>-10%</b>	<b>1</b>	<b>-11%</b>	<b>67</b>	<b>-42%</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>15,857</b>	<b>-4%</b>

**Sales of electricity to end customers (GWh) by country**

	Czechia		Poland		Romania		Bulgaria		Germany		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	-2,478	+13%	0	-	-509	+10%	-1,489	+5%	0	-	0	-	0	-	-4,477	+9%
Commercial (low voltage)	-598	-3%	-3	-44%	-235	-4%	-367	-27%	0	-	-28	-28%	0	-	-1,231	-12%
Commercial and industrial (medium and high voltage)	-2,230	+1%	-39	-45%	-301	+13%	-1,179	-6%	0	-	-384	-8%	0	-	-4,133	-2%
<b>Sold to end customers</b>	<b>-5,306</b>	<b>+5%</b>	<b>-42</b>	<b>-45%</b>	<b>-1,045</b>	<b>+7%</b>	<b>-3,035</b>	<b>-4%</b>	<b>0</b>	<b>-</b>	<b>-412</b>	<b>-10%</b>	<b>0</b>	<b>-</b>	<b>-9,842</b>	<b>+1%</b>

**Distribution of electricity (GWh) by country**

Q1 2021	Czechia		Poland		Romania		Bulgaria		Germany		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Distribution of electricity to end customers	10,296	+4%	0	-	1,773	+4%	2,873	+1%	0	-	0	-	0	-	14,943	+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 financial reporting framework or the components of which are not directly available from financial statements and accompanying notes to the financial statements. Such indicators represent supplementary information in respect of financial data, providing reports' users with additional information for their assessment of 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 (After-Tax Income, Adjusted)	<p><u>Purpose:</u> 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.</p> <p><u>Definition:</u> Net income (after-tax income) +/- additions to and reversals of impairments of property, plant, and equipment and intangible assets (including goodwill write-off) +/- additions to and reversals of impairments of developed projects +/- other extraordinary effects that are generally unrelated to ordinary financial performance and value creation in a given period +/- effects of the above on income tax.</p>
Net Debt	<p><u>Purpose:</u> The indicator shows the real level of a company's financial debt, i.e., the carrying amount of debt net of cash, cash equivalents, and highly liquid financial assets held. The indicator is primarily used to assess the overall appropriateness of the indebtedness, e.g., in comparison with selected profit or balance sheet indicators.</p> <p><u>Definition:</u> Long-Term Debt, Net of Current Portion + Current Portion of Long-Term Debt + Short-Term Loans – (Cash and Cash Equivalents + Highly Liquid Financial Assets).</p> <p>The components of the indicator, except for Highly Liquid Financial Assets, are reported individually on the balance sheet, with items related to assets held for sale are presented separately on the balance sheet.</p>
Net Debt / EBITDA	<p><u>Purpose:</u> This indicates a company's capability to pay back its debt as well as its ability to take on additional debt to grow its business. CEZ Group uses this indicator primarily to assess the adequacy of its capital structure to the structure and stability of its expected cash flows.</p> <p><u>Definition:</u> Net Debt / EBITDA. Net Debt is the amount at the end of the reported period. EBITDA is the running total for the past 12 months, i.e. as at March 31 EBITDA for the period from April 1 of previous year until March 31 of current year; Net Debt is the amount as at March 31.</p>

Most of the components used in the calculation of individual indicators are directly shown in financial statements. The 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:

**Highly Liquid Financial Assets—component of Net Debt indicator (CZK billions):**

	As at Dec 31, 2020	As at Mar 31, 2021
Current debt financial assets	0.1	0.1
Non-current debt financial assets	0.0	0.0
Current term deposits	2.8	6.8
Non-current term deposits	0.0	0.0
Short-term equity securities	0.0	0.3
<b>Highly liquid financial assets, total</b>	<b>2.9</b>	<b>7.2</b>

**Adjusted Net Income indicator—calculation for periods in question:**

Adjusted Net Income (After-Tax Income, Adjusted)	Unit	Q1 2020	Q1 2021
Net income	CZK billions	14.2	8.4
Impairments of property, plant, and equipment and intangible assets (including goodwill write-off) <sup>1)</sup>	CZK billions	(0.3)	2.1
Impairments of developed projects <sup>2)</sup>	CZK billions	-	-
Effects of additions to or reversals of impairments on income tax <sup>3)</sup>	CZK billions	0.03	(0.3)
Other extraordinary effects <sup>4)</sup>	CZK billions	-	(1.8)
<b>Adjusted net income</b>	<b>CZK billions</b>	<b>13.9</b>	<b>8.4</b>

1) Corresponds to the total value reported in the row Impairment of Property, Plant and Equipment and Intangible Assets in the Consolidated Statement of Income

2) Included in the row Other operating expenses in the Consolidated Statement of Income

3) Included in the row Income taxes in the Consolidated Statement of Income

4) 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 taxes) that relates—based on its characteristics—to the current year. This item represents impairments of non-current assets in Q1 2021 of companies in Romania and Bulgaria that are being sold, which reflect that net income for this period—taking into account the “Locked-box date” as defined in agreements for the sale of assets—belongs effectively to purchasers.

Totals and subtotals can differ from the sum of partial values due to rounding.