CLEAN ENERGY OF TOMORROW

# Report on CEZ Group Financial Results for Q1–Q3 2022

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

November 10, 2022

www.cez.cz/en

# Agenda

Financial Highlights and Selected Events

Generation and Mining

Distribution and Sales

# Highlights of Financial Results for Q1–Q3 2022 and Outlook for the Group for the full Year

## Q3 2022 Financial highlights

- **Operating revenues** increased by 69% year-on-year to **CZK 80.5 bn.**
- **EBITDA** increased by 88% year-on-year to **CZK 30.0 bn.**
- **Net income** and **Net income adjusted for extraordinary effects** amounted to **CZK 18.7 bn**.

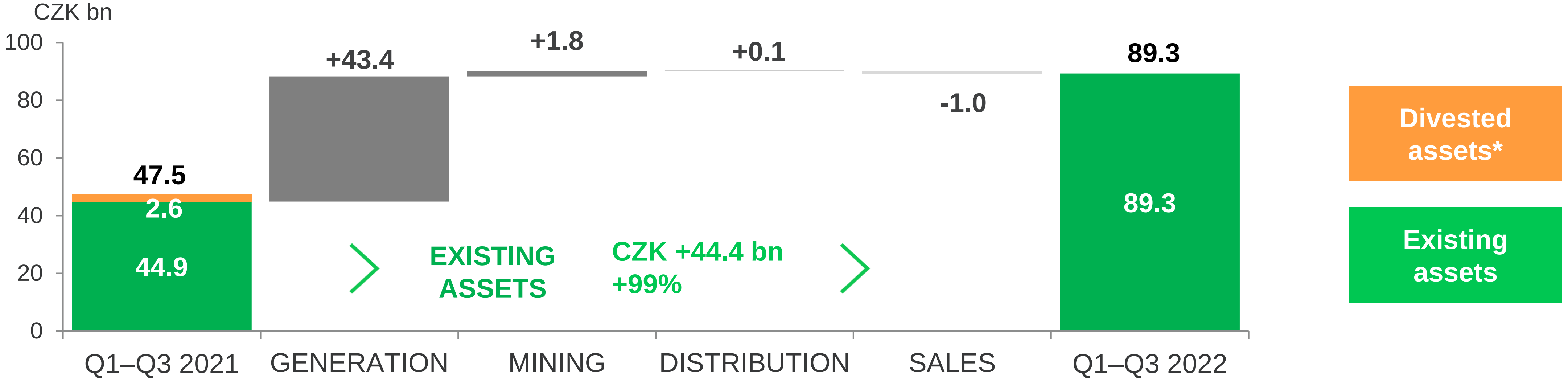
## Q1–Q3 2022 Financial highlights

- **Operating revenues** increased by 35% year-on-year to **CZK 211.1 bn.**
- **EBITDA** increased by 88% year-on-year to **CZK 89.3 bn.**
- **Net income** and **Net income adjusted for extraordinary effects** amounted to **CZK 52.3 bn.**

## Financial outlook for the full year 2022

- **EBITDA is** expected at **CZK 115–125 bn**.
- **Net income adjusted for extraordinary effects** is expected at **CZK 65–75 bn**.

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




**GENERATION Segment (CZK +43.4 bn)**:

- Impact of extreme increase in market prices of commodities on the wholesale market and effect of higher sales and activation of ancillary services in the Czech Rep. (CZK +35.6 bn)
- Higher income from commodity trading on foreign markets (CZK +10.9 bn)
- Specific temporary effects (CZK -2.8 bn) mainly related to the revaluation of generation hedging contracts for delivery in Q4 2022

**MINING Segment (CZK +1.8 bn)**:

- Higher sales due to the increase in price and volume of coal deliveries to external customers and to CEZ Group (CZK +2.5 bn)
- Higher fixed operating expenses (CZK -0.7 bn), mainly energy expenses



* Divested assets in Romania and Bulgaria in 2021

# Main Causes of Year-On-Year Change in Net Income

| (CZK bn) | Q1–Q3 2021 | Q1–Q3 2022 | Difference | % |
|---|---|---|---|---|
| EBITDA | 47.5 | 89.3 | +41.8 | +88% |
| Depreciation and amortization | -21.8 | -24.3 | -2.5 | -11% |
| Impairments* | -11.9 | 0.2 | +12.1 | - |
| Other income and expenses | -3.0 | -1.9 | +1.0 | +35% |
| Interest income (expenses) | -2.9 | -1.0 | +1.9 | +66% |
| Other | -0.0 | -0.9 | -0.9 | >200% |
| Income taxes | -4.1 | -11.0 | -6.8 | -166% |
| **Net income** | 6.7 | 52.3 | +45.6 | >200% |
| Adjusted net income | 16.9 | 52.3 | +35.4 | >200% |

**Net Income Adjustments**

- In Q1–Q3 2021, adjusted for impairments of fixed assets of Severočeské doly (CZK +9.2 bn) and in Poland (CZK +1.0 bn)

**Impairments* (CZK +12.1 bn)**

- Addition to impairments of fixed assets in Q1–Q3 2021 in Severočeské doly (CZK +9.2 bn), in Romania (CZK +1.1 bn), in Poland (CZK +1.0 bn), and in Bulgaria (CZK +0.8 bn)

**Depreciation and Amortization (CZK -2.5 bn)**

- Acceleration of depreciation and amortization of coal-fired facilities in Czechia in H2 2021 due to deterioration of regulatory conditions for long-term operation (CZK -2.4 bn)
- Increase in depreciation of coal-fired facilities in Czechia as a result of an increase in the estimated expenditure on dismantling and demolition after decommissioning (CZK -1.3 bn)
- Higher depreciation and amortization of nuclear power plants (CZK -0.2 bn) and ČEZ Distribuce (CZK -0.4 bn)
- Lower depreciation and amortization of assets at Severočeské doly (CZK +0.6 bn) reflecting additions to impairment in 2021

**Other Income and Expenses (CZK +1.0 bn)**

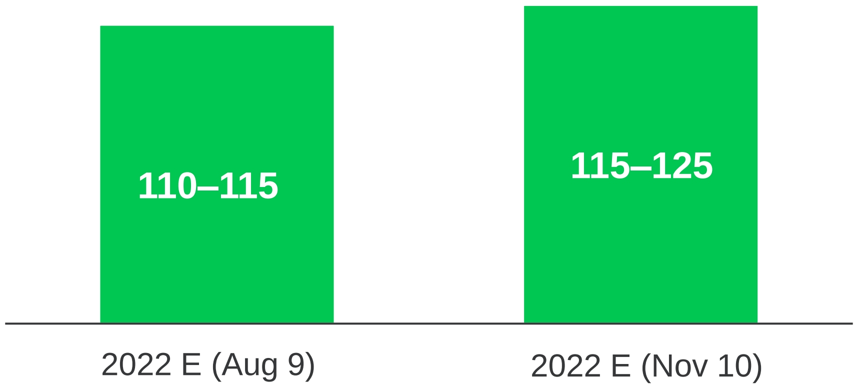
- Higher interest income (CZK +1.9 bn) due to higher liquidity on margin deposits and higher interest rates
- Revaluation of Inven Capital securities (CZK +0.5 bn)
- Higher interest on nuclear and other reserves (CZK -0.4 bn) due to rising interest rates
- Exchange rate effects and revaluation of financial derivatives (CZK -1.1 bn), mainly due to revaluation of ČEZ margin deposits on exchanges and with trading counterparties



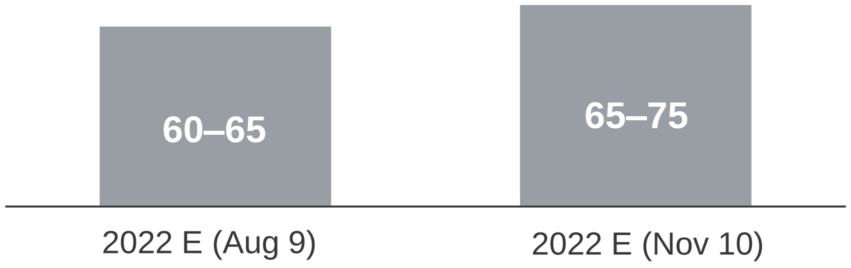
* Including gain/loss from sales of tangible and intangible fixed assets

# We increase the financial outlook for the whole year 2022: EBITDA CZK 115–125 bn, adjusted net income CZK 65–75 bn

**EBITDA (CZK bn)**




**Adjusted net income (CZK bn)**




**Main reasons for adjusting the financial outlook as compared to the outlook from Aug 9, 2022:**

+ Income from commodity trading on foreign markets, including the use of the LNG terminal

+ Higher realization prices of electricity

– Assumption of levy on generation revenues above price caps

**Selected Prediction Risks and Opportunities:**

- Availability of generating facilities
- Revaluation of commodity derivatives hedging generation positions for 2023+
- Realization prices of generated electricity and income from commodity trading
- Amount of levy on generation revenues above price caps

**Dividend from 2022 earnings:**

- The current dividend policy (60–80% of net income adjusted for extraordinary effects) indicates (if the dividend is set at the upper end of the defined range) a dividend of CZK 97 to CZK 112 per share, and therefore a shareholder income of CZK 52 to CZK 60 bn, of which CZK 36 to CZK 42 bn for the Czech state.

# Framework measures have been taken at EU level to curb excessive commodity price increases and stabilize energy markets.

The initial package of measures was approved by the European Council in September. The specific solution is always primarily the responsibility of individual Member States.

**Revenue from electricity production is capped** for plants with variable costs lower than gas (RES, nuclear, lignite, fuel oil)

- the European Commission has proposed to introduce a de facto 100% taxation of electricity production above the price of 180 EUR/MWh for inframarginal sources. The price limit may be reduced by Member States. The funds collected must be used to compensate consumers or invest in cross-border interconnection. The support may be applied to small and medium-sized enterprises. Member States have the right to redistribute this income.

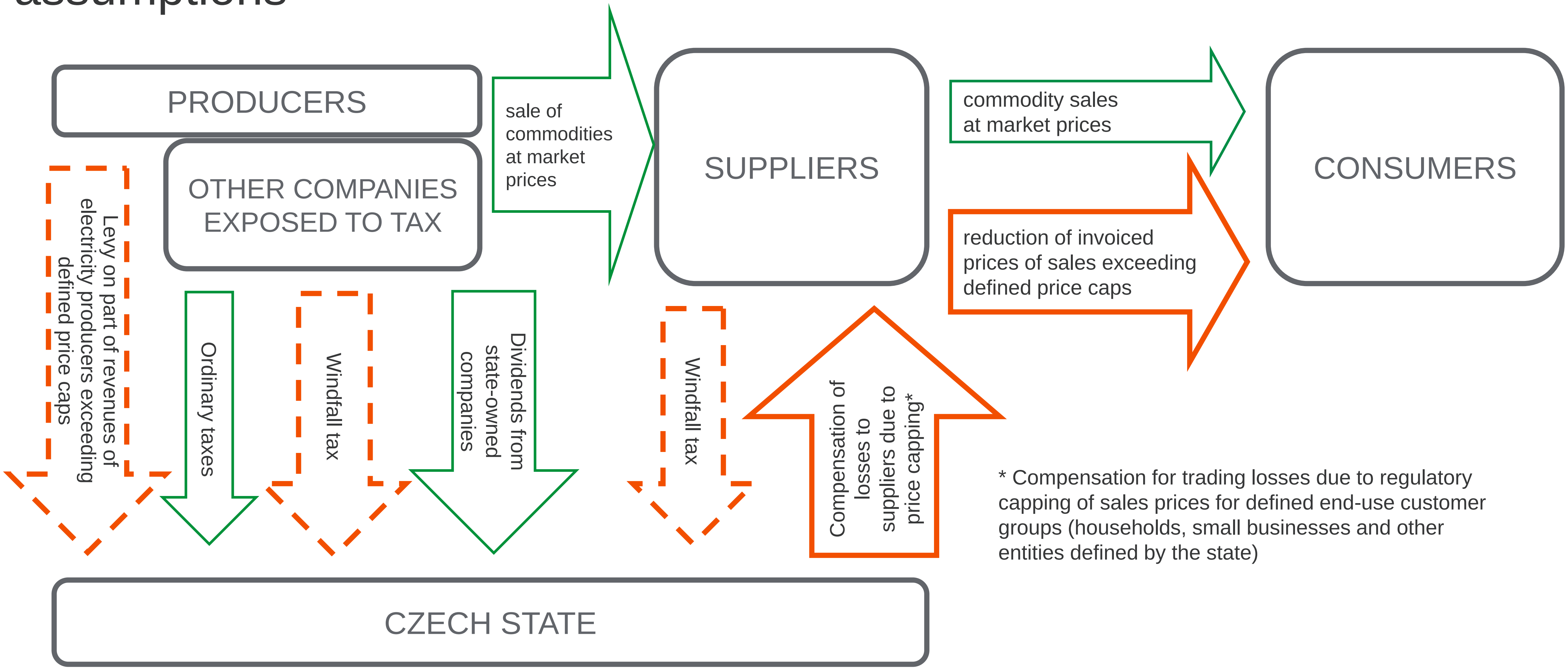
**Exceptional tax (solidarity contribution) on the profits of mining companies and refineries** (extraction of oil, gas, coal and production of refined products)

- 2022 and/or 2023 profits above 120% of the average of 2018–2021 income to be taxed at a minimum rate of 33%.

**Reduction of consumption**

- Member States are obliged to introduce measures to reduce electricity and gas consumption by 5% during peak hours and to aim for an overall reduction of 10% in electricity and gas consumption.

# Discussed solutions in Czechia for 2023—an illustrative diagram of how end-use customers will be supported and funding assumptions




* Compensation for trading losses due to regulatory capping of sales prices for defined end-use customer groups (households, small businesses and other entities defined by the state)

# Discussed measures in the Czech Republic—Current assumptions for a solution whose specific parameters have not yet been defined/approved

## Consumer Support

**Price cap for electricity and gas sales** with delivery in 2023 for households and small and medium-sized enterprises (SMEs):

- Maximum end price of electricity at CZK 6/kWh incl. VAT (for gas at CZK 3/kWh incl. VAT) for households, small and medium-sized customers
- For households, the cap shall be applied to the entire consumption, for SMEs up to 80% of the maximum consumption in the last 5 years

Selected open questions:

- Support for industry and how to support public companies and municipalities
- Method of compensation mechanism (reimbursement of the difference between revenues limited by the price caps and the costs associated with the procurement of the commodities, taking into account the reasonable profit of supply companies).

