PRESS CONFERENCE ON CEZ GROUP FINANCIAL RESULTS IN 2019

AUDITED CONSOLIDATED RESULTS
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Prague, March 17, 2020

CEZ IS ACTIVELY WORKING TO ELIMINATE THE RISKS CAUSED BY CORONAVIRUS

CEZ, as a subject of critical state infrastructure has developed crisis and emergency preparedness plans, which include risks associated with the spread of the disease. We are in contact with emergency management authorities of the Czech Republic.

Measures implemented so far in the Czech Republic

- On February 28, **a special work team was activated**
- **A number of preventive measures has been adopted** - they have been continuously strengthened: prohibition of all excursions and all unnecessary visits to all premises of the Group companies, closure of CEZ Group Information Centers, foreign business trips to risk areas were prohibited; the upper limit of the number of persons for meetings and other events is set– a maximum of 30 people, active use of teleconferences or skype communication including board meetings, maximum use of home offices, etc.
- **Lists of key staff** necessary to ensure production and key activities were elaborated.
- **Body temperature measurement** of persons entering selected premises of CEZ Group companies has begun. This measure concerns, among others, the premises of both our Dukovany and Temelín nuclear power plants, where planned shutdowns have started and therefore there will be a large movement of persons from supplier companies.
- **Further steps are being prepared** to safeguard the production and distribution of electricity in the event of a worsening situation. At nuclear power plants, for example, we always have six shifts per operational function and other back-up workers and we have measures in place to further strengthen this area.

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CEZ Group – summary of 2019 and financial ambition for 2020
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CEZ Group's Financial Results
Martin Novák, Chief Financial Officer

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MAIN RESULTS AND KEY EVENTS IN 2019

FINANCIAL HIGHLIGHTS 2019

- **Operating revenues** increased by 12% year-on-year to **CZK 206.2 bn.**
- **EBITDA** increased by 21% year-on-year to **CZK 60.2 bn**
- **Net income** increased by 38% year-on-year to **CZK 14.5 bn**
- **Adjusted net income*** increased by 44% year-on-year to **CZK 18.9 bn**

SELECTED EVENTS OF 2019

- We generated 64.6 TWh, of which 30.2 TWh from nuclear resources.
- Business result of commodity trading in 2019 was CZK 4.9 bn.
- We updated our strategy and concept. Our geographical target is mainly the domestic market; abroad we aim at development of the energy service segment.
- In 2019 we acquired the ESCO companies whose annual EBITDA exceeds CZK 0.6 bn.
- We did not excercise the option of withdrawal from sale of the Počerady brown coal-fired power plant.
- We prepared draft baseline contracts with Czechia on construction of new nuclear source.

* The values of adjusted net income exclude extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill depreciation); see the Annex for a detailed indicator definition and calculation method.

EU DEFINED THE OBJECTIVE OF CLIMATE NEUTRALITY BY 2050 WITH A SUBSTANTIAL IMPACT ON THE ENERGY SECTOR

- The European Commission formulated the **European Green Deal** communication in December 2019 with the plan for **achievement of climate neutrality by 2050.**
- The concept of climate neutrality was **approved by prime ministers and presidents** at the EU summit also in December 2019.
- The climate neutrality policy will affect **all economic sectors from energy to heat production, transport, industry and civil engineering to food processing and agriculture.**
- Direct effects on the energy sector will include:
    - Increased **decarbonization goal from 40% to 50 - 55%** by 2030
    - Planned **increase of renewable energy and energy efficiency objectives**
- However, the impact will be much broader, for example to equalize conditions and to protect European industry introduction of carbon import tax is considered

- There is a defined legislative **schedule** for the individual areas. The European Commission will submit **37 items** for approval **during this and the next year** (strategies, action plans, directives etc.).
- The ambition for renewable energy and energy efficiency goals is only to be discussed, with subsequent **increase of national plans for renewable sources and energy saving in 2023.**
- Decarbonization of a number of sectors is to result from electrification, **entailing the need for electricity from zero emission sources.**
- **The emission allowance price** gains a long-term **growth stimulus.**

Climate neutrality = zero balance of release and utilization/catchment of CO_2

THE UPDATED ČEZ STRATEGY RESPONDED TO THE BUSINESS ENVIRONMENT DEVELOPMENT

CEZ Group's Main Opportunity Areas		CEZ Group's Strategic Priorities
Strengthening of Energy Security in Czechia	→	I. Efficient Operation, Optimum Utilization & Development of Generation Portfolio
Modernization in the Czech Energy Sector	→	II. Modern Distribution and Care for Customers’ Energy Needs
Implementation of Climate-Energy Plan for Czechia	→	III. New Energy Sector Development in Czechia
Close Connection of Czech Industry with Neighboring Countries	→	IV. Energy Services Development in Europe

WE ARE GRADUALLY FULFILLING THE UPDATED GENERATION AND NEW NUCLEAR POWER PLANTS STRATEGY

Strategic Priorities

I. Efficient Operation, Optimum Utilization & Development of Generation Portfolio

Nuclear energy and new nuclear unit areas

- Nuclear generation exceeded 30 TWh in 2019 and measures were realized to fulfill strategic ambition
- The international mission of WANO confirmed a high standard of operation of the Temelín NPP and the corporate mission of WANO confirmed that ČEZ proceeded in compliance with the mission recommendations of 2017 and achieved best practice.
- An affirmative standpoint was issued by the Ministry of the Environment of the Czech Republic for a new nuclear source at the Dukovany NPP. EIA is valid for 7 years after its date of issue.
- Supplier model debated with potential bidders on delivery of new nuclear power plant.

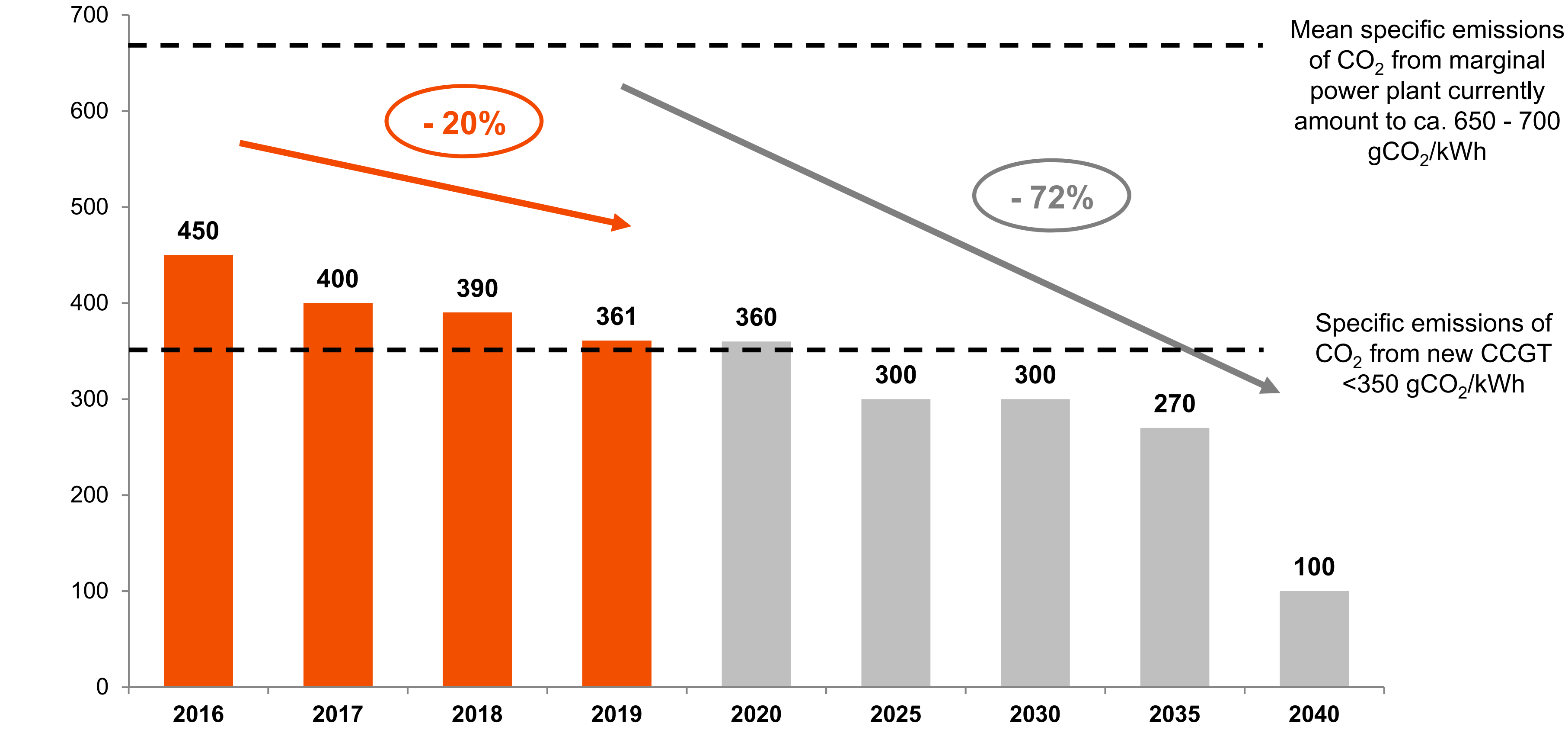
Other areas

- A decision was taken not to exercise the option of withdrawal from sale of the Počerady brown coal-fired power plant.
- Preparatory steps were taken to shut down selected coal sources in Czechia in 2020 and to meet environmental limits for sources operated after 2020 (especially mercury BAT limits - Hg). Analyzes and documents were prepared for discussion on exemptions from BAT – AEL (necessary changes exceed the 4 year adaptation deadline)
- Permanent benefits in the area of optimization of supporting and central services exceeded CZK 0.6 bn/year.

EIA – Environmental Impact Assessment; BAT – Best Available Technology; AEL – Achievable Emission Level

WE ARE WORKING TO REDUCE CEZ GROUP'S FOOTPRINT REDUCTION AND HAVE ACHIEVED A DECREASE IN CO_2 EMISSIONS BY 4 MILLION TONS IN 3 YEARS

CO_2 Emissions per Generated Electricity in CEZ Group Sources



Mean specific emissions of CO_2 from electricity generated by CEZ Group sources have decreased by **20%** in the past 3 years. The value of 361 gCO_2/kWh achieved in 2019 nearly reached the level of new CCGT.

Note The future development of the specific indicator of gCO_2/kWh of generated electricity is based on the conservative assumption of preserved volume of generation from the current nuclear and renewable sources (i.e. renewable development is not included).

WE ARE GRADUALLY IMPLEMENTING THE UPDATED STRATEGY

Strategic Priorities

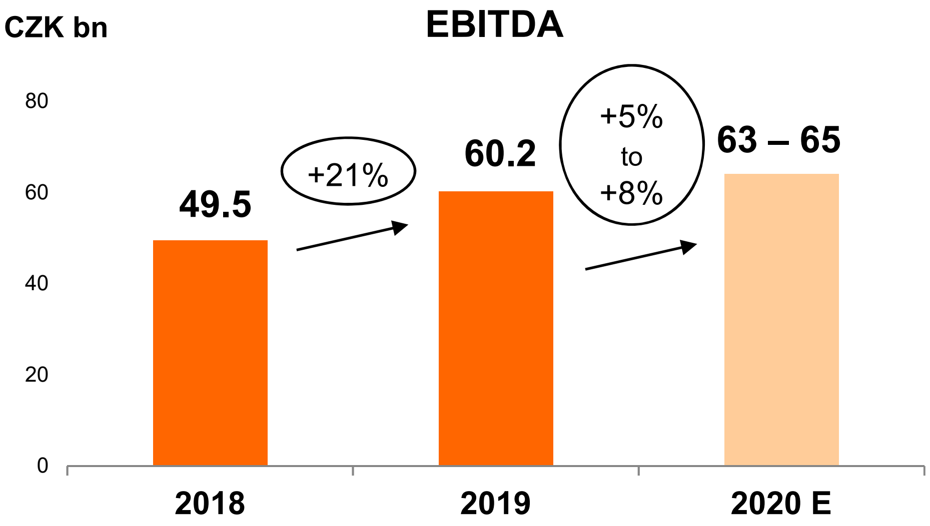
II. Modern Distribution and Care for Customers' Energy Needs	▪ In August 2019 the Energy Regulatory Office (ERO) published its Price Regulation Principles for Regulation Period V applicable to the years 2021 – 2025. In Q4 2019 a public consultation process took place enabling to submit comments. CEZ provided basis and arguments for determination of final parameters, which will be set in H1 2020 by ERO. ▪ CZK 10.9 billion was invested in the distribution network in Czechia. ▪ The number of connection points operated by ČEZ Prodej increased by 7,800 and customer satisfaction increased.
III. New Energy Sector Development in Czechia	▪ A large-capacity battery system was launched at Tušimice with the installed capacity of 4 MW and the storage capacity of 2.8 MWh ▪ Team for RES development activities in Czechia was set up, preparatory works and technical assessments of land owned by CEZ Group companies were carried out, first framework agreements for lease and purchase contracts for external locations were signed
IV. Energy Services Development in Europe	▪ Development strategy for target development markets were established, ambitions for acquisition and organic growth in 2019 were achieved. ▪ We acquired new foreign ESCO companies whose annual EBITDA exceeds CZK 0.6 bn ▪ Three new investments were realized by Inven Capital (CyberX, Neuron and Zolar)

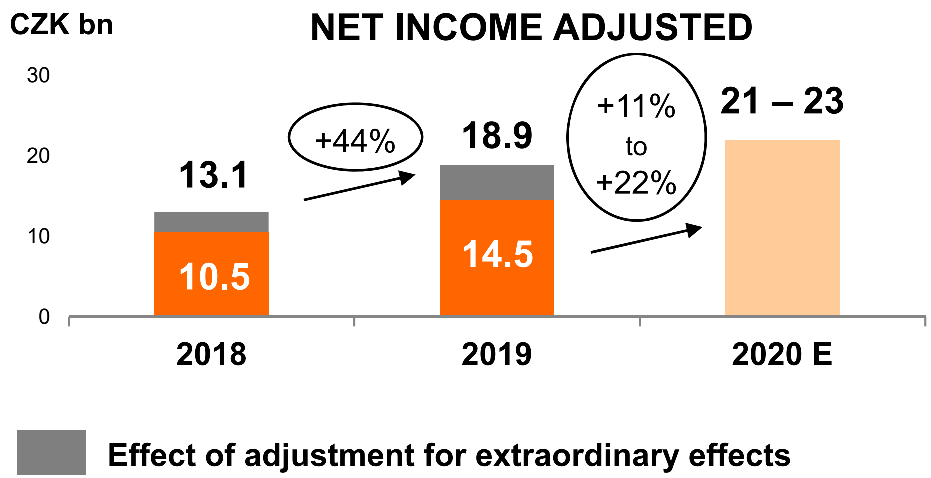
Divestment Strategy	▪ We commenced the divestment process for Romanian assets with 19 non-binding offers received.
	▪ Implementation of the contract on the sale of Bulgarian assets has not yet been made possible by Bulgarian authorities.
	▪ We managed to reduce distribution losses:
	  ▪ in Romania to 8.2% (from 8.6%)
	  ▪ in Bulgaria to 8.0% (from 9.1%)
	▪ Transformation of Polish assets is being finalized and divestiture process of selected Polish assets has been prepared.

EIA – Environmental Impact Assessment; BAT - Best Available Technology; AEL - Achievable Emission Level

MAIN FINANCIAL TARGETS FOR 2020

WE ESTIMATE 2020 EBITDA AT CZK 63 TO 65 BN, NET INCOME AT CZK 21 TO 23 BN





Main year-on-year effects (2020 vs 2019):

- Growth of Traditional Generation segment by CZK 1-2 bn
  (Higher realization prices of the generated electricity incl. hedging effects more than offset higher expenses on emission allowances for generation and lower expected profit from commodity trading in connection to extraordinary high profit from trading in 2019)
- Growth of Sales segment by CZK 1.5-2 bn
  (Growth ambitions in energy services and non-existence of negative court decision under which the payment of SŽDC's debt to ČEZ Prodej from 2010 had to be returned in 2019)
- Growth of Distribution segment by CZK 0.3 – 0.7 bn
  (mainly 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
- profit from trading in commodities and revenues from ancillary services of the generation portfolio in the Czech Republic
- New ESCO development acquisitions

The values of adjusted net income exclude extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill depreciation); see the Annex for a detailed indicator definition and calculation method.

