CLEAN
ENERGY OF
TOMORROW

# CEZ Group:
# Clean Energy of Tomorrow

Investor presentation, 1 December 2023

www.cez.cz/en

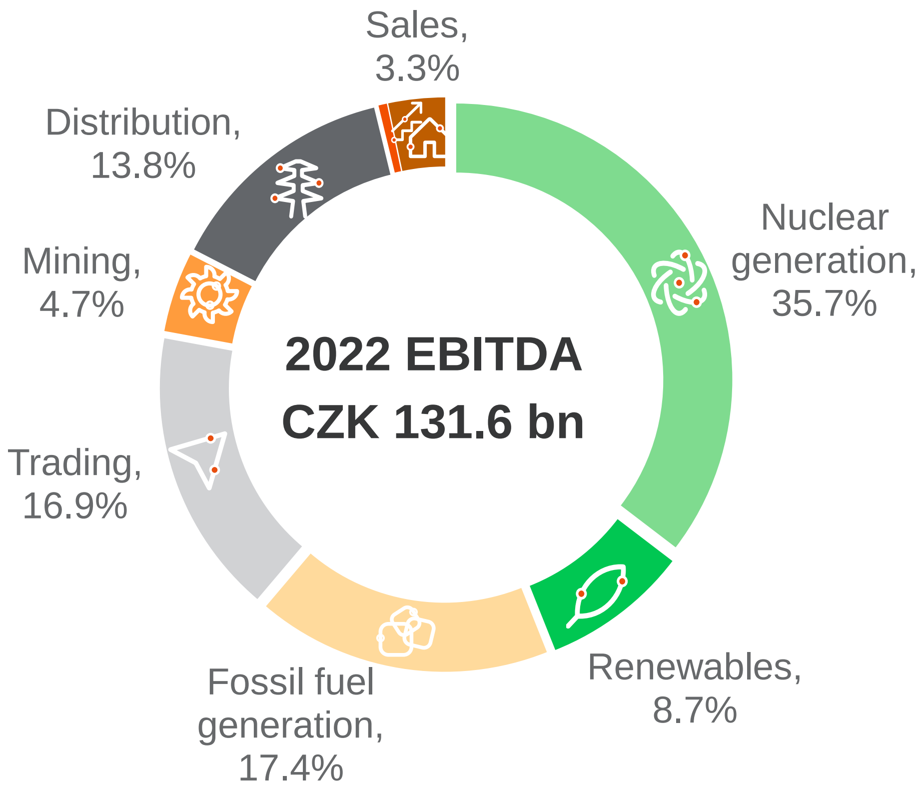
# AGENDA

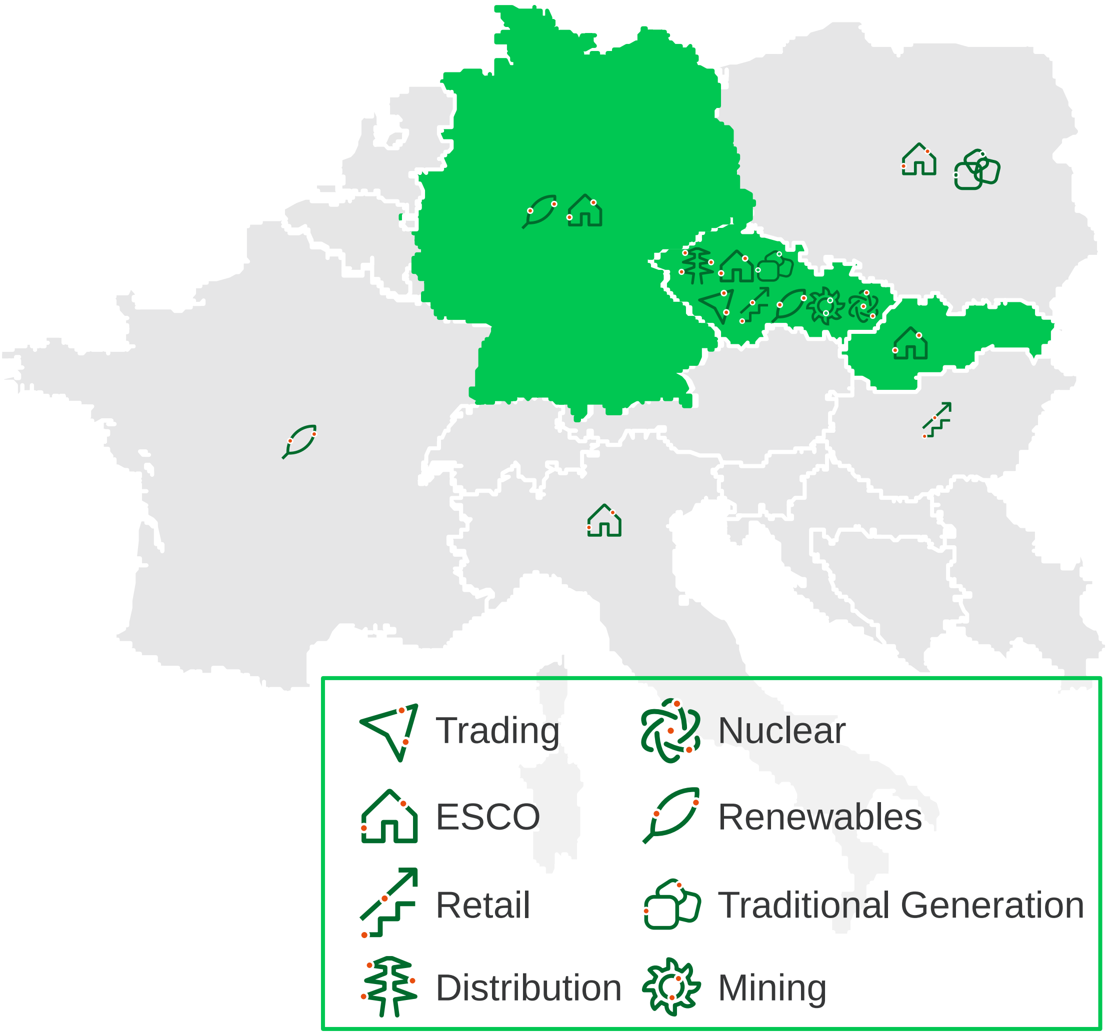
- **CEZ Group at a Glance**
- CEZ guidance 2023 & CZ tax measures
- Our Vision
- Appendix

# We are an international utility, among the largest in Europe by market cap

**CEZ Group**

**13th largest** in number of customers
**10th largest** in installed capacity
**9th largest** by market capitalization*






* as of November 15, 2023

# We lead energy transformation of the Central Europe through bringing the clean energy of tomorrow

## Generation

Transforming electricity and heat generation to low-emission, growing renewables

## Distribution

Continuous modernization and digitalization of our distribution networks

## Retail

Leading electricity supplier of energy helping to decarbonize the Czech industrial base

## ESCO

Expanding energy services and clean decentralized generation and heating in Czechia, Germany, Poland, Slovakia and Northern Italy

# CEZ Group is vertically integrated in Czechia

| | Mining | Generation | | Networks | Sales (Retail & ESCO) |
|---|---|---|---|---|---|
| **Market position** | Market leader in all parts of the value chain | | | | |
| **Market share** | **53%** | **61%** | | **65%** | **35%** |
| **Volume** | 17.8 mil. tons | $CO_2$ free 33.6 TWh | Other 18.1 TWh | 35.1 TWh | 20.7 TWh |
| **EBITDA in Czechia (2022)** | 6.2 CZK billion | 58.4* CZK billion | 22.9* CZK billion | 18.1 CZK billion | 2.9 CZK billion |

* Additional CZK 22.2 billion was generated by Trading. Total EBITDA of Generation segment in Czechia amounted to CZK 103.6 bn.

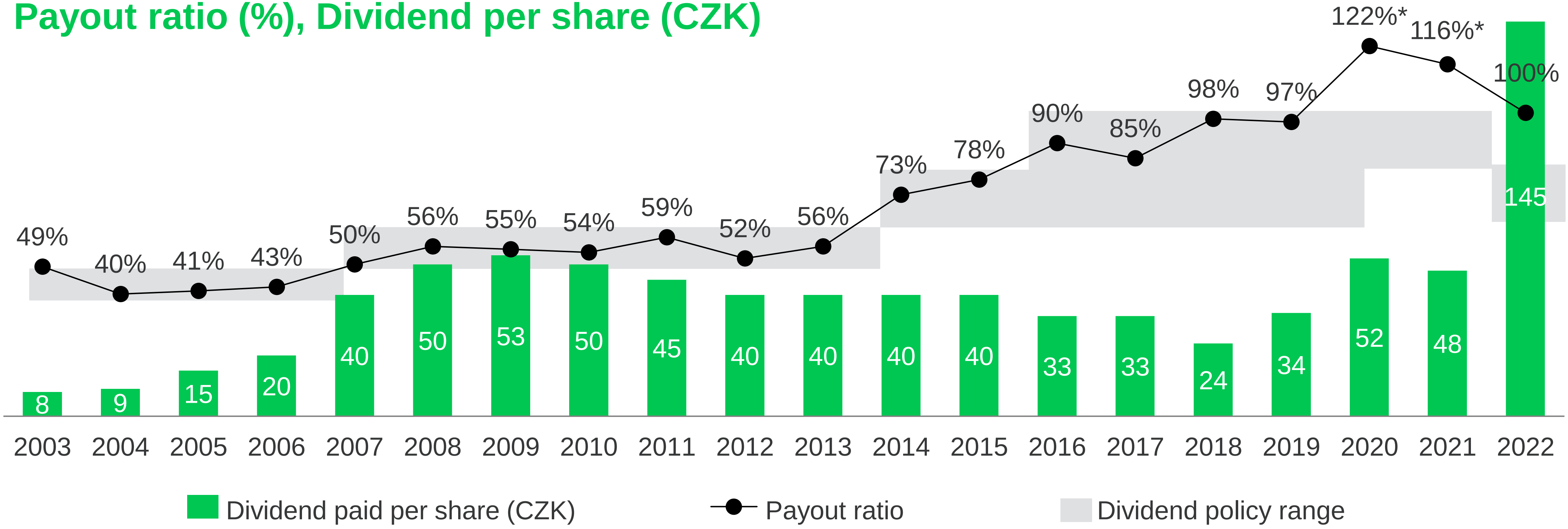
# We are delivering value to our shareholders

| | Delivery on guidance | High dividend payout | Strong balance sheet |
|---|---|---|---|
| **2022** | EBITDA CZK 131.6 billion<br>Adj. Net Income CZK 78.4 billion | 15% dividend yield**<br>100% payout ratio | 1.2x<br>Net debt/EBITDA |
| **Ambitions** | EBITDA growth by 35% by 2030* | 60-80% payout ratio | below 2.5-3.0x<br>Net debt/EBITDA |

* Growth compared to 2021 using electricity prices when Vision 2030 was announced
** Assuming share price of CZK 990 as of Nov 15, 2023

# CEZ Group regularly pays high dividends

## Payout ratio (%), Dividend per share (CZK)




**2022 dividend**
- **CZK 145 per share, i.e. 100% payout ratio**

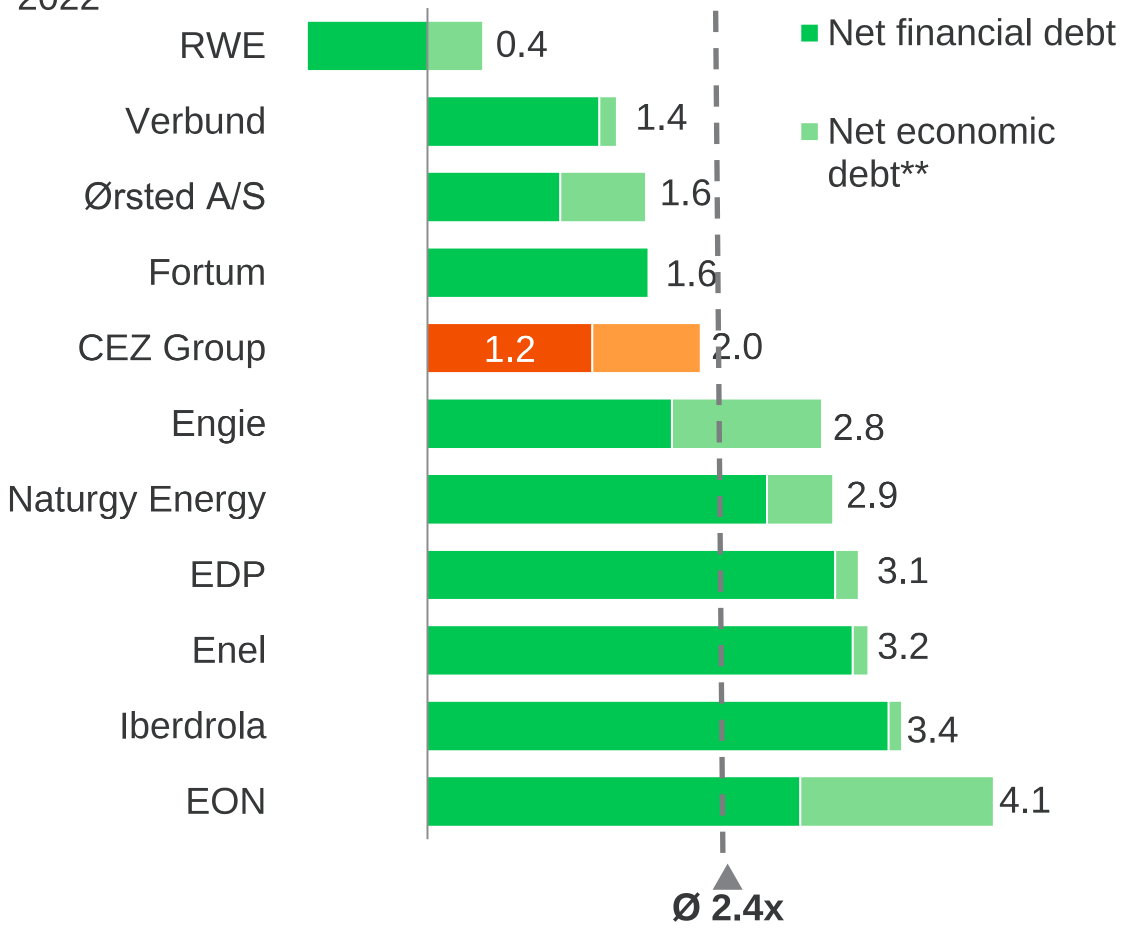
**Dividend policy**
- 60-80% payout ratio from adjusted net income

* Dividends for 2020 and 2021 were set in two components: the regular component corresponded to a payout ratio of 100% of CEZ Group's adjusted net income, while the extraordinary component (over the 100% payout ratio) reflected the contribution of the sale of Romanian (2020) and Bulgarian (2021) assets to CEZ Group's debt capacity.

# Our strong financial position supports future growth

## Net economic debt/EBITDA*

2022




**Current credit rating a notch above European utilities**

- A-, stable outlook from S&P
- Baa1, stable outlook from Moody's

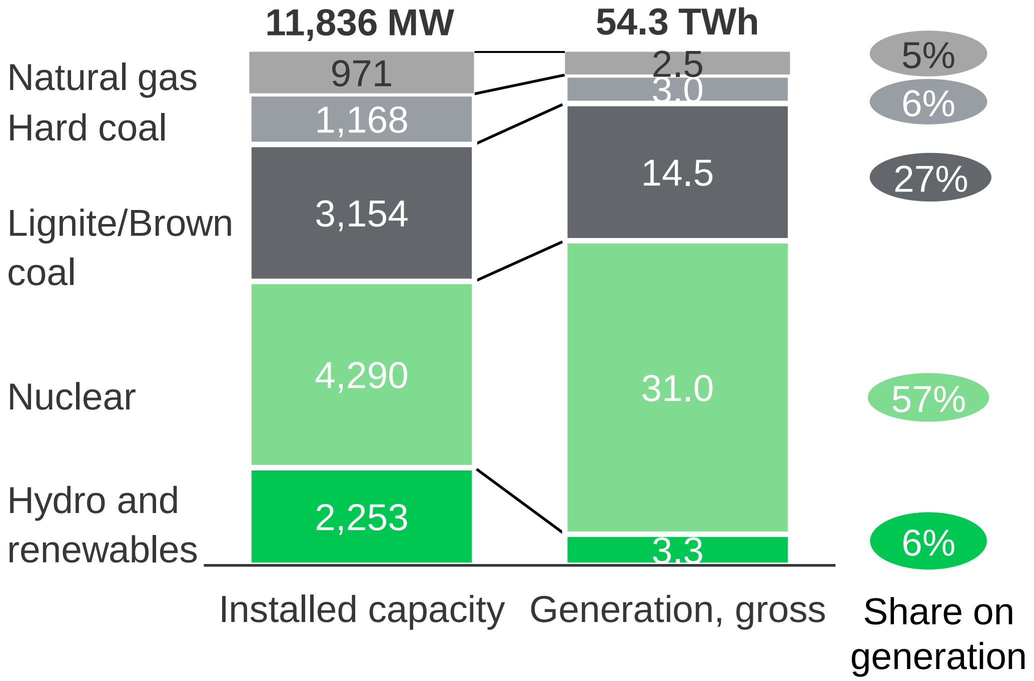
**Net debt to EBITDA target: below 2.5-3.0x**

* EBITDA as reported by companies
** Net economic debt = net financial debt + net nuclear provisions + provisions for employee pensions + net reclamation provision

# We have a robust generation portfolio with low and largely fixed costs

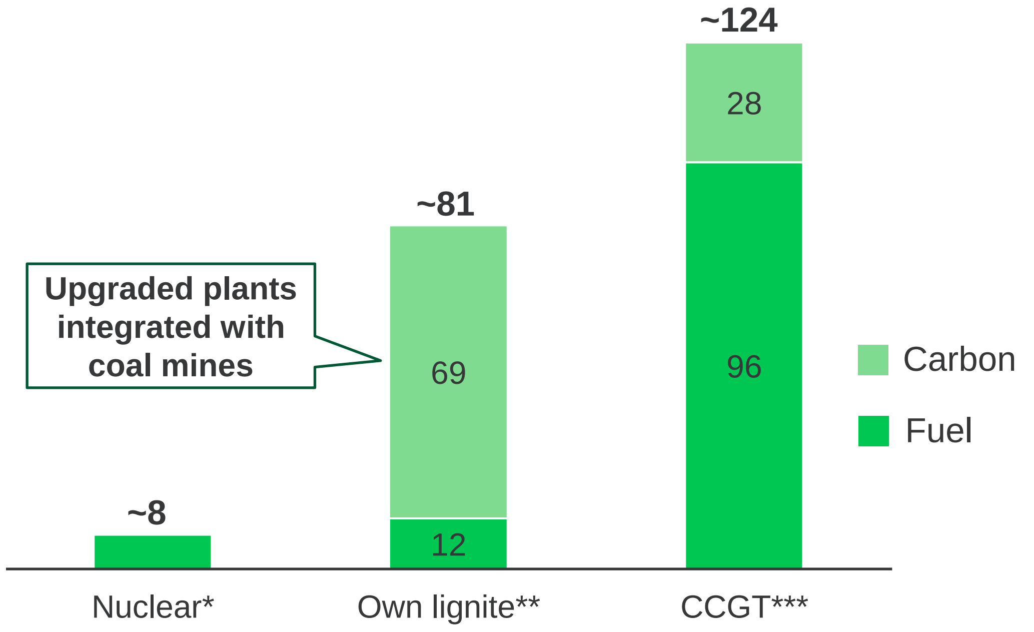
## We have diversified generation portfolio

