Annex 1:

REPORT ON THE BUSINESS OPERATIONS AND ASSETS OF ČEZ, a. s., FOR 2019

CEZ GROUP IN 2019

Selected Results and Indicators for 2019

- Operating revenues CZK 206.2 billion
- EBITDA CZK 60.2 billion
- Net income CZK 14.5 billion
- Adjusted net income CZK 18.9 billion
- S&P rating of ČEZ, a. s., at A−; Moody's rating of ČEZ, a. s., at Baa1

SELECTED EVENTS OF 2019

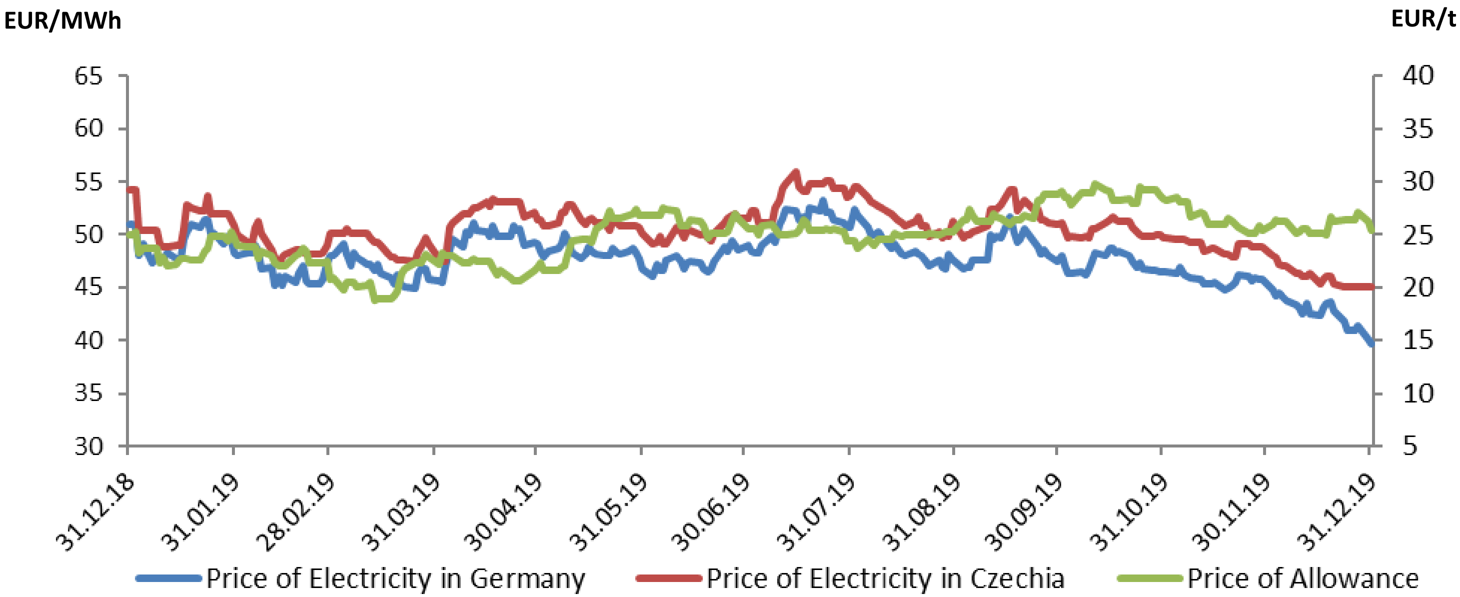
- We generated 64.6 TWh, including 30.2 TWh at nuclear power plants.
- We updated our strategy and business policy.
- ESCO sales amounted to CZK 21.8 billion.
- We did not exercise the option of withdrawal from sale of the Počerady brown coal-fired power plant.
- We prepared drafts of initial agreements with the Czech state for the construction of a new nuclear power plant.

Note: Adjusted net income = Net income adjusted for extraordinary effects that are generally unrelated to ordinary financial performance in a given year

ELECTRICITY PRICES DECREASED IN LATE 2019, NO YEAR-ON-YEAR CHANGE IN CO_2 ALLOWANCES

Commodity Prices, Year-on-Year Comparison	Unit	December 31, 2018	December 31, 2019
Electricity price in Czechia (2020 baseload)	EUR/MWh	52.5	44.4
Electricity price in Germany (2020 baseload)	EUR/MWh	51.0	41.3
Emission allowance price (EEX)	EUR/t	25.0	24.6

