REPORT ON CEZ GROUP FINANCIAL RESULTS
IN 2021

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

MARCH 15, 2022

CLEAN
ENERGY OF
TOMORROW

REPORT ON CEZ GROUP FINANCIAL RESULTS IN 2021

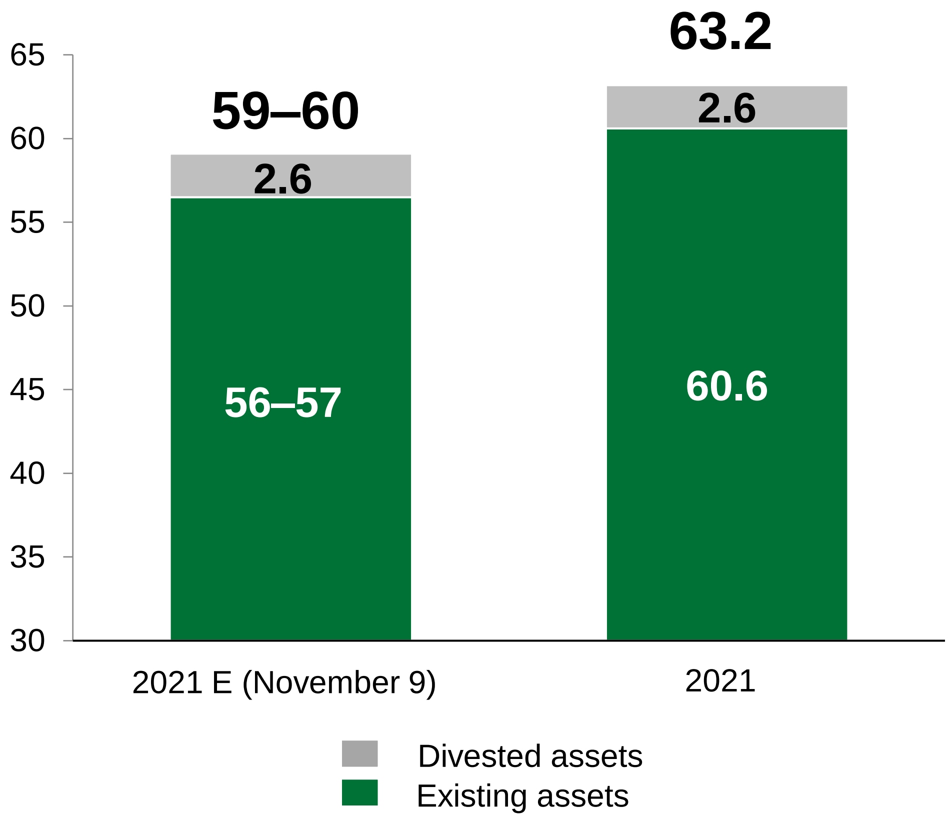
FINANCIAL HIGHLIGHTS OF 2021

- **Operating revenues** increased by 7% year-on-year to CZK 227.8 bn.
- **EBITDA** decreased by 2% year-on-year to CZK 63.2 bn.
- **Net income** increased by 81% year-on-year to CZK 9.9 bn.
- **Net income adjusted for extraordinary effects** decreased by 3% year-on-year to CZK 22.3 bn.

- **Market capitalization** increased from CZK 276 bn to CZK 444 bn.
- The second highest **dividend** in the Company's history, CZK 52 per share, was paid.
- **The total annual shareholders return "TSR"**, reflecting the share price development and the dividend in the year, exceeded 70% and was the highest among all European utility companies included in the STOXX Europe 600 Utilities index.
- **The international credit rating by S&P** was reaffirmed at A- with a stable outlook in 2021.

WE EXCEEDED OUR 2021 EBITDA OUTLOOK BY MORE THAN CZK 3 BN, MAINLY DUE TO THE ADDITIONAL INCOME FROM TRADING ON FOREIGN MARKETS AT THE END OF THE YEAR

EBITDA
(CZK bn)

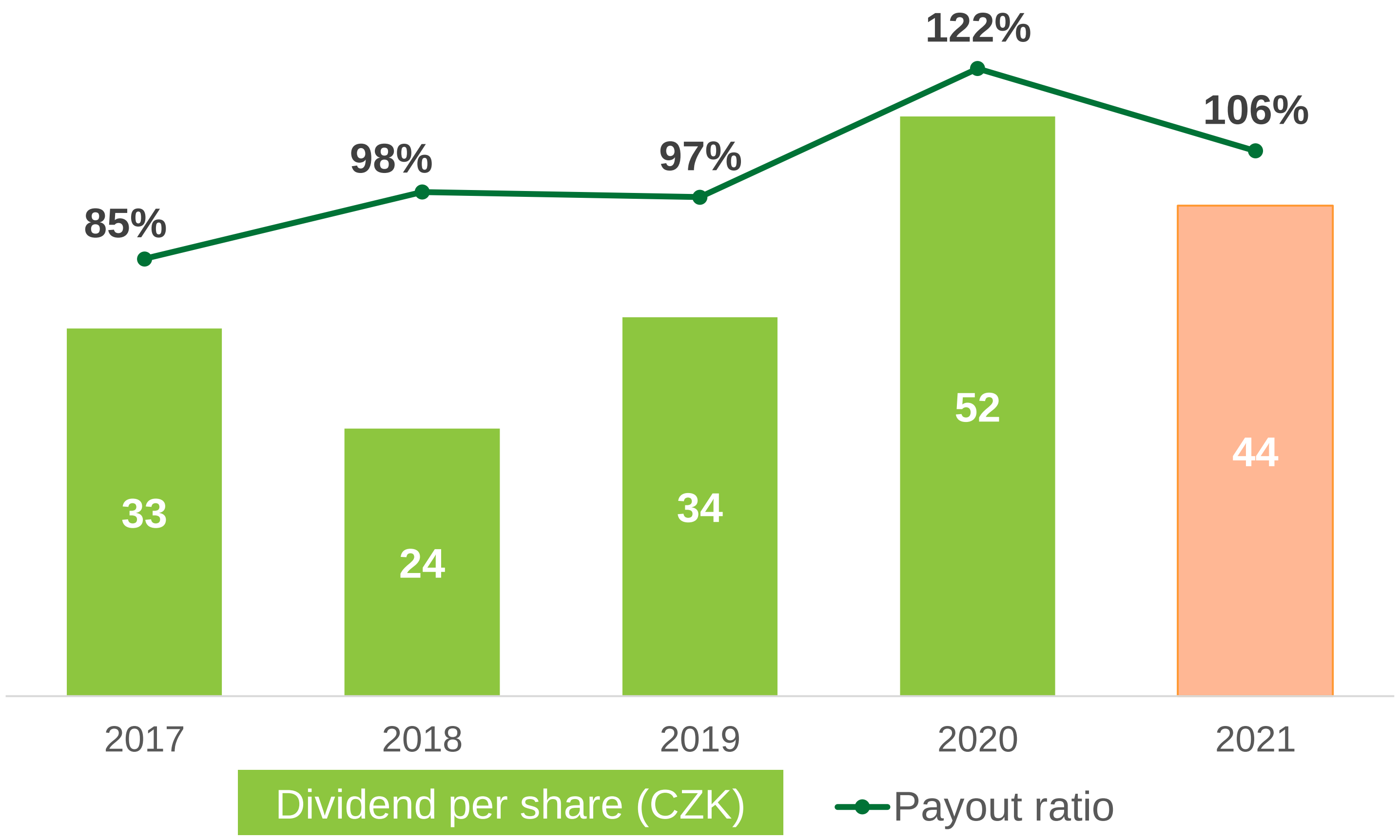


Selected factors for change in financial results as compared to outlook from Nov 9, 2021:

- (+) Income from commodity trading on foreign markets
- (+) Higher realization prices of electricity
- (+) Higher generation by both nuclear power plants and fossil-fuel plants

- (−) Lower gross margin on natural gas sales and higher expenses due to the acquisition of new customers after big suppliers in Czechia have ceased operations

THE BOARD OF DIRECTORS WILL PROPOSE A DIVIDEND OF CZK 44 PER SHARE AT THE SHAREHOLDERS' MEETING



The dividend for 2021 is proposed to be **CZK 44 per share**.

- The proposal is based on the dividend policy in force, defining the dividend payment in the amount derived from CEZ Group's adjusted consolidated net income for previous year and it also reflects the proceeds from the sale of Bulgarian assets.

The submitted proposal for the total dividend has therefore **two components**:

- **Regular component CZK 37 per share** corresponds to 90% of the adjusted consolidated net income for 2021
- **Extraordinary component CZK 7 per** share corresponding to the contribution of the sale of Bulgarian assets to the total debt capacity of CEZ Group

The above values of dividends per share correspond to dividends for a given year that are paid in the following year.

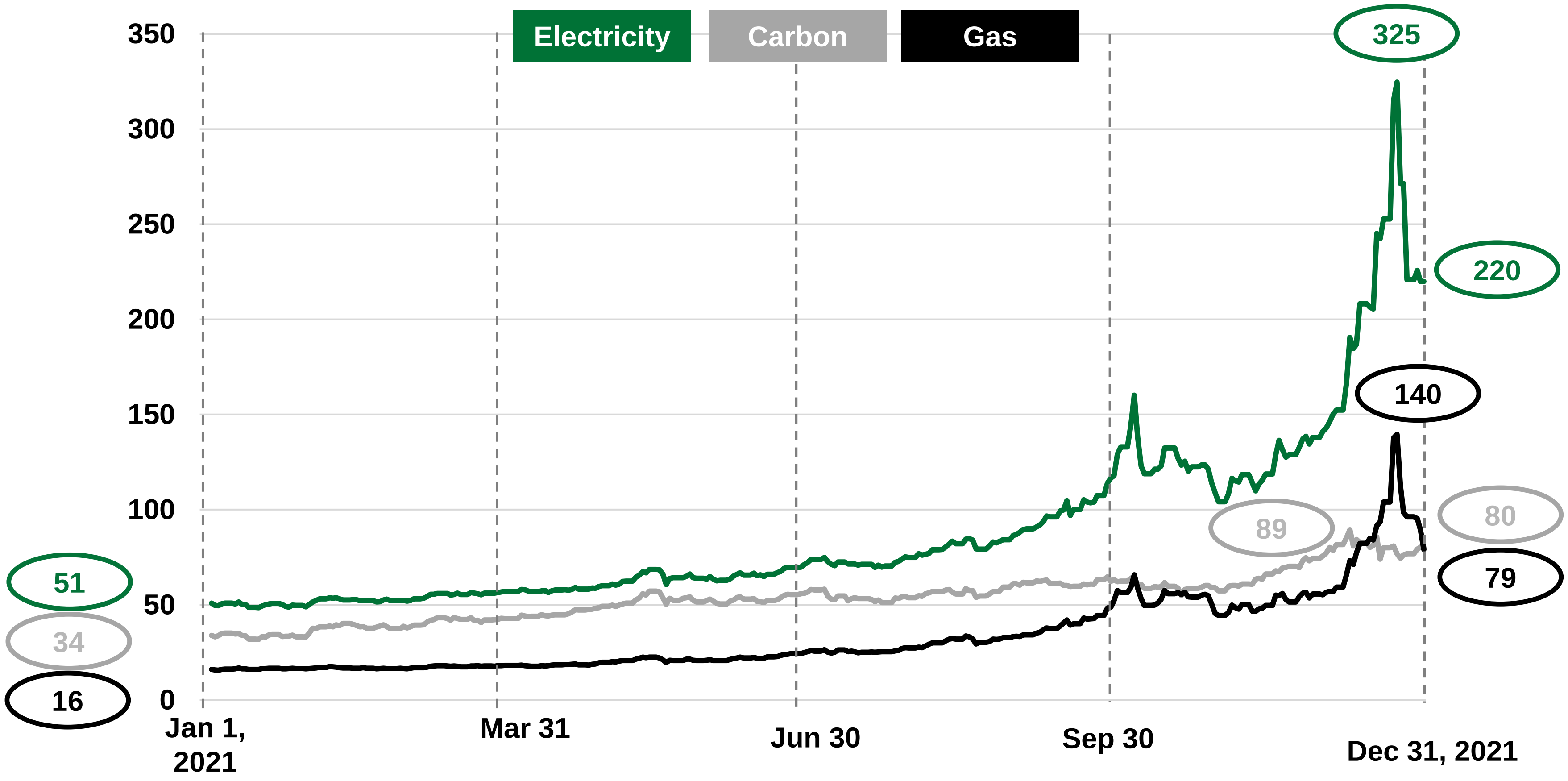
EUROPEAN COMMISSION SUBSTANTIALLY INCREASED THE 2030 CLIMATE AND DECARBONIZATION TARGETS—”FIT FOR 55” PACKAGE

	2030 targets (current values)	2030 targets (EC’s current proposal)
Reduction of greenhouse gas emissions from 1990 levels	**At least 40%** • Binding EU-wide target • to reduce EU ETS emissions **by 43%** by 2030 compared to 2005	**At least 55%** • Binding EU-wide target • to reduce of EU ETS emissions **by 61%** by 2030 compared to 2005
RES share in total final energy consumption	**At least 32%** • Binding EU-wide target • Estimated **55%** share of RES in electricity consumption	**At least 40%** • Binding EU-wide target • Estimated almost **65%** share of RES in electricity consumption
Energy savings (EED) as compared to 2007 predictions	**At least 32.5%** • Indicative EU-wide target • Target for the decrease in **primary energy consumption** (target for the decrease in **final energy consumption** of **32.5%**) • Binding national implementation of final energy consumption savings of **0.8% per year**	**At least 39% of primary and at least 36% of final** • Binding EU-wide target **End-use savings of 0.8% per year until 2023 and 1.5% per year from 2024** • Binding target at the **national level**

MARKET PRICES FOR ELECTRICITY, EMISSION ALLOWANCES, AND GAS SURPASSED LONG-STANDING HISTORICAL HIGHS IN 2021

Market prices for electricity, emission allowances, and natural gas

EEX Cal22 BL (EUR/MWh); EUA for delivery in 12/2022 (EUR/t); TTF Cal22 gas (EUR/MWh)



The evolution of electricity prices in H1 followed the rise of emission allowance prices due to the increase in the EU climate targets. The increase in electricity prices to record levels in H2 was mainly driven by gas.

The gas price increased due to several largely global factors:

- high demand reflecting high economic growth following the reduction of COVID-19 restrictions
- Low stored gas reserves in Europe after a long winter and the slow recovery of supply following the COVID-19 curtailment of gas generation and extraction
- The uncertain launch date of the Nord Stream 2 pipeline from Russia and increasing market uncertainty in the context of the Ukraine crisis

EUA—European Union Allowances (emission allowances)

IN RESPONSE TO ENERGY CHALLENGES, WE ACCELERATED THE CEZ GROUP STRATEGY “VISION 2030—CLEAN ENERGY FOR TOMORROW”

The main objectives of the accelerated strategy—VISION 2030

- We will develop CEZ Group in a responsible and sustainable manner **in accordance with ESG**.
- We will accelerate the implementation of the current strategy:
    - **We will transform our generation portfolio to low-emission** by 2030 in line with the Paris Agreement and achieve **carbon neutrality** by 2050.
    - We will provide **the most cost-effective energy solutions and the best customer experience** in the market**.**
- We aspire to **reduce emissions intensity** by more than 50% until 2030, **increase EBITDA** by 40% until 2030, and be in the **TOP 20% of European utility companies in ESG ratings by 2023.**
- We can deliver our 2030 growth strategy while maintaining our debt target of below 3.0 x EBITDA.
- We will adapt the CEZ Group’s structure to meet the expectations of investors, financing banks, and employees.

