REPORT ON THE COMPANY'S BUSINESS OPERATIONS AND ASSETS FOR 2019

Daniel Beneš, Chairman of the Board of Directors and Chief Executive Officer, ČEZ, a. s.

Dear Shareholders, Ladies and Gentlemen:

Please allow me to present to you the key financial results of ČEZ, a. s., and selected events of 2019, as well as CEZ Group's financial ambitions for 2020. This report is based on facts known at March 16, 2020.

See Figure 1 "CEZ Group in 2019" in Annex 1 "Report on the Business Operations and Assets of ČEZ, a. s., for 2019" (the "Annex")

Although 2019 was full of events, I will start from its end. A step taken last December will radically change not only the energy sector but almost all economic sectors, especially industry, transportation, the building industry, agriculture, and financial services. European Union countries approved a program called the European Green Deal, making a commitment to turn Europe into a carbon-neutral continent by 2050.

This did not come as a surprise, as emission reduction has been part of the pan-European discourse for a rather long time; CEZ Group also already announced its goal to achieve carbon neutrality by 2050 several years ago. However, what is surprising is the scope of the ambitions. The European Green Deal is so comprehensive and ambitious that it is no exaggeration to say it is a turning point for Europe's energy sector as well as economy.

CEZ Group has already been responding to this trend for several years. We have drawn up a preliminary decarbonization plan for our generation portfolio based on a phaseout of coal-fired facilities. We help reduce both energy consumption and emissions through our ESCO products and services. We modernize our power plants for higher efficiency and lower environmental impacts, we invest in research into zero-emission technologies in both generation and transportation, we also support innovative clean-tech and new energy startups, and we are a leader in Czech e-mobility.

That is why we do not see the new program as a threat but as an opportunity to make use of our expertise and experience and fulfill our updated corporate business policy and strategy, which reflect the reinforcing trends in the European energy sector and were confirmed at last year's annual shareholders' meeting in June 2019. We have defined four strategic priorities, which I will refer to in detail in a while.

We are also fundamentally affected by Czechia's goals and ambitions, especially in regard to the construction of new nuclear units. ČEZ is the Czech government's key partner in this respect and works closely with the Standing Committee on the Construction of New Nuclear Power Plants. An important milestone in the whole process was reached in August: the Ministry of the Environment issued a favorable EIA opinion for the construction of one to two new units at the Dukovany Nuclear Power Plant. Intense negotiations about a framework agreement between ČEZ and the Czech state were taking place at the same time and we continued to prepare documentation for a siting permit application and for land use proceedings. Complete draft tender specifications were prepared for the selection of a power plant building contractor and a fuel contractor for the projects at both Dukovany and Temelín. The tender specifications will be further adjusted as needed, depending on the chosen business model and manner of contractor selection.

As regards practical application of nuclear reactors, CEZ Group established partnership with two U.S. companies—NuScale and GE Hitachi Nuclear Energy. This is another step in the development of the type of reactors that CEZ Group is researching at ÚJV Řež. These activities concern application options for small modular reactors in Czechia, which is potential we cannot and will not neglect.

I am pleased with the growth in the amount of orders and sales and CEZ Group's development in energy services to date. During the five years of its existence, ČEZ ESCO has earned a reputation as a reliable contractor and partner that brings its customers comprehensive, custom-tailored solutions. As a result, some big names in industry as well as government and public administration have chosen to collaborate with us. For example, the City of Prague has chosen us as its partner for energy-saving measures under several select building modernization projects.

However, our ESCOs abroad have also been successful, especially in Germany, Slovakia, Poland, and Romania. Our revenue from these services in Czechia and abroad amounted to CZK 21.8 billion in 2019.

We continue with digitization projects in all areas, most importantly in distribution and sales.

At the end of the year, CEZ Group validated its reputation as one of the best-rated companies in the region in terms of credibility and financial health. ČEZ will pay a coupon of just 0.875% on issued bonds with a nominal value of EUR 750 million, maturing in 2026. The issue attracted much interest despite the low yield; prospective investors were willing to buy more than triple the amount of ČEZ bonds before the final price was announced. This was the lowest interest in euros achieved in 2019 by any issuer from Central and Southeast Europe for any maturity and the lowest interest in euros achieved by any corporate issuer in Central and Southeast Europe for maturity of 5 or more years.