Changes in Electricity Prices (Baseload 2020) and emission allowances



EU SET A CLIMATE NEUTRALITY GOAL FOR 2050 WITH A SUBSTANTIAL IMPACT ON THE ENERGY SECTOR

- In its December 2019 **European Green Deal** communication, the European Commission set out a plan for **achieving climate neutrality by 2050.**
- Climate neutrality was **approved by prime ministers and presidents** of EU member states at the EU summit also in December 2019.
- The climate neutrality policy will affect **all economic sectors from the energy and heat sectors to transportation, industry, and civil engineering to food processing and agriculture.**
- The energy sector will be directly affected by:
    - Increase in **decarbonization target from 40% to 50%–55%** by 2030
    - Planned **increase in renewable energy and energy efficiency targets**
- However, the impact will be much broader; for example, a carbon border tax is to be introduced to create a level playing field and protect European industry.

- There is a defined **schedule** for legislation in each area. The European Commission will present **37 items** for approval **this and next year** (strategies, action plans, directives, etc.).
- The amount of ambition for the new targets for RES and energy efficiency is still to be discussed, with **increase of national plans for renewables and energy savings** to follow in 2023.
- Decarbonization of a number of sectors is to result from electrification, **with a growing need for electricity from zero-emission sources.**
- The **emission allowance price** gains a long-term **growth stimulus**.

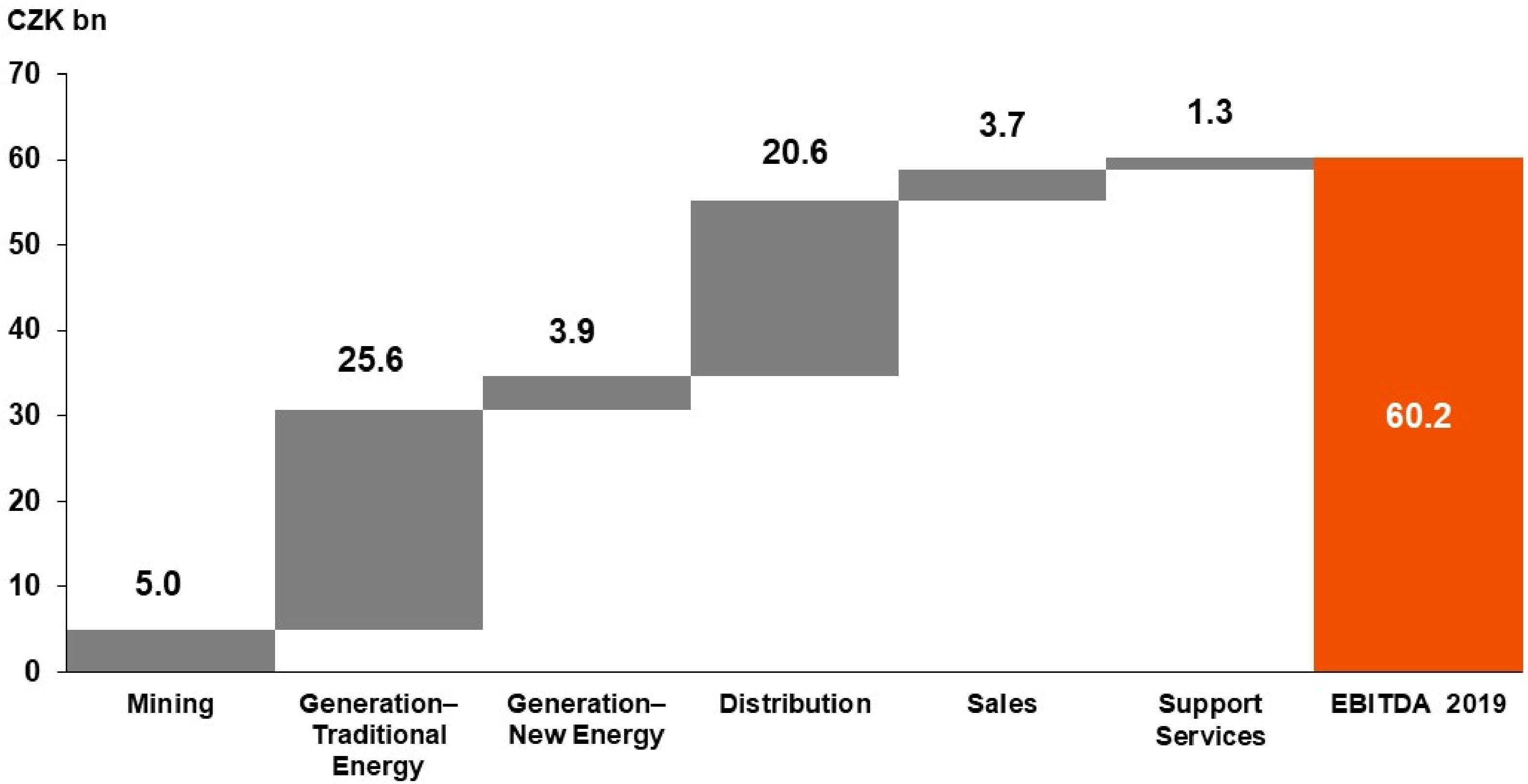
Climate neutrality = zero balance of CO_2 releases and utilization + capture