ESG = Environmental, Social, and Governance (ESG) criteria for sustainable financing

WE MEET THE STRATEGIC GOALS OF VISION 2030—CLEAN ENERGY FOR TOMORROW—PILLAR I TRANSFORM THE GENERATION PORTFOLIO TO LOW-EMISSION AND ACHIEVE CARBON NEUTRALITY

Key strategic ambitions of VISION 2030

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

2021: Completed Activities and Selected Events

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

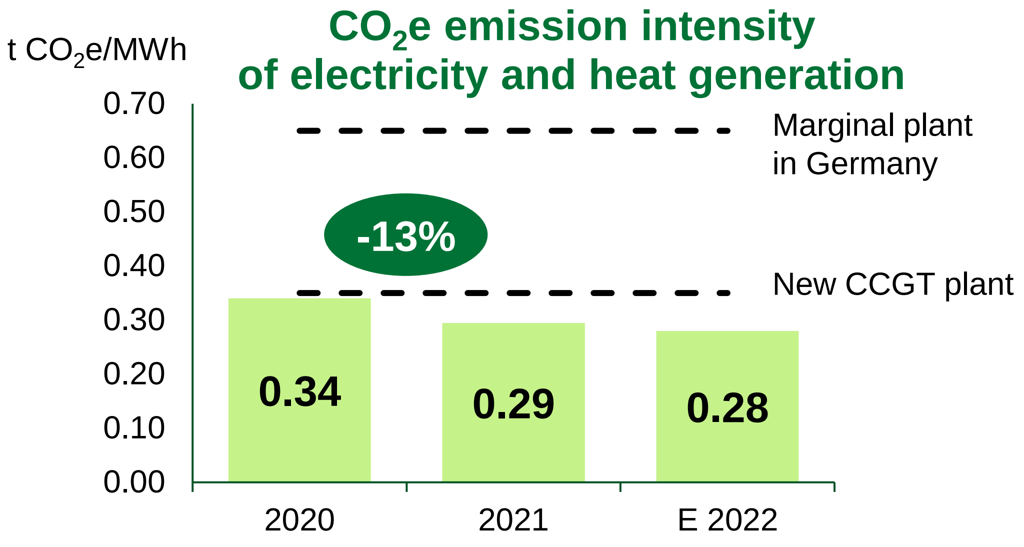
2022: Key Objectives and Priorities

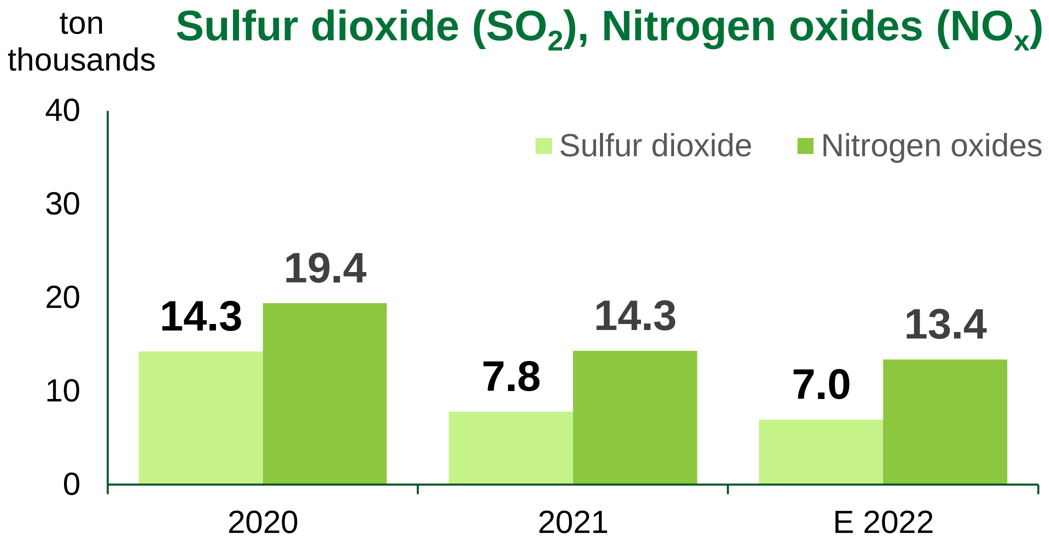
- Continuously improve safety and digitization of nuclear power plants
- Generation of nuclear power plants above 30.5 TWh and implementation of projects leading to increased availability
- Permit renewal for Temelín NPP Unit 2
- NNPP Dukovany (launch of bidding procedure for contractor and obtain planning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

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

Key strategic ambitions of VISION 2030

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





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

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

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

Key strategic ambitions of VISION 2030

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

2021: Completed Activities and Selected Events

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

2022: Key Objectives and Priorities

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

WE MEET THE STRATEGIC GOALS OF VISION 2030—CLEAN ENERGY FOR TOMORROW THE PROGRESSIVE IMPLEMENTATION OF VISION 2030 IS ALSO APPRECIATED BY EXTERNAL ESG AGENCIES

	MSCI 2020		MSCI 2021	S&P Global Ratings 2020		S&P Global Ratings 2021
Overall rating	**5.0** (BBB)	↗	**5.5** (BBB)	**50**	↗	**56**
Environment	6.2	↗	6.4	59	↗	66
Social relations	5.1	→	5.1	37	↗	43
Governance	3.3	↗	4.6	52	↗	55

The rating scale for **MSCI is 0–10.** Weighted average of indicators (E = 45%, S = 22%, G = 33%), BBB rating corresponds to a rating of 4.3 to 5.7, A rating corresponds to a rating of 5.7 to 7.1. The sector average was 5.6 in 2021.

The rating scale for **S&P Global is 0–100.**
ČEZ achieved 63rd percentile in 2020, 72nd percentile in 2021.

Reinforcing motivation to ESG approach in 2021:

- Board of Director's remuneration linked to improvement of ESG rating, weight of ESG KPI's increased
- Common ESG KPI is among TOP 5 objectives of all members of Board of Directors with minimum weight of 15%.

Top ESG objectives and priorities for 2022:

Key objective: Achieve **the A ESG rating** by MSCI

Environmental

- Implement the decarbonization strategy and reduce CO_2 emissions by 2030 in line with the "Well Below 2 Degrees" Paris Agreement

Social

- Continue to be a good corporate citizen
- Maintain our position of the most attractive employer for future talents and current employees
- Maintain the highest Net Promoter Score (NPS) among major electricity suppliers in Czechia
- Bring all key customer processes online by 2025

Governance

- Implement measures to increase the representation of women in the management of nontechnical segments to 30% by 2025
- Increase the frequency of employee training in the Code of Conduct

UPDATING THE DIVIDEND POLICY: PAYOUT RATIO OF 60–80% OF CEZ GROUP'S ADJUSTED NET INCOME

Updating the pay-out ratio to 60–80% (from the current 80–100%):

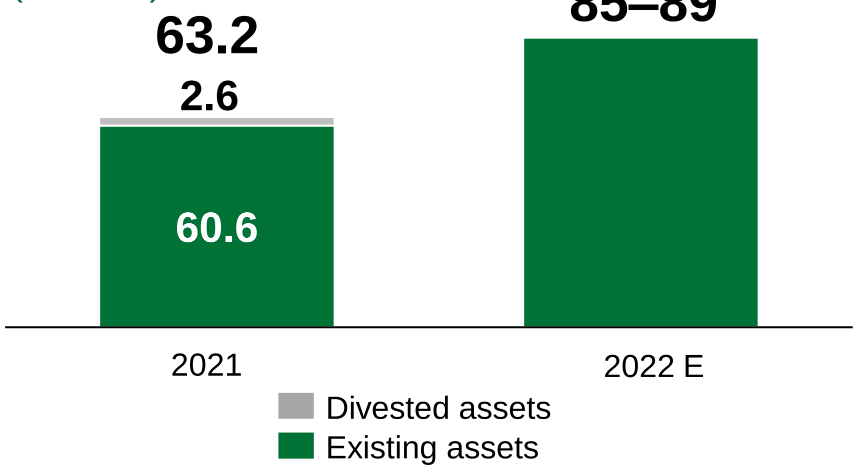
- Setting a long-term sustainable dividend policy in line with the best practice approach in the utilities sector
- The policy update also reflects the updated VISION 2030 strategy aimed at a fundamental transformation of the generation portfolio, dynamic increase in energy services and distribution network development, and sustainable development of CEZ Group in line with ESG principles

Company	Dividend Policy*
ČEZ	**60–80% of CEZ Group's income adjusted for extraordinary effects**
Market average	**approx. 60% of adjusted income**
EdF	**45–50%** of adjusted income
EDP	**75–85%** of income, but at least EUR 0.19
EnBW	**40–60%** of adjusted income
Engie	**65–75%** of recurring net income, but not less than EUR 0.65
Enel	**Strategic plan** to increase the dividend from EUR 0.36 in 2020 (**70%** of income) to EUR 0.43 in 2023
E.ON	**Annual dividend increase of up to 5%** until 2026, dividend of EUR 0.49 in 2022 (**75% of adjusted EPS in 2020)**
Fortum	Stable, sustainable and over time increasing dividend. EUR 1.14 for 2021 (**57%** of 2021 profit). Previously constant at EUR 1.1 for several years.
Iberdrola	**65–75%** of adjusted EPS; at least EUR 0.4
RWE	**50–60%** of adjusted income; at least EUR 0.9
Uniper	In 2021 0.07 EUR DPS, 3% of adjusted income. No fixed policy.
Verbund	**45–55% outlook** for adjusted income in 2021

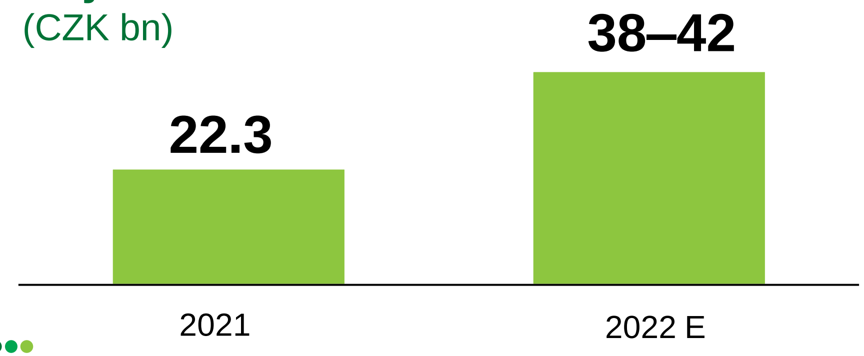
* Most of these companies define the base as net income adjusted for extraordinary effects. Dividends shown are either proposed by management or approved by the Shareholders' Meeting.

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

EBITDA
(CZK bn)



Adjusted net income
(CZK bn)



Main year-on-year effects:

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

Selected prediction risks and opportunities:

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

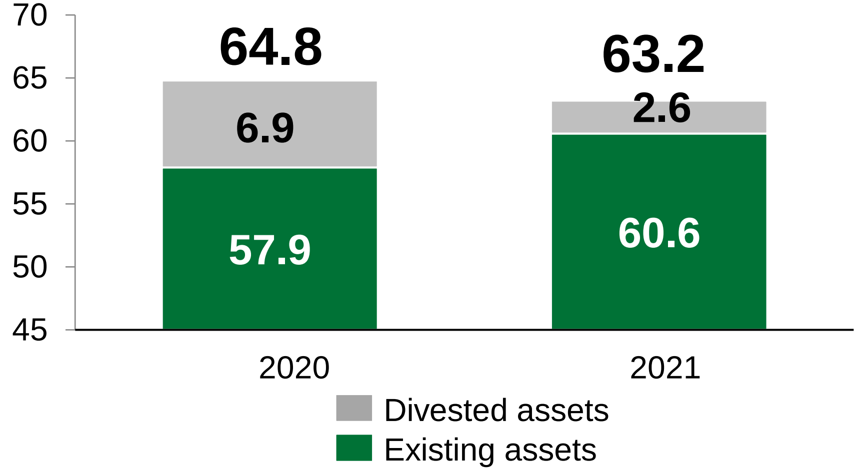
Expected dividend from 2022 earnings:

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

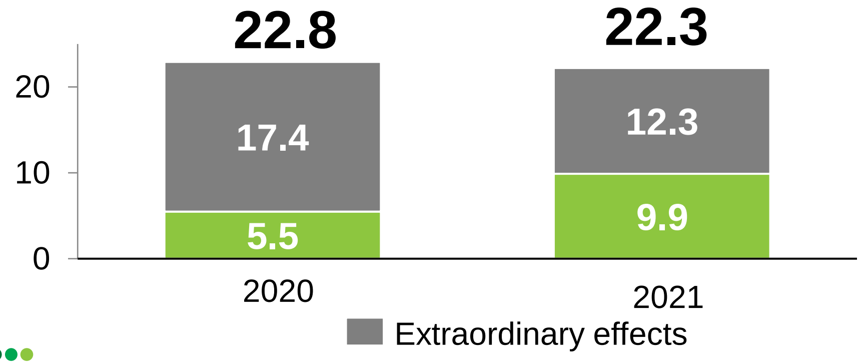
REPORT ON CEZ GROUP FINANCIAL RESULTS IN 2021

FINANCIAL PERFORMANCE IN 2021:
EBITDA OF CZK 63.2 BN, ADJUSTED NET INCOME OF CZK 22.3 BN

EBITDA
(CZK bn)



Adjusted net income
(CZK bn)



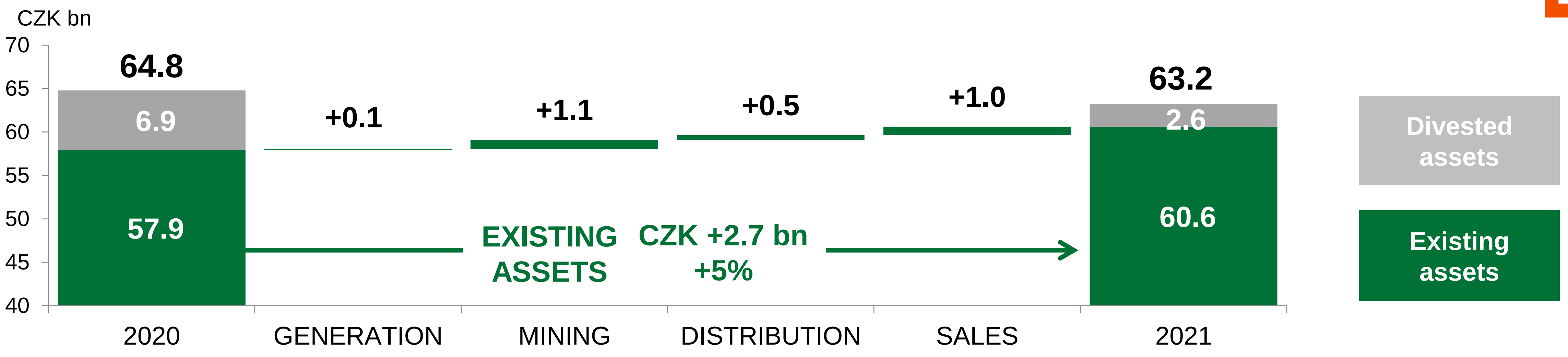
Selected year-on-year changes:

- ⊕ Higher realization prices of electricity
- ⊕ Higher income from commodity trading
- ⊕ Higher generation at nuclear power plants
- ⊕ Stabilization of the Sales and Distribution segments after the impact of COVID-19
- ⊕ Higher sales of coal
- ⊖ Sale of Romanian and Bulgarian assets
- ⊖ Higher provisioning due to growing inflation
- ⊖ Increase in depreciation and amortization due to the assumption of earlier closure of coal mines and power plants and due to provisioning for demolition and dismantling of coal-fired power plants (impact on net income only)

Modifications to net income in 2021

Net income adjusted mainly for the negative effect of fixed assets impairment in the mining company Severočeské doly (CZK +10.3 bn) due to the deterioration of market and regulatory conditions for the long-term operation of coal-fired facilities in Czechia and on the basis of assumptions of an earlier termination of coal mining in Czechia.