**Generation capacity and volumes**
**(**2022)




## Our fuel costs are low, not dependent on commodity prices

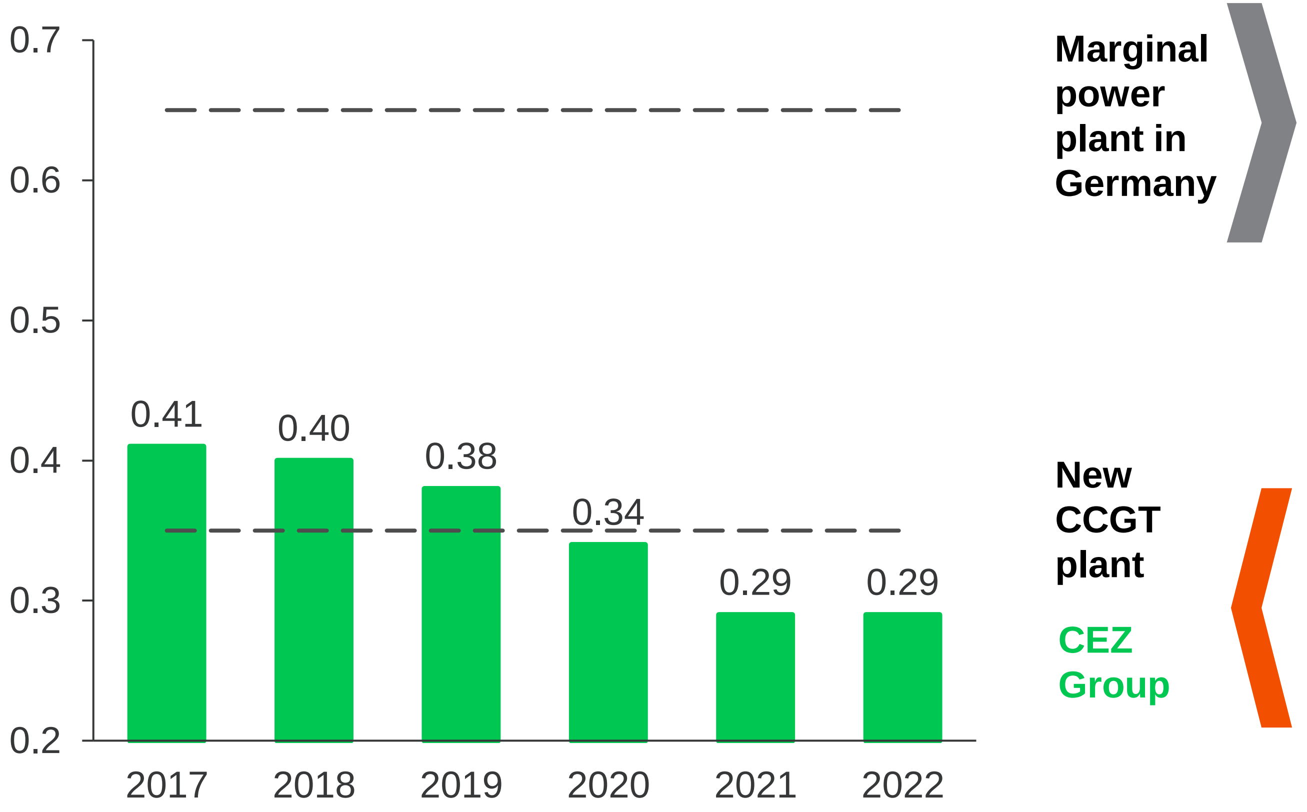
**Marginal fuel costs by technology at current forwards**
(EUR/MWh, prices of gas and carbon as of November 15, 2023)




* Nuclear fuel costs + CZK 55/MWh payment for fuel storage
** Cash cost of extracting own lignite in 2022, 42% efficiency, 11.5 GJ/t calorific value, carbon allowances at 80 EUR/t
*** Natural gas at 49 EUR/MWh, 57% efficiency, 0.35 t/MWh $CO_2$

# CEZ Group's emission intensity declined by 30% since 2017

## CEZ Group's emission intensity
($tCO_2e$/MWh of generated electricity and heat)

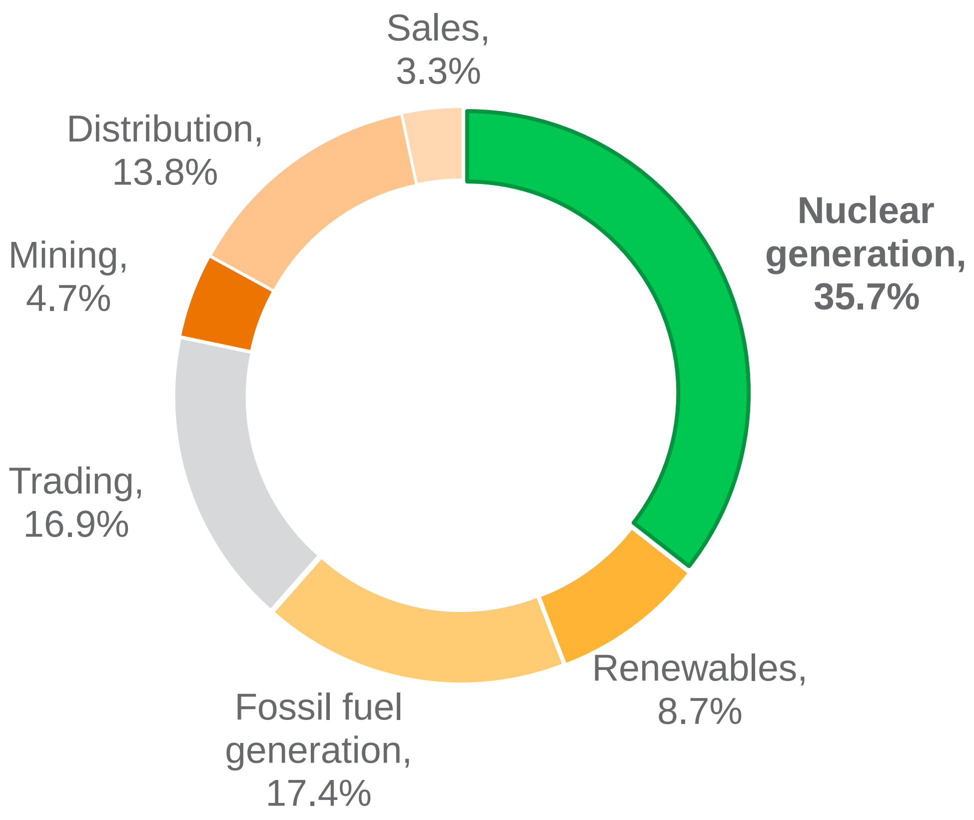



**CEZ Group's carbon intensity** is **below marginal plant** and even **below new CCGT** and **therefore higher carbon prices are beneficial for profitability of our generation fleet.**

| | Generation volume (2022, TWh) | $CO_2$ emission intensity (2022, t/MWh) |
|---|---|---|
| $CO_2$ free | 34.3 | 0.00 |
| Gas | 2.5 | 0.35 |
| Coal and lignite | 17.5 | 0.85 |
| **Total** | **54.3** | **0.29** |

# Nuclear plants are important profit generators with stable production volumes

## 2022 CEZ Group EBITDA

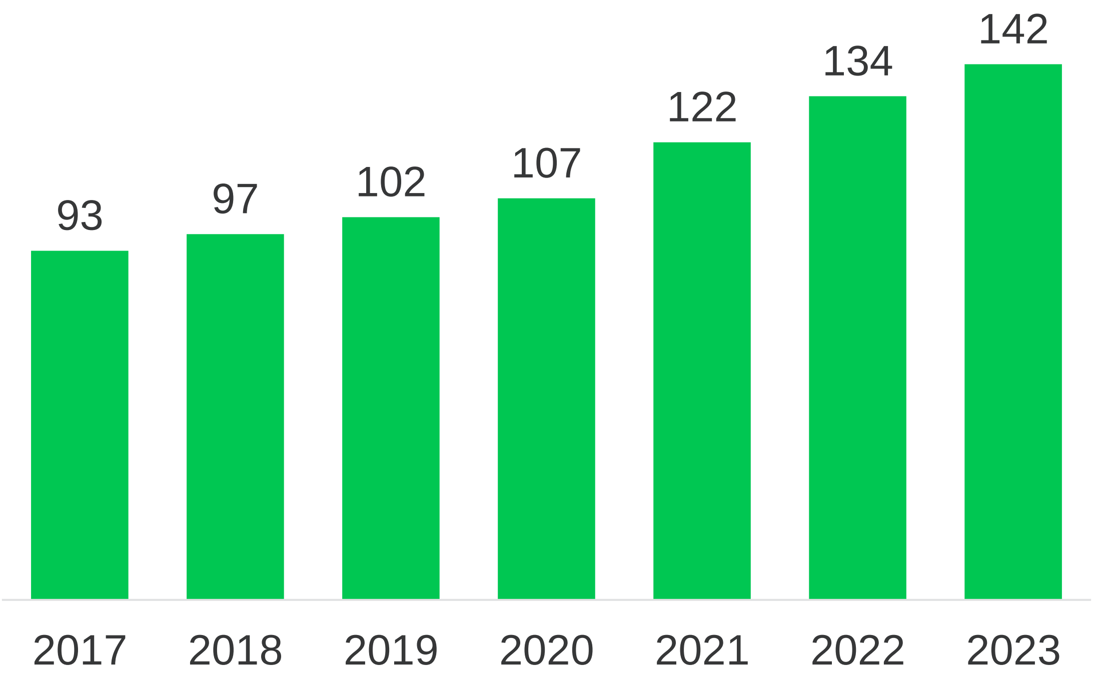



## Our nuclear fleet has low and fixed costs and benefits directly from increasing power prices

- Operating licenses secured enabling 60 years operating life, i.e., remaining 30+ years of operations until decommissioning
- We have stabilized production volumes at above 30 TWh per year
- Capacity increased by 568 MW to 4 290 MW by technical improvements (fuel with higher enrichment, modernization of turbines and generators)

# We are growing our regulated asset base in distribution, regulatory visibility until 2025

## Regulatory asset base
CZK billion

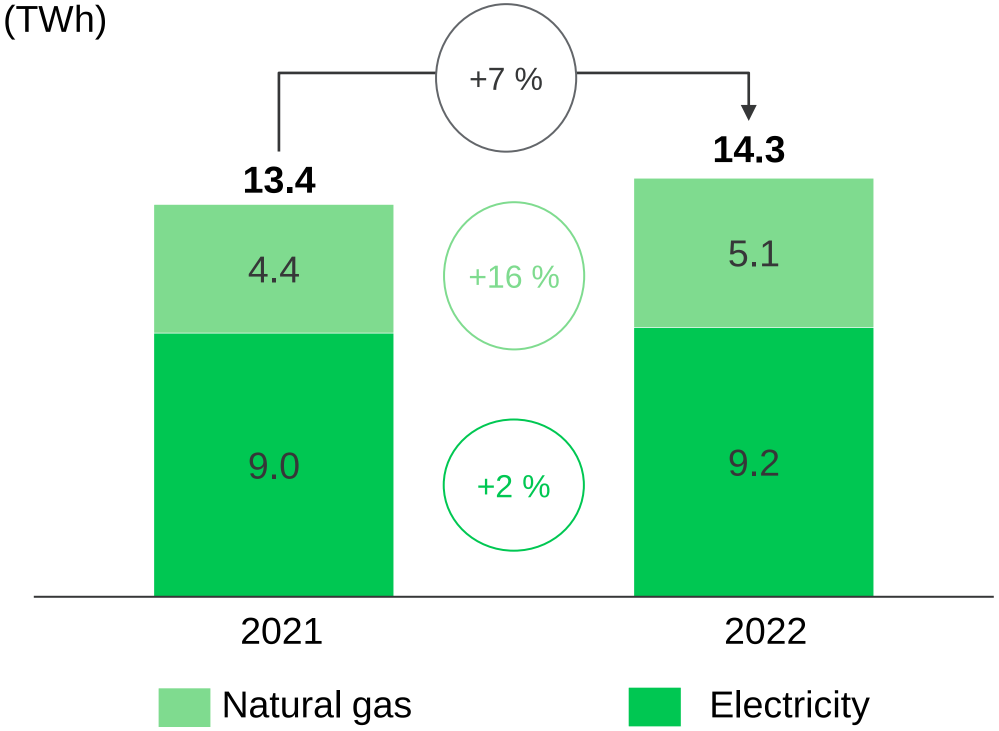



## Outcome of regulatory review for 2021-2025 supportive for RAB growth

- RAB will grow by 8% CAGR in 2020-2025 thanks to revaluation and investments
- WACC at 6.54%
- Investments directed to digital transformation, preparation for decentralized generation
- Accelerated growth in renewables expected, our network is ready to process connection requests

# Our retail business provides robust volume growth and best in class customer satisfaction

## Electricity and natural gas supplied to retail customers

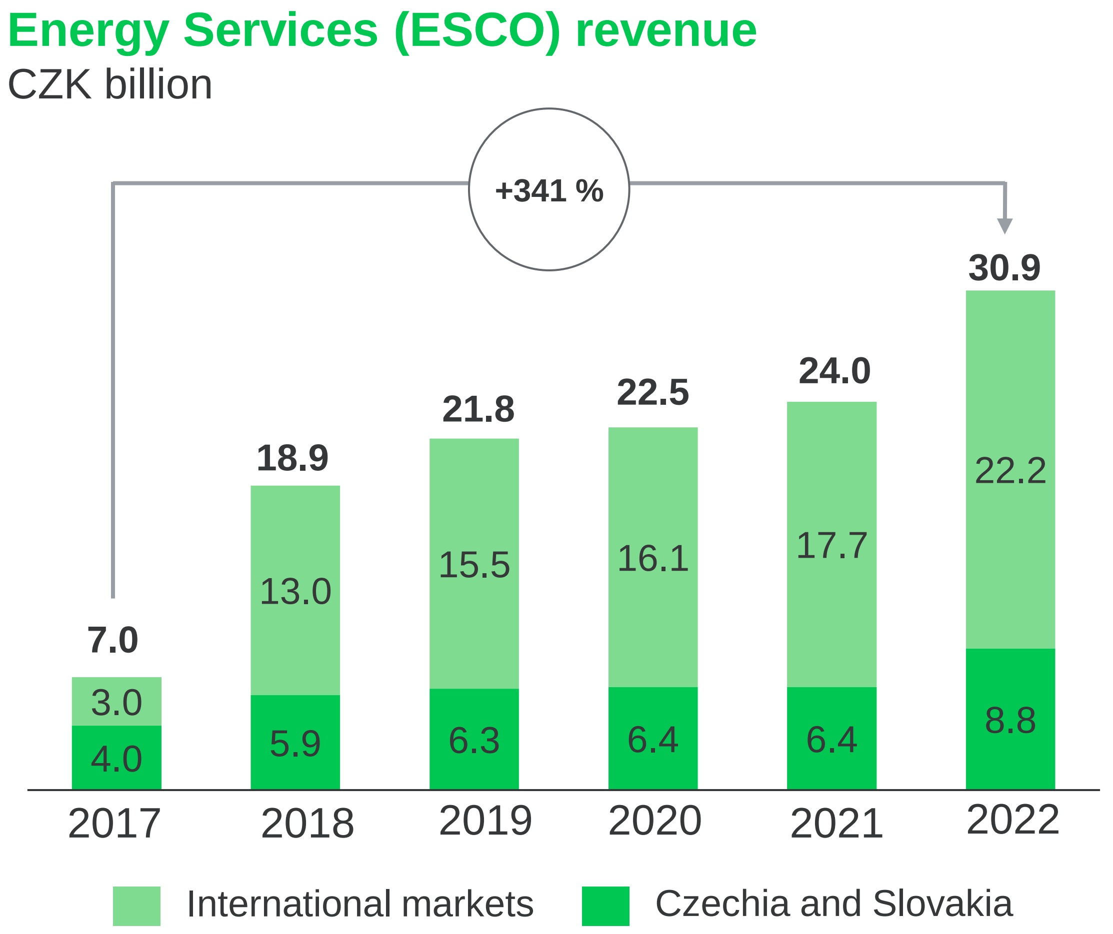



## Retail defended the title of the “Most trusted energy supplier in CZ”

- Customer satisfaction indicator (CX) of more than 85% is continually improving
- “Most trusted energy supplier” in Czechia *
- Number of connection points increased by 4% to 3.29 m thanks to
  - some competitors ceasing activities in Q4 2021
  - lower acquisition campaigns of alternative suppliers due to high price volatility
- Volume growth driven by growth of customer base partly offset by energy saving incentivized by higher pricing. Gas supply growth driven by acquisitions of customers with higher consumption.

* based on an independent survey conducted with more than 4,000 respondents as a part of the 9th annual national Trusted Brands program (monitoring and awarding brands that Czech consumers trust most)

# Strongly growing in energy services business and helping customers to decarbonize




**We are No. 1 player in Czechia**

**We are within Top 3 players in Germany**

**We are helping our customers to decarbonize by:**

- Installation of efficient cogeneration units on their sites
- Providing energy advisory and management
- Energy storage installations
- Rooftop photovoltaic plants
- Lighting, cooling, heating installations

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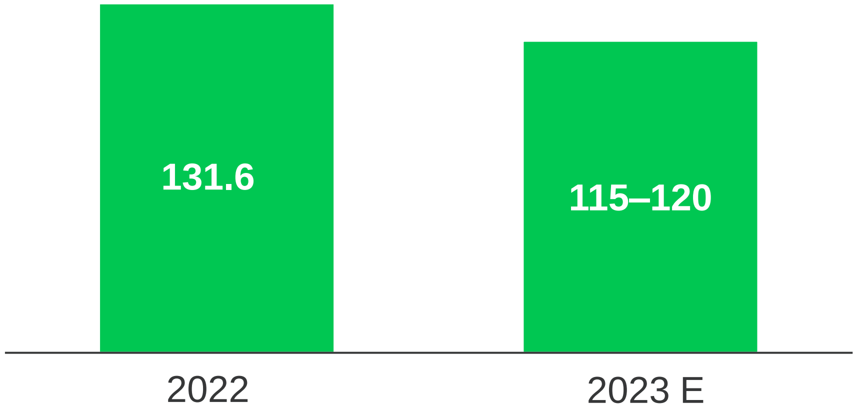
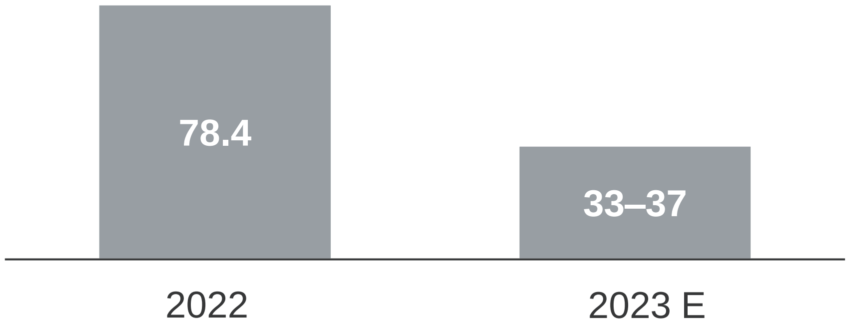
# Financial Outlook for 2023:
# EBITDA CZK 115–120 bn, adjusted net income CZK 33–37 bn