## Financing

**Levy on the part of electricity generation revenues that exceeds the defined caps in EUR/MWh**

- Levy on a portion of revenues derived from defined caps in EUR/MWh for individual inframarginal generating facilities
- The deduction will be a tax deductible expense and will reduce the company's operating income

Selected open questions:

- Level of revenue caps in EUR/MWh for individual generating facilities
- The method of calculating the levy obligation and the method of payment and settlement of the levy in question over time

**Windfall tax** for the energy, petrochemical and banking sectors of 60% in 2023—2025

- “Reasonable Profit” to be determined based on the historical average of 2018–2021 income plus 20%
- Reasonable Profit will be taxed at a rate of 19%, profit above Reasonable Profit at a rate of 79% (60% + 19%)
- Advance tax payments for 2023 will be collected from Q3 2023 on the basis of the companies‘ profit in 2022

# Since Sep 8 ČEZ has been using the first European LNG terminal launched since the invasion of Ukraine and can provide 1/3 of the Czech annual gas consumption

## The terminal was built in a record 6 months

- Total LNG regasification capacity at 8 bn $m^3$ gas per year
- The operator is the Dutch national company Gasunie
- ČEZ, Shell and Engie have a contract for the capacity use
- The ČEZ contract was concluded for 5 years with an annual capacity of 3 bn $m^3$ gas per year, which corresponds to about 1/3 of the total annual gas consumption of Czechia
- The capacity is commercially managed by ČEZ. The contracts include options to cede capacity to the Czech state.

## What does this mean for Czechia and ČEZ?

- This is a crucial step for Czechia's energy security, independence from Russia and an important insurance in case of gas supply restrictions from other sources, because:
  - Gas transmission routes from the Netherlands to Czechia were contracted at the same time
  - The forthcoming law assumes that ČEZ will be obliged to supply gas to customers in Czechia, including industrial companies, as a supplier of last resort
- LNG gas after regasification from the storage tanks is already used for deliveries to Czechia. (sales to traders and for filling the storages) and for trading commodities on Western European markets.
- ČEZ has already contracted LNG supplies for 2022 in the amount of approximately 800 mil $m^3$ of gas

# Other selected Events in the Past Quarter of 2022

## Round 2 of the RES+ call for support for the construction of RES sources in Czechia from the Modernization Fund has been announced.

In round 2 of the RES+ Call No. 2/2022 for PV plants above 1 MWp, for which the application deadline was Oct 31, 2022, CEZ Group submitted applications for 44 projects with a total installed capacity of 1,012 MWp.

The evaluation of applications under this call is expected in H1 2023.

## Crisis in the European energy sector accelerates small modular reactor (SMR) projects in Czechia

The first reactor in Czechia should be built at the Temelín NPP site, including training, service and development facilities for other European users.

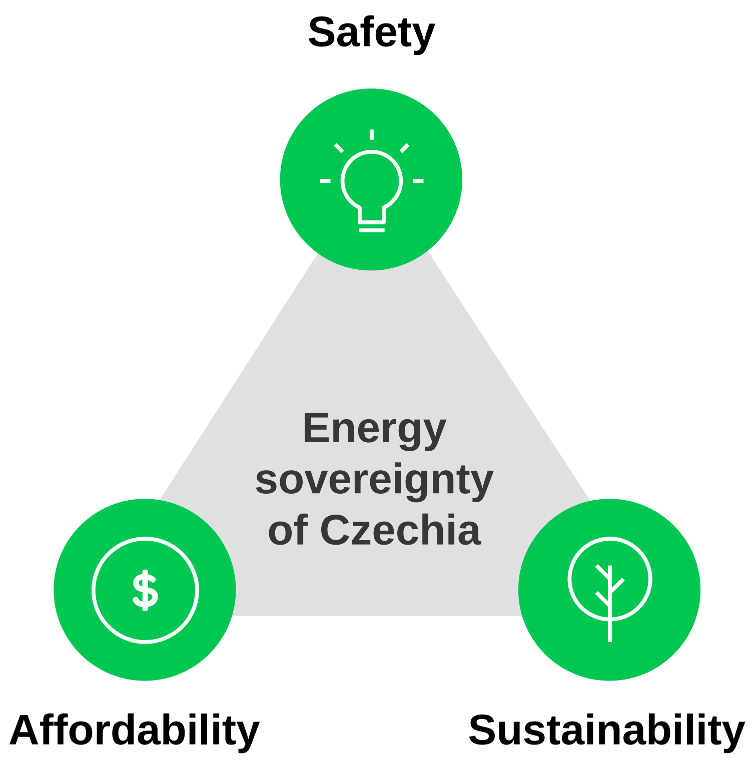
On Sep 21, the South Bohemia region and ČEZ, together with its subsidiary ÚJV Řež, signed an agreement on the establishment of the South Bohemia Nuclear Park. It involves creating a platform for cooperation between ČEZ, the government and the region, which aims to create conditions for accelerating the planned construction of SMR in Czechia at the Temelín site and support communication and promotion of nuclear projects in Czechia.

## Dividend payments for 2021 in the total amount of CZK 25.8 bn commenced on Nov 1.

The decision of the annual Shareholders' Meeting in June 2022 to pay dividends 3 months later than usual contributed significantly to maintaining CEZ Group's financial stability in the context of the extreme increase in electricity market prices in August and the obligation to top up margin deposits on exchanges and with trading counterparties.

# The strategic objectives of VISION 2030 and CEZ Group's measures are in line with the current national priority—Energy sovereignty of Czechia

## Strategic imperatives of the Czech energy sector:




## Selected current measures and steps taken by ČEZ

**Emission-free nuclear energy**

- We are improving the safety and efficiency of nuclear power plants with the aim of generating over 32 TWh per year.
- We have secured fuel supplies to Temelín from non-Russian sources
- We expect to receive bids for the Dukovany NNPP by Nov 30, 2022
- We are accelerating the Small Modular Reactor ("SMR") program, with the first small modular reactor to be built at Temelín site as early as 2032

**Strategic raw materials and decarbonization of generation portfolio**

- We are filling storage tanks as part of our security of supply standard obligation, we have purchased gas for the Czech Rep.'s strategic reserve
- We secured for the state a share of capacity in the LNG terminal in Eemshaven, Netherlands, with a capacity corresponding to 1/3 of Czech consumption
- We are ensuring maximum availability of coal-fired facilities and adequate mining for medium-term increase in generation and at the same time preparing decarbonization of the generation portfolio in line with the ambitions of VISION 2030

**Renewables**

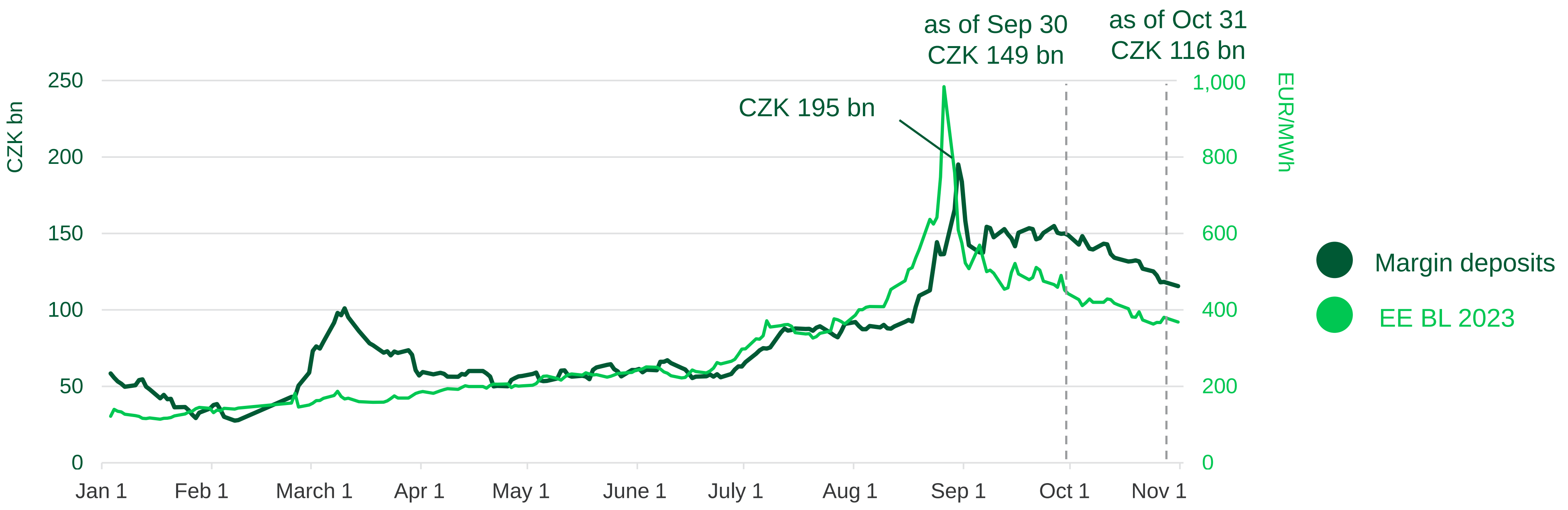
- We accelerate the construction of new generation capacity with a target of 6,000 MW by 2030
- ČEZ Prodej increases the number of PV installations on rooftops
- ČEZ ESCO increases the number of PV installations for companies and municipalities

**Energy savings and customer assistance**

- We want to lead by example, we reduce office temperatures, we will save 15% of consumption this winter
- We are working to get Czechia's assistance to customers as soon as possible
- We offer free payment plans to end-use customers

# Development of margin deposits and indication of covering potential risk of further commodity growth from current cash resources

Development of margin deposits on exchanges and with counterparties due to current generation forward sales and lower contracted electricity price, EUA and gas prices compared to current market prices

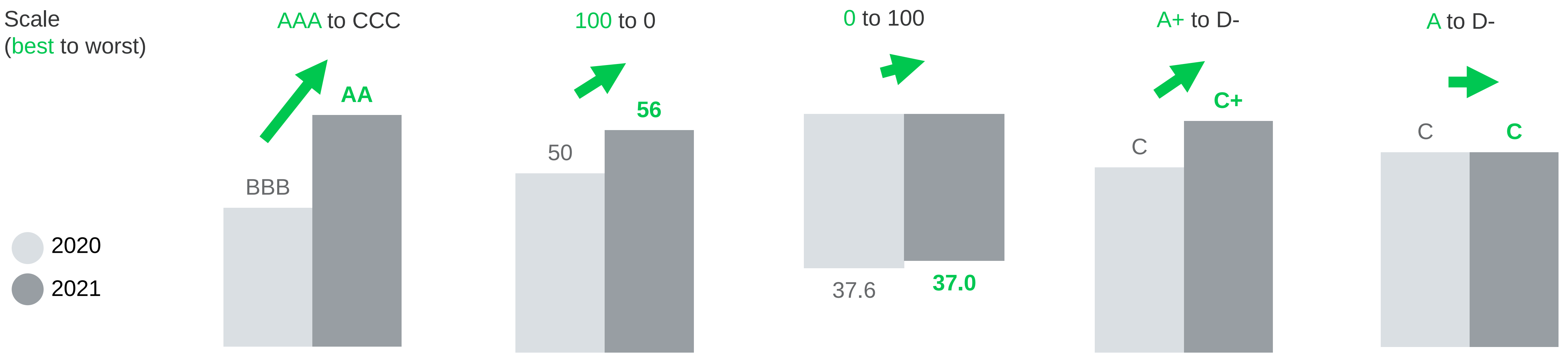



| Commodity prices for 2023 delivery | Max. Aug 26 | Sep 30 | Oct 31 |
|---|---|---|---|
| Electricity (EUR/MWh) | 984 | 442 | 368 |
| EUA (EUR/t) | 93 | 70 | 83 |
| Gas (EUR/MWh) | 311 | 186 | 133 |

| **Available liquidity** (CZK bn) | as of Sep 30 | as of Oct 31 |
|---|---|---|
| Cash | 79 | 90 |
| Credit lines | 46 | 47 |
| **Total liquid resources** | **125** | **137** |

# We are succeeding in improving our ESG score in line with the VISION 2030 targets. The goal is to rank among the top 20% of energy companies by 2023.

| | MSCI | S&P Global Ratings | SUSTAINALYTICS (a Morningstar company) | ISS ESG | CDP (DISCLOSURE INSIGHT ACTION) |
|---|---|---|---|---|---|




| | | | | | |
|---|---|---|---|---|---|
| Current ČEZ percentile | 66th–91st | 72nd | 56th | 60th–70th | Not available* |

The current ESG score always contains a time lag with respect to the time lag for the ESG status of the company to be reflected in the applicable rating. Especially for Sustainalytics, the current score mainly reflects CEZ Group's ESG status in 2019, i.e. we expect a significant improvement in the ESG score with respect to the measures already implemented in CEZ Group.

* The CDP rating agency has changed its calculation methodology (significantly tightening the score required for the relevant rating). A number of competitors have experienced a rating downgrade, so maintaining the C rating means a real improvement in CEZ Group's ESG rating.