MAIN CAUSES OF YEAR-ON-YEAR CHANGE IN EBITDA



Existing assets (CZK +2.7 bn):

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

Divested assets (CZK -4.2 bn):

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

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

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

Net Income Adjustments

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

Valuation impairments* (CZK +8.4 bn)

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

Depreciation and Amortization (CZK -3.3 bn)

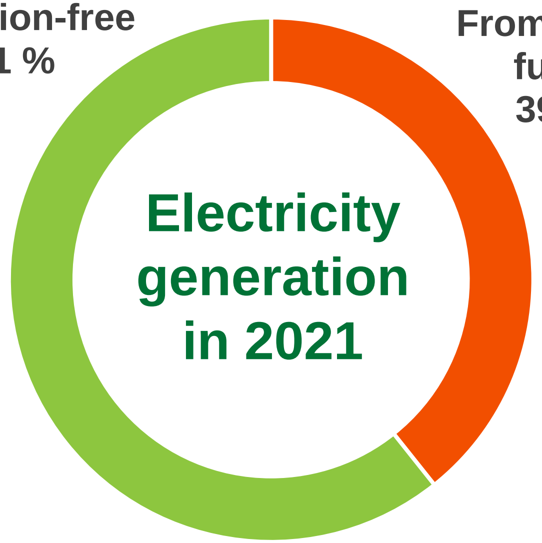
- Acceleration of depreciation and amortization of coal-fired power plants in Czechia reflecting the deterioration of market and regulatory conditions for the long-term operation of coal-fired power plants in Czechia (CZK -3.8 bn)
- Higher depreciation and amortization due to provisioning for demolition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

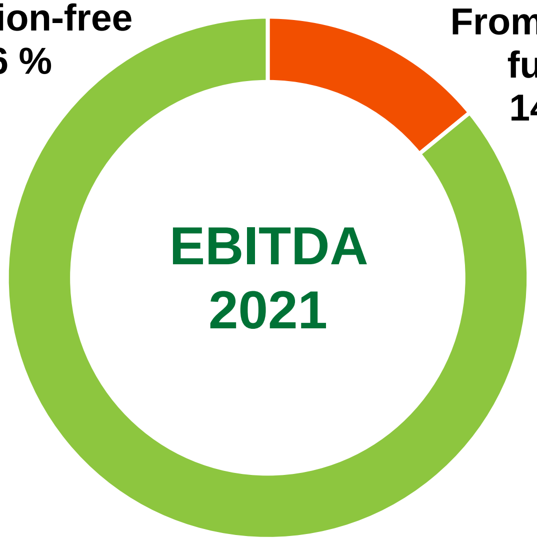
Other Income (Expenses) (CZK +2.0 bn)

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

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

CEZ GROUP'S SHARE OF FOSSIL-FUEL GENERATION HAS DECREASED BELOW 40 %, THE FUTURE WILL BE FUNDAMENTALLY AFFECTED BY EU TAXONOMIC LEGISLATION





The European Commission has published a proposal to clarify the definition of the green taxonomy, i.e. the conditions for sustainability of new nuclear facilities and fossil fuel power plants. Only facilities meeting the following conditions are EU taxonomy eligible:

Nuclear Facilities

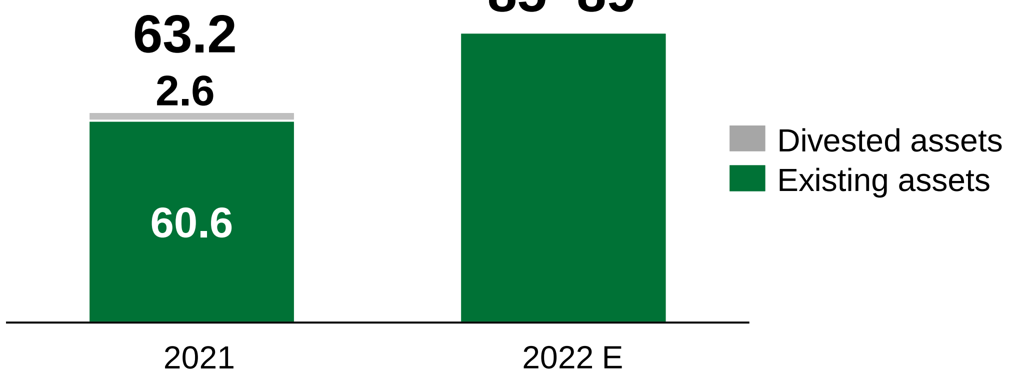
- Construction permits issued until 2045 or modifications to existing facilities with a construction permit until 2040
- Nuclear waste repository operational by 2050
- Required verification of selected investments in the subject facilities by the European Commission

Fossil-fuel power plants

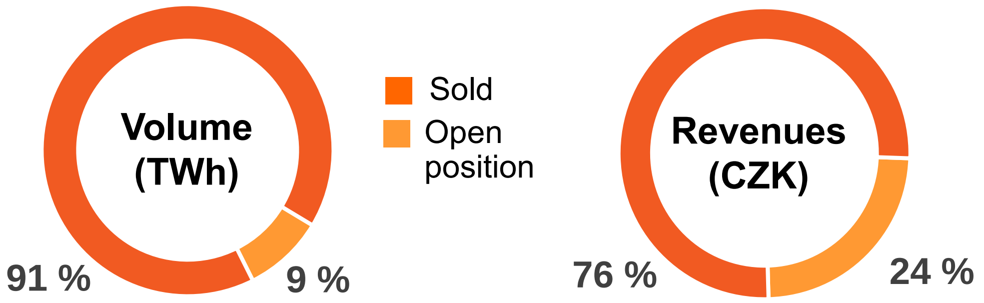
- Construction permits issued until 2030
- Direct greenhouse gas emissions of max. 270 g CO_2e/kWh; or the total of max. 550 kg CO_2e/installed kW over 20 years
- The source must replace another high-emitting source whose capacity is not increased by more than 15%
- The source shall allow for the transition to full use of renewable and/or low-carbon gaseous fuels by 2035 at the latest

FINANCIAL AMBITIONS FOR 2022: EBITDA OF CZK 85–89 BN
SELECTED OPERATING AND PRICE ASSUMPTIONS FOR GENERATION IN CZECHIA*

EBITDA
(CZK bn)



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



Selected prediction risks and opportunities:

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

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

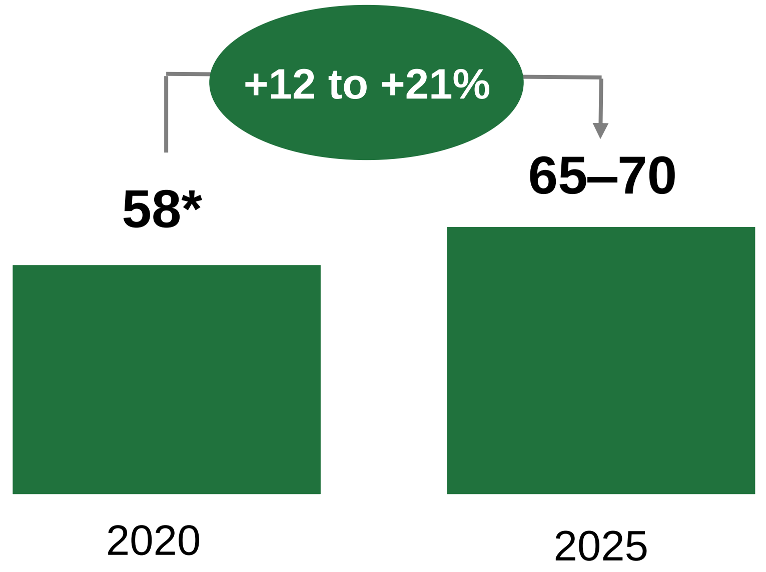
- The average achieved price** **EUR 90-95/MWh**
- **43.2 TWh** already sold for average achieved price** of **EUR 79/MWh**
- Open position assumption of **4.3 TWh**
- 2022 FX position hedged at **CZK 25.9/EUR**.

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

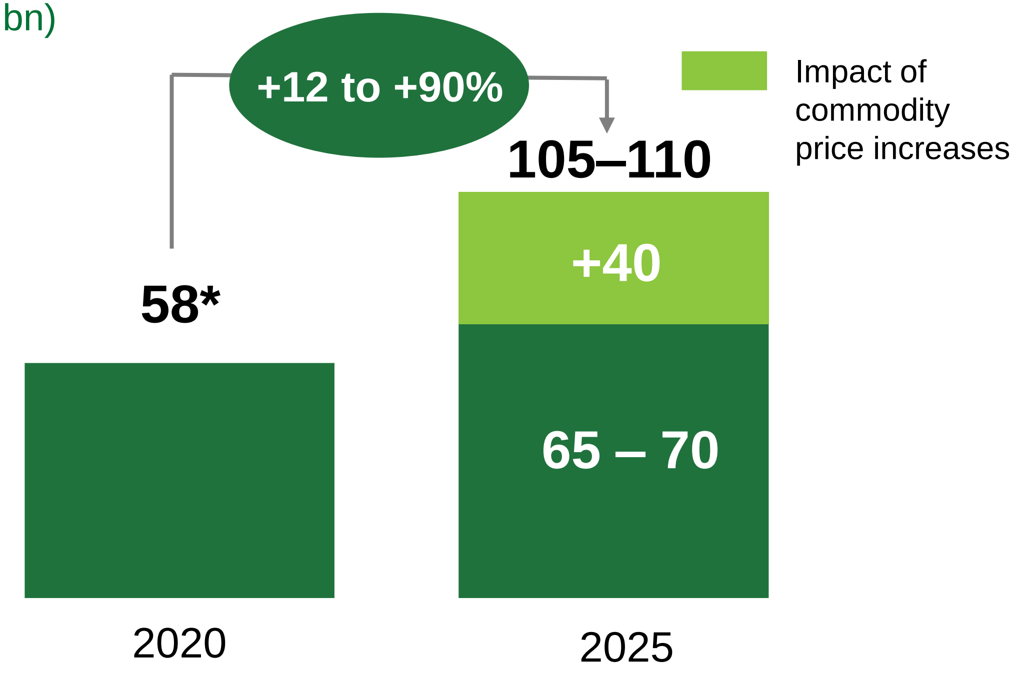
** This is the result of hedging trades and current market valuation of unsold electricity for expected generation in 2022. Concluded hedging contracts for electricity from gas and part of coal plants did not fulfil the IFRS criteria for own-use classification and therefore these contracts are revalued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

THE VISION'S AMBITION TO INCREASE EBITDA IS REINFORCED BY THE CURRENT INCREASE IN COMMODITY PRICES, WE ARE TARGETING CZK 105–110 BN IN 2025

CEZ Group EBITDA—outlook in May 2021
(CZK bn)



CEZ Group EBITDA—current outlook
(CZK bn)



2020	2025		2020	2025
51	~ 51**	Wholesale prices of electricity (EUR/MWh)	51	51**–100

* Baseline EBITDA in 2020 at the time of announcing VISION 2030 in May 2021 was CZK 57 bn, as it did not include the Polish generation assets, which were intended for sale at that time.
** Assuming March 2021 forward electricity prices and emission allowance prices, which have been increased for inflation. The price of emission allowances for 2025 was EUR 41/t.