## EBITDA (CZK bn)




## Adjusted Net Income (CZK bn)



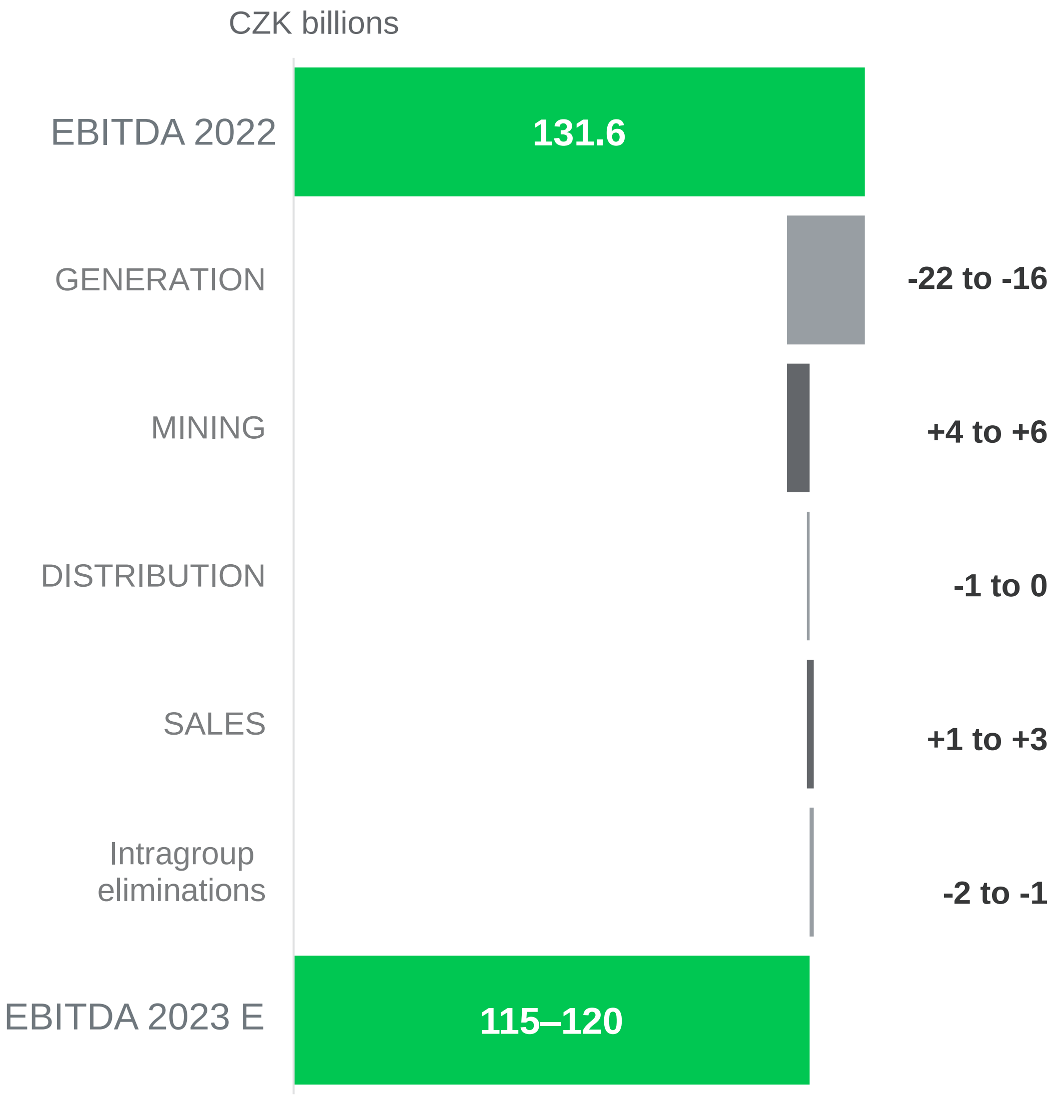

## Selected Generation Assumptions

- Total electricity supply in the Czech Rep. 43 to 45 TWh
- Open position of ~2% of electricity supply from generation in the Czech Rep.
- Average realized price of electricity generated in Czech Rep. EUR 124 - 129/MWh
- Levy on generation revenues above price caps of CZK 9 - 11 bn
- Windfall profit tax of CZK 28 - 34 bn

## Selected Prediction Risks and Opportunities

- Amount of the windfall tax and amount of deferred taxes
- Availability of generating facilities and realized prices of generated electricity
- Income from commodity trading and revaluation of derivatives

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




**GENERATION**

**of which Generating facilities (CZK -7 to 0 bn)**

\+ Higher realized prices of electricity, including hedging

– Levy on excess revenues in generation (introduced in Czechia from Dec 1, 2022)

– Lower deployment of emission facilities

– Outage schedule for nuclear power plants

– Higher fixed operating expenses

**of which Trading (CZK -18 to -13 bn)**

– Record-high income from commodity trading in 2022

\+ / – Uncertain income from trading in 2023 and revaluation of derivatives

**MINING**

\+ Higher revenues from the sale of coal, mainly due to higher realized prices

– Higher fixed operating expenses, mainly on energy

**DISTRIBUTION**

– Higher fixed operating expenses and negative effect of correction factors

\+ Higher allowed revenues

**SALES**

\+ Acquisition-induced and organic increase in energy services

\+ Higher margin from the purchase of electricity from RESs

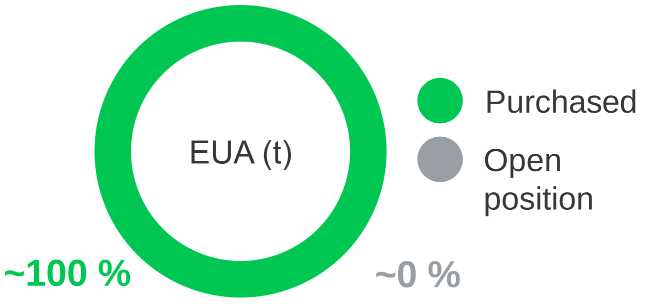
– Higher purchase expenses on electricity and gas for customers

**Intragroup eliminations**

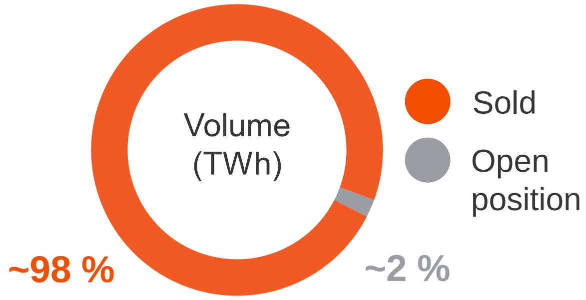
– Mainly the elimination of impact of the EUR/CZK risk hedging effect of ČEZ ESCO (SALES segment) through ČEZ, a. s., (GENERATION segment), caused by the significant strengthening of CZK against EUR. Within ČEZ, a. s., this hedging effect is included in foreign exchange gains and losses (outside EBITDA).

# Status of selected price risk hedges of the generation margin in the Czech Rep.* and estimated 2023 generation realized price

**Emission allowances – status of generation hedging in Czech Rep.* for 2023 (as of Sep 30)**




**Electricity – share of hedged deliveries from generation in Czech Rep.* for 2023 (as of Sep 30)**




**Emission allowances – expected purchase price for 2023 generation as of Sep 30**

- 100% of purchases of emission allowances for Czechia* are ~14 mil tons.
- Average purchase price** is EUR ~60 per ton.

**Electricity – expected realized price from generation in 2023 as of Sep 30**

- 100% of the expected electricity supply in Czech Rep.* corresponds to 43–45 TWh.
- Average expected realized price** is EUR 124–129 per MWh.

**Electricity – generation revenue hedging as of Sep 30**

- 42.8 TWh sold at an average realized price of EUR ~125 per MWh.

* Generation in ČEZ and Energotrans (following the merger, the Dětmarovice power plant has been part of ČEZ, a. s. since January 1, 2023).

** This is the result of hedging trades and as far as electricity is concerned, current market valuation of yet unsold electricity from expected generation in 2023. Some of the hedging contracts for the sales of electricity (mainly from gas and some coal-fired facilities) and the purchase of emission allowances, are continuously revalued in the P/L statement due to uncertain final deliveries.

# Existing measures to address energy affordability and taxes introduced to fund these measures in Czechia

## Consumer Support

**End-customer price caps for households, small and medium-sized enterprises (SMEs) and large businesses:**

- **CZK 5/kWh for power**, **CZK 2.5/kWh for natural gas in 2023** (prices for commodity without taxes and distribution fees)
  - For households, small gas consumers, defined public procurers and customers connected to low voltage, the cap applies to whole consumption of electricity and gas
  - For SMEs and large businesses the cap on electricity and gas applies to 80% of the highest consumption in each month in the last 5 years
  - For large businesses (connected to high and very high voltage) cap is applicable up to the EU financial limit on maximum support
  - The cap for gas will also be applied to consumption to produce heat (cap does not apply to consumption of gas used to produce electricity)
- **Suppliers are compensated for proven losses and a reasonable profit.**

## Financing – Revenues Cap

**Levy on electricity generation revenues above defined price caps (from Dec 1, 2022 - Dec 31, 2023)**

- **90% levy** on revenues **above defined caps**:
  - Nuclear EUR 70/MWh
  - Lignite EUR 170/MWh for units above 140 MW, EUR 230/MWh for units bellow 140 MW
  - Merchant hydro, wind, solar EUR 180/MWh
- No caps for hard coal, gas, pump-storage, and subsidised renewables
- Total annual revenue cap based on supplied volume by generation sources within a company
- The resulting levy is defined on an annual basis (the difference between total revenue and the total cap) and advances are paid monthly
- Levy is a tax-deductible expense and reduces the company's operating profit

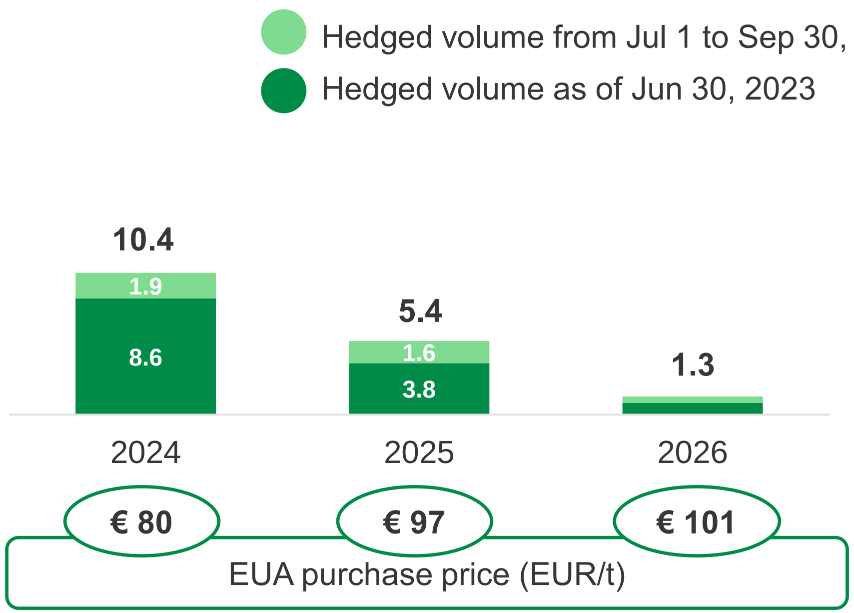
## Financing – Windfall profit tax

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

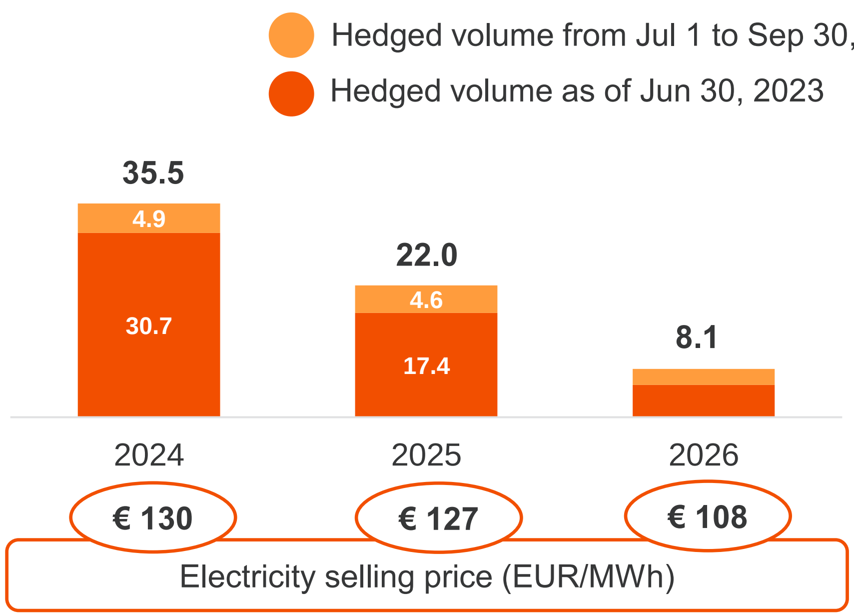
- "Excess Profit" corresponds to the difference between the tax base and the historical arithmetic average tax base of 2018–2021 plus 20%
- Reasonable Profit taxed at a rate of 19%, "Excess Profit" at a rate of 79% (60% + 19%)
- Tax imposed on selected energy companies whose main activity is primarily generation, sales and distribution of electricity, if their decisive income exceeds specified limits
- Group can aggregate the historical Reasonable Profit of individual taxable companies and pay the total tax obligation for the whole group.
- Advance tax payments for 2023 will be based on the companies' profit in 2022.

# Hedging of market risks of generation in the Czech Republic for 2024–2026, Status as of Sep 30, 2023

## Contracted emission allowances* in mil t




## Electricity sold** in TWh




| | 2024 | 2025 | 2026 |
|---|---|---|---|
| Share of electricity supply hedged from generation<br>(100% of expected external annual supply corresponds to 40–47 TWh) | **77%** | **51%** | **20%** |

* As of Sep 30, 2023, 100% of the expected annual volume of emission allowances for generation in Czechia for 2024–2026 was 10–17 mil t.
** Includes volumes of expected generation hedged by derivative contracts with supply in Czechia.

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# CEZ Group's strategy "VISION 2030 - Clean Energy of Tomorrow" has two pillars

## The main goals of VISION 2030 – Clean Energy of Tomorrow also fulfill the goals in the field of climate protection and increasing the independence of Czechia

- We will **develop the CEZ Group** responsibly and sustainably **in accordance with ESG.**
- We have the ambition to **be among the best 20% in the ESG rating** by 2023, **reduce emission intensity by more than 50%** by 2030 and **increase EBITDA by 35%** by 2030*
- We can realize our growth strategy until 2030 while **maintaining a Net Debt / EBITDA ratio target of below 2.5-3.0x**
- We will adapt the **structure of CEZ Group** to meet the demands of our investors, financing banks and employees

**Strategy has two strategic pillars**:

I **Decarbonize generation portfolio and reach climate neutrality**

II **Provide best energy solutions and highest quality customer experience on the market**



* Growth compared to 2021 using electricity prices when Vision 2030 was announced

# Under our strategy we are accelerating development. We will grow our EBITDA by 115% in 2030

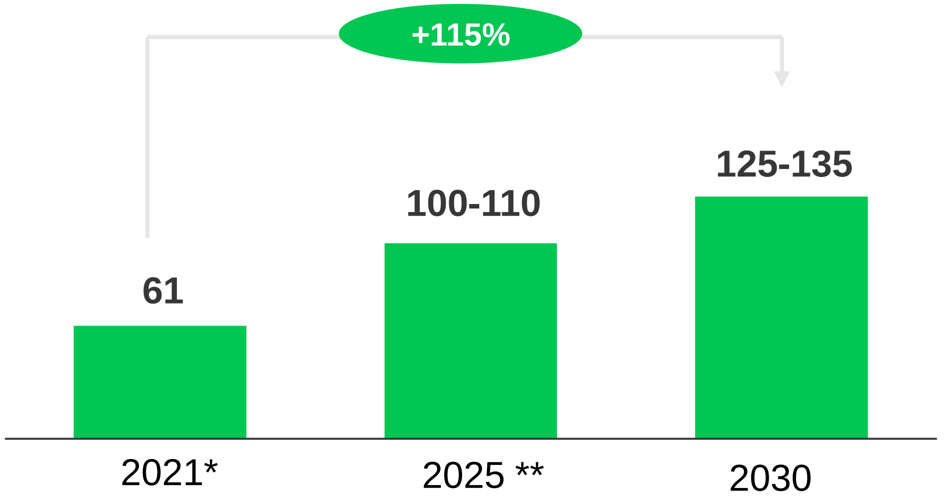
## VISION 2030

### CLEAN ENERGY OF TOMORROW

- I Decarbonize generation portfolio and reach climate neutrality
- II Provide best energy solutions and highest quality customer experience on the market

## EBITDA of CEZ Group

Existing assets in CZK billion




**Wholesale electricity prices *****

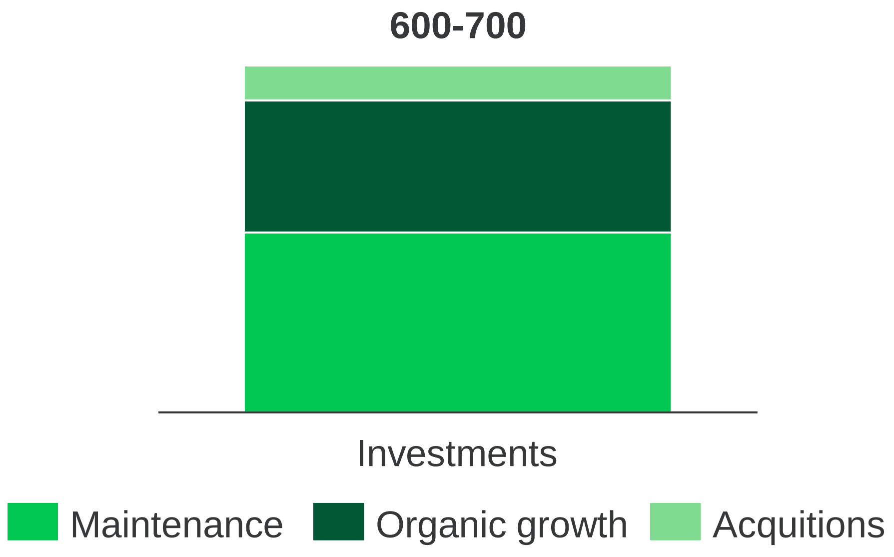
EUR/MWh

| 2021 | 2025 | 2030 |
|---|---|---|
| 55 | 165 | 105 |

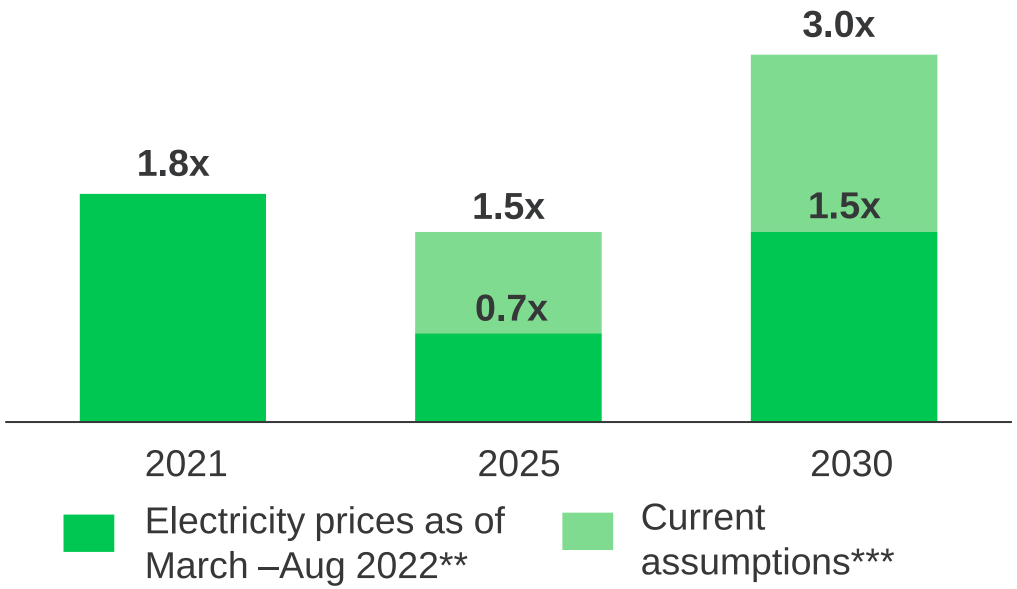
* Excluding divested assets (RO, BG, PL)
** 2025 EBITDA adjusted for windfall profit tax in order to better indicate operating cash flow
*** 2025 based on average forward prices in April – August 2022, 2030 based on average prices of different internal scenarios

# We can execute our growth strategy while keeping the leverage within our 3.0x net debt to EBITDA target

## Expected cumulative investments 2021-2030*
CZK billion




## Net debt to EBITDA ratio




**We will continue to generate positive free cash flow and we expect our leverage would stay below 3.0x of EBITDA**

- Excluding new nuclear CAPEX in 2025-2030 due to assumed 100% state financing, no CAPEX subsidies on RES nor distribution due to their uncertain amount
  ** Using assumptions of VISION 2030 strategy and electricity prices 2025: 165 EUR/MWh, 2030: 105 EUR/MWh
- *** Assuming current electricity prices and higher inflation assumptions vs a year ago
  Note: Organic growth = new renewables and gas capacities, expansion of distribution network, Acquisitions = mainly ESCOs abroad

I

# Decarbonize generation portfolio and reach climate neutrality

## Targets

### Nuclear

- We will **safely increase generation volume in existing plants above 32 TWh** on average in 2030 and achieve 60-year operating life.
- We will build a new nuclear power plant in Dukovany.
- We will prepare construction **of small modular reactors** (**SMR**) **with total capacity over** 3000 MW after 2050.

### Renewables

- We will build **1.5 GW of renewables by 2025** and **6 GW renewables by 2030.**
- **We will increase installed capacity of electricity accumulation** to at least **300 MWe** by 2030.