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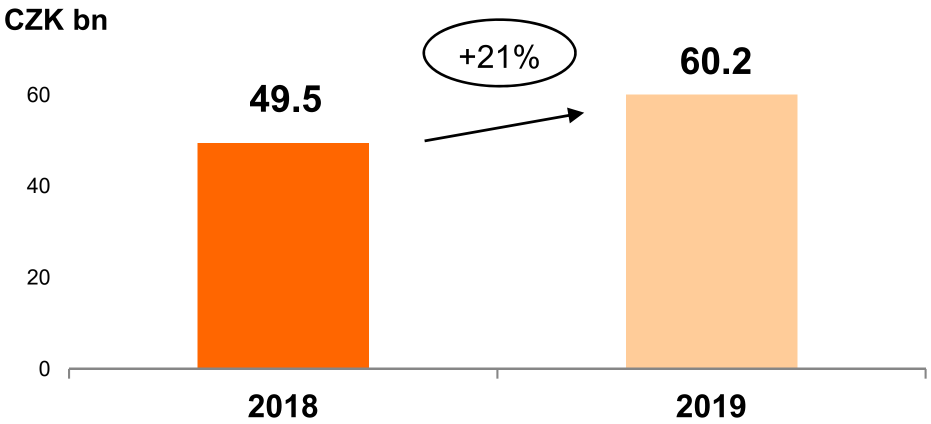
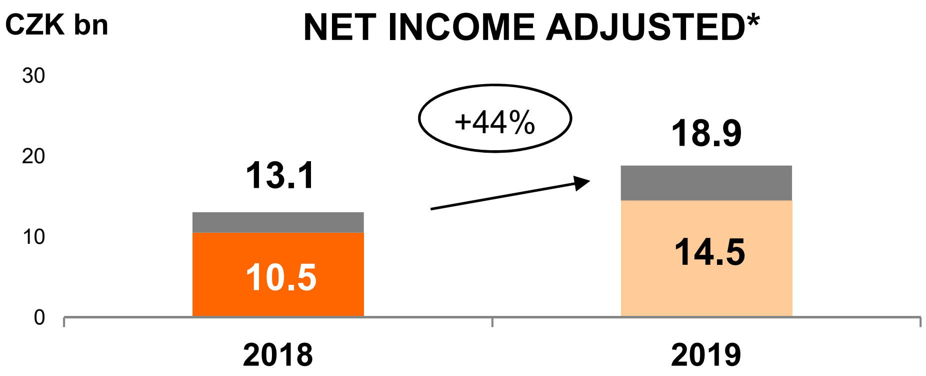
RESULTS FOR 2019: EBITDA OF CZK 60.2 BN, ADJUSTED NET INCOME OF CZK 18.9 BN

EBITDA



NET INCOME ADJUSTED*



Effect of adjustment for extraordinary effects

Selected year-on-year positive effects:

- Higher realization prices of electricity incl. hedging effects
- Higher profit on commodity trading
- Higher electricity production

Selected year-on-year negative effects:

- Higher expenses on emission allowances for generation
- Effect of a court decision under which the payment of SŽDC’s debt to ČEZ Prodej from 2010 had to be returned in 2019

Adjustments of 2019 net income:

- Net income in 2019 adjusted for negative effects amounting to CZK 4.4 bn due to creation and reversal of fixed asset impairments, including goodwill depreciation.

* The values of adjusted net income exclude extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill depreciation); see the Annex for a detailed indicator definition and calculation method.

CEZ GROUP FINANCIAL PERFORMANCE

(CZK bn)	2018	2019	Change	%
Revenues	184.5	206.2	+21.7	+12%
EBITDA	49.5	60.2	+10.6	+21%
EBIT	19.8	26.4	+6.7	+34%
Net income	10.5	14.5	+4.0	+38%
Net income adjusted *	13.1	18.9	+5.8	+44%
Operating CF	35.4	42.9	+7.6	+21%
CAPEX	26.4	29.8	+3.4	+13%

		2018	2019	Change	%
Installed capacity **	GW	14.8	14.6	-0.2	-1%
Mining	m tons	20.9	20.4	-0.5	-2%
Generation of electricity - segment traditional energy	TWh	61.1	62.4	+1.3	+2%
Generation of electricity - segments new energy and sales	TWh	2.0	2.2	+0.2	+11%
Electricity distribution to end customers	TWh	52.3	52.1	-0.2	-0%
Electricity sales to end customers	TWh	37.6	35.6	-2.0	-5%
Sales of natural gas to end customers	TWh	9.6	9.8	+0.2	+2%
Sales of heat	000´TJ	23.2	24.1	+0.9	+4%
Number of employees ** ***	000´s	31.4	32.4	+1.0	+3%

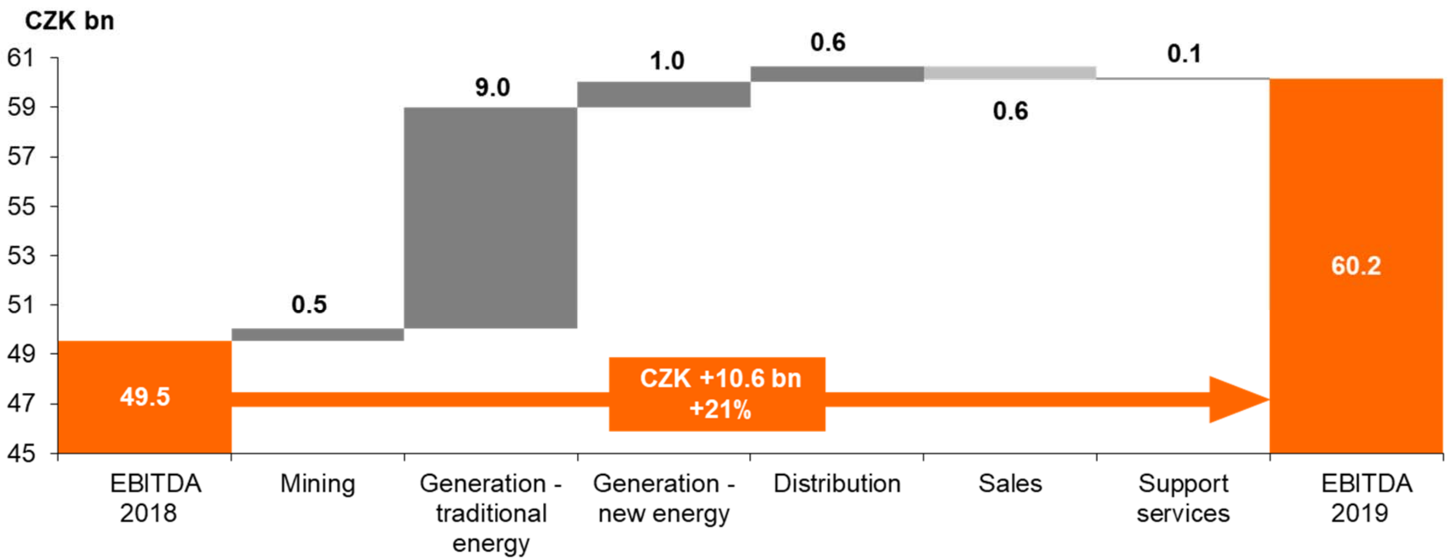
** Adjusted net income = Net income adjusted for extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill depreciation)

** On the last date of the period

*** Increased staff number is primarily connected with the new acquisitions of the ESCO companies

YEAR-ON-YEAR CHANGE IN EBITDA

BROKEN DOWN BY SEGMENT



Main causes of y-o-y change in EBITDA:

- Generation - traditional energy: impact of the higher realization prices of the generated electricity including impact of hedging transactions and commodity trading (CZK +10.9 bn), higher expenses on emission allowances for production (CZK -1.9 bn)
- Generation - new energy: lower creation of provisions for potential return of income from the Čekanice photovoltaic power plant (CZK +0.4 bn), generation in Romania (CZK +0.3 bn), especially due to the higher generation and sales price of electricity
- Distribution: higher gross margin from electricity distribution in Czechia and in Bulgaria
- Sale: effect of a court decision under which the payment of SŽDC’s debt to ČEZ Prodej from 2010 was returned in 2019 (CZK -1.3 bn), increased EBITDA abroad (CZK +0.9 bn), especially from contribution of the new ESCO acquisitions and higher gross margin from electricity sales

OTHER INCOME AND EXPENSES

(CZK bn)	2018	2019	Change	%
EBITDA	49.5	60.2	+10.6	+21%
Depreciation, amortization and impairments*	**-29.8**	**-33.7**	**-4.0**	**-13%**
Other income (expenses)	**-6.2**	**-8.0**	**-1.8**	**-28%**
Interest income (expenses)	-4.9	-5.1	-0.2	-4%
Interest on nuclear and other provisions	-1.8	-1.9	-0.1	-5%
Income (expenses) from investments and securities	0.1	0.4	+0.3	+199%
Other	0.3	-1.5	-1.7	-
Income taxes	-3.0	**-3.9**	**-0.9**	**-30%**
Net income	10.5	14.5	+4.0	+38%
Net income adjusted	**13.1**	**18.9**	**+5.8**	**+44%**

Depreciation, Amortization, and Impairments* (CZK -4.0 bn)

- Higher depreciations (CZK -0.9 bn), mainly due to the implementation of IFRS 16
- Higher impairments in relation to Polish assets (CZK -1.1 bn), Bulgarian assets (CZK -1.0 bn), Czech assets (CZK -0.6 bn) and Romanian assets (CZK -0.5 bn)

Other Income and Expenses (CZK -1.8 bn)

- Higher interest expenses (CZK -0.3 bn), higher interest revenue (CZK +0.1 bn)
- Refund of interest on part of gift tax on emission allowances by tax office in 2018 (CZK -0.7 bn)
- Other effects (CZK -0.9 bn), primarily revaluation of financial derivatives

Net Income Adjustments

- Net profit in 2019 adjusted for the negative effect of impairments to fixed assets including goodwill depreciation in Czechia (CZK +1.5 bn), in Bulgaria (CZK +1.4 bn), in Poland (CZK +1.2 bn) and in Romanian distribution (CZK +1.1 bn) and for the positive effect of dissolution of part of impairments to fixed assets represented by Romanian wind parks (CZK -0.9 bn)
- Net profit in 2018 adjusted for the negative effect of additions to ČEZ provisions and impairments corresponding to the value of potential partial performance under provided guarantees for Akcez group companies' loans due to continued weakening of the TRY/USD exchange rate in 2018, reflecting Turkey's macroeconomic and political developments (CZK +0.9 bn), and for the negative effect of fixed asset impairments and goodwill primarily in Czechia (CZK +1.0 bn), Bulgaria (CZK +0.6 bn), Poland (CZK +0.2 bn), and Romania (CZK -0.3 bn)

* Including profit/loss from sales of tangible and intangible fixed assets

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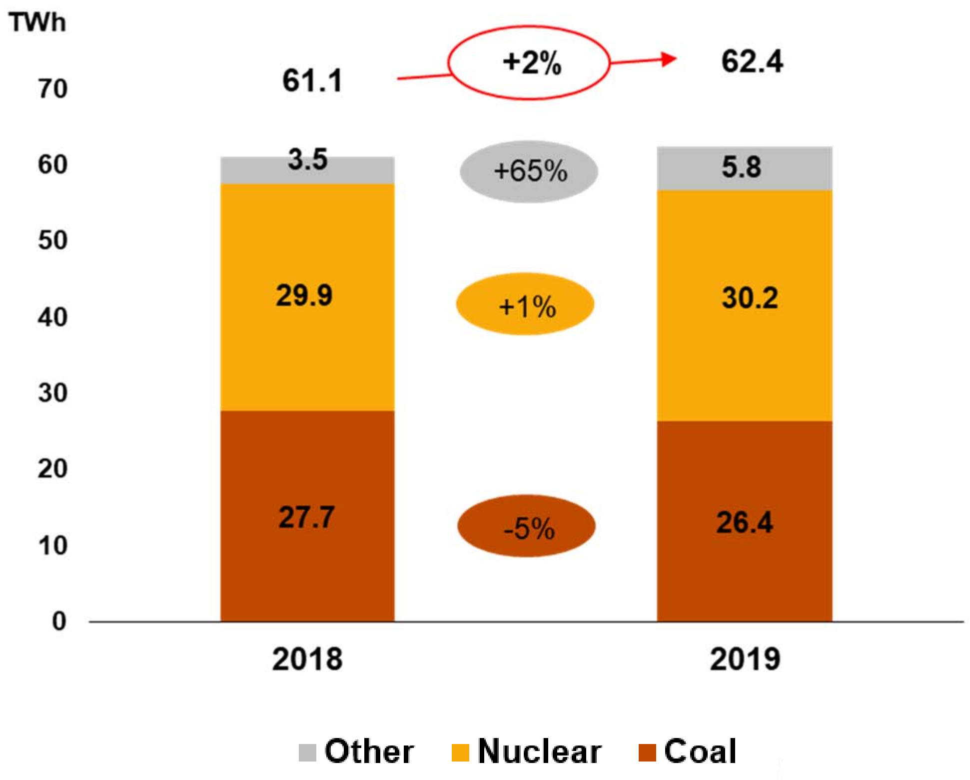
ELECTRICITY GENERATION BY TRADITIONAL SOURCES REACHED 62.4 TWH, OF WHICH OVER 30 TWH WERE GENERATED BY NUCLEAR PLANTS



Nuclear Power Plants (+1%)
+ Efficient operation and optimization of unit outages at both power plants

Coal-Fired Power Plants (-5%)

Czechia (-4%)
– Lower generation by Dětmarovice, Počerady, and Ledvice 3 power plants
+ Shorter outages at Prunéřov 2 and Mělník 3 power plants

Poland (-13%)
– Lower generation due to gross margin optimization (Skawina)

Other (+65%)
+ Primarily higher generation by Počerady CCGT plant due to favorable market prices of electricity and gas and service contract renegotiation

 Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

GENERATION - TRADITIONAL ENERGY
SELECTED EVENTS IN 2019

Existing Nuclear Facilities

Action Plan of Dukovany LTO

- All 112 conditions of long-term operation of the Dukovany NPP are met in compliance with the requirements and deadlines defined by the State Office for Nuclear Safety (SÚJB).

Fulfillment of Requirements of the New Atomic Act (NAA)

- Both NPPs meet NAA requirements in compliance with the approved schedule. In 2019 the technical system of physical protection was modernized with an emphasis on securing the crucial areas of the nuclear facility (CA)
- The process of verification of security-related eligibility for entry to CA was completed. As of Dec 2, 2019 ČEZ recorded confirmations of security-related eligibility for entry to CA for 1,809 in-house employees and 1,038 employees of suppliers.

WANO Mission

- In Q3 a WANO mission took place at Temelín NPP. The mission headed by the Paris center confirmed high-standard power plant operation. Areas for improvement were identified in connection with standard operative risk management and leadership.
- In Q4 a corporate follow-up WANO expert mission was organized by the London center. The purpose of the mission was to verify implementation of the recommendations of the corporate mission of 2017. The experts stated that ČEZ proceeded in compliance with the previous recommendations and achieved the world´s best practice in the monitored areas (leadership and headquarters supervision over increase of the security and efficiency levels).

 NPP—Nuclear Power Plant; EIA—Environmental impact assessment; MoE—Ministry of the Environment

GENERATION FROM TRADITIONAL SOURCES AND MINING SELECTED EVENTS 2019

Mining

- Saleable mining output was 20 million tons of coal.
- Following the Czech government's decision modifying environmental limits for mining at Bílina Mine, the process of obtaining an EIA continued. On Jul 30, 2019 the Ministry of the Environment issued a binding affirmative standpoint to the intention of Continued Mining Activity - Stage I - Bílina Mines 2019 – 2035.

Conventional Generating Facilities

- In 2019 coal power plants in Czechia (without biomass generation inclusion) generated 23.4 TWh of electricity, 1.0 TWh less year-on-year, mainly due to the output decrease at Dětmarovice and Počerady.
- Generation from biomass reached 0.6 TWh. Large hydro power plant generation reached 2.0 TWh.
- Počerady CCGT generated 3.7 TWh of electricity, which is an increase by 1.9 TWh thanks to advantageous electricity and natural gas market spot prices in 2019.