# Agenda

Financial Highlights and Selected Events

Generation and Mining

Distribution and Sales

# GENERATION Segment EBITDA*

| EBITDA (CZK bn) | Q1–Q3/2021 | Q1–Q3 2022 | Difference | % | Q3/2021 | Q3/2022 | Difference | % |
|---|---|---|---|---|---|---|---|---|
| Of which emission-free generation sources: | 20.4 | 40.9 | +20.5 | +101% | 7.0 | 12.6 | +5.6 | +80% |
| Nuclear | 16.4 | 31.6 | +15.2 | +93% | 5.6 | 9.4 | +3.8 | +67% |
| Renewable | 4.0 | 9.4 | +5.3 | +133% | 1.5 | 3.3 | +1.7 | +115% |
| Emission Generating Facilities | 1.8 | 16.6 | +14.7 | >200% | -0.7 | 7.4 | +8.0 | >200% |
| Trading | 2.0 | 12.9 | +10.9 | >200% | 1.7 | 5.5 | +3.8 | >200% |
| Specific temporary effects | -0.9 | -3.6 | -2.8 | >200% | 1.7 | -4.7 | -6.5 | - |
| **Total GENERATION Segment** | **23.4** | **66.8** | **+43.4** | **+186%** | **9.8** | **20.8** | **+11.0** | **+112%** |

**Year-on-year effects Q1–Q3:**

**Nuclear facilities (CZK +15.2 bn):**
- Trade impacts (+15.0): price impact (+15.1), lower intragroup revenues (-0.1)
- Operating effects (+0.2): operational availability of Temelín (+0.8) and Dukovany (+0.2), fixed expenses (-0.8)

**Renewables (CZK +5.3 bn):**
- Trade effects (+5.8): price effect (+2.2), ancillary services and regulatory energy (+3.6)
- Operating effects (-0.4): hydroelectric plants in Czechia (-0.8), photovoltaic plants in Czechia (+0.3), wind power plants in Germany (+0.1)

**Emission sources (CZK +14.7 bn):**
- Trade effects in Czechia (+14.7): price effect (+14.0), ancillary services (+0.7)
- Operating effects in Czechia (+0.6): operating availability (-0.2), heat sales (+0.3), trading at the generating facilities (+0.7), fixed expenses (-0.2), insurance claim for the fire in Dětmarovice in 2021 (-0.2)
- Poland (-0.5) mainly lower generation margin due to the increase in the cost of coal and allowances

**Trading (CZK +10.9 bn):**
- Higher trading prop margin (+15.8), potential loss of gas contracts with Gazprom Export (-1.9)
- Other and consolidation impacts (-3.0) mainly prop margin realized on generation contracts for 2023+ delivery

**Specific temporary effects (CZK -2.8 bn):**
- Revaluation of hedging commodity generation contracts for delivery in Q4 2022 and other temporary effects (-3.6)
- Temporary specific effects in 2021 (+0.9)

**Year-on-year effects in Q3:**

**Nuclear generating facilities (CZK +3.8 bn):**
- Trade impacts (CZK +4.3 bn): price impact (+4.1), higher intragroup income (+0.1)
- Operating effects (-0.5): operating availability (+0.4), fixed expenses (-0.8)

**Renewables (CZK +1.7 bn):**
- Trade impacts (+2.0): higher realized electricity prices (+1.0), higher revenues from ancillary services and regulatory energy (+1.0)
- Operating effects (-0.3): lower operating availability (-0.3)

**Emission sources (CZK +8.0 bn):**
- Trade effects in Czechia (+8.0): price effect (+7.7), ancillary services (+0.3)
- Operating effects in Czechia (+0.4): heat sales (+0.1), on-site trade (+0.2)
- Poland (-0.1): lower generation margin due to the increase in the cost of coal and emission allowances

**Trading (CZK +3.8 bn):**
- Higher commercial prop margin including LNG terminal utilization (+5.1)
- Increase in Gazprom Export's potential loss of gas contracts (-0.7)
- Other commercial trading and consolidation impacts (-0.6) mainly part of margin realized on generation contracts for 2023+ delivery

**Specific temporary effects (CZK -6.5 bn):**
- Revaluation of hedging commodity generation contracts for delivery in Q4 2022 and other temporary effects (-4.7)
- Temporary specific effects in 2021 (-1.7)

* without the divested assets in Romania and Bulgaria

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 ČEZ's gross margin and fixed costs of the central divisions of ČEZ) and simplified consolidation with other companies in the segment.

# MINING Segment EBITDA

| EBITDA (CZK bn) | Q1–Q3/2021 | Q1–Q3/2022 | Difference | % | Q3/2021 | Q3/2022 | Difference | % |
|---|---|---|---|---|---|---|---|---|
| Czech Republic | 3.1 | 5.0 | +1.8 | +59% | 1.0 | 1.9 | +0.9 | +83% |

**Year-on-year effects Q1–Q3 (CZK +1.8 bn):**

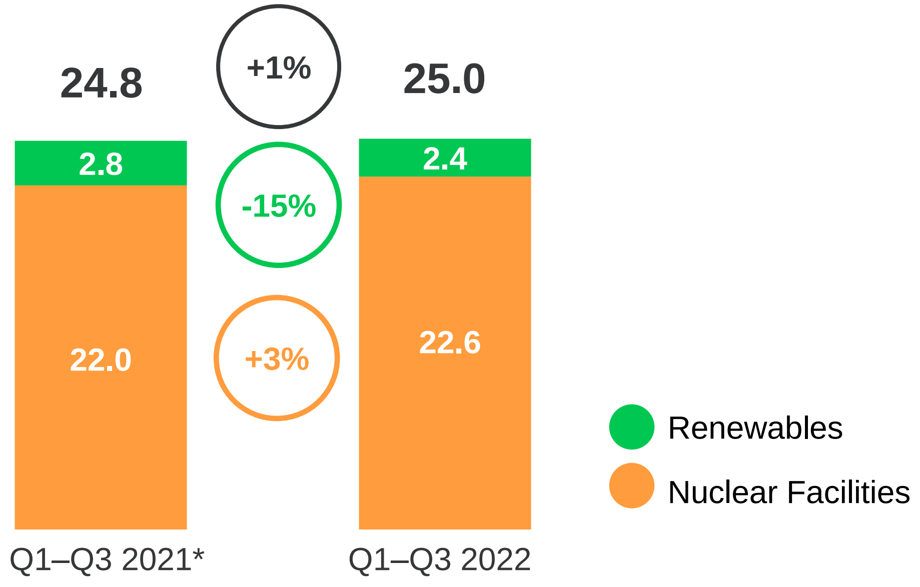
- Higher revenues due to the increase in the price of supplies to CEZ Group (CZK +1.0 bn)
- Higher sales related to higher deliveries to external customers (CZK +1.5 bn)
- Higher fixed operating expenses (CZK -0.7 bn), mainly energy expenses

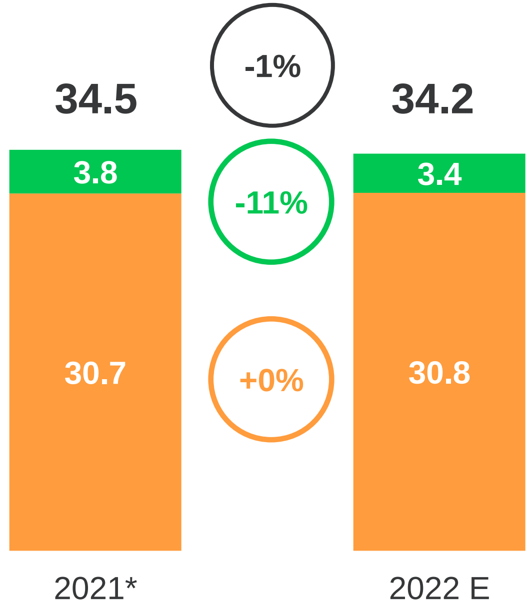
**Year-on-year effects Q3 (CZK +0.9 bn):**

- Higher revenues related to higher coal supplies to CEZ Group (CZK +0.3 bn)
- Higher revenues from coal sales to external customers (CZK +0.8 bn)
- Higher fixed operating expenses (CZK -0.3 bn), mainly energy expenses

| Mining volume (m tons) | Q1–Q3/2021 | Q1–Q3/2022 | Difference | % | Q3/2021 | Q3/2022 | Difference | % |
|---|---|---|---|---|---|---|---|---|
| Czech Republic | 11.0 | 12.9 | +1.9 | +17% | 3.3 | 4.3 | +1.0 | +31% |

# Nuclear and renewable generation (TWh)




**Renewables (-15%)** hydro, wind, solar, biomass, biogas

- Czechia hydro (-18%)
  - – Worse-than-average hydrometeorological conditions
- Czechia biomass (-25%)
  - – Outages at Poříčí Power Plant (August–September)
- Germany—Wind (+15%)
  - + Worse-than-average weather conditions in 2021

**Nuclear plants (+3%)**

- + Shorter outages of both power plants
- + Increase in the achievable output of Unit 1 of Temelín NPP

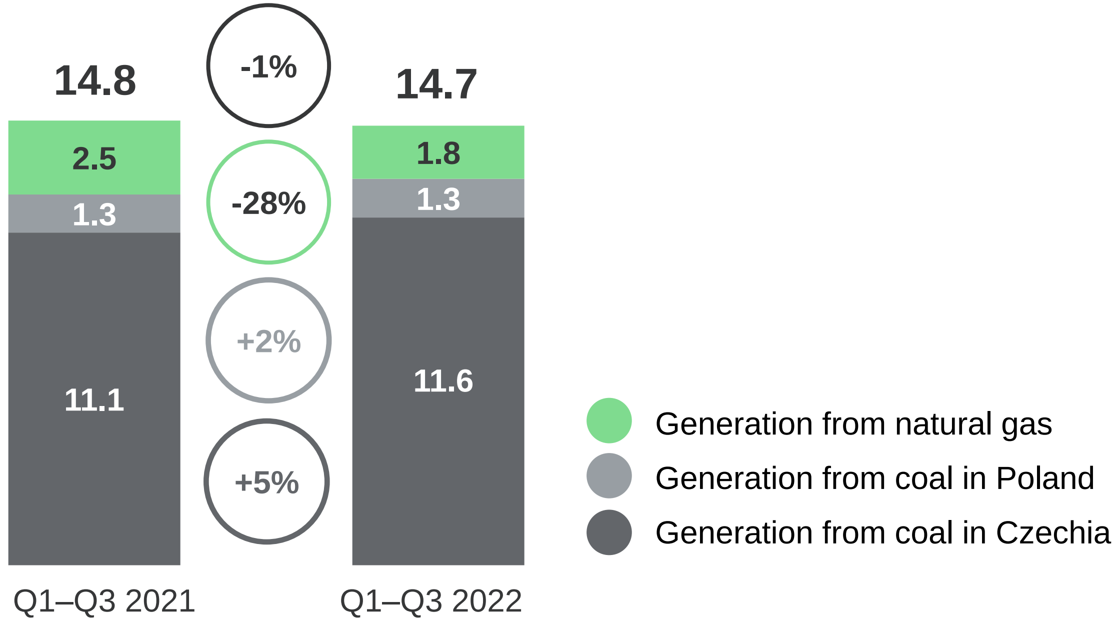
**Renewables (-11%)**

- Czechia hydro (-13%)
  - – Worse-than-average hydrometeorological conditions
- Czechia biomass (-18%)
  - – Outages at Poříčí Power Plant (August–September)
- Germany—Wind (+18%)
  - + Worse-than-average weather conditions in 2021



* Excluding generation from divested companies in Romania and Bulgaria

# Electricity generation from coal and natural gas (TWh)





**Natural gas–fired generation (-28%)**
- – Lower generation at Počerady 2 due to commodity prices and emission allowance prices

**Coal-fired generation in Poland (+2%)**
- + Favorable market conditions and the impact of biomass

**Coal-fired generation in Czechia (+5%)**
- + Shorter outages at Prunéřov 2 and Tušimice 2 power plants
- – Termination of the Mělník 3 power plant's operation as of Aug 17, 2021 (-0.15 TWh)
- – Longer outages at the Ledvice 4 power plant

**Natural-gas-fired generation (-14%)**
- – Lower generation at Počerady 2 due to commodity prices and emission allowance prices

**Coal-fired generation in Poland (+5%)**
- + Favorable market conditions and the impact of biomass

**Coal-fired generation in Czechia (-0%)**
- + Shorter outages at Prunéřov 2 and Tušimice 2 power plants
- – Longer outages at the Ledvice 4 power plant
- – Termination of the Mělník 3 power plant's operation as of Aug 17, 2021 (-0.15 TWh)

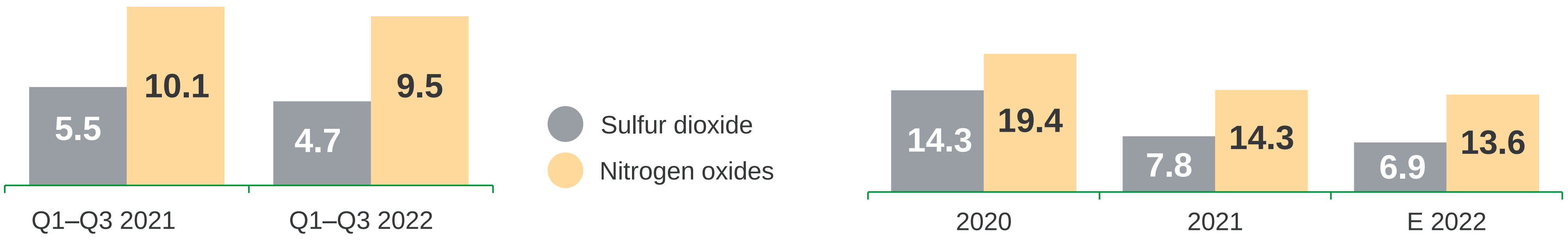
# Emissions of $CO_2$, $SO_2$, and $NO_X$ in electricity and heat generation

## $CO_2e$ emission intensity of electricity and heat generation (t $CO_2e$/MWh)


CEZ Group's emission intensity for electricity and heat generation in Q1–Q3 2022 of 0.30 t $CO_2e$/MWh corresponds to:

- 85% of the emissions of the new CCGT power plant
- 46% of emissions produced by the marginal generating facility determining the current electricity market prices in Germany.