REPORT ON CEZ GROUP FINANCIAL RESULTS IN 2021

GENERATION AND MINING SEGMENTS EBITDA

EBITDA (CZK bn)		2020	2021	Difference	%
GENERATION*	Czechia	31.6	32.2	+0.6	+2%
	Germany	0.5	0.5	-0.1	-9%
	Poland	0.7	0.4	-0.3	-44%
MINING	Czechia	3.4	4.5	+1.1	+31%
DIVESTED ASSETS	Romania and Bulgaria	2.4	0.6	-1.7	-73%

Main causes of year-on-year change in EBITDA

Generation—Czechia (CZK +0.6 bn):

Ordinary effects related to supplies in 2021 and 2020 (CZK +4.4 bn):

- The impact of changes in market prices of electricity and emission allowances on generation, including the impact of hedging transactions and exchange rate effects (CZK +3.9 bn)
  - Increase in the average realized electricity price by EUR 10/MWh (to EUR 55/MWh)
  - Increase in the average purchase price of purchased emission allowances by EUR 11/t (to EUR 26/t)
- Higher operational availability of nuclear facilities (CZK +0.8 bn), higher operational availability of existing fossil-fuel plants (CZK +0.6 bn)
- Higher income from commodity trading (CZK +0.8 bn)
- Higher fixed operating expenses (CZK -1.0 bn)
- Higher provisioning of nuclear reserves due to inflation increase (CZK -0.5 bn)

Specific temporary effects (CZK -3.8 bn):

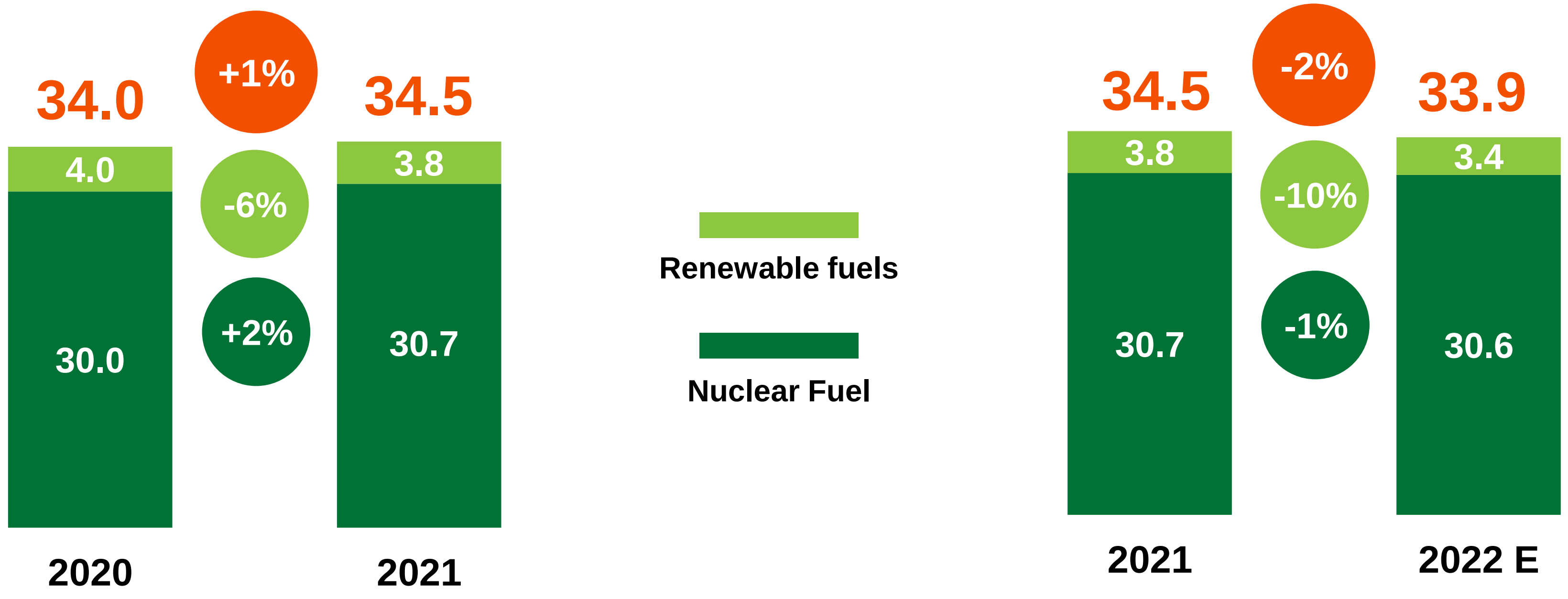
- Revaluation of emission allowance trades related to hedging 2022+ generation positions and related to time arbitrages (CZK -2.1 bn)
- Revaluation of hedging electricity sales of part of the 2022 fossil-fuel generation (CZK -1.6 bn)

Generation—Poland (CZK -0.3 bn): Higher costs for emission allowances (CZK -0.4 bn)

Mining—Czechia (CZK +1.1 CZK bn): Higher revenues from sales of coal to CEZ Group (CZK +1.0 bn)

* selected countries of the segment

GENERATION FROM RENEWABLE* AND NUCLEAR FUELS (TWH)



Renewables (-6%) hydro, wind, solar, biomass, biogas

Czechia hydro (+4%)

- ⊕ Higher generation at hydro power plants due to better-than-average hydrometeorological conditions

Germany—Wind (-22%)

- ⊖ Worse-than-average weather conditions
- ⊖ The effect of the outage of some turbines for necessary repairs

Czechia and Poland biomass (-23%)

Nuclear plants (+2%)

- ⊕ Shorter outages at the Dukovany NPP
- ⊕ Increase in the achievable output of both units of Temelín NPP

Renewables (-10%)

Czechia hydro (-6%)

- ⊖ Lower generation at hydropower plants due to better-than-average hydrometeorological conditions in 2021

Germany—Wind (+31%)

- ⊕ Worse-than-average weather conditions in 2021
- ⊕ The effect of the outage of some turbines for necessary repairs in 2021

Czechia and Poland biomass (-36%)

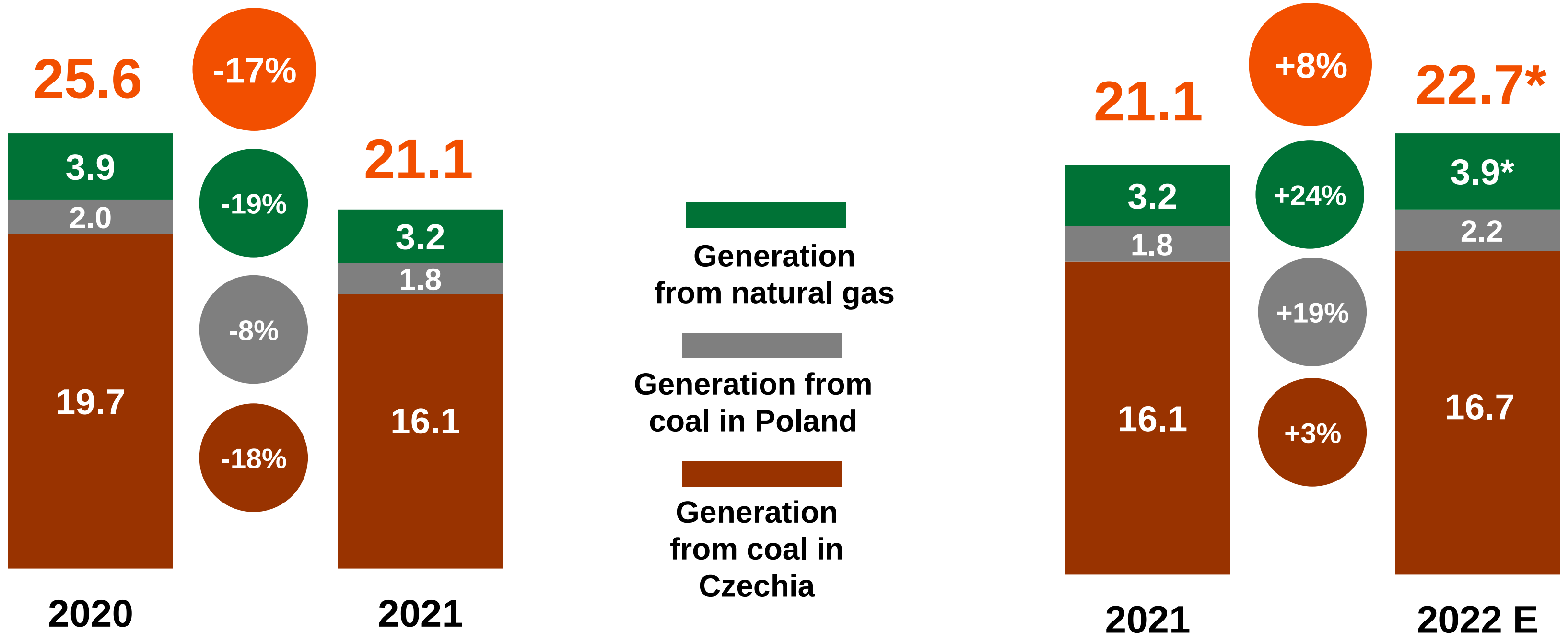
- ⊖ End of support for the green certificate mechanism in Poland

Nuclear plants (-1%)

- ⊖ Bellow average failure rate in 2021
- ⊕ Shorter planned outages of both plants in 2022

* without the companies sold in Romania and Bulgaria

ELECTRICITY GENERATION FROM COAL AND NATURAL GAS (TWH)



Natural gas–fired generation (-19%)

- ⊖ Lower generation at the Počerady 2 power plant due to unfavorable development of gas prices and emission allowances

Coal-fired generation—Czechia (-18%)

- ⊖ Sale of the Počerady power plant on Dec 31, 2020 (-4.9 TWh)
- ⊖ Termination of the Prunéřov 1 power plant's operation on Jun 30, 2020 (-0.6 TWh)
- ⊖ Termination of the Energotrans 3 power plant's operation as of Aug 17, 2021 (-0.6 TWh)
- ⊖ Longer outages at the Tušimice 2 power plant
- ⊕ Shorter outages at the Ledvice 4 and Prunéřov 2 power plants

Coal-fired generation in Poland (-8%)—adverse impact of emission allowance prices

Natural gas–fired generation (+24%)*

- ⊕ Higher generation at the Počerady 2 power plant due to favorable electricity prices

Coal-fired generation in Czechia (+3%)

- ⊕ Shorter outages at Prunéřov 2 and Tušimice 2 power plants
- ⊖ Termination of Energotrans 3 power plant's operation as of August 17, 2021 (-0.15 TWh)

Coal-fired generation in Poland (+19%)

- ⊕ influence of lower share of co-burnt biomass and favourable market conditions

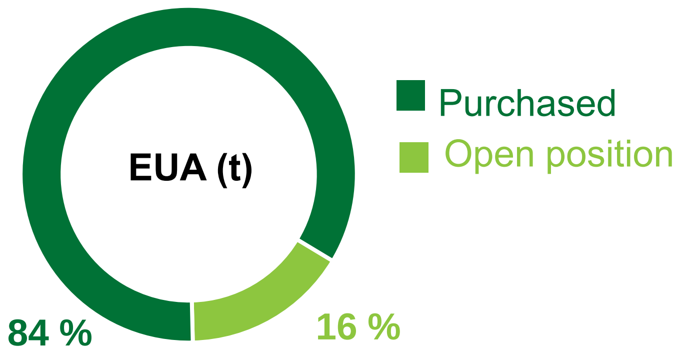
* The 2022 volume of electricity generation from gas-fired plants might be significantly influenced by the development of situation in Ukraine and by consequences of approved sanctions against Russian federation.

SELECTED OPERATIONAL AND PRICE ASSUMPTIONS FOR GENERATION IN CZECHIA*

HEDGING THE COST OF EMISSION ALLOWANCES AND GAS

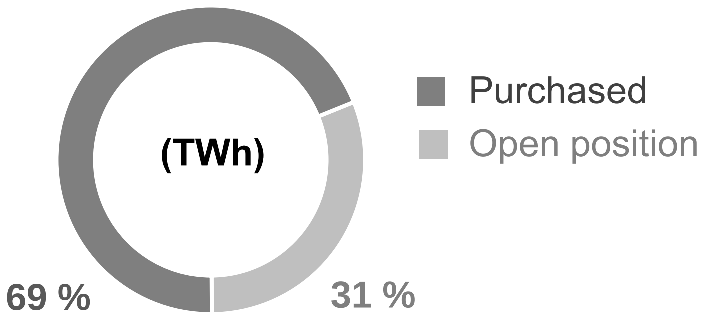
Hedging the cost of generation in Czechia* for 2022

Emission Allowances



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

Natural Gas**



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

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

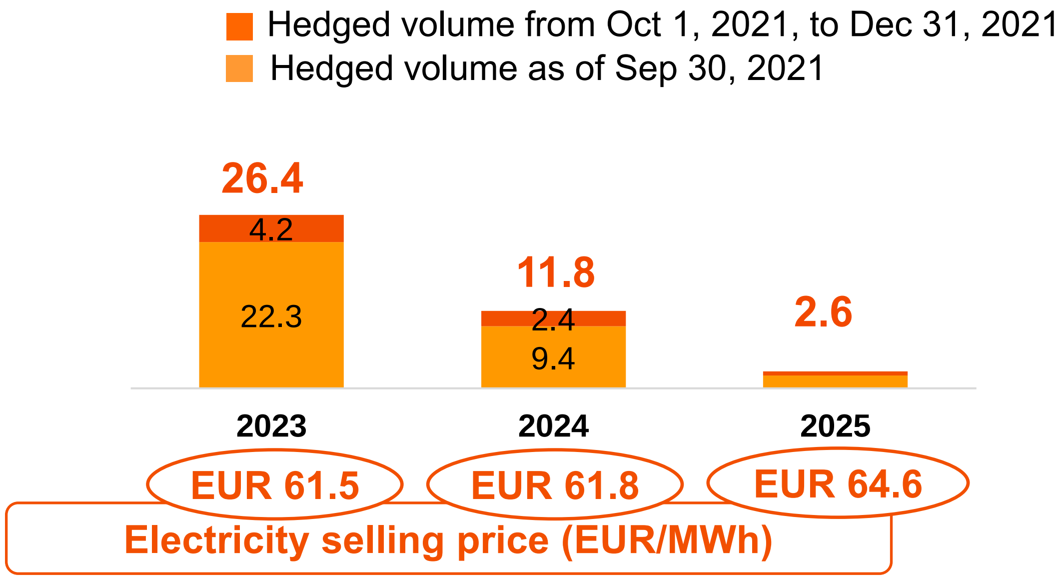
* Hedging of net electricity generation volumes from companies CEZ, Energotrans, and Elektrárna Dětmarovice.

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

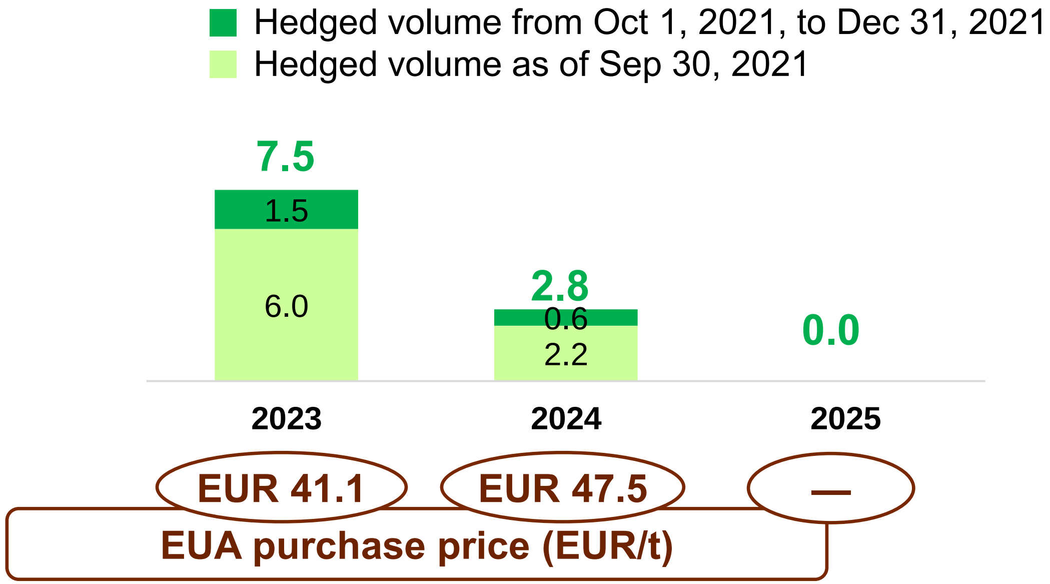
*** Purchase prices of gas correspond to the prices as of December 31, 2021, at which they will effectively enter the financial results for 2022. According to IFRS, the hedging transactions in question did not fulfil the own-use character and are therefore revalued in the P&L statement on an ongoing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

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

Electricity sold in TWh (as of Dec 31)



Contracted emission allowances* in m tons (as of Dec 31)