In a year-on-year comparison, CEZ Group increased its operating profit in 2019 by more than 21%, primarily due to increased realization prices of generated electricity, higher generation at nuclear power plants, and an exceptionally successful year in commodity trading. Our nuclear power plants generated over 30 TWh of electricity—hundreds of millions of kilowatt-hours more year-on-year. We achieve growth in profit in spite of high prices of emission allowances thanks to our well-balanced generation portfolio with an almost 55% share of zero-emission generation. We invested in maintenance, modernization, and asset safety enhancement in 2019 and made financial investments, primarily in ESCO abroad.

Now let me take a closer look at trends in the wholesale prices of electricity and relevant commodities, which are crucial for the profitability of CEZ Group's generating facilities.

See Figure 2 "Electricity Prices Decreased in Late 2019, No Year-on-Year Change in CO_2 Allowances" in the Annex

Electricity prices in Germany, which are a determinant factor for the market in Czechia, did not have any clear trend in the first three quarters of 2019, fluctuating over a range of 45–53 EUR/MWh. This development reflected stabilization in the prices of CO_2 emission allowances, which occurred in 2019 after a sharp rise in 2018. In the fourth quarter, electricity prices declined gradually to about 40 EUR/MWh, mimicking the decline in gas and hard coal prices. The baseload price with delivery in 2020 closed at 40 EUR/MWh, which was a year-on-year decrease of 22%.

The prices of emission allowances ranged between 20 and 30 EUR/MWh over the course of 2019. Market expectations of emission allowance prices were affected by the new European Commission's ambitious plans concerning the necessity of raising climate protection targets, the above-mentioned European Green Deal. The emission allowance price closed at 25 EUR/MWh at the end of the year, with virtually no change year-on-year, despite a considerable decrease in natural gas prices.

What is important for further developments in CEZ Group's business is the course of energy sector regulation. Therefore, I will speak briefly of developments in European regulation in 2019 and the setting of an ambitious goal for climate neutrality in 2050.

See Figure 3 "EU Set a Climate Neutrality Goal for 2050 with a Substantial Impact on the Energy Sector" in the Annex

As part of a sustainable finance package, the first two legal acts were passed in the EU: a regulation on sustainability–related disclosures in the financial services sector and a regulation regarding EU benchmarks for climate-related economy transition.

The third and last regulation in the sustainable finance package concerns the establishment of a framework to facilitate sustainable investment to create a uniform classification system, taxonomy, aiming to harmonize criteria for the purposes of determining whether an economic activity may be considered sustainable under existing market practices. In early December, the Council of Ministers rejected the already reached agreement because its terms and conditions would in fact make it impossible to include nuclear energy in the list of sustainable activities. In March 2020, ČEZ signed a letter of seven European energy companies to the European Commission, calling for the inclusion of nuclear energy within sustainable generation sources. In the letter, top company representatives urged the European Commission to allow the creation of a new independent work group of experts, including experts on radiation protection and nuclear waste, to review the matter in depth.

The European Commission presented the already mentioned European Green Deal in late 2019. Its focal point is the goal of transforming the EU’s economy so that it will be climate-neutral in terms of greenhouse gas emissions in 2050. On March 4, 2020, the European Commission presented its fundamental pillar—the “Climate Law”—that should make the climate-neutrality objective legally binding. A number of other actions will be of importance to the energy sector; among the nearest ones is a plan to increase the 2030 decarbonization target, which is to be adopted in the summer of 2020. CO_2 emissions should be reduced by 50%–55% from 1990 levels rather than by 40%, which is the current target.

Work on the preparation of a new energy act, which should be debated and passed in 2020, started in Czechia. In addition to resolving certain problematic situations, the act should prepare a legal and regulatory framework for a new energy market model with emphasis on meeting binding decarbonization targets.

Dear shareholders, let us now take a closer look at specific figures and results showing CEZ Group’s performance in 2019, consolidated for ČEZ, a. s., and its subsidiaries and other affiliates. You can now take a look at a table summarizing the most significant financial indicators for 2019 and comparing them with 2018.

See Figure 4 “CEZ Group Financial Results” in the Annex

Net income, that is, after-tax income, amounted to CZK 14.5 billion in 2019, which is a year-on-year increase of CZK 4.0 billion. This was achieved in spite of the negative effect of a court ruling under which ČEZ Prodej had to repay SŽDC a payment of an obligation from 2010, which decreased CEZ Group’s 2019 net income by CZK 1.1 billion. Net income adjusted for extraordinary effects achieved in 2019, amounting to CZK 18.9 billion, is fully in line with Company management’s initial estimates. At the beginning of 2019, CEZ Group estimated net income adjusted for extraordinary effects at the level of CZK 17–19 billion for the whole year 2019.