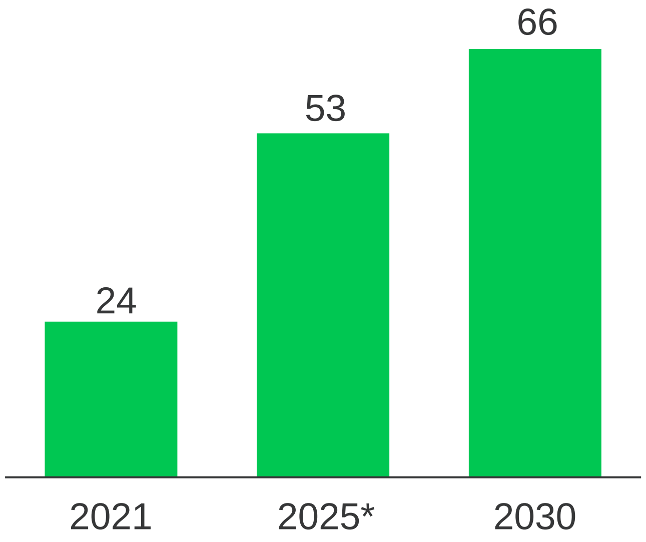
### Traditional

- **We will decarbonize heating** and we will terminate coal burning in heating locations by 2030 and we will transform our coal locations to new activities.
- We will build **new gas capacities**, which will be **ready for hydrogen combustion**.
- **We will reduce share of electricity generation from coal to** 25% in 2025 and to **12.5%** do 2030.

# We will increase nuclear production over 32 TWh on average in 2030

## Nuclear EBITDA

CZK billion



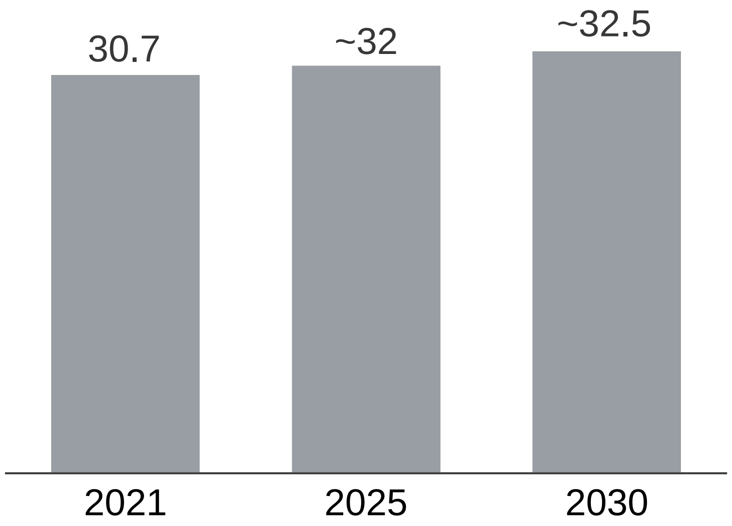

**Annual CAPEX****

CZK billion, avg

| ~13 | 13-14 |
|---|---|
| 2021–25 | 2026–30 |

## Nuclear generation

TWh




**Wholesale electricity prices**

EUR/MWh

| 55 | 165 | 105 |
|---|---|---|
| 2021 | 2025 | 2030 |

We will increase production of existing power plants above 32 TWh on average in 2030 by

- Prolonging fuel replacement cycle
- Optimizing maintenance
- Increasing capacity by up to 50 MW

We plan to start construction of new nuclear unit in Dukovany, which is a subject to agreeing support scheme with government

We will prepare for potential construction of small modular reactors (SMR) after 2050 with total capacity of 3,000 MW with the goal of starting first SMR in 2032.

* EBITDA adjusted for wind fall tax 2025 (~ 44 CZK bn.) in order to better indicate operating cash flow 2025
** Of which CZK ~6 billion p.a. are purchases of nuclear fuel, excluding new nuclear Capex in 2025-2030 due to assumed 100% state financing
Note: Targeted extension of fuel cycle will result in greater variability of annual volumes but in higher volumes overall.

I

# New nuclear project is in the first preparatory stage …

| Stage | End date | Expected costs* (EUR billion) | Permitting and licensing | Contract with technology supplier |
|---|---|---|---|---|
| A 1. Preparation, supplier selection | 2024 | ~0.2** | EIA<br>Site decision<br>License for the siting | B Tender process and contract signature |
| 2. Preliminary works | 2029 | ~0.7 | License for construction<br>Building permit | "LWA - Limited Work Authorization" phase |
| 3. Construction, commissioning | 2036 | ~5.1 | License for commencement of trial operation | Construction |
| 4. Warranty period | 2038 | | Operation license | Warranty period operation C |

**Expected timeline of "Preparation, supplier selection" stage**

- 2023 – Submission of updated bids for technology
- 2023/2024 - Evaluation and negotiation of contract details with the suppliers
- 2024/2025 – Finalization and signing of the contract with the supplier
- 2024/2025 – PPA, RFA, IA finalization and signing with the Czech State (subject to EC notification result)

A Framework contract

B First implementation contract

C Power Purchase Agreement (PPA)
Repayable Financial Assistance (RFA)
Investor Agreement (IA)

* At 2020 prices, rounded

** It does not include the costs incurred until 2020 for the permitting and contracting and the purchase of land; assuming the current supplier model

# … Government shall provide financing for permitting and construction phases and secure the operation by power purchase agreement

**Currently contemplated financing structure***

- CEZ Group will fund Stage 1 entirely through its equity investment. (ca EUR 0.2 billion**)
- Stage 2 onwards will be financed by the repayable financial assistance from state (RFA)
  - During 2024-2029 in the Stage 2 in the amount ca EUR 0.7 billion
  - During 2029-2038 in the Stage 3 and 4 in the amount ca EUR 5.1 billion

**Repayable Financial Assistance from state (RFA)**

- 0% during the period of construction
- During period of operation: costs of State debt financing plus 1% but not less than 2% p.a.
- Duration 30 years from the start of operation of NPP

**Additional cost overrun financing mechanism**

- CEZ Group will not bear any risk of additional costs in case of “legitimate grounds”, the Czech state bears the additional costs

**Test on the overcompensation will be implemented in the PPA contract**

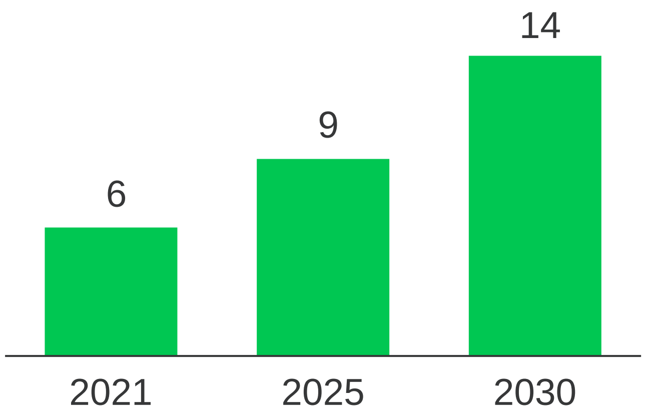
- The mechanism according to the low-carbon law will ensure adequacy of the purchase price and return (regular review after 5 years)

Subject to European Commission notification and further detailed negotiation with the State
* At 2020 prices, rounded
** It does not include the costs incurred until 2020 for the permitting and contracting and the purchase of land; assuming the current supplier model

# We will add 6 GW of renewables capacity by 2030

## Renewables EBITDA

CZK billion*



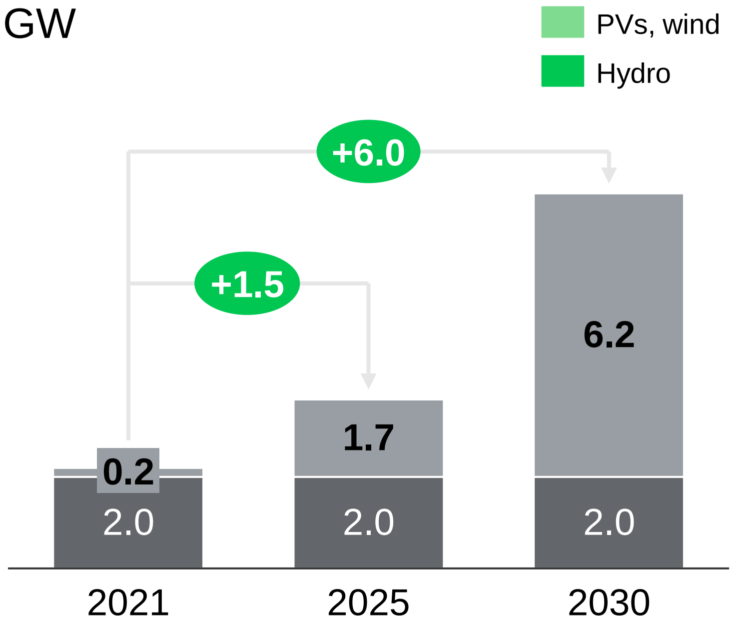

**Annual CAPEX***

CZK billion, avg

| 2021–25 | 2026–30 |
|---|---|
| 6–7 | 18–20 |

## Renewables capacity

GW




**Wholesale electricity prices****

EUR/MWh

| 2021 | 2025 | 2030 |
|---|---|---|
| 55 | 165 | 105 |

We expect to focus our RES development on photovoltaic primarily in Czechia

RES development is incentivized by CAPEX grants from Modernisation Fund

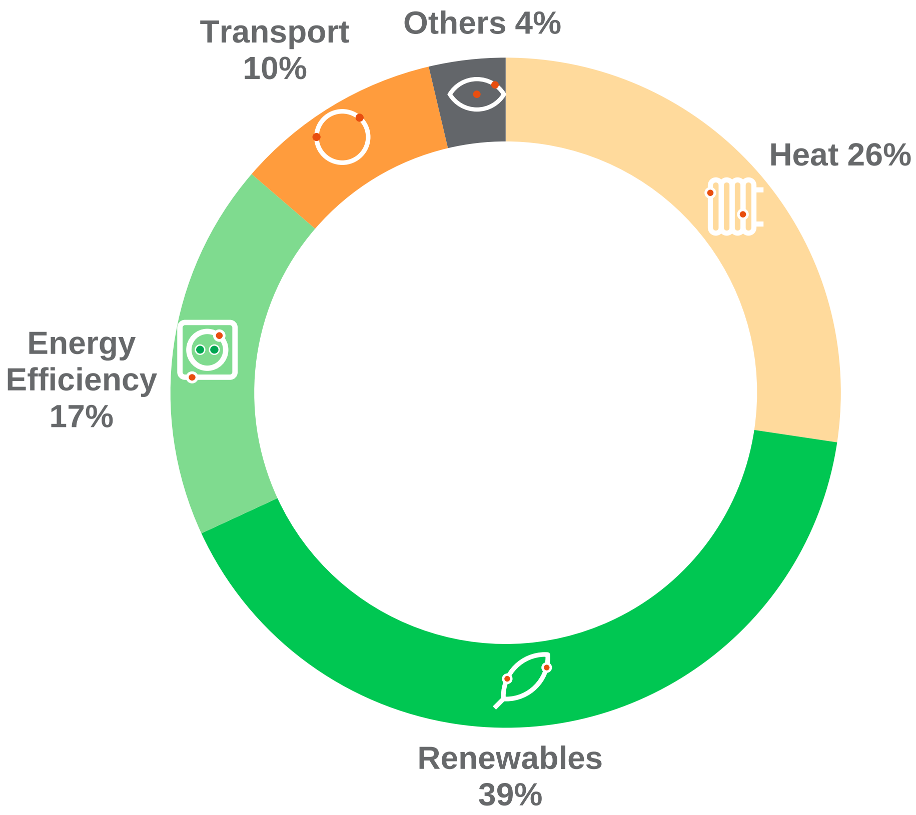
We will increase storage capacities to above 300 MWe

* Capex conservatively assumes no subsidies on Capex from Modernisation fund due to their uncertain amount

** Realized prices for renewables will be adjusted by the shape discount (0.5-0.8) on top of wholesale power price

# Modernisation fund to support development of photovoltaics in Czechia

## Indicative allocation from Modernisation fund to different grant categories




## Support of renewables from Modernisation Fund

- In 2021–2030 **CZK ~150 billion* is available** for grants to support renewables projects, out of which 60% will be dedicated to projects of existing electricity producers
- Actual **amount of subsidy to be determined in auctions**, grants might fund up to 50% of total expenditure and up to CZK 6.2-7.3 m/MW**
- Generated **electricity** will be **sold at market prices**

## Investment support for CEZ projects

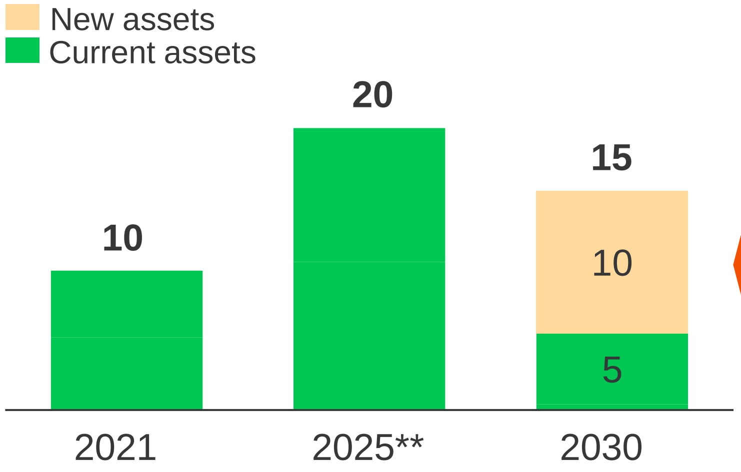
- In H1 2022 subsidy of CZK 1.0 bn awarded for 17 projects with 173 MWp capacity.
- In Q2 2023 subsidy of CZK 3.1 bn awarded to 24 projects with 728 MWp capacity.

* Assuming price of carbon allowances a EUR 80/t; CZK 394 billion available in Modernisation Fund in total and 38.7% of total for renewables
** Maximum per MW grant depends on size and technology (rooftop or ground-mounted)

# We are closing coal plants, production of heat to be transformed to low carbon technologies

## Fossil fuel generation and mining EBITDA*

CZK billion



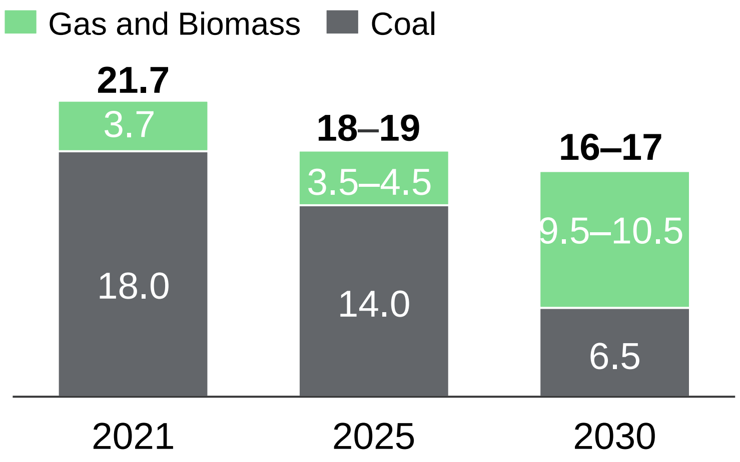

**Annual CAPEX*****

CZK billion, avg

| ~ 9 | ~ 10 |
|---|---|
| 2021–25 | 2026–30 |

## Coal and gas generation

TWh




**Coal and gas**

GW

| 2021 | 2025 | 2030 |
|---|---|---|
| 1.0 | 1.1–1.3 | 2.0–2.5 |
| 3.8 | 3.0 | 2.2 |

Decarbonisation of our heat plants to gas is continuing. Transition of current coal sites as well, however in short–term there is an increase of EBITDA due to current situation on the market. Long-term EBITDA would be generated mostly by new assets.

Newly built gas plants will be hydrogen ready

We expect that it would be possible to secure affordable gas supplies within EU in the medium term, if not, we are ready to extend the operation of our coal plants

* Assumed electricity prices 2025: 165 EUR/MWh, 2030: 105 EUR/MWh

** EBITDA adjusted for wind fall tax 2025 (~ 9 CZK bn.) in order to better indicate operating cash flow 2025

*** Includes CZK 5 bn of average annual CAPEX into new capacities in gas and biomass

# CEZ Group plans to increase generation in renewables, nuclear and gas

### Nuclear

- We will **safely increase generation volume in existing plants above 32 TWh** on average in 2030 and achieve 60-year operating life.
- We will build a new nuclear power plant in Dukovany.
- We will prepare for potential construction of small modular reactors (SMR) **after 2050** with total capacity of **3000 MW** with the goal of starting **first SMR in 2032**.

### Renewables

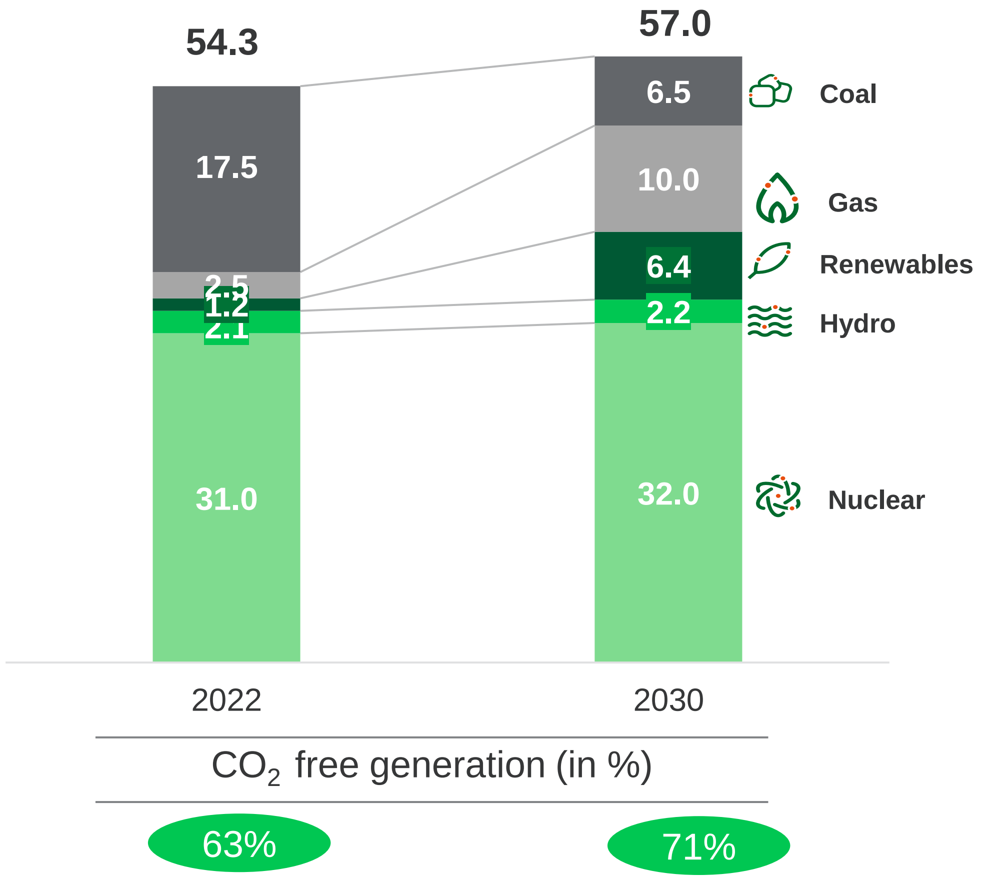
- We will build **1.5 GW of renewables by 2025** and **6 GW renewables by 2030.**
- **We will increase installed capacity of electricity accumulation** to at least **300 MWe** by 2030.

### Traditional

- **We will decarbonize heating** and **will transform our coal locations** to new activities.
- We will **build new gas capacities**, which will be **ready for hydrogen combustion**.