Heat Sector

- In 2019 in Czechia consumers were supplied a total of 17.1 thousand TJ of heat, 421 TJ more year-on-year, of which ČEZ Teplárenská supplied 243 TJ more year-on-year, mainly thanks to acquisitions of new heat locations (Nejdek, ITX Media, rent of part of ACTHERM) and Energotrans 160 TJ more. The volume of supplies was primarily affected by the colder period in the first months of 2019.

INTERNAL EFFICIENCY MEASURES BROUGHT PERMANENT SAVINGS OF CZK 0.6 TO 0.7 BILLION PER YEAR

Project Summary: Redesign of organization of central and supporting activities

Project objectives:

- **All central and supporting departments leaner by 15 – 20%**
- **Simplification and improvement of processes**

Current project status – savings of FTE and fixed costs:

- **Realized FTE savings resulting from measures taken in 2019: saving of 343 positions (CZK 360 - 380 million/year)**
- **Realized cost saving in addition to personnel cost saving: permanent cost saving of CZK 70 - 90 million/year**
- **Indication further FTE savings in 2020-2021: saving of 130 - 180 positions (CZK 140 - 220 million/year)**

The project involves in total 3.7 thousands positions in the following companies:

- All divisions of ČEZ, a. s.
- ČEZ Korporátní služby, ČEZ ICT Services
- Central activities of ČEZ Distribuce, ČEZ Prodej, Severočeské doly, ČEZ ESCO
- Central and management companies in Romania and Poland
- ČEZ Obnovitelné zdroje and foreign RES

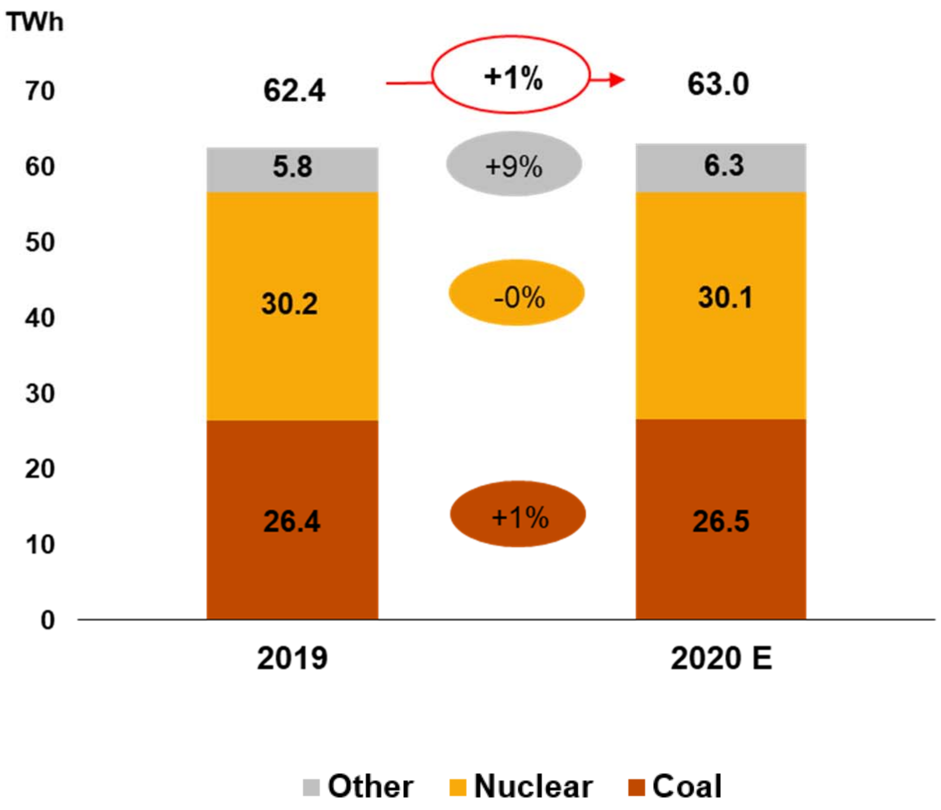
Positions saved per area:

Business portfolio management and strategy	-47%
Foreign RES activities	-31%
Audit & Compliance and legal support	-19%
Supporting activities (ČKS transformation and purchasing)	-17%
Marketing and communications	-15%
Finance and financial management	-12%
Human resources	-9%
Management of traditional and nuclear energy	-6%
Other activities	-10%

Total current expected benefit CZK +0.6 to +0.7 bn/year.

 FTE—full-time equivalent

IN 2020 GENERATION FROM TRADITIONAL SOURCES IS EXPECTED AT 63 TWH



Coal-Fired Power Plants (+1%)

Czechia (+0%)

+ shorter outages of the new Ledvice 4, Prunéřov 2, and Ledvice 3 power plants

– A shut-down of Prunéřov 1 power plant from Jul 1, 2020

Poland (+3%)

+ shorter outages, especially at Skawina power plant

Other (+9%)

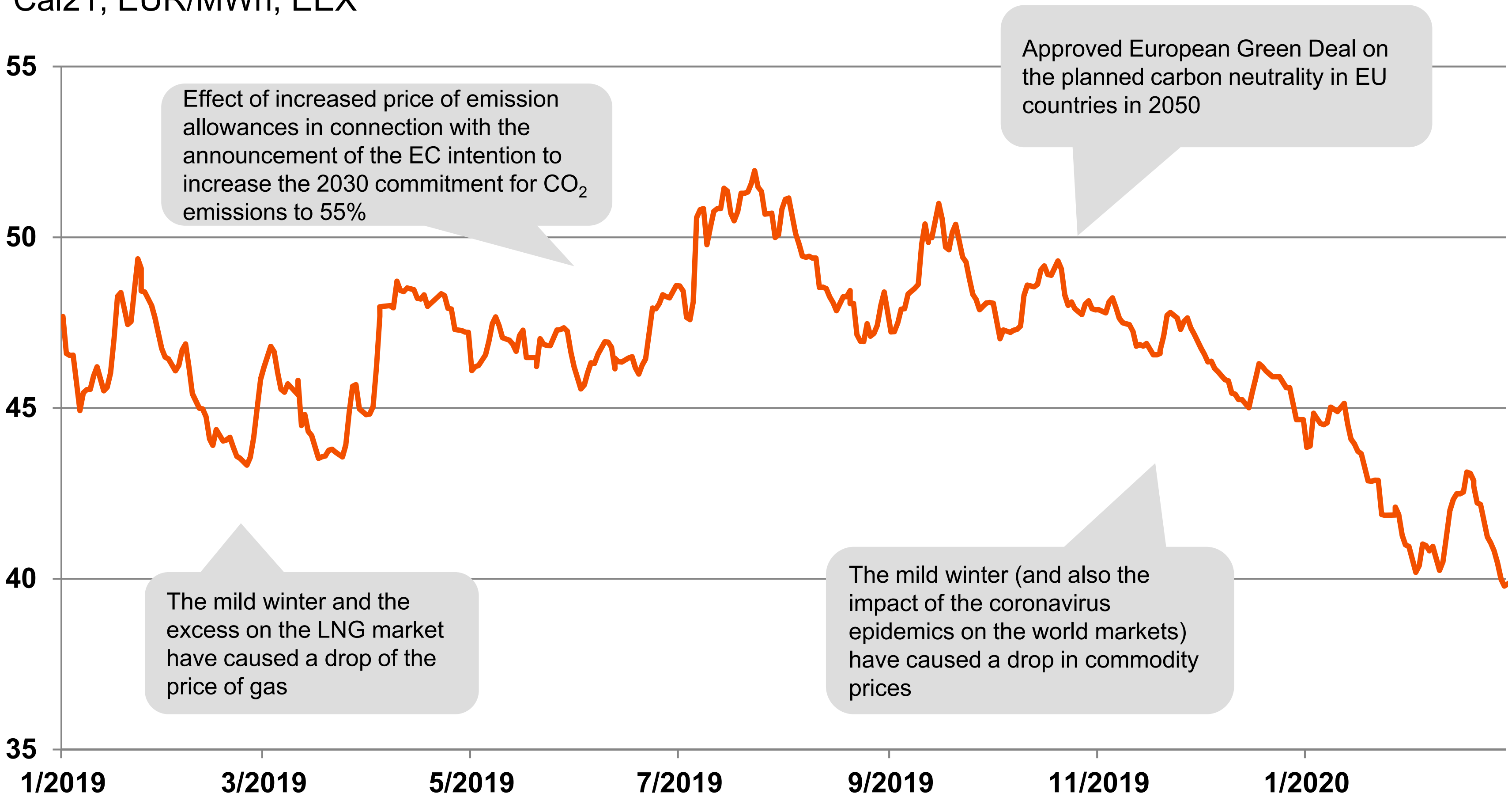
+ increased pumping cycle efficiency at Dalešice hydro power plant

– effect of hydro meteorological conditions on power generation by the hydro power plants on the Vltava River

Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

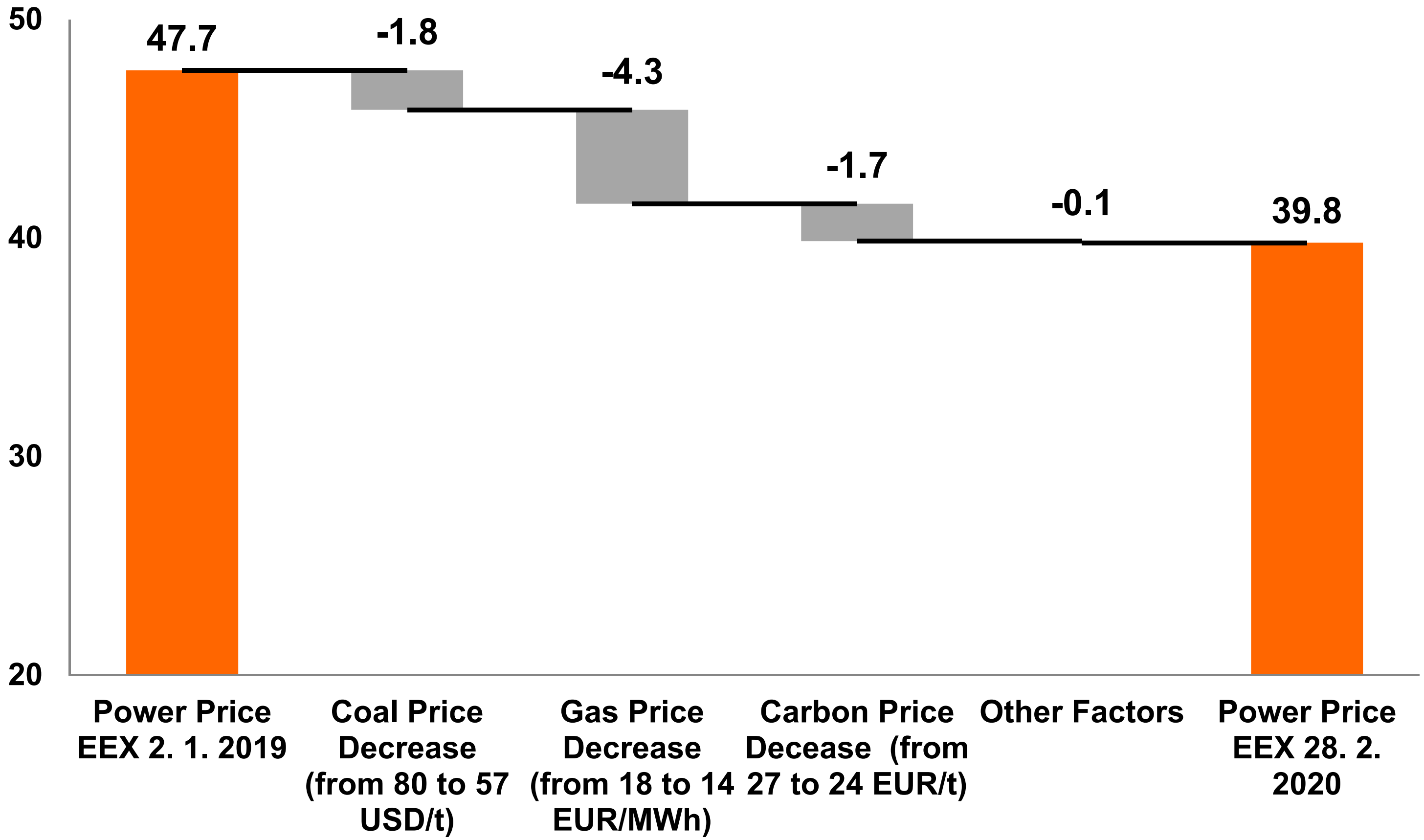
ELECTRICITY PRICE HAS DECREASED BY NEARLY 20% AFTER A PERIOD OF RELATIVE STABILITY IN 2019

Development of Electricity Price in Germany (Jan 2, 2019 - Feb 28, 2020)
Cal21, EUR/MWh, EEX



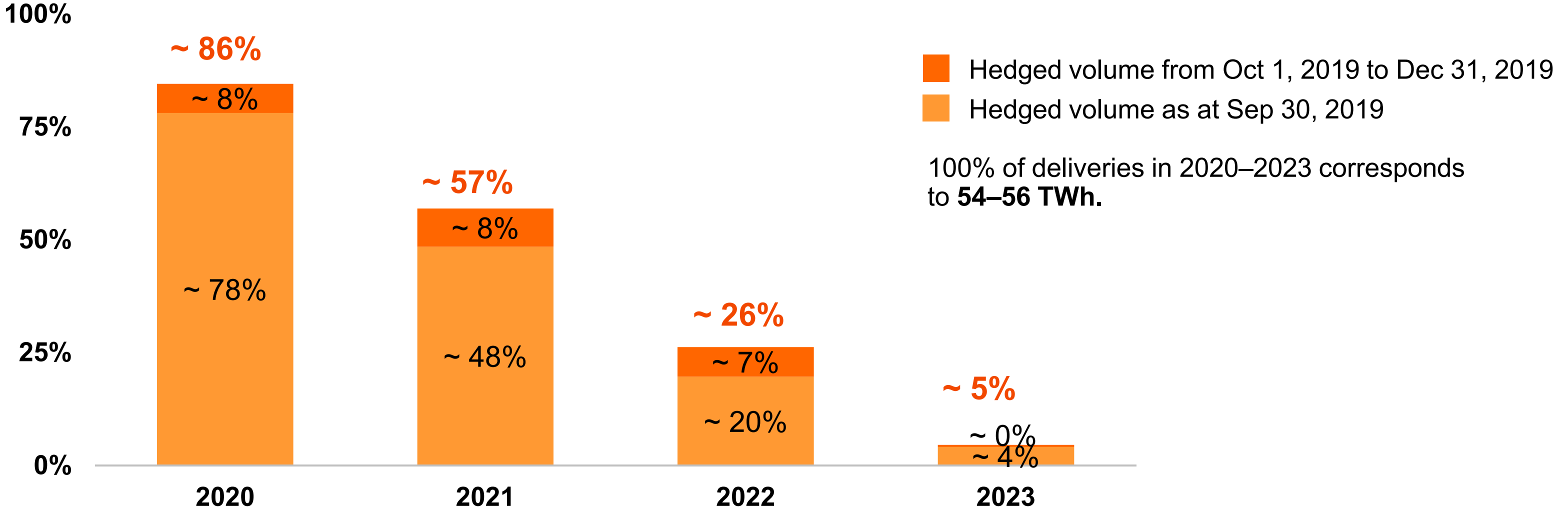
ELECTRICITY PRICES HAVE DROPPED MAINLY DUE TO THE DECREASED COMMODITY PRICES IN Q1 2020

Breakdown of changes in electricity prices (Jan 2, 2019 - Feb 28, 2020)
Cal21, EUR/MWh, EEX



ČEZ CONTINUES TO HEDGE REVENUES FROM GENERATION AND IN 2020 EXPECTS REALIZATION ELECTRICITY PRICE OF EUR 45/MWH

Share of Hedged Production of ČEZ* Facilities in Czechia as at Dec 31, 2019



100% of deliveries in 2020–2023 corresponds to **54–56 TWh.**

Hedged Electricity and Emission Allowance Prices for Generation in Czechia as at Dec 31, 2019

	2020	2021	2022	2023
Electricity selling price (EUR/MWh)	EUR 43.6	EUR 45.7	EUR 47.7	EUR 43.4
EUA purchase price (EUR/t)	EUR 14.5	EUR 19.0	EUR 21.0	EUR 17.4

The average purchase price of EUA in 2020 (14.5 EUR/t) includes allowances allocated under derogations (with zero value). The mean price of the purchased allowances for 2020 (as of Dec 31, 2019) amounted to EUR 14.8/t.