CEZ GROUP FINANCIAL RESULTS

	Unit	Year 2018	Year 2019	Change (%)
Operating revenues	CZK m	184,486	206,192	+11.8 %
EBITDA	CZK m	49,535	60,175	+21.5 %
EBIT	CZK m	19,759	26,429	+33.8 %
Net income	CZK m	10,500	14,500	+38.1 %
Net income—adjusted*	CZK m	13,055	18,856	x
Total assets	CZK m	707,443	704,574	-0.4 %
Property, plant, and equipment and noncurrent intangibles (including nuclear fuel)	CZK m	447,035	465,517	4.1 %
ROE	%	4.3	5.9	x
ROIC	%	3.3	4.3	x

* Adjusted net income = Net income adjusted for extraordinary effects that are generally unrelated to ordinary financial performance in a given year.

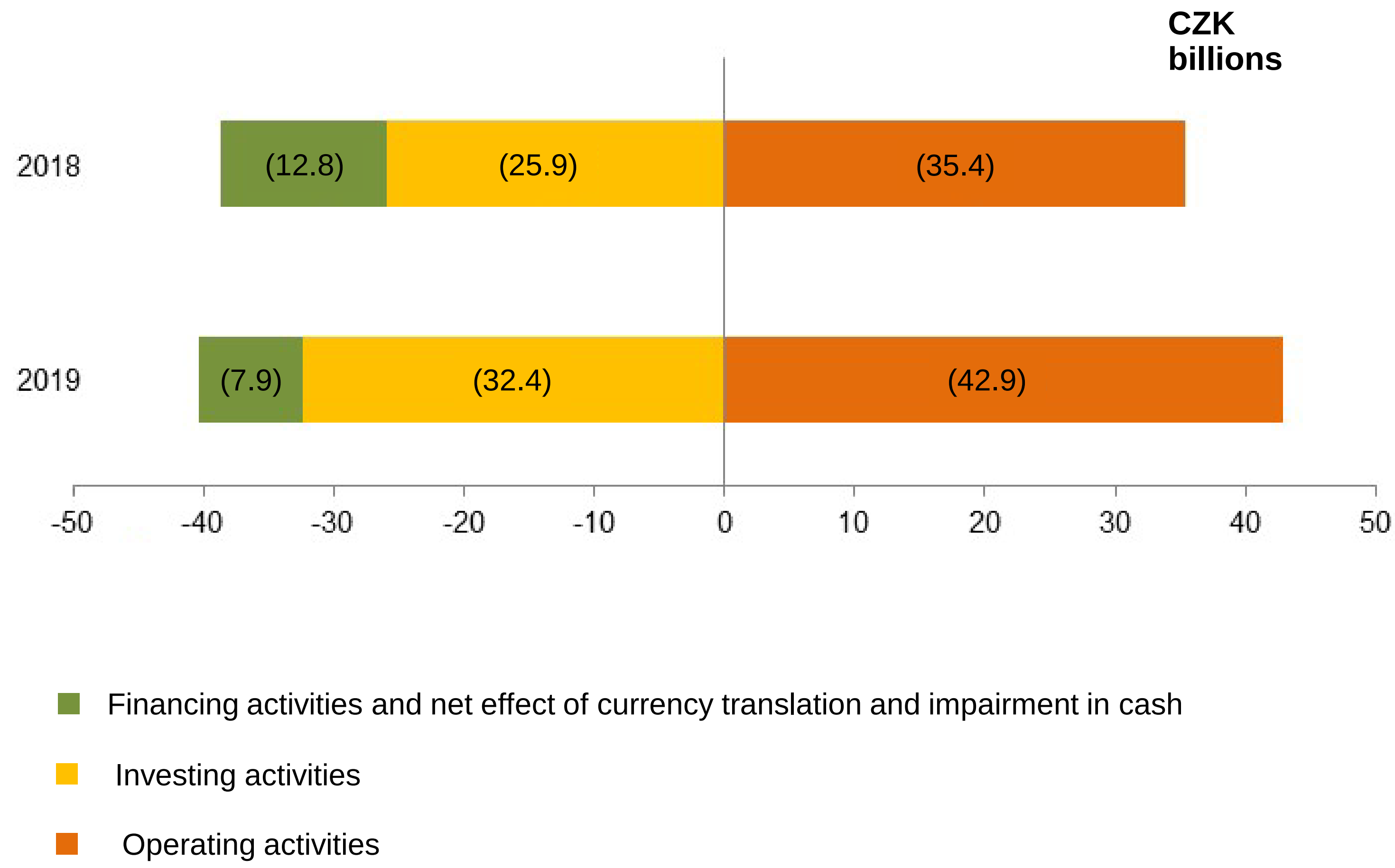
CONTRIBUTION TO 2019 EBITDA BY SEGMENT



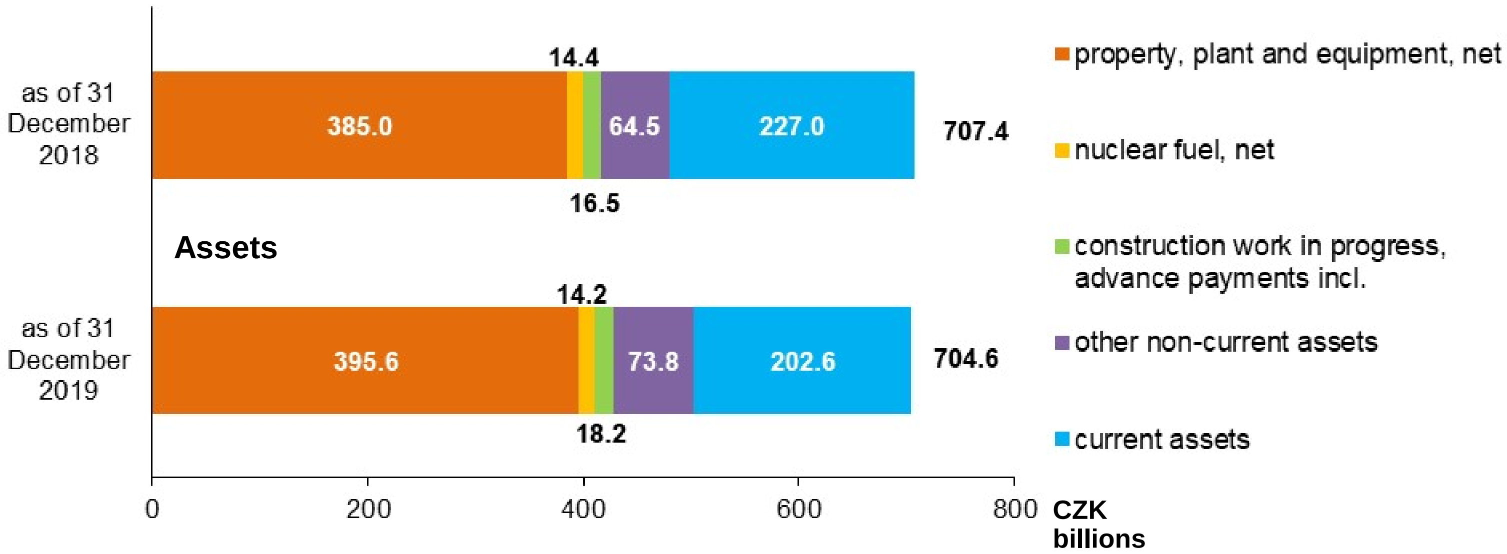
2019 vs. 2018 Change in EBITDA

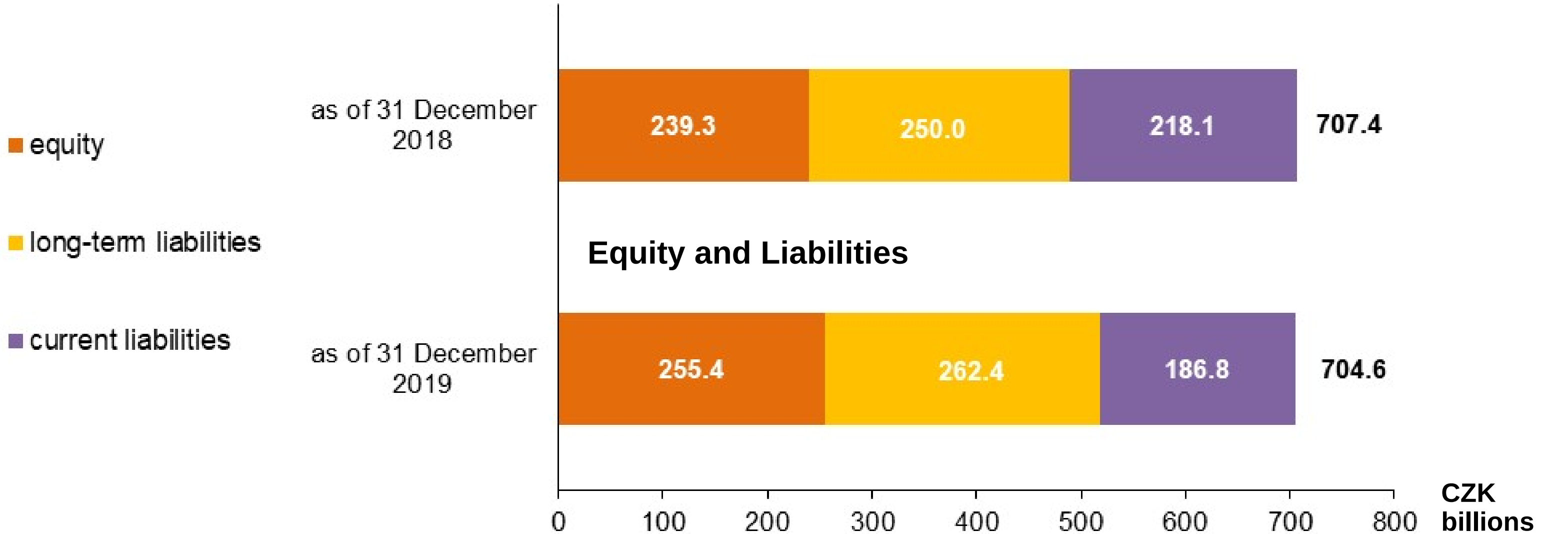
	Mining	Generation–Traditional Energy	Generation–New Energy	Distribution	Sales	Support Services	EBITDA 2019
%	11%	54%	36%	3%	-13%	6%	21%
CZK bn	0.5	9.0	1.0	0.6	-0.6	0.1	10.6

CEZ GROUP CASH FLOWS