## Electricity generation of CEZ Group

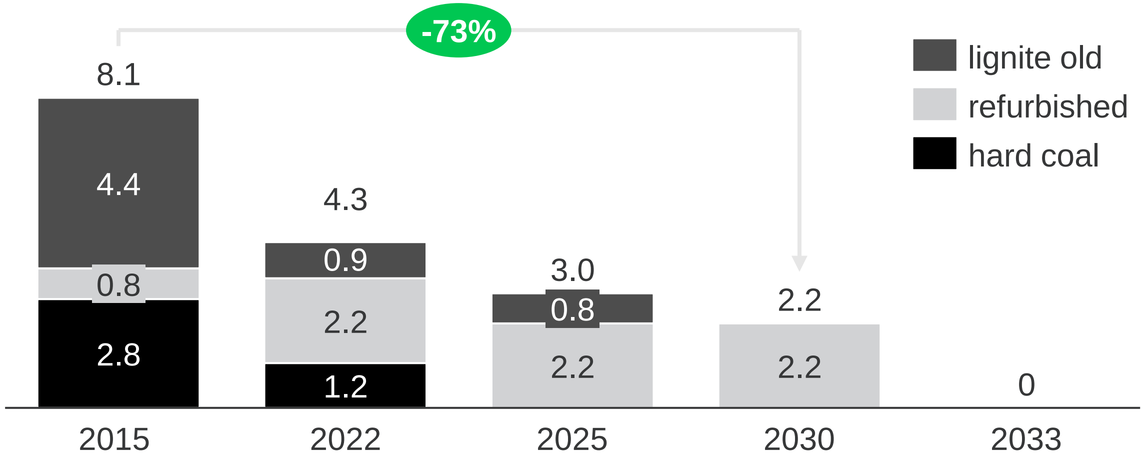
(Existing assets, in TWh)



# We will reduce share of our coal generation to 12.5% in 2030, and exit coal by 2033*

## Expected development of installed capacity in coal

GW




| Share of coal related revenue ** (%) | | |
|---|---|---|
| 18% | ~ 15% | ~ 2% |
| 2022 | 2025 | 2030 |

| Share of coal on generation (%) | | |
|---|---|---|
| 32% | ~ 25% | ~ 12.5% |
| 2022 | 2025 | 2030 |

## Coal fired power plants are being gradually closed

- No new coal capacity investments commitment
- Coal capacity was reduced by 1,719 MW in 2020, further 500 MW has been closed in 2021.
- We will **terminate coal** burning **in heating locations by 2030**.
- In 2030 only 3 upgraded units planned to be in operations
- **Coal exit by 2033** in line with draft National Energy and Climate Plan approved by the Czech Government in October 2023.

## Coal extracted is mainly used in own power plants and declining

- Extraction of coal amounts to 18 mil tones per year, out of which 30% is sold externally
- Volume of extracted coal is expected to decline to 8 million tones in 2030 reflecting the reduction of CEZ Group's coal capacities.
- **Termination of coal mining linked to closure of coal plants i.e. by 2033.** This is much earlier than depletion of coal reserves.

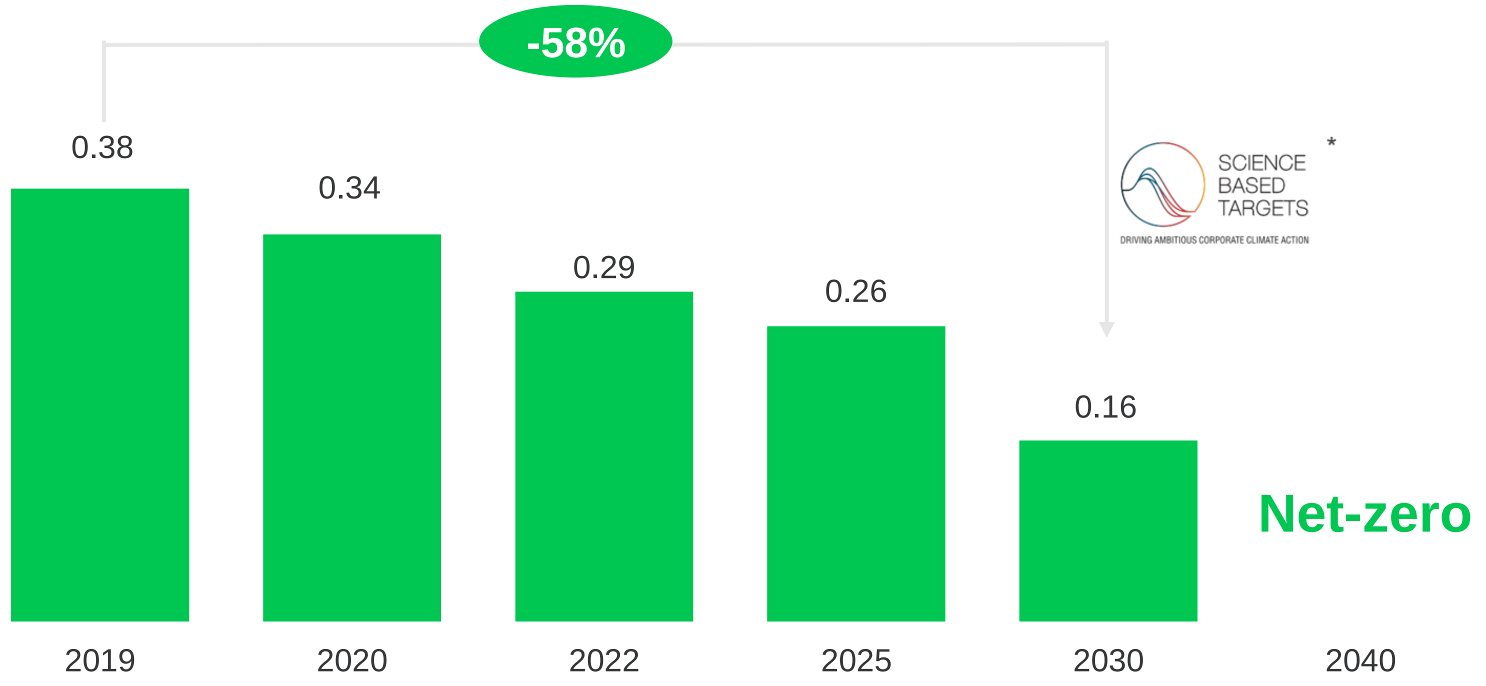
* as per draft National Energy and Climate Plan approved by the Czech Government in October 2023

** Share of sales of electricity, Sales of heat sales and revenues from externally sold coal on consolidated revenues

# We will achieve climate neutrality by 2040

## Reduction of CEZ Group's $CO_2$ emission intensity

t $CO_2$e/MWh, Scope 1&2




The VISION 2030 target of achieving climate neutrality by 2040 has been validated by the SBTi as consistent with the long-term net-zero target.

**Climate neutrality by 2040 in line with** 1.5 °C scenario of **Paris agreement, 2030 target in line with** 2 °C scenario

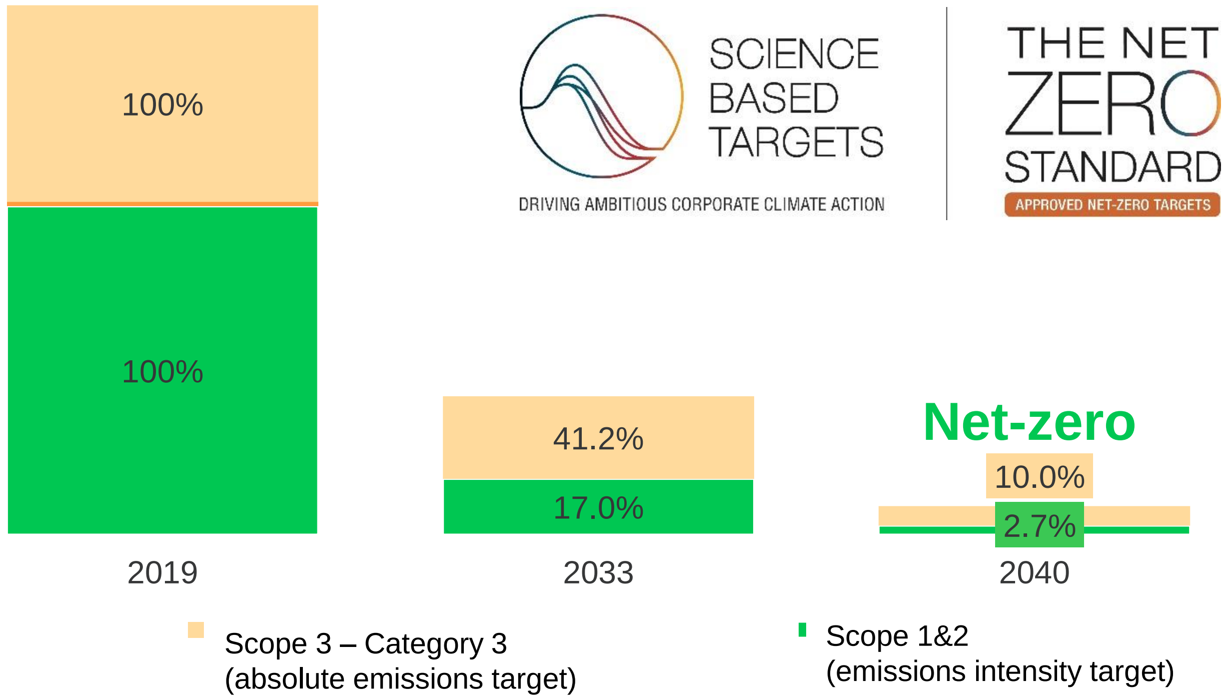
**CAPEX plan** fully aligned with this decarbonization pathway

* CEZ Group commits to reduce scope 1 and 2 GHG emissions 50% per MWh by 2030 from a 2019 base year (in line with a well-below 2°C trajectory) and to achieve climate neutrality by 2040 (in line with a well-below 1.5°C trajectory)

# CEZ's near and long-term science-based emission reduction targets were approved by the SBTi

## GHG emissions reduction targets across all scopes

t $CO_2$e/MWh




SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

THE NET ZERO STANDARD
APPROVED NET-ZERO TARGETS

* The target boundary includes land-related emissions and removals from bioenergy feedstocks.

- **Overall Net-Zero Target** CEZ Group commits to reach net-zero GHG emissions across the value chain by 2040 from a 2019 base year (**in line with** 1.5 °C scenario of **Paris agreement)**.
- **Near-Term Targets** CEZ Group commits to reduce scope 1 and 2 GHG emissions 83% per MWh by 2033 from a 2019 base year*. CEZ Group also commits to reduce absolute scope 3 GHG emissions from use of sold products 58.8% within the same timeframe.
- **Long-Term Targets** CEZ Group commits to reduce scope 1 and 2 GHG emissions 97.3% per MWh by 2040 from a 2019 base year*. CEZ Group also commits to reduce absolute scope 3 GHG emissions from use of sold products 90% within the same timeframe.
- We will achieve **climate neutrality** by using offsets for residual emissions in 2040.

II

# Provide best energy solutions and highest quality customer experience on the market

## Targets

### Distribution

- We invest in **Smart grids** and **decentralization** to further develop stable and **digital distribution network,** including development of fiber optics networks.

### Sales

- **We digitize 100 % of our core customer processes** by 2025.
- Thanks to growing service quality we maintain **the highest NPS** (Net Promoter Score) among the largest electricity suppliers and we will **grow our customer base.**
- We will offer **product portfolio to households, which will enable them to achieve energy savings and emission reduction.**

### ESCO

- **We will build** infrastructure for **e-mobility** – we will quadruple charging capacity and we will operate at least 800 stations by 2025.
- We will further develop our role of **decarbonization leader –** we will enable efficient reduction of emissions and **delivery of energy savings** for our industrial customers, municipalities and state administration in line with EU target of energy efficiency improvements by 39-40%.

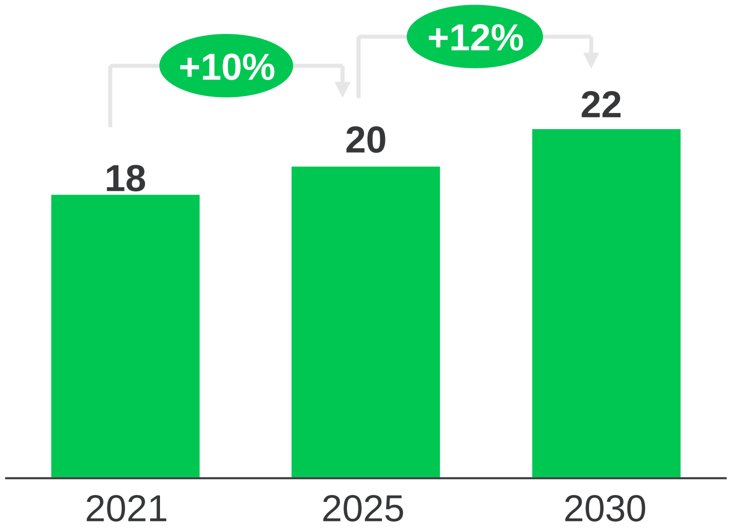
### New segments

- We will broaden our **business activities** to the areas of **batteries, e-mobility and hydrogen.**

# We will build smart digital electricity grid

## Distribution EBITDA

Existing assets in CZK billion



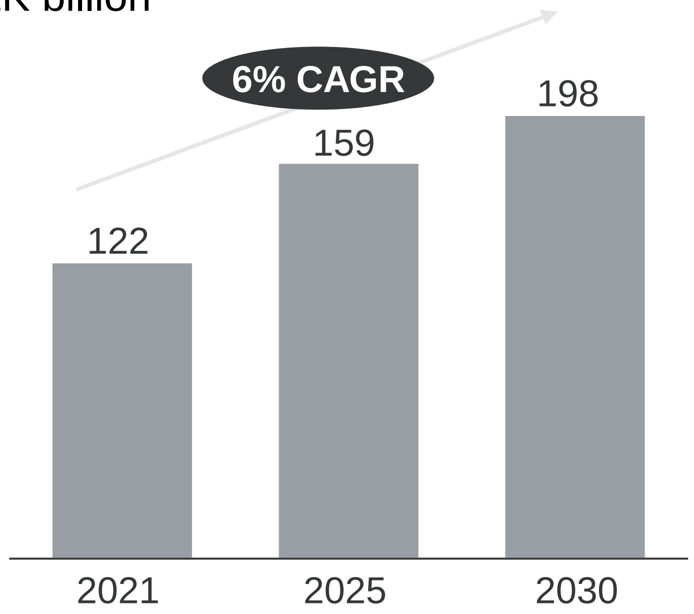

**Annual CAPEX***

CZK billion, avg

| 14–15 | 16–17 |
|---|---|
| 2021–25 | 2026–30 |

## RAB Development

CZK billion




We will invest into smart grids and decentralization for developing digital distribution grid including fiber optic networks

### 2030 digital transformation targets

- 80% of consumption covered by smart meters
- 80% of remotely measured transformer stations
- 11,000 km of optic fiber networks (compared to 5,323 km today)

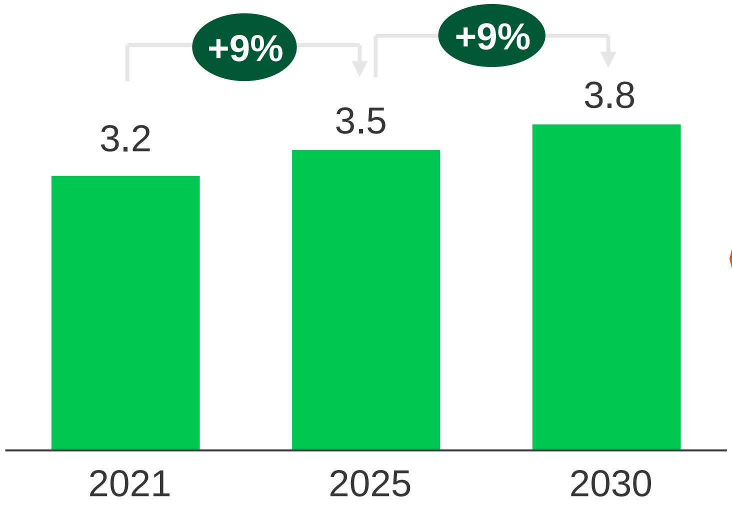
- Increase network reliability
- Enable new connections of decentralized generation
- More efficient network management and cost reduction
- Utilize fiber optic network capacity for telecommunication services

* CAPEX conservatively assumes no subsidies

# We will grow our retail customer base and maintain high customer satisfaction

## Retail EBITDA

CEZ Prodej, CZK billion



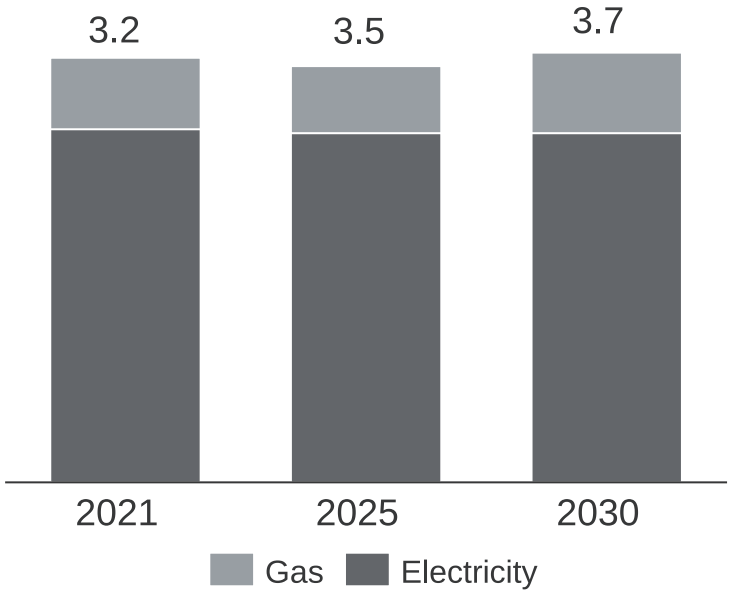

**Annual CAPEX**

CZK billion, avg

| 0.4 | 0.4 |
|---|---|
| 2021–25 | 2026–30 |

## Number of customers

Million




## B2C

**100% of key customer processes** will be **digital by 2025**

We will maintain the **highest NPS** (net promoter score) among largest electricity supplies and we will increase our customer base

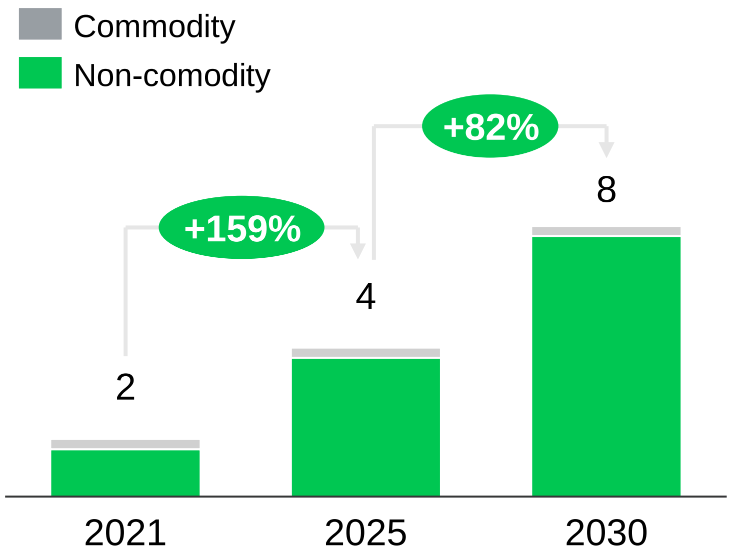
We will **broaden our product portfolio** for households, which will enable their decarbonization and energy savings

**EBITDA improvement** despite growing competitive pressures in commodities

# We will grow our energy services business by supporting decarbonization of our customers

## ESCO EBITDA

CZK billion



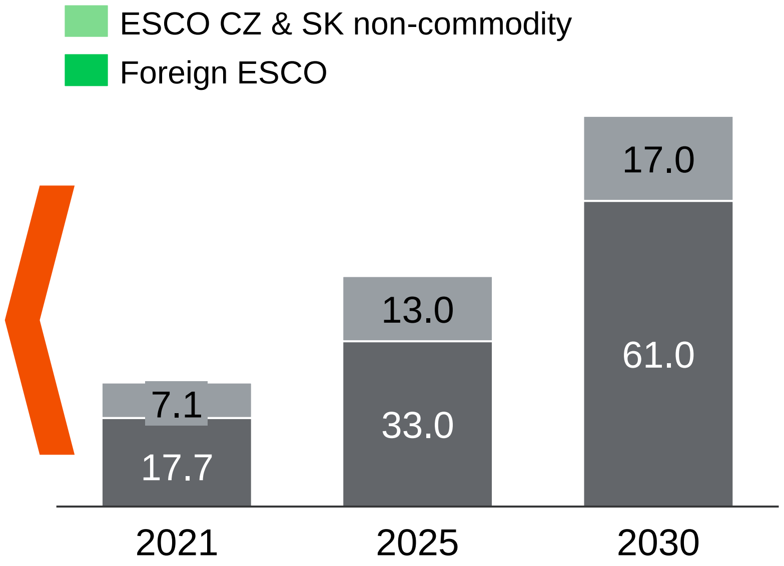

**Annual Investments***

CZK billion, avg

| 6-7 | 6-7 |
|---|---|
| 2021–25 | 2026–30 |

## ESCO revenues

CZK billion




**EBITDA margin (%)****

CZK billion, avg

| 6% | 10% | 10% |
|---|---|---|
| 2021 | 2025 | 2030 |

## B2B

We will enable efficient decarbonization and delivery of energy savings for our customers in industry, municipalities and public administration in line with EU target 39-40%

* CAPEX and financial investments
** Only non-commodity

# Electromobility value chain represents an additional source of growth

**Battery as a Service (BAAS)**

**Electromobility Ecosystem**

**Cars as Energy Storage Systems (ESS)**

Using car batteries in the Czech distribution grid

**Component supplier ecosystem**

**Battery value chain** → **Mining and processing** → **Production of active materials** → **Cell production** → **Integration of batteries into modules** → **Car manufacturing** → **Second and third use of battery cells** → **Recycling**

Lithium mining in Cínovec
Implementation of lithium mining and processing in Cínovec for supply to the Gigafactory

Partnership for sustainable and cost-effective battery cell production

Utilisation of used batteries to store large amounts of energy

Development of recycling infrastructure

**Generation of renewables**
Supplementation of the entire electromobility ecosystem

**Mobility Services**

Integration of CEZ Group's infrastructure with car manufacturers' software, e.g., to find the nearest charging station

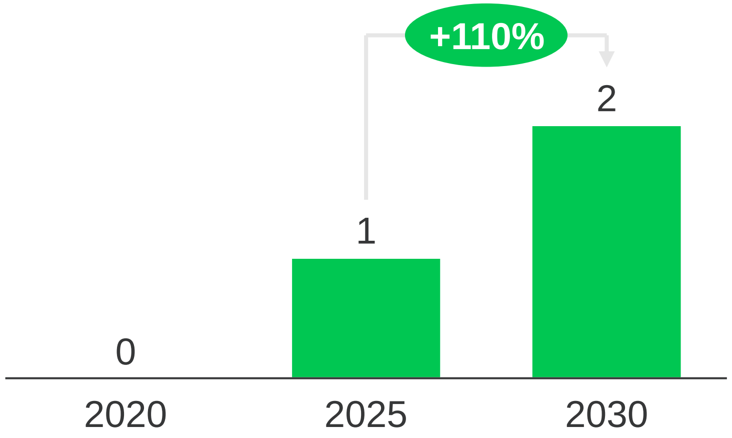
**Joint monetization of Energy Services**

**Charging Infrastructure**

Building-up charging points in Czechia and providing green energy for charging.

