

Internal Information

Due to one-off measures, CEZ Group's earnings in 2020 were CZK 9 billion less than in 2019. Despite covid-19, its EBITDA rose by CZK 5 billion to nearly CZK 65 billion.

CEZ Group's EBITDA for 2020 reached CZK 64.8 billion, up by 8% year-on-year. The growth can be attributed primarily to rising selling prices of electricity due to the multiple-year pre-sale in the wholesale market and also due to the stable operation of nuclear sources. The negative effect of covid-19 to the tune of CZK 3 billion was fully compensated mostly by higher profits from commodity trading and lower costs compared to the original expectations. Net Income after non-monetary adjustments grew by 21% year-on-year and reached CZK 22.8 billion. Net Income decreased to CZK 5.5 billion due to increased creation of adjustments related to the sale of Romanian assets and deteriorated conditions for the coal-based energy as well as due to record growth of emission allowance prices.

“Even at times when most economy sectors have been severely affected by the consequences of the covid-19 pandemic, CEZ Group has proven to be a stable corporation that represents a safe haven for its shareholders, suppliers, and employees. Despite the negative impacts of all the measures against covid-19, CEZ Group generated EBITDA at nearly CZK 65 billion, thus fulfilling its ambition for the year, which was declared before the spread of the covid-19 pandemic. We paid out dividends at CZK 18 billion, which granted the shareholders of ČEZ the highest dividend yield for 2020 among all the major European energy corporations. We helped to alleviate the negative impacts of covid-19 on our clients, employees and the entire Czech Republic. For example, our clients could opt for deferred payments, public health authorities received our assistance in tracing infected persons, we helped children with learning from home, and also granted direct financial aid by means of the ČEZ Foundation,” said Daniel Beneš, Chairman of the Board of Directors and Chief Executive Officer of ČEZ, adding that *“Europe has been heading toward emission-free energy at an ever faster pace. CEZ Group has taken another major step in this respect and reduced its emission intensity by 10 percent, and we expect another decline by more than 12 percent in 2021.”*

Operating Revenue reached CZK 213.7 billion, up by 4% year-on-year, or CZK 7.5 billion. The volume of electricity from traditional sources decreased by 6% year-on-year. Electricity generation from coal in the Czech Republic declined by 16%, in particular due to growing prices of emission allowances and the gradual shutting down of coal power plants at the end of their lifecycle, specifically the shutdown of Prunéřov I. New Energy sources generated 4% more electricity, mostly due to better weather conditions abroad. Capital Expenditures for long-term assets reached CZK 31.2 billion, which is CZK 1.4 billion more than the year before. Most of the capital expenditures were spent on the distribution system in the Czech Republic. Even during the rapid slowdown of the Czech economy due to covid-19, CEZ Group remained one of the few stable and reliable customers for its suppliers.

“The final net income for 2021 will be affected by the settlement of the sale of assets in Romania, Bulgaria and in Poland. The all-year EBITDA from these assets is expected to reach CZK 6 billion. EBITDA from strategic assets is expected to be CZK 54 – 57 billion. CEZ Group's Net Income is expected to reach CZK 17 – 20 billion. From a year-on-year viewpoint, the selling prices of electricity will grow due to rising prices in the wholesale market, and we also expect that nuclear power plants will generate higher volumes of electricity; we foresee a stabilization in the Sales segment after the negative impacts of covid-19 on corporate clients. However, there is likely going to be an intensifying pressure on

coal power plants and growing costs of emission allowances,” said Martin Novák, Member of the Board of Directors and Chief Financial Officer.

The consumption of electricity in the distribution territory of ČEZ Distribuce declined by 3.3% year-on-year, primarily due to covid-19. Corporate consumption dropped by 7.5%, while household consumption rose by 5.4%.