CEZ GROUP ASSETS, EQUITY, AND LIABILITIES





CAPITAL EXPENDITURES

BROKEN DOWN BY SEGMENT

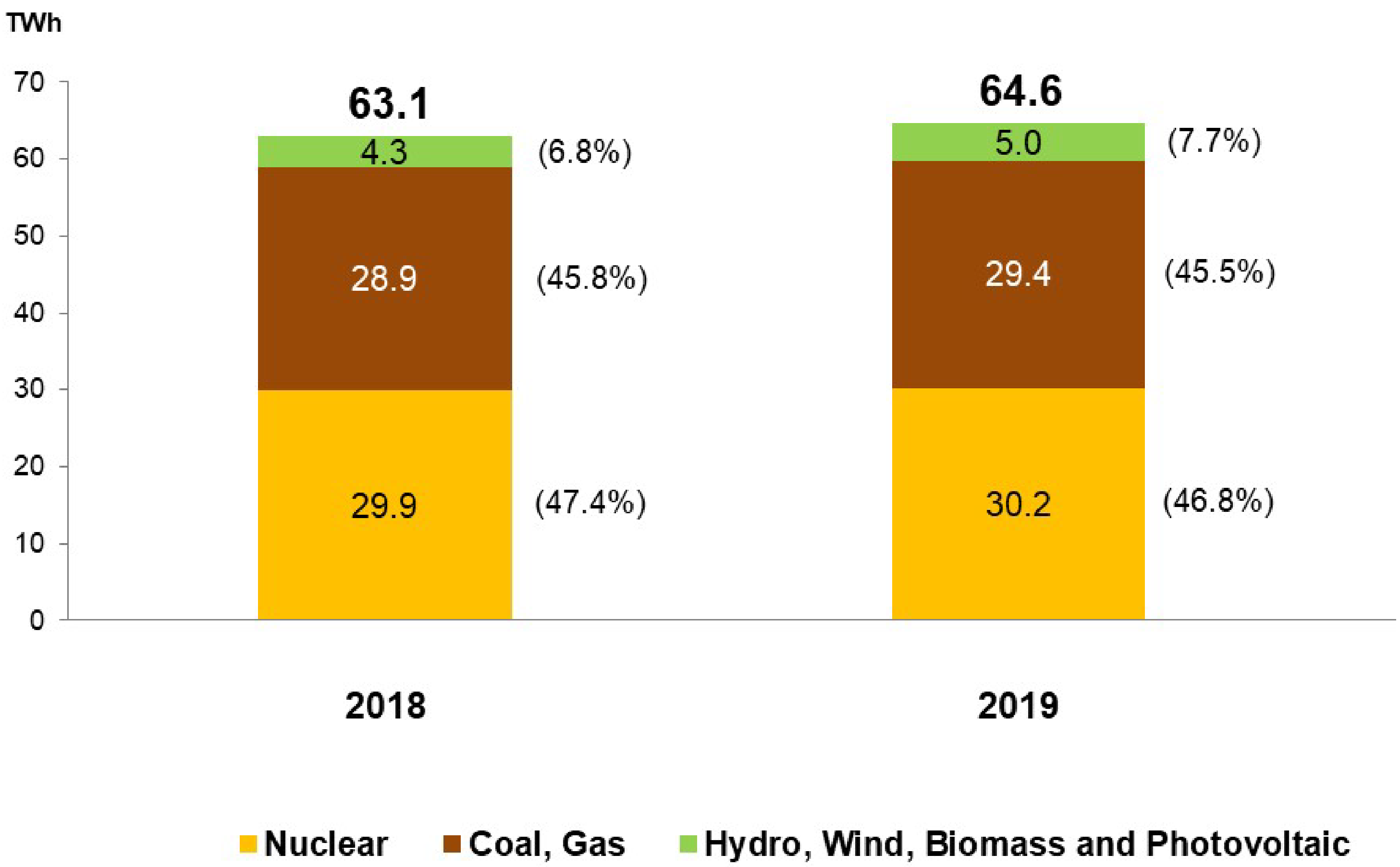
CZK billions	Q1–Q4 2018	Q1–Q4 2019
Generation—Traditional Energy	**8.3**	**10.8**
Of which: Nuclear fuel procurement	2.4	3.2
Generation—New Energy	**0.4**	**0.7**
Mining	**2.6**	**2.3**
Distribution	**12.9**	**13.7**
Czechia	10.4	10.9
Romania	1.2	1.3
Bulgaria	1.2	1.5
Sales	**0.7**	**1.5**
Support Services*	**1.5**	**0.8**
Total	**26.4**	**29.8**