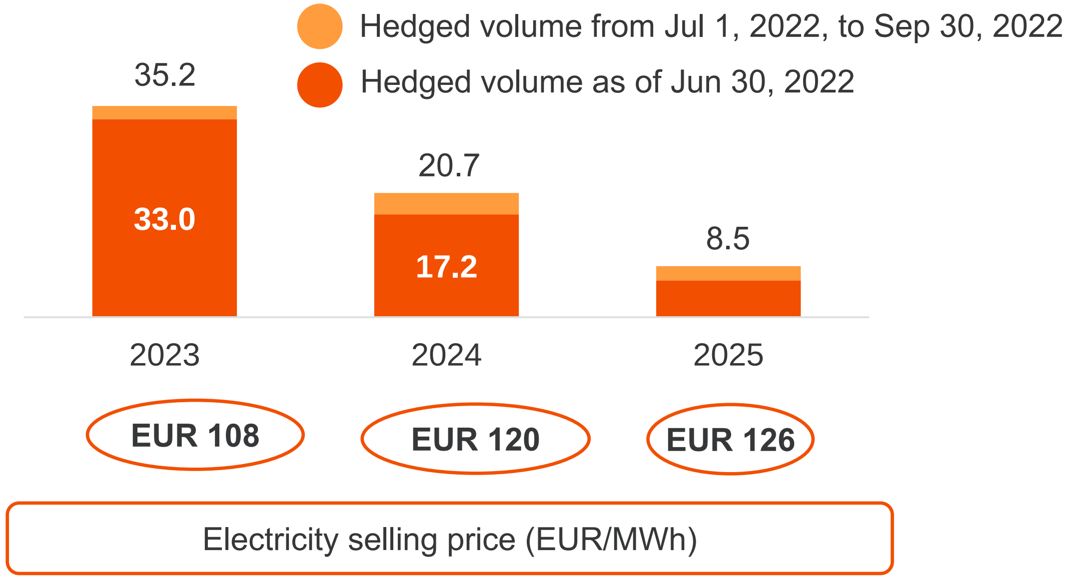
## Sulfur dioxide ($SO_2$), nitrogen oxides ($NO_x$) (thousand tons)



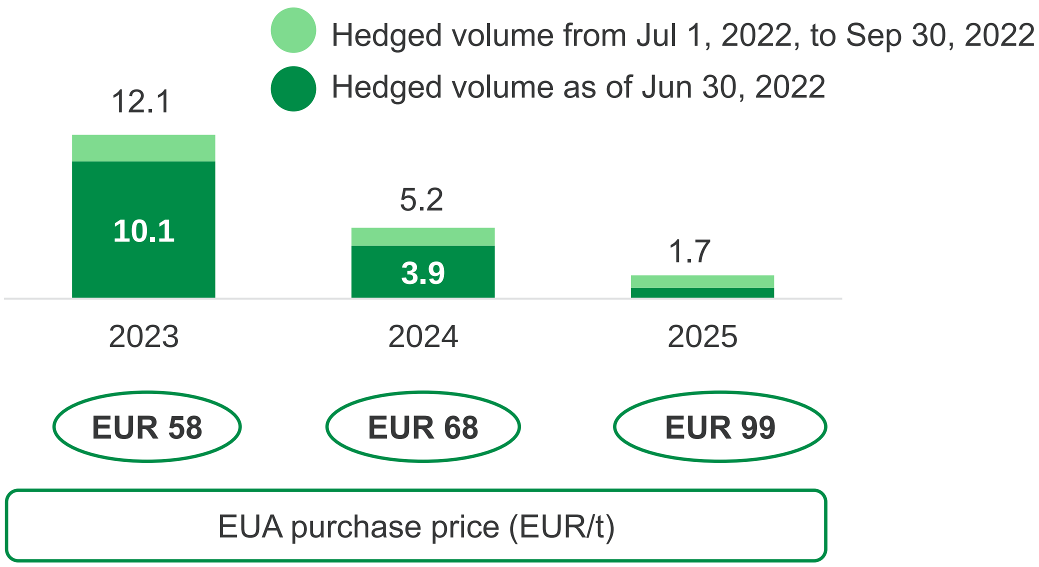

The $CO_2e$ indicator corresponds to emissions as defined in "SCOPE 1 of the GHG Protocol". In CEZ Group's conditions, these are emissions related to the combustion of fossil fuels in the generation of electricity and heat ($CO_2$, $CH_4$, and $N_2O$ emissions) and $CO_2$ emissions from transport. The 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.

# Hedging of market risks of generation in Czechia for 2023–2025

## Electricity sold in TWh (as of Sep 30)




## Contracted emission allowances* in m tons (as of Sep 30)




| | 2023 | 2024 | 2025 | 100% of expected delivery |
|---|---|---|---|---|
| Share of electricity supply hedged from generation in Czechia (as of Sep 30) | 73% | 44% | 18% | 47 to 48 TWh external deliveries per year |

In August, as part of liquidity risk management, it was decided to discontinue hedging market risks of generation through contracts on energy exchanges and to take measures to reduce ČEZ's trading exposure on energy exchanges.



* 100% of the expected annual volume of emission allowances for generation in Czechia for 2023–2025 is 16–18 m tons.

# Agenda

Financial Highlights and Selected Events

Generation and Mining

Distribution and Sales

# DISTRIBUTION Segment EBITDA*

| EBITDA (CZK bn) | Q1–Q3/2021 | Q1–Q3/2022 | Difference | % | Q3/2021 | Q3/2022 | Difference | % |
|---|---|---|---|---|---|---|---|---|
| Czechia | 13.6 | 13.7 | +0.1 | +1% | 4.0 | 4.2 | +0.2 | +5% |

**Year-on-year effects in Q1–Q3 (CZK +0.1 bn):**

- Higher revenue from activities to ensure input power and connection (CZK +0.1 bn)
- Higher invoiced contractual penalties (CZK +0.1 bn)

**Year-on-year effects in Q3 (CZK +0.2 bn):**

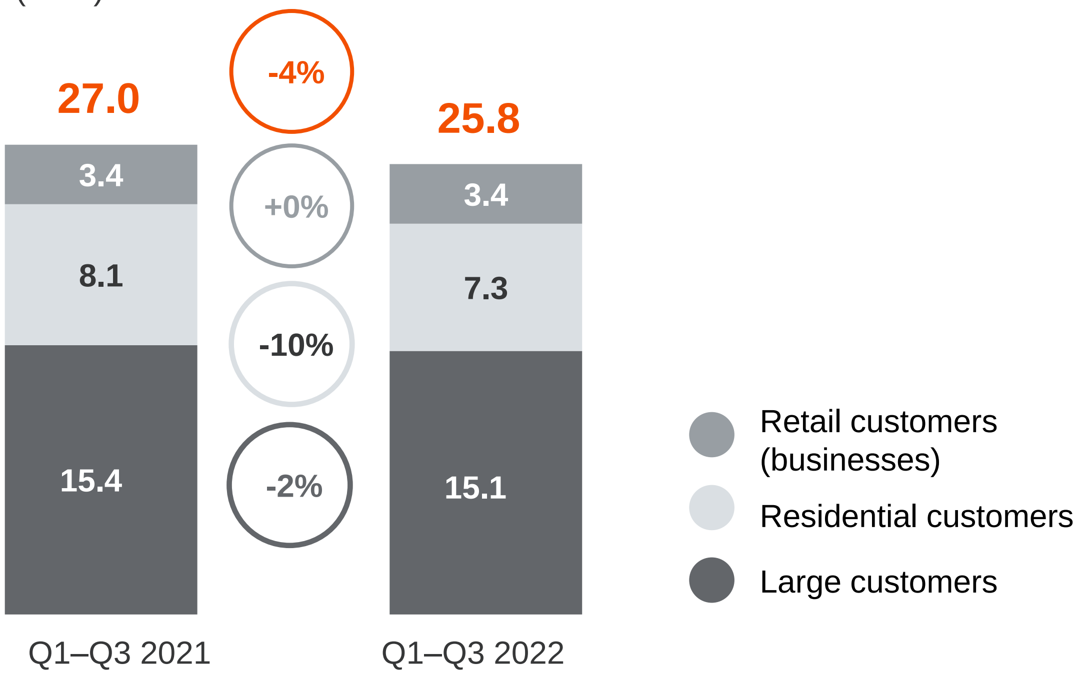
- Higher revenue from activities to ensure input power and connection (CZK +0.1 bn)
- Higher invoiced contractual penalties (CZK +0.1 bn)

| Electricity distributed to end-use customers (TWh) | Q1–Q3/2021 | Q1–Q3/2022 | Difference | % | Q3/2021 | Q3/2022 | Difference | % |
|---|---|---|---|---|---|---|---|---|
| Czechia** | 27.0 | 25.8 | -1.1 | -4% | 7.9 | 7.7 | -0.3 | -4% |

* without the divested assets in Romania and Bulgaria
** DISTRIBUTION segment only. Within CEZ Group, electricity is also distributed by ČEZ Energetické služby and ČEZ LDS, which are part of the SALES segment

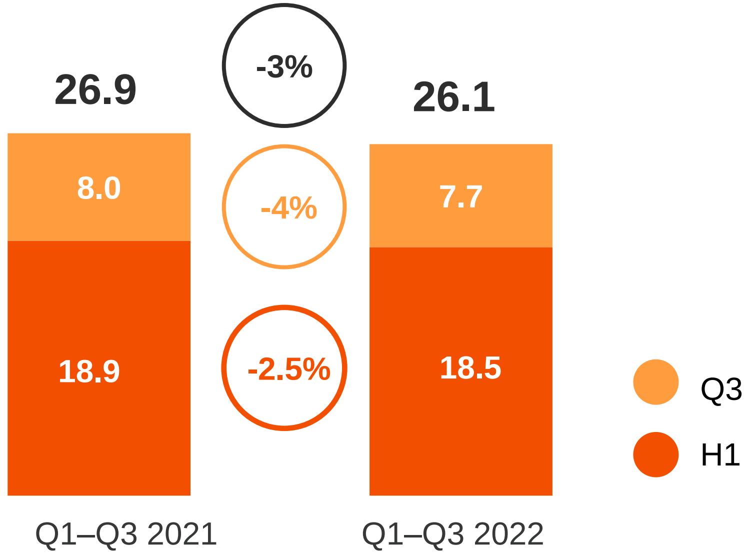
# Electricity consumption in the distribution territory of ČEZ Distribuce decreased mainly in the residential customers segment

## 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 the Czech Republic's territory, so the data are a good indicator of total nationwide electricity consumption trends.

# SALES Segment EBITDA*

| EBITDA (CZK bn) | Q1–Q3/2021 | Q1–Q3/2022 | Difference | % | Q3/2021 | Q3/2022 | Difference | % |
|---|---|---|---|---|---|---|---|---|
| Retail segment–ČEZ Prodej | 3.3 | 2.7 | -0.5 | -16% | 0.7 | 2.4 | +1.7 | >200% |
| B2B segment—of which ESCO companies: | 1.1 | 0.7 | -0.4 | -38% | 0.2 | 0.7 | +0.5 | >200% |
| Energy Services—Czechia and Slovakia | 0.3 | 0.3 | -0.1 | -25% | -0.0 | 0.0 | +0.1 | - |
| Energy Services—Germany and other countries** | 0.5 | 0.7 | +0.3 | +59% | 0.1 | 0.3 | +0.2 | >200% |
| Commodity Sales—Czechia | 0.3 | -0.3 | -0.6 | - | 0.1 | 0.4 | +0.2 | +178% |
| B2B segment—Other activities*** | 0.4 | 0.4 | -0.1 | -18% | 0.0 | 0.0 | +0.0 | +24% |
| **Total SALES Segment*** | **4.8** | **3.8** | **-1.0** | **-21%** | **1.0** | **3.1** | **+2.2** | >200% |

**Year-on-year effects Q1–Q3:**

**Retail segment—ČEZ Prodej (CZK -0.5 bn)**

- Lower gross margin on sales of commodities (CZK -1.2 bn) mainly due to an extreme increase in purchase prices in 2022 and partly compensated by temporary seasonal effects****
- Higher volume of supplies (CZK +0.4 bn)
- Refund of interest from the lawsuit with SŽDC (CZK +0.2 bn)
- Margin on non-commodity products (CZK +0.1 bn ) mainly installation of photovoltaics and heat pumps

**B2B segment—ESCO companies (CZK -0.4 bn):**

Energy services—Czechia and Slovakia (CZK -0.1 bn): mainly higher gas purchase costs

Energy services—Germany and others (CZK +0.3 bn): higher profitability of German and Polish companies and the impact of newly acquired companies

Commodity sales in Czechia (CZK -0.6 bn)

- Decrease in gross margin on electricity and gas sales mainly due to extreme increase in commodity purchase prices and market volatility (CZK -0.5 bn)
- The impact of the appreciation of CZK against EUR (CZK -0.1 bn), this impact is offset outside of EBITDA due to hedging

**Year-on-year effects Q3:**

**Retail segment—ČEZ Prodej (CZK +1.7 bn)**

- Temporary seasonal effects within the year **** amplified by extreme volatility of commodity prices during Q3 2022 (CZK +1.3 bn)
- Higher volume of supplies (CZK +0.4 bn)

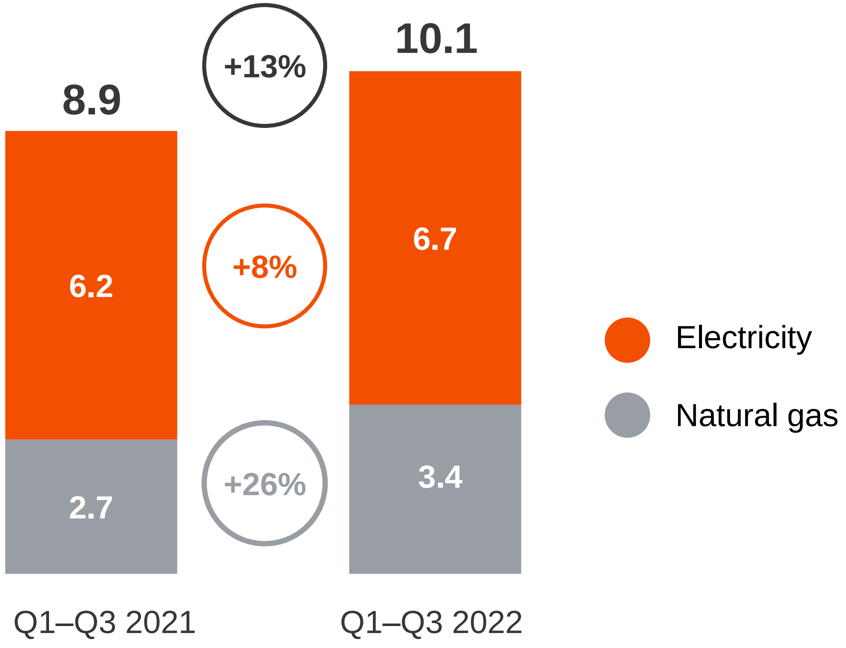
**B2B segment—ESCO companies (CZK +0.5 bn)**