The 2019 operating revenues of CZK 206.2 billion increased by CZK 21.7 billion year-on-year. The biggest contribution to the growth came from a CZK 11.5 billion increase in revenue from sales of services and other sales, especially of distribution services. Revenue from sales of electricity, heat, gas, and coal increased by CZK 9.0 billion primarily due to higher realization prices of generated electricity. Operating expenses amounted to CZK 187.4 billion, increasing by CZK 22.1 billion year-on-year primarily due to a CZK 5.1 billion increase in service costs, CZK 3.4 billion increase in expenses on purchases of electricity, gas, and other energies, and CZK 3.2 billion increase in personnel costs.

EBITDA was CZK 60.2 billion, which is 21.5% more than in 2018.

Other income (expenses) reduced net income by CZK 1.8 billion year-on-year, primarily due to a decrease in gains from derivatives. Conversely, there was a positive effect of profit from associates and joint ventures.

Return on equity was 5.9% in 2019.

Now I would like to present to you financial results in CEZ Group’s individual business segments, based on EBITDA.

See Figure 5 “Contribution to 2019 EBITDA by Segment” in the Annex

The Generation—Traditional Energy segment achieved operating income before depreciation and amortization, impairment, and sales of assets—that is, EBITDA—of CZK 25.6 billion, which was a year-on-year increase of CZK 9.0 billion. There was a CZK 9.1 billion increase achieved in Czechia, primarily due to higher realization prices of generated electricity, including the effects of hedges and commodity trading. There was also a positive effect of higher generation at nuclear power plants and higher revenue from sales of heat. Conversely, there was a negative effect of higher expenses on emission allowances for generation due to increased purchase prices and decreased allocation of free allowances.

The Generation—New Energy segment’s EBITDA was CZK 3.9 billion, which is CZK 1.0 billion more than in the previous year. This was due to increased generation in Czechia, Romania, and Germany, greater revenue from sales of certificates in Romania, and decreased fixed operating expenses in Germany.

The Distribution segment's EBITDA was CZK 20.6 billion, increasing by CZK 0.6 billion year-on-year. An increase of CZK 0.4 billion in Czechia and an increase of CZK 0.4 billion in Bulgaria were primarily due to greater gross margin on electricity distribution. EBITDA in Romania decreased by CZK 0.1 billion primarily due to increased charge on revenue from licensed activities.

The Sales segment's EBITDA was CZK 3.7 billion, decreasing by CZK 0.6 billion year-on-year. The indicator decreased by CZK 1.4 billion in Czechia, primarily due to a 2019 court ruling under which SŽDC's payment of an obligation to ČEZ Prodej from 2010 had to be paid back. EBITDA in other countries increased—due to acquisitions of new ESCOs in Germany, Poland, and Slovakia and due to lower expenses on commodity procurement in Bulgaria.

The Mining segment's EBITDA was CZK 5.0 billion, increasing by CZK 0.5 billion in comparison to 2018, and the Support Services segment's EBITDA was CZK 1.3 billion, increasing by CZK 0.1 billion.

Let us now take a look at changes in CEZ Group's cash flows in 2019.

See Figure 6 "CEZ Group Cash Flows" in the Annex

Cash flows from operating activities amounted to CZK 42.9 billion, increasing by CZK 7.6 billion year-on-year due to increased profit before tax adjusted for noncash operations; in contrast, there was a negative effect of change in working capital as well as an increase in income tax paid and interest paid.

Cash used in investing activities amounted to CZK 32.4 billion, increasing by CZK 6.5 billion year-on-year. Acquisition of fixed assets including capitalized interest increased by CZK 3.8 billion year-on-year due to higher investments in property, plant, and equipment and noncurrent intangible assets. We also expended CZK 1.3 billion more year-on-year on the acquisition of subsidiaries, associates, and joint ventures.

Cash used in financing activities, including the net effect of currency translation and impairment in cash, amounted to CZK 7.9 billion, decreasing by CZK 4.9 billion year-on-year. This was due to a CZK 4.8 billion year-on-year decrease in dividends paid to shareholders and a CZK 1.1 billion decrease in the balance of proceeds from and repayments of borrowings.