Y-o-y changes in capital expenditure in segments:

- **Generation—Traditional Energy:** Higher nuclear fuel procurement (CZK +0.9 billion) followed most importantly by capital expenditures on a project to supply České Budějovice with heat from the Temelín NPP; implementation of new technical requirements from the new Atomic Energy Act in the physical security of the Temelín NPP; and capital expenditures on environmental measures (new BAT limits from August 2021)
- **Generation—New Energy:** RES companies in France
- **Distribution:** Higher expenditures on distribution grid equipment renovation, higher expenditures resulting from customer requests in Czechia, and higher expenditures on electricity meter replacements and distribution grid quality enhancements in Bulgaria
- **Sales**—Capital expenditures of ČEZ Energo (fully consolidated since Jul 1, 2018) and growth in ESCO companies
- **Support Services**—Higher drawdown in 2018 in connection with major capital expenditures made by ČEZ ICT Services to purchase and renew licenses and build the Corporate Data Center at Tušimice

* Including the amount of intersegment eliminations; RES—Renewable energy sources; NPP—Nuclear power plant

CEZ GROUP ELECTRICITY GENERATION



ČEZ, A. S., FINANCIAL RESULTS AND DIVIDEND POLICY

	Unit	Year 2018	Year 2019	Change (%)
Operating revenues	CZK millions	79,749	88,298	10.7%
EBITDA	CZK millions	13,530	23,419	(26.9%)
EBIT	CZK millions	(949)	8,777	x
Net income	CZK millions	23,776	17,393	(26.8%)
Total assets	CZK millions	626,075	622,086	(0.6%)
Equity	CZK millions	183,212	203,479	11.1%
Dividends awarded	CZK billions	17.6	12.8	(-27.4%)
Number of registered shares (at Dec 31)	Thousands	537,990	537,990	0.0%
Number of treasury shares (at Dec 31)	Thousands	3,125	2,551	(18.4%)
Market capitalization	CZK billions	286.2	272.8	(4.7%)
ROE	%	12.8	9.0	x

- **ČEZ's Current Dividend Policy (in Effect Since May 27, 2019)**
  - Payout ratio of 80%–100% **of consolidated net income adjusted** for extraordinary effects generally unrelated to ordinary financial performance in a given year