Predicted realization price of generated electricity in Czechia in 2020 (estimate as at Mar 17, 2020):

- Expected average realization price of generated electricity is approx. **EUR 45 / MWh**.
- This is the result of hedges from past years, deals made in 2020, and the current market valuation of remaining, still unsold, estimated generation in 2020.

* ČEZ, a. s., including the Energotrans, Počerady, and Dětmarovice power plants

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RECORD PROFIT FROM COMMODITY TRADING OF 2018 HAS BEEN OVERCOME BY 63%

- In 2019 our trading activities included more than **243 thousand** transactions trading:
  - **740 TWh** of electricity,
  - **1 114 TWh** of natural gas.
- **Business income of trading** in 2019 was **CZK 4.9 bn, i.e., 63% more** year-on-year.
  - The economic effect of trading activities is generated primarily at ČEZ, a. s., (i.e., reported as the financial performance of the Generation—Traditional Energy segment).
  - Part of the achieved 2019 financial performance (corresponding to the difference between internal demand for transaction and contracted external trade) is reflected in the financial results in the years of delivery, i.e. in future years. In particular, this concerns ongoing hedging of future electricity generation, emission allowance purchases for generation, or electricity and gas purchases for end-use customers.
- The activity is controlled centrally from Czechia by the Trading department of ČEZ.
- Risk frameworks and limits are defined for all trading activities and their observance is continuously monitored by the Risk Committee of CEZ Group.

ČEZ PRODEJ – A SUCCESSFUL YEAR IN THE AREA OF COMMODITIES AS WELL AS NON-COMMODITY PRODUCTS AND SERVICES

- The commodity portfolio of the ČEZ Prodej customers is growing: **the number of connection points has increased by 7,800** (total balance for both electricity and gas commodities) despite the growth of wholesale electricity prices.
- **Customer satisfaction grew (agregate CX index) at a record rate significantly increased** in 2019: CX index increased to 86.1% (from 78.5%), which moved ČEZ Prodej up to the leading ranks not only on the energy market but on the Czech market as a whole.
- **The number of customer requests** settled in 2019 through the ČEZ ON-LINE application increased by 180 thousand (to **660 thousand** requests).
- In the past year robots processed **1.8 million end2end transactions**.
- The year 2020 will witness a digital transformation of ČEZ Prodej including redesign of all customer-related processes with the aim of helping customers to more quickly and more easily settle their requests both on- and off-line.
- Selected numbers from the area of non-commodity products and services:
  - **537** installed roof photovoltaic power plants,
  - **458** battery systems,
  - **358** heat pumps,
  - **more than 125,000** customers now have a virtual operator Mobil from CEZ. ČEZ Prodej is one of the largest virtual operators in the Czech Republic.

NEW ACQUISITION OF ESCO AND YEAR-ON-YEAR REVENUE GROWTH, ESCO REVENUES GREW BY 37% TO CLOSE TO CZK 22 BN

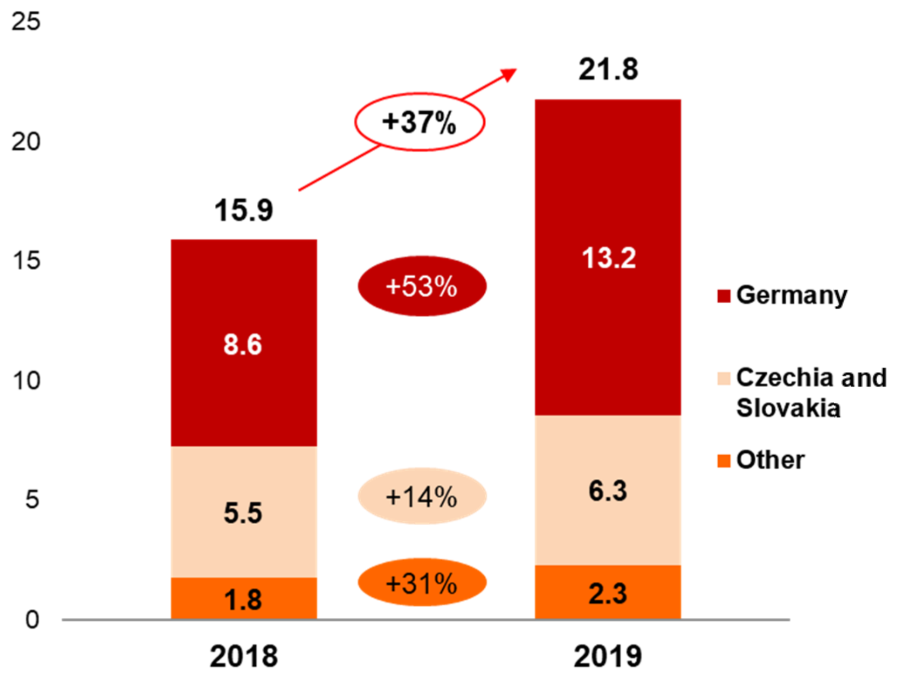
Czechia and Slovakia

- **The ESCO Group acquired a** 51% share in the Slovak company **e-Dome**, and a 100% share in the Czech company **HA.EM OSTRAVA**.
- ESCO CR and SR now includes **16** subsidiaries with **1,900 employees**.
- In the **5 years** of activity the group supplied **21 thousand** orders.
- ČEZ ESCO operates **132** co-generation units in **78** localities.

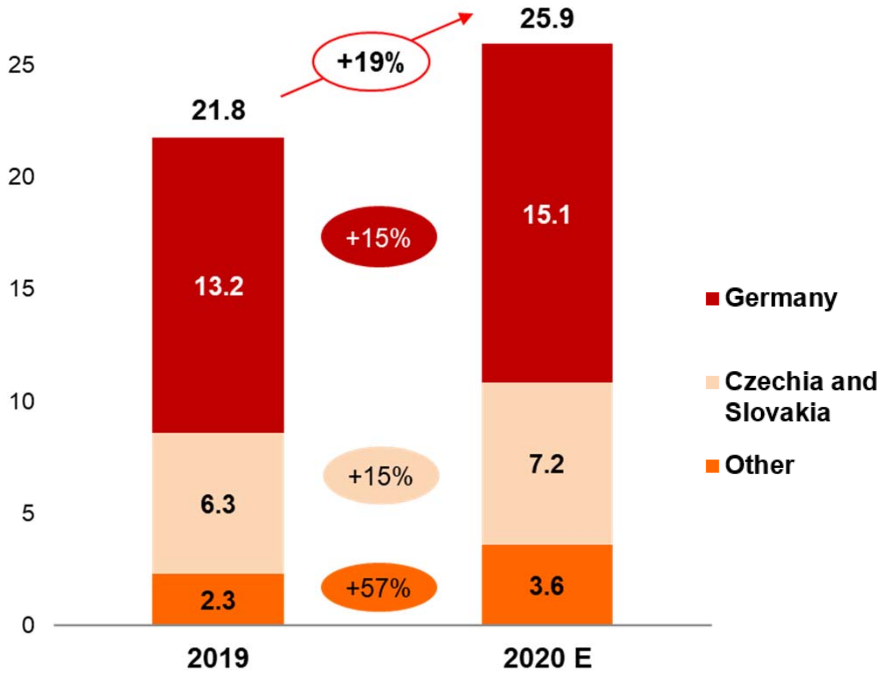
Abroad

- In Germany:
  - Elevion Group **acquired** a 100% share in **Hermos Group** and a 100% share in **En.plus, H & R Elektromontagen, FEA Automation, Detlef Walther, Kälteanlagenbau Schröder, GBM Gesellschaft für Büromanagement** and **Elektro-Technik-Pfisterer**,
  - Kofler Energies Group **acquired** a 100% share in **GWE**
- Kofler Energies Group **acquired** in Italy a 100% share in **SYNECO Group** and a 70% share in **BUDRIO**.
- In Poland a 76% share was acquired in the Polish company **Euroklimat**.
- **In Germany** ESCO provides services through its **3,000 employees**.
- In **Poland** and **Romania** CEZ Group employs **600 people**.

Increase of ESCO Revenues



OUR AMBITION FOR 2020 IS INCREASE OF ESCO REVENUES TO CLOSE TO CZK 26 BN

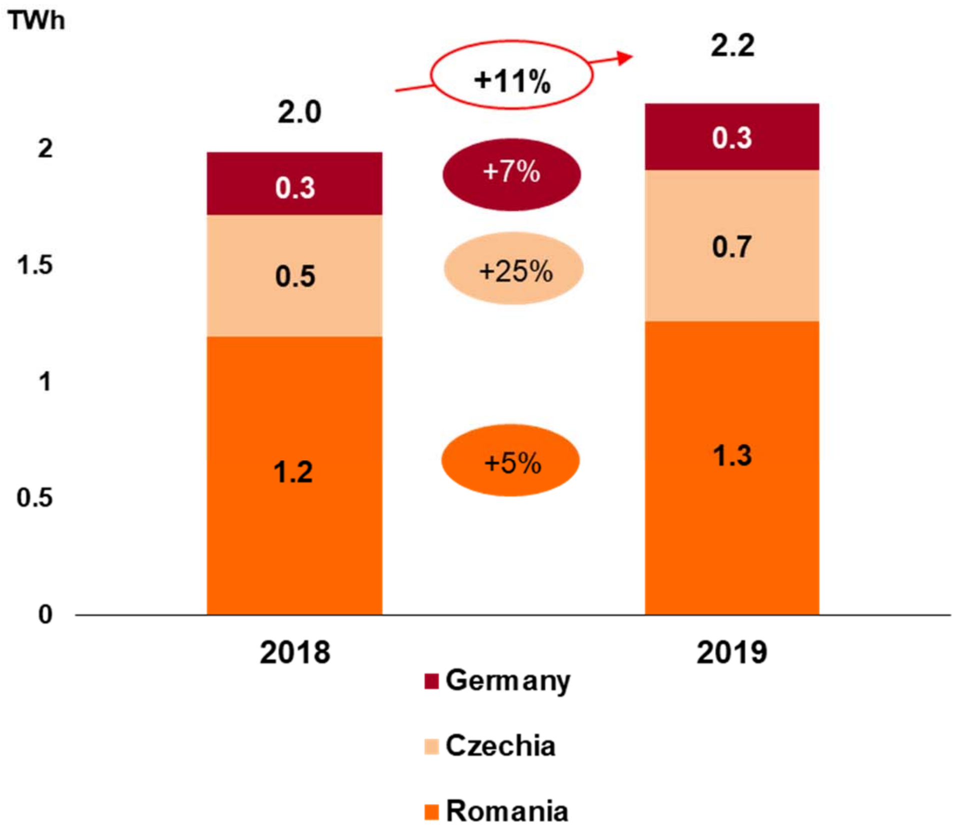


Germany (+15%)
+ Organic growth and new acquisitions in 2019

Czechia & Slovakia (+15%)
+ Organic growth and new acquisitions by ČEZ ESCO in 2019

Other Countries (+57%)
+ Organic growth in Poland and Romania, new acquisitions in 2019

ELECTRICITY GENERATION IN THE SEGMENTS OF NEW ENERGY AND SALES AMOUNTED TO 2.2 TWH



Germany (+7%)
+ Better weather conditions

Czechia (+25%)
+ Primarily the effect of inclusion of ČEZ Energo (fully consolidated since mid-2018)
+ Better hydro meteorological conditions

Romania (+5%)
+ Better weather conditions

NEW ENERGY SECTOR
SELECTED EVENTS 2019

Renewable Generation

- The Polish project of construction of a wind PP farm at Krasin (35.2 MW) obtained a contract for support of electricity generation for 15 years in the form of the “Contract for Difference” in an auction for RES held on Dec 5, 2019.
- Decrease of equity by the Romanian companies Tomis Team S.A. and Ovidiu Development S.R.L. on Dec 13, 2019 resulted in the capital return to the shareholders of the companies. ČEZ, a. s. received a cash amount of CZK 2.5 bn.

Energy Storage – Large-Capacity Battery at Tušimice Launched

- Dec 13, 2019 - a large-scale battery system for energy storage and testing of various modes of ancillary service provision for the Czech grid (including but not limited to primary regulation of frequency) was launched
- Installed capacity 4 MW, storage capacity 2.8 MWh, life expectancy minimum ten years
- Connection en bloc with the existing 200 MW turbo generator of Tušimice II PP certified for provision of frequency regulation is an advantage
- The implementation was based on a joint research project of ČEZ and ČEPS

Investment fund Inven Capital

- **Sale of its stake** in sonnen, a battery system manufacturer; this was the first sold investment of the fund; the selling price was about two times the purchase price.
- **New/increased investments**
  - CYBERX: An Israeli company providing comprehensive solutions for industrial cybersecurity.
  - Neuron soundware: A Czech technological company, which developed a complex solution of sound analysis enabling predictions of machine failures
  - ZOLAR: A German company, whose online configurator enables to purchase photovoltaic panels with battery according to customers specifications via Internet; it also installs this equipment through external companies, which are consolidated to its digital platform
  - vulog: Convertible loan provided to existing VULOG company (loan can be converted to higher investment in the company)

DISTRIBUTION SEGMENT
SELECTED EVENTS 2019

Distribution

Czechia

- In August 2019 the Energy Regulatory Office published its Price Regulation Principles for Regulation Period V applicable to the years 2021 – 2025; In Q4 2019 a public consultation process took place enabling to submit comments. The Energy Regulatory Office assumes specification of the final parameters in the first half of 2020.
- The total investment in the distribution network amounted to CZK 10.9 bn and its aim was effective maintenance and safe operation of the distribution network.
- Another 400 km of optical cables were laid; this infrastructure is an important prerequisite for future progress of decentralized energy and distribution network digitalization.
- We improve communication tools for our customers:
    - In January 2019 we launched a new portal www.bezstavy.cz for easier and quicker communication with consumers for the purpose of failure and outage reporting. In the course of the first year of its existence the portal was visited by 152 thousand users.
    - The crisis information portal for towns and cities currently registers 90% of all towns and cities within the distribution area of ČEZ Distribuce. In 2019 the mayors and crisis staff members received 53,529 informative SMS messages in the course of various calamities.
- In 2019 the distribution network was affected by 6 calamity incidents (Benjamin, Florenz, Pirmin, Bennet, Eberhard, Mortimer), as a consequence of which nearly 440 thousand connection points in total reported a power cut. The mean length of the power cuts was 8.5 hours and the costs of damage remedy exceeded CZK 65 million.

Abroad

- In 2019 a further significant decrease of the loss in the distribution networks of Romania and Bulgaria was achieved.
    - In Romania 8.2 % in 2019 in comparison to 8.6 % in 2018
    - In Bulgaria 8.0 % in 2019 in comparison to 9.1 % in 2018
- Decrease of equity by the Romanian company Distributie Energie Oltenia S.A. on Dec 18, 2019 resulted in capital return to the company shareholders. ČEZ, a. s. received a cash amount of CZK 352 million.

DIVESTMENT OF ROMANIAN ASSETS COMMENCED, IMPLEMENTATION OF THE CONTRACT FOR SALE OF BULGARIAN ASSETS NOT YET PERMITTED BY THE BULGARIAN AUTHORITIES

ROMANIAN DIVESTMENT PROCESS

- On Sep 9, 2019 CEZ Group officially commenced the process of sale of Romanian assets held by the Group.
- The subject of the sale includes but is not limited to the distribution and sales company and the Fantanele and Cogealac wind PP parks.
- The first stage of the sales process was completed by acceptance of 19 non-binding offers. Submission and evaluation of selected binding offers is expected in Q2 2020.
- SPA contract award to the winning bidder and settlement of the transaction are expected in H2 2020.