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

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

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

REPORT ON CEZ GROUP FINANCIAL RESULTS IN 2021

DISTRIBUTION AND SALES SEGMENTS EBITDA*

EBITDA (CZK bn)		2020	2021	Difference	%
DISTRIBUTION	Czechia	17.7	18.2	+0.5	+3%
SALES*	Segment total	4.1	5.0	+1.0	+24%
DIVESTED ASSETS	Romania and Bulgaria	4.5	2.0	-2.5	-56%

Main causes of year-on-year change in EBITDA

DISTRIBUTION Segment* in Czechia (CZK +0.5 bn)

- Higher volume of distributed electricity, lower losses, and lower costs of using ČEPS networks due to higher decentralized generation (CZK +0.5 bn)
- Higher revenues from power supply and connection (CZK +0.5 bn); higher fixed operating costs (CZK -0.5 bn)

SALES* Segment (CZK +1.0 bn)

Retail segment—CEZ Prodej (CZK -0.1 bn)

- Sales of commodities mainly due to higher volume (CZK +0.3 bn)
- Higher fixed costs related to servicing an increased number of customers due to turbulent commodity prices and servicing new customers due to being supplier of last resort (CZK -0.3 bn)

B2B segment—Energy Services—Germany and other countries* (CZK +0.5 bn)

- Recovery of increase after the negative impact of COVID-19, especially in Germany (CZK +0.4 bn)
- New acquisitions (CZK +0.1 bn)

B2B segment—Czech commodity sales (CZK +0.3 bn)

- Negative impact of COVID-19 on commodity sales in 2020 (CZK +0.3 bn)

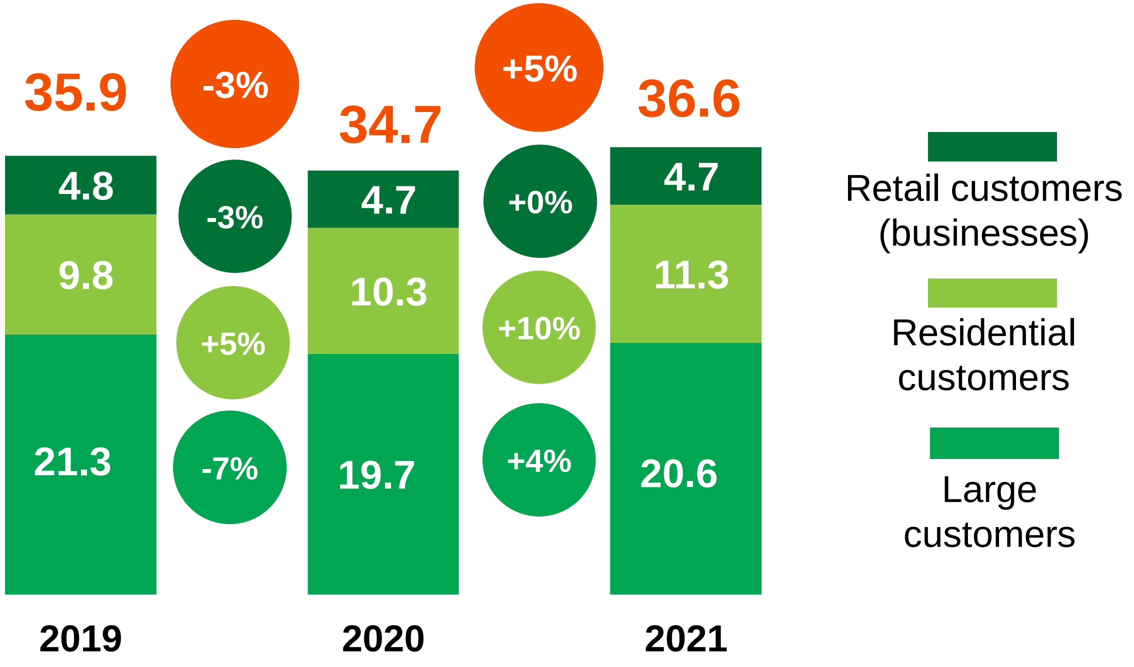
B2B segment—Other activities*** (CZK +0.3 bn)

- In particular the sale of the portfolio of customers taking commodities in Slovakia (as of April 1, 2021)

* without the divested assets in Romania and Bulgaria
** Poland, Italy, and other countries where ESCO activities are managed by Elevion group
*** mainly telecommunications companies, ČEZ Slovensko and other companies in the Sales segment

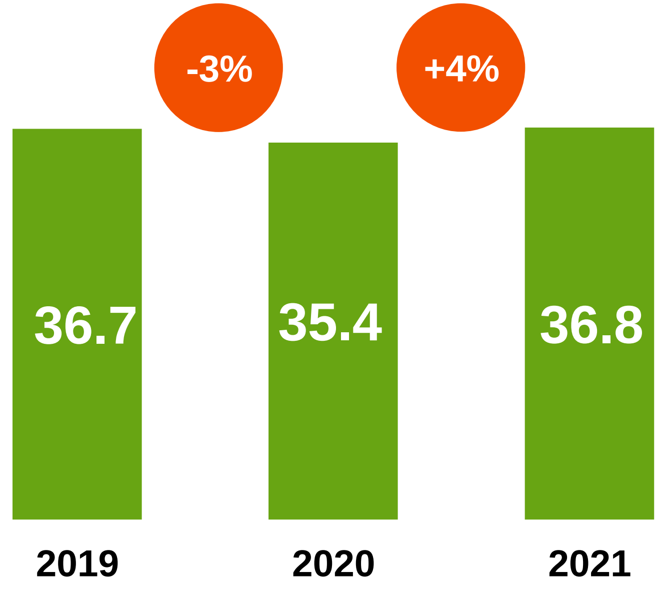
ELECTRICITY CONSUMPTION IN THE DISTRIBUTION AREA OF ČEZ DISTRIBUCE INCREASED ABOVE THE 2019 LEVEL

Electricity distribution
(TWh)



The volume of electricity distributed corresponds to the total electricity consumption in the ČEZ Distribuce area.

Temperature- and calendar-adjusted electricity consumption
(TWh)

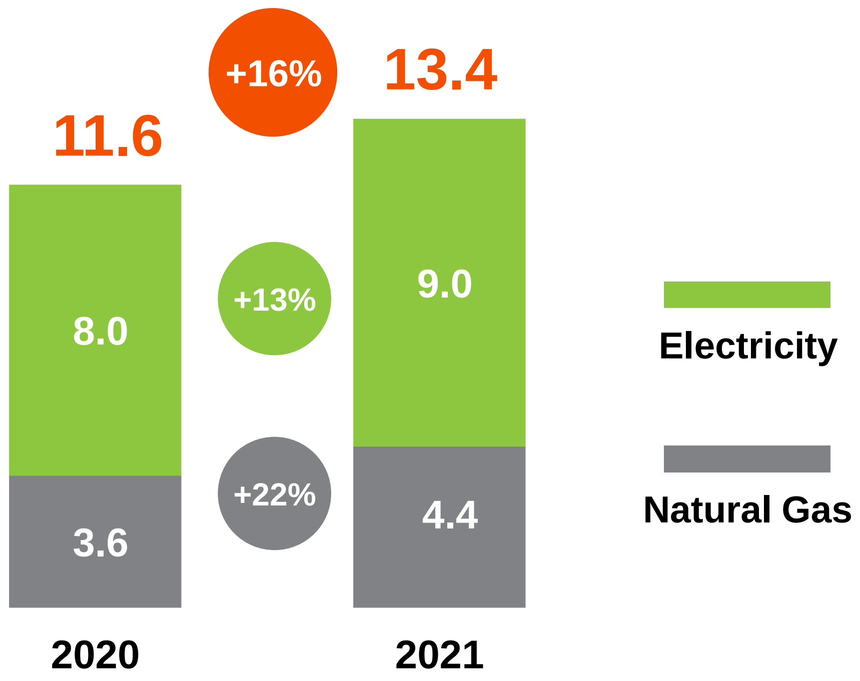


The recalculated consumption is based on the internal model and volume of electricity distributed by ČEZ Distribuce.

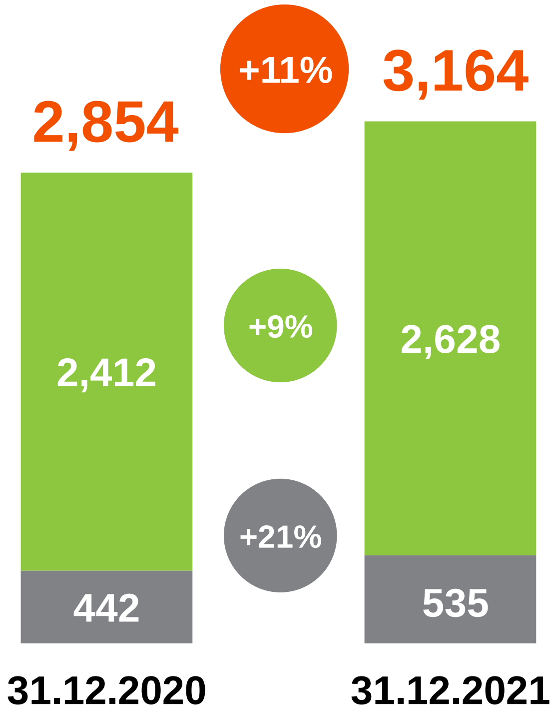
The company’s distribution area covers around 66% of Czechia’s territory, so the data are a good indicator of total nationwide electricity consumption trends.

VOLUME OF ELECTRICITY AND GAS SOLD AND THE NUMBER OF CUSTOMERS
CZECHIA—RETAIL

Electricity and gas supply increased by 16% year-on-year
(TWh)



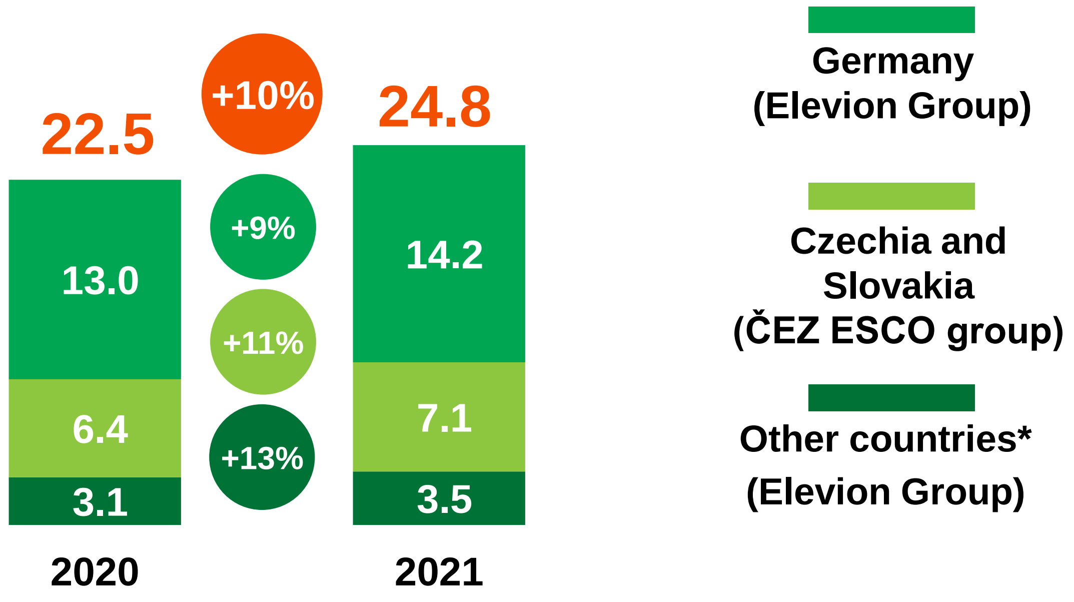
The number of customers increased by 11% year-on-year
(service points in thousands)



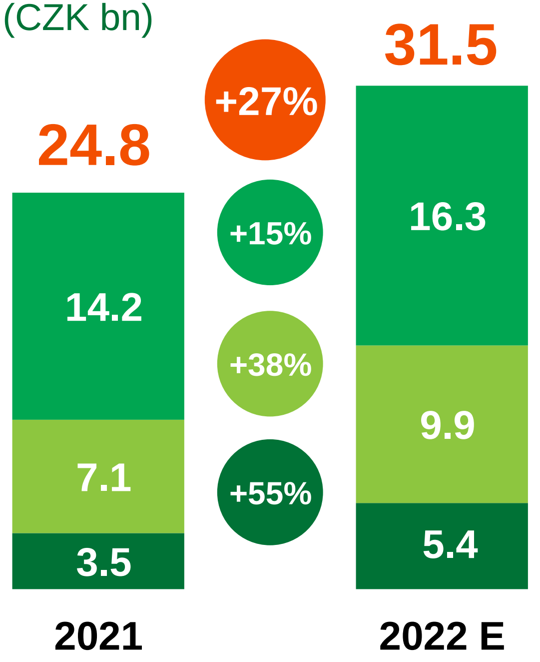
- The collapse of several suppliers in 2021 due to the sharp rise in commodity prices and the subsequent transition of almost 1 million customers to suppliers of last resort (“SLR”) had a significant impact on the end-customer market in Czechia. This caused a significant increase in number of customers changing suppliers. CEZ Prodej as a reliable supplier benefited in both commodities supplied.
- Electricity and gas supplies also increased due to the colder winter in early 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 number of service points increased by more than 300 thousand, mainly due to customer transitions to the SLR.

SALES OF ENERGY SERVICES

Revenues year-on-year
(CZK bn)



Revenues outlook
(CZK bn)



Germany—Elevion Group (+9%)
- Organic increase +8%; acquisition of MWS (March 2, 2021), Peil und Partner (May 19, 2021), IBP group (July 19, 2021)

Czechia and Slovakia—ČEZ ESCO group (+11%)
- Organic increase +7 %; acquisition of EP Rožnov (July 15, 2021)

Other countries*—Elevion Group (+13%)
- Organic increase +8%; acquisition of SOCIETA' AGRICOLA DEF s.r.l. (July 26, 2021), ZOHD group (August 27, 2021)

Germany—Elevion Group (+15%)
- Organic increase +2%
- Acquisition of the Belectric group (December 16, 2021)

Czechia and Slovakia—ČEZ ESCO group (+38%)
- Organic increase +20%
- Acquisition of CAPEXUS (December 13, 2021)

Other countries*—Elevion Group (+55%)
- Organic increase +14%
- Acquisition of the Belectric group (December 16, 2021)

* This includes Poland, Italy, and other countries where ESCO activities are managed by Elevion Group.

IN 2021 COMMODITY TRADING INCOME SURPASSED THE HIGH STANDARD OF PREVIOUS YEARS AND REACHED RECORD LEVELS DUE TO INCREASED VOLATILITY IN FOREIGN MARKETS

Total trading margin* for 2021 reached CZK +6.8 bn, the best result in history.