# Areas of battery production and electromobility will be additional sources of growth

## Proportional EBITDA of battery related activities*
CZK billion




**Annual CAPEX***
CZK billion, avg

| 0-2 | 2-4 |
|---|---|
| 2021–25 | 2026–30 |

## Lithium mining and processing in Cínovec

- CEZ Group owns 51% stake in Geomet, which owns rights to deposit
- Pilot ore-processing line is being prepared
- Preparation of technical and financial feasibility study under way
- In 2023 a decision on mining feasibility

## Battery production

- We are discussing possibilities of partnerships on battery production factory

## Electromobility infrastructure

- We will be quadrupling charging capacity and will operate at least 800 stations by 2025

* Values of EBITDA and Capex represent 51% stake of CEZ Group on lithium mining project and 10% stake on battery factory. These projects are unlikely to be fully consolidated.

# Our ambition is to be a leader in ESG and we have set specific targets to achieve this goal

## CEZ Group key ESG commitments

### Environment

- **$CO_2$e emissions reduction in line with "well below 2°" scenario** (decrease from 0.38 $tCO_2$e/MWh in 2019 to 0.26 in 2025 and to 0.16 in 2030)
- **Lowering share of coal** generation to 25% in 2025; to 12.5% in 2030
- Newly build **renewables** of 1.5 GW until 2025, 6 GW until 2030
- **NOx emission reduction** from 23 kt in 2019 to 13 kt in 2025 and 7 kt in 2030
- **$SO_2$ emission reduction** from 21 kt in 2019 and 6.5 kt in 2025 and 3 kt in 2030

### Social

- **Remain good corporate citizen** developing good relationship with communities
- **Rank among Top Employers** for future talent and current employees
- **Ensuring just transition** through re-skilling or compensation for 100% of employees affected by coal exit
- **Highest net promoter score** among Czech electricity suppliers
- **Digitalization** of all key customer processes by 2025

### Governance

- We will reach **30% share of women** in management
- **Further proceed in Code of Ethics training,** annually train above 95% of employees from 2022 onwards

## CEZ's consensus ESG rating is among 18%* of the best companies



* Source: https://www.csrhub.com/CSR_and_sustainability_information/CEZ-AS as of Nov 15, 2023

# Improvement in major ESG ratings in 2022 reflects CEZ‘s systematic efforts towards sustainability

## S&P Global


## MSCI


**As of June 26, 2023, CEZ, a.s., received an MSCI ESG Rating of AA.**



## Moody’s Analytics


### ESG Assessment

**51/100 Robust**
**as of September 2022, by Moody’s Analytics**

*Moody’s Analytics provides trusted and transparent data and perspectives across multiple areas of risk – credit; climate; environmental, social, and governance (ESG) – to help market participants identify opportunities and manage the continuously evolving risks of doing business.*

## Sustainalytics


Sustainalytics ESG Risk Rating 29.4
as of 2023, received by CEZ, a.s.

# Summary and investment highlights

**We are accelerating strategy execution to benefit from energy transition**

- We are transforming to **low emission electricity generator**
- We provide the **most cost-effective energy solutions** and the **best customer experience** on the market

**We develop CEZ Group responsibly and sustainably**

- We **will reduce our emissions intensity** by more than **50%** by 2030
- Our **ESG targets** will enable us to **be among the best 20%** in the ESG rating

**We offer attractive dividend while maintaining strong credit rating**

- **We will grow our EBITDA by 35%***
- **Dividend policy: payout ratio 60-80%** from adjusted net income
- We keep **Net Financial Debt/EBITDA below 2.5x to 3.0x**



* Growth compared to 2021 using electricity prices when Vision 2030 was announced

# AGENDA

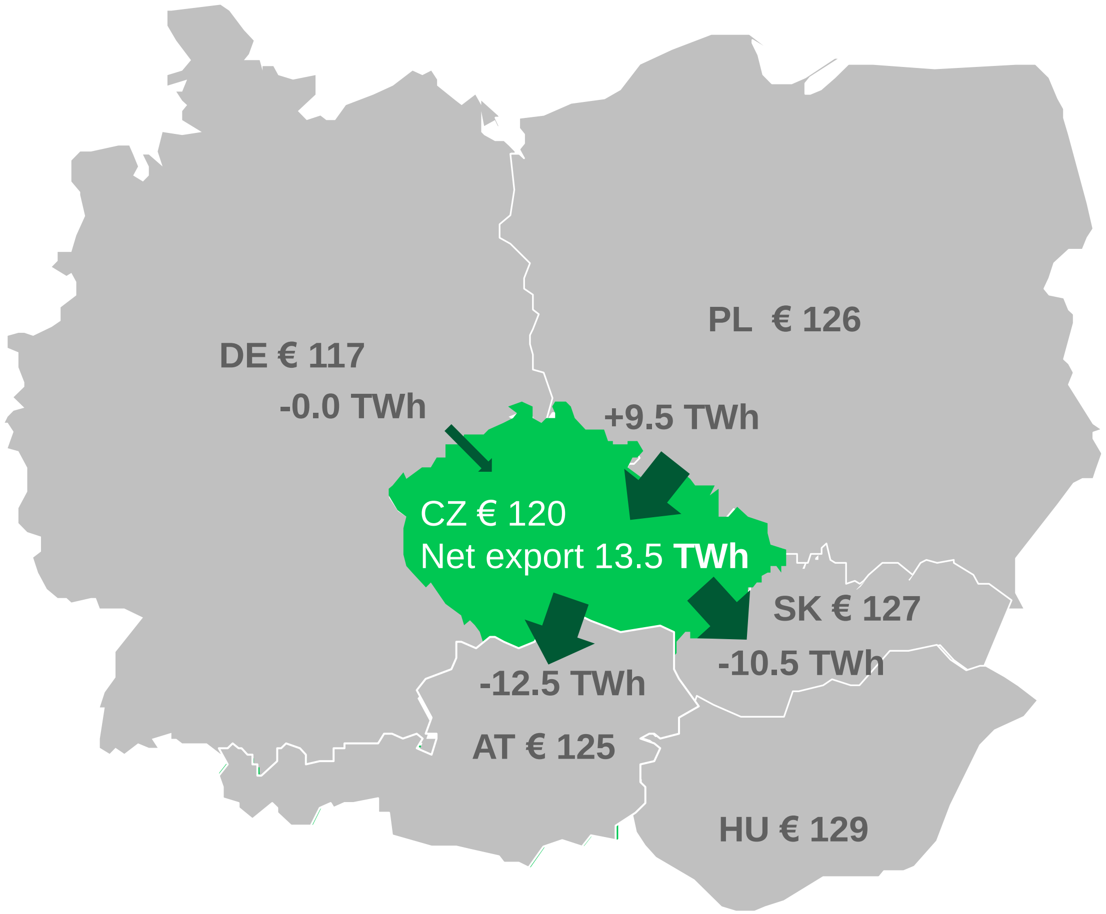
- CEZ Group at a Glance
- CEZ guidance 2023 & CZ tax measures
- Our Vision
- **Appendix**

# Appendix

- **Electricity market fundamentals**
- Regulation of distribution
- ESG indicators
- Financial results

# Czech electricity market is integrated with neighbouring countries

## 2022 Physical electricity flows and current electricity prices




## Czech and German Electricity prices

EUR/MWh, Y+1 baseload forwards

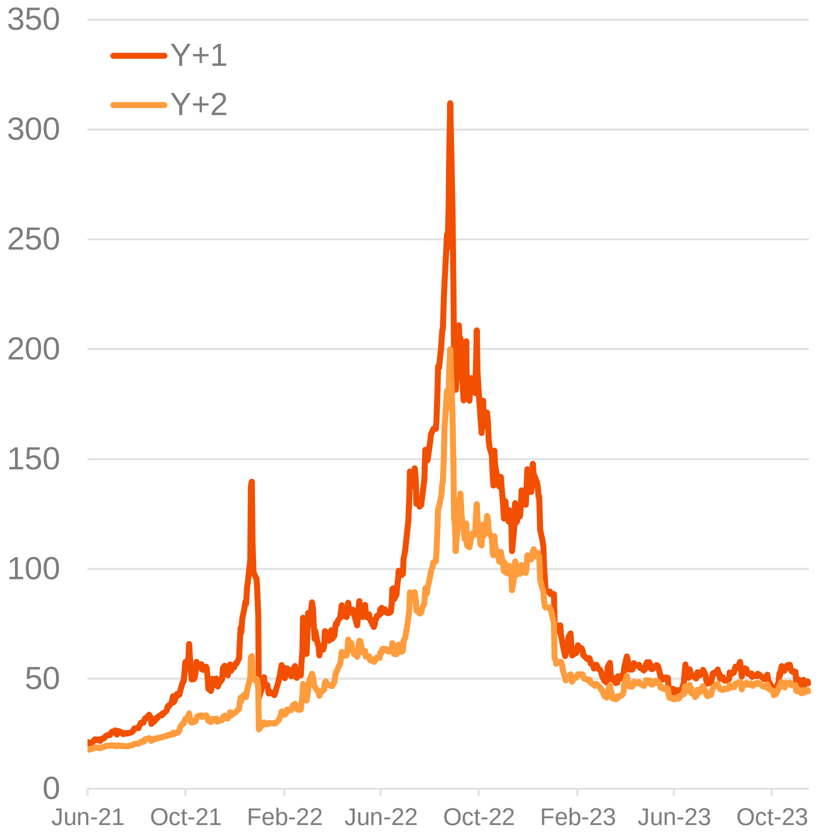



Source: E-NTSOE, ERÚ, EEX, prices as of November 15, 2023

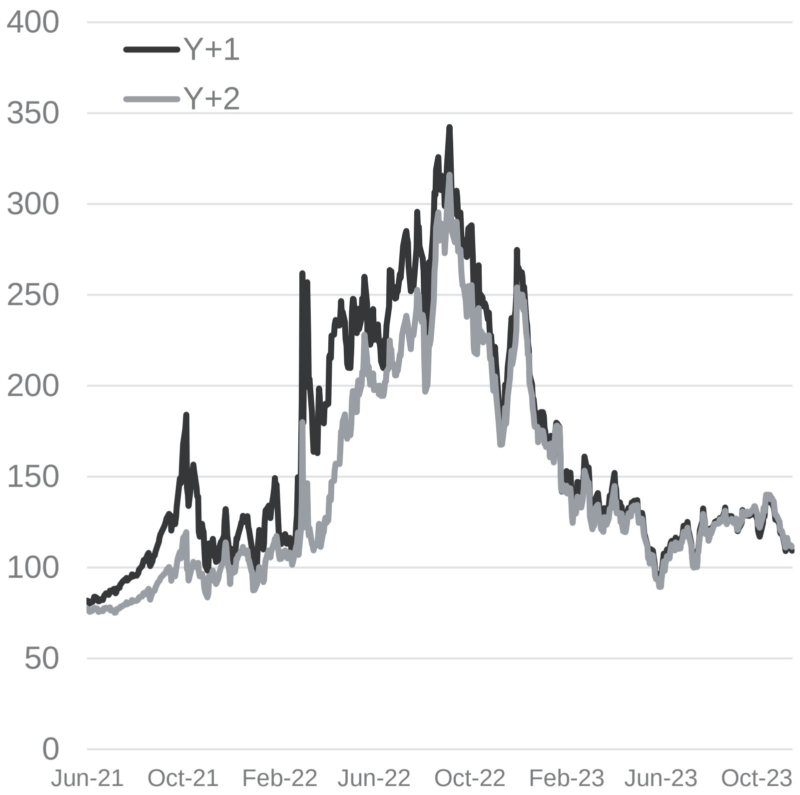
# Commodity prices have stabilised after very volatile in 2023

**Carbon prices[1]**
EUR/t


**Gas prices[2]**
EUR/MWh




**Coal prices[3]**
USD/t

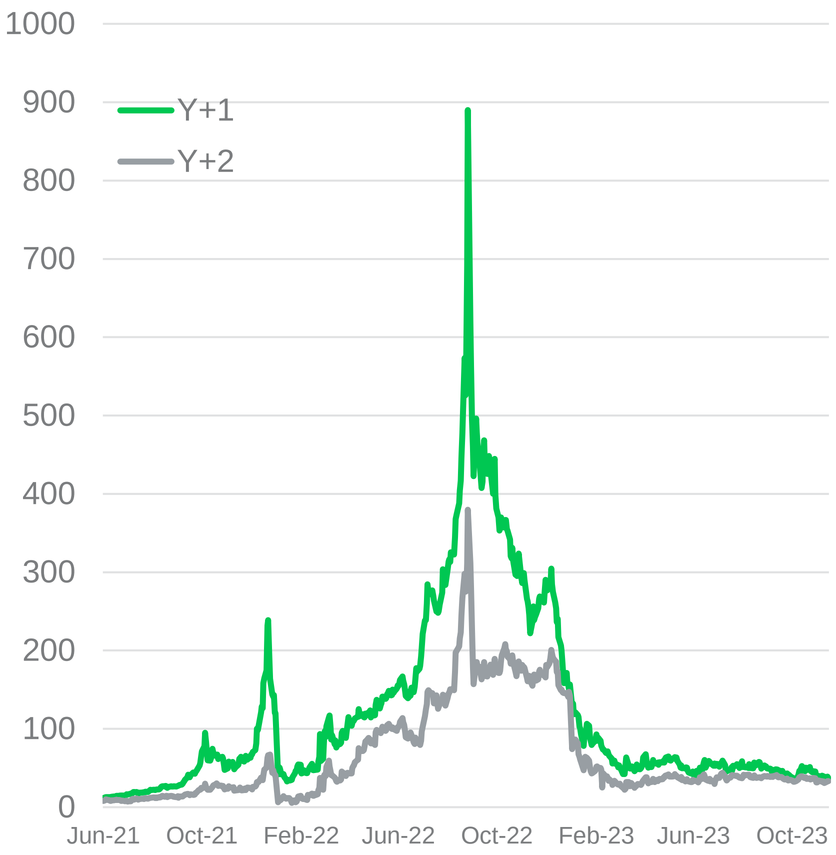





1. EU allowances, Y+1 forward, 2. Netherlands TTF, Y+1 forward, 3. API2 coal, Y+1  forward

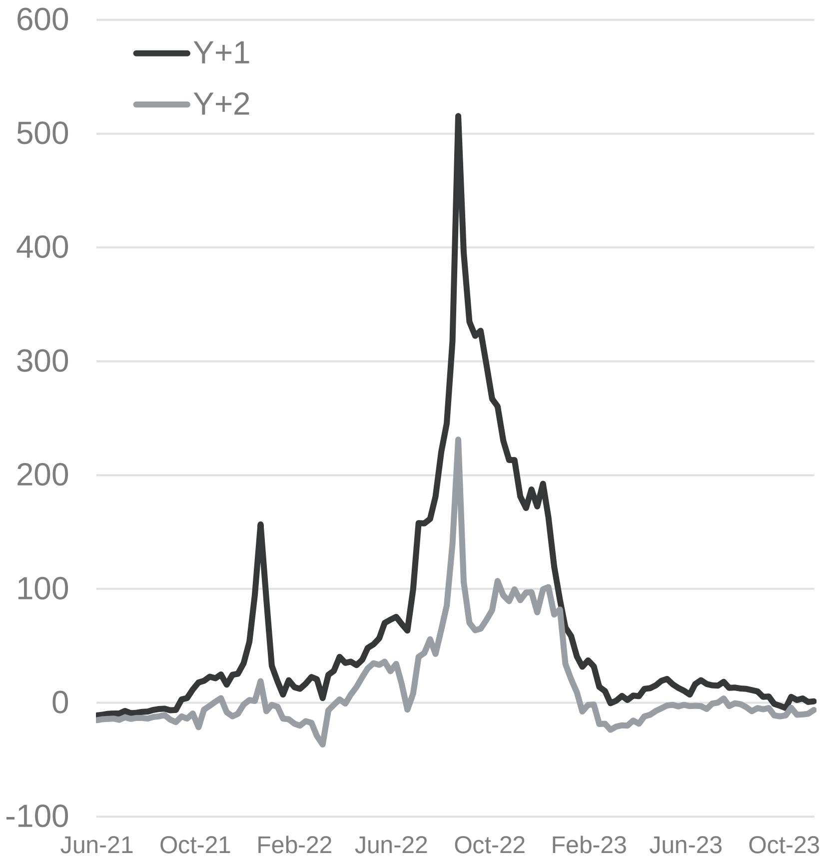
# Electricity spreads declined from extraordinary high and volatile levels seen during 2022

**Clean power (electricity – carbon)[1]**
EUR/MWh




**Clean spark spread (CSS)[2]**
EUR/MWh, weekly averages


**Clean dark spread (CDS)[3]**
EUR/MWh, weekly averages




1. German electricity baseload minus carbon (36% efficiency) 2. German (55% efficiency) 3. German (38% efficiency),

# Appendix

- Electricity market fundamentals
- **Regulation of distribution**
- ESG indicators
- Financial results

# Czech republic: electricity distribution - overview of regulatory framework

**Regulatory Framework**

- Regulated by ERU (Energy Regulatory Office, www.eru.cz)
- The main components of regulatory formula for distribution
  - Revenue cap = Operating expenses + Depreciation + Regulatory return on RAB - Other revenues corrections +/- Quality factor + Market factor
  - RAB adjusted annually to reflect net investments and revaluation trajectory
  - Regulatory rate of return (WACC nominal, pre-tax) – 6.54% for 2021-2025
  - Operating costs are indexed to weighted average of wage inflation index and market services price index. In V. Regulatory period efficiency factor set at 0.2% per year.
  - Quality factor – prescribed levels of SAIDI and SAIFI parameters. Maximum bonus or penalisation +/- 4% of allowed profit. Currently has neutral impact on CEZ Distribuce.
  - Market factor to reflect unexpected cost which could not had been planned while setting planned values of allowed costs (e.g. new duties coming from new legislation). Never used by ERU in case of CEZ Distribuce.

