

## Internal Information

### CEZ Group's Net Income for 1-9/2020 Same as Last Year at CZK 13.6 billion

CEZ Group's EBITDA reached CZK 50.9 billion for the first three quarters of 2020, rising by 14% year on year. The growth in earnings can be attributed primarily to higher electricity selling prices in the Czech Republic as electricity was pre-sold in the wholesale market over the previous years and safe and stable operation of our nuclear power plants. Net Income reached CZK 13.6 billion, which is the same as last year. After extraordinary non-monetary adjustments, Net Income actually increased by 27% and Adjusted Net Income reached CZK 18.7 billion; this figure is the basis for the company's dividend policy. A similar growth rate of 28% was recorded with Operating Cash Flow, which rose to CZK 52 billion. CEZ Group expects its EBITDA for the entire year of 2020 to reach CZK 64 billion; the currently estimated overall negative impacts of COVID-19 amount to some CZK 3 billion.

*"The financial results for the first three quarters and the expected all-year results confirm that CEZ Group still maintains its stable financial performance, thus giving assurance to its shareholders, business partners and suppliers even in times of economic downturns. We have been successful at fulfilling our key priority – ensuring a safe and stable operation of our nuclear power plants. Moreover, we have increased the output of our Temelin NPP's Unit 2 output by 4 MWe after installing new steam separators in the non-nuclear section of the power plant. CEZ Group is also going to be able to deliver faster on its ambition to reduce its carbon footprint as it managed to conclude a contract on selling its Počerady power plant three years earlier than planned. Thanks to this fact, we expect the average emissions of CO<sub>2</sub> from the electricity generated by the entire CEZ Group to be nearly 20% lower in 2021 than the specific emissions of new steam-gas sources,"* said Daniel Beneš, Chairman of the Board of Directors and Chief Executive Officer of ČEZ.

Operating revenues reached CZK 155.5 billion, increasing year-on-year by CZK 7.5 billion, i.e. by 5%. The amount of electricity generated from traditional sources declined by 6% year on year, mainly due to growing prices of emission allowances, declining prices of electricity due to COVID-19 and also due to the timing of scheduled power source downtimes. The year-on-year decrease in electricity generation has also been intensified by suppression of soon-to-be-closed coal-fired power plants, especially by the closure of the Prunéřov 1 Power Plant. The amount of electricity generated by new energy sources increased by 7%, in particular due to good weather conditions in Germany and Romania. Capital expenditures for fixed assets reached CZK 18.9 billion, i.e. CZK 0.3 billion more than the year before. Most capital expenditures were spent on the distribution system in the Czech Republic.

*"The all-year EBITDA and the expected Net Income adjusted for extraordinary items are confirmed to be close to the upper limit of the range that we have indicated so far. EBITDA at CZK 64 billion and Adjusted Net Income at CZK 23 billion. However, Net Income for Q4 is going to be affected by adjustments related to the sale of our Romanian assets. Nonetheless, the adjustments are not financial outlays; rather, they are the consequence of the historical development of the RON/CZK exchange rate and of negative regulatory interventions in Romania in the past, in particular in RES regulation. By selling its assets in Romania, CEZ Group is on the other hand*

*going to gain considerable funds that, in line with CEZ Group's current strategy, are going to be used to significantly reduce its debt, develop business in the Czech Republic and in other stable countries and to increase dividends for our shareholders. CEZ Group still maintains a strong liquidity position and a reasonable debt level. The ratio of Net Debt to EBITDA is presently at 2.43. ,”* said Martin Novák, Member of the Board of Directors and Chief Financial Officer.

The consumption of electricity in ČEZ Distribuce's distribution territory declined by 4.6% over the first nine months compared to the same period of last year, primarily due to COVID-19. Consumption by large enterprises decreased by 8.9%; on the contrary, consumption of residential customers increased by 4.3%.