In 2021 our trading activities included more than **326 thousand** transactions; trading volume reached:

- **663 TWh** of electricity
- **1,444 TWh** of natural gas

ČEZ benefited mainly from high market volatility and from the development of fuel, location, and time spreads in H2.

Structure of the achieved trading margin:

- 65% of electricity trading on Western European markets
- 14% gas trading
- 13% electricity trading in Central and Eastern European markets
- 8% other trading in commodities, emission allowances, and options

The activity is managed centrally from Czechia by ČEZ, a. s.

The economic effect of trading activities is generated primarily at ČEZ, a. s., and is reported as the financial performance of the GENERATION Segment.

All trading activities are subject to established Risk Management Frameworks defining limits, permitted deals, and trading rules; compliance is regularly monitored by the CEZ Group Risk Management Committee.

* Part of the trading margin achieved in 2021 (corresponding to the difference between internal demand for a transaction and the contracted external deal) is not reflected in CEZ Group's income 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. This part reached CZK 2.1 bn in 2021, so the gross margin in 2021 includes the contribution of commodity trading of CZK +4.7 bn.

CEZ GROUP IS ASSESSING THE IMPACT OF CONFLICT IN UKRAINE AND IS TAKING APPROPRIATE MEASURES

CEZ Group has taken all security measures as a critical infrastructure entity and is cooperating with the Czech authorities.

CEZ Group intensively evaluates the potential impacts of the conflict, incl. consequences of the subsequent sanctions imposed on Russia, which may adversely affect European power industry, incl. CEZ Group business.

The main potential risks for CEZ Group are the impact of the situation and the sanctions imposed on:

- Securing the supply of nuclear fuel
- Maintenance of generating facilities
- Securing gas purchases for end customers
- Meeting the obligations of trading companies under commodity agreements

All the liabilities of the external entities arising from above mentioned risks, have been fulfilled to date.

ANNEXES

Financial Results

- Financial and operating results
- Summary operating results
- Operating revenues by segment and country
- EBITDA by segment and country
- EBITDA of individual business segments—detail for the full year and for Q4
- Net income for Q4
- Expected year-on-year change in EBITDA by segment

Investments, development of cash flow, debt, and financial exposure

- Investments in fixed assets (CAPEX)
- Credit lines and debt structure as of December 31
- Cash flow (change in net debt)
- Hedging against currency and commodity risks in generation in Czechia

Vision 2030, Market Developments, Balance Sheet, and Other Information

- Fulfillment of Vision 2030 in areas of Social Relations and Corporate Governance
- Market Developments
- Electricity Procured and Sold
- Calculation of Alternative Indicators according to ESMA

FINANCIAL AND OPERATING RESULTS

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

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

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

* without divested assets. Romanian companies sold on March 31, 2021 and Bulgarian companies on July 27, 2021.
** Adjusted net income = Net income adjusted for extraordinary effects that are generally unrelated to ordinary financial performance in a given period (such as fixed asset impairments and goodwill write-off)
*** As of the last date of the period

SUMMARY OPERATING RESULTS

Electricity generation (TWh)	2020	2021	Difference	%
Existing assets**	**59.6**	**55.6**	**-4.0**	**-7%**
of which: Czechia**	56.8	53.2	-3.6	-6%
Germany	0.3	0.2	-0.1	-22%
Poland	2.5	2.1	-0.4	-15%
Divested assets*	1.3	0.4	-0.9	-70%
CEZ Group, total	60.9	56.0	-5.0	-8%

Electricity distributed to end-use customers (TWh)	2020	2021	Difference	%
Existing assets (Czechia)	**34.7**	**36.6**	**+1.9**	**+5%**
Divested assets*	15.9	6.8	-9.1	-57%
CEZ Group, total	50.6	43.3	-7.2	-14%

Electricity sales to end-use customers (TWh)	2020	2021	Difference	%
Existing assets	**19.1**	**20.4**	**+1.2**	**+6%**
Divested assets*	14.1	6.5	-7.7	-54%
CEZ Group, total	33.3	26.8	-6.4	-19%

Gas sales to end-use customers (TWh)	2020	2021	Difference	%
Existing assets	**8.0**	**6.8**	**-1.2**	**-15%**
of which: Czechia	6.1	6.7	+0.5	+8%
Poland	0.4	0.0	-0.4	-100%
Slovakia	1.5	0.2	-1.3	-89%
Divested assets*	1.3	0.4	-0.9	-66%
CEZ Group, total	9.3	7.3	-2.1	-22%

Sale of heat (thousand TJ)	2020	2021	Difference	%
Existing assets***	**24.6**	**26.4**	**+1.8**	**+7%**
of which: Czechia***	18.6	19.7	+1.1	+6%
Poland	5.4	6.0	+0.6	+11%
Slovakia	0.7	0.7	+0.0	+5%
Divested assets*	-	-	-	-
CEZ Group, total	24.6	26.4	+1.8	+7%

* Companies sold in Romania (as of Mar 31, 2021) and Bulgaria (as of Jul 27, 2021)

** of which in 2021 0.4 TWh was generated by CEZ Energo, which is part of the SALES Segment

*** includes heat sales from companies classified in the GENERATION Segment and in the SALES Segment

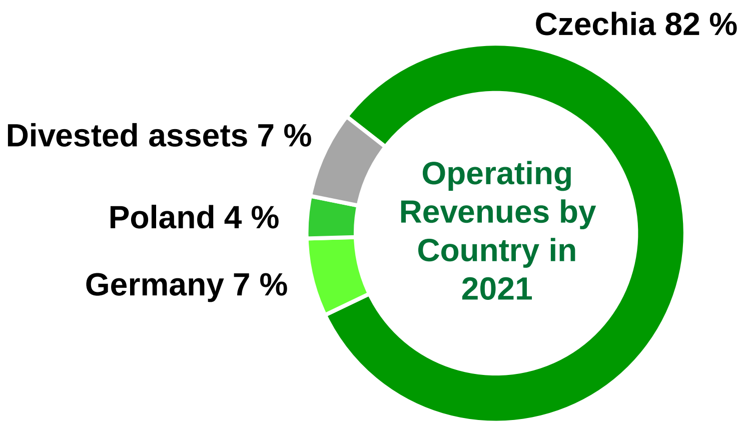
OPERATING REVENUES BY SEGMENT AND COUNTRY

GENERATION (CZK bn)	2020	2021	Difference	%
Czechia	100.4	130.7	+30.3	+30%
Germany	0.7	0.7	-0.0	-6%
Poland	6.6	5.7	-1.0	-14%
Romania	4.0	1.2	-2.8	-70%
Other Countries	2.2	3.8	+1.6	+70%
Elimination of Internal Relations	-3.5	-3.6		
Total	**110.5**	**138.4**	**+27.9**	**+25%**

SALES (CZK bn)	2020	2021	Difference	%
Czechia	54.7	63.0	+8.3	+15%
Germany	13.3	14.4	+1.1	+9%
Romania	8.7	2.7	-6.1	-69%
Bulgaria	15.3	9.6	-5.7	-37%
Other Countries	6.5	4.2	-2.4	-36%
Elimination of Internal Relations	-0.1	-0.1		
Total	**98.4**	**93.7**	**-4.7**	**-5%**

MINING (CZK bn)	2020	2021	Difference	%
Czechia	9.0	10.1	+1.1	+12%

DISTRIBUTION (CZK bn)	2020	2021	Difference	%
Czechia	34.5	34.5	+0.0	+0%
Romania	5.6	1.5	-4.1	-73%
Bulgaria	5.1	2.9	-2.2	-43%
Elimination of Internal Relations	-0.0	0.0		
Total	**45.2**	**39.0**	**-6.3**	**-14%**



Operating revenues (CZK bn)	2021	
GENERATION	138.4	49%
MINING	10.1	4%
DISTRIBUTION	39.0	14%
SALES	93.7	33%
Elimination of Internal Relations	-53.3	
Total	**227.8**	100%

EBITDA BY SEGMENT AND COUNTRY

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

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

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

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

GENERATION SEGMENT EBITDA*

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

Year-on-year effects for the whole year:

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

Year-on-year effects in Q4:

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

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

* without the divested assets in Romania and Bulgaria

THE MINING SEGMENT EBITDA

EBITDA (CZK bn)	2020	2021	Difference	%	10-12/2020	10-12/2021	Difference	%
Czechia	3.4	4.5	+1.1	+31%	1.0	1.3	+0.3	+28%

Year-on-year effects for the whole year:

Czechia (CZK +1.1 bn)

- Higher revenues related to higher coal supplies to CEZ Group (CZK +1.0 bn)

Year-on-year effects in Q4:

Czechia (CZK +0.3 bn)

- Higher revenues related to higher coal supplies to CEZ Group (CZK +0.2 bn)
- Higher revenues from coal sales to external customers (CZK +0.1 bn)

Mining volume (m tons)	2020	2021	Difference	%	10-12/2020	10-12/2021	Difference	%
Czechia	15.4	15.9	+0.5	+3%	4.7	4.9	+0.2	+4%

DISTRIBUTION SEGMENT EBITDA*

EBITDA (CZK bn)	2020	2021	Difference	%	10-12/2020	10-12/2021	Difference	%
Czechia	17.7	18.2	+0.5	+3%	4.8	4.6	-0.2	-4%

Year-on-year effects for the whole year:

Czechia (CZK +0.5 bn)

- Higher gross margin on electricity distribution (CZK +0.5 bn) due to higher volume of distributed electricity, lower losses, and lower costs of using ČEPS grids due to higher decentralized generation
- Higher revenue from activities to ensure input power and connection (CZK +0.5 bn)
- Higher fixed operating expenses (CZK -0.5 bn), mainly personnel costs including provisioning due to rising inflation

Year-on-year effects in Q4:

Czechia (CZK -0.2 bn)

- Higher fixed operating expenses (CZK -0.2 bn)
- Higher revenue from activities to ensure input power and connection (CZK +0.1 bn)

Electricity distributed to end-use customers (TWh)	2020	2021	Difference	%	10-12/2020	10-12/2021	Difference	%
Czechia	34.7	36.6	+1.9	+5%	9.4	9.6	+0.2	+2%

* without the divested assets in Romania and Bulgaria

SALES SEGMENT EBITDA*

EBITDA (CZK bn)	2020	2021	Difference	%	10-12/2020	10-12/2021	Difference	%
Retail segment–ČEZ Prodej	3.4	3.2	-0.1	-4%	1.0	-0.0	-1.0	-
B2B segment—of which ESCO companies:	0.7	1.6	+0.9	+120%	0.2	0.5	+0.4	>200%
Energy Services—Czechia and Slovakia	0.5	0.6	+0.1	+17%	0.1	0.2	+0.1	+181%
Energy Services—Germany and other countries**	0.4	0.9	+0.5	+124%	0.1	0.4	+0.3	>200%
Commodity Sales—Czechia	-0.1	0.2	+0.3	-	-0.0	-0.1	-0.1	>200%
B2B segment—Other activities***	0.0	0.2	+0.3	>200%	-0.0	0.0	+0.0	-
Total SALES Segment*	**4.1**	**5.0**	**+1.0**	**+24%**	**1.1**	**0.4**	**-0.6**	**-59%**

Year-on-year effects for the whole year:

Retail segment—CEZ Prodej (CZK -0.1 bn)
- Sales of commodities mainly due to higher volume (CZK +0.3 bn)
- Higher fixed costs related to servicing an increased number of customers due to turbulent commodity prices and servicing new customers due to SLR (CZK -0.3 bn)

B2B segment—Energy Services—Germany and other countries (CZK +0.5 bn)**
- Recovery of increase after the negative impact of COVID-19, especially in Germany (CZK +0.4 bn)
- New acquisitions (CZK +0.1 bn)

B2B segment—Czech commodity sales (CZK +0.3 bn)
- Especially the negative impact of COVID-19 on commodity sales in 2020

B2B segment—Other activities* (CZK +0.3 bn)**
- ČEZ Slovensko (CZK +0.2 bn)—negative impact of COVID-19 in 2020 and benefit from the sale of the commodities portfolio (as of Apr 1, 2021)
- Higher revenues of telecommunications companies and new acquisitions (CZK +0.1 bn)

Year-on-year effects in Q4:

Retail segment—CEZ Prodej (CZK -1.0 bn)
- Lower margin on commodity sales mainly due to higher expense prices (CZK -0.4 bn)
- Higher expenses for servicing an increased number of customers due to turbulent commodity price developments and servicing new customers due to SLR (CZK -0.2 bn)
- Lower settlement of unbilled electricity (CZK -0.3 bn)

B2B segment—Energy Services—Germany and other countries (CZK +0.3 bn)**
- Recovery of increase especially in Germany after the negative impact of COVID-19

B2B segment—Energy services—Czechia and Slovakia (CZK +0.1 bn)
- Recovery of increase after the negative impact of COVID-19 (CZK +0.1 bn)

* without the divested assets in Romania and Bulgaria
** Poland, Italy, and other countries where ESCO activities are managed by Elevion group
*** mainly telecommunications companies, ČEZ Slovensko and other companies in the Sales segment

NET INCOME FOR Q4 CEZ GROUP

(CZK bn)	10-12/2020	10-12/2021	Difference	%
EBITDA	13.9	15.7	+1.8	+13%
Depreciation and amortization	-6.2	-9.8	-3.6	-58%
Asset impairments*	-18.3	-3.6	+14.6	+80%
Other income (expenses)	1.0	0.3	-0.7	-72%
Interest income (expenses)	-1.2	-0.9	+0.4	+30%
Other	2.2	1.1	-1.1	-49%
Income tax	1.4	0.6	-0.8	-57%
Net income	-8.1	3.2	+11.3	-
Adjusted net income	7.3	5.4	-1.9	-26%

Net Income Adjustments

- In Q4 2020 adjusted for the negative effect of impairment of fixed assets** in Romania (CZK +7.2 bn), Poland (CZK +3.0 bn), and Severoceské doly (CZK +2.0 bn)
- In Q4 2021 adjusted for the negative effect of impairment in Severoceské doly (CZK +1.1 bn), Elektrárna Dětmarovice (CZK +0.7 bn) and other companies (CZK +0.4 bn)

Impairments* (CZK +14.6 bn)

- Lower provisions for fixed assets in Romania (CZK +11.1 bn), Poland (CZK +3.5 bn), Bulgaria (CZK +0.8 bn), and Elektrárna Dětmarovice (CZK -0.6 bn); other effects (CZK -0.2 bn)

Depreciation and Amortization (CZK -3.6 bn)