BULGARIA

- The sales agreement with Inercom signed on Feb 23, 2018 was terminated on Apr 15, 2019, because the Bulgarian state's actions frustrated the fulfillment of conditions precedent and thus the performance of the agreement.
- After the negative attitude of the Bulgarian Anti-Monopoly Office (KZK), ČEZ continued with the tender and received two new, binding offers from Eurohold and India Power and assessed Eurohold's offer as the better of the two. On Jun 20, 2019 the SPA contract was executed with Eurohold for purchase of the Bulgarian assets worth EUR 335 million (corresponding to CZK 8.6 bn) and for takeover of intra-Group loans in their nominal values. The transaction was subject to approval by the Bulgarian Anti-Monopoly Office and subsequent approval by the Bulgarian Energy Regulation Office.
- On Aug 2, 2019 Eurohold filed an application for the transaction approval with the Bulgarian Anti-Monopoly Authority. The authority started proceedings on Oct 3, 2019, more than two months after the filing. Although Eurohold does not own any energy assets, the Bulgarian competition authority ordered an in-depth review of the transaction on Oct 10, 2019, extending the deadline for issuing its decision until mid-March 2020. However, the authority did not make use of the extension, dismissing Eurohold's application for transaction approval already on Oct 24, 2019.
- Following an analysis of the KZK's decision justification CEZ Group and Eurohold decided, for the reason of clear lawlessness of the decision, to file an administrative petition with the Administrative Court in Sophia (CE Group on Nov 7, 2019 and Eurohold on Nov 11, 2019). The first hearing took place on Mar 9, 2020. It was adjourned and will continue on April 6, 2020.

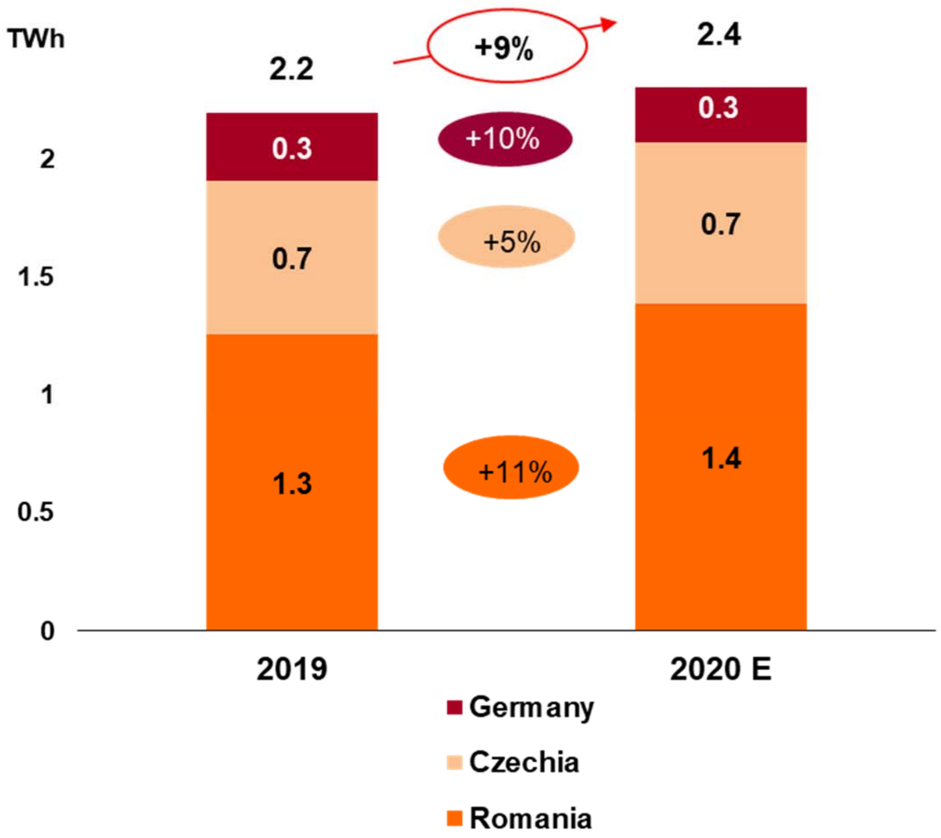
POLAND

- In 2019 sales of the Polish wind PP projects were commenced. Commencement of the sales process related to the Polish coal assets (Elcho and Skawina PP) and other Polish companies (with the exception of the ESCO company) is preliminarily scheduled for the second half of 2020.

TURKEY

- We continuously monitor interest of prevailingly local investors in our share in the company AKCEZ. No negotiation with an interested party has proceeded to the binding stage yet.

IN 2020 WE EXPECT AN INCREASE OF ELECTRICITY GENERATION BY 9% IN THE SEGMENTS OF NEW ENERGY AND SALES



Germany (+10%)
+ Worse-than-average weather conditions in 2019

Czechia (+5%)
+ especially increase of generation by the new co-generation units of ČEZ Energo

Romania (+11%)
+ Worse-than-average weather conditions in 2019

ANNEXES

- EBITDA by segment – all-year comparison
- EBITDA—Q4 Year-on-Year Comparison
- Net Income—Q4 Year-on-Year Comparison
- EBITDA—Main Reasons for Estimated Year-on-Year Change
- Cash Flows
- Credit Facilities and Bonds
- Currency Risk Hedging
- Capital Expenditures
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- Main Strategic Goals, Strategy for Coal Portfolio in Czechia, Austerity Measures
- Asset and Liability Overview
- Electricity Consumption
- Market Developments
- Electricity Procured and Sold
- Definitions of Alternative Indicators according to ESMA

SEGMENT: GENERATION—TRADITIONAL ENERGY

EBITDA (CZK bn)	2018	2019	Change	%
Czechia	15.7	24.8	+9.1	+58%
Poland	1.0	0.8	-0.2	-18%
Other states	-0.0	0.0	+0.1	-
Generation - traditional energy	**16.7**	**25.6**	**+9.0**	**+54%**

Czechia (CZK +9.1 bn)

- Higher realization prices of generated electricity, incl. the effect of hedges and commodity trading (CZK +10.9 bn)
- Higher generation at nuclear power plants (CZK +0.3 bn), operation of other generating facilities (CZK +0.7 bn)
- Higher expenses on emission allowances for generation (CZK -1.9 bn) due to increased market prices and lower allocation of free allowances
- Higher revenue from heat sales (CZK +0.4 bn)
- Higher revenue from ancillary services (CZK +0.3 bn)
- Higher facility maintenance costs (CZK -0.8 bn) primarily due to expenses on compliance with emission limits after 2020
- Increased nuclear provisions (CZK -1.0 bn) due to discount rate decrease

Poland (CZK -0.2 bn)

- Higher expenses on allowances due to lower volume of freely allocated allowances and increasing prices of purchased allowances
- Increased price of biomass (Chorzów power plant)

Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

MINING SEGMENT,
SUPPORT SERVICES SEGMENT

EBITDA (CZK bn)	2018	2019	Change	%
Czechia	4.5	5.0	+0.5	+11%
Mining	**4.5**	**5.0**	**+0.5**	**+11%**

Czechia (CZK +0.5 bn)

- Severočeské doly (CZK +0.4 bn) - higher revenues from coal sales due to increasing price exceeding the effect of volume decrease

EBITDA (CZK bn)	2018	2019	Change	%
Czechia	1.3	1.4	+0.1	+12%
Other states	0.0	-0.1	-0.1	-
Support services	**1.3**	**1.3**	**+0.1**	**+6%**

Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

SEGMENT: SALES

EBITDA (CZK bn)	2018	2019	Change	%
Czechia	3.8	2.4	-1.4	-37%
Germany	0.5	0.7	+0.2	+48%
Poland	-0.0	0.2	+0.2	-
Bulgaria	0.2	0.4	+0.2	+84%
Other states	-0.1	0.2	+0.3	-
Sales	**4.3**	**3.7**	**-0.6**	**-13%**

Czechia (CZK -1.4 bn)

- Effect of a court decision under which in 2019 the payment of SŽDC's debt to ČEZ Prodej from 2010 was returned incl. interest and costs (CZK -1.3 bn)
- Lower margin on commodity sales, primarily due to higher expenses on electricity purchases (CZK -0.5 bn)
- Lower receivable write-offs (CZK +0.1 bn) and other effects (CZK +0.1 bn) including but not limited to lower fixed operating cost
- Non-commodity ESCO activities (CZK +0.2 bn)

Germany (CZK +0.2 bn)

- Acquisition of En.Plus and Hermos

Poland (CZK +0.2 bn)

- Acquisition of Euroklimat
- Effect of merger of ČEZ Trade Polska and ČEZ Polska

Bulgaria (CZK +0.2 bn)

- Higher gross margin, primarily in connection with lower expenses on commodity procurement

Other Countries (CZK +0.3 bn)

- of which Slovakia (CZK +0.3 bn): inter alia, higher gross margin on electricity sales and effect of new ESCO acquisitions

Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

SEGMENT: DISTRIBUTION

EBITDA (CZK bn)	2018	2019	Change	%
Czechia	17.2	17.5	+0.4	+2%
Romania	1.7	1.5	-0.1	-7%
Bulgaria	1.1	1.5	+0.4	+35%
Distribution	**19.9**	**20.6**	**+0.6**	**+3%**

Czechia (CZK +0.4 bn)

- Higher gross margin on the electricity distribution (CZK +0.7 bn) due to the higher allowed revenue
- Higher fixed operating expenses, primarily personnel expenses and facility maintenance (CZK -0.6 bn)
- Lower additions to allowances on receivables (CZK +0.2 bn)
- Higher revenue from activities to ensure input power and connection (CZK +0.1 bn)

Romania (CZK -0.1 bn)

- Increased charge on revenue from licensed activities (CZK -0.1 bn)

Bulgaria (CZK +0.4 bn)

- Higher gross margin on electricity distribution (CZK +0.3 bn) due to higher electricity distribution prices and lower cost of grid loss coverage
- Higher additions to provisions for litigation in 2018 (CZK +0.2 bn)
- Lower revenue from activities to ensure input power and connection (CZK -0.1 bn)

Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

SEGMENT: GENERATION—NEW ENERGY

EBITDA (CZK bn)	2018	2019	Change	%
Czechia	1.3	1.9	+0.6	+43%
Romania	1.4	1.6	+0.3	+19%
Germany	0.4	0.5	+0.1	+29%
Other states	-0.2	-0.1	+0.1	+47%
Generation - new energy	**2.9**	**3.9**	**+1.0**	**+36%**

Czechia (CZK +0.6 bn)

- Lower provision creation (CZK +0.4 bn), especially the effect of provision creation for potential return of revenues from the Čekanice PVPP in 2018 in the amount of CZK 0.5 bn
- Higher revenues from small hydro power plants for the reason of higher output and higher price (CZK +0.1 bn)

Romania (CZK +0.3 bn)

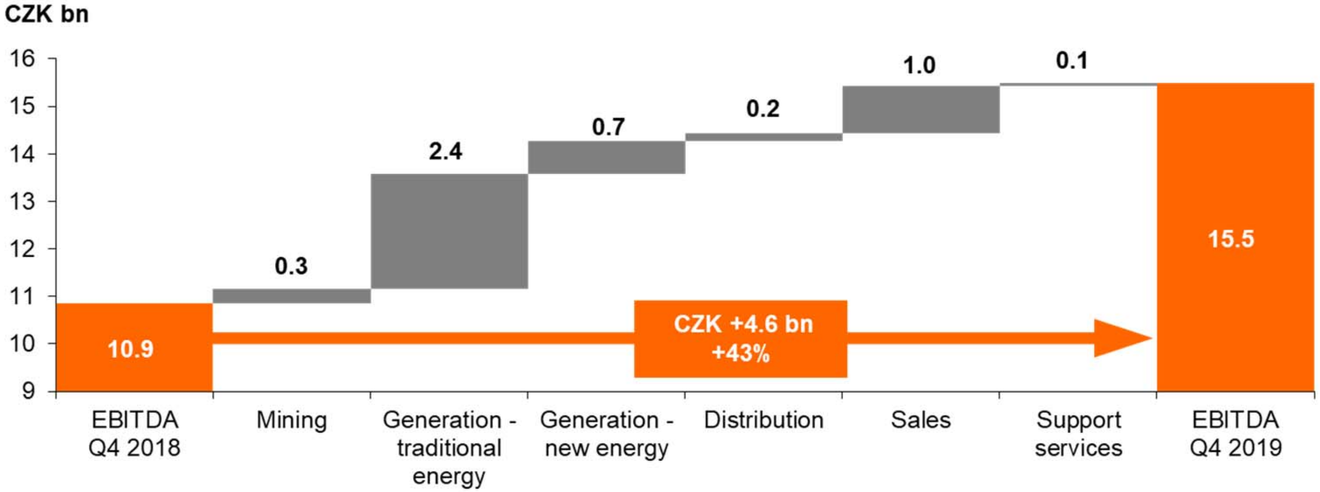
- Higher generation volume, higher certificate grant and higher sales prices of the generated electricity (CZK +0.2 bn)
- Higher revenue from certificate sales (CZK +0.1 bn)

Germany (CZK +0.1 bn)

- Primarily higher amount of generated electricity and lower fixed operation costs

Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

EBITDA – Q4 YEAR-ON-YEAR COMPARISON



CEZ Group EBITDA (CZK +4.6 bn):

- **Mining (CZK +0.3 bn):** Severočeské doly (CZK +0.2 bn): higher revenues dues to increasing coal price partially eliminated by the effect of volume decrease
- **Generation – traditional energy (CZK +2.4 bn):** higher realization prices of generated electricity in Czechia, including the effects of hedges and commodity trading (CZK +3.5 bn); higher costs of emission allowances for generation in Czechia (CZK -0.7 bn); higher generation at nuclear power plants (CZK +0.4 bn); operation of other generating facilities (CZK +0.2 bn); higher heat sales revenues (CZK +0.1 bn); higher revenues from ancillary services (CZK +0.1 bn); higher nuclear provisions due to decreased discount rate (CZK -1.0 bn) and other effects (CZK -0.3 bn), including higher costs of facility care
- **Distribution (CZK +0.2 bn):** Czechia (CZK +0.1 bn): higher gross margin from electricity distribution (CZK +0.2 bn), lower provisions and impairments (CZK +0.1 bn), higher fixed operating costs (CZK -0.3 bn); Bulgaria (CZK +0.1 bn): higher gross margin from electricity distribution (CZK +0.2 bn), lower revenue from provision of power input and connections (CZK -0.1 bn)
- **Generation—New Energy (CZK +0.7 bn):** Czechia (CZK +0.6 bn): higher additions to provisions for litigation in 2018 (CZK +0.5 bn)
- **Sales (CZK +1.0 bn):** Czechia (CZK +0.4 bn): lower impairments, especially to receivables and lower fixed operating costs (CZK +0.3 bn), higher gross margin from commodities (CZK +0.1 bn); ESCO abroad (CZK +0.4 bn): effect of new acquisitions in Slovakia, Poland and Germany; Romania (CZK +0.2 bn): mainly the effect of increasing sales prices of electricity

 Due to precise mathematical rounding, the sum of listed partial values can sometimes differ from the total value.