**Regulatory period**

- 5$^{th}$ regulatory period from January 1, 2021 till December 31, 2025,
- Main focus:

- lowering allowed costs compared to the previous period (reflecting actual costs in the previous regulatory period);
- pressure on quality and security of electricity distribution (prescribed SAIDI and SAIFI parameters);
- renew and develop the networks incentivised by reasonable regulation parameters.

**Unbundling & Liberalization**

- Since January 1, 2006 all customers can choose their electricity supplier, market is 100% liberalized
- Prices for distribution regulated as per above, price of commodity is not regulated at all.

# Czech Republic: electricity distribution - WACC

- WACC set using CAPM formula:

$$WACC = \left(k_e \times \frac{E}{D+E}\right) + \left[\left(k_d \times \frac{D}{D+E}\right) \times (1-T)\right]$$

$$k_e = r_f + \beta \times MRP$$

$$k_d = r_f + credit\ risk\ margin\ (CRM)$$

- Risk free rate ($r_f$) was derived from median yields of 10-y Czech sovereign bonds for 10 years period
- Credit risk margin set as a difference between BBB rated corporate bonds and 10Y AAA EUR Sovereign bonds

| WACC components | 5th regulatory period 2021-2025 |
|---|---|
| Risk free rate ($r_f$) | 2.04% |
| Market risk premium (MRP) | 6.54% |
| ß unlevered | 0.51 |
| ß levered (ß) | 0.90 |
| **Cost of equity ($k_e$)** | **7.94%** |
| Credit risk margin (CRM) | 1.09% |
| Cost of debt, pre tax ($k_d$) | 3.14% |
| Tax rate (T) | 19% |
| **Cost of debt, post-tax** | **2.54%** |
| Debt/(Debt+Equity) | 48.92% |
| **WACC (nominal, before tax)** | **6.54%** |

# Appendix

- Electricity market fundamentals
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# Key ESG Indicators

## Environment

| | unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Scope 1 emissions | M $tCO_{2e}$ | 23.4 | 19.0 | 18.2 |
| Scope 2 emissions | M $tCO_{2e}$ | 0.3 | 0.1 | 0.0 |
| Scope 3 emissions | M $tCO_{2e}$ | 13.7 | 10.5 | 12.3 |
| Carbon intensity (electricity and heat generation) | $tCO_{2e}$ /MWh | 0.34 | 0.29 | 0.29 |
| Water consumption (electricity and heat generation) | $m^3$/MWh | 1.37 | 1.27 | 1.40 |
| Energy generation - non-renewable fuels | 000’ TJ | 563 | 524 | 514 |
| Climate neutrality: Interim targets**: | Year | 2050<br>2025<br>2030 | 2040*<br>2025<br>2030 | 2040*<br>2025<br>2030 |
| Weight of waste (non-hazardous) | 000’ t | 64 | 59 | 48 |
| ISO 14001 certified MWs | % | 91 | 88 | 98 |

## Social

| | unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Number of employees | 000’ | 32.6 | 28.0 | 28.7 |
| Employee turnover | % | 9.9 | 10.3 | 11.2 |
| Employees unionized | % | 26 | 28 | 28 |
| Donorship | m CZK | 397 | 319 | 368 |
| Fatalities | # | 3 | 1 | 0 |
| Training hours | 000’ | 665 | 880 | 1,209 |
| Injuries | # | 147 | 130 | 130 |
| Women in workforce | % | 21.4 | 20.5 | 21.1 |
| SAIDI | minutes /customer | 220 | 214 | 208 |
| R&D expenses | m CZK | 1,031 | 952 | 982 |

## Governance

| | unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Supervisory Board meetings | # | 13 | 13 | 14 |
| Supervisory Board member attendance | % | 98.1 | 96.2 | 98.8 |
| Supervisory Board independence | % | 50 | 50 | 55 |
| Female Supervisory Board members | % | 8.3 | 8.3 | 9.1 |
| Number of Supervisory Board members | # | 12 | 12 | 11 |
| Women in management | % | 16.0 | 13.5 | 12.0 |

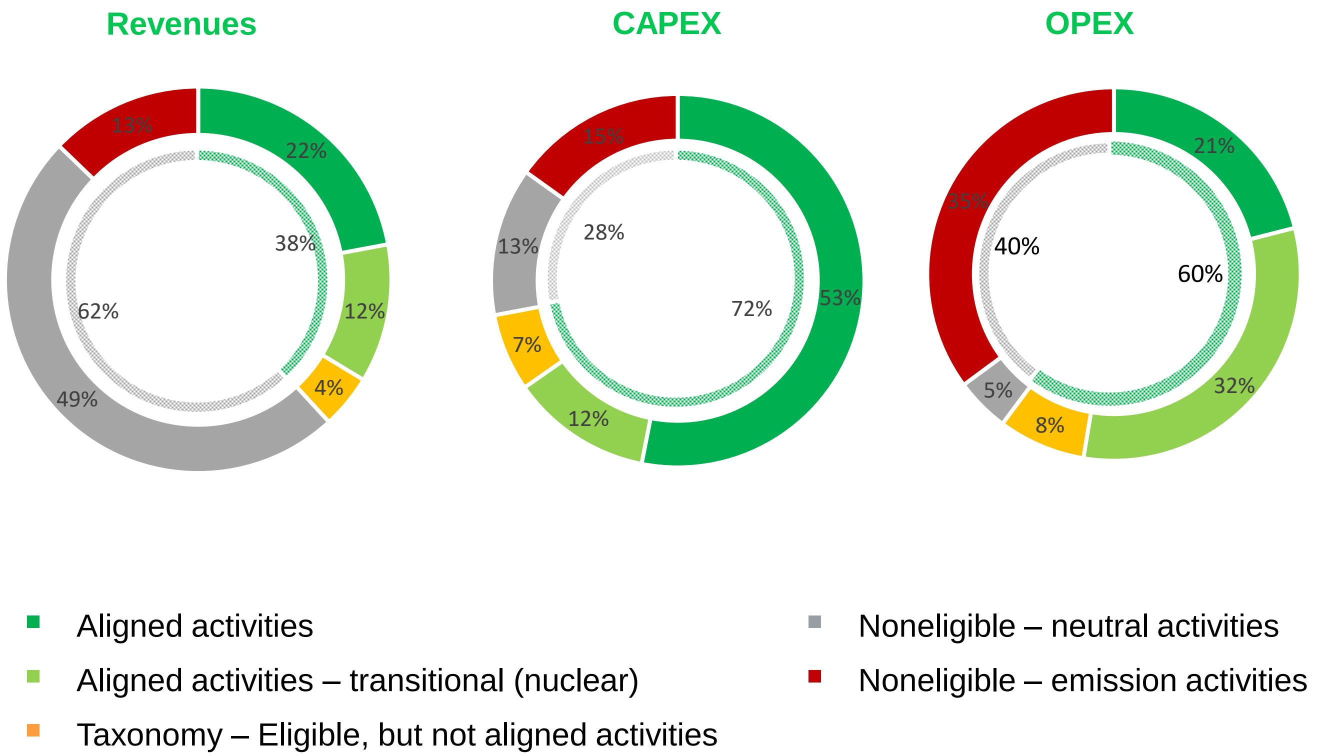
* Current climate neutrality target is 2040
** Interim targets for 2030 are validated by SBTi

# Developments in ESG area and structure of CEZ activities according to EU taxonomy

**Selected 2022 Events in ESG**

- **SBTi validated CEZ's emission reduction targets**. ČEZ was the first Czech company to achieve validation.
- We are committed to achieving **climate neutrality as early as 2040**.
- We joined the **CEO Water Mandate initiative**—as the first in Czechia
- The **most trusted energy supplier** according to Net Promoter Score Czechia—for the seventh time in a row.
- We were awarded the **"Most Desirable Employer" in Czechia**—for the third time in a row.
- **ESG certification of Board of Directors members**
- **Sustainability Report* issued** in accordance with international standards (GRI, SASB, WEF, EU Taxonomy) including externally audited key KPIs
- **ESG website launched**** and online ESG library of nonfinancial data prepared (the most extensive in European energy sector)

## Structure of CEZ Group activities in 2022 according to EU taxonomy






- link to CEZ Group Sustainability Report https://www.cez.cz/webpublic/file/edee/esg/documents/sustainability-reports/cez-zour-aj-2022.pdf
- ** link to ESG website https://www.cez.cz/sustainability/en

# Appendix

- Electricity market fundamentals
- Regulation of distribution
- ESG indicators
- **Financial results**

# Highlights of Financial Results for Q1–Q3 2023

| (CZK billions) | Q1–Q3 2022 | Q1–Q3 2023 | Difference |
|---|---|---|---|
| Operating revenues | 211.1 | 246.5 | +35.4 |
| EBITDA | 89.3 | 95.0 | +5.7 |
| EBIT | 65.2 | 67.1 | +1.9 |
| Net income | 52.3 | 29.8 | -22.5 |
| Adjusted net income* | 52.3 | 31.4 | -20.9 |
| Operating cash flow | 13.1 | 133.7 | +120.7 |
| CAPEX | 21.4 | 27.9 | +6.6 |

* 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).

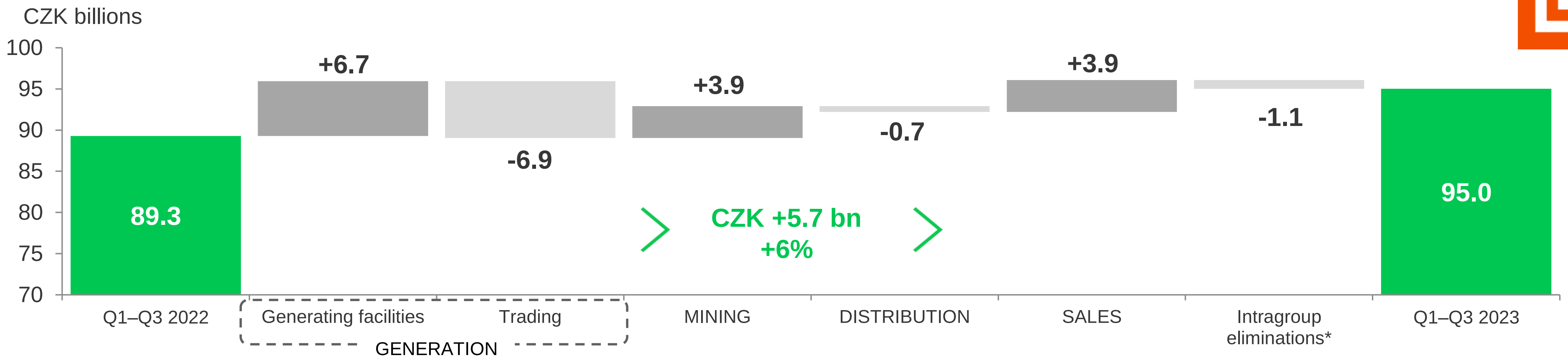
# Q1-Q3 2023 Operating results highlights

| | | Q1–Q3 2022 | Q1–Q3 2023 | Difference | % |
|---|---|---|---|---|---|
| Electricity generation | TWh | 39.6 | 37.0 | -2.6 | -7% |
| of which in Czechia | TWh | 37.9 | 35.6 | -2.3 | -6% |
| Sales of heat | TWh | 4.5 | 4.3 | -0.3 | -6% |
| of which in Czechia | TWh | 3.3 | 3.1 | -0.2 | -5% |
| Sales of electricity* | TWh | 16.6 | 17.8 | +1.1 | +7% |
| of which in Czechia | TWh | 15.2 | 15.9 | +0.7 | +5% |
| Sales of gas* | TWh | 5.6 | 7.5 | +1.9 | +33% |
| Electricity distribution* | TWh | 26.0 | 25.0 | -1.0 | -4% |
| Gas distribution* | TWh | 0.5 | 0.7 | +0.2 | +38% |

* This refers to the sales and distribution to end-use customers.

| | | as of Sep 30, 2022 | as of Sep 30, 2023 | Difference | % |
|---|---|---|---|---|---|
| Installed capacity | GW | 11.8 | 11.9 | +0.0 | +0% |
| of which in Czechia | GW | 11.1 | 11.1 | +0.0 | +0% |
| Workforce headcount | thousands of persons | 27.5 | 30.2 | +2.7 | +10% |
| of which in Czechia | thousands of persons | 22.8 | 24.7 | +2.0 | +9% |

# EBITDA in Q1-Q3 2023 increased by 6% to CZK 95 bn




**GENERATION Segment – Generating facilities (CZK +6.7 bn)**:

- Higher margin on generation in Czechia as a result of higher realized electricity prices and change of purchase prices of emission allowances and gas (CZK +16.0 bn)
- Levy on excess revenues from generation in Czechia (CZK -8.7 bn)
- Other effects (CZK -0.6 bn), mainly higher fixed expenses

**GENERATION Segment – Trading (CZK -6.9 bn):**

- Lower trading prop margin (CZK -11.7 bn): this year's margin CZK +6.8 bn, while in Q1–Q3 2022 it reached the extraordinary amount of CZK +18.5 bn
- Negative impact of disruption of gas supply from Gazprom Export in 2022 (CZK +1.7 bn)
- Other trade and consolidation effects (CZK +3.2 bn): mainly temporary effects due to the revaluation of derivative trades hedging generation and sales positions for the next period

**MINING Segment (CZK +3.9 bn):**

- Higher revenues (CZK +5.5 bn) due to growing prices (volume of mining decreased by 1.9 mil tons), higher fixed expenses (CZK -1.5 bn), mainly for energy

**SALES Segment (CZK +3.9 bn):**

- Proceeds from litigation between ČEZ Prodej and the state-owned enterprise Railway Administration concerning electricity supply in 2010 and 2011 (CZK +1.2 bn)
- Purchase of electricity from RES in Czechia (CZK +1.3 bn): impact of market prices and higher purchase volume
- Sales of commodities by ČEZ ESCO (CZK +0.7 bn), mainly stabilization of prices on the markets and higher delivered volumes of electricity and gas
- Sales of energy services (CZK +0.6 bn)

* Mainly the elimination of the effect of hedging the currency risks of ČEZ ESCO (SALES segment) through ČEZ, a. s. (GENERATION segment), where the effect is reported under foreign exchange gains and losses (outside EBITDA).

# Decline in Q1-Q3 2023 net income driven by windfall tax

| (CZK billions) | Q1–Q3 2022 | Q1–Q3 2023 | Difference | % |
|---|---|---|---|---|
| EBITDA | 89.3 | 95.0 | +5.7 | +6% |
| Depreciation and amortization | -24.3 | -26.2 | -1.9 | -8% |
| Asset impairments* | 0.2 | -1.7 | -1.9 | - |
| Other income and expenses | -1.9 | -3.7 | -1.8 | -95% |
| Interest income and expenses | -1.0 | 0.4 | +1.4 | - |
| Other | -0.9 | -4.1 | -3.2 | >200% |
| Income taxes | -11.0 | -33.6 | -22.6 | >200% |
| Net income | 52.3 | 29.8 | -22.5 | -43% |
| Adjusted net income | 52.3 | 31.4 | -20.9 | -40% |

**Net income adjustments**
The net income in Q1–Q3 2023 adjusted for impairments of fixed assets, including tax shielding in Severočeské doly (CZK -1.6 bn).

**Depreciation and amortization (CZK -1.9 bn):**

- Increase in depreciation and amortization of ČEZ’s coal-fired power plants (CZK -0.7 bn) and nuclear power plants (CZK -0.5 bn), mainly due to an update of provisions for the termination of operation
- Higher depreciation and amortization of Severočeské doly (CZK -0.6 bn) and ČEZ Distribuce (CZK -0.5 bn)
- Decrease in depreciation and amortization of Energotrans (CZK +0.7 bn) due to the termination of depreciation of the Mělník 3 power plant in 2022

**Impairments (CZK -1.9 bn):** Impairments of fixed assets in Severočeské doly (CZK -2.0 bn)

**Other income and expenses (CZK -1.8 bn):**

- Effect of higher interest rates and development of net debt on the balance of interest expenses and income (CZK +1.4 bn)
- Exchange rate effects and revaluation of financial derivatives (CZK +1.6 bn) due to the revaluation of ČEZ’s margin deposits and the revaluation of bonds and loans
- Temporary value fluctuations of ownership interests held by Inven Capital (CZK -1.4 bn) due to an increased valuation in 2022 CZK +0.5 bn and the reduction of value in 2022
  CZK -0.9 bn
- Higher interests on nuclear and other provisions (CZK -3.5 bn) due to a major increase in interest rates** and an increase in provisions in 2022

**Income tax (CZK -22.6 bn):**

- Newly introduced 60% windfall tax in Q1–Q3 2023 (CZK ~21 bn) greatly exceeded the increase of the regular 19% income tax.

* Including gain/loss from sales of tangible and intangible fixed assets including goodwill
** Long-term nominal risk-free interest rates increased year-on-year from 2.3% to 4.9% and medium-term rates from 1.6% to 4.8%.

# GENERATION segment EBITDA in Q1-Q3 2023

| EBITDA (CZK billions)* | Q1–Q3 2022** | Q1–Q3 2023 | Difference | % | Q3 2022** | Q3 2023 | Difference | % |
|---|---|---|---|---|---|---|---|---|
| Zero-emission generating facilities of which: | 41.2 | 45.2 | +4.0 | +10% | 12.3 | 17.6 | +5.3 | +44% |
| Nuclear | 31.8 | 37.0 | +5.2 | +16% | 9.0 | 15.0 | +6.0 | +67% |
| Renewable | 9.4 | 8.2 | -1.2 | -13% | 3.3 | 2.6 | -0.7 | -21% |
| Emission generating facilities | 11.1 | 13.7 | +2.7 | +24% | 3.7 | 1.9 | -1.9 | -50% |
| Trading | 14.7 | 7.8 | -6.9 | -47% | 5.0 | 1.7 | -3.3 | -65% |
| **GENERATION Segment Total** | **66.9** | **66.7** | **-0.2** | **-0%** | **21.0** | **21.2** | **+0.2** | **+1%** |

**Year-on-year effects Q1–Q3 (CZK -0.2 bn):**

**Nuclear facilities (CZK +5.2 bn):**
- Price and trade effects (+14.8)
- Levy on excess revenues (-8.5)***
- Operating effects (-1.1): outage schedule for power plants (-0.3), other effects (-0.8), mainly higher fixed expenses

**Renewables (CZK -1.2 bn):**
- Trade effects (-1.4): ancillary services and regulatory energy (-1.1), price effect (-0.1), levy on excess revenues (-0.2)
- Operating effects (+0.2): hydroelectric plants in Czechia (+0.4), photovoltaic plants in Czechia (-0.2)

**Emission facilities (CZK +2.7 bn):**
- Trade effects in Czechia (+2.1): price effect (+1.3), on-site trading (+0.9), sales of heat (+0.5), ancillary services (-0.2), other services and deviations (-0.4)
- Operating effects in Czechia (-0.4): availability of coal-fired facilities (+0.4), fixed expenses (-0.8)
- Poland (+1.0): higher revenues from the sales of electricity and heat

**Trading (CZK -6.9 bn):**
- Lower trading prop margin (-11.7): in Q1–Q3 2022 it reached the extraordinary amount of CZK +18.5 bn and in Q1–Q3 2023 it reached CZK +6.8 bn
- Negative impact of interruption of gas supply from Gazprom Export in 2022 (+1.7)
- Other trade and consolidation effects (+3.2), mainly temporary effects due to the revaluation of derivative trades hedging generation and sales positions with supply in the remaining part of the year and with supply in 2024

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

**Nuclear facilities (CZK +6.0 bn):**
- Price and trade effects (+3.8)
- Levy on excess revenues (+2.6)***
- Operating effects (-0.5): outage schedule for power plants

**Renewables (CZK -0.7 bn):**
- Trade effects (-0.6): price effect including the effect of levy on excess revenues (-0.2), ancillary services and regulatory energy (-0.3)
- Operating effects (-0.1): hydroelectric plants in Czechia (-0.2), photovoltaic plants in Czechia (+0.1)

**Emission facilities (CZK -1.9 bn):**
- Trade effects in Czechia (-1.8): price effect (-2.1), on-site trading (+0.3), Operating effects in Czechia (-0.7): availability of coal-fired facilities (-0.1), fixed expenses (-0.6)
- Poland (+0.5) higher revenues from the sales of electricity and heat

**Trading (CZK -3.3 bn):**
- Trading prop margin (-5.2): in Q3 2022 it reached the extraordinary amount of CZK +6.8 bn and in Q3 2023 it reached CZK +1.6 bn
- Negative impact of interruption of gas supply from Gazprom Export in 2022 (+0.6)
- Other trade and consolidation effects (+1.4)

* The breakdown of EBITDA of the GENERATION segment into four sub-segments is only indicative on the basis of central allocation assumptions (in particular the allocation of ČEZ's gross margin and fixed expenses of the central divisions of ČEZ) and simplified consolidation with other companies.
** The historical allocation of EBITDA between the sub-segments is always reported in accordance with the current methodology for allocation of EBITDA between the subsegments for comparability.
*** In Q3, the statutory cap was higher than the average generated revenues of ČEZ, hence the positive impact on P/L as a result of lower accounting expenses in 2023.