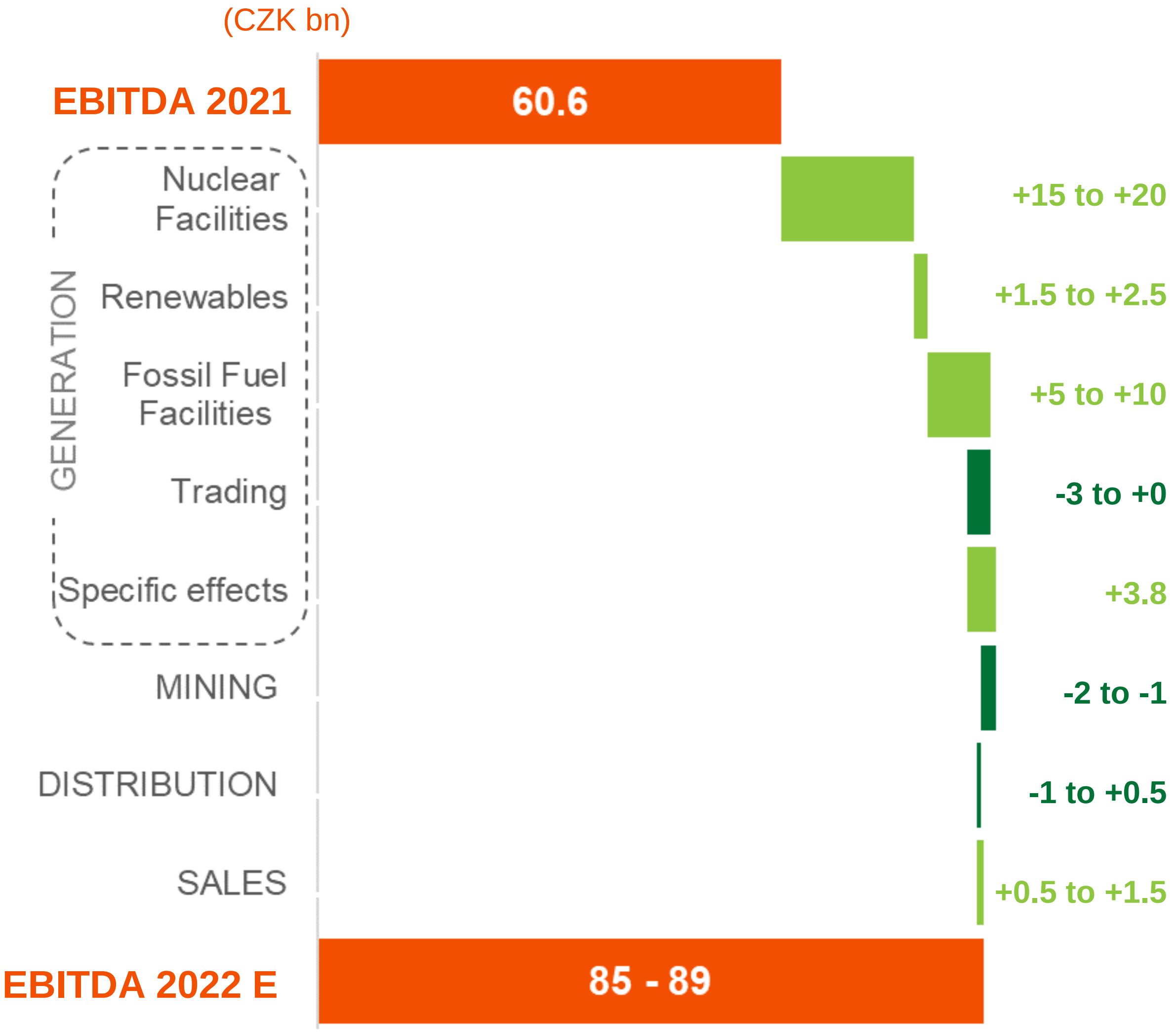
- Higher depreciation and amortization due to provisioning for dismantling and demolition of coal-fired power plants in Czechia after decommissioning (CZK -1.9 bn)
- Acceleration of depreciation and amortization of coal-fired power plants in Czechia reflecting the deterioration of market and regulatory conditions for the long-term operation of coal-fired power plants in Czechia (CZK -1.6 bn)

Other Income and Expenses (CZK -0.7 bn)

- Increase in the provision for loan guarantees of Akcez (CZK -0.6 bn); other exchange rate effects and revaluation of financial derivatives (CZK -1.1 bn)
- Lower interest expense (CZK +0.3 bn)
- Revaluation of Inven Capital's assets (CZK +0.6 bn)

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

EXPECTED YEAR-ON-YEAR CHANGE IN EBITDA BY BUSINESS SEGMENT*



* without the divested assets in Romania and Bulgaria

GENERATION

Nuclear

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

Renewables

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

Fossil-Fuel plants

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

Trading

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

Specific effects in 2021

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

MINING

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

DISTRIBUTION

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

SALES

- (+) Acquisition and organic increase in ESCO

INVESTMENTS IN FIXED ASSETS (CAPEX)

CAPEX (CZK bn)	2020	2021	10-12/2020	10-12/2021
GENERATION Segment*	11.2	13.4	4.9	6.4
Of which: Nuclear fuel procurement	3.0	3.1	1.6	1.0
MINING Segment	3.3	2.7	1.8	1.3
DISTRIBUTION Segment*	12.4	13.3	4.3	4.6
SALES Segment*	1.4	2.0	0.5	1.0
Total existing assets	28.3	31.4	11.5	13.2
Divested assets	2.9	1.1	0.7	0.0
TOTAL CEZ GROUP	31.2	32.5	12.2	13.2

The main reasons for the year-on-year change in capital expenditures of individual segments in existing assets:

- GENERATION: higher investments at nuclear sites, overhaul of the Tušimice power plant (units 21 and 22), and higher IT investments (infrastructure renewal and license purchases)
- MINING: higher investments to ensure extraction in 2020, especially at the Bílina mine
- DISTRIBUTION: 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 manufacturers)
- SALES: Mainly increase in investments in the companies of Telco Pro Services and CEZ Prodej

* without the divested assets in Romania and Bulgaria

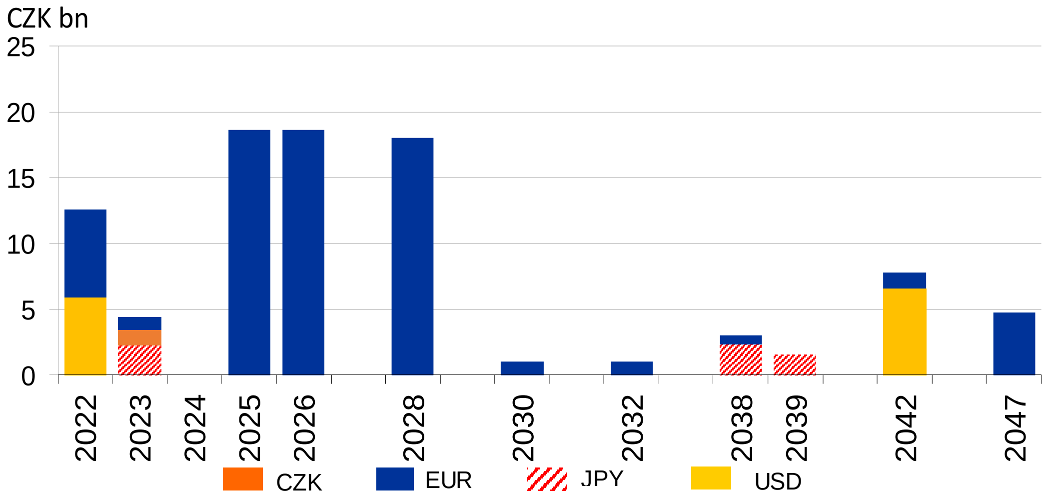
CREDIT LINES AND DEBT STRUCTURE AS OF DEC 31, 2021

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

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

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

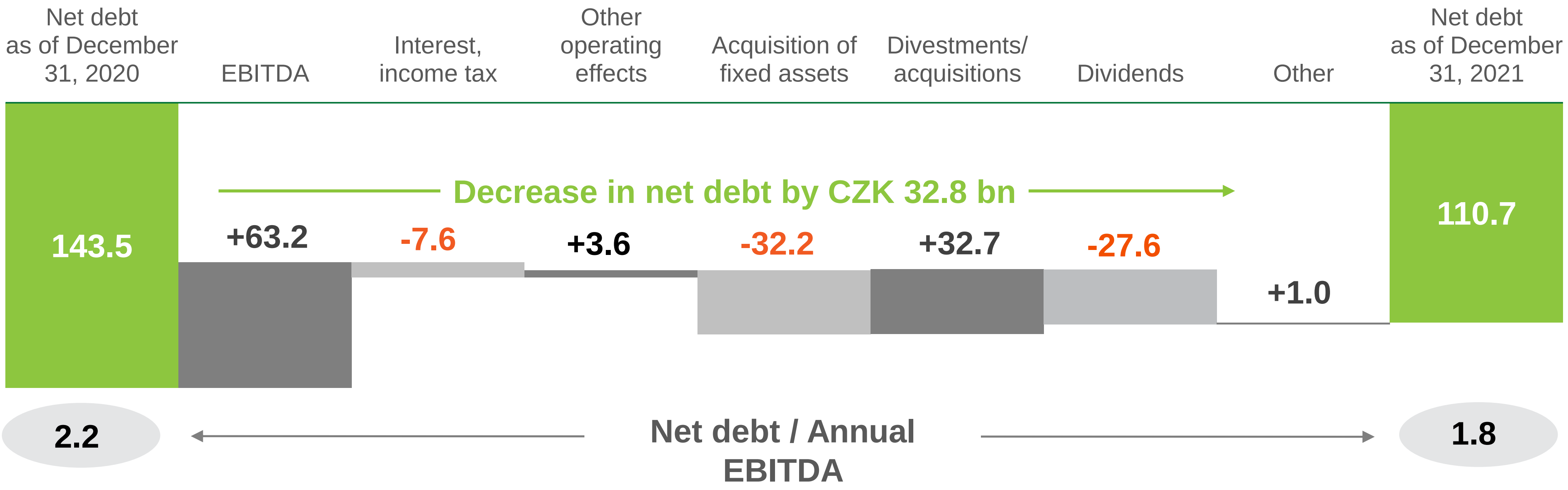
Bond Maturity Profile (as of Dec 31, 2021)



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

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

NET DEBT DECREASED BY ALMOST CZK 33 BN IN 2021



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

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

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

CURRENCY AND COMMODITY HEDGING OF ELECTRICITY GENERATION IN 2023–2025

Currency Hedges for Estimated Revenues from Electricity Generation in Czechia (as of Dec 31, 2021)

	2023	2024	2025
Total currency hedges (natural & transactional) as of Dec 31, 2021	**97%**	**90%**	**85%**
Natural currency hedging (debt in EUR, capital and other expenditure and costs in EUR)	91%	40%	84%

The currency position for 2023–2025 is hedged at an exchange rate of **CZK 25.6–26.0/EUR.**

Commodity hedges of expected electricity deliveries from generation in Czechia (as of Dec 31, 2021)

	2023	2024	2025	100% of expected supply
Total share of hedged supply	**58%**	**28%**	**6%**	**42 to 45 TWh per year**
Emission-free sources (nuclear and ČEZ RES)*	65%	30%	9%	29 to 31 TWh per year
Emission facilities—medium-term hedged*	67%	37%	-	7 to 12 TWh per year
Emission facilities—other fuels**	-	-	-	4 to 5 TWh per year

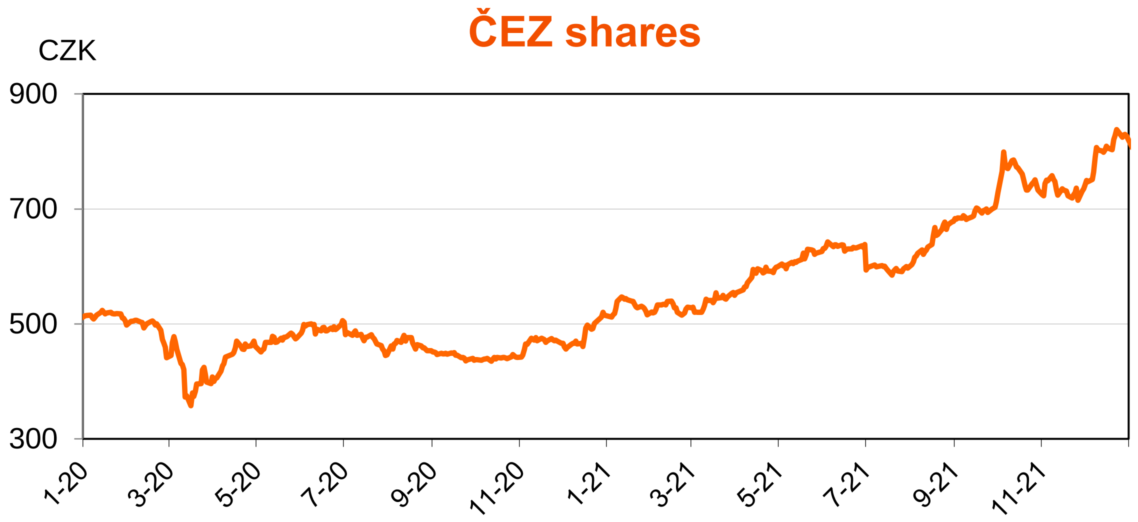
* hedged over a 3-year horizon

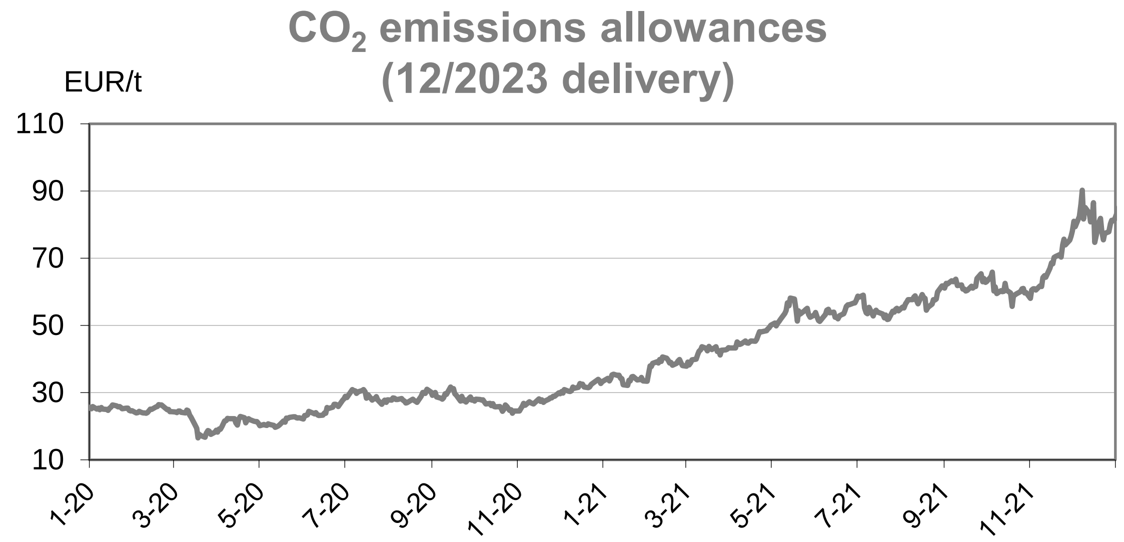
** gas and selected coal-fired resources which, due to the nature of generation and market conditions, are hedged only on an annual / intra-annual basis