- Energy services (CZK +0.3 bn): higher profitability of German and Polish companies and the impact of newly acquired companies
- Sales of commodities in Czechia (CZK +0.2 bn): mainly exchange rate effects incl. hedging

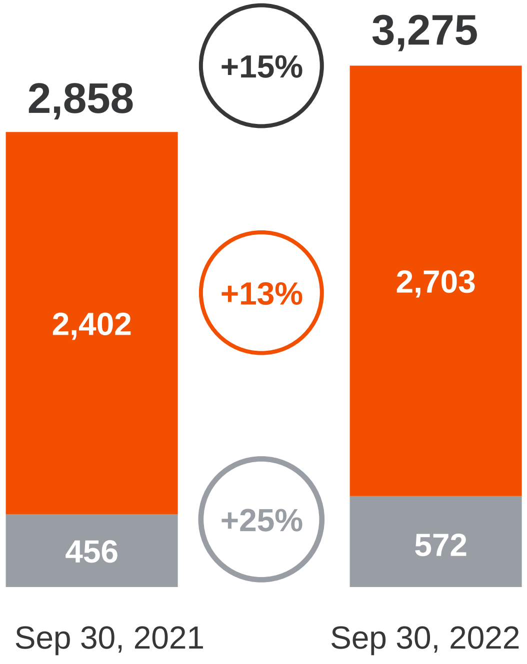
* without the divested assets in Romania and Bulgaria.
** Poland, Italy, Austria, and other countries where ESCO activities are managed by Elevion.
*** Mainly telecommunications companies, ČEZ Teplárenská, and other companies in the Sales segment.
**** Prices for end-use customers are generally set the same for winter and summer, while the purchase price of electricity and gas is generally significantly higher in winter than at other times of the year. In addition, fluctuations in consumption during the year cause temporary gains or losses due to balance adjustments and deviations from the prices invoiced to customers. These seasonal effects were fundamentally different year-on-year due to the energy crisis and extreme price fluctuations in 2022.

# Volume of electricity and gas sold; the number of customers Czechia—Retail

## Total electricity and gas supply increased by 13% year-on-year
(TWh)

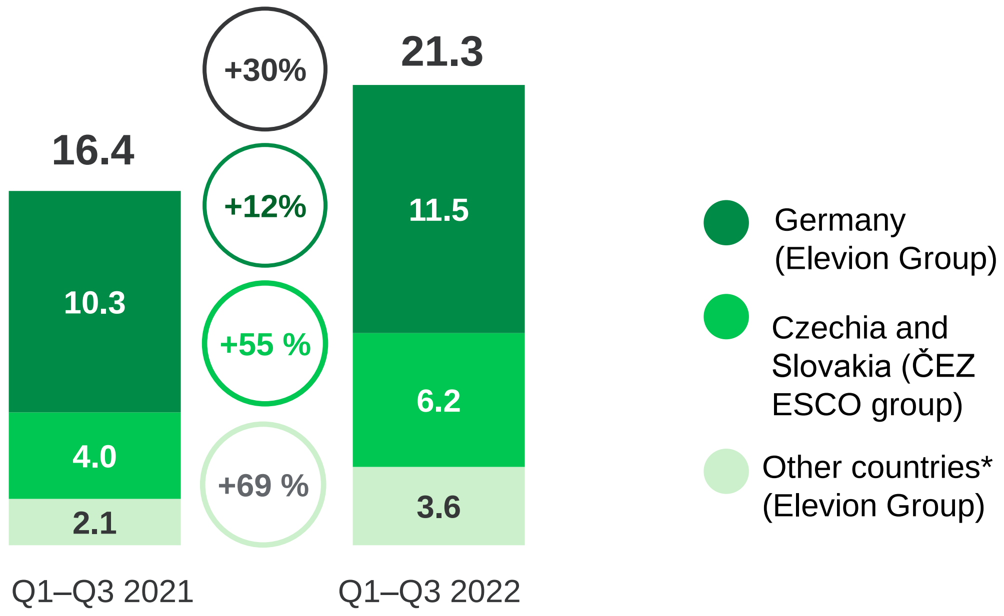


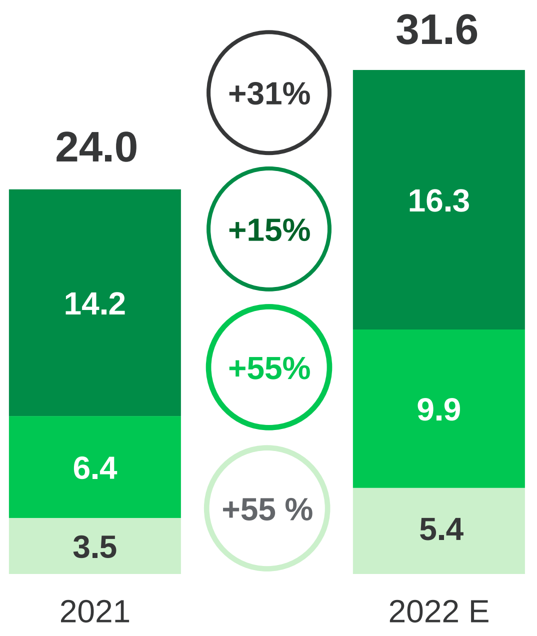

## The number of customers increased by 15% year-on-year
(service points in thousands)




- A significant impact on the end-use customer market in Czechia was the collapse of several suppliers due to the sharp increase in commodity prices in Q4 2021 and the subsequent switch of almost 1 million customers to so-called suppliers of last resort (“SLR”).
- As a result, the number of ČEZ Prodej's service points increased by more than 300,000 and continued to grow due to the suspension of new customer acquisitions by most suppliers in Q1 2022.
- In addition, the increase in the volume of electricity sold is due to the change in the structure of ČEZ Prodej's portfolio (more residential customers are switching from heating with solid fuels to heat pumps).
- On the contrary, the decrease in the volume of electricity and gas supplies to households was affected by higher temperatures in 2022 and, in the case of electricity, also by the return of employees back to offices after COVID-19.

# Revenues from the sale of energy services (CZK bn)




**Germany—Elevion Group (+12%)**
+ Organic increase +3% (+7% adjusted for exchange rate effects)
+ Acquisition of the Belectric group (Dec 16, 2021)

**Czechia and Slovakia—ČEZ ESCO group (+55%)**
+ Organic increase +17%
+ Acquisitions: EP Rožnov (Jul 15, 2021), CAPEXUS (Dec 13, 2021), ELIMER (Feb 24, 2022)

**Other countries*—Elevion Group (+69%)**
+ Organic increase + 14% (mainly Poland, Romania)
+ Acquisition of Belectric Italy, Israel, France, UK; acquisition of SOCIETA' AGRICOLA DEF S.R.L. (Jul 26, 2021), ZOHD group (Aug 27, 2021)

**Germany—Elevion Group (+15%)**
+ Organic increase +0% (+4% adjusted for exchange rate effects)
+ Acquisition of the Belectric group (Dec 16, 2021)

**Czechia and Slovakia—ČEZ ESCO group (+55%)**
+ Organic increase +24%
+ Acquisition of EP Rožnov (Jul 15, 2021), CAPEXUS (Dec 13, 2021), ELIMER (Feb 24, 2022)

**Other countries*—Elevion Group (+55%)**
+ Organic increase +15%
+ Acquisition of Belectric Italy, Israel, France, UK; acquisition of SOCIETA' AGRICOLA DEF S.R.L. (Jul 26, 2021), ZOHD group (Aug 27, 2021)

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

# Annexes

## Financial Results

- Total financial results
- Total operating results
- Operating results by existing and divested assets
- Operating income by segment and country
- EBITDA by segment and country
- Net income for Q3
- Status of generation margin hedging against selected price risks in Czechia
- Expected year-on-year change in EBITDA by segment

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

- Investments in fixed assets (CAPEX)
- Credit frameworks and debt structure
- Change in net debt (cash flow)
- Hedging against currency and commodity risks in generation in Czechia

## Market Developments, Balance Sheet, and Other Information

- Market Developments
- Electricity Procured and Sold
- Calculation of Alternative Indicators according to ESMA

# Total financial results

| (CZK bn) | Q1–Q3 2021 | Q1–Q3 2022 | Difference | % |
|---|---|---|---|---|
| Operating Revenues | 156.0 | 211.1 | +55.1 | +35% |
| EBITDA | 47.5 | 89.3 | +41.8 | +88% |
| of which: Existing assets* | 44.9 | 89.3 | +44.4 | +99% |
| EBIT | 13.8 | 65.2 | +51.4 | >200% |
| Net income | 6.7 | 52.3 | +45.6 | >200% |
| Adjusted net income** | 16.9 | 52.3 | +35.4 | >200% |
| Operating cash flows | 26.1 | 13.1 | -13.0 | -50% |
| CAPEX | 19.3 | 21.4 | +2.0 | +10% |

* Excluding the divested assets. Romanian companies sold on Mar 31, 2021, and Bulgarian companies on Jul 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)

# Total operating results

| | | Q1–Q3 2021 | Q1–Q3 2021* | Q1–Q3 2022 | Difference* | %* |
|---|---|---|---|---|---|---|
| Electricity generation | TWh | 40.1 | 39.7 | 39.6 | -0.0 | -0% |
| Electricity distributed to end-use customers | TWh | 33.9 | 27.1 | 26.0 | -1.1 | -4% |
| Sales of electricity to end-use customers | TWh | 21.1 | 14.7 | 16.6 | +1.9 | +13% |
| Gas distributed to end-use customers | TWh | 0.5 | 0.5 | 0.5 | -0.1 | -12% |
| Sales of gas to end-use customers | TWh | 4.9 | 4.4 | 5.6 | +1.2 | +26% |
| Sales of heat | thousands TJ | 17.9 | 17.9 | 15.8 | -2.0 | -11% |

* Excluding the divested assets. Romanian companies sold on Mar 31, 2021, Bulgarian companies on Jul 27, 2021.

| | | as of Sep 30, 2021 | as of Sep 30, 2022 | Difference | % |
|---|---|---|---|---|---|
| Installed capacity | GW | 11.8 | 11.8 | +0.0 | +0% |
| Workforce headcount | thousands persons | 27.2 | 27.5 | +0.4 | +1% |

# Operating results by existing and divested assets

| Electricity generation (TWh) | Q1–Q3/2021 | Q1–Q3 2022 | Difference | % |
|---|---|---|---|---|
| Existing assets** | 39.7 | 39.6 | -0.0 | -0% |
| of which: Czechia** | 38.0 | 37.9 | -0.1 | -0% |
| Poland | 1.5 | 1.5 | -0.0 | -0% |
| Germany and others**** | 0.2 | 0.2 | +0.0 | +21% |
| Divested assets* | 0.4 | - | -0.4 | - |
| CEZ Group, total | 40.1 | 39.6 | -0.4 | -1% |

| Gas sales to end-use customers (TWh) | Q1–Q3/2021 | Q1–Q3 2022 | Difference | % |
|---|---|---|---|---|
| Existing assets | 4.4 | 5.6 | +1.2 | +26% |
| of which: Czechia | 4.3 | 5.6 | +1.3 | +31% |
| Slovakia | 0.2 | - | -0.2 | - |
| Divested assets* | 0.4 | - | -0.4 | - |
| CEZ Group, total | 4.9 | 5.6 | +0.7 | +15% |

| Electricity distributed to end-use customers (TWh) | Q1–Q3/2021 | Q1–Q3 2022 | Difference | % |
|---|---|---|---|---|
| Existing assets (Czechia) | 27.1 | 26.0 | -1.1 | -4% |
| Divested assets* | 6.8 | - | -6.8 | - |
| CEZ Group, total | 33.9 | 26.0 | -7.9 | -23% |

| Sale of heat (thousand TJ) | Q1–Q3/2021 | Q1–Q3 2022 | Difference | % |
|---|---|---|---|---|
| Existing assets*** | 17.9 | 15.8 | -2.0 | -11% |
| of which: Czechia*** | 13.4 | 11.4 | -2.0 | -15% |
| Poland | 4.0 | 4.0 | +0.0 | +0% |
| Slovakia | 0.4 | 0.4 | -0.0 | -10% |
| Divested assets* | - | - | - | - |
| CEZ Group, total | 17.9 | 15.8 | -2.0 | -11% |

| Electricity sales to end-use customers (TWh) | Q1–Q3 2021 | Q1–Q3/2022 | Difference | % |
|---|---|---|---|---|
| Existing assets | 14.7 | 16.6 | +1.9 | +13% |
| Divested assets* | 6.5 | - | -6.5 | - |
| CEZ Group, total | 21.1 | 16.6 | -4.5 | -21% |