NET INCOME– YEAR-ON-YEAR Q4 COMPARISON

(CZK bn)	Q4 2018	Q4 2019	Change	%
EBITDA	10.9	15.5	+4.6	+43%
Depreciation, amortization and impairments*	-7.8	-11.2	-3.3	-43%
Other income (expenses)	-1.1	-2.7	-1.6	-145%
Income taxes	-0.6	-0.8	-0.2	-36%
Net income	1.4	0.9	-0.5	-35%
Net income adjusted	**1.7**	**4.1**	**+2.5**	**+149%**

Depreciation, Amortization, and Impairments* (CZK -3.3 bn)

- Higher depreciations (CZK -0.6 bn), mainly due to the implementation of IFRS 16 and recently acquired companies
- Higher asset impairments (CZK -2.8 bn): of which Poland (CZK -1.1 bn), Czechia (CZK -0.9 bn), Bulgaria (CZK -0.4 bn) and Romania (CZK -0.3 bn)

Other Income and Expenses (CZK -1.6 bn)

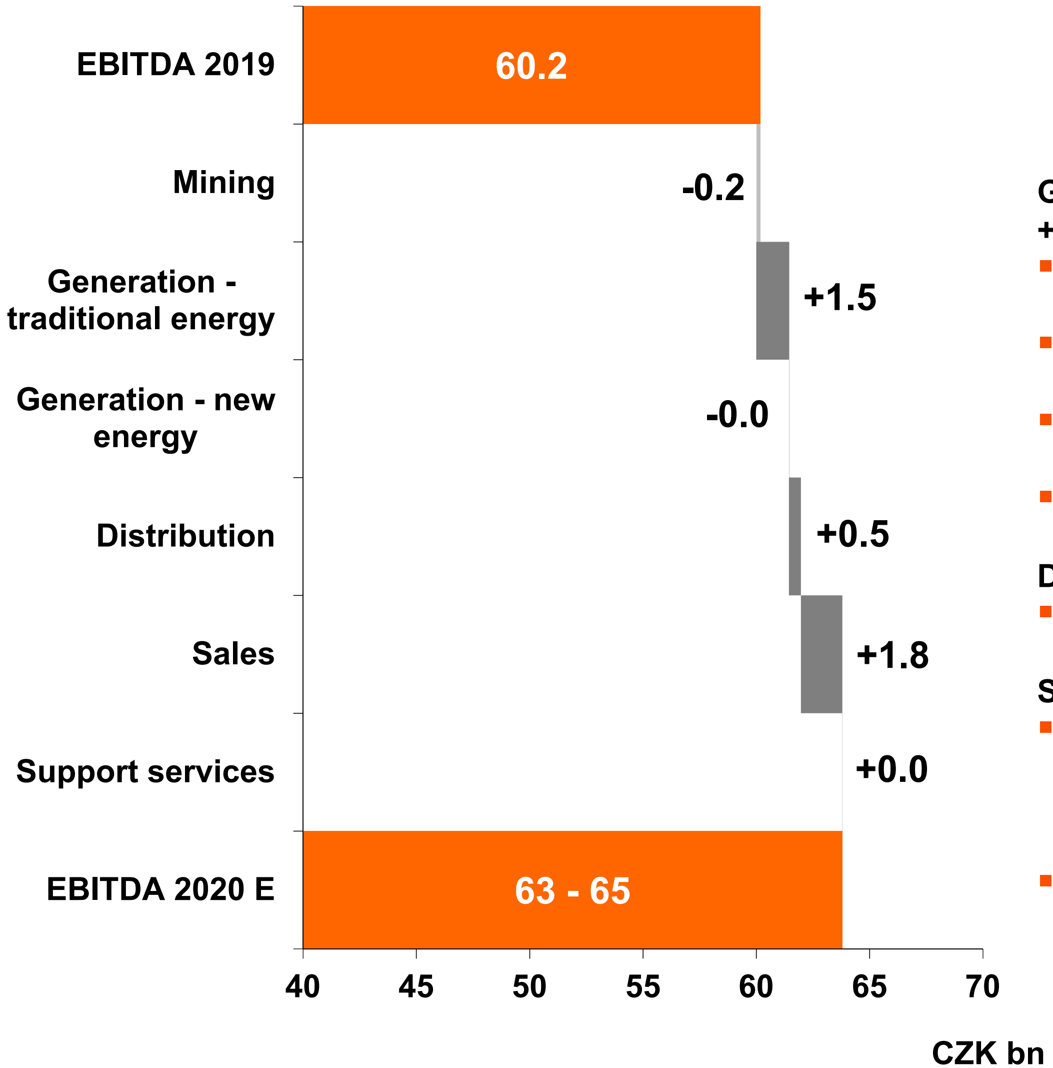
- Negative year-on-year difference between costs and gains from property shares and securities (CZK -0.7 bn), especially due to Turkish business
- Other (CZK -0.8 bn), primarily loss in relation to financial derivatives

Net Income Adjustments

- Net profit in Q4 2019 adjusted for the negative effect of impairments to fixed assets including goodwill in Czechia (CZK +1.5 bn), in Poland (CZK +1.2 bn), in Bulgaria (CZK +0.5 bn), and in Romanian distribution (CZK +1.0 bn) and for the positive effect of reversal of part of impairments to fixed assets represented by Romanian wind PP parks (CZK -0.9 bn)
- Net profit in Q4 2018 adjusted for the negative effect of fixed asset impairments, including goodwill, primarily in Czechia (CZK +0.7 bn), Poland (CZK +0.2 bn), and Bulgaria (CZK +0.1 bn) and for the negative effect of ČEZ allowances for Akcez receivables (CZK +0.2 bn) and for the positive effect of reversal of a portion of ČEZ provisions for potential performance under provided guarantee for Akcez group companies' loans due to higher TRY/USD exchange rate in Q4 2018 (CZK -0.6 bn) and for the positive effect of reversal of a portion of fixed asset impairments in Romania (CZK -0.4 bn)

* Including profit/loss from sales of tangible and intangible fixed assets

EXPECTED YEAR-ON-YEAR CHANGE IN EBITDA (2020 VS. 2019) BY BUSINESS SEGMENT



Generation—Traditional Energy (CZK +1 to +2 bn):

- Higher realization prices of the generated electricity incl. hedging effects
- Higher expenses on emission allowances for generation
- Lower profit from commodity trading (as opposed to the extraordinarily high results in 2019)
- Lower revenues from ancillary services

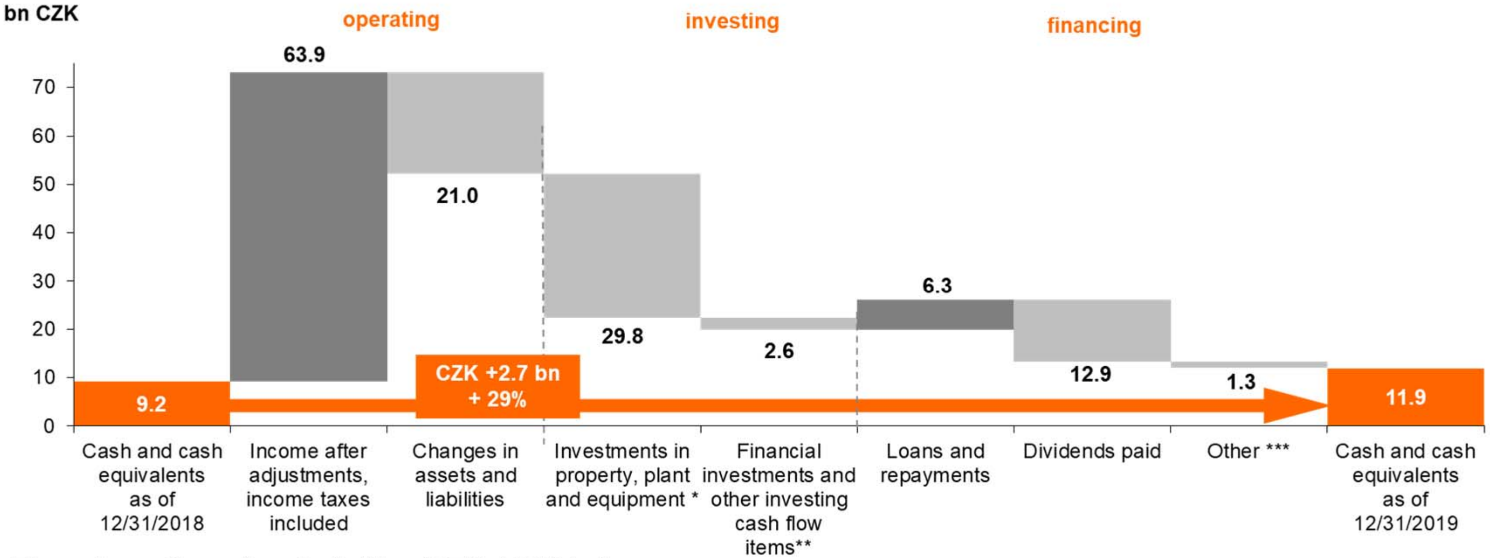
Distribution (CZK +0.3 to +0.7 bn):

- Higher gross margin in Czechia and abroad

Sales (CZK +1.5 to +2 bn):

- No negative impact of the court decision on the basis of which the fulfillment of SŽDC's obligation to ČEZ Prodej from 2010 (CZK +1.3 billion) was returned in 2019
- Growth ambitions in energy services

CASH FLOWS



Cash Flows from Operating Activities (CZK +42.9 bn)

- Profit after adjustments including income tax (CZK +63.9 bn): profit before tax (CZK +18.4 bn), paid income tax (CZK -4.1 bn), interest paid except for capitalized interest and interest received (CZK -5.0 bn); adjustments by non-cash operations (CZK +54.5 bn): of which depreciations and amortization of nuclear fuel (CZK +33.1 bn), impairments to fixed tangible and intangible assets (CZK +4.9 bn), cost and gain interest and dividends received (CZK +4.9 bn), change in provisions (CZK +2.9 bn), other impairments and other non-cash costs and gains (CZK +8.6 bn)
- Changes in assets and liabilities (CZK -21.0 bn): change in receivables and payables from derivatives, including options (CZK -15.5 bn), change in emission allowances (CZK -15.4 bn), change in business receivables and payables (CZK +10.3 bn), other changes in assets and liabilities (CZK -0.4 bn)

Cash Flows Used in Investing Activities (CZK -32.4 bn)

- Capital expenditure* (CZK -29.8 bn); acquisition of subsidiaries (CZK -3.5 bn)
- Change in financial assets with limited availability (CZK -1.5 bn)
- Proceeds from sales of fixed assets (CZK +2.6 bn), above all redemption of purchased bonds and sale of securities of sonnen Holding

Cash Flows from Financing Activities (CZK -7.9 bn)***

- Paid dividends total (CZK -12.9 bn), balance of increments and redemption of other long-term payables (CZK -0.8 bn), leasing installments (CZK -0.8 bn) due to application of IFRS 16, balance of repayment and drawing of loans and credits (CZK +6.3 bn), sale of treasury stock (CZK +0.2 bn)

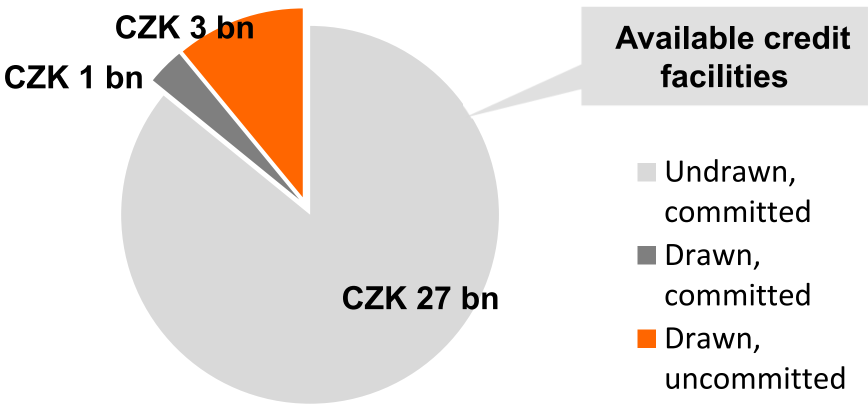
* CAPEX; ** Including change in liabilities attributable to capital expenditure, balance of loans granted, divestments, and change of restricted funds; *** Including net effect of currency translation in cash and impairments

DEBT POSITION AND STRUCTURE - CEZ GROUP MAINTAINS A STRONG LIQUIDITY POSITION

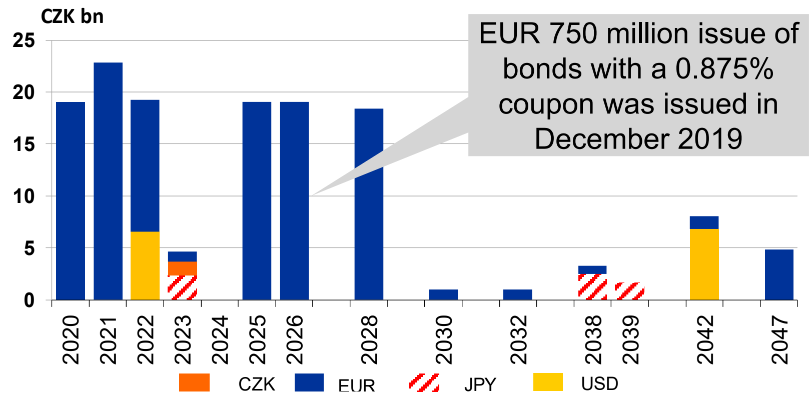
Debt Level **

		As at Dec 31, 2018	As at Dec 31, 2019
Debt and loans	CZK bn	162.8	173.7
Cash and fin. assets*	CZK bn	11.5	12.4
Net debt	CZK bn	151.3	161.2
Net debt/EBITDA		3.05	2.68

Utilization of short-term lines ** (as of Dec 31, 2019)



Bond maturity profile (as of Dec 31, 2019)



- CEZ Group has access to CZK 28 bn in committed credit facilities, using just CZK 1 bn as at Dec 31, 2019.
- Committed facilities are kept as a reserve for covering unexpected expenses and to fund short-term financial needs.
- In the context of securing refinancing of a debt due in 2020 a bond issue was issued in December 2019 worth EUR 750 million, with maturity in 2026, and 0.875% coupon and 1.005% yield. This represented not only the lowest interest in EUR achieved by a corporate issuer in Central and South-Eastern Europe in the case of 5-year or longer maturity, but also the lowest interest in EUR achieved in 2019 by issuers in Central and South-Eastern Europe for any maturity.
- In December 2019 a loan agreement was executed with EIB*** worth up to EUR 330 million.
- The average maturity of CEZ Group's financial debt was ca 6 years as at Dec 31, 2019.

* Cash and cash equivalents & highly liquid financial assets
** Including data on Bulgarian assets for sale *** EIB = European Investment Bank

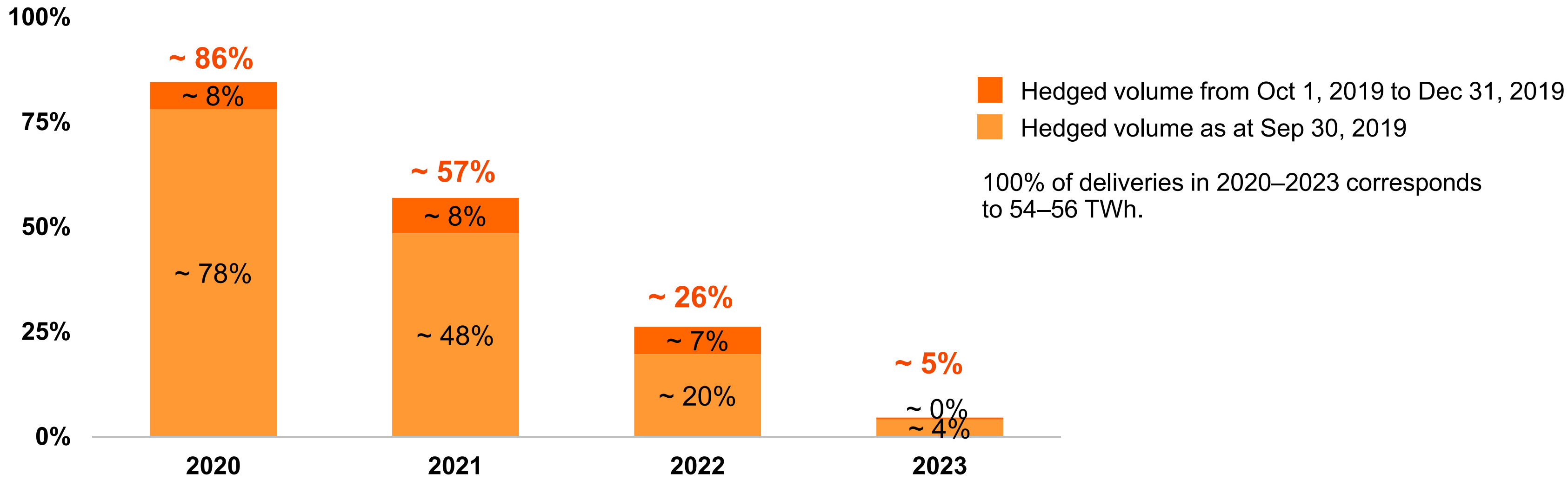
CURRENCY HEDGING FOR EXPECTED ELECTRICITY GENERATION IN THE YEARS 2020 - 2023

Currency hedging for expected electricity supply from generation as at Dec 31, 2019

	2020	2021	2022	2023
Total currency hedges (natural & transactional) as at Dec 31, 2019	**98%**	**95%**	**94%**	**84%**
Of which, natural currency hedges (debts in EUR, capital and other expenditures and costs in EUR)	91%	80%	78%	77%

The foreign exchange position for 2020 is hedged at an **average rate of 26.67 CZK/EUR**, for 2021–2023 **at a rate of 25.80–27.00 CZK/EUR**.

Share of supply from ČEZ* Facilities as at Dec 31, 2019 with hedged commodity risk



100% of deliveries in 2020–2023 corresponds to 54–56 TWh.