PRIORITIES OF THE UPDATED CEZ GROUP STRATEGY AND BUSINESS POLICY

CEZ Group's Strategic Priorities

Efficient Operation, Optimum Generation Portfolio Utilization & Development

Modern Distribution and Care for Customers' Energy Needs

New Energy Sector Development in Czechia

Energy Services Development in Europe

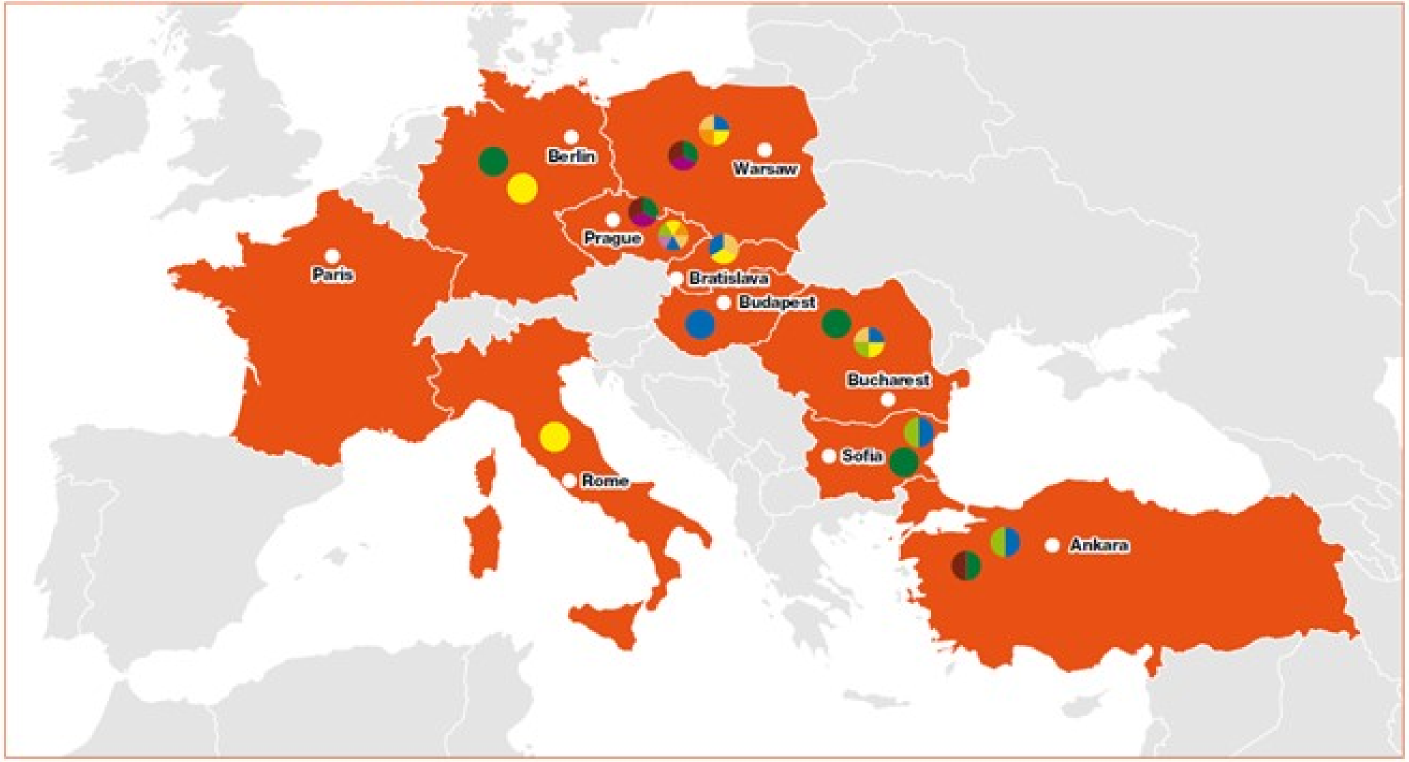
CEZ Group's Key Strategy Tenets

- Efficiently managing nuclear power plants and coal-fired power plants in mining regions and preparing conditions for the construction of a new nuclear power plant as part of enhancement of Czechia's energy security and decarbonization of the generation portfolio in Czechia.
- Modernizing and digitizing distribution and sales in Czechia, developing comprehensive services with respect to customers' needs.
- Developing energy services (ESCO) and renewable energy sources (RES) in Czechia while fulfilling the Czech energy and climate plan.
- Developing ESCO activities abroad and achieving a significant position in markets close to Czechia, primarily Germany, northern Italy, and Poland.

- Implementing efficient exit strategies from risky and unpromising markets and energy segments.
- Completing RES development abroad and ensuring return on invested funds.

