

## Internal Information

### CEZ Group earned CZK 9.9 bn in 2021 and will propose a dividend of CZK 44 per share to the shareholders' meeting

CEZ Group's operating income before depreciation and amortization (EBITDA) for 2021 reached CZK 63.2 bn, a decrease of CZK 1.5 bn year-on-year, although the Romanian and Bulgarian companies sold were consolidated into the results for a significantly shorter period than in the previous year. EBITDA of existing assets increased by CZK 2.7 bn year-on-year. Net income adjusted for exceptional non-monetary effects decreased by 3% to CZK 22.3 bn. The Board of Directors will propose a dividend of CZK 44 per share to the annual Shareholders' Meeting. The Company expects EBITDA of CZK 85–89 bn in 2022 and net income of CZK 38–42 bn. The dividend from income is expected to be CZK 56–62 per share in 2022.

"The results exceeded our initial estimations, mainly due to record income from commodity trading on foreign markets, higher realized prices for electricity generated and stable safe operation of nuclear power plants. I am proud of our employees who, amidst COVID constraints and turbulent commodity market developments, have managed to achieve excellent availability of generating facilities. At the annual shareholders' meeting, we will propose a dividend of CZK 44 per share, which is the result of the sum of the ordinary component of CZK 37 per share corresponding to 90% of the adjusted consolidated net income for 2021 and the extraordinary component of CZK 7 per share, which reflects the contribution of the sale of the Bulgarian assets to the total debt capacity of CEZ Group," said Daniel Beneš, Chairman of the Board of Directors and Chief Executive Officer of ČEZ, adding: "I am pleased that the value of ČEZ shares increased by almost CZK 170 bn in 2021 and that our owners received actually the highest TSR, i.e. total shareholder return (over 70%) among the most important European energy companies included in the STOXX Europe 600 Utilities stock index for the whole year. I believe that the acceleration of our VISION 2030—Clean Energy for Tomorrow strategy, under which we have committed to accelerating our overall emissions reductions and to high ambitions for sustainable business, has also contributed to this. An important factor was certainly the record increase in electricity prices on wholesale markets, reflecting the unprecedented increase in the cost of generating electricity from carbon-based sources, i.e. the increase in the price of emission allowances and the increase in gas prices in Europe. Thanks to its long-term strategy, ČEZ benefits significantly from this development, as its portfolio is dominated by emission-free generating facilities. That is why we expect EBITDA of CZK 85–89 bn and net income of CZK 38–42 bn in 2022, which indicates the possibility of the highest ever dividend being paid to our shareholders next year.

Total electricity generation within the existing companies (i.e. excluding the divested assets in Romania and Bulgaria) decreased by 7% year-on-year. Of this, CEZ Group generated a total of 30.7 TWh from nuclear facilities, an increase of 2% year-on-year. In coal-fired and CCGT plants, it generated 21.1 TWh, a decrease of 17% year-on-year, mainly due to the sale of the Počerady power plant and the shutdown of the Prunéřov 1 and Energotrans 3 power plants. The CO<sub>2</sub> emission intensity per electricity and heat generated decreased by 13% year-on-year to 0.29 t CO<sub>2</sub>e/MWh. Nitrogen oxide emissions decreased by 26% year-on-year and SO<sub>2</sub> emissions by 45%. The overall ESG level rating from international rating agency MSCI increased by 10% in 2021.

Sales of electricity and gas to retail end-users in Czechia increased significantly year-on-year, with ČEZ Prodej gaining more than 310,000 new customers, mainly due to DPI customer transitions following the collapse of several major suppliers. Electricity and gas increased by 13% and 22%

respectively. In the sale of complex energy services, total sales increased by 10% year-on-year to CZK 24.8 bn.

Electricity consumption in ČEZ Distribuce's distribution area increased by 5% year-on-year, and by 4% on a climatic and calendar basis. Large business consumption increased by 4% year-on-year, residential customer consumption by 10%. Overall, consumption has reached a higher level than in 2019, before the spread of COVID-19 to Europe. Operating revenues reached CZK 227.8 billion, increasing year-on-year by CZK 14.1 billion, i.e. by 7%. ČEZ Group's net income reached CZK 9.9 bn in 2021, an increase of 81% year-on-year, mainly due to lower provisioning for non-current assets abroad. By contrast, the year-on-year comparison was negatively impacted by the acceleration of depreciation and amortization reflecting the deterioration of market and regulatory conditions for the long-term operation of coal-fired power plants in Czechia. Net debt decreased by almost CZK 33 bn and the net debt/EBITDA ratio fell to 1.8 in 2021.

"After 5 years, we are returning ČEZ's dividend policy to the level of 60–80%, which is sustainable in the long term and customary in the energy sector. This dividend policy was applied by ČEZ until 2017, when the upper limit of the payout ratio range was temporarily extended to 100% until the development strategy was clarified. The average payout ratio of comparable energy companies in Europe is around 60%. Following last year's strategy acceleration, we are returning to the original range, which will be reflected in the proposed dividend on 2022 earnings. We assume a dividend of CZK 56–62 per share, which corresponds to 80% of the expected income and the highest dividend value since the Company's inception," said Martin Novák, Member of the Board of Directors and Head of ČEZ Financial Division.