* ČEZ, a. s., including the Energotrans, Počerady, and Dětmarovice power plants

CAPITAL EXPENDITURES

BROKEN DOWN BY SEGMENT

CZK bn	2018	2019
Generation—Traditional Energy	**8.3**	**10.8**
Of which: Nuclear fuel acquisition	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**
Supporting Activities*	**1.5**	**0.8**
Total	**26.4**	**29.8**

Year-on-year changes in capital expenditure in segments:

- **Generation —Traditional energy**: higher nuclear fuel acquisition cost (CZK +0.9 bn), and further, above all, capital expenditures on the 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 investment in environmental measures (new BAT limits from August 2021)
- **Generation—New Energy:** RES companies in France (especially the Bordeaux project)
- **Distribution:** higher capital expenditures on renewal of distribution grid facilities, higher capital expenditures caused by customer requirements in Czechia and higher capital expenditures on replacement of electricity meters and quality improvement of the Bulgarian distribution grid
- **Sales**—investments of ČEZ Energo (fully consolidated since Jul 1, 2018) and growth in ESCO companies
- **Supporting activities**—higher drawing in 2018 connected with major investments of ČEZ ICT Services in license purchases and renewals and in connection with construction of a corporate data center at Tušimice

*Including the amount of intersegment eliminations; RES—renewable energy sources; NPP—nuclear power plant

EXPECTED CAPITAL EXPENDITURES BROKEN DOWN BY SEGMENT

Expected capital expenditures on fixed asset acquisition (CAPEX) by CEZ Group (CZK bn)

	2020	2021	2022	2023	2024
Mining	3.3	3.2	4.0	2.3	2.0
Generation	15.4	14.8	18.2	16.7	14.6
of which: traditional energy	14.7	13.3	16.6	15.1	14.2
new energy	0.7	1.4	1.6	1.6	0.3
Distribution	14.9	14.8	15.8	15.8	14.5
Sales	1.5	1.6	1.3	1.4	1.2
Support services	2.0	2.1	1.5	1.2	1.7
CAPEX celkem	**37.1**	**36.4**	**40.8**	**37.4**	**34.0**

KEY SUBSTANTIVE AND GENERAL FINANCIAL OBJECTIVES IN THE UPDATED STRATEGY (OF JUNE 2019)

Strategic Priorities	Key Substantive Objectives and Ambitions for 2025	Additional 2025 EBITDA* Goal (CZK bn)
I. Efficient Operation, Optimum Utilization & Development of Generation Portfolio	▪ Safe and efficient generation by nuclear plants (WANO's assessment of ČEZ's nuclear power plants above the global nuclear operators median; annual generation above 31.5 TWh). ▪ Long-term NPP operation (Temelín units at least until 2060 and 2062, Dukovany units until 2045 and 2047). ▪ Value maximization in mining and conventional generation, efficient generation by power and heating plants in mining regions. Controlled phaseout of plants outside mining regions. ▪ Negotiating a framework for the construction of a new nuclear unit at Dukovany to cover the regulatory and market risks of the project. Commencing project preparations according to the approved contractual framework.	**+1 to +2** outside the effect of market prices
II. Modern Distribution and Care for Customers' Energy Needs	▪ Distribution CZ: Increasing revenues by way of increased investments in the context of changes induced by decentral energy; increasing efficiency and reducing operating expenses. ▪ Sales CZ: Maintaining current profitability by way of: maintaining the current customer base, increasing customer satisfaction and expanding offerings in the portfolio of noncommodity products and services.	**+2 to +4**
III. New Energy Sector Development in Czechia	▪ ESCO CZ and SK: > 25% share in the growing market with target EBITDA margin > 7%. ▪ RES CZ: A significant share in the growth of renewable sources in Czechia. Total potential for Czech solar installed capacity is estimated at up to 5 GW, including about 0.5 GW on land currently owned by CEZ Group.	**+2 to +3**
IV. Energy Services Development in Europe	▪ Continuing with quick organic and acquisition expansion in Germany, northern Italy, and Poland. ▪ Maximizing synergies from the consolidation of activities in target markets. ▪ Becoming a Top 3 ESCO player in these markets by 2025, with target EBITDA margin >7%.	**+2 to +3**
Divestment Strategy	▪ Return of capital invested in RES assets in Germany and France. ▪ Completion of sale of assets in Bulgaria, sale of generation and distribution assets in Romania, Poland, and Turkey. The goal is to sell those assets by the end of 2022. The assets' contribution to CEZ Group's annual 2018 EBITDA was CZK 5.5 bn.	

The goal of additional 2025 EBITDA* demands significant investments in new assets, primarily in RES in Czechia, ESCO abroad, and distribution in Czechia. Investment in RES development in Czechia and ESCO progress will be financed from income from divestments.

*Increase of the annual EBITDA in comparison to 2018

THE STRATEGY FOR COAL PORTFOLIO IN CZECHIA FOCUSES ON POWER PLANTS IN MINING REGIONS AND CONTROLLED PHASEOUT OF PLANTS OUTSIDE MINING REGIONS

ČEZ Strategy

- **Effective management of the portfolio** of coal **power plants in mining regions, heat plants and mines** (design-to-value) up to electricity supply
- **Development of backup facilities** according to Czech needs and development of capacity markets

- **Effective** operation and **step-by-step phaseout of the portfolio of power plants outside mining regions** on the basis of economic criteria

Strategy Application in Coal Plant Portfolio

New power plants in mining regions	ELE ETU EPR	CEZ Group's power plants in mining regions are operated as baseload; thanks to the low operating costs their high availability is crucial, heat supply is a bonus.
Mělník Site	EGT EME2 EME3	The largest heat plant with heat supply over 10 PJ/year for the capital city of Prague. Planned partial technology renewal after decommissioning of the old facilities.
Old Separate Power Plants (Dependent on CDS)	EDE	For the Dětmarovice black coal-fired power plant electricity production is key; its profit-making ability depends on commodity price development, heat supply is additional income.
	EPC	The economy of the Počerady power plant depends on market prices of commodities including brown coal (derived from black coal prices). The power plant has reached its technological EOL and does not meet the BREF/BAT emission limits. In 2019 ČEZ did not excercise the option of withdrawal from sale of the power plant; the plant will be handed over to its new owner as at Jan 2, 2024.
Biomass-Fired Heat Plants	EHO EPO ECJH	Facilities with significant heat supply; their economy is based on income from support for electricity generation from pure biomass burning.
Other Heat Plants	TETR TDK	Planned environmentalization of the Trmice Heat Plant and construction of a new heating facility (biomass and gas fired) within the Dvůr Králové heat plant to meet the BREF/BAT limits.

Note: CDS (clean dark spread) - margin from electricity sale after deduction of costs of coal and CO_2 allowances; CSS (clean spark spread) - margin from electricity sale after deduction of costs of gas and CO_2 allowances

INTERNAL EFFICIENCY MEASURES BROUGHT A TOTAL OF CZK 4 BILLION OVER 5 YEARS

The measures for increasing efficiency taken in the past 5 years contributed to maintenance of fixed operating costs in the segments of Generation Traditional Energy, Mining, Distribution and Supporting Activities on the level of 2014, i.e. eliminated the effect of 5-year inflation amounting to CZK 4 bn

I. SHARED SERVICE CENTERS AND OPTIMIZATION OF CENTRAL AND SUPPORTING SERVICES (2014 – 2016)

- In 2014 a complex plan of cost reduction was announced with the aim to save 16% of costs against Business Plan 2015. Active measures taken across CEZ Group resulted in savings of CZK 2.9 bn in the area of fixed operating costs in 2015 in comparison to 2014.
- Shared Service Centers + optimization of customer service and engineering capacities – resulted in savings of nearly CZK 1 bn per year
  - Optimization of customer service – merger of ČEZ Zákaznické služby and ČEZ Prodej (CZK +0.2 bn/year benefit)
  - Network services – merger of ČEZ Distribuční služby and ČEZ Distribuce (CZK +0.25 bn/year benefit)
  - Corporate services – optimization of services and management of non-technology assets (CZK +0.25 bn/year benefit)
  - Consolidation of engineering capacities (Škoda Praha and Škoda Praha Invest) – (ca. CZK +0.2 bn/year benefit)

II. AMBITION 2020 INITIATIVE – ACTION PLANS (2016 – 2019)

- A strategic initiative announced in 2015 with the aim of increasing EBITDA 2020 by CZK 9 bn by means of acquisitions and organic growth in the areas of RES and ESCO and by means of increasing efficiency across CEZ Group.
- Overall, increase of efficiency contributed to EBITDA with CZK +1.4 bn/year in total, of which CZK +0.9 bn came from the segments of Supporting Activities, Mining and Generation - Traditional Energy.

III. “REDESIGN OF ORGANIZATION OF CENTRAL AND SUPPORTING ACTIVITIES” PROJECT (2019 – 2020)

- The purpose of the project launched in late 2018 has been optimization of central and supporting activities across CEZ Group with the financial ambition, announced in early 2019, of permanent increase of CEZ Group EBITDA by CZK +0.5 bn/year.
- The current contribution of the project are CZK +0.6 bn.

All measures have always respected maintaining compliance with all safety, legal, and regulatory requirements.

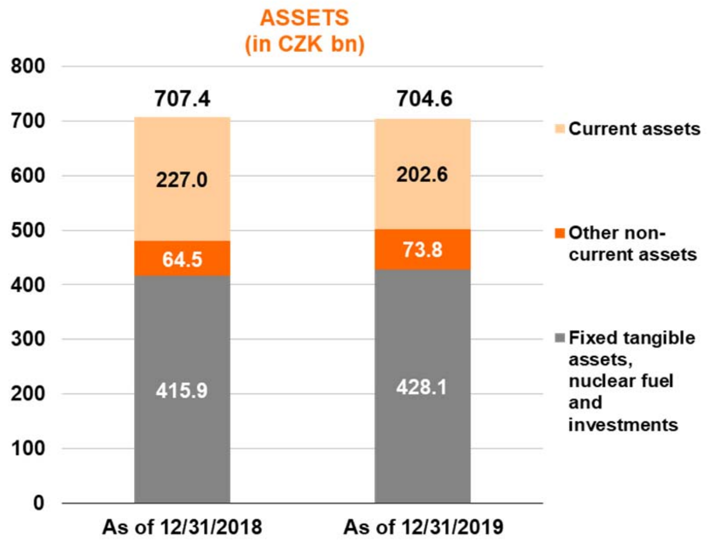
BALANCE SHEET OVERVIEW

Property, plant, and equipment, nuclear fuel, and investments increased by CZK 12.2 bn

- Fixed tangible assets, net including capital expenditures on tangible assets under construction CZK +12.4 bn, especially due to the increased capitalization of nuclear provisions
- Nuclear fuel CZK -0.2 bn

Other fixed assets increased by CZK 9.3 bn

- Fixed intangible assets CZK +6.3 bn, mainly due to increase in long-term emission allowances and due to subsidiary acquisitions
- Long-term receivables from derivatives CZK +2.2 bn
- Financial assets with limited availability CZK +1.9 bn
- Long-term securities CZK -0.7 bn, effect of the sale of a stake in sonnen Holding CZK -1.0 bn; conversely, acquisition of new stakes and revaluation of securities CZK +0.3 bn
- Other CZK -0.4 bn, primarily revaluation of equity securities



Current assets decreased by CZK 24.4 bn

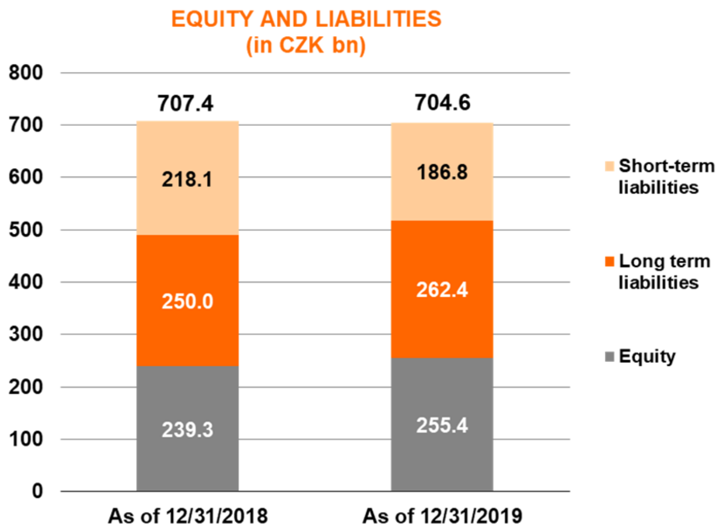
- Receivables from derivatives, including options CZK -30.8 bn
- Net trade receivables CZK -7.2 bn
- Debt securities CZK -0.9 bn
- Assets classified as assets held for sale CZK -0.2 bn
- Emission allowances CZK +10.4 bn
- Cash and cash equivalents CZK +2.5 bn
- Fossil fuel and material inventories CZK +0.9 bn
- Other CZK +1.0 bn, primarily short-term contract assets

Equity increased by CZK 16.1 bn

- Net income in the reporting period CZK +14.5 bn
- Other comprehensive income CZK +14.1 bn
- Sale of treasury shares CZK +0.2 bn
- Dividends paid to company shareholders CZK -12.8 bn

Long-term liabilities increased by CZK 12.4 bn

- Long-term provisions CZK +13.7 bn, of which nuclear provisions CZK +12.2 bn
- Long-term lease liabilities (effect of IFRS 16) CZK +4.7 bn
- Deferred tax liability CZK +3.9 bn
- Other long-term liabilities CZK +1.8 bn, liabilities attributable to fixed asset acquisitions CZK +0.2 bn
- Long-term liabilities from derivatives CZK -7.3 bn
- Bonds issued and long-term bank loans CZK -4.6 bn

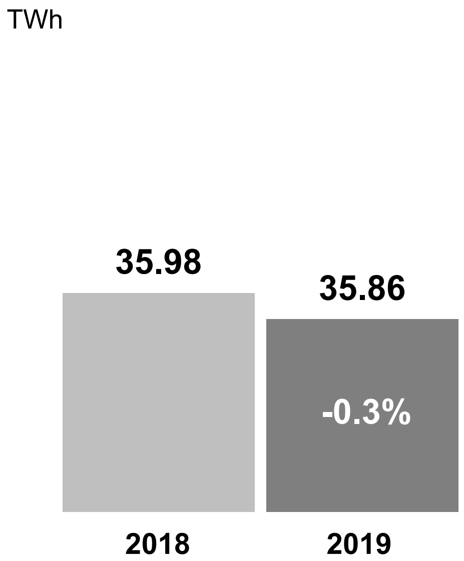


Current liabilities decreased by CZK 31.4 bn

- Payables from derivatives, including options CZK -46.2 bn
- Short-term loans CZK -7.5 bn
- Liabilities associated with assets held for sale CZK -0.6 bn
- Current portion of long-term debts CZK +18.3 bn
- Trade payables CZK +3.2 bn
- Short-term provisions CZK +1.9 bn
- Income tax liabilities CZK +0.4 bn
- Other liabilities CZK -0.9 bn, primarily short-term contract liabilities

ELECTRICITY CONSUMPTION
IN THE DISTRIBUTION AREA OF ČEZ DISTRIBUCE

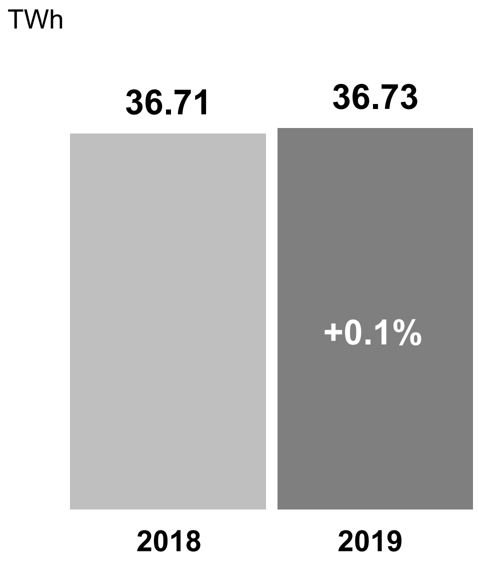
Consumption in the Distribution Area of ČEZ Distribuce



Changes in consumption (-0.3%) by segment:

- -1.3% large customers
- +1.8% residential customers
- +0.0% commercial retail

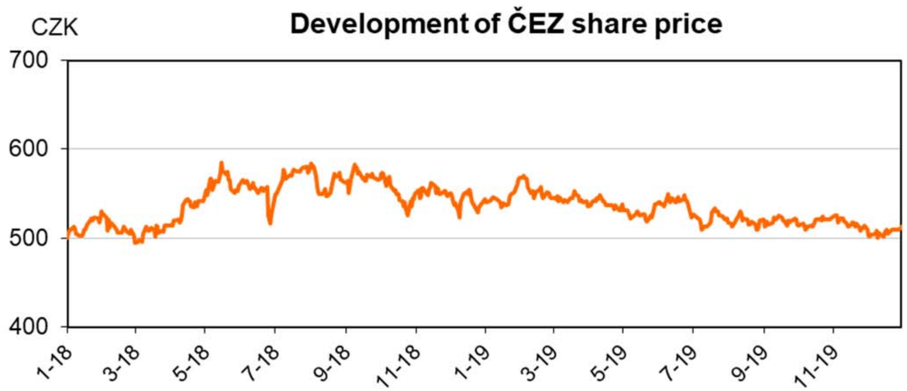
Temperature- and Calendar-Adjusted Consumption*

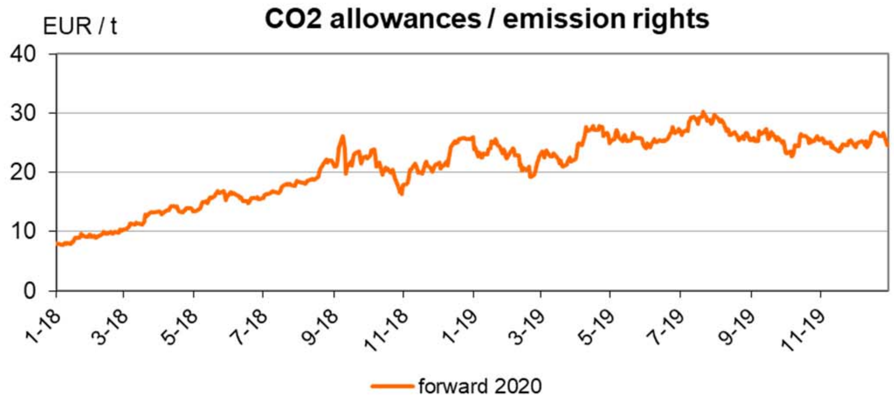


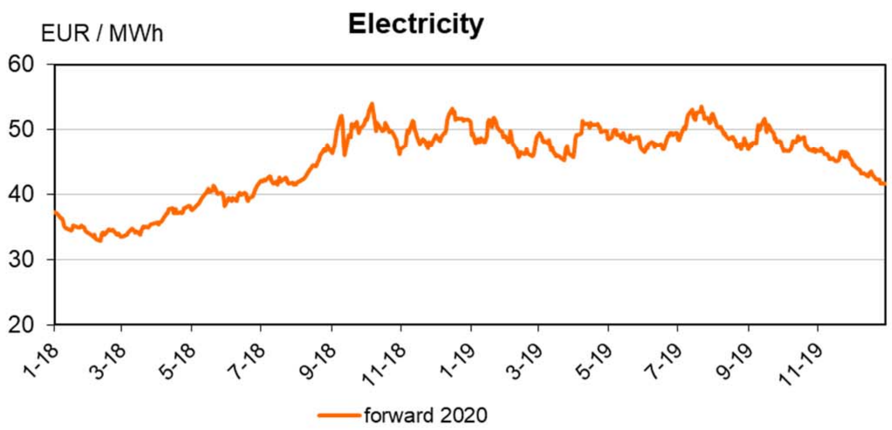
- Analysis based on CEZ Group's internal data.
- CEZ Group's distribution area covers around ⅝ of Czechia's territory, so the data are a good indicator of nationwide consumption trends.

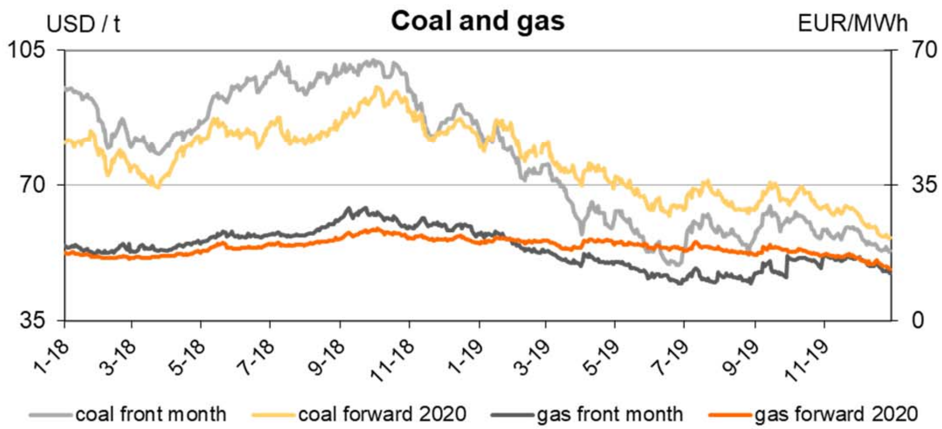
Acc. to data of ČEZ Distribuce, a. s.; * Adjustment as per ČEZ Distribuce, a. s., model

MARKET DEVELOPMENTS









Electricity balance (GWh)

	2018	2019	Index 2019/2018
Electricity procured	**56,930**	**58,374**	**+3%**
Generated in-house (gross)	63,081	64,626	+2%
In-house and other consumption, including pumping in pumped-storage plants	-6,151	-6,252	+2%
Sold to end customers	**-37,634**	**-35,600**	**-5%**
Sold in the wholesale market (net)	**-15,332**	**-19,037**	**+24%**
Sold in the wholesale market	-333,262	-323,692	-3%
Purchased in the wholesale market	317,931	304,655	-4%
Grid losses	**-3,965**	**-3,737**	**-6%**

Electricity generation by source (GWh)

Nuclear	29,920	30,245	+1%
Coal and lignite	26,974	25,407	-6%
Water	1,974	2,315	+17%
Biomass	789	1,028	+30%
Photovoltaic	146	142	-2%
Wind	1,380	1,479	+7%
Natural gas	1,896	4,006	+111%
Bio gas	4	2	-35%
Total	**63,081**	**64,626**	**+2%**

Sales of electricity to end customers (GWh)

Households	-13,014	-12,884	-1%
Commercial (low voltage)	-4,909	-4,869	-1%
Commercial and industrial (medium and high voltage)	-19,711	-17,847	-9%
Sold to end customers	**-37,634**	**-35,600**	**-5%**

Distribution of electricity (GWh)

	2018	2019	Index 2019/2018
Distribution of electricity to end customers	52,347	52,098	-0%

Electricity balance (GWh) by segment

2019	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	**56,210**	**+2%**	**1,870**	**+6%**	**0**	**-**	**294**	**+64%**	**0**	**-**	**58,374**	**+3%**
Generated in-house (gross)	62,433	+2%	1,886	+6%	0	-	306	+53%	0	-	64,626	+2%
In-house and other consumption, including pumping in pumped-storage plants	-6,222	+2%	-16	-21%	0	-	-13	-39%	0	-	-6,252	+2%
Sold to end customers	**-2,082**	**+24%**	**0**	**-**	**0**	**-**	**-33,588**	**-11%**	**1,874**	**-1%**	**-35,600**	**-5%**
Sold in the wholesale market (net)	**-54,128**	**+2%**	**-1,870**	**+6%**	**3,737**	**-6%**	**33,294**	**-12%**	**-1,874**	**-1%**	**-19,037**	**+24%**
Sold in the wholesale market	-344,875	-2%	-2,536	+0%	0	-	-3,569	+15%	27,708	+23%	-323,692	-3%
Purchased in the wholesale market	290,747	-2%	666	-13%	3,737	-6%	36,863	-10%	-29,583	+21%	304,655	-4%
Grid losses	**0**	**-**	**0**	**-**	**-3,737**	**-6%**	**0**	**-**	**0**	**-**	**-3,737**	**-6%**

Electricity generation by source (GWh) by segment

	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	30,245	+1%	0	-	0	-	0	-	0	-	30,245	+1%
Coal and lignite	25,407	-6%	0	-	0	-	0	-	0	-	25,407	-6%
Water	2,053	+19%	263	+4%	0	-	0	-	0	-	2,315	+17%
Biomass	1,028	+30%	0	-	0	-	0	-	0	-	1,028	+30%
Photovoltaic	0	-	142	-2%	0	-	0	-	0	-	142	-2%
Wind	0	-	1,479	+7%	0	-	0	-	0	-	1,479	+7%
Natural gas	3,699	+110%	0	-	0	-	306	+124%	0	-	4,006	+111%
Bio gas	0	-	2	-35%	0	-	0	-	0	-	2	-35%
Total	**62,433**	**+2%**	**1,886**	**+6%**	**0**	**-**	**306**	**+53%**	**0**	**-**	**64,626**	**+2%**

Sales of electricity to end customers (GWh) by segment

	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	0	-	0	-	0	-	-12,884	-1%	0	-	-12,884	-1%
Commercial (low voltage)	-1	-3%	0	-	0	-	-4,733	-4%	0	-	-4,869	-1%
Commercial and industrial (medium and high voltage)	-2,081	+24%	0	-	0	-	-15,971	-20%	1,874	-1%	-17,847	-9%
Sold to end customers	**-2,082**	**+24%**	**0**	**-**	**0**	**-**	**-33,588**	**-11%**	**1,874**	**-1%**	**-35,600**	**-5%**

Electricity balance (GWh) by country

2019	Czechia		Poland		Romania		Bulgaria		Germany		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	**54,716**	**+3%**	**2,133**	**-14%**	**1,234**	**+6%**	**6**	**+5%**	**285**	**+7%**	**0**	**-**	**0**	**-**	**58,374**	**+3%**
Generated in-house (gross)	60,641	+3%	2,443	-13%	1,250	+5%	6	+5%	285	+7%	0	-	0	-	64,626	+2%
In-house and other consumption, including pumping in pumped-storage plants	-5,926	+2%	-310	-7%	-16	-20%	0	-	0	-	0	-	0	-	-6,252	+2%
Sold to end customers	**-16,716**	**-5%**	**-1,804**	**-34%**	**-3,708**	**+8%**	**-10,476**	**-1%**	**0**	**-**	**-2,895**	**-15%**	**0**	**-**	**-35,600**	**-5%**
Sold in the wholesale market (net)	**-35,893**	**+8%**	**-328**	**-**	**3,284**	**+5%**	**11,291**	**-2%**	**-285**	**+7%**	**2,895**	**-15%**	**0**	**-**	**-19,037**	**+24%**
Sold in the wholesale market	-327,203	-3%	-2,751	-1%	-1,984	+11%	-585	-3%	-285	+7%	-190	+44%	9,307	-6%	-323,692	-3%
Purchased in the wholesale market	291,310	-4%	2,423	-20%	5,268	+7%	11,875	-2%	0	-	3,086	-13%	-9,307	-6%	304,655	-4%
Grid losses	**-2,106**	**-2%**	**0**	**-**	**-810**	**-6%**	**-821**	**-14%**	**0**	**-**	**0**	**-**	**0**	**-**	**-3,737**	**-6%**

Electricity generation by source (GWh) by country

	Czechia		Poland		Romania		Bulgaria		Germany		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	30,245	+1%	0	-	0	-	0	-	0	-	0	-	0	-	30,245	+1%
Coal and lignite	23,367	-4%	2,040	-20%	0	-	0	-	0	-	0	-	0	-	25,407	-6%
Water	2,244	+19%	5	-15%	66	-21%	0	-	0	-	0	-	0	-	2,315	+17%
Biomass	631	+19%	397	+54%	0	-	0	-	0	-	0	-	0	-	1,028	+30%
Photovoltaic	136	-3%	0	-	0	-	6	+5%	0	-	0	-	0	-	142	-2%
Wind	10	+9%	0	-	1,185	+7%	0	-	285	+7%	0	-	0	-	1,479	+7%
Natural gas	4,006	+111%	0	-	0	-	0	-	0	-	0	-	0	-	4,006	+111%
Bio gas	2	-35%	0	-	0	-	0	-	0	-	0	-	0	-	2	-35%
Total	**60,641**	**+3%**	**2,443**	**-13%**	**1,250**	**+5%**	**6**	**+5%**	**285**	**+7%**	**0**	**-**	**0**	**-**	**64,626**	**+2%**

Sales of electricity to end customers (GWh) by country

	Czechia		Poland		Romania		Bulgaria		Germany		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	-6,819	-2%	0	-	-1,723	-0%	-4,342	-0%	0	-	0	-	0	-	-12,884	-1%
Commercial (low voltage)	-2,024	-4%	-135	-48%	-950	+4%	-1,605	+9%	0	-	-156	-0%	0	-	-4,869	-1%
Commercial and industrial (medium and high voltage)	-7,873	-7%	-1,669	-33%	-1,035	+31%	-4,530	-5%	0	-	-2,740	-16%	0	-	-17,847	-9%
Sold to end customers	**-16,716**	**-5%**	**-1,804**	**-34%**	**-3,708**	**+8%**	**-10,476**	**-1%**	**0**	**-**	**-2,895**	**-15%**	**0**	**-**	**-35,600**	**-5%**

Distribution of electricity (GWh) by country

2019	Czechia		Poland		Romania		Bulgaria		Germany		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Distribution of electricity to end customers	35,863	-0%	0	-	6,810	-0%	9,426	-1%	0	-	0	-	0	-	52,098	-0%

Methods Used to Calculate Indicators Unspecified in IFRS

In accordance with ESMA guidelines, ČEZ provides detailed information on indicators that are not reported as standard in IFRS financial reporting framework or the components of which are not directly available from standardized statements (from financial statements included in Financial Report and/or from accompanying notes). Such indicators represent supplementary information in respect of financial data, providing reports' users with additional information for their assessment of the financial position and performance of CEZ Group or ČEZ. In general, these indicators are also commonly used in other commercial companies, not only in the energy sector.

Indicator	
Adjusted Net Income (After-Tax Income, Adjusted)	Purpose: This is a supporting indicator, intended primarily for investors, creditors, and shareholders, which allows interpreting achieved financial results with the exclusion of extraordinary, usually nonrecurring effects that are generally unrelated to ordinary financial performance and value creation in a given period. Definition: Net income (after-tax income) +/− additions to and reversals of impairments of property, plant, and equipment and intangible assets, including goodwill +/− additions to and reversals of impairments of developed projects +/− other extraordinary effects that are generally unrelated to ordinary financial performance in a given year and value creation in a given period +/− effects of the above on income tax.
Dividend per Share (Gross)	Purpose: The indicator expresses a shareholder's right to the payment of a share in a joint-stock company's profits (usually for the past year) corresponding to the holding of one share. The subsequent payment of the share in profits is usually subject to taxes, which may be different for different shareholders; therefore, the value before taxes is reported. Definition: Dividend awarded in the given year, before taxes, per outstanding share.

Most of the components used in the calculation of individual indicators are directly shown in financial statements. The components of calculations that are not included in the financial statements are usually shown directly in a company's books and are defined as follows:

Adjusted Net Income indicator—individual components:

Adjusted Net Income (After-Tax Income, Adjusted)	Unit	Q1 – Q4 2018	Q1 – Q4 2019
Net income	CZK millions	10,500	14,500
Impairments of property, plant, and equipment and intangible assets	CZK millions	1,766	4,860
Impairments of developed projects*)	CZK millions	0	12
Impairments of property, plant, and equipment and intangible assets, including goodwill, at joint ventures**)	CZK millions	0	0
Effects of additions to or reversals of impairments on income tax***)	CZK millions	(150)	(516)
Other extraordinary effects****)	CZK millions	938	0
Adjusted net income	**CZK millions**	**13,055**	**18,856**

**) Included in the row Other operating expenses in the Consolidated Statement of Income*
***) Included in the row Share of profit (loss) from associates and joint-ventures in the Consolidated Statement of Income*
****) Included in the row Income taxes (deferred tax) in the Consolidated Statement of Income*
*****) In 2018, negative effect of additions to provisions and impairments of a ČEZ receivable corresponding to the value of potential partial performance under provided guarantees for Turkish Akcez group companies' loans due to continued weakening of the TRY/USD exchange rate in 2018 (reflecting Turkey's macroeconomic and political developments); this is included in the Consolidated Statement of Income in the row Share of Profit (Loss) from Associates and Joint Ventures (CZK 425 m) and in the row Impairments of Financial Assets (CZK 513 m); although the CEZ provision in question was further increased in 2019, this negative impact was not adjusted as it was not an extraordinary effect of a significant weakening of the TRY exchange rate, but already an effect reflecting normal business activity.*