CEZ Group's net debt increased by CZK 10.0 billion to CZK 161.2 billion in 2019.

See Figure 7 "CEZ Group Assets, Equity, and Liabilities" in the Annex

The value of CEZ Group's consolidated assets remained virtually unchanged year-on-year—it decreased by CZK 2.9 billion to CZK 704.6 billion; however, there were relatively significant shifts in the structure of assets. Fixed assets increased by CZK 21.5 billion to CZK 501.9 billion due to an increase in the value of property, plant, and equipment and noncurrent intangible assets, which was primarily due to an increase in the capitalized portion of nuclear provisions, an increase in the value of long-term emission allowances, and the effect of the acquisition of new subsidiaries. Current assets decreased by CZK 24.4 billion in 2019, primarily due to a decrease in receivables from derivatives, including options, and trade receivables.

Equity, including noncontrolling interests, increased by CZK 16.1 billion to CZK 255.4 billion. Generated net income increased equity by CZK 14.5 billion and other comprehensive income by CZK 14.1 billion. In contrast, dividends paid to Company shareholders decreased equity by CZK 12.8 billion.

Noncurrent liabilities increased by CZK 12.4 billion to CZK 262.4 billion primarily due to an increase in long-term provision, most importantly nuclear. A decrease of CZK 31.4 billion in current liabilities was primarily due to a decrease in current liabilities from derivative trading, including options. The total value of bonds issued was CZK 144.2 billion at December 31, 2019, which was a year-on-year increase of CZK 16.5 billion.

I would also like to briefly mention treasury shares held by ČEZ. At the beginning of 2019, there were 3,125,021 treasury shares, representing 0.58% of the stated capital of ČEZ, a. s., held on its asset account with the Central Securities Depository to cover claims arising out of the Company's stock option plan. During 2019, 573,781 shares were used to satisfy the claims of beneficiaries under the Company's stock option plan, corresponding to 0.11% of its stated capital. ČEZ's total receipts from the sales of shares to the beneficiaries were CZK 249.5 million (including interest). At December 31, 2019, the above-mentioned asset account contained 2,551,240 treasury shares, that is, 0.47% of the Company's stated capital.

Let us now take a closer look at capital expenditures in 2019.

See Figure 8 “Capital Expenditures Broken Down by Segment” in the Annex

CEZ Group’s total capital expenditures amounted to CZK 29.8 billion.

The highest capital expenditures, totaling CZK 13.7 billion, were made on distribution assets, including CZK 10.9 billion in Czechia where capital expenditures went into the renovation of distribution grid equipment at all voltage levels, transformer substation reconstructions, and transformer and electricity meter renovations, as well as into digitization and smart technologies, including continued construction under fiber-optic infrastructure development projects.

Total capital expenditures of CZK 10.8 billion were made within the Generation—Traditional Energy segment. Nuclear power plants continued with capital expenditures on nuclear safety enhancement and equipment renovation in addition to routine maintenance in 2019. Furthermore, capital expenditures necessitated by conditions for operation extension were made at Dukovany. A capital investment project for supplying heat from the Temelín Nuclear Power Plant to the regional capital of České Budějovice continued in the Southern Bohemia Region. In nonnuclear generation, preparatory, designing, and implementation work beyond regular facility maintenance in 2019 continued to be primarily aimed at environmental upgrades to enable operating the facilities after 2020, when new BAT emission limits, most importantly limits for mercury concentrations in flue gases, will enter into force. A new desulfurization plant was completed at the Mělník I power plant.

In the next part, I would like to inform you about developments in electricity generation.

See Figure 9 “CEZ Group Electricity Generation” in the Annex

CEZ Group generated 64.6 TWh of electricity in 2019, up 1.5 TWh year-on-year. Generation in Czechia, amounting to 60.6 TWh, was up 1.8 TWh as compared to 2018. The largest increase of 2.1 TWh was at gas-fired power plants due to favorable spot market prices of gas in 2019. Nuclear power plants increased their generation by 0.3 TWh. Coal-fired power plants generated 1.0 TWh less year-on-year primarily due to unfavorable market prices of electricity and emission allowances. Renewable generation increased—by 0.4 GWh at hydroelectric power plants and by 0.1 GWh for biomass.