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

** Of which in Q1–Q3 2022 0.3 TWh was generated by ČEZ Energo, which is part of the SALES Segment

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

**** Germany, Slovakia, Italy and Austria

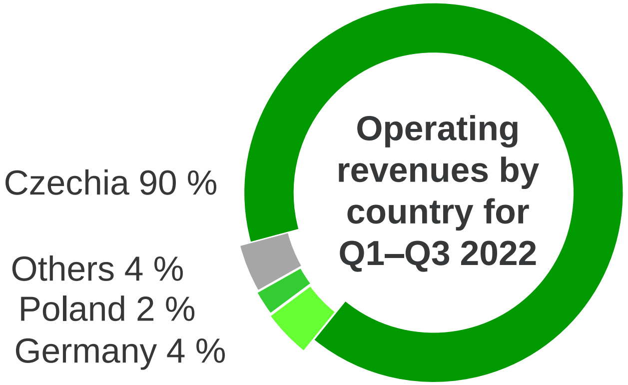
# Operating revenues by segment and country

| GENERATION (CZK bn) | Q1–Q3/2021 | Q1–Q3 2022 | Difference | % |
|---|---|---|---|---|
| Czechia | 79.4 | 149.0 | +69.6 | +88% |
| Germany | 0.4 | 0.5 | +0.1 | +23% |
| Poland | 4.1 | 4.2 | +0.1 | +3% |
| Romania | 1.2 | -0.0 | -1.2 | - |
| Other Countries | 2.2 | 8.0 | +5.8 | >200% |
| Intersegment eliminations | -2.2 | -5.6 | | |
| **Total** | **85.0** | **156.0** | **+71.0** | **+83%** |

| SALES (CZK bn) | Q1–Q3/2021 | Q1–Q3 2022 | Difference | % |
|---|---|---|---|---|
| Czechia | 45.1 | 84.1 | +39.0 | +87% |
| Germany | 10.4 | 11.7 | +1.3 | +12% |
| Romania | 2.5 | 0.2 | -2.3 | -91% |
| Bulgaria | 9.4 | 0.0 | -9.3 | -100% |
| Other Countries | 2.9 | 4.7 | +1.8 | +62% |
| Intersegment eliminations | -0.1 | -0.1 | | |
| **Total** | **70.1** | **100.6** | **+30.4** | **+43%** |

| MINING (CZK bn) | Q1–Q3/2021 | Q1–Q3 2022 | Difference | % |
|---|---|---|---|---|
| Czechia | 7.0 | 9.7 | +2.7 | +39% |

| DISTRIBUTION (CZK bn) | Q1–Q3/2021 | Q1–Q3 2022 | Difference | % |
|---|---|---|---|---|
| Czechia | 25.2 | 26.2 | +1.0 | +4% |
| Romania | 1.5 | - | -1.5 | - |
| Bulgaria | 2.9 | - | -2.9 | - |
| Intersegment eliminations | 0.0 | 0.0 | | |
| **Total** | **29.6** | **26.2** | **-3.4** | **-11%** |




| Operating revenues (CZK bn) | Q1–Q3 2022 | Share |
|---|---|---|
| GENERATION | 156.0 | 53% |
| MINING | 9.7 | 3% |
| DISTRIBUTION | 26.2 | 9% |
| SALES | 100.6 | 34% |
| Intersegment eliminations | -81.4 | |
| **Total** | **211.1** | **100%** |

# EBITDA by segment and country

| GENERATION (CZK bn) | Q1–Q3/2021 | Q1–Q3 2022 | Difference | % |
|---|---|---|---|---|
| Czechia | 23.0 | 66.7 | +43.7 | +190% |
| Germany | 0.3 | 0.4 | +0.1 | +37% |
| Poland | 0.2 | -0.3 | -0.5 | - |
| Romania | 0.6 | -0.0 | -0.6 | - |
| Other Countries | 0.0 | 0.2 | +0.2 | >200% |
| **Total** | **24.0** | **66.8** | **+42.8** | **+178%** |
| Existing assets | 23.4 | 66.8 | +43.4 | +186% |
| Divested assets | 0.6 | - | -0.6 | - |

| SALES (CZK bn) | Q1–Q3/2021 | Q1–Q3 2022 | Difference | % |
|---|---|---|---|---|
| Czechia | 4.2 | 3.0 | -1.2 | -28% |
| Germany | 0.5 | 0.6 | +0.1 | +19% |
| Romania | 0.1 | 0.0 | -0.1 | -93% |
| Bulgaria | 0.3 | 0.0 | -0.3 | -99% |
| Other Countries | 0.2 | 0.2 | +0.1 | +50% |
| **Total** | **5.1** | **3.8** | **-1.3** | **-26%** |
| Existing assets | 4.8 | 3.8 | -1.0 | -21% |
| Divested assets | 0.3 | - | -0.3 | - |

| MINING (CZK bn) | Q1–Q3/2021 | Q1–Q3 2022 | Difference | % |
|---|---|---|---|---|
| Czechia | 3.1 | 5.0 | +1.8 | +59% |

| DISTRIBUTION (CZK bn) | Q1–Q3/2021 | Q1–Q3 2022 | Difference | % |
|---|---|---|---|---|
| Czechia | 13.6 | 13.7 | +0.1 | +1% |
| Romania | 0.5 | - | -0.5 | - |
| Bulgaria | 1.1 | - | -1.1 | - |
| **Total** | **15.3** | **13.7** | **-1.5** | **-10%** |
| Existing assets | 13.6 | 13.7 | +0.1 | +1% |
| Divested assets | 1.7 | - | -1.7 | - |

# Net income for Q3

| (CZK bn) | Q3/2021 | Q3/2022 | Difference | % |
|---|---|---|---|---|
| EBITDA | 15.9 | 30.0 | +14.1 | +88% |
| Depreciation and amortization | -7.9 | -9.1 | -1.2 | -15% |
| Impairments* | -0.4 | 0.1 | +0.4 | - |
| Other income and expenses | -1.1 | 0.6 | +1.7 | - |
| Interest income (expenses) | -0.9 | -0.3 | +0.7 | +73% |
| Other | -0.2 | 0.9 | +1.0 | - |
| Income taxes | -1.4 | -2.9 | -1.5 | -101% |
| **Net income** | **5.1** | **18.7** | **+13.6** | **>200%** |
| Adjusted net income | 5.6 | 18.7 | +13.0 | >200% |

**Net Income Adjustments**
- For Q3 2021, adjusted for additions to negative effect of impairment for fixed assets of Severočeské doly (CZK +0.5 bn)

**Impairments* (CZK +0.4 bn)**
- Additions to impairment on fixed assets in Severočeské doly in Q3 2021 (CZK +0.5 bn)

**Depreciation and Amortization (CZK -1.2 bn)**
- Increase in depreciation and amortization of coal-fired facilities in Czechia (CZK -0.8 bn) mainly as a result of an increase in the estimated expenditure on dismantling and demolition after decommissioning
- Higher depreciation and amortization of nuclear power plants (CZK -0.2 bn), Severočeské doly (CZK -0.1 bn) and ČEZ Distribuce (CZK -0.1 bn)

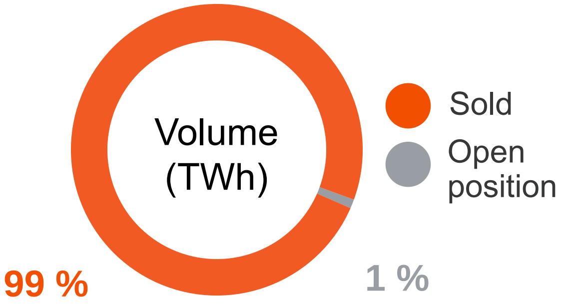
**Other income and expenses (CZK +1.7 bn)**
- Higher interest income (CZK +1.1 bn) due to higher cash volume (to secure margin deposits) and due to higher interest rates
- Higher interest expenses (CZK -0.4 bn) due to higher loans to secure margin deposits
- Exchange rate effects and revaluation of financial derivatives (CZK +0.8 bn)
- Revaluation of Inven Capital securities (CZK +0.5 bn)
- Higher interest on nuclear and other reserves (CZK -0.1 bn) due to rising rates



* Including gain/loss from sales of tangible and intangible fixed assets

# Status of generation margin hedging against selected price risks in Czechia* and expected achieved prices of generation in 2022

## Electricity—share of hedged deliveries from generation in Czechia* for 2022 (as of Sep 30th)



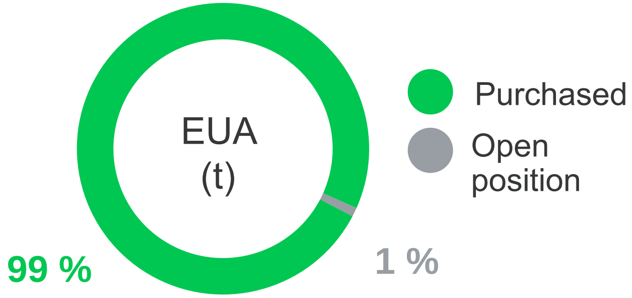

**Electricity—generation revenue hedging status**

- **45.9 TWh** sold at an average achieved price **of 99 EUR/MWh.**
- Open position assumption of **0.4 TWh**

**Electricity—expected achieved price of generation in 2022****

- 100% of expected electricity deliveries in Czechia* is **46.2 TWh**
- Average expected price** is **EUR 104 to 108/MWh.**

## Emission allowances—status of generation hedging in Czechia* for 2022 (as of Sep 30th)



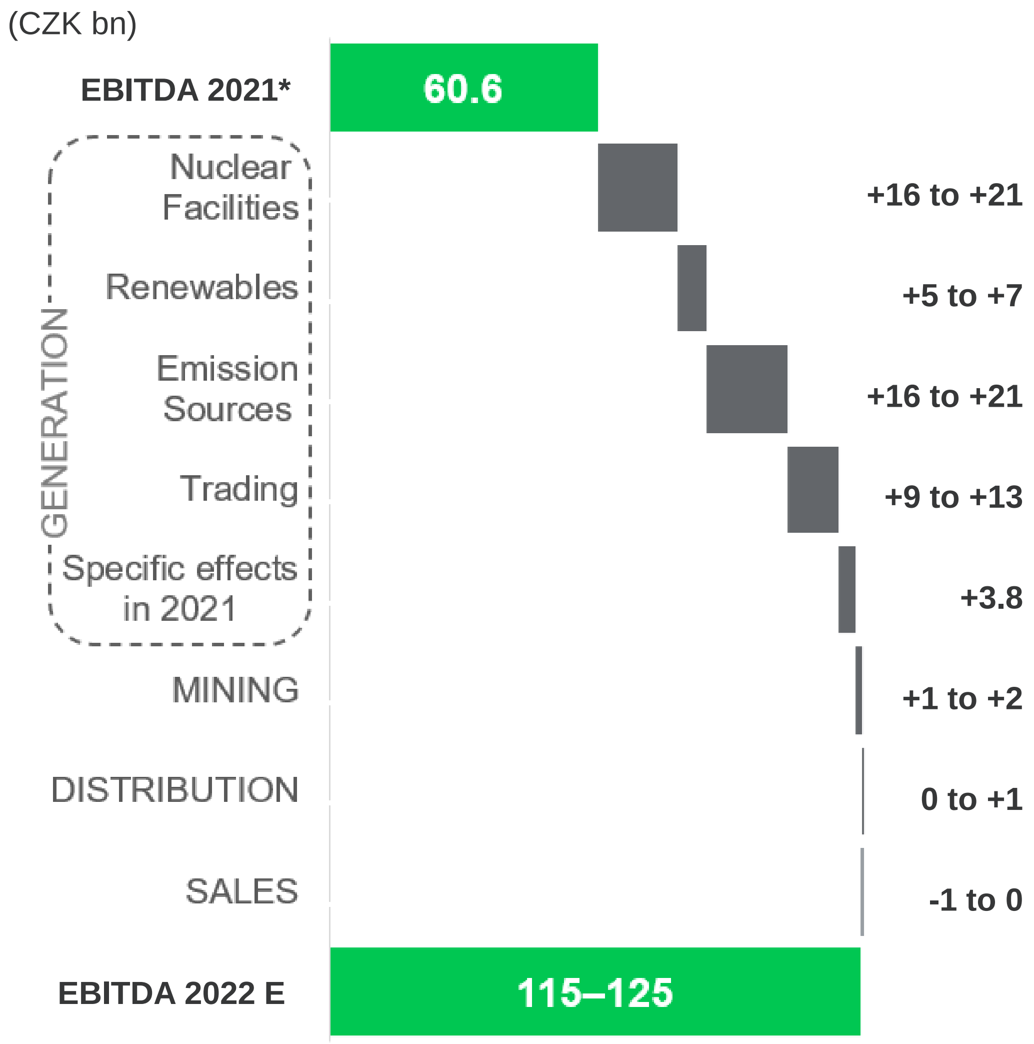

**Emission allowances—status of generation cost hedging**

- **15.7 million tons** of emission allowances purchased for the average price of **37 EUR/t.**
- Open position assumption of **0.2 million tons**

* This includes supplies from the generation of ČEZ, Energotrans, and Elektrárna Dětmarovice.

** This is the result of hedging trades and current market valuation of unsold electricity for expected generation in 2022. Some of the hedging contracts for the sale of electricity (mainly from gas and some coal-fired sources) are continuously revalued in P&L due to uncertain final deliveries. The realized price of these contracts, in which they effectively enter into the Q4 2022 results, is therefore consistent with the market prices as of Sep 30, and is therefore significantly higher than the starting price when they were entered into in the past.

# Expected year-on-year change in individual business areas




## GENERATION

**Nuclear Facilities**

+ Higher realization prices of electricity incl. hedging
– Deduction from generation sales above the price cap set in Czechia anticipated

**Renewables**

+ Higher realization prices of electricity incl. hedging

**Emission Sources**

+ Effect of realized prices of electricity, emission allowances and natural gas on gross margin incl. hedging
– Higher maintenance costs

**Trading**

+ Higher income from commodity trading

**Specific effects 2021**

+ Revaluation of hedging generation contracts 2022

## MINING

+ Higher coal sales and higher realization prices
– Higher fixed operating expenses, especially expenses on energy

## DISTRIBUTION

– Negative effect of correction factors
+ Higher regulatory asset base (RAB) and depreciation and amortization
+ Higher revenues from capacity reservation and connection

## SALES

– Lower margins on commodity sales due to cost price increases
+ Acquisition and organic increase in ESCO



* without the divested assets in Romania and Bulgaria

# Investments in fixed assets (CAPEX)

| CAPEX (CZK bn) by segment | Q1–Q3 2021 | Q1–Q3 2022 |
|---|---|---|
| GENERATION | 7.0 | 8.3 |
| Of which: Nuclear fuel procurement | 2.0 | 2.4 |
| MINING | 1.5 | 1.2 |
| DISTRIBUTION | 8.7 | 10.3 |
| SALES | 1.0 | 1.6 |
| Total existing assets | 18.2 | 21.4 |
| Divested assets | 1.1 | - |
| **TOTAL CEZ GROUP** | **19.3** | **21.4** |

**The main reasons for the year-on-year change of existing assets:**

- GENERATION:
  - Increase in investments mainly due to the implementation of the ETE—České Budějovice Thermal Feeder project, the greening of the Trmice heating plant and higher investments in the RES sector in France
  - Impact of the nuclear fuel delivery schedule
- MINING: decrease due to the delay of projects‘ implementation to Q4 2022 and reduction in land purchases
- DISTRIBUTION: increase mainly due to higher investments in the renewal of distribution networks and customer buildings
- SALES: higher CAPEX mainly due to the increase in assets with new lease contracts (impact of IFRS 16), higher investments in new acquisitions (Belectric Group and CAPEXUS), higher investments in ESCO mainly in Italy (conversion of biogas plants to biomethane).