CEZ GROUP PRESENCE IN EUROPEAN MARKETS

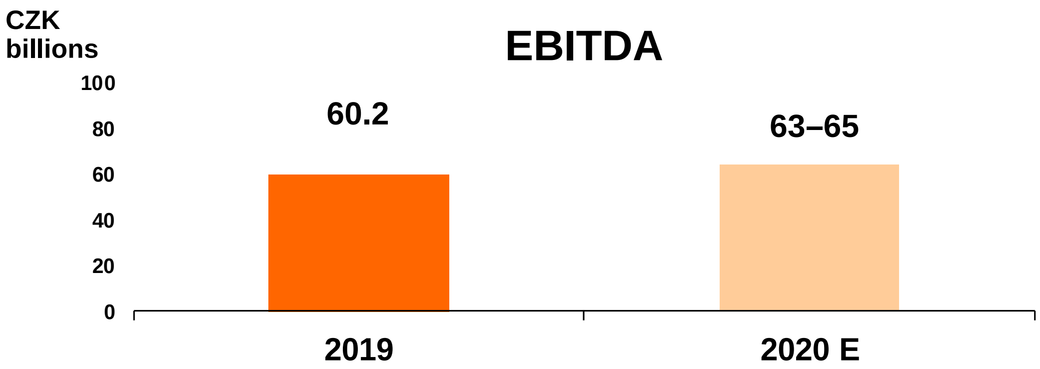
CEZ Group's Presence in the Energy Sector by Territory

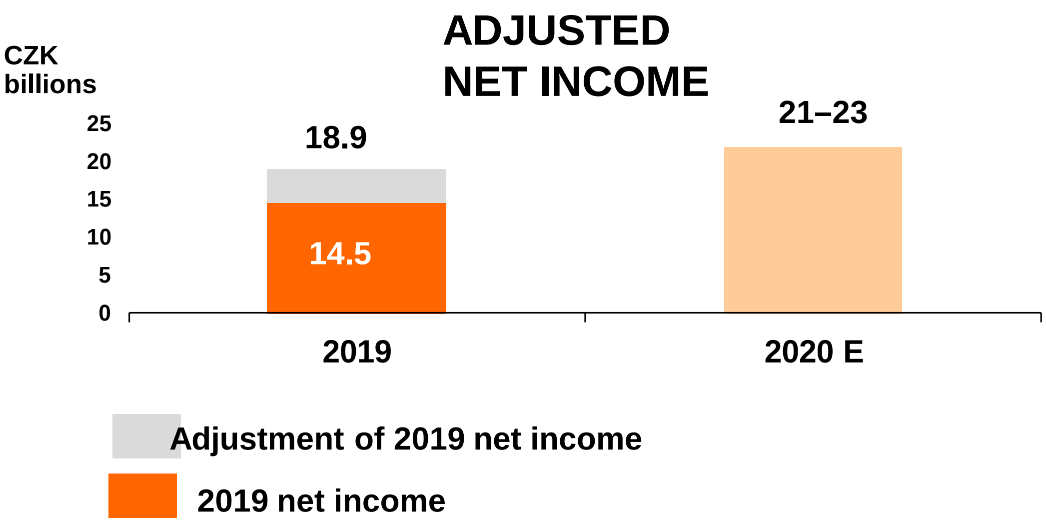


Generation
- Traditional electricity generation
- Renewable electricity generation
- Heat generation

Distribution and Sales
- Electricity distribution
- Heat distribution
- Sales of electricity to end-use customers
- Sales of natural gas to end-use customers
- Sales of heat to end-use customers
- Sales of energy services

CEZ GROUP ESTIMATES 2020 NET INCOME AT CZK 21–23 BILLION, EBITDA AT CZK 63–65 BILLION





Key year-on-year effects:

- Generation—Traditional Energy segment growing by CZK 1 to 2 billion (higher realization prices of generated electricity, incl. hedging effects, more than offset higher expenses on emission allowances for generation and lower estimated gains from commodity trading as a result of exceptionally high trading gains in 2019)
- Sales segment growing by CZK 1.5 to 2 billion (growth ambitions in energy services and nonexistence of the negative effect of a court ruling under which SŽDC's payment of an obligation toward ČEZ Prodej from 2010 was repaid in 2019)
- Distribution segment growing by CZK 0.3 to 0.7 billion (primarily higher gross margin both abroad and in Czechia)

Selected prediction risks and opportunities (reasons for the interval):

- Availability of generating facilities
- Realization prices of generated electricity
- Gains from commodity trading
- New development acquisitions in ESCO

The values of adjusted net income do not include extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as to fixed assets amortization and goodwills write-off, extraordinary profit/loss from sale of assets or subsidiaries, or other extraordinary effects).