We estimate that CEZ Group will generate over 65 TWh of electricity in 2020, of which nuclear power plants are estimated to generate 30.1 TWh, down 0.1 TWh year-on-year, and coal-fired plants 26.5 TWh, which is 0.1 TWh more than in 2019. In line with our hedging strategy, we continue with medium-term electricity futures contracts and the fixation of emission allowance expenses for future years.

Now, dear shareholders, I would like to briefly discuss the financial performance and selected indicators of ČEZ, a. s., alone, and also mention its new dividend policy.

See Figure 10 “ČEZ, a. s., Financial Results and Dividend Policy” in the Annex

ČEZ, a. s., had net income of CZK 17.4 billion in 2019, down CZK 6.4 billion year-on-year. The decrease was primarily due to year-on-year decrease in received dividends; in contrast, there was a positive year-on-year effect of gains and losses from commodity derivative trading and additions to and reversals of impairments of financial assets. Net income achieved in 2019 is in line with Company management’s initial estimates of CZK 17–19 billion.

The assets of ČEZ, a. s., amounted to CZK 622.1 billion as at December 31, 2019. Equity as at the same date amounted to CZK 203.5 billion. Return on equity was 9.0% for 2019.

ČEZ’s market capitalization decreased by CZK 13.4 billion, or 4.7 percent, in 2019.

The Company’s annual shareholders’ meeting, which started on June 26, 2019, decided on June 27, 2019, to pay a dividend of CZK 24 per share before tax to Company shareholders. The share of profit to be paid out to shareholders was more than CZK 12.8 billion, amounting to 98.4% of consolidated net income adjusted for extraordinary effects, or 122.4% of consolidated net income.

The dividend policy was updated in 2019 as a follow-up to an update to CEZ Group’s strategy and business policy. The payout ratio was set at 80%–100% of consolidated net income adjusted for extraordinary effects generally unrelated to ordinary financial performance in a given year.

Let us now take a brief look at the updated strategy.

See Figure 11 “Priorities of the Updated CEZ Group Strategy and Business Policy” in the Annex

Europe’s energy sector is undergoing a major transformation. Traditional energy is stagnating but remains an indispensable part of the energy sector. Renewables and decentral energy cannot replace it, at least for now, but these sectors are growing significantly. Already at the end of 2018, the European Union approved new ambitious targets for decarbonization, renewables, and energy efficiency and carbon neutrality, and its ambitions keep growing. The key determinant strategic factors remained the same, but new, mostly regional and specific challenges occurred and CEZ Group responded to them by updating its business policy and strategy. We defined four strategic priorities to help us remain a strong energy-sector player in Europe. These are: operating our existing portfolio efficiently, modernizing distribution networks, offering comprehensive services to customers, and developing new energy and energy services especially in Czechia and its neighboring countries.

The updated strategy anticipates leaving some markets and segments abroad, where CEZ Group has been primarily focusing just on developing comprehensive energy services. As regards the current portfolio of renewables abroad, the goal is to ensure return on funds invested in assets in Germany and France.

Let us now turn our attention to selected events in foreign markets in which CEZ Group operated in 2019. CEZ Group did not leave any country of operations in 2019; conversely, we entered the ESCO services market in Austria, our neighbor, as a result of an acquisition.

See Figure 12 “CEZ Group Presence in European Markets” in the Annex

In comparison to its previous version from 2014, the current strategy has stronger focus on the Czech market. This is also reflected by CEZ Group’s activities abroad focusing on the start of divestment processes in selected markets and on growth in comprehensive energy services.

In Romania, CEZ Group started a transparent process of selling selected assets. The subject of the sale includes, most importantly, the distribution and sales companies and the Fântânele and Cogeleac wind parks. Based on a public request, 34 investors expressed interest in the assets and 19 investors subsequently submitted their indicative offers.

The process of selling Bulgarian assets continued. A sales agreement with Inercom was terminated in April 2019, because the Bulgarian state’s actions frustrated the fulfillment of conditions precedent and thus the performance of the agreement. An agreement with another prospective buyer, Eurohold, was made in June. The Bulgarian competition authority disapproved the sales transaction in October, against which both CEZ Group and Eurohold brought an administrative action. The first hearing was held on March 9, 2020 but was adjourned.