# Credit frameworks and debt structure as of Sep 30, 2022

## Drawings on short-term bank lines and available bank-committed credit facilities

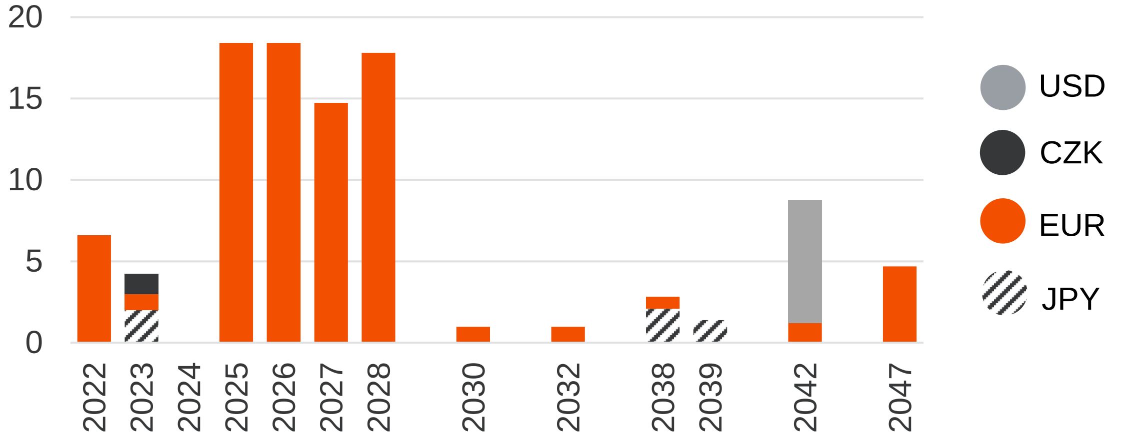

Committed bank facilities are kept as a reserve for covering unexpected expenses and to fund short-term financial needs.

CEZ Group has access to a total of CZK 48.6 bn in committed bank credit facilities, having drawn CZK 2.9 bn as of Sep 30, 2022.

The full EUR 3 bn of the loan agreement with Czechia, signed in July, has been drawn down as of Sep 30, 2022:

- EUR 1 bn due in April 2024
- EUR 1 bn due in January 2023, with the possibility to request two extensions of 6 months each
- EUR 1 bn payable in December 2022, with the possibility of repeated drawdowns, but no later than April 2024

## Bond maturity profile (CZK bn)

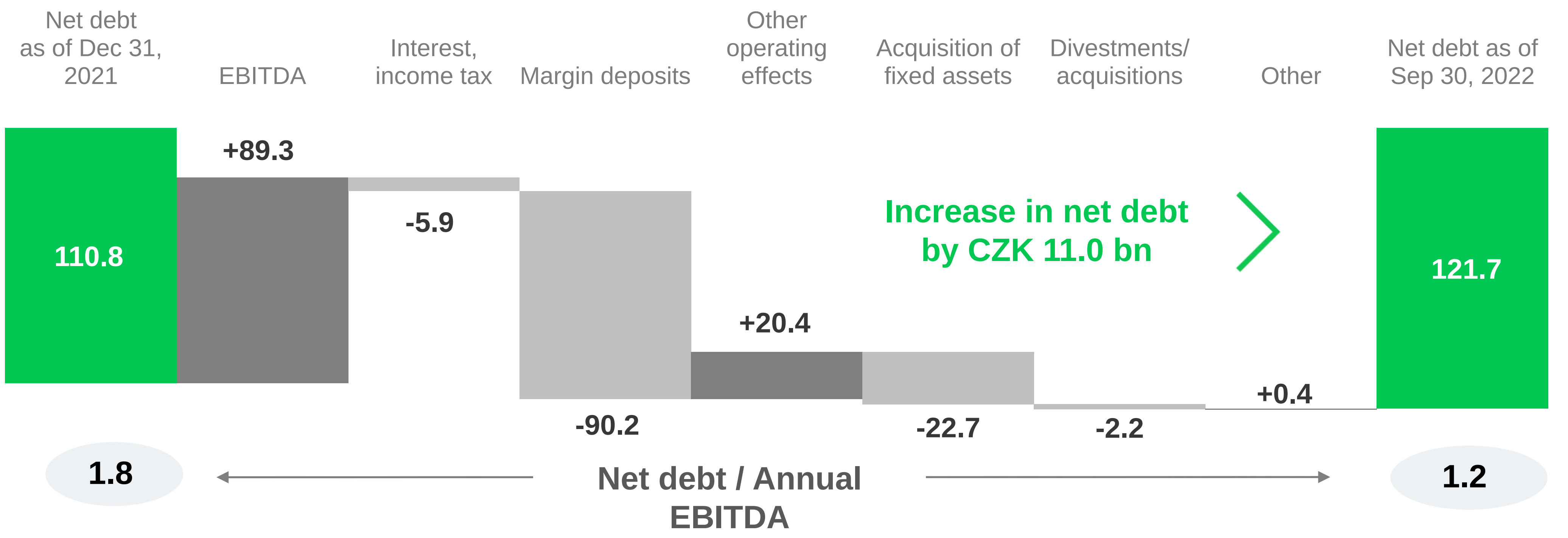



## Debt Level

| | | as of Sep 30, 2021 | as of Sep 30, 2022 |
|---|---|---|---|
| Debt and loans | CZK bn | 141.2 | 205.9 |
| Cash and fin. assets* | CZK bn | 11.5 | 84.2 |
| Net debt | CZK bn | 129.8 | 121.7 |
| Net debt / EBITDA | | 2.1 | 1.2 |

* Cash and Cash Equivalents & Highly Liquid Financial Assets

# Net debt increased by CZK 11 bn in Q1–Q3




- **Interest, income taxes (CZK -5.9 bn):** income taxes paid (CZK -4.9 bn), balance of interest paid and received (CZK -1.0 bn)
- **Margin deposits (CZK -90.2 bn)** temporary margin deposits on commodity exchanges and with trading counterparties due to generation pre-sales and lower contracted prices for electricity, emission allowances and gas compared to current market prices
- **Other operating effects (CZK +20.4 bn):** effect of cash flow hedges, including change in receivables and derivative liabilities (CZK +18.7 bn), change in emission allowances (CZK +12.0 bn), inventories of materials and fossil fuels, mainly gas inventories (CZK -23.7 bn), other operating effects and non-cash operations (CZK +13.4 bn)
- **Additions to non-current assents (CZK -22.7 bn):** additions to fixed assets (CAPEX) (CZK -21.4 bn), change in liabilities from fixed asset additions (CZK -0.6 bn), acquisition of Inven Capital securities (CZK -0.7 bn)
- **Divestments/acquisitions (CZK -2.2 bn)** acquisition of ŠKODA JS (CZK -1.3 bn), ELIMER a.s. (CZK -0.2 bn) and KABELOVÁ TELEVIZE CZ s.r.o. (CZK -0.2 bn); purchase of non-controlling interest in ÚJV Řež and HORMEN CE (CZK -0.4 bn)

# Currency and Commodity Hedging of Electricity Generation in Czechia in 2023–2025

## Currency Hedge of Expected EUR Cash Flow* From Electricity Generation in Czechia (as of Sep 30, 2022)

| | 2023 | 2024 | 2025 |
|---|---|---|---|
| **Total currency hedge of EUR denominated CF from generation** | **88%** | **39%** | **22%** |
| Natural currency hedge (debt and interest, capital, and other expenses in EUR) | 82% | 25% | 22% |
| Transaction currency hedges | 6% | 15% | 0% |

* The subject of the hedge (100%) is expected EUR generation revenues less expected EUR expenditure on emission allowances and natural gas, which are also exposed to the risk of changes in the CZK/EUR exchange rate.

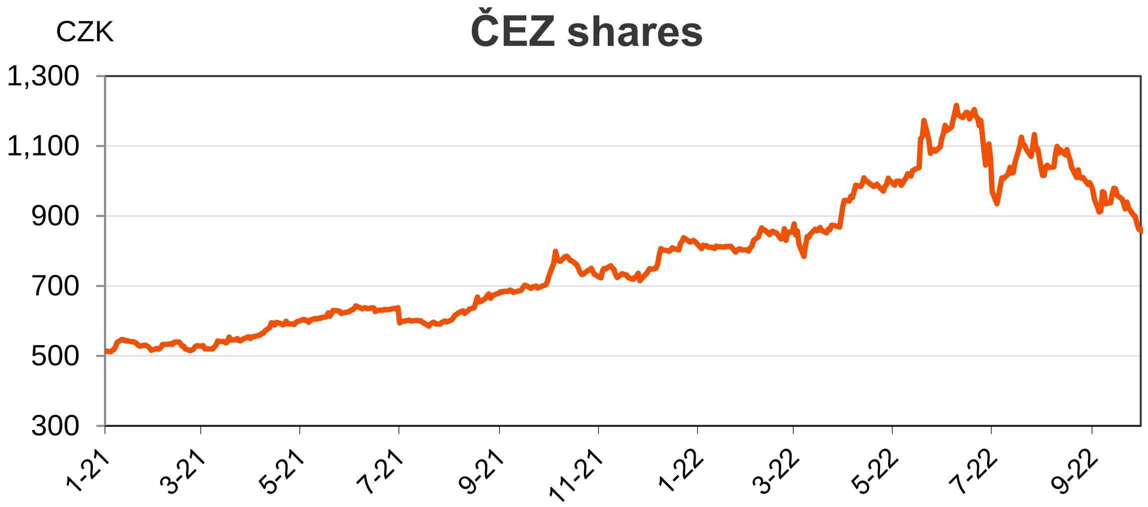
The currency position for 2023–2025 is hedged at an exchange rate in the range of CZK 25.3–25.7/EUR.

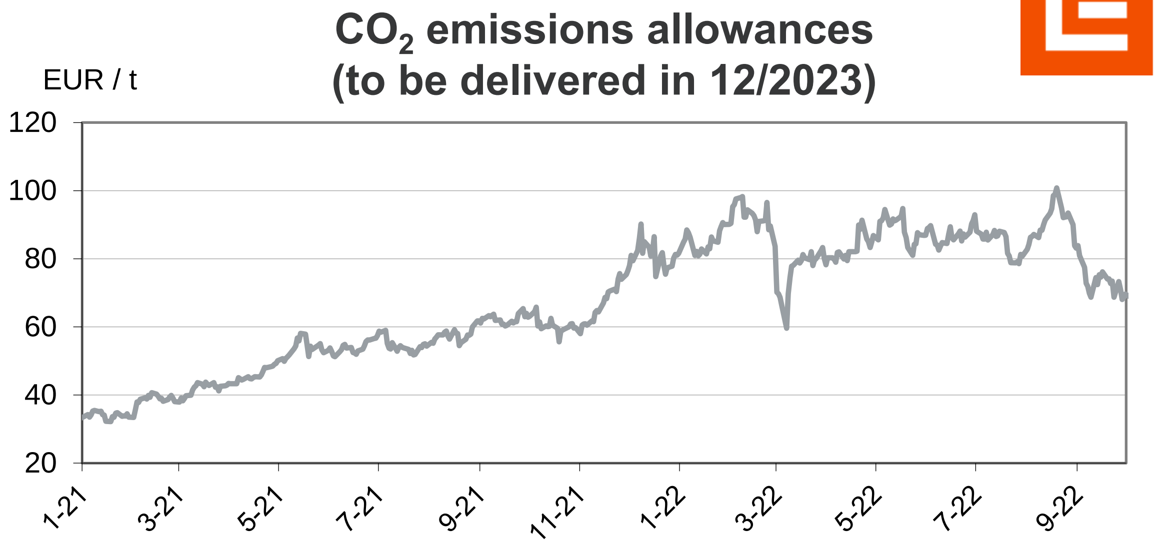
## Commodity hedges of expected electricity supply from generation in Czechia (as of Sep 30, 2022)

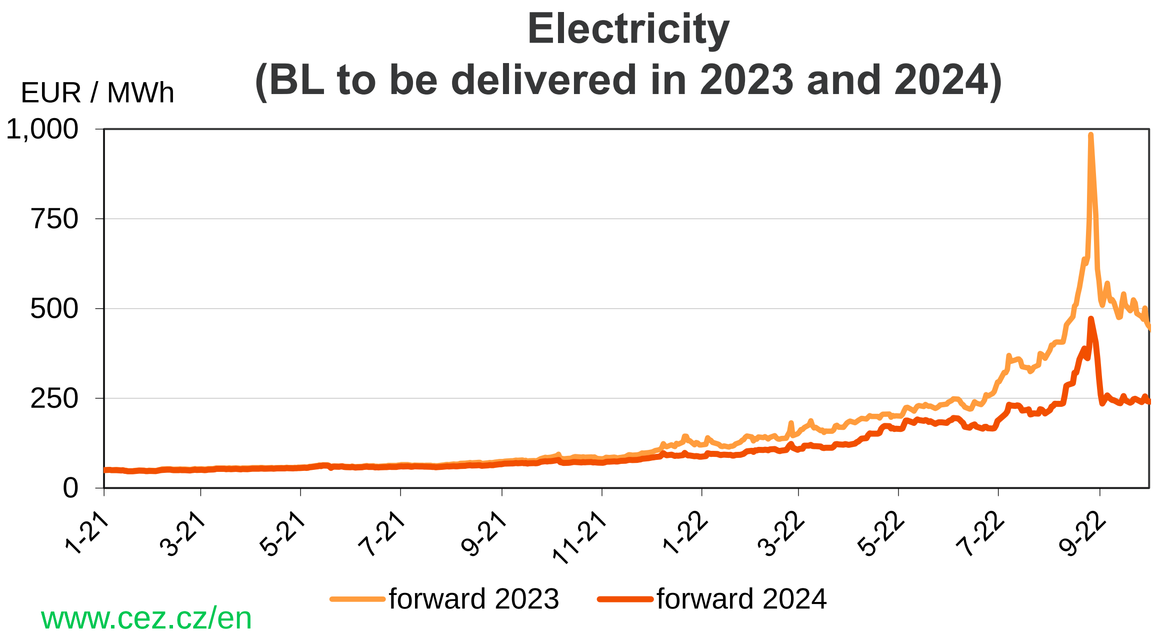
| | 100% of expected supply | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| **Total share of hedged supply** | **47 to 48 TWh per year** | **73%** | **44%** | **18%** |
| Emission-free sources (nuclear and ČEZ RES)** | 28 to 30 TWh per year | 80% | 53% | 22% |
| Emission facilities—medium-term hedged** | 13 to 14 TWh per year | 73% | 41% | 13% |
| Emission facilities—other*** | 4 to 6 TWh per year | 38% | - | - |