# SALES segment EBITDA in Q1-Q3 2023

| EBITDA (CZK billions) | Q1–Q3 2022 | Q1–Q3 2023 | Difference | % | Q3 2022 | Q3 2023 | Difference | % |
|---|---|---|---|---|---|---|---|---|
| Retail segment – ČEZ Prodej | 2.7 | 3.8 | +1.1 | +39% | 2.4 | 3.6 | +1.2 | +48% |
| B2B segment – ESCO companies: | 0.7 | 3.5 | +2.9 | >200% | 0.7 | 1.0 | +0.3 | +40% |
| Energy services – Czechia and Slovakia | 0.3 | 0.8 | +0.5 | +181% | 0.1 | 0.2 | +0.2 | >200% |
| Energy services – Germany and other countries* | 0.7 | 0.8 | +0.1 | +11% | 0.3 | 0.3 | -0.0 | -7% |
| Sales of commodities and purchases from RESs – Czechia | -0.3 | 2.0 | +2.3 | - | 0.3 | 0.5 | +0.2 | +46% |
| B2B segment – Other activities** | 0.4 | 0.3 | -0.1 | -19% | 0.0 | -0.1 | -0.0 | - |
| SALES Segment Total | **3.9** | **7.7** | **+3.9** | **+100%** | **3.1** | **4.6** | **+1.4** | **+45%** |

**Year-on-year effects Q1–Q3 (CZK +3.9 bn):**

**Retail segment – ČEZ Prodej (CZK +1.1 bn):**

- Proceeds from litigations with SŽ concerning electricity supply in 2010 and 2011 (CZK +1.2 bn)
- Sales of electricity and gas (CZK -0.6 bn), mainly due to higher expenses on purchases to cover fluctuations in customer consumption and lower volume of supply due to customers’ consumption savings
- Lower loss from trade receivables (CZK +0.2 bn)
- Other (CZK +0.3 bn): increase of the number of photovoltaic plant installations, fixed expenses and other effects

**B2B segment – ESCO companies (CZK +2.9 bn):**

- Energy services – Czechia and Slovakia (CZK +0.5 bn): mainly in the field of industrial energy
- Energy services – Germany and other countries (CZK +0.1 bn): higher profitability of orders of German and Polish companies
- Sales of commodities and purchases from RESs – Czechia (CZK +2.3 bn):
  - Purchase of electricity from RESs in Czechia (CZK +1.3 bn) due to market prices and higher purchase volume
  - Sales of commodities to end-use customers (CZK +0.7 bn), mainly stabilization of prices on the markets and higher delivered volumes of electricity and gas
  - Effect of commencement of hedging accounting for foreign exchange risk of revenues from the sales of electricity and gas in ČEZ ESCO since May 2022 (CZK +0.3 bn); in the past, the hedging effects were reflected outside EBITDA

**Year-on-year effects Q3 (CZK +1.4 bn):**

**Retail segment – ČEZ Prodej (CZK +1.2 bn):**

- Sales of commodities to end-use customers (CZK +0.9 bn), mainly due to lower purchase prices of commodities and seasonal factors
- Lower loss from trade receivables (CZK +0.4 bn)
- Higher fixed operating expenses (CZK -0.1 bn)

**B2B segment – ESCO companies (CZK +0.3 bn):**

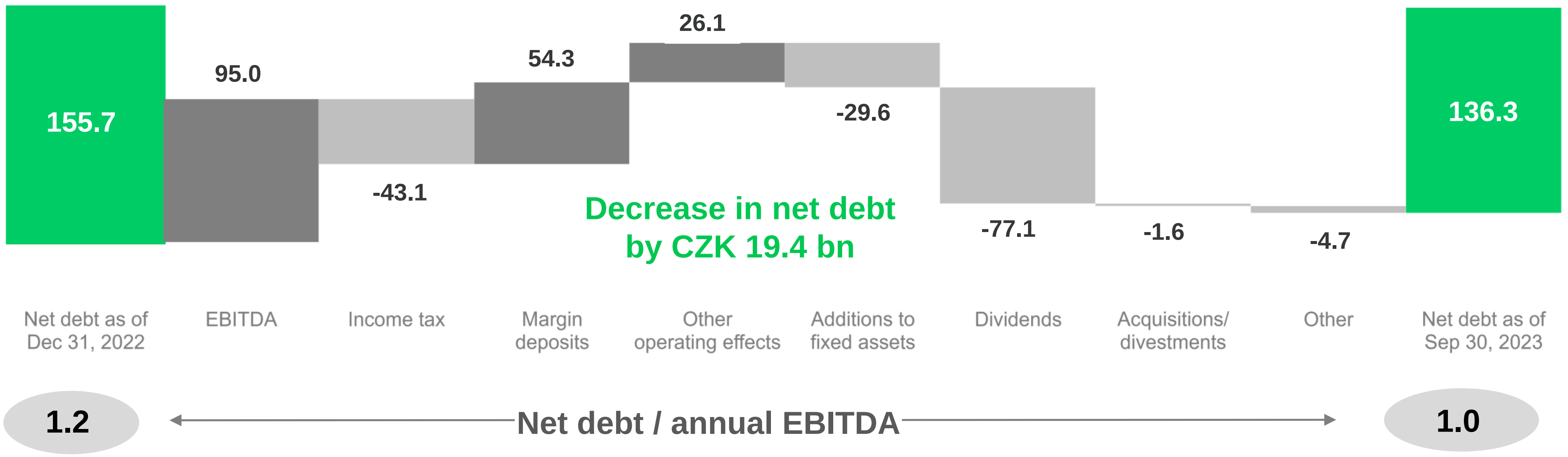
- Energy services – Czechia and Slovakia (CZK +0.2 bn), mainly in the field of industrial energy
- Sales of commodities and purchases from RESs – Czechia (CZK +0.2 bn):
  - Purchase of electricity from RESs (CZK +0.4 bn), development of market prices and higher purchase volume
  - Sales of commodities to end-use customers (CZK -0.2 bn), mainly lower supply to customers and loss from the sales of commodities at currently lower prices

SŽ – state-owned enterprise Railway Administration of the Czech Republic (formerly SŽDC)

* Poland, Italy, Austria, and other countries where ESCO activities are managed by the Elevion Group

** Mainly telecommunications companies, ČEZ Teplárenská, and other companies in the SALES segment

# Net debt decreased by CZK 19.4 bn. Outside EBITDA, the decrease of margin deposits on commodity exchanges played a major role.




- **Income tax (CZK -43.1 bn):** Regular income tax paid, including the paid windfall tax advance for 2023
- **Margin deposits (CZK +54.3 bn):** temporary margin deposits on commodity exchanges and with trading counterparties due to generation pre-sales decreased due to lower market prices of electricity
- **Other operating effects (CZK +26.1 bn):** non-cash expense on emission allowances used for generation (CZK +21.7 bn), change in stocks of materials and fossil fuels (CZK +0.7 bn), other operating effects (CZK +3.7 bn)
- **Additions to fixed assets (CZK -29.6 bn):** acquisition of fixed assets – CAPEX (CZK -27.9 bn), change in liabilities from acquired fixed assets (CZK -1.3 bn), Inven Capital investment (CZK -0.3 bn)
- **Acquisitions/divestments (CZK -1.6 bn):** mainly acquisitions of new subsidiaries in Germany (SERCOO Group and Hofmockel)
- **Other (CZK -4.7 bn):** change of restricted assets (CZK -1.4 bn), change of fair value of the debt due to exchange rate change (CZK -1.4 bn), payments of other long-term liabilities (CZK -2.4 bn)

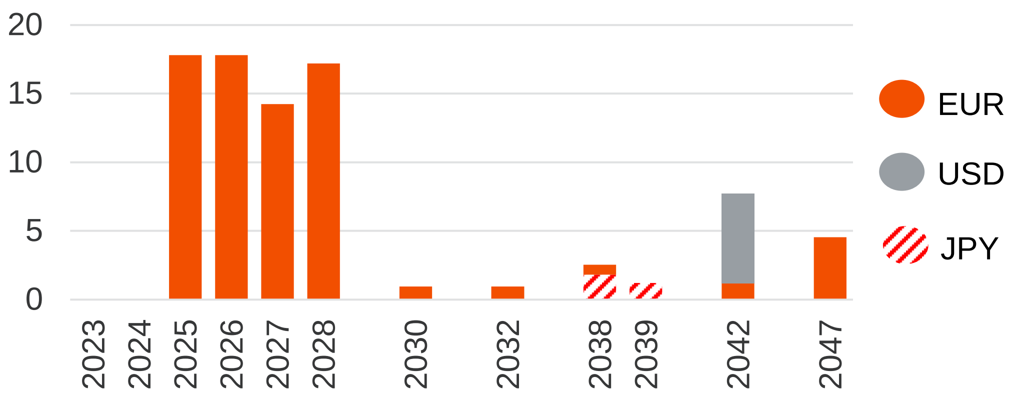
# Credit lines and debt structure as of Sep 30, 2023

## Committed bank credit lines


* Available committed bank credit lines include an undrawn long-term loan from the EIB of EUR 790 mil.

- Committed bank lines are kept as a reserve for covering unexpected expenses and to fund short-term financial needs.
- As of September 30, 2023, CEZ Group had access to CZK 73.3 bn of committed bank credit lines, of which only CZK 0.35 bn have been drawn.
- Of the loan contract with Czechia, only EUR 1 bn was drawn as of September 30, 2023 (payable by April 2, 2024). The company can still draw an additional EUR 1 bn.

## Bond maturity profile (CZK billions)




| Debt level | | as of Sep 30, 2022 | as of Sep 30, 2023 |
|---|---|---|---|
| Debts and loans | CZK billions | 205.9 | 154.8 |
| of which short-term bank | CZK billions | 3.0 | 2.1 |
| Cash and fin. assets** | CZK billions | 84.2 | 18.5 |
| Net debt | CZK billions | 121.7 | 136.3 |
| Net debt / EBITDA | | 1.2 | 1.0 |

** Cash and cash equivalents & highly liquid financial assets

Total liquid financial assets** and undrawn committed bank credit lines amounted to CZK 91.5 bn as of September 30, 2023.

# Nuclear and mining provisions as of YE 2022

## Nuclear and mining provisions as of YE 2022 in accordance with IFRS (discount rate 2.0% p.a. (real), est. inflation effect 2.8%)

| | Provision (CZK bn) | Responsibility of: | Cash cover (CZK) |
|---|---|---|---|
| Interim storage of spent nuclear fuel | 9.3 bn | CEZ | 0.01 bn |
| Permanent storage of spent nuclear fuel | 41.0 bn | State*, costs paid by CEZ | Fee 55 CZK/MWh generated in NPP paid to Nuclear Account** |
| Nuclear Facility decommissioning | 59.4 bn | CEZ | 15.1 bn |
| Mining reclamation | 13.4 bn | CEZ (SD***) | 5.2 bn |
| Landfills (ash storage) | 0.6 bn | CEZ | 0.1 bn |
| Coal plants dismantling | 19.7 bn | CEZ | 0.0 bn |

* RAWRA - Radioactive Waste Repository Authority
** State Nuclear Account balance as of YE 2022 CZK 36.4 bn
*** SD – Severočeské doly

# Selected historical financials of CEZ Group (CZK)

| CZK bn | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenues | 216.7 | 201.8 | 210.2 | 203.7 | 205.1 | 184.5 | 206.2 | 213.7 | 227.8 | 288.7 |
| Sales of electricity | 189.4 | 173.8 | 182.1 | 174.9 | 104.1 | 103.1 | 110.2 | 118.7 | 136.2 | 165.6 |
| Sales of services | | | | | 76.3 | 59.9 | 71.4 | 71.5 | 67.3 | 75.4 |
| Sales of gas, heat and coal and other income | 27.4 | 27.9 | 28.1 | 28.8 | 24.7 | 21.5 | 24.6 | 23.5 | 24.3 | 47.7 |
| Operating Expenses | 134.7 | 129.3 | 145.1 | 145.6 | 151.2 | 135 | 146 | 148.9 | 164.6 | 157.1 |
| Purchased power and related services | 79 | 75.8 | 90.9 | 59.5 | 57.4 | 52.2 | 55.5 | 56.3 | 62.7 | 69.6 |
| Fuel and emission rights | 13.8 | 12.7 | 13.1 | 15.1 | 16.0 | 19.1 | 21.4 | 23.3 | 24.6 | 45.4 |
| Salaries and wages | 18.7 | 18.9 | 17.8 | 19.2 | 22.1 | 25.6 | 28.8 | 30.9 | 30.6 | 31.9 |
| Other | 23.2 | 21.9 | 23.4 | 51.8 | 54.5 | 38.1 | 40.3 | 38.4 | 46.7 | 25.5 |
| **EBITDA** | **82** | **72.5** | **65.1** | **58.1** | **53.9** | **49.5** | **60.2** | **64.8** | **63.2** | **131.6** |
| *EBITDA margin* | *38%* | *36%* | *31%* | *29%* | *26%* | *27%* | *29%* | *30%* | *28%* | *46%* |
| Depreciation, amortization, impairments | 36.4 | 35.7 | 36.3 | 32.1 | 29.5 | 29.7 | 33.8 | 52.2 | 47.1 | 29.9 |
| **EBIT** | **45.7** | **36.9** | **29** | **26.1** | **25.6** | **19.8** | **26.4** | **12.6** | **16.1** | **101.9** |
| *EBIT margin* | *21%* | *18%* | *14%* | *13%* | *12%* | *11%* | *13%* | *6%* | *7%* | *35%* |
| **Net Income** | **35.2** | **22.4** | **20.5** | **14.6** | **19** | **10.5** | **14.5** | **5.5** | **9.9** | **80.7** |
| *Net income margin* | *16%* | *11%* | *10%* | *7%* | *9%* | *6%* | *7%* | *3%* | *3%* | *28%* |
| **Adjusted net income** | **43** | **29.5** | **27.7** | **19.6** | **20.7** | **13.1** | **18.9** | **22.8** | **22.3** | **78.4** |
| *Adjusted net income margin* | *20%* | *15%* | *13%* | *10%* | *10%* | *7%* | *9%* | *11%* | *8%* | *27%* |

| CZK bn | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Non current assets | 485.9 | 497.5 | 493.1 | 489.3 | 487.9 | 480.4 | 501.9 | 471.9 | 474.4 | 552.0 |
| Current assets | 154.5 | 130.4 | 109.6 | 141.6 | 136 | 227 | 202.7 | 230.5 | 708.4 | 555.4 |
| - out of that cash and cash equivalents | 25 | 20.1 | 13.5 | 11.2 | 12.6 | 7.3 | 9.8 | 6.1 | 26.6 | 36.6 |
| **Total Assets** | **640.4** | **627.9** | **602.7** | **630.8** | **623.9** | **707.4** | **704.6** | **702.5** | **1182.9** | **1107.4** |
| Shareholders equity (excl. minority. int.) | 258.1 | 261.3 | 267.9 | 256.8 | 250 | 234.7 | 250.8 | 233.9 | 161.1 | 258.9 |
| *Return on equity* | *16%* | *9%* | *8%* | *6%* | *7%* | *4%* | *6%* | *2%* | *5%* | *38%* |
| Interest bearing debt | 199 | 184.1 | 157.5 | 167.8 | 154.3 | 161 | 171.9 | 151.8 | 137.9 | 193.3 |
| Other liabilities | 183.3 | 182.4 | 177.3 | 206.2 | 219.6 | 311.7 | 281.9 | 316.8 | 883.9 | 655.2 |
| **Total liabilities** | **640.4** | **627.9** | **602.7** | **630.8** | **623.9** | **707.4** | **704.6** | **702.5** | **1182.9** | **1107.4** |

# Selected historical financials of CEZ Group (EUR)

| *EUR M* | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenues | 8,821 | 8,215 | 8,557 | 8,292 | 8,349 | 7,511 | 8,394 | 8,699 | 9,273 | 11,752 |
| Sales of electricity | 7,710 | 7,075 | 7,413 | 7,120 | 4,238 | 4,197 | 4,486 | 4,832 | 5,544 | 6,743 |
| Sales of services | | | | | 3,106 | 2,438 | 2,907 | 2,911 | 2,740 | 3,068 |
| Sales of gas, heat and coal and other income | 1,115 | 1,136 | 1,144 | 1,172 | 1,005 | 875 | 1,001 | 957 | 989 | 1,941 |
| Operating Expenses | 5,483 | 5,264 | 5,907 | 5,927 | 6,155 | 5,496 | 5,943 | 6,061 | 6,701 | 6,395 |
| Purchased power and related services | 3,216 | 3,086 | 3,700 | 2,422 | 2,337 | 2,125 | 2,259 | 2,292 | 2,552 | 2,833 |
| Fuel and emission rights | 562 | 517 | 533 | 615 | 651 | 778 | 871 | 949 | 1,001 | 1,848 |
| Salaries and wages | 761 | 769 | 725 | 782 | 900 | 1,042 | 1,172 | 1,258 | 1,246 | 1,299 |
| Other | 944 | 892 | 953 | 2,109 | 2,219 | 1,551 | 1,641 | 1,563 | 1,901 | 1,038 |
| **EBITDA** | **3,338** | **2,951** | **2,650** | **2,365** | **2,194** | **2,015** | **2,451** | **2,638** | **2,573** | **5,357** |
| *EBITDA margin* | *38%* | *36%* | *31%* | *29%* | *26%* | *27%* | *29%* | *30%* | *28%* | *46%* |
| Depreciation, amortization, impairments | 1,482 | 1,453 | 1,478 | 1,307 | 1,201 | 1,209 | 1,376 | 2,125 | 1,917 | 1,217 |
| **EBIT** | **1,860** | **1,502** | **1,181** | **1,062** | **1,042** | **806** | **1,075** | **513** | **655** | **4,149** |
| *EBIT margin* | *21%* | *18%* | *14%* | *13%* | *12%* | *11%* | *13%* | *6%* | *7%* | *35%* |
| **Net Income** | **1,433** | **912** | **835** | **594** | **773** | **427** | **590** | **224** | **403** | **3,285** |
| *Net income margin* | *16%* | *11%* | *10%* | *7%* | *9%* | *6%* | *7%* | *3%* | *3%* | *28%* |
| **Adjusted net income** | **1,750** | **1,201** | **1,128** | **798** | **843** | **533** | **769** | **928** | **908** | **3,192** |
| *Adjusted net income margin* | *20%* | *15%* | *13%* | *10%* | *10%* | *7%* | *9%* | *11%* | *8%* | *27%* |

| *EUR M* | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| Non current assets | 19,780 | 20,252 | 20,073 | 19,919 | 19,862 | 19,556 | 20,432 | 19,210 | 19,312 | 22,471 |
| Current assets | 6,289 | 5,308 | 4,462 | 5,764 | 5,536 | 9,241 | 8,252 | 9,383 | 28,838 | 22,609 |
| - out of that cash and cash equivalents | 1,018 | 818 | 550 | 456 | 513 | 297 | 399 | 248 | 1,083 | 1,490 |
| **Total Assets** | **26,070** | **25,561** | **24,535** | **25,679** | **25,398** | **28,797** | **28,683** | **28,598** | **48,155** | **45,080** |
| Shareholders equity (excl. minority. int.) | 10,507 | 10,637 | 10,906 | 10,454 | 10,177 | 9,554 | 10,210 | 9,522 | 6,558 | 10,539 |
| *Return on equity* | *16%* | *9%* | *8%* | *6%* | *7%* | *4%* | *6%* | *2%* | *5%* | *38%* |
| Interest bearing debt | 8,101 | 7,494 | 6,412 | 6,831 | 6,281 | 6,554 | 6,998 | 6,180 | 5,614 | 7,869 |
| Other liabilities | 7,462 | 7,425 | 7,218 | 8,394 | 8,940 | 12,689 | 11,476 | 12,896 | 35,982 | 26,672 |
| **Total liabilities** | **26,070** | **25,561** | **24,535** | **25,679** | **25,398** | **28,797** | **28,683** | **28,598** | **48,155** | **45,080** |

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