In Germany, CEZ Group kept reinforcing its position in the energy services sector. It completed acquisitions of several companies providing services relating to technologies in buildings through the Elevion group, acquired in 2017. Important transactions include, in particular, the acquisition of one hundred percent stakes in the HERMOS group and in En.plus. The HERMOS group’s competences consist in automation and IT solutions for industry, the energy sector, the environment, buildings, and healthcare. En.plus is a major player in ventilation, air-conditioning, and cooling. As regards renewable energy sources, CEZ Group continued developing its existing portfolio of wind projects in collaboration with local partners. In the second quarter, it acquired a 50% share in a joint venture founded for the purpose of developing three wind projects with a planned capacity of up to 112.5 MW.

In France, CEZ Group made a progress in the development of its portfolio of nine wind farms in 2019. However, the start of commercial generation was postponed until 2021 due to insolvency of the supplier of turbines for the Aschères-le-Marché[1] wind farm with an installed capacity of 13.6 MW. Four other projects have already been issued construction and operating licenses. In January 2019, CEZ Group acquired additional onshore wind projects in France with a potential total installed capacity of up to 119 MW. Two of the projects have already been issued construction and operating licenses.

In Poland, ČEZ participated in an auction with its wind projects and succeeded with its Krasin[2] project with an installed capacity of 35.2 MW. Under the Polish regulatory authority’s conditions, it will have to be connected to the grid within 33 months of the auction date. As regards comprehensive energy services, it acquired a stake in EUROKLIMAT. A divestment process is expected to start in 2020 in relation to selected, mostly generation assets in the country.

1 Pronunciation: *ah-sher-l-mar-sheh*

2 Pronunciation: *krah-shin*

CEZ Group also expanded its offering of services and energy solutions in Czechia in 2019. It acquired HA.EM OSTRAVA, a company providing engineering services to industrial customers. TENAUR, a company engaged in building systems and renewable energy sources, was integrated into CEZ Group and opened three new branch offices.

In conclusion, let us take a look at our financial estimates for 2020.

See Figure 13 "CEZ Group Estimates 2020 Net Income at CZK 21–23 Billion, EBITDA at CZK 63–65 Billion" in the Annex

As at March 16, 2020, CEZ Group estimated its 2020 consolidated net income at CZK 21 to 23 billion. The estimated year-on-year increase is primarily due to estimated increase in EBITDA, that is, consolidated operating income before depreciation and amortization, impairments, and asset sales. In contrast, there will be a negative year-on-year effect of higher depreciation and amortization and income tax. The 2020 EBITDA was estimated by CEZ Group at CZK 63 to 65 billion as at March 16, 2020, which is a year-on-year increase of approximately CZK 3 to 5 billion, or 5% to 8% more than the actual 2019 figure.

To indicate CEZ Group's estimated economic position in 2020, I will now present to you the main causes of year-on-year change in operating financial results using the EBITDA indicator broken down by segment.

The Mining segment is estimated to decrease by CZK 0.2 billion year-on-year. The Generation—Traditional Energy segment is estimated to grow by CZK 1 to 2 billion year-on-year, with positive effects including, most importantly, higher realization prices of generated electricity, including the effects of hedging, and negative effects including higher expenses on emission allowances for generation and lower estimated gains from commodity trading as compared to exceptionally high gains in 2019. The Distribution segment is estimated to grow by CZK 0.3 to 0.7 billion year-on-year primarily due to higher gross margin both abroad and in Czechia. The Sales segment is estimated to grow by CZK 1.5 to 2 billion year-on-year due to the negative effect of CZK 1.3 billion that litigation with SŽDC had on its 2019 financial results and due to its growth ambitions in energy services. No significant year-on-year change is expected in the Generation—New Energy and Support Services segments.

Reasons for using an interval for the prediction of CEZ Group's 2020 EBITDA and net income include the following risks and opportunities in particular: availability of generating facilities, electricity realization prices, gains from commodity trading, and new development acquisitions in ESCO.

CEZ Group plans to spend CZK 37 billion on capital expenditures in 2020, with most of the expenditures planned to be made on generation and distribution assets in Czechia.

The 2020 net income of the parent company, ČEZ, a. s., is estimated at CZK 13 to 15 billion, the bulk of which consists of estimated dividends from subsidiaries.

Dear shareholders, I hope that CEZ Group will build on the successful year of 2019 in 2020 and we will fulfill our ambitions for significant growth in operating income in 2020.

Thank you for your attention and for your interest in what is happening at ČEZ.

Annex 1 Report on the Business Operations and Assets of ČEZ, a. s., for 2019