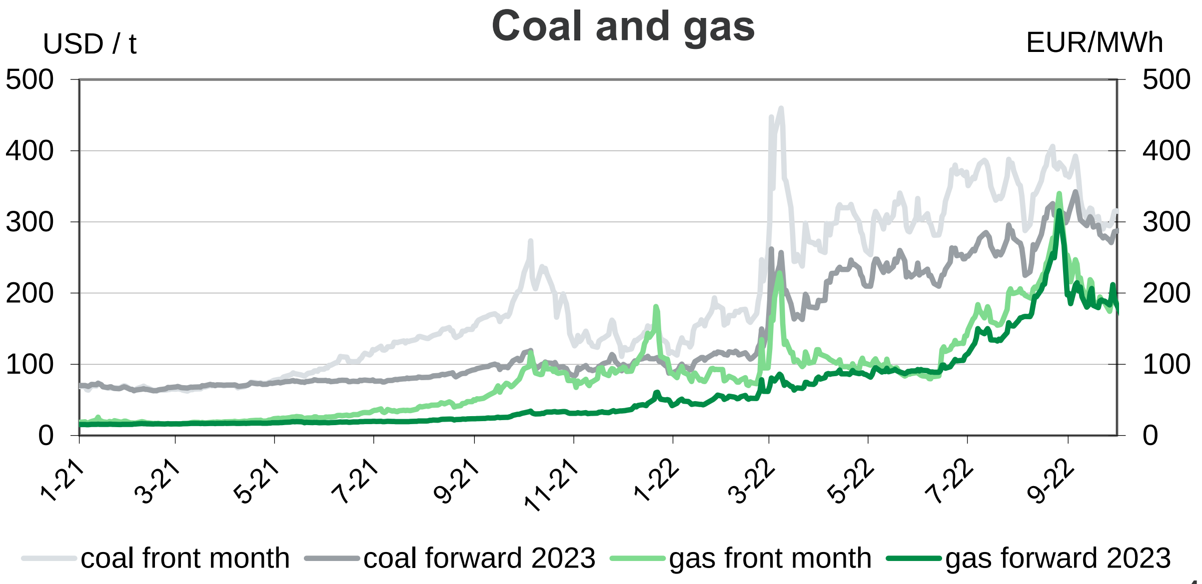
** hedged over a 3-year horizon
*** gas and selected coal-fired resources which, due to the nature of generation and market conditions, are hedged only on an annual / intra-annual basis

# Market developments from Jan 1, 2021 to Sep 30, 2022

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**Electricity balance (GWh)**

| | Q1 - Q3 2021 | Q1 - Q3 2022 | Index 2022/2021 |
|---|---|---|---|
| **Electricity procured** | **36,093** | **35,779** | **-1%** |
| Generated in-house (gross) | 40,071 | 39,633 | -1% |
| In-house and other consumption, including pumping in pumped-storage plants | -3,978 | -3,854 | -3% |
| **Sold to end customers** | **-21,142** | **-16,597** | **-21%** |
| **Sold in the wholesale market (net)** | **-13,045** | **-18,007** | **+38%** |
| Sold in the wholesale market | -180,132 | -118,000 | -34% |
| Purchased in the wholesale market | 167,088 | 99,993 | -40% |
| **Grid losses** | **-1,907** | **-1,176** | **-38%** |

**Electricity generation by source (GWh)**

| | | | |
|---|---|---|---|
| Nuclear | 21,994 | 22,551 | +3% |
| Coal and lignite | 12,379 | 12,904 | +4% |
| Water | 1,902 | 1,536 | -19% |
| Biomass | 694 | 563 | -19% |
| Photovoltaic | 110 | 121 | +11% |
| Wind | 526 | 186 | -65% |
| Natural gas | 2,465 | 1,771 | -28% |
| Bio gas | 2 | 0 | - |
| **Total** | **40,071** | **39,633** | **-1%** |

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

| | | | |
|---|---|---|---|
| Households | -8,518 | -5,756 | -32% |
| Commercial (low voltage) | -2,304 | -1,801 | -22% |
| Commercial and industrial (medium and high voltage) | -10,320 | -9,039 | -12% |
| **Sold to end customers** | **-21,142** | **-16,597** | **-21%** |

**Distribution of electricity (GWh)**

| | Q1 - Q3 2021 | Q1 - Q3 2022 | Index 2022/2021 |
|---|---|---|---|
| Distribution of electricity to end customers | 33,903 | 26,007 | -23% |

**Electricity balance (GWh) by segment**

| Q1 - Q3 2022 | Generation | | Distribution | | Sale | | Eliminations | | CEZ Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- |
| **Electricity procured** | **35,551** | **-1%** | **0** | **-** | **229** | **+2%** | **0** | **-** | **35,779** | **-1%** |
| Generated in-house (gross) | 39,347 | -1% | 0 | - | 286 | +9% | 0 | - | 39,633 | -1% |
| In-house and other consumption, including pumping in pumped-storage plants | -3,797 | -4% | 0 | - | -57 | +50% | 0 | - | -3,854 | -3% |
| **Sold to end customers** | **-1,788** | **+3%** | **0** | **-** | **-15,872** | **-23%** | **1,064** | **-11%** | **-16,597** | **-21%** |
| **Sold in the wholesale market (net)** | **-33,762** | **-1%** | **1,176** | **-38%** | **15,644** | **-23%** | **-1,064** | **-11%** | **-18,007** | **+38%** |
| Sold in the wholesale market | -132,545 | -31% | 0 | - | -3,381 | -4% | 17,927 | +10% | -118,000 | -34% |
| Purchased in the wholesale market | 98,783 | -38% | 1,176 | -38% | 19,025 | -20% | -18,990 | +9% | 99,993 | -40% |
| **Grid losses** | **0** | **+91%** | **-1,176** | **-38%** | **0** | **-** | **0** | **-** | **-1,176** | **-38%** |

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

| | Generation | | Distribution | | Sale | | Eliminations | | CEZ Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- |
| Nuclear | 22,551 | +3% | 0 | - | 0 | - | 0 | - | 22,551 | +3% |
| Coal and lignite | 12,904 | +4% | 0 | - | 0 | - | 0 | - | 12,904 | +4% |
| Water | 1,536 | -19% | 0 | - | 0 | - | 0 | - | 1,536 | -19% |
| Biomass | 549 | -20% | 0 | - | 14 | +165% | 0 | - | 563 | -19% |
| Photovoltaic | 121 | +11% | 0 | - | 0 | - | 0 | - | 121 | +11% |
| Wind | 186 | -65% | 0 | - | 0 | - | 0 | - | 186 | -65% |
| Natural gas | 1,499 | -32% | 0 | - | 272 | +5% | 0 | - | 1,771 | -28% |
| Bio gas | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - |
| **Total** | **39,347** | **-1%** | **0** | **-** | **286** | **+9%** | **0** | **-** | **39,633** | **-1%** |

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

| | Generation | | Distribution | | Sale | | Eliminations | | CEZ Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- |
| Households | 0 | - | 0 | - | -5,756 | -32% | 0 | - | -5,756 | -32% |
| Commercial (low voltage) | -5 | -46% | 0 | - | -1,796 | -22% | 0 | - | -1,801 | -22% |
| Commercial and industrial (medium and high voltage) | -1,783 | +3% | 0 | - | -8,320 | -15% | 1,064 | -11% | -9,039 | -12% |
| **Sold to end customers** | **-1,788** | **+3%** | **0** | **-** | **-15,872** | **-23%** | **1,064** | **-11%** | **-16,597** | **-21%** |

**Electricity balance (GWh) by country**

| Q1 - Q3 2022 | Czechia | | Poland | | Romania | | Bulgaria | | Germany | | Others | | Eliminations | | CEZ Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- |
| **Electricity procured** | **34,277** | **+0%** | **1,306** | **+0%** | **0** | **-** | **0** | **-** | **180** | **+15%** | **17** | **>200%** | **0** | **-** | **35,779** | **-1%** |
| Generated in-house (gross) | 37,918 | -0% | 1,516 | -0% | 0 | - | 0 | - | 180 | +15% | 20 | +145% | 0 | - | 39,633 | -1% |
| In-house and other consumption, including pumping in pumped-storage plants | -3,641 | -3% | -210 | -3% | 0 | - | 0 | - | 0 | - | -3 | +21% | 0 | - | -3,854 | -3% |
| **Sold to end customers** | **-15,215** | **+14%** | **0** | **-** | **0** | **-** | **0** | **-** | **0** | **-** | **-1,381** | **+18%** | **0** | **-** | **-16,597** | **-21%** |
| **Sold in the wholesale market (net)** | **-17,886** | **-9%** | **-1,306** | **+11%** | **0** | **-** | **0** | **-** | **-180** | **+15%** | **1,365** | **+17%** | **0** | **-** | **-18,007** | **+38%** |
| Sold in the wholesale market | -118,142 | -35% | -1,361 | -5% | 0 | - | 0 | - | -180 | +15% | -143 | +158% | 1,825 | -33% | -118,000 | -34% |
| Purchased in the wholesale market | 100,256 | -38% | 55 | -77% | 0 | - | 0 | - | 0 | - | 1,507 | +23% | -1,825 | -33% | 99,993 | -40% |
| **Grid losses** | **-1,176** | **-6%** | **0** | **-** | **0** | **-** | **0** | **-** | **0** | **-** | **0** | **-** | **0** | **-** | **-1,176** | **-38%** |

**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 | 22,551 | +3% | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - | 22,551 | +3% |
| Coal and lignite | 11,608 | +5% | 1,296 | +2% | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - | 12,904 | +4% |
| Water | 1,528 | -18% | 8 | -1% | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - | 1,536 | -19% |
| Biomass | 338 | -25% | 211 | -11% | 0 | - | 0 | - | 0 | - | 14 | +165% | 0 | - | 563 | -19% |
| Photovoltaic | 121 | +14% | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - | 121 | +11% |
| Wind | 7 | +25% | 0 | - | 0 | - | 0 | - | 180 | +15% | 0 | - | 0 | - | 186 | -65% |
| Natural gas | 1,765 | -28% | 0 | - | 0 | - | 0 | - | 0 | - | 6 | +104% | 0 | - | 1,771 | -28% |
| Bio gas | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - |
| **Total** | **37,918** | **-0%** | **1,516** | **-0%** | **0** | **-** | **0** | **-** | **180** | **+15%** | **20** | **+145%** | **0** | **-** | **39,633** | **-1%** |

**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 | -5,756 | +5% | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - | -5,756 | -32% |
| Commercial (low voltage) | -1,799 | +28% | 0 | - | 0 | - | 0 | - | 0 | - | -2 | -93% | 0 | - | -1,801 | -22% |
| Commercial and industrial (medium and high voltage) | -7,660 | +18% | 0 | - | 0 | - | 0 | - | 0 | - | -1,379 | +20% | 0 | - | -9,039 | -12% |
| **Sold to end customers** | **-15,215** | **+14%** | **0** | **-** | **0** | **-** | **0** | **-** | **0** | **-** | **-1,381** | **+18%** | **0** | **-** | **-16,597** | **-21%** |

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

| Q1 - Q3 2022 | Czechia | | Poland | | Romania | | Bulgaria | | Germany | | Others | | Eliminations | | CEZ Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- | GWh | +/- |
| Distribution of electricity to end customers | 26,007 | -4% | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - | 0 | - | 26,007 | -23% |

## 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) | 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.<br><br>Definition: 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. |
| Net Debt | Purpose: 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.<br><br>Definition: Long-Term Debt, Net of Current Portion + Current Portion of Long-Term Debt + Short-Term Loans – (Cash and Cash Equivalents + Highly Liquid Financial Assets).<br><br>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. |
| Net Debt / EBITDA | Purpose: 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.<br><br>Definition: 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. And so September 30 value is calculated from Net Debt as of September 30 and EBITDA for the period from October 1 of previous year until September 30 of current year. |

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, 2021 | As at Sep 30, 2022 |
|---|---|---|
| Current debt financial assets | 0.5 | 1.0 |
| Non-current debt financial assets | - | 2.6 |
| Current term deposits | 0.0 | 0.0 |
| Non-current term deposits | - | - |
| Short-term equity securities | 0.0 | 0.0 |
| **Highly liquid financial assets, total** | **0.5** | **3.6** |

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

| Adjusted Net Income (After-Tax Income, Adjusted) | Unit | Q1–Q3 2021 | Q1–Q3 2022 |
|---|---|---|---|
| Net income | CZK billions | 6.7 | 52.3 |
| Impairments of property, plant, and equipment and intangible assets (including goodwill write-off)[1)] | CZK billions | 12.2 | (0.0) |
| Impairments of developed projects[2)] | CZK billions | - | - |
| Effects of additions to or reversals of impairments on income tax[3)] | CZK billions | (0.3) | (0.0) |
| Other extraordinary effects[4)] | CZK billions | (1.7) | - |
| **Adjusted net income** | **CZK billions** | **16.9** | **52.3** |

*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 2021 of sold companies in Romania and Bulgaria, which reflect that net income for this period —taking into account the "Locked-box date" as defined in agreements for the sale of assets—belonged effectively to purchasers.*

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