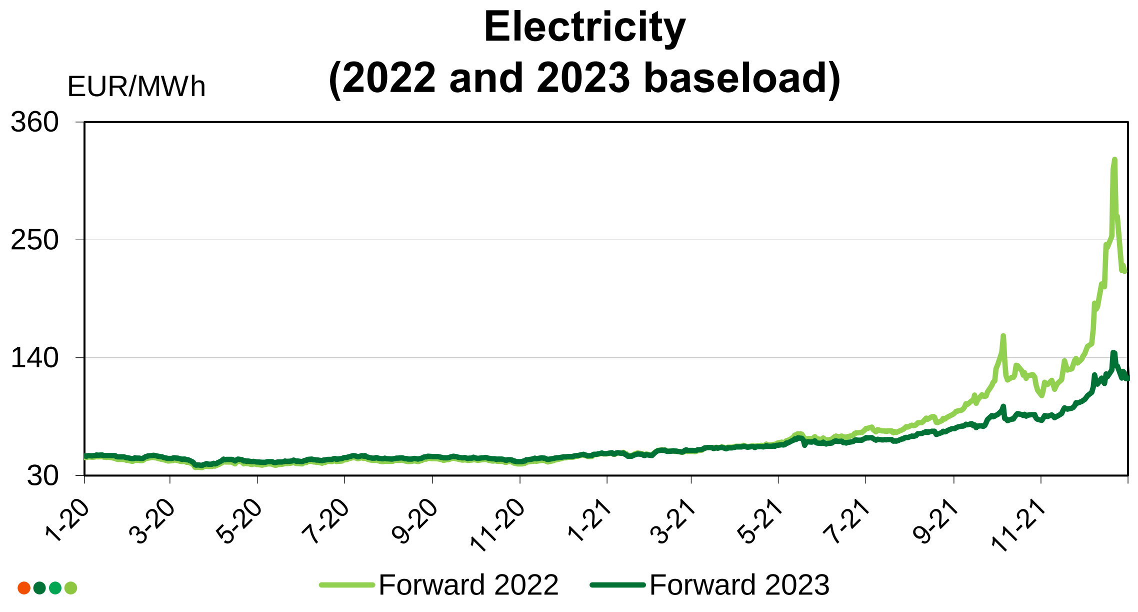
WE MEET THE STRATEGIC GOALS OF VISION 2030—CLEAN ENERGY FOR TOMORROW SOCIAL RELATIONS AND GOVERNANCE

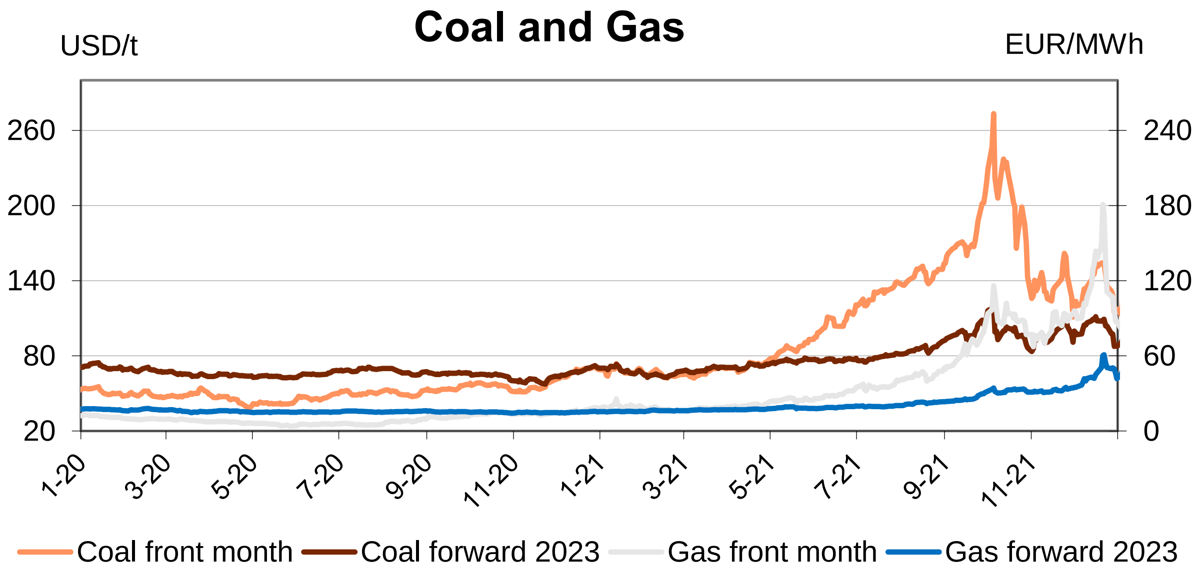
	Social relations	Governance
2021: Completed Activities and Selected Events	• ČEZ Prodej dominated the **Most Trusted Brand** in the Energy Suppliers category for the fifth time in a row • **The Community Relations Policy** was issued and strategy published regularly • We defended our victory in the **TOP Employer** student survey	• Board remuneration was linked to improvement of ESG rating and weight of ESG KPI's was increased • Common ESG goal included among TOP 5 KPIs for each member of Board of Directors with weight at least 15%. • ESG targets cascaded across CEZ Group into segmental KPIs • The Diversity and Inclusion Policy was adopted • **The principle of nondiscrimination** was enshrined in collective agreements, leveling the playing field for same-sex couples beyond legislation, increasing financial compensation and support for retraining for employees affected by the phase-out of coal • Women accounted for 42% of the 1,195 new hires in 2021 • We have been awarded the **ISO 37001:2016 certification**—anti-corruption management • All employees were assigned a one-year training period in the Code of Conduct
2022: Key Objectives and Priorities	• Implement new e-learning platforms and share them with subsidiaries • In dialog with employees and public authorities, develop plans to phase out coal at all sites	• Develop an equal pay policy with explicit commitments and a definition of the pay gap • Develop programs for young parents • Launch the Women Hub development program for women with potential in specialist and expert positions • Develop programs to encourage female students to join CEZ Group • Promote diversity and recruitment process (equal opportunities in recruitment process) • Establish ESG training at the Board of Directors level

MARKET DEVELOPMENTS FROM JAN 1, 2020 TO DEC 31, 2021









Electricity balance (GWh)

	2020	2021	Index 2021/2020
Electricity procured	**54,902**	**50,353**	**-8%**
Generated in-house (gross)	60,946	55,989	-8%
In-house and other consumption, including pumping in pumped-storage plants	-6,044	-5,636	-7%
Sold to end customers	**-33,265**	**-26,834**	**-19%**
Sold in the wholesale market (net)	**-18,102**	**-21,158**	**+17%**
Sold in the wholesale market	-277,953	-244,243	-12%
Purchased in the wholesale market	259,851	223,085	-14%
Grid losses	**-3,535**	**-2,360**	**-33%**

Electricity generation by source (GWh)

Nuclear	30,042	30,730	+2%
Coal and lignite	21,659	17,955	-17%
Water	2,465	2,529	+3%
Biomass	1,167	897	-23%
Photovoltaic	135	125	-7%
Wind	1,560	599	-62%
Natural gas	3,915	3,152	-19%
Bio gas	3	2	-49%
Total	**60,946**	**55,989**	**-8%**

Sales of electricity to end customers (GWh)

Households	-13,491	-10,972	-19%
Commercial (low voltage)	-4,367	-2,840	-35%
Commercial and industrial (medium and high voltage)	-15,406	-13,023	-15%
Sold to end customers	**-33,265**	**-26,834**	**-19%**

Distribution of electricity (GWh)

	2020	2021	Index 2021/2020
Distribution of electricity to end customers	50,560	43,349	-14%

Electricity balance (GWh) by segment

2021	Generation		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	**49,974**	**-8%**	**0**	**-**	**379**	**+17%**	**0**	**-**	**50,353**	**-8%**
Generated in-house (gross)	55,594	-8%	0	-	395	+17%	0	-	55,989	-8%
In-house and other consumption, including pumping in pumped-storage plants	-5,620	-7%	0	-	-16	+15%	0	-	-5,636	-7%
Sold to end customers	**-2,345**	**-6%**	**0**	**-**	**-26,160**	**-20%**	**1,671**	**-6%**	**-26,834**	**-19%**
Sold in the wholesale market (net)	**-47,629**	**-9%**	**2,360**	**-33%**	**25,781**	**-20%**	**-1,671**	**-6%**	**-21,158**	**+17%**
Sold in the wholesale market	-261,766	-12%	0	-	-5,288	+4%	22,811	-2%	-244,243	-12%
Purchased in the wholesale market	214,137	-12%	2,360	-33%	31,069	-17%	-24,482	-3%	223,085	-14%
Grid losses	**0**	**-**	**-2,360**	**-33%**	**0**	**-**	**0**	**-**	**-2,360**	**-33%**

Electricity generation by source (GWh) by segment

	Generation		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	30,730	+2%	0	-	0	-	0	-	30,730	+2%
Coal and lignite	17,955	-17%	0	-	0	-	0	-	17,955	-17%
Water	2,529	+3%	0	-	0	-	0	-	2,529	+3%
Biomass	897	-23%	0	-	0	-	0	-	897	-23%
Photovoltaic	125	-7%	0	-	0	-	0	-	125	-7%
Wind	599	-62%	0	-	0	-	0	-	599	-62%
Natural gas	2,757	-23%	0	-	395	+17%	0	-	3,152	-19%
Bio gas	2	-49%	0	-	0	-	0	-	2	-49%
Total	**55,594**	**-8%**	**0**	**-**	**395**	**+17%**	**0**	**-**	**55,989**	**-8%**

Sales of electricity to end customers (GWh) by segment

	Generation		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	0	-	0	-	-10,972	-19%	0	-	-10,972	-19%
Commercial (low voltage)	-7	-79%	0	-	-2,833	-35%	0	-	-2,840	-35%
Commercial and industrial (medium and high voltage)	-2,338	-5%	0	-	-12,356	-16%	1,671	-6%	-13,023	-15%
Sold to end customers	**-2,345**	**-6%**	**0**	**-**	**-26,160**	**-20%**	**1,671**	**-6%**	**-26,834**	**-19%**

Electricity balance (GWh) by country

2021	Czechia		Poland		Romania		Bulgaria		Germany		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	**47,893**	**-6%**	**1,841**	**-17%**	**388**	**-71%**	**3**	**-49%**	**228**	**-22%**	**0**	**-**	**0**	**-**	**50,353**	**-8%**
Generated in-house (gross)	53,218	-6%	2,146	-15%	394	-70%	3	-49%	228	-22%	0	-	0	-	55,989	-8%
In-house and other consumption, including pumping in pumped-storage plants	-5,325	-7%	-305	-6%	-6	-68%	0	-	0	-	0	-	0	-	-5,636	-7%
Sold to end customers	**-18,680**	**+10%**	**-155**	**-53%**	**-1,045**	**-72%**	**-5,417**	**-48%**	**0**	**-**	**-1,536**	**-14%**	**0**	**-**	**-26,834**	**-19%**
Sold in the wholesale market (net)	**-27,507**	**-14%**	**-1,685**	**-10%**	**924**	**-71%**	**5,801**	**-48%**	**-228**	**-22%**	**1,536**	**-14%**	**0**	**-**	**-21,158**	**+17%**
Sold in the wholesale market	-244,848	-12%	-2,010	-20%	-378	-75%	-176	-55%	-228	-22%	-100	+3%	3,497	-31%	-244,243	-12%
Purchased in the wholesale market	217,341	-12%	325	-50%	1,302	-72%	5,977	-48%	0	-	1,636	-13%	-3,497	-31%	223,085	-14%
Grid losses	**-1,707**	**-13%**	**0**	**-**	**-267**	**-67%**	**-387**	**-49%**	**0**	**-**	**0**	**-**	**0**	**-**	**-2,360**	**-33%**

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	30,730	+2%	0	-	0	-	0	-	0	-	0	-	0	-	30,730	+2%
Coal and lignite	16,131	-18%	1,824	-8%	0	-	0	-	0	-	0	-	0	-	17,955	-17%
Water	2,488	+4%	11	+30%	30	-60%	0	-	0	-	0	-	0	-	2,529	+3%
Biomass	586	-6%	311	-43%	0	-	0	-	0	-	0	-	0	-	897	-23%
Photovoltaic	122	-5%	0	-	0	-	3	-49%	0	-	0	-	0	-	125	-7%
Wind	8	-9%	0	-	364	-71%	0	-	228	-22%	0	-	0	-	599	-62%
Natural gas	3,152	-19%	0	-	0	-	0	-	0	-	0	-	0	-	3,152	-19%
Bio gas	2	-49%	0	-	0	-	0	-	0	-	0	-	0	-	2	-49%
Total	**53,218**	**-6%**	**2,146**	**-15%**	**394**	**-70%**	**3**	**-49%**	**228**	**-22%**	**0**	**-**	**0**	**-**	**55,989**	**-8%**

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	-7,960	+13%	0	-	-509	-72%	-2,502	-46%	0	-	0	-	0	-	-10,972	-19%
Commercial (low voltage)	-1,936	+0%	-6	-81%	-235	-72%	-634	-56%	0	-	-28	-80%	0	-	-2,840	-35%
Commercial and industrial (medium and high voltage)	-8,783	+9%	-150	-50%	-301	-71%	-2,281	-48%	0	-	-1,508	-8%	0	-	-13,023	-15%
Sold to end customers	**-18,680**	**+10%**	**-155**	**-53%**	**-1,045**	**-72%**	**-5,417**	**-48%**	**0**	**-**	**-1,536**	**-14%**	**0**	**-**	**-26,834**	**-19%**

Distribution of electricity (GWh) by country

2021	Czechia		Poland		Romania		Bulgaria		Germany		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Distribution of electricity to end customers	36,551	+5%	0	-	1,773	-73%	5,025	-47%	0	-	0	-	0	-	43,349	-14%

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 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 (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 and value creation in a given period +/− effects of the above on income tax.

Most of the calculation 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—calculation for the periods under review:

Adjusted Net Income (After-Tax Income, Adjusted)	Unit	2020	2021
Net income	CZK bn	5.5	9.9
Impairments of property, plant, and equipment and intangible assets (including impairment of goodwill [1])	CZK bn	24.1	15.8
Impairments of developed projects [2]	CZK bn	0.0	-0.0
Effects of additions to or reversals of impairments on income tax [3]	CZK bn	-3.5	-1.7
Other extraordinary effects [4]	CZK bn	-3.2	-1.7
Adjusted net income	**CZK bn**	**22.8**	**22.3**

1) 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

2) Included in the row Other operating expenses in the Consolidated Statement of Profit or Loss

3) Included in the row Income taxes in the Consolidated Statement of Profit or Loss

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 tax) that relates—based on its characteristics—to the current year. This item includes impairment losses on fixed assets of the companies sold in Romania and Bulgaria in 2021, reflecting the profit earned over this period, which effectively accrues to the buyers in view of the "Locked Box Date" (as defined in agreements for the sale of assets).

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